



SMMUSD Financial Oversight Committee - Minutes-Amended

Date: Tuesday, September 14, 2010

Time: 7:00 pm to 9:00 pm

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

Attendance: (*Committee Members*) Joan Chu Reese [*Vice Chair*], Craig Hamilton, Patricia Hoffman, Nimish Patel, Paul Silvern, Manel Sweetmore, Cynthia Torres [*Chair*]. (*Board Liaison*) Jose Escarce, Board Member Ben Allen; (*Staff*) Jan Maez, Dawn Smithfield. *Absent: Gordon Lee, Carrie Wagner; Ralph Mechur (Board Liaison).*

Call to Order

The meeting was called to order at 7:05 p.m. by Ms. Torres.

Approval of Minutes ~~9/14/10~~ 7/20/10

A motion was made by Mr. Silvern and seconded by Ms. Hoffman to approve the Minutes, as amended. Motion passed unanimously.

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

A. Budget Update: Ms. Maez noted that there is still no State budget, and it is estimated that there will not be one until October, when State coffers will be depleted. The good news is that the Education Foundation's *Save Our Schools (SOS)* campaign raised \$1.5 million for the District. Also, SMMUSD will receive funding from the Federal Education Jobs bill. That funding was originally projected to be \$1.3 million. The Federal funding is now projected to be \$2.1 million, with approximately \$1.9 million anticipated by mid-October. At the 8/18/10 Board Meeting, action was taken to restore most of the reductions, including adjusting class sizes to the following ratios, as follows: 23:1 for Kindergarten, 25:1 for grades 1-3, and 30:1 for grades 4-5 (27:1 at Title I schools). The Board also restored some of the positions that were previously cut, including two teachers at Samohi, one teacher at Malibu High, three counselors, and all elementary library coordinators. They also increased the FTEs by 1 teacher at the middle school and one additional college counselor, and restored cut positions to the music program. Members asked if additional funds would be kept in the District's reserves, which have been steadily decreasing. Ms. Maez acknowledged that with so much uncertainty right now about State funding, there may be pressure to make additional allocations. FOC members discussed the possibility of a recommendation to the Board to carefully consider spending due to the uncertainty of funding.

B. LACOE Letter Approving the District's 2010-11 Budget: LACOE approved the 2010-11 Budget. This takes SMMUSD off the list of Districts with "qualified" budgets. The District is still required to obtain LACOE's approval for any non voter-approved debt issuances.

Ms. Maez attended the principals meeting today, and principals reported that school openings were smooth at every school. Staff is monitoring actual enrollment against attendance projections, as part of the 10-day count. That number is slightly down from enrollment projections, by about 100 pupils.

C. 2009-10 Unaudited Actual Financial Report: This will be submitted for approval at the next Board Meeting on 9/23/10. The fund balance is higher than projected, with carryovers as part of the unrestricted general fund. Staff will recommend designating a portion of the ending balance. Some of the difference was a result of lower than expected Special Education expenditures. Ms. Maez is in the process of reviewing these expenditures and has found that contract adjustments may not always be

reflected. For example, funds may have been encumbered for the fiscal year for a pupil in Non-Public Agency or Non-Public Schools, that pupil leaves the District after two months, but the encumbrance isn't adjusted. Ms. Maez is meeting with Special Education staff tomorrow to determine a better process to communicate these changes to the Fiscal Services staff. The complete 2009-10 Unaudited Actual Financial Report will be mailed to FOC members before the 9/23/10 Board Meeting

Ms. Maez also noted that the District anticipates receiving the draft benefits audit report soon. The District has also begun the Attention to Attendance Program, through a contract with School Innovations & Advocacy. The program is a monitoring tool for administrators and is designed to improve attendance. There will be a staff development day on 9/30/10. The program assists in the control of truancy. Part of the program includes automating the sending of mandated letters to parents of truant students. In response to a question about the JAMS attendance audit, the documents are ready for review, and attestation stamps have been ordered and received for teachers to sign attendance records. There has not yet been a response from the State concerning the District's appeal of the audit findings.

IV. Update from Subcommittees

A. District Revenue Enhancement: They met regarding the revenue enhancement piece of the CCJUP for the joint use of facilities. The District has hired a new consultant, Judith Meister, who has worked closely with the City of Santa Monica in the past, and has met several times with Stuart Sam, Director of Facility Improvement Projects. Some items remain outstanding, such as the MOU for \$1 million and redevelopment pass-through funding. A meeting to discuss these has been scheduled next week with Ms. Meister, Superintendent Cuneo, Ms. Maez and Mr. Sam.

