

**Charter School Facilities Program
 Proposition 51 Funding Round
 Staff Summary Report – February 2023
 Item 7 Resolution 23-08**

Applicant/Obligor:	Mariposa County Unified
Project School:	Sierra Foothill Charter
CDS (County – District – School) Code:	22-65532-0125823
School Address/Proposed Site:	4952 School House Rd. Catheys Valley, CA 95306
Type of Project:	Rehabilitation
Type of Apportionment:	Final
County:	Mariposa
District in which Project is Located:	Mariposa County Unified
Charter Authorizer:	Mariposa County Unified
Total OPSC Project Cost:	\$1,006,080
State Apportionment (50% Project Cost):	\$503,040
Local Matching Share Lump Sum:	\$503,040
Total CSFP Financed Amount:	\$0
First Year of Occupancy of New Project:	Occupied

Staff recommends that the California School Finance Authority (Authority or CSFA) Board determine that Mariposa County Unified School District (District or MCUSD), on behalf of Sierra Foothill Charter (School or SFC), is financially sound for the purposes of Charter School Facilities Program (Program or CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, shall remain in effect for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon MCUSD fulfilling the Program local matching share requirement by providing a lump sum in the amount of \$503,040, pursuant to Sections 17199.4 and 17078.57(a)(1)(A) of the Education Code. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction (OPSC) and the State Allocation Board (SAB) regarding this determination.

Application Highlights: Below staff highlighted key criteria evaluated when conducting the financial soundness review for SFC. Detailed information is contained in the body of the report:

Criteria	Comments
Demographic Information	In 2021-22, SFC had a total enrollment of 136 students in grades K-5 (the ADA rate was 90.6%).
Origin of Lump Sum	MCUSD will satisfy the local matching share requirement by drawing from general obligation bond proceeds raised by the passage of Election Series C (2016), of which no less than \$503,040 has been set aside specifically for this SFC rehabilitation project.
Eligibility Criteria	SFC has met all eligibility criteria: (1) SFC commenced operations in 2012; (2) SFC’s charter was last renewed by Mariposa County Unified through June 2022. Additionally, Assembly Bill 130 [Approved by Governor on July 09, 2021] extends the terms of all charter schools whose terms expire on or between January 1, 2022, and June 30, 2025, inclusive, by two years.; (3) SFC is in good standing with its chartering authority and in compliance with the terms of its charter.
Student Performance	SFC students consistently perform as well or better than peers in their local district based on California standardized testing (CAASPP).

Program Eligibility: MCUSD has confirmed that as of January 24, 2023, SFC is in compliance with the terms of its Charter Agreement, has no pending or outstanding Notices of Violation, and has no unresolved or outstanding Notices of Intent to Revoke.

Legal Status Questionnaire: Staff reviewed the applicant’s responses to the questions contained in the Legal Status portion of the application. No information was disclosed that would lead staff to question the financial or legal integrity of this applicant.

Project Description: The scope of the rehabilitation project included five buildings. Three portable classrooms were renovated along with the office/library building and a bathroom building. Specific issues addressed include roof and septic system repairs; updates to maintain Americans with Disabilities Act compliance; water and drainage system improvements; and HVAC repair and maintenance. The project is complete and rehabilitated facilities are occupied at this time.

School Organizational Information: SFC utilizes a project-based, place-based, hands-on approach to learning that includes science, environmental education, the arts, technology, and service-learning in a caring and nurturing environment. SFC was begun by a diverse group of Mariposa County community leaders and residents, local business owners, families with children in Catheys Valley and the greater Mariposa County area, as well as faculty and staff of the nearby UC Merced who decided to use the closing of Catheys Valley Elementary as an opportunity to create a community-based school that would provide a rigorous, well-rounded education for children in the community and the greater foothill area.

SFC is governed by a corporate Board of Directors in accordance with its adopted corporate bylaws. The Board consists of no less than five (5) and no more than nine (9) voting members, at least two of whom are parents.

Financial Analysis

When evaluating a project wherein the local matching share will be satisfied by a lump sum, rather than evaluating debt service coverage (as in the case of a state loan), staff seek to determine: 1) whether the school is being managed in a responsible and sustainable manner; and 2) the origin and availability of funds set aside for the local matching share.

Financial Data Sources: This financial analysis is based on the consideration and review of the following for SFC: (1) audited and unaudited financial statements for FYs 2019-20 through 2021-22; (2) approved budget for FY 2022-23; and (3) projections for FYs 2023-24 through 2027-28 along with assumptions.

Assumptions: Staff’s financial analysis of SFC is based upon the following assumptions: (1) the provision of SFC’s local matching share as a lump sum in the amount of \$503,040; (2) school enrollment and ADA projections as provided above under Enrollment Trends and Projections.

Long-Term Liabilities: Staff do not foresee any significant long-term liabilities. Additionally, applicants are required to notify the Authority before taking on additional debt that exceeds certain thresholds.

Benchmark Summary and Analysis: The following table and summary listing sets forth the results of staff’s analysis regarding SFC’s financial soundness. Where a threshold has been established based on industry standards or practice, the listing indicates whether or not the threshold was met.

