



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

# Public Hearing: Proposed Budget for 2019-20

Melody Canady,  
Assistant Superintendent,  
Business & Fiscal Services

Agenda Item: .V.B.  
June 20, 2019



# 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



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# 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



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# Budget Assumptions



# LCFF Budget Assumptions

- SMMUSD Enrollment – 10,298 (336 less than 2018-19)
- SMMUSD ADA – 9,783
- Unduplicated Count (ELL, F/R, Foster) – 28.56%
- Cost of Living Adjustment (COLA) – 3.26%
- Total LCFF funding – \$100,355,024
- Included in the LCFF funding is the Supplemental LCAP funding of \$4,971,929



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# 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





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# 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	<b>Property Taxes</b>				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	<b>County &amp; District Taxes</b>							
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	<b>Sub Total Property Tax</b>		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	<b>Subtotal Property Tax</b>	802X-804X	91,028,004	91,028,004	83,559,341	79,378,851	87,473,113	89,769,181
12	<b>LCFF</b>							
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	<b>Subtotal LCFF</b>	801X	10,585,843	10,585,843	10,585,843	14,678,349	10,585,843	10,585,843
16	<b>LCFF Transfer to Charter</b>	8096	-	(38,000)	(38,000)	(19,101)	(19,101)	(20,000)
17	<b>TOTAL LCFF FUNDING</b>	801X-8096	101,613,847	101,575,847	94,107,184	94,038,099	98,039,855	100,335,024





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# 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



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# 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		87,473,323	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		98,040,065	100,355,024	104,076,483	108,002,915



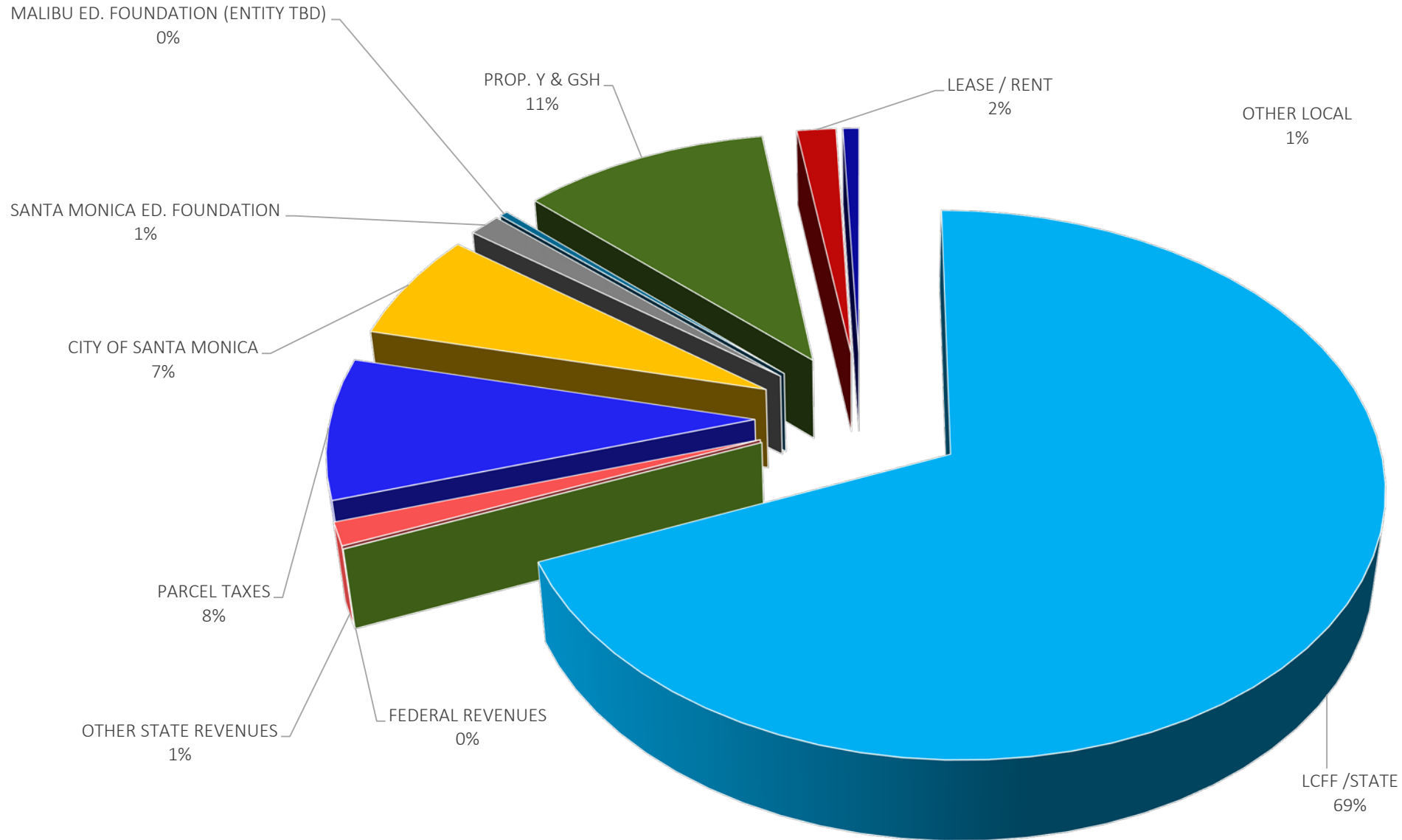
## MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	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		32,036	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		2,046,015	-	-	-
17 SM Ed Foundation Donation		-	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>115,563,136</b>	<b>115,279,422</b>	<b>119,298,046</b>	<b>123,326,349</b>





