



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	II C
Date:	06.13.2016
To:	MPS Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	C-Team Members
RE:	Closure of MSA Santa Clara

This is a continuation document from the June 13, 2016 Board meeting.

Proposed Board Recommendation

I move that the board direct staff to take the necessary actions to close MSA Santa Clara by June 30, 2016 due to low enrollment at the new site at the NHU facility in east San Jose and the impact on the budget, as well as our inability to find facilities in close proximity to our student population in Santa Clara.

Background

Facilities

In June 2015, the Santa Clara Unified School District chose not to renew the lease Magnolia had of its school site at Central Park Elementary School. Magnolia had been searching for a new site during the previous year but was unable to locate an affordable site in or around Santa Clara. In July 2015, Magnolia was able to secure a temporary location at National Hispanic University, which was 13 miles away from the previous school facility in Santa Clara.

Enrollment

The school opened at a considerable loss that had been previously discussed. A survey of parents on July 29 indicated that 178 parents would be enrolling their children at the new school facility. Unfortunately, the opening day enrollment of 100 students remained the same throughout the year despite ongoing recruitment efforts. An option to stay at the NHU school site during the 2016-2017 school year was not executed as staff made the determination that enrollment would remain low. The decision to not stay at NHU was made in April 2016 by the home office team.

The staff remained unable to find a new site and the enrollment generated at the temporary location is insufficient for the school to remain open. In May 2016, the board considered closing the school; however, at the urging of students and families, they extended the time to find a site. Since then, two potential sites have been sought but not come through.

Two potential school facilities closer to Santa Clara were found, a church and a school facility owned by San Jose Unified. School leaders shared this news with parents on April 15, 2016. Parents were excited and we saw a significant increase in online enrollment. However, the church facility became unavailable due to a change in church leadership and SJUSD staff continue to negotiate with a NPS and cannot provide us with any level of assurance that the facility will be available for lease.

Home office made a decision not to renew the National Hispanic University lease as enrollment remained stagnant despite numerous recruitment efforts. Staff made a decision to seek a facility closer to the student population in Santa Clara or close the school if one was not found.



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Ensuring the quality of the academic program- overstaffing

Although five core teachers were approved in the July 29, 2015 budget, the decision was made to increase the number of teachers to ensure the quality of the academic program. The MSA SC charter list a-g courses and promises all students access to a STEM education. Therefore single subject credentialed teachers in hard to staff areas such as math and science were hired to support the needs of the high school students and middle school students who were taking advanced math courses.

Moving Forward

As the Board of Directors prepares to make a determination on the future of Magnolia Science Academy-Santa Clara (MSA-Santa Clara), the proper steps need to be addressed and taken to ensure Magnolia Schools meet all requirements – both to our students and families, authorizers and the State of California. All legal, communications, and financial requirements are detailed in the action plan below.

Finance

On July 29, 2015, the MPS Board approved the MSA-SC budget that included total expenses of \$1.41 million and reflected an operational loss prior to depreciation of \$487,800 for fiscal year 2015-16. The loss was mitigated by the accumulated school fund balances, waiving the CMO fees, and providing a \$100,000 repayable Home Office Contribution.

During the month of November 2015, the MPS Board was presented with a revised budget that reflected the actual student enrollment and required staff in accordance with the school leadership. The new staffing requirements and other expenses included additions that increased overall expenses to \$1.84 million and that reflected an operating loss prior to depreciation for fiscal year 2015-16 totaling \$644,600.

During the 2014-2015 school year MSA-SC did not collect all of the required student documents which affected the school receiving payments in lieu of \$406,155 as of May 2016. The home office as well as the additional part time office clerk at MSA-SC have been working together to collect the documents from the previous students and our attorney has made the case to SCUSD that the documentation required is excessive and beyond that required by law. The total amount has been included as part of allowance for doubtful accounts based on conversations with the external auditors and the Finance Committee.

The goal of this section of the memo is to provide clear steps to ensure a smooth transition should the board decide to permanently close MSA-Santa Clara.

Closure of MSA-Santa Clara- Overview

Communications

The Outreach and Communications (OCD) team is spearheading the communications effort. We sent out letters to parents and staff before and after the scheduled MPS board meetings that took place on June 13 and 15. In addition, we held a teleconference call with parents and staff on Saturday, June 11, at 9am. Once the MPS board makes a decision on the MSA-SC closure, we will send a follow-up correspondence to all parents and staff. Lastly, the OCD team will ensure that all internal and external partners are communicated with concerning this matter.

