



2017/18 Unaudited Actuals

September 11, 2018 Board Meeting



Business Office Memorandum

To: Board of Education

From: Ahmad Sheikholeslami, Chief Business and Operations Officer
Jill Frederiksen, Director of Fiscal Services

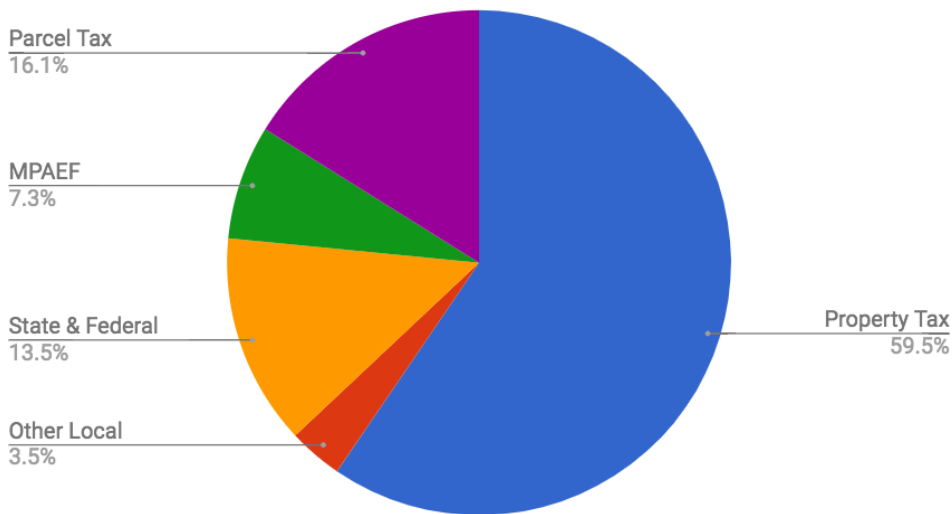
Date: 9/1/2018

Re: 2017/18 Unaudited Actuals

The Unaudited Actuals are presented to update the Board on the final status of the District's actual revenues, expenditures, and fund balance activity for the 2017/18 fiscal year. These include all activities since the 2017/18 Estimated Actuals were reported with the 2018/19 Budget at the June 5, 2018, public hearing.

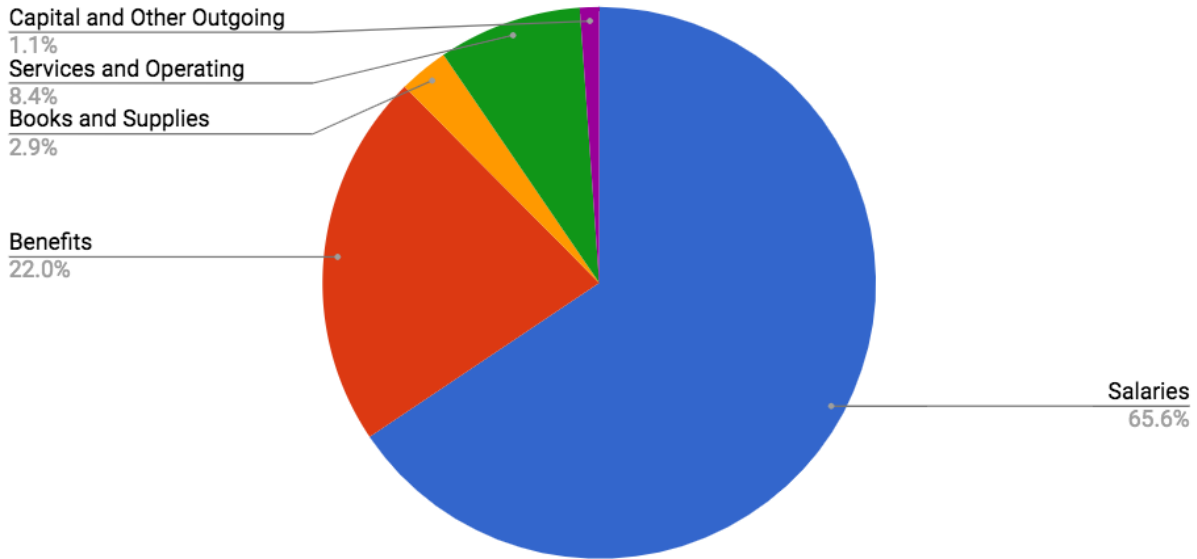
Total revenues for 2017/18 is \$49,839,752 which does not include a transfer out of \$660,000 to deferred maintenance fund. The total revenues does include approximately \$1.1 from one-time sources of revenue. See attached reports for details.

