Santa Monica-Malibu Unified School District

2011-12
Financial Oversight Committee Report
June 7, 2012

Public Announcement

- Thank you to Jan Maez and Kim Nguyen!
- Thank you to our Board Liaisons!
    - Oscar de la Torre
    - Jose Escarce
    - Laurie Lieberman
    - Nimish Patel

Year in Review

2011-12 FOC Accomplishments

- Met with the District's auditor to review the FY 2010-11 audit of District finances and Measure R expenditures.
- Reviewed the 1st and 2nd Interim Reports, District staff projections of enrollment and Average Daily Attendance (ADA) and various proposed budget transfers.
- Our comparative District Subcommittee performed an analysis and prepared a report on the financial benchmarks for several similar districts in California.

2011-12 FOC Accomplishments

- Reviewed, discussed, and provided comments to the Board on a variety of other matters, including:
  - Comments on District-wide fundraising;
  - Comments on the FOC Statement of Purpose;
  - Comments on the 2010-11 Audit Report;
  - Comments on the FOC Nomination Policy;
- Our Public Education on District Finances Subcommittee prepared a user-friendly presentation that was given to several stakeholders including four PTAs, the board of the Education Foundation, and the PTA Council.

2011-12 FOC Accomplishments

- Our Revenue Enhancement Subcommittee researched other districts' Education Foundations. This analysis included a review of the formal agreements between the educational foundations and their respective Districts, and an understanding of the implementation process of centralized fundraising.
- Our Public Education on District Finances Subcommittee prepared a user-friendly presentation that was given to several stakeholders including four PTAs, the board of the Education Foundation, and the PTA Council.
- Our Special Education Subcommittee completed work with Chief Financial Officer Jan Maez and a subcommittee of the District's Special Education District Advisory Committee (SEDAC) to improve knowledge, access, and understanding of the District's Special Education expenditures.

Measure R

- The Santa Monica-Malibu Schools Quality Education Funding Renewal Act of 2008, more commonly known as Measure R, was the school funding measure approved by District voters in February 2008. The measure consolidated and replaced two former parcel taxes, Measure S and Measure Y, in the amount of $350.84 per parcel this year.
- Measure R generated about $10.7 million for our District in 2011-12.
- The FOC reviewed the audit of Measure R that was performed by the District's auditors which contained a "clean" accounting opinion, and there were no findings reported.

Opinion on 2012-13 Budget

- We understand the difficult nature of the economic environment affecting public schools funding over the past five years. SMMUSD has lost approximately $20 million in State funding since 2007-2008. While SMMUSD has cut $11 million and Propositions Y&YY have added $6 million, a gap of $3 million still remains.
- We want to recognize the efforts by SMMUSD Board of cutting $2.5 million from the budget. We must recognize that a $2 - $5 million structural deficit still exists. If the tax initiatives fails, SMMUSD will face an additional $4.8 million revenue shortfall.

Opinion on 2012-13 Budget

- There are risk in the current projections including:
  - (a) failure of the tax initiatives,
  - (b) inaccurate projections regarding the results of negotiations with bargaining units,
  - (c) the impact of the weighted student formula which would become effective on a phased basis if the Governor's tax initiative is successful, and
  - (d) additional reductions in school funding by various State actions, such as further deficits, continued refusal to make COLA increases, and budget gimmicks to reduce the Proposition 98 guarantee.
- There are also significant cash flow issues resulting from assumptions made by the State regarding the level of property tax revenues that will flow to the District as a result of the demise of the Redevelopment Agencies.

Opinion on 2012-13 Budget

While we recognize there are many moving parts to the revenue projections this year, we ask that the Board develop a financial strategy now that will enable the District to maintain adequate reserves in the future.

FOC 2012-13 Focus

1. Per Pupil Budgeting Research
2. Detailed Budget Review
3. Detailed Analysis of Malibu Separation Financial Information