Financial

The Finance team is handling all communication with external auditors to properly explain the decision to close the school and what the overall financial impact will be to Magnolia Public Schools. The finance team also will



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be in communications with S&P, make appropriate bond disclosures, and reflect all closure impacts in the proposed 2016-17 budget.

Facilities

The Facilities team is in charge of all MSA-SC facility inventory, including ensuring that all furniture and equipment is transferred to the designated storage site.

Staff

The Human Resources team began speaking with MSA SC staff members the week of the 13th to answer questions about their June 15th paychecks which included unused sick leave. HR offered to provide letters of recommendation to assist in finding new employment and to let the staff know that transfer opportunities are available. If the decision is made to close the school, final documents will be sent as well as information pertaining to COBRA.

Operations and Technology

The Operations team will handle aspects of technology and operations, including but not limited to working with the CDE on timely Calpads reporting procedures, transfer of student records including cumulative files and student transcripts.

We will relocate the student files and cumulative files to the home office and have a policy in place to disseminate them in a timely manner when requests are received from the students' new schools. Parents/guardians have all been notified to contact the home office to request student transcripts.

Legal

Our legal team will work closely with our Board of Directors and Home Office staff to ensure that all local, state, and federal regulatory laws are adhered to in alignment with our MSA-Santa Clara petition.

Budget Implications

The MSA-SC financial projections estimates an operating loss for the year totaling \$1.45 million primarily due to the decrease of revenues relating to low student enrollment, and a revenue write-off of \$406,155 of In-Lieu receivables based on the recommendation of our external auditors. In November 2015, we were working on collecting the outstanding receivables but had not included an allowance for doubtful accounts in our budget. MPS will continue to actively collect the In-Lieu of property taxes and will reflect the revenue as soon as the amounts are received. Of the \$805,952 deficit variance between the November 2015 budget and the current forecast, \$406,155 related to the In-Lieu Receivables and \$399,797 to other budget variances. The major items comprising in the \$399,797 include:

\$ 71,898 in higher than anticipated salary expenditures due to PTO payouts for closure

\$113,346 mainly in health insurance benefits that were overpaid

\$ 39,997 in unbudgeted prior year expenses

\$ 22,465 in liability insurance not yet adjusted to lower enrollment

\$153,233 in revenue lost due to an enrollment decrease of 7 students and other revenue variances

(\$ 1,142) in other net variances

\$399,797 Total other budget variances



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Of these overages, staff is working on recovering approximately \$135,811 in overpaid health benefits and liability insurance.

The attached spreadsheet contains the detailed variance analysis and comparisons. The decrease in net operating income including depreciation between the July 2015 budget forecast and the current forecast is \$996,540, or \$590,385 (mainly higher staffing and insurance) plus the \$406,155 receivables write off.

Magnolia Science Academy – Santa Clara Actuals as of April 30, 2016

	Budget			
	Actual YTD 04/30/2016	Approved Budget 11/12/2015	Previous Month's Forecast 04/30/2016	Current Forecast 06/10/2016
SUMMARY				
Revenue				
General Block Grant	550,089	770,883	709,424	709,424
Federal Revenue	11,734	63,688	27,417	27,417
Other State Revenues	329,412	347,168	305,639	305,639
Local Revenues	26	-	26	26
Fundraising and Grants	259	15,500	1,500	1,500
Total Revenue	891,520	1,197,239	1,044,006	1,044,006
Expenses				
Compensation and Benefits	943,151	1,066,860	1,191,579	1,257,612
Books and Supplies	33,058	80,670	73,201	73,201
Services and Other Operating Expenditures	595,587	688,291	763,735	1,157,727
Capital Outlay	6,051	6,051	6,051	6,051
Total Expenses	1,577,847	1,841,872	2,034,565	2,494,591
Operating Income (excluding Depreciation)	(686,327)	(644,633)	(990,560)	(1,450,585)
<i>Operating Income (including Depreciation)</i>	(680,276)	(678,435)	(1,024,362)	(1,484,388)
Fund Balance				
Beginning Balance (Unaudited)	473,945	473,945	473,945	473,945
Audit Adjustment	24,592	-	24,592	24,592
Beginning Balance (Audited)	498,537	473,945	498,537	498,537
Operating Income (including Depreciation)	(680,276)	(678,435)	(1,024,362)	(1,484,388)
Ending Fund Balance (including Depreciation)	(181,739)	(204,490)	(525,825)	(985,851)

Intra-Company Loan

MSA-SC incurred additional expenses to support the academic program that required the Home Office to provide intra-company operational loans totaling \$453,800 (as of April 30, 2016) and to waive the CMO fees for fiscal year 2015-16.



