



2018/19 Unaudited Actuals

September 12, 2019 Board Meeting



Business Office Memorandum

To: Board of Education

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

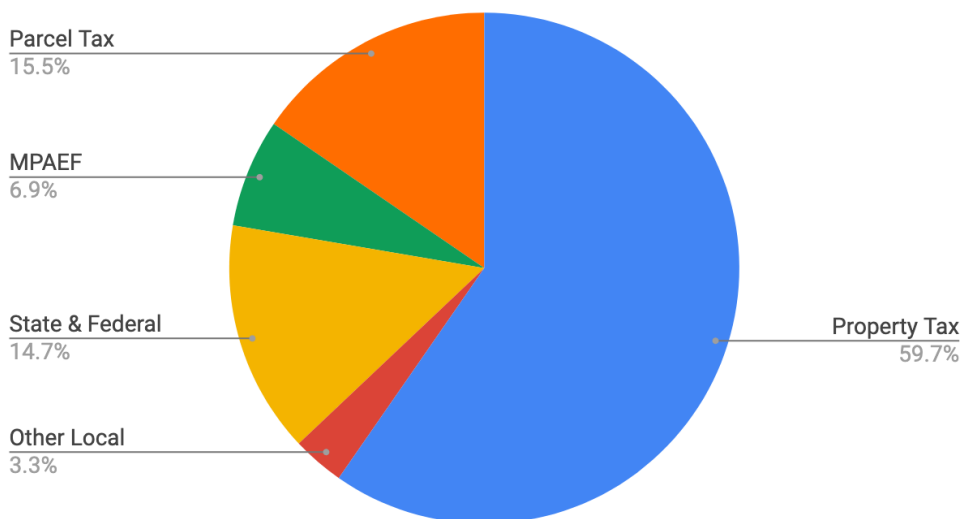
Date: 9/5/2019

Re: 2018/19 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 2018/19 fiscal year. These include all activities since the 2018/19 Estimated Actuals were reported with the 2019/20 Budget at the June 4, 2019, public hearing.

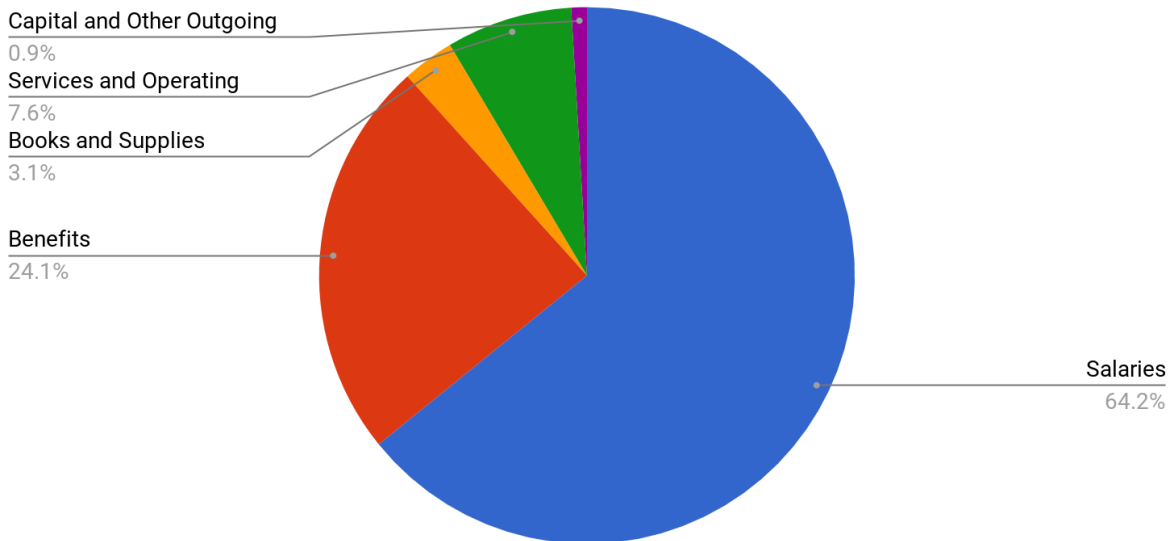
Total revenues for 2018/19 is \$53,975,393 which does not include a transfer out of \$676,500 to the deferred maintenance fund. Total revenues does include approximately \$780,000 from one-time sources of revenue. See attached reports for details.

