



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Preliminary General Fund Budget for 2018-19

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Gerardo Cruz, Director of Fiscal Services

May 31, 2018 – Item V.B.



We will discuss:

- Budget assumptions
- LCFF Calculation and how it works
- Multiyear projections
- Ending fund balance and reserve
- Budget Talk...
- Next Steps



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Budget Assumptions



Quick LCFF Budget Assumptions

- SMMUSD Enrollment – 10,722
- SMMUSD ADA – 10,310
- Unduplicated Count (ELL, F/R, Foster) – 27.74%
- Cost of Living Adjustment (COLA) – 3.00%
- Projected LCFF Gap Closure – 100%
- Total LCFF funding – \$91,418,701
(\$9,003,406 above SMMUSD entitlement)
- Included in the LCFF funding is the Supplemental LCAP funding of \$4,739,038



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

How is LCFF Calculated?

How to Determine State Aid verses Basic Aid

Does the State 3% COLA Affect the Budget if the District is Basic Aid?

2018-19 LCFF Entitlement/Target Funding Calculation

BASE GRANT	TK-3	4-6	7-8	9-12	TOTAL
	2,903.04	2,464.57	1,610.47	3,332.40	10,310
2017-18 BASE	7,193	7,301	7,518	8,712	
COLA 3.00%	7,409	7,520	7,744	8,973	
	21,508,623	18,533,566	12,471,480	29,901,625	82,415,295
AUGUMENTATION GRANTS:					
CSR AUGMENTATION: BASE GRANT X 10.4%					2,236,897
CTE AUGMENTATION 9-12 BASE GRANT X 2.6%					777,442
SUPPLEMENT AND CONCENTRATION GRANTS:					
TOTAL ENROLLMENT (based on prior 3 yr avg)				10,772	
TOTAL UNDUPLICATED PUPIL COUNT	27.74%			2,974	
SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT					4,739,038
TRANSPORTATION AND TIIG GRANT					1,250,030
TOTAL LCFF ENTITLEMENT /TARGET FUNDING					91,418,701

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2018-19 LCFF Hold Harmless Calculation

HOLD HARMLESS CALCULATION					
12-13 TOTAL CATEGORICAL FUNDING					8,585,843
12-13 HOLD HARMLESS REVENUE LIMIT PER ADA				5,377.99	
13-14 GAP FUNDING PER ADA				262.43	
14-15 GAP FUNDING PER ADA				598.82	
15-16 GAP FUNDING PER ADA				777.99	
16-17 GAP FUNDING PER ADA				379.45	
17-18 GAP FUNDING PER ADA				174.14	
TOTAL PRIOR YEAR PER ADA RATE				7,570.82	
18-19 FUNDED ADA				10,310	
18-19 HOLD HARMLESS REVENUE LIMIT FUNDING					78,058,788
18-19 TOTAL HOLD HARMLESS FUNDING					86,644,631

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2018-19 LCFF State Aid vs Basic Aid Calculation

2018-19 TOTAL LCFF ENTITLEMENT /TARGET FUNDING		91,418,702
Less LOCAL REVENUE/PROPERTY TAXES		91,028,004
Less EDUCATION PROTECTION ACT /EPA		2,000,000
*STATE AID =	<i>(TOTAL FUNDING - TAXES - EPA)</i>	(1,609,302)

2018-19 LCFF Entitlement/Target Funding Calculation

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	2,903.04	2,464.57	1,610.47	3,332.40	10,310
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2018-19 Total LCFF Funding Calculation

LOCAL REVENUE/PROPERTY TAXES		91,028,004
EDUCATION PROTECTION ACT /EPA		2,000,000
MINIMUM STATE AID		8,585,843
TOTAL LCFF FUNDING = (Property Tax + EPA + Min State Aid)		101,613,847

Full 2018-19 LCFF Calculation for State Reporting

BASE GRANT	TK-3	4-6	7-8	9-12	TOTAL
	2,903.04	2,464.57	1,610.47	3,332.40	10,310
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18-19 TOTAL HOLD HARMLESS FUNDING					86,644,631
DIFFERENCE BTW LCFF AND HOLD HARMLESS FUNDING / 100% GAP FUNDING					4,774,070
2018-19 TOTAL FUNDING					91,418,702
LOCAL REVENUE/PROPERTY TAXES					91,028,004
EDUCATION PROTECTION ACT /EPA					2,000,000
*STATE AID =	(TOTAL FUNDING - TAXES - EPA)				(1,609,302)
*EXTRA FUNDS (ALL DISTRICT WILL RECEIVE 2012-13 CATEGORICAL FUNDS)					10,195,145
MINIMUM STATE AID					8,585,843
TOTAL LCFF FUNDING =	(PROPERTY TAX + EPA + MINIMUM STATE AID)				101,613,847



