



**Santa Monica-Malibu Unified School District  
Board Committee**

**Financial Oversight Committee**

**Minutes**

**February 7, 2006**

**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, Patricia Hoffman, Denny Kernochan, Mike Phillips, Cynthia Torres. (Staff) Winston Braham, Dawn Smithfield, Roy J. Blair, CPA. (Public) Jim Jaffe, Ann Williams (Surf Santa Monica). Absent: Carolyn Galantine, Chris Harding, Cheryl Stecher [Co-Chair], (Board Liaisons) Julia Brownley, Oscar de la Torre.

**I. Call to Order**

The meeting was Called to Order at 7:07 p.m. by Committee Chair Paul Silvern.

**II. Approval of the Minutes:**

A Motion was made by Ms. Torres and seconded by Mr. Phillips to approve the Minutes from the January 10, 2006 Meeting. Motion passed unanimously.

**III. Staff Report: Chief Financial Officer Winston A. Braham**

**A. Governmental/Legislative Issues Concerning District Finances:**

**1. General Update:**

- Regarding the Governor's Budget, we are "guardedly optimistic". We're anticipating cuts to the Federal Budget, so we are preparing to consider multi-funding of certain Certificated positions.
- We're preparing to begin the next round of negotiations with SMMCTA sometime in May, 2006.
- Contracting for Developer Fee Justification Study (2/16/06 Board Meeting) to hopefully increase current District rate from \$1.93 to \$2.65 per square foot and eliminate current square footage cap.
- Medicare Plan "D"-costs unknown at this time, thus its potential impact on CalPERS pending rate increase also unknown. Will compare when rates come out in May for January, 2007 to strategize for possible exit plan.
- Public Input on District Budget presented by the CFO. Will be put on District's website.

**2. Roy J. Blair, CPA - District Auditor**

**a) 2004-05 Audit Report:**

- < Financial Statement presented fairly and no problem with Federal compliance issues.
- < State Attendance finding due to inability to obtain State waiver for extreme weather conditions until after submission date. Attendance reports subsequently revised. Additional attendance finding at (1) site. Procedures being implemented to verify accuracy/timeliness.
- < Deficit Fund Balance in Child Development Fund primarily due to information filed late. Worked with CDS and State to reclassify previous expenses, so expect that to turn around.
- < Fixed Asset Inventory Finding. New process to be accomplished by 11/06. Will utilize new software, tag items, value, comply with Ed Code on equipment between \$500 and 5000. Ms. Hyatt working on new process/system.
- < Mr. Blair is doing analytical audit testing on monthly basis as a form of checks and balances.

1) CDE's Request RE: 2004-05 Audit Report & District's Response. Copies distributed.

b) Discussion of 2004-05 Measure "S" Audit Report (Will go to Board on 2/16/06)

- < Measure “S” is a component of the regular Audit Report.
- < Procedures taken to audit Measure “S”. New tracking system in place with separate resource code for expenditures.
- < Members requested future reports include scale of Senior Exemption, include dollar amount, comparison with prior years and how it affect total \$ of Measure “S”, in narrative format.

B. Pending Board of Education Items with Financial or Financial Management Implications:

1. Planning for the 2006-06 Budget: (A.15 - adopted at 1/19/06 Board Meeting.)
  - < Copy was distributed. Schedule of important Board Meeting Dates on final page of document.
  - < Copy distributed of upcoming LACOE Budget Meeting; also sent to PTA and CEPS.
  - < Dr. Matthews working on enrollment projections and impact on staff for 2/16/06 Board Meeting. Requested to agendize for March FOC meeting.
2. Amendment to Bond Refunding Resolution 05-01 Adopted at the Board Meeting of 8/18/05
  - < Block of bonds can be refinanced to save possibly \$300,000. At 2/2/06 Board Meeting, amended refunding threshold savings from \$500,000 to 4.5%.
  - < Rating Agency teleconference tomorrow; hope to at least reaffirm Rating.
3. Adopt Resolution 05-14 - Regarding Intention to Reimburse Costs Associated with Planning Against Tax Exempt G.O. Bonds (Reimbursement for Fields Devereaux Harley Ellis Contract and Related Costs)
  - < Should we determine to have Bonds in the future, we must comply with IRS rules/Government Code by declaring within (60) days after payment of first invoice to seek reimbursement of planning costs against these future Bond proceeds.
  - < Should the need present itself to revise the Facilities Master Plan, we could use said reimbursement of funds for associated expenses.

IV. **FOC Priority Policy Issues** (*Primary Discussion Items*)

A. Facilities Master Plan (FMP):

- Convening Meeting took place 1/28/06 with (77) community members, (5) elected officials (30) staff members and other guests in attendance, with (39) people signing up to help.
- (4) Added workshops will take place the last Saturday of each month.
- Suggested that Ad Hoc Facilities Committee (AHFC) speak with City of Santa Monica Planning Dept. RE: FMP to include outreach efforts at community events/small groups versus having to attend large public workshops.
- Suggested outreach by sending people to District facilities to poll those parties using our facilities.
- Board asked for partnership opportunities be explored w/Cities of Santa Monica & Malibu and SMC.
- Next report to the Board of Education on 2/16/06.
- Assessment accomplished, but document to be written. Among others, Lincoln completed, but costs to be assigned.
- Adoption of FMP in June, 2006 to comply with 88-day rule if Bond Election in November, 2006.

B. Measure “S” Oversight:

- Letter sent to L.A. County Assessor requesting notification if exempted parcels transfer ownership.

C. Status of District’s Deficit Reduction Plan:

- Ms. Torres and Ms. Hoffman to meet with Mr. Braham and Mr. Walker re: Special Education Deficit Reduction Plan.

D. Improving/Creating Consistent Budget Format/Process & Public Presentation of Budget:

1. Status of 2006-07 Budget Development Calendar and Milestones:

< Budget document needs to tie programs to budget and make more understandable.

E. Enrollment Forecast/Long-Range Trends:

- Dr. Matthews, Chief of Staff and Dr. Staine, Director of Human Resources to be invited to appear at next meeting to discuss difference in projections this year, financial implications and notification issues.

F. Monthly Revenues, Expenditures Summary & Adopted Budget Comparison:

- Mr. Phillips met with Mr. Braham, Ms. Ho, Ms. Dalan and Mr. Carey about this.
- Proposed to reformat 2<sup>nd</sup> Interim Report broken down by school site with annual budget and expenses to date.
- Budgets for General Fund (both Unrestricted & Restricted) and Educational Services proposed breakdown by large categories with expenses to date.
- Requested quarterly revenue reports (September, December, April & July).

V. **New Business** (*for Discussion*)

VI. **Receive and File** (*Limited Discussion*)

1. Workshops on the Governor's Proposed 2006-07 State Budget at LACOE (*handout*)
2. School Services: Governor's Proposals for 2006-07 State Budget and K-12 Education (*handout*)
3. LACOE's Certification of 1<sup>st</sup> Interim Report and Approval of SEIU-Related AB1200

VII. **Public Comments:**

Jim Jaffe

VII. **Agenda Planning for the Next Meeting:**

VII. **Adjournment.** Meeting adjourned at 8:49 p.m.