

**California Department of Education
Funding Determination**

**Nonclassroom-Based
Fiscal Year 2013-**

14

CDE Funding Determination Information: www.cde.ca.gov/sp/cs/as/nclrbifunddet.asp

New Charter School: Due on or before December 1, 2013

(Requesting funding determination applicable for the FYs 2013-14 and 2014-15)

Note- The second FY funding determination is subject to additional review. New charters are required to file two reports: 1) FY 2013-14 unaudited actual report, and 2) a Funding Determination Form using FY 2014-15 budget data. Both reports are due to the CDE on or before September 30, 2014. Source: 5 CCR Section 11963.6 (a)

Check One

()

Continuing Charter School: Due on or before February 1, 2014

(Requesting funding determination for up to a maximum of 5 years beginning with the FY 2014-15)

(X)

For New or Continuing charter schools, complete sections I through IV. For Virtual or On-Line charter schools, complete sections I through V.

Section I. Charter Information

(Complete information fields a through v)

a. Charter School Name	The Heights Charter			b. Charter #	1488
c. Charter Authorizer	Dehesa Elementary			d. CDS Code	37 68049 0127118
e. Street Address	2710 Alpine Blvd., Ste. E				
f. City	Alpine	g. State	CA	h. Zip Code	91901-2389
i. Contact Name	Sandra Morgan		j. Title	Business Manager	
k. Phone Number	619-993-7161	l. Fax No.	619-722-1547		
m. E-mail	smorg@cox.net				
n. Requested Funding % (select one)	100%				
o. No. of years requested (2, 3, 4, or 5)	5	Note- new charters are limited to two years.			
p. Current Funding Determination expires	6/30/2014	q. Requested Fiscal Years	2014-15 to 2018-19		
r. Date Charter Granted	7/19/2012	s. Date Charter or Charter Renewal Expires	7/19/2017		
t. Grade Levels Served	K-8	u. P2 ADA	71.00	Continuing Charters	
		v. Est ADA		New Charters	

Section II. Certification

(Sign and date)

I certify that:

- 1) The information provided is true and correct to the best of my ability and knowledge.
- 2) This charter school's nonclassroom-based instruction is conducted for and substantially dedicated to the instructional benefit of the school's students.
- 3) This charter school's governing board has adopted and implemented conflict of interest policies.
- 4) All of the charter school's transactions, contracts, and agreements are in the best interest of the school and reflect a reasonable market rate for all goods, services, and considerations rendered for or supplied to the school.

Signature of Charter School's Director, Principal, or Governing Board Chairperson

Director

Title of Authorized Individual

Date

California Department of Education Funding Determination

Nonclassroom-Based Fiscal Year 2013-

14

Section III. Financial Information (For guidance on function / object definitions, use the California School Accounting Manual)

A. Resources Available for Expenditure (Complete lines A.1.a. to d. and line 2)

1. Revenues and Other Financing Sources

5 CCR 11963.3 (c) (1)	a. Federal Revenues	\$ 63,177
	(i) Amount of Public Charter Schools Grant Program start up, implementation and dissemination grant included in line 1a.	\$ 63,177
5 CCR 11963.3 (c) (1)	b. State Revenues	\$ 385,109
	c. Local Revenues	\$ 45,302
5 CCR 11963.3 (c) (1)	(i) Amount in Lieu of Property Taxes in line 1c.	\$ 21,364
	d. Other Financing Sources	
5 CCR 11963.3 (c) (2)	e. Subtotal	\$ 493,588
	2. Ending Balance from Prior Fiscal Year	\$ -
	3. Total Resources (Line A.1.e plus line A.2)	\$ 493,588

B. Expenditures and Other Uses (Complete lines B.1. to B.4.)

1. Instruction and Related Services

5 CCR 11963.3 (c) (1)	a. Salaries and Benefits	
	(i) Certificated	\$ 180,892
	(ii) Classified	\$ 38,179
	b. Books, Supplies and Equipment	\$ 25,106
	c. Services and Other Operating Costs	\$ -
	(i) Contracts for Instructional Services	\$ 4,124
	(ii) Contracts for Instructional Support	\$ -
	(iii) All other Instruction Related Operating Costs	\$ 18,403
5 CCR 11963.3 (c) (2)	d. Subtotal Instruction and Related Services *	\$ 266,704