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Multi-Year Projections

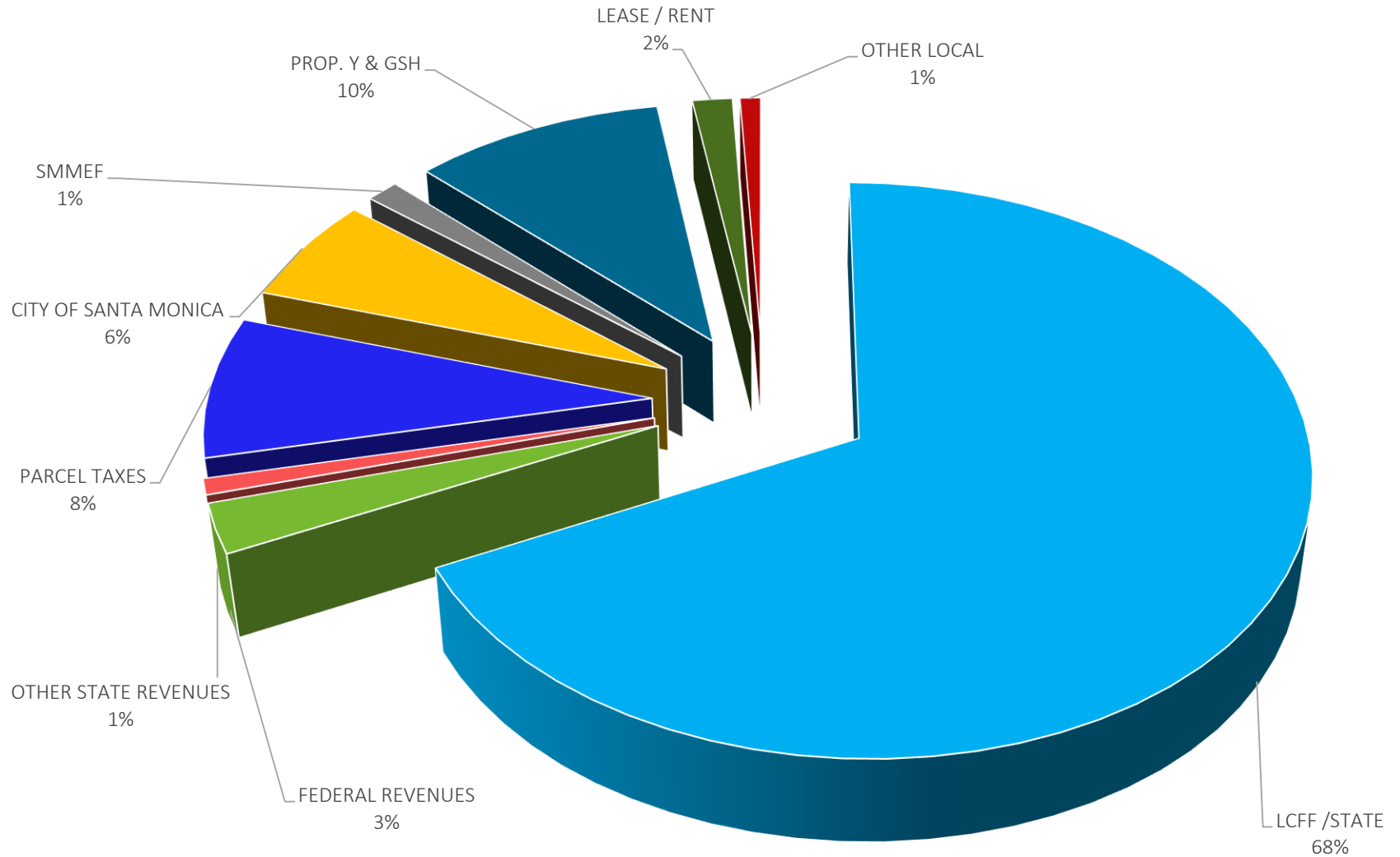
**SANTA MONICA-MALIBU USD
UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION**

