



# Preliminary General Fund Budget for 2019-20

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Agenda Item: .X.B.  
June 6, 2019 Board Meeting



# We will discuss:

- Budget process
- Budget assumptions
- LCFF calculation
- Property tax revenue unpredictability
- 2019-20 Recommended MYP budget adjustments
- Multiyear projections
- Ending fund balance and reserve
- Cash Flow and TRANS
- Next steps

# Budget Process



# Process

- Governor's proposed Budget – January
- Enrollment projections – February
- Discussions at Board and Cabinet levels regarding budget changes – January & February
- Site/Department and Staffing Meetings – February & March
- Current year projections and data entry – April & May
- Preliminary budget projections – May – early June
- Budget Adoption – end of June

# Budget Assumptions



# LCFF Budget Assumptions

- SMMUSD Enrollment – 10,290 (336 less than 2018-19)
- SMMUSD ADA – 9,776
- Unduplicated Count (ELL, F/R, Foster) – 28.56%
- Cost of Living Adjustment (COLA) – 3.26%
- Total LCFF funding – \$100,355,025
- Included in the LCFF funding is the Supplemental LCAP funding of \$4,971,929

# Local Control Funding Formula

# 2019-20 LCFF Entitlement/Target Funding Calculation

2019-20 LCFF CALCULATION					6/3/2019
<b>BASE GRANT</b>					
	TK-3	4-6	7-8	9-12	<b>TOTAL</b>
	2,878.34	2,324.31	1,600.54	3,292.29	10,095.48
2018-19 BASE	7,459	7,571	7,796	9,034	
COLA 3.26%	7,702	7,818	8,050	9,329	
	22,168,975	18,171,456	12,884,347	30,713,773	<b>83,938,551</b>
<b>AUGMENTATION GRANTS:</b>					
CSR AUGMENTATION: BASE GRANT X 10.4%					<b>2,305,573</b>
CTE AUGMENTATION 9-12 BASE GRANT X 2.6%					<b>798,558</b>
<b>SUPPLEMENTAL AND CONCENTRATION GRANTS:</b>					
TOTAL ENROLLMENT (3-YEAR AVERAGE)					10,692
TOTAL UNDUPLICATED PUPIL COUNT (3-YEAR AVERAGE)					3,054
					28.56%
<b>SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT</b>					<b>4,971,929</b>
<b>TRANSPORTATION AND TIIG GRANT</b>					
2012-13 TRANSPORTATION					<b>820,273</b>
2012-13 TIIG					<b>429,757</b>
<b>TOTAL 2019-20 LCFF ENTITLEMENT</b>					<b>93,264,641</b>
<b>MINIMUM STATE AID / 2012-13 CATEGORICAL PROGRAMS</b>					<b>8,585,843</b>
<b>TOTAL FUNDING LESS: 2012-13 MINIMUM/CATEGORICAL</b>					<b>84,678,798</b>
<b>LOCAL REVENUE / PROPERTY TAXES</b>					<b>89,789,181</b>
<b>Amount of Property Tax Over LCFF Funding (Basic Aid when negative)</b>					<b>(5,110,383)</b>

