



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

# 2014-15 UNAUDITED ACTUALS

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Agenda Item A.22.



# What are Unaudited Actuals?

- Year-end financial statements as of June 30<sup>th</sup> using the State format known as SACS (State Account Code Structure) for all District funds
- Report of activities in all District funds, identifying unspent funds or reserves that are carried forward into future years
- Used by external auditors to prepare the official Audit Report
- In June, staff presented 2014-15 Estimated Actuals during the 2015-16 Budget adoption process



# What has changed since June?

- The financial books of the District have been closed
- Year-end closing entries were prepared and posted
- Unspent allocations have been identified and reserved or assigned the Fund Balance as appropriate
- Unaudited Actuals are compared to Estimated Actuals as presented with the 2015-16 Adopted Budget

# Why are Projections Different than Expected?

- School districts use conservatively estimated revenue and expenditures during the budget and interim reporting processes
- The risk of miscalculating or under estimating is too great – running out of cash is never a good thing





# What are Common Reasons for Differences?

- Revenue is received that was not anticipated
- Expenditure allocations or budgets were not completely used
- Purchase Orders (PO) issued before 6/30 – work completed or goods received after 7/1 (Rollover PO's)

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT  
2014-15 UNAUDITED ACTUAL SUMMARIES  
GENERAL FUND (01)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
<b>REVENUE</b>	<b>135,782,949</b>	<b>141,004,000</b>	<b>5,221,051</b>
<b>EXPENDITURES</b>	<b>137,936,253</b>	<b>132,806,946</b>	<b>5,129,307</b>
<b>EXCESS OR (DEFICIENCY)</b>	<b>(2,153,304)</b>	<b>8,197,054</b>	<b>10,350,358</b>
<b>BEGINNING BALANCE</b>	<b>27,277,415</b>	<b>27,277,415</b>	<b>-</b>
<b>PROJECTED ENDING BALANCE</b>	<b>25,124,111</b>	<b>35,474,469</b>	<b>10,350,358</b>
<b>Unrestricted General Fund</b>	<b>23,120,002</b>	<b>31,534,919</b>	<b>8,414,917</b>
<b>Restricted General Fund</b>	<b>2,004,109</b>	<b>3,939,550</b>	<b>1,935,441</b>
<b>Combined General Fund</b>	<b>25,124,111</b>	<b>35,474,469</b>	<b>10,350,358</b>

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT**  
**2014-15 UNAUDITED ACTUAL SUMMARIES**

**GENERAL FUND (01)**

**DESIGNATION OF ENDING BALANCE**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
STORES/INVENTORY/REVOLVING CASH	100,000	118,311	18,311
RESTRICTED ENDING BALANCE	2,004,109	3,939,550	1,935,441
RESERVE FOR ECONOMIC UNCERTAINTIES	4,082,056	3,971,305	(110,751)
OTHER DESIGNATIONS	6,420,240	18,904,335	12,484,095
UNAPPROPRIATED AMOUNT	12,517,706	8,540,968	(3,976,738)
			-
PROJECTED ENDING BALANCE	25,124,111	35,474,469	10,350,358

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT  
2014-15 UNAUDITED ACTUAL SUMMARIES**

**GENERAL FUND (01)  
Changes to Fund Balance**

	<b>Estimated Actuals June 2015</b>	<b>Unaudited Actuals August 2015</b>	<b>Difference</b>
<b>Unrestricted</b>	<b>1,344,640</b>	<b>9,759,556</b>	<b>8,414,916</b>
<b>Restricted</b>	<b>(3,497,944)</b>	<b>(1,562,502)</b>	<b>1,935,442</b>
<b>Combined</b>	<b>(2,153,304)</b>	<b>8,197,054</b>	<b>10,350,358</b>



# Explanation of differences between June Estimates and September Actuals

	\$8.4 M
Additional LCFF Funds – Minimum State Aid calculation	6,434,480
Unspent Special Education Budgets	791,778
VSS and LCAP Carryovers	635,852
Rollover Encumbrances	229,347
Unspent Site/Department Budgets	300,000