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

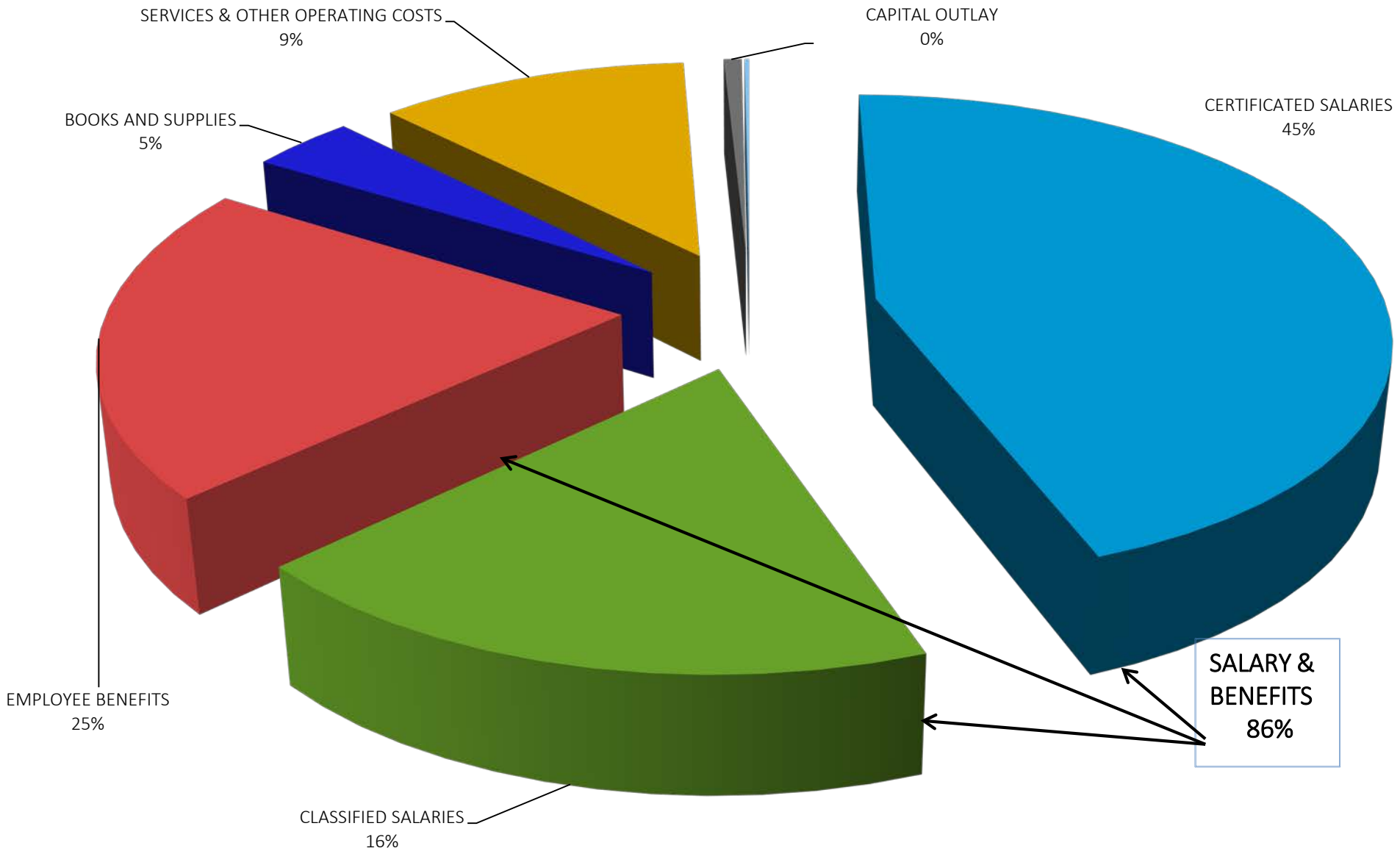


**MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND**

Expenditures

	A	B	C	D	E
		2018-19	2019-20	2020-21	2021-22
	Description	ESTIMATED ACTUALS	PRELIMINARY BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
23	<b>Expenditure:</b>				
24	Certificated Salary	53,767,138	53,921,221	54,730,039	55,550,990
25	Classified	19,121,803	18,725,883	19,006,771	19,291,873
26	Benefits	29,472,694	30,672,971	33,507,843	34,531,791
27	STRS	8,548,590	8,542,347	9,906,137	9,888,076
28	PERS	3,214,029	3,610,798	4,171,606	4,467,419
29	SOCIAL SECURITY & MEDICARE	2,357,712	2,251,261	2,247,604	2,281,318
30	HEALTH AND WELFARE	11,384,407	12,412,367	13,032,985	13,684,635
31	SUI	39,559	39,128	41,868	42,421
32	WORKERS COMP	2,920,294	2,834,082	3,096,946	3,143,400
33	OPEB	907,276	894,692	921,710	935,536
34	CASH IN -LIEU	100,827	88,296	88,986	88,986
35	Supplies/Books	3,971,555	3,719,326	3,000,000	3,000,000
36	Other Operational Costs	11,973,362	12,348,571	9,500,000	9,500,000
37	Capital Outlay	383,322	130,000	100,000	100,000
38	Transfer to County Specialized Schools	40,000	75,000	75,000	75,000
39	Debt Services / SERP Saving	28,799	-	-	-
40	Indirect	(1,074,146)	(1,162,959)	(1,000,000)	(1,000,000)
41	GSH Technology Plan/Replacement	2,000,000	1,000,000	1,000,000	1,000,000
42	Interfund Transfer Out to Fund 12 CDS	-	1,000,000	1,000,000	1,000,000
43	LCAP Transfer Out to Fund 12 CDS	-	200,000	-	-
44	Interfund Transfer Out to Fund 13 FNS	900,000	900,000	900,000	900,000
45	Interfund Transfer Out to Fund 14 DefM	1,500,000	750,000	1,000,000	1,000,000
46	<b>TOTAL EXPENDITURE</b>	<b>122,084,527</b>	<b>122,280,013</b>	<b>122,819,653</b>	<b>124,949,654</b>

