

**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)

Check One

()

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)

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	Santa Rosa Academy			b. Charter #	730
c. Charter Authorizer	Menifee Union School District			d. CDS Code	33671160109843
e. Street Address	27587 La Piedra Road				
f. City	Menifee	g. State	CA	h. Zip Code	92584
i. Contact Name	David Graves		j. Title	Chief Business Officer	
k. Phone Number	951-672-2400 #1108	l. Fax No.	951-672-6060		
m. E-mail	dgraves@sra.mn				
n. Requested Funding % (select one)	100%				
o. No. of years requested (2, 3, 4, or 5)	5 <small>Note- new charters are limited to two years.</small>				
p. Current Funding Determination expires	6/30/2014		q. Requested Fiscal Years	2013-14	
r. Date Charter Granted	4/12/2005		s. Date Charter or Charter Renewal Expires	6/30/2014	
t. Grade Levels Served	K-12		u. P2 ADA	1020.51	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

Title of Authorized Individual

Date

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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	\$	-
	(i) Amount of Public Charter Schools Grant Program start up, implementation and dissemination grant included in line 1a.	\$	-
5 CCR 11963.3 (c) (1)	b. State Revenues	\$	6,258,353
	c. Local Revenues	\$	461,704
5 CCR 11963.3 (c) (1)	(i) Amount in Lieu of Property Taxes in line 1c.	\$	468,133
	d. Other Financing Sources		
5 CCR 11963.3 (c) (2)	e. Subtotal	\$	6,720,057
	2. Ending Balance from Prior Fiscal Year	\$	3,001,331
	3. Total Resources (Line A.1.e plus line A.2)	\$	9,721,388
B. Expenditures and Other Uses		(Complete lines B.1. to B.4.)	
1. Instruction and Related Services			
	a. Salaries and Benefits		
5 CCR 11963.3 (c) (1)	(i) Certificated	\$	3,164,497
	(ii) Classified	\$	313,735
	b. Books, Supplies and Equipment	\$	866,526
	c. Services and Other Operating Costs	\$	-
	(i) Contracts for Instructional Services	\$	25,443
	(ii) Contracts for Instructional Support	\$	22,947
	(iii) All other Instruction Related Operating Costs	\$	155,357
5 CCR 11963.3 (c) (2)	d. Subtotal Instruction and Related Services *	\$	4,548,505
2. Operations and Facilities			
	a. Salaries and Benefits		
	(i) Certificated		
	(ii) Classified	\$	60,656
	b. Books, Supplies and Equipment	\$	10,924
	c. Services and Other Operating Costs	\$	690,152
	d. Facility Acquisition & Construction	\$	-
	e. Subtotal Operations and Facilities *	\$	761,732
	f. Allowable Facility Costs		
	(i) Enter actual square feet occupied by charter		38,938
	(ii) Total Classroom-Based ADA (if applicable) reported at P-2 apportionment		659.95
	(iii) Total Student Hours attended by nonclassroom-based pupils at the school site		93,970.08
5 CCR 11963.3 (c) (2)	(iv) Allowable Facilities Costs Lesser of Line B2e or [(B2fii+(B2fiii / 868)) * \$1,000		768,210.46
		\$	761,732.00
3. Administration and All Other Activities			
	a. Salaries and Benefits		
	(i) Certificated	\$	109,094
	(ii) Classified	\$	447,463
	b. Books, Supplies and Equipment	\$	11,218
	c. Services and Other Operating Costs		
	(i) Contracts for Other Administrative Services	\$	52,265
	(ii) Supervisorial Oversight Fee	\$	60,643
	(iii) All Other Administration & Other Activities, Services & Operating Costs	\$	81,527
	d. Subtotal Administration and All Other Activities *	\$	762,210

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Section III. Financial Information (continued)

B. Expenditures and Other Uses (continued)

4. Other Outgo and Other Uses		
a. Debt Service		\$ 16,426
b. Transfer to District or County		\$ -
c. All Other Outgo		\$ -
d. Subtotal Other Outgo and Other Financing Uses *		\$ 16,426
5. Total Expenditures (Sum of lines B1 to B4)		\$ 6,088,873
C. Revenues Over Expenditures (Deficit) (Line A.1.e minus B.5)		\$ 631,184
D. Fund Balance		
a. Beginning Fund Balance (Line A.2)		\$ 3,001,331
b. Ending Fund Balance* (Line C plus Line D.a.)		\$ 3,632,515

(Complete lines E.a. to E.d.)

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).

