

**Ross School District
Financial Advisory Committee**

Members: Michael Battey
Fritz Dern
Eric Filler
Harrison Hobart
Jeff Lyons, Chair
Stephanie Notowich
David Peterson
Marcia Skall
Kathryn Soter
Jason Traut
Greg Wolkom

Board Liaison: Scott Chronert
Rob Hobart (Alternate)

District Staff: Tammy Murphy, Superintendent
Kathleen Slowiczek, Principal
Daria Carrillo, Business Manager

MEETING AGENDA

January 22, 2009

5:00 pm

Ross School District Office - Marin Art and Garden Center
Ross, CA

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| 1. First Interim report (Daria Carrillo) | (Discussion/Action) |
| 2. Multi-year Projection (Daria Carrillo) | (Discussion/Action) |
| 3. State Budget Update (Daria Carrillo/Tammy Murphy) | (Info/Discussion) |
| 4. Foundation Update (Greg Wolkom) | (Info/Discussion) |
| 5. School Construction, OPSC funding, and Capital Campaign Update
(Tammy Murphy/Jeff Lyons) | (Info/Discussion) |
| 6. Teacher/Staff Contract Renewal (Tammy Murphy) | (Discussion/Action) |
| 7. Health Benefit Update (Daria Carrillo) | (Discussion/Action) |

Financial Advisory Committee
Minutes from January 22, 2009 meeting

Present: Michael Battey, Harrison Hobart, Jeff Lyons (Chair), Stephanie Notowich, David Peterson, Marcia Skall, Kathryn Soter, Jason Traut (Teacher Representative), Greg Wolkom, Scott Chronert (Board Trustee), Tammy Murphy (Superintendent), Daria Carrillo (Business Manager).

Absent: Fritz Dern, Eric Filler.

I. School Construction Update

Tammy explained that the Pooled Money Investment Board had frozen funds affecting the district's projected funding from the Office of School Construction. The funds have been frozen due to the fact that the state budget has not been resolved. As a result, the State Allocation Board is not approving projects at this time. The district had anticipated receiving final approval on January 28, which will now not happen. The delay in funds affects the time line of the construction project, as the Board has extended the Increment 2 bid dates from January to February. The district's consultant has reported that Ross School is on a list of projects being given special consideration due to safety issues. Scott noted that it is important that the district not lose its spot in the pipeline. To retain its place in the pipeline, the district can not alter the design of the project to fit the currently available funds.

Scott also reported that the Board is exploring bridge financing and that the Board is pursuing an Education Code waiver to sell the second series of bonds earlier than planned. Michael asked about the capital campaign. Scott said that the amount needed depends upon the potential savings, which can not be determined until the bids are opened. Jeff stated that the FEMA money was not included in the original estimate. Jeff also asked about the possibility of a line of credit or the possibility of families in the community loaning the district money. Scott said that the Board is looking at all options and that after the bids are opened the Board will have a better idea of what sort of financing is needed.

Greg said that he felt that an economic analysis is needed to compare the cost of proceeding without the OPSC money as opposed to having the school sit empty for a prolonged period of time. Greg also mentioned the need for new information to be distributed as it becomes available. Tammy responded that the district is making regular updates through the Hip Pocket and the Town newsletter. Scott noted that the students can still be in the new school by the beginning of the 2010-2011 school year if Increment 2 is started within the next two months.

II. State Budget

Daria presented information related to the Governor's Proposed Budget for 2009-2010, which includes information related to the 2008-2009 budget, as the current year budget situation is still uncertain. Although there is no official information or action taken by the legislature, it appears that most of the revenue reductions will come from the revenue limit. As this district is funded through basic aid (property taxes) there is not expected to be a large impact to the district due to these reductions. However, property taxes are expected to increase at a lesser rate than in previous years, so the district will sustain a loss in revenue in that regard as property taxes are the district's largest source of revenue.

Also, the Governor's Proposed Budget proposes flexibility for the use of categorical funds. At this point, there are no details about which categorical funds will be affected. It is also uncertain as to whether the current year categorical funding will be decreased. At this point, there is no certainty about which, if any, of the Governor's proposals will ultimately be enacted by the legislature.

David suggested developing a data base for tracking sales of homes. By doing so, the district could more accurately project property tax revenue. Tammy stated that she and Daria are looking into ways of doing this. Scott said that one of the items that the Board will be looking at when discussing the next year's budget is a sensitivity analysis with respect to property taxes. Jeff remarked that the FAC has previously decided that the committee is comfortable with the district using its reserves in an emergency situation. Michael added that reserves should be used for one time deficits, not structural deficits.

