



SMMUSD Financial Oversight Committee Minutes

Date: Tuesday, January 17, 2012

Time: 7:00 pm to 9:00 pm

**Location: Testing Room, SMMUSD Administrative Offices
1651 16th Street, Santa Monica, CA 90404**

I. Call to Order

The meeting was called to order at 7:03p.m. by Ms. Wagner.

Committee Members:

Carrie Wagner, Chair	Paul Silvern
Tom Larmore	Shelly Slaugh Nahass
Gordon Lee left @ 7:47pm	David Vukadinovich

Staff:

Jan Maez
Kim Nguyen

Public:

Gerardo Cruz, CDS Fiscal Supervisor arrived @ 7:40pm
Heidi Kleis, SMMCTA
Valerie McMaster-Shaw, Christy White Accountancy
Nimish Patel, Board Member left @ 8:20pm

Absent:

Oscar de la Torre	Jose Escarce
Joan Chu Reese	Craig Foster
Craig Hamilton	Patricia Hoffman
Laurie Lieberman	Cynthia Torres
Jack Walecki – Malibu High School	

II. Approval of Minutes

December 13, 2011 meeting

A motion was made by Mr. Silvern and seconded by Mr. Lee to approve the Minutes as amended. The motion passed unanimously. Ms. Chu Reese, Mr. Foster, Mr. Hamilton, Ms. Hoffman, and Ms. Torres were absent.

III. Staff Report: Chief Financial Officer Janece L. Maez (*Limited Discussion*)

- A. District Audit Report: Ms. Maez introduced Ms. McMaster-Shaw from Christy White Accountancy who shared the highlights of the audit report. Ms. McMaster-Shaw pointed out the different general, federal and state opinions. There were no attendance findings this year. There were minor findings with credit cards, cafeteria bank reconciliation, and cash receipting with ASB. There were no federal or state findings. Ms. Maez stated that there will be a staff development for the bookkeepers and clerical staff who do most of the recordkeeping and the ASB advisors. Ms. McMaster-Shaw stated that there were ten (10) programs that were tested. There was an audit adjustment with post employment benefit fund to account for the full liability as the district is self insured for post employment benefits. The Annual Required Contribution (ARC) is \$2.5M per year. Ms. McMaster-Shaw will reconfirm the data of certificated salary and benefits, property taxes, and other local revenues in one of the audit report schedules. The FOC carefully

reviewed the audit report and is very pleased with the report. Furthermore, the FOC congratulated Ms. Maez and the Fiscal staff for the work completed.

The FOC met with Ms. McMaster-Shaw without the presence of staff from 7:35pm-7:40pm.

The FOC questioned the notes regarding cash at risk. Ms. Maez will review and provide additional information.

- B. Budget Update: Ms. Maez presented the key points of the Governors Budget. The biggest is the tax initiative that he suggested for November. If the tax initiative does not pass, there will be triggered additional reductions. The prediction is \$370/ADA or approximately \$4.0M for SMMUSD. Another major factor is that the Governor is proposing that the deficit factor be increased to offset the cost of living adjustment (COLA). Since the District's multi-year projections at the 1st Interim included \$2.2M COLA for next year, this is an additional loss. The Governor has also proposed that the State no longer fund transportation for students. This includes both special education students and regular education students. One part of the proposal took the funding out of the budget that was to provide the transitional kindergarten programs. The age for kindergarten will be pushed back one (1) month per year for the next three (3) years. During this transition, kids are allowed to go to transitional kindergarten as the age is rolled back. The Governor is holding back the funding of this program but the rolling of the age will continue. There were some significant Child Development Service cuts. Mr. Cruz stated that HeadStart will be fully funded with \$24k for 2013. Ms. Maez reminded the FOC that the District set aside \$3M to cover trigger cuts in December 2011. If the worst happens, there is enough funding to make it through 2013 but full cuts will need to be made in 2013-14. School Services recommended districts to budget with the assumption that mid-year cuts will happen. In order to build the budget for 2012-13, the District will need to plan for approximately \$7M in cuts on top of structural deficit for a total of about \$11M. Ms. Maez stated that the District has not gone to the table with either union regarding furlough days. Under the proposal, the District can go down to 165 days but there is a problem with STRS and creditable earnings. Teachers do not earn a full year of service if instruction falls under 175 days. Ms. Maez indicated that a Board Budget Workshop is scheduled towards the end of February. At the January 19th Board Meeting, Ms. Maez will highlight the Governors Budget but will not make recommendations.

IV. Discussion/Action Items

- A. FOC Appointments: A motion was made by Mr. Lee and seconded by Mr. Vukadinovich to move this discussion/action item from Item #IV-C up to Item #IV-A. Mr. Lee stated that twelve (12) applications were received. The subcommittee will meet and talk about the procedure on how to move forward. The applications will be reviewed and a recommendation will come back to the FOC at the February 21, 2012 meeting.
- B. FOC Statement of Purpose: Ms. Wagner and Ms. Chu Reese will clarify the language of the FOC Statement of Purpose. Mr. Patel mentioned that there will be a Brown Act workshop to be scheduled in the near future.

- C. Calendaring of FOC Meetings: The FOC decided to retain the scheduled meetings as set at the beginning of the year and call special meetings as needed.

V. Update from Ad Hoc Committees

- A. Researching District Revenue Enhancement (*J. Chu Reese, G. Lee, C. Torres, D. Vukadinovich*): No report.
- B. Educating Public on District Finances (*C. Wagner, C. Foster, P. Hoffman, T. Larmore*): Ms. Wagner stated that the committee met. She attended an Ed Foundation Board meeting and the Ed Foundation will be able to use the FOC information when putting together their fundraising strategy. Ms. Maez stated that the State of our Schools presentation has some good slides showing district comparisons. Mr. Larmore felt that it was important for people to understand that special education is a huge part of the budget.
- C. Comparative District Research (*T. Larmore, S. Slaugh Nahass, P. Silvern*): Mr. Larmore stated that Berkeley receives more in local sources (\$32M or 34% of revenues) than SMMUSD because they have a bifurcated tax schedule on a per square foot improvement rather than per parcel. Also, Berkeley's commercial rate is higher than SMMUSD. Mr. Larmore stated that the committee is close to completion and will meet to discuss the data. The school district criteria were screened to put ADA, school population, free and reduced lunch, and ethnic minorities within a set range. Carlsbad and Palo Alto were basic aid districts and if Malibu becomes unified, they would be as well.
- D. Special Education District Advisory Committee (SEDAC) (*C. Hamilton, P. Silvern*): No Report.
- E. Superintendent Advisory Group (SAG): Mr. Vukadinovich stated that the first meeting was scheduled for January 23, 2012 at 4pm and open to the public. Mr. Vukadinovich would like to talk to Mr. Silvern and Ms. Torres about the work they have done. The Superintendent has a date in June to report to the Board. Mr. Vukadinovich indicated that there are approximately thirty (30) members on the committee with most members having an alternate but he does not. Ms. Maez stated that the SAG was a Board formed ad hoc committee and is subject to The Brown Act.

VI. Receive and File (Limited Discussion)

VII. Public Comments: None

VIII. Next Meeting: February 21, 2012 from 7:00 p.m. - 9:00 p.m.

IX. Adjournment: It was moved by Mr. Silvern and seconded by Ms. Slaugh Nahass to adjourn at 8:55p.m. The motion passed unanimously. Ms. Chu Reese, Mr. Foster, Mr. Hamilton, Ms. Hoffman, and Ms. Torres were absent.