E. Reserves	a. Designated for Economic Uncertainties	% of Expenditures 0.070341753	\$ 428,302
	b. Facilities Acquisition or Capital Projects	0	\$ -
	c. Reserves required by Charter Authorizer		\$ -
	d. Other Reserves (identify in Section IV.5 below)		\$ -
	e. Unobligated Fund Balance		\$ 3,204,213
	d. Total (Sum of lines E.a to E.e.) Note- Line E.d. must agree with Line D.b.		\$ 3,632,515

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.

21.85 : 1
25.0 : 1
Riverside Unified School District

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

Yes

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 Apple, Inc	\$ 619,759.00	During the 2012-13 fiscal year, purchased approximately 480 laptop computers; the laptops are used in an Apple 1:1 Program; participating parents lease the laptops from the school for 36 months; the parents own the laptops after 36 months if all payments are made. Students of non participating parents check out laptops that are school owned.	No	No
b Dennis Lorton & Associates, Inc	\$ 400,831	During the 2012-13 fiscal year, Dennis Lorton & Associates was hired to perform construction grading services to prepare land for construction; these costs were reimbursed by the seller of the land and coded as an abatement of this expenditure.	Yes	No
c Menifee Union School District	\$ 268,839	During the 2012-13 fiscal year, lease of facility from MUSD; property located at 26301 Garbani Road; Menifee, CA 92584.	No	No
d Menifee Union School District	\$ 60,643	2012-13 oversight fees; 1% of apportionment per MOU.	Yes	Yes
e Mount San Jacinto College	\$ 348,159	During the 2012-13 fiscal year, lease of facility from MSJC; property located at 28237 La Piedra Road; Menifee, CA 92584.	No	No

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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	William Loftus	President/C.E.O.	Started as C.E.O. with SRA at inception; automatically selected.	No	Permanent Position
b	Trent Heiner	Vice President (Parent Member)	Elected by the Board of Directors; the previous parent member had served the maximum term allowed.	No	7/1/2013 To 6/30/2015
c	James Lemasters	Clerk (Teacher Member)	Elected by the faculty of SRA.	No	7/1/2013 To 6/30/2015
d	Darryl Dugan	Parent Member	Elected by the Board of Directors.	No	7/1/2012 To 06/30/2014
e	Charlotte Lucey	Community Member	Elected by the Board of Directors.	No	7/1/2012 To 06/30/2014
f					
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.

The Board President performs consulting services for SRA in 2012-13, total consulting fees paid out were \$16,800 for consulting with SRA on issues ranging from human resources and education matters to fiscal and facilities issues.

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

N/A

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

Amount of Reserve	Purpose of Reserve

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	46.7
FY 2013-14	61.9

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).

The money is reserved for cash shortfalls, budget cuts, or other unforeseen circumstances; Santa Rosa Academy's goal is to have enough in savings to fund operations for an entire year. We feel this is prudent having built a large facility (about 67K square feet) with mortgage payments averaging about 1.7 million annually and employing over 100 employees. The school also desires to build a gym and performing arts center using a combination of school capital and debt financing.

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.

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

N/A

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?

N/A

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

N/A

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

A. Charter Information

Charter School:	Santa Rosa Academy	Charter #:	730
Charter Authorizer:	Menifee Union School District	P2 ADA:	1020.51
Charter Number	730	Est. ADA:	0.00
Requested Fiscal Years:	2013-14		
Date Charter Granted:	4/12/2005	Date Charter Expires:	6/30/2014

B. Calculated Funding Determination Percentage

47.05%	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)
79.02%	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)

No, filed mitigating circumstances	Number of Years	4
Fiscal Year Period	CDE Recommended %	
2014-15 through 2017-18	85%	

Basis for Recommendation

Charter reported an ending fund balance of \$3.6 million, of which \$3.2 million was listed as unobligated. Charter could have spent the unobligated funds to cover the \$65,473 shortfall in order to comply with the 80 percent instructional ratio.

Other Comments

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

Charter School:	Santa Rosa Academy	Charter #	730
Charter Authorizer:		CDS Code:	33671160109843
Requested Funding Determination %:	100%	Years in Operation:	8
		P2 ADA:	1020.51

