



SMMUSD Financial Oversight Committee

Date: Tuesday, June 6, 2023

Time: 6:00 pm to 8:00 pm

Location: Board Room, SMMUSD District Administrative Offices -
1717 4th Street, Santa Monica, CA 90401

AGENDA

Public comments:

Persons wishing to address the Committee regarding an item that is scheduled for this meeting must submit a "Request to Address" card prior to discussion of that item. Persons wishing to address the Committee regarding an item that is not scheduled on this meeting's agenda may speak during the Public Comments section by submitting a "Request to Address" the beginning of the meeting. Cards are located with meeting materials at the back of the room. Completed cards should be submitted to the Recording Secretary.

STANDARDS OF BEHAVIOR THAT PROMOTE CIVILITY AT ALL PUBLIC MEETINGS:

Treat everyone with respect and courtesy.	Keep an open mind and, if merited, allow yourself to be persuaded to change your opinion.
Listen to others respectfully.	Acknowledge dissension as a civic right and as a tool to use to reach the best decisions.
Agree to disagree, and don't make it personal; discuss the issue, not the person.	Accept responsibility and maintain self-control.

Comentarios públicos:

Las personas que desean dirigirse al Comité sobre algún asunto que está programado para esta reunión, deben de entregar la tarjeta "Solicitud para dirigirse a" antes de que se trate dicho tema. Las personas que deseen dirigirse al Comité sobre un asunto que no está programado en la agenda de esta reunión, pueden hablar durante el período de comentarios públicos al entregar la tarjeta "Solicitud para dirigirse" al inicio de la reunión. Las tarjetas están colocadas en la parte posterior de la sala donde se encuentran todos los materiales relacionados a la reunión. Las tarjetas llenas se deben entregar a la Secretaria de Actas.

NORMAS DE CONDUCTA QUE PROMUEVEN LA CIVILIDAD EN TODAS LAS REUNIONES PÚBLICAS:

Tratar a todas las personas con respeto y cortesía.	Mantener la mente abierta, y si la ocasión lo amerita, permitir ser persuadido a cambiar de opinión.
Escuchar a los demás de manera respetuosa.	Reconocer el disenso como un derecho cívico y como una herramienta para tomar las mejores decisiones.
Aceptar las diferencias y no tomarlas de forma personal; debatir el asunto, no la persona.	Aceptar la responsabilidad y mantener el autocontrol.

I. Call to Order (5 min)

II. Approval of Agenda (5 min)

III. Approval of FOC Meeting Minutes (5 min) May 23, 2023

IV. Assistant Superintendent, Business and Fiscal Report: Melody Canady (30 min)

A. 2023-24 Preliminary Budget

- Presentation: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516390&MID=20975>

- Attachment: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516391&MID=20975>
- Multi-Year Projection: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516392&MID=20975>
- Unrestricted General Fund Budget: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516393&MID=20975>
- Second Interim Review Letter from LACOE: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=516394&MID=20975>

V. Discussion/Action Items

- A. Reserve Policy Recommendation (20 min)
- B. FOC Annual report to the Board of Education / Joint Meeting (20 min)
 - Budget Recommendations
 - General: *Mr. Beekman, Mr. Jacobson, Mr. Chin, Mr. Christensen, Ms. McQuaid*
 - Unfunded Liabilities: *Mr. Rotgin, Mr. Jacobson, Mr. Kremer, Mr. Chin, Ms. McQuaid*
 - Tax Revenue and Assessed Valuation: *Mr. Kremer, Mr. Beekman, Mr. Crawford*
 - Bond Oversight: *Mr. Kremer, Mr. Crawford, Mr. Rotgin, Mr. Chin*
 - Measure R Reporting and Process Review: *Mr. Crawford, Mr. Landres, Ms. Maniar*
 - Financial Communication and Reporting: *Mr. Landres, Mr. Jacobson, Ms. Maniar, Mr. Christensen, Mr. Farivar*
 - Nomination: *Mr. Rotgin, Ms. Maniar, Mr. Farivar, Mr. Crawford*
- C. Mandates for 2023-24 (15 min)
- D. Nomination and Election of Chair and Vice Chair for 2023-24 (5 min)

VI. Receive and File (*Limited Discussion*)

VII. Public Comments

- A. Public Comments is the time when members of the audience may address the Committee on items not scheduled on the meeting's agenda. All speakers are limited to three (3) minutes. When there are a large number of speakers, the Chair may reduce the allotted time to two (2) minutes per speaker. The Brown Act (Government Code) states that Committee members may not engage in discussion of issues raised during "XIII. Public Comments" except to ask clarifying questions, make a brief announcement; make a brief report on his or her own activities, or to refer the matter to staff. This Public Comment section is limited to 20 minutes. If the number of persons wishing to address the Committee exceeds the time limit, additional time will be allowed at the discretion of the Chair.

VIII. Committee Comments

IX. Next Meeting:

- Thursday, September 7, 2023 * Please note: This is a Joint Meeting / Study Session with the Board of Education – *SMMUSD Office Board Room, 1717 4th Street.*

X. Adjournment

Future Meetings will be held monthly in the Board Room at the District's Administrative Offices, 1717 4th Street, Santa Monica, California, unless otherwise noted.

