



## **SMMUSD Financial Oversight Committee Minutes**

**Date: Tuesday, May 17, 2011**

**Time: 7:00 pm to 9:00 pm**

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

### **I. Call to Order**

The meeting was called to order at 7:00p.m. by Ms. Chu Reese.

<u>Committee Members:</u>	Joan Chu Reese, Vice Chair	Paul Silvern
	Craig Hamilton	Shelly Slaugh Nahass
	Gordon Lee	Cynthia Torres
	Tom Larmore	David Vukadinovich

<u>Board Liaisons:</u>	Jose Escarce
	Laurie Lieberman
	(Left at 8:25p) Oscar de la Torre

<u>Staff:</u>	Jan Maez
	Kim Nguyen

<u>Public:</u>	(Left at 8:25p) Ben Allen, Board Member	Lee Jones
	T. Crane	David Kramer
	Theresa Harris	Claudia Landis
	Christy Hobart	Debra Shepherd
	(Left at 8:25p) Ralph Mechur, Board Member	

<u>Absent:</u>	Patricia Hoffman
	Carrie Wagner, Chair

### **II. Approval of Minutes 4/5/11**

A motion was made by Mr. Silvern and seconded by Ms. Torres to approve the Minutes as amended. The motion passed unanimously.

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

- A. Budget Update: Ms. Maez stated that the Governor's May revise kept the January flat funding (\$19 cut). She provided a draft Budget Update that would be presented at the May 19<sup>th</sup> Board Meeting. The update included numbers from the May revise. The last slide of the Budget Update served as a reminder of the last two years but not as proposed cuts.

School Services of California (SSC) has May Revision Workshops scheduled at the end of the month. A Los Angeles County Office of Education (LACOE) May Revision Workshop is scheduled the first week of June.

- B. e-Fiscal Reports from School Services of California, Inc.: Arrangements will be made for FOC members and Board Liaisons to electronically access Fiscal Reports and other tools and resources available on SSC's website. Hardcopies will no longer be printed or provided in the FOC meeting packets.
- C. John Adams audit results: Christy White Accountancy Corporation conducted a re-audit on attendance at John Adams and found the District to be in compliance. The firm redrafted their finding and there will not be a financial impact to the District. There was a small amount of ADA that was corrected and the P2 report was sent. The amount was less than \$20k that was actually lost versus an excess \$5M of potential loss. The auditors were very thorough in the re-audit. The District is making a major change with a new student information system. A written classroom procedure will soon be in place to ensure that the District does not have similar audit problems in the future.
- D. Appointment of Superintendent: The Board approved the appointment of Sandra Lyon at the May 5, 2011 Board Meeting. Ms. Lyon will start effective July 1<sup>st</sup> but will be in the District for the SAMOHI principal selection. Mr. de la Torres and Ms. Lieberman visited Ms. Lyon at the Palmdale District during the Superintendent selection process. The FOC members look forward to meeting the new superintendent at a future meeting.

#### **IV. Update from Ad Hoc Committees**

- A. Researching District Revenue Enhancement (*G. Lee, J. Chu Reese, C. Torres*): The Ad Hoc committee met in March with a few board members to look at ways of revenue enhancement. An attendance campaign is planned for this year. Key capital projects with revenue enhancement possibilities have been accelerated. The superintendent indicated that the target of revenues should be \$4M-\$6M.

Ms. Torres reported that FOC members and the Board Liaisons were emailed names of school districts that fundraised over \$1M in 2009-10. The email included copies of presentations made by those Districts containing some best practices and lessons that could be brought to SMMUSD. The District's Ed Foundation received approximately 16% from donations. This differs from Districts who made separate appeals to families. Ms. Torres suggested that the FOC look generally at revenue enhancement with solicitation and personal asks.

Mr. Larmore stated that most donations at the collegiate level are from alumni. He suggested that using the District's alumni list for relationship development. Mr. Lee suggested workshops to demystify fundraising. Changing the model of how funds are raised and what those funds would be used for could result from these workshops. Ms. Slauch Nahass indicated that the model should drill down to the site because each school uses their funds differently.

A public comment was made to the FOC suggesting internet businesses to build SAMOHI's technology.

Board members and FOC members not assigned to the Ad Hoc committee were invited to participate in the revenue enhancement effort. Meeting dates and times will be circulated.

- B. Reviewing Special Education Budget (*C. Hamilton, P. Silvern*): See Item V (A).
- C. Educating Public on District Finances (*C. Wagner, P. Hoffman*): No report.
- D. Comparative District Research (*T. Larmore, S. Slaugh Nahass, P. Silvern*): Mr. Larmore identified a list of comparative schools and districts.

