



# Magnolia Public Schools

## Regular Finance Committee Meeting

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### **Date and Time**

Thursday September 7, 2017 at 5:00 PM

### **Location**

MPS Home Office: 250 E. 1st St. Ste. 1500 Los Angeles, CA 90012

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### Access to the Board Meeting:

Any interested parties or community members from remote locations may attend the meeting at the following school sites or the addresses where the Board members are joining the meeting from:

Remotely dialing; Dial: 1.844.572.5683 Code:1948435

- 449 36th St. Brooklyn NY 11232 (Nguyen Huynh)

In compliance with the Americans with Disabilities Act (ADA) and upon request, Magnolia Public Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Individuals who require appropriate alternative modification of the agenda in order to participate in committee meetings are invited to contact the MPS central office. If you need special assistance to attend the meeting or translation services, please notify Barbara Torres at (213) 628-3634 x100 to make arrangements and accommodate your disability.

Any public records relating to an agenda item for an open session of the Board which are distributed to all, or a majority of all, of the Board members shall be available for public inspection at 250 East 1st Street Ste 1500 Los Angeles, CA 90012.

### Finance Committee Members:

Dr. Saken Sherkhanov  
Ms. Charlotte Brimmer  
Mr. Nguyen Huynh (Alternate Member)

### CEO and Superintendent:

Dr. Caprice Young

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## **Agenda**

**Purpose    Presenter    Duration**

### **I. Opening Items**

- A.** Call the Meeting to Order
- B.** Record Attendance and Guests

<b>C. Pledge of Allegiance</b>		1
<b>D. Public Comment</b>		5
<b>E. Approval of Agenda</b>	Vote	1
<b>F. Approve Minutes of Special Finance Committee Meeting- May 26, 2017</b>	Approve Minutes	

## **II. Discussion Item**

<b>A. Student Enrollment Update for 2017-18</b>	Discuss	Ismael Soto & Nanie Montijo	10
<b>B. Fiscal Year 2016-17 Unaudited Actuals</b>	Discuss	Kristin Dietz	15
<b>C. MSA 4 and MSA 5 Fiscal Oversight Letter Responses</b>	Discuss	Nanie Montijo	10
<b>D. Fiscal Crisis &amp; Management Assistance Team (FCMAT) Final Letter</b>	Discuss	Nanie Montijo	10
<b>E. Review of Social Services of California (SSC) 1st Management Letter</b>	Discuss	Nanie Montijo	10

## **III. Closing Items**

<b>A. Adjourn Meeting</b>	Vote	
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# Cover Sheet

## Approve Minutes of Special Finance Committee Meeting- May 26, 2017

**Section:** I. Opening Items  
**Item:** F. Approve Minutes of Special Finance Committee Meeting- May  
26, 2017  
**Purpose:** Approve Minutes  
**Submitted by:**



# Magnolia Public Schools

## Minutes

### Special Finance Committee Meeting

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#### **Date and Time**

Friday May 26, 2017 at 7:30 AM

#### **Location**

MPS Home Office: 250 E. 1st St. Ste 1500 Los Angeles, CA 90012

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#### **Special Finance/Audit Committee Meeting**

Board members who participated remotely attended from the following locations:

- 1363 Ridgecrest Rd Pinole CA 94564 (Serdar Orazov)

Finance Committee Members:

Ms. Noel Russell-Unterburger, Chair

Mr. Serdar Orazov

Dr. Saken Sherkhanov (Interim)

CEO and Superintendent:

Dr. Caprice Young

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#### **Committee Members Present**

N. Russell-Unterburger, S. Orazov, S. Sherkhanov

#### **Committee Members Absent**

*None*

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### **I. Opening Items**

#### **A. Call the Meeting to Order**

N. Russell-Unterburger called a meeting of the Finance/Audit committee of Magnolia Public Schools to order on Friday May 26, 2017 @ 7:45 AM at MPS Home Office: 250 E. 1st St. Ste 1500 Los Angeles, CA 90012.

**B. Record Attendance and Guests**

All finance committee members participated in the meeting, S. Orazov, committee member left the meeting at 8:52 a.m.

**C. Public Comment**

There were no public comments.

**D. Approval of Agenda**

N. Russell-Unterburger made a motion to approve there agenda as presented. S. Sherkhanov seconded the motion. The committee **VOTED** unanimously to approve the motion.

**E. Approve Minutes of Special Finance Committee Meeting- April 4, 2017**

N. Russell-Unterburger made a motion to approve minutes from the Special Finance Committee Meeting on 04-04-17. S. Orazov seconded the motion. The committee **VOTED** unanimously to approve the motion.

**II. Discussion Item**

**A. Finance Update- March 2017 Financials**

K. Dietz, EdTec representative, briefly reviewed the March 2017 financials with the committee and gave a high level overview. This was a discussion item, no actions were taken.

**III. Action Items: Recommendations**

**A. Approval of Investment Policy for all MPS**

N. Montijo, Chief Financials Officer, presented the Investment Policy to the board. She explained the details of the policy, why it was being put in place and the implications of it. The committee requested more details on the policy and directed staff to take the policy to the full board for approval, no actions were taken.

**B. Approval of 2017-18 MPS Budget**

MPS executive staff and K. Dietz from EdTec presented the 2017-18 budget to the committee. They gave details on budgets per schools, CMO fees, and staff. Committee members presented their concerns on teacher quality and competitive salaries. They also suggested more support from home office staff, including adding a Math Coach to support the schools.

N. Russell-Unterburger made a motion to recommend the board to approve the 2017-18 budget as presented with the requested amendments including an ending balance no less than 1.5% for each school for FY 2017-18 and a net increase for MERF to be of atleast 5% for FY 2017-18.

S. Sherkhanov seconded the motion. The committee **VOTED** unanimously to approve the motion.

**Roll Call**

N. Russell-Unterburger Aye  
S. Sherkhanov Aye  
S. Orazov Absent

**IV. Closing Items**

**A. Adjourn Meeting**

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 10:21 AM.

Respectfully Submitted,  
N. Russell-Unterburger

# Cover Sheet

## Student Enrollment Update for 2017-18

**Section:** II. Discussion Item  
**Item:** A. Student Enrollment Update for 2017-18  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** II A Enrollment Update.pdf



Board Agenda Item #	Agenda # II A
Date:	September 7, 2017
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo – CFO and Ismael Soto, Acting CXO
RE:	Latest Enrollment Report for FY 2017-18

Proposed Board Recommendation

Informational/Discussion item, no action required.

Background

The home office has been working with the schools to meet targeted 2017-2018 enrollment. These enrollment figures are based on latest enrollment count as of August 28, 2017. We will continue to monitor and support all schools to reach and exceed their enrollment numbers in order to maximize the funding all school communities have accessible for our students and families

Budget Implications

Board Approved budgets will be revised and presented to Board with the First Interim Report for the period ending October 31, 2017. The official enrollment count on Information/Census Day in October, will be the basis of any budget revisions and proposals to be presented for board approval during the First Interim reporting period.

How Does This Action Relate/Affect/Benefit All MSAs?

Realign all site budgeted revenues and expenditures based on actual enrollment count.

Name of Staff Originator:

Nanie Montijo, CFO

Exhibits (attachments):

Current Enrollment vs Board Approved Enrollment Projections for FY 2017-18



# Cover Sheet

## Fiscal Year 2016-17 Unaudited Actuals

**Section:** II. Discussion Item  
**Item:** B. Fiscal Year 2016-17 Unaudited Actuals  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** II B 2016-17 Unaudited Actual Reports.pdf



Board Agenda Item #	Agenda # II B
Date:	September 7, 2017
To:	Magnolia Board of Directors- Finance Committee
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo - CFO
RE:	Presentation of Unaudited Actuals Report for Fiscal Year Ended June 30, 2017

Proposed Board Recommendation

Informational/Discussion item, no action required.

Background

Presentation of MPS Unaudited Financial Reports for the fiscal year ended June 30, 2017

Budget Implications

n/a

How Does This Action Relate/Affect/Benefit All MSAs?

n/a

Name of Staff Originator:

Nanie Montijo, CFO

Exhibits (attachments):

MPS Unaudited Financial Presentation FY 2016-17



Business and Development Specialists  
for Charter Schools

## MEMORANDUM

TO: Caprice Young, CEO, Magnolia Public Schools  
FROM: EdTec  
SUBJECT: Unaudited Actuals 2017 Financial Presentation  
DATE: 09/1/17

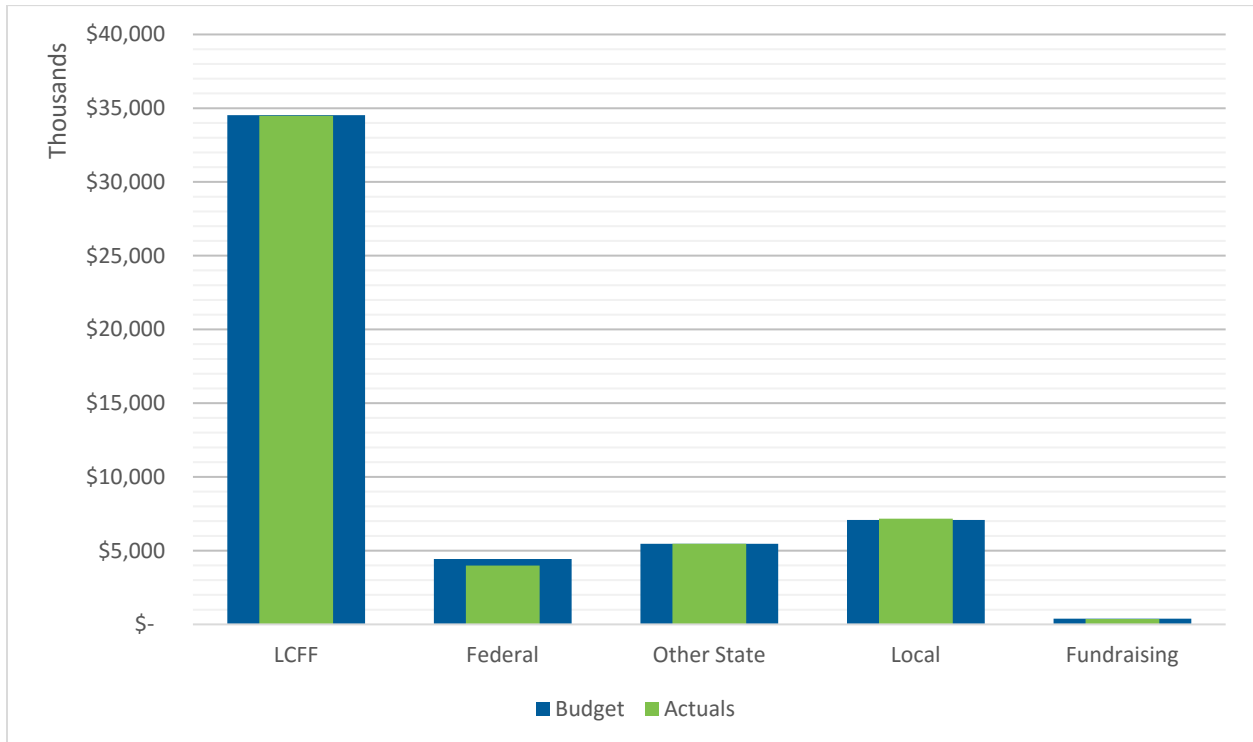
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## SUMMARY OF RESULTS – UNAUDITED ACTUALS VS. FEBRUARY 9<sup>TH</sup> BOARD APPROVED BUDGET

	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17	2016/17
	Unaudited Actuals MSA-1	Unaudited Actuals MSA-2	Unaudited Actuals MSA-3	Unaudited Actuals MSA-4	Unaudited Actuals MSA-5	Unaudited Actuals MSA-6	Unaudited Actuals MSA-7	Unaudited Actuals MSA-8	Unaudited Actuals MSA-SA	Unaudited Actuals MSA-SD	Unaudited Actuals MSA-SC	Unaudited Actuals MERF	Current Forecast - Total
<b>SUMMARY</b>													
<b>Revenue</b>													
LCFF Entitlement	5,303,302	4,239,354	4,255,160	1,828,007	1,652,001	1,552,530	2,586,389	4,526,038	5,507,828	3,033,354	-	-	34,483,963
Federal Revenue	1,132,577	457,771	473,427	213,233	213,304	146,067	229,977	309,445	704,895	107,314	-	-	3,988,010
Other State Revenues	1,156,414	542,459	683,465	268,292	196,036	263,623	651,548	635,664	583,783	486,125	-	-	5,467,410
Local Revenues	105,499	71,550	47,090	28,502	174,074	13,193	63,129	53,088	26,463	75,700	-	6,508,092	7,166,381
Fundraising and Grants	65,297	28,478	16,594	23,203	1,721	14,850	20,150	18,851	55,680	36,064	-	86,850	367,738
<b>Total Revenue</b>	<b>7,763,089</b>	<b>5,339,613</b>	<b>5,475,736</b>	<b>2,361,237</b>	<b>2,237,135</b>	<b>1,990,263</b>	<b>3,551,194</b>	<b>5,543,087</b>	<b>6,878,649</b>	<b>3,738,557</b>	-	<b>6,594,942</b>	<b>51,473,501</b>
<b>Expenses</b>													
Compensation and Benefits	3,670,189	3,076,319	3,288,967	1,183,252	1,140,838	1,040,053	1,613,033	2,773,282	3,754,942	2,285,583	-	3,504,360	27,330,817
Books and Supplies	637,397	503,594	420,743	117,077	189,625	123,108	292,979	325,823	986,261	133,237	-	56,323	3,786,166
Services and Other Operating Expenditures	2,702,583	1,935,348	2,100,195	672,224	595,692	499,809	1,554,055	2,013,952	2,125,629	1,216,565	-	2,520,256	17,936,308
Depreciation	146,154	56,349	19,096	15,656	7,177	19,778	20,286	67,806	434,567	39,157	-	1,440	827,465
<b>Total Expenses</b>	<b>7,156,322</b>	<b>5,571,609</b>	<b>5,829,001</b>	<b>1,988,209</b>	<b>1,933,332</b>	<b>1,682,747</b>	<b>3,480,352</b>	<b>5,180,863</b>	<b>7,301,399</b>	<b>3,674,543</b>	-	<b>6,082,379</b>	<b>49,880,757</b>
<b>Operating Income</b>	<b>606,767</b>	<b>(231,997)</b>	<b>(353,265)</b>	<b>373,028</b>	<b>303,803</b>	<b>307,516</b>	<b>70,841</b>	<b>362,224</b>	<b>(422,751)</b>	<b>64,014</b>	-	<b>512,563</b>	<b>1,592,744</b>
<b>Fund Balance</b>													
Beginning Balance (Unaudited)	3,197,834	1,210,746	976,777	763,641	1,144,335	1,006,776	939,109	3,061,348	8,291,101	1,173,620	(730,789)	(285,175)	20,749,323
Audit Adjustment	(37,421)	(69,796)	(1,355)	(101,149)	(66,819)	(61,339)	8,244	(90,501)	7,820	960	(791)	284,225	(127,921)
Beginning Balance (Audited)	3,160,413	1,140,950	975,422	662,491	1,077,516	945,437	947,353	2,970,847	8,298,921	1,174,581	(731,580)	(950)	20,621,401
Operating Income (including Depreciation)	606,767	(231,997)	(353,265)	373,028	303,803	307,516	70,841	362,224	(422,751)	64,014	-	512,563	1,592,744
<b>Ending Fund Balance</b>	<b>3,767,180</b>	<b>908,953</b>	<b>622,157</b>	<b>1,035,519</b>	<b>1,381,319</b>	<b>1,252,953</b>	<b>1,018,194</b>	<b>3,333,071</b>	<b>7,876,170</b>	<b>1,238,595</b>	<b>(731,580)</b>	<b>511,613</b>	<b>22,214,145</b>
<b>Ending Fund Balance as a % of Expenses</b>	<b>53%</b>	<b>16%</b>	<b>11%</b>	<b>52%</b>	<b>71%</b>	<b>74%</b>	<b>29%</b>	<b>64%</b>	<b>108%</b>	<b>34%</b>	-	<b>8%</b>	<b>45%</b>
<b>Capital Outlay</b>													
Total ADA	520.37	434.84	433.41	186.54	176.28	171.19	283.09	485.65	610.73	407.92	0.00	0.00	3,710

Consolidated net income for the unaudited actuals was \$1,592,744. This is an increase of \$694,175 from the February 9<sup>th</sup> board approved budget. MSA-2, MSA-3, and MSA-Santa Ana ended the year with an operating loss, but all other sites ended the year with a positive operating income.

## BUDGET VS. ACTUALS - REVENUES



**LCFF:** Revenue was \$39.6K lower than the approved budget as P-2 ADA was 11.1 less than expected.

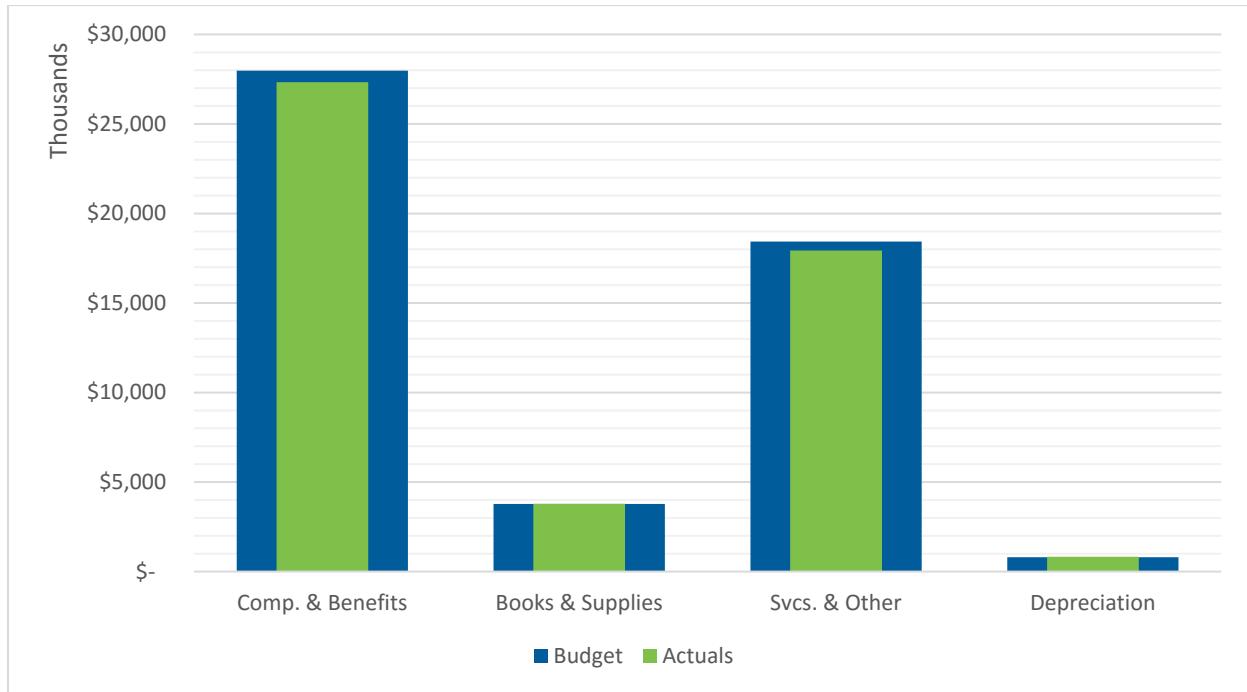
**Federal:** Revenue was \$446K lower than the approved budget because MSA-2, 3 and 7 did not receive the Charter School Facility Incentive Grant, a total budget impact of approximately \$300K. E-rate reimbursement was lower than budget for many sites as actual communication expense was also lower.

**Other State:** Minimal overall variance of \$1,288.

**Other Local Revenue:** School sites received \$85.9K more local revenue than budgeted for Option 3 Grants and MERF also received an additional grant.

**Fundraising and Grants:** \$19K under budget. MSA-1, 3, 7 and MERF did not reach their fundraising targets, however all other sites met or exceeded their targets. MSA-SA exceeded their budget by \$27K.

## BUDGET VS. ACTUALS – EXPENSES



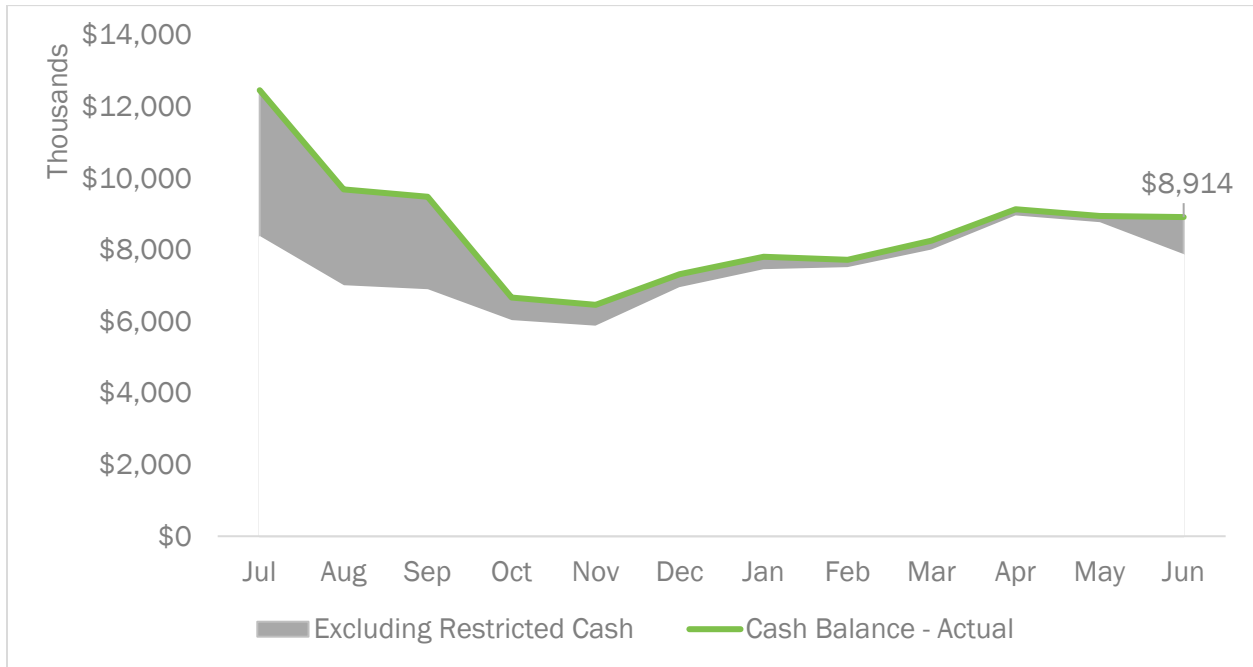
**Compensation & Benefits:** Expense was \$642K lower because an additional month of pay was incorrectly budgeted for certificated administrative employees. Not all open positions were filled and some teachers went on leave, which had a corresponding increase to contracted substitutes expense. The reduced salary expense led to a decrease in benefits expense.

**Books & Supplies:** Minimal overall variance of \$5,539.

**Services & Other Operating:** Other professional services and legal fees were not as high as budgeted. Communications expense was also lower, which led to a reduced E-rate reimbursement revenue. Overall savings of \$498K.

**Depreciation:** \$19K higher than the budget as it was based on estimates of capital expenditures and dates placed in service.

## CASH FLOW SUMMARY



The ending cash balance at 06/30 was \$8,913,830, with \$1.1M being restricted cash.

## RESTRICTED CASH BALANCES

Program	FY Received	Resource	MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6	MSA-7	MSA-8	MSA-SA	MSA-SD	MERF	Total
Prop 39 Clean Energy Grant	2013-14	6230-0	53,188	48,992	48,907	47,167	53,216	51,109	52,741	57,367	-	51,160	-	463,848
Educator Effectiveness Grant	2015-16	6264-0	18,193	13,778	3,093	13,404	493	-	-	-	3,567	27,331	-	79,859
College Readiness	2016-17	7338-0	61,502	45,860	61,324	62,733	-	-	-	-	34,208	-	-	265,627
NSLP	2016-17	5310-0	33,347	-	-	-	-	-	-	-	-	-	-	33,347
Title I	2016-17	3010-0	-	-	-	-	17,151	-	-	-	-	-	-	17,151
Prop 1D	2015-16	9101-0	-	-	-	-	-	-	-	-	95,590	106,607	-	202,197
<b>Total</b>			<b>166,231</b>	<b>108,630</b>	<b>113,324</b>	<b>123,305</b>	<b>70,860</b>	<b>51,109</b>	<b>52,741</b>	<b>57,367</b>	<b>133,365</b>	<b>185,098</b>	<b>-</b>	<b>1,062,029</b>

**Prop 39 Clean Energy:** Budgeted to be expended in FY17-18. Plans were submitted to expend these funds and MPS has hired a consultant.

**Educator Effectiveness:** FY17-18 is the final year to spend this grant. Any remaining funds at the end of the year will need to be returned. A final expenditure report is due on 6/30/18 for this grant.

**College Readiness:** FY18-19 is the final year to spend these funds. Any remaining grant money at the end of the year will need to be returned.

**National School Lunch Program:** Can only carry over up to three months of expenses.

**Title I:** MSA-5 will need to expend these funds by 9/30/17, otherwise, they will need to be returned. MSA-5 already applied for a waiver for unspent funds for FY15-16.

**Prop 1D:** MSA-SA and MSA-SD facility funds.



## ACCOMPLISHMENTS

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- Unaudited Actual Reports were submitted to all authorizers
- LACOE reports due on 8/15 were submitted
- FY17 ended with no uncategorized
- 8 out of 11 sites ended FY17 with a net income higher than the board-approved budget

## OPPORTUNITIES AND RISKS

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### *MSA-1 Charter School Facility Incentive Grant (CSFIG) (possible at risk -\$1,500,000)*

MSA-1 received the 3-year grant and will receive \$500,000 each year starting in 16-17. It was previously noted that MSA-1 needed to expend \$500,000 on construction by June 30, 2017 to receive the full award. If not, then MSA-1 would lose one third of the grant. Finance and facilities have worked to identify eligible expenses that can be reimbursed.

**Result:** As of June 30<sup>th</sup>, MSA-1 had identified \$500,000 in eligible expenditures. However, CSFA rejected one of the expenses and total grant award was reduced to \$345,678 FY17.

### *Expense Risks – MERF Approved Budget (financial impact unknown)*

Legal expenses are currently tracking higher than originally expected due to OIG related concerns, and there is risk of exceeding budget in this line item.

**Result:** MERF ended the year \$102K under budget in legal expenses. However, this will need to be a line item that is still monitored closely in FY18.

### *Payroll/Paycom:*

#### *Hourly Employees & Benefits (financial impact unknown)*

Hourly employees at school sites were found to be exceeding the 29-hour limit, which will make them eligible for health & welfare benefits. HR is reconciling which employees will need to receive benefits and EdTec will analyze the fiscal impact once received.

**Result:** Per the CFO, controls are now in place to ensure proper tracking of such employees and addition of benefits when eligible.

### *Paycom Voids and Corrections (\$0)*

Employees enrolled in STRS had social security tax incorrectly deducted from paychecks. Paycom voided these entries and corrected payment to employee, but no manual check was entered to offset the void. Consequently, while employees were paid the correct amount, their earnings are understated in Paycom (and consequently, their 2016 W2s).

**Result:** Paycom working to reconcile and adjust earnings of the four employees affected.

### *STRS/PERS Corrections (financial impact unknown)*

MPS management believes there may be prior year STRS and PERS eligibility inaccuracies which, when corrected, would result in additional expense for the organization. Further analysis is needed to determine the order of magnitude of this potential liability. Any known errors related to current year eligibility or rate variances have been corrected.

**Result:** MERF has secured a consultant to do the analysis. Amounts have been included in the FY17-18 budgets for each site for the estimated cost of this consulting.

## EMERGENCY CHECK REQUEST TRACKING

Site	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total	Trend
MERF	10	10	7	2	1	3	3	4	2	2	2	3	49	
MSA-1	8	2	8	1	1	1	2	9	0	2	1	0	35	
MSA-2	17	8	12	2	1	0	1	1	1	0	1	0	44	
MSA-3	2	3	9	5	3	12	4	6	1	0	7	7	59	
MSA-4	0	1	16	0	0	0	1	2	0	0	0	0	20	
MSA-5	0	1	5	0	0	0	0	2	0	1	1	0	10	
MSA-6	0	1	0	0	0	0	0	0	0	1	0	2	4	
MSA-7	6	2	2	1	0	1	0	0	0	3	0	7	22	
MSA-8	2	2	21	1	0	0	1	4	0	0	0	0	31	
MSA-SA	13	9	10	5	2	1	1	4	2	2	1	5	55	
MSA-SD	11	13	1	1	3	3	3	5	2	2	3	3	50	
<b>Total</b>	<b>69</b>	<b>52</b>	<b>91</b>	<b>18</b>	<b>11</b>	<b>21</b>	<b>16</b>	<b>37</b>	<b>8</b>	<b>13</b>	<b>16</b>	<b>27</b>	<b>379</b>	

Emergency check requests have increased 69% since May. ECRs were more than 20 (27 total), so an additional charge was incurred. Majority of the checks in June were manual payroll checks. It is not best practice to run payroll checks through the AP system as calculations for the checks need to be done in payroll initially to calculate taxes/withholdings and then entered, again, once the check has been cut to make sure year to date actuals are accurate.

## MAGNOLIA SCIENCE ACADEMY – 1

	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	5,251,881	5,305,480	5,295,664	5,303,302	7,638	(2,178)
Federal Revenue	695,788	1,202,884	1,215,937	1,132,577	(83,360)	(70,306)
Other State Revenues	898,245	1,158,352	1,158,092	1,156,414	(1,678)	(1,937)
Local Revenues	60,107	84,550	104,554	105,499	945	20,949
Fundraising and Grants	56,000	69,360	69,180	65,297	(3,883)	(4,063)
<b>Total Revenue</b>	<b>6,962,021</b>	<b>7,820,626</b>	<b>7,843,427</b>	<b>7,763,089</b>	<b>(80,338)</b>	<b>(57,536)</b>
<b>Expenses</b>						
Compensation and Benefits	3,362,064	3,760,794	3,748,868	3,670,189	78,679	90,605
Books and Supplies	539,025	647,387	738,276	637,397	100,879	9,990
Services and Other Operating Expenditures	2,727,983	2,929,102	2,839,102	2,702,583	136,519	226,520
Depreciation	181,768	146,166	146,166	146,154	12	12
<b>Total Expenses</b>	<b>6,810,840</b>	<b>7,483,449</b>	<b>7,472,411</b>	<b>7,156,322</b>	<b>316,089</b>	<b>327,127</b>
<b>Operating Income</b>	<b>151,181</b>	<b>337,177</b>	<b>371,016</b>	<b>606,767</b>	<b>235,751</b>	<b>269,590</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	3,197,834	3,197,834	3,197,834	3,197,834		
Audit Adjustment	-	-	(37,421)	(37,421)		
Beginning Balance (Audited)	3,197,834	3,197,834	3,160,413	3,160,413		
Operating Income (including Depreciation)	151,181	337,177	371,016	606,767		
<b>Ending Fund Balance</b>	<b>3,349,015</b>	<b>3,535,011</b>	<b>3,531,429</b>	<b>3,767,180</b>		
<b>Capital Outlay</b>						
	<b>100,000</b>	<b>540,000</b>	<b>540,000</b>	<b>-</b>		
Total ADA	518.2	522.1	520.4	520.4	0.0	(1.7)

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating income of **\$606,767**, a \$269,590 increase from the board approved budget.

## VARIANCE ANALYSIS

### **Federal Revenue (-\$70,306)**

National School Lunch Program (NSLP), E-rates and other miscellaneous revenue were under budget for a total of \$94K which was offset by an increased in Title III for \$24k. The decrease in NSLP revenue decrease was offset by the food expense decrease.

### **Local Revenues \$20,949**

The increase in local revenue was due to Option 3 grant not budgeted.

### **Fundraising and Grants (-\$4,063)**

Fundraising and donations were budgeted based on FY15-16, however, the actuals FY17 were lower.

### **Compensation and Benefits \$90,605**

Teacher salaries were under budget due to a budgeted math coach position that got removed. There was also a placeholder for an aide that got removed and one extra month was budgeted for admin staff.

***Books and Supplies \$9,990***

The main items that were over budget are books for \$41K and educational software for \$38K. These were offset by underspent food services for \$74K and \$14K in miscellaneous expenses such as art/music supplies and furniture/equipment.

***Service and Other Operating Expenditures \$226,520***

Conferences Fees, repairs, other professional services, interest, professional development, technology services, and communications were under budget, total impact is \$239K. These were offset by accounting fees for \$8K and academic competitions for \$12K which were over budget.

## MAGNOLIA SCIENCE ACADEMY -2

	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	4,518,778	4,295,058	4,231,885	4,239,354	7,469	(55,704)
Federal Revenue	344,735	522,541	430,075	457,771	27,697	(64,770)
Other State Revenues	355,213	544,067	535,679	542,459	6,780	(1,608)
Local Revenues	93,069	77,280	93,650	71,550	(22,100)	(5,730)
Fundraising and Grants	25,000	27,722	27,722	28,478	756	756
<b>Total Revenue</b>	<b>5,336,795</b>	<b>5,466,669</b>	<b>5,319,011</b>	<b>5,339,613</b>	<b>20,602</b>	<b>(127,056)</b>
<b>Expenses</b>						
Compensation and Benefits	2,987,228	3,102,722	3,136,754	3,076,319	60,435	26,403
Books and Supplies	259,858	451,104	467,984	503,594	(35,609)	(52,489)
Services and Other Operating Expenditures	1,903,069	1,848,804	1,876,668	1,935,348	(58,680)	(86,544)
Depreciation	34,000	53,602	53,602	56,349	(2,747)	(2,747)
<b>Total Expenses</b>	<b>5,184,155</b>	<b>5,456,233</b>	<b>5,535,009</b>	<b>5,571,609</b>	<b>(36,601)</b>	<b>(115,377)</b>
<b>Operating Income</b>	<b>152,640</b>	<b>10,436</b>	<b>(215,998)</b>	<b>(231,997)</b>	<b>(15,999)</b>	<b>(242,433)</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	1,210,746	1,210,746	1,210,746	1,210,746		
Audit Adjustment	-	-	(69,796)	(69,796)		
Beginning Balance (Audited)	1,210,746	1,210,746	1,140,950	1,140,950		
Operating Income (including Depreciation)	152,640	10,436	(215,998)	(231,997)		
<b>Ending Fund Balance</b>	<b>1,363,386</b>	<b>1,221,182</b>	<b>924,952</b>	<b>908,953</b>		
<b>Capital Outlay</b>	<b>20,000</b>	<b>14,982</b>	<b>14,982</b>	<b>-</b>		
Total ADA	470.0	442.0	434.8	434.8	0.0	(7.1)

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating loss of **(-\$231,997)**, a \$242,433 decrease from the board approved budget.

## VARIANCE ANALYSIS

### **LCFF Entitlement (-\$55,704)**

Decrease in LCFF entitlement due to decrease of 7 ADA.

### **Federal Revenue (-\$64,770)**

Charter School Facility Incentive Grant (CSFIG) revenue of \$95K was removed due to ineligibility. National School Lunch Program (NSLP) revenue of \$37K and Title I of \$3K was over budget which was offset by special education for \$10K.

### **Local Revenues (-\$5,730)**

Food service sales came in lower than budgeted.

***Compensation and Benefits \$26,403***

An administrator was budgeted for a full year, however, they left in March. An additional month of salary was also incorrectly budgeted for certificated admin. The reduced salaries resulted in a corresponding reduction in benefits.

***Books and Supplies (-\$52,489)***

The difference was mostly due to food, instructional materials and books coming in over budget totaling \$56K. These were offset by miscellaneous expenses of \$3K.

***Services and Other Operating Expenditures (-\$86,544)***

Contracted substitutes, operations and housekeeping, and special education contract instructors were all over budget, total impact of \$152K. These expenses were offset by professional development, other professional services and miscellaneous expenses which were all under budget totaling \$71K.

## MAGNOLIA SCIENCE ACADEMY -3

	Approved Budget June 8th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	4,245,387	4,352,807	4,249,844	4,255,160	5,316	(97,647)
Federal Revenue	574,033	493,745	493,878	473,427	(20,451)	(20,318)
Other State Revenues	694,406	879,335	683,539	683,465	(74)	(195,870)
Local Revenues	24,785	40,114	47,056	47,090	34	6,976
Fundraising and Grants	19,018	19,018	19,046	16,594	(2,452)	(2,424)
<b>Total Revenue</b>	<b>5,557,629</b>	<b>5,785,019</b>	<b>5,493,363</b>	<b>5,475,736</b>	<b>(17,627)</b>	<b>(309,284)</b>
<b>Expenses</b>						
Compensation and Benefits	2,812,109	3,370,541	3,344,372	3,288,967	55,405	81,574
Books and Supplies	454,542	401,887	429,020	420,743	8,277	(18,855)
Services and Other Operating Expenditures	1,935,913	2,087,914	2,025,279	2,100,195	(74,916)	(12,281)
Depreciation	12,000	19,096	19,096	19,096	0	0
<b>Total Expenses</b>	<b>5,214,564</b>	<b>5,879,439</b>	<b>5,817,767</b>	<b>5,829,001</b>	<b>(11,234)</b>	<b>50,438</b>
<b>Operating Income</b>	<b>343,065</b>	<b>(94,419)</b>	<b>(324,404)</b>	<b>(353,265)</b>	<b>(28,861)</b>	<b>(258,846)</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	976,777	976,777	976,777	976,777		
Audit Adjustment	-	-	(1,355)	(1,355)		
Beginning Balance (Audited)	976,777	976,777	975,422	975,422		
Operating Income (including Depreciation)	343,065	(94,419)	(324,404)	(353,265)		
<b>Ending Fund Balance</b>	<b>1,319,842</b>	<b>882,358</b>	<b>651,018</b>	<b>622,157</b>		
<b>Capital Outlay</b>	<b>70,000</b>	<b>70,000</b>	<b>-</b>	<b>-</b>		
Total ADA	434.3	443.9	433.4	433.4	-	(10.5)

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating income of **(-\$353,265)**, a \$258,846 decrease from the board approved budget.

## VARIANCE ANALYSIS

### **LCFF Entitlement (-\$97,647)**

Decrease in LCFF entitlement due to decrease of 10 average daily attendance.

### **Federal Revenue (-\$20,318)**

Other federal revenue actuals were less than the budget as the e-rate reimbursement was lower than projected as some technology purchases were not eligible for reimbursement.

### **Other State Revenue (-\$195,870)**

Charter School Facility Incentive Grant (CSFIG) was originally budgeted in SB740-Facilities for \$190K. However, MSA-3 will not receive CSFIG as the certification documents were never submitted to the Charter School Finance Authority (CSFA) in 2014. As a result, MSA-3 did not receive this money. The remaining miscellaneous expenses were \$6K over budget.

### **Local Revenues \$6,976**

Food service sales for \$2k and Option 3 grant for \$5k came in higher than budgeted.



***Donations/Fundraising (-\$2,424)***

Fundraising and donations were budgeted based on FY15-16, however, the actuals FY17 were lower.

***Compensation and Benefits \$81,574***

Removed a placeholder for a match coach not filled and salary was adjusted for three teachers which resulted in savings of \$15K. One extra month was budgeted for admin staff for \$27K. Health and Welfare benefits of \$36K were under budget along with miscellaneous benefits for \$3K.

***Books and Supplies (-\$18,855)***

The main items that were over budget are food for \$16K and educational software for \$38K.

***Services and Other Operating Expenditures (-\$12,281)***

Contracted substitutes, operations and housekeeping, and special education contract instructors and miscellaneous expenses were all over budget with a total impact of \$155K. These expenses were offset by professional development for \$38K and other professional services for \$31K which were all under budget.

## MAGNOLIA SCIENCE ACADEMY - 4

	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	1,772,032	1,818,445	1,825,155	1,828,007	2,852	9,562
Federal Revenue	252,308	247,687	250,670	213,233	(37,437)	(34,454)
Other State Revenues	141,453	267,852	266,779	268,292	1,513	440
Local Revenues	20,867	22,430	28,503	28,502	(1)	6,071
Fundraising and Grants	10,000	12,374	22,206	23,203	998	10,830
<b>Total Revenue</b>	<b>2,196,660</b>	<b>2,368,788</b>	<b>2,393,313</b>	<b>2,361,237</b>	<b>(32,076)</b>	<b>(7,551)</b>
<b>Expenses</b>						
Compensation and Benefits	1,172,519	1,295,516	1,250,746	1,183,252	67,495	112,264
Books and Supplies	158,736	132,807	120,875	117,077	3,798	15,729
Services and Other Operating Expenditures	667,206	701,330	747,989	672,224	75,765	29,106
Depreciation	9,221	15,656	15,656	15,656	(0)	(0)
<b>Total Expenses</b>	<b>2,007,682</b>	<b>2,145,309</b>	<b>2,135,266</b>	<b>1,988,209</b>	<b>147,057</b>	<b>157,099</b>
<b>Operating Income</b>	<b>188,978</b>	<b>223,480</b>	<b>258,047</b>	<b>373,028</b>	<b>114,981</b>	<b>149,548</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	567,722	567,722	763,641	763,641		
Audit Adjustment	-	-	(101,149)	(101,149)		
Beginning Balance (Audited)	567,722	567,722	662,491	662,491		
Operating Income (including Depreciation)	188,978	223,480	258,047	373,028		
<b>Ending Fund Balance</b>	<b>756,700</b>	<b>791,202</b>	<b>920,538</b>	<b>1,035,519</b>		
<b>Capital Outlay</b>						
	-	-	-	-		
Total ADA	180.5	186.2	186.5	186.5	-	0.3

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating income of **\$373,028**, a \$149,548 increase from the board approved budget.

## VARIANCE ANALYSIS

### **LCFF Entitlement \$9,562**

LCFF increased due to slight increase in average daily attendance of 0.3 from budget and correction of unduplicated counts.

### **Federal Revenue (-\$34,454)**

E-rate was reduced by \$47K but was offset by National School Lunch Program (NSLP) revenue for \$13K which came in higher than budgeted.

### **Local Revenues \$6,071**

Option 3 grant came in higher than budgeted.

### **Donations/Fundraising \$10,830**

Fundraising and donations were budgeted based on FY15-16, however, the actuals FY17 were higher.

***Compensation and Benefits \$112,264***

Teacher salary savings of \$62.7K due to a teacher on leave, however, there was a corresponding increase to contracted substitutes. Certificated admin savings of \$13K due to an extra month of pay was budgeted. Classified support salaries were \$21K under budget as part time employees worked less hours than projected. Reduced salaries led to a decrease in total benefits for \$14.7K.

***Books and Supplies \$15,729***

The main items that were under budget which totaled \$24K are books, non-instructional materials, classroom furniture and other food. The items under budget of \$8K were miscellaneous expenses such as office supplies, yearbooks, and computers.

***Services and Other Operating Expenditures \$29,106***

Contracted substitutes for \$39K and special education contract instructors for \$44K are the main items over budget but were offset to create a savings due to technology services, professional development, other professional services and legal fees all \$113K under budget

## MAGNOLIA SCIENCE ACADEMY - 5

	Approved Budget June 6th	Approved Budget February 9th	May 17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	1,539,136	1,660,532	1,650,101	1,652,001	1,900	(8,531)
Federal Revenue	176,079	164,096	224,838	213,304	(11,534)	49,208
Other State Revenues	150,386	177,416	195,813	196,036	222	18,619
Local Revenues	11,120	178,813	177,925	174,074	(3,851)	(4,740)
Fundraising and Grants	500	500	986	1,721	735	1,221
<b>Total Revenue</b>	<b>1,877,220</b>	<b>2,181,357</b>	<b>2,249,663</b>	<b>2,237,135</b>	<b>(12,528)</b>	<b>55,778</b>
<b>Expenses</b>						
Compensation and Benefits	1,064,348	1,218,813	1,159,632	1,140,838	18,794	77,974
Books and Supplies	185,900	171,607	250,882	189,625	61,258	(18,018)
Services and Other Operating Expenditures	594,065	655,357	699,244	595,692	103,552	59,665
Depreciation	17,201	4,774	4,774	7,177	(2,403)	(2,403)
<b>Total Expenses</b>	<b>1,861,515</b>	<b>2,050,550</b>	<b>2,114,533</b>	<b>1,933,332</b>	<b>181,201</b>	<b>117,218</b>
<b>Operating Income</b>	<b>15,706</b>	<b>130,807</b>	<b>135,130</b>	<b>303,803</b>	<b>168,673</b>	<b>172,996</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	951,134	951,134	1,144,335	1,144,335		
Audit Adjustment	-	-	(66,819)	(66,819)		
Beginning Balance (Audited)	951,134	951,134	1,077,516	1,077,516		
Operating Income (including Depreciation)	15,706	130,807	135,130	303,803		
<b>Ending Fund Balance</b>	<b>966,840</b>	<b>1,081,941</b>	<b>1,212,647</b>	<b>1,381,319</b>		
<b>Capital Outlay</b>						
	-	27,793	27,793	-		
Total ADA	168.9	177.7	176.3	176.3	-	(1.4)

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating income of **\$303,803**, a \$172,996 increase from the board approved budget.

## VARIANCE ANALYSIS

### **LCFF Entitlement (-\$8,531)**

Average daily attendance decreased by 1.5, causing a decrease in LCFF entitlement.

### **Federal Revenue \$49,208**

Unspent prior year Title I money for \$52k was returned which was offset by bad debt expense. E-rates for \$25K came in lower than budgeted while Title I for \$18K and special education for \$5K came in higher.

### **Other State Revenue \$18,619**

Increase in state revenue is due to the special education rate correction.

### **Local Revenues (-\$4,740)**

Option 3 grant came in lower than budgeted.

***Donations/Fundraising \$1,221***

Fundraising and donations were budgeted based on FY15-16, however, the actuals FY17 were higher.

***Compensation and Benefits \$77,974***

The savings in payroll is mainly due to the staff positions not filled and one extra month was budgeted for certificated admin staff.

***Books and Supplies (-\$18,018)***

The main items that were over budget which totaled \$39K are food services, instructional materials, and computers but were offset by noncapitalized equipment and non-classroom related furniture for \$12K.

***Services and Other Operating Expenditures \$59,665***

Marketing and recruiting, rent and technology services were the main items that were \$103K under budget but were offset by other professional services for \$37K and miscellaneous expenses \$6K which include field trip, school programs and travel expenses.

## MAGNOLIA SCIENCE ACADEMY - 6

	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	1,575,467	1,518,270	1,549,755	1,552,530	2,775	34,260
Federal Revenue	137,828	161,359	166,735	146,067	(20,668)	(15,293)
Other State Revenues	214,078	253,252	258,506	263,623	5,117	10,371
Local Revenues	14,120	10,512	16,046	13,193	(2,853)	2,681
Fundraising and Grants	10,000	11,100	14,850	14,850	-	3,750
<b>Total Revenue</b>	<b>1,951,493</b>	<b>1,954,494</b>	<b>2,005,892</b>	<b>1,990,263</b>	<b>(15,629)</b>	<b>35,770</b>
<b>Expenses</b>						
Compensation and Benefits	965,253	1,082,926	1,076,347	1,040,053	36,294	42,873
Books and Supplies	110,183	154,776	161,747	123,108	38,639	31,668
Services and Other Operating Expenditures	575,774	555,450	564,661	499,809	64,852	55,641
Depreciation	6,368	28,726	28,726	19,778	8,948	8,948
<b>Total Expenses</b>	<b>1,657,578</b>	<b>1,821,878</b>	<b>1,831,481</b>	<b>1,682,747</b>	<b>148,733</b>	<b>139,130</b>
<b>Operating Income</b>	<b>293,915</b>	<b>132,616</b>	<b>174,412</b>	<b>307,516</b>	<b>133,104</b>	<b>174,900</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	938,327	938,327	1,006,776	1,006,776		
Audit Adjustment	-	-	(61,339)	(61,339)		
Beginning Balance (Audited)	938,327	938,327	945,437	307,516		
Operating Income (including Depreciation)	293,915	132,616	174,412	307,516		
<b>Ending Fund Balance</b>	<b>1,232,242</b>	<b>1,070,943</b>	<b>1,119,849</b>	<b>615,032</b>		
<b>Capital Outlay</b>						
	20,000	-	-	-		
Total ADA	173.7	167.9	171.2	171.2	0.0	3.3

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating income of **\$307,516**, a \$174,900 increase from the board approved budget

## VARIANCE ANALYSIS

### **LCFF Entitlement \$34,260**

Average daily attendance increased by 3.3, causing an increase in LCFF entitlement.

### **Federal Revenue (-\$15,293)**

Other federal revenue actuals were less than the budget as the e-rate reimbursement was lower than projected as some technology purchases were not eligible for reimbursement.

### **Other State Revenue \$10,371**

There is an increase of \$4K in SB740 revenue not previously budgeted due to additional invoices that were submitted for reimbursement to meet the ADA cap. Special education increased \$2K and prior year adjustment of \$4K.

### **Donations/Fundraising \$3,750**

Fundraising and donations were budgeted based on FY15-16, however, the actuals FY17 were higher.

***Compensation and Benefits \$42,873***

The savings in payroll is due to the teacher salaries under budget because one teacher went on maternity leave and another teacher left. One extra month was budgeted for certificated admin staff.

***Books and Supplies \$31,668***

The main items that were \$38K under budget are food services, computers, noncapitalized equipment and classroom furniture. The items over budget of \$6K were miscellaneous expenses such as instructional materials and office supplies.

***Services and Other Operating Expenditures \$55,641***

Technology services, legal fees, marketing and recruiting and professional development were all under budget, totaling \$55K.

## MAGNOLIA SCIENCE ACADEMY - 7

	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	2,671,595	2,599,553	2,588,482	2,586,389	(2,093)	(13,164)
Federal Revenue	346,072	421,493	254,745	229,977	(24,768)	(191,516)
Other State Revenues	578,580	622,567	629,151	651,548	22,397	28,981
Local Revenues	54,198	71,193	69,506	63,129	(6,376)	(8,064)
Fundraising and Grants	50,000	25,000	25,000	20,150	(4,850)	(4,850)
<b>Total Revenue</b>	<b>3,700,444</b>	<b>3,739,806</b>	<b>3,566,884</b>	<b>3,551,194</b>	<b>(15,690)</b>	<b>(188,613)</b>
<b>Expenses</b>						
Compensation and Benefits	1,710,715	1,723,704	1,672,960	1,613,033	59,927	110,671
Books and Supplies	333,447	306,250	301,250	292,979	8,271	13,271
Services and Other Operating Expenditures	1,557,568	1,626,862	1,633,545	1,554,055	79,490	72,808
Depreciation	45,027	36,918	37,295	20,286	17,009	16,632
<b>Total Expenses</b>	<b>3,646,756</b>	<b>3,693,734</b>	<b>3,645,049</b>	<b>3,480,352</b>	<b>164,697</b>	<b>213,382</b>
<b>Operating Income</b>	<b>53,688</b>	<b>46,072</b>	<b>(78,165)</b>	<b>70,841</b>	<b>149,007</b>	<b>24,769</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	922,760	922,760	939,109	939,109		
Audit Adjustment	-	-	8,244	8,244		
Beginning Balance (Audited)	922,760	922,760	947,353	947,353		
Operating Income (including Depreciation)	53,688	46,072	(78,165)	70,841		
<b>Ending Fund Balance</b>	<b>976,448</b>	<b>968,832</b>	<b>869,188</b>	<b>1,018,194</b>		
<b>Capital Outlay</b>	<b>60,000</b>	<b>198,325</b>	<b>77,650</b>	<b>-</b>		
<b>Total ADA</b>	<b>291.4</b>	<b>284.7</b>	<b>283.1</b>	<b>283.1</b>	<b>-</b>	<b>(1.6)</b>

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating income of **\$70,841**, a \$24,769 increase from the board approved budget.

## VARIANCE ANALYSIS

### **LCFF Entitlement (-\$13,164)**

Average daily attendance decreased by 1.6, causing a decrease in LCFF funding.

### **Federal Revenue (-\$191,516)**

Charter School Facility Incentive Grant (CSFIG) was removed due to ineligibility. National School Lunch Program (NSLP) revenue was under budget by \$23K, which was offset by a \$169K reduction in food costs.

### **Other State Revenues \$28,981**

Additional invoices were submitted for reimbursement under SB740 to meet the average daily attendance cap, which was not budgeted and resulted in a \$23K increase in revenue. \$6K prior year revenue that was not accrued was also not budgeted.

### **Local Revenues (-\$8,064)**

The decrease in local revenue was due to Magnolia no longer selling uniforms.



***Fundraising and Grants (-\$4,850)***

Fundraising and donations were budgeted based on FY15-16, however, the actuals for FY17 were lower.

***Compensation and Benefits \$110,671***

Teacher salaries were \$66.7K under budget because a part-time resource teacher was budgeted, but the position was never filled. One teacher was on leave for a short time, but this resulted in a corresponding contracted substitute expense. Stipends and PTO payouts were also slightly under budget. Certificated administrative salaries were \$14K less than the budget because an extra month was budgeted. There was a corresponding decrease in benefits of \$27K due to the reduced salary expense.

***Books and Supplies \$13,271***

Books, food, and custodial supplies were underspent by \$36K, which was offset by noncapitalized equipment being overspent by \$22.8K.

