



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, January 11, 2018

Time: 7:00 pm to 9:00 pm

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

I. Call to Order

7:05 pm

Committee Members: Seth Jacobson Joan Krenik
Shawn Landres Gordon Lee
Marc Levis-Fitzgerald Debbie Mulvaney
Shelly Slaugh Nahass

Student Member: Patrick Schmelzer (SAMOHI)

Staff: Melody Canady

Board Liaisons: Jon Kean Laurie Lieberman

Absent: Alex Farivar Michael Kremer
Tom Larmore Manel Sweetmore
Craig Foster Kim Nguyen

Public: Hadley Hui, Moss Levy and Hartzheim LLP

II. Welcome Assistant Superintendent, Business and Fiscal Services – Melody Canady

The FOC welcomed Ms. Canady to the District.

III. Discussion/Action Items

A. District Audit –Hadley Hui, Moss Levy and Hartzheim LLP

Mr. Hui presented the modified district audit with no major issues. There was a concern in the number and cost of change orders. Mr. Lee will address and report from the Bond Oversight Committee. The district audit may be found at: <http://www.smmusd.org/fiscal/BudgetDocs/AuditReport1217.pdf>

A motion was made by Mr. Lee and seconded by Ms. Krenik to accept the district audit.

AYES: Seven (7) (Mr. Jacobson, Ms. Krenik, Mr. Landres, Mr. Lee, Mr. Levis-Fitzgerald, Ms. Mulvaney, Ms. Slaugh Nahass)

STUDENT ADVISORY VOTE: One (1) Mr. Schmelzer

NOES: None (0)

ABSENT: Four (4) (Mr. Farivar, Mr. Kremer, Mr. Larmore, Mr. Sweetmore)

ABSTAIN: None (0)

IV. **Approval of Minutes**

A motion was made by Mr. Lee and seconded by Ms. Krenik to approve the October 12, 2017 meeting minutes.

AYES: Six (6) **Seven (7)** (Mr. Farivar, Mr. Kremer, Mr. Jacobson, Mr. Landres, **Mr. Lee**, Ms. Krenik, Ms. Mulvaney)

STUDENT ADVISORY VOTE: One (1) Mr. Schmelzer

NOES: None (0)

ABSENT: Five (5) **Four (4)** (Mr. Larmore, Mr. Lee, Mr. Levis-Fitzgerald, Ms. Slaugh Nahass, Mr. Sweetmore)

ABSTAIN: None (0)

V. **Staff Report: Assistant Superintendent, Business and Fiscal Services Melody Canady**

A. Purchasing Director, Fiscal Director, and Food Services Director Positions

Ms. Canady provided the committee an update of the following new hires:

- Purchasing Director – Anna Chhabria
- Fiscal Director – Gerardo Cruz
- Food Services Director – Richard Marchini

B. Budget Update

Ms. Canady reviewed the first interim report with the FOC. There is an expectation that the impending labor negotiations will further increase the deficit but staff are reviewing ways to decrease expenditures, especially with regard to contracts and outside consultants. Total expenditures increased by \$1.1 million. The First Interim Report and Presentation may be found at: <http://www.smmusd.org/fiscal/BudgetInfo.html>. Ms. Canady's budget handouts may be found at the end of these minutes.

C. Update on Status of Malibu Unification

Michael Bishop is working with School Services of California to complete their report to the Board of Education. School Services of California Full Report and Summary: Review of Revenue Options for District Reorganization presented at the October 30, 2017 Board Meeting Summary may be found at:

<http://www.smmusd.org/superintendent/MalibuUnification/102317SSCRevenueReviewSummary.pdf> and the Full report may be found at: <http://www.smmusd.org/superintendent/MalibuUnification/102317SSCRevenueReview.pdf>.

