

This document was provided to the California Department of Education (CDE) by the **Long Valley Charter School**. This document has been made available to the CDE Web site to meet the legal requirements of the *Education Code* Section 33009.5.

For more information or questions about the contents of this material or to obtain alternative versions, please contact Thomas Pacheco at tpacheco@cde.ca.gov or at 916-322-1755.



Long Valley Charter School

Imagine-Achieve-Inspire

Mitigating Circumstances

Funding Determination

for

School Year 2014-15

Sherri Morgan, Director
Long Valley Charter School

Scott Warner
Charter School Management Corp

Contents

OVERVIEW	3
Background	3
A New Charter	3
FUNDING	3
Prior Funding Details	4
Current Funding based on 2013-14	4
A Moving Target	4
Future Expenditures	5
FUNDING DETERMINATION WITH MITIGATING CIRCUMSTANCES	5
LIST OF APPENDICES	7
APPENDIX A	8
APPENDIX B	9
APPENDIX C	10
APPENDIX D	11

OVERVIEW

Background

Long Valley Charter School (LVCS) is a Pre K-12 charter school serving students in the remote northeastern section of California. LVCS operates a brick and mortar (classroom-based) Pre K-8 school site in Doyle, California, as well as resource centers located in Susanville and Portola, California for LVCS's independent study (non-classroom based) program. The resource centers were established to administer the LVCS independent study program which is absolutely vital to the students of Lassen and Plumas County, due to the lack of traditional school available to this population of students. All LVCS independent study students report to the resource centers to meet with teachers, use computers, and receive services. No LVCS student receives instruction without regular face to face meetings at a resource center.

LVCS has been in operation for fifteen (15) years with various authorizers since its first charter petition was authorized in 2000. From 2000-2010, LVCS was authorized by Fort Sage Unified School District until it was denied its renewal in 2010. After successfully appealing this non-renewal, from 2010 to 2013, LVCS was authorized by the California State Board of Education ("SBE") under Charter No. 0320 and County-District-School ("CDS") Code No. 18-75036-6010763. At the recommendation of the SBE, LVCS sought out a local authorizing agency that would approve its charter. Subsequently, the Ravendale-Termo Elementary School District ("RTESD") approved LVCS's charter petition on July 1, 2013 through June 30, 2018, under Charter No. 1549 and CDS Code No. 18-64162-6010763.

As further explained below, when LVCS transitioned from being authorized by the SBE to RTESD, the California Department of Education ("CDE") changed LVCS's Charter No. from 0320 to Charter No. 1549 as well as its CDS Code No. from 18-75036-6010763 to CDS Code No. 18-64162-6010763. As such, LVCS was considered a "new charter" for purposes of some funding programs during the 2013-2014 school year and an "existing charter school" for other funding programs.

A New Charter

As previously mentioned, when the Ravendale-Termo Elementary School District authorized the LVCS charter petition, the CDE changed LVCS's Charter number and CDS Code. One of the funding programs that recognized and identified LVCS as a "new charter" during the 2013-2014 school year, is the Nonclassroom-Based Funding Determination.

This re-categorization from an "existing charter" to a "new charter" is significant, because prior to the change in its Charter No. and CDS Code, during the 2012-2013 school year, LVCS was granted a five (5) year, one-hundred percent (100%) nonclassroom-based funding determination, which would have provided LVCS 100% funding from July 2012 until June 2017. However, during the 2013-2014 school year, due to the re-characterization as a "new charter" LVCS re-applied and was granted a two (2) year, one-hundred percent (100%) funding determination that is set to expire in June 2015.

As a result of this change in funding under a “new charter” status, and because the 2013-2014 school year was also the first year of the local control funding formula (“LCFF”), LVCS had incomplete data and information to base its budget and funding projections upon. Unfortunately, the lack of complete and accurate data to base its revenue projections on, ultimately resulted in LVCS falling out of compliance with the statute and code provisions governing nonclassroom-based funding determinations.

