



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

Minutes

December 6, 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], Carolyn Galantine, Craig Hamilton, Patricia Hoffman, Denny Kernochan, Mike Phillips, Cheryl Stecher [Co-Chair]. (Board Liaisons) Julia Brownley, Kathy Wisnicki. (Staff) Winston Braham, Dawn Smithfield. (Public) Jim Jaffe.

Absent: Chris Harding, Cynthia Torres.

I. Call to Order

The meeting was Called to Order at 7:10 p.m. by Committee Chair Paul Silvern.

II. Approval of the Minutes: The Minutes from the November 1, 2005 meeting were distributed, and will be held for approval at the January meeting to allow time for review.

III. Staff Report: Chief Financial Officer Winston A. Braham (*Limited Discussion*)

A. Governmental/Legislative Issues Concerning District Finances:

All initiatives (Propositions) in the November Election were defeated, so District's fiscal projections are relatively "status quo". Although the projected 2006-07 COLA is encouraging, the State could raise the Deficit Factor, so we're projecting a conservative outlook for 2006-07 Budget.

1. California State Audit of STRS Activities: Our District was randomly selected for an audit to ensure that appropriate dollars are being deducted from paychecks and timely payroll instructions to LACOE are accurate. Final report may take up to (9) months to complete.
2. Update on SEIU Negotiations & Final Approval of SMMCTA Contract: We're still in SEIU negotiations. Once a Tentative Agreement (TA) is finalized and Board-approved, both Bargaining Unit Agreements will have been completed at an estimated cost of approximately \$2.0 million per year.
3. Hiring of Assistant Director of Fiscal Services: We're pleased to have Ms. Angelita Dalan on board as the Assistant Director of Fiscal Services. It was suggested to invite her to our next FOC meeting on January 10, 2006.

B. 12/8/05 Pending Board of Education Items with Financial or Financial Management Implications:

1. First Interim Report: The *Summary of Selected Major Changes* was distributed.
 - STRS rate reduction reduces but does not eliminate the operating deficit. Other items on page 32 of Board Report also increase operating deficit.
 - Energy costs are up about 20% average across energy sources.
 - Board Packet includes full report and powerpoint; copies requested for members.
2. Borrowing from Other Funds: A copy of the Board Recommendation was distributed.
 - Mr. Braham believes budget reserves will cover increase in expenditures. Fund borrowing of \$6.0 million to cover cash flow for expected tax revenues from LACOE.
3. Final Contract with Fields Devereaux Harley Ellis: The Board Item was distributed
 - Negotiations complete, and Master Facilities Contract is being submitted for approval.

4. Final Lease Agreement for Transportation Facility: The Board Item was distributed.
 - District had been operating without agreement. Back rent has been accruing and will be paid to lessor.

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

- A. Facilities Master Plan: *Previously discussed under Item III.B.3*
- B. Measure “S” Oversight:
 - Ms. Smithfield will provide update on Senior Exemptions/Renewals.
 - Mr. Blair is working on 2004/05 Audit, including revenues and expenditures, for 1/19/06 Board Meeting
- C. Status of District’s Deficit Reduction Plan:
 - Request for District to give to FOC members the previously-distributed Plan.
- D. Improving/Creating Consistent Budget Format/Process & Public Presentation of Budget:
 1. Status of 2006-07 Budget Development Calendar and Milestones:
 - Mr. Braham stated that the milestones for budget preparation are similar to last year, and the first draft will be submitted to the Board in January.
- E. Enrollment Forecast/Long-Range Trends: Third Month Enrollment was distributed.
 - Enrollment and permit policy used to maintain and manage enrollment
 - Suggestion made to plan by reviewing long-term goals & data to manage enrollment to avoid being reactive to enrollment.
 - Request made to know who on Facilities Master Plan is doing enrollment projections.
- F. Monthly Revenues, Expenditures Summary & Adopted Budget Comparison:
 - An observation was made regarding difficulty in tracking revenues and expenditures due a lack of an accrual accounting system.

V. New Business (*for Discussion*)

VI. Receive and File (*Limited Discussion*)

1. School Services of California, Inc. (*Fiscal Report dated November 10, 2005 - handout*)
2. Monthly Attendance Report by Permit Status (*handout*)

VII. Public Comments:

Jim Jaffe

VII. Agenda Planning for the Next Meeting: January 10, 2006

VII. Adjournment. Meeting adjourned at 9:10 p.m.