2017/18 Unaudited Actuals Revenue Sources



Total expenditures for 2017/18 is \$49,050,812 which includes approximately \$1.14 million in one time or non-ongoing expenditures.

2017/18 Unaudited Actuals Expenditures



Summary

The net change in the General Fund Balance since Estimated Actuals is an increase of \$174,335, or approximately 0.36% of total expenditures. This net change resulted from additional revenues in lottery, mental health reimbursements and interest earning as well as slight increases expenditures in salaries and services.

Key findings of the 2017/18 Unaudited Actuals include the following:

- General Fund reserve levels within Board Policy with a Reserve for Economic Uncertainties of 20.4% or \$10 million.
- Secured Property Tax growth of 8.1% or \$2.08 million over prior year (no significant change since Estimated Actuals)
- One-time State funds of approximately \$569,000, including \$425,000 in Mandate Reimbursement Backlog, as well as the \$143,000 Proposition 39 Clean Energy grant
- Parcel tax revenues increased by \$1.28 million or by 18.62% which includes the new Measure X measure funds. 2017/18 was the first year of the seven year tax measure.
- Total salaries and benefits increased approximately \$1.57 million over prior year which includes: additional staff of 9.81 FTE, increased salaries for regular step and column movement, 2.0 % compensation increase, increased pension costs

as mandated by the State (+1.85% STRS, +1.64% PERS). The State's on behalf STRS contribution was reduced by \$485.8K. Note that this adjustment was included in both the revenue and expenditures. Without this adjustments the total salaries and benefits increase from prior fiscal year is about \$2 million.

- Negligible change in expenditures on Books & Supplies from prior year.
- Increase of \$466K or 12.8% in expenditures on Services and Operations from prior year. Primary causes include increases special education services, maintenance costs, and site field trip costs.
- Ending General Fund balance grew by \$1.46 million as a result of net operating surplus in 2017/18 of \$789K, transfer of funds from Fund 17, and transfer out of \$198 to the Enterprise Fund. This net increase in the ending fund balance will be spent in the coming fiscal years to balance the District budget and provide fiscal stability for the next four years. Reference the 2018/19 Adopted Budget to review the multi-year budget and financial stability planning timeline.
- Minor revenue changes from Estimated Actuals includes:
 - \$82K in additional lottery funds
 - \$54K in additional Mental Health reimbursements
 - \$87K in additional interest earnings
 - \$54K in additional facility and bus fee recovery
- Minor expenditure changes from Estimated Actuals includes:
 - \$123K in additional salary costs
 - \$135K in additional Book and Supplies Cost

Other Funds

The balance in Fund 17, Special Reserve, is reduced by approximately \$837K from the prior year, primarily to draw down parcel tax balances accumulated in prior years. The balance in the fund as of June 30, 2018, is approximately \$1.14 million. Fund 17 parcel tax balances will be fully depleted by the 2018/19 fiscal year. A balance of approximately \$400K will remain after 2018/19 that had been set aside in 2011 to fund Learning Leaders/ Curriculum Coordinators in subsequent years. These funds are expected to be fully expended by 2021/22.

The Cafeteria Fund 13 (Food Service) ended with a small positive balance of \$19,554. The District participates in the National Food Lunch Program which offsets Free and Reduced lunch costs by about \$125K a year.