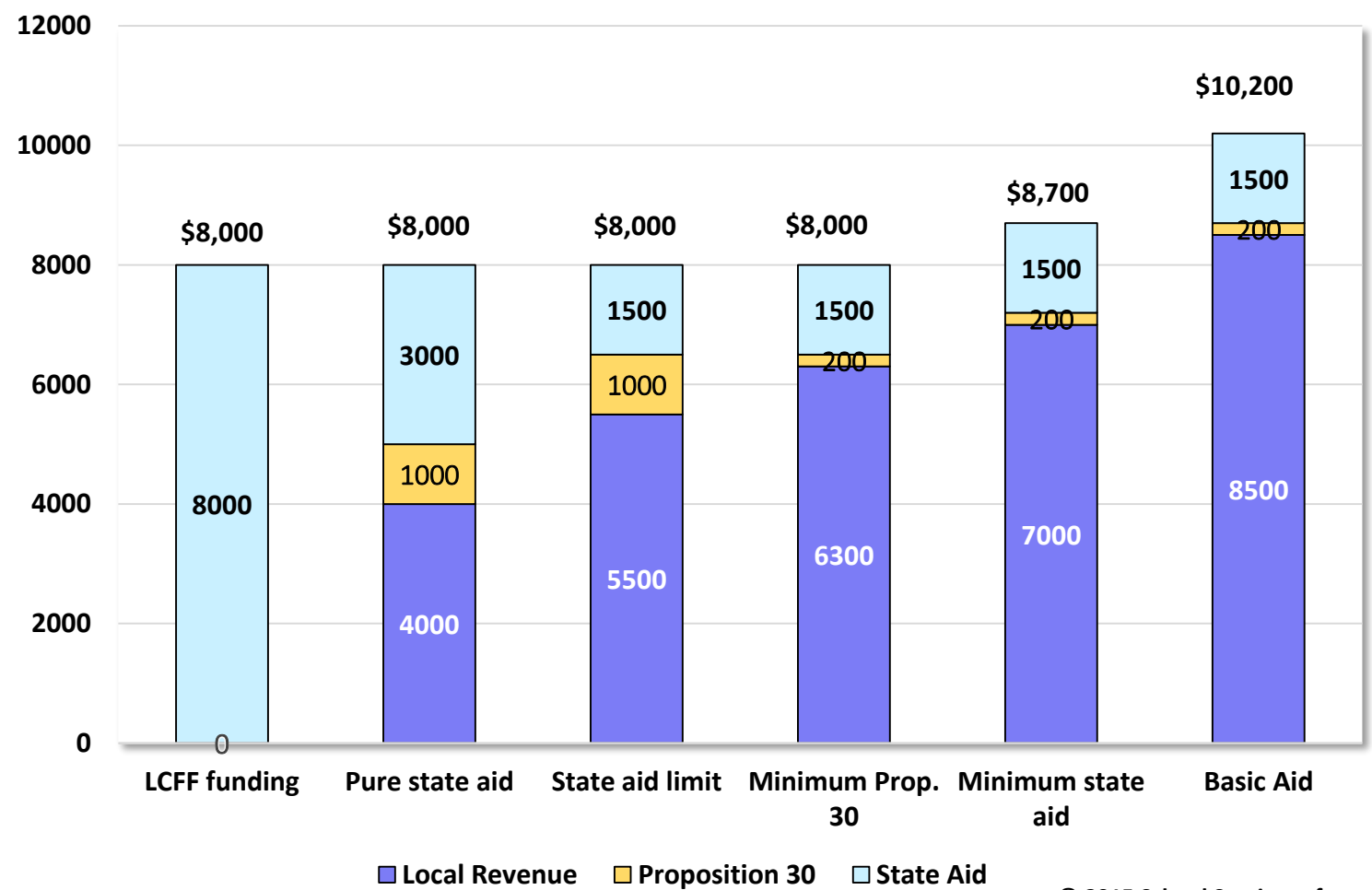
# What is Minimum State Aid?