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the meeting room, to access written documents being discussed at the meeting, or to otherwise participate at the meetings, please contact the Office of Assistant Superintendent, Business and Fiscal Services at 310-450-8338 for assistance. Notification at least 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility to the meeting and to provide required accommodations, auxiliary aids or services.

DRAFT
SMMUSD (District) Financial Oversight Committee
Recommendation on Adoption of a Reserve Policy

Date: June xx, 2023

To: The Board of Santa Monica Malibu Unified School District (Board)

From: The SMMUSD Financial Oversight Committee (FOC)

Preamble

- The FOC's role and responsibilities include "Review the annual budget, enrollment projections, revenue and expenditure forecasts, and the District's capital program, and submit any recommendations to the Board of Education." Within the FOC, the budget subcommittee focuses on the above as its charge by reviewing the SMMUSD annual budget with staff and providing additional oversight, evaluation and recommendations related to specific elements of the budgeting process.
- During the FOC meeting on 3/21/2023 district staff presented the 2nd Interim budget for the fiscal year 2022/2023 to the FOC (attached). An update was also provided from staff about an initial and to be continued discussion between district staff and the school board with respect to the District adopting a reserve policy.
- As a follow-up to meeting discussion on the above, the budget subcommittee has drafted this memo to highlight key considerations and recommendations with respect to the development of District reserve policy.

Data - School District Data from 2nd Interim Report

Unrestricted General Fund	2021-22	2022-23 2nd Interim	2023-24	2024-25
Total Revenues	161,177,918	\$128,667,149	\$131,493,463	\$136,067,495
Total Expenditures	he 148,099,029	\$150,617,576	\$136,496,836	\$137,884,914
Increase(Decrease) Fund Balance	13,078,889	(\$21,950,427)	(\$5,003,373)	(\$1,817,419)
Ending Fund Balance	\$44,656,791	\$24,826,164	\$19,822,791	\$18,005,371
Reserves as % of Total Expenditures, Transfers & Uses	18.36%	11.48% (**)	14.52%	13.06%
Change in % Reserves		-6.88%	+3.04%	-1.46%

Source: SMMUSD 2022-23 Second Interim Report presented at March '23 School Board Meeting

*Ending Fund Balance at the beginning of 2022-23 displayed in 2021-22

*** Expenditures in 2022-2023 are higher than normal since the retro-active increases in salaries for 2021-2022 were recognized in 2022-2023. This artificially lowers the reserves as a % of total expenditures.*

- According to the 2nd Interim Report, the fund balance at the District is anticipated to decline from \$44.7m at the start of the 2022-2023 fiscal year to \$18.0m by the end of the 2024-2025 fiscal year.
- The FOC notes that the projected 2022-2023 ending balance of 11.48% is the lowest reserve level in the past 15 years. See appendix A for an overview of historical reserve levels.

Reserve Balance Calculation

When discussing a reserve policy and a reserve balance, typically the funds remaining in the unrestricted general fund are at issue. However, the reserve balance is typically expressed as a percentage of the sum of restricted and unrestricted expenditures as its purpose, amongst others, is to provide a buffer for all expenditures.

Data - 2020-21 Statewide Average Reserves

The 2nd Interim Report also provided additional information on 2020-21 Statewide Reserve Averages as shown below:

2020-21 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances as a Percentage of Total General Fund Expenditures, Transfers and Other Uses		Change from Prior Year
Elementary School Districts	26.01%	3.31%
High School Districts	21.82%	4.47%
Unified School Districts (State-Aid)	22.36%	3.54%

Source: Statewide Certified Data (School Services of California) as provided in the SMMUSD 2022-23 Second Interim Report presented at March '23 School Board Meeting

Data - Additional Reserves Data/ Reserve Policy on Select School Districts

- As indicated by district staff, the closest Basic Aid district (Beverly Hills) **has a reserve policy that aims for 30% reserves.**

Analysis

Risks related to assumptions in the Multi-Year Projection:

1. The main drivers on the revenue side of the budget are property taxes and RDA funds. District staff have used a projected property price increase assumption of 5%. While in line with recent years of increases, there is inherent uncertainty in assumptions higher than the Prop 13 statutory escalator rate of 2%. Further, there is evidence that both the volume and prices of property transactions are declining as a result of higher borrowing costs driven by

rapidly increasing interest rates. With respect to the funds available from RDA, these have been notoriously hard to project and there is no independent, reliable source available.

2. Enrollment is the second driver of the revenue side of the budget. In recent years enrollment has slowly declined and a further downward deviation from the trend could materially affect the funding formula used to determine the available revenue.
3. Cost of living increases remain elevated and unpredictable. As demonstrated by recent significant increases in staff compensation (partially driven by higher than historical inflation trends), the expenditure side of the budget is subject to a multitude of pressures to remain competitive in attracting and maintaining the optimal quantity and quality of staff. Further, the Multi-Year Projection does not include additional potential salary schedule changes as a result of negotiations with SMMCTA, SEIU, or SMMASA, which can increase expenditures higher than projected.