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Based on the current MSA-SC projections the school will require an additional cash infusion of \$438,900 to meet all remaining commitments relating to the equipment financing, reimbursement in State Aid overpayments, and other current liabilities. Total current additional expected liabilities are as follows:

Description	Amount
Accounts Payable	30,404
State Aid Overpayment	291,040
District Prior Year Prop Tax Adjustment	3,162
Payable to County (prior yr adj)	16
Other Current Liabilities	58,305
H&W Benefits (Kaiser & Metlife)	7,570
Chromebooks Loan	48,474
Total	438,971

Based on our current projections, the total MSA-SC intra-company loan is estimated to be at year end \$892,700. These expenses are included in the analysis above.

Transfer of Outstanding Debt

Several scenarios have been considered by senior management to transfer the outstanding debt from MSA-SC:

1. Debt Transfer to Home Office – This method will require that the MSA-SC’s intra-company loans and current liabilities are transferred to the home office, and that the home office secures a commercial line of credit to pay for MSA-SC’s current obligations. The Home Office line of credit will be paid using the contingency reserves received via CMO Fees. Total amount of \$892,700 will be spread-out over the repayment period of the loan, and will not have an additional financial impact to the remaining ten schools’ net income/loss for the year. The home office will be unable to accumulate reserves until the amount has been paid in full.
2. One Time CMO Fee Allocation – This method will require the write-off of MSA-SC’s intra-company loans and liabilities using the MPS CMO Fee allocation structure and by performing a one-time allocation to all MPS’ schools. This methodology will require each school to absorb the accumulated MSA-SC debt as additional CMO fees, and will reflect an increase of expenditures to the organization totaling \$892,700. Financial impact will be a one-time allocation to all schools totaling \$892,700 in Fiscal Year 2015-16, and will increase overall expenses for the organization.
3. Equity Transfer from MSA-SC to MPS Schools – This method will require a debt transfer from MSA-SC to all MPS schools via an equity transfer. The transfer of intra-company loans and financial commitments from MSA-SC to the schools will reduce the “Beginning Fund Balances” of each the schools based on fund availability. No financial impact will be reflected in the Statement of Activities (net income/loss) of the current fiscal year. Transfer will decrease the reserves for each of the schools, by reducing the accumulated Fund Balances by a total of \$892,700.



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Based on preliminary conversations with legal counsel and the external auditors, the “Debt Transfer to Home Office” will not add an additional financial burden to the MPS schools. Legal counsel and the external auditors are currently reviewing the different options to ensure that the selected methodology will be in compliance with our current district agreements, will serve the educational purpose of the organization, and will be in compliance with Generally Accepted Accounting Principles (GAAP).

Impact of Closure on the Organization

Based on a preliminary conversation with our external auditors, MSA-SC charter will need to close on or before June 30, 2016 in order to avoid a Going Concern Opinion. MPS’ management is working closely with Vavrinek, Trine, Day, LLP in order to ensure that all closure requirements are met before the June 30th deadline if the Board of Directors approves the closure of MSA-SC. Our external auditors will be on the call to answer questions relating to the financial impact to the organization.

Name of Staff Originator: C-Team Members



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Board Of Directors

Board Agenda Item #	II. C.
Date:	06.28.2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D. CEO & Superintendent
Staff Lead:	Caprice Young, Ed.D
RE:	Recommendation of closure of MSA-Santa Clara

Proposed Board Recommendation

I move that the board approve the recommendation for the resolution of the Magnolia Education and Research Foundation Board of Directors, a non-profit public benefit corporation, documenting closure of Magnolia Science Academy-Santa Clara, a countywide benefit charter school authorized by the Santa Clara County Board of Education.

Background

Facilities

In June 2015, the Santa Clara Unified School District chose not to renew the lease Magnolia had of its school site at Central Park Elementary School. Magnolia had been searching for a new site during the previous year but was unable to locate an affordable site in or around Santa Clara. In July 2015, Magnolia was able to secure a temporary location at National Hispanic University, which was 13 miles away from the previous school facility in Santa Clara.

Enrollment

The school opened at a considerable loss that had been previously discussed. A survey of parents on July 29 indicated that 178 parents would be enrolling their children at the new school facility.

Unfortunately, the opening day enrollment of 100 students remained the same throughout the year despite ongoing recruitment efforts. An option to stay at the NHU school site during the 2016-2017 school year was not executed as staff made the determination that enrollment would remain low.

The staff remained unable to find a new site and the enrollment generated at the temporary location is insufficient for the school to remain open. In May 2016, the board considered closing the school; however, at the urging of students and families, they extended the time to find a site. Since then, two potential sites have been sought but not come through.