***Service and Other Operating Expenditures \$72,808***

Contracted substitutes, repairs, and consultants were over budget by \$34K. These were offset by underspent professional development, legal fees, communications, utilities, operations and housekeeping, dues and memberships, payroll fees of \$71.9K. An additional \$34.9K was saved due to special education contract instructors, technology services, accounting and banking fees, field trip expenses, and other miscellaneous operating expenses all coming in under budget.

***Depreciation \$16,632***

Budgeted depreciation was estimated, and actuals came in lower based on actual capital expenses and date placed in service.

## MAGNOLIA SCIENCE ACADEMY - 8

	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	4,438,632	4,440,491	4,522,135	4,526,038	3,903	85,547
Federal Revenue	296,081	297,469	308,278	309,445	1,167	11,976
Other State Revenues	508,978	620,258	633,323	635,664	2,341	15,406
Local Revenues	90,229	70,411	53,088	53,088	-	(17,323)
Fundraising and Grants	20,000	20,000	20,000	18,851	(1,149)	(1,149)
<b>Total Revenue</b>	<b>5,353,920</b>	<b>5,448,629</b>	<b>5,536,824</b>	<b>5,543,087</b>	<b>6,263</b>	<b>94,458</b>
<b>Expenses</b>						
Compensation and Benefits	2,842,777	2,822,906	2,832,803	2,773,282	59,521	49,624
Books and Supplies	297,700	420,157	444,657	325,823	118,834	94,334
Services and Other Operating Expenditures	2,081,816	2,142,840	2,103,182	2,013,952	89,230	128,888
Depreciation	68,156	84,873	84,873	67,806	17,067	17,067
<b>Total Expenses</b>	<b>5,290,449</b>	<b>5,470,776</b>	<b>5,465,515</b>	<b>5,180,863</b>	<b>284,652</b>	<b>289,913</b>
<b>Operating Income</b>	<b>63,471</b>	<b>(22,148)</b>	<b>71,309</b>	<b>362,224</b>	<b>290,915</b>	<b>384,371</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	3,019,921	3,019,921	3,061,348	3,061,348		
Audit Adjustment	-	-	(90,501)	(90,501)		
Beginning Balance (Audited)	3,019,921	3,019,921	2,970,847	2,970,847		
Operating Income (including Depreciation)	63,471	(22,148)	71,309	362,224		
<b>Ending Fund Balance</b>	<b>3,083,391</b>	<b>2,997,773</b>	<b>3,042,156</b>	<b>3,333,071</b>		
<b>Capital Outlay</b>						
	<b>84,000</b>	<b>84,000</b>	<b>84,000</b>	<b>-</b>		
Total ADA	<b>477.7</b>	<b>477.7</b>	<b>485.7</b>	<b>485.7</b>	<b>-</b>	<b>8.0</b>

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating income of **\$362,224**, a \$384,372 increase from the board approved budget.

## VARIANCE ANALYSIS

### **LCFF Entitlement \$85,547**

LCFF increased due because average daily attendance was 8.0 more than the budget.

### **Federal Revenue \$11,976**

There was an increase of \$1.4K in special education, \$4.1K in Title I, and \$6.4K in other federal revenue due to LEA billing.

### **Other State Revenue \$15,406**

Increase in state revenue for prior year adjustment of \$11K, and \$3.6K in state special education entitlement due to a rate change.

***Local Revenues (-\$17,323)***

No revenue from field trips was received, and came in under budget by \$10.2K. All other local revenue was adjusted down to actuals by \$17K. The budget for both had been based on prior years. Option 3 increased by \$10K.

***Compensation and Benefits \$49,624***

Teacher salaries were under budget by \$5.9K as stipends for Saturday school, home visits and parent teach college were slightly lower than budgeted. Certificated admin salaries were \$21K under budget as an additional month of salary was incorrectly budgeted. Classified support salaries were \$12K lower than the budget as part time employees worked less hours than budgeted. Lower salaries led to a \$10.6K decrease in benefits.

***Books and Supplies \$94,334***

The difference was mostly due to food coming in under budget by \$81K. Art & music supplies, noncapitalized equipment, instructional materials and supplies, and yearbooks were all under budget by \$33.7K. While classroom furniture, equipment and supplies, educational software, and miscellaneous other expenses were over budget by \$26.4K.

***Services and Other Operating Expenditures \$128,888***

Operations and housekeeping, equipment leases, consultants, special education instructors and special education encroachment, and prior year expenses all came in under budget, resulting in a savings of \$128.9K.

***Depreciation \$17,067***

Budgeted depreciation was estimated, and actuals came in lower based on actual capital expenses and date placed in service.

## MAGNOLIA SCIENCE ACADEMY – SANTA ANA

	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	4,595,312	5,465,892	5,516,915	5,507,828	(9,087)	41,936
Federal Revenue	394,527	783,158	766,482	704,895	(61,586)	(78,263)
Other State Revenues	345,918	556,982	577,993	583,783	5,790	26,801
Local Revenues	16,505	26,185	24,687	26,463	1,776	278
Fundraising and Grants	22,000	27,854	49,346	55,680	6,334	27,826
<b>Total Revenue</b>	<b>5,374,262</b>	<b>6,860,071</b>	<b>6,918,148</b>	<b>6,878,649</b>	<b>(39,499)</b>	<b>18,578</b>
<b>Expenses</b>						
Compensation and Benefits	3,059,757	3,768,383	3,817,416	3,754,942	62,474	13,441
Books and Supplies	691,730	829,376	987,499	986,261	1,238	(156,885)
Services and Other Operating Expenditures	1,775,769	2,087,914	2,170,129	2,125,629	44,500	(37,716)
Depreciation	397,234	373,813	373,813	434,567	(60,753)	(60,753)
<b>Total Expenses</b>	<b>5,924,489</b>	<b>7,059,486</b>	<b>7,348,859</b>	<b>7,301,399</b>	<b>47,459</b>	<b>(241,913)</b>
<b>Operating Income</b>	<b>(550,228)</b>	<b>(199,416)</b>	<b>(430,711)</b>	<b>(422,751)</b>	<b>7,960</b>	<b>(223,335)</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	8,212,887	8,212,887	8,291,101	8,291,101		
Audit Adjustment	-	-	7,820	7,820		
Beginning Balance (Audited)	8,212,887	8,212,887	8,298,921	8,298,921		
Operating Income (including Depreciation)	(550,228)	(199,416)	(430,711)	(422,751)		
<b>Ending Fund Balance</b>	<b>7,662,659</b>	<b>8,013,471</b>	<b>7,868,210</b>	<b>7,876,170</b>		
<b>Capital Outlay</b>	<b>13,389,061</b>	<b>115,124</b>	<b>115,124</b>	<b>-</b>		
Total ADA	511.5	606.0	610.7	610.7	-	4.7

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating loss of **(-\$422,751)**, a \$223,335 decrease from the board approved budget.

## VARIANCE ANALYSIS

### **LCFF Entitlement \$41,936**

LCFF actuals were \$41K higher than the budget as P-2 ADA was 4.7 more than the approved budget.

### **Federal Revenue (-\$78,263)**

National School Lunch Program (NSLP) revenue actuals were \$19K less than the budget. The budget assumed a 5% loss in the food program, but year ended with a 23% loss. Title I final entitlement was \$9.6K less than the approved budget. Other federal revenue actuals were \$50K less than the budget as the e-rate reimbursement was lower than projected as some technology purchases were not eligible for reimbursement.

### **Other State Revenue \$26,801**

Special education revenue increased \$5K from the approved budget due to a rate increase. Special education reimbursement increased \$24K as no mental health reimbursement revenue was budgeted. State NSLP revenue was \$4K higher than the budget, but overall, revenue was

\$15K less than projected (state and federal combined). Mandate block grant was \$8K lower than the budget due to a rate change for the one-time funding.

***Fundraising and Grants \$27,826***

Fundraising and donations were \$27K higher than the budget.

***Compensation and Benefits \$13,441***

Teacher salaries were \$26.8K lower than budget due to teacher turnover. However, this was offset by the increase in contracted substitutes as these positions were waiting to be filled. Certificated admin salaries were \$8.5K lower than the budget as an extra month of salary was budgeted. Classified employee salaries were \$73K over budget as the hours worked for hourly employees were underbudgeted. Also, no PTO payouts were budgeted for classified employees. There was a savings of \$51K in benefits largely due to health and welfare benefits were over budgeted.

***Books and Supplies (-\$156,885)***

Classroom furniture was \$136K over budget as this was originally planned to be a part of the Prop 1D budget. However, since the individual value of these items were less than \$5K, they could not be capitalized and it hit the operating budget. Materials and supplies were \$19K over budget as well. Computers were \$33K under budget, which led to some savings under books and supplies. Student food, however, was \$27K over budget as this school experienced a large loss in its food program.

***Services and Other Operating Expenditures (-\$37,716)***

Utilities were overbudgeted by \$77K as the monthly expense was much lower than had been expected. The equipment lease was \$7.9K lower than budgeted as the monthly expense and overage charges were less. Prior year expenses (not accrued) were \$56K over budget due to the returning of Prop 39 Clean Energy Funds. Professional development was \$22K over budget and the substitute cost was \$43K over budget to cover unfilled positions. Communications expense was \$15K higher than the budget. There was a savings of \$12K in marketing and student recruiting.

***Depreciation (-\$60,753)***

Budgeted depreciation was estimated, and actuals came in higher based on actual capital expenses and date placed in service.

## MAGNOLIA SCIENCE ACADEMY – SAN DIEGO

	Approved Budget June 8th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	3,365,610	3,067,041	3,031,463	3,033,354	1,891	(33,687)
Federal Revenue	133,928	139,972	105,749	107,314	1,565	(32,658)
Other State Revenues	301,331	386,040	528,352	486,125	(42,227)	100,085
Local Revenues	55,036	88,597	75,780	75,700	(80)	(12,897)
Fundraising and Grants	20,000	23,827	36,064	36,064	-	12,237
<b>Total Revenue</b>	<b>3,875,905</b>	<b>3,705,478</b>	<b>3,777,547</b>	<b>3,738,557</b>	<b>(38,990)</b>	<b>33,079</b>
<b>Expenses</b>						
Compensation and Benefits	2,155,725	2,258,898	2,307,318	2,285,583	21,735	(26,686)
Books and Supplies	163,559	180,455	173,955	133,237	40,718	47,218
Services and Other Operating Expenditures	1,325,125	1,181,986	1,249,823	1,216,565	33,258	(34,579)
Depreciation	44,619	39,460	39,460	39,157	303	303
<b>Total Expenses</b>	<b>3,689,029</b>	<b>3,660,800</b>	<b>3,770,556</b>	<b>3,674,543</b>	<b>96,014</b>	<b>(13,743)</b>
<b>Operating Income</b>	<b>186,876</b>	<b>44,678</b>	<b>6,991</b>	<b>64,014</b>	<b>57,024</b>	<b>19,336</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	1,053,661	1,053,661	1,173,620	1,173,620		
Audit Adjustment	-	-	960	960		
Beginning Balance (Audited)	1,053,661	1,053,661	1,174,581	1,174,581		
Operating Income (including Depreciation)	186,876	44,678	6,991	64,014		
<b>Ending Fund Balance</b>	<b>1,240,537</b>	<b>1,098,339</b>	<b>1,181,571</b>	<b>1,238,595</b>		
<b>Capital Outlay</b>						
	-	-	-	-		
Total ADA	453.6	413.0	407.9	407.9	-	(5.1)

## SUMMARY OF RESULTS

FY16-17 unaudited actuals ended with an operating income of **\$64,014**, a \$19,336 increase from the board approved budget.

## VARIANCE ANALYSIS

### **LCFF Entitlement (-\$33,687)**

LCFF actuals were \$33K lower than the budget because actual P-2 ADA was 5.1 less than the budgeted ADA.

### **Federal Revenue (-\$32,658)**

E-rate reimbursement was budgeted, however, MSA-SD does not receive this. This led to a reduction of \$35K in federal revenue, and a corresponding reduction in communication expense. Special education revenue, child nutrition, title funding, and other federal revenue were all slightly higher than the budget with an overall increase of \$2.8K.

### **Other State Revenue \$100,805**

MSA-SD received the ASES grant for \$81,000, which was not budgeted. A corresponding expense to YMCA was also incurred. Prior year revenue that was not accrued and mental health reimbursements were both not budgeted, resulting in an increase of \$20K to revenue.

***Compensation and Benefits (-\$26,686)***

Teacher salaries were \$25K over budget as part time teachers worked more hours than budgeted. PTO payouts were also slightly higher than the budget. Certificated admin salaries were \$29K under budget as an additional month of salary was budgeted for these employees. Health and welfare benefits were \$24K over budget as more employees were on the family plan than budgeted.

***Books and Supplies \$47,218***

No books or reference materials were purchased, which resulted in \$10K savings. Materials and supplies were \$33K under budget. Classroom furniture was \$5K under budget.

***Services and Other Operating Expenditures (-\$34,579)***

After school expense was not budgeted for \$81K, which nets with the revenue that was also not budgeted. Communications expense was \$25K under budget, which nets with the e-rate reimbursements that were incorrectly budgeted. Travel and conferences were \$16K under budget. Other professional services was \$6K under budget.

## MERF

	Approved Budget September 8th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
Local Revenues	6,242,850	6,410,367	6,419,837	6,508,092	88,255	97,725
Fundraising and Grants	150,000	150,000	150,000	86,850	(63,150)	(63,150)
<b>Total Revenue</b>	<b>6,392,850</b>	<b>6,560,367</b>	<b>6,569,837</b>	<b>6,594,942</b>	<b>25,104</b>	<b>34,575</b>
<b>Expenses</b>						
Compensation and Benefits	3,467,487	3,567,998	3,564,740	3,504,360	60,380	63,638
Books and Supplies	75,821	84,820	84,820	56,323	28,497	28,497
Services and Other Operating Expenditures	2,537,455	2,616,824	2,701,431	2,520,256	181,175	96,568
Depreciation	7,666	1,440	1,440	1,440	(0)	(0)
<b>Total Expenses</b>	<b>6,088,429</b>	<b>6,271,082</b>	<b>6,352,431</b>	<b>6,082,379</b>	<b>270,053</b>	<b>188,703</b>
<b>Operating Income</b>	<b>304,421</b>	<b>289,286</b>	<b>217,406</b>	<b>512,563</b>	<b>295,157</b>	<b>223,278</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	(285,175)	(285,175)	(285,175)	(285,175)		
Audit Adjustment	284,225	284,225	284,225	284,225		
Beginning Balance (Audited)	(950)	(950)	(950)	(950)		
Operating Income	304,421	289,286	217,406	512,563		
<b>Ending Fund Balance</b>	<b>303,471</b>	<b>288,335</b>	<b>216,456</b>	<b>511,613</b>		
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

## Summary of Results

FY16-17 unaudited actuals ended with an operating income of **\$512,563**, a \$223,278 increase from the board approved budget. The preliminary unaudited amount does not include the absorption of the MSA-Santa Clara net deficit, estimated to be approximately \$1.2M. The final audit reports will likely reflect the adjustment once verified by the auditors.

## Variance Analysis

### **Other Local Revenue/Fundraising \$34,575**

Reimbursement for shared employees was \$16K higher as the benefits for these employees were more than the budget. Home office received grants and donations that were \$18K higher than the budget.

### **Compensation and Benefits \$63,638**

Classified administrative employees were \$25K under budget as an employee left during the year and the position was not refilled. The open position for a payroll clerk was also not filled. Classified support salaries were \$24K under budget as the expense for interns was lower than expected. Accrued vacation was also \$10K lower than the budget. The reduced salary expense also resulted in lower than budgeted benefits with a savings of \$12.8K.

### **Books and Supplies \$28,497**

Other food expenses (i.e. catering for meetings and events) was \$23K less than the budget. The remaining \$5K savings was due to materials and supplies were under budget.



***Services and Other Operating Expenditures \$96,568***

Travel and conferences were \$14K under budget and insurance was \$13K under budget. Other professional services were \$103K under budget for various reasons. Board on Track was \$16K lower than budgeted as the two trainings did not occur. LearningTech, Parent Teach College, and the buffer for other miscellaneous services were all also under budget. Legal fees and tuition reimbursements were under budget by \$20K and \$45K, respectively. Prior year expenses were \$90K over budget for MSA-SC related expenses and other expenses that were not accrued. Technology services were \$21K over budget.

# Exhibits



# 2016-17 Balance Sheet



	MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6	MSA-7	MSA-8	MSA-SA	MSA-SC	MSA-SD	MERF	Total
<b>6/30/2017</b>													
<b>Assets</b>													
Cash Balances	\$ 1,311,426	\$ 780,732	\$ 178,629	\$ 776,350	\$ 1,000,807	\$ 754,059	\$ 830,140	\$ 925,839	\$ 1,576,509	\$ -	\$ 726,668	\$ 52,671	\$ 8,913,830
Accounts Receivable	1,315,491	372,688	317,620	175,939	226,140	156,272	271,397	384,872	106,615	234,113	441,541	111,097	\$ 4,113,784
Prepaid Deposits	26,416	21,801	21,877	8,944	17,927	17,566	27,379	20,446	48,619	56,590	43,611	69,438	\$ 380,615
Fixed Assets, Net	4,102,451	148,091	67,881	53,729	22,356	51,733	31,590	183,684	17,710,983	132,247	307,291	17,723	\$ 22,829,757
Intercompany Receivable	472,939	143,253	366,533	253,943	256,101	450,000	112,105	2,073,307	15,416	38,023	47,573	4,455,277	\$ 8,684,468
<b>Total Assets</b>	<b>\$7,228,723</b>	<b>\$1,466,565</b>	<b>\$ 952,541</b>	<b>\$1,268,904</b>	<b>\$ 1,523,331</b>	<b>\$1,429,630</b>	<b>\$ 1,272,610</b>	<b>\$ 3,588,147</b>	<b>\$ 19,458,142</b>	<b>\$460,973</b>	<b>\$1,566,684</b>	<b>\$ 4,706,206</b>	<b>\$ 44,922,454</b>
<b>Liabilities &amp; Equity</b>													
AP & Accrued Expenses	\$ 233,731	\$ 353,070	\$ 217,127	\$ 56,279	\$ 113,039	\$ 53,807	\$ 109,231	\$ 189,539	\$ 333,116	\$ 445,890	\$ 146,522	\$ 442,729	\$ 2,694,082
Intercompany Balances Payable	427,811	204,541	113,256	176,605	28,872	122,870	145,185	65,537	2,516,865	747,883	29,762	4,105,282	\$ 8,684,468
Loans and other payables	2,800,000	-	-	-	-	-	-	-	8,731,990	35,646	151,806	(353,418)	\$ 11,366,024
Temporarily Restricted	166,231	108,630	113,324	123,305	70,860	51,109	52,741	57,367	133,365	85,451	185,098	-	\$ 1,147,480
Beginning Net Assets - Audited	2,994,182	1,032,320	862,098	539,187	1,006,656	894,329	894,612	2,913,480	8,165,556	(817,028)	989,482	(950)	\$ 19,473,924
Net Income (Loss) to Date	606,767	(231,997)	(353,265)	373,529	303,903	307,516	70,841	362,224	(422,751)	(36,868)	64,014	512,563	\$ 1,556,477
<b>Total Liabilities &amp; Equity</b>	<b>\$7,228,723</b>	<b>\$1,466,565</b>	<b>\$ 952,540</b>	<b>\$1,268,904</b>	<b>\$ 1,523,331</b>	<b>\$1,429,630</b>	<b>\$ 1,272,610</b>	<b>\$ 3,588,147</b>	<b>\$ 19,458,142</b>	<b>\$460,973</b>	<b>\$1,566,684</b>	<b>\$ 4,706,206</b>	<b>\$ 44,922,454</b>

# FY16 vs FY17 Balance Sheet



	6/30/2017	6/30/2016	YTD Change
<b>Assets</b>			
Cash Balances	\$ 8,913,830	\$ 14,371,421	\$ (5,457,591)
Accounts Receivable	4,113,784	4,447,242	(333,457)
Prepays Deposits	380,615	144,150	236,465
Fixed Assets, Net	22,829,757	16,692,757	6,137,000
Intercompany Receivable	8,684,468	4,831,068	3,853,400
<b>Total Assets</b>	<b>\$44,922,454</b>	<b>\$40,486,638</b>	<b>\$4,435,816</b>
<b>Liabilities &amp; Equity</b>			
AP & Accrued Expenses	\$ 2,694,082	\$ 3,178,148	\$ (484,067)
Deferred Revenue	-	61,355	(61,355)
Intercompany Balances Payable	8,684,468	4,831,068	3,853,400
Loans and other payables	11,366,024	11,794,663	(428,639)
Temporarily Restricted	1,147,480	6,795,758	(5,648,278)
Beginning Net Assets - Audited	19,473,924	5,845,609	13,628,315
Net Income (Loss) to Date	1,556,477	7,980,037	(6,423,561)
<b>Total Liabilities &amp; Equity</b>	<b>\$44,922,454</b>	<b>\$40,486,638</b>	<b>\$4,435,816</b>

# Intercompany Balances



Total cumulative intercompany payable/receivable was \$8.68M at 6/30

Intercompany Borrowing (excluding CMO fees)

	Due To											
	MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6	MSA-7	MSA-8	MSA-SA	MSA-SC	MSA-SD	MERF
MSA-1		12,048	6,532	2,186	-	-	-	-	2,255	-	-	288,759
MSA-2	-		-	1,490	2,180	-	-	-	-	-	2,420	9,395
MSA-3	-	-		-	-	-	-	-	2,387	-	2,411	108,457
MSA-4	-	-	15,343		-	-	-	-	2,954	-	-	4,031
MSA-5	-	-	15,343	-		-	-	-	-	2,857	5,233	5,438
MSA-6	-	-	15,343	-	-		-	-	-	669	-	4,516
MSA-7	-	-	15,343	-	-	-		-	-	791	-	129,051
MSA-8	-	-	-	-	-	-	-		-	2,002	-	11,186
MSA-SA	-	-	-	-	-	-	-	-		14,121	-	2,187,823
MSA-SC	-	-	-	-	-	-	-	-	-	-	-	747,883
MSA-SD	-	-	-	-	-	-	-	-	-	-	-	29,762
MERF	472,939	131,205	-	250,267	150,000	450,000	-	2,073,307	7,820	17,582	960	

Prepaid CMO Fee and (Payables)

MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6	MSA-7	MSA-8	MSA-SA	MSA-SD
(116,031.71)	(189,055.32)	298,628.92	(154,276.98)	103,920.85	(102,341.91)	112,104.64	(52,348.31)	(314,921.35)	36,548.22

\*CMO Fees were settled with all sites, except MSA-SA, in July 2017

# Intercompany Balances



**Total FY16-17 intercompany payable/receivable was \$5.62M at 6/30**

## Intercompany Borrowing (excluding CMO fees)

	Due To												
	MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6	MSA-7	MSA-8	MSA-SA	MSA-SC	MSA-SD	MERF	
MSA-1		12,048	348	6,532	-	-	-	-	-	-	-	-	288,759
MSA-2	-		-	-	-	-	-	-	-	-	-	-	9,395
MSA-3	-	-		-	-	-	-	-	1,883	-	-	-	10,699
MSA-4	-	-	15,343		-	-	-	-	2,954	-	-	-	4,031
MSA-5	-	-	15,343	15,343		-	-	-	-	-	-	-	5,438
MSA-6	-	-	15,343	15,343	-		-	-	-	-	-	-	4,516
MSA-7	-	-	15,343	15,343	-	-		-	-	-	-	-	9,051
MSA-8	-	-	-	-	-	-	-		-	-	-	-	11,186
MSA-SA	-	-	-	-	-	-	-	-		-	-	-	1,783,695
MSA-SC	-	-	-	-	-	-	-	-	-		-	-	18,915
MSA-SD	-	-	-	-	-	-	-	-	-	-		-	28,064
MERF	140,030	4,793	-	-	50,000	150,000	-	1,460,548	7,820	17,582	960		

## Prepaid CMO Fee and (Payables)

MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6	MSA-7	MSA-8	MSA-SA	MSA-SD
(654.41)	53,325.38	(593.04)	(49.08)	(49.08)	(49.08)	(409.00)	(654.41)	(254,921.35)	36,548.22

# MAGNOLIA PUBLIC SCHOOLS - CONSOLIDATED

Board Approved Budget vs. Current Forecast  
UAR FY17

	Budget					
	Approved Budget July/Sept 2016	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous vs. Current Forecast)	Variance (Budget vs. Current Forecast)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	33,973,830	34,523,569	34,461,399	34,483,963	22,564	(39,606)
Federal Revenue	3,351,379	4,434,404	4,200,251	3,988,010	(212,241)	(446,394)
Other State Revenues	4,188,588	5,466,121	5,467,228	5,467,410	182	1,288
Local Revenues	6,682,886	7,080,455	7,110,633	7,166,381	55,748	85,926
Fundraising and Grants	382,518	386,755	434,399	367,738	(66,661)	(19,017)
<b>Total Revenue</b>	<b>48,579,200</b>	<b>51,891,304</b>	<b>51,673,909</b>	<b>51,473,501</b>	<b>(200,408)</b>	<b>(417,803)</b>
<b>Expenses</b>						
Compensation and Benefits (excl adjustment)	25,599,982	27,973,200	27,911,956	27,330,817	581,139	642,383
Books and Supplies	3,270,502	3,780,627	4,160,966	3,786,166	374,800	(5,539)
Services and Other Operating Expenditures	17,681,744	18,434,384	18,611,054	17,936,308	674,745	498,075
Depreciation	823,259	804,525	804,902	827,465	(22,563)	(22,940)
<b>Total Expenses</b>	<b>47,375,486</b>	<b>50,992,735</b>	<b>51,488,877</b>	<b>49,880,757</b>	<b>1,608,121</b>	<b>1,111,978</b>
<b>Operating Income Before One-Time Adjustment</b>	<b>1,203,714</b>	<b>898,569</b>	<b>185,032</b>	<b>1,592,744</b>	<b>1,407,712</b>	<b>694,175</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	20,766,592	20,749,323	20,749,323	20,749,323		
Audit Adjustment	284,225	(127,921)	(127,921)	(127,921)		
Beginning Balance (Audited)	21,050,817	20,621,401	20,621,401	20,621,401		
Operating Income (including Depreciation)	1,203,714	898,569	185,032	1,592,744		
<b>Ending Fund Balance</b>	<b>22,254,531</b>	<b>21,949,386</b>	<b>20,806,433</b>	<b>22,214,145</b>		
<b>Capital Outlay</b>	<b>13,743,061</b>	<b>1,050,224</b>	<b>859,549</b>	<b>-</b>		
Total ADA	<b>3679.5</b>	<b>3721.1</b>	<b>3710.0</b>	<b>3710.0</b>	-	(11.1)

# MAGNOLIA PUBLIC SCHOOLS - CONSOLIDATED

Board Approved Budget vs. Current Forecast  
UAR FY17

		<b>Budget</b>						
		Approved Budget July/Sept 2016	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous vs. Current Forecast)	Variance (Budget vs. Current Forecast)	
<b>REVENUE</b>		-	-	-	-			
<b>LCFF Entitlement</b>		-	-	-	-			
8011	Charter Schools LCFF - State Aid	21,594,621	21,778,533	21,125,341	21,234,756	109,415	(543,777)	
8012	Education Protection Account Entitlement	4,523,140	4,372,560	3,965,503	3,878,716	(86,787)	(493,844)	
8019	State Aid - Prior Years	-	2,189	6,797	6,797	-	4,608	
8096	Charter Schools in Lieu of Property Taxes	7,856,068	8,370,287	9,363,758	9,363,694	(64)	993,407	
		-	-	-	-			
		-	-	-	-			
<b>SUBTOTAL - LCFF Entitlement</b>		<b>33,973,830</b>	<b>34,523,569</b>	<b>34,461,399</b>	<b>34,483,963</b>	<b>22,564</b>	<b>(39,606)</b>	
<b>8100 Federal Revenue</b>		-	-	-	-			
8181	Special Education - Entitlement	609,428	598,169	591,040	591,976	936	(6,193)	
8220	Child Nutrition Programs	997,755	1,075,039	1,075,428	1,054,311	(21,117)	(20,728)	
8291	Title I	1,086,273	1,252,125	1,270,788	1,279,197	8,409	27,072	
8292	Title II	30,111	28,220	15,157	15,285	128	(12,935)	
8293	Title III	52,733	39,962	50,886	63,780	12,894	23,818	
8296	Other Federal Revenue	575,079	1,213,404	916,715	703,183	(213,532)	(510,221)	
		-	-	-	-			
<b>SUBTOTAL - Federal Income</b>		<b>3,351,379</b>	<b>4,434,404</b>	<b>4,200,251</b>	<b>3,988,010</b>	<b>(212,241)</b>	<b>(446,394)</b>	
<b>8300 Other State Revenues</b>		-	-	-	-			
8381	Special Education - Entitlement (State)	2,017,772	2,011,743	2,032,020	2,034,137	2,117	22,394	
8382	Special Education Reimbursement (State)	-	-	76,478	33,506	(42,972)	33,506	
8520	Child Nutrition - State	78,970	87,157	87,157	88,978	1,821	1,821	
8545	School Facilities Apportionments	798,803	853,901	663,585	690,499	26,914	(163,402)	
8550	Mandated Cost Reimbursements	71,577	773,734	755,845	755,844	(1)	(17,890)	
8560	State Lottery Revenue	595,378	703,294	701,194	694,429	(6,765)	(8,864)	
8596	ASES	626,088	626,088	705,468	708,000	2,532	81,912	
		-	-	-	-			
<b>SUBTOTAL - Other State Income</b>		<b>4,188,588</b>	<b>5,466,121</b>	<b>5,467,228</b>	<b>5,467,410</b>	<b>182</b>	<b>1,288</b>	
<b>8600 Other Local Revenue</b>		-	-	-	-			
8634	Food Service Sales	36,016	41,402	41,587	39,473	(2,114)	(1,929)	
8682	Summer Program	85,000	188,744	188,744	188,744	-	-	
8690	Other Local Revenue	55,111	118,897	121,150	168,234	47,084	49,337	
8714	COP Option 3 Grants	98,446	236,047	304,386	301,308	(3,079)	65,260	



**MAGNOLIA PUBLIC SCHOOLS - CONSOLIDATED**

Board Approved Budget vs. Current Forecast  
 UAR FY17

		<b>Budget</b>					
		Approved Budget July/Sept 2016	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous vs. Current Forecast)	Variance (Budget vs. Current Forecast)
<b>SUBTOTAL - Local Revenues</b>		-	-	-	-	-	-
		6,682,886	7,080,455	7,110,633	7,166,381	55,748	85,926
<b>8800</b>	<b>Donations/Fundraising</b>	-	-	-	-	-	-
8801	Donations - Parents	17,818	5,200	5,200	104	(5,096)	(5,096)
8802	Donations - Private	242,200	249,698	210,211	146,434	(63,777)	(103,264)
<b>SUBTOTAL - Fundraising and Grants</b>		-	-	-	-	-	-
		382,518	386,755	434,399	367,738	(66,661)	(19,017)
<b>TOTAL REVENUE</b>		<b>48,579,200</b>	<b>51,891,304</b>	<b>51,673,909</b>	<b>51,473,501</b>	<b>(200,408)</b>	<b>(417,803)</b>

# MAGNOLIA PUBLIC SCHOOLS - CONSOLIDATED

Board Approved Budget vs. Current Forecast  
UAR FY17

		<b>Budget</b>						
		Approved Budget July/Sept 2016	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous vs. Current Forecast)	Variance (Budget vs. Current Forecast)	
<b>EXPENSES</b>		-	-	-	-			
<b>Compensation &amp; Benefits</b>		-	-	-	-			
<b>Certificated Employees Summary</b>		-	-	-	-			
<b>1100</b>	<b>Teachers Salaries</b>	12,048,705	12,766,612	12,651,561	12,511,550	140,011	255,062	
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	3,441,125	3,957,465	3,975,986	3,766,864	209,122	190,601	
		-	-	-	-			
	<b>SUBTOTAL - Certificated Employees</b>	<b>15,489,830</b>	<b>16,724,077</b>	<b>16,627,547</b>	<b>16,278,414</b>	<b>349,133</b>	<b>445,663</b>	
<b>Classified Employees Summary</b>		-	-	-	-			
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	3,108,304	3,427,474	3,419,025	3,391,601	27,424	35,873	
<b>2900</b>	<b>Classified Other Salaries</b>	1,492,408	1,755,721	1,750,436	1,760,711	(10,275)	(4,991)	
		-	-	-	-			
	<b>SUBTOTAL - Classified Employees</b>	<b>4,600,712</b>	<b>5,183,195</b>	<b>5,169,461</b>	<b>5,152,312</b>	<b>17,148</b>	<b>30,882</b>	
<b>Employee Benefits Summary</b>		-	-	-	-			
<b>3100</b>	<b>STRS</b>	1,853,927	2,070,689	2,055,614	2,032,391	23,223	38,298	
<b>3200</b>	<b>PERS</b>	187,112	329,786	340,588	325,265	15,323	4,520	
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	629,533	654,795	655,863	636,404	19,459	18,390	
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	2,501,888	2,590,166	2,644,972	2,529,090	115,882	61,076	
<b>3500</b>	<b>Unemployment Insurance</b>	21,697	80,555	81,047	52,391	28,656	28,164	
<b>3600</b>	<b>Workers Comp Insurance</b>	225,995	246,676	245,434	250,834	(5,400)	(4,158)	
		-	-	-	-			
	<b>SUBTOTAL - Employee Benefits</b>	<b>5,509,440</b>	<b>6,065,928</b>	<b>6,114,947</b>	<b>5,900,090</b>	<b>214,857</b>	<b>165,838</b>	

## MAGNOLIA PUBLIC SCHOOLS - CONSOLIDATED

Board Approved Budget vs. Current Forecast  
UAR FY17

		<b>Budget</b>						
		Approved Budget July/Sept 2016	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous vs. Current Forecast)	Variance (Budget vs. Current Forecast)	
<b>4000</b>	<b>Books &amp; Supplies</b>	-	-	-	-			
4100	Approved Textbooks & Core Curricula Materials	461,390	642,125	684,641	672,495	12,146	(30,369)	
4200	Books & Other Reference Materials	112,000	63,543	55,828	28,617	27,211	34,925	
4315	Custodial Supplies	54,077	71,077	67,258	63,798	3,460	7,279	
4320	Educational Software	170,000	155,988	204,395	189,845	14,549	(33,858)	
4325	Instructional Materials & Supplies	254,860	225,936	252,860	296,357	(43,497)	(70,421)	
4326	Art & Music Supplies	24,200	33,700	29,313	18,200	11,113	15,500	
4330	Office Supplies	149,599	191,600	189,026	180,311	8,716	11,289	
4345	Non Instructional Student Materials & Supplies	111,743	82,685	81,156	57,403	23,753	25,282	
4346	Teacher Supplies	13,650	24,137	25,426	20,770	4,656	3,367	
4350	Uniforms	15,200	22,216	22,716	30,896	(8,180)	(8,680)	
4400	Noncapitalized Equipment	77,025	95,707	116,703	53,769	62,934	41,939	
4420	Computers (individual items less than \$5k)	294,325	268,922	311,184	280,785	30,399	(11,863)	
4430	Non Classroom Related Furniture, Equipment & Sup	50,300	58,779	49,663	29,704	19,959	29,075	
4700	Food	1,350,673	1,649,802	1,713,750	1,525,877	187,873	123,925	
4720	Other Food	67,700	112,400	122,917	89,230	33,688	23,170	
	<b>SUBTOTAL - Books and Supplies</b>	<b>3,270,502</b>	<b>3,780,627</b>	<b>4,160,966</b>	<b>3,786,166</b>	<b>374,800</b>	<b>(5,539)</b>	
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>	-	-	-	-			
5101	Shared Management Fee - CMO	5,966,395	6,074,999	6,074,999	6,074,999	0	0	
5102	Direct CMO Fee (Shared Staff)	276,455	310,263	310,263	326,639	(16,376)	(16,376)	
5210	Conference Fees	126,605	96,605	75,294	23,397	51,897	73,208	
5215	Travel - Mileage, Parking, Tolls	83,320	92,320	86,953	81,960	4,993	10,360	
5220	Travel and Lodging	136,847	65,847	63,851	49,311	14,540	16,536	
5300	Dues & Memberships	71,354	72,180	71,875	47,444	24,431	24,736	
5450	Insurance - Other	218,420	202,208	204,773	190,859	13,914	11,349	
5500	Operations & Housekeeping	112,493	298,077	308,180	283,628	24,552	14,449	
5510	Utilities - Gas and Electric	208,880	297,452	242,680	188,901	53,779	108,551	
5605	Equipment Leases	187,984	192,984	209,246	193,402	15,843	(418)	
5610	Rent	2,268,574	2,022,203	1,985,198	2,077,026	(91,828)	(54,822)	
5615	Repairs and Maintenance - Building	119,584	151,500	159,465	134,643	24,822	16,857	
5617	Repairs and Maintenance - Other Equipment	18,500	16,500	16,500	6,143	10,357	10,357	
5803	Accounting Fees	59,844	112,500	121,236	124,828	(3,591)	(12,328)	
5809	Banking Fees	30,058	34,445	36,238	28,625	7,613	5,820	
5813	School Programs - After School Program	639,693	644,693	723,822	703,913	19,909	(59,220)	
5814	School Programs - Academic Competitions	19,108	20,214	36,011	39,539	(3,528)	(19,326)	

## MAGNOLIA PUBLIC SCHOOLS - CONSOLIDATED

Board Approved Budget vs. Current Forecast  
UAR FY17

		<b>Budget</b>						
		Approved Budget July/Sept 2016	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous vs. Current Forecast)	Variance (Budget vs. Current Forecast)	
5819	School Programs - Other	39,600	59,000	121,606	113,561	8,045	(54,561)	
5820	Consultants - Non Instructional	167,077	125,100	119,911	93,908	26,003	31,192	
5822	Other Professional Services	1,386,796	1,403,626	1,332,515	1,169,265	163,250	234,360	
5824	District Oversight Fees	342,359	345,236	344,614	344,772	(158)	464	
5830	Field Trips Expenses	208,765	216,765	212,101	229,058	(16,957)	(12,293)	
5843	Interest - Loans Less than 1 Year	192,338	192,310	189,076	173,450	15,626	18,860	
5845	Legal Fees	365,000	530,000	507,121	427,790	79,331	102,210	
5851	Marketing and Student Recruiting	231,149	245,649	220,739	140,808	79,931	104,841	
5852	Receivable Sale Fees	-	-	-	-	-	-	
5857	Payroll Fees	185,461	196,311	191,874	177,785	14,090	18,527	
5861	Prior Yr Exp (not accrued)	-	118,058	303,153	347,200	(44,048)	(229,142)	
5863	Professional Development	637,275	744,175	580,483	501,854	78,629	242,320	
5869	Special Education Contract Instructors	798,336	843,336	904,278	912,427	(8,149)	(69,091)	
5872	Special Education Encroachment	419,086	433,480	430,458	430,631	(173)	2,849	
5884	Substitutes	382,038	383,950	561,587	628,808	(67,221)	(244,858)	
5887	Technology Services	531,336	588,116	597,300	525,045	72,256	63,071	
5900	Communications	304,140	310,000	275,610	221,714	53,896	88,286	
5915	Postage and Delivery	69,181	74,301	70,149	53,306	16,844	20,995	
		-	-	-	-	-	-	
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>17,681,744</b>	<b>18,434,384</b>	<b>18,611,054</b>	<b>17,936,308</b>	<b>674,745</b>	<b>498,075</b>	

**MAGNOLIA PUBLIC SCHOOLS - CONSOLIDATED**

Board Approved Budget vs. Current Forecast  
 UAR FY17

		<b>Budget</b>					
		Approved Budget July/Sept 2016	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous vs. Current Forecast)	Variance (Budget vs. Current Forecast)
<b>6000</b>	<b>Capital Outlay</b>	-	-	-	-		
6100	Sites & Improvement of Sites	120,000	20,000	-	-	-	20,000
6400	Equipment	100,000	120,024	120,024	-	120,024	120,024
6410	Computers (capitalizable items)	190,500	271,875	221,875	-	221,875	271,875
		-	-	-	-		
	<b>SUBTOTAL - Capital Outlay</b>	<b>13,743,061</b>	<b>1,050,224</b>	<b>859,549</b>	<b>-</b>	<b>859,549</b>	<b>1,050,224</b>
<b>TOTAL EXPENSES</b>		<b>60,295,289</b>	<b>51,238,435</b>	<b>51,543,525</b>	<b>49,053,292</b>	<b>2,490,233</b>	<b>2,185,143</b>
		-	-	-	-		
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>823,259</b>	<b>804,525</b>	<b>804,902</b>	<b>827,465</b>	<b>22,563</b>	<b>(22,940)</b>
		-	-	-	-		
<b>TOTAL EXPENSES including Depreciation</b>		<b>47,375,486</b>	<b>50,992,735</b>	<b>51,488,877</b>	<b>49,880,757</b>	<b>1,653,247</b>	<b>1,111,978</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-1**

Budget vs. Actuals  
UAR FY17

	<b>Budget</b>					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	5,251,881	5,305,480	5,295,664	5,303,302	7,638	(2,178)
Federal Revenue	695,788	1,202,884	1,215,937	1,132,577	(83,360)	(70,306)
Other State Revenues	898,245	1,158,352	1,158,092	1,156,414	(1,678)	(1,937)
Local Revenues	60,107	84,550	104,554	105,499	945	20,949
Fundraising and Grants	56,000	69,360	69,180	65,297	(3,883)	(4,063)
<b>Total Revenue</b>	<b>6,962,021</b>	<b>7,820,626</b>	<b>7,843,427</b>	<b>7,763,089</b>	<b>(80,338)</b>	<b>(57,536)</b>
<b>Expenses</b>						
Compensation and Benefits	3,362,064	3,760,794	3,748,868	3,670,189	78,679	90,605
Books and Supplies	539,025	647,387	738,276	637,397	100,879	9,990
Services and Other Operating Expenditures	2,727,983	2,929,102	2,839,102	2,702,583	136,519	226,520
Depreciation	181,768	146,166	146,166	146,154	12	12
<b>Total Expenses</b>	<b>6,810,840</b>	<b>7,483,449</b>	<b>7,472,411</b>	<b>7,156,322</b>	<b>316,089</b>	<b>327,127</b>
<b>Operating Income</b>	<b>151,181</b>	<b>337,177</b>	<b>371,016</b>	<b>606,767</b>	<b>235,751</b>	<b>269,590</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	3,197,834	3,197,834	3,197,834	3,197,834		
Audit Adjustment	-	-	(37,421)	(37,421)		
Beginning Balance (Audited)	3,197,834	3,197,834	3,160,413	3,160,413		
Operating Income (including Depreciation)	151,181	337,177	371,016	606,767		
<b>Ending Fund Balance</b>	<b>3,349,015</b>	<b>3,535,011</b>	<b>3,531,429</b>	<b>3,767,180</b>		
<b>Capital Outlay</b>	<b>100,000</b>	<b>540,000</b>	<b>540,000</b>	<b>-</b>		
Total ADA	518.2	522.1	520.4	520.4	0.0	(1.7)

**MAGNOLIA PUBLIC SCHOOLS - MSA-1**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	3,526,381	3,549,577	3,433,335	3,460,121	26,786	(89,456)
8012	Education Protection Account Entitlement	741,455	746,978	756,466	737,318	(19,148)	(9,660)
8019	State Aid - Prior Years	-	504	1,404	1,404	-	900
8096	Charter Schools in Lieu of Property Taxes	984,045	1,008,421	1,104,459	1,104,459	(0)	96,038
<b>SUBTOTAL - LCFF Entitlement</b>		<b>5,251,881</b>	<b>5,305,480</b>	<b>5,295,664</b>	<b>5,303,302</b>	<b>7,638</b>	<b>(2,178)</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	104,677	103,560	100,353	100,535	182	(3,025)
8182	Special Education Reimbursement	-	-	-	-	-	-
8220	Child Nutrition Programs	264,295	270,521	270,521	234,774	(35,747)	(35,747)
8290	No Child Left Behind	-	-	-	-	-	-
8291	Title I	207,826	208,420	211,678	212,691	1,013	4,271
8292	Title II	8,236	8,236	2,434	2,468	34	(5,768)
8293	Title III	46,254	39,962	50,886	63,780	12,894	23,818
8294	Title IV	-	-	-	-	-	-
8295	Title V	-	-	-	-	-	-
8296	Other Federal Revenue	64,500	564,500	572,227	510,359	(61,868)	(54,141)
8297	PY Federal - Not Accrued	-	2,554	2,707	2,840	132	285
8298	Implementation Grant	-	-	-	-	-	-
8299	All Other Federal Revenue	-	5,130	5,130	5,130	-	-
<b>SUBTOTAL - Federal Income</b>		<b>695,788</b>	<b>1,202,884</b>	<b>1,215,937</b>	<b>1,132,577</b>	<b>(83,360)</b>	<b>(70,306)</b>
<b>8300 Other State Revenues</b>							
8311	Other State Apportionments - Current Year	-	-	-	-	-	-
8319	Other State Apportionments - Prior Years	-	295	3,162	6,446	3,284	6,151
8380	Special Ed	-	-	-	-	-	-
8381	Special Education - Entitlement (State)	294,859	292,124	293,031	293,020	(10)	896
8382	Special Education Reimbursement (State)	-	-	-	-	-	-
8520	Child Nutrition - State	22,591	23,543	23,543	19,803	(3,740)	(3,740)
8545	School Facilities Apportionments	332,166	389,070	389,070	388,573	(497)	(497)
8550	Mandated Cost Reimbursements	14,680	129,649	125,936	125,936	-	(3,713)
8560	State Lottery Revenue	83,949	98,670	98,350	97,505	(845)	(1,166)
8590	All Other State Revenue	-	75,000	75,000	75,131	131	131
8596	ASES	150,000	150,000	150,000	150,000	-	-
<b>SUBTOTAL - Other State Income</b>		<b>898,245</b>	<b>1,158,352</b>	<b>1,158,092</b>	<b>1,156,414</b>	<b>(1,678)</b>	<b>(1,937)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-1**

Budget vs. Actuals  
UAR FY17

					<b>Budget</b>		
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8600</b>	<b>Other Local Revenue</b>						
8634	Food Service Sales	7,000	7,000	7,000	7,143	143	143
8682	Summer Program	13,600	34,822	34,822	34,822	-	-
8690	Other Local Revenue	19,000	29,649	29,929	29,949	20	300
8693	Field Trips	-	-	-	9	9	9
8714	COP Option 3 Grants	20,507	13,080	32,804	33,576	773	20,496
	<b>SUBTOTAL - Local Revenues</b>	<b>60,107</b>	<b>84,550</b>	<b>104,554</b>	<b>105,499</b>	<b>945</b>	<b>20,949</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8801	Donations - Parents	2,750	2,750	2,750	19	(2,731)	(2,731)
8802	Donations - Private	53,250	47,903	11,151	5,379	(5,772)	(42,524)
8803	Fundraising	-	18,706	55,279	59,899	4,620	41,192
	<b>SUBTOTAL - Fundraising and Grants</b>	<b>56,000</b>	<b>69,360</b>	<b>69,180</b>	<b>65,297</b>	<b>(3,883)</b>	<b>(4,063)</b>
<b>TOTAL REVENUE</b>		<b>6,962,021</b>	<b>7,820,626</b>	<b>7,843,427</b>	<b>7,763,089</b>	<b>(80,338)</b>	<b>(57,536)</b>
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	1,889,346	2,073,041	2,062,229	2,022,240	39,990	50,801
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	387,835	413,814	413,814	384,326	29,488	29,488
	<b>SUBTOTAL - Certificated Employees</b>	<b>2,277,182</b>	<b>2,486,855</b>	<b>2,476,043</b>	<b>2,406,566</b>	<b>69,477</b>	<b>80,289</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	173,174	200,822	183,779	191,329	(7,550)	9,493
<b>2900</b>	<b>Classified Other Salaries</b>	187,025	218,892	240,566	240,528	38	(21,637)
	<b>SUBTOTAL - Classified Employees</b>	<b>360,199</b>	<b>419,713</b>	<b>424,345</b>	<b>431,858</b>	<b>(7,512)</b>	<b>(12,144)</b>



**MAGNOLIA PUBLIC SCHOOLS - MSA-1**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	275,673	310,425	308,970	308,556	414	1,869
<b>3200</b>	<b>PERS</b>	21,860	45,968	41,678	38,924	2,754	7,044
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	67,519	69,147	69,281	63,382	5,899	5,765
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	324,000	364,858	364,858	369,416	(4,558)	(4,558)
<b>3500</b>	<b>Unemployment Insurance</b>	1,345	31,100	31,034	19,232	11,802	11,868
<b>3600</b>	<b>Workers Comp Insurance</b>	34,286	32,728	32,658	32,255	403	473
<b>3700</b>	<b>Retiree Benefits</b>	-	-	-	-	-	-
<b>3800</b>	<b>PERS Reduction</b>	-	-	-	-	-	-
<b>3900</b>	<b>Other Employee Benefits</b>	-	-	-	-	-	-
<b>SUBTOTAL - Employee Benefits</b>		<b>724,683</b>	<b>854,225</b>	<b>848,479</b>	<b>831,765</b>	<b>16,714</b>	<b>22,460</b>
<b>4000 Books &amp; Supplies</b>							
4100	Approved Textbooks & Core Curricula Materials	40,000	91,854	144,297	132,970	11,327	(41,115)
4200	Books & Other Reference Materials	10,000	10,000	7,557	6,751	806	3,249
4315	Custodial Supplies	20,000	20,000	20,000	15,258	4,742	4,742
4320	Educational Software	20,000	20,000	58,238	58,238	-	(38,238)
4325	Instructional Materials & Supplies	25,000	49,415	49,415	66,324	(16,909)	(16,909)
4326	Art & Music Supplies	5,000	5,000	5,000	1,702	3,298	3,298
4330	Office Supplies	9,200	17,000	17,000	18,091	(1,091)	(1,091)
4335	PE Supplies	-	-	-	227	(227)	(227)
4345	Non Instructional Student Materials & Supplies	20,000	20,000	20,000	4,845	15,155	15,155
4346	Teacher Supplies	5,000	5,000	5,000	5,477	(477)	(477)
4350	Uniforms	1,500	1,500	-	4,417	(4,417)	(2,917)
4351	Yearbook	-	-	-	-	-	-
4400	Noncapitalized Equipment	30,000	30,000	30,000	2,663	27,337	27,337
4410	Classroom Furniture, Equipment & Supplies	-	-	-	2,586	(2,586)	(2,586)
4420	Computers (individual items less than \$5k)	33,500	33,500	33,500	60,869	(27,369)	(27,369)
4430	Non Classroom Related Furniture, Equipment & Supplies	20,000	20,000	20,000	2,564	17,436	17,436
4700	Food	296,825	316,118	316,118	241,416	74,701	74,701
4710	Student Food Services	-	-	-	-	-	-
4720	Other Food	3,000	8,000	12,150	12,998	(848)	(4,998)
<b>SUBTOTAL - Books and Supplies</b>		<b>539,025</b>	<b>647,387</b>	<b>738,276</b>	<b>637,397</b>	<b>100,879</b>	<b>9,990</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-1**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>Books &amp; Supplies Summary</b>							
<b>4100</b>	<b>Approved Textbooks &amp; Core Curricula Materials</b>	40,000	91,854	144,297	132,970	11,327	(41,115)
<b>4200</b>	<b>Books &amp; Other Reference Materials</b>	10,000	10,000	7,557	6,751	806	3,249
<b>4300</b>	<b>Materials &amp; Supplies</b>	105,700	137,915	174,653	174,580	74	(36,665)
<b>4400</b>	<b>Noncapitalized Equipment</b>	83,500	83,500	83,500	68,682	14,818	14,818
<b>4700</b>	<b>Food</b>	299,825	324,118	328,268	254,415	73,853	69,703
<b>SUBTOTAL - Books and Supplies</b>		<b>539,025</b>	<b>647,387</b>	<b>738,276</b>	<b>637,397</b>	<b>100,879</b>	<b>9,990</b>
<b>5000 Services &amp; Other Operating Expenses</b>							
5101	Shared Management Fee - CMO	972,192	1,013,267	1,013,267	1,013,921	(654)	(654)
5102	Direct CMO Fee (Shared Staff)	38,472	41,388	41,388	41,789	(401)	(401)
5210	Conference Fees	20,000	20,000	18,401	1,107	17,294	18,893
5215	Travel - Mileage, Parking, Tolls	2,000	2,000	3,032	3,730	(697)	(1,730)
5220	Travel and Lodging	2,000	2,000	2,246	4,929	(2,682)	(2,929)
5300	Dues & Memberships	7,854	7,854	7,854	3,834	4,020	4,020
5450	Insurance - Other	27,941	32,069	33,177	33,177	-	(1,108)
5500	Operations & Housekeeping	29,400	50,000	50,000	43,977	6,023	6,023
5510	Utilities - Gas and Electric	54,000	60,000	60,000	55,183	4,817	4,817
5605	Equipment Leases	15,000	20,000	20,000	20,689	(689)	(689)
5610	Rent	442,888	478,664	446,911	484,203	(37,293)	(5,540)
5615	Repairs and Maintenance - Building	40,000	50,000	50,000	31,671	18,329	18,329
5617	Repairs and Maintenance - Other Equipment	2,000	2,000	2,000	1,092	908	908
5803	Accounting Fees	5,000	10,000	10,000	13,131	(3,131)	(3,131)
5809	Banking Fees	1,500	1,500	1,400	372	1,028	1,128
5813	School Programs - After School Program	150,000	150,000	150,000	150,000	-	-
5814	School Programs - Academic Competitions	5,000	5,000	17,952	16,595	1,357	(11,595)
5819	School Programs - Other	13,000	28,000	49,033	35,317	13,716	(7,317)
5820	Consultants - Non Instructional	15,000	15,000	15,000	10,365	4,636	4,636
5822	Other Professional Services	77,565	94,000	55,762	33,958	21,804	60,042
5824	District Oversight Fees	52,519	53,055	52,957	53,019	(62)	36
5830	Field Trips Expenses	21,765	33,765	33,765	41,040	(7,275)	(7,275)
5833	Fines and Penalties	-	-	294	294	-	(294)
5843	Interest - Loans Less than 1 Year	192,000	192,000	188,370	173,203	15,167	18,797
5845	Legal Fees	20,000	40,000	40,000	35,652	4,348	4,348
5851	Marketing and Student Recruiting	15,000	20,000	20,000	8,373	11,627	11,627
5857	Payroll Fees	26,400	26,400	26,400	19,927	6,474	6,474
5860	Printing and Reproduction	-	-	-	-	-	-
5861	Prior Yr Exp (not accrued)	-	18,219	18,219	57,254	(39,035)	(39,035)
5863	Professional Development	119,100	150,100	99,311	78,850	20,461	71,250
5864	Professional Development - Other	-	-	-	9	(9)	(9)

