



Board Agenda Item #	Agenda # IV D
Date:	February 9, 2017
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo, Chief Financial Officer
RE:	Revised Budget

Proposed Board Recommendation

I move that the board approve the consolidated revised budget including a 3% increase in the Home Office revenues and expenses over 2016-17 board approved budget.

Background

The board approved MERF 2016-17 budget on September 8, 2016 and the school sites 2016-17 budgets on June 6, 2016. These budgets were based on estimates and available assumptions in June 2016. In order to align the budgets with current events and latest available assumptions, we request that the board approve the revised budgets presented herein.

The board directed staff that the maximum revision to the home office (MERF) budget should not exceed 3% over the board approved budget. The following summarizes the changes and budget cuts included in the proposed budget Home Office:

- Savings for not filling vacant positions for COO, Controller and Senior Financial Analyst: \$242k
- Unbudgeted Expenses including accrued vacation, PTO (sick time) pay out, severance pays, STRS/PERS/ H & W Benefits, etc.: \$342k
- Cuts from previous forecasted expenses including supplies, travel, consultants, professional development, marketing, etc.: \$183k

The proposed budget maintains the 5% net operating income for MERF in fiscal year 2016-17, which results in revised calculations of CMO fees to the school sites. The school sites updated ADA projections and revised CMO fees allocation in the proposed budget resulted in maintaining positive ongoing net income for all sites except for Santa Ana when adjusted to exclude the one time 13th month of payroll expense due to the shift in the teachers’ contract. Santa Ana’s approved budget reflected a net loss of \$550k while the proposed revised budget shows a projected net loss of \$154k.

Budget Implications

Three percent (3%) increase in 2016-17 MERF budget over board approved budget, or \$183k.

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

Revised CMO Fees and Updated ADA projections have various impact on each school's budget. Details are contained in the December 2017 Financials Presentation.

Name of Staff Originator:

Nanie Montijo, Chief Financial Officer

Attachments

CMO Fees Summary

Savings and Additions

Year to date Actuals and Proposed Budget

CMO FEES SUMMARY Proposed vs Approved

	MSA-1	MSA-2	MSA-3	MSA-4	MSA-5	MSA-6	MSA-7	MSA-8	MSA-SA	MSA-SD	Total
Proposed											
CMO Fee	1,013,267	918,273	918,273	75,995	75,995	75,995	633,292	1,013,267	1,013,267	337,375	6,074,999
Direct CMO Fee	41,388	34,536	35,271	14,807	14,022	13,621	22,779	38,555	72,367	22,916	310,263
Approved Budget											
CMO Fee	972,192	972,192	881,049	72,914	72,914	72,914	607,620	972,192	972,192	370,217	5,966,395
Direct CMO Fee	38,472	34,890	33,176	13,260	11,683	12,485	21,260	35,258	33,233	42,738	276,455
Variance											
CMO Fee	41,075	(53,918)	37,225	3,081	3,081	3,081	25,672	41,075	41,075	(32,843)	108,604
Direct CMO Fee	2,916	(354)	2,096	1,547	2,339	1,136	1,519	3,297	39,135	(19,822)	33,808
Total	43,991	(54,273)	39,320	4,628	5,420	4,216	27,191	44,372	80,210	(52,665)	142,412
Net Income Proposed	337,177	10,436	(94,419)	223,420	130,807	132,616	46,072	(22,148)	(199,416)	44,678	609,223
Net Income Approved	151,181	152,640	343,065	188,978	15,706	293,915	53,688	63,471	(550,228)	186,876	899,293
Variance	185,996	(142,204)	(437,485)	34,442	115,101	(161,299)	(7,616)	(85,618)	350,812	(142,198)	(290,069)

MERF		
Savings & Additional Expenses		
Savings - Approved vs. Proposed		
Salaries - Unfilled Positions	201,000.00	
Benefits - Unfilled Positions	40,884.00	
Total Savings	241,884.00	
Additional Expenses - Approved vs. Proposed		
PTO Payouts (unused sick time)	(21,750.00)	
Accrued Vacation	(61,887.45)	
Bonuses/Stipends	(19,799.07)	
Health Reimbursements	(6,900.00)	
STRS	(46,595)	
PERS	(23,362)	
H&W Benefits	(31,006)	
Salaries for non-budgeted employees	(70,613.52)	Two employees were supposed to leave by 7/1
Severance - OD & SM	(60,481.34)	
Total Additions	(342,394.66)	
Cuts/Additions from Previous Proposed Budget		
4330 - Office Supplies	(10,000.00)	
4420 - Computers	(5,000.00)	
5220 - Travel & Lodging	(22,000.00)	Cut from academic and parent & outreach departments
5822- Consultants - addition	51,024.70	NM contract and Account Temp Added
5822 - Consultants	(117,383.95)	Removed Grant Matching, OC Community Outreach, and part of Alfredo's additional outreach, See next tab
5851 - Marketing & Student Recruiting	(40,000.00)	Removed from External Affairs department budget
5863 - Professional Development	(25,000.00)	Removed from Academic and HR Department
5864 - Tuition Reimbursement	(15,000.00)	Removed from External Affairs department budget
Total Adjustment	(183,359.25)	

MERF

Budget vs. Actuals

As of most recent monthly close

	Budget						
	Actual YTD	Approved Budget	Proposed Revised Budget	Variance (Budget vs. Current Forecast)	Budget Remaining	Forecast Remaining	% of Forecast Spent
SUMMARY							
Revenue							
LCFF Entitlement	-	-	-	-	-	-	-
Federal Revenue	-	-	-	-	-	-	-
Other State Revenues	-	-	-	-	-	-	-
Local Revenues	3,008,303	6,242,850	6,410,367	167,517	3,234,547	3,402,064	47%
Fundraising and Grants	86,850	150,000	150,000	-	63,150	63,150	58%
Total Revenue	3,095,153	6,392,850	6,560,367	167,517	3,297,697	3,465,214	47%
Expenses							
Compensation and Benefits	1,937,146	3,467,487	3,567,998	(100,511)	1,530,341	1,630,851	54%
Books and Supplies	40,827	75,821	84,820	(8,999)	34,994	43,993	48%
Services and Other Operating Expenditures	1,273,893	2,537,455	2,616,824	(79,369)	1,263,562	1,342,931	49%
Depreciation	3,834	7,666	1,440	6,226	3,832	(2,394)	266%
Total Expenses	3,255,700	6,088,429	6,271,082	(182,653)	2,832,729	3,015,382	52%
Operating Income	(160,547)	30442131.33%	28928550.62%	(15,136)	464,969	449,833	-55%
Fund Balance							
Beginning Balance (Unaudited)		35,855	(285,175)				0%
Audit Adjustment		-	311,971				0%
Beginning Balance (Audited)		35,855	26,796				0%
Operating Income		304,421	289,286				0%
Ending Fund Balance		340,277	316,081				0%