In 2017/18 the District established the Enterprise Fund 63 to manage the fee based Early Learning Center. The establishment of this fund keeps separate all activity from the general fund. The program was established with one-time monies for start up costs. The financial goal of the program is to make it cost neutral while providing scholarships for families needing financial support. The ending fund balance for 2017/18 was \$138K.

Capital project and maintenance funds (Fund 14; Deferred Maintenance, Funds 21, Building Fund; Fund 25, Capital Facilities; and Fund 40, Special Reserve for Capital Outlay) collectively, have approximately \$3.1 million in the ending fund balance. These funds are restricted to facility related projects.

Next Steps

The 2017/18 changes in ending fund balances will be reflected in the 2018/19 Budget, beginning fund balances, with the First Interim Report (scheduled for the December 11th Board meeting). The First Interim Report typically includes the most changes of the interim reports. The prior year books are closed, the State budget is enacted, staffing will be finalized, and the first property tax revenue estimate for 2018/19 will have been received from the County. The 2017/18 Audit Report is due to the State December 15th and will be presented to the Board by January 2019.

Included in the Unaudited Actuals are the following reports:

- Summary of All Funds
- General Fund Totals
- General Fund Variance Summary
- Parcel Tax Report
- SACS Financial Report

MENLO PARK CITY SCHOOL DISTRICT
ALL FUNDS
2017/18 Unaudited Actuals

	General Fund 01	Cafeteria 13	Deferred Maintenance 14	Special Reserve Other 17	Building Fund 21	Capital Facilities (Dev Fees) 25	Special Reserve Capital Outlay 40	Enterprise Fund (ELC) 63
Beginning Fund Balance	\$ 11,983,475	\$ 1,539	\$ 1,329,899	\$ 1,975,485	\$ 416,784	\$ 54,814	\$ 750,243	\$ -
REVENUES:								
LCFF/Property Taxes	\$ 32,699,963	\$ -	\$ 660,000	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	646,354	119,372	-	-	-	-	-	-
Other State	2,896,314	7,219	-	-	-	-	-	-
Other Local	13,597,121	415,151	15,626	28,865	4,621	609,624	10,033	75,782
Total Revenues	\$ 49,839,752	\$ 541,742	\$ 675,626	\$ 28,865	\$ 4,621	\$ 609,624	\$ 10,033	\$ 75,782
EXPENDITURES:								
Certificated Salaries	\$ 25,192,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,667
Classified Salaries	6,973,078	-	-	-	-	-	-	4,030
Employee Benefits	10,794,972	-	-	-	-	-	-	21,638
Books and Supplies	1,422,865	489,578	36,149	-	-	8,819	-	5,377
Services & Other Expenses	4,115,728	8,083	370,859	-	-	63,348	10,580	5,982
Capital Outlay & Other Outgo	551,479	26,066	-	-	151,234	4,690	97,781	-
Total Expenditures	\$ 49,050,812	\$ 523,727	\$ 407,008	\$ -	\$ 151,234	\$ 76,857	\$ 108,361	\$ 135,694
OTHER FINANCING SOURCES:								
Interfund Transfers In	\$ 866,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 198,000
Interfund Transfers Out	198,000	-	-	866,143	-	-	-	-
TOTAL OTHER SOURCES	\$ 668,143	\$ -	\$ -	\$ (866,143)	\$ -	\$ -	\$ -	\$ 198,000
Net Incr/(Decr) to Fund Balance	\$ 1,457,083	\$ 18,015	\$ 268,618	\$ (837,278)	\$ (146,543)	\$ 532,767	\$ (98,328)	\$ 138,088
NET ENDING BALANCE:	\$ 13,440,558	\$ 19,554	\$ 1,598,517	\$ 1,138,207	\$ 270,241	\$ 587,581	\$ 651,915	\$ 138,088