**MAGNOLIA PUBLIC SCHOOLS - MSA-1**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5869	Special Education Contract Instructors	100,000	75,000	75,000	63,714	11,286	11,286
5872	Special Education Encroachment	79,907	79,137	78,677	78,711	(34)	426
5884	Substitutes	54,280	30,000	30,000	23,085	6,915	6,915
5887	Technology Services	46,200	46,200	46,200	34,729	11,471	11,471
5898	Bad Debt Expense	-	2,484	2,484	2,484	-	(0)
5899	Miscellaneous Operating Expenses	-	-	0	0	-	(0)
5900	Communications	70,000	70,000	70,000	28,263	41,737	41,737
5915	Postage and Delivery	10,000	10,000	10,000	4,935	5,065	5,065
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>2,727,983</b>	<b>2,929,102</b>	<b>2,839,102</b>	<b>2,702,583</b>	<b>136,519</b>	<b>226,520</b>
<b>6000</b>	<b>Capital Outlay</b>						
6100	Sites & Improvement of Sites	60,000	-	-	-	-	-
6200	Buildings & Improvement of Buildings	-	500,000	500,000	-	500,000	500,000
6400	Equipment	40,000	40,000	40,000	-	40,000	40,000
<b>SUBTOTAL - Capital Outlay</b>		<b>100,000</b>	<b>540,000</b>	<b>540,000</b>	<b>-</b>	<b>540,000</b>	<b>540,000</b>
<b>TOTAL EXPENSES</b>		<b>6,729,072</b>	<b>7,877,283</b>	<b>7,866,245</b>	<b>7,010,168</b>	<b>856,077</b>	<b>867,115</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>181,768</b>	<b>146,166</b>	<b>146,166</b>	<b>146,154</b>	<b>(12)</b>	<b>12</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>6,810,840</b>	<b>7,483,449</b>	<b>7,472,411</b>	<b>7,156,322</b>	<b>316,065</b>	<b>327,127</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-2**

Budget vs. Actuals

UAR FY17

	<b>Budget</b>					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	4,518,778	4,295,058	4,231,885	4,239,354	7,469	(55,704)
Federal Revenue	344,735	522,541	430,075	457,771	27,697	(64,770)
Other State Revenues	355,213	544,067	535,679	542,459	6,780	(1,608)
Local Revenues	93,069	77,280	93,650	71,550	(22,100)	(5,730)
Fundraising and Grants	25,000	27,722	27,722	28,478	756	756
<b>Total Revenue</b>	<b>5,336,795</b>	<b>5,466,669</b>	<b>5,319,011</b>	<b>5,339,613</b>	<b>20,602</b>	<b>(127,056)</b>
<b>Expenses</b>						
Compensation and Benefits	2,987,228	3,102,722	3,136,754	3,076,319	60,435	26,403
Books and Supplies	259,858	451,104	467,984	503,594	(35,609)	(52,489)
Services and Other Operating Expenditures	1,903,069	1,848,804	1,876,668	1,935,348	(58,680)	(86,544)
Depreciation	34,000	53,602	53,602	56,349	(2,747)	(2,747)
<b>Total Expenses</b>	<b>5,184,155</b>	<b>5,456,233</b>	<b>5,535,009</b>	<b>5,571,609</b>	<b>(36,601)</b>	<b>(115,377)</b>
<b>Operating Income</b>	<b>152,640</b>	<b>10,436</b>	<b>(215,998)</b>	<b>(231,997)</b>	<b>(15,999)</b>	<b>(242,433)</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	1,210,746	1,210,746	1,210,746	1,210,746		
Audit Adjustment	-	-	(69,796)	(69,796)		
Beginning Balance (Audited)	1,210,746	1,210,746	1,140,950	1,140,950		
Operating Income (including Depreciation)	152,640	10,436	(215,998)	(231,997)		
<b>Ending Fund Balance</b>	<b>1,363,386</b>	<b>1,221,182</b>	<b>924,952</b>	<b>908,953</b>		
<b>Capital Outlay</b>	<b>20,000</b>	<b>14,982</b>	<b>14,982</b>	<b>-</b>		
Total ADA	<b>470.0</b>	<b>442.0</b>	<b>434.8</b>	<b>434.8</b>	0.0	(7.1)

**MAGNOLIA PUBLIC SCHOOLS - MSA-2**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	2,968,874	2,822,615	2,689,696	2,712,811	23,115	(109,804)
8012	Education Protection Account Entitlement	657,483	618,331	618,090	602,444	(15,646)	(15,887)
8019	State Aid - Prior Years	-	402	1,173	1,173	-	771
8096	Charter Schools in Lieu of Property Taxes	892,421	853,709	922,926	922,926	(0)	69,217
<b>SUBTOTAL - LCFF Entitlement</b>		<b>4,518,778</b>	<b>4,295,058</b>	<b>4,231,885</b>	<b>4,239,354</b>	<b>7,469</b>	<b>(55,704)</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	94,931	93,918	83,859	84,011	152	(9,907)
8182	Special Education Reimbursement	-	-	-	-	-	-
8220	Child Nutrition Programs	-	165,224	165,224	201,919	36,696	36,696
8290	No Child Left Behind	-	-	-	-	-	-
8291	Title I	143,672	155,425	157,858	158,621	763	3,196
8292	Title II	2,088	2,088	1,963	1,990	27	(98)
8296	Other Federal Revenue	102,847	102,847	18,131	8,208	(9,923)	(94,639)
8297	PY Federal - Not Accrued	-	-	-	(18)	(18)	(18)
8299	All Other Federal Revenue	-	3,040	3,040	3,040	-	-
<b>SUBTOTAL - Federal Income</b>		<b>344,735</b>	<b>522,541</b>	<b>430,075</b>	<b>457,771</b>	<b>27,697</b>	<b>(64,770)</b>
<b>8300 Other State Revenues</b>							
8319	Other State Apportionments - Prior Years	-	-	8,862	11,766	2,904	11,766
8381	Special Education - Entitlement (State)	267,404	258,371	244,867	244,858	(9)	(13,512)
8520	Child Nutrition - State	-	15,114	15,114	19,595	4,481	4,481
8550	Mandated Cost Reimbursements	11,676	112,050	109,651	109,651	-	(2,399)
8560	State Lottery Revenue	76,133	83,532	82,185	81,478	(707)	(2,055)
8590	All Other State Revenue	-	75,000	75,000	75,111	111	111
8596	ASES	-	-	-	-	-	-
<b>SUBTOTAL - Other State Income</b>		<b>355,213</b>	<b>544,067</b>	<b>535,679</b>	<b>542,459</b>	<b>6,780</b>	<b>(1,608)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-2**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8600</b>	<b>Other Local Revenue</b>						
8634	Food Service Sales	-	5,000	5,000	724	(4,276)	(4,276)
8682	Summer Program	13,600	30,210	30,210	30,210	-	-
8690	Other Local Revenue	20,881	20,881	20,881	3,057	(17,824)	(17,824)
8714	COP Option 3 Grants	12,238	21,189	37,559	37,559	-	16,370
<b>SUBTOTAL - Local Revenues</b>		<b>93,069</b>	<b>77,280</b>	<b>93,650</b>	<b>71,550</b>	<b>(22,100)</b>	<b>(5,730)</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8801	Donations - Parents	550	550	550	85	(465)	(465)
8802	Donations - Private	24,450	15,440	937	192	(746)	(15,249)
8803	Fundraising	-	11,732	26,235	28,201	1,966	16,469
<b>SUBTOTAL - Fundraising and Grants</b>		<b>25,000</b>	<b>27,722</b>	<b>27,722</b>	<b>28,478</b>	<b>756</b>	<b>756</b>
<b>TOTAL REVENUE</b>		<b>5,336,795</b>	<b>5,466,669</b>	<b>5,319,011</b>	<b>5,339,613</b>	<b>20,602</b>	<b>(127,056)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-2**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	1,636,384	1,633,872	1,666,696	1,638,524	28,172	(4,652)
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	311,892	358,258	358,258	327,700	30,558	<b>30,558</b>
<b>SUBTOTAL - Certificated Employees</b>		<b>1,948,276</b>	<b>1,992,130</b>	<b>2,024,954</b>	<b>1,966,224</b>	<b>58,730</b>	<b>25,907</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	187,500	200,732	200,732	192,892	7,839	7,839
<b>2900</b>	<b>Classified Other Salaries</b>	191,105	216,515	209,015	213,713	(4,698)	2,802
<b>SUBTOTAL - Classified Employees</b>		<b>378,605</b>	<b>417,246</b>	<b>409,746</b>	<b>406,605</b>	<b>3,141</b>	<b>10,641</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	242,200	246,398	250,527	250,437	91	(4,038)
<b>3200</b>	<b>PERS</b>	28,074	44,465	51,073	47,070	4,003	(2,605)
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	58,961	62,480	62,389	61,778	611	702
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	299,700	308,674	306,440	312,763	(6,322)	(4,089)
<b>3500</b>	<b>Unemployment Insurance</b>	1,163	4,199	4,210	4,105	105	94
<b>3600</b>	<b>Workers Comp Insurance</b>	30,249	27,130	27,415	27,338	77	(208)
<b>3700</b>	<b>Retiree Benefits</b>	-	-	-	-	-	-
<b>3800</b>	<b>PERS Reduction</b>	-	-	-	-	-	-
<b>3900</b>	<b>Other Employee Benefits</b>	-	-	-	-	-	-
<b>SUBTOTAL - Employee Benefits</b>		<b>660,347</b>	<b>693,346</b>	<b>702,054</b>	<b>703,490</b>	<b>(1,436)</b>	<b>(10,145)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-2**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	25,000	69,000	73,634	77,553	(3,918)	(8,553)
4200	Books & Other Reference Materials	10,000	6,000	6,411	6,411	-	(411)
4315	Custodial Supplies	6,000	6,000	2,000	1,461	539	4,539
4320	Educational Software	30,000	17,900	17,900	17,639	261	261
4325	Instructional Materials & Supplies	25,558	11,000	24,795	31,051	(6,257)	(20,051)
4326	Art & Music Supplies	1,500	-	1,852	1,852	-	(1,852)
4330	Office Supplies	27,200	29,000	20,574	19,520	1,053	9,480
4335	PE Supplies	-	-	-	196	(196)	(196)
4340	Professional Development Supplies	2,300	2,300	1,650	760	890	1,540
4345	Non Instructional Student Materials & Supplies	9,058	9,500	9,396	10,110	(714)	(610)
4346	Teacher Supplies	250	737	741	986	(245)	(249)
4400	Noncapitalized Equipment	30,000	15,848	19,826	19,826	-	(3,978)
4410	Classroom Furniture, Equipment & Supplies	15,000	10,079	10,593	10,593	-	(513)
4420	Computers (individual items less than \$5k)	-	2,100	2,317	3,002	(685)	(902)
4430	Non Classroom Related Furniture, Equipment & Sup	10,000	5,918	5,918	5,657	261	261
4700	Food	64,492	257,723	257,723	284,439	(26,716)	(26,716)
4720	Other Food	3,000	8,000	12,656	12,538	117	(4,538)
<b>SUBTOTAL - Books and Supplies</b>		<b>259,858</b>	<b>451,104</b>	<b>467,984</b>	<b>503,594</b>	<b>(35,609)</b>	<b>(52,489)</b>



## MAGNOLIA PUBLIC SCHOOLS - MSA-2

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5100	Subagreements for Services	-	-	-	-	-	-
5101	Shared Management Fee - CMO	972,192	918,273	918,273	918,866	(593)	(593)
5102	Direct CMO Fee (Shared Staff)	34,890	34,536	34,536	34,870	(334)	(334)
5200	Travel & Conferences	-	-	-	215	(215)	(215)
5210	Conference Fees	20,000	5,000	2,130	310	1,820	4,690
5215	Travel - Mileage, Parking, Tolls	5,000	2,500	2,500	4,721	(2,221)	(2,221)
5220	Travel and Lodging	5,000	3,000	2,370	2,370	-	630
5300	Dues & Memberships	6,000	6,000	4,555	3,735	820	2,265
5450	Insurance - Other	24,209	22,975	24,420	24,420	-	(1,445)
5500	Operations & Housekeeping	-	130,000	127,000	160,046	(33,046)	(30,046)
5605	Equipment Leases	12,000	10,000	13,000	13,309	(309)	(3,309)
5615	Repairs and Maintenance - Building	5,000	5,000	8,000	7,682	318	(2,682)
5803	Accounting Fees	8,345	15,000	8,000	10,973	(2,973)	4,027
5809	Banking Fees	1,000	1,000	1,000	372	628	628
5813	School Programs - After School Program	3,605	3,605	1,354	1,215	138	2,390
5814	School Programs - Academic Competitions	1,000	1,000	1,776	11,161	(9,385)	(10,161)
5819	School Programs - Other	13,000	13,000	13,869	17,188	(3,319)	(4,188)
5820	Consultants - Non Instructional	23,000	23,000	23,000	15,922	7,078	7,078
5822	Other Professional Services	67,234	89,000	60,000	58,152	1,848	30,848
5824	District Oversight Fees	45,188	42,951	42,319	42,382	(63)	569

**MAGNOLIA PUBLIC SCHOOLS - MSA-2**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5830	Field Trips Expenses	25,000	20,000	20,251	25,279	(5,027)	(5,279)
5843	Interest - Loans Less than 1 Year	-	58	67	67	-	(9)
5845	Legal Fees	30,000	40,000	41,676	41,676	-	(1,676)
5851	Marketing and Student Recruiting	24,000	24,000	24,000	24,664	(664)	(664)
5857	Payroll Fees	21,327	21,327	21,327	17,833	3,494	3,494
5861	Prior Yr Exp (not accrued)	-	27,403	30,586	29,104	1,482	(1,701)
5863	Professional Development	77,100	101,000	69,371	63,348	6,023	37,652
5869	Special Education Contract Instructors	80,000	105,000	128,942	134,498	(5,556)	(29,498)
5872	Special Education Encroachment	72,467	70,458	65,745	65,774	(29)	4,684
5884	Substitutes	45,000	35,000	111,137	128,423	(17,286)	(93,423)
5887	Technology Services	53,316	53,316	56,039	62,843	(6,804)	(9,527)
5899	Miscellaneous Operating Expenses	-	-	-	(0)	0	0
5900	Communications	30,000	20,000	11,675	6,139	5,536	13,861
5915	Postage and Delivery	5,402	5,402	7,751	7,790	(40)	(2,388)
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>1,903,069</b>	<b>1,848,804</b>	<b>1,876,668</b>	<b>1,935,348</b>	<b>(58,680)</b>	<b>(86,544)</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>34,000</b>	<b>53,602</b>	<b>53,602</b>	<b>56,349</b>	<b>2,747</b>	<b>(2,747)</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>5,184,155</b>	<b>5,456,233</b>	<b>5,535,009</b>	<b>5,571,609</b>	<b>(31,107)</b>	<b>(115,377)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-3**

Budget vs. Actuals

UAR FY17

	<b>Budget</b>					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	4,245,387	4,352,807	4,249,844	4,255,160	5,316	(97,647)
Federal Revenue	574,033	493,745	493,878	473,427	(20,451)	(20,318)
Other State Revenues	694,406	879,335	683,539	683,465	(74)	(195,870)
Local Revenues	24,785	40,114	47,056	47,090	34	6,976
Fundraising and Grants	19,018	19,018	19,046	16,594	(2,452)	(2,424)
<b>Total Revenue</b>	<b>5,557,629</b>	<b>5,785,019</b>	<b>5,493,363</b>	<b>5,475,736</b>	<b>(17,627)</b>	<b>(309,284)</b>
<b>Expenses</b>						
Compensation and Benefits	2,812,109	3,370,541	3,344,372	3,288,967	55,405	81,574
Books and Supplies	454,542	401,887	429,020	420,743	8,277	(18,855)
Services and Other Operating Expenditures	1,935,913	2,087,914	2,025,279	2,100,195	(74,916)	(12,281)
Depreciation	12,000	19,096	19,096	19,096	0	0
<b>Total Expenses</b>	<b>5,214,564</b>	<b>5,879,439</b>	<b>5,817,767</b>	<b>5,829,001</b>	<b>(11,234)</b>	<b>50,438</b>
<b>Operating Income</b>	<b>343,065</b>	<b>(94,419)</b>	<b>(324,404)</b>	<b>(353,265)</b>	<b>(28,861)</b>	<b>(258,846)</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	976,777	976,777	976,777	976,777		
Audit Adjustment	-	-	(1,355)	(1,355)		
Beginning Balance (Audited)	976,777	976,777	975,422	975,422		
Operating Income (including Depreciation)	343,065	(94,419)	(324,404)	(353,265)		
<b>Ending Fund Balance</b>	<b>1,319,842</b>	<b>882,358</b>	<b>651,018</b>	<b>622,157</b>		
<b>Capital Outlay</b>	<b>70,000</b>	<b>70,000</b>	<b>-</b>	<b>-</b>		
Total ADA	<b>434.3</b>	<b>443.9</b>	<b>433.4</b>	<b>433.4</b>	-	(10.5)

**MAGNOLIA PUBLIC SCHOOLS - MSA-3**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	2,817,402	2,891,605	2,725,425	2,737,760	12,335	(153,845)
8012	Education Protection Account Entitlement	603,366	603,366	603,366	596,347	(7,019)	(7,019)
8019	State Aid - Prior Years	-	399	1,162	1,162	-	763
8096	Charter Schools in Lieu of Property Taxes	824,619	857,437	919,891	919,891	(0)	62,454
<b>SUBTOTAL - LCFF Entitlement</b>		<b>4,245,387</b>	<b>4,352,807</b>	<b>4,249,844</b>	<b>4,255,160</b>	<b>5,316</b>	<b>(97,647)</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	87,719	86,783	83,583	83,735	152	(3,048)
8182	Special Education Reimbursement	-	-	-	-	-	-
8220	Child Nutrition Programs	299,549	210,236	210,236	219,004	8,769	8,769
8290	No Child Left Behind	-	-	-	-	-	-
8291	Title I	149,718	155,755	159,360	158,324	(1,036)	2,569
8292	Title II	6,110	6,110	1,845	1,871	26	(4,239)
8293	Title III	437	-	-	-	-	-
8294	Title IV	-	-	-	-	-	-
8295	Title V	-	-	-	-	-	-
8296	Other Federal Revenue	30,500	30,500	34,448	6,104	(28,344)	(24,396)
8297	PY Federal - Not Accrued	-	258	302	284	(18)	26
8298	Implementation Grant	-	-	-	-	-	-
8299	All Other Federal Revenue	-	4,104	4,104	4,104	-	-
<b>SUBTOTAL - Federal Income</b>		<b>574,033</b>	<b>493,745</b>	<b>493,878</b>	<b>473,427</b>	<b>(20,451)</b>	<b>(20,318)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-3**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8300</b>	<b>Other State Revenues</b>						
8311	Other State Apportionments - Current Year	-	-	-	-	-	-
8319	Other State Apportionments - Prior Years	-	6,765	8,634	11,411	2,777	4,646
8380	Special Ed	-	-	-	-	-	-
8381	Special Education - Entitlement (State)	247,088	247,058	244,062	244,053	(9)	(3,004)
8382	Special Education Reimbursement (State)	-	-	-	-	-	-
8520	Child Nutrition - State	25,955	18,925	18,925	17,317	(1,608)	(1,608)
8545	School Facilities Apportionments	190,316	190,316	-	-	-	(190,316)
8550	Mandated Cost Reimbursements	10,698	107,374	105,004	105,004	-	(2,370)
8560	State Lottery Revenue	70,349	83,897	81,914	80,569	(1,346)	(3,328)
8590	All Other State Revenue	-	75,000	75,000	75,111	111	111
8596	ASES	150,000	150,000	150,000	150,000	-	-
	<b>SUBTOTAL - Other State Income</b>	<b>694,406</b>	<b>879,335</b>	<b>683,539</b>	<b>683,465</b>	<b>(74)</b>	<b>(195,870)</b>
<b>8600</b>	<b>Other Local Revenue</b>						
8634	Food Service Sales	500	500	1,960	2,021	61	1,521
8660	Interest	-	-	-	-	-	-
8682	Summer Program	10,200	27,931	27,931	27,931	-	-
8690	Other Local Revenue	5,000	5,000	3,379	3,269	(110)	(1,731)
8693	Field Trips	-	-	-	-	-	-
8699	All Other Local Revenue	-	-	1,621	1,704	83	1,704
8714	COP Option 3 Grants	9,085	6,683	12,164	12,164	(0)	5,481
	<b>SUBTOTAL - Local Revenues</b>	<b>24,785</b>	<b>40,114</b>	<b>47,056</b>	<b>47,090</b>	<b>34</b>	<b>6,976</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8801	Donations - Parents	14,518	1,900	1,900	-	(1,900)	(1,900)
8802	Donations - Private	4,500	4,500	494	-	(494)	(4,500)
8803	Fundraising	-	12,618	16,652	16,594	(58)	3,976
	<b>SUBTOTAL - Fundraising and Grants</b>	<b>19,018</b>	<b>19,018</b>	<b>19,046</b>	<b>16,594</b>	<b>(2,452)</b>	<b>(2,424)</b>
<b>TOTAL REVENUE</b>		<b>5,557,629</b>	<b>5,785,019</b>	<b>5,493,363</b>	<b>5,475,736</b>	<b>(17,627)</b>	<b>(309,284)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-3**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
1000	<b>Certificated Salaries</b>						
1100	Teachers Salaries	1,539,857	1,695,620	1,656,318	1,680,873	(24,555)	14,747
1300	Certificated Supervisor & Administrator Salaries	250,512	454,829	478,788	428,147	50,642	26,682
<b>SUBTOTAL - Certificated Employees</b>		<b>1,790,369</b>	<b>2,150,449</b>	<b>2,135,106</b>	<b>2,109,020</b>	<b>26,087</b>	<b>41,429</b>
<b>Certificated Employees Summary</b>							
<b>Classified Employees Summary</b>							
2400	<b>Classified Clerical &amp; Office Salaries</b>	107,832	214,146	214,146	221,923	(7,776)	(7,776)
2900	<b>Classified Other Salaries</b>	262,278	229,912	229,053	235,753	(6,700)	(5,841)
<b>SUBTOTAL - Classified Employees</b>		<b>370,110</b>	<b>444,058</b>	<b>443,199</b>	<b>457,676</b>	<b>(14,477)</b>	<b>(13,618)</b>
3000	<b>Employee Benefits</b>						
<b>Employee Benefits Summary</b>							
3100	<b>STRS</b>	221,454	267,028	263,200	260,531	2,669	6,497
3200	<b>PERS</b>	36,897	60,105	58,869	48,593	10,276	11,512
3300	<b>OASDI-Medicare-Alternative</b>	60,337	67,727	67,241	69,006	(1,765)	(1,279)
3400	<b>Health &amp; Welfare Benefits</b>	303,750	347,668	343,443	311,980	31,463	35,688
3500	<b>Unemployment Insurance</b>	1,106	4,291	4,281	4,301	(20)	(10)
3600	<b>Workers Comp Insurance</b>	28,085	29,214	29,032	27,860	1,172	1,354
<b>SUBTOTAL - Employee Benefits</b>		<b>651,630</b>	<b>776,034</b>	<b>766,066</b>	<b>722,272</b>	<b>43,795</b>	<b>53,762</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-3**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	10,000	20,000	20,867	20,867	-	(867)
4200	Books & Other Reference Materials	15,000	5,000	654	654	-	4,346
4315	Custodial Supplies	77	77	-	-	-	77
4320	Educational Software	16,000	16,000	16,000	15,747	253	253
4325	Instructional Materials & Supplies	25,000	25,000	45,607	50,342	(4,735)	(25,342)
4326	Art & Music Supplies	-	-	-	-	-	-
4330	Office Supplies	20,200	20,200	16,200	15,664	536	4,536
4345	Non Instructional Student Materials & Supplies	10,000	10,000	12,920	12,920	-	(2,920)
4346	Teacher Supplies	-	-	-	-	-	-
4350	Uniforms	5,000	5,000	6,500	6,582	(82)	(1,582)
4410	Classroom Furniture, Equipment & Supplies	-	5,000	6,642	13,465	(6,823)	(8,465)
4420	Computers (individual items less than \$5k)	11,500	11,500	20,658	20,658	-	(9,158)
4430	Non Classroom Related Furniture, Equipment & Sup	10,000	10,000	8,971	7,247	1,724	2,753
4700	Food	329,264	264,110	265,790	248,313	17,476	15,797
4710	Student Food Services	-	-	-	-	-	-
4720	Other Food	2,500	10,000	8,212	8,285	(73)	1,715
	<b>SUBTOTAL - Books and Supplies</b>	<b>454,542</b>	<b>401,887</b>	<b>429,020</b>	<b>420,743</b>	<b>8,277</b>	<b>(18,855)</b>
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5100	Subagreements for Services	-	-	-	-	-	-
5101	Shared Management Fee - CMO	881,049	918,273	918,273	918,866	(593)	(593)
5102	Direct CMO Fee (Shared Staff)	33,176	35,271	35,271	35,613	(342)	(342)
5200	Travel & Conferences	-	-	-	-	-	-
5210	Conference Fees	10,000	10,000	5,354	5,354	-	4,646
5215	Travel - Mileage, Parking, Tolls	10,000	10,000	3,112	258	2,854	9,742
5220	Travel and Lodging	505	505	1,394	1,394	0	(888)
5300	Dues & Memberships	10,000	10,000	9,946	4,197	5,749	5,803
5450	Insurance - Other	22,516	22,813	22,813	22,812	1	1
5500	Operations & Housekeeping	5,000	5,000	3,991	2,044	1,947	2,956
5605	Equipment Leases	15,600	15,600	21,712	21,835	(123)	(6,235)
5610	Rent	253,755	210,000	222,267	270,887	(48,621)	(60,887)
5615	Repairs and Maintenance - Building	10,500	10,500	10,500	7,980	2,520	2,520
5617	Repairs and Maintenance - Other Equipment	1,500	1,500	1,500	390	1,110	1,110
5803	Accounting Fees	5,000	10,000	10,000	10,937	(937)	(937)
5809	Banking Fees	500	500	500	404	96	96
5813	School Programs - After School Program	150,000	150,000	150,000	150,000	-	-

**MAGNOLIA PUBLIC SCHOOLS - MSA-3**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5814	School Programs - Academic Competitions	500	500	1,057	1,057	-	(557)
5819	School Programs - Other	-	-	17,073	14,201	2,872	(14,201)
5820	Consultants - Non Instructional	12,000	12,000	8,992	11,624	(2,633)	376
5821	Consultants - Non Instructional - Custom 2	-	-	-	-	-	-
5822	Other Professional Services	75,944	114,944	99,590	95,419	4,171	19,524
5824	District Oversight Fees	42,454	43,528	42,498	42,540	(42)	988
5830	Field Trips Expenses	20,000	25,000	25,000	20,401	4,600	4,600
5833	Fines and Penalties	100	100	572	787	(215)	(687)
5845	Legal Fees	20,000	50,000	27,043	27,043	-	22,957
5851	Marketing and Student Recruiting	30,000	15,000	15,000	14,011	989	989
5857	Payroll Fees	24,000	24,000	22,903	18,739	4,164	5,261
5860	Printing and Reproduction	-	-	-	-	-	-
5861	Prior Yr Exp (not accrued)	-	13,258	18,450	18,450	-	(5,192)
5863	Professional Development	42,100	93,100	44,635	51,530	(6,895)	41,570
5869	Special Education Contract Instructors	51,500	58,500	58,500	64,029	(5,529)	(5,529)
5872	Special Education Encroachment	66,961	66,768	65,529	65,558	(29)	1,210
5874	Sports	-	-	-	-	-	-
5875	Staff Recruiting	54	54	54	18	36	36
5884	Substitutes	55,000	75,000	85,000	123,983	(38,983)	(48,983)
5885	Tutor	-	-	-	-	-	-
5887	Technology Services	49,700	49,700	52,158	54,873	(2,715)	(5,173)
5899	Miscellaneous Operating Expenses	-	-	0	72	(72)	(72)
5900	Communications	30,000	30,000	18,092	17,731	361	12,269
5905	Communications - Cell Phones	-	-	-	-	-	-
5910	Communications - Internet / Website Fees	-	-	-	-	-	-
5915	Postage and Delivery	6,500	6,500	6,500	5,156	1,344	1,344
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>1,935,913</b>	<b>2,087,914</b>	<b>2,025,279</b>	<b>2,100,195</b>	<b>(74,916)</b>	<b>(12,281)</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>12,000</b>	<b>19,096</b>	<b>19,096</b>	<b>19,096</b>	<b>(0)</b>	<b>0</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>5,214,564</b>	<b>5,879,439</b>	<b>5,817,767</b>	<b>5,829,001</b>	<b>(11,234)</b>	<b>50,438</b>



**MAGNOLIA PUBLIC SCHOOLS - MSA-4**

Budget vs. Actuals

UAR FY17

	<b>Budget</b>					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	1,772,032	1,818,445	1,825,155	1,828,007	2,852	9,562
Federal Revenue	252,308	247,687	250,670	213,233	(37,437)	(34,454)
Other State Revenues	141,453	267,852	266,779	268,292	1,513	440
Local Revenues	20,867	22,430	28,503	28,502	(1)	6,071
Fundraising and Grants	10,000	12,374	22,206	23,203	998	10,830
<b>Total Revenue</b>	<b>2,196,660</b>	<b>2,368,788</b>	<b>2,393,313</b>	<b>2,361,237</b>	<b>(32,076)</b>	<b>(7,551)</b>
<b>Expenses</b>						
Compensation and Benefits	1,172,519	1,295,516	1,250,746	1,183,252	67,495	112,264
Books and Supplies	158,736	132,807	120,875	117,077	3,798	15,729
Services and Other Operating Expenditures	667,206	701,330	747,989	672,224	75,765	29,106
Depreciation	9,221	15,656	15,656	15,656	(0)	(0)
<b>Total Expenses</b>	<b>2,007,682</b>	<b>2,145,309</b>	<b>2,135,266</b>	<b>1,988,209</b>	<b>147,057</b>	<b>157,099</b>
<b>Operating Income</b>	<b>188,978</b>	<b>223,480</b>	<b>258,047</b>	<b>373,028</b>	<b>114,981</b>	<b>149,548</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	567,722	567,722	763,641	763,641		
Audit Adjustment	-	-	(101,149)	(101,149)		
Beginning Balance (Audited)	567,722	567,722	662,491	662,491		
Operating Income (including Depreciation)	188,978	223,480	258,047	373,028		
<b>Ending Fund Balance</b>	<b>756,700</b>	<b>791,202</b>	<b>920,538</b>	<b>1,035,519</b>		
<b>Capital Outlay</b>	-	-	-	-		
Total ADA	180.5	186.2	186.5	186.5	-	0.3

**MAGNOLIA PUBLIC SCHOOLS - MSA-4**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	1,168,273	1,189,233	1,154,651	1,164,444	9,793	(24,789)
8012	Education Protection Account Entitlement	261,084	269,461	274,206	267,265	(6,941)	(2,196)
8019	State Aid - Prior Years	-	-	376	376	-	376
8096	Charter Schools in Lieu of Property Taxes	342,675	359,751	395,922	395,922	0	36,171
<b>SUBTOTAL - LCFF Entitlement</b>		<b>1,772,032</b>	<b>1,818,445</b>	<b>1,825,155</b>	<b>1,828,007</b>	<b>2,852</b>	<b>9,562</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	36,925	36,063	35,974	36,040	65	(23)
8182	Special Education Reimbursement	-	-	-	-	-	-
8220	Child Nutrition Programs	25,038	21,841	22,229	35,469	13,240	13,628
8290	No Child Left Behind	-	-	-	-	-	-
8291	Title I	59,536	58,233	59,695	59,194	(501)	961
8292	Title II	2,380	2,380	722	732	10	(1,648)
8293	Title III	323	-	-	-	-	-
8294	Title IV	-	-	-	-	-	-
8295	Title V	-	-	-	-	-	-
8296	Other Federal Revenue	128,106	128,106	130,986	80,747	(50,238)	(47,359)
8297	PY Federal - Not Accrued	-	-	-	(13)	(13)	(13)
8298	Implementation Grant	-	-	-	-	-	-
8299	All Other Federal Revenue	-	1,064	1,064	1,064	-	-
<b>SUBTOTAL - Federal Income</b>		<b>252,308</b>	<b>247,687</b>	<b>250,670</b>	<b>213,233</b>	<b>(37,437)</b>	<b>(34,454)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-4**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8300</b>	<b>Other State Revenues</b>						
8311	Other State Apportionments - Current Year	-	-	-	-	-	-
8319	Other State Apportionments - Prior Years	-	10,440	5,805	6,929	1,124	(3,511)
8380	Special Ed	-	-	-	-	-	-
8381	Special Education - Entitlement (State)	104,034	99,993	105,044	105,041	(4)	5,047
8382	Special Education Reimbursement (State)	-	-	-	-	-	-
8520	Child Nutrition - State	2,522	2,031	2,031	2,433	403	403
8545	School Facilities Apportionments	-	-	-	-	-	-
8550	Mandated Cost Reimbursements	5,663	45,188	43,643	43,643	-	(1,545)
8560	State Lottery Revenue	29,234	35,200	35,256	35,199	(57)	(1)
8590	All Other State Revenue	-	75,000	75,000	75,046	46	46
8596	ASES	-	-	-	-	-	-
	<b>SUBTOTAL - Other State Income</b>	<b>141,453</b>	<b>267,852</b>	<b>266,779</b>	<b>268,292</b>	<b>1,513</b>	<b>440</b>
<b>8600</b>	<b>Other Local Revenue</b>						
8634	Food Service Sales	167	554	1,013	1,013	-	460
8660	Interest	-	-	-	-	-	-
8682	Summer Program	10,200	16,360	16,360	16,360	-	-
8699	All Other Local Revenue	500	500	500	499	(1)	(1)
8714	COP Option 3 Grants	10,000	5,017	10,630	10,630	-	5,613
	<b>SUBTOTAL - Local Revenues</b>	<b>20,867</b>	<b>22,430</b>	<b>28,503</b>	<b>28,502</b>	<b>(1)</b>	<b>6,071</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8801	Donations - Parents	-	-	-	-	-	-
8802	Donations - Private	10,000	-	-	-	-	-
8803	Fundraising	-	12,374	22,206	23,203	998	10,830
	<b>SUBTOTAL - Fundraising and Grants</b>	<b>10,000</b>	<b>12,374</b>	<b>22,206</b>	<b>23,203</b>	<b>998</b>	<b>10,830</b>
<b>TOTAL REVENUE</b>		<b>2,196,660</b>	<b>2,368,788</b>	<b>2,393,313</b>	<b>2,361,237</b>	<b>(32,076)</b>	<b>(7,551)</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-4**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	566,257	675,264	651,952	612,560	39,392	62,704
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	290,961	255,957	255,957	242,651	13,306	13,306
<b>SUBTOTAL - Certificated Employees</b>		<b>857,218</b>	<b>931,221</b>	<b>907,908</b>	<b>855,210</b>	<b>52,698</b>	<b>76,010</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	47,609	58,307	58,307	52,401	5,906	5,906
<b>2900</b>	<b>Classified Other Salaries</b>	12,000	35,053	20,053	19,469	584	15,584
<b>SUBTOTAL - Classified Employees</b>		<b>59,609</b>	<b>93,360</b>	<b>78,360</b>	<b>71,870</b>	<b>6,490</b>	<b>21,490</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	107,838	115,984	112,957	106,565	6,391	9,419
<b>3200</b>	<b>PERS</b>	5,328	5,200	5,757	5,644	112	(445)
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	17,111	20,679	19,168	21,925	(2,757)	(1,247)
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	114,413	114,026	112,001	110,963	1,038	3,063
<b>3500</b>	<b>Unemployment Insurance</b>	458	3,510	3,490	561	2,928	2,948
<b>3600</b>	<b>Workers Comp Insurance</b>	10,544	11,537	11,105	10,512	593	1,025
<b>SUBTOTAL - Employee Benefits</b>		<b>255,692</b>	<b>270,935</b>	<b>264,478</b>	<b>256,171</b>	<b>8,307</b>	<b>14,763</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-4**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	23,220	23,220	13,220	12,819	401	10,401
4200	Books & Other Reference Materials	-	-	-	-	-	-
4315	Custodial Supplies	-	-	-	-	-	-
4320	Educational Software	5,000	5,000	5,000	4,449	551	551
4325	Instructional Materials & Supplies	15,000	15,000	14,372	15,722	(1,350)	(722)
4326	Art & Music Supplies	-	-	-	-	-	-
4330	Office Supplies	8,200	12,000	16,766	14,421	2,345	(2,421)
4335	PE Supplies	-	-	-	-	-	-
4340	Professional Development Supplies	-	-	-	200	(200)	(200)
4345	Non Instructional Student Materials & Supplies	35,000	9,000	4,862	2,977	1,884	6,023
4346	Teacher Supplies	-	-	-	316	(316)	(316)
4350	Uniforms	-	-	-	-	-	-
4351	Yearbook	-	-	-	1,516	(1,516)	(1,516)
4400	Noncapitalized Equipment	1,000	1,000	1,000	1,001	(1)	(1)
4410	Classroom Furniture, Equipment & Supplies	8,000	5,000	3,324	1,465	1,859	3,535
4420	Computers (individual items less than \$5k)	29,500	10,000	11,676	12,481	(805)	(2,481)
4430	Non Classroom Related Furniture, Equipment & Sup	-	-	-	245	(245)	(245)
4700	Food	30,316	45,587	45,655	46,197	(542)	(610)
4710	Student Food Services	-	-	-	-	-	-
4720	Other Food	3,500	7,000	5,000	3,267	1,733	3,733
	<b>SUBTOTAL - Books and Supplies</b>	<b>158,736</b>	<b>132,807</b>	<b>120,875</b>	<b>117,077</b>	<b>3,798</b>	<b>15,729</b>
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5100	Subagreements for Services	-	-	-	-	-	-
5101	Shared Management Fee - CMO	72,914	75,995	75,995	76,044	(49)	(49)
5102	Direct CMO Fee (Shared Staff)	13,260	14,807	14,807	14,951	(143)	(143)
5200	Travel & Conferences	4,000	4,000	3,461	1,028	2,432	2,972
5210	Conference Fees	5,000	5,000	5,000	100	4,900	4,900
5215	Travel - Mileage, Parking, Tolls	-	-	79	1,211	(1,131)	(1,211)
5300	Dues & Memberships	3,400	3,400	4,374	4,403	(29)	(1,003)
5450	Insurance - Other	14,446	11,056	11,056	11,054	2	2
5500	Operations & Housekeeping	-	484	484	2,073	(1,589)	(1,589)
5605	Equipment Leases	6,000	8,000	13,149	14,924	(1,774)	(6,924)
5610	Rent	150,215	103,831	103,831	103,831	(0)	(0)
5611	Prop 39 Related Costs	-	-	-	-	-	-
5615	Repairs and Maintenance - Building	1,000	1,000	1,000	752	248	248

**MAGNOLIA PUBLIC SCHOOLS - MSA-4**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5803	Accounting Fees	4,406	8,000	8,000	4,707	3,293	3,293
5809	Banking Fees	515	515	515	389	126	126
5813	School Programs - After School Program	-	-	2,000	1,667	333	(1,667)
5814	School Programs - Academic Competitions	-	1,000	2,500	2,207	293	(1,207)
5819	School Programs - Other	-	-	4,355	8,347	(3,992)	(8,347)
5820	Consultants - Non Instructional	2,493	9,516	9,516	8,504	1,012	1,012
5821	Consultants - Non Instructional - Custom 2	-	-	-	-	-	-
5822	Other Professional Services	54,844	64,000	48,745	21,439	27,306	42,561
5824	District Oversight Fees	17,720	18,184	18,252	18,276	(25)	(92)
5830	Field Trips Expenses	20,000	20,000	12,188	9,085	3,102	10,915
5833	Fines and Penalties	-	29	29	29	-	-
5845	Legal Fees	5,000	15,000	15,000	6,878	8,123	8,123
5851	Marketing and Student Recruiting	7,000	20,000	15,642	15,642	-	4,358
5857	Payroll Fees	3,000	9,600	9,991	11,500	(1,509)	(1,900)
5860	Printing and Reproduction	-	-	-	-	-	-
5861	Prior Yr Exp (not accrued)	-	488	-	(1,781)	1,781	2,269
5863	Professional Development	29,000	54,000	53,378	8,963	44,415	45,037
5869	Special Education Contract Instructors	50,000	50,000	87,000	93,504	(6,504)	(43,504)
5872	Special Education Encroachment	28,192	28,192	28,204	28,216	(12)	(24)
5884	Substitutes	25,200	25,200	50,700	64,555	(13,855)	(39,355)
5885	Tutor	-	-	-	-	-	-
5887	Technology Services	57,000	57,000	57,000	39,984	17,016	17,016
5893	Transportation - Student	65,000	67,000	67,000	71,727	(4,727)	(4,727)
5898	Bad Debt Expense	-	32	32	32	-	-
5899	Miscellaneous Operating Expenses	-	-	707	85	622	(85)
5900	Communications	24,000	24,000	22,000	25,770	(3,770)	(1,770)
5915	Postage and Delivery	3,600	2,000	2,000	2,130	(130)	(130)
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>667,206</b>	<b>701,330</b>	<b>747,989</b>	<b>672,224</b>	<b>75,765</b>	<b>29,106</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>9,221</b>	<b>15,656</b>	<b>15,656</b>	<b>15,656</b>	<b>0</b>	<b>(0)</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>2,007,682</b>	<b>2,145,309</b>	<b>2,135,266</b>	<b>1,988,209</b>	<b>147,057</b>	<b>157,099</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-5**

Budget vs. Actuals  
UAR FY17

	<b>Budget</b>					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	1,539,136	1,660,532	1,650,101	1,652,001	1,900	(8,531)
Federal Revenue	176,079	164,096	224,838	213,304	(11,534)	49,208
Other State Revenues	150,386	177,416	195,813	196,036	222	18,619
Local Revenues	11,120	178,813	177,925	174,074	(3,851)	(4,740)
Fundraising and Grants	500	500	986	1,721	735	1,221
<b>Total Revenue</b>	<b>1,877,220</b>	<b>2,181,357</b>	<b>2,249,663</b>	<b>2,237,135</b>	<b>(12,528)</b>	<b>55,778</b>
<b>Expenses</b>						
Compensation and Benefits	1,064,348	1,218,813	1,159,632	1,140,838	18,794	77,974
Books and Supplies	185,900	171,607	250,882	189,625	61,258	(18,018)
Services and Other Operating Expenditures	594,065	655,357	699,244	595,692	103,552	59,665
Depreciation	17,201	4,774	4,774	7,177	(2,403)	(2,403)
<b>Total Expenses</b>	<b>1,861,515</b>	<b>2,050,550</b>	<b>2,114,533</b>	<b>1,933,332</b>	<b>181,201</b>	<b>117,218</b>
<b>Operating Income</b>	<b>15,706</b>	<b>130,807</b>	<b>135,130</b>	<b>303,803</b>	<b>168,673</b>	<b>172,996</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	951,134	951,134	1,144,335	1,144,335		
Audit Adjustment	-	-	(66,819)	(66,819)		
Beginning Balance (Audited)	951,134	951,134	1,077,516	1,077,516		
Operating Income (including Depreciation)	15,706	130,807	135,130	303,803		
<b>Ending Fund Balance</b>	<b>966,840</b>	<b>1,081,941</b>	<b>1,212,647</b>	<b>1,381,319</b>		
<b>Capital Outlay</b>	<b>-</b>	<b>27,793</b>	<b>27,793</b>	<b>-</b>		
Total ADA	168.9	177.7	176.3	176.3	-	(1.4)

**MAGNOLIA PUBLIC SCHOOLS - MSA-5**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	988,758	1,071,078	1,027,457	1,035,747	8,290	(35,331)
8012	Education Protection Account Entitlement	238,000	246,306	248,317	241,990	(6,327)	(4,316)
8019	State Aid - Prior Years	-	-	182	182	-	182
8096	Charter Schools in Lieu of Property Taxes	312,377	343,149	374,145	374,082	(63)	30,933
<b>SUBTOTAL - LCFF Entitlement</b>		<b>1,539,136</b>	<b>1,660,532</b>	<b>1,650,101</b>	<b>1,652,001</b>	<b>1,900</b>	<b>(8,531)</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	33,660	28,542	33,996	34,052	56	5,510
8182	Special Education Reimbursement	-	-	-	-	-	-
8220	Child Nutrition Programs	-	-	-	-	-	-
8290	No Child Left Behind	-	-	-	-	-	-
8291	Title I	37,421	81,991	84,051	100,055	16,004	18,064
8292	Title II	2,193	2,193	658	799	141	(1,394)
8293	Title III	779	-	-	-	-	-
8294	Title IV	-	-	-	-	-	-
8295	Title V	-	-	-	-	-	-
8296	Other Federal Revenue	102,026	102,026	104,506	76,777	(27,729)	(25,249)
8297	PY Federal - Not Accrued	-	(50,656)	1,627	1,621	(6)	52,277
8298	Implementation Grant	-	-	-	-	-	-
8299	All Other Federal Revenue	-	-	-	-	-	-
<b>SUBTOTAL - Federal Income</b>		<b>176,079</b>	<b>164,096</b>	<b>224,838</b>	<b>213,304</b>	<b>(11,534)</b>	<b>49,208</b>



**MAGNOLIA PUBLIC SCHOOLS - MSA-5**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8300</b>	<b>Other State Revenues</b>						
8311	Other State Apportionments - Current Year	-	-	-	-	-	-
8319	Other State Apportionments - Prior Years	-	4,395	4,395	3,985	(410)	(410)
8380	Special Ed	-	-	-	-	-	-
8381	Special Education - Entitlement (State)	94,836	80,611	99,267	99,246	(20)	18,636
8382	Special Education Reimbursement (State)	-	-	-	-	-	-
8520	Child Nutrition - State	-	-	-	-	-	-
8545	School Facilities Apportionments	-	-	-	-	-	-
8550	Mandated Cost Reimbursements	2,813	32,747	32,747	32,747	-	0
8560	State Lottery Revenue	26,649	33,576	33,317	33,012	(305)	(564)
8590	All Other State Revenue	-	-	-	45	45	45
8596	ASES	26,088	26,088	26,088	27,000	912	912
<b>SUBTOTAL - Other State Income</b>		<b>150,386</b>	<b>177,416</b>	<b>195,813</b>	<b>196,036</b>	<b>222</b>	<b>18,619</b>
<b>8600</b>	<b>Other Local Revenue</b>						
8634	Food Service Sales	-	-	-	-	-	-
8636	Uniforms	1,030	1,030	-	-	-	(1,030)
8690	Other Local Revenue	3,090	11,027	12,789	12,789	-	1,762
8714	COP Option 3 Grants	7,000	166,756	165,135	161,284	(3,851)	(5,472)
<b>SUBTOTAL - Local Revenues</b>		<b>11,120</b>	<b>178,813</b>	<b>177,925</b>	<b>174,074</b>	<b>(3,851)</b>	<b>(4,740)</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8802	Donations - Private	-	-	150	150	-	150
8803	Fundraising	500	500	836	1,571	735	1,071
<b>SUBTOTAL - Fundraising and Grants</b>		<b>500</b>	<b>500</b>	<b>986</b>	<b>1,721</b>	<b>735</b>	<b>1,221</b>
<b>TOTAL REVENUE</b>		<b>1,877,220</b>	<b>2,181,357</b>	<b>2,249,663</b>	<b>2,237,135</b>	<b>(12,528)</b>	<b>55,778</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-5**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	545,921	660,552	630,552	631,340	(788)	29,212
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	159,738	180,746	180,746	169,584	11,163	11,163
<b>SUBTOTAL - Certificated Employees</b>		<b>705,659</b>	<b>841,298</b>	<b>811,298</b>	<b>800,924</b>	<b>10,374</b>	<b>40,374</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	49,725	51,242	57,750	56,252	1,498	(5,011)
<b>2900</b>	<b>Classified Other Salaries</b>	53,750	54,450	31,263	25,508	5,755	28,942
<b>SUBTOTAL - Classified Employees</b>		<b>103,475</b>	<b>105,692</b>	<b>89,013</b>	<b>81,760</b>	<b>7,253</b>	<b>23,932</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	88,017	102,879	99,105	98,875	230	4,004
<b>3200</b>	<b>PERS</b>	8,226	8,534	10,175	10,417	(242)	(1,883)
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	18,648	20,062	18,345	18,283	61	1,779
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	130,613	126,213	118,113	121,620	(3,507)	4,593
<b>3500</b>	<b>Unemployment Insurance</b>	405	3,471	3,447	563	2,884	2,908
<b>3600</b>	<b>Workers Comp Insurance</b>	9,305	10,663	10,137	8,397	1,741	2,267
<b>SUBTOTAL - Employee Benefits</b>		<b>255,214</b>	<b>271,823</b>	<b>259,322</b>	<b>258,155</b>	<b>1,167</b>	<b>13,668</b>

**MAGNOLIA PUBLIC SCHOOLS - MSA-5**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	45,000	22,000	22,000	21,402	598	598
4200	Books & Other Reference Materials	7,500	5,500	4,163	619	3,544	4,881
4315	Custodial Supplies	1,000	1,000	1,086	1,086	-	(86)
4320	Educational Software	10,000	15,000	15,000	12,008	2,992	2,992
4325	Instructional Materials & Supplies	23,000	8,646	9,982	17,661	(7,679)	(9,016)
4326	Art & Music Supplies	-	-	-	-	-	-
4330	Office Supplies	9,700	8,800	8,714	7,686	1,028	1,114
4335	PE Supplies	-	-	-	-	-	-
4340	Professional Development Supplies	-	-	-	99	(99)	(99)
4345	Non Instructional Student Materials & Supplies	7,500	5,000	4,815	2,332	2,483	2,668
4346	Teacher Supplies	-	-	-	-	-	-
4350	Uniforms	200	2,000	2,000	2,598	(598)	(598)
4351	Yearbook	-	-	-	1,486	(1,486)	(1,486)
4400	Noncapitalized Equipment	10,000	20,455	43,368	14,357	29,011	6,097
4410	Classroom Furniture, Equipment & Supplies	-	-	2,669	2,669	-	(2,669)
4420	Computers (individual items less than \$5k)	51,000	32,207	32,773	37,623	(4,850)	(5,416)
4430	Non Classroom Related Furniture, Equipment & Supp	-	7,000	312	312	-	6,688
4700	Food	20,000	40,000	100,000	64,584	35,416	(24,584)
4710	Student Food Services	-	-	-	-	-	-
4720	Other Food	1,000	4,000	4,000	3,103	897	897
	<b>SUBTOTAL - Books and Supplies</b>	<b>185,900</b>	<b>171,607</b>	<b>250,882</b>	<b>189,625</b>	<b>61,258</b>	<b>(18,018)</b>
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5100	Subagreements for Services	-	-	-	-	-	-
5101	Shared Management Fee - CMO	72,914	75,995	75,995	76,044	(49)	(49)
5102	Direct CMO Fee (Shared Staff)	11,683	14,022	14,022	14,158	(136)	(136)
5200	Travel & Conferences	5,000	5,000	4,870	568	4,302	4,432
5210	Conference Fees	5,000	5,000	5,000	-	5,000	5,000
5215	Travel - Mileage, Parking, Tolls	-	-	130	1,630	(1,500)	(1,630)
5300	Dues & Memberships	5,000	5,000	5,000	3,961	1,039	1,039
5450	Insurance - Other	14,300	6,237	6,244	6,244	-	(7)
5605	Equipment Leases	6,600	6,600	6,600	4,959	1,641	1,641
5610	Rent	135,000	110,971	83,452	83,452	-	27,519
5611	Prop 39 Related Costs	-	-	-	-	-	-
5615	Repairs and Maintenance - Building	-	15,000	15,000	8,005	6,995	6,995
5616	Repairs and Maintenance - Computers	-	-	-	-	-	-