2018/19 Unaudited Actuals Revenue Sources



Total expenditures for 2018/19 is \$52,291,169 which includes approximately \$696,000 in one time or non-ongoing expenditures.

2018/19 Unaudited Actuals Expenditures



Summary

The net change in the General Fund Balance since Estimated Actuals is an increase of approximately \$495,000, or about 0.95% of total expenditures. This net change resulted from additional revenues in interest, secured property tax, site deposits/donations, lottery and Special Education funding as well as slight increases in expenditures. State STRS paid on behalf of local employees increased both revenue and expense by \$805,335 (net zero sum, or pass-through dollars).

Key findings of the 2018/19 Unaudited Actuals include the following:

- General Fund reserve levels within Board Policy with a Reserve for Economic Uncertainties of 22.85%, or approximately \$12 million (approximately \$495,000 more than Estimated Actuals)
- Secured Property Tax growth of 7.6% or \$2.13 million over prior year (approximately \$115,000 more than Estimated Actuals)
- One-time State funds of approximately \$530,000 for Mandate Reimbursement Backlog (not budgeted for 2019/20)
- Facility cost recovery fees and transportation fees of approximately \$397,000 (combined), essentially no change from prior year even with the loss of the Steve & Kate contract last summer (Steve and Kate returned to Encinal School this summer, 2019)
- Total salaries and benefits increased approximately \$3.2 million over prior year which includes: additional staff of 3.85 FTE (not including 6.5 FTE for the Early Learning Center in Fund 63) , increased salaries for regular step and column

movement, 3.0 % compensation increase, increased pension costs as mandated by the State (+1.85% STRS, +2.53% PERS). The State's on behalf STRS contribution was increased by \$815K over prior year. Note that this adjustment was included in both the revenue and expenditures. When the State's on behalf STRS contributions are removed from both 2017/18 and 2018/19, the total salaries and benefits increase is about \$2.4 million, or a 5.8% growth over the prior year.

- Increase of \$220K in Books & Supplies from prior year, primarily from book adoption
- Decrease of \$135K in Services and Operations from prior year, primarily from decreases in Special Education services
- Ending General Fund balance grew by \$1.81 million over the prior year as a result of net operating surplus in 2018/19 of \$1 million and transfer of funds from Fund 17 (parcel tax balances) and Fund 63 (ELC indirect) of \$804K. This net increase in the ending fund balance will be spent in the coming fiscal years to balance the District's budget and provide fiscal stability for the next four years. Refer to the 2019/20 Adopted Budget to review the multi-year budget and financial stability planning timeline.
- Minor revenue changes from Estimated Actuals includes:
 - \$118.8K in additional interest
 - \$77.3K in additional site deposits/donations
 - \$76.7K in additional lottery
 - \$69.0K in additional SELPA/Special Ed property tax transfer
 - \$65.1K in additional Special Ed interagency service fees
 - \$54.8K in additional Special Ed mental health reimbursements
- Minor expenditure changes from Estimated Actuals includes:
 - \$13K decrease in salary and benefit costs (excluding STRS on Behalf)
 - \$82.5K net increase in books and supplies and services and operating expenditures
 - \$70.4K decrease in other outgo and indirect costs, primarily for OPEB

Other Funds

The balance in Fund 17, Special Reserve, is reduced by approximately \$730.5K from the prior year, primarily to draw down parcel tax balances accumulated in prior years. The balance in the fund as of June 30, 2019, is approximately \$407.8K. Fund 17 parcel tax balances are fully depleted with the 2018/19 fiscal year. The balance of approximately \$407.8K that remains are monies set aside in 2011 to fund Learning Leaders/ Curriculum Coordinators in subsequent years. These funds will be fully expended in 2019/20.

The Cafeteria Fund 13 (Food Service) ended with a small positive balance of \$1,024. The District participates in the National Food Lunch Program which offsets Free and Reduced lunch costs by about \$116.5K per 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 in 2017/18 with one-time monies of \$198K 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 2018/19 was \$45K.

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 \$4 million in combined ending fund balances. These funds are restricted to facility related projects. A major portion of these funds are planned to be expended on deferred maintenance projects in 2019/20.

Next Steps

The 2018/19 changes in ending fund balances will be reflected in the 2019/20 Budget, beginning fund balances, with the First Interim Report (scheduled for the December 12th 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 2019/20 will have been received from the County. The 2018/19 Audit Report is due to the State December 15th and will be presented to the Board by January 2020.