D. Impact of Los Angeles County Assessor 2017 Annual Report on SMMUSD likely Basic Aid status

Ms. Canady reported that Malibu had a 6.45% change in assessed value from 2016-2017, compared to Santa Monica's 3.82% change. In order for SMMUSD to be basic aid, the property tax needs to be larger than LCFF. At this time, SMMUSD is still a state aid district and will likely not be a basic aid district until 2019-2020. The Los Angeles County Assessor 2017 Annual report may be found at: https://assessor.lacounty.gov/wp-content/uploads/2017/10/LACountyAssessor_AnnualReport_Digital.pdf.

VI. Ad Hoc Subcommittee Update

A. Sustainability: *Mr. Jacobson (Chair), Mr. Levis-Fitzgerald, Ms. Slaugh Nahass*

Mr. Jacobson and Ms. Slaugh Nahass discussed the reporting and ongoing analysis, sustainability policy timeline, future sustainability policy opportunity and reviewed information that was reported out by Sustainability Coordinator. The committee would like to be part of the ongoing sustainability committee established by District.

B. District Budget: *Ms. Krenik (Chair), Mr. Farivar, Mr. Lee, Mr. Sweetmore*

Ms. Krenik provided a history of the budget committee and offered the committee to research and help on projects if needed.

C. Health Benefits:

There was no report.

D. Bond Oversight: *Mr. Lee (Chair), Ms. Mulvaney*

There was discussion on the development and planning for bond issuance. The district policy on review and authorization of bonding, internal review and planning for all future bonds are under review Ms. Canady.

VII. Receive and File (Limited Discussion)

VIII. Public / Committee Comments

IX. Next Meeting: Thursday, February 8, 2018

X. Adjournment: The meeting adjourned at 8:26 p.m.

REDEVELOPMENT REVENUE

	TAX	FACILITIES	ERA TAX	ERA FACILITIES	RESIDUAL TAX	PRIOR PERIOD ADJUSTMENT	TOTAL TAX	TOTAL FACILITIES	TOTAL
2014-15	1,908,697				5,889,385	7,402,514	15,200,596	2,499,379	17,699,975
2015-16	3,039,870	3,928,314	1,230,331	1,611,081	6,599,589	212,896	11,082,687	5,870,477	16,953,164
2016-17 BUDGET							15,081,590	7,040,910	22,122,500
2016-17 1/2/17	1,230,909	1,621,353	1,248,695	1,624,158	4,038,900		6,518,504	3,245,511	9,764,015
2016-17 6/1/17	1,403,896	1,835,018	1,399,745	1,837,680	5,409,319		8,212,960	3,672,698	11,885,658
							14,731,464	6,918,209	21,649,673
2017-18 BUDGET							15,000,000	6,740,629	21,740,629
2017-18 10/2 COUNTY ESTIMATED	1,223,762	1,602,478	1,225,537	1,604,802	4,634,357		7,083,655	3,207,280	10,290,936
2017-18 11/22/17 ASSETS SALES							7,197,544		
2017-18 1/2/18									
2017-18 4/2/18 COUNTY ESTIMATED									
1017-18 6/1/18									

	ACTUALS					BUDGET		
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
PROPERTY TAXES	53,499,703	52,656,493 -1.58%	57,371,775 8.95%	62,583,086 9.08%	66,181,738 5.75%	68,997,852 4.26%	72,447,745 5%	76,070,132 5%
RDA / TAX	11,575,023	13,157,653 13.67%	15,200,596 15.53%	11,082,687 -27.09%	14,731,464 32.92%	15,000,000 1.82%	15,000,000 0.00%	15,000,000 0.00%
TOTAL TAXES	65,074,726	65,814,145 1.14%	72,572,371 10.27%	73,665,773 1.51%	80,913,202 9.84%	83,997,852 3.81%	87,447,745 4.11%	91,070,132 4.14%

