



Financial Oversight Committee Meeting Minutes
Wednesday, December 6, 2023
Time: 6:00 p.m. – 8:00 p.m.
Board Room, SMMUSD District Office
1717 4th Street

I. Call to Order -- 6:04 p.m.

Committee Members:

Ryan Chin
Dillon Christensen *arrived @ 6:06 p.m.*
Alex Farivar
Michael Kremer
Payal Maniar *left @ 6:53 p.m.*
Atul Porwal
Michael Rotgin
Jonathan Wong

Staff:

Melody Canady
Gerardo Cruz
Kim Nguyen

Board Liaison:

Jon Kean *participated via teleconference / left @ ~~7~~6:38 p.m.*
Alicia Mignano
Stacy Rouse

Absent:

JW Beekman
Matthew Crawford
Seth Jacobson

Public:

Raymond James - John Baracy *left @ 6:29 p.m.*
Eide Bailly – Royce Townsend *participated via teleconference / left @ 6:57 p.m.*

II. Welcome New Member – 6:05 p.m.

The committee welcomed Mr. Wong.

III. Approval of Agenda – 6:06 p.m.

Item VII. was moved to item V.

A motion was made by Ms. Maniar and seconded by Mr. Chin to consider Item VI. B. Subcommittee Assignment after Approval of FOC Meeting Minutes.

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

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

IV. Approval of FOC Meeting Minutes – 6:07 p.m.

A motion was made by Ms. Maniar and seconded by Mr. Beekman to approve the October 26, 2023 meeting minutes.

AYES: Eight (8) (Mr. Chin, Mr. Christensen, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Ms. Maniar, Mr. Porwal, Mr. Rotgin)
 NOES: None (0)
 ABSENT: Two (2) (Mr. Beekman, Mr. Crawford)
 ABSTAIN: One (1) Mr. Wong

V. Subcommittee Assignment – 6:09 p.m.

	FOC Subcommittee Charges	1	2	3	4	5
A.	General Budget Recommendations	Chair Beekman	D. Christansen	A. Farivar	A. Porwal	J. Wong
B.	Unfunded Liabilities Budget Recommendations	Chair Rotgin	S. Jacobson	M. Kremer	P. Maniar	J. Wong
C.	Bond Oversight	Chair Kremer	M. Crawford	M. Rotgin	R. Chin	A. Farivar
D.	Measure R Reporting and Process Review	Chair Crawford	P. Maniar	D. Christensen	J. Wong	S. Jacobson
E.	Financial Communication and Reporting	Chair Porwal	JW Beekman	S. Jacobson	P. Maniar	A. Farivar
F.	Nominations	Chair Chin	D. Christensen	M. Kremer	M. Crawford	A. Porwal

VI. Assistant Superintendent, Business & Fiscal Report: Melody Canady -- 6:10 p.m.

Mr. Baracy, the District's lead underwriter for bond financing provided the committee an overview of the \$175M issuance of SFID #1 Series C general obligation bonds. This is the last installment and no more bonds remain to be sold. Pricing occurred during the week of October 10th. \$10M was underwritten. During the pricing process, feedback was received on tax rate management from the LA County Municipal Advisor. This may be consideration for discussion when the district goes for a bond in November 2024.

SMMUSD typically sold multiple bonds at a lower tax rate of \$30 to \$40 than what is allowed by law, \$60. The lower tax rate was what voters were agreeable to when surveyed. However, LA County Municipal Advisor wanted to see issuance at the \$60 tax rate. A compromise was made with an increase to the assessed valuation to 4% versus 3.5% and decreasing the amortization from 22 years to 19 years. The concern to be

aware of should the district go for another bond at the \$40 tax rate - LA County has been at the forefront in conversations rallying taxpayer organizations to oppose tax measures if they are not styled in a certain way. They are pushing this across the state. They will not put this in writing

Surveys of other school districts in preparation for November 2024 reveal that districts do not want to layer on another tax rate but do what's called a tax rate extension. SMMUSD has been a community that will layer on another tax because voters have supported it. Other school districts are not as fortunate so extending the tax rate is the best option for them.

Post Pricing Book for General Obligation Bonds of SFID No. 1 (Santa Monica Schools) Election of 2018, Series C may be found at:

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/SFID1-2018CBonds110223.pdf>

VII. Discussion/Action Items

A. Draft prior year District Audit and Measure R audit reports -- 6:29 p.m.

District auditor Mr. Townsend from Eide Bailly provided the committee with an overview of the district audit and Measure R reports. An unmodified opinion is being issued in the respective areas of: financial statement, federal awards and state compliance. Reference pages 107-108 for auditor summary of results and page 109 for findings that represent material weakness in internal control related to financial statements that is required to be reported in accordance with Government Audit Standards.

Education Foundation is a separate organization from the district. Upon the completion of the foundation audit report, it will be included within the SMMUSD audit.

It was brought to the committee's attention that there was a reduction of COVID funds that was already spent on services and staffing. A letter was emailed by the California Department of Education to the District and with change in staff, notification did not make it to the Fiscal department. The committee discussed lower spending strategies in the event future claw backs of state / federal funding and grants.

There was a \$3.2M mis-accrual of rent and lease payments from the year 2021-22. The accruals made to the prior year, were not reversed. Instead, it was accrued again on one journal entry. This was discovered due to GASB 87 as this was not previously noticed.

These audit reports is on the December 14th Board of Education meeting agenda.

District Audit report may be found at:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=667388&MID=25899>

Measure R audit report may be found at:

<https://simbli.eboardsolutions.com/Meetings/Attachment.aspx?S=36030435&AID=667379&MID=25899>

VIII. Subcommittee Reports -- 7:28 p.m.

A. General Budget Recommendations

(JW Beekman, Dillon Christensen, Alex Farivar, Atul Porwal)

Mr. Christensen reported that the subcommittee met earlier.

B. Unfunded Liabilities Budget Recommendations

(Michael Rotgin, Seth Jacobson, Michael Kremer, Payal Maniar)

Mr. Rotgin reported that the subcommittee met and put together data of comparable districts.

C. Bond Oversight

(Michael Kremer, Matthew Crawford, Michael Rotgin, Ryan Chin)

Mr. Kremer reported that the subcommittee met in September.

D. Measure R Reporting and Process Review

(Matthew Crawford, Payal Maniar, Dillon Christensen)

No report.

E. Financial Communication and Reporting

(Atul Porwal, JW Beekman, Seth Jacobson, Payal Maniar)

No report.

F. Nominations

(Ryan Chin, Dillon Christensen)

Mr. Chin reported that the subcommittee will convene to discuss timeline and next year's anticipated vacancy.

IX. Receive and File (*Limited Discussion*)

A. Draft Audit Report

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBT-AccountUpdate093023.pdf>

X. Public Comments

None

XI. Committee Comments

None

XII. Next Meeting: Thursday, January 11, 2024

XIII. Adjournment: The meeting adjourned at 7:37 p.m.