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Board Of Directors

Two potential school facilities closer to Santa Clara were found, a church and a school facility owned by San Jose Unified. School leaders shared this news with parents on April 15, 2016. Parents were excited and we saw a significant increase in online enrollment. However, the church facility became unavailable due to a change in church leadership and SJUSD staff continue to negotiate with a NPS and cannot provide us with any level of assurance that the facility will be available for lease.

Home office made a decision not to renew the National Hispanic University lease as enrollment remained stagnant despite numerous recruitment efforts. Staff made a decision to seek a facility closer to the student population in Santa Clara or close the school if one was not found.

Budget Implications: Refer to MSA-Santa Clara financial impact document.

Name of Staff Originator: Caprice Young, Ed.D

MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

**RESOLUTION OF THE MAGNOLIA EDUCATION AND RESEARCH FOUNDATION
BOARD OF DIRECTORS
(A California Non-Profit Public Benefit Corporation)**

A RESOLUTION of the Magnolia Education and Research Foundation Board of Directors, a non-profit public benefit corporation, documenting closure of Magnolia Science Academy-Santa Clara, a countywide benefit charter school authorized by the Santa Clara County Board of Education.

WHEREAS, Magnolia Science Academy-Santa Clara (“MSA-Santa Clara”) is a California public countywide benefit charter school operated by the Magnolia Education and Research Foundation (“MERF”), a nonprofit public benefit corporation, under the direction and management of the MERF Board of Directors (“Board”) and vested with the authority necessary to implement and operate educational programs for the benefit of California schoolchildren;

WHEREAS, the Board has decided to voluntarily close MSA-Santa Clara at the end of the 2015-2016 school year; and

WHEREAS, the Board will follow the closure procedures as required under the MSA-Santa Clara charter, the Charter Schools Act, and Title 5 of the California Code of Regulations, Section 11962 et seq., as applicable; and

WHEREAS, the Board has appointed Kelly Hourigan, Chief Operating Officer, Magnolia Public Schools, as the person responsible for MSA-Santa Clara’s closure-related activities; and

NOW THEREFORE, IT IS RESOLVED by the Board that MSA-Santa Clara shall close effective July 1, 2016.

ADOPTED by the Board at a regular meeting thereof on June 28, 2016.

* * *

I, Umit Yapanel, am the President of the Magnolia Education and Research Foundation Board of Directors. I hereby certify that the foregoing is a true copy of a resolution duly and legally adopted by the Magnolia Education and Research Foundation Board of Directors on June 28, 2016 and that this resolution has not been revoked.

Date: _____

Umit Yapanel, President
Magnolia Education and Research Foundation
Board of Directors

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Board Of Directors

Santa Clara County Office of Education Closure Protocol/ Closure Action

In addition to the procedures specified in the Charter, the Charter School shall comply with all of the requirements of California Code of Regulations, Title 5, Sections 11962 and 11962.1 and any other applicable legal requirements for closure of a charter school and the following requirements. The closure procedures set forth in the Charter and in this section of this MOU shall be collectively referred to as the “Closure Protocol.” The official action by the Charter School’s Board documenting the closure of the school for any reason will be referred to as the “Closure Action.”

- A. Charter School shall identify an entity and person(s) responsible for closure-related activities and each notice required below shall include information on the responsible person and entity and contact information for the person(s) to whom reasonable inquiries may be made regarding the closure.
- B. The Charter School Board shall provide written notification to the SCCOE of the determination of the Closure Action and of the effective date of the closure, and the contact information for the person(s) to whom reasonable inquiries may be made regarding the closure as a charter school within 72 hours of the Closure Action.
- C. Charter School shall provide written notification to the home districts of the list of returning students within 72 hours of the determination of the Closure Action.
- D. Charter School shall provide written notification of the Closure Action and the effective date of closure of Charter School to the California Department of Education, the Charter School’s SELPA, and the retirement systems in which Charter School’s employees participate by registered mail within 72 hours of the Closure Action.
- E. On closure, Charter School shall remain solely responsible for all liabilities arising from the operation of the Charter School.
- F. This notice to the parents and students will be provided within 72 hours of the Closure Action. The written notification shall include information on assistance in transferring each student to another appropriate school, and a process for the transfer of all student records. Parents/guardians will also be provided with student information that includes grade reports, discipline records, immunization records, and specific information on completed courses and credits that meet graduation requirements.
- G. Charter School will provide parents, students and the receiving school districts with copies of all appropriate student records within seven calendar days from the determination of the Closure Action or within seven days of the last student attendance day at Charter School if Charter School is to remain open as a charter school beyond the date that a Closure Action is determined, and will otherwise assist students in transferring to other schools. All transfers of student records will be made in compliance with the Family Educational Rights and Privacy Act (“FERPA”) 20 U.S.C. Section 1232g. Charter School will ask the SCCOE to store original records of Charter School students. If the SCCOE will not or cannot do so, Charter School will ask the SCCOE to determine a suitable alternative location for storage. All state assessment

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results, special education records, and personnel records will be transferred and maintained in accordance with applicable law.

