

Twin Cities Academy, District 4132, St. Paul, MN
Presentation, August 11, 2017

Background: Twin Cities Academy

Twin Cities Academy (TCA), District 4132, is a public 6-12 charter school, focused on providing a college-preparatory experience for all students. TCA is committed to rigorous academics, service-learning, and diversity for the student body. Both schools are committed to serving students in the urban core, with a mission to close the achievement gap at the secondary level. The mission of TCA is to ensure that all students graduate with the skills to achieve success in college, to contribute positively to society, and to be accepting of all people.

Twin Cities Academy (High School), district 4132, originally opened in 2006. As of July 1, 2016, Twin Cities Academy, was expanded to absorb its sister school, Twin Cities Academy (Middle School), a 6-8 program which opened in 1999. As of July 1, 2016, Twin Cities Academy is one 6-12 school authorized by the University of St. Thomas. TCA is a tuition-free charter school.

Authorizer Relationship

Twin Cities Academy is authorized by the University of St. Thomas. Twin Cities Academy received a five year contract renewal, the maximum renewal period legally allowed in Minnesota, on June 30th 2013. The Authorizer Agreement between Twin Cities Academy and the University of St. Thomas will be up for renewal on June 30th 2018.

The University of St. Thomas conducts site visits two times in the school year, one formal visit in the fall and one informal visit in the spring. Additionally Twin Cities Academy provides quarterly reports to the University of St. Thomas which are reviewed by the authorizing board. Twin Cities Academy is in good standing for the 2016-2017 school year based on all feedback received from site visits and quarterly reporting. Twin Cities Academy exceeds expectations consistently on the rubrics used to evaluate its performance by the University of St. Thomas.

Enrollment

Twin Cities Academy continues to experience moderate growth of approximately 60 more students from the 2016-2017 school year. Currently attrition appears to be very low (5% or less annually) for grades 6, 7, 9, 10, 11, 12. As students move from the middle school (grade 8) to the high school (grade 9) we see somewhat higher attrition at 24.7%. This is a natural time for students to move to another school between middle and high school, and TCA receives consistently more new applications for 9th grade than the space available, and continues to have a waitlist in this grade despite the natural attrition.

Table 1 shows prior year enrollment (2016-2017), current year projected enrollment (2017-2018), which exceeds the budget projections for the year, current year waitlists, and projected enrollment for the next three years:

Table 1: Enrollment as of August 1. 2016 and projected enrollment for grades 6-12

Enrollment Projections	2016-2017 (Actual)	2017-2018 (Actual)	2017-2018 (Wait List)	2018-2019	2019-2020	2020-2021
Grade 6	108	109	30	105	105	105
Grade 7	101	106	68	105	105	100
Grade 8	100	101	19	100	95	95
Grade 9	100	104	22	105	100	90
Grade 10	79	103	5	80	85	90
Grade 11	60	72	0	70	75	80
Grade 12	51	62	0	55	65	70
Total	599	657	144	620	630	630

Enrollment is projected conservatively in our long-term budget model. Additionally the wait lists for Twin Cities Academy in all grades have increased each year for the last three years.

We have analyzed from which school districts we are drawing our students. 87% of our students come from the St. Paul School District, 6% come from school districts bordering the St. Paul School District to the east, west and south. The remaining 7% come from other metro area school districts.

Financial Outlook

The updated Long-Range Budget Model for FY16 to FY21 shows current and projected budgets over a five-year period (see Meeting Materials posted in EMMA).

The Twin Cities Academy school board approved a deficit budget for FY16 to cover some of the moving and capital expenses needed for the new building. In FY17, the board approved a projected year-end net income of \$86,232. Preliminary results show that the school's net income for the year will be closer to \$150,000. This result brings TCA's preliminary ending Fund Balance to \$1,546,865, or 19.9% of total expenditures.

In FY18, budget highlights include the addition of 2.5 New Instructional positions, a switch in health insurance providers for a savings of \$138 per employee per month, a new HVAC systems maintenance contract, new transportation provider for a savings of over \$150,000, and new 9th grade integrated science curriculum purchase. TCA has also entered in to a 5-year capital lease for 3 new Chromebook computer labs plus 24 desktops.