**Note Outside of Calculation:**

<b>EDUCATION PROTECTION ACCOUNT</b>	2,000,000
<b>TRANSFER TO CHARTER SCHOOL</b>	-20,000



# Property Tax Revenue Unpredictability



# PROPERTY TAX TIMELINE

## ■ October 1, 2018

- Auditor-Controller RDA Property Tax Fund Estimates
  - \$15,000,000

## ■ November 30, 2018

- LACOE P-1 Estimate of Taxes Report
  - \$15,176,885

## ■ January 2, 2019

- Auditor-Controller RDA Property Tax Distribution
  - \$6,717,380

## ■ April 1, 2019

- Auditor-Controller RDA Property Tax Fund Estimates
  - \$12,904,885

## ■ May 3, 2019

- LACOE P-2 Estimate of Taxes Report
  - \$8,151,060

## ■ June 3, 2019

- Auditor-Controller RDA Property Tax Distribution
  - \$16,725,532

**UNRESTRICTED GENERAL FUND**

	A	B	C	D	E	F	G	H
	LCFF SOURCES	Object Code	2018-19	2018-19	2018-19	2018-19	2018-19	2019-20
			ADOPTED BUDGET	1ST INTERIM BUDGET	2ND INTERIM BUDGET	3RD BUDGET REVISION	ESTIMATED ACTUALS	PRELIMINARY BUDGET
1	Property Taxes				LACOE P-1 Estimate	LACOE P-2 Estimate	AUDITOR-CONTROLLER	
2	Homeowners' Exemptions	8021	379,923	379,923	387,447	382,234	382,234	380,000
3	Other Subventions/In-Lieu Taxes	8029	393,354	393,354	315,818	343,723	343,723	325,000
4	County & District Taxes							
5	Secured Roll Taxes	8041	67,309,727	67,309,727	64,301,328	65,621,550	65,621,550	69,964,181
6	Unsecured Roll Taxes	8042	2,324,448	2,324,448	2,437,595	2,458,363	2,458,363	2,600,000
7	Prior Years' Taxes	8043	4,771,307	4,771,307	940,268	2,421,921	1,941,711	1,500,000
8	ERAF	8045	849,245	849,245	-	-	-	-
9	Sub Total Property Tax		76,028,004	76,028,004	68,382,456	71,227,791	70,747,581	74,769,181
10	Community Redevelopment Funds (RDA)	8047	15,000,000	15,000,000	15,176,885	8,151,060	16,725,532	15,000,000
11	Subtotal Property Tax	802X-804X	91,028,004	91,028,004	83,559,341	79,378,851	87,473,113	89,769,181
12	LCFF							
13	Education Protection Account (EPA)	8012	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
14	Minimum State Aid	8011	8,585,843	8,585,843	8,585,843	12,678,349	8,585,843	8,585,843
15	Subtotal LCFF	801X	10,585,843	10,585,843	10,585,843	14,678,349	10,585,843	10,585,843
16	LCFF Transfer to Charter	8096	-	(38,000)	(38,000)	(19,101)	(19,101)	(20,000)
17	TOTAL LCFF FUNDING	801X-8096	101,613,847	101,575,847	94,107,184	94,038,099	98,039,855	100,335,024



# Recommended MYP Budget Adjustments



## 2019-20 Recommended MYP Budget Adjustments

### **REVENUE**

- Adjusted RDA from \$12 million to \$15 million to align with auditor controller's property tax estimates.
- All other property tax categories are estimated at a 5% increase in their own separate categories as recommended by Shinn Green for Basic Aid Districts instead of one lump sum percentage increase.

### **EXPENSE:**

- Decrease of Capital Outlay of \$279K
  - Maintenance Vehicles
  - High School Golf Carts
  - Copiers
  - Furniture
- Decrease of Deferred Maintenance by \$250K
- New Districtwide Alarm system maintenance agreement will be \$45K per year instead of \$235K covered by General Fund
- Decrease \$292K of FTE's beyond the SERP required FTE reductions
- Decrease in Text Book Costs by \$1.2 million

### **LOCAL GENERAL FUND CONTRIBUTION:**

- Increase in SPED Contribution by \$600K from 18-19 to 19-20
- Increase in Child Development Contribution by 1 million from 18-19 to 19-20
- Now required to have 3% match for RRMA – 19-20 is \$5.8 million

# Multi-Year Projections

## MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	A	B	C	D	E
		2018-19	2019-20	2020-21	2021-22
Description		ESTIMATED ACTUALS	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
Revenue:					
1 Property Tax		87,473,113	89,789,181	93,528,640	97,455,072
2 Education Protection Account (EPA)		2,000,000	2,000,000	2,000,000	2,000,000
3 LCFF Transfer to Fund Fund 14		-	-	-	-
4 LCFF Transfer to Charter School		(19,101)	(20,000)	(38,000)	(38,000)
5 Pr. Year LCFF Adjustment		-	-	-	-
6 Minimum State Aid		8,585,843	8,585,843	8,585,843	8,585,843
7 Subtotal LCFF Funding		98,039,855	100,355,024	104,076,483	108,002,915





