

Board Agenda Item #	II B- Action Item
Date:	03-05-20
To:	Magnolia Board of Directors- Finance Committee
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Nanie Montijo, Chief Finance Officer and Karl Yoder, DMS
RE:	Home Office Fees Reduction and Temporary Intra-Organizational Loan for MSA – San Diego

Proposed Board Recommendation

Staff moves that the board:

- ✓ Authorize an intra-organizational loan not to exceed \$100,000 to meet the cash requirement for MSA San Diego to fund payroll and other operating expenses, as needed.
- ✓ Approve interest rate of 1.9% per annum applied to the temporary loan
- ✓ Approve reduction of home office fees in the amount of \$34,000.

Background

MSA San Diego projections for the current fiscal year and future years were recalculated based on current enrollment and financial assumptions available today.

Temporary loan is needed due to the following:

- MSA San Diego’s current enrollment is significantly lower than previously projected in the 2019-20 Adopted Budget board approved in June 2019.
- MSA San Diego will need additional cash infusion to sustain operating expenses.
- There may be potential cash flow issue in meeting current and prior year payables.
-

Home Office Management Fees reduction will be used to support the following:

- Improvement of the school walkway
- Cover the tuition fee portion of special education student

Budget Implications

The impact on monthly cash flow is shown on the attached schedule, including potential loan draw and repayment. The proposed repayment schedule shows the full payment of the temporary loan before end of fiscal year 2024-2025.

The Home Office Fee reduction will be reflected in the Unaudited Financial Statements at the end of the fiscal year.

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

MSA San Diego will receive intra-organization loan from MERF.

Name of Staff Originator: Nanie Montijo, CFO and Karl Yoder, DMS

UPDATED 3-2-2020**MSA-SD Proposed Repayment of new \$800,000 Intercompany Loan**

Amount: \$ 800,000.00
 Interest Rate: 1.900%
 Term: 60 Months
 Pmt Frequency: Quarterly
 Payment Amount: \$ 44,342.34
 Closing Date: 3/15/20 (Preliminary - will update with actual closing date following loan closing)
 First Payment: 7/15/20
 Final Payment: 1/15/25

<u>Date</u>	<u>Pmt #</u>	<u>Loan Principal</u>	<u>Loan Interest</u>	<u>Total Payment</u>	<u>Loan Balance</u>
3/15/20					\$ 800,000.00
7/15/20	1	\$ 36,742.34	\$ 7,600.00	\$ 44,342.34	763,257.66
10/15/20	2	40,716.86	3,625.47	44,342.34	722,540.80
1/15/21	3	40,910.27	3,432.07	44,342.34	681,630.54
4/15/21	4	41,104.59	3,237.75	44,342.34	640,525.94
7/15/21	5	41,299.84	3,042.50	44,342.34	599,226.11
10/15/21	6	41,496.01	2,846.32	44,342.34	557,730.10
1/15/22	7	41,693.12	2,649.22	44,342.34	516,036.98
4/15/22	8	41,891.16	2,451.18	44,342.34	474,145.82
7/15/22	9	42,090.14	2,252.19	44,342.34	432,055.67
10/15/22	10	42,290.07	2,052.26	44,342.34	389,765.60
1/15/23	11	42,490.95	1,851.39	44,342.34	347,274.65
4/15/23	12	42,692.78	1,649.55	44,342.34	304,581.87
7/15/23	13	42,895.57	1,446.76	44,342.34	261,686.30
10/15/23	14	43,099.33	1,243.01	44,342.34	218,586.97
1/15/24	15	43,304.05	1,038.29	44,342.34	175,282.93
4/15/24	16	43,509.74	832.59	44,342.34	131,773.18
7/15/24	17	43,716.41	625.92	44,342.34	88,056.77
10/15/24	18	43,924.07	418.27	44,342.34	44,132.71
1/15/25	19	44,132.71	209.63	44,342.34	0.00
Total		\$ 800,000.00	\$ 42,504.38	\$ 842,504.38	