OPERATIONAL, FINANCIAL & STUDENT PERFORMANCE METRICS											
	Actual FY 2020	Actual FY 2021	Actual FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	AVERAGE	THRESHOLD LEVEL
OPERATIONAL & FINANCIAL											
Enrollment	141	153	136	141	143	149	153	154	154		
Average Daily Attendance (ADA)	135	143	123	133	134	140	144	145	145		
Average Daily Attendance (%)	95.5%	93.7%	90.6%	94.0%	94.0%	94.0%	94.0%	94.0%	94.0%	93.7%	< 94.0%
FTE Teachers	6	6	6	6	6	6	6	6	6	6	
Pupil-Teacher Ratio	23.5	25.5	22.7	23.5	23.8	24.8	25.5	25.7	25.7	24.5	> 25.0
LCFF Sources/ADA	\$ 9,076	\$ 9,023	\$ 9,924	\$ 10,384	\$ 11,299	\$ 11,758	\$ 12,195	\$ 12,422	\$ 12,659	\$ 10,971	
% Change		-0.6%	10.0%	4.6%	8.8%	4.1%	3.7%	1.9%	1.9%	4.3%	
Operating Revenues/ADA	\$ 10,628	\$ 10,902	\$ 12,887	\$ 13,680	\$ 13,894	\$ 14,104	\$ 13,977	\$ 14,216	\$ 14,672	\$ 13,218	
% Change		2.6%	18.2%	6.1%	1.6%	1.5%	-0.9%	1.7%	3.2%	4.3%	
Operating Expenses plus CSFP Lease/ADA	\$ 9,995	\$ 9,604	\$ 12,370	\$ 12,649	\$ 13,791	\$ 13,755	\$ 13,892	\$ 14,197	\$ 14,654	\$ 12,767	
% Change		-3.9%	28.8%	2.3%	9.0%	-0.3%	1.0%	2.2%	3.2%	5.3%	
Free Cash Flow/ADA	\$ 632	\$ 1,298	\$ 518	\$ 1,031	\$ 103	\$ 350	\$ 86	\$ 19	\$ 17	\$ 450	< 0
DEBT SERVICE COVERAGE											
Total Operating Revenues	\$ 1,431,234	\$ 1,562,232	\$ 1,587,218	\$ 1,813,129	\$ 1,867,645	\$ 1,975,457	\$ 2,010,242	\$ 2,057,843	\$ 2,123,911		
Total Operating Expenses	1,346,071	1,376,295	1,523,452	1,676,490	1,853,820	1,926,458	1,997,930	2,055,089	2,121,379		
Total Other Sources/Uses	-	-	-	-	-	-	-	-	-		
Net Income Available for CSFP Lease Payment	85,163	185,937	63,766	136,639	13,825	48,999	12,312	2,754	2,532		
Add Back Capital Outlay	-	-	-	-	-	-	-	-	-		
Add Back Depreciation	-	-	-	21,427	2,671	2,671	2,470	2,147	2,087		
Adjusted Net Income Available for CSFP Lease Pymt.	85,163	185,937	63,766	158,066	16,496	51,670	14,782	4,901	4,619		
CSFP Lease Payments	-	-	-	-	-	-	-	-	-		
Free Cash Flow	\$ 85,163	\$ 185,937	\$ 63,766	\$ 158,066	\$ 16,496	\$ 51,670	\$ 14,782	\$ 4,901	\$ 4,619	\$ 65,044	< 0
FUNDRAISING											
Fundraising for Operations	\$ 42,425	\$ 14,527	\$ 39,196	\$ 25,000	\$ 32,133	\$ 34,827	\$ 37,093	\$ 38,455	\$ 39,609	\$ 33,696	
Fundraising/Oper. Revenues	3.0%	0.9%	2.5%	1.4%	1.7%	1.8%	1.8%	1.9%	1.9%	1.9%	> 15.0%
LIQUIDITY											
Current Assets	\$ 836,373	\$ 1,123,700	\$ 1,223,813								
Current Liabilities	191,988	262,445	270,856								
Net Working Capital	\$ 644,385	\$ 861,255	\$ 952,957								
Net Working Capital/Oper. Expenses	47.9%	62.6%	62.6%							57.7%	< 5.0%
Unrestricted Cash & Cash Equivalents	\$ 632,882	\$ 803,306	\$ 872,765								
Unrest. Cash & CE/Oper. Expenses (Days)	172	213	209								
Unrest. Cash & CE/All Expenses (Days)	172	213	209							198	< 90

Benchmark Summary:

- Enrollment – Consistent with statewide trends, SFC experienced a temporary reduction in ADA% from 2021 through 2022 due to conditions associated with the COVID-19 pandemic. Staff find projections to reclaim 94% average ADA reasonable.
- FTE Teachers – Pupil-teacher ratio marginally exceeds 25 by less than 1 depending on exact enrollment. Staff find this reasonable and appropriate for the community and student population being served.
- Free Cash Flow and/or per ADA – School operates with historically positive cash flow; net increases in revenue and/or enrollment related to this rehabilitation project are neither expected, nor projected.
- Fundraising and Liquidity – SFC received less than 2% of operation revenues from fundraising efforts and shows strong liquidity metrics with 57% of net working capital to operational expenses on hand, and 198 days' worth of unrestricted cash available.
- As Obligor MCUSD has provided a coverage letter to certify funds reserved for the local matching share of the project.

Staff Recommendation: Staff recommends that the California School Finance Authority (CSFA) Board determine that Mariposa County Unified School District (MCUSD) on behalf of Sierra Foothill Charter (SFC) is financially sound for the purposes of this Charter School Facilities Program (CSFP) Final Apportionment. This determination, as it relates to Final Apportionment, is in place for twelve months and assumes no financial, operational, or legal material findings within this time period. This recommendation is contingent upon MCUSD fulfilling the Program local matching share requirement by providing a lump sum in the amount of \$1,441,166, pursuant to Sections 17199.4. Staff recommends that the CSFA Board direct staff to immediately notify the Office of Public School Construction and the State Allocation Board regarding this determination.