This spring, the MN legislature approved a 2% revenue increase for public schools for the next two years. For the FY19 year and beyond, the school expects to remain steady with its enrollment.

The long range budget reflects the school board's overall goal of maintaining a 20% fund balance and with meeting all bond covenant requirements.

Revenues outpace expenditures and fund balance increases in all years projected in the model. The 1:1 DSC is met and exceeded in all years of the long-term budget.

The Twin Cities Academy school board and administration, under the advice of its financial service provider, has determined to maintain an annual contingency line for any unexpected building expenses which may arise over the next five years. This conservative approach assures a plan for unanticipated expenditures and/or reduced revenue, while continuing to maintain the DSC above the required bond covenants.

Table 3: Summary of the Long-Range Budget Model Financial Projections in Key Areas.

Key Area	2016-2017* (FY17)	2017-2018 (FY18)	2018-2019 (FY19)	2019-2020 (FY20)	2019-2020 (FY20)
Revenues	7,921,672	8,321,517	8,523,187	8,610,429	8,650,459
Expenditures	7,770,384	8,235,524	8,434,336	8,521,611	8,571,598
Surplus	151,289	85,993	88,851	88,818	78,861
Fund Balance	1,546,865	1,632,857	1,721,709	1,810,527	1,889,388
Fund balance % of total expenditures	19.9%	19.8%	20.4%	21.2%	22.0%
Debt Service Coverage Ratio	1.28	1.20	1.20	1.20	1.20

**Preliminary unaudited results*

Additionally as of June 30, 2017 Twin Cities Academy's unaudited cash balance is \$1,003,055, which represents 81 days Cash on Hand.

Facilities

Twin Cities Academy moved into its newly built facility on June 30, 2016. A temporary certificate of occupancy was issued at that time. A permanent certificate of occupancy issued on November 9, 2016. All students began the school year on September 6, 2016. TCA students will begin their second year in the new facility on Tuesday September 5, 2017.

Twin Cities Academy 6-12 secondary public charter school program now resides in a 63,000square foot building. The 9.24 acre lot includes the school building, soccer and softball athletic fields and a parking lot. The new building includes a full sized high school gymnasium to allow for competitive sports, as well as a stage for theater performances, an acoustically designed band/music room, and three state of the art science labs. 23 classrooms, small group work rooms, and dedicated special education rooms allow Twin Cities Academy to provide the individualized programming that students need.

Academics

Twin Cities Academy believes that providing all students access to rigorous coursework is key to closing the achievement gap. If a student is not yet prepared for that level of rigor, they are provided the opportunity to take a parallel course in English or math, which supports the rigor in the mainstream course. This “double dose” of English and math, often helps students catch up to their peers within two to three years, and allows the students to not be “tracked” or be forever in low rigor courses. For students requiring even more intensive support, TCA is adding full time math and full time reading interventionists.

Twin Cities Academy also believe in providing all students with courses to prepare them for college. To that end TCA also offers seven different Advanced Placement (AP – College Board) courses and is beginning in the 2016-2017 school year to offer College-In- The-Schools (CIS) courses. CIS courses allow students to concurrently earn college credit from the University of Minnesota while taking a course on campus at Twin Cities Academy. Both AP and CIS courses prepare students for the rigor of college, the core of the TCA mission.

Twin Cities Academy graduated 98% of its seniors in 2016-2017, and continues to surpass St. Paul Public Schools (local resident district) in MCA state testing proficiency.

MCA State Testing Summary of Scores for the 2016-2017 School Year

Grade & Subject	TCA % Proficient	St. Paul PS % Proficient (Resident District)
All Math	54.2	35.2
6 th	54.2	28.9
7 th	59.6	28.2
8 th	55.7	34.6
11 th	42.4	30.3
All Reading	63.3	37.9
6 th	68.2	39.2
7 th	67.7	34.0
8 th	64.3	39.2
10 th	49.4	39.2

Awards and Accolades:

Twin Cities Academy was awarded the highest honor from the Minnesota Department of Education based on the state standardized assessments through FY16. The MDE no longer gives Minnesota schools awards or designations based on test scores beginning in FY17. TCA is one of only 18 schools in the state to receive “Reward” status for six years in a row. Additionally Twin Cities Academy was identified by US News & World Report as one of the nation’s “Best High Schools” in 2016 and is rated #4 Best Charter High School in Minnesota based on Niche, an online school rating organization.