**MAGNOLIA PUBLIC SCHOOLS - MSA-5**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>				Variance	Variance
		Approved Budget	Approved Budget	May'17	FY16-17 Unaudited	(Previous Forecast	Variance
		June 6th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
5617	Repairs and Maintenance - Other Equipment	3,000	3,000	3,000	1,440	1,560	1,560
5803	Accounting Fees	1,952	5,000	5,000	4,448	552	552
5809	Banking Fees	412	412	412	372	40	40
5813	School Programs - After School Program	26,088	26,088	26,088	26,088	(0)	(0)
5814	School Programs - Academic Competitions	-	-	620	65	555	(65)
5819	School Programs - Other	-	-	380	1,170	(790)	(1,170)
5820	Consultants - Non Instructional	25,000	25,000	25,000	14,951	10,049	10,049
5821	Consultants - Non Instructional - Custom 2	-	-	-	-	-	-
5822	Other Professional Services	53,275	10,000	46,393	47,299	(906)	(37,299)
5824	District Oversight Fees	15,391	16,605	16,501	16,518	(17)	87
5830	Field Trips Expenses	8,000	4,000	6,278	6,635	(357)	(2,635)
5845	Legal Fees	5,000	15,000	15,000	7,761	7,240	7,240
5851	Marketing and Student Recruiting	10,000	60,000	39,432	7,120	32,312	52,880
5857	Payroll Fees	3,750	8,000	8,568	9,185	(616)	(1,185)
5861	Prior Yr Exp (not accrued)	-	31,727	82,606	82,606	-	(50,879)
5863	Professional Development	37,100	37,100	37,100	29,630	7,470	7,470
5869	Special Education Contract Instructors	40,000	65,000	65,000	64,868	132	132
5872	Special Education Encroachment	25,699	25,699	26,652	26,660	(7)	(960)
5874	Sports	-	-	-	-	-	-
5875	Staff Recruiting	1,901	1,901	1,901	-	1,901	1,901
5884	Substitutes	15,000	20,000	20,000	17,211	2,789	2,789
5887	Technology Services	35,000	35,000	35,000	12,927	22,073	22,073
5898	Bad Debt Expense	-	0	0	0	-	(0)
5899	Miscellaneous Operating Expenses	-	-	0	0	-	(0)
5900	Communications	30,000	20,000	20,000	18,102	1,898	1,898
5915	Postage and Delivery	2,000	2,000	2,000	1,619	381	381
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>594,065</b>	<b>655,357</b>	<b>699,244</b>	<b>595,692</b>	<b>103,552</b>	<b>59,665</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>17,201</b>	<b>4,774</b>	<b>4,774</b>	<b>7,177</b>	<b>2,403</b>	<b>(2,403)</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>1,861,515</b>	<b>2,050,550</b>	<b>2,114,533</b>	<b>1,933,332</b>	<b>186,006</b>	<b>117,218</b>

## Magnolia Public Schools - MSA-6

Budget vs. Actuals

UAR FY17

	<b>Budget</b>					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	1,575,467	1,518,270	1,549,755	1,552,530	2,775	34,260
Federal Revenue	137,828	161,359	166,735	146,067	(20,668)	(15,293)
Other State Revenues	214,078	253,252	258,506	263,623	5,117	10,371
Local Revenues	14,120	10,512	16,046	13,193	(2,853)	2,681
Fundraising and Grants	10,000	11,100	14,850	14,850	-	3,750
<b>Total Revenue</b>	<b>1,951,493</b>	<b>1,954,494</b>	<b>2,005,892</b>	<b>1,990,263</b>	<b>(15,629)</b>	<b>35,770</b>
<b>Expenses</b>						
Compensation and Benefits	965,253	1,082,926	1,076,347	1,040,053	36,294	42,873
Books and Supplies	110,183	154,776	161,747	123,108	38,639	31,668
Services and Other Operating Expenditures	575,774	555,450	564,661	499,809	64,852	55,641
Depreciation	6,368	28,726	28,726	19,778	8,948	8,948
<b>Total Expenses</b>	<b>1,657,578</b>	<b>1,821,878</b>	<b>1,831,481</b>	<b>1,682,747</b>	<b>148,733</b>	<b>139,130</b>
<b>Operating Income</b>	<b>293,915</b>	<b>132,616</b>	<b>174,412</b>	<b>307,516</b>	<b>133,104</b>	<b>174,900</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	938,327	938,327	1,006,776	1,006,776		
Audit Adjustment	-	-	(61,339)	(61,339)		
Beginning Balance (Audited)	938,327	938,327	945,437	307,516		
Operating Income (including Depreciation)	293,915	132,616	174,412	307,516		
<b>Ending Fund Balance</b>	<b>1,232,242</b>	<b>1,070,943</b>	<b>1,119,849</b>	<b>615,032</b>		
<b>Capital Outlay</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Total ADA	173.7	167.9	171.2	171.2	0.0	3.3

**Magnolia Public Schools - MSA-6**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	994,308	971,806	956,044	964,640	8,596	(7,166)
8012	Education Protection Account Entitlement	251,311	221,995	229,953	224,132	(5,821)	2,137
8019	State Aid - Prior Years	-	134	416	416	-	282
8096	Charter Schools in Lieu of Property Taxes	329,848	324,335	363,342	363,342	-	39,007
<b>SUBTOTAL - LCFF Entitlement</b>		<b>1,575,467</b>	<b>1,518,270</b>	<b>1,549,755</b>	<b>1,552,530</b>	<b>2,775</b>	<b>34,260</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	35,542	32,331	33,014	33,074	60	743
8182	Special Education Reimbursement	-	-	-	-	-	-
8220	Child Nutrition Programs	31,452	49,812	49,812	48,794	(1,017)	(1,017)
8290	No Child Left Behind	-	-	-	-	-	-
8291	Title I	47,977	58,499	59,413	59,699	286	1,200
8292	Title II	2,363	717	711	721	10	4
8296	Other Federal Revenue	20,000	20,000	23,785	3,785	(20,000)	(16,215)
8297	PY Federal - Not Accrued	-	-	-	(7)	(7)	(7)
<b>SUBTOTAL - Federal Income</b>		<b>137,828</b>	<b>161,359</b>	<b>166,735</b>	<b>146,067</b>	<b>(20,668)</b>	<b>(15,293)</b>

**Magnolia Public Schools - MSA-6**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8300</b>	<b>Other State Revenues</b>						
8319	Other State Apportionments - Prior Years	-	-	2,640	3,702	1,061	3,702
8380	Special Ed	-	-	-	-	-	-
8381	Special Education - Entitlement (State)	100,140	94,407	96,401	96,397	(3)	1,990
8382	Special Education Reimbursement (State)	-	-	-	-	-	-
8520	Child Nutrition - State	3,379	3,593	3,593	3,385	(209)	(209)
8545	School Facilities Apportionments	80,000	85,125	85,125	89,609	4,484	4,484
8550	Mandated Cost Reimbursements	2,419	38,352	38,352	38,352	-	0
8560	State Lottery Revenue	28,139	31,735	32,355	32,097	(258)	362
8590	All Other State Revenue	-	40	40	82	42	42
	<b>SUBTOTAL - Other State Income</b>	<b>214,078</b>	<b>253,252</b>	<b>258,506</b>	<b>263,623</b>	<b>5,117</b>	<b>10,371</b>
8699	All Other Local Revenue	4,120	4,120	2,853	-	(2,853)	(4,120)
8714	SpEd Option 3	10,000	6,392	13,193	13,193	-	6,801
	<b>SUBTOTAL - Local Revenues</b>	<b>14,120</b>	<b>10,512</b>	<b>16,046</b>	<b>13,193</b>	<b>(2,853)</b>	<b>2,681</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8802	Donations - Private	-	4,511	7,562	7,562	-	3,051
8803	Fundraising	10,000	6,589	7,288	7,288	-	699
	<b>SUBTOTAL - Fundraising and Grants</b>	<b>10,000</b>	<b>11,100</b>	<b>14,850</b>	<b>14,850</b>	<b>-</b>	<b>3,750</b>
<b>TOTAL REVENUE</b>		<b>1,951,493</b>	<b>1,954,494</b>	<b>2,005,892</b>	<b>1,990,263</b>	<b>(15,629)</b>	<b>35,770</b>

## Magnolia Public Schools - MSA-6

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	500,008	473,509	455,093	445,595	9,498	27,914
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	165,373	250,789	250,789	245,068	5,721	5,721
	<b>SUBTOTAL - Certificated Employees</b>	<b>665,381</b>	<b>724,298</b>	<b>705,882</b>	<b>690,663</b>	<b>15,219</b>	<b>33,636</b>
<b>2300</b>	<b>Classified Supervisor &amp; Administrator Salaries</b>	-	-	-	-	-	-
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	68,504	87,117	79,617	77,659	1,958	9,458
<b>2900</b>	<b>Classified Other Salaries</b>	18,750	34,500	42,000	36,298	5,702	(1,798)
	<b>SUBTOTAL - Classified Employees</b>	<b>87,254</b>	<b>121,617</b>	<b>121,617</b>	<b>113,957</b>	<b>7,660</b>	<b>7,660</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	82,447	92,228	89,911	86,706	3,205	5,522
<b>3200</b>	<b>PERS</b>	5,869	9,490	12,782	12,236	546	(2,745)
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	17,058	19,409	23,835	23,171	664	(3,762)
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	98,213	102,936	109,589	103,773	5,815	(838)
<b>3500</b>	<b>Unemployment Insurance</b>	376	3,423	3,414	423	2,991	3,000
<b>3600</b>	<b>Workers Comp Insurance</b>	8,655	9,525	9,318	9,125	193	400
	<b>SUBTOTAL - Employee Benefits</b>	<b>212,618</b>	<b>237,011</b>	<b>248,848</b>	<b>235,434</b>	<b>13,414</b>	<b>1,577</b>



**Magnolia Public Schools - MSA-6**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	5,000	45,000	45,000	43,195	1,805	1,805
4200	Books & Other Reference Materials	3,000	1,000	1,000	-	1,000	1,000
4315	Custodial Supplies	-	-	171	343	(171)	(343)
4320	Educational Software	20,000	14,000	14,000	13,528	472	472
4325	Instructional Materials & Supplies	7,000	3,000	3,960	7,109	(3,149)	(4,109)
4326	Art & Music Supplies	-	-	-	-	-	-
4330	Office Supplies	4,200	4,200	8,000	7,216	784	(3,016)
4335	PE Supplies	1,000	1,000	2,000	1,635	365	(635)
4340	Professional Development Supplies	-	-	40	40	-	(40)
4345	Non Instructional Student Materials & Supplies	3,000	2,500	2,500	1,839	661	661
4346	Teacher Supplies	1,000	1,000	1,000	946	54	54
4350	Uniforms	-	-	-	610	(610)	(610)
4400	Noncapitalized Equipment	5,000	5,000	5,000	-	5,000	5,000
4410	Classroom Furniture, Equipment & Supplies	2,000	2,000	2,000	280	1,720	1,720
4420	Computers (individual items less than \$5k)	19,500	19,500	19,500	-	19,500	19,500
4700	Food	39,483	56,076	56,076	45,234	10,841	10,841
4720	Other Food	-	500	1,500	1,133	367	(633)
	<b>SUBTOTAL - Books and Supplies</b>	<b>110,183</b>	<b>154,776</b>	<b>161,747</b>	<b>123,108</b>	<b>38,639</b>	<b>31,668</b>
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5100	Subagreements	-	-	-	-	-	-
5101	CMO Fees	72,914	75,995	75,995	76,044	(49)	(49)
5102	Direct CMO Fee (Shared Staff)	12,485	13,621	13,621	13,753	(132)	(132)
5200	Travel & Conferences	3,000	-	-	-	-	-
5215	Travel - Mileage, Parking, Tolls	1,000	1,000	1,000	2,336	(1,336)	(1,336)
5220	Travel and Lodging	-	3,000	3,000	209	2,791	2,791
5300	Dues & Memberships	1,000	1,826	1,826	1,826	-	-
5450	Insurance - Other	9,000	9,838	9,838	9,835	3	3
5500	Operations & Housekeeping	4,000	4,000	3,829	1,822	2,007	2,178
5510	Utilities - Gas and Electric	7,000	7,000	7,000	6,006	994	994
5605	Equipment Leases	4,800	4,800	4,800	5,683	(883)	(883)
5610	Rent	114,000	113,500	113,500	113,500	-	-
5615	Repairs and Maintenance - Building	2,000	2,000	2,000	(79)	2,079	2,079
5803	Accounting Fees	4,500	4,500	4,500	4,320	180	180
5809	Banking Fees	500	500	500	372	128	128
5814	School Programs - Academic Competitions	-	-	325	325	-	(325)

**Magnolia Public Schools - MSA-6**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5819	School Programs - Other	5,000	5,000	4,675	3,122	1,553	1,878
5820	Consultants - Non Instructional - Custom 1	2,000	8,000	8,000	6,876	1,124	1,124
5822	Consultants - Non Instructional - Custom 3	23,583	23,583	20,000	20,740	(740)	2,843
5824	District Oversight Fees	15,755	15,183	15,498	15,521	(24)	(338)
5830	Field Trips Expenses	10,000	10,000	10,000	8,073	1,928	1,928
5845	Legal Fees	10,000	10,000	5,000	2,000	3,000	8,000
5851	Marketing and Student Recruiting	10,000	18,000	18,000	13,380	4,620	4,620
5857	Payroll Fees	7,000	7,000	10,100	10,185	(85)	(3,185)
5860	Printing and Reproduction	-	-	-	-	-	-
5861	Prior Yr Exp (not accrued)	-	3,756	4,639	4,639	-	(883)
5863	Professional Development	32,100	36,000	35,000	31,923	3,078	4,078
5869	Special Education Contract Instructors	32,000	32,000	32,000	33,554	(1,554)	(1,554)
5872	Special Education Encroachment	27,137	25,348	25,883	25,894	(11)	(547)
5884	Substitutes	25,000	20,000	36,000	30,231	5,769	(10,231)
5887	Technology Services	72,000	72,000	70,000	33,629	36,371	38,371
5898	Bad Debt Expense	-	0	133	133	-	(133)
5899	Miscellaneous Operating Expenses	40,000	-	-	0	(0)	(0)
5900	Communications	24,000	24,000	24,000	20,426	3,574	3,574
5915	Postage and Delivery	4,000	4,000	4,000	3,531	469	469
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>575,774</b>	<b>555,450</b>	<b>564,661</b>	<b>499,809</b>	<b>64,852</b>	<b>55,641</b>
6900	<b>Total Depreciation (includes Prior Years)</b>	<b>6,368</b>	<b>28,726</b>	<b>28,726</b>	<b>19,778</b>	<b>(8,948)</b>	<b>8,948</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>1,657,578</b>	<b>1,821,878</b>	<b>1,831,716</b>	<b>1,682,747</b>	<b>130,837</b>	<b>139,130</b>

## Magnolia Public Schools - MSA-7

Budget vs. Actuals

UAR FY17

	Budget					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	2,671,595	2,599,553	2,588,482	2,586,389	(2,093)	(13,164)
Federal Revenue	346,072	421,493	254,745	229,977	(24,768)	(191,516)
Other State Revenues	578,580	622,567	629,151	651,548	22,397	28,981
Local Revenues	54,198	71,193	69,506	63,129	(6,376)	(8,064)
Fundraising and Grants	50,000	25,000	25,000	20,150	(4,850)	(4,850)
<b>Total Revenue</b>	<b>3,700,444</b>	<b>3,739,806</b>	<b>3,566,884</b>	<b>3,551,194</b>	<b>(15,690)</b>	<b>(188,613)</b>
<b>Expenses</b>						
Compensation and Benefits	1,710,715	1,723,704	1,672,960	1,613,033	59,927	110,671
Books and Supplies	333,447	306,250	301,250	292,979	8,271	13,271
Services and Other Operating Expenditures	1,557,568	1,626,862	1,633,545	1,554,055	79,490	72,808
Depreciation	45,027	36,918	37,295	20,286	17,009	16,632
<b>Total Expenses</b>	<b>3,646,756</b>	<b>3,693,734</b>	<b>3,645,049</b>	<b>3,480,352</b>	<b>164,697</b>	<b>213,382</b>
<b>Operating Income</b>	<b>53,688</b>	<b>46,072</b>	<b>(78,165)</b>	<b>70,841</b>	<b>149,007</b>	<b>24,769</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	922,760	922,760	939,109	939,109		
Audit Adjustment	-	-	8,244	8,244		
Beginning Balance (Audited)	922,760	922,760	947,353	947,353		
Operating Income (including Depreciation)	53,688	46,072	(78,165)	70,841		
<b>Ending Fund Balance</b>	<b>976,448</b>	<b>968,832</b>	<b>869,188</b>	<b>1,018,194</b>		
<b>Capital Outlay</b>	<b>60,000</b>	<b>198,325</b>	<b>77,650</b>	<b>-</b>		
Total ADA	291.4	284.7	283.1	283.1	-	(1.6)

## Magnolia Public Schools - MSA-7

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	1,804,821	1,684,753	1,618,448	1,625,681	7,233	(59,072)
8012	Education Protection Account Entitlement	387,438	364,640	368,412	359,086	(9,326)	(5,554)
8019	State Aid - Prior Years	-	282	778	778	-	496
8096	Charter Schools in Lieu of Property Taxes	479,335	549,878	600,844	600,844	(0)	50,966
<b>SUBTOTAL - LCFF Entitlement</b>		<b>2,671,595</b>	<b>2,599,553</b>	<b>2,588,482</b>	<b>2,586,389</b>	<b>(2,093)</b>	<b>(13,164)</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	56,829	53,691	54,594	54,693	99	1,002
8182	Special Education Reimbursement	-	-	-	-	-	-
8220	Child Nutrition Programs	169,792	105,994	105,994	80,705	(25,289)	(25,289)
8290	No Child Left Behind	-	-	-	-	-	-
8291	Title I	80,679	84,709	86,036	86,453	417	1,744
8292	Title II	1,258	1,127	1,118	1,134	16	7
8296	Other Federal Revenue	37,200	175,525	6,557	6,557	-	(168,968)
8297	PY Federal - Not Accrued	-	446	446	435	(11)	(11)
<b>SUBTOTAL - Federal Income</b>		<b>346,072</b>	<b>421,493</b>	<b>254,745</b>	<b>229,977</b>	<b>(24,768)</b>	<b>(191,516)</b>
<b>8300 Other State Revenues</b>							
8311	Other State Apportionments - Current Year	-	-	-	-	-	-
8319	Other State Apportionments - Prior Years	-	896	5,144	6,906	1,762	6,010
8381	Special Education - Entitlement (State)	167,864	156,778	159,414	159,408	(6)	2,630
8520	Child Nutrition - State	13,246	7,940	7,940	6,255	(1,685)	(1,685)
8545	School Facilities Apportionments	196,321	189,390	189,390	212,318	22,928	22,928
8550	Mandated Cost Reimbursements	3,937	63,689	63,689	63,688	(1)	(1)
8560	State Lottery Revenue	47,212	53,804	53,504	52,830	(674)	(974)
8590	All Other State Revenue	-	71	71	144	73	73
8596	ASES	150,000	150,000	150,000	150,000	-	-
<b>SUBTOTAL - Other State Income</b>		<b>578,580</b>	<b>622,567</b>	<b>629,151</b>	<b>651,548</b>	<b>22,397</b>	<b>28,981</b>

## Magnolia Public Schools - MSA-7

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8600</b>	<b>Other Local Revenue</b>						
8634	Food Service Sales	12,449	12,449	12,829	13,283	454	834
8636	Uniforms	8,468	8,468	374	374	-	(8,094)
8682	Summer Program	13,600	28,554	28,554	28,554	-	-
8690	Other Local Revenue	7,140	15,759	15,607	8,777	(6,830)	(6,982)
8699	All Other Local Revenue	-	90	242	242	-	152
8714	SpEd Option 3	12,541	5,873	11,899	11,899	-	6,026
	<b>SUBTOTAL - Local Revenues</b>	<b>54,198</b>	<b>71,193</b>	<b>69,506</b>	<b>63,129</b>	<b>(6,376)</b>	<b>(8,064)</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8801	Donations - Parents	-	-	-	-	-	-
8802	Donations - Private	-	500	1,872	6,872	5,000	6,372
8803	Fundraising	50,000	24,500	23,128	13,278	(9,850)	(11,222)
	<b>SUBTOTAL - Fundraising and Grants</b>	<b>50,000</b>	<b>25,000</b>	<b>25,000</b>	<b>20,150</b>	<b>(4,850)</b>	<b>(4,850)</b>
<b>TOTAL REVENUE</b>		<b>3,700,444</b>	<b>3,739,806</b>	<b>3,566,884</b>	<b>3,551,194</b>	<b>(15,690)</b>	<b>(188,613)</b>

## Magnolia Public Schools - MSA-7

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	863,926	920,976	872,752	854,277	18,475	66,699
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	159,199	181,516	181,516	167,526	13,990	13,990
<b>SUBTOTAL - Certificated Employees</b>		<b>1,023,125</b>	<b>1,102,492</b>	<b>1,054,268</b>	<b>1,021,803</b>	<b>32,464</b>	<b>80,689</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	58,170	90,628	92,619	94,322	(1,703)	(3,694)
<b>2900</b>	<b>Classified Other Salaries</b>	251,809	158,634	156,002	152,301	3,700	6,333
<b>SUBTOTAL - Classified Employees</b>		<b>309,979</b>	<b>249,262</b>	<b>248,621</b>	<b>246,623</b>	<b>1,998</b>	<b>2,639</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	119,347	131,525	125,458	128,637	(3,179)	2,888
<b>3200</b>	<b>PERS</b>	22,847	27,262	28,766	27,970	795	(709)
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	43,218	38,843	38,102	35,610	2,492	3,233
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	178,200	155,423	159,423	135,947	23,476	19,476
<b>3500</b>	<b>Unemployment Insurance</b>	667	3,676	3,651	1,982	1,670	1,694
<b>3600</b>	<b>Workers Comp Insurance</b>	13,331	15,221	14,671	14,460	211	761
<b>SUBTOTAL - Employee Benefits</b>		<b>377,610</b>	<b>371,950</b>	<b>370,071</b>	<b>344,606</b>	<b>25,465</b>	<b>27,343</b>

## Magnolia Public Schools - MSA-7

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	45,000	90,000	86,673	83,998	2,675	6,002
4200	Books & Other Reference Materials	21,500	5,000	5,000	498	4,502	4,502
4315	Custodial Supplies	8,000	8,000	8,000	4,895	3,105	3,105
4320	Educational Software	10,000	10,888	15,476	16,371	(895)	(5,483)
4325	Instructional Materials & Supplies	15,000	14,500	12,506	12,354	152	2,146
4326	Art & Music Supplies	500	1,500	2,133	2,530	(397)	(1,030)
4330	Office Supplies	13,200	13,200	13,200	14,317	(1,117)	(1,117)
4335	PE Supplies	2,000	2,000	2,000	685	1,315	1,315
4340	Professional Development Supplies	-	-	-	-	-	-
4345	Non Instructional Student Materials & Supplies	1,000	1,500	1,600	1,927	(326)	(427)
4346	Teacher Supplies	2,400	2,400	1,583	213	1,370	2,187
4350	Uniforms	-	-	-	-	-	-
4351	Yearbook	760	760	760	685	75	75
4400	Noncapitalized Equipment	-	-	-	-	-	-
4410	Classroom Furniture, Equipment & Supplies	4,700	4,400	3,991	4,156	(165)	244
4420	Computers (individual items less than \$5k)	11,500	11,500	12,146	34,331	(22,185)	(22,831)
4430	Non Classroom Related Furniture, Equipment & Sup	2,300	2,600	3,180	3,180	-	(580)
4700	Food	195,487	132,702	127,702	110,201	17,501	22,501
4710	Student Food Services	-	-	-	-	-	-
4720	Other Food	100	5,300	5,300	2,639	2,661	2,661
	<b>SUBTOTAL - Books and Supplies</b>	<b>333,447</b>	<b>306,250</b>	<b>301,250</b>	<b>292,979</b>	<b>8,271</b>	<b>13,271</b>

## Magnolia Public Schools - MSA-7

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5100	Subagreements	-	-	-	-	-	-
5101	CMO Fees	607,620	633,292	633,292	633,701	(409)	(409)
5102	Direct CMO Fee (Shared Staff)	21,260	22,779	22,779	23,000	(221)	(221)
5200	Travel & Conferences	407	-	-	-	-	-
5210	Conference Fees	4,000	4,000	4,000	425	3,575	3,575
5215	Travel - Mileage, Parking, Tolls	1,500	1,500	2,000	3,627	(1,627)	(2,127)
5220	Travel and Lodging	2,772	2,772	2,272	302	1,971	2,471
5300	Dues & Memberships	9,000	9,000	9,000	2,185	6,815	6,815
5450	Insurance - Other	14,905	16,642	16,642	16,638	4	4
5500	Operations & Housekeeping	10,000	10,000	10,000	3,403	6,597	6,597
5510	Utilities - Gas and Electric	55,680	55,680	55,680	43,399	12,281	12,281
5605	Equipment Leases	8,400	8,400	8,400	6,983	1,417	1,417
5610	Rent	261,761	260,628	260,628	260,628	-	-
5611	Prop 39 Related Costs	-	-	-	-	-	-
5615	Repairs and Maintenance - Building	23,000	23,000	23,000	33,178	(10,178)	(10,178)
5617	Repairs and Maintenance - Other Equipment	2,000	2,000	2,000	-	2,000	2,000
5803	Accounting Fees	5,500	10,000	10,000	7,144	2,856	2,856
5809	Banking Fees	3,000	3,000	3,000	401	2,599	2,599
5813	School Programs - After School Program	150,000	150,000	150,000	150,000	-	-
5814	School Programs - Academic Competitions	108	214	214	214	-	-
5819	School Programs - Other	8,000	8,000	8,000	4,907	3,093	3,093
5820	Consultants - Non Instructional - Custom 1	8,584	8,584	8,584	9,587	(1,003)	(1,003)
5822	Consultants - Non Instructional - Custom 3	6,000	10,000	15,000	19,102	(4,102)	(9,102)



**Magnolia Public Schools - MSA-7**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5824	District Oversight Fees	27,250	25,996	25,885	25,856	29	139
5830	Field Trips Expenses	10,000	10,000	10,000	5,817	4,183	4,183
5845	Legal Fees	10,000	10,000	10,000	1,578	8,422	8,422
5851	Marketing and Student Recruiting	3,000	3,000	3,000	445	2,555	2,555
5857	Payroll Fees	21,600	21,600	14,000	13,376	624	8,224
5861	Prior Yr Exp (not accrued)	-	(8,942)	(7,257)	(8,892)	1,635	(50)
5863	Professional Development	43,100	43,100	43,100	27,308	15,792	15,792
5869	Special Education Contract Instructors	86,324	114,324	114,324	107,805	6,519	6,519
5872	Special Education Encroachment	44,939	42,094	42,802	42,820	(19)	(726)
5884	Substitutes	21,658	40,000	57,000	54,671	2,329	(14,671)
5887	Technology Services	50,600	50,600	50,600	44,559	6,041	6,041
5898	Bad Debt Expense	-	-	-	(1)	1	1
5899	Miscellaneous Operating Expenses	-	0	0	0	-	-
5900	Communications	32,000	32,000	22,000	18,224	3,776	13,776
5915	Postage and Delivery	3,600	3,600	3,600	1,667	1,933	1,933
	<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>	<b>1,557,568</b>	<b>1,626,862</b>	<b>1,633,545</b>	<b>1,554,055</b>	<b>79,490</b>	<b>72,808</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>45,027</b>	<b>36,918</b>	<b>37,295</b>	<b>20,286</b>	<b>(17,009)</b>	<b>16,632</b>
	<b>TOTAL EXPENSES including Depreciation</b>	<b>3,646,756</b>	<b>3,693,734</b>	<b>3,645,049</b>	<b>3,480,352</b>	<b>130,679</b>	<b>213,382</b>

## Magnolia Public Schools - MSA-8

Budget vs. Actuals  
UAR FY17

	<b>Budget</b>					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	4,438,632	4,440,491	4,522,135	4,526,038	3,903	85,547
Federal Revenue	296,081	297,469	308,278	309,445	1,167	11,976
Other State Revenues	508,978	620,258	633,323	635,664	2,341	15,406
Local Revenues	90,229	70,411	53,088	53,088	-	(17,323)
Fundraising and Grants	20,000	20,000	20,000	18,851	(1,149)	(1,149)
<b>Total Revenue</b>	<b>5,353,920</b>	<b>5,448,629</b>	<b>5,536,824</b>	<b>5,543,087</b>	<b>6,263</b>	<b>94,458</b>
<b>Expenses</b>						
Compensation and Benefits	2,842,777	2,822,906	2,832,803	2,773,282	59,521	49,624
Books and Supplies	297,700	420,157	444,657	325,823	118,834	94,334
Services and Other Operating Expenditures	2,081,816	2,142,840	2,103,182	2,013,952	89,230	128,888
Depreciation	68,156	84,873	84,873	67,806	17,067	17,067
<b>Total Expenses</b>	<b>5,290,449</b>	<b>5,470,776</b>	<b>5,465,515</b>	<b>5,180,863</b>	<b>284,652</b>	<b>289,913</b>
<b>Operating Income</b>	<b>63,471</b>	<b>(22,148)</b>	<b>71,309</b>	<b>362,224</b>	<b>290,915</b>	<b>384,371</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	3,019,921	3,019,921	3,061,348	3,061,348		
Audit Adjustment	-	-	(90,501)	(90,501)		
Beginning Balance (Audited)	3,019,921	3,019,921	2,970,847	2,970,847		
Operating Income (including Depreciation)	63,471	(22,148)	71,309	362,224		
<b>Ending Fund Balance</b>	<b>3,083,391</b>	<b>2,997,773</b>	<b>3,042,156</b>	<b>3,333,071</b>		
<b>Capital Outlay</b>	<b>84,000</b>	<b>84,000</b>	<b>84,000</b>	<b>-</b>		
Total ADA	477.7	477.7	485.7	485.7	-	8.0

## Magnolia Public Schools - MSA-8

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	2,995,658	2,884,036	2,835,876	2,856,338	20,462	(27,698)
8012	Education Protection Account Entitlement	657,309	633,310	654,185	637,626	(16,559)	4,316
8019	State Aid - Prior Years	-	468	1,306	1,306	-	838
8096	Charter Schools in Lieu of Property Taxes	785,666	922,677	1,030,768	1,030,768	0	108,091
<b>SUBTOTAL - LCFF Entitlement</b>		<b>4,438,632</b>	<b>4,440,491</b>	<b>4,522,135</b>	<b>4,526,038</b>	<b>3,903</b>	<b>85,547</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	93,147	92,406	93,658	93,828	170	1,422
8291	Title I	200,332	202,691	205,859	206,843	984	4,152
8292	Title II	2,451	2,345	2,326	2,358	32	13
8296	Other Federal Revenue	-	-	6,409	6,409	-	6,409
8297	PY Federal - Not Accrued	-	27	27	8	(19)	(19)
<b>SUBTOTAL - Federal Income</b>		<b>296,081</b>	<b>297,469</b>	<b>308,278</b>	<b>309,445</b>	<b>1,167</b>	<b>11,976</b>
<b>8300 Other State Revenues</b>							
8311	Other State Apportionments - Current Year	-	-	-	-	-	-
8319	Other State Apportionments - Prior Years	-	420	8,323	11,356	3,033	10,936
8381	Special Education - Entitlement (State)	275,141	269,825	273,479	273,470	(10)	3,645
8550	Mandated Cost Reimbursements	6,453	109,613	109,613	109,613	-	0
8560	State Lottery Revenue	77,383	90,281	91,788	90,985	(803)	704
8590	All Other State Revenue	-	120	120	240	121	121
8596	ASES	150,000	150,000	150,000	150,000	-	-
<b>SUBTOTAL - Other State Income</b>		<b>508,978</b>	<b>620,258</b>	<b>633,323</b>	<b>635,664</b>	<b>2,341</b>	<b>15,406</b>

**Magnolia Public Schools - MSA-8**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8600</b>	<b>Other Local Revenue</b>						
8682	Summer Program	13,600	30,463	30,463	30,463	-	-
8693	Field Trips	10,200	10,200	-	-	-	(10,200)
8699	All Other Local Revenue	18,692	18,692	1,624	1,624	-	(17,068)
8714	SpEd Option 3	17,075	11,056	21,002	21,002	-	9,946
	<b>SUBTOTAL - Local Revenues</b>	<b>90,229</b>	<b>70,411</b>	<b>53,088</b>	<b>53,088</b>	<b>-</b>	<b>(17,323)</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8803	Fundraising	20,000	20,000	20,000	18,851	(1,149)	(1,149)
	<b>SUBTOTAL - Fundraising and Grants</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>18,851</b>	<b>(1,149)</b>	<b>(1,149)</b>
<b>TOTAL REVENUE</b>		<b>5,353,920</b>	<b>5,448,629</b>	<b>5,536,824</b>	<b>5,543,087</b>	<b>6,263</b>	<b>94,458</b>

**Magnolia Public Schools - MSA-8**

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	1,455,168	1,454,903	1,459,437	1,449,051	10,386	5,852
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	425,165	347,203	348,956	326,143	22,812	21,060
<b>SUBTOTAL - Certificated Employees</b>		<b>1,880,332</b>	<b>1,802,106</b>	<b>1,808,393</b>	<b>1,775,194</b>	<b>33,199</b>	<b>26,912</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	185,996	129,851	129,776	131,650	(1,874)	(1,799)
<b>2900</b>	<b>Classified Other Salaries</b>	137,069	275,892	268,140	261,975	6,165	13,918
<b>SUBTOTAL - Classified Employees</b>		<b>323,065</b>	<b>405,744</b>	<b>397,916</b>	<b>393,625</b>	<b>4,291</b>	<b>12,119</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	234,030	224,189	224,980	223,725	1,254	464
<b>3200</b>	<b>PERS</b>	37,396	46,345	46,441	44,549	1,892	1,796
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	53,218	58,718	58,224	53,479	4,745	5,239
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	291,600	256,840	267,902	253,853	14,049	2,987
<b>3500</b>	<b>Unemployment Insurance</b>	1,102	4,104	4,103	4,147	(43)	(43)
<b>3600</b>	<b>Workers Comp Insurance</b>	22,034	24,860	24,843	24,709	134	151
<b>SUBTOTAL - Employee Benefits</b>		<b>639,379</b>	<b>615,056</b>	<b>626,494</b>	<b>604,462</b>	<b>22,032</b>	<b>10,594</b>

## Magnolia Public Schools - MSA-8

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	22,000	22,000	19,899	24,635	(4,736)	(2,635)
4200	Books & Other Reference Materials	-	1,000	1,000	640	360	360
4315	Custodial Supplies	-	-	-	-	-	-
4320	Educational Software	15,000	20,000	20,943	24,153	(3,210)	(4,153)
4325	Instructional Materials & Supplies	35,000	33,669	33,291	25,960	7,330	7,708
4326	Art & Music Supplies	15,000	15,000	9,500	4,415	5,085	10,585
4330	Office Supplies	14,200	25,000	25,000	25,233	(233)	(233)
4335	PE Supplies	-	331	1,489	2,198	(709)	(1,867)
4340	Professional Development Supplies	-	-	-	-	-	-
4345	Non Instructional Student Materials & Supplies	9,000	9,000	8,878	9,888	(1,010)	(888)
4346	Teacher Supplies	5,000	5,000	5,000	1,731	3,269	3,269
4350	Uniforms	8,000	-	500	500	-	(500)
4351	Yearbook	5,000	5,000	-	-	-	5,000
4400	Noncapitalized Equipment	-	14,641	5,641	4,054	1,587	10,587
4410	Classroom Furniture, Equipment & Supplies	-	517	16,496	19,939	(3,443)	(19,423)
4420	Computers (individual items less than \$5k)	11,500	11,500	41,500	15,471	26,029	(3,971)
4430	Non Classroom Related Furniture, Equipment & Supl	8,000	7,500	5,521	3,784	1,737	3,716
4700	Food	140,000	240,000	240,000	158,855	81,145	81,145
4720	Other Food	10,000	10,000	10,000	4,367	5,633	5,633
	<b>SUBTOTAL - Books and Supplies</b>	<b>297,700</b>	<b>420,157</b>	<b>444,657</b>	<b>325,823</b>	<b>118,834</b>	<b>94,334</b>
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5100	Subagreements	-	-	-	-	-	-
5101	CMO Fees	972,192	1,013,267	1,013,267	1,013,921	(654)	(654)
5102	Direct CMO Fee (Shared Staff)	35,258	38,555	38,555	38,928	(373)	(373)
5210	Conference Fees	10,000	10,000	10,000	5,716	4,284	4,284
5215	Travel - Mileage, Parking, Tolls	5,000	5,000	5,000	1,489	3,511	3,511
5220	Travel and Lodging	10,000	10,000	10,000	4,266	5,734	5,734
5300	Dues & Memberships	7,500	7,500	7,500	3,486	4,014	4,014
5450	Insurance - Other	25,000	25,854	25,859	25,858	1	(4)
5500	Operations & Housekeeping	35,000	35,000	35,000	1,348	33,652	33,652
5605	Equipment Leases	50,000	50,000	50,000	37,924	12,076	12,076
5610	Rent	228,961	228,961	228,961	235,424	(6,463)	(6,463)
5617	Repairs and Maintenance - Other Equipment	3,000	3,000	3,000	1,899	1,101	1,101
5803	Accounting Fees	9,021	15,000	15,000	12,255	2,745	2,745

## Magnolia Public Schools - MSA-8

Budget vs. Actuals  
UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5809	Banking Fees	500	500	500	380	120	120
5813	School Programs - After School Program	150,000	150,000	150,000	150,000	-	-
5819	School Programs - Other	-	-	11,290	11,465	(175)	(11,465)
5820	Consultants - Non Instructional - Custom 1	9,000	9,000	13,000	14,730	(1,730)	(5,730)
5822	Consultants - Non Instructional - Custom 3	59,000	59,000	44,210	30,743	13,468	28,257
5824	District Oversight Fees	45,554	44,405	45,221	45,247	(26)	(842)
5830	Field Trips Expenses	30,000	30,000	30,619	32,041	(1,422)	(2,041)
5833	Fines and Penalties	-	-	-	2,149	(2,149)	(2,149)
5845	Legal Fees	10,000	10,000	13,402	13,402	-	(3,402)
5851	Marketing and Student Recruiting	8,000	8,000	8,016	8,016	-	(16)
5857	Payroll Fees	20,784	20,784	16,500	15,888	612	4,896
5861	Prior Yr Exp (not accrued)	-	6,306	(9,371)	(9,371)	-	15,677
5863	Professional Development	105,000	111,000	86,000	91,875	(5,875)	19,125
5869	Special Education Contract Instructors	64,512	64,512	64,512	44,854	19,658	19,658
5872	Special Education Encroachment	73,785	72,446	73,427	73,459	(32)	(1,013)
5884	Substitutes	64,750	64,750	64,750	66,140	(1,390)	(1,390)
5885	Tutor	-	-	-	-	-	-
5887	Technology Services	38,000	38,000	36,963	32,332	4,631	5,668
5898	Bad Debt Expense	-	-	-	(0)	0	0
5899	Miscellaneous Operating Expenses	-	-	0	0	-	(0)
5915	Postage and Delivery	12,000	12,000	12,000	8,088	3,912	3,912
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>2,081,816</b>	<b>2,142,840</b>	<b>2,103,182</b>	<b>2,013,952</b>	<b>89,230</b>	<b>128,888</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>68,156</b>	<b>84,873</b>	<b>84,873</b>	<b>67,806</b>	<b>(17,067)</b>	<b>17,067</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>5,290,449</b>	<b>5,470,776</b>	<b>5,465,515</b>	<b>5,180,863</b>	<b>250,518</b>	<b>289,913</b>

## Magnolia Public Schools - MSA-SA

Budget vs. Actuals

UAR FY17

	Budget					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	4,595,312	5,465,892	5,516,915	5,507,828	(9,087)	41,936
Federal Revenue	394,527	783,158	766,482	704,895	(61,586)	(78,263)
Other State Revenues	345,918	556,982	577,993	583,783	5,790	26,801
Local Revenues	16,505	26,185	24,687	26,463	1,776	278
Fundraising and Grants	22,000	27,854	49,346	55,680	6,334	27,826
<b>Total Revenue</b>	<b>5,374,262</b>	<b>6,860,071</b>	<b>6,918,148</b>	<b>6,878,649</b>	<b>(39,499)</b>	<b>18,578</b>
<b>Expenses</b>						
Compensation and Benefits	3,059,757	3,768,383	3,817,416	3,754,942	62,474	13,441
Books and Supplies	691,730	829,376	987,499	986,261	1,238	(156,885)
Services and Other Operating Expenditures	1,775,769	2,087,914	2,170,129	2,125,629	44,500	(37,716)
Depreciation	397,234	373,813	373,813	434,567	(60,753)	(60,753)
<b>Total Expenses</b>	<b>5,924,489</b>	<b>7,059,486</b>	<b>7,348,859</b>	<b>7,301,399</b>	<b>47,459</b>	<b>(241,913)</b>
<b>Operating Income</b>	<b>(550,228)</b>	<b>(199,416)</b>	<b>(430,711)</b>	<b>(422,751)</b>	<b>7,960</b>	<b>(223,335)</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	8,212,887	8,212,887	8,291,101	8,291,101		
Audit Adjustment	-	-	7,820	7,820		
Beginning Balance (Audited)	8,212,887	8,212,887	8,298,921	8,298,921		
Operating Income (including Depreciation)	(550,228)	(199,416)	(430,711)	(422,751)		
<b>Ending Fund Balance</b>	<b>7,662,659</b>	<b>8,013,471</b>	<b>7,868,210</b>	<b>7,876,170</b>		
<b>Capital Outlay</b>	<b>13,389,061</b>	<b>115,124</b>	<b>115,124</b>	<b>-</b>		
Total ADA	511.5	606.0	610.7	610.7	-	4.7



## Magnolia Public Schools - MSA-SA

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	3,517,160	4,197,607	3,946,844	3,937,757	(9,087)	(259,850)
8012	Education Protection Account Entitlement	102,290	121,204	122,146	122,146	-	942
8019	State Aid - Prior Years	-	-	-	-	-	-
8096	Charter Schools in Lieu of Property Taxes	975,862	1,147,081	1,447,925	1,447,925	0	300,844
<b>SUBTOTAL - LCFF Entitlement</b>		<b>4,595,312</b>	<b>5,465,892</b>	<b>5,516,915</b>	<b>5,507,828</b>	<b>(9,087)</b>	<b>41,936</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	17,061	18,000	18,288	18,288	-	288
8182	Special Education Reimbursement	-	-	-	-	-	-
8220	Child Nutrition Programs	183,550	227,287	227,287	208,234	(19,053)	(19,053)
8290	No Child Left Behind	-	-	-	-	-	-
8291	Title I	134,489	219,592	219,592	209,941	(9,651)	(9,651)
8292	Title II	2,362	2,362	2,723	2,545	(178)	183
8293	Title III	2,665	-	-	-	-	-
8294	Title IV	-	-	-	-	-	-
8295	Title V	-	-	-	-	-	-
8296	Other Federal Revenue	54,400	54,400	19,666	4,236	(15,430)	(50,164)
8297	PY Federal - Not Accrued	-	162	296	296	-	134
8298	Implementation Grant	-	261,355	261,355	261,355	-	-
8299	All Other Federal Revenue	-	-	-	-	-	-
<b>SUBTOTAL - Federal Income</b>		<b>394,527</b>	<b>783,158</b>	<b>749,207</b>	<b>704,895</b>	<b>(44,311)</b>	<b>(78,263)</b>
<b>8300 Other State Revenues</b>							
8319	Other State Apportionments - Prior Years	-	6,193	6,349	6,409	60	216
8381	Special Education - Entitlement (State)	245,368	304,828	309,640	310,237	597	5,409
8382	Special Education Reimbursement (State)	-	-	23,018	24,518	1,501	24,518
8520	Child Nutrition - State	7,396	14,137	14,137	18,580	4,443	4,443
8545	School Facilities Apportionments	-	-	-	-	-	-
8550	Mandated Cost Reimbursements	10,299	42,286	34,421	34,421	-	(7,865)
8560	State Lottery Revenue	82,855	114,538	115,428	114,463	(965)	(75)
8590	All Other State Revenue	-	75,000	75,000	75,155	155	155
8596	ASES	-	-	-	-	-	-
<b>SUBTOTAL - Other State Income</b>		<b>345,918</b>	<b>556,982</b>	<b>577,993</b>	<b>583,783</b>	<b>5,790</b>	<b>26,801</b>

**Magnolia Public Schools - MSA-SA**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>				Variance	Variance
		Approved Budget	Approved Budget	May'17	FY16-17 Unaudited	(Previous Forecast	(Budget vs. UAR)
		June 6th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
<b>8600</b>	<b>Other Local Revenue</b>						
8634	Food Service Sales	15,900	15,900	13,784	15,288	1,504	(612)
8636	Uniforms	-	397	397	397	-	-
8660	Interest	533	533	1,650	1,972	322	1,438
8690	Other Local Revenue	-	9,354	8,856	8,806	(50)	(548)
8699	All Other Local Revenue	71	-	-	-	-	-
<b>SUBTOTAL - Local Revenues</b>		<b>16,505</b>	<b>26,185</b>	<b>24,687</b>	<b>26,463</b>	<b>1,776</b>	<b>278</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8801	Donations - Parents	-	-	-	-	-	-
8802	Donations - Private	-	27,844	39,046	40,430	1,384	12,586
8803	Fundraising	22,000	10	10,300	15,250	4,950	15,240
<b>SUBTOTAL - Fundraising and Grants</b>		<b>22,000</b>	<b>27,854</b>	<b>49,346</b>	<b>55,680</b>	<b>6,334</b>	<b>27,826</b>
<b>TOTAL REVENUE</b>		<b>5,374,262</b>	<b>6,860,071</b>	<b>6,918,148</b>	<b>6,878,649</b>	<b>(39,499)</b>	<b>18,578</b>

**Magnolia Public Schools - MSA-SA**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>				Variance	Variance
		Approved Budget	Approved Budget	May'17	FY16-17 Unaudited	(Previous Forecast	Variance
		June 6th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	1,787,100	2,038,608	2,047,704	2,011,824	35,880	26,784
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	360,450	495,669	495,970	487,078	8,892	8,591
<b>SUBTOTAL - Certificated Employees</b>		<b>2,147,550</b>	<b>2,534,277</b>	<b>2,543,674</b>	<b>2,498,902</b>	<b>44,772</b>	<b>35,375</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	70,000	160,266	170,661	169,361	1,300	(9,095)
<b>2900</b>	<b>Classified Other Salaries</b>	165,580	288,693	311,165	352,850	(41,685)	(64,158)
<b>SUBTOTAL - Classified Employees</b>		<b>235,580</b>	<b>448,959</b>	<b>481,827</b>	<b>522,211</b>	<b>(40,385)</b>	<b>(73,253)</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	249,908	300,333	301,011	300,282	729	51
<b>3200</b>	<b>PERS</b>	8,428	30,386	33,017	36,483	(3,466)	(6,097)
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	59,026	80,795	83,757	81,301	2,456	(506)
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	332,100	335,551	335,551	277,926	57,625	57,625
<b>3500</b>	<b>Unemployment Insurance</b>	1,192	4,492	4,513	4,040	473	451
<b>3600</b>	<b>Workers Comp Insurance</b>	23,831	33,591	34,067	33,796	271	(205)
<b>3700</b>	<b>Retiree Benefits</b>	-	-	-	-	-	-
<b>3800</b>	<b>PERS Reduction</b>	-	-	-	-	-	-
<b>3900</b>	<b>Other Employee Benefits</b>	2,142	-	-	-	-	-
<b>SUBTOTAL - Employee Benefits</b>		<b>676,627</b>	<b>785,148</b>	<b>791,916</b>	<b>733,829</b>	<b>58,087</b>	<b>51,319</b>

## Magnolia Public Schools - MSA-SA

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	235,150	240,000	240,000	236,983	3,017	3,017
4200	Books & Other Reference Materials	35,000	20,000	20,000	13,002	6,998	6,998
4315	Custodial Supplies	10,000	30,000	30,000	34,926	(4,926)	(4,926)
4320	Educational Software	10,000	10,000	14,638	15,513	(875)	(5,513)
4325	Instructional Materials & Supplies	65,500	47,007	42,732	47,624	(4,892)	(617)
4326	Art & Music Supplies	-	10,000	8,627	6,953	1,674	3,047
4330	Office Supplies	2,200	15,000	21,373	24,877	(3,504)	(9,877)
4335	PE Supplies	5,000	5,500	5,500	5,107	393	393
4340	Professional Development Supplies	-	-	-	-	-	-
4345	Non Instructional Student Materials & Supplies	11,185	10,185	10,185	7,530	2,655	2,655
4346	Teacher Supplies	-	9,000	11,101	11,101	-	(2,101)
4350	Uniforms	-	-	-	2,472	(2,472)	(2,472)
4351	Yearbook	-	-	-	-	-	-
4400	Noncapitalized Equipment	25	8,764	11,868	11,868	-	(3,104)
4410	Classroom Furniture, Equipment & Supplies	3,000	24,121	163,476	160,155	3,321	(136,034)
4420	Computers (individual items less than \$5k)	105,825	122,115	122,115	88,572	33,543	33,543
4423	Classroom Noncapitalized items 1	-	-	-	-	-	-
4425	Classroom Noncapitalized items 2	-	-	-	-	-	-
4430	Non Classroom Related Furniture, Equipment & Suppli	-	2,493	2,493	2,548	(54)	(54)
4433	Non Classroom Noncapitalized items 1	-	-	-	-	-	-
4435	Non Classroom Noncapitalized items 2	-	-	-	-	-	-
4700	Food	206,845	270,191	277,391	297,434	(20,043)	(27,243)
4710	Student Food Services	-	-	-	13,237	(13,237)	(13,237)
4720	Other Food	2,000	5,000	6,000	6,359	(359)	(1,359)
<b>SUBTOTAL - Books and Supplies</b>		<b>691,730</b>	<b>829,376</b>	<b>987,499</b>	<b>986,261</b>	<b>1,238</b>	<b>(156,885)</b>

# Magnolia Public Schools - MSA-SA

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5100	Subagreements	-	-	-	-	-	-
5101	CMO Fees	972,192	1,013,267	1,013,267	1,013,921	(654)	(654)
5102	Direct CMO Fee (Shared Staff)	33,233	72,367	72,367	65,480	6,887	6,887
5200	Travel & Conferences	-	-	-	-	-	-
5210	Conference Fees	8,809	8,809	8,809	2,275	6,534	6,534
5215	Travel - Mileage, Parking, Tolls	20,000	10,000	10,000	4,705	5,295	5,295
5220	Travel and Lodging	-	-	-	-	-	-
5221	Student Parking	-	-	-	-	-	-
5223	Facility & Staff Parking	-	-	-	-	-	-
5225	Travel - Meals & Entertainment	-	-	-	-	-	-
5300	Dues & Memberships	6,000	6,000	6,000	5,386	614	614
5305	Dues & Membership - Professional	-	-	-	-	-	-
5310	Subscriptions	-	-	-	-	-	-
5400	Insurance	-	-	-	-	-	-
5450	Insurance - Other	32,415	21,456	21,456	21,456	-	-
5500	Operations & Housekeeping	8,500	25,000	30,000	30,531	(531)	(5,531)
5510	Utilities - Gas and Electric	55,000	144,772	100,000	67,160	32,840	77,612
5515	Janitorial, Gardening Services & Supplies	-	-	-	-	-	-
5520	Security	-	-	-	-	-	-
5525	Utilities - Waste	-	-	-	-	-	-
5530	Utilities - Water	-	-	-	-	-	-
5535	Utilities - All Utilities	-	-	-	-	-	-
5600	Rentals, Leases, & Repairs	-	-	-	-	-	-
5605	Equipment Leases	47,344	47,344	47,344	39,401	7,943	7,943
5610	Rent	-	37,129	37,129	37,129	-	-
5611	Prop 39 Related Costs	-	-	-	-	-	-
5615	Repairs and Maintenance - Building	3,000	30,000	34,964	34,964	-	(4,964)
5616	Repairs and Maintenance - Computers	-	-	-	-	-	-
5617	Repairs and Maintenance - Other Equipment	-	-	-	-	-	-
5618	Repairs & Maintenance - Auto	-	-	-	-	-	-
5625	Storage	-	-	-	-	-	-
5631	Other Rentals, Leases and Repairs 1	-	-	-	-	-	-
5632	Other Rentals, Leases and Repairs 2	-	-	-	-	-	-
5633	Other Rentals, Leases and Repairs 3	-	-	-	-	-	-
5634	Other Rentals, Leases and Repairs 4	-	-	-	-	-	-
5635	Other Rentals, Leases and Repairs 5	-	-	-	-	-	-
5699	Other Rentals, Leases and Repairs 6	-	-	-	-	-	-