B. Review of Special Education Budget: They have not met over the summer. Claudia Landis, Acting Chair, and Ms. Maez will meet on 9/17/10 to discuss next steps prior to the 10/5/10 SEDAC meeting.

C. Comparative District Financial Strategy Analysis: Ms. Wagner and Mr. Patel will select five or six school districts that are comparable both programmatically and demographically, including charter schools. They will research, contact the CBOs and develop analyses, with the goal of offering direction to the Board. FOC members emphasized the need to develop the right criteria to be used when selecting these comparable districts.

V. Discussion/Action Items

A. Update from School Funding Measure Feasibility Committee: Committee activities are on hold until after the November 2nd Election where the City of Santa Monica's ballot measures Y and YY will be decided. The campaign committee has been well-organized, a campaign consultant has been hired, and field operations and fundraising committee efforts have begun. The school community is well-represented in all aspects of the campaign.

B. Measure BB Update: Mr. Hamilton reported that schools opened this year with tangible evidence of BB funding. New entryways at Grant and Rogers were completed. Most other projects have been submitted to the DSA and are awaiting approval. The Will Rogers School main office was completed and reconfigured. The fire alarm system at Webster is in progress. Mr. Hamilton noted that Laura Rosenthal was elected to Malibu City Council, leaving one vacancy on the Measure BB committee.

C. Strategic Plan Update: They have not met. Ms. Chu Reese reminded everyone of the upcoming open houses. Ms. Maez will update FOC members on those dates.

D. Recap of 8/18/10 Board Meeting: Ms. Chu Reese represented the FOC at that meeting, in which she relayed FOC members' concerns about being conservative with Federal monies, should the State Budget be further reduced or City of Santa Monica's Measure Y and YY fail to pass. All the money that was available at that time was allocated in a conservative manner. Ms. Chu Reese represented the FOC well, and was thanked for attending on its behalf.

E. Re-establishing Bond Subcommittee - Possible Refinancing of COPs: Tony Hsieh of Keygent has developed a presentation on refinancing the COPs due to a favorable interest climate. Ms. Maez distributed his Executive Summary, which gave two options: capitalize the savings and generate approximately \$600,000 for new projects, or lower the District's lease payment. It was agreed that it makes sense to refinance, but for the purpose of taking out cash. The subcommittee was tasked with finding an alternative source of payment besides the redevelopment funds. This might help with resolving the CCJUP issues, especially if the lease payment amount is lowered and alternative funding is found. Mr. Lee, Mr. Patel, Ms. Torre and Mr. Sweetmore comprise the Bond Subcommittee. It was requested to invite Mr. Hsieh for his presentation to an upcoming Bond Subcommittee meeting.

F. Schedule Change for November FOC Meeting (from 11/9/10 to 11/16/10): A revised meeting schedule was distributed, and a discussion ensued about revising the dates again to avoid conflicts with Samohi PTSA meeting dates. It was agreed to reschedule the next two FOC meetings, as follows: 10/19/10 (instead of 10/12/10) and 11/16/10 (instead of 11/9/10).

G. Measure R Update: A memo detailing the number of senior exemptions was distributed, showing that 2,833 parcels were exempted in 2010-11 in the amount of \$993,929.72, an increase of 14 exemptions from 2009-10 and an increase of 17 exemptions from 2008-09 when Measure began. The total amount saved by seniors who applied for exemptions is \$2,967,859.72.

H. Conflict of Interest Pledge: Everyone signed the pledge, except Mr. Lee and Ms. Wagner, who were not present at the meeting. Their signatures will be obtained later.

VI. Receive and File (*Limited Discussion*)

- EdSource Report: *How California Ranks (September 2010)*
- School Services of California, Inc. *Fiscal Reports (7/16/10, 7/30/10 & 8/13/10)*
- Various SSC Report: *The Check's in the Mail (9/24/10)*

VII. Public Comments

None

VIII. Agenda Planning for Next Meeting

October 19, 2010

- Brown Act Discussion
- Revised FOC Meeting Schedule
- Election of Chair and Vice Chair