MULTI-YEAR PROJECTIONS / UNRESTRICTED GENERAL FUND

	2016-17	2017-18			2018-19	2019-20	2020-21	2021-22
	UNAUDITED ACTUALS	ADOPTED BUDGET 6/29/17	FIRST INTERIM	DIFF	PROJECTED BUDGET 10/31/17	PROJECTED BUDGET 10/31/17	PROJECTED BUDGET	PROJECTED BUDGET
Description								
Revenue:								
Property Tax	80,913,202	83,997,852	83,997,852	-	87,447,745	91,070,132	94,873,638	98,867,320
Education Protection Account (EPA)	2,141,662	2,130,414	2,130,414	-	2,000,000	2,000,000	2,000,000	2,000,000
LCFF Transfer to Fund Fund 14	(250,000)	(250,000)	(250,000)	-	(250,000)	(250,000)	(250,000)	(250,000)
LCFF Transfer to Charter School	(1,982)	(112,000)	-	112,000			-	-
Pr. Year LCFF Adjustment	136	(151,856)	(151,856)	-				
LCFF State Aid				-	-		-	-
Minimum State Aid	8,585,843	8,585,843	8,585,843	-	8,585,843	8,585,843	8,585,843	8,585,843
Subtotal LCFF Funding	91,388,861	94,200,253	94,312,253	112,000	97,783,588	101,405,975	105,209,481	109,203,163
Prior Year LCFF Adjustment								
Other Federal	242,911	13,000	30,963		13,000	13,000	13,000	13,000
Lottery	1,586,707	1,600,000	1,600,000		1,600,000	1,600,000	1,600,000	1,600,000
Mandated Reimbursement Block Grant	396,967	381,418	411,302	29,884	380,000	380,000	380,000	380,000
One-time Mandated	2,283,315		1,541,185	1,541,185				
Other State Revenue	11,035	23,600	11,100	(12,500)	11,100	11,100	11,100	11,100
Meas. "R"	11,826,721	11,965,808	12,146,042	180,234	12,205,124	12,449,227	12,698,211	12,952,175
Meas. Y & GSH/ City of SM	8,223,864	16,400,000	16,400,000		16,800,000	17,200,000	17,600,000	18,000,000
	8,812,824	9,000,000	9,000,000		9,200,000	9,400,000	9,600,000	9,800,000
SMMEF Donation	2,030,276	2,000,000	2,010,102	10,102	2,000,000	2,000,000	2,000,000	2,000,000
Lease & Rental	2,347,444	2,400,000	2,400,000		2,450,000	2,450,000	2,450,000	2,450,000
Doubletree One-time Settlement		750,000	750,000	-	-	-	-	-
All Other Local Income	1,843,094	1,013,000	997,000	(16,000)	1,090,000	1,100,000	1,120,000	1,120,000
Transfer From Restricted/ROP			331,668	331,668				
Local General Fund Contribution	(25,622,923)	(27,317,568)	(28,566,780)	(1,249,212)	(29,138,116)	(29,720,878)	(30,315,295)	(30,921,601)
TOTAL REVENUE	105,371,097	112,429,511	113,374,835	927,361	114,394,696	118,288,424	122,366,497	126,607,837
Expenditure:								
Certificated Salary	53,175,887	53,125,663	53,350,947	225,284	54,151,211	54,963,479	55,787,932	56,624,751
Classified	18,530,098	18,615,548	18,757,612	142,064	19,038,976	19,324,561	19,614,429	19,908,646
Benefits	26,514,702	28,373,611	28,067,162	(306,449)	30,593,157	33,232,948	35,546,265	37,338,228
STRS	6,541,345	7,595,606	7,633,585	37,979	8,815,817	9,964,879	10,655,495	10,815,327
PERS	2,292,921	2,699,616	2,709,209	9,593	3,204,831	3,738,143	4,341,458	4,887,971
SOCIAL SECURITY & MEDICARE	2,183,401	2,254,062	2,261,731	7,669	2,241,674	2,275,299	2,309,429	2,344,070
HEALTH AND WELFARE	10,934,898	11,923,146	11,556,813	(366,333)	12,365,790	13,231,395	14,157,593	15,148,624
SUI	35,393	40,795	39,160	(1,635)	41,595	42,144	42,701	43,267
WORKERS COMP	2,728,766	2,868,782	2,884,342	15,560	2,927,607	2,971,522	3,016,094	3,061,336
OPEB	1,695,658	890,912	901,357	10,445	914,877	928,601	942,530	956,667
CASH IN -LIEU	102,322	100,692	80,965	(19,727)	80,965	80,965	80,965	80,965
Supplies/Books	2,915,689	3,393,897	3,076,659	(317,238)	3,000,000	3,000,000	3,000,000	3,000,000
Other Operational Costs	8,731,142	9,923,263	10,041,671	118,408	9,800,000	9,800,000	9,800,000	9,800,000
Capital Outlay	546,243	615,481	947,881	332,400	500,000	500,000	500,000	500,000
Transfer to County Specialized Schools	107,080		120,000	120,000	120,000	120,000	120,000	125,000
Debt Services	53,388	98,000	98,000	-	98,000	98,000	98,000	98,000
Indirect	(1,063,206)	(1,084,672)	(1,138,016)	(53,344)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Interfund Transfer Out to FUND 12	322,000	542,223	703,995	161,772	700,000	700,000	700,000	700,000
Interfund Transfer Out to FUND 13	630,000	900,000	900,000	-	900,000	900,000	900,000	900,000
Interfund Transfer Out to FUND 14	600,000		700,000	700,000				
TOTAL EXPENDITURE	111,063,023	114,503,014	115,625,911	1,122,897	117,901,345	121,638,988	125,066,625	127,994,624
Increase (Decrease) Fund Balance	(5,691,926)	(2,073,503)	(2,251,076)	(195,536)	(3,506,648)	(3,350,564)	(2,700,128)	(1,386,787)
Beginning Fund Balance	32,609,848	23,825,069	26,917,922	3,092,853	24,666,846	21,160,198	17,809,634	15,109,506
Ending Fund Balance	26,917,921	21,751,566	24,666,846	2,915,280	21,160,198	17,809,634	15,109,506	13,722,719
Reserve - Revolving cash, Store	143,465	141,783	141,783	141,783	141,783	141,783	141,783	141,783
Reserve - Deficiting Spending in 18-19	3,506,648	3,506,648	3,506,648	3,506,648				
Reserve - Deficiting Spending in 19-20	3,350,564	3,350,564	3,350,564	3,350,564	3,350,564			
3% Contingency Reserve	4,746,784	4,661,135	4,817,494		4,874,578	5,023,926	5,050,000	5,100,000
Unappropriated Balance	15,170,460	10,091,435	12,850,357		12,793,273	12,643,925	9,917,723	8,480,936