# 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
47 Increase (Decrease) Fund Balance		(6,521,391)	(7,000,591)	(3,521,607)	(1,623,304)
48 Beginning Fund Balance		34,886,030	19,503,508	12,502,917	8,981,310
49 Reserve - 17-18 ERAF REPAYMENT		(8,861,132)	-	-	-
50 Ending Fund Balance (net of lines 48-50)		19,503,508	12,502,917	8,981,310	7,358,005
51 Reserve - Revolving Cash, Prep-pays		162,762	162,762	162,762	162,762
52 Reserve - Deficiting Spending in 19-20		7,000,591	-	-	-
53 Reserve - Deficiting Spending in 20-21		3,521,607	3,521,607	-	-
54 Reserve - Deficiting Spending in 21-22		1,623,304	1,623,304	1,623,304	-
55 Reserve - Deficiting Spending in 22-23		619,699	619,699	619,699	619,699
56 3% Contingency Reserve		5,017,611	5,048,033	5,096,294	5,200,000
57 Reserve Up to 2-months of Expenses		1,557,933	1,527,511	1,479,250	1,375,544
58 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	\$	34,886,030
Unrestricted General Fund Balance Less Current Year Deficit Spending		28,364,639
Reserve for 2017-18 ERAF Repayment		(8,861,132)
Fund Balance that Requires Explanation		19,503,507

## Reasons for Assigned and Unassigned Ending Fund Balances

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

	19,503,507
Less: 3% Reserve for Economic Uncertainties	(5,017,611)
Reserve for Revolving Cash & Prepaid	(162,762)
Reserve for 19-20 Deficit Spending	(7,000,591)
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	1,557,933
<b>Unappropriated Balance</b>	<b>-</b>

\*current reserve is at 16.76% (up 0.01% from 16.75% @ Fourth Budget Revision 6/06/19)

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

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





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# 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





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# 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!



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# 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>	<b>\$ 8,235</b>	<b>\$ 8,503</b>	<b>\$ 8,758</b>	<b>\$ 9,003</b>
<b>4-6</b>	<b>\$ 7,571</b>	<b>\$ 7,818</b>	<b>\$ 8,052</b>	<b>\$ 8,278</b>
<b>7-8</b>	<b>\$ 7,796</b>	<b>\$ 8,050</b>	<b>\$ 8,292</b>	<b>\$ 8,524</b>
<b>9-12 + 2.6% CTE</b>	<b>\$ 9,269</b>	<b>\$ 9,572</b>	<b>\$ 9,859</b>	<b>\$ 10,135</b>
<b>Average LCFF Funding per student</b>	<b>\$ 8,218</b>	<b>\$ 8,486</b>	<b>\$ 8,740</b>	<b>\$ 8,985</b>
<b>Local Property Tax % Increase</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Minimum State Aid</b>	<b>\$ 8,585,843</b>	<b>\$ 8,585,843</b>	<b>\$ 8,585,843</b>	<b>\$ 8,585,843</b>
<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>	<b>\$ 9,366,941</b>	<b>\$ 9,554,280</b>	<b>\$ 9,745,365</b>	<b>\$ 9,940,273</b>
<b>Measure R Parcel Tax</b>	<b>\$ 12,205,124</b>	<b>\$ 12,449,227</b>	<b>\$ 12,698,211</b>	<b>\$ 12,952,175</b>
<b>City of SM / Prop Y</b>	<b>\$ 7,624,102</b>	<b>\$ 7,624,102</b>	<b>\$ 7,776,584</b>	<b>\$ 8,090,758</b>
<b>City of SM / Measure GSH</b>	<b>\$ 7,624,102</b>	<b>\$ 7,624,102</b>	<b>\$ 7,776,584</b>	<b>\$ 8,090,758</b>
<b>SMMEF</b>	<b>\$ 2,046,015</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>	<b>\$ 2,000,000</b>

# 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%	20.733%	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	2%	2%	2%
Routine Restricted Maintenance	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%

\*As of 6/10/19, School Services of California published that the CalSTRS Estimated Employer Contribution Rates have increased per the following rates: 2019-20=17.10%; 2020-21=18.40%; 2021-22 thru 2046-46=18.10%. The 2019-20 Budget was prepared and finalized prior to this publication. Adjustments will be done in the 2019-20 First Interim.