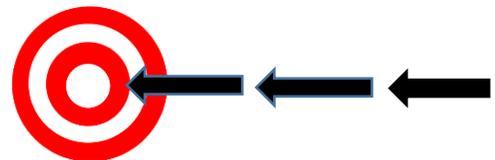
FUNDING

Prior Funding Details

Historically, LVCS has an excellent track record dating back to the 2001-2002 school year of maintaining compliance with the requirements to receive 100% funding, as further demonstrated below:

- 2001-02: 100% funding for 5 years (<http://www.cde.ca.gov/sp/cs/as/ncrbifunddet0102.asp>)
- 2005-06: 100% funding for 2 years (<http://www.cde.ca.gov/sp/cs/as/ncrbifunddet0506.asp>)
- 2007-08: 100% funding for 5 years (<http://www.cde.ca.gov/sp/cs/as/ncrbifunddet0708.asp>)
- 2011-12: 100% funding for 5 years (through 2017) (<http://www.cde.ca.gov/sp/cs/as/ncbfdrts11.asp>)
- Categorized as a new charter 7/1/13
- 2013-14: 100% funding for 2 years (<http://www.cde.ca.gov/sp/cs/as/ncbfdrts13.asp>)

Current Funding- 2013-14



A Moving Target

In the 2013-2014, after several years of apportionment deferrals and cash flow financing, LVCS adopted a very conservative position regarding budgeting and cash flow planning. LVCS used the best available revenue forecasting tools throughout the year, the FCMAT LCFF Calculator. However, our revenue projections continuously changed, as further identified below:

- 2/20/14: First Principal Apportionment predicted \$2,158,766 in revenues. The letter from CDE notes this includes a partial calculation of LCFF and that CDE is still working on LCFF until the P-2 Certification no later than July 2nd. (see appendix A & B)
- 5/12/14: LCFF calculator released; estimated funding of \$2,462,333 (see appendix C)
- 6/05/14: school calendar for students/teachers ends
- 6/25/14: Second Principal Apportionment revealed \$3,631,119 in revenues, exceeding prior calculations by approximately \$1.2 million (see appendix D).
- 6/30/14: Fiscal year closes-insufficient time to expend dollars.

- June-July 2014 deferral received on 8/6/14 showing total revenue of \$3,662,594. LCFF Revenue increased by \$1,541,729, EPA revenue decreased \$306,692 and In-Lieu Property Tax decreased \$34,776. The net total increase in revenue was \$1,200,261.
- Prior to the Second Principal Apportionment, which resulted in approximately \$1.2 million in additional revenue, LVCS was all but guaranteed to meet the 40%-80% in expenditure requirements. LVCS's proven track record of satisfying the required expenditures, which is identified above, clearly demonstrates LVCS's dedication and ability and capacity to fully comply with the State required revenue spending thresholds.
- In preparation of this document, LVCS contacted Byron Fong, of the School Fiscal Services Division of the CDE. LVCS asked Mr. Fong whether or not LVCS could have known about the increase in funding prior to the Second Principal Apportionment and accurately projected its revenue expenditures. Mr. Fong explained that LVCS was only 1 out of 3 charter schools in the State of California that received the target level of funding during the first year of the LCFF. Mr. Fong confirmed that it was not clear until late June 2014, which base would be used for calculating the funding. Therefore, it was not possible to predict the revenue increase.

Future Expenditures

In response to the increase in revenue, LVCS proposes to reasonably and responsibly expend the unanticipated funds to help meet Local Control Accountability Plan Goals.

2014-15

Establishment of a building fund for the Doyle site-based program: \$400,000 (LVCS currently leases an aging school building in Doyle from Fort Sage Unified School District)

2015-2018

LVCS stakeholders will determine the school's priorities in line with LCAP State priorities, and expend approximately 200,000 per year for the next three school years.