III. Foundation Update

Greg reported that the Foundation is currently at 50% of its goal. Collections and pledges had been consistent with previous years through the end of the year, but are now starting to fall behind. The issue appears to be educating newcomers to the community. It is too early to tell whether or not the goal will be met.

IV. Teacher Contract Renewal

Tammy stated that the current contract expires in June 2009. Normally the district would start negotiations with the teachers in January but is not in a position to do so at this time due to the uncertainty surrounding the state budget and the general economic conditions. She has met with the CTA president and will start working on issues that have no fiscal impact.

V. First Interim Report/Multi Year Projection

Daria reviewed the First Interim Report that had been presented to the Board in December. The district received a positive certification, meaning that it can meet its obligations in the current and two subsequent years. The multi year projections indicate deficits in each of the three years. A special Board meeting has been scheduled in late February to address this topic.

Tammy reported that the district had received its audit report for 2007-08 and that there were no findings or audit adjustments.

VI. Health Benefit Update

Daria reported that she, Jeff and Tammy had met with legal counsel regarding this issue. At the suggestion of legal counsel, Daria contacted SISC, a statewide JPA that provides health insurance to school districts. SISC declined to give the district a quote due to the composition of the current census. Daria also contacted CVT, but retiree rates were not available, and the classified unit is not eligible to participate in CVT due to the fact that it does not have union representation. Tammy and Daria spoke with John Bell of Mercer, who works with some of the other district in Marin County through MSIA. MSIA only offers Kaiser and Health Net. Health Net is considerably more expensive than the current PERS Choice and Blue Shield plans. Additionally, the Kaiser rates provided were only an estimate.

Michael suggested that the district work with a benefits firm and reminded the committee that Bill Lavis had made a presentation last year and had suggestions regarding the retirees. Marcia noted that it is important to have an attorney who specializes in benefits review any potential new plan. Tammy and Daria will contact Bill Lavis and will also follow up with John Bell regarding the Kaiser quote.

V. Questions and Comments

Michael suggested that the district contact the Keck Foundation with regard to a possible grant for the building. He has worked with this foundation in the past with good results.

VI. Next Meeting

David reminded the group that any potential staff reductions need to be presented to the Board prior to the March 15 notification deadline. Jeff will notify the group of the next meeting date.

VII. Adjournment

The meeting was adjourned at 6:50 pm.

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District Staff: Tammy Murphy, Superintendent
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MEETING AGENDA

May 5, 2009

5:00 pm

Ross School District Office - Marin Art and Garden Center

Ross, CA

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|---|---------------------|
| 1. Approval of January 22 Minutes | (Discussion/Action) |
| 2. Audit Discussion with Thom Gilbert | (Info/Discussion) |
| 3. 2008-2009 Budget Revision (Daria Carrillo) | (Info/Discussion) |
| 4. School Construction Update (Jeff Lyons/Tammy Murphy) | (Info/Discussion) |
| 5. 2009-2010 Budget (Tammy Murphy/Daria Carrillo) | (Info/Discussion) |
| 6. Foundation Update (Greg Wolkom) | (Info/Discussion) |
| 7. Teacher/Staff Contract Renewal (Tammy Murphy) | (Info/Discussion) |
| 8. Health Benefits Update (Daria Carrillo) | (Info/Discussion) |
| 9. 5 Year Plan Discussion (Daria Carrillo/Jeff Lyons) | (Discussion/Action) |
| 10. Next Year FAC Membership | (Discussion/Action) |

Financial Advisory Committee
Minutes from May 5, 2009 meeting

Present: Jeff Lyons (Chair), David Peterson, Marcia Skall, Kathryn Soter, Jason Traut (Teacher Representative), Greg Wolkom, Scott Chronert (Board Trustee), Tammy Murphy (Superintendent), Daria Carrillo (Business Manager).

Absent: Michael Battey, Fritz Dern, Eric Filler, Harrison Hobart, Stephanie Notowich.

Guest: Thom Gilbert of Gilbert Associates

1. Approval of January 22, 2009 Minutes
Kathryn moved to approve the January 22 minutes, Greg seconded the motion. The motion passed with no opposing votes.
2. Audit Discussion with Thom Gilbert
Jeff introduced Thom Gilbert of Gilbert Associates, the audit firm that the district has contracted with to perform the required annual independent audit.

