



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, November 14, 2013

Time: 7:00 pm to 9:00 pm

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

I. Call to Order

Mr. Larmore called the meeting to order at 7:00 p.m.

Committee Members: Craig Foster

Tom Larmore

Joan Krenik

Shelly Slaugh Nahass

Patricia Hoffman

Peter Lippman

DeAndre Parks

David Vukadinovich

Board Liaisons: Laurie Lieberman arrived @7:05pm

Staff: Jan Maez Kim Nguyen

Absent: Gordon Lee Paul Silvern
Cynthia Torres Jose Escarce
Nimish Patel

Public: Gerardo Cruz Sandra Lyon arrived @ 8:10 p.m.
Marc Sanschogrin, SMMCTA

II. Welcome - Peter Lippman

The FOC welcomed Mr. Lippman to the committee.

III. Approval of Minutes October 15, 2013

A motion was made by Mr. Foster and seconded by Mr. Vukadinovich to approve the October 15, 2013. The motion passed unanimously. Mr. Lee, Mr. Silvern, and Ms. Torres were absent.

IV. Staff Report: Chief Financial Officer Janece L. Maez (*Limited Discussion*)

- A. Budget Update: Ms. Maez provided a multi-year projection of the District's Unrestricted General Fund as of October 31, 2013 under the Local Control Funding Formula (LCFF) and discussed the impact on those projections of the Local Control Accountability Plan (LCAP). She described how the biggest item that changed was an amount now reserved for the LCAP plan. She talked about how the District will be held accountable for the incremental amount of new funds generated by the Supplemental Grant portion of the LCFF.

As discussed in the October FOC meeting, both School Services of California (SSC) and the State Department of Finance (DOF) have suggested projections as to the levels of State funding

of additional LCFF funds with DOF numbers being higher than the ones suggested by SSC. The District will use the higher DOF projections and will reserve larger amounts of the fund balance to protect against future shortfalls. The Governor's proposed LCFF plan should be fully implemented in seven years but how quickly we get there, and if we do, depends upon the State's economy.

The LCAP is intended to focus on how supplemental funds provided under the Local Control Funding Formula (LCFF) for certain targeted students will actually be spent on those students and will be prepared by the District in consultation with parents, administrations, and teachers.

The Average Daily Attendance (ADA) has not changed. Ms. Maez explained that there will be a couple of attendance or student counts within the new formula. The traditional ADA numbers will continue to be used and Supplemental Grant numbers will come from CALPADS. Therefore, it will be extremely important that students are coded appropriately.

The 1st interim report is scheduled to go to the Board at the December 12, 2013 board meeting.

Ms. Maez's handout on SMMUSD Multi-year Projection Unrestricted General Fund using LACOE Projections and Assumptions can be found at the end of these minutes.

V. Discussion/Action Items

- A. Local Control Funding Formula (LCFF) Workshop: Ms. Maez invited the committee to attend School Services of California LCFF Workshop at 4:00p.m. on Tuesday, November 19 at Lincoln Middle School Cafetorium, 1501 California Avenue, Santa Monica.

VI. Update from Ad Hoc Committees

- A. Malibu Unification (*C. Foster, T. Larmore, P. Silvern, S. Slaugh Nahass*): Mr. Foster reported that he has a preliminary copy of the WestEd report but is waiting on clarification on two sentences in the report and will be distributing it to the ad hoc committee members on November 15. AMPS is expecting to be the body that will negotiate for Malibu. Mr. Foster provided some of the details from the report. He stated that the recommendation of the report is to address the Malibu parcel tax in special legislation. His best guess for the timing of the unification process to be completed would be July 2015, at the very earliest. Mr. Foster gave the example of the Golden Valley-Madera unification that came out of the County and State in four months. He also described that there is a legal limit to the County's ability to slow down the process. By law, it must come out of the County within one year. **At the state level, the more contested the issue, the lengthier it may be more likely it is to be a lengthy process.**
- B. Detailed Budget Review (*T. Larmore, G. Lee, C. Torres*): Mr. Larmore reported that the ad hoc committee met with Ms. Maez to formulate a series of common issues to research comparable districts (Berkeley, Beverly Hills, Carlsbad, Las Virgenes, Palo Alto, and

Palos Verdes). Ms. Maez reached out to each district requesting their cooperation for when the ad hoc committee member is in contact with them.