- With the change to the LCFF calculation, districts were guaranteed at least the same amount of funding from the State as they had received in 2012-13 in categorical funds
- For Santa Monica-Malibu, that level of funding was \$8.5 million
- The amount of the minimum is determined by comparing State Aid in the LCFF calculation to \$8.5M
- If the State Aid portion is less than \$8.5M, the district will receive the difference – in addition to the LCFF entitlement



# LCFF Funding Scenarios

## Local Revenue, Education Protection Account (Proposition 30) and State Aid Interaction



## 2014-15 Annual SMMUSD LCFF Calculation

### Impact of Property Tax Variations

Minimum State Calculated using 2012-13 Categorical Funds of \$8.5 million

	SMMUSD Unaudited Actuals	Less Property Taxes	More Property Taxes
LCFF Entitlement	76,325,092	76,325,092	76,325,092
Property Taxes	72,572,371	62,000,000	82,000,000
Difference	3,752,721	14,325,092	(5,674,908)
Prop 30 - EPA	2,169,846	2,169,846	2,169,846
State Aid	1,582,875	12,155,246	(7,844,754)
Minimum State Aid	7,002,968	8,585,843	8,585,843
Total Funding	83,328,060	76,325,092	92,755,689
Transfers Out	518,792		
Multiyear Projection	82,809,268		

**2014-15 Annual SMMUSD LCFF Calculation  
Impact of Property Tax Actuals vs Estimated  
Minimum State Calculated using 2012-13 Categorical Funds of \$8.5 million**

	<b>SMMUSD Unaudited Actuals</b>	<b>SMMUSD Estimated Actuals</b>	
<b>LCFF Entitlement</b>	<b>76,325,092</b>	<b>76,158,890</b>	<b>166,202</b>
<b>Property Taxes</b>	<b>72,572,371</b>	<b>66,321,013</b>	<b>6,251,358</b>
<b>Difference</b>	<b>3,752,721</b>	<b>9,837,877</b>	<b>(6,085,156)</b>
<b>Prop 30 - EPA</b>	<b>2,169,846</b>	<b>2,171,400</b>	<b>(1,554)</b>
<b>State Aid</b>	<b>1,582,875</b>	<b>7,666,477</b>	<b>(6,083,602)</b>
<b>Minimum State Aid</b>	<b>7,002,968</b>	<b>734,690</b>	<b>6,268,278</b>
			<b>-</b>
<b>Total Funding</b>	<b>83,328,060</b>	<b>76,893,580</b>	<b>6,434,480</b>



# Why Did Property Taxes Change from June to September?

- Districts typically use the County P-2 (April) property tax estimates
- Prior to the Redevelopment Agencies being dissolved P-2 was indicative of annual numbers
- Now very large RDA payments are being received in June change the picture
- P-2 for districts with large RDA payments can not rely on the P-2 time frame for estimating property taxes