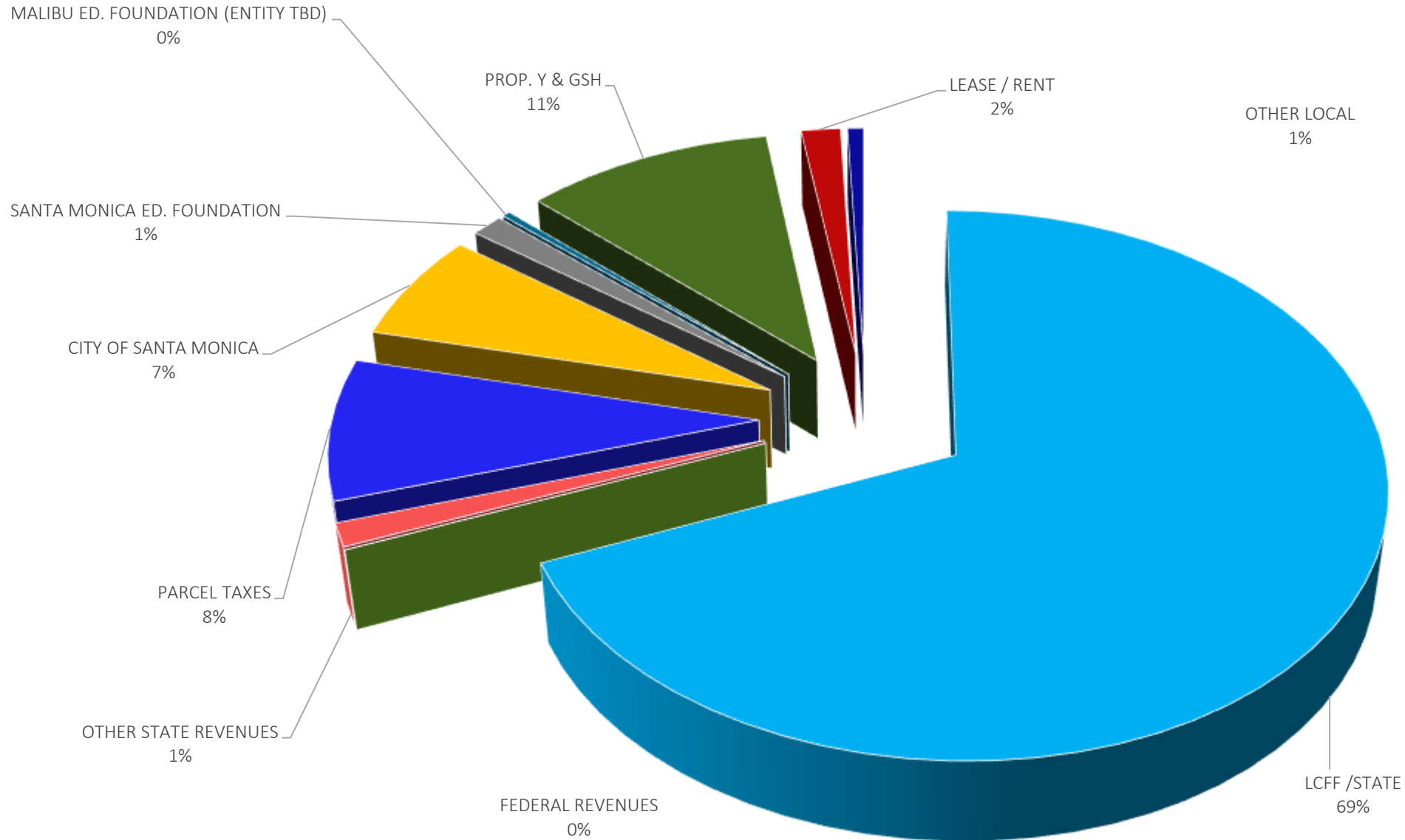
## MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	A	B	C	D	E
		2018-19	2019-20	2020-21	2021-22
	Description	ESTIMATED ACTUALS	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
8	Other Federal	411,650	13,000	13,000	13,000
9	Lottery	1,629,086	1,600,000	1,600,000	1,600,000
10	Mandated Reimbursement Block Grant	416,289	417,495	380,000	380,000
11	One-time Discretionary Funds	1,895,510	-	-	-
12	Other State Revenue	5,460	5,000	5,000	5,000
13	Meas. "R"	12,205,124	12,449,227	12,698,211	12,952,175
14	Meas. Y & GSH/ City of SM	15,248,204	15,553,168	15,864,231	16,181,516
15	Joint Use Agreement	9,366,941	9,554,280	9,745,365	9,940,273
16	SMM Ed Foundation Donation		-	-	-
17	SM Ed Foundation Donation	2,046,015	2,000,000	2,000,000	2,000,000
18	Malibu Ed Foundation (tbd) Donation	-	500,000	500,000	500,000
19	Lease & Rental	2,450,000	2,450,000	2,450,000	2,450,000
20	All Other Local Income	1,352,085	984,430	1,180,000	1,140,000
21	Local General Fund Contribution	(29,529,869)	(30,602,201)	(31,214,245)	(31,838,530)
22	<b>TOTAL REVENUE</b>	<b>115,536,350</b>	<b>115,279,422</b>	<b>119,298,046</b>	<b>123,326,349</b>





