



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2017-18 Second Interim Report

Melody Canady, Asst. Supt., Business & Fiscal Services
Gerardo Cruz, Director of Fiscal Services

March 15, 2018 Board Meeting
Agenda Item IX.C



SMMUSD 2nd Interim Report

- Shows the District's financial position as of January 31, 2018
- Displays the First Interim, Current Actuals, and Projected Totals for each District fund
- Includes an analysis of standards for financial reporting set by the State
- Projects General Fund activity for the current and next two fiscal years
- Certifies one of three conditions: positive, negative or qualified

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
2017-18 SECOND INTERIM REPORT
AS OF 1/31/18
GENERAL FUND (01)



	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	156,157,831	86,636,566	162,036,704	5,878,873
EXPENDITURES	158,279,138	71,870,711	163,331,735	5,052,597
EXCESS OR (DEFICIENCY)	(4,425,302)	13,165,854	(1,295,031)	3,130,271
BEGINNING BALANCE	31,220,582		31,220,582	0
PROJECTED ENDING BALANCE	26,795,280		29,925,551	3,130,271

SMMUSD 2017-18 Second Interim

Unrestricted General Fund Major Changes as Approved by Board February 15, 2018

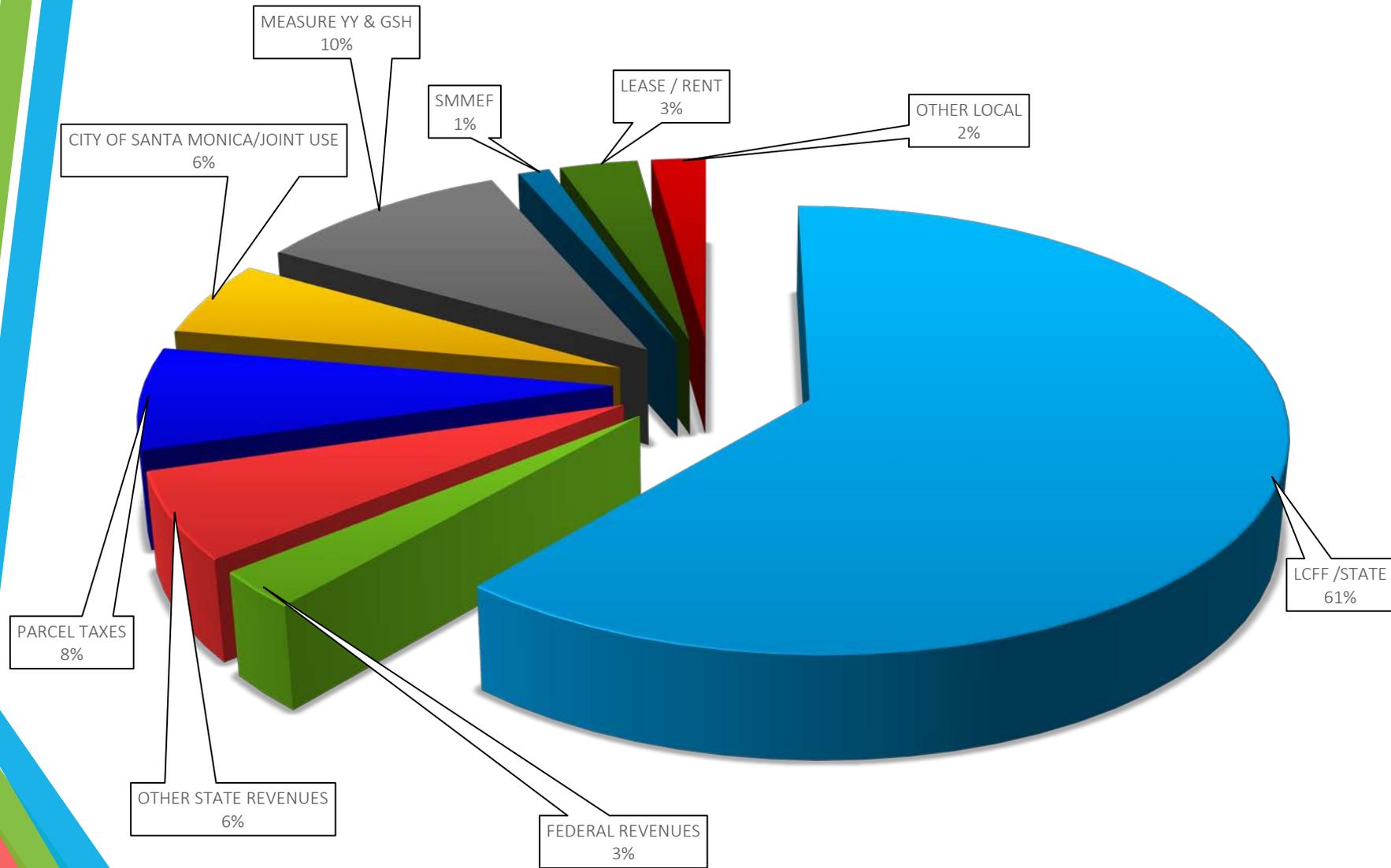
	FIRST INTERIM	SECOND INTERIM							
Revenues	10/31/2017	1/31/2018	Changes						
Beginning Fund Balance	26,917,922	26,917,922							
LCFF Revenue	94,312,253	99,312,253	5,000,000						
Federal Revenue	30,963	88,633	57,670						
State Revenue	3,563,587	3,563,587	0						
Local Revenue	43,703,144	43,753,144	50,000						
Local General Fund Contributions	(28,235,112)	(29,209,157)	(917,544)						
Total Revenue	113,374,835	117,508,460	4,133,625						