H. As soon as is reasonably practical, but no later than 60 days after the latter of the Closure Action or the effective date of the closure, Charter School shall prepare final financial records. The Charter School's independent audit completed by an independent auditor who meets the qualifications to perform Charter School's annual audits, as soon as is reasonably practical, but in no case later than six months after closure, and provide the audit report to the SCCOE promptly upon completion. The auditor and audit shall comply with all of the requirements for Charter School's annual audit as set forth in the Charter. In the case that Charter School either does not pay for or have an independent audit completed within the six-month timeline, the SCCOE may, at its option, pay for an audit to be completed and subtract such payment from any funds due to the Charter School. Any costs for the audit incurred by the SCCOE shall remain a liability of Charter School until repaid in full. The final audit will delineate the disposition of all assets and liabilities. Any liability or debt incurred by Charter School shall be the responsibility of Charter School and not the SCCOE. Charter School understands and acknowledges that Charter School will cover the outstanding debts or liabilities of Charter School. Any unused monies at the time of the audit will be returned to the appropriate funding source. Charter School understands and acknowledges that only unrestricted funds will be used to pay creditors. Any unused special education related funds will be returned to the SCCOE or SELPA, as appropriate, and other categorical funds will be returned to the source of funds.

I. For six calendar months from the latter of the Closure Action or the effective date of the closure, sufficient staff as deemed appropriate by the Charter School Board will maintain employment to take care of all necessary tasks and procedures required for smooth closing of the Charter School and student transfers.

J. In addition to the final audit, Charter School shall also submit any required year-end financial reports to the California Department of Education and the SCCOE in the form and timeframe required.

K. If the Charter School does not have any functions other than operation of the Charter School, the corporation will be dissolved according to its Bylaws.

Notwithstanding any rule, regulation, Charter provision, corporate Bylaw or document to the contrary, on closure of the Charter School, all assets of the Charter School – including but not limited to all leaseholds, personal property, intellectual property, and all ADA apportionments and other revenues generated by students attending the Charter School – which have been determined to have been generated exclusively through state and federal apportionment funds for Charter School students, after payment of all debts and liabilities and refunds to applicable agencies, shall be distributed to a California public school or school district. Any assets acquired from the SCCOE or SCCOE property will be promptly returned to the SCCOE upon the Charter School's closure. The distribution shall include the return of any donated materials and property in accordance with any conditions established when the donation of such materials or property was accepted. All remaining assets of Charter School will be liquidated and all creditors will be paid first.

Upon the winding up and dissolution of the corporation, after paying or adequately providing for the debts and obligations of the corporation (including any obligations requiring the return of grant funds on the dissolution of the corporation), any capital assets, including facilities or

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property, purchased in whole or part with public funds will be distributed to the SCCOE or another California public school, school district, or county office of education. Any remaining assets of the corporation shall be distributed to either (i) such organization organized and operated exclusively for educational purposes which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (or the corresponding provision of any future United States Internal Revenue Law), or (ii) a state or political subdivision of a state of the United States to be used exclusively for public purposes.

This Closure Protocol and the Closure Protocol set forth in the Charter shall survive the revocation, expiration, termination, or cancellation of this MOU or the Charter or any other act or event that would end the Charter School's right to operate as a charter school pursuant to the Charter or cause the Charter School to cease operation. The Charter School and the SCCOE agree that, due to the nature of the property and activities that are the subject of this petition, the SCCOE and public shall suffer irreparable harm should the Charter School breach any obligation under its Closure Protocol. The SCCOE, therefore, shall have the right to seek equitable relief to enforce any right arising under the Closure Protocol or any provision of the Closure Protocol or to prevent or cure any breach of any obligation undertaken, without in any way prejudicing any other legal remedy available to the SCCOE. Such legal relief shall include, without limitation, the seeking of a temporary or permanent injunction, restraining order, or order for specific performance, and may be sought in any appropriate court.

The Charter School will utilize the reserve fund to undertake any expenses associated with the closure procedures identified above.