Description	2017-18 ESTIMATED ACTUALS	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Property Tax (\$87,407,623 for 17-18)	91,028,188	91,028,004	94,829,404	98,820,875
Education Protection Account (EPA)	2,130,414	2,000,000	2,000,000	2,000,000
LCFF Transfer to Fund 14	(250,000)			
LCFF Transfer to County Specialized Secondary School				
Pr. Year LCFF Adjustment	(151,856)			
Minimum State Aid	8,585,843	8,585,843	8,585,843	8,585,843
<i>Subtotal LCFF Funding</i>	101,342,589	101,613,847	105,415,247	109,406,718

**SANTA MONICA-MALIBU USD
UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION**

Description	2017-18 ESTIMATED ACTUALS	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Other Federal	88,633	13,000	13,000	13,000
Lottery	1,608,338	1,600,000	1,600,000	1,600,000
Mandated Block Grant	411,302	416,814	380,000	380,000
Other State Revenue	1,546,545	3,551,805	5,000	5,000
Measure R - Parcel Tax	12,146,042	12,205,124	12,449,227	12,698,211
Prop Y / City of SM	7,700,000	7,700,000	7,700,000	8,200,000
Prop GSH / City of SM	7,700,000	7,700,000	7,700,000	8,200,000
Joint Use Agreement/ City of SM	9,000,000	9,215,145	9,400,000	9,600,000
All Other Local Income	4,620,095	3,714,440	3,620,000	3,590,000
SMMEF Donation	2,010,102	2,000,000	2,000,000	2,000,000
Local General Fund Contribution	(29,540,825)	(28,360,769)	(28,927,984)	(29,506,544)
TOTAL REVENUE	118,632,821	121,369,407	121,354,490	126,186,385

