

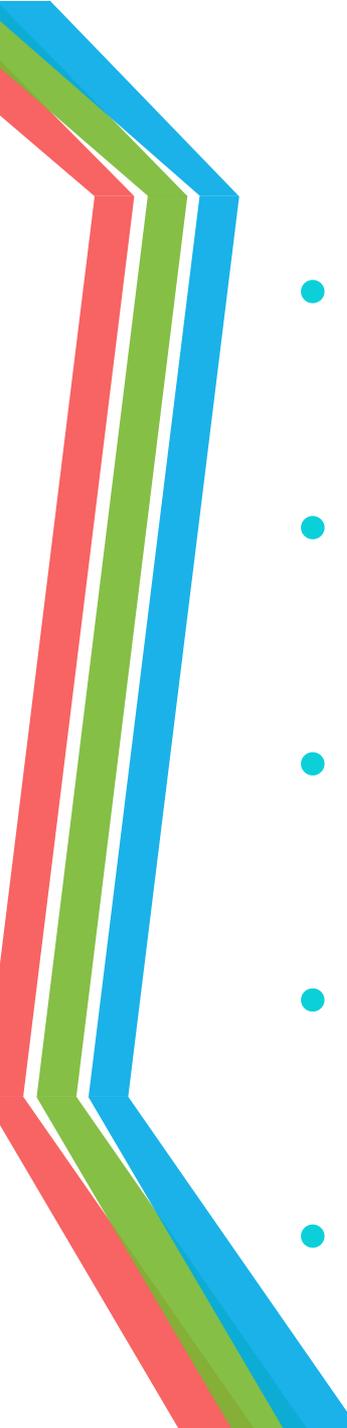


SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2018-19 First Interim Report

Melody Canady
Assistant Superintendent,
Business and Fiscal Services

December 13, 2018 Board Meeting
Agenda Item XI.F



SMMUSD 1st Interim Report

- Shows the District's financial position as of October 31, 2018
- Displays the Adopted Budget and the First Interim Budget with the change between the two periods
- Includes an analysis of standards and assumptions for financial reporting set by the State
- Analyzes the impact on the Multi-Year Projections of the General Fund for the current and next two fiscal years
- Certifies one of three conditions:
 - ✓ Positive, Negative or Qualified

2018-19 First Interim Budget Report

FUND 01: UNRESTRICTED GENERAL FUND

Object	Description	Adopted Budget 7/1/2018	First Interim Budget 10/31/2018	Changes
	Beginning Fund Balance	34,886,030	34,886,030	
8011-8099	LCFF Revenue	101,613,847	101,575,847	(38,000)
8100-8299	Federal Revenue	13,000	286,703	273,703
8300-8590	State Revenue	5,568,620	3,917,259	(1,651,361)
8600-8799	Local Revenue	42,534,709	42,568,373	33,664
8980-8999	Local General Fund Contributions	(28,360,769)	(28,306,108)	54,661
	Total Revenue	121,369,407	120,042,074	(1,327,333)
1000-1999	Certificated Salaries	53,401,444	54,313,871	912,427
2000-2999	Classified Salaries	19,358,053	19,244,565	(113,488)
3000-3999	Employee Benefits	30,310,692	30,383,028	72,336
4000-4999	Books and Supplies	6,216,548	5,573,327	(643,221)
5000-5999	Services and Other Operating Costs	10,854,995	11,475,314	620,319
6000-6999	Capital Outlay	69,060	76,362	7,302
7100-7299	Other Outgo	148,800	148,800	-
7300-7399	Indirect Costs	(990,940)	(1,022,123)	(31,183)
7400-7499	Debt Services	-	-	
7600-7629	Transfer Out/ Fund 12, 13, 14	3,300,000	2,400,000	(900,000)
	Total Expenditures	122,668,652	122,593,144	(75,508)
	Increase /(Decrease) Fund Balance	(1,299,245)	(2,551,070)	(1,251,825)
	Projected Fund Balance	33,586,785	32,334,960	(1,251,825)



2018-19 First Interim Budget Report

Major Changes

Revenues:

- \$ (1,618,288) Decrease in One-time Mandated funds from \$344/ADA to \$184/ADA
- \$ 5,387 Increase in State Mandated Block Grant from \$31.10/ADA to \$31.16/ADA and from \$59.71/ADA to \$59.83/ADA for K-8 and 9-12 respectively

Expenditures:

- \$ 912,427 Increase Certificated Salaries
 - \$14K - Fill Independent Study Vacancy*
 - \$176K - 2.06 FTE teaching positions (literacy coaches)*
 - \$52K - 1.00 FTE seaside preschool teaching position*
 - \$100K - Project Based Learning teacher hourly*
 - \$100K - Project Based Learning teacher substitutes*
 - \$65K - GSH Education Technology teacher hourly*
 - \$16K - GSH Education Technology teacher substitutes*
 - \$106K - 6th Period Instruction Coverage at JAMS*
 - \$136K - 6th Period Instruction Coverage at Lincoln*
 - \$40K - 6th Period Instruction Coverage at Santa Monigh High*
 - \$13K - 6th Period Instruction Coverage at Malibu High*
- \$ (113,448) Decrease in Classified Salaries by 2.125 FTEs classified positions
- \$ 72,336 Increase in Benefits / (+\$131,456 in H/W benefits & -\$203,792)
- \$ (643,221) Decrease in Books & Supplies due to being moved to Certificated Salaries
- \$ 620,319 Increase in Services & Operating Costs (legal costs, independent contractors, conf/travel)
- \$ (31,183) Increase in Indirect Charge to Categorical Programs

2018-19 First Interim Budget Report

FUND 01: RESTRICTED GENERAL FUND

Object	Description	Adopted Budget 7/1/18	First Interim Budget 10/31/2018	Changes
	Beginning Fund Balance	3,912,282	3,912,282	
8100-8299	Federal Revenue	3,936,238	4,322,261	386,023
8300-8590	State Revenue	925,133	1,091,748	166,615
8600-8799	Local Revenue	8,042,244	9,524,268	1,482,024
8980-8999	Local General Fund Contributions	28,360,769	28,306,108	(54,661)
	Total Revenue	41,264,384	43,244,385	1,980,001
1000-1999	Certificated Salaries	12,807,808	12,755,592	(52,216)
2000-2999	Classified Salaries	11,308,663	11,546,479	237,816
3000-3999	Employee Benefits	10,430,124	10,524,904	94,780
4000-4999	Books and Supplies	1,433,766	3,192,923	1,759,157
5000-5999	Services and Other Operating Costs	4,481,727	5,323,736	842,009
6000-6999	Capital Outlay	23,100	58,100	35,000
7300-7399	Indirect Costs	443,002	477,169	34,167
	Total Expenditures	40,928,190	43,878,903	2,950,713
	Increase /(Decrease) Fund Balance	336,194	(634,518)	(970,712)
	Projected Fund Balance	4,248,476	3,277,764	(970,712)



2018-19 First Interim Budget Report

Major Changes

Revenues:

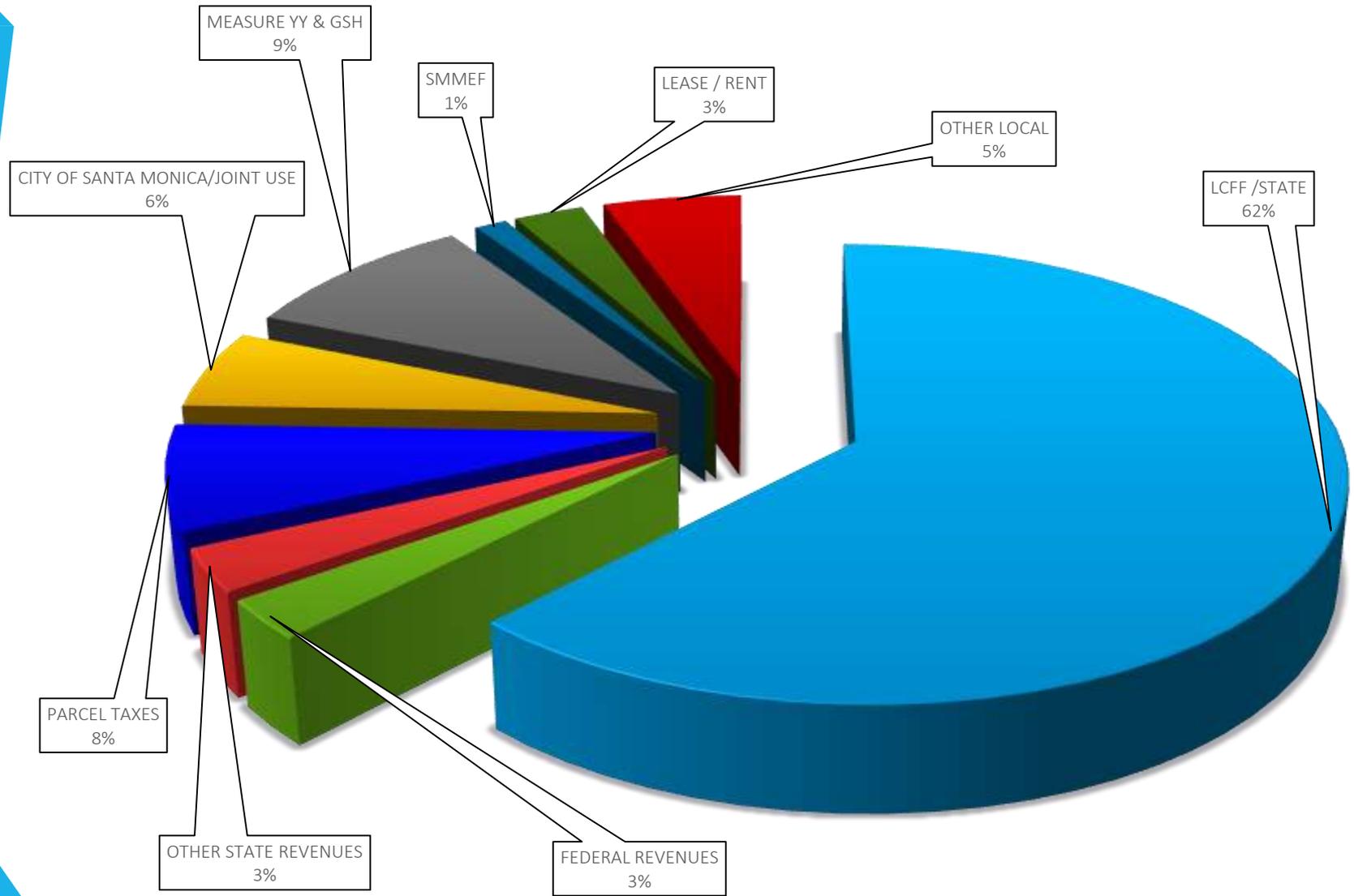
- \$ 366,023 2016-17 Carryover from Title I, II and III federal programs
- \$ 20,000 Increase in MEDI-CAL Reimbursement
- \$ 166,615 Increase in Career Technical Education Incentive Grant (CTEIG)
- \$ 216,153 Increase in SMMEF programs (Dream Wind, Bergmann Grant, & Teacher Grant)
- \$ 1,265,871 Increase in PTA , Booster Club & Gifts
- \$ (54,661) Decrease in General Fund Contribution to Special Education

Expenditures:

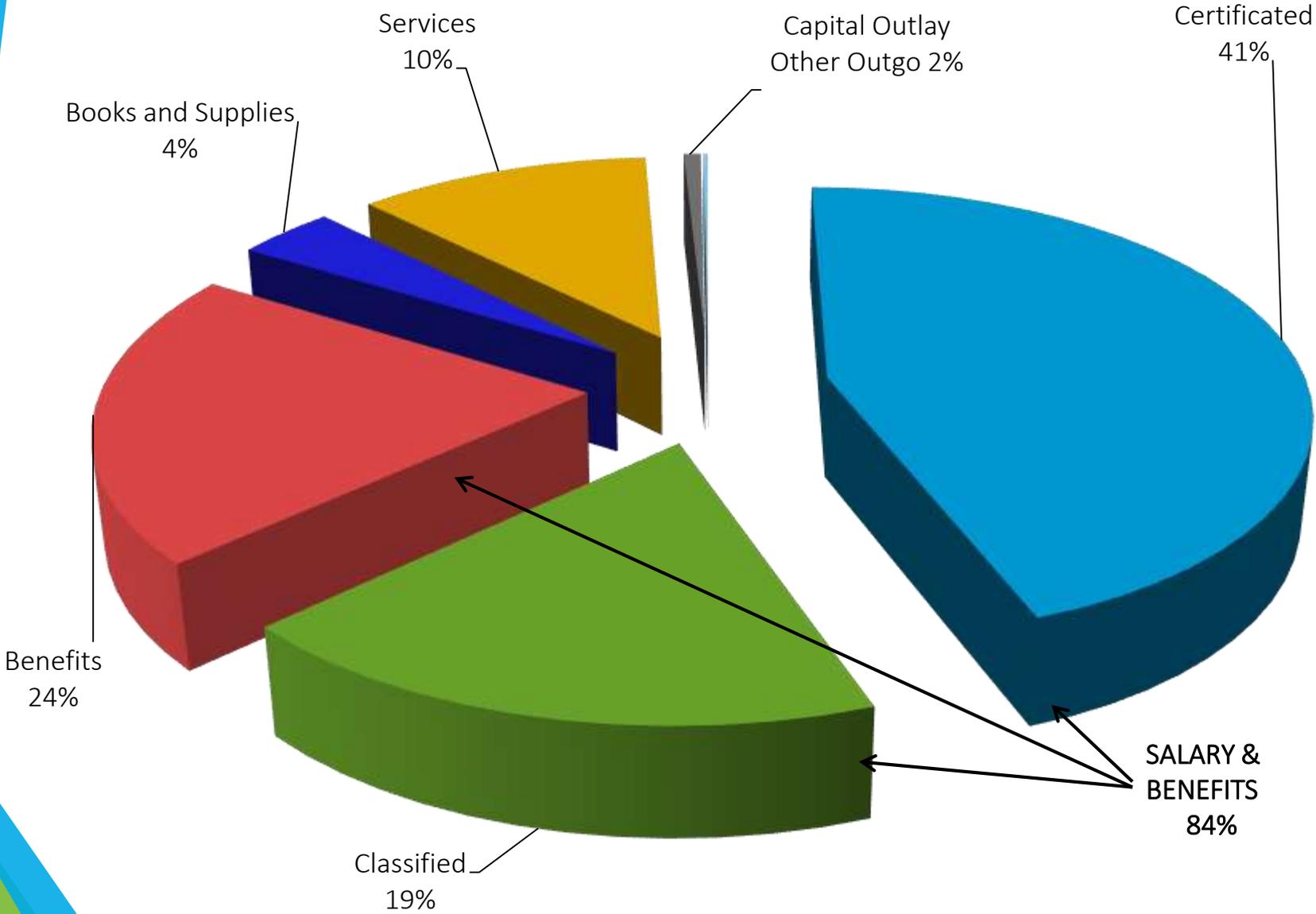
Expenditure increases reflect the new funding /carryover from various categorical programs

- \$ (52,216) Decrease in Certificated Salaries
- \$ 237,816 Increase in Classified Salaries
 - 5.44 FTE Special Ed Paraeducator*
- \$ 94,780 Increase in Employee Benefits (+\$37,239 in H/W benefits & +\$57,541 Statuarty Ben.)
- \$ 1,759,157 Increase in Books, General Supplies and Textbooks
- \$ 1,746,485 Increase in Services and Other Operating Costs
 - \$248,282 Independent Contractors*
 - \$16,954 Conference & Travel*
 - \$37,950 Other Expenses*
 - \$1,443,299 Other Operating Cost*
- \$ 35,000 Increase in Equipment for Franklin Elementary Shade Structure
- \$ 34,167 Increase in indirect costs from various programs

2018-19 GENERAL FUND (01) REVENUE



2018-19 GENERAL FUND (01) EXPENDITURES



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
2018-19 FIRST INTERIM REPORT
AS OF 10/31/18
GENERAL FUND (01) Ending Fund Balance Components