2. Operations and Facilities

	a. Salaries and Benefits	
	(i) Certificated	\$ -
	(ii) Classified	\$ -
	b. Books, Supplies and Equipment	\$ -
	c. Services and Other Operating Costs	\$ 32,901
	d. Facility Acquisition & Construction	
	e. Subtotal Operations and Facilities *	\$ 32,901
	f. Allowable Facility Costs	
	(i) Enter actual square feet occupied by charter	2,160
	(ii) Total Classroom-Based ADA (if applicable) reported at P-2 apportionment	-
	(iii) Total Student Hours attended by nonclassroom-based pupils at the school site	73,500.00
5 CCR 11963.3 (c) (2)	(iv) Allowable Facilities Costs Lesser of Line B2e or [(B2fii+(B2fiii / 868)) * \$1,000]	84,677.42
		\$ 32,901.41

3. Administration and All Other Activities

	a. Salaries and Benefits	
	(i) Certificated	\$ 10,156
	(ii) Classified	\$ 20,643
	b. Books, Supplies and Equipment	\$ 831
	c. Services and Other Operating Costs	
	(i) Contracts for Other Administrative Services	\$ -
	(ii) Supervisorial Oversight Fee	\$ 3,978
	(iii) All Other Administration & Other Activities, Services & Operating Costs	\$ 9,071
	d. Subtotal Administration and All Other Activities *	\$ 44,680

**California Department of Education
Funding Determination**

**Nonclassroom-Based
Fiscal Year 2013-**

14

Section III. Financial Information (continued)

B. Expenditures and Other Uses (continued)

4. Other Outgo and Other Uses		
a. Debt Service		\$ 27,348
b. Transfer to District or County		\$ -
c. All Other Outgo		\$ -
d. Subtotal Other Outgo and Other Financing Uses *		\$ 27,348
5. Total Expenditures (Sum of lines B1 to B4)		\$ 371,634
C. Revenues Over Expenditures (Deficit)	(Line A.1.e minus B.5)	\$ 121,954
D. Fund Balance		
a. Beginning Fund Balance (Line A.2)		\$ -
b. Ending Fund Balance* (Line C plus Line D.a.)		\$ 121,954

		(Complete lines E.a. to E.d.)	
E. Reserves	If amounts or percentages in lines E.a. or E.b. are \$50,000 or more OR 5% or more, explain in Section IV.7. below why reserve levels were maintained at such levels, pursuant to Title 5, Section 11963.3(a)(5)(F).		
	% of Expenditures		
a. Designated for Economic Uncertainties	5%	\$	50,000
b. Facilities Acquisition or Capital Projects	0	\$	-
c. Reserves required by Charter Authorizer		\$	-
d. Other Reserves (identify in Section IV.5 below)		\$	71,954
e. Unobligated Fund Balance		\$	-
d. Total (Sum of lines E.a to E.e.) Note- Line E.d. must agree with Line D.b.		\$	121,954

Section IV. Supplemental Information

(Complete lines 1 to 7)

1. Enter the charter school's pupil-teacher ratio as calculated pursuant to Education Code Section 51745.6 and CCR, Title 5, Section 11704.

13.9 : 1

a. Enter the Pupil to FTE Teacher Ratio of the charter school

19.5 : 1

b. Enter the Pupil to FTE Teacher Ratio of the largest unified school district in the county(ies) served by the charter.

San Diego Unified

Enter the name of the largest unified school district in the county(ies) served by the charter school

2. For the FY 2012-13 or 2013-14, did any entity receive \$50,000 or more OR 10% or more of the charter school's total expenditures. Generally, these expenditures are reported in Section III, Lines B.1.c, B.2.c, and B.3.c.

No

If Yes, list the name of each entity separately and the amount received. Are each of the contract payments made by the charter school based on specific services rendered, clearly stating the fee per service rendered and invoiced accordingly? Are any of the contract payments based upon an amount per unit of average daily attendance or some other percentage of the charter school's revenues, enrollment, etc.? If yes, please identify.