2018-19 GENERAL FUND (FUND 01) REVENUES PROJECTION



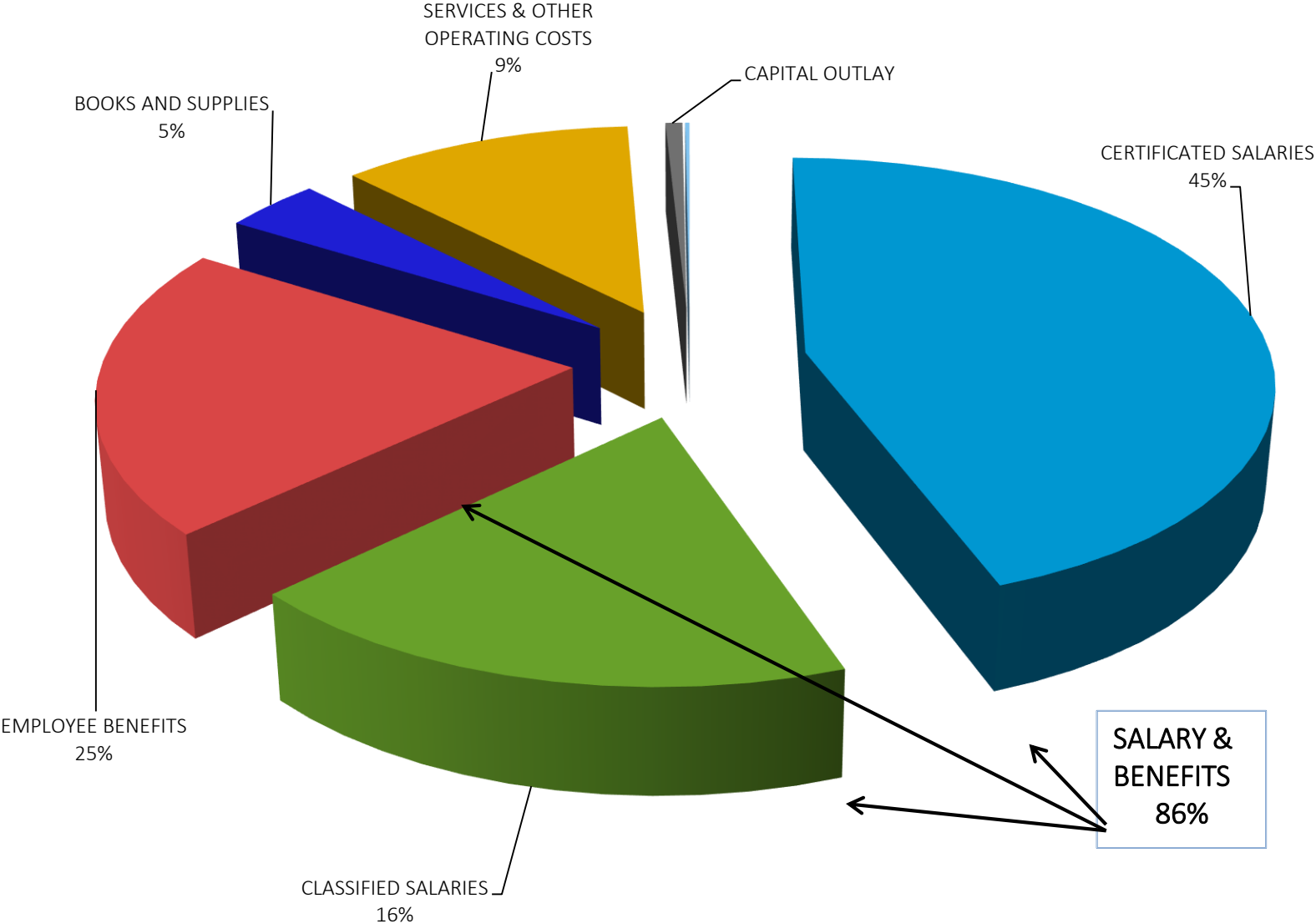
SANTA MONICA-MALIBU USD

Expenditures

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION

Description	2017-18 ESTIMATED ACTUALS	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Certificated Salary	53,000,237	53,432,995	54,234,490	55,048,007
Classified	19,186,659	19,342,117	19,632,249	19,926,732
Benefits	27,917,580	30,251,116	33,031,684	35,281,363
<i>STRS</i>	7,581,428	8,456,476	9,832,713	10,514,169
<i>PERS</i>	2,777,123	3,242,282	3,797,662	4,354,987
<i>SOCIAL SECURITY & MEDICARE</i>	2,291,435	2,369,482	2,288,267	2,322,591
<i>HEALTH AND WELFARE</i>	11,343,626	12,254,336	13,112,140	14,029,989
<i>SUI</i>	39,192	39,396	41,933	42,487
<i>WORKERS COMP</i>	2,886,181	2,887,519	2,954,670	2,998,990
<i>OPEB</i>	896,258	902,599	923,334	937,184
<i>CASH IN -LIEU</i>	102,337	99,026	80,965	80,965
Supplies/Books	3,122,385	6,234,548	4,000,000	4,000,000
Other Operational Costs	10,320,279	10,859,558	9,800,000	9,800,000
Capital Outlay	1,488,935	69,060	200,000	500,000
Transfer to County Specialized Sch.	120,000	120,000	120,000	120,000
Debt Services	53,389	28,800	0	0
Indirect	(1,134,195)	(973,278)	(1,000,000)	(1,000,000)
Transfer Out to FUND 12	690,830	200,000	200,000	200,000
Transfer Out to FUND 13	900,000	1,600,000	900,000	900,000
Transfer Out to FUND 14	700,000	1,500,000	1,500,000	1,500,000
TOTAL EXPENDITURE	116,366,099	122,664,916	122,618,422	126,276,103

2018-19 GENERAL FUND (Fund 01) EXPENDITURES PROJECTION



SANTA MONICA-MALIBU USD

UNRESTRICTED GENERAL FUND MULTI-YEAR PROJECTION

Description	2017-18 ESTIMATED ACTUALS	2018-19 PROJECTED BUDGET	2019-20 PROJECTED BUDGET	2020-21 PROJECTED BUDGET
Increase (Decrease) Fund Balance	2,266,722	(1,295,509)	(1,263,932)	(89,718)
Beginning Fund Balance	26,917,922	29,184,644	27,889,135	26,625,203
Ending Fund Balance	29,184,644	27,889,135	26,625,203	26,535,484
Reserve - Revolving cash, Store	141,783	141,783	141,783	141,783
Reserve - Deficit Spending in 18-19	1,295,509	0	0	0
Reserve - Deficit Spending in 19-20	1,263,932	1,263,932	0	0
Reserve - Deficit Spending in 20-21	89,718	89,718	89,718	0
3% Contingency Reserve	4,899,952	4,823,470	5,105,288	5,050,000
Reserve Up to 2-months of Expenses	21,493,750	21,570,232	21,288,414	21,343,702
Unappropriated Balance	0	0	0	0

