



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Preliminary General Fund Budget for 2019-20

Melody Canady,
Assistant Superintendent,
Business & Fiscal Services

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



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

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



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

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



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Local Control Funding Formula

2019-20 LCFF Entitlement/Target Funding Calculation

2019-20 LCFF CALCULATION					6/3/2019
BASE GRANT					
	TK-3	4-6	7-8	9-12	TOTAL
	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	83,938,551
AUGMENTATION GRANTS:					
CSR AUGMENTATION: BASE GRANT X 10.4%					2,305,573
CTE AUGMENTATION 9-12 BASE GRANT X 2.6%					798,558
SUPPLEMENTAL AND CONCENTRATION GRANTS:					
TOTAL ENROLLMENT (3-YEAR AVERAGE)					10,692
TOTAL UNDUPLICATED PUPIL COUNT (3-YEAR AVERAGE)					3,054
					28.56%
SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT					4,971,929
TRANSPORTATION AND TIIG GRANT					
2012-13 TRANSPORTATION					820,273
2012-13 TIIG					429,757
TOTAL 2019-20 LCFF ENTITLEMENT					93,264,641
MINIMUM STATE AID / 2012-13 CATEGORICAL PROGRAMS					8,585,843
TOTAL FUNDING LESS: 2012-13 MINIMUM/CATEGORICAL					84,678,798
LOCAL REVENUE / PROPERTY TAXES					89,789,181
Amount of Property Tax Over LCFF Funding (Basic Aid when negative)					(5,110,383)

Note Outside of Calculation:

EDUCATION PROTECTION ACCOUNT	2,000,000
TRANSFER TO CHARTER SCHOOL	-20,000



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

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*



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

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



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

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 <i>Subtotal LCFF Funding</i>		98,039,855	100,355,024	104,076,483	108,002,915

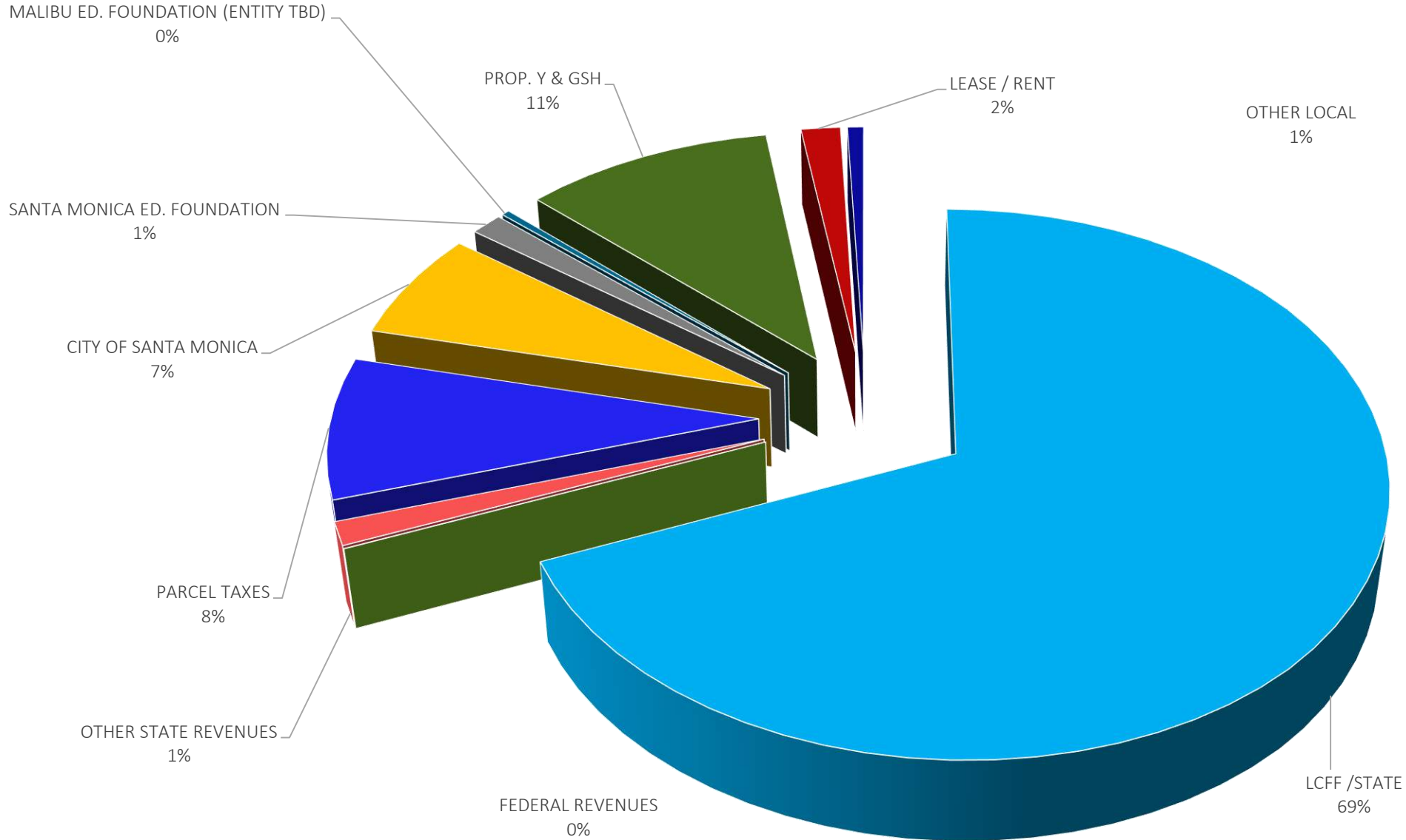


MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	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 TOTAL REVENUE		115,536,350	115,279,422	119,298,046	123,326,349