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 toTeacher 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 toTeacher Ratio
a. 100% Funding [5 CCR, Sec. 11963.4 (a)(3)]	47.05%	79.02%	21.85 : 1
b. 85% Funding [5 CCR, Sec. 11963.4 (a)(2)]	%	%	N/A
c. 70% Funding [5 CCR, Sec. 11963.4 (a)(1)]	%	%	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.	<p>Explain why the charter school failed to meet the 5 CCR requirements for funding, include specific action taken to comply. The reason that Santa Rosa Academy (SRA) failed to meet one of the 5 CCR requirements for funding by spending 79.02% (only .98% off) of revenue on instructional expenses instead of at least 80% is mostly due to the following reasons:</p> <p>A) In June of 2012, SRA was able to obtain financing in the amount of \$24,035,000 to build a brand new facility which was completed on September 6, 2013 right before school started on September 9. This construction project had many challenges including the short time horizon to complete the construction in order for school to start on time and minimize the amount of capitilaized interest that SRA would need to borrow. Before receiving financing, around March of 2012, Riverside County didn't approved a building permit for the first site that SRA was going to build on despite receiving positive feedback from Riverside County Staff that the project site would probably be approved to build on; by the time the County of Riverside voted on our project, SRA had spent \$280K in predevelopment expenses; the project site ended up not being approved for construction by Riverside County due to gas lines underground. Dispite this great challenge, SRA was able to find another piece of land to construct a facility on. Due to many uncertainties, SRA was prudent and successfulls saved money sufficient to end 2012/13 with an increase to net assets of \$631,184. SRA has worked hard to recoup the losses from our construction project and save for any other unforeseen situations.</p> <p>B) As mentioned in number 1A, the School currently owes \$24,035,000 from the facility loan; annually, SRA will be paying an average of approximately 1.7 million per year starting in 2013/14. In 2012/13, SRA paid about \$617,000 in rent for the two leases (the students attending these two leased sites are now all consolidated at our new facility and these two leases have been discontinued). Having our own facility has greatly enhanced our education program giving our students and employees a permanent location, soccer field, play grounds, shelter from the rain durring lunch time/recess, etc.</p> <p>C) In the 2012/13 fiscal year, although the education industry was just beginning to see economic improvement, there were (and still are) many unknowns regarding the deferrals, the new LCFF funding, etc. SRA felt it prudent to try to save whatever we could without in anyway jeopardizing the excellent education program of SRA. The 2012/13 year turned out to be one of the best academic performance years for our students as they did very well on state testing, continues to be WASC accredited, was awarded a dissimination grant to share best practices with other schools, had an API in</p>
2.	<p>Explain why identified expenses are unique or exceptional and warrant consideration as mitigating circumstances.</p> <p>Approximately 87% of 2012/13 expenses are accounted for as instructional; however, only 79.02% of revenue in 2012/13 was spent on instruction. If SRA would have spent about \$65,800 more in instructional expenses, we'd have met the 80% requirement. Discussed in #1 above, it has been and continues to be important that SRA be as prudent as possible in order that there is sufficient cash reserves to meet our facility obligations and be ready if there are future State Education spending shortfalls (or deferrals). SRA desires to be ready for whatever situation might arise mitigating any chance that our high quality program with a current waiting list of over 1,500 students and over 100 employees continues to be a going concern. Desipite our frugal spending, we ensure that what is spent goes mostly to instruction and to maintaining the high quality program. The proof is in the pudding as our academic achievement in 2012/13 was one of the best years in SRA's history (please see #1C above for further information regarding academic achievement). If SRA does not receive the 100% funding determination, the results would be finanically devestating being that our outlay for facilities expenses has almost tripled in amount that it was in 2012/13.</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>SRA has been frugal since it's inception in order for a dream to be realized; that dream was to continue to provide our students with a high quality instructional program while one day benefiting from it learning in a permanent location, a brand new school facility that would be complete with a field, playground equipment, a plaza sheltering the kids from the rain durring recess/lunch, etc. SRA started in a garage, has leased a portion of a shopping center, and more recently, an old elementary school and a building from Mt San Jacinto College. Finally, on September 9, 2013, the dream of SRAs staff and students was realized when school started at this beautiful brand new facility! Although the school is mailnly built complete with all the basic components, we're still desiring to do a phase II construction project which would involve building a sports gym and performing arts center. That will take utilizing our resources wisely; saving every dollar while maintaining our excellent education program. With Facility costs tripling what they were in 2012/13, SRA worked hard to to increase net assets by about \$631,000 to better prepare for future years and goals while still spending almost 80% of revenues on instruction and 87% of total expenditures on instruction. All this was accomplished while maintainga our excellent education program evidenced by the academic performance of our students (see more detailed information cited in #1C above).</p>

D. Certification

I certify that:	The information provided is true and correct to the best of my ability and knowledge.		
	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Signature of Charter School's Director, Principal, or Governing Board Chairperson		
	<table style="width: 100%; border: none;"> <tr> <td style="width: 60%; border: none; text-align: center;"> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Title of Authorized Individual </td> <td style="width: 40%; border: none; text-align: center;"> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Date </td> </tr> </table>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Title of Authorized Individual	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Date
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