



Santa Monica-Malibu Unified School District

Board Committee

Financial Oversight Committee

Minutes

June 14, 2005

Time: 7:00 to 9:00 p.m.

Location: Testing Room of the School District's Administrative Offices

1651 16th Street, Santa Monica, CA

Attendance: *(Committee Members)* Paul Silvern [Chair], Craig Hamilton, Denny Kernochan, Mike Phillips, Cheryl Stecher [Vice-Chair], Cynthia Torres. *(Staff)* Winston Braham, John E. Deasy, Emily Bloomfield [Board President], Dawn Smithfield. *(Public)* Jim Jaffe. *Absent:* Carolyn Galantine, Chris Harding, Patricia Hoffman, *(Board Liaisons)* Julia Brownley, Kathy Wisnicki.

I. Call to Order

The meeting was Called to Order at 7:08 p.m. by Chair Silvern.

II. Approval of the Minutes

The Minutes from the June 6, 2005 meeting will be held until the next meeting to allow time for review of the Measure "S" expenditure audit.

III. Staff Report: Dr. John E. Deasy, Superintendent

- A. Governmental/Legislative Issues: Superintendent Deasy stated that he was "exceedingly pleased" with the fiscal condition of the District. He is concerned about the Special Election which will take place on November 8, 2005, and the potential losses to school districts. Our budget reflects what we do know currently, and supports programs and investments to support student achievement. The revenue sources and most expenditures are known and are close to the target. The Los Angeles County Office of Education (LACOE) approved the District's cost reduction plans, and no expenditures are to be posted against the Reserves. The 2005-06 Budget does not contain internal salary increases for Certificated, Classified or Management groups, but does contain State Teachers' Retirement System (STRS) funding in the amount of \$1.2 million. He believes this may be unconstitutional, but it must be there now as demanded by LACOE. Although the ending balance is \$2.9 million in undesignated funds above the required Reserve, the Superintendent would like to keep this undesignated as an additional cushion. Members were pleased that the District now has more cushion than it had originally determined. They feel we should remain prudently committed and would like to be on record to support keeping these funds undesignated. A request was made for a summary sheet of all Fund balances, including the Reserve funds.

The Superintendent said that enrollment is beginning to decline, yet there is a net increase in teachers, which means we must come up with ways to stop the General Fund encroachment while still trying to support student achievement, such as trying to get the State to give more dollars per pupil and instituting cuts to hold the numbers where they are. However, our ability to be as frugal as possible is coming to an end. The position control process has been tightened, along with

benefit utilization and cost containment efforts, and we continue to be prudent to maintain moneys above our Reserves. We need to get more revenue or more per pupil funding, however, the State revenues are dependent on volatile revenue streams. The permit process can be expanded or reduced, although 80% of Santa Monica residents do not have school age children. The Agreement with the City of Santa Monica has triggers which will allow us to ask for more money. The Superintendent agreed that it would be beneficial for the FOC to make a public statement that we accomplished a lot by increasing the Reserve from 1.5% to 3.0%, but also to make sure that this is communicated to the public. The 2005-06 Budget will be adopted at the June 24, 2005 Board Meeting, with an accompanying powerpoint presentation.

IV. Review and Discussion of Pending Board of Education Agenda Items:

- A. Revision to Preliminary 2005-06 General Fund Budget: Mr. Braham stated that expenditures went up due to hiring more teachers and we may have to create programmatic-type budgets in the future. He suggested that the District create a Fellowship/Intern Program for Graduate Students in order to help create a user-friendly budget, and thought that perhaps Professor Galantine would be able to refer someone from Pepperdine. This would be done as a Graduate Class project. A Debt Resolution Policy is being developed. If we can defease the debt, we can free up some of the revenue. Additional cost containment efforts include the tightening of the contracts process, for instance, can Purchasing “piggyback” onto other contracts, ensuring labor time and control management, revisiting the Return-to-Work Policy, and looking to save money on Workers’ Compensation and the utilization of health benefits.

We’re concerned with unknowns, but especially Special Education and liability concerns. The FOC should recognize the efforts taken by District staff to contain costs, such as the expenditure freeze which began in February, 2005 and will remain in place. The November Election could change things completely. Board President Emily Bloomfield stated that this would be a good opportunity for FOC members to educate the public.

- B. Measure “S” Parcel Tax:

V. Old Business

- A. Process for Capital Programs/Resources:
- B. Update: Facilities Master Plan - Request for Proposal:
- C. Update: Hazard Mitigation Presentation: Mr. Braham stated that the Hazard Mitigation Presentation is was presented as Discussion Item D.1 at the June 2, 2005 Board Meeting.
- D. Update: GASB 45: Mr. Braham explained that this is a requirement for school districts to fund retirees and carry as a liability on the books as of December, 2006. We will carry as a liability in the 2006-07 Fiscal Year. There is some confusion about the language as to whether this should be shown as a “funded” or “unfunded” liability. If carried as a 30-year amortization, it would cost our District \$800,000 per year.

VI. New Business

- A. Joint Meeting with the Board of Education - June 16th, 2005: Chair Silvern will make an opening statement at the Joint Meeting, which is being held at 6:00 p.m. on June 16, 2005 at Santa Monica City Council Chambers. He plans to summarize the FOC activities over the past year, including adding new members and improving the working relationship with District staff. He will also list three (3) areas of focus: Measure “S”, including the audit report and the proposed 2005-06 expenditures, general comments about the pending 2005-06 Budget, and the FOC’s 2005-06 areas of focus, such as assisting staff with improving the budget development process, improving public communication, helping staff with cost-containment strategies, etc. It was suggested to also include the supplemental auditor’s comment to track Measure “S” funds; a new Resource Code has been set up to track all those expenditures. Ms. Smithfield will contact Ms. Galantine and Ms. Hoffman to ascertain if they will be able to attend the Joint Meeting.
- B. Identification and Review of Key Projects with Significant Fiscal Impacts:
- C. Other Items, as Needed:

VII. Public Comments:

Jim Jaffe

VII. Agenda Planning for the Next Meeting:

, June 16, 2005 (*Joint Meeting with Board Santa Monica City Council Chambers - 6:00 p.m.*)

VII. Adjournment. Meeting adjourned at 8:58 p.m.