Combined Assigned and Unassigned Fund Balances	2018-19
Fund 01: Unrestricted General Fund	
Unrestricted General Fund Balance	\$ 32,305,954
Total Assigned and Unassigned Fund Balance	32,305,954
Less: Reserve for Economic Uncertainties	4,907,906
Fund Balance that Requires Explanation	27,398,048
Reasons for Assigned and Unassigned Ending Fund Balances	
*Above the State Recommended Minimum Level	
	27,398,048
Reserve for Reevolving Cash, Store & Prepaid	(162,762)
Reserve for 19-20 Deficit Spending	(1,056,683)
Reserve for 19-20 SERP Pymnt 1 of 5	(904,060)
^Reserve for up to 2 months General Fund Expenditures	(21,858,330)
Unappropriated Balance	3,445,219

*current reserve is at 19.32% (up 1.54% from 17.78% @ Budget Adoption in June 2018)

^A 2-month reserve would be approximately \$26.9M



Other Funds

2018-19 First Interim Budget Report

FUND 11: ADULT EDUCATION FUND

Object	Description	Adopted Budget 7/1/2018	First Interim Budget 10/31/2018	Changes
	Beginning Fund Balance	664,347	664,347	
8100-8299	Federal Revenue	37,623	43,841	6,218
8300-8590	Other State Revenue	712,737	712,737	-
8600-8799	Local Revenue	7,500	32,500	25,000
	Total Revenues	757,860	789,078	31,218
1000-1999	Certificated Salaries	318,358	307,154	(11,204)
2000-2999	Classified Salaries	185,680	171,853	(13,827)
3000-3999	Employee Benefits	189,646	181,158	(8,488)
4000-4999	Books and Supplies	11,495	81,495	70,000
5000-5999	Services and Other Operating Costs	18,483	49,653	31,170
7300-7399	Indirect Costs	34,198	34,665	467
	Total Expenditures	757,860	825,978	68,118
	Increase / (Decrease) Fund Balance	-	(36,900)	(36,900)
	Projected Fund Balance	664,347	627,447	(36,900)



2018-19 First Interim Budget Report

FUND 12: CHILD DEVELOPMENT FUND

Object	Description	Adopted Budget 7/1/18	First Interim Budget 10/31/18	Changes
	Beginning Fund Balance	805,928	805,928	
8100-8299	Federal Revenue	1,736,610	1,736,610	-
8300-8590	State Revenue	2,734,974	2,750,908	15,934
8600-8799	Local Revenue	4,273,093	4,309,848	36,755
8900-8929	Interfund Transfer from Fund 01	200,000	-	(200,000)
	Total Revenues	8,944,677	8,797,366	(147,311)
1000-1999	Certificated Salaries	2,969,105	2,983,082	13,977
2000-2999	Classified Salaries	2,468,013	2,472,513	4,500
3000-3999	Employee Benefits	2,311,543	2,263,570	(47,973)
4000-4999	Books and Supplies	200,399	213,439	13,040
5000-5999	Services and Other Operating Costs	707,898	713,898	6,000
7300-7399	Indirect Costs	343,740	346,484	2,744
	Total Expenditures	9,000,698	8,992,986	(7,712)
	Increase /(Decrease) Fund Balance	(56,021)	(195,620)	(139,599)
	Projected Fund Balance	749,907	610,308	(139,599)



2018-19 First Interim Budget Report

FUND 13: CAFETERIA SPECIAL FUND

Object	Description	Adopted Budget 7/1/18	First Interim Budget 10/31/18	Changes
	Beginning Fund Balance	377,344	377,344	
8100-8299	Federal Revenue	1,070,000	1,070,000	-
8300-8590	State Revenue	65,000	65,000	-
8600-8799	Local Revenue	1,130,300	1,130,300	-
8900-8929	Interfund Transfer	1,600,000	900,000	(700,000)
	Total Revenues	3,865,300	3,165,300	(700,000)
2000-2999	Classified Salaries	1,477,060	1,347,516	(129,544)
3000-3999	Employee Benefits	658,876	595,141	(63,735)
4000-4999	Books and Supplies	1,603,000	1,603,000	-
5000-5999	Services and Other Operating Costs	(295,550)	(295,550)	-
6000-6999	Capital Outlay	-	-	-
7300-7399	Indirect Costs	170,000	163,805	(6,195)
	Total Expenditures	3,613,386	3,413,912	(199,474)
	Increase /(Decrease) Fund Balance	251,914	(248,612)	(500,526)
	Projected Fund Balance	629,258	128,732	(500,526)