	Entity	Amount	Purpose/Explanation	Payment Basis	
				Fee for Service rendered - invoiced	% per ADA or other %
a				Select one	Select one
b				Select one	Select one
c				Select one	Select one
d				Select one	Select one
e				Select one	Select one
f				Select one	Select one
g				Select one	Select one
h				Select one	Select one
i				Select one	Select one

**California Department of Education
Funding Determination**

**Nonclassroom-Based
Fiscal Year 2013-**

14

Section IV Supplemental Information (continued)

3. Composition of the charter school's **CURRENT** governing board

Board Member Name	ID (ie., Parent, Teacher, etc)	How was board member selected?	Is member affiliated with any entity listed in Section IV. 2. (Yes/No)?	Member's Board Term (From/To)
a Diana Whyte	Teacher/Director	Appointed	No	2012-2014
b Debra Cramsie	Staff	Appointed	No	2012-2014
c Kristi Scherbaum	Parent	Appointed	No	2012-2014
d Michelle Lenore	Parent	Appointed	No	2012-2014
e Samantha Leach	Parent	Appointed	No	2012-2014
f Erin Schaefer	Parent	Appointed	No	2012-2013
g				
h				

a. Has the governing board adopted and implemented conflict of interest policies and procedures?

Yes

b. For any governing board member identified as affiliated with an entity as reported in Section IV.2, explain the nature of the affiliation.

4. Describe the entities or accounts involved for transfers and other outgo reported in Line B.4.b. or c.

5. Identify reserves listed as "Other Reserves" and reported on Line E.d.

Amount of Reserve	Purpose of Reserve
\$ 71,954	Reserve to partially cover cash shortfall at year end due to deferral of state funds to July and August of 2013 and delay in funding of PCSGP Implementation Grant. Balance was covered through borrowing.

6. Indicate the number of full-time equivalent employees who possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold issued by the Commission on Teacher Credentialing and who work in the charter school in a position required to provide direct instruction or direct instructional support to students.

FY 2012-13	3.4
FY 2013-14	6.4

7. If reserve amounts designated for economic uncertainties or capital projects are over the greater of \$50,000 or 5% (Lines E.a. or E.b.), explain the purpose and the need to maintained reserves at reported levels, pursuant to 5 CCR 11963.4(b).

As a non profit corporation The Heights is required to accrue and report as income all revenues earned during the year, whether these revenues were received or not. Due to the deferral of the State Apportionment and the Implementation Grant, The Heights has found it necessary to maintain a higher fund balance in order to meet it's cash obligations. The Heights had a fund balance as of 6/30/2013 of \$121,954. The Heights also showed \$184,627 in receivables from the state and federal governments. As a result, The Heights had to borrow money from Charter School Capital to pay all of its obligations in a timely manner. It is the goal of The Heights to increase it's cash in bank to a level that will allow it to pay obligations without borrowing money and incurring finance fees. This necessitates a fund balance in excess of 5% of expenses or \$50,000, whichever is greater.

**California Department of Education
Funding Determination**

Nonclassroom-Based

Fiscal Year 2013-

14

Section V. Nonclassroom-Based Virtual or On-Line Charters ONLY

If at least 80 percent of teaching and student interaction for this charter occurs via the internet, complete lines 1 through 3.

1. Is this charter school a Nonclassroom-Based Virtual or On-Line charter school as defined in 5 CCR Section 11963.5?

Yes or No

2. Did charter maintain an 8 or above API in either its statewide or similar schools ranking and had no less than a 6 in the other of these two rankings?

Yes or No

3. Can charter school demonstrate compliance with the 8 criteria specified in 5 CCR Section 11963.5 (b)?

Yes or No

**California Department of Education
Nonclassroom-Based Funding Determination
FY 2013-14 Summary and Recommendation**

A. Charter Information

Charter School:	The Heights Charter	Charter #:	1488
Charter Authorizer:	Dehesa Elementary	P2 ADA:	71.00
Charter Number	1488	Est. ADA:	0.00
Requested Fiscal Years:	2014-15 to 2018-19		
Date Charter Granted:	7/19/2012	Date Charter Expires:	7/19/2017

B. Calculated Funding Determination Percentage

44.50%	1. Certificated Employee Salaries & Benefits / Total Public Revenues % Source: 5 CCR 11963.3 (c) (1) Formula: Line B.1.a.(i) divided by Lines A.1.a. - A.1.a.(i) + A.1.b. + A.1.c.(i)
60.70%	2. Instruction & Related Services / Total Revenues % Source: 5 CCR 11963.3 (c) (2) Formula: Line B.1.d. + 2.f.(iv) divided by line A.1.e.