For additional context, an adequate reserve fund balance benefits the District in several ways, including but not limited to:

- Ensure a continued ability to meet the District's financial obligations including payroll and benefit obligations, which comprises ~85% of annual expenditures;
- Provide a buffer for variances in timing between revenue coming into the District (which is not evenly spread throughout the year) and expenditures (which happen more evenly spread during the year);
- Provide a safety net for unexpected, significant costs (e.g. weather-related repairs; excessive legal costs, claims, judgements)
- Safeguard the District's credit rating, which drives the District's borrowing costs (Moody's notes in its 4/28/21 credit opinion on SMMUSD that the District's narrowing reserves a potential credit challenge);
- Maintain positive certification concurrence from LACOE. In their latest review letter (dated 5/9/23) provided to the Board, LACOE cited the decline of ~\$29 million, or 61.5% over three years as a concern about the projected trend of deficit spending and its impact on the District's ability to maintain minimum required REU in future years. Further, they recommended the District monitor the causes for deficit spending in order to keep it manageable and to minimize further erosion of the reserve fund balance.

Recommendation

It is within this framework and based on these facts that the budget subcommittee recommends that the Board adopts and adheres to a reserve policy which maintains a minimum level of reserves and commits to timeline to achieve this target. Without such a policy the District is vulnerable to unexpected variations in both revenue or expenditure levels which may necessitate abrupt corrective action. Maintaining adequate reserve levels can prevent the need for abrupt corrective actions, including the adoption of a Fiscal Stabilization Plan, which could lead to involuntary reductions to staff levels or elimination of existing education programs.

The FOC recommends maintaining a minimum reserve fund balance equal to 16.7% of total expenditures (including the 3% state mandated reserves) - this level equals 2 months of expenses. Note that this recommendation is lower than the target level in the reserve policies of similar basic

aid school districts in California, including the 30% target at Beverly Hills. We encourage the Board to agree a timeline within which this reserve level will be achieved and recommend to target the end of the 2027-2028 timeframe, which allows for staff to develop a 4 year roadmap.

We also recommend that the reserve policy allows for temporary deviation from the floor in extraordinary circumstances, coupled with a prescribed timeframe to return to the minimum agreed upon levels.

Appendix A: SMMUSD historical unrestricted reserve balance 2008-2023

Fiscal year	Reserve Balance	Notes
2022-23	11.48%	Second Interim Budget
2022-23	13.12%	First Interim Budget
2022-23	21.61%	Adopted Budget
2021-22	26.31%	
2020-21	18.36%	
2019-20	13.53%	
2018-19	13.59%	
2017-18	21.44%	
2016-17	16.92%	
2015-16	22.39%	
2014-15	23.66%	
2013-14	17.56%	
2012-13	20.95%	
2011-12	14.47%	
2010-11	17.33%	
2009-10	14.50%	
2008-09	19.13%	



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Tuesday, May 23, 2023

Time: 6:00 pm to 8:00 pm

Location: Board Room, SMMUSD District Administrative Office –
1717 4th Street, Santa Monica, CA 90401

I. Call to Order

6:08 pm

Committee Members: Ryan Chin
Matthew Crawford
Michael Kremer
Payal Maniar
Michael Rotgin

Dillon Christensen
Alex Farivar
Shawn Landres
Samantha McQuaid

Staff: Melody Canady
David Chiang

Gerardo Cruz
Bonnie Kung

Board Liaison: Jon Kean

Alicia Mignano – arrived at 6:14 p.m.

Absent: JW Beekman
Stacy Rouse

Seth Jacobson
Kaya Schwartz, SAMOHI student rep

II. Approval of Agenda

6:09 pm

A motion was made by Mr. Farivar and seconded by Mr. Landres to approve the meeting agenda.

AYES: Nine (9) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. McQuaid, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes

6:10 pm

A motion was made by Mr. Landres and seconded by Mr. Kremer to approve the March 21, 2023 meeting minutes as amended to reflect that Mr. Kean was absent.

AYES: Eight (8) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. McQuaid)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: One (1) (Mr. Rotgin)

Mr. Rotgin abstained as he was not present for the meeting.

IV. Assistant Superintendent, Business & Fiscal Report: Melody Canady

6:11 pm A. 3rd Budget Revision

Mr. Cruz gave a brief overview of the 3rd budget revision that was presented to the Board of Education on May 17, 2023. He informed the committee that there will be a 4th budget revision at the June 22, 2023 Board of Education meeting. The committee discussed the anticipated use of the Arts, Music, and Instructional Materials Discretionary Block Grant for the textbook adoption to be presented to the board at the June 1, 2023 meeting.

A motion was made by Mr. Landres and seconded by Mr. Crawford to authorize and direct the FOC Chair to communicate the sense of the FOC that the use of the Arts, Music, and Instructional Materials Discretionary Block Grant funds for the purposes of defraying uncompensated expenses consistent with the terms of the block grant is appropriate.

AYES: Nine (9) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. McQuaid, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: None (0)

Mr. Cruz notified the committee that the District received the official letter from LACOE confirming that the District had implemented and completed the Fiscal Stabilization Plan as required. He shared a document of the District's historical Reserve levels. The committee discussed how the data tracks with the times when the District was able to address the volatility of the District's budget issues. The District's historical Reserve levels may be found at the end of these minutes.