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
2018/19 Unaudited Actuals

	General Fund 01	Cafeteria 13	Deferred Maintenance 14	Special Reserve Other 17	Building Fund 21	Capital Facilities (Dev Fees) 25	School Facilities Fund 35	Special Reserve Capital Outlay 40	Enterprise Fund* (ELC) 63
Beginning Fund Balance	\$ 13,440,558	\$ 19,554	\$ 1,598,517	\$ 1,138,207	\$ 270,241	\$ 587,581	\$ 51,932	\$ 651,915	\$ 138,088
REVENUES:									
LCFF/Property Taxes	\$ 35,004,135	\$ -	\$ 676,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	670,696	110,387	-	-	-	-	-	-	-
Other State	3,801,123	6,080	-	-	-	-	-	-	-
Other Local	13,822,939	385,154	34,378	26,773	5,716	892,225	999	11,002	727,134
Total Revenues	\$ 53,298,893	\$ 501,621	\$ 710,878	\$ 26,773	\$ 5,716	\$ 892,225	\$ 999	\$ 11,002	\$ 727,134
EXPENDITURES:									
Certificated Salaries	\$ 26,286,804	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,973
Classified Salaries	7,266,863	-	-	-	-	-	-	-	139,156
Employee Benefits	12,622,805	-	-	-	-	-	-	-	177,227
Books and Supplies	1,642,809	493,457	-	-	-	31,659	-	1,425	77,140
Services & Other Expenses	3,980,636	6,497	32,456	-	-	32,038	-	2,850	4,289
Capital Outlay & Other Outgo	491,252	20,197	410,325	-	42,105	-	-	228,857	-
Total Expenditures	\$ 52,291,169	\$ 520,151	\$ 442,781	\$ -	\$ 42,105	\$ 63,697	\$ -	\$ 233,132	\$ 773,785
OTHER FINANCING SOURCES:									
Interfund Transfers In	\$ 803,665	\$ -	\$ -	\$ -	\$ 52,772	\$ -	\$ -	\$ -	\$ -
Interfund Transfers Out	-	-	-	757,228	-	-	52,772	-	46,437
TOTAL OTHER SOURCES	\$ 803,665	\$ -	\$ -	\$ (757,228)	\$ 52,772	\$ -	\$ (52,772)	\$ -	\$ (46,437)
Net Incr/(Decr) to Fund Balance	\$ 1,811,389	\$ (18,530)	\$ 268,097	\$ (730,455)	\$ 16,383	\$ 828,528	\$ (51,773)	\$ (222,130)	\$ (93,088)
NET ENDING BALANCE:	\$ 15,251,947	\$ 1,024	\$ 1,866,614	\$ 407,752	\$ 286,624	\$ 1,416,109	\$ 159	\$ 429,785	\$ 45,000

*Enterprise Fund (ELC) beginning fund balance includes \$75,404 in deposits collected in the prior year, which should have been deferred and included in 2018-19 revenue. Enterprise Fund (ELC) expenditures include approximately \$50,000 in start-up costs.