## V. Discussion/Action Items.

- A. Discussion with SEDAC Ad Hoc Committee – Financial Reporting of Special Education: Ms. Maez presented to the FOC a series of charts showing special education revenue and expenditures. \$1.88M or 19% are generated from revenue limit (amounts received per ADA for all children in the district including those in special education classes). 12% came from federal resources; 28% from AB602 (State); and 51% from the general fund contribution. The distribution of Special Education cost is similar to the District's general fund where 84% are spent on employee salaries and benefits. Another chart illustrated 10 years of District expenditures and over time, the District is spending more per IEP. Three (3) objects of interest (NPS/NPA, Legal and Legal Settlements) are volatile expenditures with no pattern. The General Fund contribution, change in percentage in contribution on a per IEP basis, and general contribution of total Special Education costs were also provided.

Ms. Maez indicated that from this point forward, expenditures will be coded and interested parties will be able to understand the numbers. Ms. Landis pointed out that regardless of the breakdown of other operating cost, that bar remained the same. She further stated that the growth relates to staff. SEDAC would like to propose looking at utilizing existing staff and whether they have the proper training and tools.

It was noted that Special Education is a consistent part of the budget, from multiple sources. Also noted was that the difference between budgeted expenditures and actual expenditures are closer than years past. These reports can provide a basis for the special education community to understand the scale of resources for programmatic change and how to deliver programs more efficiently. The FOC recognized Ms. Maez and her staff for compiling the data and putting together a complete format.

- B. Prop Y Contract: Mr. Larmore stated that it would be appropriate for the FOC to talk to the City Council regarding the term of the contract (10 years with extension of an additional 10 years). Under the existing draft, the contract could end before the District has an opportunity to adjust any changes in the budget. Mr. Silvern stated that the agreement had gone through a significant number of evolutions and that the contract is the vehicle of getting 50% of Prop Y money to the District. The contract agreement in draft form was structured so that the District will make SAMOHI athletic facilities available to the City after school hours for recreation. Mr. Silvern stated that there will be a detailed schedule of use (amended annually) that will be a companion to the main contract.

Ms. Lieberman drew attention to the termination clause that the city manager can terminate the contract. Mr. Silvern stated that the District should know in advance (at least 3 years) prior to its termination which is in line with budgeting practices.

This item will be heard by the City Council on May 26<sup>th</sup>. The FOC intended to express to the Board that the language of the agreement should require that any termination between the initial and second term should not occur within the last 3 year of the initial term. It should occur no later than the 7<sup>th</sup> year because of the way that the district does the advance budgeting.

A motion was made by Mr. Silvern and seconded by Mr. Larmore to seek the Board's approval to communicate to the City Council. The motion passed unanimously.

Mr. Larmore, Ms. Chu Reese and Mr. Silvern will draft a comment that Ms. Maez could read into the record at the next Board Meeting.

- C. Strategic Plan Update: Ms. Chu Reese met with Board members over the last few weeks and FOC commentaries at the previous FOC meeting were made. The Strategic Plan Update is scheduled to on one of the June Board Meetings.
- D. Measure R Annual Plan and Update: Ms. Maez stated the item was a legal requirement that the annual plan be presented to the FOC 30 days prior to budget adoption. The first significant change was elementary music teachers. Last year, the Board took action to reduce (10) teachers but due to SOS and federal jobs funds, (6) teachers were reduced. This year, (4) of those teachers will be funded by Measure R again. In next year's budget, there are (3) more technology systems to support the amount of technology being placed into our sites from Measure BB projects. More of Measure R funds are targeted for specific expenditures. A motion was made by Ms. Torres and seconded by Mr. Silvern to recommend the Measure R Annual Plan to the Board. The motion passed unanimously.
- E. FOC Vacancy Update: The application deadline was extended to May 31, 2011. As of the date of the FOC meeting, there were eleven (11) applications received.
- F. 2011-12 FOC meeting schedule: A proposed meeting schedule will be brought to the FOC at the next meeting.
- G. Agenda for next meeting: Ms. Torres reminded the FOC of planning for the Joint meeting with the Board. Mr. Hamilton suggested an update on Measure BB.

#### **VI. Receive and File (Limited Discussion)**

- A. Letter to Board President from Los Angeles County Office of Education regarding SMMUSD Second Interim Report for 2010-11
- B. School Services of California, Inc. – Fiscal Reports and Bills at a Glance (*March 18, 2011, April 1, 2011 and April 15, 2011*)
- C. EdSource – California's Fiscal Crisis: What does it mean for Schools? (*May 2011*)

#### **VII. Public Comments:** None

#### **VIII. Next Meeting:** May 31, 2011 from 7:00 p.m. - 9:00 p.m.

#### **IX. Adjournment:** It was moved by Mr. Hamilton and seconded by Mr. Larmore to adjourn at 9:18 p.m. The motion passed unanimously.