- C. Retiree Benefit Obligations (*J. Krenik, P. Hoffman, D. Parks*): Ms. Hoffman reported that she has started pulling schedules to meet. Ms. Maez recommended that the ad hoc committee speak with SMMCTA President, Harry Keiley as he is also a CalSTRS Board member. He is knowledgeable as to the future of retirement and pension plans. Mr. Lippman suggested looking at whether Obama Care could serve as a basic healthcare for retirees.

VII. Update regarding Santa Monica-Malibu Education Foundation (SMMEF)

Mr. Vukadinovich informed the committee that SMMEF has just over \$2.264M to reach the \$4M goal toward implementation of Vision for Student Success by January 31, 2014. Donors who pledged \$5,000 or more were invited to a sneak peak tour of the Technology Building at SAMOHI. There will be a “Men and Martinis” fundraiser on December 5, 2013 at the Palisades Beach Club. Site participation levels are varied and working. There are two new members and a few resignations on the SMMEF Board. The SMMEF Board continues to focus on major gift cultivation with a focus on multi-year pledges of \$5,000 and greater as well as working with each of the school sites on their annual appeals, assisting with printed materials, and coordinating presentations at each Back to School Night.

VIII. Receive and File (Limited Discussion):

IX. Public Comments: None

X. Next Meeting: Thursday, December 5, 2013 - Webster Library

Adjournment: The meeting adjourned at 8:18 p.m.

**SANTA MONICA - MALIBU USD
MULTI-YEAR PROJECTION
UNRESTRICTED GENERAL FUND
10/31/2013**

Description	2013-14 WORKING BUDGET	2014-15 PROJECTED BUDGET	2015-16 PROJECTED BUDGET
Revenue:			
Property Tax	56,150,131	56,150,131	56,150,131
Education Protection Account (EPA)	2,183,302	8,238,447	8,238,447
State Aid / LCFF	10,385,355	7,616,756	11,427,246
Subtotal LCFF Funding	68,718,788	72,005,334	75,815,824
Fair Share Deductions	(5,246,567)		
Other Federal	100,000	100,000	100,000
Other State Revenue TIIG	429,757	429,757	429,757
Class Size Reduction	-	-	-
Lottery	1,358,701	1,358,701	1,358,701
Mandated Reim.	405,563	405,563	405,563
Meas. "R"	11,164,948	11,410,577	11,661,610
Prop. Y / City of SM	7,200,000	7,300,000	7,400,000
Joint Use Agreement/ City of SM	8,282,650	8,448,303	8,617,269
All Other Local Income	3,053,004	3,027,355	2,987,355
Local General Fund Contribution	(21,224,928)	(21,224,928)	(21,224,928)
TOTAL REVENUE	74,241,916	83,260,662	87,551,151
Expenditure:			
Certificated Salary	42,214,211	42,847,424	43,490,135
Classified	12,593,385	12,782,286	12,974,020
Benefits	18,640,328	19,572,344	20,550,962
Supplies/Books	984,539	1,000,000	1,000,000
Other Operational Costs	6,952,884	7,000,000	7,000,000
Capital Outlay	24,206	10,000	10,000
State Special Ed School	7,000	7,000	7,000
Indirect	(856,673)	(700,000)	(700,000)
Interfund Transfer Out	369,214	369,214	369,214
Incremental LCAP Funds		787,336	910,146
TOTAL EXPENDITURE	80,929,094	83,675,604	85,611,477
Increase (Decrease) Fund Balance	(6,687,178)	(414,942)	1,939,674
Beginning Fund Balance	24,751,270	18,064,092	17,649,151
Ending Fund Balance	18,064,092	17,649,151	19,588,824
Reserve - Revolving cash, Store	80,000	80,000	80,000
Reserve - Deficit Spending	414,942	-	-
<i>Reserve - 2013-14 Incremental LCAP Funds</i>	<i>555,608</i>		
Reserve for LCFF Growth Increment		3,286,546	7,097,035
3% Contingency Reserve	3,664,230	3,724,852	3,798,158
Unappropriated Balance	13,349,313	10,557,753	8,613,631

Using LACOE Projections and Assumptions