MENLO PARK CITY SCHOOL DISTRICT
GENERAL FUND PROJECTED YEAR TOTALS
2017/18 Unaudited Actuals

	Unaudited Actuals Budget Summary	One-Time Sources/Uses	Adjusted Budget for Ongoing Operations
GENERAL FUND REVENUES:			
Local Control Funding Formula Sources			
Secured Property Tax	\$ 27,836,416	\$ -	\$ 27,836,416
Other Local Property Tax	2,228,996	(164,375) ¹	2,064,621
State Aid (Minimum State Aid & Tinsley Revenue Transfer)	1,319,217		1,319,217
Education Protection Account (Prop. 30)	575,392		575,392
Special Education/SELPA Property Tax Transfer (Restricted)	1,399,942		1,399,942
Deferred Maintenance Transfer	<u>(660,000) ²</u>	<u>-</u>	<u>(660,000)</u>
Sub-Total Local Control Funding Formula Sources	\$ 32,699,963	\$ (164,375)	\$ 32,535,588
Federal Revenue	646,354	(52,820) ³	593,534
Other State Revenue (<i>Mandated Costs, Lottery, Other One-Time</i>)	2,896,314 ⁴	(603,605) ⁵	2,292,709
Local Revenue - Parcel Taxes	8,143,158 ⁶		8,143,158
Local Revenue - Menlo Park Atherton Education Foundation	3,700,000		3,700,000
Local Revenue - Other (<i>Local Grants, Interest, PTO, Transp., Etc.</i>)	<u>1,753,963</u>	<u>(250,000) ⁷</u>	<u>1,503,963</u>
Total Revenue	<u>\$ 49,839,752</u>	<u>\$ (1,070,800)</u>	<u>\$ 48,768,952</u>
GENERAL FUND EXPENDITURES:			
Salaries & Benefits			
Certificated Salaries	\$ 25,192,690	\$ (217,900)	\$ 24,974,790
Classified Salaries	6,973,078	(136,576)	6,836,502
Employee Benefits	<u>10,794,972 ⁸</u>	<u>(86,349)</u>	<u>10,708,623</u>
Sub-Total Salaries & Benefits	\$ 42,960,740	\$ (440,825) ⁹	\$ 42,519,915
Books & Supplies	1,422,865	(260,510) ¹⁰	1,162,355
Services & Operating Expenditures	4,115,728	(386,596) ¹⁰	3,729,132
Capital Outlay	55,631	(55,631) ¹¹	-
Other Outgo - OPEB Contribution	195,783		195,783
Other Outgo - Special Ed Tuition to Other Public Agencies	326,131		326,131
Indirect Costs - Transfer from Cafeteria Fund (Fund 13)	<u>(26,066)</u>	<u>-</u>	<u>(26,066)</u>
Total Expenditures	<u>\$ 49,050,812</u>	<u>\$ (1,143,562)</u>	<u>\$ 47,907,250</u>
NET OPERATING SURPLUS/(DEFICIT) - Revenue Less Expenditures	<u>\$ 788,940</u>	<u>\$ 72,762</u>	<u>\$ 861,702</u>

One-Time Adjustments/Notes:

¹ Two components of Other Local Property Tax are higher than average and are not carried forward in the multi-year projection at the current amount at this time: Redevelopment Agency, RDA, (\$40,565) and Unsecured Property Taxes (\$123,810)

² Due to the classification of the Deferred Maintenance fund (Fund 14), the CDE recommends that the Deferred Maintenance transfer be reported as a reduction of LCFF revenue rather than an expenditure. This was implemented with the 2014/15 First Interim Budget Report.

³ Deferred revenue/carryover (\$52,820)

⁴ Includes \$1,479,579 State STRS On Behalf, an accounting change required per GASB 68 to recognize the State contribution paid directly to STRS on behalf of District employees. (Funds not received by the District.) It is recorded as an offsetting revenue and expenditure with no net effect on the ending fund balance. This change was implemented with the 2014/15 Unaudited Actuals.

