



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Tuesday, December 3, 2024

Time: 6:00 pm to 8:00 pm

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

I. Call to Order : 6:04 pm

6:06 pm

Committee Members: Brittany Teague
Dillon Christensen
Jonathan Wong
Michael Kremer
Atul Porwal

Ryan Chin
Alex Farivar
Payal Maniar
Michael Rotgin

Staff: Melody Canady – *via Zoom*
Kimberley Curry Blue

Gerardo Cruz
Andrew Lacson

Board Liaison: Jon Kean (*absent*)
Stacy Rouse (*late 6:25p*)

Alicia Mignano (*absent*)

Absent: Seth Jacobson
Matthew Crawford

Public: Ben Levitt, CWDL
Joe Tarantino, CWDL – *via Zoom*

II. Approval of Agenda

6:07 pm

A motion was made by Payal Maniar and seconded by Dillon Christensen to approve the meeting agenda with an amendment to move Item 3c to the January 9, 2025, meeting.

AYES: Nine (9) (Ms. Teague, Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin, Mr. Farivar, Mr. Wong)

NOES: None (0)

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

ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes – 8/26/2024 & 9/18/2024, 10/22/2024

6:10 pm

8/26/2024, 9/18/2024, 10/22/2024 minute approval was delayed until the 1/9/2025 meeting to allow for the suggested edits to be presented to the secretary for review and update.

IV. Discussion/Action Items

A. District Audit Report: *Ben Levitt & Joe Tarantino - CDWL, Gerardo Cruz*

Minutes:

Full Review of District Audit Report by Ben Levitt.

Finding #1 – Internal Control (Material Weakness):

1. Page #17: Adjustment to overstatement in 2023 report. This resulted in \$919,000 increase to the beginning General Fund balance.
2. Page #84: All Fund 71 contributions must be backed by the Irrevocable trust funds. Transferred Fund 71 contributions back to the General Fund.
3. Page #90: Overview of internal controls. Once exception – Finding #2024-001 consistent with findings in 2023.
4. Page #96-97: Auditors' Responsibilities for Audit of Compliance – Three (3) additional exceptions found with deficiencies in internal control, as findings #2024-002, 2024-003, and 2024-004.
5. Page #100: Adjustments were not caught by the district. Resulting in a net effect, a combined increase in the General Fund of \$7,513,134 and a decrease in the Cafeteria Special Reserve Fund by \$153,429.
6. Material weakness was determined in the Deferred inflow due from a grantor. Method resulted in an increase as an auditor adjustment to GASB 87.
7. Year-end entry booked as a misvalue by \$2.6 Million to be added to the final amount of \$7 Million. Funds spent should not be reflected in the 2025 Fiscal year.

Finding #1- Answered questions from members regarding:

- Irrevocable trust funds to be transferred back to General Funds.
- If the Teacher's Fund skew by the amount transferred
- Whether Fund 71 is creating a need for internal controls
- Staff reviewed Fund 71 payments to trust, as previously reviewed with the Unfunded Liability Subcommittee. A one-time payment was sent to the trust.
- Staff discussed enhanced procedures to avoid monies housed in Fund 71 versus the Irrevocable Trust.

Finding #2 – State Compliance (Classroom Teacher Salaries)

1. Classroom teachers' salaries. District must spend at least 55% on teachers' salaries. Actual amount spent – 51%. LACOE approved waiving of penalty.

Finding #3 – Instructional Time

1. District has not received the waiver from CDE. Agency is behind in providing the waiver.

Finding #4 – Independent Study

1. Review found issues with contract language for Independent Study. Dates of contracts (14 days or less). Contracts were missing elements, such as frequency of instruction, time of

instruction, place for submittal of pupil assignments for reporting, signatures, number of course credits, listings of assignments.

Take Aways:

Questions to be sent to staff for additional data validation or deep dive.

1. FOC member Mike Rotgin requested a note to be added to final document advising these were not “extra funds” for public clarification. Also requested the wording for annual payment.
2. Michael Kremer requested that TK grade level be added to report.
3. Payal Maniar suggested a footnote be added to “waiver received in 2023 an when it was received. Also to note that Paraeducators & Substitute teachers were not included in the amounts counts for teachers’ salaries.
4. Details added to Fund 71 on how funds are classified.
5. Clarification of district “non low risk” classification.
6. Adding waiver language to form CTA.
7. Staff to update form for chart (fund balances) on page 55 to match format on page 83.

B. Measure R Audit Report – ***Ben Levitt & Joe Tarantino - CDWL, Gerardo Cruz***

<https://drive.google.com/file/d/1r9B11KiHZ5Oux3iODhmvM5lPprb10dDb/view?usp=sharing>

Minutes

Review of Performance Audit Report by Ben Levitt, providing overview of commercial warrants and payroll transactions as referenced on Page #3. District has a clear fiscal budget for Measure R funds.