The 3rd Budget Revision documents may be found at:

- Presentation: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=504748&MID=20856>
- Attachment: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=504749&MID=20856>
- Multi Year Projection (MYP): <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=504750&MID=20856>
- Second Interim Budget Review Letter from LACOE: <https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=504751&MID=20856>

V. Discussion/Action Items

6:57 pm A. Review Measure R Public Hearing Findings & Recommendation to Board of Education (10 min)

Mr. Crawford provided a summary of the public comment regarding the 2023-24 Measure R annual plan given at the April 20, 2023 Board of Education meeting. The public comment addressed the following topics:

- the use of funds for Technology systems such as Cisco and Aeries
- funding for additional teachers to reduce classroom sizes

Mr. Crawford commented that the subcommittee had already worked with staff to address the technology component in the Measure R budget. The committee discussed how the District had made the decision to use the funding for particular positions and programs as allowed by the Measure R funding. The role of the FOC is to review that the line items are in accordance with the intended language of Measure R. There were no further recommendations for changes to the Measure R Plan.

The Measure R annual plan may be found at:

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/MeasureR-AnnualPlan2324.pdf>

A motion was made by Mr. Crawford and seconded by Ms. Maniar to recommend that the Board of Education approve the 2023-24 Measure R annual plan as presented.

AYES: Nine (9) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. McQuaid, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: None (0)

7:04 pm

B. Discussion of FOC Annual report to the Board of Education / Joint Meeting (15 min)

Ms. Maniar requested that the subcommittee chairs complete their respective draft reports and presentation slides by the June 6, 2023 FOC meeting. The report will be finalized by June 30, 2023. The committee discussed setting the Joint Meeting / Study Session with the Board of Education for Thursday, September 7, 2023.

7:14 pm

C. Mandates for 2023-24 (20 min)

Mr. Landres recommended that the Financial Communications subcommittee no longer be a charge for the following year.

A motion was made by Ms. Maniar and seconded by Mr. Landres to continue the discussion at the next FOC meeting.

AYES: Nine (9) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. McQuaid, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: None (0)

D. Nominating Subcommittee Recommendation for Membership effective July 1, 2023

Mr. Rotgin gave an overview of the Nominations subcommittee's memorandum. The subcommittee recommended (4) four names to be appointed by the Board to serve on the FOC commencing July 1, 2023: Ryan Chin, Michael Kremer, Samantha McQuaid, and Atul Porwal. The Nomination's subcommittee memorandum may be found at the end of these minutes.

A motion was made by Mr. Rotgin and seconded by Mr. Crawford to recommend Ryan Chin, Michael Kremer, Samantha McQuaid, and Atul Porwal to the Board of Education to serve on the Financial Oversight Committee commencing July 1, 2023.

AYES: Six (6) (Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Landres, Ms. Maniar, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: Three (3) (Mr. Chin, Mr. Kremer, Ms. McQuaid)

E. 2023-24 Meeting Dates (5 min)

The following are the FOC meeting dates for 2023-24

- Tuesday, September 19, 2023
- Thursday, October 26, 2023 - Malibu
- Wednesday, December 6, 2023
- Thursday, January 11, 2024
- Thursday, February 22, 2024
- Tuesday, March 19, 2024 - Malibu
- Tuesday, May 21, 2024
- Thursday, June 13, 2024
- TBD (July/August 2024) *Please note: This is a Joint Meeting/Study Session with the Board of Education – *SMMUSD District Office Board Room, 1717 4th Street*.

A motion was made by Ms. Maniar and seconded by Mr. Rotgin to accept the FOC 2023-24 meeting dates with the addition of September 7, 2023 for the Joint Meeting/Study Session with the Board of Education.

AYES: Eight (8) (Mr. Chin, Mr. Christensen, Mr. Crawford, Mr. Farivar, Mr. Kremer, Ms. Maniar, Ms. McQuaid, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: Two (2) (Mr. Beekman, Mr. Jacobson)

ABSTAIN: One (1) (Mr. Landres)

VI. Ad hoc Subcommittee Report

7:29 pm

A. Budget Recommendations

- i. General: *Mr. Beekman, Mr. Jacobson, Mr. Chin, Mr. Christensen, Ms. McQuaid*

Mr. Chin reported that the subcommittee drafted a recommendation for the Board to adopt a reserve policy. The recommended reserve fund balance is drafted for around (2) two months of expenditures, at around 16.7%. The number takes into consideration: 1) a realistic view of the current balance vs. an aspirational target and, 2) incorporation of any projected deficits going out 2-3 years. The discussion of the reserve policy will be agendized at the next FOC meeting.

The committee noted the trend of the District's salary increases that correspond to the years of higher reserve levels. Staff will provide the historical data of the District's salary increases for comparison to the historical Reserve levels. The historical data of the District's salary increases may be found at the end of these minutes.

- ii. Unfunded Liabilities: *Mr. Rotgin, Mr. Kremer, Mr. Chin, Ms. McQuaid, Mr. Jacobson*

Mr. Rotgin informed the committee that he has taken over as the Chair of the subcommittee as Mr. Jacobson is unable to continue as the Chair. He reported that the subcommittee has met and will continue their work. An update will be available at the next meeting but the final report will be delayed until the Fall.

B. Tax Revenue and Assessed Valuation: *Mr. Kremer, Mr. Beekman, Mr. Crawford*

There was no report.

C. Bond Oversight: *Mr. Kremer, Mr. Crawford, Mr. Rotgin, Mr. Chin*

There was no report.

D. Measure R Reporting and Process Review: *Mr. Crawford, Mr. Landres, Ms. Maniar*

The subcommittee gave their report under item V.A. Review Measure R Public Hearing Findings & Recommendation to Board of Education.