## Magnolia Public Schools - MSA-SA

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5800	Other Services & Operating Expenses	-	-	-	-	-	-
5803	Accounting Fees	5,000	5,000	10,736	15,411	(4,675)	(10,411)
5804	Service 1	-	-	-	-	-	-
5805	Administrative Fees	-	-	-	-	-	-
5806	Assemblies	-	-	-	-	-	-
5807	Service 2	-	-	-	-	-	-
5808	Service 3	-	-	-	-	-	-
5809	Banking Fees	2,856	7,243	7,243	5,027	2,216	2,216
5810	Service 4	-	-	-	-	-	-
5812	Business Services	-	-	-	-	-	-
5813	School Programs - After School Program	10,000	15,000	15,000	1,951	13,049	13,049
5814	School Programs - Academic Competitions	7,500	7,500	7,500	5,380	2,120	2,120
5815	Consultants - Instructional	-	-	-	-	-	-
5816	Data Director	-	-	-	-	-	-
5817	Contribution	-	-	-	-	-	-
5818	Service 7	-	-	-	-	-	-
5819	School Programs - Other	-	-	7,000	12,037	(5,037)	(12,037)
5820	Consultants - Non Instructional - Custom 1	30,000	15,000	8,820	1,350	7,470	13,650
5821	Consultants - Non Instructional - Custom 2	-	-	-	-	-	-
5822	Consultants - Non Instructional - Custom 3	57,898	40,000	43,716	53,422	(9,706)	(13,422)
5824	District Oversight Fees	46,872	54,659	55,169	55,078	91	(419)
5826	Directors Contingency	-	-	-	-	-	-
5827	Service 9	-	-	-	-	-	-
5828	Service 10	-	-	-	-	-	-
5829	Enrichment Program	-	-	-	-	-	-
5830	Field Trips Expenses	19,000	19,000	19,000	25,157	(6,157)	(6,157)
5833	Fines and Penalties	-	29,000	29,000	23,763	5,237	5,237
5834	Service 11	-	-	-	-	-	-
5836	Fingerprinting	-	-	-	-	-	-
5839	Fundraising Expenses	-	-	-	-	-	-
5841	Party Expense	-	-	-	-	-	-
5842	Grant Writer	-	-	-	-	-	-
5843	Interest - Loans Less than 1 Year	227	141	529	106	423	35
5845	Legal Fees	15,000	15,000	15,000	5,248	9,752	9,752
5846	Loan and Financing Fees	-	-	-	-	-	-
5848	Licenses and Other Fees	-	-	-	-	-	-
5851	Marketing and Student Recruiting	30,000	20,000	20,000	7,504	12,496	12,496
5852	Receivable Sale Fees	-	-	-	-	-	-
5853	Service 14	-	-	-	-	-	-

**Magnolia Public Schools - MSA-SA**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5854	Consultants - Other 1	-	-	-	-	-	-
5855	Consultants - Other 2	-	-	-	-	-	-
5856	Consultants - Other 3	-	-	-	-	-	-
5857	Payroll Fees	21,600	21,600	29,585	29,958	(373)	(8,358)
5860	Printing and Reproduction	-	-	-	-	-	-
5861	Prior Yr Exp (not accrued)	-	340	56,645	56,513	132	(56,174)
5863	Professional Development	35,575	41,575	37,567	64,574	(27,007)	(22,999)
5864	Professional Development - Tuition Reimbursement	-	-	-	-	-	-
5865	Service 16	-	-	-	-	-	-
5866	Service 17	-	-	-	-	-	-
5869	Special Education Contract Instructors	224,000	224,000	224,000	228,054	(4,054)	(4,054)
5872	Special Education Encroachment	-	12,913	13,117	13,117	0	(204)
5884	Substitutes	51,150	55,000	88,000	98,371	(10,371)	(43,371)
5885	Tutor	-	-	-	-	-	-
5887	Technology Services	20,000	64,000	64,000	64,154	(154)	(154)
5890	Transcript	-	-	-	-	-	-
5893	Transportation - Student	-	-	-	-	-	-
5896	Internet/Website consulting	-	-	-	-	-	-
5898	Bad Debt Expense	-	-	1,867	1,867	-	(1,867)
5899	Miscellaneous Operating Expenses	-	-	-	-	-	-
5900	Communications	4,800	17,000	30,500	32,391	(1,891)	(15,391)
5905	Communications - Cell Phones	-	-	-	-	-	-
5910	Communications - Internet / Website Fees	-	-	-	-	-	-
5915	Postage and Delivery	7,799	7,799	4,799	2,788	2,011	5,011
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>1,775,769</b>	<b>2,087,914</b>	<b>2,170,129</b>	<b>2,125,629</b>	<b>44,500</b>	<b>(37,716)</b>

**Magnolia Public Schools - MSA-SA**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>				Variance	Variance
		Approved Budget	Approved Budget	May'17	FY16-17 Unaudited	(Previous Forecast	Variance
		June 6th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
<b>6000</b>	<b>Capital Outlay</b>						
6100	Sites & Improvement of Sites	-	-	-	-	-	-
6200	Buildings & Improvement of Buildings	13,332,561	-	-	-	-	-
6300	School Libraries	-	-	-	-	-	-
6400	Equipment	-	37,249	37,249	-	37,249	37,249
6410	Computers (capitalizable items)	56,500	77,875	77,875	-	77,875	77,875
	<b>SUBTOTAL - Capital Outlay</b>	<b>13,389,061</b>	<b>115,124</b>	<b>115,124</b>	<b>-</b>	<b>115,124</b>	<b>115,124</b>
<b>TOTAL EXPENSES</b>		<b>18,916,317</b>	<b>6,800,797</b>	<b>7,090,169</b>	<b>6,866,833</b>	<b>223,337</b>	<b>(66,036)</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>397,234</b>	<b>373,813</b>	<b>373,813</b>	<b>434,567</b>	<b>60,753</b>	<b>(60,753)</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>5,924,489</b>	<b>7,059,486</b>	<b>7,348,859</b>	<b>7,301,399</b>	<b>168,965</b>	<b>(241,913)</b>



## Magnolia Public Schools - MSA-SD

Budget vs. Actuals

UAR FY17

	Budget					
	Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
LCFF Entitlement	3,365,610	3,067,041	3,031,463	3,033,354	1,891	(33,687)
Federal Revenue	133,928	139,972	105,749	107,314	1,565	(32,658)
Other State Revenues	301,331	386,040	528,352	486,125	(42,227)	100,085
Local Revenues	55,036	88,597	75,780	75,700	(80)	(12,897)
Fundraising and Grants	20,000	23,827	36,064	36,064	-	12,237
<b>Total Revenue</b>	<b>3,875,905</b>	<b>3,705,478</b>	<b>3,777,547</b>	<b>3,738,557</b>	<b>(38,990)</b>	<b>33,079</b>
<b>Expenses</b>						
Compensation and Benefits	2,155,725	2,258,898	2,307,318	2,285,583	21,735	(26,686)
Books and Supplies	163,559	180,455	173,955	133,237	40,718	47,218
Services and Other Operating Expenditures	1,325,125	1,181,986	1,249,823	1,216,565	33,258	(34,579)
Depreciation	44,619	39,460	39,460	39,157	303	303
<b>Total Expenses</b>	<b>3,689,029</b>	<b>3,660,800</b>	<b>3,770,556</b>	<b>3,674,543</b>	<b>96,014</b>	<b>(13,743)</b>
<b>Operating Income</b>	<b>186,876</b>	<b>44,678</b>	<b>6,991</b>	<b>64,014</b>	<b>57,024</b>	<b>19,336</b>
<b>Fund Balance</b>						
Beginning Balance (Unaudited)	1,053,661	1,053,661	1,173,620	1,173,620		
Audit Adjustment	-	-	960	960		
Beginning Balance (Audited)	1,053,661	1,053,661	1,174,581	1,174,581		
Operating Income (including Depreciation)	186,876	44,678	6,991	64,014		
<b>Ending Fund Balance</b>	<b>1,240,537</b>	<b>1,098,339</b>	<b>1,181,571</b>	<b>1,238,595</b>		
<b>Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Total ADA	453.6	413.0	407.9	407.9	-	(5.1)

## Magnolia Public Schools - MSA-SD

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>LCFF Entitlement</b>							
8011	Charter Schools LCFF - State Aid	812,986	516,223	737,566	739,457	1,891	223,234
8012	Education Protection Account Entitlement	623,404	546,969	90,362	90,362	-	(456,607)
8096	Charter Schools in Lieu of Property Taxes	1,929,220	2,003,849	2,203,535	2,203,535	0	199,686
<b>SUBTOTAL - LCFF Entitlement</b>		<b>3,365,610</b>	<b>3,067,041</b>	<b>3,031,463</b>	<b>3,033,354</b>	<b>1,891</b>	<b>(33,687)</b>
<b>8100 Federal Revenue</b>							
8181	Special Education - Entitlement	48,937	52,875	53,721	53,721	-	846
8220	Child Nutrition Programs	24,079	24,125	24,125	25,411	1,286	1,286
8291	Title I	24,624	26,810	27,246	27,376	130	566
8292	Title II	669	662	657	667	10	5
8293	Title III	120	-	-	-	-	-
8296	Other Federal Revenue	35,500	35,500	-	-	-	(35,500)
8297	PY Federal - Not Accrued	-	-	139	139	-	139
<b>SUBTOTAL - Federal Income</b>		<b>133,928</b>	<b>139,972</b>	<b>105,888</b>	<b>107,314</b>	<b>1,426</b>	<b>(32,658)</b>
<b>8300 Other State Revenues</b>							
8319	Other State Apportionments - Prior Years	-	5,571	16,938	16,938	-	11,368
8381	Special Education - Entitlement (State)	221,038	207,749	206,815	208,406	1,591	657
8382	Special Education Reimbursement (State)	-	-	53,460	8,988	(44,472)	8,988
8520	Child Nutrition - State	3,881	1,872	1,872	1,609	(263)	(263)
8545	School Facilities Apportionments	-	-	-	-	-	-
8550	Mandated Cost Reimbursements	2,938	92,787	92,789	92,789	-	2
8560	State Lottery Revenue	73,475	78,061	77,097	76,291	(806)	(1,770)
8590	All Other State Revenue	-	-	-	103	103	103
8596	ASES	-	-	79,380	81,000	1,620	81,000
<b>SUBTOTAL - Other State Income</b>		<b>301,331</b>	<b>386,040</b>	<b>528,352</b>	<b>486,125</b>	<b>(42,227)</b>	<b>100,085</b>

**Magnolia Public Schools - MSA-SD**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>8600</b>	<b>Other Local Revenue</b>						
8634	Food Service Sales	-	-	-	-	-	-
8660	Interest	1,836	1,836	1,584	1,504	(80)	(332)
8682	Summer Program	10,200	20,404	20,404	20,404	-	-
8690	Other Local Revenue	-	23,337	16,348	16,348	-	(6,989)
8693	Field Trips	43,000	43,000	37,424	37,424	-	(5,576)
8699	All Other Local Revenue	-	20	20	20	-	-
	<b>SUBTOTAL - Local Revenues</b>	<b>55,036</b>	<b>88,597</b>	<b>75,780</b>	<b>75,700</b>	<b>(80)</b>	<b>(12,897)</b>
<b>8800</b>	<b>Donations/Fundraising</b>						
8803	Fundraising	20,000	23,827	36,064	36,064	-	12,237
	<b>SUBTOTAL - Fundraising and Grants</b>	<b>20,000</b>	<b>23,827</b>	<b>36,064</b>	<b>36,064</b>	<b>-</b>	<b>12,237</b>
<b>TOTAL REVENUE</b>		<b>3,875,905</b>	<b>3,705,478</b>	<b>3,777,547</b>	<b>3,738,557</b>	<b>(38,990)</b>	<b>33,079</b>

**Magnolia Public Schools - MSA-SD**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>				Variance	Variance
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	(Previous Forecast vs. UAR)	(Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits</b>							
<b>Certificated Employees Summary</b>							
<b>1100</b>	<b>Teachers Salaries</b>	1,264,738	1,140,266	1,148,829	1,165,267	(16,438)	(25,001)
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salaries</b>	338,000	393,114	394,114	363,998	30,116	29,116
<b>SUBTOTAL - Certificated Employees</b>		<b>1,602,738</b>	<b>1,533,380</b>	<b>1,542,943</b>	<b>1,529,265</b>	<b>13,678</b>	<b>4,115</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	62,033	152,183	152,183	147,005	5,178	5,178
<b>2900</b>	<b>Classified Other Salaries</b>	32,842	71,352	71,352	74,960	(3,608)	(3,608)
<b>SUBTOTAL - Classified Employees</b>		<b>94,875</b>	<b>223,535</b>	<b>223,535</b>	<b>221,965</b>	<b>1,570</b>	<b>1,570</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	188,731	188,824	189,685	184,064	5,621	4,759
<b>3200</b>	<b>PERS</b>	12,185	28,669	28,669	29,616	(947)	(947)
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	36,871	41,658	41,972	43,566	(1,595)	(1,908)
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	202,500	220,171	257,740	244,974	12,766	(24,803)
<b>3500</b>	<b>Unemployment Insurance</b>	849	2,878	2,883	1,821	1,063	1,058
<b>3600</b>	<b>Workers Comp Insurance</b>	16,976	19,783	19,891	30,312	(10,421)	(10,529)
<b>SUBTOTAL - Employee Benefits</b>		<b>458,112</b>	<b>501,983</b>	<b>540,840</b>	<b>534,354</b>	<b>6,487</b>	<b>(32,371)</b>

**Magnolia Public Schools - MSA-SD**

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	10,000	18,074	18,074	18,074	-	-
4200	Books & Other Reference Materials	10,000	10,000	10,000	-	10,000	10,000
4315	Custodial Supplies	9,000	6,000	6,000	5,829	171	171
4320	Educational Software	15,000	15,000	15,000	-	15,000	15,000
4325	Instructional Materials & Supplies	18,700	18,700	16,200	22,210	(6,010)	(3,510)
4326	Art & Music Supplies	2,200	2,200	2,200	747	1,453	1,453
4330	Office Supplies	32,200	32,200	27,200	19,861	7,339	12,339
4335	PE Supplies	5,000	4,000	4,000	-	4,000	4,000
4340	Professional Development Supplies	-	-	-	195	(195)	(195)
4345	Non Instructional Student Materials & Supplies	6,000	6,000	6,000	3,035	2,965	2,965
4346	Teacher Supplies	-	1,000	1,000	-	1,000	1,000
4350	Uniforms	-	13,716	13,716	13,716	-	-
4410	Classroom Furniture, Equipment & Supplies	10,000	10,000	7,500	4,186	3,314	5,814
4420	Computers (individual items less than \$5k)	15,500	10,000	10,000	5,917	4,083	4,083
4430	Non Classroom Related Furniture, Equipment & Suppl	-	3,269	3,269	4,169	(900)	(900)
4700	Food	27,959	27,297	27,297	29,204	(1,907)	(1,907)
4710	Student Food Services	-	-	-	-	-	-
4720	Other Food	2,000	3,000	6,500	6,095	405	(3,095)
	<b>SUBTOTAL - Books and Supplies</b>	<b>163,559</b>	<b>180,455</b>	<b>173,955</b>	<b>133,237</b>	<b>40,718</b>	<b>47,218</b>

## Magnolia Public Schools - MSA-SD

Budget vs. Actuals

UAR FY17

		<b>Budget</b>				Variance	Variance
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	(Previous Forecast vs. UAR)	(Budget vs. UAR)
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5101	CMO Fees	370,217	337,375	337,375	333,669	3,706	3,706
5102	Direct CMO Fee (Shared Staff)	42,738	22,916	22,916	44,097	(21,181)	(21,181)
5210	Conference Fees	5,000	5,000	5,000	370	4,630	4,630
5215	Travel - Mileage, Parking, Tolls	7,000	7,000	7,000	3,206	3,794	3,794
5220	Travel and Lodging	20,000	20,000	18,000	12,098	5,902	7,902
5300	Dues & Memberships	5,400	5,400	5,400	3,801	1,599	1,599
5450	Insurance - Other	19,000	18,580	18,580	18,575	5	5
5500	Operations & Housekeeping	-	5,000	16,000	12,891	3,109	(7,891)
5510	Utilities - Gas and Electric	37,200	30,000	20,000	17,153	2,847	12,847
5605	Equipment Leases	10,000	10,000	12,000	11,836	164	(1,836)
5610	Rent	345,000	320,000	330,000	330,000	-	(10,000)
5615	Repairs and Maintenance - Building	35,000	15,000	15,000	10,490	4,510	4,510
5617	Repairs and Maintenance - Other Equipment	5,000	5,000	5,000	1,322	3,678	3,678
5803	Accounting Fees	5,000	5,000	10,000	10,294	(294)	(5,294)
5809	Banking Fees	1,000	1,000	1,000	372	628	628
5813	School Programs - After School Program	-	-	79,380	72,992	6,388	(72,992)
5814	School Programs - Academic Competitions	5,000	5,000	4,068	2,536	1,532	2,464
5819	School Programs - Other	600	600	1,532	2,969	(1,437)	(2,369)

## Magnolia Public Schools - MSA-SD

Budget vs. Actuals

UAR FY17

		<b>Budget</b>					
		Approved Budget June 6th	Approved Budget February 9th	May'17 Forecast	FY16-17 Unaudited Actuals	Variance (Previous Forecast vs. UAR)	Variance (Budget vs. UAR)
5820	Consultants - Non Instructional - Custom 1	40,000	-	-	-	-	-
5822	Consultants - Non Instructional - Custom 3	26,503	26,503	26,503	20,088	6,415	6,415
5824	District Oversight Fees	33,656	30,670	30,315	30,334	(19)	337
5830	Field Trips Expenses	45,000	45,000	45,000	55,533	(10,533)	(10,533)
5833	Fines and Penalties	-	-	868	1,703	(834)	(1,703)
5845	Legal Fees	25,000	25,000	25,000	7,150	17,850	17,850
5851	Marketing and Student Recruiting	24,000	24,000	24,000	8,895	15,105	15,105
5857	Payroll Fees	18,000	18,000	15,500	16,413	(913)	1,587
5861	Prior Yr Exp (not accrued)	-	8,806	11,165	11,165	-	(2,359)
5863	Professional Development	17,100	19,000	19,000	6,946	12,054	12,054
5869	Special Education Contract Instructors	70,000	55,000	55,000	77,547	(22,547)	(22,547)
5872	Special Education Encroachment	-	10,425	10,421	10,421	0	4
5875	Staff Recruiting	1,911	1,911	-	-	-	1,911
5884	Substitutes	25,000	19,000	19,000	22,137	(3,137)	(3,137)
5887	Technology Services	43,800	43,800	43,800	45,119	(1,319)	(1,319)
5900	Communications	42,000	37,000	11,000	11,084	(84)	25,916
5915	Postage and Delivery	-	5,000	5,000	3,359	1,641	1,641
<b>SUBTOTAL - Services &amp; Other Operating Exp.</b>		<b>1,325,125</b>	<b>1,181,986</b>	<b>1,249,823</b>	<b>1,216,565</b>	<b>33,258</b>	<b>(34,579)</b>
<b>TOTAL EXPENSES</b>		<b>3,644,410</b>	<b>3,621,339</b>	<b>3,731,096</b>	<b>3,635,386</b>	<b>95,711</b>	<b>(14,046)</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>44,619</b>	<b>39,460</b>	<b>39,460</b>	<b>39,157</b>	<b>(303)</b>	<b>303</b>
<b>TOTAL EXPENSES including Depreciation</b>		<b>3,689,029</b>	<b>3,660,800</b>	<b>3,770,556</b>	<b>3,674,543</b>	<b>95,407</b>	<b>(13,743)</b>

**MERF**

Budget vs. Actual  
UAR FY17

	<b>Budget</b>					
	Approved Budget	Approved Budget	May'17	Unaudited	(Previous Forecast	Variance
	September 8th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
<b>SUMMARY</b>						
<b>Revenue</b>						
Local Revenue	6,242,850	6,410,367	6,419,837	6,508,092	88,255	97,725
Fundraising and Grant	150,000	150,000	150,000	86,850	(63,150)	(63,150)
<b>Total Revenue</b>	<b>6,392,850</b>	<b>6,560,367</b>	<b>6,569,837</b>	<b>6,594,942</b>	<b>25,104</b>	<b>34,575</b>
<b>Expenses:</b>						
Compensation and Benefit	3,467,487	3,567,998	3,564,740	3,504,360	60,380	63,638
Books and Supplie	75,821	84,820	84,820	56,323	28,497	28,497
Services and Other Operatina Expenditur	2,537,455	2,616,824	2,701,431	2,520,256	181,175	96,568
Depreciator	7,666	1,440	1,440	1,440	(0)	(0)
<b>Total Expenses:</b>	<b>6,088,429</b>	<b>6,271,082</b>	<b>6,352,431</b>	<b>6,082,379</b>	<b>270,053</b>	<b>188,703</b>
<b>Operating Income</b>	<b>304,421</b>	<b>289,286</b>	<b>217,406</b>	<b>512,563</b>	<b>295,157</b>	<b>223,278</b>
<b>Fund Balance</b>						
Beainnina Balance (Unauditec	(285,175)	(285,175)	(285,175)	(285,175)		
Audit Adiustmen	284,225	284,225	284,225	284,225		
Beainnina Balance (Auditec	(950)	(950)	(950)	(950)		
Operatina Income	304,421	289,286	217,406	512,563		
<b>Ending Fund Balance</b>	<b>303,471</b>	<b>288,335</b>	<b>216,456</b>	<b>511,613</b>		
<b>Capital Outla</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		



**MERF**  
 Budget vs. Actual  
 UAR FY17

			<b>Budget</b>		
Approved Budget September 8th	Approved Budget February 9th	May'17 Forecast	Unaudited Actuals	(Previous Forecast vs. UAR)	Variance (Budget vs. UAR)

**MERF**

Budget vs. Actual  
UAR FY17

		<b>Budget</b>					
		Approved Budget	Approved Budget	May'17	Unaudited	(Previous Forecast	Variance
		September 8th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
<b>LCFF Entitlement</b>						-	-
<b>SUBTOTAL - LCFF Entitlementer</b>		-	-	-	-	-	-
<b>8100</b>	<b>Federal Revenue</b>						
<b>SUBTOTAL - Federal Income</b>		-	-	-	-	-	-
<b>8300</b>	<b>Other State Revenues</b>						
<b>SUBTOTAL - Other State Income</b>		-	-	-	-	-	-
<b>8600</b>	<b>Other Local Revenue</b>						
8690	Other Local Revenue	-	3.890	13.360	85.238	71.878	81.348
8699	All Other Local Revenue	-	21.216	21.216	21.216	-	0
8701	CMO Fee - MSA-1	972.192	1,013.267	1,013.267	1,013.921	654	654
8702	CMO Fee - MSA-2	972.192	918.273	918.273	918.866	593	593
8703	CMO Fee - MSA-3	881.049	918.273	918.273	918.866	593	593
8704	CMO Fee - MSA-4	72.914	75.995	75.995	76.044	49	49
8705	CMO Fee - MSA-5	72.914	75.995	75.995	76.044	49	49
8706	CMO Fee - MSA-6	72.914	75.995	75.995	76.044	49	49
8707	CMO Fee - MSA-7	607.620	633.292	633.292	633.701	409	409
8708	CMO Fee - MSA-8	972.192	1,013.267	1,013.267	1,013.921	654	654
8709	CMO Fee - MSA-SA	972.192	1,013.267	1,013.267	1,013.921	654	654
8711	Revenue Program 11	-	-	-	-	-	-
8712	CMO Fee - MSA-SC	370.217	337.375	337.375	333.669	(3.706)	(3.706)
8713	Direct CMO Fee (Shared Staff)	276.455	310.263	310.263	326.639	16.376	16.376
<b>SUBTOTAL - Local Revenue:</b>		<b>6,242.850</b>	<b>6,410.367</b>	<b>6,419.837</b>	<b>6,508.092</b>	<b>88,255</b>	<b>97,725</b>
<b>8800</b>	<b>Donations/Fundraisinc</b>						
8801	Donations - Parents	-	-	-	-	-	-
8802	Donations - Private	150.000	149.000	149.000	85.850	(63.150)	(63.150)
8803	Fundraising	-	1.000	1.000	1.000	-	-
<b>SUBTOTAL - Fundraising and Grant</b>		<b>150.000</b>	<b>150.000</b>	<b>150.000</b>	<b>86.850</b>	<b>(63.150)</b>	<b>(63.150)</b>
<b>TOTAL REVENUE</b>		<b>6,392.850</b>	<b>6,560.367</b>	<b>6,569.837</b>	<b>6,594.942</b>	<b>25,104</b>	<b>34,575</b>

**MERF**

Budget vs. Actual  
UAR FY17

		<b>Budget</b>					
		Approved Budget	Approved Budget	May'17	Unaudited	(Previous Forecast	Variance
		September 8th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
<b>EXPENSES</b>							
<b>Compensation &amp; Benefits:</b>							
<b>Certificated Employees Summary</b>							
<b>1300</b>	<b>Certificated Supervisor &amp; Administrator Salary</b>	592.000	625.571	617.079	624.644	(7.565)	927
<b>SUBTOTAL - Certificated Employee</b>		<b>592.000</b>	<b>625.571</b>	<b>617.079</b>	<b>624.644</b>	<b>(7.565)</b>	<b>927</b>
<b>Classified Employees Summary</b>							
<b>2400</b>	<b>Classified Clerical &amp; Office Salaries</b>	2.097.761	2.082.181	2.079.455	2.056.808	22.647	25.373
<b>2900</b>	<b>Classified Other Salaries</b>	180.200	171.827	171.827	147.355	24.472	24.472
<b>SUBTOTAL - Classified Employee</b>		<b>2.277.961</b>	<b>2.254.008</b>	<b>2.251.282</b>	<b>2.204.163</b>	<b>47.119</b>	<b>49.846</b>
<b>Employee Benefits Summary</b>							
<b>3100</b>	<b>STRS</b>	44.282	90.877	89.809	84.013	5.796	6.864
<b>3200</b>	<b>PERS</b>	-	23.362	23.362	23.762	(401)	(401)
<b>3300</b>	<b>OASDI-Medicare-Alternative</b>	197.565	175.277	173.549	164.901	8.649	10.376
<b>3400</b>	<b>Health &amp; Welfare Benefits</b>	226.800	257.806	269.911	285.875	(15.964)	(28.068)
<b>3500</b>	<b>Unemployment Insurance</b>	13.034	15.410	16.021	11.217	4.805	4.194
<b>3600</b>	<b>Workers Comp Insurance</b>	28.700	32.424	32.298	32.071	227	353
<b>3700</b>	<b>Retiree Benefits</b>	87.146	93.262	91.428	73.714	17.714	19.548
<b>SUBTOTAL - Employee Benefit</b>		<b>597.526</b>	<b>688.418</b>	<b>696.379</b>	<b>675.553</b>	<b>20.826</b>	<b>12.866</b>

**MERF**

Budget vs. Actual  
UAR FY17

		<b>Budget</b>					
		Approved Budget	Approved Budget	May'17	Unaudited	(Previous Forecast	Variance
		September 8th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
<b>4000</b>	<b>Books &amp; Supplies</b>						
4100	Approved Textbooks & Core Curricula Materials	1.020	977	977	-	977	977
4200	Books & Other Reference Materials	-	43	43	43	-	-
4320	Educational Software	19.000	12.200	12.200	12.200	-	-
4325	Instructional Materials & Supplies	102	-	-	-	-	-
4330	Office Supplies	9.099	15.000	15.000	13.424	1.576	1.576
4340	Professional Development Supplies	-	-	-	350	(350)	(350)
4400	Noncapitalized Equipment	1.000	-	-	-	-	-
4420	Computers (individual items less than \$5k)	5,000	5,000	5,000	1,861	3,139	3,139
4720	Other Food	40.600	51.600	51.600	28.445	23.155	23.155
	<b>SUBTOTAL - Books and Supplie</b>	<b>75.821</b>	<b>84.820</b>	<b>84.820</b>	<b>56.323</b>	<b>28.497</b>	<b>28.497</b>

**MERF**

Budget vs. Actual  
UAR FY17

		<b>Budget</b>					
		Approved Budget	Approved Budget	May'17	Unaudited	(Previous Forecast	Variance
		September 8th	February 9th	Forecast	Actuals	vs. UAR)	(Budget vs. UAR)
<b>5000</b>	<b>Services &amp; Other Operating Expenses</b>						
5200	Travel & Conferences	-	-	354	354	-	(354)
5210	Conference Fees	38,796	23,796	11,599	7,739	3,860	16,057
5215	Travel - Mileage, Parking, Tolls	31,820	53,320	53,100	55,047	(1,948)	(1,727)
5220	Travel and Lodging	96,569	24,569	24,569	23,744	825	825
5300	Dues & Memberships	10,200	10,200	10,420	10,629	(209)	(429)
5450	Insurance - Other	14,688	14,688	14,688	790	13,898	13,898
5500	Operations & Housekeeping	20,593	33,593	31,876	25,492	6,384	8,101
5605	Equipment Leases	12,240	12,240	12,240	15,862	(3,622)	(3,622)
5610	Rent	157,200	158,520	158,520	157,972	548	548
5615	Repairs and Maintenance - Building	84	-	-	-	-	-
5803	Accounting Fees	6,120	25,000	30,000	31,207	(1,207)	(6,207)
5809	Banking Fees	18,275	18,275	20,168	20,168	-	(1,893)
5812	Business Services	695,000	695,000	695,000	694,988	12	12
5819	School Programs - Other	-	4,400	4,400	2,839	1,562	1,562
5822	Consultants - Non Instructional - Custom 3	884,949	872,596	872,596	768,904	103,692	103,692
5833	Fines and Penalties	321	970	3,629	3,634	(5)	(2,664)
5843	Interest - Loans Less than 1 Year	111	111	111	74	37	37
5845	Legal Fees	215,000	300,000	300,000	279,403	20,597	20,597
5848	Licenses and Other Fees	-	4,000	8,179	8,179	-	(4,179)
5851	Marketing and Student Recruiting	70,149	33,649	33,649	32,758	891	891
5857	Payroll Fees	18,000	18,000	17,000	14,780	2,220	3,220
5861	Prior Yr Exp (not accrued)	-	16,697	97,469	107,512	(10,043)	(90,816)
5863	Professional Development	100,000	58,200	56,021	46,907	9,114	11,293
5864	Professional Development - Other	50,000	87,500	87,500	42,427	45,073	45,073
5875	Staff Recruiting	-	21,000	13,960	13,126	834	7,874
5887	Technology Services	65,720	78,500	85,540	99,896	(14,356)	(21,396)
5900	Communications	17,340	36,000	46,343	43,583	2,760	(7,583)
5915	Postage and Delivery	14,280	16,000	12,500	12,243	258	3,758
	<b>SUBTOTAL - Services &amp; Other Operating Exp</b>	<b>2,537,455</b>	<b>2,616,824</b>	<b>2,701,431</b>	<b>2,520,256</b>	<b>181,175</b>	<b>96,568</b>
	<b>TOTAL EXPENSES</b>	<b>6,080,763</b>	<b>6,269,641</b>	<b>6,350,991</b>	<b>6,080,938</b>	<b>270,053</b>	<b>188,703</b>
<b>6900</b>	<b>Total Depreciation (includes Prior Years)</b>	<b>7,666</b>	<b>1,440</b>	<b>1,440</b>	<b>1,440</b>	<b>0</b>	<b>(0)</b>
	<b>TOTAL EXPENSES including Depreciation</b>	<b>6,088,429</b>	<b>6,271,082</b>	<b>6,352,431</b>	<b>6,082,379</b>	<b>270,053</b>	<b>188,703</b>

# Cover Sheet

## MSA 4 and MSA 5 Fiscal Oversight Letter Responses

**Section:** II. Discussion Item  
**Item:** C. MSA 4 and MSA 5 Fiscal Oversight Letter Responses  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** IIC MPS Responses to LAUSD for MSA 4:5.pdf



Board Agenda Item #	Agenda # II C
Date:	September 7, 2017
To:	Magnolia Board of Directors- Finance Committee Meeting
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo - CFO
RE:	MSA 4 and 5 Responses to LAUSD Oversight Visit Reports

Proposed Board Recommendation

Informational/Discussion item, no action required.

Background

LAUSD Charter School Division Staff visited MSA 4 on February 3, 2016 and MSA 5 on January 12, 2017. The oversight reports requires MPS to address the discrepancies and provide actions taken to improve the areas noted in the Fiscal Operations section of each school’s 2016-17 Annual Performance-Based Oversight Visit Report, including adherence to fiscal policies.

Budget Implications

n/a

How Does This Action Relate/Affect/Benefit All MSAs?

n/a

Name of Staff Originator:

Nanie Montijo, CFO

Exhibits (attachments):

MSA 4 Response

MSA 5 Response



Sept 1, 2017

Via Hand Delivery

Jose Cole Gutierrez, Director CSD  
Los Angeles Unified School District  
333 South Beaudry Avenue, 20<sup>th</sup> Floor  
Los Angeles, CA 90017

**RE: Magnolia Science Academy-4 MERF's Actions Taken in Order to  
Address the Discrepancies and Improve Areas Noted in the Fiscal  
Operations Section of the 2016-2017 Annual Performance-Based Oversight  
Visit Report**

Dear Mr. Gutierrez:

The purpose of this letter is to respond to the Los Angeles Unified School District's ("LAUSD" or the "District") staff report and findings of fact of the Magnolia Science Academy – 4 ("MSA-4" or the "Charter School") oversight visit report.

Below, please find the summary of the findings from the District staff report, immediately followed by the Charter School's response.



250 E. 1<sup>st</sup> Street Suite 1500, Los Angeles, CA 90012 |  
www.magnoliapublicschools.org

DRAFT

Areas Noted for Further Growth and/or Improvement:

Based on the review of documents received for all eight Magnolia schools, below are the items of non-compliance to the fiscal policies and procedures approved by the governing board of Magnolia Public Schools. Details of the findings are itemized below:

Check Number	Vendor Name	Check Amount	Description of Discrepancies
52118	GE Capital	\$1,443.99	Open payables are reviewed by EdTec and CFO. Policy states, invoices are paid within seven days or sooner of the payment term. Review of the back-up documentation revealed that the approvals (09-16-15) were obtained after services were rendered (07-12-15)
52107	Sprint Solutions, Inc.	\$8,601.84	Open payables are reviewed by EdTec and CFO. Policy states, invoices are paid within seven days or sooner of the payment term. Review of the back-up documentation revealed that the check request was initiated on 8-17-15. The account analysis (7-10-15) revealed that the CMO had knowledge of the outstanding amount which tied back to FY 2014/15 (PO125000785).
DB072715	Flocabulary.com	\$1,200.00	Vendor is not identified in the PO. No indication that Floabulary.com is an approved vendor as per fiscal policies and procedures. ( PUR101 3.0 Vendor Selection)
DB101315	EastBay Inc.	\$ 32.70	Vendor is not identified in the PO. A handwritten name of the contact person was written on the PO provided. Per P & P's it stated that, "Requestor is responsible for completing a purchase order form for all orders. This can be processed through CoolSIS". (PUR102 General Purchasing, Item 2.1). .
DB101315-1	EastBay Inc.	\$ 603.78	Vendor is not identified in the PO, copies of the invoice which matches the amount paid was provided as supporting documents. Per P & P's it stated that, "Requestor is responsible for completing a purchase order form for all orders. This can be processed through CoolSIS". (PUR102 General Purchasing, Item 2.1). .

32122	CoolISIS Technologies Inc.	\$2,338.90	Open payables are reviewed by EdTec and CFO. Policy states, invoices are paid within seven days or sooner of the payment term. This amount represents finance charges on Overdue Balance for Inv. Nos. 1005004, 1005068, 1005194, 1005195, 1005196 & FC 35
8109	West Valley Enterprises	\$10,143.45	Open payables are reviewed by EdTec and CFO. Policy states invoices are paid within seven days or sooner of the payment term. Invoice reflected total invoice amount of \$4,169.70 was over 90 days past due. The invoice covers August 2014 through May 2015 delivery dates. CoolSIS reflected that request for payment was initiated on 06/10/2015.
8191	Hector Uribe	\$1,000.00	The backup documentation revealed that the approvals (10-27-15) was obtained after services was rendered (10-22-15). Open payables are reviewed by EdTec and CFO. Policy states invoices are paid within seven days or sooner of the payment term.
8202	LP Express	\$1,508.00	This was a three part request. Two of the check requests was not supported by an invoice.
23115	PCM-G	\$160,968.27	Vendor is not identified in the PO, Copies of the invoice that was provided as supporting documents did not match the amount paid. Per P & P's it stated that, "Requestor is responsible for completing a purchase order form for all orders. This can be processed through CoolSIS". (PUR102 General Purchasing, Item 2.1).
23146	Suat Acar	\$4,028.06	Vendor is not identified in the PO. No indication that Suet Acar is an approved vendor as per fiscal policies and procedures. ( PUR101 3.0 Vendor Selection) Per P & P's it is stated that. "Requestor is responsible for completing a purchase order form for all orders. This can be processed through CoolSIS". (PUR102 General Purchasing, Item 2.1).

8103	CalNET Technolo gy Group	\$20,519.46	PUR 102 Policy states that all purchases require a request in CoolSIS - No PO was provided PUR 102 Policy states All purchases above \$5,000 require at least 3 quotes to be obtained- no 3 quotes was provided PUR 104 Policy states that the Chief Financial Officer (CFO) is responsible for approving payments under \$10,000 – the payment of this invoice was beyond the authorized amount granted to the CFO to approve.
8182	Semra Oner	\$379.49	Vendor is not identified in the PO. No indication that Semra Oner is an approved vendor as per fiscal policies and procedures. ( PUR101 3.0 Vendor Selection) Per P & P's it stated that, "Requestor is responsible for completing a purchase order form for all orders. This can be processed through CoolSIS". (PUR102 General Purchasing, Item 2.1). Reimbursement was processed without the itemized report from the hotel detailing all charges. (PUR106 Reimbursements) Per P & P's it stated that, "Travel and Conferences – an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose."
DB111315-1	Costco	\$197.91	Vendor is not identified in the PO. ( PUR101 3.0 Vendor Selection)
DB111315-2	Costco	\$1,089.95	Vendor is not identified in the PO. ( PUR101 3.0 Vendor Selection)
DB111715	Telum Advertisi ng Agency	\$2,342.02	A requisition (or other agreement) and an invoice was not provided. Policy states that, non-merchandise expenditures are generally recorded through the purchase order routine. However, there may be other documentation, like contracts, requisitions, and other agreements (PUR 104 2.0 Recording Non-Merchandise Payables).

42146	Edlogical Group Corp.	\$5,325.26	PUR 102 Policy states that all purchases require a request in CoolSIS- No PO was provided PUR 102 Policy states All purchases above \$5,000 require at least 3 quotes to be obtained- no 3 quotes provided PUR 104 Policy states that the Principal is responsible for approving payments under \$5,000 – the payment of this invoice was beyond the authorized amount granted to the Principal to approve
42151	3,380.00	\$3,380.00	PUR 102 Policy states that all purchases require a request in CoolSIS- No PO was provided
62107	CalNET Technology Group	\$11,904.74	PUR 102 Policy states that all purchases require a request in CoolSIS- No PO was provided PUR 102 Policy states All purchases above \$5,000 require at least 3 quotes to be obtained- 3 quotes was not provided PUR 103 Vendor is not identified in the PO Payment was processed without the necessary signatures/approval on the check request form.
62159	Katie Mulvihill	\$75.00	PUR 102 Policy states that all purchases require a request in CoolSIS- No PO was provided Vendor is not identified in the Reimbursement Request form
72206	Alexandra Bracha	\$81.00	PUR 102 Policy states that all purchases require a request in CoolSIS- No PO was provided
72207	Claudia Garcia	\$30.00	Vendor is not identified in the Reimbursement Request form

With the findings stated above, it is noted that although CoolSIS system uses a unique identifier as a purchase order, CoolSIS should be strengthened further, where it will not allow to initiate a purchase order to be generated in the CoolSIS system if the vendor to which the purchase order is being created for is not identified and validated as an approved vendor of the organization.

*MPS Response:*

MPS is continuously working with Coolsis Business Systems. The following enhancements have been implemented since the 1st oversight visit:

Requestors are no longer allowed to submit a purchase request without a valid vendor name populated. The system will show an "Error: asking for Vendor Name Information. Enhancements have been made that would not allow purchases to be submitted without backup documentation/invoices uploaded into the request.

Local Purchase Authority enhancements have been made on the coding to ensure items are coded before being submitted to bookkeeper. If approver does not select resource items will not approve.

All invoices will have evidence of prior approval, for example, the requester will upload a cart image of their purchase. Submit for approval and then the purchaser will place the order.

All fixed payments have been established as preapproved recurring charges.

Coolsis process has been updated to include 3 quotes on orders \$5,000k and above to be uploaded before invoices are paid.

Staff have updated the Fiscal Procedures and Manual to show 15-21 days process timeline from date of completion before payments are generated.

- Coolsis requests that increases the subtotal without Sales Taxes and Shipping will have to be returned back to local authority approver for additional limit approval.
- MPS has finally centralized all preferred vendors and invoices are being sent to the CMO office for review. Invoices are then routed to school site for processing into Coolsis.

In addition, the following enhancements are in progress and expected to be finalized and implemented by December 2017:

- Budget Tracker Enhancement are presently being made to allow a Budget check on account codes to ensure the items does not exceed budgeted amounts.
- PO History Report to be made available to all users
- Control and lock of fiscal years to discourage unauthorized edits
- Set limits based on authorized levels of approval
- Set an alert feature for pending items on user's queue/dashboard.

Contracts and agreements are up to date and filed by vendor.

A. **Bank Reconciliation: (Citibank Account Ending -5041):**

Reviewed bank statements and reconciliations for October and November 2015, resulted to discrepancy in reporting. It is noted that four checks that were not cleared by the bank are no longer showing as outstanding checks in the November reconciliation.

MPS Response:

EdTec note: This was the first few months following transition to EdTec, and the June bank recs were still being finalized. I am not sure which checks they are referring to here, but it is possible that the bank recs were generated and then later updated after getting the final June bank recs

**B. Inventory Control:**

Per the approved MPS manual, INV101, 3.0 (Fixed Asset Control and Leases) states that, “Upon asset acquisition, Accounting is responsible for assigning and attaching asset number tags to the property where it can be readily located”. Accounting will then maintain a detailed listing of each capital assets items along with depreciation records which will include the description, date acquired, vendor, cost basis...” During the CMO site visit, inquiry was made regarding Equipment Inventory List, CMO responded that the asset records policy has not been fully implemented at schools sites, the Equipment Inventory List maintained by Accounting is not completed. MPS has contracted with Assetworks to improve inventory control and asset management

MPS Response:

Magnolia’s IT Department maintains an ongoing equipment inventory list for each site. In addition, we are currently working with Asset Works to create an automated inventory system with scanning technology for all types of equipment and inventory.

- Asset transfer- automates the process for requesting an asset be moved from one location to another. May include e-mail notifications and approval routing.
- Change request- enables staff to require approval from the asset custodian or asset manager to make changes to certain asset detail
- Chain-of-custody tracking- creates an audit trail documenting the location, condition, and ownership of an asset at all times
- Check-in/Check-out- enables assets to be checked out to users and then checked back in upon their return
- By automating asset tracking processes, we will be able to create a system of checks and balances that enables peace of mind, discourages the misuse of company assets, and reduces loss and liability.



**C. CMO Fee:**

During the oversight visit interview, it is noted that MERF did not allocate and reflect in the 2014/15 second interim reports of all eight MSA schools, the one-time board approved management fee in the amount of \$1.7M. This amount represents understatement of prior year CMO fees that should have been charged to the schools. Per the board approved policies and procedures, it states that, any budget adjustments approved by the board should be reflected in the financial reports submitted to the District. The lack of adherence to the fiscal policy during interim reporting presented an inaccurate fiscal position of the school which negates the transparency reporting to stakeholders and impacts the decision making function of the leaders assigned to manage the school.

MPS Response:

Effective fiscal year 2015-2016, MPS has contracted with Edtec to maintain general ledgers, prepare bank reconciliation reports, interim reports, budget development reports, unaudited actuals and year-end reports. Monthly CMO fee transfers are made in accordance with the board approved CMO fee calculations at the beginning of each fiscal year along with the Adopted budget.

**D. Pending Items**

Based on the review of documents from the oversight visit conducted, there are items that CSD was not able to validate and perform verification on. These items are related to withdrawals, review of cancelled checks, journal entries and status of compliance to settlement agreement and CSD petition benchmarks. CSD will be performing, further inquiries and will request for additional documentation. The findings (if any), will then be communicated through a Notice to Cure Letter.

MPS Response:

Staff will provide documents whenever the request is received.



Sept 1, 2017

Via Hand Delivery

Jose Cole Gutierrez, Director CSD  
Los Angeles Unified School District 333  
South Beaudry Avenue, 20<sup>th</sup> Floor  
Los Angeles, CA 90017

**RE: Magnolia Science Academy-5 MERF's Actions Taken in Order to  
Address the Discrepancies and Improve Areas Noted in the Fiscal  
Operations Section of the 2016-2017 Annual Performance-Based Oversight  
Visit Report**

Dear Mr. Gutierrez:

The purpose of this letter is to respond to the Los Angeles Unified School District's ("LAUSD" or the "District") staff report and findings of fact of the Magnolia Science Academy – 5 ("MSA-5" or the "Charter School") oversight visit report.

Below, please find the summary of the findings from the District staff report, immediately followed by the Charter School's response.

Sincerely,

Caprice Young, Ed.D.  
CEO and Superintendent

**CELEBRATING 15 YEARS OF EXCELLENCE IN EDUCATION**

**Areas Noted for Further Growth and/or Improvement:**

**[Hold for Academic team response]**

- During the “Segregation of Duties” interview, it was noted that the person placing the orders is the same person receiving the goods. Magnolia schools should update their fiscal policies and procedures to ensure that the person placing the orders is not the same person receiving the goods. The school should distribute the financial duties among multiple people to help ensure protection from fraud and error.

MPS Response:

**Effective July 1, 2017, Magnolia Science Academy-5 will use the practice of having the office manager make the purchase requests and the admin team will check the accuracy of receipt and delivery.**

- Due to the number of tuition reimbursements MERF should update its Fiscal Policies and Procedures to include guidance on tuition related expenses, including the pre-approval process and the documentation of the pre-approval process and support to ensure that the tuition reimbursements are valid and for the benefits of Magnolia schools.

MPS Response:

MPS Tuition Reimbursement Forms were revised and updated to align with the fiscal policy so that the approving authority and prior approval is clearly defined on the forms

- As of this report writing date, the terms of the fiscal oversight per the March 2015 Settlement Agreement have not being fulfilled. Per the Amended Study Agreement dated August 3, 2016 between MERF and FCMAT, the scope of work was truncated to include the review of the selected transactions for the month of July 2015 for all 8 MSA schools authorized by LAUSD, and the months of August 2015, June 2016 and July 2016 for only MSA 6, 7 and 8. The original Study Agreement had the scope of work to review selected transactions for all 8 MSA schools for each of the month from July 2015 through July 2016. \*\*This was noted in the findings of fact for the Oct. 18, 2016 Board meeting and is deemed unsatisfactory.

MPS Response:

FCMAT was not able to continue with an extended fiscal oversight due to their lack of staffing resources. MPS contracted with School Services of California as recommended by LAUSD and approved by MPS Board of Directors. SSCAL started the fiscal oversight in June, 2017, for all financial transactions during the period January 2017 through June 2017. The LAUSD CSD agreed to this scope as compliant with the settlement agreement and the work is in progress. Both FCMAT and School Services have affirmed that Magnolia Schools is providing documentation in a timely manner.

As per the **CSH107 BANK - ACCOUNT RECONCILIATIONS Policy: 5.5** - Any outstanding checks or deposits in transit over six months old should be reviewed for disposition including write-off by a journal entry. During the review it was noted that MSA 3 contained outstanding items beyond 180 days for the months of February 2016 thru July of 2016. The outstanding items are dated from September 15, 2015 and October 30, 2015. The total number of outstanding checks is two for a total of \$2,129,250.

MPS Response:

Effective May 2017, EdTec sends MPS Finance Department at the end of each month, a list of all outstanding checks, filtering for those identified as greater than 100 days old, with request for review direction to take regarding void/reissue. EdTec takes action once guidance has been provided by the MPS team.

As per the **CSH107 BANK - ACCOUNT RECONCILIATIONS Policy: 2.3** - The bank reconciliation should be signed by the Chief Executive Officer and the School Site Accountant. During the review it was noted that none of the bank reconciliations for the months of February 2016 thru July 2016 were signed by the CEO.

MPS Response:

Per MPS Fiscal Policy, Bank Reconciliations are to be signed by CFO or designee. All Bank Recs are reviewed and electronically signed via email by Senior Account Analysts.

Based on the review of documents received for three Magnolia schools (MSA 1, 2 and 3), below are the items of non-compliance to the fiscal

policies and procedures approved by the governing board of MPS. Details of the findings are itemized below:

Check Number	Vendor Name	Check Amount	Description of Discrepancies
8456	Purchase Power	\$1,249.00	Open payables are reviewed by the School Site Accountant. Accounts payable should normally be paid within seven days or sooner of their payment term unless otherwise determined by the Chief Financial Officer. (PUR104, Pg. 4) Review of the back-up documentation revealed that the school paid Credit and Other Charges & Finance Charges in the amount of \$61.39. The documentation also revealed that the account was 60 days past due and that the account has been suspended.
32182	Mier's Ice Cream Company	\$1,585.00	Open payables are reviewed by the School Site Accountant. Accounts payable should normally be paid within seven days or sooner of their payment term unless otherwise determined by the Chief Financial Officer. (PUR104, Pg. 4) Review of the back-up documentation revealed that the invoice date was 03/06/15 and the payment was processed on 12/04/15. Documentation also contained a Demand/Collection Letter sent by Parker – Standury LLP prior to being paid.

**MPS Response:**

Staff have updated the Fiscal Procedures and Manual to show 15-21 days process timeline from date of completion before payments are generated.

In addition, the following enhancements are in progress and expected to be finalized and implemented by December 2017:

- Budget Tracker Enhancement are presently being made to allow a Budget check on account codes to ensure the items does not exceed budgeted amounts.
- PO History Report to be made available to all users

- Control and lock of fiscal years to discourage unauthorized edits
- Set limits based on authorized levels of approval
- Set an alert feature for pending items on user's queue/dashboard

DRAFT

# Cover Sheet

## Fiscal Crisis & Management Assistance Team (FCMAT) Final Letter

**Section:** II. Discussion Item  
**Item:** D. Fiscal Crisis & Management Assistance Team (FCMAT) Final Letter  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** II D FCMAT Response Letter.pdf



Board Agenda Item #	Agenda # II D
Date:	September 7, 2017
To:	Magnolia Board of Directors- Finance Committee
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo - CFO
RE:	FCMAT Final Management Letter and MPS Response

Proposed Board Recommendation

Informational/Discussion item, no action required.

Background

Presentation of FCMAT Final Management Letter regarding MPS fiscal oversight from July 2015 through June 2016.

Budget Implications

n/a

How Does This Action Relate/Affect/Benefit All MSAs?

n/a

Name of Staff Originator:

Nanie Montijo, CFO

Exhibits (attachments):

FCMAT Management letter dated August 25, 2017  
MPS Response Letter Sept 1, 2017



August 25, 2017

Caprice Young, Ed.D., Chief Executive Officer  
Magnolia Public Schools  
250 East 1<sup>st</sup> Street, Suite 1500  
Los Angeles, CA 90012

Dear Chief Executive Officer Young:

This is the eighth management letter from the Fiscal Crisis and Management Assistance Team (FCMAT) regarding the Magnolia Public Schools (Magnolia). On August 31, 2015, Magnolia entered into an agreement with FCMAT for fiscal oversight services, and in August 2016, an amended study agreement was signed. The amended agreement states that FCMAT will perform the following scope of work:

The Magnolia Educational and Research Foundation, DBA Magnolia Public Schools is requesting FCMAT to perform monthly fiscal oversight services in accordance with the charter's settlement agreement with its authorizer, the Los Angeles Unified School District (LAUSD) for the 2015-16 fiscal year. The charter operates 11 K through 12 schools serving 3,790 students throughout California. The charter schools operate under the approval of four authorizing agencies that include the California State Board of Education, Santa Clara County Office of Education, the LAUSD, and San Diego Unified School District.

This agreement is for July 2015 monthly fiscal oversight of the following foundation schools authorized by the LAUSD:

- Magnolia Science Academy
- Magnolia Science Academy 2
- Magnolia Science Academy 3
- Magnolia Science Academy 4
- Magnolia Science Academy 5
- Magnolia Science Academy 6
- Magnolia Science Academy 7
- Magnolia Science Academy 8 (Bell)

**FCMAT**

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Administrative Agent: Mary C. Barlow - Office of Kern County Superintendent of Schools

Further, this agreement is for August 2015, May 2016 and June 2016 monthly fiscal oversight of the following foundation schools authorized by the LAUSD:

Magnolia Science Academy 6

Magnolia Science Academy 7

Magnolia Science Academy 8 (Bell)

As part of the charter renewal process, the foundation agreed to specific terms and conditions in accordance with section 8 of the settlement agreement between the foundation and LAUSD, which is attached, marked exhibit "A" and made part of this agreement. The terms and conditions require the charter to be subject to monthly fiscal oversight during the 2015-16 fiscal year by FCMAT or "a reasonably equivalent fiscal organization."

Scope of work:

For only the months and foundation schools identified above:

1. Review a sample of monthly financial transactions that have been entered and processed in the charter's accounting system. This will include sample testing of various general ledger, budget, accounts payable, accounts receivable, and payroll transactions. Testing for this review will be based on sample selections; it will not include all transactions and records for this period. Documents chosen for testing will also be reviewed for proper authorization. Sample testing and review results are intended to provide reasonable, but not absolute assurance regarding the accuracy of the charter school's financial transactions, bank records and reporting.
2. Evaluate monthly reports including but not limited to profit and loss, balance sheet, cash flow statements and interim reporting requirements.
3. Review each completed report for accuracy, reasonableness, and make recommendations, if any.
4. Compare budget to actuals and make recommendations regarding any areas that may exceed the budget.
5. Review the bank reconciliations and compare to the general ledger or balance sheet accounts.
6. Prepare a monthly management letter summarizing FCMAT's findings, and make recommendations or suggest action steps (if applicable).

