

## MEMORANDUM

**Date:** August 17, 2018

**To:** Members of the California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Subject:** Resolution No. 18-18 Approving Determination of San Luis Coastal Unified School District's Financial Soundness on behalf of Bellevue Santa Fe Charter for Purposes of a Final Apportionment under the Charter School Facilities Program

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Consideration of Resolution No. 18-18, approving that San Luis Coastal Unified School District's (SLCUSD) Financial Soundness on behalf of Bellevue Santa Fe Charter School (BSFC) for the purposes of a Final Apportionment under the Proposition 51 funding round of the Charter School Facilities Program (Program).

**Background:** At its October 11, 2017 board meeting, the California School Finance Authority (Authority) found SLCUSD on behalf of BSFC, financially sound for a Preliminary and Advance Apportionment, but not for Final apportionment, under Proposition 51 in the amount of \$3,335,046. The State Allocation Board, upon its review of the project through the funding methodology, awarded SLCUSD a preliminary apportionment of \$2,955,911 for the BSFC project. This amount has since been revised to \$2,680,652 by the Office of Public School Construction (OPSC). *BSFC operates as an independent charter school, which is housed in a SLCUSD facilities.*

**Recent Request for Final Apportionment:** SLCUSD, on behalf of BSFC, has recently applied for release of funds for Final Apportionment in the amount of \$2,680,652. Given that it has been less than twelve months since the Authority's findings regarding the financial soundness for Preliminary and Advance Apportionment, and that no material financial or operational changes have occurred since then relative to BSFC and SLCUSD, staff is recommending that SLCUSD, on behalf of BSFC, be found financially sound for final apportionment. Additionally, staff verified that, as of August 9, 2018, BSFC has maintained its good standing with its authorizers and is in compliance with the terms of its charter with SLCUSD.

Below are the highlights from the Staff Report presented at the October 11, 2017 Board meeting.

<b>Criteria</b>	<b>Comments</b>
<b><i>District Information</i></b>	
Demographic Information	1. In 2016-17, SLCUSD operated 16 schools- 10 elementary, 2 middle, 2 high, 1 continuation, & 1 adult school; enrollment totaled 7,718 students (the ADA rate was 93.7%). 2. By 2018-19 (1 <sup>st</sup> Full Year of Project Occupancy), SCLUSD projects an enrollment of 7,780 students.

Debt Service Coverage	1. The district is providing its matching share through GO bond proceeds. Measure D was a \$177 million GO Bond measure that was approved by voters in November 2014.
Other Financial Factors	1. SLCUSD's building fund (which receives Measure D proceeds) has a balance of \$79,758,111 as the end of 2016-17. 2. SLCUSD's general fund (chief operating fund) has a balance of \$16,482,714 (\$15,182,831 in unrestricted funds) as the end of 2016-17.
Special Considerations and Mitigating Factors	Notwithstanding its net deficit for 2016-17 and projected net deficits, SLCUSD has sufficient fund reserves to offset its net deficit for 2016-17, and is projected to have more than sufficient fund reserves to offset the deficits in the projected years.
<b><i>School Information</i></b>	
Eligibility Criteria	BSFC has met all eligibility criteria: (1) BSFC commenced operations in 1996; (2) BSFC's charter was approved in December 2013 and is in place through June 2018; (3) BSFC is in good standing with its chartering authority, and in compliance with the terms of its charter.
Student Performance	BSFC students have outperformed both the closest elementary school and the district as a whole in English Language Arts and Mathematics per the "Smarter Balanced" assessment provided through CDE.
Demographic Information	BSFC currently serves 164 students in grades K-6. Enrollment in 2018-19 is expected to be 168 students. ADA rates averaged 96.2% from 2013-14 through 2016-17.
Special Contingencies	Lump Sum Applicant

**Recommendation:** Staff recommends that the California School Finance Authority Board determine that San Luis Coastal Unified School District, on behalf of Bellevue Santa Fe Charter, is financially sound for the purposes of the Charter School Facilities Program Final Apportionment, and approve Resolution 18-18. Staff recommends that the Authority Board direct staff to notify the Office of Public School Construction regarding this determination.