10/31/2017					
2017-18 LCFF CALCULATION WITH INTERDISTRICT PERMITS					
BASE GRANT					
	TK-3	4-6	7-8	9-12	TOTAL
	3,012.17	2,430.50	1,702.62	3,342.93	10,488
2016-17 BASE	7,083	7,189	7,403	8,578	
COLA 1.56%	7,193	7,301	7,518	8,712	
	21,666,539	17,745,081	12,800,297	29,123,606	81,335,523
AUGMENTATION GRANTS:					
CSR AUGMENTATION: BASE GRANT X10.4%					
	2,253,320				2,253,320
CTE AUGMENTATION 9-12 BASE GRANT X2.6%					
			757,214		757,214
SUPPLEMENTAL AND CONCENTRATION GRANTS:					
TOTAL ENROLLMENT					11,026
TOTAL UNDUPLICATED PUPIL COUNT					3,055
					27.71%
SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT					4,674,134
TRANSPORTATION AND TIIG GRANT					
2012-13 TRANSPORTATION					820,273
2012-13 TIIG					429,757
TOTAL LCFF ENTITLEMENT /TARGET FUNDING					90,270,220
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					777.99
16-17 GAP FUNDING					379.45
TOTAL PRIOR YEAR PER ADA RATE					7,393.11
17-18 FUNDED ADA					10,488
17-18 HOLD HARMLESS REVENUE LIMIT FUNDING					77,540,564
17-18 TOTAL HOLD HARMLESS FUNDING					86,126,407
2017-18 FUNDING					
				RES.	OBJ.
DIFFERENCE BTW LCFF AND HOLD HARMLESS FUNDING					4,143,813
GAP FUNDING					1,789,713
2017-18 TOTAL LCFF FUNDING					87,916,120
LOCAL REVENUE /PROPERTY TAXES	00000	8021-8085	83,997,852		
EPA	\$200/ADA	14000	8012	2,130,414	
STATE AID /LCFF	00000	8011	8,585,843		
TOTAL DISTRICT LCFF FUNDING					94,714,109