Magnolia Science Academy - Santa Clara
Proposed Revised Budget for Closure of MSA-SC

	Budget		Variance	Forecast 06-2016	Variance	
	Approved July Budget (07-29-2015)	Approved Revised Nov Budget (11-12-2015)	(July Budget vs. Nov Budget for Closure)	(Proposed Revised Budget for Closure)	(Nov Budget vs. Proposed Budget for Closure)	
SUMMARY						
Revenue						
General Block Grant	693,217	770,883	77,666	709,424	(61,459)	Reduction in ADA
Federal Revenue	60,606	63,688	3,082	27,417	(36,271)	Reduction in ADA, no SpEd or Nutrition Revenue
Other State Revenues	152,524	347,168	194,644	305,639	(41,530)	Reduction in ADA, no SpEd or Nutrition Revenue
Local Revenues	-	-	-	26	26	
Fundraising and Grants	20,000	15,500	(4,500)	1,500	(14,000)	Fundraising budget was based on historical information
Total Revenue	926,347	1,197,239	270,892	1,044,006	(153,233)	
Expenses						
Compensation and Benefits	573,234	1,066,860	493,626	1,257,612	(190,752)	
Books and Supplies	119,179	80,670	(38,510)	73,201	7,468	
Services and Other Operating Expenditures	700,181	688,291	(11,890)	1,157,727	(469,436)	PY Expenses and write off of AR
Capital Outlay	21,600	6,051	(15,549)	6,051	-	
Total Expenses	1,414,194	1,841,872	427,678	2,494,591	(652,719)	
Operating Income (excluding Depreciation)	(487,848)	(644,633)	(156,785)	(1,450,585)	(805,952)	
<i>Operating Income (including Depreciation)</i>	(487,848)	(678,435)	(190,588)	(1,484,388)	(805,952)	
Fund Balance						
Beginning Balance (Unaudited)	466,305	473,945		473,945		
Audit Adjustment	-	-		24,592		
Beginning Balance (Audited)	466,305	473,945		498,537		
Operating Income (including Depreciation)	(487,848)	(678,435)		(1,484,388)		
Home Office Contributions	100,000	-		-		Contribution required to maintain required reserves
Ending Fund Balance (including Depreciation)	78,458	(204,490)	-	(985,851)		
Total ADA	97.0	102.7	5.7	95.3	-7.5	

Magnolia Science Academy - Santa Clara
Proposed Revised Budget for Closure of MSA-SC

		Budget					
		Approved July	Approved Revised	Variance	Forecast 06-2016	Variance	
		Budget	Nov Budget	(July Budget vs.	Proposed Revised	(Nov Budget vs.	
		(07-29-2015)	(11-12-2015)	Nov Budget for	Budget for Closure)	Proposed Budget	
				Closure)	Budget for Closure)	for Closure)	
LCFF Entitlement							
8011	Charter Schools LCFF - State Aid	197,785	252,703	54,918	200,952	(51,751)	ADA 7 less than budget
8012	Education Protection Account Entitlement	121,624	144,372	22,748	134,734	(9,638)	ADA 7 less than budget
8019	State Aid - Prior Years	-	-	-	(70)	(70)	PY not budgeted
8096	Charter Schools in Lieu of Property Taxes	373,808	373,808	-	373,808	-	
		693,217	770,883	77,666	709,424	(61,459)	
8100 Federal Revenue							
8181	Special Education - Entitlement		50,752	50,752	-	(50,752)	MSA-SC does not receive SpEd funds, goes directly to county
8220	Child Nutrition Programs	32,756	6,880	(25,876)	-	(6,880)	MSA-SC did not qualify for child nutrition
8291	Title I	26,500	5,000	(21,500)	25,688	20,688	Entitlement based on PY, so higher than budgeted
8292	Title II	1,350	-	(1,350)	673	673	
8293	Title III	-	1,056	1,056	1,056	-	
				-			
SUBTOTAL - Federal Income		60,606	63,688	3,082	27,417	(36,271)	
8300 Other State Revenues							
8319	Other State Apportionments - Prior Years	-	-	-	798	798	Not budgeted
8381	Special Education - Entitlement (State)		45,338	45,338	-	(45,338)	MSA-SC does not receive SpEd funds, goes directly to county
8520	Child Nutrition - State	1,479	554	(924)	-	(554)	MSA-SC did not qualify for child nutrition
8545	School Facilities Apportionments	72,750	-	(72,750)	-	-	
8550	Mandated Cost Reimbursements	10,000	5,138	(4,862)	255,336	250,198	One-time funding was budgeted in 8590, but moved to 8550
8560	State Lottery Revenue	68,295	18,592	(49,703)	17,240	(1,352)	ADA 7 less than budgeted
8590	All Other State Revenue		277,546	277,546	32,264	(245,282)	One-time funding was budgeted in 8590, but moved to 8550
SUBTOTAL - Other State Income		152,524	347,168	194,644	305,639	(41,530)	
8600 Other Local Revenue							
8699	All Other Local Revenue	-	-	-	26	26	Not budgeted
SUBTOTAL - Local Revenues		-	-	-	26	26	
8800 Donations/Fundraising							
8801	Donations - Parents		500	500	500	-	
8803	Fundraising	20,000	15,000	(5,000)	1,000	(14,000)	Budget amount was too high.
SUBTOTAL - Fundraising and Grants		20,000	15,500	(4,500)	1,500	(14,000)	