Combined Assigned and Unassigned Fund Balances

2017-2018

Fund 01: Unrestricted General Fund	
Unrestricted General Fund Balance	\$ 29,184,644
Total Assigned and Unassigned Fund Balance	29,184,644
Less: 3% Reserve for Economic Uncertainties	4,899,952
Fund Balance that Requires Explanation	24,284,692
Reasons for Assigned and Unassigned Ending Fund Balances	
*Above the State Recommended Minimum Level	
	24,284,692
Reserve for Revolving Cash, Store & Prepaid	(141,783)
Reserve for 18-19 Deficit Spending	(995,509)
Reserve for 19-20 Deficit Spending	(1,363,932)
Reserve for 20-21 Deficit Spending	(89,718)
^Reserve for up to 2 months General Fund Expenditures	(21,693,750)
Unappropriated Balance	-

*current reserve is at 17.80% (up 0.83% from 16.97% @ 2nd Interim)

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



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Budget Talk



Budget Talk...

■ What have we done so far:

- Line-by-line assessment of revenues and expenditures at each school site and department level
- Aligned purchasing procedures for compliancy and purchasing power
- Reshaped staffing levels through changes of FTEs

■ Onetime funds -

- Are used to help with current and future deficits
- May also be used towards identified onetime programs, projects, equipment, and/or efficiency services, examples:
 - Security Camera's
 - Technology for students – Chrome books and carts
 - Specific text books and/or software needs, which are not ongoing expenditures
 - Kitchen equipment

■ How do we reshape our future budget(s) to allow for a newer and more flattering figure?



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Additional Assumptions to Review as Reference Only

UNRESTRICTED GENERAL FUND - REVENUE ASSUMPTIONS

Factor	2017-18	2018-19	2019-20	2020-21
Statutory COLA	1.56%	3.00%	2.57%	2.67%
LCFF Base Funding				
K-3 + 10.4% CSR	\$ 7,941	\$ 8,180	\$ 8,390	\$ 8,614
4-6	\$ 7,301	\$ 7,520	\$ 7,713	\$ 7,919
7-8	\$ 7,518	\$ 7,744	\$ 7,943	\$ 8,155
9-12 + 2.6% CTE	\$ 8,393	\$ 9,206	\$ 9,443	\$ 9,695
Average LCFF Funding per student	\$ 8,386	\$ 8,867	\$ 9,105	\$ 8,977
Local Property Tax % Increase	5%	5%	5%	5%
% Gap Closure	100%	100%	100%	100%
Minimum State Aid	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843	\$ 8,585,843
Enrollment Projection	10,722	10,819	10,819	10,819
P2 ADA Projection	10,299	10,299	10,299	10,299
Funded ADA	10,488	10,310	9,858	10,258
City of Santa Monica - Master Facility Agreement	\$ 9,034,456	\$ 9,400,000	\$ 9,600,000	\$ 9,800,000
Measure R Parcel Tax	\$12,146,042	\$ 12,205,124	\$ 12,449,227	\$ 12,698,211
City of SM / Prop Y	\$ 7,700,000	\$ 7,700,000	\$ 7,700,000	\$ 8,200,000
City of SM / Measure GSH	\$ 7,700,000	\$ 7,700,000	\$ 7,700,000	\$ 8,200,000
SMMEF	\$ 2,010,103	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000

UNRESTRICTED GENERAL FUND - EXPENDITURE ASSUMPTIONS

Factor	2017-18	2017-18	2018-19	2019-20
Salary Increase	2%	0%	0%	0%
Step & Column Increases	1.50%	1.50%	1.50%	1.50%
STRS Rate	14.43%	16.28%	18.13%	19.10%
PERS Rate	15.531%	18.06%	20.80%	23.50%
Health/Welfare - Annualized	7%	7%	7%	7%
Workers' Compensation	4.00%	4.00%	4.00%	4.00%
Other Postemployment Benefits	1.25%	1.25%	1.25%	1.25%
Indirect Cost Rate	5.04%	5.04%	5.04%	5.04%
Interest Rate	0.70%	0.70%	0.70%	0.70%
Ongoing Maintenance	3%	3%	3%	3%
Reserve for Uncertainties	3%	3%	3%	3%



Next Steps

- Continue to monitor the State budget process
- Prepare final budget documents for the Public Hearing on June 19, 2018 and Board adoption on June 28, 2018
- Prepare any necessary budget revisions for Board approval within the legal timelines (45-day revision) after final State Budget adoption



Thank You!