Expenditures									
Certificated Salaries	53,350,947	53,286,353	(64,594)						
Classified Salaries	18,757,612	19,306,270	548,658						
Employee Benefits	28,067,162	28,060,026	(7,136)						
Books and Supplies	3,076,659	3,104,945	28,286						
Services and Other Operating Cost	10,041,671	10,031,687	(9,984)						
Capital Outlay	947,881	1,452,585	504,704						
Other Outgo	120,000	120,000	-						
Indirect Costs	(1,138,016)	(1,140,910)	(2,894)						
Debt Services	98,000	53,389	(44,611)						
Transfer Out/Fund 12, 13	2,303,995	2,290,830	(13,165)						
Total Expenditures	115,625,911	116,565,175	939,264						
<i>Increase/(Decrease) Fund Balance</i>	<i>(2,251,076)</i>	<i>943,285</i>	<i>3,194,361</i>						
Projected Fund Balance	24,666,846	27,861,207							
Major Changes									
Revenues:									
\$ 5,000,000	Increase in RDA funds related to asset sales								
\$ 57,670	Increase in Medii-CalMAA Reimbursement								
\$ 50,000	Increase due to Transportation CNG Bus Grant								
\$ (974,045)	Increase of General Fund Contribution to Special Education								
Expenditures:									
\$ (64,594)	Decrease in Certificated Salaries								
\$ 548,658	Increase in Salary due to One-Time off schedule payment per SEIU negotiated agreement								
\$ (7,136)	Decrease in Employee Benefits								
\$ 28,286	Increase in Books & Supplies								
\$ (9,984)	Decrease in Services & Other Operating Costs								
\$ 504,704	Increase due to Replacement of Bus #5 & #6 as well as other equipment								
\$ (2,894)	Increase in Indirect Charge to Categorical Programs								
\$ (44,611)	Decrease in Debt Services								
\$ (13,165)	Decrease in Transfers to Child Development Services								

