



SMMUSD Financial Oversight Committee Minutes

Date: Thursday, January 8, 2015

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

7:00 pm

Committee Members: Jon Kean
Tom Larmore
Peter Lippman
Shelly Slaugh Nahass

Joan Krenik
Gordon Lee
Paul Silvern

Board Liaisons: Laurie Lieberman

Staff: Jan Maez Kim Nguyen

Absent: DeAndre Parks Jose Escarce
Manel Sweetmore Jordan Golden-SAMOHI
Cynthia Torres Kennedy Myers-Malibu HS

Public: Craig Foster
Mark Sauschogrin, SMMCTA

II. Approval of Minutes

7:01 pm

A motion was made by Mr. Silvern and seconded by Mr. Larmore to approve the December 4, 2014 minutes as amended.

Under Budget Update, “~~The~~ **In** 2016-17, the ending fund balance will be less than 10%.”

Under Decision Insite, “...Mr. Terry informed the committee that the population slide was based on US Census data **for 2010 and 2014 but a private company’s estimate for 2019.**”

AYES: Five (5) (Mr. Kean, Mr. Larmore, Mr. Lee, Mr. Silvern, Ms. Slaugh Nahass)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Three (3) (Mr. Parks, Mr. Sweetmore, Ms. Torres)

ABSTAIN: Two (2) (Ms. Krenik, Mr. Lippman)

III. Staff Report

8:00 pm

A. Budget Update

Ms. Maez reported that the total Governor’s budget proposal is coming soon. School Services of California will be hosting a workshop on January 14, 2015 that will provide more detail.

Ms. Maez briefly explained what was happening in the consortium regarding ROP funding. For two years, LACOE was required to pass through funds; however, they are now holding those monies for general fund activities. There was a “gentleman’s agreement” by LACOE to create soft landing and 20% reduction over 5 years. The ROP budget is \$1M. The FOC requested that ROP funding be agendized as a discussion item at their February 12, 2015 meeting.

IV. Discussion/Action

7:10 pm

A. District Audit – Tanya Rogers, Partner and Marcy Fimbres, Director from Christy White Accountancy

Ms. Maez introduced district auditors Tanya Rogers and Marcy Fimbres from Christy White Accountancy. They went through the district report with the FOC. The auditors informed the committee of new GASB ~~announcements~~ **requirements**. GASB statement #61 was effective beginning with financial statements with fiscal year ending June 30, 2013. There were no adjustments made for the implementation. GASB Statement #65 became effective in 2013-14 and resulted in a restatement to net position which is noted in Note 15 as it created an adjustment to the beginning balance as of 7/1/2013.

The 3% contingency fund is approximately \$3.7M.

The FOC requested to speak to the auditors without the presence of staff. After a ~~lengthy~~ **brief** discussion with the district auditors, a motion was made by Mr. Larmore and seconded by ~~Ms.~~ **Mr. Silvern** to commend staff for an audit with no findings and recommend to the Board of Education acceptance approval of the District Audit report.

AYES: Seven (7) (Mr. Kean, Ms. Krenik, Mr. Larmore, Mr. Lee, Mr. Lippman, Mr. Silvern, Ms. Slaugh Nahass)

STUDENT ADVISORY VOTE: None (0)

NOES: None (0)

ABSENT: Three (3) (Mr. Parks, Mr. Sweetmore, Ms. Torres)

The 2013-14 District audit may be found at:

<http://www.smmusd.org/fiscal/BudgetDocs/2013-14AuditReport.pdf>.

8:13 pm

B. FOC vacancy

Mr. Lippman announced that he was selected as Personnel Commissioner and will become an employee of district, if approved by the Board. He expressed interest in continuing to serve on the Financial Oversight Committee. The committee did not take action at Mr. Lippman’s request as it is a personal judgment on whether serving on the committee and as commissioner could be perceived as a conflict of interest.

V. Updates from Ad Hoc Subcommittees

8:22 pm

A. Nominating Subcommittee (Ms. Krenik, Ms. Torres, Mr. Larmore)

Ms. Slaugh Nahass reported that five (5) applications were from Santa Monica and three (3) applications from Malibu for a total of eight (8) applications were received. Due to Ms.

Torres' schedule, Ms. Slaugh Nahass will serve on the nominating committee. The subcommittee will meet and bring its recommendation to the February FOC meeting.

8:25 pm B. Retiree Unfunded Health Benefit Liability Review (*Mr. Parks, Mr. Kean*)

Mr. Kean reported that CalPERS was asked to submit a sample portfolio for each risk profile. The subcommittee would like to get an idea of how CALPERS view their portfolios in regards to how much of one single entity would they own and if there are stop loss triggers that would force an automatic sale of an equity or bond if a certain percentage loss of value. The subcommittee can further evaluate as soon as the information is received.

8:26 pm C. Bond Review for Malibu Unification (*Mr. Larmore, Mr. Lee, Ms. Slaugh Nahass, Mr. Sweetmore*)

Mr. Larmore reported that the bond subcommittee is in the process of scheduling a meeting with Keygent.

8:27 pm D. Budget Review for Malibu Unification (*Mr. Silvern, Ms. Krenik, Mr. Lippman, Mr. Sweetmore, Ms. Torres*)

Mr. Silvern reported that the subcommittee has not received WestEd's ~~revision~~ **proposal for revising its unification analysis**. Mr. Foster informed the committee that he has received a copy of the WestEd report received but it only addressed half of the items previously discussed. Furthermore, the contract needs some correction. Ms. Maez informed the committee that staff is close to being ready on the district's part of the analysis.

VI. Santa Monica-Malibu Education Foundation (SMMEF) Update

8:32 pm Ms. Krenik reported that the Education Foundation raised \$1,361,949 in gifts and pledges processed through 12/31/14. Parent participation is at 22.6% district-wide; staff 20.5%; families 59%; community members 10%; corporations/businesses 11%; Foundations/Organizations 6%; and other donation type/investment income 14%. There were new hires and shift in Education Foundation staff. The Concert for the Arts will be held on February 7, 2015. The wine auction was postponed from Fall 2015 to Spring 2016.

VII. Advocates for Malibu Public Schools (AMPS) Update

8:37pm Mr. Foster informed the committee he will be resigning from AMPS. There will be a survey about common community identity. The committee suggested including a survey question on voting for a parcel tax.

VIII. Receive and File (Limited Discussion)

IX. Public / Committee Comments:

X. Next Meeting: Thursday, February 12, 2015 at 7:00 p.m.

XI. Adjournment: The meeting adjourned at 8:43 p.m.