**SANTA MONICA - MALIBU USD  
PROPERTY TAXES COMPARISON**

FISCAL YEAR	P2 REPORT			ANNUAL REPORT			VAR	%
	PROPERTY TAXES	RDA FUNDS	TOTAL	PROPERTY TAXES	RDA FUNDS	TOTAL		
2004-05	35,768,686	-	35,768,686	35,155,555	-	35,155,555	(613,131)	-1.71%
2005-06	37,340,704	-	37,340,704	35,225,078	-	35,225,078	(2,115,626)	-5.67%
2006-07	39,816,823	-	39,816,823	37,564,644	-	37,564,644	(2,252,179)	-5.66%
2007-08	41,690,234	880,161	42,570,395	38,462,707	880,161	39,342,868	(3,227,527)	-7.58%
2008-09	45,906,557	1,174,757	47,081,314	45,143,652	1,174,754	46,318,406	(762,908)	-1.62%
2009-10	48,907,003	1,323,795	50,230,798	49,174,813	1,323,795	50,498,608	267,810	0.53%
2010-11	47,654,739	1,383,695	49,038,434	43,775,461	5,683,215	49,458,676	420,242	0.86%
2011-12	49,510,393	1,373,286	50,883,679	48,132,913	3,571,288	51,704,201	820,522	1.61%
2012-13	49,542,296	8,783,796	58,326,092	53,499,704	10,956,778	64,456,482	6,130,390	10.51%
2013-14	51,700,678	6,958,920	58,659,598	52,656,493	13,157,653	65,814,146	7,154,548	12.20%
2014-15	55,736,580	10,582,632	66,319,212	57,371,774	15,200,596	72,572,370	6,253,158	9.43%



# How does this change our Multi-year Projections?

- We must estimate changes in property tax and RDA receipts in projecting our revenue
- We are less reliant on student enrollment, ADA, and Unduplicated count
- Our revenue becomes more difficult to project and more likely to be volatile using an estimate of 5%



**SANTA MONICA-MALIBU USD**

**MULTI-YEAR PROJECTION - Assumes Property Taxes increase at a rate of 5% per year**

**UNRESTRICTED GENERAL FUND**

Description	2014-15 ACTUALS	2015-16 WORKING BUDGET	2016-17 PROJECTED BUDGET	2017-18 PROJECTED BUDGET
Property Tax	72,572,371	76,200,989	80,011,039	84,011,591
Education Protection Account (EPA)	2,169,846	2,159,000	2,159,000	2,135,600
LCFF Transfer to Fund 11 & Fund 14	(437,628)	(250,000)	(250,000)	(250,000)
LCFF Transfer to Charter & County Specialized	(81,164)	(84,000)	(86,000)	(88,000)
LCFF State Aide	8,585,843	5,817,396	4,374,763	3,209,868
Minimum State Aid		2,768,447	4,211,081	5,375,976
<b>Subtotal LCFF Funding</b>	<b>82,809,268</b>	<b>86,611,832</b>	<b>90,419,883</b>	<b>94,395,035</b>
Prior Year LCFF Adjustment	6,602,080			
Other Federal	13,690	13,000	13,000	13,000
Lottery	1,489,605	1,413,403	1,413,403	1,413,403
Mandated Reimbursement Block Grant	1,127,895	6,118,698	397,348	397,348
Other State Revenue	36,083	8,000	8,000	8,000
Measure R – Parcel Tax	11,280,274	11,302,835	11,415,863	11,530,022
Prop. Y / City of SM	6,608,435	7,500,000	7,600,000	7,700,000
Joint Use Agreement/ City of SM	8,448,303	8,617,269	8,789,614	8,965,407
All Other Local Income	3,554,516	3,762,380	3,390,000	3,390,000
SMMEF Donation	3,203,730	2,200,000	2,500,000	2,500,000
Others / Proceeds from Capital Lease	137,119	-		
Local General Fund Contribution	(19,937,657)	(23,116,213)	(23,500,000)	(24,000,000)
<b>TOTAL REVENUE</b>	<b>105,373,341</b>	<b>104,431,203</b>	<b>102,447,111</b>	<b>106,312,215</b>