⁵ Final year of Prop. 39, Clean Energy, grant (\$143,282); One-time Mandate/discretionary funding (\$425,323); Prior year Lottery (\$35,000)

⁶ Prior to the 2014/15 First Interim Budget Report, Parcel Tax revenue was reported in Fund 17.

⁷ 2nd of 3 year Eustace-Kwan grant (\$250,000)

⁸ Includes \$1,479,579 State STRS On Behalf (see footnote #4 above)

⁹ General Education Preschool Teacher (\$52,023); Technology Teacher on Special Assignment (\$149,149); 1st of 3 years Family Engagement Liaison (\$79,640); Other Kwan grant salaries & benefits (\$132,513); Spanish Immersion Coach (\$27,500)

¹⁰ Prop. 39, Clean Energy, grant (\$94,500); Kwan grant (\$37,847); Carryover (\$181,559); Book adoption, reduction of held balances (\$200,000); Non-personnel expenditures related to one-time State Mandate/discretionary funds (\$133,200)

¹¹ Maintenance vehicle and lift

MENLO PARK CITY SCHOOL DISTRICT
GENERAL FUND VARIANCE SUMMARY
2017/18 Unaudited Actuals

	2017-18 Adopted	2017-18 First Interim	2017-18 Second Interim	2017-18 Est. Actuals	2017-18 Actuals	Incr/(Decr) Actuals
Beginning General Fund Balance	\$ 11,811,379	\$ 11,983,475	\$ 11,983,475	\$ 11,983,475	\$ 11,983,475	\$ -
REVENUES:						
LCFF Sources (Property Tax & State Aid)	\$ 31,894,673	\$ 32,515,067	\$ 32,490,362	\$ 32,650,907	\$ 32,699,963	\$ 49,056 ¹
Federal Revenue	631,500	713,075	715,790	713,353	646,354	(66,999) ²
Other State Revenue	2,738,348	2,677,882	2,765,457	2,765,457	2,896,314	130,857 ³
Menlo Park Atherton Education Foundation	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	-
Parcel Tax Revenue	8,172,055	8,144,045	8,144,045	8,144,045	8,143,158	(887)
Other Local Revenue	1,178,698	1,307,093	1,289,590	1,406,990	1,753,963	346,973 ⁴
Total Revenue	\$ 48,315,274	\$ 49,057,162	\$ 49,105,244	\$ 49,380,752	\$ 49,839,752	\$ 459,000
EXPENDITURES:						
Certificated Salaries	\$ 24,790,904	\$ 25,230,207	\$ 25,221,564	\$ 25,159,529	\$ 25,192,690	\$ 33,161 ⁵
Classified Salaries	6,742,693	6,911,258	6,897,471	6,883,656	6,973,078	89,422 ⁵
Employee Benefits	11,028,517	10,839,330	10,835,084	10,814,906	10,794,972	(19,934) ⁵
Books and Supplies	1,348,788	1,381,966	1,329,490	1,287,400	1,422,865	135,465 ⁶
Services and Operating Expenditures	3,164,225	3,782,693	3,828,819	4,076,270	4,115,728	39,458 ⁶
Capital Outlay	50,000	50,000	50,000	55,631	55,631	-
Other Outgo	337,000	431,500	516,500	516,500	521,914	5,414
Indirect Costs	-	(27,745)	(27,745)	(27,745)	(26,066)	1,679
Total Expenditures	\$ 47,462,127	\$ 48,599,209	\$ 48,651,183	\$ 48,766,147	\$ 49,050,812	\$ 284,665
NET OPERATING SURPLUS/(DEFICIT)	\$ 853,147	\$ 457,953	\$ 454,061	\$ 614,605	\$ 788,940	\$ 174,335
OTHER FINANCING SOURCES/USES:						
Transfers In	750,697	793,321	793,321	793,321	866,143	72,822 ⁷
Transfers Out	-	198,000	198,000	198,000	198,000	-
Increase/(Decrease) Fund Balance	\$ 1,603,844	\$ 1,053,274	\$ 1,049,382	\$ 1,209,926	\$ 1,457,083	\$ 247,157
Projected Ending General Fund Balance	\$ 13,415,223	\$ 13,036,749	\$ 13,032,857	\$ 13,193,401	\$ 13,440,558	\$ 247,157