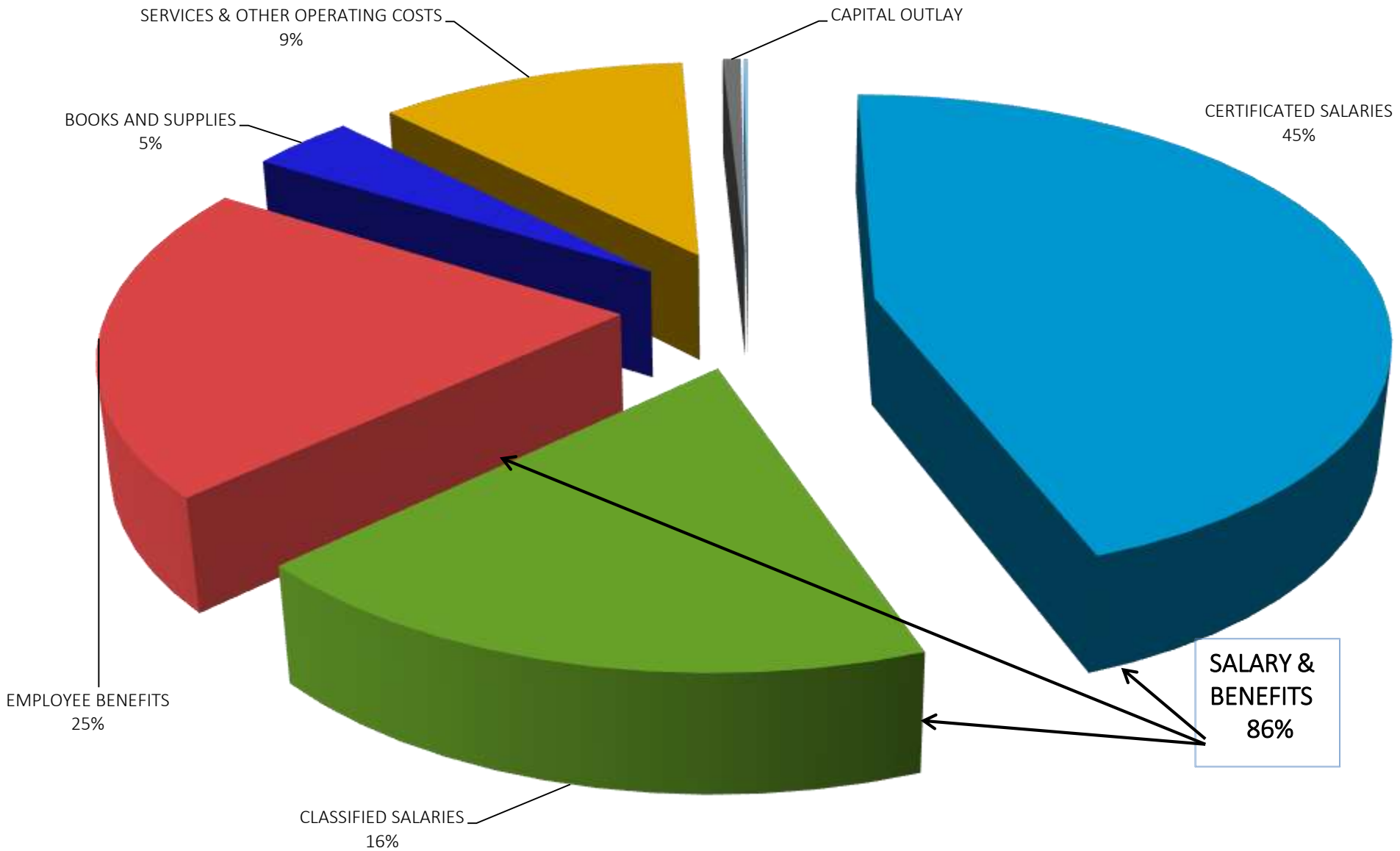
# 2019-20 GENERAL FUND (FUND 01 ) REVENUES PROJECTION



## MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	A	B	C	D	E
		2018-19	2019-20	2020-21	2021-22
Description		ESTIMATED ACTUALS	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
<b>23 Expenditure:</b>					
<b>24 Certificated Salary</b>		53,767,138	53,921,221	54,730,039	55,550,990
<b>25 Classified</b>		19,121,803	18,725,883	19,006,771	19,291,873
<b>26 Benefits</b>		29,472,694	30,672,971	33,507,843	34,531,791
<b>27 STRS</b>		8,548,590	8,542,347	9,906,137	9,888,076
<b>28 PERS</b>		3,214,029	3,610,798	4,171,606	4,467,419
<b>29 SOCIAL SECURITY &amp; MEDICARE</b>		2,357,712	2,251,261	2,247,604	2,281,318
<b>30 HEALTH AND WELFARE</b>		11,384,407	12,412,367	13,032,985	13,684,635
<b>31 SUI</b>		39,559	39,128	41,868	42,421
<b>32 WORKERS COMP</b>		2,920,294	2,834,082	3,096,946	3,143,400
<b>33 OPEB</b>		907,276	894,692	921,710	935,536
<b>34 CASH IN -LIEU</b>		100,827	88,296	88,986	88,986
<b>35 Supplies/Books</b>		3,971,555	3,719,326	3,000,000	3,000,000
<b>36 Other Operational Costs</b>		11,973,362	12,268,571	9,500,000	9,500,000
<b>37 Capital Outlay</b>		383,322	130,000	100,000	100,000
<b>38 Transfer to County Specialized Schools</b>		40,000	75,000	75,000	75,000
<b>39 Malibu Ed Foundation (tbd) Expenses</b>		-	-	-	-
<b>40 Debt Services / SERP Saving</b>		28,799	-	-	-
<b>41 Malibu Realignment (Cabrillo)</b>		-	-	-	-
<b>42 Indirect</b>		(1,074,146)	(1,162,959)	(1,000,000)	(1,000,000)
<b>43 GSH Technology Plan/Replacement</b>		2,000,000	1,000,000	1,000,000	1,000,000
<b>44 Interfund Transfer Out to Fund 12 CDS</b>		-	1,000,000	1,000,000	1,000,000
<b>44 LCAP Transfer Out to Fund 12 CDS</b>		-	200,000	-	-
<b>45 Interfund Transfer Out to Fund 13 FNS</b>		900,000	900,000	900,000	900,000
<b>46 Interfund Transfer Out to Fund 14 DefM</b>		1,500,000	750,000	1,000,000	1,000,000
<b>47 TOTAL EXPENDITURE</b>		122,084,527	122,200,013	122,819,653	124,949,654

# 2019-20 GENERAL FUND (Fund 01) EXPENDITURES



## MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	A	B	C	D	E
		2018-19	2019-20	2020-21	2021-22
Description		ESTIMATED ACTUALS	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
48 Increase (Decrease) Fund Balance		(6,548,177)	(6,920,591)	(3,521,607)	(1,623,304)
49 Beginning Fund Balance		34,886,030	19,476,722	12,556,131	9,034,524
50 Reserve - 17-18 ERAF REPAYMENT		(8,861,132)	-	-	-
51 Ending Fund Balance (net of lines 48-50)		19,476,722	12,556,131	9,034,524	7,411,219
52 Reserve - Revolving Cash, Prep-pays		162,762	162,762	162,762	162,762
53 Reserve - Deficiting Spending in 19-20		6,920,591	-	-	-
54 Reserve - Deficiting Spending in 20-21		3,521,607	3,521,607	-	-
55 Reserve - Deficiting Spending in 21-22		1,623,304	1,623,304	1,623,304	-
56 Reserve - Deficiting Spending in 22-23		619,699	619,699	619,699	619,699
57 3% Contingency Reserve		5,017,611	5,048,033	5,096,294	5,200,000
58 Reserve Up to 2-months of Expenses		1,611,148	1,580,726	1,532,464	1,428,759
59 Unappropriated Balance		0	0	0	0





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

# Ending Fund Balance and Reserve

## Combined Assigned and Unassigned Fund Balances

2018-2019

### Fund 01: Unrestricted General Fund

Unrestricted General Fund Balance	\$	28,337,854
Total Assigned and Unassigned Fund Balance		28,337,854
Less: 3% Reserve for Economic Uncertainties		5,017,611
Fund Balance that Requires Explanation		23,320,243

