

MEASURE "S" QUALITY PUBLIC EDUCATION PRESERVATION ACT of 2003
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
June 30, 2008

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This report is intended for the information and use of the Governing Board and management of Santa Monica-Malibu Unified School District, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Nijoo Nijoo & White, PC

San Diego, California
August 29, 2008

**MEASURE "S" QUALITY PUBLIC EDUCATION PRESERVATION ACT of 2003
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Measure "S" Schedule of Revenues and Expenditures
For the Year Ended June 30, 2008**

	<u>Full Time Equivalent</u>	<u>BUDGET</u>	<u>Full Time Equivalent</u>	<u>REPORTED</u>
Revenues Collected				
Measure "S" Taxes Collected by the County		<u>\$ 6,573,000</u>		<u>\$ 6,546,718</u>
Reported Expenditures				
Teachers Salaries & Benefits - K-3 Class Size	19.00	1,612,035	21.00	1,766,086
Teachers Salaries & Benefits - Middle Schools	11.50	978,731	11.00	948,482
Teachers Salaries & Benefits - High Schools	<u>12.00</u>	<u>1,021,284</u>	<u>10.60</u>	<u>915,486</u>
Total Salaries & Benefits	<u>42.50</u>	<u>3,612,050</u>	<u>42.60</u>	<u>3,630,054</u>
Fine Art and Music Programs		1,074,536		1,097,046
Physical Education Programs		550,468		523,315
Library Programs		1,273,478		1,250,891
Newsletters		42,000		27,242
Other Costs		15,468		13,214
Audit Costs		<u>5,000</u>		<u>4,956</u>
Total Measure "S" Revenues Spent		<u>6,573,000</u>		<u>6,546,718</u>
Total Revenues (Over)/Under Expenditures		<u>\$ -</u>		<u>\$ -</u>

The accompanying notes are an integral part of this Schedule.

MEASURE "S" QUALITY PUBLIC EDUCATION PRESERVATION ACT of 2003
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Notes to Financial Schedule
June 30, 2008

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accounting policies of the Santa Monica-Malibu Unified School District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The Santa Monica-Malibu Unified School District accounts for their financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

B. Financial Reporting Entity

On June 3, 2003, the District voters passed the "Santa Monica-Malibu Unified School District Quality Public Education Preservation Act of 2003", (Measure "S"). This Measure is a qualified special parcel tax of \$225 per parcel to be levied by the District each year for six years with exemptions for parcels owned and occupied by persons age 65 or older. The revenues raised by this Measure shall be used to prevent deterioration in the quality of public education in Santa Monica and Malibu in the face of cuts in funding for public schools, and to promote continued student achievement in the core curriculum.

C. Financial Presentation

The Measure requires that an annual expenditure plan be developed to recommend expenditures of the tax proceeds that are consistent with the intent of the Measure. For financial presentation purposes, the District has reported the District's Annual Measure "S" Schedule of Revenues and Expenditures.

D. Accounting Method

Revenue is recorded under the modified accrual method of accounting. Revenue consists of the special secured tax levy that attaches as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. The property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes for the District. The District recognizes tax revenues when received. Expenditures are recorded under the modified accrual method of accounting.

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NOTE 2 – MEASURE "R"

On February 5, 2008, voters of the District approved Measure "R", which replaces the existing parcel taxes from Measures "S" and "Y." Measure "Y" was set to expire on June 30, 2011 and Measure "S" was set to expire on June 30, 2009. Measure "R" will result in a tax of \$346 per parcel, adjusted annually for inflation by the Consumer Price Index-All Urban Consumers.



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Santa Monica-Malibu Unified School District
Santa Monica, California

INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the agreed-upon procedures enumerated in Exhibit A, which were agreed to by the Santa Monica-Malibu Unified School District for the purpose of determining compliance with the Santa Monica-Malibu Unified School District Quality Public Education Preservation Act of 2003, as approved by the voters June 3, 2003 for the year ended June 30, 2008. This engagement to perform Agreed-Upon Procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated results, findings and recommendations are described in this report as Exhibits A & B, respectively.

This report is intended for the information and use of the Governing Board, and Management of Santa Monica-Malibu Unified School District, and is not intended to be and should not be used by anyone other than these specified parties who have agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

San Diego, California
August 29, 2008

MEASURE "S" QUALITY PUBLIC EDUCATION PRESERVATION ACT of 2003
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT
Exhibit A – Agreed-Upon Procedures
June 30, 2008

The Santa Monica-Malibu Unified School District requested that the following agreed-upon procedures be performed.

- A. Reconcile the Measure "S" Schedule of Revenues and Expenditures to the District's general ledger.
- B. Obtain an understanding of the internal control over the recording of revenues collected by the County.
- C. Obtain an understanding of the internal control over the recording of expenditures and observe support for the allocations report for Measure "S".
- D. Review the compliance with the expenditure provisions/restrictions in the Santa Monica-Malibu Unified School District Quality Public Education Preservation Act of 2003.

MEASURE "S" QUALITY PUBLIC EDUCATION PRESERVATION ACT of 2003
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Exhibit B – Findings and Recommendations
June 30, 2008

The following results are based upon the performance of the agreed-upon procedures as discussed in Exhibit A.

Agreed-Upon Procedure A: Reconcile the Measure "S" Schedule of Revenues and Expenditures to the District's general ledger.

Results: The year ended June 30, 2008 revenues and expenditures reported by the Santa Monica Unified School District for Measure "S" are included in the general ledger of the District.

Agreed-Upon Procedure B: Obtain an understanding of the internal control over the recording of revenues collected by the County.

Results: The year ended June 30, 2008 revenues reported by the Santa Monica Unified School District for Measure "S" were traced to the County notices without exception.

We determined in testing that a communication error occurred in 2007 between the Santa Monica Unified School District and the Los Angeles County Assessor's Office regarding the transfer of the file for the senior citizens exempted from the parcel tax. This resulted in some exempted senior citizens being assessed a parcel tax for Measure "S." The Santa Monica Unified School District promptly identified this problem and issued refunds to the exempted seniors who had overpaid their property taxes in 2007-08.

Agreed-Upon Procedure C: Obtain an understanding of the internal control over the recording of expenditures and observe support for the allocations reported for Measure "S".

Results: There were no exceptions noted.

Agreed-Upon Procedure D: Review the compliance with the expenditure provisions/restrictions in the Santa Monica-Malibu Unified School District Quality Public Education Preservation Act of 2003.

Results: The auditor selected 49 Measure S expenditures in 2007-08 totaling \$177,936 and evaluated the selected expenditures for Measure S allow ability, adequacy of supporting documentation, and appropriate SACS account coding. There were no exceptions noted in the testing.

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Exhibit C – Prior Year Findings and Recommendations
June 30, 2008

There were no findings reported in the prior year's schedule of findings and recommendations.