Following FCMAT's seventh management letter dated June 27, 2016, Magnolia and FCMAT entered into the amended study agreement. Magnolia staff continued to provide responses to FCMAT's follow-up questions and post documents to SharePoint that the study team had requested to complete its review and testing of financial transactions. Transactions selected for testing were analyzed based on industry standards, best practices, and the team's judgment and technical expertise in school finance and accounting. The following findings and recommendations are the result of the team's review and testing of the information provided. At Magnolia's request, the findings and recommendations for each month's review and testing are included in this management letter.

## July 2015

### Payroll

#### New Employees

FCMAT compared payroll registers from June 2015 and July 2015 to attempt to identify newly hired employees. For each employee paid in July 2015 who was not included on the June 2015 payroll registers, the team requested their contract with Magnolia, signed Form I-9, verification of tuberculosis testing and results, fingerprint and background clearance and certification of membership in the California Public Employees' Retirement System (PERS) or California State Teachers' Retirement System (STRS).

For the month of July 2015, FCMAT identified 13 employees as new by the above process; however, Magnolia reported that all 13 were returning employees who did not receive a paycheck in June based on the charter school's payroll cycles. Magnolia provided FCMAT with offers of at-will employment and/or at-will employment agreements as evidence of their continuous employment, which showed that all 13 employees had been hired prior to July 1, 2015. However, an at-will employment agreement was provided for one person that reflected employment was to commence effective November 9, 2012 but the agreement was not executed by either the employee or Magnolia until January 2013.

Even though the 13 employees were not newly hired as of July 2015, Magnolia reported that none of them had a PERS/STRS certification form on file and that, at that point in time, no system had been established to track part-time employees for PERS/STRS eligibility. Although the July payroll registers showed PERS/STRS contributions for several of these employees, the lack of certifications and a tracking system for part-time employees raises questions as to whether all of those who qualified to participate in either of these retirement plans were enrolled.

### Recommendations

*The charter schools should:*

1. Ensure that all new employees complete proper hiring documentation and procedures prior to their first day of work including, but not limited to, signing an employment contract and completion of a PERS/STRS certificate.
2. Review their employee records to determine the date each eligible employee qualified to participate in PERS/STRS and compare that to the reporting made to the applicable agency. If the charter finds that employees qualified but were not enrolled, or were not enrolled timely, work with PERS/STRS to update their reporting and determine if any penalties and/or interest are due.

### Payroll Transactions

FCMAT reviewed Magnolia's MPS Employee Pay Raise Scale, adopted on May 2, 2014, to determine the process by which the charter determines employees' pay. Based on the date the scale was adopted, board minutes were reviewed to determine if there had been board-approved changes to salary schedules. On March 25, 2015, the board approved a 1.5% increase to both base pay and employee qualifications pay (EQP). FCMAT's review of the board agenda item provided in support of the salary increase found that its stated budget implications were related to the 2015-16 fiscal year, but it lacked a specific date of implementation and information regarding to which specific employee group(s) the salary increase

applied. A 2015-16 Pay Raise Salary Scale was presented to the board on April 15, 2015 to reflect revisions generated by the increases approved on March 25, 2015.

FCMAT reviewed the April 11, 2015 MPS Pay Raise Scale spreadsheets to determine if employees' salaries conformed to the amounts in the 2015-16 Pay Raise Salary Scale and found the following:

- MSA 1 – The position of after school coordinator is not listed among the classified positions on the 2015-16 Pay Raise Salary Scale and, consequently, the base salary attached to this position is missing.
- MSA 4 – The position of part-time office technician is not listed among the classified positions on the 2015-16 Pay Raise Salary Scale and, consequently, the base salary attached to this position is missing.
- MSA 8 – The base salary for the position of custodian is \$23,000 in the April 11, 2015 MPS Pay Raise Scale spreadsheets but should be \$23,345 based on the 2015-16 Pay Raise Salary Scale. While this employee was not among the items tested below, review of the July 31, 2015 payroll register shows that the employee is paid at a base salary of \$22,537, which is less than the base salary listed in the 2015-16 Pay Raise Salary Scale.
- Multiple employees had EQP that did not conform to Magnolia's formula amounts provided in the 2015-16 Pay Raise Salary Scale. Those increases, as presented to the board, were to be valued at \$508 per point for prior experience for both certificated and classified employees. Magnolia Public Schools (MPS) experience was to be valued at \$1,015 and \$761 per point for certificated and classified employees, respectively. However, the April 11, 2015 MPS Pay Raise Scale spreadsheets use a \$507.50 value for prior experience for both classes of employees and \$761.25 for MPS experience for classified employees. Rounding after the calculation is made for each employee further complicates the situation. While the differences between the amounts provided to the board and those listed in the April 11, 2015 MPS Pay Raise Scale spreadsheets are minimal, and in most cases less than \$2 in a pay period, this condition allows for employees' payroll to be inaccurate and does not provide a consistent methodology across all schools and employees.
- There is no standardized schedule of hourly rates to ensure consistent pay to employees in the same job classification.

FCMAT randomly selected four employees per school for testing, a total of 32 employees in Magnolia's July payroll. The testing process included comparing the wages/salaries as listed in the Paychex payroll registers to Magnolia's April 11, 2015 MPS Pay Raise Scale spreadsheets and 2014-15 or 2015-16 Offer of At-Will Employment to identify any discrepancies. FCMAT recalculated payroll benefit amounts based on the gross pay listed in the Paychex payroll registers to ensure accuracy and then traced the amounts shown on the Paychex payroll registers to Magnolia's general ledger. FCMAT found the following anomalies in the payroll items sampled:

- Four employees were paid gross wages for which Magnolia did not provide FCMAT with supporting documentation for the amount. Magnolia's failure to substantiate the gross wages could result in over- or under-payments to employees as well as inaccurate withholding and payments for statutory benefits. FCMAT did not make any further evaluation regarding the gross wages.

- Five employees were paid at an hourly rate. FCMAT was provided with timesheets for two of the five. One was completed via Vertex42.com and included the employee's name, hours worked per day and total for the period as well as signatures from the employee and supervisor. The other was a manual timesheet that did not include the employee's name, the number of hours worked per day or total for the period. Each arrival time was signed by the employee, and the supervisor signed the timesheet. Neither timesheet provided the hourly wage to be paid or calculations to tie it to the payroll register. Magnolia did not provide FCMAT with the timesheets submitted and used to calculate the gross wages paid for the remaining three employees.
- Two employees were paid an amount for declination of health insurance benefits that did not conform to the \$150 per month as posted in the Magnolia Public Schools Employee Handbook 2015-16. FCMAT reviewed copies of each employee's signed declination of coverage that indicated payments for less than \$150 were based on the employee declining specific items: one declined medical insurance and the other declined dental and vision. Magnolia reported that this was the rationale behind the partial payments; however, FCMAT found nothing in the handbook to support the practice.
- Three employees received a sum for vacation pay. While FCMAT was provided with a spreadsheet that showed the amount paid, there was no backup documentation such as absence records provided to support the amount reflected in the spreadsheet.
- Six employees were paid sums for vacation cash out that did not match the absence records provided to FCMAT. Two employees were overpaid: one for \$125 and another for \$94. Four employees were underpaid: two for \$750, one for \$188 and another for \$94.
- Six employees received a stipend payment. FCMAT requested supporting documentation for the amount paid, and while Magnolia supplied summer school sign-in sheets, invoices and a timesheet, none tied back to the amounts paid to employees. No documentation related to a stipend was provided.
- Five classified employees' wages reflected no payment to PERS. FCMAT inquired about why each particular employee did not qualify for PERS. Magnolia and EdTec staff reported that EdTec was responsible to monitor hourly employees to determine when or if they reached 1,000 hours for inclusion in PERS. However, Magnolia maintained no documentation regarding any individual employee's inclusion in PERS.
- One employee's record on the Paychex Payroll Report showed that state disability was not paid on their wages. Magnolia reported that these taxes had been paid through the August 2015 payroll for this employee. FCMAT reviewed both payrolls for the month of August and found that only the taxes due on the employee's wages paid for that specific payroll period were paid. No other amounts were added for July 2015.
- MSA 7 – FCMAT was unable to trace the employer's STRS and PERS expense from the Paychex payroll register to the general ledger due to differing amounts for these items between the payroll register and the general ledger. Through consultation with EdTec, it was determined that \$910.74 of PERS expense was reported as STRS expense. EdTec reported that it would post a correcting journal entry in Magnolia's April 2016 financial statements.
- All Schools – The employer's expense for workers compensation insurance is not included in the monthly payroll calculations and deductions completed by Paychex. Instead, monthly payments

are made to the insurance carrier, CharterSafe, and then reconciled after the end of the fiscal year. Due to this practice, FCMAT is unable to test this aspect of payroll.

## Recommendations

*The charter schools should:*

1. Include a specific implementation date and language to identify the positions/classifications affected on all board agenda items related to payroll increases.
2. Carefully review base salaries to ensure against over- and under-payments.
3. Carefully review their application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by the board in the 2015-16 Pay Raise Salary Scale.
4. Develop a salary schedule for positions with hourly rates of pay.
5. Ensure that supporting documentation exists for all elements of a payroll transaction including gross pay, whether that is salary or timesheet/hourly pay, payroll increases/changes, PERS/STRS, declination of health insurance, vacation pay and stipends. Keep such items in individual payroll files.
6. Carefully review the payroll registers to ensure that all required statutory benefits are paid.
7. Review the payroll registers in conjunction with the journal entries made by EdTec to ensure that payroll information has been correctly recorded in the general ledger.

## Accounts Payable

FCMAT reviewed July 2015 financial system reports provided by Magnolia and performed the following procedures:

- Analyzed data in the general ledger reports and selected a sample of individual transactions for review, including checks issued for accounts payable transactions, journal entries, and Automated Clearing House (ACH) electronic transactions. The general ledger has the following types of accounts payable document numbers:
  - Check – used for an ACH or electronic payment.
  - Bill Payment – used for a paper check.
  - Journal – used for a journal entry.
- Requested from Magnolia all supporting documentation for each selected transaction.
- Reviewed documentation received for each transaction to determine whether:
  - Authorization was obtained and documented in advance of the expenditure.
  - Goods or services were received and an obligation was incurred.
  - Invoices and/or agreements were reviewed and approved for payment.
  - Transactions were processed timely, accurately and properly recorded.

A combined sample of 133 transactions was tested for all eight schools: 38 checks/ACH, 33 bill payments, and 62 journals. FCMAT tested the transactions for the following attributes and found exceptions as indicated below for each school:

1. No signed requisition was used to start the purchase.
2. No purchase order was attached.
3. The purchase order was dated after receipt of the item/service.
4. The service contract was not signed by both parties (charter signatory and consultant).
5. A signed contract for ongoing services was not present and signed by an authorized Magnolia Science Academy (MSA) signatory.
6. The invoice or detailed receipt was not attached.
7. The invoice was not initialed or signed to approve payment or a receiving document was not attached.
8. The invoice or detailed receipt was not stamped "Paid."
9. The invoice was not paid timely.
10. Other, not described above.

Of the 133 transactions tested, 41 (31%) were traced and agreed to source documentation and did not include exceptions. The remaining 92 transactions had one or more exceptions per transaction.

#### MSA 1

Fifteen transactions were selected, including six checks/ACH, four bill payments, and five journals. Four of the 15 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 6, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- One check and one bill payment were issued for an amount different than the invoice.
- Two payments were made to vendors using a debit card, and no vendor name was printed on the purchase order.
- One monthly ACH payment was made without an invoice. A copy of the bank statement was attached; however, that is not proper documentation for the transaction.
- Journals did not include descriptions and detail on the general ledger.

#### MSA 2

Eighteen transactions were selected, including three checks/ACH, eight bill payments, and seven journals. Six of the 18 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 3, 5, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- One transaction included a purchase order that was issued on the invoice date. Payment was requested by the payee and did not include a second authorizer.
- One transaction was listed as uncategorized.

- Journals did not include descriptions and detail on the general ledger.

### MSA 3

Twenty-one transactions were selected, including 10 checks/ACH and 11 journals. Nine of the 21 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 3, 7, 8 as enumerated above, and/or the following Other exceptions:

- ACH transfers were listed as checks on the general ledger.
- A temporary clearing account was used for transactions paid by ACH until correct account codes are provided and charged.
- Journals did not include descriptions and detail on the general ledger.

### MSA 4

Thirteen transactions were selected, including three checks/ACH, two bill payments, and eight journals. Six of the 13 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 5, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- One payment was issued for an amount different from the invoice total.
- A temporary clearing account was used for transactions paid by ACH until correct account codes are provided and charged.
- Journals did not include descriptions and detail on the general ledger.

### MSA 5

Thirteen transactions were selected, including four checks/ACH, two bill payments, and seven journals. Four of the 13 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 5, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- Journals did not include descriptions and detail on the general ledger. Follow-up comments provided to FCMAT indicated that MSA51004 was a withdrawal, but no supporting documentation was supplied.
- A temporary clearing account was used for transactions paid by ACH until correct account codes are provided and charged.
- One transaction was listed as uncategorized.

### MSA 6

Eighteen transactions were selected, including seven bill payments and 11 journals. Six of the 18 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 5, 6, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- One payment was issued from an estimate; no invoice was attached.
- Three journals were listed as uncategorized.
- Journals did not include descriptions and detail on the general ledger. Follow-up comments provided to FCMAT indicated that MSA61018 and MSA61017 were withdrawals and MSA61008 was an “R/C of deposit,” but no supporting documentation was supplied.



### MSA 7

Seventeen transactions were selected, including eight bill payments and nine journals. Three of the 17 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 4, 5, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- Check requests were not signed.
- One purchase order did not have the vendor name printed on it, and the payment was processed from an e-mail requesting payment.
- Payment to an individual for home visits was made through the accounts payable process.
- One journal was listed as uncategorized.
- Journals did not include descriptions and detail on the general ledger. Follow-up comments provided to FCMAT indicated ACH payments to GE Capital and QuickBooks, but no supporting documentation was supplied.

### MSA 8

Eighteen transactions were selected, including 12 checks/ACH and six journals. Three of the 18 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 3, 6, 7, 8 as enumerated above, and/or the following Other exceptions:

- Journals did not include descriptions and detail on the general ledger. Follow-up comments provided to FCMAT indicated that MSA81002 was for charter management organization (CMO) fees and MSA81003 was a withdrawal, but no supporting documentation was supplied.
- Two debit card transactions for travel exceeded the purchase order amount.
- A bank statement was used as a receipt.
- A temporary clearing account was used for transactions paid by ACH until correct account codes are provided and charged.

The charter schools' accounts payable process begins with a request entered in the purchasing system (COOLSIS) and electronically routed for approval. Once the purchase is approved the items are ordered. When items are received a check request is prepared and approved electronically, and then payment is processed in the EdTec financial system. The purchasing system tracks each step of the process and provides an opportunity for comments and notations. The invoice is not signed by the receiving party but is attached to the check request. Some of the charter schools do not require a wet signature on the check request, but rather rely on electronic approvals. Invoices are not stamped "paid" at the time payment is made to the vendor.

Best accounting practices require a signature of the person reviewing the receiver document and/or the invoice to indicate it has been verified for accuracy and the goods/services have been received. It is then forwarded to accounts payable for payment. When payment is generated the invoice is stamped "paid."

Magnolia Public Schools Accounting Policies, Procedures and Forms, SOP#PUR104 Revision:2 states, "All accounts payable and cash disbursements will have documented pre-approval" and "Approvals for reimbursement requests must be obtained prior to purchase." The standard operating procedure (SOP) also states, "The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports if items have been received by the designee of each site." The SOP further states that accounts payable invoices should normally be paid within seven days or sooner of the payment

term and invoices are to be stamped “paid” once processed. The sampling of transactions shows that the SOP and best accounting practices are not consistently followed. For example, invoices are not signed indicating they have been compared to the receiving document, some check requests do not have hard signatures, and invoices are not stamped “paid.”

Magnolia allows the use of debit cards, and numerous debit card transactions are used for Amazon purchases and travel expenses. According to Magnolia’s SOP, all accounts payable and cash disbursements will be preapproved. However, the use of debit cards does not follow this procedure. For example, MSA 8 made 234 debit card transactions to Amazon without prior approval, and 221 of the transactions were for less than \$5.00 each.

Electronic transfers/ACH are processed for monthly ongoing expenses as well as one-time payments. These expenses do not have prior approval. Contracts or agreements for these expenses should be renewed annually, or as applicable, if the service is to continue, and purchase orders should be created and approved annually. Payments can then be referenced to the purchase order when posted to the general ledger.

Journal entries are assigned a unique number at each charter school. The documents provided to FCMAT included a printed document number on the general ledger but no description or detail was recorded, making it difficult to determine the source of the entry. This process requires additional documentation to be provided to verify entries. These entries include but are not limited to: payroll and payroll expenses, textbook purchases, CMO fees, apportionments, property tax, and temporary clearing. It is important to include a brief description for each general ledger entry to provide for proper review and analysis.

The charter schools use a temporary clearing account for posting some general ledger entries, and ACH activities for each week are entered as one journal number. The amounts recorded represent actual cash transactions that have occurred in the bank per retrieval of cash activities from the online banking portal. EdTec staff indicated the entry is done so the most accurate depiction of cash balances in the accounting system is available while awaiting the details from the school. These entries are later moved without detail to expense accounts, making it challenging to follow the trail of entries. Staff indicated that DB manual check cover sheets are created; however, these cover sheets are not attached to the transaction.

The process of posting journal entries to the general ledger based on information directly from the bank account poses concerns. Without prior approval for the purchase and a reported delay of up to seven days prior to reversing the original entry, reviewing each transaction and posting them to the correct expense accounts, there is an increased opportunity for fraud. In addition, when the reversal of the journal entry occurs in the following month, it is more challenging to balance the bank statement to the general ledger and complete the reconciliation.

Some school expenses are coded to “uncategorized expense.” When the correct account is determined, the expense is transferred. If expense reports are run prior to moving the transactions to the correct account, the account totals are inaccurate. All purchases should be preapproved with the correct account code to eliminate the need to post transactions as uncategorized.

FCMAT’s review of the sampled transactions indicates that some payments were not made timely. Best practices provide for the payment of undisputed invoices within 30 days of the invoice date.

## Recommendations

*The charter schools should:*

1. Ensure that all purchases and disbursements, including debit card transactions, have documented preapproval, which includes a purchase order and/or contract.
2. Ensure that the person approving an invoice for payment signs it stating it is accurate and has been verified.
3. Stamp invoices “paid” once processed.
4. Include the description and detail of journal entries on the general ledger rather than leaving these items blank.
5. Process transactions with the appropriate account code rather than as uncategorized or through a temporary clearing account.
6. Renew contracts, as applicable, and complete purchase orders annually for monthly ongoing expenses, including ACH transfers.
7. Include the vendor name on all purchase orders, including those for debit card purchases.
8. Pay invoices timely.
9. Use separate and distinct transaction type names in the general ledger for ACH transfers and paper checks.
10. Process check requests only with authorizing signatures.
11. Ensure that payments are made from invoices, not estimates.
12. Ensure that notations are made on invoices if the payment amount differs from the invoice amount.
13. Determine if payments to individuals for home visits should be made through the payroll process.
14. Obtain proper authorization and increase the purchase order amount if a transaction exceeds the initial authorized amount.
15. Require itemized receipts or invoices for transactions, and do not make payments based on bank statements.

## Bank Statements and Reconciliations

FCMAT reviewed July 2015 bank statements, reconciliation detail reports and general ledgers provided by Magnolia. Each bank statement was compared to the general ledger to match each transaction. Each reconciliation detail report was also compared to the bank statement and general ledger to match transactions, identify outstanding transactions, and determine whether the reconciliation detail report balanced to the general ledger. FCMAT found the following anomalies in the items reviewed:

#### MSA 1

- Twenty-five transactions on the bank statement were combined and posted to the general ledger as one entry without descriptions or check numbers. Therefore, it is difficult to determine what transactions are included in the journal.
- Withdrawal transactions on the bank statement had no description on the general ledger.
- Journal 11042 for \$33,853.63 was posted as uncleared for 6/30/15 on the reconciliation detail report. A second journal was posted as cleared for \$81.98. Sufficient detail was not provided to determine what was carried over from 2014-15 and what would continue to clear in future months.

#### MSA 2

- Twenty-four transactions on the bank statement were combined and posted to the general ledger as one entry without descriptions or check numbers. Therefore, it is difficult to determine what transactions are included in the journal.
- Withdrawal transactions on the bank statement had no description on the general ledger.
- DOM Wire did not have a description on the general ledger.
- Journal 21033 was outstanding from 6/30/15 and did not have detail to determine what would continue to clear in future months.

#### MSA 3

- Thirty-four transactions on the bank statement were combined and posted to the general ledger as one entry without descriptions or check numbers. Therefore, it is difficult to determine what transactions are included in the journal.
- Withdrawal transactions on the bank statement had no description on the general ledger.
- A difference of \$21,754.51 was posted to the general ledger from the bank statement for payroll, and was entered as an outstanding item on the reconciliation. FCMAT could not determine if this amount was for manual paper checks with the documentation provided.
- Detail was not provided to determine what would continue to clear in future months for the following outstanding debits:
  - Journal MSA31048, \$15 and \$6,115.27
  - Journal MSA31031, \$6,343.72
  - Journal MSA31001, \$21,754.51

#### MSA 4

- Twenty transactions on the bank statement were combined and posted to the general ledger as one entry without descriptions or check numbers. Therefore, it is difficult to determine what transactions are included in the journal.
- There was a difference of \$224.93 between the general ledger and the bank statement. This was listed as an outstanding deposit on the reconciliation, but was not an entry on the general ledger.
- Detail was not provided to determine what would continue to clear in future months for the following outstanding debits:

- Journal MSA41028, \$2,023.57
- Journal MSA41006, \$8,917.53
- Journal MSA41001, \$22,566.32

#### MSA 5

- Seventeen transactions on the bank statement were combined and posted to the general ledger as one entry without descriptions or check numbers. Therefore, it is difficult to determine what transactions are included in the journal.
- An outstanding deposit of \$525 dated 6/30/15 was entered on the reconciliation but could not be verified on the general ledger.
- Detail was not provided to determine what would continue to clear in future months for the following outstanding debits:
  - Journal MSA51027, \$6,134.38
  - Journal MSA51027, \$893.59
  - Journal MSA51001, \$6,685.54

#### MSA 6

- Seven transactions on the bank statement were combined and posted to the general ledger as one entry without descriptions or check numbers. Therefore, it is difficult to determine what transactions are included in the journal.
- Detail was not provided to determine what would continue to clear in future months for the following outstanding debits:
  - Journal MSA61025, \$3,253.22
  - Journal MSA61021, \$3,318.42
  - Journal MSA61021, \$135.41

#### MSA 7

- Bank statement balance (\$1,090,316.22) did not agree to the reconciliation or general ledger balances (\$1,088,129.33).
- Reconciliation listed payroll adjustment of \$11,184.08; however, it is unclear which journal in the general ledger included this transaction.
- Twenty-six transactions on the bank statement were combined and posted to the general ledger as one entry without descriptions or check numbers. Therefore, it is difficult to determine what transactions are included in the journal.
- Withdrawal transactions on the bank statement had no description on the general ledger.
- Detail was not provided to determine what would continue to clear in future months for the following outstanding debits:
  - Journal MSA71023, \$22,901.79
  - Journal MSA71023, \$1,563.22

- Journal MSA71123, \$688.93

#### MSA 8

- Detail was not provided to determine what would continue to clear in future months for the following outstanding debits:
  - Journal MSA81017, \$4,713.69
  - Journal MSA81001, \$13,870.74
  - Journal MSA 81006, \$30,077.64

FCMAT was unable to verify whether some of the transactions from the general ledger cleared in the bank account because multiple bank transactions were included as one journal entry on the general ledger, without individual check numbers or amounts. As many as 34 transactions on one bank statement were combined and posted as one journal entry to the general ledger, without detail. In addition, the reconciliation detail report showed journals of outstanding items to balance the general ledger and bank statement. These journals did not include the detail necessary to provide an audit trail of the cleared transactions and transactions that were carried to the following month. FCMAT requested but was not provided detail for these journals.

EdTec staff indicated that the ACH activities for the week that cleared the bank but were not yet entered in the general ledger are entered as one lump sum temporary journal that is then reversed several days later. At the time of reversal the temporary journal is cleared and the expense objects are debited and cash is credited with a unique debit transaction number (DB). However, when the reversal is done in the following month, the total is listed as an outstanding debit on the reconciliation detail report to balance the general ledger to the bank statement. Therefore, it is difficult to reconcile the bank statement without substantial supporting documentation.

The reconciliation detail reports and general ledgers do not have adequate descriptions for transactions, and the document numbers on the reconciliation detail reports do not consistently match those shown on the bank statements. Transactions cannot be verified without check numbers or descriptions of ACH transfers. Without detail for the journal entries, it is difficult to determine what has cleared the bank and what is outstanding and carried forward to the next month to properly verify transactions and balance the general ledger to the bank statement and complete the reconciliation detail report.

The total payroll amount is posted to the general ledger; however, manual payroll checks that have not cleared the bank account are shown on the reconciliation as uncleared and balances are carried to the next month. For example, Journal MSA21004 Payroll posted to the general ledger for \$149,921.16. The payroll expense on the bank statement through Paychex Inc. is \$130,716.18. An entry was recorded as cleared on the reconciliation detail report for \$130,716.18, and another entry was recorded as uncleared for \$19,204.98. Without a description or manual check numbers for the uncleared entry, it is difficult to verify the amount that cleared the following month.

The reconciliation detail report should reflect actual deposits and expense transactions. The total deposits on the reconciliation detail report should equal the total deposits on the bank statement, and the same for expenses. Adjusting journals posted to the general ledger as a “cleared deposit” should only be for items identified as deposits on the bank statement. However, numerous items were corrected by posting the same amount as a “cleared check.” This increased the total for both deposits and cleared checks or payments. If a deposit is posted in error, the correction should also be made as an adjustment to deposits,

not expenses. The method used reflects incorrect totals and makes it difficult to verify transactions. For example, Journal MSA81031 was posted as a cleared deposit for \$7,918.19 and also posted as Journal MSA81076 as a cleared check on both the reconciliation detail report and the general ledger.

EdTec prepares the monthly reconciliation detail reports. These reports are provided to Magnolia staff for review and comparison to the general ledger and bank statements for accuracy. The reports do not include staff signatures verifying they have been reviewed and that the totals agree with the general ledger and bank statements.

## Recommendations

*The charter schools should:*

1. Include a description for each transaction on the general ledger and reconciliation detail report.
2. Include the details of checks and payments for journals posted to the general ledger. If posted as one large sum, include the breakdown of individual transactions in backup documentation.
3. Include outstanding items by individual check number on the reconciliation detail report to properly verify when each item has cleared the bank.
4. Include manual check numbers on entries to the reconciliation detail report for uncleared payroll expenses.
5. Post corrections to the general ledger using the same account code as the original transaction.
6. Ensure that the monthly bank statement is reconciled to the general ledger and that all transactions on the reconciliation detail report are also reflected on the general ledger.
7. Include the signatures of the individual who prepared the bank statement reconciliation and the individual who reviewed/approved it, and the respective dates of same, on the reconciliation documents.

## Revenue, Journal Entries and Financial Statements

FCMAT used the following processes in its review of July 2015 revenue and journal entry transactions and financial statements:

- General Ledger Revenue – Reviewed revenue transactions from the general ledger and requested supporting documentation for those items chosen for testing. Analyzed documentation to verify the accuracy of amounts posted to the general ledger, determine whether appropriate account number(s) were used to post revenue, and check the reasonableness of amounts posted based on the number of students served by the charter school.
- General Ledger Journal Entries – Selected journal entries from the general ledger and requested backup documentation for those items chosen for testing. Evaluated backup documents for adequate support and/or explanation for the journal posting, including amount and account number verification and appropriateness of the posting.

- Cash Flow Statement – Evaluated operating activities for reasonableness based on expected revenue streams for charter schools and the number of students served. Verified whether cash flow statement amounts matched the general ledger and income statement, and whether receivables, liabilities, and the beginning and ending cash balances matched the general ledger and balance sheet.
- Income Statement – Evaluated reasonableness of amounts based on expected cash flow and the number of students served. Reviewed whether amounts matched applicable categories in the general ledger.
- Balance Sheet – Reviewed reasonableness of balance sheet and whether amounts matched applicable categories in the general ledger.
- Budget to Actuals – Compared actuals-to-date from the general ledger to the applicable budget categories. Reviewed whether expenses were within budget and revenues were appropriate based on expected cash flow and the number of students served.

FCMAT found the following anomalies in the items sampled and reviewed:

- General – The general ledgers do not have adequate descriptions for revenue transactions and journal entries. This makes it time consuming to find the offsetting entry to verify whether revenues and journal entries have been accurately posted. For example, when verifying a credit to cash made via a journal entry, the offsetting debit to another account must be reviewed. A matching description on the entries makes it easier to find in the general ledger. It is also a standard practice to provide descriptions for general ledger entries. Magnolia staff indicated that the information may be in the description/memo fields of other reports, but this does not help the reader who only has access to the general ledger.
- General – Payments made to the charter management organization (referred to as the home office) are made via a cash transfer between the home office bank account and the charter school's bank account. This process does not provide for appropriate checks and balances.
- MSA 1 – The general ledger did not match the income statement because uncategorized revenue of \$536 was not moved to object code 4325, instructional materials, in the general ledger. Backup documentation was requested but not provided to FCMAT.
- MSA 3 – A deposit of \$29,731 was posted to uncategorized income; however, the backup documentation provided, an email that requested various amounts on a spreadsheet to be moved from uncategorized income to the proper object/resource, was not sufficient to support the deposit. Therefore, FCMAT was unable to verify revenue.
- MSA 6 – Unable to verify the “Due To School 1” balance of \$181,177 because there was no corresponding entry in the general ledger for MSA 1. Magnolia staff indicated that, “This was from the beginning balance. This question has been asked of the auditor, and EdTec is still waiting for a response.”
- MSA 7 – Unable to verify the accuracy of the general ledger, balance sheet, or cash flow statement because:
  - The ending cash balance on the general ledger of \$1,044,209.18 and the ending balance on the cash flow statement of \$1,088,818.26 differed by \$44,609.08. The balance sheet dated



7/31/2015 showed cash in bank of \$1,088,818.26 and an audit adjustment of \$40,504.26, which was most of the difference.

- The accounts receivable totals on the general ledger and the balance sheet differed by \$11,543.
- The audit adjustment of \$40,504.26 was noted on the balance sheet but was not posted to the general ledger. Magnolia staff indicated that the general ledger still “does not have the JE to true-up beginning balance.” Magnolia provided another general ledger to FCMAT; however, it appeared to be the same document as originally provided.
- Document number 44973 posted charter school expense of \$1,390 to object 9200 instead of object 5861, which was used at the other charter schools.

In July 2015 EdTec began providing back office services for the charter schools. Financial statement balances were moved to EdTec’s financial system while Magnolia staff were closing the books for 2014-15. Staff indicated that this transition period may have affected the amounts shown on the general ledgers and financial statements provided to FCMAT, as well as the lack of descriptions for journal entries posted to the general ledger.

## Recommendations

*The charter schools should:*

1. Provide verbiage in the Name column of the general ledger for revenues and journal entries, and include the description and detail for these transactions.
2. Make payments to the charter management organization (home office) using the accounts payable process with appropriate approvals, rather than through a cash transfer between the applicable bank accounts.
3. Process transactions with the appropriate account code rather than as uncategorized.
4. Train staff to properly account for and post transactions, including those for loans between charter schools and audit adjustments, to ensure beginning and ending balances are accurate on the general ledger and financial statements.

## August 2015

### Payroll

#### Payroll Registers

Magnolia had two payroll cycles for all employee classifications during the month of August 2015. The first payroll cycle encompassed August 1 through August 15 but was paid on August 14 due to the 15th having fallen on a Saturday. The second payroll cycle encompassed August 16 through August 31, and employees received their payments on August 31.

FCMAT requested copies of payroll registers for both payroll cycles and found that the payroll periods listed on the reports did not conform to the payroll period being paid. For the payroll period ending on August 15, the payroll register states that the payroll period began on July 24, 2015 and ended on August

8, 2015. For the second payroll ending on August 31, the payroll register states that the payroll period began on August 4, 2015 and ended on August 13, 2015. The check dates were listed on the reports as August 14 and August 31. However, the payroll period dates, as listed, implied that there could be overlaps or missing dates in payroll periods resulting in possible duplicate payroll payments or payment having been missed.

FCMAT inquiries of both Magnolia and EdTec revealed that the report dates were the result of having recently changed payroll processing vendors but that the check dates should have been the controlling information for each report.

## Recommendation

*The charter schools should:*

1. Carefully review payroll registers and any other payroll reports provided by their payroll processor to ensure that they reflect accurate information.

## New Employees

FCMAT compared payroll registers from the July 31, 2015 payroll to the August 15, 2015 payroll as well as the August 15, 2015 payroll to the August 31, 2015 payroll to attempt to identify newly hired employees. For each employee paid in either of the August 2015 payrolls who was not included on the immediately prior payroll register, the team requested their employment offer from and contract with Magnolia, signed Form I-9, verification of tuberculosis testing and results, fingerprint and background clearance and certification of membership in the California Public Employees' Retirement System (PERS) or California State Teachers' Retirement System (STRS).

For the month of August 2015, FCMAT identified 18 employees as new by the above process. FCMAT's review of the documentation provided by Magnolia found the following anomalies:

- The Offers of At-Will Employment for
  - Ten offers were dated by the employee after the employee's start date.
  - Five offers did not reflect a signature by Magnolia.
- The At-Will Employment Agreements showed
  - Eleven agreements that had been dated by both the employee and Magnolia after the employee's start date.
  - Two documents that did not reflect a date next to the signature by Magnolia.
  - One document that did not reflect a signature by Magnolia.
  - One agreement that had discrepancies between it and the fingerprint and background clearance regarding the employee's start date.
- Fourteen employees (or 78% of those tested) had Form I-9s that had not been signed by Magnolia within three days of the employee's first date of employment as is required by Section 2 of that form.
- One employee's Form I-9 was missing their date of hire.

- One employee's tuberculosis testing results were not dated until after the employee's start date.

As stated in FCMAT's findings for July 2015, Magnolia reported that none of the employees tested had a PERS/STRS certification form on file and that, at that point in time, no system had been established to track part-time employees for PERS/STRS eligibility. Although the August payroll registers showed PERS/STRS contributions for several of these employees, the lack of certifications and a tracking system for part-time employees raises questions as to whether all of those who qualified to participate in either of these retirement plans were enrolled. Please also see the finding below related to PERS/STRS reporting found during payroll transaction testing.

## Recommendations

*The charter schools should:*

1. Ensure that all new employees complete proper hiring documentation and procedures prior to their first day of work including, but not limited to, signing an offer of employment and employment contract, completion of Form I-9, TB test requirements, fingerprinting and criminal background clearance and completion of a PERS/STRS certification form.
2. Review their employee records to determine the date each eligible employee qualified to participate in PERS/STRS and compare that to the reporting made to the applicable agency. If the charter finds that employees qualified but were not enrolled, or were not enrolled timely, work with PERS/STRS to update reporting and determine if any penalties and/or interest are due.

## Payroll Transactions

FCMAT reviewed Magnolia's MPS Employee Pay Raise Scale, adopted on May 2, 2014, to determine the process by which the charter determines employees' pay. Based on the date the scale was adopted, board minutes were reviewed to determine if there had been board-approved changes to salary schedules. On March 25, 2015, the board approved a 1.5% increase to both base pay and employee qualifications pay (EQP). FCMAT's review of the board agenda item provided in support of the salary increase found that its stated budget implications were related to the 2015-16 fiscal year, but it lacked a specific date of implementation and information regarding to which specific employee group(s) the salary increase applied. A 2015-16 Pay Raise Salary Scale was presented to the board on April 15, 2015 to reflect revisions generated by the increases approved on March 25, 2015.

FCMAT reviewed the April 11, 2015 MPS Pay Raise Scale spreadsheets to determine if employees' salaries conformed to the amounts in the 2015-16 Pay Raise Salary Scale and found the following:

- MSA 2 – The following item was identified in conjunction with the July review, but because the employee wasn't paid until August, the finding is included here. The base salary for one English language arts teacher is \$41,615 in the April 11, 2015 MPS Pay Raise Scale spreadsheets but should be \$40,600 based on the school location in the MPS Pay Raise Salary Scale. While this employee was not among the payroll samples tested below, review of the August 15, 2015 payroll register shows that the employee is paid at the higher rate.

- MSA 3 – The following items were identified in conjunction with the July review, but because the employees weren’t paid until August, the finding is included here.
  - The base salary for two administrative assistants is \$32,480 in the April 11, 2015 MPS Pay Raise Scale spreadsheets but should be \$29,435 based on the MPS Pay Raise Salary Scale. While these two employees were not among the payroll samples tested below, review of the August 15, 2015 payroll register shows:
    - One administrative assistant is paid a base salary of \$27,936, which is less than the base salary listed in the MPS Pay Raise Salary Scale.
    - One administrative assistant is paid a base salary of \$32,480, which is more than the base salary listed in the MPS Pay Raise Salary Scale.
    - The base salary for an unfilled administrative assistant position is \$27,405 in the spreadsheets, but the MPS Pay Raise Salary Scale reflects a base salary of \$29,435 for this position.
- MSA 7 – One employee’s EQP points totaled 9.75. This is in violation of the MPS Pay Raise Salary Scale, which states that this component of salary is to “be rounded to the lower multiple of one-half.”
- MSA 8 – One employee’s EQP points totaled 6.25. This is in violation of the MPS Pay Raise Salary Scale, which states that this component of salary is to “be rounded to the lower multiple of one-half.”
- Multiple employees had EQP that did not conform to Magnolia’s formula amounts provided in the 2015-16 Pay Raise Salary Scale. Those increases, as presented to the board, were to be valued at \$508 per point for prior experience for both certificated and classified employees. Magnolia Public Schools experience was to be valued at \$1,015 and \$761 per point for certificated and classified employees, respectively. However, the April 11, 2015 MPS Pay Raise Scale spreadsheets use a \$507.50 value for prior experience for both classes of employees and \$761.25 for MPS experience for classified employees. Rounding after the calculation is made for each employee further complicates the situation. While the differences between the amounts provided to the board and those listed in the April 11, 2015 MPS Pay Raise Scale spreadsheets are minimal, and in most cases less than \$2 in a pay period, this condition allows for employees’ payroll to be inaccurate and does not provide a consistent methodology across all schools and employees.
- There is no standardized schedule of hourly rates to ensure consistent pay to employees in the same job classification.

FCMAT randomly selected four employees per school per payroll cycle for testing, a total of 24 employees in Magnolia’s August payroll. The testing process included comparing the wages/salaries as listed in the Paychex payroll registers to Magnolia’s April 11, 2015 MPS Pay Raise Scale spreadsheets and 2014-15 or 2015-16 Offer of At-Will Employment to identify any discrepancies. FCMAT recalculated payroll benefit amounts based on the gross pay listed in the Paychex payroll registers to ensure accuracy and then traced the amounts shown on the Paychex payroll registers to Magnolia’s general ledger. FCMAT found the following anomalies in the payroll items sampled:

- Two classified employees’ wages reflected no payment to PERS. FCMAT inquired about why each particular employee did not qualify for PERS. Magnolia and EdTec staff reported that

EdTec was responsible to monitor hourly employees to determine when or if they reached 1,000 hours for inclusion in PERS. However, Magnolia maintained no documentation regarding any individual employee's inclusion in PERS.

In Magnolia's further investigation of whether these two employees qualified for inclusion in PERS, it was discovered that one employee had reached the 1,000 hours qualification threshold in October 2014 but had not been enrolled in PERS until May 15, 2016.

Magnolia reported that it was aware it had not effectively managed enrollment of irregular-basis employees in PERS and was undertaking steps to ensure that all current and previous irregular-basis employees were properly included. Magnolia also acknowledged that it would be responsible for both the employer and employee contributions required to bring these employees up-to-date in PERS. However, Magnolia should be aware that PERS may levy additional sums such as interest and penalties.

- One employee's semi-monthly payroll reflected a deduction for health and welfare insurance; however, the amount deducted was the full monthly employee portion of the insurance premium. This resulted in the employee paying double the amount necessary for health care coverage. Magnolia indicated it was conducting a review of benefit deductions for all employees to ensure that proper amounts were deducted and reported, and that any amounts due to employees would be included in their November 30, 2016 paycheck.
- One employee was paid for two hours of overtime and FCMAT was supplied with a copy of the employee's timesheet, which reflected the additional time worked. After inquiry regarding the calculation of the hourly overtime rate, Magnolia provided FCMAT with a calculation that determined the employee's hourly wage was \$12.44 and concluded that the employee was paid \$13.47 per hour in error. Based on Magnolia's calculation, it appears that the employee was paid at a straight time rate, and the employee's overtime rate was \$18.66 per hour. While the employee was paid in error, that error was not an overpayment as Magnolia reported to FCMAT but an underpayment of \$5.19 per hour.
- One employee's timesheet reflected she worked 7.0 hours on one day (a start time of 9 a.m. and an end time of 4 p.m.) but did not reflect a start and stop time for a meal period as required by Labor Code Section 512 and the California Industrial Welfare Commission Wage Orders. Pursuant to Labor Code Section 226.7, if the employer fails to provide meal or rest/recovery breaks in accordance with state law, "the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided." Magnolia reported to FCMAT that not all timesheets for the period reviewed contained recorded start/stop times for meal/rest periods and that, beginning in 2016-17, employees are required to track their meal periods.
- All Schools – The employer's expense for workers compensation insurance is not included in the monthly payroll calculations and deductions completed by Paychex. Instead, monthly payments are made to the insurance carrier, CharterSafe, and then reconciled after the end of the fiscal year. Due to this practice, FCMAT is unable to test this aspect of payroll.

## Recommendations

*The charter schools should:*

1. Include a specific implementation date and language to identify the positions/classifications affected on all board agenda items related to payroll increases.
2. Carefully review base salaries to ensure against over- and underpayments.
3. Carefully review their application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by their board in the 2015-16 Pay Raise Salary Scale.
4. Develop a salary schedule for positions with hourly rates of pay.
5. Conduct a thorough audit of all employees to ensure proper enrollment in the applicable retirement system, and be prepared to pay the employer and employee share of contributions to date as well as any interest and penalties levied by PERS.
6. Review all health and welfare benefits deductions made to employee payroll to ensure that proper amounts were withheld and return any overages to employees immediately.
7. Ensure that supporting documentation exists for all elements of a payroll transaction including gross pay, whether that is salary or timesheet/hourly pay, payroll increases/changes, PERS/STRS, declination of health insurance, vacation pay and stipends. Keep such items in individual payroll files.
8. Carefully review the payroll registers to ensure that all required statutory benefits are paid.
9. Develop a timesheet/time keeping system that tracks employees' start/stop times for meal/rest periods.

## Accounts Payable

FCMAT reviewed August 2015 financial system reports provided by Magnolia and performed the following procedures:

- Analyzed data in the general ledger reports and selected a sample of individual transactions for review, including checks issued for accounts payable transactions, journal entries, and Automated Clearing House (ACH) electronic transactions. The general ledger has the following types of accounts payable document numbers:
  - Check – used for an ACH or electronic payment.
  - Bill Payment – used for a paper check.
  - Journal – used for a journal entry
- Requested from Magnolia all supporting documentation for each selected transaction.
- Reviewed documentation received for each transaction to determine whether:

- Authorization was obtained and documented in advance of the expenditure.
- Goods or services were received and an obligation was incurred.
- Invoices and/or agreements were reviewed and approved for payment.
- Transactions were processed timely, accurately and properly recorded.

A combined sample of 62 transactions was tested for MSA 6, MSA 7, and MSA 8: 14 checks/ACH, 20 bill payments, and 28 journals. FCMAT tested the transactions for the following attributes and found exceptions as indicated below for each school:

1. No signed requisition was used to start the purchase.
2. No purchase order was attached.
3. The purchase order was dated after receipt of the item/service.
4. The service contract was not signed by both parties (charter signatory and consultant).
5. A signed contract for ongoing services was not present and signed by an authorized Magnolia Science Academy signatory.
6. The invoice or detailed receipt was not attached.
7. The invoice was not initialed or signed to approve payment or a receiving document was not attached.
8. The invoice or detailed receipt was not stamped "paid."
9. The invoice was not paid timely.
10. Other, not described above.

Of the 62 transactions tested, 15 (24%) were traced and agreed to source documentation and did not include exceptions. The remaining 47 transactions had one or more exceptions per transaction.

#### MSA 6

Thirteen transactions were selected, including one check/ACH, five bill payments, and seven journals. Four of the 13 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 3, 7, 8 as enumerated above, and/or the following Other exceptions:

- A temporary clearing account was used for transactions paid by ACH until correct account codes are provided and charged.
- One transaction was listed as uncategorized.

#### MSA 7

Twenty transactions were selected, including seven checks/ACH, five bill payments, and eight journals. Five of the 20 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 6, 7, 8 as enumerated above, and/or the following Other exceptions:

- A temporary clearing account was used for transactions paid by ACH until correct account codes are provided and charged.

- Four transactions were listed as uncategorized.

#### MSA 8

Twenty-nine transactions were selected, including six checks/ACH, 10 bill payments, and 13 journals. Six of the 29 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 4, 5, 7, 8 as enumerated above, and/or the following Other exceptions:

- A temporary clearing account was used for transactions paid by ACH until correct account codes are provided and charged.
- Requisition dated in May for eighth-grade graduation using fundraising funds. Order was placed and paid for in August, after graduation.
- Eleven journal transactions were listed as uncategorized.

The charter schools' accounts payable process begins with a request entered in the purchasing system (COOLSIS) and electronically routed for approval. Once the purchase is approved the items are ordered. When items are received a check request is prepared and approved electronically, and then payment is processed in the EdTec financial system. The purchasing system tracks each step of the process and provides an opportunity for comments and notations. The invoice is not signed by the receiving party but is attached to the check request. Some of the charter schools do not require a wet signature on the check request, but rather rely on electronic approvals. Invoices are not stamped "paid" at the time payment is made to the vendor.

Best accounting practices require a signature of the person reviewing the receiver document and/or the invoice to indicate it has been verified for accuracy and the goods/services have been received. It is then forwarded to accounts payable for payment. When payment is generated the invoice is stamped "paid."

Magnolia Public Schools Accounting Policies, Procedures and Forms, SOP#PUR104 Revision:2 states, "All accounts payable and each cash disbursements will have documented pre-approval" and "Approvals for reimbursement requests must be obtained prior to purchase." The standard operating procedure (SOP) also states, "The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports if items have been received by the designee of each site." The SOP further states that accounts payable invoices should normally be paid within seven days or sooner of the payment term and invoices are to be stamped "paid" once processed. The sampling of transactions shows that the SOP and best accounting practices are not consistently followed. For example, invoices are not signed indicating they have been compared to the receiving document, some check requests do not have hard signatures, and invoices are not stamped "paid."

Magnolia allows the use of debit cards, and numerous debit card transactions are used for online purchases including, but not limited to, Amazon, Barnes and Noble, Wal-Mart, Michaels, Scholastic Inc., and Lakeshore Learning. According to Magnolia's SOP, all accounts payable and cash disbursement will be preapproved. However, the use of debit cards does not follow this procedure. For example, MSA 7 made 24 debit card transactions without prior approval.

Electronic transfers/ACH are processed for monthly ongoing expenses as well as one-time payments. These expenses do not have prior approval. Contracts or agreements for these expenses should be renewed annually or as applicable if the service is to continue, and purchase orders should be created and approved annually. Payments can then be referenced to the purchase order when posted to the general ledger.



The charter schools use a temporary clearing account for posting some general ledger entries, and ACH activities for each week are entered as one journal number. The amounts recorded represent actual cash transactions that have occurred in the bank per retrieval of cash activities from the online banking portal. EdTec staff indicated the entry is done so the most accurate depiction of cash balances in the accounting system is available while awaiting the details from the school. These entries are later moved without detail to expense accounts, making it challenging to follow the trail of entries. Staff indicated that DB manual check cover sheets are created; however, these cover sheets were not attached to the transaction.

The process of posting journal entries to the general ledger based on information directly from the bank account poses concerns. Without prior approval for the purchase and a reported delay of up to seven days prior to reversing the original entry, reviewing each transaction and posting them to the correct expense accounts, there is an increased opportunity for fraud. In addition, when the reversal of the journal entry occurs in the following month, it is more challenging to balance the bank statement to the general ledger and complete the reconciliation.

Some school expenses are coded to “uncategorized expense.” When the correct account is determined, the expense is transferred. If expense reports are run prior to moving the transactions to the correct account, the account totals are inaccurate. All purchases should be preapproved with the correct account code to eliminate the need to post transactions as uncategorized.

## Recommendations

*The charter schools should:*

1. Ensure that all purchases and disbursements, including debit card transactions, have documented preapproval, which includes a purchase order and/or contract.
2. Ensure that the person approving an invoice for payment signs it stating it is accurate and has been verified.
3. Stamp invoices “paid” once processed.
4. Require itemized receipts or invoices for transactions, and discontinue making payments based on bank statements.
5. Process transactions with the appropriate account code rather than as uncategorized or through a temporary clearing account.
6. Renew contracts, as applicable, and complete purchase orders annually for monthly ongoing expenses, including ACH transfers.
7. Include the vendor name on all purchase orders, including those for debit card purchases.
8. Use separate and distinct transaction type names in the general ledger for ACH transfers and paper checks.
9. Process check requests only with authorizing signatures.
10. Pay invoices timely.
11. Expend fundraising dollars in the appropriate fiscal year.

## Bank Statements and Reconciliations

FCMAT reviewed August 2015 bank statements, reconciliation detail reports and general ledgers provided by Magnolia. Each bank statement was compared to the general ledger to match each transaction. Each reconciliation detail report was also compared to the bank statement and general ledger to match transactions, identify outstanding transactions, and determine whether the reconciliation detail report balanced to the general ledger. FCMAT found the following anomalies in the items reviewed:

### MSA 6

- Reconciliation detail report does not have descriptions; only document numbers are referenced.
- Five transactions on the bank statement were combined and posted to the general ledger. Two versions of the general ledger were submitted to FCMAT. The second general ledger included descriptions and check numbers, which allowed FCMAT to verify transactions, but the report did not include beginning and ending balances.
- Journal MSA61025 continued to carry over from 6/30/2015 as uncleared, and detail was not provided for this transaction to determine if it would clear in future months.
- Journal MSA61034 was posted as a deposit as well as an expense. The total of these two entries equals the Paychex withdrawal shown on the bank statement.

### MSA 7

- The bank statement and reconciliation detail report balance (\$1,023,780.51) did not agree with the general ledger balance (\$995,273.98).
- Journals MSA71123 and MSA71023 continued to carry over from 2014-15 as uncleared, and detail was not provided for these transactions to determine what would clear in future months.
- Reconciliation detail report does not have descriptions; only document numbers are referenced.
- Ten transactions on the bank statement were combined and posted to the general ledger. Two versions of the general ledger were submitted to FCMAT. The second general ledger included descriptions and check numbers, which allowed FCMAT to verify transactions, but the report did not include beginning and ending balances.
- Journal MSA71046 was included on the first general ledger submitted, but not the second. Other documents, such as the bank reconciliation, were not updated to match the updated general ledger.

### MSA 8

- Reconciliation detail report does not have descriptions; only document numbers are referenced.
- Multiple transactions on the bank statement were combined and posted to the general ledger as one entry without descriptions or check numbers. Therefore, it is difficult to determine what transactions are included in the journal. Two versions of the general ledger were submitted to FCMAT. The second general ledger included descriptions and check numbers, which allowed FCMAT to verify transactions, but the report did not include beginning and ending balances.
- Check numbers are not sequential, and journals posted do not have descriptions that include check numbers, making it difficult to determine what has cleared and what is outstanding.

FCMAT was unable to verify whether some of the transactions from the general ledger cleared in the bank account because multiple bank transactions were included as one journal entry on the general ledger, without individual check numbers or amounts. As many as 10 transactions on one bank statement were combined and posted as one journal entry to the general ledger, without detail. In addition, the reconciliation detail report showed journals of outstanding items to balance the general ledger and bank statement. These journals did not include the detail necessary to provide an audit trail of the cleared transactions and transactions that were carried to the following month. FCMAT requested but was not provided detail for these journals.

EdTec staff indicated that the ACH activities for the week that cleared the bank but were not yet entered in the general ledger are entered as one lump sum temporary journal that is then reversed several days later. At the time of reversal the temporary journal is cleared and the expense objects are debited and cash is credited with a unique debit transaction number (DB). However, when the reversal is done in the following month, the total is listed as an outstanding debit on the reconciliation detail report to balance the general ledger to the bank statement. Therefore, it is difficult to reconcile the bank statement without substantial supporting documentation.

The reconciliation detail reports and general ledgers lack adequate descriptions for transactions, and the documentation numbers on the reconciliation detail reports do not consistently match those shown on the bank statements. Transactions cannot be verified without check numbers or descriptions of ACH transfers. Without detail for the journal entries, it is difficult to determine what has cleared the bank and what is outstanding and carried forward to the next month to properly verify transactions and balance the general ledger to the bank statement and complete the reconciliation detail report.