10/31/2017					
2017-18 LCFF CALCULATION WITHOUT INTERDISTRICT PERMIT					
BASE GRANT					
	TK-3	4-6	7-8	9-12	TOTAL
	2,629.50	2,081.47	1,468.89	2,861.68	9,042
2016-17 BASE	7,083	7,189	7,403	8,578	
COLA 1.56%	7,193	7,301	7,518	8,712	
	18,913,984	15,196,807	11,043,141	24,930,975	70,084,907
AUGMENTATION GRANTS:					
CSR AUGMENTATION: BASE GRANT X10.4%					
	1,967,054				1,967,054
CTE AUGMENTATION 9-12 BASE GRANT X2.6%					
				648,205	648,205
SUPPLEMENTAL AND CONCENTRATION GRANTS:					
TOTAL ENROLLMENT					9,474
TOTAL UNDUPLICATED PUPIL COUNT					2,625
					27.71%
SUPPLEMENT ADD-ON 20% OF BASE GRANT X % OF ELIGIBLE ENROLLMENT					4,029,043
TRANSPORTATION AND TIIG GRANT					
2012-13 TRANSPORTATION					820,273
2012-13 TIIG					429,757
TOTAL LCFF ENTITLEMENT /TARGET FUNDING					77,979,240
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					777.99
16-17 GAP FUNDING					379.45
TOTAL PRIOR YEAR PER ADA RATE					7,393.11
17-18 FUNDED ADA					9,042
17-18 HOLD HARMLESS REVENUE LIMIT FUNDING					66,845,126
17-18 TOTAL HOLD HARMLESS FUNDING					75,430,969
2017-18 FUNDING					
				RES.	OBJ.
DIFFERENCE BTW LCFF AND HOLD HARMLESS FUNDING					2,548,271
GAP FUNDING					1,100,598
2017-18 TOTAL LCFF FUNDING					76,531,568
LOCAL REVENUE /PROPERTY TAXES	00000	8021-8085	83,997,852		
EPA	\$200/ADA	14000	8012	1,803,200	
STATE AID /LCFF	00000	8011	8,585,843		
TOTAL DISTRICT LCFF FUNDING					94,386,895

DIFFERENCE -327,214

ASSESSED VALUE

	2016	2017	% CHANGE
MALIBU	14,821,609,195	15,777,156,047	6.45%
SANTA MONICA	33,159,981,350	34,427,831,562	3.82%
TOTAL	47,981,590,545	50,204,987,609	4.63%

	TOTAL TAX	RDA	OTHER
2017-18			
COUNTY PROJECTION	86,563,107	20,538,671	66,024,436
DISTRICT PROJECTION	90,738,481	21,740,629	68,997,852
ACTUALS			
2016-17			
COUNTY PROJECTION	82,733,234	20,383,455	62,349,779
DISTRICT PROJECTION	87,834,740	22,122,500	65,712,240
ACTUALS	87,837,411	21,649,673	66,187,738