SMMUSD 2017-18 Second Interim

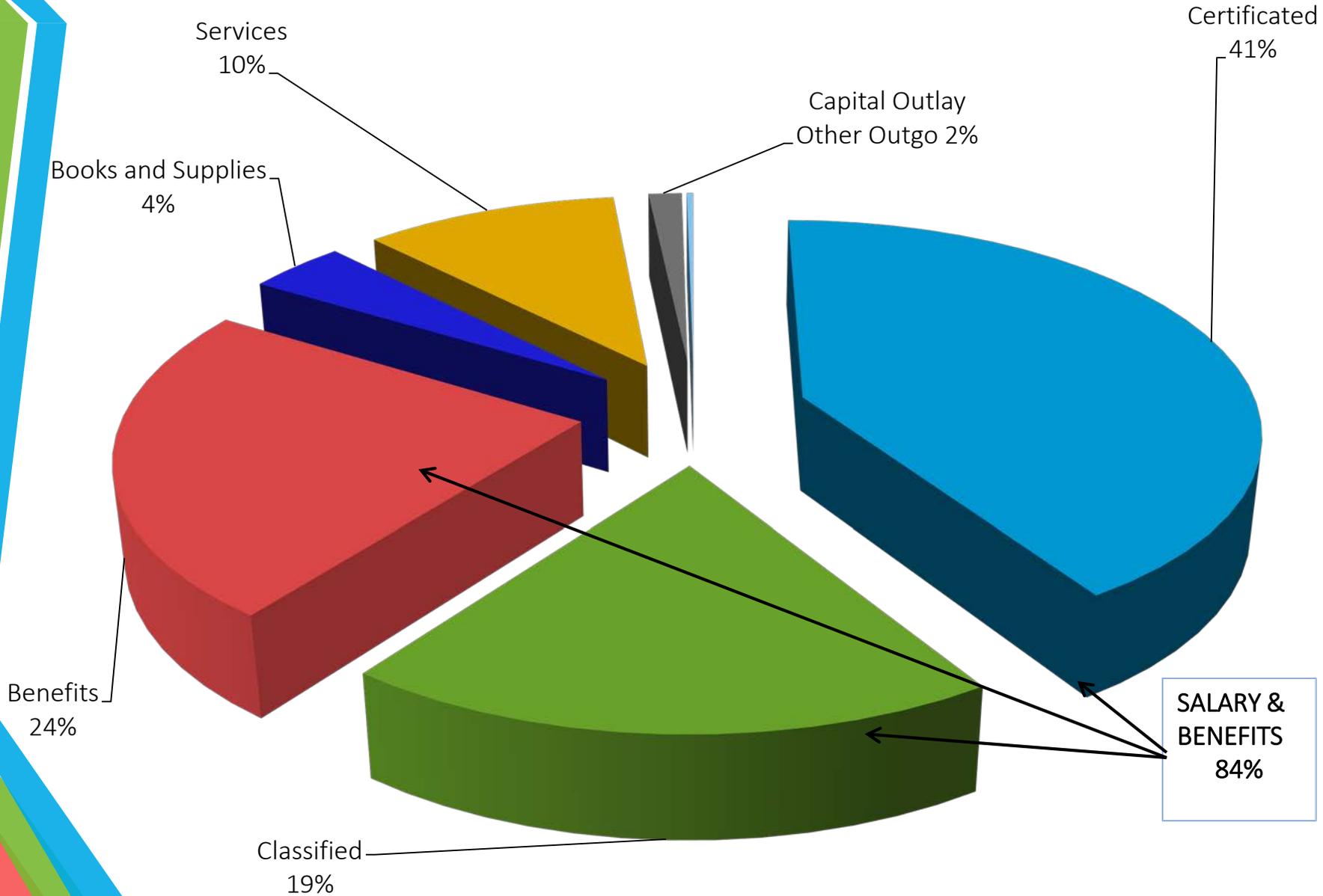
Restricted General Fund Major Changes as Approved by Board February 15, 2018