Monthly Update - Monthly Cash Flow (Actuals + Projections)

MSA-SD	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Accruals	TOTAL
	ACTUALS	ACTUALS	ACTUALS	ACTUALS	ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET	
BEGINNING CASH	160,322	208,561	410,628	235,934	270,711	258,159	192,650	361,399	287,760	754,600	702,226	649,852	707,107	
Revenue														
LCFF Entitlement	37,444	182,297	376,418	260,536	260,536	478,737	-	260,536	510,229	281,801	281,801	379,310	207,279	3,516,922
Federal Revenue	-	-	-	17,602	-	-	2,235	-	24,786	-	-	12,120	19,850	76,593
Other State Revenues	10,096	55,785	18,173	29,692	29,066	4,313	18,173	40,275	40,275	40,275	40,275	40,275	-	366,673
Other Local Revenues	968	-	8,064	4,584	13,056	29,859	2,100	114	114	114	114	114	68,184	127,384
Total Revenue	48,508	238,082	402,655	312,414	302,658	512,909	22,508	300,925	575,404	322,189	322,189	431,818	295,312	4,087,572
Expenses														
Certificated Salaries	113,276	131,028	136,388	133,601	131,604	132,433	133,551	123,112	123,112	123,112	123,112	123,112	59,179	1,586,618
Classified Salaries	30,900	27,109	33,616	32,065	35,918	32,315	34,778	30,398	30,398	30,398	30,398	30,398	14,748	393,439
Benefits	24,445	33,625	35,402	60,036	35,816	35,124	37,613	64,928	64,928	64,928	64,928	64,928	30,676	617,378
Books and Supplies	227	158	13,355	10,416	960	54,238	(1,911)	6,798	6,798	6,798	6,798	6,798	4,666	116,098
Services and Operations	51,491	94,403	111,792	85,432	111,780	100,786	113,634	149,328	149,328	149,328	149,328	149,328	77,887	1,493,845
Depreciation / Cap Outlay	-	-	-	-	-	4,301	-	-	-	-	-	-	20,000	24,301
Other Outflows	-	-	-	-	-	-	-	-	-	-	-	-	397	397
Total Expenses	220,340	286,324	330,553	321,551	316,078	359,196	317,664	374,564	374,564	374,564	374,564	374,564	207,553	4,232,077
Other Transactions Affecting Cash														
Revenues - Prior Year Accruals	258,891	52,657												311,548
Accounts Receivable - Current Year														-
Other Assets/Accrual Adj	(0)	40,221	23,930	118,112	80,538	(87,412)	384,641							560,030
Fixed Assets - Depreciation Addback			5,360	5,360	5,360	5,360	5,360							26,800
Fixed Assets - Acquisitions									(34,000)					(34,000)
Due To (From)	-	200,000	(200,000)	(3,594)	(3,594)	(3,594)	(3,594)		(300,000)					(314,376)
Expenses - Prior Year Accruals	(98,600)													(98,600)
Accounts Payable - Current Year		9,375	9,281											18,656
Loans Payable (Current)	100,000						100,000		600,000					800,000
Loans Payable (Long Term)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Transactions	260,290	302,253	(161,429)	124,865	87,291	(80,659)	491,394	-	266,000	-	-	-	-	1,290,006
Total Change in Cash	88,459	254,011	(89,326)	115,728	73,871	73,054	196,238	(73,639)	466,840	(52,374)	(52,374)	57,255		1,145,501
ENDING CASH (Local Bank 9120)	208,561	410,628	235,934	270,711	258,159	192,650	361,399	287,760	754,600	702,226	649,852	707,107		
ENDING CASH (County Treas. & Other)	40,220	51,944	85,368	80,951	86,423	138,563	27,489	27,489	27,489	27,489	27,489	27,489		
ENDING CASH (TOTAL)	248,781	462,572	321,302	351,662	344,582	331,213	388,888	315,249	782,089	729,715	677,341	734,596		

<<< = 63 days cash