FOC Vice Chair, Payal Maniar requested additional information for deviation to show Actuals versus Budget. Subcommittee included to reflect on the template.

Motion/Action:

Michael Kremer made a motion with a second by Payal Maniar to accept the audit findings with amendments as presented for Board approval.

AYES: Nine (9) (Ms. Teague, Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin, Mr. Farivar, Mr. Wong)

NOES: None (0)

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

ABSTAIN: None (0)

C. Unification Report -

Motion/Action:

Motion made by Payal Maniar and seconded by Dillon Christensen to move Item C - Unification Report, to the ~~December 10, 2025~~ January 9, 2025, meeting to allow for subcommittee review and additional discussion.

AYES: Nine (9) (Ms. Teague, Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin, Mr. Farivar, Mr. Wong)

NOES: None (0)

ABSENT: Two (2) Mr. Crawford, Mr. Jacobson,
ABSTAIN: None (0)

V. Ad hoc Subcommittee Report

A. Budget Recommendations –

- i. General: *Mr. Chin (Chair), Mr. Christensen, Mr. Jacobson, Mr. Porwal, Ms. Teague.* Ryan Chin reported. Meeting scheduled with the district on December 4, 2024, to review additional findings as needed.
- ii. Unfunded Liabilities: *Mr. Rotgin (Chair), Mr. Kremer, Ms. Maniar, Mr. Jacobson, Mr. Wong.* Michael Rotgin reported that subcommittee reached out to Carlos for update on peer group and general topics augmented. Will set up call for subcommittee once updated.

B. Bond Oversight –

Mr. Kremer (Chair), Mr. Chin, Mr. Crawford, Mr. Farivar, Mr. Rotgin,
Michael Kremer – Nothing to report.

C. Measure R Reporting and Process Review –

Mr. Farivar (Chair), Mr. Christensen, Mr. Crawford, Mr. Wong
Alex Farivar: No report. Subcommittee will meet with staff next week for discussion prior to meeting with Ed. Services.

D. Financial Communication and Reporting –

Mr. Porwal (Chair), Mr. Kremer, Ms. Maniar, Mr. Jacobson, Mr. Rotgin,
Atul Porwal : Literature created for communications regarding bonds, however, the subcommittee did not receive feedback on the draft materials, and the district decided to not sue the prepared communications. Stacy Rouse, Board Liaison suggested “repackaging” for a community post on bond approval. FOC member Brittany Teague looking for a schedule of comms by operations for the ability to message with the Fin. Comms committee. Given the substantial effort by the subcommittee, Mr. Porwal requested that Board liaisons outline clear goals and expectations for financial communications and communicate those expectations and specific deliverables to district staff and the FOC.

E. Nominations –

Mr. Wong (Chair), Mr. Chin, Mr. Jacobson, Ms. Teague
.Jonathan Wong : Intends to solicit for candidates in January. Currently, the three (3) incumbents are interested in running. Jonathan to reconnect with ASB. No current policy or active practice. Difficult to get traction/communication with the school. Recommendation: Build own process simultaneously. Will begin the process in Fall 2025.

F. Malibu Unification –

Ms. Maniar (Chair), Mr. Kremer, Mr. Christensen, Mr. Crawford, Mr. Rotgin.
Payal Maniar: Currently in waiting period. Feedback needed. Subcommittee needs more data. No information provided to subcommittee. LACOE held two (2) public hearings. 120 days to approve or reject proposal. No updates until the new year. Will reach out to the FOC Board liaison for how to/if the proposal can be submitted to the county. Subcommittee would like to be able to reach out to the Malibu liaisons.

VI. Receive and File (*Limited Discussion*)

- A. S&P U.S. Local Governments Credit Brief – California School Districts Means and Medians
<https://drive.google.com/file/d/1gKa8NAoL7q75U9waRbUy1DuGPmwnHXeT/view?usp=sharing>

VII. Public Comments None

VIII. Committee Comments

Motion made by Payal Maniar seconded by Ryan Chin to cancel the December 10, 2024, meeting.

AYES: Nine (9) (Ms. Teague, Mr. Chin, Mr. Christensen, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin, Mr. Farivar, Mr. Wong)

NOES: None (0)

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

ABSTAIN: None (0)

IX. Next Meeting:

- Thursday, January 9, 2025
- Wednesday, February 12, 2025
- Wednesday, March 18, 2025– Malibu (pending)
- Wednesday, April 2, 2025**
- Wednesday, May 7, 2025
- Tuesday, June 17, 2025
- TBD (July/Aug 2024) * Please note: This is a Joint Meeting / Study Session with the Board of Education – *SMMUSD Office Board Room, 1717 4th Street.*

*** April 2, 2025, meeting is a placeholder meeting. It has been added for calendaring purposes. The meeting is subject to cancellation if it is deemed necessary.*

X. Adjournment: The meeting adjourned at 8:22 pm