E. Financial Communication and Reporting: *Mr. Landres, Ms. Maniar, Mr. Jacobson, Mr. Christensen, Mr. Farivar*

Mr. Kean suggested that there still may be opportunities for the subcommittee to provide assistance in financial communication and advised that the subcommittee reach out to Gail Pinsker for further discussion.

F. Nomination: *Mr. Rotgin, Ms. Maniar, Mr. Farivar, Mr. Crawford*

The subcommittee gave their report under item V.D. Nominating Subcommittee Recommendation for Membership effective July 1, 2023.

Mr. Rotgin summarized the qualifications that the subcommittee took into consideration in efforts to further standardize the selection process for FOC applicants. The committee discussed and clarified that the list was not a checklist of requirements but rather qualities to consider when interviewing the candidates.

VII. Receive and File (Limited Discussion)

8:13 pm

A. CERBT Account Update Summary – 03/31/23

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-Update033123.pdf>

B. CERBT Asset Class Fact Sheets – 03/31/23

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-AssetClassFactSheet033123.pdf>

C. California State Treasurer Fiona Ma, CPA. (2023, May 10). *State Treasurer Fiona Ma Releases Latest Municipal Finance Training Module for Elected Officials* [Press release].

VIII. Public Comments None

IX. Committee Comments None

X. Next Meeting: Tuesday, June 6, 2023

XI. Adjournment: The meeting adjourned at 8:13 p.m.

RESERVE HISTORY
Santa Monica-Malibu USD

Attachment 6

2022-23	11.73%	Third Interim Budget
2022-23	11.48%	Second Interim Budget
2022-23	13.12%	First Interim Budget
2022-23	21.61%	Adopted Budget
2021-22	26.31%	
2020-21	18.36%	
2019-20	13.53%	
2018-19	13.59%	
2017-18	21.44%	
2016-17	16.92%	
2015-16	22.39%	
2014-15	23.66%	
2013-14	17.56%	
2012-13	20.95%	
2011-12	14.47%	
2010-11	17.33%	
2009-10	14.50%	
2008-09	19.13%	

Nominations Subcommittee Report

MEMORANDUM

To: Financial Oversight Committee
From: Nominations Subcommittee (Mr. Rotgin (Chair), Mr. Crawford, Mr. Farivar, and Ms. Maniar)
Re: Nominations for Filling Seats on the Financial Oversight Committee with Expiring Terms

The Nominations Subcommittee (the “Subcommittee”) recommends Ryan Chin, Michael Kremer, Samantha McQuaid and Atul Porwal to fill the seats on the Financial Oversight Committee (the “FOC”) effective upon the June 30, 2023 expiration of the terms of four seats on the committee currently held by Mr. Chin, Mr. Kremer, Mr. Landres and Ms. McQuaid.

1. Numerous public announcements were made by SMMUSD administrative staff regarding the upcoming openings on the FOC and the process for filling the seats. A SMMUSD press release was sent out regarding the openings on March 20, 2023. An announcement was published on the District’s website on March 20, 2023 and sent to the SMMUSD community email list (~650 recipients) on March 21, 2023. In addition, on March 20, 2023, the information was shared on the District’s social media sites (Instagram, Twitter, and Facebook). The application process was open for 32 days from the date of the first announcement through April 21, 2023.
2. A total of nine applications were received (two of which were from current members of the committee whose terms are expiring) representing a diversity of skills, experiences, and backgrounds. In addition, we continued to view all 11 applications from the fourth quarter of 2022 as still active (one applicant from that pool affirmatively reapplied).
3. All applications were thoroughly reviewed by the Subcommittee. On May 4, 2023, the Subcommittee met to discuss the applications and the qualifications of the individual applicants. After such review, the Subcommittee extended invitations for an interview to three of the applicants that the Subcommittee concluded were the most qualified and that were not at such time already serving on the FOC (such pool of candidates represented a diverse pool of candidates from a variety of backgrounds).
4. The candidates that were not at such time serving as members of the FOC were given the opportunity of meeting with the Subcommittee. The interviews were held over two days (May 15, 2023 and May 17, 2023): on the first day of interviews, one candidate was interviewed by the Subcommittee; on the second day, two candidates were interviewed.
5. Two of the candidates that were already serving on the FOC (Ryan Chin and Michael Kremer) were given the opportunity to submit written responses to questions provided by the Subcommittee or, at their option, participate in a Zoom discussion concerning their past experiences on the FOC, thoughts on how they wanted to participate on the FOC in a future term and any issues about changes to the time availability for a new term. Mr. Chin submitted written comments; Mr. Kremer met with the Subcommittee via Zoom.