Unaudited Actuals Footnotes:

¹ Secured Property Tax \$45,964; Other net changes \$3,092

² Carryover/Deferred Revenue (\$60,761); Other net changes (\$6,238)

³ Lottery \$81,820; Special Ed Mental Health funding \$53,522; Other net changes (\$4,485)

⁴ Site Donations & Deposits \$140,555; Interest Income \$87,342; Facility Rentals & Busing \$53,665; Special Ed Interagency Revenue \$37,015; Other net changes \$31,396

⁵ Custodial overtime & substitutes \$82,680; Other net changes \$19,969

⁶ Site Donations & Deposits \$140,555; Special Ed Costs \$114,762; Book Adoptions \$100,000; Technology department carryover (\$113,261); Federal grant carryover (\$60,761); Site carryover (\$23,765); Other net changes \$17,393

⁷ Transfer from Special Reserve Fund, Fund 17

MENLO PARK CITY SCHOOL DISTRICT
 PARCEL TAX REPORT
 2017/18 Unaudited Actuals

	Measure A (2000)	Measure A (2003)	Measure B (2003)	Measure X (2017)	Total Parcel Taxes
Summary	<ul style="list-style-type: none"> • Music, Art & PE • Class Size, Gr 4-8 • Middle School Electives • Technology 	<ul style="list-style-type: none"> • Smaller Class Size 	<ul style="list-style-type: none"> • Remedial Math/Reading • Textbooks & Supplies • Retain Teachers 	<ul style="list-style-type: none"> • Enrollment Growth • Smaller Class Size • Teacher Salaries 	
Expiration Date	n/a	n/a	n/a	6/30/24	
2017/18 CPI Increase	3.8%	3.8%	3.8%	3.8%	
2017/18 Amount per Parcel	<u>\$ 457.82</u>	<u>\$ 134.24</u>	<u>\$ 101.04</u>	<u>\$ 360.00</u>	\$ 1,053.10
Total Parcels					<u>7,861.00</u>
Revenue:					
Total Parcel Tax Revenue	\$3,396,226	\$1,069,730	\$ 973,596	\$2,714,602	\$8,154,153
Less County Fees	<u>(4,780)</u>	<u>(1,402)</u>	<u>(1,055)</u>	<u>(3,759)</u>	<u>(10,995)</u>
Net Revenue Received	<u>\$3,391,446</u>	<u>\$1,068,328</u>	<u>\$ 972,541</u>	<u>\$2,710,843</u>	<u>\$8,143,158</u>
Expenditures:					
Certificated Salaries	20.7 FTE \$2,177,585	7.9 FTE \$ 841,589	5.2 FTE \$ 623,483	20.7 FTE \$2,141,045	\$ 5,783,702
Classified Salaries	6.0 FTE 602,545	-	0.3 FTE 8,818	-	611,363
Employee Benefits	752,491	226,739	160,305	569,798	1,709,333
Books and Supplies	131,473	-	228,284	-	359,757
Services & Other Op Exp	<u>364,105</u>	<u>-</u>	<u>28,048</u>	<u>-</u>	<u>392,153</u>
Total Expenditures	<u>\$4,028,199</u>	<u>\$1,068,328</u>	<u>\$ 1,048,938</u>	<u>\$2,710,843</u>	<u>\$8,856,308</u>
Revenue Less Expenditures	<u>\$ (636,753)</u>	<u>\$ -</u>	<u>\$ (76,397)</u>	<u>\$ -</u>	<u>\$ (713,150)</u>
Ending Balance, Fund 17 (Parcel Tax Balances Only)	<u>\$ 383,063</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,063</u>