2018-19 First Interim Budget Report

FUND 14: DEFERRED MAINTENANCE FUND

Object	Description	Adopted Budget 7/1/18	First Interim Budget 10/31/18	Changes
	Beginning Fund Balance	568,933	568,933	
8010-8099	LCFF transfer to Fund 14	-	-	-
8600-8799	Local Revenue	3,000	3,000	-
8919-	Transfer form General Fund	1,500,000	1,500,000	-
	Total Revenues	1,503,000	1,503,000	-
4000-4999	Books and Supplies	3,000	3,000	-
5000-5999	Services and Other Operating Costs	1,300,000	1,300,000	-
6000-6999	Capital Outlay	200,000	200,000	-
	Total Expenditures	1,503,000	1,503,000	-
	Increase /(Decrease) Fund Balance	-	-	-
	Projected Fund Balance	568,933	568,933	-



2018-19 First Interim Budget Report

FUND 21: BUILDING FUND / ROLL-UP OF MEASURE "BB" & "ES"

Object	Description	Adopted Budget 7/1/18	First Interim Budget 10/31/18	Changes
	Beginning Fund Balance	58,773,233	58,773,233	
8600-8799	Local Revenue	1,323,000	1,320,000	(3,000)
8980	Transfer From ES Bond (Fund 21.7)	120,050,000	120,050,000	-
	Total Revenues	121,373,000	121,370,000	(3,000)
2000-2999	Classified Salaries	891,259	891,259	-
3000-3999	Employee Benefits	386,680	396,820	10,140
4000-4999	Books and Supplies	62,700	943,870	881,170
5000-5999	Services and Other Operating Costs	2,069,494	24,557,594	22,488,100
6000-6999	Capital Outlay	62,196,002	110,151,202	47,955,200
	Total Expenditure	65,606,135	136,940,745	71,334,610
	Increase /(Decrease) Fund Balance	55,766,865	(15,570,745)	(71,337,610)
	Projected Fund Balance	114,540,098	43,202,488	(71,337,610)



2018-19 First Interim Budget Report

FUND 25: CAPITAL FACILITIES FUND

Object	Description	Adopted Budget 7/1/2018	First Interim Budget 10/31/18	Changes
	Beginning Fund Balance	3,864,848	3,864,848	
8681	Developer Fees	800,000	800,000	-
8660	Local Revenue	15,000	15,000	-
	Total Revenues	815,000	815,000	-
4000-4999	Supplies	3,000	3,000	-
5000-5999	Services and Other Operating Costs	800,000	800,000	-
6000-6999	Capital Outlay	-	-	-
	Total Expenditures	803,000	803,000	-
	Increase /(Decrease) Fund Balance	12,000	12,000	-
	Projected Fund Balance	3,876,848	3,876,848	-

No change



2018-19 First Interim Budget Report

FUND 40: SPECIAL RESERVE FUND FOR CAPITAL OUTLAY

Object	Description	Adopted Budget 7/1/2018	First Interim Budget 10/31/18	Changes
	Beginning Fund Balance	15,641,319	15,641,319	
8590-8599	State Revenue		-	-
8600-8625	Local Revenue	7,000,000	7,000,000	-
8626-8660	Local Revenue	60,000	60,000	
	Total Revenues	7,060,000	7,060,000	-
4000-4999	Supplies	20,000	92,675	72,675
5000-5999	Services and Other Operating Costs	2,672,500	2,698,008	25,508
6000-6999	Capital Outlay	1,600,000	1,501,817	(98,183)
7400-7499	COPS Payments	1,869,131	1,869,131	-
	Total Expenditures	6,161,631	6,161,631	-
	Increase /(Decrease) Fund Balance	898,369	898,369	-
	Projected Fund Balance	16,539,688	16,539,688	-