### Reasons for Assigned and Unassigned Ending Fund Balances

\*Below State Recommended 17% Minimum Level for Unified Districts

	23,320,243
Reserve for 2017-18 ERAF Repayment	(8,861,132)
Reserve for Revolving Cash & Prepaid	(162,762)
Reserve for 19-20 Deficit Spending	(6,920,591)
Reserve for 20-21 Deficit Spending	(3,521,607)
Reserve for 21-22 Deficit Spending	(1,623,304)
Reserve for 21-22 Deficit Spending	(619,699)
^Reserve for up to 2 months General Fund Expenditures	1,611,148
<b>Unappropriated Balance</b>	<b>-</b>

\*current reserve is at 16.75% (up 2.38% from 14.37% @ Third Budget Revision 4/30/19)

\*2017-18 Statewide Average Reserve for Unified Districts is 16.98%

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





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

# Cash Flow and TRANS



# Cash Flow and TRANS

TRANS will be required for the following:

- November and December 2019
  - - \$20 million to \$25 million
- We will bring back by a TRANS Resolution for board approval at the end of this month





SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

# Preliminary Budget Summary



# Preliminary Budget Summary

- What have we done so far:
  - Line-by-line assessment of revenues and expenditures with each school site and department level
  - Aligned purchasing procedures for compliancy and purchasing power
  - Reduced FTE's based on the SERP, vacancies, combining two elementary schools, and the reorganization of departments



# Next Steps

- Continue to monitor property tax, basic aid status, and the State's budget process
- Prepare Board Resolution for TRANS
- Public Hearing - June 20, 2019
- Board adoption - June 27, 2019
- Prepare any necessary budget revisions for Board approval within the legal timelines (45-day revision) after final State Budget adoption



Thank You!

# Assumptions Reference Only

# UNRESTRICTED GENERAL FUND - REVENUE ASSUMPTIONS

Factor	2018-19	2019-20	2020-21	2021-22
<b>Statutory COLA</b>	<b>3.70%</b>	<b>3.26%</b>	<b>3.00%</b>	<b>2.80%</b>
<b>LCFF Base Funding</b>				
<b>K-3 + 10.4% CSR</b>	\$ 8,235	\$ 8,503	\$ 8,758	\$ 9,003
<b>4-6</b>	\$ 7,571	\$ 7,818	\$ 8,052	\$ 8,278
<b>7-8</b>	\$ 7,796	\$ 8,050	\$ 8,292	\$ 8,524
<b>9-12 + 2.6% CTE</b>	\$ 9,269	\$ 9,572	\$ 9,859	\$ 10,135
<b>Average LCFF Funding per student</b>	\$ 8,218	\$ 8,486	\$ 8,740	\$ 8,985
<b>Local Property Tax % Increase</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Minimum State Aid</b>	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843
<b>Enrollment Projection</b>	<b>10,626</b>	<b>10,290</b>	<b>10,290</b>	<b>10,290</b>
<b>P2 ADA Projection</b>	<b>10,095</b>	<b>9,776</b>	<b>9,776</b>	<b>9,776</b>
<b>Funded ADA</b>	<b>10,301</b>	<b>10,095</b>	<b>9,776</b>	<b>9,776</b>
<b>City of Santa Monica - Master Facility Agreement</b>	\$ 9,366,941	\$ 9,554,280	\$ 9,745,365	\$ 9,940,273
<b>Measure R Parcel Tax</b>	\$ 12,205,124	\$ 12,449,227	\$ 12,698,211	\$ 12,952,175
<b>City of SM / Prop Y</b>	\$ 7,624,102	\$ 7,624,102	\$ 7,776,584	\$ 8,090,758
<b>City of SM / Measure GSH</b>	\$ 7,624,102	\$ 7,624,102	\$ 7,776,584	\$ 8,090,758
<b>SMMEF</b>	\$ 2,046,015	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

# UNRESTRICTED GENERAL FUND - EXPENDITURE ASSUMPTIONS

Factor	2019-20	2020-21	2021-22
Salary Increase	0%	0%	0%
Step & Column Increases	1.5%	1.5%	1.5%
STRS Rate	16.28%	16.70%	17.80%
PERS Rate	18.062%	20.73%	23.6%
Health/Welfare - Annualized	5%	5%	5%
Workers' Compensation	4.10%	4.10%	4.10%
Other Postemployment Benefits	1.25%	1.25%	1.25%
Indirect Cost Rate	5.04%	5.49%	5.00%
Interest Rate	0.70%	0.70%	0.70%
Routine Restricted Maintenance	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%