



Performance Audit

Quality Education Funding Renewal Measure (Measure R)

June 30, 2023

Santa Monica-Malibu Unified School District

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Independent Auditor's Report on Performance

Governing Board and
Financial Oversight Committee on Measure R
Santa Monica-Malibu Unified School District
Santa Monica, California

We were engaged to conduct a performance audit of the Quality Education Funding Renewal Measure (Measure R) of the Santa Monica-Malibu Unified School District (the District) funds for the year ended June 30, 2023.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Authority/Purpose

On February 5, 2008, the District voters passed the Santa Monica-Malibu Schools Quality Education Funding Renewal Measure (Measure R) which replaced the previous parcel tax Measure S and Measure Y. The results of the passage of Measure R include a tax of \$435.06 per parcel, as of June 30, 2020, adjusted annually for inflation by the Consumer Price Index-All Urban Consumers with exemptions for parcels owned and occupied by persons age 65 or older.

Purpose

The revenues raised by Measure R shall be used by Santa Monica-Malibu Unified School District exclusively for the following purposes:

1. To preserve programs and replace funds lost or reduced due to inadequate state funding (including state budget reductions that are the result of reduced federal funding of state programs).
2. To sustain achievement in reading, writing, and mathematics for all students at all grade levels and to fulfill the District's core curriculum which includes music, arts, and athletics.
3. To attract and retain highly qualified teachers.
4. To protect the taxpayers' investment in education and ensure District accountability by providing for special citizen financial oversight and independent annual audits of revenues and expenditures.

Objectives of the Audit

Our audit was limited to the objectives listed below which includes determining the compliance with the performance requirements as referred to in Santa Monica-Malibu Schools Quality Education Funding Renewal Measure R. Management is responsible for the District compliance with those requirements.

1. Determine whether the School District properly accounted for the revenues and expenditures of the Santa Monica-Malibu Schools Quality Education Funding Renewal Measure.
2. Determine whether expenditures charged to the Santa Monica-Malibu Schools Quality Education Funding Renewal Measure have been made in accordance with the ballot language approved by the voters through the approval of Measure R.
3. Determine whether expenditures were maintained and expended in compliance with the Adopted Annual Plan.

Scope of the Audit

The scope of our performance audit covered the period of July 1, 2022 to June 30, 2023. The population of expenditures tested included all object codes associated with the Santa Monica-Malibu Schools Quality Education Funding Renewal Measure. The propriety of expenditures funded through other State or local funding sources other than the Santa Monica-Malibu Schools Quality Education Funding Renewal Measure were not included within the scope of the audit. Expenditures subsequent to June 30, 2023, were not reviewed or included within the scope of our audit or in this report.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Santa Monica-Malibu Schools Quality Education Funding Renewal Measure R but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Methodology

We obtained the adopted annual plan, general ledger and expenditure reports prepared by the District for the fiscal year ended June 30, 2023 for Measure R. Within the fiscal year audited, we obtained the actual invoices, purchase orders, and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of the Measure R ballot language and adopted annual plan. We performed the following procedures:

1. We identified the total budgeted and actual revenues and expenditures charged to Measure R by obtaining a detailed general ledger report. We verified that revenues and expenditures are recorded in a separate unrestricted general fund specific resource entitled Resource 00001 as required by Measure R ballot text. In addition, we obtained the adopted annual plan for the current fiscal year. With this information, we verified that the current year budgeted amounts were established based on the adopted annual plan by agreeing the budgeted amounts reported in the general ledger to the adopted annual plan. We also verified that the proposed annual plan was made available for public review 90 days prior to board adoption.

2. We obtained an understanding of the internal controls over calculating and recording revenues related to Measure R. In addition, we recalculated the total revenue based on the current year parcel tax rate and number of parcels and verified the total revenues were properly recorded in the general ledger. A summary schedule of the revenues and expenditures as compared to the prior year and current year budget for the year-ended June 30, 2023 is as follows:

	June 30, 2022 Actual	June 30, 2023 Budget	June 30, 2023 Actual
Income			
Parcel tax proceeds	\$ 13,365,564	\$ 13,881,013	\$ 14,315,994
Expenditures			
General education teachers	\$ 6,580,211	\$ 6,390,598	\$ 5,891,304
Technology	2,419,754	2,483,736	2,866,742
Fine art and music programs	1,725,044	2,075,752	2,422,912
Library program	1,453,130	1,626,383	1,712,357
Physical education programs	1,086,225	1,182,817	1,302,187
Community services	89,254	86,727	108,123
Costs to administer	11,946	35,000	13,178
Total expenditures	\$ 13,365,564	\$ 13,881,013	\$ 14,316,803
Balance used for general education teacher compensation	\$ -	\$ -	\$ (809)

3. Next, we selected a sample of expenditures using the following criteria:
- We considered all expenditures recorded in all object codes.
 - We considered all expenditures recorded in the period starting July 1, 2022 and ending June 30, 2023.
 - We selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified based on our assessment of materiality.
 - For all items below the individually significant threshold identified in item 2c, we judgmentally selected expenditures based on risk assessment and consideration of coverage of all object codes for the period starting July 1, 2022 and ending June 30, 2023. The results can be projected to the intended population.
4. Our sample included transactions totaling \$2,829,573. This represents 19.8% of the total expenditures of \$14,316,803.
5. We obtained an understanding of the internal controls over compliance and reviewed expenditures for actual compliance. In consideration of the internal controls over compliance and actual compliance with expenditure requirements, we reviewed invoices and other supporting documentation to determine that:
- Expenditures were supported by invoices or other appropriate support, with evidence of proper approval and documentation of receipting of goods and services.
 - Expenditures were expended in accordance with the adopted annual plan and within budgeted allocations.
 - Expenditures were expended in accordance with Measure R ballot text.
 - For salaries charged, we verified that the positions were supported by Measure R and the adopted annual plan.

6. We determined that the District has met the compliance requirements of Measure R when supporting documents for expenditures were aligned with the Measure R ballot text and adopted annual plan.

The result of our tests indicated that the District expended Santa Monica-Malibu Schools Quality Education Funding Renewal Measure funds only for the specific expenditures approved by the voters, in accordance with the Santa Monica-Malibu Schools Quality Education Funding Renewal Measure as outlined in the ballot text for Measure R.

Audit Results

The results of our tests indicated that, in all significant respects, the District properly accounted for the expenditures held in the Santa Monica-Malibu Schools Quality Education Funding Renewal Measure (Measure R) and that such expenditures were made for authorized activities noted in the ballot text and adopted annual plan.

This report is intended solely for the information and use of the District, Governing Board, and Financial Oversight Committee on Measure R and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Eric Sallie LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 12, 2023

None reported.