**Twin Cities Academy Charter School
Long Range Budget Projection Model**

	Preliminary				
	Actuals	Approved	Budget Projections		
<i>Enrollment</i>	597	620	620	620	620
	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
<u>Enrollment Projections</u>	Merge & Move				
Number Students Grade 6	107	105	105	105	105
Number Students Grade 7	101	100	100	100	100
Number Students Grade 8	99	95	95	95	95
Number Students Grade 9	102	105	105	105	90
Number Students Grade 10	78	100	100	100	90
Number Students Grade 11	58	70	70	70	80
Number Students Grade 12	48	55	55	55	70
Subtotal Number of Students		630	630	630	630
<u>Enrollment totals by state pupil unit weighting category</u>					
Total Number of Students Grade 6	107	105	105	105	105
Total Number of Students Grade 7-12	486	525	525	525	525
Number of Students PSEO (deduct from ADM)	3	(10)	(10)	(10)	(10)
Total Number of Students	597	620	620	620	620
Total Number of Current Year Pupil Units	694.76	723.00	723.00	723.00	723.00
Number of Gen. Ed. Teachers	32.5	38			

State Revenue Assumptions and Calculations

<u>General Education Revenue</u>					
State Averages Per Pupil Unit	\$6,067	\$6,182	\$6,300	\$6,360	\$6,421
Inflation Rate Assumption-Basic only	<u>2.0%</u>	<u>2.0%</u>	<u>2.0%</u>	<u>1.0%</u>	<u>1.0%</u>
Basic Excluding Transportation	\$5,783.87	\$5,899.55	\$6,017.54	\$6,077.72	\$6,138.50
Gifted and Talented	13.00	13.00	13.00	13.00	13.00
Sparsity	29.11	28.93	28.93	28.93	28.93
Operating Capital	226.05	226.11	226.11	226.11	226.11
Equity	120.02	120.03	120.03	120.03	120.03
Referendum	237.95	214.16	214.16	214.16	214.16
Transportation	282.72	282.72	282.72	282.72	282.72
Total Per Pupil Unit State Revenue	\$6,692.72	\$6,784.50	\$6,902.49	\$6,962.66	\$7,023.44
Total General Education State Revenue	4,649,851	4,905,192	4,990,499	5,034,006	5,077,948

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	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
	45%	46%	46%	46%	46%
<u>Compensatory Revenue</u>	<u>actual</u>	<u>actual</u>	<u>estimate</u>	<u>estimate</u>	<u>estimate</u>
A: Number of Students prior yr. (current year for 1st year)	503	602	620	620	620
B: Number of Free Lunch Students prior yr.	166	193	198	198	198
C: Number of Reduced Lunch Students prior yr.	58	82	87	87	87
D: Adjusted Counts = 100% Free, 50% Reduced - (A)	195.00	234.00	241.80	241.80	241.50
G: PU = .6 * D * F	56.70	68.22	70.73	70.73	70.55
H: Initial Revenue = aid at per pupil amount *G	296,414	356,642	386,256	390,512	393,832
Miscellaneous Adjustment (Rounding)	9,633	12			
Calculated Compensatory State Revenue ((A) x (B))	306,047	356,654	386,256	390,512	393,832
<u>Building Lease Aid</u>					
Aid at per pupil unit as per state cap	<u>912,917</u>	<u>950,022</u>	<u>950,022</u>	<u>950,022</u>	<u>950,022</u>
Aid at 90% of Lease	<u>997,773</u>	<u>980,198</u>	<u>1,004,038</u>	<u>1,001,135</u>	<u>1,002,339</u>
90% of lease payment-per pupil unit	<u>1,436</u>	<u>1,356</u>	<u>1,389</u>	<u>1,385</u>	<u>1,386</u>
Lesser of pupil unit cap or 90% of lease payment	912,917	950,022	950,022	950,022	950,022
Estimated Proration of Lease Aid Revenue	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Total Prorated Building Lease Aid Revenue	<u>912,917</u>	<u>950,022</u>	<u>950,022</u>	<u>950,022</u>	<u>950,022</u>
Lease Aid Revenue per pupil unit	<u>1,314</u>	<u>1,314</u>	<u>1,314</u>	<u>1,314</u>	<u>1,314</u>
<u>Long-Term Facilities Maintenance Revenue</u>					
Revenue per Adjusted Pupil Unit	<u>34</u>	<u>85</u>	<u>132</u>	<u>132</u>	<u>132</u>
Total Long-Term Facilities Maintenance Revenue	23,622	61,455	95,436	95,436	95,436
<u>Special Education Revenue</u>	<u>actual</u>	<u>estimate</u>	<u>estimate</u>	<u>estimate</u>	<u>estimate</u>
State Special Education Aid (includes tuition billing)	1,151,253	1,217,969	1,255,450	1,294,813	1,335,920
<u>EL (English Learner) State Aid</u>	<u>actual</u>	<u>estimate</u>	<u>estimate</u>	<u>estimate</u>	<u>estimate</u>
Current Year EL Eligible ADM	15	2	2	2	2
ADM Served	597	620	620	620	620
EL Revenue	14,080	14,080	14,080	14,080	14,000
EL Concentration Revenue	809	14	14	14	14
Total EL Aid	14,889	14,095	14,096	14,097	14,017