6. The Subcommittee determined that it was not necessary to “reinterview” Ms. McQuaid given that the Subcommittee interviewed her on January 5, 2023 (~ 4.5 months ago) when it recommended that she fill a then open seat on the FOC with just less than six months remaining in its term.
7. The Subcommittee convened on May 17, 2023 and May 23, 2023 to evaluate the applicants and concluded that Ryan Chin, Michael Kremer, Samantha McQuaid and Atul Porwal best demonstrated the skills, experience, characteristics and desire to effectively serve on the FOC. Discussions were had with regard to each of the candidates and their perceived relative strengths and weaknesses vis-à-vis each other as potential members of the FOC.
8. After discussing at length the needs of the committee, the merits of the individual candidates, and the different aspects that they would bring to the FOC, the Subcommittee recommends:
 - a. Ryan Chin and Michael Kremer to each serve an additional term on the FOC.
 - i. Mr. Chin and Mr. Kremer are currently serving on the FOC and have first hand knowledge of the workings of the committee and its needs. They have both been active members and have expressed a sincere desire to continue contributing to the committee. They understand the necessary commitment to be an effective member of the committee and have assured the Subcommittee that nothing has changed in their circumstances that would prevent them from satisfying such commitments.
 - b. Samantha McQuaid to serve an additional term on the FOC.
 - i. The Subcommittee recommended (and the full committee and Board approved) Ms. McQuaid to fill a vacancy on the FOC less than six months ago. Nothing has changed regarding the Subcommittee’s determination that she would be an appropriate member of the committee.
 - c. Atul Porwal to serve on the FOC.
 - i. Mr. Porwal is a parent of three children, the two oldest of whom are currently in the district at Edison (K) and Grant (2nd).
 - ii. Mr. Porwal is an active attorney with an MBA who expressed that his expertise lies at the intersection of law and finance. He is currently serving as Senior Associate General Counsel and Assistant Secretary at Snap, Inc. He is also the Secretary of the Snap Foundation, a 501 (c)(3) charitable organization. Mr. Porwal is also an Adjunct Professor at Loyola Law School. Prior to that, he was an associate at a large law firm and was an engineer at General Motors.
 - iii. Mr. Porwal has a long history of non-profit and volunteer work.

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

Board Meeting Dates

FOC Meeting Dates

2023-2024 District Calendar

Approved by the Board of Education: 12/15/22

July 2023				
M	T	W	Th	F
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31				

August 2023				
M	T	W	Th	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30	31	

September 2023				
M	T	W	Th	F
	4	5	6	7
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29

October 2023				
M	T	W	Th	F
2	3	4	5	6
9	10	11	12	13
16	17	18	19	20
23	24	25	26	27
30	31			

November 2023				
M	T	W	Th	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	

December 2023				
M	T	W	Th	F
				1
4	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29

January 2024				
M	T	W	Th	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30	31		

February 2024				
M	T	W	Th	F
			1	2
5	6	7	8	9
12	13	14	15	16
19	20	21	22	23
26	27	28	29	

March 2024				
M	T	W	Th	F
				1
4	5	6	7	8
11	12	13	14	15
18	19	20	21	22
25	26	27	28	29

April 2024				
M	T	W	Th	F
1	2	3	4	5
8	9	10	11	12
15	16	17	18	19
22	23	24	25	26
29	30			

May 2024				
M	T	W	Th	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	31

June 2024				
M	T	W	Th	F
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28

Legend:

- = First/Last Day of School
- = Legal Holiday
- = Local Holiday (schools/offices closed)
- = School Recess (classes not in session)
- = Pupil Free Days (no school for students)
- = Elem. Pupil Free Day (no school - elem students)
- = Sec. Pupil Free Day (no school - sec students)
- = Certificated Staff Development Day

Employee Work Dates:

Sept. 1, 2023-June 30, 2024:* Classified 11-Month
*must work 22 days in July/August, 2023
Aug. 10, 2023-June 24, 2024: Classified 10 +10
Aug. 17, 2023-June 17, 2024: Classified 10-Month
Aug. 21, 2023-June 12, 2024: Certificated/184 Days
Aug. 22, 2023-June 12, 2024 Certif-CDS/183 Days
Aug. 23, 2023-June 12, 2024: Classified School Year

Teacher Work Days: 184
Student Days: 180

1st Semester: Aug. 24 - Dec. 22 (81 days)
2nd Semester: Jan. 9 - June 12 (99 days)

First Day of Instruction:

- Thursday, August 24, 2023

Last Day of Instruction:

- Wednesday, June 12, 2024

Certificated Staff Development Days:

(No Students)

- Monday, August 21, 2023

- Tuesday, August 22, 2023

HOLIDAYS:

July 4: 4th of July Holiday

Sept. 4: Labor Day Holiday

Sept. 25: Local Holiday

Nov. 10: Veteran's Day Holiday

Nov. 23: Thanksgiving Holiday

Nov. 24: Legal Holiday (Admissions Day observd)

Dec. 25, 26: Winter Holidays

Jan 1, 2: New Years Holidays

Jan. 15: Martin Luther King Jr. Holiday

Feb. 19: Presidents' Day Holiday

Mar. 25: Cesar Chavez Day Holiday (observd)

Mar. 29: Local Holiday

Apr. 1: Legal Holiday (Lincoln's B'day observd)

May 27: Memorial Day Holiday

June 19: Juneteenth Nat'l Independence Holiday

SCHOOL RECESSES:

Nov. 22: Thanksgiving Recess Day

Dec. 25 - Jan. 5: Winter Recess

Mar. 25 - Apr. 5: Spring Recess

PUPIL-FREE DAYS:

Aug. 21: All Students

Aug. 22: All Students

Aug. 23: All Students

Nov. 6: Elementary Students Only

Jan. 8: Secondary Students Only

MINIMUM DAYS:

Elementary: Aug. 24, 25, 29, Sept. 5, Nov. 7, 8, 9,
Mar. 21 OR May 23, June 12 + 1 discretionary

Santa Monica Middle Schools: Sept. 14, Dec. 22,
Mar. 22, May 9, June 11, 12 + 4 discretionary