Restricted General Fund	FIRST INTERIM	SECOND INTERIM					
<u>Revenues</u>	10/31/2017	1/31/2018	Changes				
Beginning Fund Balance	4,302,660	4,302,660					
Federal Revenue	4,256,390	4,337,641	81,251				
State Revenue	1,208,630	1,208,630	0				
Local Revenue	9,082,864	9,772,816	689,952				
Local General Fund Contributions	28,235,112	29,209,157	974,045				
Total Revenue	42,782,996	44,528,244	1,745,248				
<u>Expenditures</u>							
Certificated Salaries	13,090,059	13,112,226	22,167				
Classified Salaries	11,254,994	11,772,131	517,137				
Employee Benefits	10,068,846	9,996,543	(72,303)				
Books and Supplies	3,061,894	3,424,152	362,258				
Services and Other Operating Costs	6,324,835	7,133,556	808,721				
Capital Outlay	625,843	793,551	167,708				
Indirect Costs	530,751	534,401	3,650				
Total Expenditures	44,957,222	46,766,560	1,809,338				
Increase/(Decrease) Fund Balance	(2,174,226)	(2,238,316)	(64,090)				
Projected Fund Balance	2,128,434	2,064,344					
Major Changes							
Revenues:							
\$	81,251	Increase in Federal Programs					
\$	689,952	Increase in Facility Use Permits, PTA , Booster Club & Gifts					
		\$	230,608				
		\$	287,950				
		\$	143,858				
		\$	27,536				
\$	974,045	Increases in General Fund Contribution to Special Education					
Expenditures:							
Expenditure increases reflect the new funding/carryover from various categorical programs							
\$	22,167	Increase in Certificated Salaries					
\$	517,137	Increase in Salary due to One-Time off schedule payment per SEIU agreement					
\$	(72,303)	Decrease in Employee Benefits					
\$	362,258	Increase in Books and Supplies					
\$	808,721	Increase in Services and Other Operating Costs					
			\$530,000	in NPS & NPA Services			
			\$100,000	in Special Ed Non Instructional Contract			
\$	167,708	Increase in Equipment					
			\$80,000	Grant Playground Project Paid by PTA			
			\$46,008	Malibu Football/Softball Scoreboard Paid by Gift Account			
			\$25,000	Computer Technology			
\$	3,650	Increase in indirect costs from various programs					

2017-18 GENERAL FUND (01) REVENUE



2017-18 GENERAL FUND (01) EXPENDITURES



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
2017-18 SECOND INTERIM REPORT
AS OF 1/31/18

GENERAL FUND (01) Ending Fund Balance Components

Fund 01: Unrestricted General Fund	
Unrestricted General Fund Balance	\$ 27,861,207
Total Assigned and Unassigned Fund Balance	27,861,207
Less: Reserve for Economic Uncertainties	4,899,952
Fund Balance that Requires Explanation	22,961,255
Reasons for Assigned and Unassigned Ending Fun Balances	
*Above the State Recommended Minimum Level	
	22,961,255
Reserve for Revolving Cash, Store & Prepaid	(141,783)
Reserve for 18-19 & 19-20 Deficit Spending	(10,486,110)
^Reserve for up to 2 months General Fund Expenditures	(12,333,362)
Unappropriated Balance	0

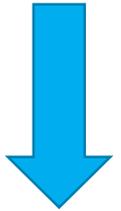
*current reserve is at 16.97%

^A 2-month reserve would be approximately \$26.8M



Other Funds

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
 2017-18 SECOND INTERIM REPORT
 AS OF 1/31/18
 ADULT EDUCATION (11)**



	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	766,770	353,429	758,113	(8,657)
EXPENDITURES	857,817	386,914	849,160	(8,657)
EXCESS OR (DEFICIENCY)	(91,047)	(33,484)	(91,047)	0
BEGINNING BALANCE	664,376		664,376	0
PROJECTED ENDING BALANCE	573,329		573,329	0

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
 2017-18 SECOND INTERIM REPORT
 AS OF 1/31/18
 CHILD DEVELOPMENT FUND (12)**