**SANTA MONICA-MALIBU USD**

**MULTI-YEAR PROJECTION - Assumes Property Taxes increase at a rate of 5% per year**

**UNRESTRICTED GENERAL FUND**

Description	2014-15 ACTUALS	2015-16 WORKING BUDGET	2016-17 PROJECTED BUDGET	2017-18 PROJECTED BUDGET
Certificated Salary	47,401,001	49,073,554	49,148,714	49,725,945
Classified	16,206,905	17,217,832	17,476,099	17,738,240
Benefits	22,125,603	23,222,199	25,074,773	27,192,474
Supplies/Books	2,134,316	2,651,456	2,700,000	2,700,000
Other Operational Costs	7,868,891	9,068,335	9,000,000	9,000,000
Capital Outlay	396,766	672,200	313,000	212,500
Debt Services	53,388	53,400	53,400	53,400
Indirect	(1,003,204)	(1,161,544)	(900,000)	(900,000)
Transfer Out to Fund 12	170,119	185,494	110,000	110,000
Transfer Out to Fund 13	260,000	130,000	130,000	130,000
LCAP increase above 2015-16			525,468	803,851
Transfer to Fund 71 - OPEB		1,000,000	-	-
<b>TOTAL EXPENDITURE</b>	<b>95,613,784</b>	<b>102,112,926</b>	<b>103,631,454</b>	<b>106,766,411</b>

**SANTA MONICA-MALIBU USD**

**MULTI-YEAR PROJECTION - Assumes Property Taxes increase at a rate of 5% per year**

**UNRESTRICTED GENERAL FUND**

Description	2014-15 ACTUALS	2015-16 WORKING BUDGET	2016-17 PROJECTED BUDGET	2017-18 PROJECTED BUDGET
<b>Increase (Decrease) Fund Balance</b>	9,759,556	2,318,277	(1,184,343)	(454,195)
<b>Beginning Fund Balance</b>	21,775,362	31,534,918	33,853,195	32,668,852
<b>Ending Fund Balance</b>	<b>31,534,918</b>	<b>33,853,195</b>	<b>32,668,852</b>	<b>32,214,656</b>
<b>Non Spendable - Revolving cash, Store Assigned</b>	118,311	100,000	100,000	100,000
Reserve – 2016-17 Deficit	1,184,343	1,184,343		
Reserve – 2017-18 Deficit	454,195	454,195	454,195	
Reserve - Increased Property Taxes 2016-17			3,810,050	3,810,050
Reserve - Increased Property Taxes 2017-18				4,000,552
Reserve - OPEB - Unfunded Retiree Liability	1,000,000		-	-
2014-15 Carryovers	865,199			-
One time Funds - Mandated Costs	6,420,240	5,446,498	5,133,498	4,920,998
3% Contingency Reserve	3,971,305	4,102,832	4,202,102	4,325,053
<b>Unappropriated Balance</b>	<b>17,521,325</b>	<b>22,565,326</b>	<b>18,969,006</b>	<b>15,058,003</b>

# Unrestricted General Fund Balance Historical Differences

*June Estimated vs. September Actuals  
Unrestricted General Fund balance:*

<u>Fiscal Year</u>	<u>Estimated vs. Unaudited Actuals</u>	
2006-07	3,062,325	
2007-08	2,878,677	
2008-09	2,755,068	
2009-10	2,127,851	
2010-11	4,189,571	
2011-12	1,575,461	
2012-13	9,756,047	1,209,990
2013-14	2,671,242	
2014-15	8,414,916	1,980,436

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT**  
**2014-15 UNAUDITED ACTUAL SUMMARIES**  
**ADULT EDUCATION FUND (11)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	542,814	511,025	(31,789)
EXPENDITURES	589,430	460,364	129,066
EXCESS OR (DEFICIENCY)	(46,616)	50,662	97,278
BEGINNING BALANCE	318,904	318,904	-
PROJECTED ENDING BALANCE	272,288	369,566	97,278

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT  
2014-15 UNAUDITED ACTUAL SUMMARIES  
CHILD DEVELOPMENT FUND (12)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	8,512,536	8,250,486	(262,050)
EXPENDITURES	8,512,536	8,014,563	497,973
EXCESS OR (DEFICIENCY)	-	235,922	235,922
BEGINNING BALANCE	28,244	28,244	-
PROJECTED ENDING BALANCE	28,244	264,166	235,922