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	<i>Enrollment</i>				
	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Revenue Summary and Projections					
<u>State Aids</u>					
General Education Revenue	4,649,851	4,905,192	4,990,499	5,034,006	5,077,948
EL Revenue	14,889	14,095	14,096	14,097	14,017
Compensatory Revenue	306,047	356,654	386,256	390,512	393,832
Subtotal	4,971,231	5,275,941	5,390,851	5,438,615	5,485,797
Q Comp	127,405	152,481	157,040	157,040	154,994
Land Endowment Fund	15,492	19,773	20,497	20,497	20,497
AP Training Aid	0	3,000	3,000	3,000	1,800
Building Lease Aid	912,928	950,022	950,022	950,022	950,022
Long-Term Facilities Maintenance Revenue	23,622	61,455	95,436	95,436	95,436
Special Education Aid (State and Tuition Billing)	1,207,548	1,217,969	1,255,450	1,294,813	1,335,920
<i>Prior Year Adjustments</i>	5,672				
Total State Aids	7,263,898	7,680,640	7,872,296	7,959,423	8,044,466
<u>Other Revenue</u>					
Federal Special Ed	92,803	91,847	91,847	91,847	91,847
Federal Title	118,973	122,213	122,213	122,213	122,213
Fees from Students	123,703	83,114	88,114	83,114	88,114
Interest Revenue	1,544	1,475	1,489	1,504	1,519
Contributions and Gifts	31,391	10,000	10,000	10,000	10,000
Miscellaneous Income	49,801	80,228	80,228	80,228	25,000
Transfer from Fund 01	0	1,800	6,800	11,900	12,100
Food Service	239,561	250,200	250,200	250,200	255,200
Total Other Revenue	657,775	640,877	650,891	651,006	605,993
Total Revenue	7,921,672	8,321,517	8,523,187	8,610,429	8,650,459

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	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
<u>Inflation Calculations</u>					
Salaries & Benefits		2.0%	follows salary schedule range		
Other costs	3.0%	2.0%	2.0%	2.0%	2.0%