FUNDING DETERMINATION WITH MITIGATING CIRCUMSTANCES

Long Valley Charter School has always been very cognizant of its school budget and expenditures with the ultimate goal to serve students while meeting State expenditure requirements to maintain 100% funding. Despite economic depression and experiencing apportionment deferrals, conservative budgeting and cash flow financing has allowed LVCS to continue to serve students in a fiscally responsible manner for over 15 years.

The enactment of LCFF and uncertainty of formulas resulted in a year of variable revenue projections that were unclear and unforeseeable, making it impossible for LVCS to accurately project its revenue expenditures. The most welcomed increase in revenues occurred too late in the year and thus, prevented LVCS from adjusting its budget or increasing its allocation of funds for expenditures that would satisfy the 40% - 80% requirement. LVCS believes that an expenditure of such a large amount of funds so late in the school year and without thoughtful planning and stakeholder input, would be irresponsible.

Based on a fiscally responsible history and circumstances beyond LVCS's control, Long Valley Charter School is requesting 100% funding for 3 years to coincide with the term of its current charter.

LIST OF APPENDICES

- A: Letter from 2/20/2014
- B: P-1 Apportionment
- C: May LCFF Calculator
- D: P-2 Apportionment

APPENDIX A

4/28/2015

2013-14 P-1 Apportionment Letter - Principal Apportionment (CA Dept of Education)



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

February 20, 2014

Dear County Superintendents of Schools:

2013-14 FIRST PRINCIPAL APPORTIONMENT

Towards the end of February, county treasurers will receive a warrant that reflects state aid for elementary, high, and unified school districts; charter schools; and county offices of education for programs included in the 2013-14 First Principal (P-1) Apportionment. The California Department of Education (CDE) certified P-1 on February 20, 2014, pursuant to California *Education Code* Section 41332. The statewide total was \$25,681,764,885.

This apportionment includes funding for 2013-14 as well as updated funding for the 2012-13 Annual Apportionment, the 2011-12 Annual R2 Apportionment, and adjustments to other prior-year apportionments, as necessary.

Assembly Bill 97 (Chapter 47, Statutes of 2013), as amended by Senate Bill 91 (Chapter 49, Statutes of 2013) and Senate Bill 97 (Chapter 357, Statutes of 2013), established the Local Control Funding Formula (LCFF), which represents a significant change in how California's kindergarten through grade twelve (K-12) local educational agencies (LEAs) are funded.

While the new funding formula became effective July 1, 2013, the CDE is still working to incorporate many of the LCFF provisions into its apportionment systems. Consequently, the P-1 Apportionment includes only minimal changes enacted by the 2013 Budget Act and LCFF implementing legislation. The CDE intends to calculate LEA funding using the new LCFF formula at the 2013-14 Second Principal (P-2) Apportionment, which will be certified on or before July 2, 2014. **Because this apportionment is merely a means to continue allocating funds in accordance with *Education Code (EC)* Section 41332, it should not be used as a basis for budgeting. Actual funding allocations using the new LCFF formulas will differ from an LEA's P-1 Apportionment.**

The CDE has created a Local Control Funding Formula Web page (<http://www.cde.ca.gov/fg/aa/lc/>) to share information related to LCFF; this site will be updated as more information on LCFF and the related Local Control and Accountability Plans (LCAPs) become available. Consistent with past practice, the CDE will also provide funding specific information electronically via the CDE's PASE listserv. The listserv provides LEAs and other interested parties important information, such as notifications regarding LCFF updates, software releases, key deadlines, reminders of due dates for submission of data, and any other pertinent topics related to the Office of Principal Apportionment and Special Education (PASE) and the Office of Charter Apportionments and District Reorganization. If you do not already belong to the PASE listserv and would like to subscribe, send a "blank" message to: join-pase-contacts@mlist.cde.ca.gov.

