



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

2017-18 UNAUDITED ACTUALS

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September 6, 2018 Board Meeting
Agenda Item X.F.

What are Unaudited Actuals?

- District prepared year-end financial statements as of June 30th using State format known as SACS (State Account Code Structure) for all District funds (*Attachment A*)
- Report of activities in all District funds, identifying unspent funds or reserves that are carried forward into future years (*Attachments 1 & 2*)
- Used by external auditors to prepare the official Audit Report
- In June, staff presented 2017-18 Estimated Actuals during the 2018-19 Budget Adoption process



What has changed since June?

- The financial books of the District have been closed
- Year-end closing entries are prepared and posted
- Unspent allocations have been identified and reserved or assigned the Fund Balance as appropriate (*Attachments 3 & 4*)
- Unaudited Actuals are compared to Estimated Actuals as presented with the 2018-19 Adopted Budget



Why are Projections Different than Expected?

- School districts use conservatively estimated revenue and allocated expenditures during the budget and interim reporting processes
- The risk of miscalculating or underestimating 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):
 - Purchase Orders for Equipment & Replacement: \$286,431
 - Purchase Orders for Textbooks: \$801,802
 - Purchase Orders for Other Services: \$133,484



| Explanation of <u>major</u> differences between June Estimates and September Actuals | \$5,701,386 |
|--|-------------|
| <p style="text-align: center;">Revenue: LCFF – 1,004,766 MAA – 198,914 MEASURE GSH & Y – 384,494 OTHER STATE REVENUES/LOTTERY – 97,512 INTEREST EARNED & OTHER LOCAL REVENUES – 356,028</p> | 2,041,714 |
| No Transfer to Fund 12 Child Development | 390,830 |
| Unspent Special Education LGFC | 759,102 |
| Unspent Stretch Grants & Formula | 45,657 |
| Unspent LCAP Funds | 503,780 |
| Unspent Textbooks | 801,802 |
| Unspent Certificated Salary/Unfilled Positions, Hourly/Sub | 604,054 |
| Lower than Anticipated Utility Costs | 207,207 |

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% |
| 2015-16 | 60,240,363 | 10,225,493 | 70,465,856 | 62,583,086 | 11,082,687 | 73,665,773 | 3,199,917 | 4.54% |
| 2016-17 | 65,588,613 | 6,517,394 | 72,106,007 | 66,181,738 | 14,731,464 | 80,913,202 | 8,807,195 | 12.21% |
| 2017-18 | 72,407,623 | 7,073,023 | 79,480,646 | 73,824,603 | 18,279,332 | 92,103,935 | 12,623,289 | 15.88% |
| 2018-19 | | | | 76,028,004 | 15,000,000 | 96,709,132 | 4,605,197 | 5.00% |



Unrestricted General Fund Balance Historical Differences

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

| <u>Fiscal Year</u> | <u>Estimated vs. Unaudited Actuals</u> |
|--------------------|--|
| 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 |
| 2013-14 | 2,671,242 |
| 2014-15 | 8,414,916 |
| 2015-16 | 4,019,832 |
| 2016-17 | 3,092,853 |
| 2017-18 | 5,701,386 |

Unrestricted General Fund Net Increase / (Decrease) in Fund Balance

| <u>Fiscal Year</u> | <u>(Deficit Spending)</u> |
|--------------------|---------------------------|
| 2007-08 | 4,337,478 |
| 2008-09 | 1,436,131 |
| 2009-10 | (3,647,602) |
| 2010-11 | 3,062,920 |
| 2011-12 | (2,280,283) |
| 2012-13 | 7,184,608 |
| 2013-14 | (2,975,908) |
| 2014-15 | 9,759,555 |
| 2015-16 | 1,074,929 |
| 2016-17 | (5,691,926) |
| 2017-18 | 7,968,107 |



MULTI-YEAR PROJECTION
2017-18 – 2021-22
(Attachment 5)

Observations To Keep In Mind

- Moderate declining enrollment
- Property taxes are an extremely high percentage of LCFF funding with a great deal of volatility
- Community Redevelopment Funds are a significant percentage of LCFF funding
- Parcel taxes, special sales tax measures and donations are a significant percentage of total revenue
- Given the potential for revenue volatility, expenditures need to be managed strategically
- The multiyear projects are showing an end to deficit spending by 2020/21. However, we will need to continue to set and hold ourselves accountable in order to fully eliminate deficit spending