Expenditure Calculations

<u>Budget Calculations</u>					
Salaries	2,176,897	2,540,744	2,591,559	2,643,390	2,696,258
Employee Benefits	729,360	833,415	892,600	956,000	1,023,900
Contracted Services	458,412	416,146	398,422	324,368	330,888
Communications Services	10,698	20,975	21,420	21,828	22,236
Postage	3,695	4,890	4,998	5,100	5,202
Utilities	89,049	94,550	96,441	98,370	100,337
Property & Liability Insurance	17,812	18,870	19,278	19,686	20,094
Repairs and Maintenance	19,328	36,482	37,230	37,944	40,000
Transportation to and from school	583,820	391,520	616,172	628,524	641,070
Travel, Conferences, and Staff Training	3,095	22,040	2,481	2,531	2,582
Student Activities - Field Trips (Admissions & Transportation)	115,937	74,300	80,800	77,400	83,900
<u>Building Rent - See Detailed Rent Schedule</u>					
Building Lease	0				
2015 Bonds Issued - Principal and Interest	994,597	994,240	1,000,740	997,540	999,140
June 2016 Rent to TCA ABC for new Building	0	0	0	0	0
Annual fees for Issuer (.25% of first \$10M, .125% remainder)	62,040	32,144	31,906	31,650	31,388
Annual fees for trustee, accounting and audit, rating fee, other	32,000	22,725	22,952	23,182	23,182
Capital Improvement Account funding - Caps at 750k	20,000	40,000	60,000	60,000	60,000
Total Building Rent	1,108,637	1,089,109	1,115,598	1,112,372	1,113,710

Other Rentals and Operating Leases	35,096	29,185	29,769	30,364	30,971
General Supplies	86,219	80,000	80,000	80,000	50,000
Maintenance Supplies	32,941	20,707	21,121	21,543	21,974
Computer Software/Licensing	20,836	25,068	25,602	26,112	26,622
Instructional Supplies, Textbooks/Workbooks	78,436	140,000	70,000	70,000	71,400
Testing	20,584	20,200	20,600	21,000	21,400
Media Resources	0	2,300	2,300	2,300	2,300

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	Actuals	Approved			
<i>Enrollment</i>	<i>597</i>	<i>620</i>	<i>620</i>	<i>620</i>	<i>620</i>
	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Furniture and Other Equipment	73,429	75,239	31,000	31,000	31,000
Technology Equipment	139,003	22,000	22,000	22,000	40,000
Capital Lease - Principal	0	28,000	28,000	28,000	28,000
Capital Lease - Interest	0	783	783	783	783
Dues and memberships	27,737	28,200	28,800	29,400	30,000
Scholarships	2,000	1,000	1,000	1,000	1,000
Budget Contingency	25,000	190,000	110,000	90,000	30,000
Athletics	112,286	127,388	129,936	132,535	135,186
Transfer to Fund 02	0	1,800	6,800	11,900	12,100
Federal Special Ed Expenditures	92,803	91,847	91,847	91,847	91,847
Federal Title Expenditures	118,973	122,213	122,213	122,213	122,213
Q Comp Expenditures	93,409	152,481	157,040	157,040	154,994
Food Service Expenditures	223,792	252,000	257,000	262,100	267,300
Total ALL Fund Expenditures excluding State Special Ed.	6,499,281	6,953,452	7,112,810	7,158,650	7,165,366
<u>Special Education - State</u>					
Special Ed Salaries	772,895	825,222	841,726	858,561	875,732
Special Ed Employee Benefits	265,391	273,151	292,500	313,300	335,500
Special Ed Student Contracted Services	154,246	132,200	134,800	137,500	140,300
Special Ed / Homeless Student Transportation	71,161	51,500	52,500	53,600	54,700
Special Ed Technology Equipment	7,410	0	0	0	0
Total State Special Ed Expenditures	1,271,103	1,282,072	1,321,526	1,362,961	1,406,232
Total Expenditures	7,770,384	8,235,524	8,434,336	8,521,611	8,571,598
Annual Surplus (Deficit)	151,289	85,993	88,851	88,818	78,861
Beginning Fund Balance	<u>1,395,576</u>	<u>1,546,865</u>	<u>1,632,857</u>	<u>1,721,709</u>	<u>1,810,527</u>
Ending Fund Balance	<u>1,546,865</u>	<u>1,632,857</u>	<u>1,721,709</u>	<u>1,810,527</u>	<u>1,889,388</u>
per audit					
Fund Balance Percentage of Annual Total Expenditures	<u>19.9%</u>	<u>19.8%</u>	<u>20.4%</u>	<u>21.2%</u>	<u>22.0%</u>
Debt Service Coverage Ratio (covenants require 1.11-1.20)	<u>1.28</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>	<u>1.20</u>