A summary of the calculations that the CDE used in the P-1 Apportionment is available as an attachment (<http://www.cde.ca.gov/fg/aa/pa/calc13p1.asp>) to this letter. Both the letter and the attachment, as well as apportionment Excel files and selected exhibits that provide detailed funding amounts related to the P-1 Apportionment are available on the CDE Web site at <http://www.cde.ca.gov/fg/aa/pa/pa1314.asp>. Additional exhibits for Special Education can be obtained under Allocations/Apportionments on the web page at <http://www.cde.ca.gov/fg/aa/se/>. County superintendents of schools should advise school districts and charter schools immediately of this apportionment.

If you need assistance, or have any further questions, please contact the Office of Principal Apportionment and Special Education or the Office of Charter Apportionments and District Reorganization by phone at 916-324-4541 or by e-mail at PASE@cde.ca.gov.

**First Principal Apportionment Summary
Fiscal Year 2013-14**

Legend:

AB 602: Assembly Bill 602, PY: Prior Year,

Payment Type: * = Paid pursuant to Education Code Section 14041(a)(7),

** = Paid pursuant to Education Code Section 14041(a)(8),

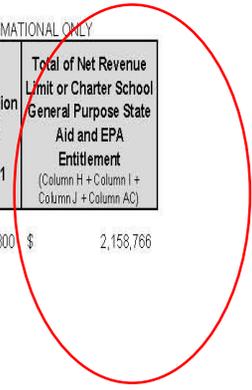
Blank = Not Paid pursuant to Education Code sections 14041(a)(7) or 14041 (a)(8)

County Code	District Code	School Code	Charter Number	Charter Fund Type	Local Educational Agencies	District Type	2012-13 Adjusted County Office of Education Total Revenue Limit Net State Aid (0000-8011)	2012-13 Adjusted School District Revenue Limit Net State Aid (0000-8011)	2012-13 Adjusted Charter School General Purpose Entitlement Net State Aid (0000-8011)	Basic Aid "Choice" (0000-8011)	Basic Aid Court-Ordered Voluntary Pupil Transfer (0000-8011)	Basic Aid Open Enrollment (0000-8011)	Basic Aid Supplement Charter School Adjustment (0000-8011)	Adults in Correctional Facilities (6015-8311)	Special Education AB 602 (6500-8311)	Special Education Infants 0-2 (6510-8311)	Total County Office Funds Transfer (0000-8011)	New or Expanding Charter Advance Payments Block Grant (0000-8011)	
							A-1	A-2	A-3	A-4	A-5	A-6	A-7	A-8	A-9	A-10	A-11	A-12	
18	64162	6010763	1549	D	Long Valley Charter	ELEMENTARY	\$ -	\$ -	\$ 2,083,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,217,159)

**First Principal Apportionment Summary
Fiscal Year 2013-14**

New or Expanding Charter Advance Payments Categorical Block Grant (0000-8011)	New Charter Advance Payments In-Lieu of Economic Impact Aid (0000-8011)	School District Advance Payments of In-Lieu Property Tax Transfers for New or Expanding Charter Schools (0000-8011)	Amount Charter Overpaid	PY Amount Charter Overpaid	Adjustments and Prior Year Recomputations	2012-13 Adjusted Local Control Funding Formula Categorical State Aid - Education Code Sections 2575(h) and 42238.03(e)(2)(A) (0000-8011)	Total Principal Apportionment	Payment Type	Education Protection Account (EPA) Entitlement as of 2013-14 P-1 (1400-8012)	Total of Net Revenue Limit or Charter School General Purpose State Aid and EPA Entitlement (Column H + Column I + Column J + Column AC)
A-13	A-14	A-15	A-16	A-17	A-18	A-19	B-1			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,049	\$ 1,059,866		\$ 74,800	\$ 2,158,766