Malibu MS/HS: Sept. 14, 28, Dec. 20, 21, Mar. 14,
May 9, June 10, 11, 12 + 1 discretionary

Samohi: Sept. 28, Dec. 19, 20, 21, 22, Mar. 14,
June 6, 7, 10, 11

Olympic HS: Sept. 28, Mar. 14, June 4, 5, 6, 7, 10,
11, 12 + 1 discretionary

Back to School Nights:

Tues. Aug. 29 - Elementary TK-2

Tues. Sept. 5 - Elementary 3-5

Thurs. Sept. 14 - Middle Schools

Thurs. Sept. 28 - High Schools

Open House Nights:

Thurs. March 14 - High Schools

Thurs. March 21 **OR** May 23 - Elementary

Thurs. May 9 - Middle Schools

Promotions/Graduations:

Wed. June 5 - Olympic HS 5:30 pm

Mon. June 10 - Elementary

Tues. June 11 - MHS 2:00 pm

- Samohi 5:30 pm

Wed. June 12 - Middle School

Parent Conference Days (TK-5):

Nov. 6 - Nov. 9, 2023

Testing Dates:

CAASPP (11): Mar. 1 - May 17, 2024

CAASPP (3-8): Apr. 8 - May 10, 2024

AP Testing: May 6 - May 17, 2024

TK/Kindergarten Roundup:

Thurs. Jan. 25, 2024

Final Exams:

Malibu MS/HS: Dec. 20 - 22, 2023;

June 7, 10, 11, 2024

Samohi: Dec. 19 - 22, 2023;

June 6, 7, 10, 11, 2024

Summer School:

IISS: June 24 - July 19, 2024

Credit Recovery: June 24 - July 26, 2024

ESY: June 24 - July 26, 2024

TK-5 Grading Periods:

Conference: Nov. 6, 2023

Winter Grading: Feb. 2, 2024

Spring Grading: June 12, 2024

6-12 Grading Periods

Aug. 24 - Sept. 29, 2023

Oct. 2 - Nov. 9, 2023

Nov. 13 - Dec. 22, 2023

Jan. 9 - Feb. 23, 2024

Feb. 26 - April 26, 2024

April 29 - June 12, 2024



SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

COMPARISON OF CPI, COLA, DEFICIT FACTOR WITH THE SALARY INCREASE

	CPI	CPI%	COLA	DEFICIT FACTOR	SMMCTA SALARY INCREASE	SEIU SALARY INCREASE	MGMT SALARY INCREASE	SMMCTA BONUS	SEIU BONUS	CERTIFICATED MGMT BONUS	CLASSIFIED MGMT BONUS
99-00	165.8	2%			6%	5%	0.00%				
00-01	171.7	3.60%	3.17%	0.000%	12.00%	8.33%	10.00%				
01-02	178.3	3.80%	3.87%	0.000%	0.00%	0.00%	0.00%				
02-03	182.2	2.20%	2.00%	0.000%	2.00%	2.00%	2.00%				
03-04*	186.3	2.30%	1.86%	-3.002%	1.50%	0.00%	0.00%				
04-05	193.4	3.80%	2.41%	-2.140%	2.00%	2.00%	2.00%				
05-06	201.4	4.10%	4.23%	-0.892%	3.00%	3.00%	3.00%				
06-07**	211.4	5.00%	5.92%	0.000%	5.00%	0.00%	3.00%				
07-08***	217.5	2.90%	4.48%	0.000%	3.00%	3.31%	3.00%				
08-09	229.9	5.70%	5.66%	-7.844%	0.00%	0.00%	0.00%				
09-10****	224.0	-2.56%	4.25%	-18.355%	-2.73%	-2.73%	-2.73%	Furlough	Furlough	Furlough	Furlough
10-11	226.0	0.90%	-0.39%	-17.963%	-2.73%	-2.73%	-2.73%	Furlough	Furlough	Furlough	Furlough
11-12	231.3	2.40%	2.24%	-20.602%	0.0%	0.00%	0.00%				
12-13	235.8	1.90%	3.24%	-22.272%	0.0%	0.00%	0.00%				
13-14	238.9	1.30%	1.57%	LCFF	4.0%	4.00%	4.00%				
14-15	243.7	2.00%	0.85%	LCFF	0.0%	0.00%	0.00%				
15-16*****	247.1	1.40%	1.02%	LCFF	6.0%	6.00%	6.00%				
16-17*****	249.8	1.10%	0.00%	LCFF	2.0%	0.00%	2.00%				
17-18	255.3	2.50%	1.56%	LCFF	0.0%	0.00%	0.00%		\$ 1,550.00		\$ 1,550.00
18-19	251.2	1.90%	3.70%	LCFF	0.0%	0.00%	0.00%				
19-20	256.9	2.30%	3.26%	LCFF	2.25%	2.25%	2.25%	\$ 1,000.00	2-Range Adj.	\$ 1,000.00	2-Range Adj.
20-21	274.3	5.40%	-10.00%	LCFF	0.00%	0.00%	0.00%	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00
21-22^	275.6	6.56%	5.07%	LCFF	10.00%	10.00%	10.00%				
22-23^	288.6	5.75%	6.56%	LCFF	10.00%	10.00%	10.00%				
23-24	259.6	2.58%	5.38%	LCFF	TBD	TBD	TBD				
TOTAL:		70.83%	61.91%	-93.07%	63.29%	50.43%	51.79%				

Hero Compensation

CPI : LOS ANGELES-RIVERSIDE-ORANGE AREA -JULY

*7/1/03 CERTIFICATED SALARY RESTUCTURE HAD COST ADDITIONAL SALARY OF \$750,000. WHICH EQUAL TO 1.5% INCREASE.