The total payroll amount is posted to the general ledger; however, manual payroll checks that have not cleared the bank account are shown on the reconciliation as uncleared and balances carried to the next month. For example, Journal MSA61034 Payroll posted to the general ledger for \$22,718.66. The payroll expense on the bank statement through Paychex Inc. is \$19,085.69. An entry was recorded as cleared on the reconciliation detail report for \$20,462.86, and another entry was recorded as uncleared for \$3,253.22. An additional journal was posted as a cleared deposit of \$1,377.17. Without a description or manual check numbers for the uncleared entry, it is difficult to verify the amount that cleared the following month.

The reconciliation detail report should reflect actual deposits and expense transactions. The total deposits on the reconciliation detail report should equal the total deposits on the bank statement, and the same for expenses. Adjusting journals posted to the general ledger as a “cleared deposit” should only be for items identified as deposits on the bank statement. The method used reflects incorrect totals and makes it difficult to verify transactions. For example, Journal MSA61034 was posted as a cleared deposit for \$1,377.17 to correct a payroll expense posting.

EdTec prepares the monthly reconciliation detail reports. These reports are provided to Magnolia staff for review and comparison to the general ledger and bank statements for accuracy. The reports do not include staff signatures verifying they have been reviewed and that the totals agree with the general ledger and bank statements.

## Recommendations

*The charter schools should:*

1. Include a description for each transaction on the general ledger and reconciliation detail report.
2. Include the details of checks and payments for journals posted to the general ledger. If posted as one large sum, include the breakdown of individual transactions in backup documentation.
3. Include outstanding items by individual check number on the reconciliation detail report to properly verify when each item has cleared the bank.
4. Include manual check numbers on entries to the reconciliation detail report for uncleared payroll expenses.
5. Post corrections to the general ledger using the same account code as the original transaction.
6. Ensure that the monthly bank statement is reconciled to the general ledger and that all transactions on the reconciliation detail report are also reflected on the general ledger.
7. Include the signatures of the individual who prepared the bank statement reconciliation and the individual who reviewed/approved it, and the respective dates of same, on the reconciliation documents.
8. Ensure that all affected reports are updated when a financial document such as the general ledger is updated. For example, if a cash entry is changed in the general ledger after the bank reconciliation is completed, then the bank reconciliation must be updated so that month-end cash matches.

## Revenue, Journal Entries and Financial Statements

FCMAT used the following processes in its review of August 2015 revenue and journal entry transactions and financial statements:

- General Ledger Revenue – Reviewed revenue transactions from the general ledger and requested supporting documentation for those items chosen for testing. Analyzed documentation to verify the accuracy of amounts posted to the general ledger, determine whether appropriate account number(s) were used to post revenue, and check the reasonableness of amounts posted based on the number of students served by the charter school.
- General Ledger Journal Entries – No journal entries pertaining to revenue transactions were selected for review.
- Cash Flow Statement – Evaluated operating activities for reasonableness based on expected revenue streams for charter schools and the number of students served. Verified whether cash flow statement amounts matched the general ledger and income statement, and whether

receivables, liabilities, and the beginning and ending cash balances matched the general ledger and balance sheet.

- Income Statement – Evaluated reasonableness of amounts based on expected cash flow and the number of students served. Reviewed whether amounts matched applicable categories in the general ledger.
- Balance Sheet – Reviewed reasonableness of balance sheet and whether amounts matched applicable categories in the general ledger.
- Budget to Actuals – Compared actuals-to-date from the general ledger to the applicable budget categories. Reviewed whether expenses were within budget and revenues were appropriate based on expected cash flow and the number of students served.

FCMAT found the following anomalies in the items sampled and reviewed:

- General – Payments made to the charter management organization (referred to as the home office) are made via a cash transfer between the home office bank account and the charter school's bank account. This process does not provide for appropriate checks and balances.
- MSA 6 – Unable to verify the Due To amount and accounts receivable balances because:
  - The “Due To School 1” balance of \$181,176.82 had no corresponding entry in the general ledger for MSA 1. Magnolia staff indicated that “This was from the beginning balance. This question has been asked of the auditor, and EdTec is still waiting for a response.” The backup document provided (Account QuickReport for MSA 6 for 6/30/2015) showed this balance as a MSA 6 Loan Payable with a memo saying it was to be reclassified. It is unclear what the status of this loan was on August 31, and the August 2015 general ledger for MSA 1 did not show any activity or balance in the Due From object code.
  - There are negative accounts receivable balances on the general ledger and the balance sheet for the following objects:
    - 9212 AR - Title II of \$17.00 (MSA61010)
    - 9230 AR - State Aid of \$105,381.00 (MSA61009)
    - 9233 AR - Lottery of \$6,832.64 (MSA61010)

These postings should have cleared accounts receivable amounts set up for the 2014-15 year end. It appears these amounts were not set up in the prior year, or were set up under an incorrect object. These balances will remain outstanding until correct postings are made to the general ledger.
- MSA 7 – Unable to verify accuracy of the general ledger, balance sheet, or cash flow statement because:
  - The beginning cash balance on the general ledger was \$1,044,209.18 and the beginning balance on the cash flow statement was \$1,088,818.26, a difference of \$44,609.08. This difference was noted in the July 2015 findings.
  - The ending cash balance on the general ledger was \$979,860.36 while the ending cash balance on both the cash flow statement and balance sheet reflected \$1,024,469.44, a difference of \$44,609.08.

- The accounts receivable total on the general ledger was \$138,769.22 and the balance sheet receivables showed \$150,312.48, a difference of \$11,543.26.
- The accounts payable/accrued accounts payable total on the general ledger was \$832,349.76 and the balance sheet showed \$847,940.87, a difference of \$15,591.11.
- The accounts payable-other total on the general ledger was \$396.73 and the balance sheet showed \$453.70, a difference of \$56.97.
- An audit adjustment of \$40,504.26 was reflected on the balance sheet but was not posted in the general ledger. As noted in the July 2015 findings: Magnolia staff indicated that the general ledger still “does not have the JE to true-up beginning balance.”
- The beginning fund balance, audit adjustment, and net income shown on the balance sheet were the same as the July amounts so did not match the cash flow or income statements. The statements did not match the updated general ledger dated September 29, 2016.
- Document #45191 was incorrectly posted to other local revenue object 8699 on 8/11/2015. This was a vendor reimbursement for overpayment made by the charter school. Reimbursement should have been posted to offset the expense object it was originally paid from. The posting error caused an \$8,313.45 overstatement of both revenue and expense for the month.
- No backup documentation was provided for two deposits posted on 8/31/2015: Doc #45706 for \$231.00 (uniforms) and Doc #45705 for \$163.00 (fundraising).
- MSA 8 – Unable to verify accounts receivable and accounts payable balances because:
  - There are negative balances on the general ledger and balance sheet for objects:
    - 9213 AR - Title III of \$139.00 (Doc #45435)
    - 9295 Due from Other Funds of \$0.02 (From prior year posting)
    - 9540 Payroll Liability - Federal of \$1,980.61 (MSA81018 and MSA81027)
    - 9550 Retirement Liability - PERS of \$2,648.87 (MSA81004)
    - 9555 Retirement Liability - STRS of \$21,657.20 (MSA81004)

These postings should have cleared accounts receivable or current liability amounts set up for a prior period. It appears these amounts were not set up, or were set up under an incorrect object code. These balances will remain outstanding until correct postings are made to the general ledger.
  - No backup documentation was provided for the 8/18/2015 deposit: Document #45436 for \$396.99 in uncategorized revenue.

In July 2015 EdTec began providing back office services for the charter schools. Financial statement balances were moved to EdTec’s financial system while Magnolia staff were closing the books for 2014-15. Staff indicated that this transition period may have affected the amounts shown on the general ledgers and financial statements provided to FCMAT.

## Recommendations

*The charter schools should:*

1. Make payments to the charter management organization (home office) using the accounts payable process with appropriate approvals, rather than through a cash transfer between the applicable bank accounts.
2. Review and verify that all monthly statement amounts match what is posted to the general ledger for that month.
3. Process transactions with the appropriate account code rather than as uncategorized.
4. Ensure interschool loans are accounted for accurately and timely at each school, and for each month there was activity. This will ensure loans between Magnolia schools are balanced.
5. Ensure that receipts posted to accounts receivable accounts clear the amounts originally set up for that receivable, and that the postings are accurate and timely. Post any differences between what was expected to be received and what was actually received to current year revenue.
6. Ensure that payments posted to liability accounts clear the amounts originally set up for that liability, and that the postings are accurate and timely. Post any differences between what was expected to be paid and what was actually paid to current year expense.
7. Train staff to properly account for and post transactions such as the following:
  - a. Loans between charter schools
  - b. Audit adjustments
  - c. Set up and clearing of accounts receivables and liabilities
  - d. Obtaining necessary backup documents to post income and expenditures without using “uncategorized” account codes
  - e. Monthly review and verification of financial statements
8. Provide necessary oversight to ensure monthly postings are appropriate and complete, transactions are posted to the correct object codes, and all financial statements match the general ledger.
9. Scan or file all backup documentation timely to prevent misplaced support items.

## May 2016

### Payroll

#### Payroll Registers

Magnolia had two payroll cycles for all employee classifications during the month of May 2016. The first payroll cycle encompassed May 1 through May 15 but was paid on May 13 due to the 15th having fallen on a Sunday. The second payroll cycle encompassed May 16 through May 31. While payroll reports were produced and dated May 27, 2016, due to planned absences by charter employees who processed payroll, employees received their payments on May 31.

FCMAT requested copies of payroll registers for both payroll cycles and found that several were missing signatures and dates from the person who prepared the payroll, the person who approved the payroll or both.

FCMAT inquiries of Magnolia revealed that this was an error in their process/procedures and that they have taken steps to ensure that the payroll registers will be signed and dated by the CFO on an ongoing basis.

### Recommendation

*The charter schools should:*

1. Carefully review payroll registers prior to submittal for processing to ensure that the signatures of both the person who prepared the payroll and the person who approved the payroll are contained on the documents.

### New Employees

FCMAT compared payroll registers from the April 30, 2016 payroll to the May 13, 2016 payroll as well as the May 13, 2016 payroll to the May 27, 2016 payroll to attempt to identify newly hired employees. No new employees were identified. Consequently, no additional testing was performed.

### Payroll Transactions

FCMAT reviewed Magnolia's MPS Employee Pay Raise Scale, adopted on May 2, 2014, to determine the process by which the charter determines employees' pay. Based on the date the scale was adopted, board minutes were reviewed to determine if there had been board approved changes to salary schedules. On March 25, 2015, the board approved a 1.5% increase to both base pay and employee qualifications pay (EQP). FCMAT's review of the board agenda item provided in support of the salary increase found that its stated budget implications were related to the 2015-16 fiscal year, but it lacked a specific date of implementation and information regarding to which specific employee group(s) the salary increase applied. A 2015-16 Pay Raise Salary Scale was presented to the board on April 15, 2015 to reflect revisions generated by the increases approved on March 25, 2015.

FCMAT reviewed the April 11, 2015 MPS Pay Raise Scale spreadsheets to determine if employees' salaries conformed to the amounts in the 2015-16 Pay Raise Salary Scale and found the following:

- Multiple employees continued to have EQP that did not conform to Magnolia's formula amounts provided in the 2015-16 Pay Raise Salary Scale. Those increases, as presented to the



board, were to be valued at \$508 per point for prior experience for both certificated and classified employees. Magnolia Public Schools experience was to be valued at \$1,015 and \$761 per point for certificated and classified employees, respectively. However, the April 11, 2015 MPS Pay Raise Scale spreadsheets use a \$507.50 value for prior experience for both classes of employees and \$761.25 for MPS experience for classified employees. Rounding after the calculation is made for each employee further complicates the situation. While the differences between the amounts provided to the board and those listed in the April 11, 2015 MPS Pay Raise Scale spreadsheets are minimal, and in most cases less than \$2 in a pay period, this condition allows for employees' payroll to be inaccurate and does not provide a consistent methodology across all schools and employees.

- There also continues to be no standardized schedule of hourly rates to ensure consistent pay to employees in the same job classification.

FCMAT randomly selected four employees per school per payroll cycle for testing, a total of 24 employees in Magnolia's May payroll. The testing process included comparing the wages/salaries as listed in the Paycom payroll registers to Magnolia's April 11, 2015 MPS Pay Raise Scale spreadsheets and 2014-15 or 2015-16 Offer of At-Will Employment to identify any discrepancies. FCMAT recalculated payroll benefit amounts based on the gross pay listed in the Paycom payroll registers to ensure accuracy and then traced the amounts shown on the Paycom payroll registers to Magnolia's general ledger. FCMAT found the following anomalies in the payroll items sampled:

- One hourly employee's timesheet failed to reflect supervisor approval.
- Two employees' timesheets did not reflect a total of the hours worked, which can allow for errors in processing.
- One employee's timesheet reflected 37.5 hours of work, but the employee was paid for 38 hours pursuant to the Paycom payroll register. Magnolia was unable to provide FCMAT with documentation supporting the additional 0.5 hour paid but provided the explanation that this was a keying error.
- One employee's timesheet reflected 62.5 hours of work, after the deduction of 30 minutes each day for a meal period. However, the timesheet did not provide space for the start/end time for meal periods to verify they were taken. The payroll register showed the employee was paid for 62 hours due to a math error on the timesheet. Neither the employee nor his supervisor signed the timesheet.
- Five employees' timesheets reflected their work hours but did not reflect a start and stop time for a meal period as required by Labor Code Section 512 and the California Industrial Welfare Commission Wage Orders. Magnolia did not have a consistent timesheet form during the period being tested. Some simply record the start/stop time for each day, others include a column for overtime hours and yet another form includes start/end time for meal periods. Having a consistent form for all schools ensures that meal times are recorded and lessens calculation errors in payroll processing. Magnolia reported to FCMAT that all timesheets for the period reviewed did not record start/stop times for meal/rest periods and that, beginning in 2016-17, employees are required to track their meal periods.
- One employee's offer letter contained line items that should have totaled \$50,500 in annual wages; however, the total listed on the offer letter was \$55,000. Magnolia's research revealed that

the correct amount was \$50,500. Using that number, FCMAT computed the bimonthly salary for this employee to be \$2,104.17 -- \$50,500 divided by 12 months and then divided by two pay periods per month. The Paycom payroll register reflected a bimonthly salary of \$2,083.33. Magnolia asserted that the employee's payroll should be divided by 22 pay periods; however, that would produce an amount of \$2,295.45 per pay period. FCMAT requested further research on the issue, but Magnolia was unable to provide FCMAT with an explanation for the discrepancy.

- Four certificated employees were paid stipends ranging from \$100 - \$400. Magnolia allows each school to set its own stipend schedule. However, Magnolia was unable to either provide FCMAT with the stipend schedules or documentation showing that the governing board had approved them.
- One classified employee's wages reflected no payment to PERS. FCMAT inquired about why this employee did not qualify for PERS. Magnolia and EdTec staff had previously reported that EdTec was responsible to monitor hourly employees to determine when or if they reached 1,000 hours for inclusion in PERS. However, Magnolia maintained no documentation regarding any individual employee's inclusion in PERS.

In Magnolia's further investigation of whether this employee qualified for inclusion in PERS, it was discovered that the employee had reached the 1,000 hours qualification threshold effective April 2016. Magnolia reported that it was aware it had not effectively managed enrollment of irregular-basis employees in PERS and was undertaking steps to ensure that all current and previous irregular-basis employees were properly included. Magnolia also acknowledged that it would be responsible for both the employer and employee contributions required to bring these employees up-to-date in PERS. However, Magnolia should be aware that PERS may levy additional sums such as interest and penalties.

- Five employees' employer contributions for PERS were calculated incorrectly in the Paycom payroll registers. Instead of using PERS' employer contribution rate of 11.847%, that number was rounded up to 11.85%. FCMAT inquired regarding which percentage was paid to PERS and Magnolia provided an Excel spreadsheet that was used for their calculation and payment of the PERS contribution. However, based on the documentation provided, FCMAT was unable to determine the exact amount that was paid to PERS. While Magnolia may not use the Paycom payroll register to remit the PERS contribution, it is used to post the PERS payroll expense to Magnolia's general ledger, and those same amounts are used in Magnolia's income statements. FCMAT reviewed the general ledger and balanced the Paycom payroll register to the entries in the general ledger. No adjustments to the general ledger were made to decrease the PERS expense to 11.847%. Consequently, the PERS expense in Magnolia's general ledger is overstated.
- Two employees' payrolls did not reflect withholding for state disability insurance, which would result in overpayments to these employees. Magnolia did not provide FCMAT with an explanation for this discrepancy.
- One employee's payroll withholding for state disability insurance (SDI) was underpaid by \$0.12. Magnolia's explanation was that their SDI rate was 0.89% instead of the 0.90% that had been used for all other employees tested. FCMAT requested documentation to support the change in rate, but none was provided.
- One regular certificated employee had Social Security taxes withheld from their paycheck although Magnolia is a STRS employer, and it is very rare for a certificated employee to

contribute into the Social Security system when the employer participates in STRS. Magnolia attributed this error to problems with the data transfer between Paychex and Paycom. During a telephone conference on the subject, Magnolia reported that the amount had been corrected on the employee's W-2, and they would have the funds returned to them via their personal tax return. However, it is unknown if Magnolia corrected the employer side of the transaction to obtain a return of the funds it paid on behalf of this employee.

- One employee's payroll did not reflect withholding for Medicare, which would result in an overpayment to this employee. Magnolia did not provide FCMAT with an explanation for this discrepancy.
- One employee's payroll withholding for Medicare was underpaid by \$0.18 due to using 1.4416% instead of the mandated 1.45%. All other employees tested reflected 1.45% withholding from their wages. Magnolia was unable to provide FCMAT with an explanation of why a different rate was used for this employee.
- One school's payroll Excel sheet noted a "spreadsheet error" and did not tie to the gross payroll reflected in the Paycom payroll register. Magnolia explained that there had been an error on the spreadsheet and provided FCMAT with the corrected spreadsheet and an e-mail that explained the error. Both of these documents should be kept with the original spreadsheet and payroll register in the file for the payroll period to provide a complete payroll file. This is especially significant given the personnel turnover that Magnolia has experienced to ensure that a record is kept to support financial transactions.
- All Schools
  - The employer's expense for workers compensation insurance is not included in the monthly payroll calculations and deductions completed by Paycom. Instead, monthly payments are made to the insurance carrier, CharterSafe, and then reconciled after the end of the fiscal year. Due to this practice, FCMAT is unable to test this aspect of payroll.
  - FCMAT's review of the May payroll registers revealed that state unemployment insurance had not been paid for any employee. Magnolia reported that this should have been reported and paid quarterly on form DE-9423. However, because of mistakes made during the implementation of its new payroll/hours system, payments had not been made. Magnolia further reported to FCMAT that processes and procedures had been corrected and implemented and payments were being brought current. FCMAT's requests for further details about how processes/procedures were changed, when past due payments were made and whether penalties were assessed were not answered.

## Recommendations

*The charter schools should:*

1. Include a specific implementation date and language to identify the positions/classifications affected on all board agenda items related to payroll increases.
2. Carefully review base salaries to ensure against over- and underpayments.

3. Carefully review its application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by the board in the 2015-16 Pay Raise Salary Scale.
4. Develop a salary schedule for positions with hourly rates of pay.
5. Ensure that both the employee and their supervisor execute all timesheets.
6. Carefully review, verify and math check all timesheets to ensure proper payment to employees.
7. Develop a timesheet/time keeping system to track employees' start/stop times for meal/rest periods.
8. Ensure that supporting documentation exists for all elements of a payroll transaction including gross pay, whether that is salary, stipends or timesheet/hourly pay, payroll increases/changes, PERS/STRS, declination of health insurance, vacation pay and stipends. Keep such items in individual payroll files. Items associated with rates of pay such as salary or stipend schedules and hourly pay rates should also reflect approval by the governing board.
9. Reconcile the amounts paid to employees with the amounts contained in the employees' final offer letters to resolve rounding and keying errors in gross wages. Ensure payment shortfalls are returned to employees and overpayments are collected from employees.
10. Conduct a thorough audit of all employees to ensure proper enrollment in the applicable retirement system, and be prepared to pay the employer and employee share of contributions to date as well as any interest and penalties levied by PERS.
11. Reconcile and adjust the general ledger PERS expense to the amounts actually paid.
12. Carefully review the payroll registers to ensure that all required statutory benefits are paid and that proper percentages are used in their calculation.
13. Ensure payroll report files include documentation of any corrections made to provide a complete record of the transaction.

## **Accounts Payable**

FCMAT reviewed May 2016 financial system reports provided by Magnolia and performed the following procedures:

- Analyzed data in the general ledger reports and selected a sample of individual transactions for review, including checks issued for accounts payable transactions, journal entries, and Automated Clearing House (ACH) electronic transactions. The general ledger has the following types of accounts payable document numbers:
  - Check – used for an ACH or electronic payment.
  - Bill Payment – used for a paper check.

- Journal – used for a journal entry.
- Requested from Magnolia all supporting documentation for each selected transaction.
- Reviewed documentation received for each transaction to determine whether:
  - Authorization was obtained and documented in advance of the expenditure.
  - Goods or services were received and an obligation was incurred.
  - Invoices and/or agreements were reviewed and approved for payment.
  - Transactions were processed timely, accurately and properly recorded.

A combined sample of 55 transactions was tested for MSA 6, MSA 7, and MSA 8: 16 checks/ACH, 24 bill payments, and 15 journals. FCMAT tested the transactions for the following attributes and found exceptions as indicated below for each school:

1. No signed requisition was used to start the purchase.
2. No purchase order was attached.
3. The purchase order was dated after receipt of the item/service.
4. The service contract was not signed by both parties (charter signatory and consultant).
5. A signed contract for ongoing services was not present and signed by an authorized Magnolia Science Academy signatory.
6. The invoice or detailed receipt was not attached.
7. The invoice was not initialed or signed to approve payment or a receiving document was not attached.
8. The invoice or detailed receipt was not stamped “paid.”
9. The invoice was not paid timely.
10. Other, not described above.

Of the 55 transactions tested, 15 (27%) were traced and agreed to source documentation and did not include exceptions. The remaining 40 transactions had one or more exceptions per transaction.

#### MSA 6

Fourteen transactions were selected, including three checks/ACH, eight bill payments, and three journals. Three of the 14 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 3, 6, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- Magnolia Educational and Research Foundation (MERF) transfer and MERF expense allocation transfer did not have board approval attached.
- Three purchase order/requisition forms did not include the vendor’s name, only the requestor’s name.

## MSA 7

Twenty-one transactions were selected, including five checks/ACH, 11 bill payments, and five journals. Eleven of the 21 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- MERF loan transfer and MERF expense allocation transfer did not have board approval attached.
- Invoice for check DB051216 was requested by FCMAT but not provided.
- One reimbursement request form did not include the vendor's name. Another document did show the payee name.

## MSA 8

Twenty transactions were selected, including eight checks/ACH, five bill payments, and seven journals. One of the 20 transactions had no exceptions. The remaining transactions included one or more of exceptions 1, 2, 3, 6, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- One reimbursement request form did not include the vendor's name. Another document did show the payee name.
- An automatic deduction was made from the checking account with no invoice or explanation provided.
- MERF loan transfer and MERF expense allocation transfer did not have board approval attached.

The charter schools' accounts payable process begins with a request entered in the purchasing system (COOLSIS) and electronically routed for approval. Once the purchase is approved the items are ordered. When items are received a check request is prepared and approved electronically, and then payment is processed in the EdTec financial system. The purchasing system tracks each step of the process and provides an opportunity for comments and notations. The invoice is not signed by the receiving party but is attached to the check request. Some of the charter schools do not require a wet signature on the check request, but rather rely on electronic approvals. Invoices are not stamped "paid" at the time payment is made to the vendor.

Best accounting practices require a signature of the person reviewing the receiver document and/or the invoice to indicate it has been verified for accuracy and the goods/services have been received. It is then forwarded to accounts payable for payment. When payment is generated the invoice is stamped "paid."

Magnolia Public School Accounting Policies, Procedures and Forms, SOP#PUR104 Revision:2 states, "All accounts payable and cash disbursements will have documented pre-approval" and "Approvals for reimbursement requests must be obtained prior to purchase." The standard operating procedure (SOP) also states, "The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports if items have been received by the designee of each site." The SOP further states that accounts payable invoices should normally be paid within seven days or sooner of the payment term and invoices are to be stamped "paid" once processed. The sampling of transactions shows that the SOP and best accounting practices are not consistently followed. For example, invoices are not signed indicating they have been compared to the receiving document, some check requests do not have hard signatures, and invoices are not stamped "paid."

Magnolia allows the use of debit cards, and numerous debit card transactions are used for online purchases including but not limited to Amazon, Barnes and Noble, Wal-Mart, Michaels, Scholastic Inc.,

and Lakeshore Learning. According to Magnolia's SOP, all accounts payable and cash disbursement will be preapproved. However, the use of debit cards does not follow this procedure. For example, MSA 8 made 24 debit card transactions without prior approval.

Electronic transfers/ACH are processed for monthly ongoing expenses as well as one-time payments. These expenses do not have prior approval. Contracts or agreements for these expenses should be renewed annually, or as applicable, if the service is to continue, and purchase orders should be created and approved annually. Payments can then be referenced to the purchase order when posted to the general ledger.

The charter schools use a temporary clearing account for posting some general ledger entries, and ACH activities for each week are entered as one journal number. The amounts recorded represent actual cash transactions that have occurred in the bank per retrieval of cash activities from the online banking portal. EdTec staff indicated the entry is done so the most accurate depiction of cash balances in the accounting system is available while awaiting the details from the school. These entries are later moved without detail to expense accounts, making it challenging to follow the trail of entries. Staff indicated that DB manual check cover sheets are created; however, these cover sheets were not attached to the transaction.

The process of posting journal entries to the general ledger based on information directly from the bank account poses concerns. Without prior approval for the purchase and a reported delay of up to seven days prior to reversing the original entry, reviewing each transaction and posting them to the correct expense accounts, there is an increased opportunity for fraud. In addition, when the reversal of the journal entry occurs in the following month, it is more challenging to balance the bank statement to the general ledger and complete the reconciliation.

Some school expenses are coded to "uncategorized expense." When the correct account is determined, the expense is transferred. If expense reports are run prior to moving the transactions to the correct account, the account totals are inaccurate. All purchases should be preapproved with the correct account code to eliminate the need to post transactions as uncategorized.

FCMAT's review of the sampled transactions indicates that some payments were not made timely. Best practices provide for the payment of undisputed invoices within 30 days of the invoice date.

## Recommendations

*The charter schools should:*

1. Ensure that all purchases and disbursements, including debit card transactions, have documented preapproval, which includes a purchase order and/or contract.
2. Ensure that the person approving an invoice for payment signs it stating it is accurate and has been verified.
3. Stamp invoices "paid" once processed.
4. Process transactions with the appropriate account code rather than as uncategorized or through a temporary clearing account.
5. Renew contracts, as applicable, and complete purchase orders annually for monthly ongoing expenses, including ACH transfers.

6. Include the vendor name on all purchase requisitions, purchase orders, payment and reimbursement requests, including those for debit card purchases.
7. Pay invoices timely.
8. Use separate and distinct transaction type names in the general ledger for ACH transfers and paper checks.
9. Process check requests only with authorizing signatures.
10. Require itemized receipts or invoices for transactions, and do not make payments based on bank statements.
11. Include the board approval date and/or excerpt from the board meeting minutes as backup documentation for those items that require board approval.

## Bank Statements and Reconciliations

FCMAT reviewed May 2016 bank statements, reconciliation detail reports and general ledgers provided by Magnolia. Each bank statement was compared to the general ledger to match each transaction. Each reconciliation detail report was also compared to the bank statement and general ledger to match transactions, identify outstanding transactions, and determine whether the reconciliation detail report balanced to the general ledger. FCMAT found the following anomalies in the items reviewed:

### MSA 6

- Journal MSA61025 for \$55.71 was posted as uncleared for 6/30/15 on the reconciliation detail report. Sufficient detail was not provided to determine what was carried over from 2014-15 and what would continue to clear in future months. This amount was included as an outstanding debit to balance the general ledger to the bank statement.

### MSA 7

- Journal MSA71023 for \$14,298.81 was posted as uncleared for 6/30/15 on the reconciliation detail report. Sufficient detail was not provided to determine what was carried over from 2014-15 and what would continue to clear in future months. This amount was included as an outstanding debit to balance the general ledger to the bank statement.

### MSA 8

Detail was not provided to determine what was carried over from 2014-15 and what would continue to clear in future months. Detail was also not provided for outstanding debits for 2015-16 items older than six months. The following amounts were included to balance the general ledger to the bank statement:

MSA81017	6/30/15	\$2,140.00
MSA81032	8/14/15	\$ 358.26 (payroll)
MSA81103	11/13/15	\$ 148.86 (payroll)
Bill Payment 82137	9/2/15	\$ 25.00

The reconciliation detail report showed journals of outstanding items to balance the general ledger and bank statement. These journals did not include the detail necessary to provide an audit trail of the cleared transactions and transactions that were carried to the following month.



The reconciliation detail report should reflect actual deposits and expense transactions. The total deposits on the reconciliation detail report should equal the total deposits on the bank statement, and the same for expenses. Adjusting journals posted to the general ledger as a “cleared deposit” should only be for items identified as deposits on the bank statement. However, numerous items were corrected by posting the same amount as a “cleared check.” This increased the total for both deposits and cleared checks or payments. If a deposit is posted in error, the correction should also be made as an adjustment to deposits, not expenses. The method used reflects incorrect totals and makes it difficult to verify transactions. For example, Journal MSA71007 was posted as a cleared deposit for \$16,548.36 and also posted as Journal MSA71008 as a cleared check on both the reconciliation detail report and the general ledger.

EdTec prepares the monthly reconciliation detail reports. These reports are provided to Magnolia staff for review and comparison to the general ledger and bank statements for accuracy. The reports do not include staff signatures verifying they have been reviewed and that the totals agree with the general ledger and bank statements.

## Recommendations

*The charter schools should:*

1. Include outstanding items by individual check number on the reconciliation detail report to properly verify when each item has cleared the bank.
2. Post corrections to the general ledger using the same account code as the original transaction.
3. Ensure that the monthly bank statement is reconciled to the general ledger and that all transactions on the reconciliation detail report are also reflected on the general ledger.
4. Include the signatures of the individual who prepared the bank statement reconciliation and the individual who reviewed/approved it, and the respective dates of same, on the reconciliation documents.

## Revenue, Journal Entries and Financial Statements

FCMAT used the following processes in its review of May 2016 revenue and journal entry transactions and financial statements:

- General Ledger Revenue – Reviewed revenue transactions from the general ledger and requested supporting documentation for those items chosen for testing. Analyzed documentation to verify the accuracy of amounts posted to the general ledger, determine whether appropriate account number(s) were used to post revenue, and check the reasonableness of amounts posted based on the number of students served by the charter school.
- General Ledger Journal Entries – Selected journal entries from the general ledger and requested backup documentation for those items chosen for testing. Evaluated backup documents for adequate support and/or explanation for the journal posting, including amount and account number verification and appropriateness of the posting.
- Cash Flow Statement – Evaluated operating activities for reasonableness based on expected revenue streams for charter schools and the number of students served. Verified whether cash

flow statement amounts matched the general ledger and income statement, and whether receivables, liabilities, and the beginning and ending cash balances matched the general ledger and balance sheet.

- Income Statement – Evaluated reasonableness of amounts based on expected cash flow and the number of students served. Reviewed whether amounts matched applicable categories in the general ledger.
- Balance Sheet – Reviewed reasonableness of balance sheet and whether amounts matched applicable categories in the general ledger.
- Budget to Actuals – These documents were not provided for May 2016.

FCMAT found the following anomalies in the items sampled and reviewed:

- General – Payments made to the charter management organization (referred to as MERF or the home office) are made via a cash transfer between the home office bank account and the charter school's bank account. This process does not provide for appropriate checks and balances.
- General – MERF does not provide sufficient backup documentation when billing the charter schools for items or when making loans between itself and the charters. Sufficient documentation for expenses paid by MERF on behalf of the charter schools should have a signed and dated invoice sheet showing expenses to be repaid and how expenses were allocated to each charter, copies of the invoices paid by MERF, a charter approved purchase order with the account codes to be charged, and when applicable, an excerpt showing the board approval date. Documentation for loans between MERF and its charters should include a board approved loan agreement signed by both parties, the approved repayment schedule, a purchase order with the appropriate account code and a notation as to which payment is being made. If a payment schedule is revised – for example, when a charter has insufficient cash to make the scheduled payment – the backup documents should clearly show that change.
- MSA 6
  - Uncategorized revenue from April was still not cleared by the end of May.
  - Unable to verify monthly budget to actual data by object because information was not provided.
  - Unable to read signatures on several documents, and there was no printed name and/or signature date on them. For example: MSA61226 shows the same illegible signature used in place of both Terri Boatman and Oswaldo Diaz. One printed name was crossed out, the other said “for Terri Boatman,” and the signer did not print their name. On the second page of this journal entry, Terri Boatman signed but there was no signature for Oswaldo Diaz. Documents MSA61231 and MSA61232 were signed but no printed names were noted, only titles. There were no written dates showing when these documents were signed.

- MSA 7
  - Unable to verify monthly budget to actual data by object because information was not provided.
  - Unable to read signatures on several documents, and there was no printed name and/or signature date on them. For example: Document #58369 included a deposit log that was unsigned. MSA71225, MSA71226 and MSA71227 were signed but no printed names were noted, only titles. There were no written dates showing when these documents were signed.
- MSA 8
  - Unable to verify monthly budget to actual data by object because information was not provided.
  - Unable to read signatures on several documents, and there was no printed name and/or signature date on them. For example: MSA81242, MSA81246 and MSA81259 were signed but no printed names were noted, only titles. There were no written dates showing when these documents were signed.

## Recommendations

*The charter schools should:*

1. Make payments to the charter management organization (MERF/home office) using the accounts payable process with appropriate documentation and approvals, rather than through a cash transfer between the applicable bank accounts.
2. Ensure interschool loans and loans between a charter school and MERF are sufficiently documented, accounted for accurately and timely, and paid back via the accounts payable process.
3. Process transactions with the appropriate account code rather than as uncategorized.
4. Prepare monthly budget to actual data by object for ongoing review and analysis.
5. Ensure that signed documents include the printed name of the signor and date signed.

## June 2016

### Payroll

#### Payroll Registers

Magnolia had three payroll cycles during the month of June 2016. Two payroll cycles mirrored those in other months, encompassing June 1 through June 15 and June 16 through June 30 for all employee classifications. FCMAT's review of Magnolia's general ledger also revealed a significant payroll event on June 10. Magnolia stated this was due to payroll processing for involuntarily terminated employees as of the last day of school. Magnolia did not provide FCMAT with documentation of the June 10 payroll or

additional information regarding why a separate payroll was necessary and could not be combined with the June 15 payroll. Consequently, FCMAT was unable to perform testing on the June 10 payroll.

FCMAT received copies of payroll registers for the June 1-15 and June 16-30, 2016 payroll cycles and found that those for the June 30 payroll were missing the dates of the signatures from the people who prepared the payroll and the person who approved the payroll.

FCMAT inquiries of Magnolia revealed that this was an error in their process/procedures and that they have taken steps to ensure that the payroll registers will be signed and dated by the preparer as well as the CFO on an ongoing basis.

## Recommendation

*The charter schools should:*

1. Carefully review payroll registers prior to submittal for processing to ensure that the signatures of both the person who prepared the payroll and the person who approved the payroll are contained on the documents.

## New Employees

FCMAT compared payroll registers from the May 31, 2016 payroll to the June 15, 2016 payroll as well as the June 15, 2016 payroll to the June 30, 2016 payroll to attempt to identify newly hired employees. No new employees were identified. Consequently, no additional testing was performed.

## Payroll Transactions

FCMAT reviewed Magnolia's MPS Employee Pay Raise Scale, adopted on May 2, 2014, to determine the process by which the charter determines employees' pay. Based on the date the scale was adopted, board minutes were reviewed to determine if there had been board approved changes to salary schedules. On March 25, 2015, the board approved a 1.5% increase to both base pay and employee qualifications pay (EQP). FCMAT's review of the board agenda item provided in support of the salary increase found that its stated budget implications were related to the 2015-16 fiscal year, but it lacked a specific date of implementation and information regarding to which specific employee group(s) the salary increase applied. A 2015-16 Pay Raise Salary Scale was presented to the board on April 15, 2015 to reflect revisions generated by the increases approved on March 25, 2015.

FCMAT reviewed the April 11, 2015 MPS Pay Raise Scale spreadsheets to determine if employees' salaries conformed to the amounts in the 2015-16 Pay Raise Salary Scale and found the following:

- Multiple employees continued to have EQP that did not conform to Magnolia's formula amounts provided in the 2015-16 Pay Raise Salary Scale. Those increases, as presented to the board, were to be valued at \$508 per point for prior experience for both certificated and classified employees. Magnolia Public Schools experience was to be valued at \$1,015 and \$761 per point for certificated and classified employees, respectively. However, the April 11, 2015 MPS Pay Raise Scale spreadsheets use a \$507.50 value for prior experience for both classes of employees and \$761.25 for MPS experience for classified employees. Rounding after the calculation is made for each employee further complicates the situation. While the differences between the amounts provided to the board and those listed in the April 11, 2015 MPS Pay Raise Scale spreadsheets are minimal, and in most cases less than \$2 in a pay period, this condition allows for employees'

payroll to be inaccurate and does not provide a consistent methodology across all schools and employees.

- There also continues to be no standardized schedule of hourly rates to ensure consistent pay to employees in the same job classification.

FCMAT randomly selected four employees per school per payroll cycle for testing, a total of 24 employees in Magnolia's June payroll. The testing process included comparing the wages/salaries as listed in the Paycom payroll registers to Magnolia's April 11, 2015 MPS Pay Raise Scale spreadsheets and 2014-15 or 2015-16 Offer of At-Will Employment to identify any discrepancies. FCMAT recalculated payroll benefit amounts based on the gross pay listed in the Paycom payroll registers to ensure accuracy and then traced the amounts shown on the registers to Magnolia's general ledger. FCMAT found the following anomalies in the payroll items sampled:

- Two hourly employees' timesheets failed to reflect the supervisor's approval.
- One hourly employee's timesheet did not reflect the employee's signature.
- Magnolia supplied supporting documentation for two hourly employees that contradicts itself as to the number of hours the employees worked:
  - The payroll register for one employee shows payment for 35 hours on June 30, 2016. Magnolia initially provided FCMAT with a timesheet showing 11 hours worked (Monday through Wednesday, 3 hours per day; and 2 hours on Thursday) for the period June 6-9, 2016. FCMAT requested documentation to support the remaining 24 hours paid and was then provided with a timesheet that shows 35 hours worked (7 hours per day Monday through Friday) for the period June 6-10, 2016. Given the disparity between these two documents and the fact that neither contains the date of the employee's signature nor a signature/date of a supervisor, FCMAT is uncertain which document is the correct timesheet representing the actual time that the employee worked for the week of June 6-10, 2016.
  - The payroll register for the second employee shows payment for 25 hours on June 30, 2016. Magnolia initially provided FCMAT with a timesheet showing 14 hours worked (Monday through Wednesday, 4 hours per day; and 2 hours on Thursday) for the period June 6-9, 2016. FCMAT requested documentation to support the remaining 11 hours paid and was then provided with a timesheet that shows 25 hours worked (5 hours per day Monday through Friday) for the period June 6-10, 2016. Given the disparity between these two documents and the fact that neither contains the date of the employee's signature nor a signature/date of a supervisor, FCMAT is uncertain which document is the correct timesheet representing the actual time that the employee worked for the week of June 6-10, 2016.
- Two employees' timesheets reflected their work hours but did not reflect a start and stop time for a meal period as required by Labor Code Section 512 and the California Industrial Welfare Commission Wage Orders. Magnolia did not have a consistent timesheet form during the period being tested. Some simply record the start/stop time for each day, others include a column for overtime hours and yet another form includes start/end time for meal periods. Having a consistent form for all schools ensures that meal times are recorded and lessens calculation errors in payroll processing. Magnolia reported to FCMAT that not all timesheets for the period

reviewed contained recorded start/stop times for meal/rest periods and that, beginning in 2016-17, employees are required to track their meal periods.

- Five employees tested, or 20.8%, had rounding or keying entry errors between what was contained in the employee's final offer letter and what was entered into the payroll system, ranging from overpayments of \$0.01 to \$0.25 per pay period. Beginning with the 2016-17 fiscal year, Magnolia reported that it has instituted a policy to reconcile the amount paid and the amount contained in the employees' final offer letters. Overpayments will be deducted from the employees' June 30 payroll and any underpayment will be added to the June 30 payroll.
- Three certificated employees at MSA 8 were paid stipends ranging from \$1,200 - \$1,300. Magnolia allows each school to set its own stipend schedule, and FCMAT was provided with Auxiliary Pay Components 2015-16 schedule and the 2015-16 Academic Support Stipend Program agreement for MSA 8. All three certificated employees received a \$1,200 After School Education and Safety Program (ASES) stipend and one employee had an additional \$100 paid. However, FCMAT noted the following issues for these payments:
  - Neither the Auxiliary Pay Components 2015-16 schedule nor the 2015-16 Academic Support Stipend Program agreement and its terms reflect approval by Magnolia's governing board.
  - None of the certificated employees receiving a \$1,200 ASES stipend had that amount recorded on their ASES timesheets provided to support this payment.
  - The 2015-16 Academic Support Stipend Program agreement provides that staff members are to host two tutoring sessions per week but are allowed four non-qualifying/missed sessions. At the point that the fifth non-qualifying/missed session is recorded, "the employee will be ineligible to receive the stipend payout." Review of the three timesheets submitted shows that all three employees missed at least one session and there is no notation as to where in the continuum of the four non-qualifying/missed sessions these fall or whether Magnolia is tracking them.
  - The timesheet of the certificated employee receiving the \$100 additional stipend appears to tie the payment to the employee's work regarding a talent show and parent meeting; however, the Auxiliary Pay Components schedule provides for \$50 per occurrence for home visits and class coverage. FCMAT was not provided with documentation that would tie a stipend payment to either a talent show or parent meeting.
- Three employees' employer contributions for PERS were calculated incorrectly in the Paycom payroll registers. Instead of using PERS' employer contribution rate of 11.847%, that number was rounded up to 11.85%. FCMAT inquired regarding which percentage was paid to PERS and Magnolia provided an Excel spreadsheet that was used for their calculation and payment of the PERS contribution. However, based on the documentation provided, FCMAT was unable to determine the exact amount that was paid to PERS. While Magnolia may not use the Paycom payroll register to remit the PERS contribution, the Paycom payroll register is used to post the PERS payroll expense to Magnolia's general ledger, and those same amounts are used in Magnolia's income statements. FCMAT reviewed the general ledger and balanced the Paycom payroll register to the entries in the general ledger. No adjustments to the general ledger were made to decrease the PERS expense to 11.847%. Consequently, the PERS expense in Magnolia's general ledger is overstated.

- One employee's bimonthly payroll reflected a deduction for health and welfare insurance; however, the amount deducted was the full monthly employee portion of the insurance premium. This resulted in the employee having paid double the amount necessary for health care coverage. Magnolia indicated it had conducted a review of benefit deductions for all employees to ensure that proper amounts were deducted and reported, and that any amounts due to employees had been included in their November 30, 2016 paycheck.
- One employee's bimonthly payroll reflected a \$24.15 deduction for health and welfare insurance. Multiplying this amount by two does not equal the \$48.31 monthly employee cost of the insurance pursuant to Magnolia's 2015-16 Employee Benefits booklet, resulting in an overpayment to the employee of \$0.01 per month.
- One employee's payroll did not reflect withholding for state disability insurance, which would result in an overpayment to this employee. Magnolia did not provide FCMAT with an explanation for this discrepancy.
- One certificated employee, who had begun their career as a classified employee and remained in PERS, had no Social Security taxes withheld from their paycheck, which would result in an overpayment to this employee. Magnolia provided FCMAT with a statement to explain the discrepancy that said, "the employee was a PERS employee and should have been contributing to STRS." There appears to be some confusion as to which retirement system this employee belongs. If it is determined that the employee wishes to remain in PERS, which is allowed if required documentation is completed and submitted timely, Social Security taxes would be due. Failure to withhold Social Security taxes can obligate Magnolia for payment of both the employer and employee portions of amounts due.
- One school's payroll Excel sheet did not tie to the gross payroll reflected in the Paycom payroll register by \$7,465.00. Magnolia explained that the excess amount on the Excel spreadsheet was due to the contract buyout of an employee; however, FCMAT's review of the June 30, 2016 payroll register failed to find the named employee in the report. FCMAT requested copies of the documentation authorizing the buyout; however, Magnolia did not provide them. Consequently, it is unknown if the payment had been made and whether appropriate taxes were applied and/or withheld for this payment. It is also unknown if the board approved the buyout. These documents should be kept with the original spreadsheet and payroll register in the file for the payroll period to provide a complete payroll file. This is especially significant given the personnel turnover that Magnolia has experienced to ensure that a record is kept to support financial transactions.
- MSA 7
  - FCMAT was unable to trace the employer's/employees' STRS expense/liability from the June 30, 2016 Paycom payroll register to the general ledger due to amounts differing for these items between the payroll register and the general ledger. Through consultation with EdTec, it was determined that \$616.55 of STRS expense was neither reported as STRS expense nor liability, causing MSA 7's expenses to be understated. FCMAT did not receive information on when an adjusting entry would be made to correct this error. EdTec reported it would be adjusting its procedures to include full reconciliation between the payroll register, tax report and cash report. The general ledger should also be included in the reconciliation process.

- MSA 8
  - June 15, 2016 Payroll: FCMAT was originally provided a Paycom payroll register for June 15, 2016 but was unable to balance 10 of the 11 lines of that report to Magnolia's general ledger. In EdTec's research of FCMAT's questions on this journal entry, EdTec provided FCMAT with a payroll check register for the June 15, 2016 payroll that eliminated one employee from the payroll. Using the amounts from the payroll check register, FCMAT was able to reconcile all but four lines of the journal entry:
    - Object 3100 – STRS: There appears to be \$1,297.81 of expense that had not yet been recorded in Magnolia's general ledger.
    - Object 3200 – PERS: There appears to be \$146.77 of expense that had not yet been recorded in Magnolia's general ledger.
    - Object 9550 – PERS Liability: There appears to be a \$146.77 understatement of Magnolia's liability.
    - Object 9555 – STRS Liability: There appears to be a \$1,297.81 understatement of Magnolia's liability.
  - June 30, 2016 Payroll: FCMAT was unable to trace three lines of the journal entry used to record the June 30, 2016 Paycom payroll register in the general ledger as follows:
    - Object 3100 – STRS: No STRS expense was recorded in Magnolia's general ledger. In EdTec's research on FCMAT's question, it was discovered that \$5,008.13 was erroneously coded to object 3300 – OASDI (Social Security)-Medicare expense. It was also found that this amount should be adjusted to reflect an additional \$36.10 of STRS expense, bringing the total STRS expense to \$5,044.23.
    - Object 9555 – STRS Liability: There appears to be a \$36.10 understatement of Magnolia's liability.
  - FCMAT did not receive information on when adjusting entries would be made to correct these errors. EdTec reported it would be adjusting its procedures to include full reconciliation between the payroll register, tax report and cash report. The general ledger should also be included in the reconciliation process.
- All Schools
  - The employer's expense for workers compensation insurance is not included in the monthly payroll calculations and deductions completed by Paycom. Instead, monthly payments are made to the insurance carrier, CharterSafe, and then reconciled after the end of the fiscal year. Due to this practice, FCMAT is unable to test this aspect of payroll.
  - FCMAT's review of the June payroll registers revealed that state unemployment insurance had not been paid for any employee. Magnolia reported that this should have been reported and paid quarterly on form DE-9423. However, because of mistakes made during the implementation of its new payroll/hours system, payments had not been made. Magnolia further reported to FCMAT that processes and procedures had been corrected and implemented and payments were being brought current. FCMAT's inquiries regarding further details about how processes/procedures were changed, when past due payments were made and whether penalties were assessed were not answered.



## Recommendations

*The charter schools should:*

1. Include a specific implementation date and language to identify the positions/classifications affected on all board agenda items related to payroll increases.
2. Carefully review base salaries to ensure against over- and underpayments.
3. Carefully review its application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by its board in the 2015-16 Pay Raise Salary Scale.
4. Develop a salary schedule for positions with hourly rates of pay.
5. Ensure that both the employee and their supervisor execute all timesheets.
6. Carefully review, verify and math check all timesheets to ensure proper payment to employees. If employees submit an adjusted timesheet, mark the previous submission as having been superseded.
7. Develop a timesheet/time keeping system to track employees' start/stop times for meal/rest periods.
8. Reconcile the amounts paid to employees with the amounts contained in the employees' final offer letters to resolve rounding and keying errors in gross wages. Ensure payment shortfalls are returned and overpayments are collected from employees.
9. Review timesheets associated with stipends to ensure that the functions listed are those that qualify for stipends and that the employee has provided all of the required sessions associated with the ASES stipends. Implement tracking mechanisms so that, should an employee reach a fifth non-qualifying/missed session, their stipend is withheld and Magnolia does not have to recapture payment.
10. Reconcile and adjust the general ledger PERS expense to the amounts actually paid.
11. Conduct a thorough audit of all employees to ensure proper enrollment in the applicable retirement system, and be prepared to pay the employer and employee share of contributions to date as well as any interest and penalties levied by PERS.
12. Review all health and welfare benefits deductions made to employee payroll to ensure that proper amounts were withheld, and return any overages to employees immediately.
13. Ensure that supporting documentation exists for all elements of a payroll transaction including gross pay whether that is salary, stipends or timesheet/hourly pay, payroll increases/changes, PERS/STRS, declination of health insurance, vacation pay and stipends. Keep such items in individual payroll files. Reflect approval by the governing board for items associated with rates of pay such as salary or stipend schedules and hourly pay rates.

14. Carefully review the payroll registers to ensure that all required statutory benefits are paid and that proper percentages are used in their calculation.
15. Ensure payroll report files include documentation of any corrections made to provide a complete record of the transaction.
16. Review the payroll registers in conjunction with the journal entries made by EdTec to ensure that payroll information has been correctly recorded in the general ledger.

## Accounts Payable

FCMAT reviewed June 2016 financial system reports provided by Magnolia and performed the following procedures:

- Analyzed data in the general ledger reports and selected a sample of individual transactions for review, including checks issued for accounts payable transactions, journal entries, and Automated Clearing House (ACH) electronic transactions. The general ledger has the following types of accounts payable document numbers:
  - Check – used for an ACH or electronic payment.
  - Bill Payment – used for a paper check.
  - Journal – used for a journal entry.
- Requested from Magnolia all supporting documentation for each selected transaction.
- Reviewed documentation received for each transaction to determine whether:
  - Authorization was obtained and documented in advance of the expenditure.
  - Goods or services were received and an obligation was incurred.
  - Invoices and/or agreements were reviewed and approved for payment.
  - Transactions were processed timely, accurately and properly recorded.

A combined sample of 71 transactions was tested for MSA 6, MSA 7, and MSA 8: 18 checks/ACH, 45 bill payments, and eight journals. FCMAT tested the transactions for the following attributes and found exceptions as indicated below for each school:

1. No signed requisition was used to start the purchase.
2. No purchase order was attached.
3. The purchase order was dated after receipt of the item/service.
4. The service contract was not signed by both parties (charter signatory and consultant).
5. A signed contract for ongoing services was not present and signed by an authorized Magnolia Science Academy signatory.
6. The invoice or detailed receipt was not attached.

7. The invoice was not initialed or signed to approve payment or a receiving document was not attached.
8. The invoice or detailed receipt was not stamped "paid."
9. The invoice was not paid timely.
10. Other, not described above.

Of the 71 transactions tested, all (100%) had one or more exceptions per transaction.

#### MSA 6

Twenty-seven transactions were selected, including 13 checks/ACH, 12 bill payments, and two journals. All of the 27 transactions included one or more of exceptions 1, 2, 3, 4, 5, 6, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- MERF loan transfers did not have board approval attached.
- One transaction included payment for \$2.00 more than the invoice.
- Two transactions had no proof of employee payment for classes being reimbursed.
- One reimbursement was made to an individual for the purchase of student awards. FCMAT was unable to locate a board policy for student awards.
- One payment was made for an invoice that was to the Magnolia Foundation.

#### MSA 7

Twenty transactions were selected, including three checks/ACH, 13 bill payments, and four journals. All of the 20 transactions included one or more of exceptions 1, 2, 3, 4, 5, 6, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- One transaction had no proof of employee payment for items being reimbursed.
- One employee's life insurance cancellation request took nine months to resolve.
- Backup documentation provided to FCMAT for one payment to an individual did not include a W-9 form.
- One check was voided due to an error; it took a year to resolve this issue.

#### MSA 8

Twenty-four transactions were selected, including two checks/ACH, 20 bill payments, and two journals. All of the 24 transactions included one or more of exceptions 1, 2, 3, 6, 7, 8, 9 as enumerated above, and/or the following Other exceptions:

- One transaction had no proof of employee payment for items being reimbursed.
- Backup documentation for reimbursement to one individual indicated that the expenditures had been approved by the parent-teacher foundation. It is unclear why the charter school paid this expenditure, and no proof of the foundation's approval was attached.
- Two loan transfers to MERF did not have board approval attached.