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT**  
**2014-15 UNAUDITED ACTUAL SUMMARIES**  
**CAFETERIA FUND (13)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	3,208,000	3,080,262	(127,738)
EXPENDITURES	3,160,849	2,955,942	204,907
EXCESS OR (DEFICIENCY)	47,151	124,320	77,169
BEGINNING BALANCE	51,883	51,883	-
PROJECTED ENDING BALANCE	99,034	176,203	77,169

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT  
2014-15 UNAUDITED ACTUAL SUMMARIES  
DEFERRED MAINTENANCE (14)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	177,000	175,677	(1,323)
EXPENDITURES	250,000	166,773	83,227
EXCESS OR (DEFICIENCY)	(73,000)	8,905	81,905
BEGINNING BALANCE	131,941	131,941	-
PROJECTED ENDING BALANCE	58,941	140,846	81,905



**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT**  
**2014-15 UNAUDITED ACTUAL SUMMARIES**  
**BUILDING FUND (21)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	30,480,000	30,557,221	77,221
EXPENDITURES	65,922,130	34,326,194	31,595,936
EXCESS OR (DEFICIENCY)	<b>(35,442,130)</b>	<b>(3,768,973)</b>	<b>31,673,157</b>
BEGINNING BALANCE	65,647,802	65,647,802	-
PROJECTED ENDING BALANCE	30,205,672	61,878,829	31,673,157

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT**  
**2014-15 UNAUDITED ACTUAL SUMMARIES**  
**CAPITAL FACILITIES FUND - DEVELOPER FEES (25)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	870,000	1,419,009	549,009
EXPENDITURES	9,098,262	6,846,569	2,251,693
EXCESS OR (DEFICIENCY)	(8,228,262)	(5,427,560)	2,800,702
BEGINNING BALANCE	8,861,921	8,861,921	-
PROJECTED ENDING BALANCE	633,659	3,434,361	2,800,702
RESERVED FOR MEASURE BB	0	1,758,032	1,758,032
BALANCE AFTER BB RESERVE	633,659	1,676,329	1,042,670

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT  
2014-15 UNAUDITED ACTUAL SUMMARIES  
SPECIAL RESERVE for CAPITAL PROJECTS (40)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	2,619,534	2,549,888	(69,646)
EXPENDITURES	8,347,590	2,064,369	6,283,221
EXCESS OR (DEFICIENCY)	(5,728,056)	485,520	6,213,576
BEGINNING BALANCE	8,920,535	8,920,535	-
PROJECTED ENDING BALANCE	3,192,479	9,406,055	6,213,576
RESERVED FOR MEASURE BB	3,192,479	6,000,000	2,807,521
BALANCE AFTER BB RESERVE	0	3,406,055	3,406,055

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT**  
**2014-15 UNAUDITED ACTUAL SUMMARIES**  
**BOND INTEREST AND REDEMPTION FUND (51)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	32,233,156	37,039,184	4,806,028
EXPENDITURES	25,507,835	25,601,525	(93,690)
EXCESS OR (DEFICIENCY)	6,725,321	11,437,659	4,712,338
BEGINNING BALANCE	33,773,115	33,773,115	-
PROJECTED ENDING BALANCE	40,498,436	45,210,774	4,712,338

**SANTA MONICA MALIBU UNIFIED SCHOOL DISTRICT**  
**2014-15 UNAUDITED ACTUAL SUMMARIES**  
**SELF INSURANCE FUND (67)**

	2014-15 ESTIMATED ACTUALS	2014-15 UNAUDITED ACTUALS	DIFFERENCE
REVENUE	2,657,815	2,642,937	(14,878)
EXPENDITURES	1,134,000	2,587,991	(1,453,991)
EXCESS OR (DEFICIENCY)	1,523,815	54,946	(1,468,869)
BEGINNING BALANCE	(5,494,232)	(5,494,232)	-
PROJECTED ENDING BALANCE	(3,970,417)	(5,439,286)	(1,468,869)

# Questions