INFORMATIONAL ONLY



LCFF Calculator Universal Assumptions						
Long Valley Charter					1/0/00	
Summary of Funding						
		2013-14	2014-15	2015-16	2016-17	
Target		\$ 3,351,433	\$ 3,099,902	\$ 3,257,092	\$ 3,418,785	
Floor		2,343,612	2,273,888	2,574,801	2,881,880	
CY Gap Funding		118,721	231,697	231,638	116,347	
ERT		-	-	-	-	
Minimum State Aid		-	-	-	-	
Total Phase-In Entitlement		\$ 2,462,333	\$ 2,505,585	\$ 2,806,439	\$ 2,998,228	
Components of LCFF By Object Code						
		2012-13	2013-14	2014-15	2015-16	2016-17
8011 - State Aid	\$	1,441,521	\$ 2,013,758	\$ 2,091,339	\$ 2,380,750	\$ 2,561,096
8011 - Fair Share		-	-	-	-	-
8311 & 8590 - Categoricals		241,731	-	-	-	-
8012 - EPA		449,412	382,324	353,065	362,818	372,571
<i>Local Revenue Sources:</i>						
8021 to 8048 - Property Taxes		-	-	-	-	-
8096 - In-Lieu of Property Taxes		-	66,251	61,181	62,871	64,561
<i>Property Taxes net of in-lieu</i>		-	-	-	-	-
TOTAL FUNDING	\$	2,132,664	\$ 2,462,333	\$ 2,505,585	\$ 2,806,439	\$ 2,998,228
<i>Excess Taxes</i>	<i>\$</i>	<i>-</i>	<i>\$ (0)</i>	<i>\$ (0)</i>	<i>\$ 0</i>	<i>\$ 0</i>
<i>EPA in excess to LCFF Funding</i>	<i>\$</i>	<i>(210,202)</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ (0)</i>	<i>\$ (0)</i>
Minimum Proportionality Percentage (MPP):						
Summary Supplemental & Concentration Grant						
		2013-14	2014-15	2015-16	2016-17	
Current year estimated supplemental and concentration grant funding in the LCAP year			\$ 162,487	\$ 190,415	\$ 170,487	
Current year Minimum Proportionality Percentage (MPP)			6.93%	7.28%	6.03%	

APPENDIX D

CALIFORNIA DEPARTMENT OF EDUCATION Second Principal Apportionment Summary Fiscal Year 2013-14

Legend:

LCFF: Local Control Funding Formula

AB 602: Assembly Bill 602, PY: Prior Year,

Payment Type: * = Paid pursuant to Education Code Section 14041(a)(7), ** = Paid pursuant to Education Code Section 14041(a)(8), Blank = Not Paid pursuant to Education Code sections 14041(a)(7) or 14041(a)(8)

County Code	District Code	School Code	Charter Number	Charter Fund Type	Local Educational Agency	District Type	County Office of Education LCFF State Aid (0000-8011) A-1	School District LCFF State Aid (0000-8011) A-2	Charter School LCFF State Aid (0000-8011) A-3
18	64162	6010763	1549	D	Long Valley Charter	ELEMENTARY	-	-	3,555,487

CALIFORNIA D
Second Principal
Fis

Education Code sections 14041(a)(7) or 14041(a)(8)

School District Basic Aid "Choice" (0000-8011) A-4	School District Basic Aid Court-Ordered Voluntary Pupil Transfer (0000-8011) A-5	School District Basic Aid Open Enrollment (0000-8011) A-6	School District Basic Aid Supplement Charter School Adjustment (0000-8011) A-7	Adults in Correctional Facilities (6015-8311) A-8	Special Education AB 602 (6500-8311) A-9	Special Education Infants 0-2 (6510-8311) A-10	New or Expanding Charter Advance Payments (0000-8011) A-11	School District Advance Payments of In-Lieu Property Tax Transfers for New or Expanding Charter Schools (0000-8011) A-12
-	-	-	-	-	-	-	(1,217,159)	-

EDUCATION Apportionment Summary

PY Amount Charter Overpaid A-14	Adjustments and PY Recomputations A-15	Total Principal Apportionment (Sum of A-1 through A-15) B-1	Payment Type	Education Protection Account (EPA) Entitlement as of 2013-14 P-2 (1400-8012)	Total of LCFF State Aid and EPA Entitlement (Line A-1 + Line A-2 + Line A-3 + EPA)
-	-	2,338,328		75,632	3,631,119