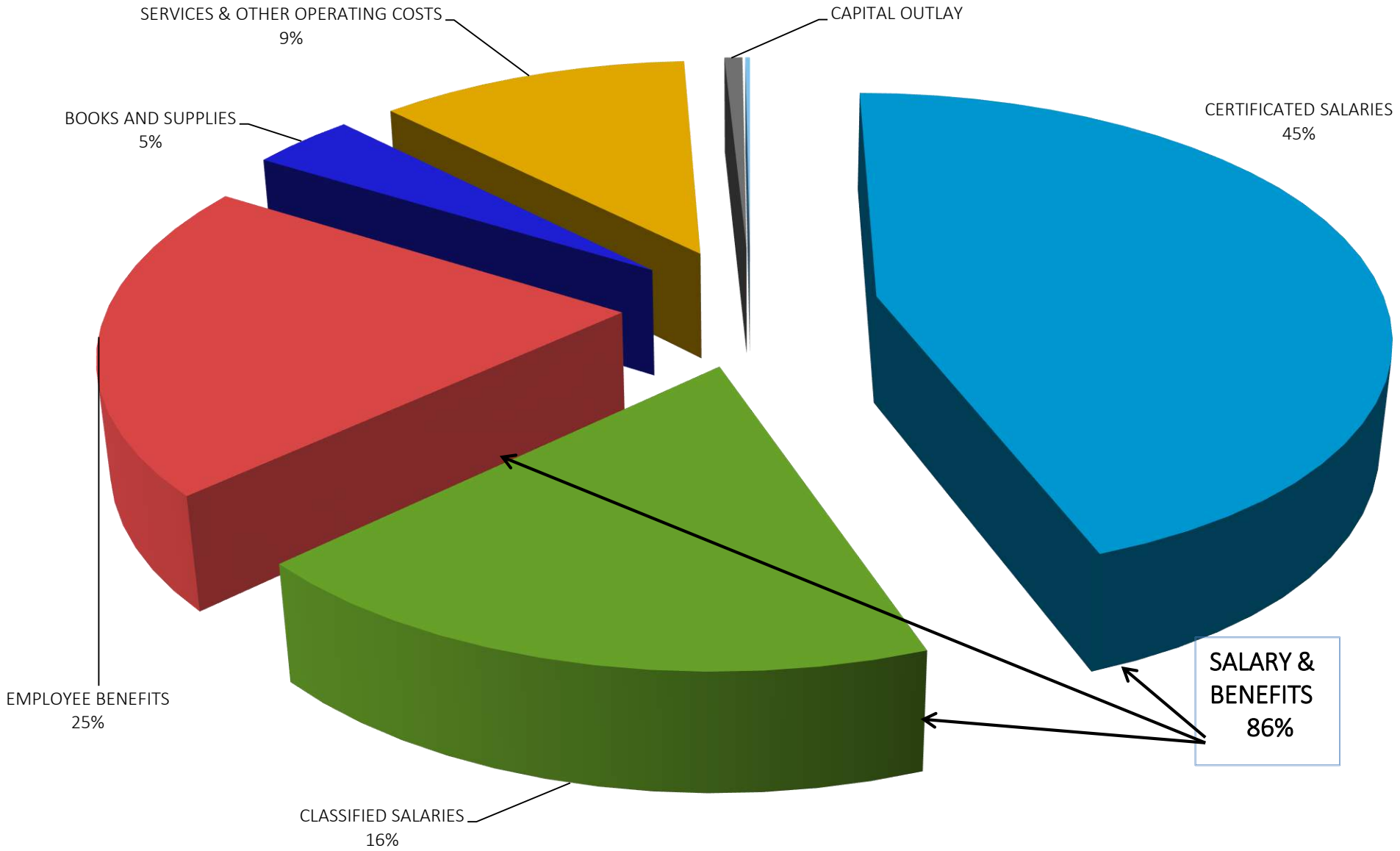
2019-20 GENERAL FUND (FUND 01) REVENUES PROJECTION



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
23 Expenditure:					
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	<i>STRS</i>	8,548,590	8,542,347	9,906,137	9,888,076
28	<i>PERS</i>	3,214,029	3,610,798	4,171,606	4,467,419
29	<i>SOCIAL SECURITY & MEDICARE</i>	2,357,712	2,251,261	2,247,604	2,281,318
30	<i>HEALTH AND WELFARE</i>	11,384,407	12,412,367	13,032,985	13,684,635
31	<i>SUI</i>	39,559	39,128	41,868	42,421
32	<i>WORKERS COMP</i>	2,920,294	2,834,082	3,096,946	3,143,400
33	<i>OPEB</i>	907,276	894,692	921,710	935,536
34	<i>CASH IN -LIEU</i>	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	12,268,571	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 Malibu Ed Foundation (tbd) Expenses		-	-	-	-
40 Debt Services / SERP Saving		28,799	-	-	-
41 Malibu Realignment (Cabrillo)		-	-	-	-
42 Indirect		(1,074,146)	(1,162,959)	(1,000,000)	(1,000,000)
43 GSH Technology Plan/Replacement		2,000,000	1,000,000	1,000,000	1,000,000
44 Interfund Transfer Out to Fund 12 CDS		-	1,000,000	1,000,000	1,000,000
44 LCAP Transfer Out to Fund 12 CDS		-	200,000	-	-
45 Interfund Transfer Out to Fund 13 FNS		900,000	900,000	900,000	900,000
46 Interfund Transfer Out to Fund 14 DefM		1,500,000	750,000	1,000,000	1,000,000
47 TOTAL EXPENDITURE		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
Unappropriated Balance	-

*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!



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Assumptions Reference Only

UNRESTRICTED GENERAL FUND - REVENUE ASSUMPTIONS

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