Magnolia Science Academy - Santa Clara
Proposed Revised Budget for Closure of MSA-SC

Budget				
Approved July Budget (07-29-2015)	Approved Revised Nov Budget (11-12-2015)	Variance (July Budget vs. Nov Budget for Closure)	Forecast 06-2016 (Proposed Revised Budget for Closure)	Variance (Nov Budget vs. Proposed Budget for Closure)
926,347	1,197,239	270,892	1,044,006	(153,233)

TOTAL REVENUE

Magnolia Science Academy - Santa Clara
Proposed Revised Budget for Closure of MSA-SC

		Budget					
		Approved July	Approved Revised	Variance	Forecast 06-2016	Variance	
		Budget	Nov Budget	(July Budget vs.	Proposed Revised	(Nov Budget vs.	
		(07-29-2015)	(11-12-2015)	Nov Budget for	Budget for Closure)	Proposed Budget	
				Closure)		for Closure)	
EXPENSES							
Compensation & Benefits							
Certificated Employees Summary							
1100	Teachers Salaries	270,114	624,925	354,812	682,907	57,982	Includes additional: 4 full time teachers, 2 part time teachers, 1 substitute, and July 2015 PTO and term payout
1300	Certificated Supervisor & Administrator Salaries	93,888	173,536	79,649	186,732	13,195	Includes additional: 1 dean of academics, and July 2015 PTO and term payout
SUBTOTAL - Certificated Employees		364,001	798,462	434,461	869,639	71,177	
Classified Employees Summary							
2400	Classified Clerical & Office Salaries	36,810	51,135	14,325	69,353	18,218	Additional staff hired to gather proof of residency
2900	Classified Other Salaries	36,000	25,232	(10,768)	7,736	(17,496)	Employee left mid year
SUBTOTAL - Classified Employees		72,810	76,367	3,557	77,089	722	
3000	Employee Benefits						
3100	STRS	39,057	81,847	42,790	88,486	6,639	STRS increased due to additional staffing requirements
3200	PERS	8,418	5,589	(2,829)	2,462	(3,127)	PERS decrease due to only one person qualifying
3300	OASDI-Medicare-Alternative	13,032	19,493	6,461	21,453	1,959	Increase due to additional staffing requirements
3400	Health & Welfare Benefits	52,000	67,500	15,500	180,846	113,346	Overpayment of health insurance
3500	Unemployment Insurance	8,736	437	(8,299)	473	36	
3600	Workers Comp Insurance	15,180	17,164	1,984	17,164	-	
SUBTOTAL - Employee Benefits		136,423	192,031	55,608	310,885	118,853	
4000	Books & Supplies						
4100	Approved Textbooks & Core Curricula Materials	2,000	2,000	-	4,257	2,257	
4200	Books & Other Reference Materials	6,600	6,600	(0)	3,435	(3,165)	
4315	Custodial Supplies	2,000	500	(1,500)	500	-	
4320	Educational Software	5,500	5,500	(0)	5,500	0	
4325	Instructional Materials & Supplies	24,000	16,050	(7,950)	15,296	(754)	
4330	Office Supplies	28,500	28,500	-	20,000	(8,500)	
4346	Teacher Supplies	-	-	-	954	954	
4400	Noncapitalized Equipment	-	-	-	1,000	1,000	
4410	Classroom Furniture, Equipment & Supplies	2,500	3,000	500	3,000	-	
4420	Computers (individual items less than \$5k)	12,500	6,500	(6,000)	6,500	-	
4430	Non Classroom Related Furniture, Equipment & Supplies	-	500	500	1,500	1,000	
4700	Food	35,579	11,520	(24,059)	10,228	(1,292)	

Magnolia Science Academy - Santa Clara
Proposed Revised Budget for Closure of MSA-SC