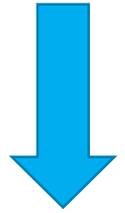
	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	8,283,404	4,953,018	8,278,404	(5,000)
EXPENDITURES	9,363,018	3,956,033	9,344,853	(18,165)
EXCESS OR (DEFICIENCY)	(375,619)	996,984	(375,619)	0
BEGINNING BALANCE	400,598		400,598	0
PROJECTED ENDING BALANCE	24,979		24,979	0

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
 2017-18 SECOND INTERIM REPORT
 AS OF 1/31/18
 CAFETERIA FUND (13)**



	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	2,552,400	987,590	2,552,400	0
EXPENDITURES	3,412,902	1,399,212	3,444,800	31,892
EXCESS OR (DEFICIENCY)	39,498	488,377	7,600	(31,898)
BEGINNING BALANCE	112,629		112,629	0
PROJECTED ENDING BALANCE	152,127		120,229	(31,898)

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
 2017-18 SECOND INTERIM REPORT
 AS OF 1/31/18
 DEFERRED MAINTENANCE (14)**



	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	952,000	252,057	952,000	0
EXPENDITURES	1,200,000	574,149	1,619,808	419,808
EXCESS OR (DEFICIENCY)	(248,000)	377,908	(667,808)	(419,808)
BEGINNING BALANCE	667,808		667,808	0
PROJECTED ENDING BALANCE	419,808		0	(419,808)

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
2017-18 SECOND INTERIM REPORT
AS OF 1/31/18
BUILDING FUND (21)**



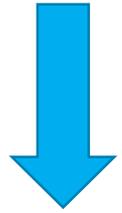
	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	775,000	763,040	775,000	0
EXPENDITURES	73,794,922	32,372,221	86,115,742	12,320,820
EXCESS OR (DEFICIENCY)	(73,019,922)	(31,609,181)	(85,340,742)	(12,320,820)
BEGINNING BALANCE	119,317,497		119,317,497	0
PROJECTED ENDING BALANCE	44,896,978		32,576,158	(12,320,820)

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
 2017-18 SECOND INTERIM REPORT
 AS OF 1/31/18
 CAPITAL FACILITIES FUND - DEVELOPER FEES (25)**



	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	803,000	411,627	803,000	0
EXPENDITURES	803,000	84,875	803,000	0
EXCESS OR (DEFICIENCY)	0	326,751	0	0
BEGINNING BALANCE	2,257,734		2,257,734	0
PROJECTED ENDING BALANCE	2,257,734		2,257,734	0

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
 2017-18 SECOND INTERIM REPORT
 AS OF 1/31/18
 SPECIAL RESERVE - CAPITAL OUTLAY (40)**

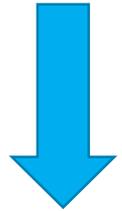


	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	8,513,033	5,342,143	9,063,625	550,592
EXPENDITURES	9,938,194	5,288,551	10,549,576	611,382
EXCESS OR (DEFICIENCY)	(1,425,161)	53,591	(1,485,951)	(60,790)
BEGINNING BALANCE	9,859,832		9,859,832	0
PROJECTED ENDING BALANCE	8,434,671		8,373,881	(60,790)

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
2017-18 SECOND INTERIM REPORT**

AS OF 1/31/18

BOND INTEREST AND REDEMPTION (51)



	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	35,418,972	0	35,418,972	0
EXPENDITURES	40,592,764	0	40,592,764	0
EXCESS OR (DEFICIENCY)	(5,173,792)	0	(5,173,792)	0
BEGINNING BALANCE	40,102,927		40,102,927	0
PROJECTED ENDING BALANCE	34,929,135		34,929,135	0

**SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
 2017-18 SECOND INTERIM REPORT
 AS OF 1/31/18
 RETIREE HEALTH BENEFIT FUND (71)**