MENLO PARK CITY SCHOOL DISTRICT
GENERAL FUND PROJECTED YEAR TOTALS
2018/19 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	\$ 29,962,532	\$ -	\$ 29,962,532
Other Local Property Tax	2,242,646		2,242,646
State Aid (Minimum State Aid & Tinsley Revenue Transfer)	1,416,080		1,416,080
Education Protection Account (Prop. 30)	575,647		575,647
Special Education/SELPA Property Tax Transfer (Restricted)	1,483,730		1,483,730
Deferred Maintenance Transfer	<u>(676,500) ¹</u>	<u>-</u>	<u>(676,500)</u>
Sub-Total Local Control Funding Formula Sources	\$ 35,004,135	\$ -	\$ 35,004,135
Federal Revenue	670,696		670,696
Other State Revenue (Mandated Costs, Lottery, Other One-Time)	3,801,123 ²	(528,790) ³	3,272,333
Local Revenue - Parcel Taxes	8,342,384 ⁴		8,342,384
Local Revenue - Menlo Park Atherton Education Foundation	3,700,000		3,700,000
Local Revenue - Other (Local Grants, Interest, PTO, Transp., Etc.)	<u>1,780,555</u>	<u>(250,000) ⁵</u>	<u>1,530,555</u>
Total Revenue	<u>\$ 53,298,893</u>	<u>\$ (778,790)</u>	<u>\$ 52,520,103</u>
GENERAL FUND EXPENDITURES:			
Salaries & Benefits			
Certificated Salaries	\$ 26,286,804	\$ (296,999)	\$ 25,989,805
Classified Salaries	7,266,863	(144,426)	7,122,437
Employee Benefits	<u>12,622,805 ⁶</u>	<u>(113,979)</u>	<u>12,508,826</u>
Sub-Total Salaries & Benefits	\$ 46,176,472	\$ (555,404) ⁷	\$ 45,621,068
Books & Supplies	1,642,809	(19,632) ⁸	1,623,177
Services & Operating Expenditures	3,980,636	(64,036) ⁸	3,916,600
Capital Outlay	56,542	(56,542) ⁹	-
Other Outgo - OPEB Contribution	91,837		91,837
Other Outgo - Special Ed Tuition to Other Public Agencies	363,070		363,070
Indirect Costs - Transfer from Cafeteria Fund (Fund 13)	<u>(20,197)</u>	<u>-</u>	<u>(20,197)</u>
Total Expenditures	<u>\$ 52,291,169</u>	<u>\$ (695,614)</u>	<u>\$ 51,595,555</u>
NET OPERATING SURPLUS/(DEFICIT) - Revenue Less Expenditures	<u>\$ 1,007,724</u>	<u>\$ (83,176)</u>	<u>\$ 924,548</u>

One-Time Adjustments/Notes:

¹ 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.

² Includes \$2,294,594 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.

³ One-time Mandate/discretionary funding (\$528,790)

⁴ Prior to the 2014/15 First Interim Budget Report, Parcel Tax revenue was reported in Fund 17.

⁵ 3rd of 5 year Eustace-Kwan grant (\$250,000)

⁶ Includes \$2,294,594 State STRS On Behalf (see footnote #2 above)

⁷ Technology & Innovation Coordinator (\$138,120); Technology Teacher on Special Assignment (\$73,932); 3rd of 5 years Family Engagement Liaison (\$103,870); Other Kwan grant salaries & benefits (\$79,140); Spanish Immersion Coach (\$42,982); Special Education Coach/Teacher (\$69,379); Wellness Coordinator (\$12,871); Business Office Substitutes (\$35,110)

⁸ Prop. 39, Clean Energy, expense (\$52,778); Remaining Kwan expenditures (\$60,890); Election Costs \$30,000

⁹ New van

MENLO PARK CITY SCHOOL DISTRICT
GENERAL FUND VARIANCE SUMMARY
2018/19 Unaudited Actuals

	2018-19 Adopted	2018-19 First Interim	2018-19 Second Interim	2018-19 Est. Actuals	2018-19 Actuals	Incr/(Decr) Actuals
Beginning General Fund Balance	\$ 13,193,402	\$ 13,440,558	\$ 13,440,558	\$ 13,440,558	\$ 13,440,558	\$ -
REVENUES:						
LCFF Sources (Property Tax & State Aid)	\$ 34,522,827	\$ 34,920,552	\$ 34,840,225	\$ 34,840,314	\$ 35,004,135	\$ 163,821 ¹
Federal Revenue	673,565	734,325	734,325	734,325	670,696	(63,629) ²
Other State Revenue	2,509,719	2,511,619	2,696,609	2,860,049	3,801,123	941,074 ³
Menlo Park Atherton Education Foundation	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	-
Parcel Tax Revenue	8,404,654	8,404,654	8,404,654	8,351,124	8,342,384	(8,740)
Other Local Revenue	1,422,226	1,422,226	1,512,226	1,436,019	1,780,555	344,536 ⁴
Total Revenue	\$ 51,232,991	\$ 51,693,376	\$ 51,888,039	\$ 51,921,831	\$ 53,298,893	\$ 1,377,062
EXPENDITURES:						
Certificated Salaries	\$ 26,329,313	\$ 26,312,458	\$ 26,376,498	\$ 26,288,380	\$ 26,286,804	\$ (1,576)
Classified Salaries	7,308,854	7,298,807	7,204,209	7,233,068	7,266,863	33,795
Employee Benefits	12,060,568	11,804,300	11,882,218	11,862,900	12,622,805	759,905 ⁵
Books and Supplies	1,274,481	1,544,860	1,544,860	1,501,523	1,642,809	141,286 ⁶
Services and Operating Expenditures	4,001,428	4,089,653	4,039,653	4,039,338	3,980,636	(58,702) ⁶
Capital Outlay	55,000	55,000	55,000	56,542	56,542	-
Other Outgo	526,500	526,500	526,500	526,500	454,907	(71,593) ⁷
Indirect Costs	(21,391)	(21,391)	(21,391)	(21,391)	(20,197)	1,194
Total Expenditures	\$ 51,534,753	\$ 51,610,187	\$ 51,607,547	\$ 51,486,860	\$ 52,291,169	\$ 804,309
NET OPERATING SURPLUS/(DEFICIT)	\$ (301,762)	\$ 83,189	\$ 280,492	\$ 434,971	\$ 1,007,724	\$ 572,753
OTHER FINANCING SOURCES/USES:						
Transfers In	678,497	865,447	865,447	881,027	803,665	(77,362) ⁸
Transfers Out	-	-	-	-	-	-
Increase/(Decrease) Fund Balance	\$ 376,735	\$ 948,636	\$ 1,145,939	\$ 1,315,998	\$ 1,811,389	\$ 495,391
Projected Ending General Fund Balance	\$ 13,570,137	\$ 14,389,194	\$ 14,586,497	\$ 14,756,556	\$ 15,251,947	\$ 495,391