C. Funding Determination Criteria

Charter Requested Funding Determination % **100%**

100%	Certificated staff compensation equals or exceeds 40 percent of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 80 percent of total revenues AND the charter's pupil-teacher does not exceed 25:1 or the equivalent pupil-teacher ratio of the largest unified school district in the county or counties in which the charter school operates
85%	Certificated staff compensation equals or exceeds 40% of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 70% but is less than 80% of total revenues.
70%	Certificated staff compensation equals or exceeds 35% but is less than 40% of total public revenues AND the percentage calculated for Total Expenditures on Instruction and Related Services equals or exceeds 60% of total revenues.
Zero	Certificated staff compensation is less than 35% of total public revenues OR the percentage calculated for Total Expenditures on Instruction and Related Services is less than 60% of total revenues. Nonclassroom-based instructional ADA will not be funded.

D. Recommendation and Comments (For CDE Use Only)

Did Section B comply with charter's requested percentage? (Yes/No)

Yes with mitigating circumstances

Number of Years **3**

Fiscal Year Period
2014-15 through 2016-17

CDE Recommended %
100%

Basis for Recommendation

Charter started in fall of 2012. State deferrals and one time start up costs resulted in charter school conserving cash.

Other Comments

	California Department of Education 2013–14 Nonclassroom-Based Funding Determination Mitigating Circumstances Request Form
--	--

A. Charter Information

Charter School:	The Heights Charter	Charter #	1488
Charter Authorizer:	Dehesa Elementary	CDS Code:	37 68049 0127118
Requested Funding Determination %:	100%	Years in Operation:	1
		P2 ADA:	71

B. Funding Determination Percentage (CDE Funding Determination Form must be completed and filed with this form)

Percent Funding Criteria per 5 CCR	Certificated Staff Ratio	Instruction and Related Services Ratio	Pupil to Teacher Ratio
100% Funding [5 CCR, Sec. 11963.4 (a)(3)]	= or > 40%	= or > 80%	< 25 : 1
85% Funding [5 CCR, Sec. 11963.4 (a)(2)]	= or > 40%	= or > 70%	Not Applicable
70% Funding [5 CCR, Sec. 11963.4 (a)(1)]	= or > 35%	= or > 60%	Not Applicable
0% Funding [5 CCR, Sec. 11963.4 (a)(4)]	< 35%	< 60%	Not Applicable

Enter charter school's calculated ratios from Form FDF

	Certificated Staff Ratio	Instruction and Related Services Ratio	Pupil to Teacher Ratio
a. 100% Funding [5 CCR, Sec. 11963.4 (a)(3)]	44.50%	%	13.9 : 1
b. 85% Funding [5 CCR, Sec. 11963.4 (a)(2)]	%	%	N/A
c. 70% Funding [5 CCR, Sec. 11963.4 (a)(1)]	%	60.7%	N/A
d. 0% Funding [5 CCR, Sec. 11963.4 (a)(4)]	%	%	N/A

C. Charter School's Mitigating Circumstances

California Code of Regulations, Title 5 (5 CCR), Sec. 11963.4(e): A reasonable basis for the ACCS to make a recommendation other than one that results from the criteria specified in subdivision (a) may include, but not be limited to, the following: the information provided by the charter school (FDF form) pursuant to paragraphs (2) through (8), inclusive, of subdivision (b) of section 11963.3, documented data regarding individual circumstances of the charter school (e.g., one-time or unique or exceptional expenses for facilities, acquisition of a school bus, acquisition and installation of computer hardware not related to the instructional program, special education charges levied on the charter school by a local educational agency, restricted state, federal, or private grants of funds awarded to the charter school that cannot be expended for teacher salaries, or contracted instructional services other than those for special education), the size of the charter school, and how many years the charter school has been in operation.