	1ST INTERIM	ACTUALS AS OF 1/31/18	2017-18 ESTIMATED ACTUALS	DIFF
REVENUE	1,330,000	6,885	1,330,000	0
EXPENDITURES	1,300,000	769,315	1,300,000	0
EXCESS OR (DEFICIENCY)	30,000	(762,430)	30,000	0
BEGINNING BALANCE	6,389,644		6,389,644	0
PROJECTED ENDING BALANCE	6,419,644		6,419,644	0

Multi-year Projection Reflects:

- The District's financial position over the current and next two fiscal years.
- State revenue Cost of Living (COLA) increases over the next three years
 - *1.56% (2017-18)*
 - *2.51% (2018-19)*
 - *2.41% (2019-20)*
- LCFF Gap Funding increasing
 - *43.19% (2017-18)*
 - *100.00% (2018-19)*
 - *100.00% (2019-20).*
- Student enrollment stable at 10,822 each year.
- Local revenue from parcel taxes, Prop Y & GSH and the City of Santa Monica contribution projections
 - \$37.5 million in 2017-18
 - \$38.2 million in 2018-19
 - \$39 million in 2019-20.



Multi-year Projection continued:

- Does not include potential salary schedules changes; as a result of negotiations with SMMCTA.
- Includes employee health and welfare increases of 7.0% and Step and Column salary increase, increases of 1.50% each year.
- Includes the Reserve for Economic Uncertainties remains at 3.0%.
- Includes reserves for future deficit spending, projected and property tax increases.
- Includes the historical standard reserve of up to 2 months of General Fund Expenditures, which equates to \$26.8 M. This current reserve level is at \$12.3 M.

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION

1/31/2018

Description	2017-18 SECOND INTERIM BUDGET	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET
Revenue:			
Property Tax	88,997,852	87,447,745	91,070,132
Education Protection Account (EPA)	2,130,414	2,000,000	2,000,000
LCFF Transfer to Fund Fund 14	(250,000)	-	-
Pr. Year LCFF Adjustment	(151,856)	-	-
Minimum State Aid	8,585,843	8,585,843	8,585,843
<i>Subtotal LCFF Funding</i>	99,312,253	98,033,588	101,655,975
Other Federal	88,633	13,000	13,000
Lottery	1,600,000	1,600,000	1,600,000
Mandated Reimbursement Block Grant	1,952,487	380,000	380,000
One-time State Discretionary Funds	-	3,000,000	-
Other State Revenue	11,100	11,100	11,100
Meas. "R"	12,146,042	12,205,124	12,449,227
Meas. Y & GSH / City of SM	16,400,000	16,800,000	17,200,000
Joint Use Agreement/ City of SM	9,000,000	9,200,000	9,400,000
SMMEF Donation	2,010,102	2,000,000	2,000,000
All Other Local Income	4,197,000	3,540,000	3,550,000
Local General Fund Contribution	(29,540,825)	(30,131,642)	(30,734,274)
Transfer From Restricted General Fund	331,668	-	-
TOTAL REVENUE	117,508,460	116,651,170	117,525,028