Unaudited Actuals Footnotes:

¹ State aide (\$22,738); Secured Property Tax \$114,988; SELPA Property Tax Transfer \$69,051

² Carryover/Deferred Revenue (\$62,841)

³ State STRS Paid on Behalf of Local Employees \$805,335; Lottery \$76,741; SELPA Mental Health Reimbursement \$54,771

⁴ Sale of bus postponed (\$40,000); Facility Cost Recovery Fees \$53,462; Interest \$118,846; Special Ed Interagency Service Fees \$65,111; Transportation Fees \$47,415; Site Deposits/Donations \$77,326; Hillview Summer Drama Program \$24,086

⁵ State STRS Paid on Behalf of Local Employees \$805,335

⁶ Book adoption \$300,000; Reduce Routine Restricted Maintenance balance \$107,938; Site Carryover (\$70,154); Technology Carryover (\$125,000); Federal Grants Carryover (\$62,841); Other miscellaneous savings, primarily Special Ed

⁷ OPEB Contribution (\$95,163)

⁸ Transfer from Fund 17 (\$78,089)

MENLO PARK CITY SCHOOL DISTRICT
 PARCEL TAX REPORT
 2018/19 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	6/30/2024	
2018/19 CPI Increase	3.2%	3.2%	3.2%	3.2%	
2018/19 Amount per Parcel	<u>\$ 472.48</u>	<u>\$ 138.54</u>	<u>\$ 104.28</u>	<u>\$ 371.52</u>	\$ 1,086.82
Total Parcels					<u>7,686.00</u>
Revenue:					
Total Parcel Tax Revenue	\$3,631,481	\$1,064,818	\$ 801,496	\$2,855,503	\$8,353,298
Less County Fees	<u>(4,745)</u>	<u>(1,391)</u>	<u>(1,047)</u>	<u>(3,731)</u>	<u>(10,914)</u>
Net Revenue Received	<u>\$3,626,736</u>	<u>\$1,063,427</u>	<u>\$ 800,449</u>	<u>\$2,851,772</u>	<u>\$8,342,384</u>
Expenditures:					
Certificated Salaries	20.7 FTE \$2,175,588	7.9 FTE \$ 858,532	5.2 FTE \$ 640,867	20.7 FTE \$2,234,352	\$5,909,339
Classified Salaries	6.0 FTE 631,551	-	0.5 FTE 25,515	-	657,066
Employee Benefits	814,845	242,733	183,310	633,464	1,874,352
Books and Supplies	329,080	-	31,968	-	361,048
Services & Other Op Exp	<u>216,137</u>	<u>-</u>	<u>11,522</u>	<u>-</u>	<u>227,659</u>
Total Expenditures	<u>\$4,167,201</u>	<u>\$1,101,265</u>	<u>\$ 893,182</u>	<u>\$2,867,816</u>	<u>\$9,029,464</u>
Revenue Less Expenditures	<u>\$ (540,465)</u>	<u>\$ (37,838)</u>	<u>\$ (92,733)</u>	<u>\$ (16,044)</u>	<u>\$ (687,080)</u>
Ending Balance, Fund 17 (Parcel Tax Balances Only)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>