1. **Explain why the charter school failed to meet the 5 CCR requirements for funding, include specific action taken to comply.**
The Heights Charter School opened in September 2012. It had no cash balance carry forward or receivables from the prior year. The Total Revenue of \$493,588 for the year was based on the accrual method of accounting. Due to the large deferrals of State Aid, the Categorical Block Grant and the EPA funds as well as the delay in funding the PCSGP Implementation Grant, the cash available to pay bills was actually much less than this. The Heights took several steps to maintain operations this first year, including selling almost all of their state entitlement receivables to Charter School Capital. This resulted in \$27,348 in Program Fees and Discount Fees, which decreased the funds available for day-to-day operations. Steps to keep expenses low included keeping employee benefits at a bare minimum and a voluntary salary reduction on the part of the director. The school was able to accomplish these cost saving measures while still providing a quality program as evidenced by the 69% increase in ADA in 2013-14 and the list of parents waiting to get in. Administrative Expenses, not including program and discount fees, equaled about 12% of Total Expenses. While Instructional Expenses did not equal 80% of Total Revenue, they did equal 81 % of Total Expenses, with Program and Discount Fees making up the other 7% of expenses.

2.	<p>Explain why identified expenses are unique or exceptional and warrant consideration as mitigating circumstances.</p> <p>Thanks to the reduction in deferrals and the funding of the PCSGP Implementation Grant, The Heights has, thus far in 2013-14, been able to meet all of its financial obligations without selling any receivables, which has resulted in no Program and Discount Fees. The flow of cash has allowed The Heights to purchase instructional items such as computers and equipment which have greatly enhanced the educational experience of the children.</p>
3.	<p>Provide any other explanation that will assist the CDE and ACCS in making a decision on an appropriate funding determination.</p> <p>The Heights has grown in size from 71 ADA in 2012-13 to approximately 120 ADA in 2013-14. This resulting increase in funding has greatly alleviated the lack of cash and the necessity to sell receivables. While Instructional Expenses did not meet the designated percentage of 80% of revenues in 2012-13, all funding was spent on expenses imperative to the ongoing operations of the school and there was never an excess of cash. The school has experienced great success in the community of Alpine, quickly filling to the limit set for 2013-14 of 120, and plans further expansion next year. While The Heights offers parents the flexibility of bringing their children to onsite classrooms as much or as little as they choose, the vast majority of the children enjoy the onsite program so much that they are attending four to five days a week.</p>

D. Certification

I certify that:	<p>The information provided is true and correct to the best of my ability and knowledge.</p> <hr/> <p>Signature of Charter School's Director, Principal, or Governing Board Chairperson</p> <hr/> <p>Director _____ Date _____</p> <p>Title of Authorized Individual _____</p>
-----------------	--

The Heights Charter School
Instructional Expenses as a Percent of Funds Available
2012-13

		Not Received As Total Earned of 6/30/2013	
State Funding			
Charter School Block Grant Funding	State Aid	268,111	(106,882)
	Property Taxes	21,364	-
	EPA	78,762	
		<u>368,237</u>	
Categorical Block Grant		29,219	(9,920)
Charter School Supplemental Grant		9,017	(4,649)
Federal Funding			
PCSGP Implementation Grant		63,177	(63,177)
Local Fundraising			
		23,938	
Total Revenues-Accrual vs Cash		<u>493,588</u>	
	Instructional Expenses	266,704	
	B1d	32,901	
	2f	<u>299,605</u>	
Program Fees and Discount Fees for Charter School Capital			
Percent Adj Expenses to Adj Revenue		61%	
ADA 2012-13		71	
ADA 2013-14		120	

Received 6/28/2013	Portion O/S at 6/30 that was sold to CSC	Funds Available to Spend during Year
	95,300	256,529
		21,364
(78,762)	55,700	<u>55,700</u>
		<u>333,593</u>
	8,200	27,499
		4,368
		-
		23,938
		<u>389,398</u>
		266,704
		<u>32,901</u>
		299,605
		<u>27,348</u>
		<u>326,953</u>
		84%