** 2006-07 AGREEMENT WITH SMMCTA INCLUDES SALARY COMPRESSION THAT WILL COST ANOTHER \$150,000 IN 2006-07 AND 07-08 RESPECTIVELY.

***2007-08 AGREEMENT WITH SMMCTA INCLUDES SALARY COMPRESSION IN 2009-10

2007-08 AGREEMENT WITH SEIU INCLUDES 3% ONE TIME BONUS

****2009-10 SALARY COMPRESSION THAT EQUAL TO 1.3% INCREASE IN THE COST

***** 5 days Furlough in 2009-10 and 2010-11

***** 6% increase effective 1/1/2016

***** Certificated Management 2% increase; Classified Management Specified Positions Received Range Adjustment; Classified SEIU Specified Positions Received Range Adjustment

^Not compounded - Retro to prior fiscal year (2021-22 and 2022-23)

DEFICIT FACTOR: WHEN AN APPROPRIATION TO THE STATE SCHOOL FUND FOR REVENUE LIMITS - OR FOR ANY SPECIFIC CATEGORICAL PROGRAM - IS INSUFFICIENT TO PAY ALL CLAIMS FOR STATE AID, A DEFICIT FACTOR IS APPLIED TO REDUCE THE ALLOCATION OF STATE AID TO THE AMOUNT APPROPRIATED.



California State Treasurer Fiona Ma, CPA

News Release

FOR IMMEDIATE RELEASE

PR 23:20
May 10, 2023

Contact: [Joe DeAnda](#)
(916) 653-2995

State Treasurer Fiona Ma Releases Latest Municipal Finance Training Module for Elected Officials

SACRAMENTO – State Treasurer Fiona Ma today released the latest municipal finance training module designed for elected officials. The module, titled Marketing and Structuring Strategies for a Win-Win Debt Issuance, is the sixth in the Elect>Ed Debt Issuance and Administration series designed to help elected officials navigate the complex and critically important world of municipal finance and debt issuance.

“Effectively using and managing debt is critical for local governments,” said Treasurer Ma. “This new module continues my office’s efforts to ensure that California decision makers at all levels have the resources they need to make informed decisions on behalf of all Californians.”

Elect>Ed modules are produced by the California Debt and Investment Advisory Commission (CDIAC), which is chaired by Ma as state treasurer. The courses are offered through CDIAC’s Ed Portal, a learning management system that delivers a self-directed learning experience and creates the means to track the program’s effectiveness in meeting the learning objectives of the target audience.

Previous modules in the series include:

[Module 1 | Why Do Public Agencies Use Debt Financing \(15 mins\)](#)

Module 2 | What You Need to Know Before Issuing Debt (13 mins)

Module 3 | Strategy Drives Structure (25 mins)

Module 4 | The Use of Debt Policies to Manage Risk (22 mins)

Module 5 | It Takes a Team: The Role of External Professionals in a Successful Issuance (20 mins)

Module 6 | Marketing and Structuring Strategies for a Win-Win Debt Issuance (29 mins)

A seventh module, The Commitments You Make: Implications and Documentation of Long-Term Debt, is expected later this fall.

CDIAC has also released Part 1 and 2 of the Elect>Ed Pension Fundamentals Series:

Part 1 | Pension Introduction (27 mins)

Part 2 | Elected Officials' Role in Pension Management (40 mins)

All modules are free for decisionmakers and can be accessed online:

<https://edportal.treasurer.ca.gov>

There are approximately 4,400 local government agencies in California, which include cities, counties, K-14 districts, and special districts and are represented by thousands of local officials. About 60%-70% of local governments issue some kind of debt. CDIAC improves the practice of public finance in California by providing responsive and reliable information, education, and guidance to state and local public agencies and other public finance professionals.

###

Fiona Ma is California's 34th State Treasurer. She was first elected on November 6, 2018, with more votes (7,825,587) than any other candidate for treasurer in the state's history and reelected on November 8, 2022. She is the first woman of color and the first woman Certified Public Accountant (CPA) elected to the position. The State Treasurer's Office was created in the California Constitution in 1849. It provides financing for schools, roads, housing, recycling and waste management, hospitals, public facilities, and other crucial infrastructure projects that better the lives of residents. California is the world's fifth-largest economy and Treasurer Ma is the state's primary banker. Presently, her office processes more than \$3 trillion in banking transactions. She provides transparency and oversight for the

government's investment portfolio and accounts, as well as for the state's surplus funds. Treasurer Ma oversees an investment portfolio that currently averages over \$200 billion—a significant portion of which is beneficially owned by more than 2,200 local governments in California. She serves as agent of sale for all State bonds and is trustee of billions of dollars of state indebtedness.

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For more news about the State Treasurer's Office, please follow Treasurer Ma on Twitter at [@CalTreasurer](#), Instagram at [@CalTreasurer](#), and on Facebook at [California State Treasurer's Office](#).