Expenditure:	2017-18	2018-19	2019-20
Certificated Salary	53,286,353	54,085,648	54,896,933
Classified	19,306,270	19,096,896	19,383,349
Benefits	28,060,026	30,595,308	33,235,376
<i>STRS</i>	7,622,902	8,805,144	9,952,814
<i>PERS</i>	2,775,157	3,214,581	3,749,515
<i>SOCIAL SECURITY & MEDICARE</i>	2,300,379	2,245,154	2,278,832
<i>HEALTH AND WELFARE</i>	11,412,222	12,365,790	13,231,395
<i>SUI</i>	39,392	41,591	42,140
<i>WORKERS COMP</i>	2,902,502	2,927,302	2,971,211
<i>OPEB</i>	907,121	914,782	928,504
<i>CASH IN -LIEU</i>	100,351	80,965	80,965
Supplies/Books	3,104,945	3,000,000	3,000,000
Other Operational Costs	10,031,687	9,800,000	9,800,000
Capital Outlay	1,452,585	100,000	200,000
Transfer to County Specialized School	120,000	120,000	120,000
Debt Services	53,389	28,798	-
Indirect	(1,140,910)	(1,000,000)	(1,000,000)
GSH Technology Plan/Technology Refresh	-	2,000,000	1,000,000
Interfund Transfer Out to Fund 12 - Child Development	690,830	700,000	700,000
Interfund Transfer Out to Fund 13 - Food Services	900,000	900,000	900,000
Interfund Transfer Out to Fund 14 - Deferred Maintenance	700,000	1,500,000	1,500,000
TOTAL EXPENDITURE	116,565,175	120,926,650	123,735,658



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
2017-18 SECOND INTERIM REPORT
Multi-Year Projection Components of Ending Fund Balance

	2017-18	2018-19	2019-20
Increase (Decrease) Fund Balance	943,285	(4,275,480)	(6,210,630)
Beginning Fund Balance	26,917,922	27,861,207	23,585,727
Ending Fund Balance	27,861,207	23,585,727	17,375,096
Reserve - Revolving cash, Store	141,783	141,783	141,783
Reserve - Deficiting Spending in 18-19	4,275,480	-	-
Reserve - Deficiting Spending in 19-20	6,210,630	6,210,630	-
3% Contingency Reserve	4,899,952	4,874,578	5,023,926
Reserve up to 2-months of Expenditures	12,333,362	12,358,735	12,209,387
Unappropriated Balance	-	-	-



2016-17

Statewide Average Reserves

2016-17 Average Unrestricted General Fund, Plus Fund 17; Ending Balances as a Percentage of Total General Fund Expenditures, Transfers, and Other Uses		Change From Prior Year*
Elementary School Districts	21.07%	(0.46%)
High School Districts	17.25%	0.06%
Unified School Districts	16.64%	0.19%
^ SMMUSD Reserve (as of 2017-18 Second Interim)	16.97%	1.70%

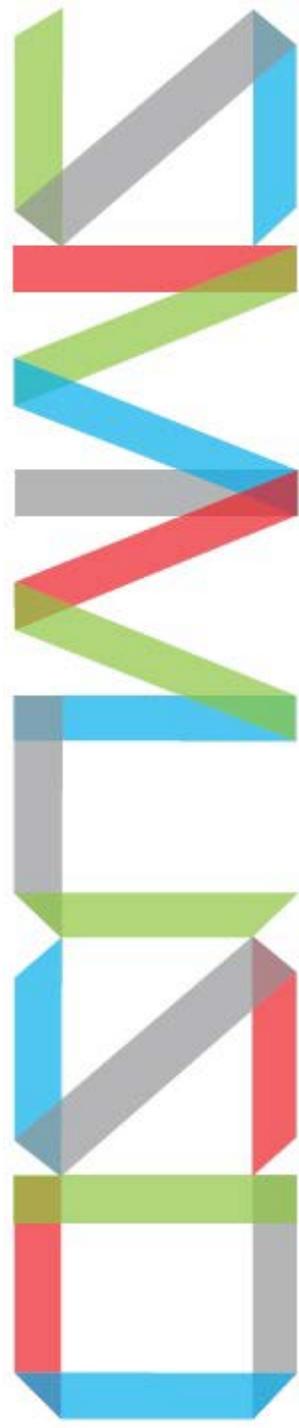
^ Onetime funds of \$5 M RDA asset sales

^ Lower expenditure between Nov 1 thru Jan 31

Source: Statewide certified data

*Increase relative to the reserve levels of 2016-17





Positive Certification of 2nd Interim Report

- The District is submitting the 2nd Interim Report with a positive certification.
- The District will be able to meet its obligation in the current and next two fiscal years.