The charter schools' accounts payable process begins with a request entered in the purchasing system (COOLSIS) and electronically routed for approval. Once the purchase is approved the items are ordered. When items are received a check request is prepared and approved electronically, and then payment is processed in the EdTec financial system. The purchasing system tracks each step of the process and provides an opportunity for comments and notations. The invoice is not signed by the receiving party but is attached to the check request. Some of the charter schools do not require a wet signature on the check request, but rely instead on electronic approvals. Invoices are not stamped "paid" at the time payment is made to the vendor.

Best accounting practices require a signature of the person reviewing the receiver document and/or the invoice to indicate it has been verified for accuracy and the goods/services have been received. It is then forwarded to accounts payable for payment. When payment is generated the invoice is stamped "paid."

Magnolia Public School Accounting Policies, Procedures and Forms, SOP#PUR104 Revision:2 states, "All accounts payable and cash disbursements will have documented pre-approval" and "Approvals for reimbursement requests must be obtained prior to purchase." The standard operating procedure (SOP) also states, "The quantities shown shipped or delivered on the invoice will be compared to the packing slip and/or receiving reports if items have been received by the designee of each site." The SOP further states that accounts payable invoices should normally be paid within seven days or sooner of the payment term and invoices are to be stamped "paid" once processed. The sampling of transactions shows that the SOP and best accounting practices are not consistently followed. For example, invoices are not signed indicating they have been compared to the receiving document, some check requests do not have hard signatures, and invoices are not stamped "paid."

Magnolia allows the use of debit cards, and numerous debit card transactions are used for online purchases including, but not limited to, Amazon, Wal-Mart, and Lakeshore Learning. According to Magnolia's SOP, all accounts payable and cash disbursement will be preapproved. However, the use of debit cards does not follow this procedure. For example, MSA 6 made 12 debit card transactions without prior approval.

Electronic transfers/ACH are processed for monthly ongoing expenses as well as one-time payments. These expenses do not have prior approval. Contracts or agreements for these expenses should be renewed annually, or as applicable, if the service is to continue, and purchase orders should be created and approved annually. Payments can then be referenced to the purchase order when posted to the general ledger.

The charter schools use a temporary clearing account for posting some general ledger entries, and ACH activities for each week are entered as one journal number. The amounts recorded represent actual cash transactions that have occurred in the bank per retrieval of cash activities from the online banking portal. EdTec staff indicated the entry is done so the most accurate depiction of cash balances in the accounting system is available while awaiting the details from the school. These entries are later moved without detail to expense accounts, making it challenging to follow the trail of entries. Staff indicated that DB manual check cover sheets are created; however, these cover sheets were not attached to the transaction.

The process of posting journal entries to the general ledger based on information directly from the bank account poses concerns. Without prior approval for the purchase and a reported delay of up to seven days prior to reversing the original entry, reviewing each transaction and posting them to the correct expense accounts, there is an increased opportunity for fraud. In addition, when the reversal of the journal entry occurs in the following month, it is more challenging to balance the bank statement to the general ledger and complete the reconciliation.

Some school expenses are coded to “uncategorized expense.” When the correct account is determined, the expense is transferred. If expense reports are run prior to moving the transactions to the correct account, the account totals are inaccurate. All purchases should be preapproved with the correct account code to eliminate the need to post transactions as uncategorized.

FCMAT’s review of the sampled transactions indicates that some payments were not made timely. Best practices provide for the payment of undisputed invoices within 30 days of the invoice date.

## Recommendations

*The charter schools should:*

1. Ensure that all purchases and disbursements, including debit card transactions and employee travel requests, have documented preapproval, which includes a purchase order and/or contract.
2. Ensure that the person approving an invoice for payment signs it stating it is accurate and has been verified.
3. Ensure invoices are paid for the correct amount, and total all invoices being paid with the invoice batch total to verify.
4. Stamp invoices “paid” once processed.
5. Include the board approval date and/or excerpt from the board meeting minutes as backup documentation for those items that require board approval.
6. Renew contracts, as applicable, and complete purchase orders annually for monthly ongoing expenses, including ACH transfers.
7. Pay invoices timely.
8. Use separate and distinct transaction type names in the general ledger for ACH transfers and paper checks.
9. Process check requests only with authorizing signatures.
10. When making reimbursements, attach documents that show the employee has paid for the item for which reimbursement is being requested.
11. Require legible itemized receipts or invoices for transactions, and not make payments based on bank statements.
12. Not pay invoices that are for another entity, such as the Magnolia Foundation.
13. Adopt a board policy regarding if and when student awards will be allowed.
14. Ensure that a copy of the W-9 form for applicable individuals is included in backup documentation for payments made to them.
15. Research and clear outstanding items, such as voided checks, timely.

## Bank Statements and Reconciliations

FCMAT reviewed June 2016 bank statements, reconciliation detail reports and general ledgers provided by Magnolia. Each bank statement was compared to the general ledger to match each transaction. Each reconciliation detail report was also compared to the bank statement and general ledger to match transactions, identify outstanding transactions, and determine whether the reconciliation detail report balanced to the general ledger. FCMAT found the following anomalies in the items reviewed:

### MSA 6

- Four journal entries were made debiting object 7998 Temporary JE Clearing and crediting object 9121 Cash. Shortly after, another journal entry was made to reverse each entry. The descriptions on these journals state they were done as a “Temporary DB manual check entry.” Examples include journal entries MSA61266 dated 6/16/16 and MSA61267 dated 6/24/16, both totaling \$10,057.95. Journal entries posted to cash do not show on the bank statement; therefore, this practice makes it more difficult to reconcile the general ledger to the bank statement.

### MSA 7

- Journal MSA71023 dated 6/30/15, with a remaining balance of \$8,052.10, was still not cleared on the reconciliation detail report. Four additional items dated between 3/24/16 and 5/27/16 were also outstanding on the reconciliation. Journal entries posted to cash do not show on the bank statement, and therefore make it more difficult to reconcile the general ledger to the bank statement. Further, when these journal entries are not reversed timely it causes more confusion regarding what the entries were for and why they are considered an outstanding cash item.

### MSA 8

- Five bill payments dated between 8/14/15 and 4/27/16 were still outstanding on the reconciliation detail report. Additionally, two journal entries dated 9/2/15 and 11/13/15 described as “Payroll #102” and “Payroll #90116” were outstanding. Journal entries posted to cash do not show on the bank statement, and therefore make it more difficult to reconcile the general ledger to the bank statement. Further, when these journal entries are not reversed timely it causes more confusion regarding what the entries were for and why they are considered an outstanding cash item.

Ed Tec staff indicated that the ACH activities for the week that cleared the bank but were not yet entered in the general ledger are entered as one lump sum temporary journal that is then reversed several days later. At the time of reversal the temporary journal is cleared and the expense objects are debited and cash is credited with a unique debit transaction number (DB). However, when the reversal is done in the following month, the total is listed as an outstanding debit on the reconciliation detail report to balance the general ledger to the bank statement. Therefore, it is difficult to reconcile the bank statement without substantial supporting documentation.

The reconciliation detail report should reflect actual deposits and expense transactions that directly affect cash, not journal entries, which usually do not affect cash. The total deposits on the reconciliation detail report should equal the total deposits on the bank statement, and the same for expenses. Adjusting journal entries posted to the general ledger such as “Temporary DB manual check entry” or “Payroll #102” or “Payroll #90116” should not be made unless they will be identified as deposits or expenditures on the bank statement.

EdTec prepares the monthly reconciliation detail reports. These reports are provided to Magnolia staff for review and comparison to the general ledger and bank statements for accuracy. The reports do not include staff signatures verifying they have been reviewed and that the totals agree with the general ledger and bank statements.

## Recommendations

*The charter schools should:*

1. Only post items to the cash account if the amount will be reflected on the bank statement.
2. Post journals for manual checks only once, debit the appropriate expense object code and credit cash.
3. Post corrections to the general ledger using the same account code as the original transaction.
4. Ensure that the monthly bank statement is reconciled to the general ledger and that all transactions in the general ledger cash account will be reflected on the bank statement.
5. Research and clear outstanding items timely.
6. Include the signatures and printed names of the individual who prepared the bank statement reconciliation and the individual who reviewed/approved it, and the respective dates of same, on the reconciliation documents.

## Revenue, Journal Entries and Financial Statements

FCMAT used the following processes in its review of June 2016 revenue and journal entry transactions and financial statements:

- General Ledger Revenue – Reviewed revenue transactions from the general ledger and requested supporting documentation for those items chosen for testing. Analyzed documentation to verify the accuracy of amounts posted to the general ledger, determine whether appropriate account number(s) were used to post revenue, and check the reasonableness of amounts posted based on the number of students served by the charter school.
- General Ledger Journal Entries – Selected journal entries from the general ledger and requested backup documentation for those items chosen for testing. Evaluated backup documents for adequate support and/or explanation for the journal posting, including amount and account number verification and appropriateness of the posting.
- Cash Flow Statement – Evaluated operating activities for reasonableness based on expected revenue streams for charter schools and the number of students served. Verified whether cash flow statement amounts matched the general ledger and income statement, and whether receivables, liabilities, and the beginning and ending cash balances matched the general ledger and balance sheet.

- Income Statement – Evaluated reasonableness of amounts based on expected cash flow and the number of students served. Reviewed whether amounts matched applicable categories in the general ledger.
- Balance Sheet – Reviewed reasonableness of balance sheet and whether amounts matched applicable categories in the general ledger.
- Budget to Actuals – Compared unaudited actuals from the general ledger to the applicable budget categories in the 2015-16 adopted budget. Reviewed whether expenses were within budget and revenues were appropriate based on expected cash flow and the number of students served.

FCMAT found the following anomalies in the items sampled and reviewed:

- General – Payments made to the charter management organization (referred to as MERF or the home office), and loans between MERF and the charter schools, are made via a cash transfer between the home office bank account and the charter school’s bank account. This process does not provide for appropriate checks and balances.
- General – MERF does not provide sufficient backup documentation when billing the charter schools for items or when making loans between itself and the charters. Board minutes indicate that the loans were approved; however, some changes were made to the approved repayment schedules (see further detail below for MSA 6 and MSA 8). Sufficient documentation for expenses paid by MERF on behalf of the charter schools should have a signed and dated invoice sheet showing expenses to be repaid and how expenses were allocated to each charter, copies of the invoices paid by MERF, a charter approved purchase order with the account codes to be charged, and when applicable, an excerpt showing the board approval date. Documentation for loans between MERF and its charters should include a board approved loan agreement signed by both parties, the approved repayment schedule, a purchase order with the appropriate account code and a notation as to which payment is being made. If a payment schedule is revised – for example, when a charter has insufficient cash to make the scheduled payment – the backup documents should clearly show that change.
- MSA 6
  - Net revenue of \$3,158 (document #60689) was posted to uncategorized revenue on 6/30/2016, yet information to correctly post this revenue was available via a Schools-in-Action letter dated 5/18/2016. This transaction included a set-up fee, so it should have been posted as \$4,158 to revenue and \$1,000 to expense.
  - There was insufficient documentation for journal entry MSA61273 dated 6/30/2016 for \$450,000. Backup documents included an unsigned spreadsheet and a partially signed transfer sheet from MERF titled “MPS CMO FEE LOAN/BANK TRANSFERS.” The approval signature for the chief executive officer did not have a corresponding printed name, and there was no approval signature for the chief financial officer.
  - Documentation for a loan payoff from MSA 6 to MERF (MSA61272) had no approval signatures and was not dated. Backup documentation did not include a board approval date with the repayment schedule or an excerpt from the board meeting minutes.
  - Backup documentation for year-end accruals (MSA61307) did not match the actual accruals made on two accounts (objects 8220 and 8520).



- CMO fees were initially estimated at \$65,483; however, \$61,337.32 was charged on 6/30/2016 (MSA61309) and another \$40,955.51 was charged to the charter via MSA61370 dated 6/30/2016.
- The general ledger shows outstanding receivables from a prior year of \$5,649 in object 9251 and \$877 in object 9252 that should be researched and either followed up on or written off.
- There is a negative balance of \$669.38 in object 9310 (due from other funds). This should be researched and corrected as it is an over posting to this object.
- Backup documentation for journal entries did not include a listing of the account numbers and the applicable debit or credit amounts that were posted.
- There was \$13,282 of outstanding uncategorized expenses at 6/30/2016.
- MSA 7
  - Backup documentation for journal entries did not include a listing of the account numbers and the applicable debit or credit amounts that were posted.
- MSA 8
  - Backup documentation for journal entries did not include a listing of the account numbers and the applicable debit or credit amounts that were posted.
  - A loan to MERF (MSA81264 dated 6/7/2016) for \$300,000 had no purchase order or invoice, the accounts payable system was not used, and there were no printed signatures on the backup documentation provided, which makes it difficult to determine who approved the transfer. This cash transfer was done directly between the charter's and MERF's bank accounts.
  - Backup documentation for CMO fee loan (MSA81282 dated 6/30/2016) for \$1,800,000 only had one signature, and there were no printed names, no purchase order or invoice, and the accounts payable system was not used. This cash transfer was made directly between the charter's and MERF's bank accounts.
  - Backup documentation for home office expense (MSA81283 dated 6/30/2016) for \$72,758.59 only had one signature, no printed names, no date, no purchase order or invoice, and the accounts payable system was not used. This cash transfer was made directly between the charter's and MERF's bank accounts.
  - There was \$6,108 of outstanding uncategorized expenses at 6/30/2016.

## Recommendations

*The charter schools should:*

1. Make payments to the charter management organization (MERF/home office) using the accounts payable process with appropriate documentation and approvals, rather than through a cash transfer between the applicable bank accounts.
2. Ensure interschool loans and loans between a charter school and MERF are sufficiently documented, signed by authorized approvers, accounted for accurately and timely, and paid back via the accounts payable process.

3. Process transactions with the appropriate account code rather than as uncategorized.
4. Prepare monthly budget to actual data by object for ongoing review and analysis.
5. Ensure that signed documents include the printed name of the signor and date signed.
6. Provide board approval dates as backup documentation for all items that require board approval.
7. Include a spreadsheet or similar backup documentation for journal entries, which shows all accounts affected, the amounts debited and credited to each account, and the reason for the entry.
8. Ensure backup documents are complete and accurate for each transaction.
9. Research and clear outstanding receivables and payables in a timely manner, and ensure there are no negative amounts in these object codes.
10. Update budgets throughout the fiscal year as factors such as changes in average daily attendance, grant funding, and staffing are known.

This concludes FCMAT's eighth and final management letter for Magnolia Public Schools.

Sincerely,



Diane Branham  
Chief Management Analyst

C: Jose Cole-Gutierrez, Director, Charter Schools Division, LAUSD



## Magnolia Public Schools Response to FCMAT Recommendations

July 2015  
New Employees

### Recommendations

*The charter schools should:*

Ensure that all new employees complete proper hiring documentation and procedures prior to their first day of work including, but not limited to, signing an employment contract and completion of a PERS/STRS certificate.

Review their employee records to determine the date each eligible employee qualified to participate in PERS/STRS and compare that to the reporting made to the applicable agency. If the charter finds that employees qualified but were not enrolled, or were not enrolled timely, work with PERS/STRS to update their reporting and determine if any penalties and/or interest are due.

*Response-* New employees are no longer given a company email address or access to our HRIS-Employee Self Service System until all relevant hiring documentation is collected and uploaded into PayCom. This school year (2017-18), for the first time in MPS history, the HR and Finance teams were a part of the personal development held at the beginning of the year. We made it mandatory for all New Hires to attend the HR sessions (Two sessions, 2 ½ hours each). By holding these extra meetings, we were able to present our progress reports and capture any new hire that possibly missed uploading documentation. Additionally, we were able to discuss STRS/PERS in detail, then disseminate and collect the STRS/PERS enrollment forms.

### Recommendations

*The charter schools should:*

1. Include a specific implementation date and language to identify the positions/classifications affected on all board agenda items related to payroll increases.
2. Carefully review base salaries to ensure against over- and under-payments.
3. Carefully review their application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by the board in the 2015-16 Pay Raise Salary Scale.
4. Develop a salary schedule for positions with hourly rates of pay.
5. Ensure that supporting documentation exists for all elements of a payroll transaction including gross pay, whether that is salary or timesheet/hourly pay, payroll increases/changes, PERS/STRS, declination of health insurance, vacation pay and stipends. Keep such items in individual payroll files.
6. Carefully review the payroll registers to ensure that all required statutory benefits are paid.
7. Review the payroll registers in conjunction with the journal entries made by EdTec to

ensure that payroll information has been correctly recorded in the general ledger.

*Response:* MPS has a list of available positions throughout the district. From time to time, each individual school site will have an available position with similar job characteristics as an approved job title, but change said job title based on 1 or 2 varying characteristics. For example, an Office Technician is the same as an Office Manager. To date, all available positions are being evaluated/consolidated and uploaded into our HRIS.

The HR Team collected data to review possible discrepancies in base salaries to ensure against over- and under-payments. Prior to the next semester in the current school year, MPS will pay those differences (ETA 12/15).

At the beginning of the 2017-18 school year, the HR Team held trainings with leadership responsible for making job offers on the application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by the board in the 2015-16 Pay Raise Salary Scale.

Additionally, with utilizing the Personnel Action Forms in the HRIS system, school leadership is now tasked with applying the points to new hires salaries and forwarding to their regional directors, then to HR, then to the CEO. With multiple reviewers, there is increased opportunity to catch potential errors.

For the current school year, the utilization of PAF's and switching to electronic recordkeeping has helped ensure that supporting documentation exists for all elements of a payroll transaction including gross pay, whether that is salary or timesheet/hourly pay, payroll increases/ changes.

Individual payroll files per EE contain PERS/STRS enrollment forms, PayCom houses all declination of health insurance per EE via reports, vacation pay and stipends are recorded via PayCom this year.

August 2015  
Recommendations

*The charter schools should:*

1. Ensure that all new employees complete proper hiring documentation and procedures prior to their first day of work including, but not limited to, signing an offer of employment and employment contract, completion of Form I-9, TB test requirements, fingerprinting and criminal background clearance and completion of a PERS/ STRS certification form.
2. Review their employee records to determine the date each eligible employee qualified to participate in PERS/STRS and compare that to the reporting made to the applicable agency. If the charter finds that employees qualified but were not

enrolled, or were not enrolled timely, work with PERS/STRS to update reporting and determine if any penalties and/or interest are due.

*Response:* To ensure that all new employees complete proper hiring documentation and procedures prior to their first day of work, all new staff for the current school year were not given access to the HRIS system/scheduled trainings and a company email until all pre-hire documentation was received in their assigned checklists. Documents uploaded by the individual employees include:

- Signed offer of employment and agreement
- Completion of Form I-9 (With Principal)
- TB test requirements
- Fingerprinting and criminal background clearance letter
- Completion of a PERS/ STRS certification form

In order to support the finance team, HR continuously runs reports of all STRS/PERS eligible staff so they can determine the date each eligible employee qualified to participate in PERS/STRS and compare that to LACOE. If the district finds that employees qualified but were not enrolled, or were not enrolled timely, Finance works with PERS/STRS to update reporting and determine if any penalties and/or interest are due.

May 2016  
Recommendations

*The charter schools should:*

2. Include a specific implementation date and language to identify the positions/classifications affected on all board agenda items related to payroll increases.
3. Carefully review base salaries to ensure against over- and underpayments.
4. Carefully review its application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by the board in the 2015-16 Pay Raise Salary Scale.
5. Develop a salary schedule for positions with hourly rates of pay.
6. Ensure that both the employee and their supervisor execute all timesheets.
7. Carefully review, verify and math check all timesheets to ensure proper payment to employees.
8. Develop a timesheet/time keeping system to track employees' start/stop times for meal/rest periods.
9. Ensure that supporting documentation exists for all elements of a payroll transaction including gross pay, whether that is salary, stipends or timesheet/hourly pay, payroll increases/changes, PERS/STRS, declination of health insurance, vacation pay and stipends. Keep such items in individual

payroll files. Items associated with rates of pay such as salary or stipend schedules and hourly pay rates should also reflect approval by the governing board.

10. Reconcile the amounts paid to employees with the amounts contained in the employees' final offer letters to resolve rounding and keying errors in gross wages. Ensure payment shortfalls are returned to employees and overpayments are collected from employees.
11. Reconcile and adjust the general ledger PERS expense to the amounts actually paid.
12. Carefully review the payroll registers to ensure that all required statutory benefits are paid and that proper percentages are used in their calculation.
13. Ensure payroll report files include documentation of any corrections made to provide a complete record of the transaction.

*Response:* With regard to a standardized schedule of hourly rates, the HR Director and CFO have begun reviewing current salaries with respect to tenure to build a baseline to ensure future consistency when paying employees in the same job classification.

To ensure the accuracy of employee time sheets, ALL time is recorded via PayCom with no exceptions. There is a shared responsibility for both the employee and their supervisor to execute all timesheets within the system. There are timestamps of all changes made and staff are only paid for time they actually work. Managers/Supervisors fully review and verify all timesheets within the PayCom system to ensure proper payment to employees each pay period.

PayCom is the time keeping system to track employees' start/stop times for meal/rest periods and supervisors/managers are the approvers at each site with home-office oversight (Within the system). There are 3 levels of approvals.

June 2016  
Recommendation

*The charter schools should:*

Carefully review payroll registers prior to submittal for processing to ensure that the signatures of both the person who prepared the payroll and the person who approved the payroll are contained on the documents.

*Response:* MPS now has a dedicated Payroll team to review payroll registers prior to submittal for processing to ensure that the signatures of both the principal who prepared the payroll and the person who approved the payroll are contained on the documents.

Recommendations

*The charter schools should:*

1. Include a specific implementation date and language to identify the positions/classifications affected on all board agenda items related to payroll increases.
2. Carefully review base salaries to ensure against over- and underpayments.
3. Carefully review its application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by its board in the 2015-16 Pay Raise Salary Scale.
4. Develop a salary schedule for positions with hourly rates of pay.
5. Ensure that both the employee and their supervisor execute all timesheets.
6. Carefully review, verify and math check all timesheets to ensure proper payment to employees. If employees submit an adjusted timesheet, mark the previous submission as having been superseded.
7. Develop a timesheet/time keeping system to track employees' start/stop times for meal/rest periods.
8. Reconcile the amounts paid to employees with the amounts contained in the employees' final offer letters to resolve rounding and keying errors in gross wages. Ensure payment shortfalls are returned and overpayments are collected from employees.
9. Review timesheets associated with stipends to ensure that the functions listed are those that qualify for stipends and that the employee has provided all of the required sessions associated with the ASES stipends. Implement tracking mechanisms so that, should an employee reach a fifth non-qualifying/missed session, their stipend is withheld and Magnolia does not have to recapture payment.
10. Reconcile and adjust the general ledger PERS expense to the amounts actually paid.
11. Conduct a thorough audit of all employees to ensure proper enrollment in the applicable retirement system, and be prepared to pay the employer and employee share of contributions to date as well as any interest and penalties levied by PERS.
12. Review all health and welfare benefits deductions made to employee payroll to ensure that proper amounts were withheld, and return any overages to employees immediately.
13. Ensure that supporting documentation exists for all elements of a payroll transaction including gross pay whether that is salary, stipends or timesheet/hourly pay, payroll increases/changes, PERS/STRS, declination of health insurance, vacation pay and stipends. Keep such items in individual payroll files. Reflect approval by the governing board for items associated with rates of pay such as salary or stipend schedules and hourly pay rates.
14. Carefully review the payroll registers to ensure that all required statutory benefits are paid and that proper percentages are used in their calculation.
15. Ensure payroll report files include documentation of any corrections made to provide a complete record of the transaction.
16. Review the payroll registers in conjunction with the journal entries made by EdTec to ensure that payroll information has been correctly recorded in the general ledger.

*Response:* MPS has a list of available positions throughout the district. From time to time, each individual school site will have an available position with similar job characteristics as an approved job title, but change said job title based on 1 or 2 varying characteristics. For example, an Office Technician is the same as an Office Manager. To date, all available positions are being evaluated/consolidated and uploaded into our HRIS.

The HR Team collected data to review possible discrepancies in base salaries to ensure against over- and under-payments. Prior to the next semester in the current school year, MPS will pay those differences (ETA 12/15).

At the beginning of the 2017-18 school year, the HR Team held trainings with leadership responsible for making job offers on the application of the points associated with employee qualifications pay to ensure that the final calculation complies with the formula approved by the board in the 2015-16 Pay Raise Salary Scale.

Additionally, with utilizing the Personnel Action Forms in the HRIS system, school leadership is now tasked with applying the points to new hires salaries and forwarding to their regional directors, then to HR, then to the CEO. With multiple reviewers, there is increased opportunity to catch potential errors.

For the current school year, the utilization of PAF's and switching to electronic recordkeeping has helped ensure that supporting documentation exists for all elements of a payroll transaction including gross pay, whether that is salary or timesheet/hourly pay, payroll increases/ changes.

Individual payroll files per employee contain PERS/STRS enrollment forms, PayCom houses all declination of health insurance per employee via reports, vacation pay and stipends are recorded via PayCom this year.

For the upcoming school year, the HR team held an event to kick off open enrollment into health and wellness benefits. Training has been provided to staff for the use of the Employee Self Service system in which they elect their benefits.

Previously (Before PayCom and Montage), staff worked directly with the benefits broker of Health Care solutions. If there were changes made during the plan year, MPS wasn't privy until the following week.



## Accounts Payable

July 2015

1. Ensure that all purchases and disbursements, including debit card transactions, have documented preapproval, which includes a purchase order and/or contract.

*Response:* AP uses CoolSIS for the approval process all backup should show either CoolSIS History Timeline for prior approval or email attachment showing prior approval

2. Ensure that the person approving an invoice for payment signs it stating it is accurate and has been verified.

*Response:* Implemented effective January 2017.

3. Stamp invoices “paid” once processed.

*Response:* We do not stamp invoices Paid – paperless system, invoices are saved as soft copy, AP invoices are saved in batches and clearly named, check copies are saved in the related folder

4. Include the description and detail of journal entries on the general ledger rather than leaving these items blank.

*Response:* Point of clarification – every transaction in the accounting system has a description; there are two fields where descriptions may reside: Description or Memo. Original general ledgers submitted to FCMAT only included the Description field. Later versions were delivered with both Memo and Description

5. Process transactions with the appropriate account code rather than as uncategorized or through a temporary clearing account.

*Response:* EdTec continues to use 7999 and 8999 for recording transactions where cash has been impacted but no supporting documentation has been received. This allows us to maintain accurate cash balances and reconcile bank accounts in a timely manner as we await supporting documentation from MPS. We have an ongoing detailed data collection process where these accounts are reviewed, submitted to MPS to provide requested info, and cleared at the end of each month.

6. Renew contracts, as applicable, and complete purchase orders annually for monthly ongoing expenses, including ACH transfers.

*Response:* MPS reviews and renews contract and debit expenses on a fiscal year basis.

7. Include the vendor name on all purchase orders, including those for debit card purchases.

*Response:* CoolSIS backup has vendor information.

8. Pay invoices in a timely way.

*Response:* Currently MPS is centralizing the invoice process to have all invoices come to CMO office to provide more visibility of our different vendors, their terms and Open Invoice Balances.

9. Use separate and distinct transaction type names in the general ledger for ACH transfers and paper checks.

*Response:* EdTec uses the transaction number to distinguish whether a transaction is an ACH or paper check. Items beginning with DB are debit or ach transactions. Items beginning with M are manual checks (however, MPS does not have the ability to write manual checks, so there should not be any manual checks to record). For Cashier's checks, these are entered by our accounting staff by journal entry, with identifier being a JV number (ex. MSA1234)

10. Process check requests only with authorizing signatures.

*Response:* EdTec relies on MPS to provide clear documentation of approved signors. We maintain facsimile stamps and utilize them only upon written consent of the approver/signor at MPS.

11. Ensure that payments are made from invoices, not estimates.

*Response:* EdTec's standard practice is to only pay from invoices, not estimates or statements.

12. Ensure that notations are made on invoices if the payment amount differs from the invoice amount.

*Response:* MPS Bookkeeper will add additional notes identifying any discrepancy between approved PO and Invoice amount

13. Determine if payments to individuals for home visits should be made through the payroll process.

*Response:* This was identified early on and EdTec's client manager advised MPS to pay all home visits and other stipends through payroll and never by check. Some transactions were processed early during the transition to EdTec, and MPS changed their process for these after July.

14. Obtain proper authorization and increase the purchase order amount if a transaction exceeds the initial authorized amount.

*Response:* MPS Bookkeeper will send before purchase an email to Approving Authority to require additional approval before purchase. This is not done if the increase is due to Shipping and Sales Taxes. We require itemized receipts or invoices for transactions, and do not make payments based on bank statements. MPS. EdTec will not process payments based on bank statements; these instances identified by FCMAT were related to debit/ach transactions initiated by MPS.

August 2015

Expend fundraising dollars in the appropriate fiscal year.

*Response:* There are certain fundraising accounts defined by site principal such as senior fundraiser account. Related staff makes/leads fundraiser activities, and deposit the raised funds to the school's bank account and EdTec reconciles with specific intended fundraiser account. If no specific account mentioned, then raised funds go to general fundraiser account. Anytime staff members request a purchase to be done, they get a preapproval from site principal by proving that they raised enough funds to cover the planned purchase. Throughout the year all purchases are done respectively. In case not enough funds in the corresponding account exist, the principal can authorize the purchase to be done via general fundraiser account. All left over funds are rolled over to the following year to stay in the same account.

May 2016

Include the board approval date and/or excerpt from the board meeting minutes as backup documentation for those items that require board approval.

*Response:* MPS does include backup Board Agenda and Approved minutes for all items over \$25,000.

June 2016

1. Ensure invoices are paid for the correct amount, and total all invoices being paid with the invoice batch total to verify.

*Response:* This is currently being implemented by review of the weekly Invoice Approval Required.

2. Process check requests only with authorizing signatures.

*Response:* Emergency Check Requests (ECR) are the only Check Requests and they are only approved by CEO or CFO as per policy

3. When making reimbursements, attach documents that show the employee has paid for the item for which reimbursement is being requested.

*Response:* MPS requires supporting backup for all reimbursement requests. If they attended a meeting or training documentation to show proof of attendance is required. Maps print out is required for travel to document mileage.

4. Adopt a board policy regarding if and when student awards will be allowed.

*Response:* Pur106 of the Fiscal Policies Manual as approved by the Board of Directors covers student award policy.

5. Do not pay invoices that are for another entity, such as the Magnolia Foundation.

*Response:* MPS gets reimbursed for all invoices paid on behalf of another entity such as MPM Inc.

### Bank Reconciliations - Recommendations

1. Include a description for each transaction on the general ledger and reconciliation detail report.

*Response:* Bank reconciliation format has been updated to now include descriptions for each transaction on the bank reconciliation report.

2. Include the details of checks and payments for journals posted to the general ledger. If posted as one large sum, include the breakdown of individual transactions in backup documentation.

*Response:* Details are now included on bank reconciliations.

3. Include outstanding items by individual check number on the reconciliation detail report to properly verify when each item has cleared the bank.

*Response:* This was an isolated situation related to transitioning from one accounting system to another. Prior system outstanding items were recorded by journal entry, and the bank reconciliation combined the journal lines into one amount on the bank rec. The details were available in the accounting system and supporting documents, but not the face of the standard bank reconciliation. Supplemental schedules with the details were provided to FCMAT.

4. Include manual check numbers on entries to the reconciliation detail report for uncleared payroll expenses.

*Response:* This is now being done.

5. Post corrections to the general ledger using the same account code as the original transaction.

*Response:* This is being done. Standard practice is to post corrections using the same account code as original transaction.

6. Ensure that the monthly bank statement is reconciled to the general ledger and that all transactions on the reconciliation detail report are also reflected on the general ledger.

*Response:* This is standard practice. The July bank reconciliations had some anomalies due to it being a transition month and the June bank records not being finalized at the time July bank records were completed. Review later reconciliations to validate that the current process is effective and reasonable.

7. Include the signatures of the individual who prepared the bank statement reconciliation and the individual who reviewed/approved it, and the respective dates of same, on the reconciliation documents.

*Response:* EdTec operates in a paperless environment, and evidence of who completed and who reviewed bank reconciliations resides in the accounting system and checklist notes. MPS has implemented a system for documenting their review of bank records.

8. Ensure that all affected reports are updated when a financial document such as the general ledger is updated. For example, if a cash entry is changed in the general ledger after the bank reconciliation is completed, then the bank reconciliation must be updated so that month-end cash matches.

*Response:* This is standard practice for the EdTec accounting department; issues encountered in July and August 2016 relate to transition from MPS internal systems to EdTec's system and changes to prior year balances and outstanding items after July/August bank recs completed.

9. Only post items to the cash account if the amount will be reflected on the bank statement.

*Response:* EdTec agrees and as standard practice only posts cash items to cash accounts per bank statements. There were a few transactions in June that were posted erroneously and later reversed. This appeared to be an isolated occurrence.

10. Post journals for manual checks only once, debit the appropriate expense object code and credit cash.

*Response:* This is standard practice for EdTec, unless the cash transaction has been recorded as a temporary transaction, awaiting supporting documentation. As MPS has improved their practice of submitting complete supporting documentation for debit transactions and cashier's checks, the EdTec process of recording such transactions has been more accurate.

#### Journal Entries/Financial Statements - Recommendations

1. Provide verbiage in the Name column of the general ledger for revenues and journal entries, and include the description and detail for these transactions.

*Response:* Name column of the general ledger is reserved for Vendor specific names only. Journal entries and cash receipts have two separate fields to be used for identifying the details of a transaction: Description and Memo.

2. Make payments to the charter management organization (home office) using the accounts payable process with appropriate approvals, rather than through a cash transfer between the applicable bank accounts.

*Response:* MPS transfers funds between agencies based on board approved CMO fee calculations. All transfers are board approved and supported by two authorized signatories.

3. Process transactions with the appropriate account code rather than as uncategorized.

*Response:* Account codes are used only upon receipt of appropriate supporting documentation and proper coding from MPS. EdTec continues to use 7999 and 8999 to record cash transactions in a timely manner as we await supporting documentation. These accounts are monitored and cleared regularly.

4. Train staff to properly account for and post transactions, including those for loans between charter schools and audit adjustments, to ensure beginning and ending balances are accurate on the general ledger and financial statements.

*Response:* This is standard practice for the EdTec accounting department; issue encountered in July relate to transition from internal systems to EdTec's system and awaiting supporting documentation to properly record transactions.

5. Ensure interschool loans are accounted for accurately and timely at each school, and for each month there was activity. This will ensure loans between Magnolia schools are balanced.

*Response:* EdTec has implemented a details analysis and review process for intercompany transactions, and accounts are reconciled each month. A master intercompany balances workbook is completed and shared with MPS CFO for review at year-end.

6. Ensure that receipts posted to accounts receivable accounts clear the amounts originally set up for that receivable, and that the postings are accurate and timely. Post any differences between what was expected to be received and what was actually received to current year revenue.

*Response:* This is standard practice for EdTec. Prior year balances were not final when EdTec received trial balance information upon transition; all balances have

since been reconciled and cleared, and the standard EdTec practice of accruing and clearing AR is in place. Balance sheet accounts are reviewed and reconciled monthly.

7. Train staff to properly account for and post transactions such as the following:
  - a. Loans between charter schools
  - b. Audit adjustments
  - c. Set up and clearing of accounts receivables and liabilities
  - d. Obtaining necessary backup documents to post income and expenditures without using “uncategorized” account codes
  - e. Monthly review and verification of financial statements

*Response:* EdTec has a detailed month-end close process that is in place and includes the proper recording of transactions noted above and full review and verification of balances and amounts in financial reports. Issues identified in July and August were specific to their transitioning from in-house accounting to EdTec and prior year-end balances not being final or awaiting supporting documentation.

8. Provide necessary oversight to ensure monthly postings are appropriate and complete, transactions are posted to the correct object codes, and all financial statements match the general ledger.

*Response:* Journal entries are submitted to MPS CFO for review each month; EdTec has a comprehensive review process in place to ensure accuracy of financial reports, consistent with the general ledger

9. Scan or file all backup documentation timely to prevent misplaced support items.

*Response:* EdTec operates in a paperless environment, where all supporting documentation is maintained in electronic files and stored on a secured, shared drive. MPS files documentation in CoolSIS or NAS, depending on the type of document.

10. Prepare monthly budget to actual data by object for ongoing review and analysis.

*Response:* This is standard practice for EdTec. We prepare budget vs. actuals by individual account code and resource code on a monthly basis, for each site. Detailed analytical procedures are conducted each month as part of the month-end close process. Major revenue and expense codes (payroll, rents, etc.) undergo detailed drill-down analysis (by pivot, filter and review of source docs) to identify variances and drive further research and inquiry where needed.

11. Ensure that signed documents include the printed name of the signor and date signed.

*Response:* MPS is now requiring signature over printed name with title and date.

12. Include a spreadsheet or similar backup documentation for journal entries, which shows all accounts affected, the amounts debited and credited to each account, and the reason for the entry.

*Response:* NetSuite contains attachments to support journal entries.

13. Research and clear outstanding receivables and payables in a timely manner, and ensure there are no negative amounts in these object codes.

*Response:* EdTec conducts balance sheet review and reconciliation on a monthly basis.

14. Update budgets throughout the fiscal year as factors such as changes in average daily attendance, grant funding, and staffing are known.

*Response:* EdTec updates forecasts each month as new information becomes available. Forecasts are compared to board-approved budgets and actuals each month, and recommendations are made to approve revised budgets in Fall (after 20-day reports available) and sometimes again in Spring, if necessary. MPS board is responsible for acting on recommendations to revise budgets in a timely manner, so that financial statement comparisons are meaningful each month throughout the year.



# Cover Sheet

## Review of Social Services of California (SSC) 1st Management Letter

**Section:** II. Discussion Item  
**Item:** E. Review of Social Services of California (SSC) 1st Management  
Letter  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** II E SSC Management Letter and Response.pdf



Board Agenda Item #	Agenda # II E
Date:	September 7, 2017
To:	Magnolia Board of Directors- Finance Committee
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo - CFO
RE:	SSCAL 1 <sup>st</sup> Management Letter (Draft) and MPS Response Letter

Proposed Board Recommendation

Informational/Discussion item, no action required.

Background

Presentation of School Services of California's 1<sup>st</sup> Management Letter regarding MPS fiscal oversight from January 2017 through June 2017.

Budget Implications

n/a

How Does This Action Relate/Affect/Benefit All MSAs?

n/a

Name of Staff Originator:

Nanie Montijo, CFO

Exhibits (attachments):

SSCAL 1<sup>st</sup> Management Letter (Draft)  
MPS Response Letter

August 25, 2017

1121 L Street

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Suite 1060

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Sacramento

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California 95814

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TEL: 916.446.7517

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Ms. Nanie Montijo  
Chief Financial Officer  
Magnolia Education and Research Foundation  
DBA Magnolia Public Schools  
250 E. 1<sup>st</sup> Street, Suite 1500  
Los Angeles, CA 90012

RE: Management Letter #1

Dear Ms. Montijo:

Thank you for allowing School Services of California, Inc., (SSC) to assist Magnolia Public Schools (MPS) with the fiscal oversight activities as specified in the settlement agreement with the Los Angeles Unified School District (LAUSD). This is the first management letter submitted for the project.

### **Scope and Methodology**

MPS requested SSC to conduct fiscal oversight activities for each month from January 2017 through December 2017 for the following schools:

- Magnolia Science Academy
- Magnolia Science Academy 2
- Magnolia Science Academy 3
- Magnolia Science Academy 4
- Magnolia Science Academy 5
- Magnolia Science Academy 6
- Magnolia Science Academy 7
- Magnolia Science Academy Bell

The fiscal oversight activities conducted by the SSC team consist of the following activities as specified in the agreement between the Magnolia Education and Research Foundation and the Fiscal Crisis and Management Assistance Team dated August 25, 2015:

- Review a sample of monthly financial transactions that have been entered and processed in the charter's accounting system. This includes sample testing of various general ledger, accounts payable, accounts receivable, and payroll transactions. Testing for this review is based on sample selections; it does not include all transactions and records for this period. Documents chosen for testing are also reviewed for proper authorization. Sample testing and review results are intended to provide reasonable, but not absolute, assurance regarding the accuracy of the charter school's financial transactions, bank records, and reporting.
- Evaluate monthly reports, including but not limited to profit and loss, balance sheet, cash flow statements, and interim reporting requirements.
- Review each completed report for accuracy, reasonableness, and make recommendations, if any.
- Compare budget to actuals and make recommendations regarding any areas that may exceed the budget.
- Review the bank reconciliations and compare to the general ledger or balance sheet accounts.
- Prepare a monthly management letter summarizing our findings and make recommendations or suggest action steps (if applicable).

### Project Orientation Activities

On June 1, 2017, a project orientation conference call was held between the SSC project team and MPS. After the call, the SSC project team requested initial documents for project orientation purposes, such as staff contact lists, audit reports, the chart of accounts, and a list of bank accounts. On June 7, 2017, the SSC project team conducted an initial project orientation site visit to the MPS main office and met with the following staff members:

- Caprice Young, Ed.D., Chief Executive Officer (CEO)
- Nanie Montijo, Chief Financial Officer (CFO)
- Brock Atar, Senior Financial Analyst
- Cafer Turan, Senior Financial Analyst
- Lesia Charles, Accounts Payable Clerk
- Aubrey Marsh and Alexa Grau, EdTec Inc. (EdTec) (back office support provider) representatives

The purpose of the meeting was to determine the duties and authority of each individual related to the finances of the eight schools, the technology and overall procedures in use, and the segregation of duties between each staff member as well as between MPS and EdTec. We determined a protocol for regular communication with the CEO and CFO during the project and set up procedures to use online drop boxes for generating, requesting, and receiving the financial information necessary to conduct the fiscal oversight activities.

## Fiscal Oversight Activities

During the site visit on June 7, 2017, the SSC project team requested a detailed general ledger report of all transactions for all schools for the months of January through April 2017. The report was received from MPS on June 8, 2017, and on June 9, 2017, the SSC team reviewed the report, selected transactions for testing, and requested backup documentation for the transactions. On June 21, 2017, the SSC team received the first of the backup to the sample transactions. The results of our review are below.

## Fiscal Oversight Findings

### Financial Systems

MPS uses a variety of systems to handle its financial transactions. The primary financial support is provided by EdTec, who maintains the general ledger through NetSuite software, including budget and actuals. EdTec also prepares interim financial reporting and compiles the bank reconciliations on a monthly basis. Payroll is processed twice a month through PayCom, an independent third party. The payroll records are submitted to EdTec and loaded into NetSuite. Cash disbursements, and the related approvals, are maintained in CoolSIS, a third party software that is independent from both PayCom and NetSuite. The checks are cut by EdTec using downloads from CoolSIS.

### Monthly Financial Reports

EdTec provides monthly financial statements for each school. The financial statements include a cash flow as well as an income statement that includes the adopted budget, revised budget, current forecast, and several analytical columns.

The income statement provides a summary page with subsequent pages that break out revenues and expenses by detailed object code. The income statement provides significant detail and is setup in a very user-friendly format. However, the income statement combines unrestricted and restricted resources into one column. Local educational agencies in the state of California are required to report all activity using a resource code that identifies whether activity is unrestricted or restricted. The level of detail provided in the general ledger allows MPS to report financial information in this manner. This method of reporting is important for two reasons: (1) it's important to show that restricted resources are spent in an appropriate manner; and (2) whether or not the restricted programs require any support from unrestricted resources which is known as a contribution. Combining all the resources into one column prevents this analysis from occurring.

The segregation of NetSuite from PayCom and CoolSIS prevents MPS management from running real time reports. Although EdTec generates monthly reports by the 28<sup>th</sup> of the following month, and is available for questions during the month, MPS management is unable to query NetSuite on a daily basis to perform budget analysis, or even review account lines to ensure sufficient budget is available for purchases or to cover payroll expenses.

### **Accounts Payable (Cash Disbursements)**

SSC selected 10 transactions for each month for a total of 40 selections. Each selection was reviewed by applying the following criteria:

- Request for purchase was accompanied by a pre-approval, prior to the receipt and/or payment of the invoice
- Payment does not exceed the total value of the request
- Payment is supported by appropriate supporting documentation (request, invoice, packing slip, etc.)
- Payment is properly coded
- Payment is recorded in the general ledger

The results of the testing identified that a significant number of accounts payable transactions (16 of 40) had no evidence of pre-approval prior to the receipt of an invoice. Pre-approval is important for several reasons:

- Ensure goods or services are appropriate and in compliance with applicable laws
- Determine sufficient resources are available
- Review purchases for best price

The absence of the pre-approval is in conflict with MPS' Financial Policies and Procedures Manual (Manual) and creates additional risks relative to the reasons listed above.

The results of our testing also disclosed that 12 of 40 transactions did not have sufficient support to identify that the goods had been received. Prior to payment of an invoice, an individual in the organization should provide documented evidence that all goods have been received, which can be notated through a signature on a packing slip.

### **Bank Reconciliations**

SSC selected two reconciliations each month for a total of eight selections. Each selection was reviewed by applying the following criteria:

- Reconciling items appears reasonable in nature and amount

- Electronic transfers appear reasonable in nature and amount
- Outstanding items appear reasonable and timely
- Cash balance on the reconciliation matches cash balance on bank statement
- Reconciled cash balance matches cash balance in the general ledger

The results of our testing identified four separate reconciliations that included outstanding checks at least six months old. The first bank reconciliation included one check to a vendor that was issued eight months prior. A second bank reconciliation included three outstanding checks to vendors and employees from eleven and nine months prior. The third reconciliation included three payroll checks issued six months prior, and one check to a vendor issued seven months prior. Finally, the fourth reconciliation included a payment to LAUSD that was six months old. The presence of outstanding checks is not unusual; however, MPS should review the items monthly to determine the cause behind the outstanding items and whether the item should be written off.

The MPS Manual includes a component on bank reconciliations. This component states that any “outstanding check over six months old should be reviewed for disposition including write-off by journal entry.” Absent a unique circumstance, the testing above disclosed two items which should have been written off per the manual. The manual also notes that the CEO or designee is responsible for review and approval of all reconciliations. The bank reconciliations are prepared by EdTec, and reviewed monthly by the Senior Financial Analysts. Evidence was provided that showed communication between EdTec and the Senior Financial Analysts regarding the outstanding items.

### **Accounts Receivable (Cash Receipts)**

SSC selected 10 transactions for each month for a total of 40 selections. Each selection was reviewed by applying the following criteria:

- Supported by copy of prenumbered receipt(s)
- Supported by deposit receipt from bank and cash count slip (local deposits)
- Supported by supporting documentation from LAUSD (state and federal deposits)
- Amount is properly included on monthly bank statement and reconciliation
- Amount is properly coded
- Amount is properly recorded in the general ledger

The results of our testing disclosed that 10 of 40 transactions did not have sufficient support to identify if all cash received was included in the deposit. The transactions related to fundraising at the school site, and a cash count form was completed and signed, but there were no prenumbered receipts to accompany the cash count form. The absence of the receipts, while not in conflict with

the MPS Manual, does create risks. The prenumbered receipts provide a method to verify the completeness of the deposit. Without an accurate receipt log, there is no way to determine if all the cash collected was included in the deposit.

The results of our testing also disclosed that 8 of 40 transactions did not have sufficient support to verify the total award. Many of the state and federal transactions flow through LAUSD. Although the supporting journal entry was included, there was no award letter from the state or federal agency to support the amounts in the journal entry.

## Payroll

SSC selected 5 transactions for each month for a total of 20 selections. Each selection was reviewed by applying the following criteria:

- Salary is supported by a signed contract, as applicable
- Hours are supported by timesheet report from PayCom, as applicable
- Gross pay is properly calculated
- Net pay is properly calculated and based on reasonable deductions
- Payment is recorded in the general ledger

The results of our testing identified that all transactions included accurate support for the number of hours worked. Hourly employees submit their time into PayCom and their supervisor is required to approve the hours electronically.

The results of our testing disclosed areas for improvement around the structure of the contracts. MPS' current practice is to provide an employee with a contract that states the pay rate, as well as extra duty pay and performance pay. The extra duty pay rates are documented on a prescribed schedule attached as a contract addendum, but no prescribed salary schedule was provided to support the base pay rate. It's conceivable that these pay rates are discussed internally, but no documentation was provided to support the final rates affixed to the contracts.

The contract is signed by the employee and the site principal. In the case of principal contracts, a regional director affixes their signature. However, there does not appear to be any additional layer of review from the central office. Furthermore, MPS processes payroll twice a month, but the classified contracts state that employees will be paid biweekly. This could create confusion for employees if they are expecting checks more frequently.

Although MPS has a Manual that covers many of the financial processes, it does not contain any language related to payroll. The absence of procedures could lead to discrepancies in duties from site to site. MPS staff is constantly updating the Manual, and an update related to payroll processes was approved by the Board in March, 2017.



## Recommendations

- 1. Consider reviewing financial reports with segregation between unrestricted and restricted.** The current format of the reports combines unrestricted and restricted, and convolutes the financial picture of the school. It prevents the user from determining if the restricted programs require support from unrestricted programs. MPS should consider an additional level of reporting, at least at the summary level, which separates unrestricted and restricted activity.
- 2. Consider consolidating to one financial system.** MPS processes its payroll and cash disbursements through two independent systems that are maintained by separate third parties. The information from both of these systems is then transmitted to NetSuite, a different third party system. In an effort to streamline services, and increase accessibility to information, MPS should consider a service that incorporates all three processes into one database.
- 3. Consider developing a pre-approval process for accounts payable.** MPS policies require employees to enter all purchase requests into CoolSIS before the order is submitted. The practice of requesting preapproval appears to be the exception, as a significant number of transactions were entered after the invoice was received. MPS should consider reinforcing the practices of obtaining pre-approvals as outlined in the MPS Manual.
- 4. Consider requiring additional documentation prior to making payments to vendors.** The MPS Manual states that invoice and supporting documentation, such as a packing slip and/or receiving reports, shall be provided to the back office provider to document that all goods have been received. This internal control provides assurance that all goods were received, and were checked off at the time of receipt. The absence of supporting documentation to accompany the invoice could generate a payment for goods that were never received. MPS should consider reinforcing the practices of requiring supporting documentation before making payments to vendors as outlined in the MPS Manual.
- 5. Consider requiring school sites to maintain prenumbered receipt books and remit the copies of the receipts with the deposits.** Submission of cash count forms from the sites is an important step in the internal control process surrounding cash receipts. However, a critical step when collecting cash is the ability to verify the completeness of the cash that is submitted. The absence of prenumbered receipts that should accompany the cash creates a void around the ability to verify that all the cash has been submitted. MPS should consider requiring sites to submit prenumbered receipts, or some alternate form, along with all cash deposits.
- 6. Consider attaching a copy of the award letter to supporting documentation from LAUSD.** Similar to the recommendation above regarding prenumbered receipts, the absence of an award letter for deposits from LAUSD prevents the central office staff from determining if the deposit of state and federal funds is complete. MPS should consider attaching the award letter to the deposits to ensure that the correct amount of money was deposited.

7. **Consider amending the language of the contracts to match the pay periods.** Matching up the language in a signed contract to the practice of MPS is very important to prevent any miscommunication with employees. Absent a change, MPS may need to institute a separate pay cycle for the employee with a contract that contains the “biweekly” language. MPS should consider changing the language in the contracts going forward to semimonthly, or twice a month.
8. **Consider including an additional signature on employee contracts for a designee from the central office.** MPS operates a number of schools which operate very autonomously. However, in a typical central office setting, the central office is responsible for offering employment contracts and signing said contracts. In the case of MPS, the principals are responsible for signing the contracts which include pay rates. MPS should consider adding a higher level of approval from the central office to verify the components of the contract.

DRAFT

## Conclusion

This management letter encompasses the fiscal oversight activities for January 2017 through April 2017. Thank you for allowing SSC to provide our services to MPS. If you have any questions about our work or this management letter, please do not hesitate to contact us.

Sincerely,



CAROL WOLFE  
Chief Financial Officer



MATT PHILLIPS, CPA  
Director, Management Consulting Services

cc: Caprice Young, Ed.D., CEO, MPS  
Jose Cole-Gutierrez, Director, Charter Schools Division, LAUSD

DRAFT



Sept 1, 2017

Jose Cole Gutierrez, Director CSD  
Los Angeles Unified School District  
333 South Beaudry Avenue, 20<sup>th</sup> Floor  
Los Angeles, CA 90017

**RE: MERF's Response to SSCal First Management Letter**

Dear Mr. Gutierrez:

The purpose of this letter is to respond to the SSCAL's Management Letter #1 covering January 1, 2017 through April 30, 2017.

MPS staff agrees to all the fiscal oversight findings stated in this letter. However, as of this writing, the following changes and modifications in conducting financial business transactions are either already implemented or in process:

- MPS requires separate financial reports for unrestricted and restricted general fund accounts from Edtec starting July 1, 2017
- MPS and the Coolsis team developed enhancements to the existing system to customize the software to better serve our needs.
  - Board Approved Budgets will be uploaded to the purchasing software and will be part of the purchasing and payment approval process. Budget Tracker Enhancement will allow a budget check on all account codes to ensure the items does not exceed budgeted amounts. This process is scheduled to be in place by October 2017.
  - Vendors information and resource codes are now system requirements before sending any request for approval.
  - Payment history report is now available to all users.



- Approval limits by level of authority have been set to ensure compliance to fiscal policy
- Preferred vendors and invoices are centralized to CMO office for visibility on timely payments and accounts payable aging.
- Pre-numbered receipts are required back up documents for all cash deposits
- Human Resources Department made changes to all 2017-18 contracts to match fiscal year and pay periods.
- Additional signatures on employee contracts are executed via Paycom PAF routing feature.