		Budget				
		Approved July	Approved Revised	Variance	Forecast 06-2016	Variance
		Budget	Nov Budget	(July Budget vs.	(Proposed Revised	(Nov Budget vs.
		(07-29-2015)	(11-12-2015)	Nov Budget for	Budget for Closure)	Proposed Budget
				Closure)	Budget for Closure)	for Closure)
4720	Other Food	-	-	-	1,031	1,031
	SUBTOTAL - Books and Supplies	119,179	80,670	(38,510)	73,201	(7,468)

Magnolia Science Academy - Santa Clara
Proposed Revised Budget for Closure of MSA-SC

		Budget					
		Approved July	Approved Revised	Variance	Forecast 06-2016	Variance	
		Budget	Nov Budget	(July Budget vs.	(Proposed Revised	(Nov Budget vs.	
		(07-29-2015)	(11-12-2015)	Nov Budget for	Budget for Closure)	Proposed Budget	
				Closure)		for Closure)	
5000	Services & Other Operating Expenses						
5200	Travel & Conferences	5,000	5,000	-	6,512	1,512	Remains the same, shifted from 5210
5210	Conference Fees	5,000	5,000	-	3,488	(1,512)	Remains the same, shifted to 5200
5215	Travel - Mileage, Parking, Tolls	-	-	-	100	100	
5220	Travel and Lodging	7,000	7,000	-	14,107	7,107	
5300	Dues & Memberships	4,000	975	(3,025)	1,850	875	
5450	Insurance - Other	6,900	10,765	3,865	33,229	22,465	Additional insurance paid due to expected higher enrollment
5500	Operations & Housekeeping	11,000	2,500	(8,500)	11,000	8,500	
5510	Utilities - Gas and Electric	3,120	6,000	2,880	6,000	-	
5605	Equipment Leases	14,400	60,000	45,600	37,156	(22,844)	Part of budget was based on loan payment for chromebooks. Reduced to include only leases
5610	Rent	312,165	311,245	(920)	314,625	3,380	
5615	Repairs and Maintenance - Building	6,000	1,000	(5,000)	1,000	-	
5617	Repairs and Maintenance - Other Equipment		1,000	1,000	1,000	-	
5631	Other Rentals, Leases and Repairs - Site Relocation/M	120,000	66,800	(53,200)	66,800	-	
5803	Accounting & Audit Fees	6,000	6,000	-	6,000	-	
5809	Banking Fees	1,800	1,800	-	1,000	(800)	
5814	School Programs - Academic Competitions	-	-	-	905	905	
5822	Other Professional Services		3,120	3,120	19,747	16,627	
5824	District Oversight Fees	6,932	7,709	777	7,094	(615)	
5843	Interest - Loans Less than 1 Year	1,000	1,000	-	-	(1,000)	
5845	Legal Fees	10,000	10,000	-	10,000	-	
5851	Marketing & Student Recruiting	3,600	3,600	-	3,600	-	
5857	Payroll Fees	2,640	4,004	1,364	6,930	2,926	
5861	Prior Yr Exp (not accrued)	-	-	-	38,997	38,997	Not budgeted
5863	Professional Development	7,500	1,706	(5,794)	4,224	2,517	
5884	Substitutes	6,244	12,188	5,944	4,642	(7,545)	
5887	Technology Services	21,000	21,000	-	21,000	-	
5893	Transportation - Student	118,080	118,080	-	118,080	-	
5898	Bad Debt Expense	-	-	-	406,155	406,155	Write off of AR
5899	Miscellaneous Operating Expenses	-	-	-	-	-	
5900	Communications	16,000	16,000	-	8,000	(8,000)	
5915	Postage and Delivery	4,800	4,800	-	4,486	(314)	
	SUBTOTAL - Services & Other Operating Exp.	700,181	688,291	(11,890)	1,157,727	469,436	
6000	Capital Outlay						
6400	Equipment	21,600	6,051	(15,549)	6,051	-	
	SUBTOTAL - Capital Outlay	21,600	6,051	(15,549)	6,051	-	

Magnolia Science Academy - Santa Clara
Proposed Revised Budget for Closure of MSA-SC

		Budget				
		Approved July Budget (07-29-2015)	Approved Revised Nov Budget (11-12-2015)	Variance (July Budget vs. Nov Budget for Closure)	Forecast 06-2016 (Proposed Revised Budget for Closure)	Variance (Nov Budget vs. Proposed Budget for Closure)
TOTAL EXPENSES		1,414,194	1,841,872	427,678	2,494,591	652,719
6900	Total Depreciation (includes Prior Years)	21,600	39,853	18,253	39,853	-
TOTAL EXPENSES including Depreciation		1,414,194	1,875,674	461,480	2,528,393	652,719