No change



2018-19 First Interim Budget Report

FUND 51: BOND INTEREST & REDEMPTION

Object	Description	Adopted Budget 7/1/2018	First Interim Budget 10/31/18	Changes
	Beginning Fund Balance	42,183,382	42,183,382	
8600-8660	Local Revenue	-	-	
8661-8799	Local Revenue	33,892,357	33,892,357	
	Total Revenues	33,892,357	33,892,357	-
7100-7499	Other Outgo	42,989,935	42,989,935	-
	Total Expenditures	42,989,935	42,989,935	-
	Increase /(Decrease) Fund Balance	(9,097,578)	(9,097,578)	-
	Projected Fund Balance	33,085,804	33,085,804	-

No change



2018-19 First Interim Budget Report

FUND 71: RETIREE BENEFIT FUND FOR OPEB

Object	Description	Adopted Budget 7/1/2018	First Interim Budget 10/31/18	Changes
	Beginning Fund Balance	7,850,512	7,850,512	
8600-8660	Local Revenue	100,000	100,000	
8661-8799	Local Revenue	1,300,000	1,300,000	
	Total Revenues	1,400,000	1,400,000	-
5000-5999	Services and Other Operating Costs	1,300,000	1,300,000	-
	Total Expenditures	1,300,000	1,300,000	-
	Increase /(Decrease) Fund Balance	100,000	100,000	-
	Projected Fund Balance	7,950,512	7,950,512	-

No change



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
 - 3.70% (2018-19)
 - 2.57% (2019-20)
 - 2.67% (2020-21)
- LCFF Gap Funding increasing
 - 100% (2018-19)
 - 100% (2019-20)
 - 100% (2020-21).
- Student enrollment slightly declining each year but at 10,819 for 2018-19
- Local revenue from parcel taxes, Prop Y & GSH and the City of Santa Monica contribution projections
 - \$40.2 million in 2018-19
 - \$40.6 million in 2019-20
 - \$42.1 million in 2020-21.



Multi-year Projection continued:

- Employee health and welfare increases of 7.0% and Step and Column salary increase, increases of 1.50% each year.
- The Reserve for Economic Uncertainties remains at 3.0%.
- Reserves for future deficit spending, projected property tax increases, up to 2 months of General Fund Expenditures, and the cost of the Supplemental Early Retirement Plan (SERP).
- Does not include potential salary schedules changes; as a result of negotiations with SMMCTA, SEIU, or SMMASA.

MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

		A	B	C
		2018-19	2019-20	2020-21
Description		FIRST INTERIM BUDGET 10/31/2018	PROJECTED BUDGET	PROJECTED BUDGET
Revenue:				
1	Property Tax	90,990,004	94,829,404	98,820,874
2	Education Protection Account (EPA)	2,000,000	2,000,000	2,000,000
3	LCFF Transfer to Fund Fund 14			
4	LCFF Transfer to Charter School			
5	Pr. Year LCFF Adjustment			
7	Minimum State Aid	8,585,843	8,585,843	8,585,843
8	Subtotal LCFF Funding	101,575,847	105,415,247	109,406,717
10	Other Federal	13,000	13,000	13,000
11	Lottery	1,600,000	1,600,000	1,600,000
12	Mandated Reimbursement Block Grant	422,202	380,000	380,000
13	One-time State Discretionary Funds	1,928,517	-	-
14	Other State Revenue	5,000	5,000	5,000
15	Meas. "R"	12,205,124	12,449,227	12,698,211
16	Meas. Y & GSH/ City of SM	15,400,000	15,400,000	16,400,000
17	Joint Use Agreement	9,215,145	9,400,000	9,600,000
18	SMMEF Donation	2,046,015	2,000,000	2,000,000
19	Lease & Rental	2,450,000	2,450,000	2,450,000
20	Doubletree One-time Settlement			
21	All Other Local Income	1,487,332	1,170,000	1,140,000
22	Transfer From Restricted/ROP	-		
23	Local General Fund Contribution	(28,306,108)	(28,927,984)	(29,506,544)
24	TOTAL REVENUE	120,042,074	121,354,489	126,186,385

MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	A	B	C
	2018-19	2019-20	2020-21
Description	FIRST INTERIM BUDGET 10/31/2018	PROJECTED BUDGET	PROJECTED BUDGET
25 Expenditure:			
26 Certificated Salary	54,313,871	55,128,579	55,955,508
27 Classified	19,244,565	19,533,253	19,826,252
28 Benefits	30,383,028	32,229,338	34,767,705
29 <i>STRS</i>	<i>8,637,491</i>	<i>9,826,907</i>	<i>10,540,510</i>
30 <i>PERS</i>	<i>3,216,891</i>	<i>3,800,791</i>	<i>4,871,638</i>
31 <i>SOCIAL SECURITY & MEDICARE</i>	<i>2,384,154</i>	<i>2,289,040</i>	<i>275,299</i>
32 <i>HEALTH AND WELFARE</i>	<i>12,133,481</i>	<i>12,312,538</i>	<i>13,057,026</i>
33 <i>SUI</i>	<i>39,902</i>	<i>41,925</i>	<i>42,144</i>
34 <i>WORKERS COMP</i>	<i>2,947,676</i>	<i>2,954,036</i>	<i>2,971,522</i>
35 <i>OPEB</i>	<i>915,571</i>	<i>923,136</i>	<i>928,601</i>
36 <i>CASH IN -LIEU</i>	<i>107,862</i>	<i>80,965</i>	<i>80,965</i>
37 Supplies/Books	3,573,327	3,000,000	3,000,000
38 Other Operational Costs	11,475,314	9,800,000	9,800,000
39 Capital Outlay	76,362	200,000	200,000
40 Transfer to County Specialized Schools	148,799	120,000	120,000
41 Debt Services	-	-	-
42 Indirect	(1,022,123)	(1,000,000)	(1,000,000)
43 GSH Technology Plan/Replacement	2,000,000	1,000,000	1,000,000
44 Interfund Transfer Out to Fund 12 CDS	-	-	-
45 Interfund Transfer Out to Fund 13 FNS	900,000	900,000	900,000
46 Interfund Transfer Out to Fund 14 DefM	1,500,000	1,500,000	1,500,000
47 TOTAL EXPENDITURE	122,593,143	122,411,169	126,069,464

MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	A	B	C
	2018-19	2019-20	2020-21
Description	FIRST INTERIM BUDGET 10/31/2018	PROJECTED BUDGET	PROJECTED BUDGET
48 Increase (Decrease) Fund Balance	(2,551,069)	(1,056,681)	116,920
49 Beginning Fund Balance	34,886,030	32,334,962	31,278,281
50 Ending Fund Balance	32,334,962	31,278,281	31,395,201
51 Reserve - Revolving cash, Pre-paid	162,762	162,762	162,762
55 Reserve - Deficit Spending in 19-20	1,056,681	-	-
57 Reserve - SERP Payment 5 yrs 19-20	904,060	904,060	904,060
58 3% Contingency Reserve	4,907,906	4,994,757	5,102,295
59 Reserve Up to 2-months of Expenses	21,858,333	20,740,922	20,633,386
60 Unappropriated Balance	3,445,220	4,475,780	4,592,698



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 2018-19 First Interim)	19.32%	+2.40%

^ Ended 2017-18 with higher fund balance

^ Lower expenditures between July 1 thru October 31, 2018

† Two year change from 2016-17 to 2018-19; 2017-18 Reserve levels will be published Spring 2019

Source: Statewide certified data

*Increase relative to the reserve levels of 2016-17





Positive Certification of 1st Interim Report

- The District is submitting the 1st Interim Report with a **Positive Certification**.
- The District will be able to meet its obligation in the current and next two fiscal years.



Next Steps

- Receive Board Direction on District Budget
- Board Approval of 2018-19 First Interim
- Audit firm to present January 17, 2018
 - ✓ *Final Audit Report for 2017-18*