Thom explained that the upcoming audit will be for the year ending June 30, 2009. There will be three parts to the audit: the audit of all of the district funds, the Foundation audit and the Agreed Upon Procedures Report requested by the Citizens' Oversight Committee. The audit will be conducted in two parts. During the week of June 1, two auditors will be at the district to look at state compliance issues, the attendance reporting and the district's internal controls. The auditors will return after the books are closed in September and will audit the district's books and will prepare financial statements. The Foundation audit is included in the district audit report as the Foundation is considered a component unit of the district. The Agreed Upon Procedures Report focuses solely on the expenditure of the bond proceeds. The audit report is due to the state by December 15. The Foundation pays for the portion of the audit that involves the Foundation.

Thom mentioned that new audit standards require the auditors to perform tests to detect fraud, abuse or illegal acts on the part of district personnel. He encouraged anyone with knowledge of these acts to contact him. As part of the audit, he will speak to Board Trustees. Last year he spoke with two Board Trustees as part of the audit.

Thom left the meeting after speaking about the audit.

3. Budget Revision for 2008-09
Daria reviewed the budget revision that was presented to the Board in February and the draft of the budget revision that will be presented on May 13. The ending fund balance has not changed significantly, but there were changes to individual items, such as a decrease in property tax revenue, decrease in health and welfare budgeted expenditures, a decrease in state revenue for categorical programs and a decrease in the estimated cost of excess costs for special education services provided by MCOE. Daria also explained that although the ending fund balance that is projected is not expected to significantly change in total, that recent action by the state will require that some of the projected ending fund balances in the restricted resources will be moved to unrestricted resources.

David asked about Class Size Reduction. Daria explained that additional flexibility regarding class sizes had been granted by the state.

4. Foundation Update

Greg reported that the Foundation has met 88.5% of its original goal. This includes 36 outstanding pledges totaling \$180,000. The outstanding pledges are consistent with those in previous years. The goal is to collect all pledges by June 1. Stock donations and corporate matching gifts have decreased as compared with previous years.

Greg also reported that the Foundation is still trying to achieve 100% parent participation. It is currently at 92%. 22 families have not pledged; some of these families are new and some of the others have a history of no donations.

Greg stated that he felt that parents need to be educated about the Foundation's role. Bob Jacobsen will be President next year and is seeking new Foundation Board members, as well as a Vice President.

Greg announced that the Golf Tournament will not take place next year, as it may be difficult to secure banks and realtors as sponsors. Banks and realtors have been the main sponsors in past years. Bob Jacobsen is looking into a replacement event.

Scott advised that the Foundation look into whether it should change how it is investing its money, and whether the Foundation should make a gift to the Endowment. Greg said that these items will need to be revisited at Endowment and Foundation Board meetings.

David left the meeting at this time.

The committee congratulated Greg on such a successful campaign in a difficult year.

5. Health Benefits

Daria reported that the district has been in contact with RESIG, a JPA in Sonoma County. A meeting will be scheduled in the near future. Rates provided by RESIG appear to compare favorably with the CalPERS Kaiser rates, but RESIG does not offer Blue Shield HMO or any HMO other than Kaiser. RESIG offers several PPO plans which will be discussed when the meeting is set up.

Scott recommended asking CalPERS if they offer a Health Savings Account that retirees can participate in, as in the past the district was unable to offer an Health Savings Accounts due to the fact that people over age 65 are were not eligible to participate.

6. School Construction

Tammy reported that the accepted construction bid was 40% lower than previously estimate. The district is extremely satisfied with the contractor, Wright Construction. The district is working with the Town regarding issues concerning trees and landscaping.

In April the State Allocation Board granted unfunded approval for approximately \$6.7 million of OPSC funds. The district expects to receive the money in 2010. There are no known cash flow issues at this time. July 2010 is the planned upon completion date for the new school. More information will be presented at the May Board meeting.

7. Teacher/Staff Contract

Tammy will meet with members of the negotiating team in the next week. The conversation to this point has been about working conditions and contract language, not necessarily salary. A one year agreement is expected, as economic conditions are too uncertain to allow for a multi year agreement.

8. Five Year Plan and 2009-2010 Budget

The assumptions included in the material distributed was reviewed. There are no salary increases other than step included in the projections. Jeff asked that there be follow up with the PTA to determine whether they will be able to meet their agreed upon contribution. The results of last weekend's auction were not available.

Greg recommended that deferred maintenance be closely monitored.

9. Next Year Membership for FAC

Marcia will be the Chair next year. Jeff, Greg and Kathryn agreed to stay on as members. Tammy suggested recruiting parents of elementary students. Tammy thanked Jeff for many years of leadership and valuable assistance to the district, and all of the committee members agreed with her.

10. Adjournment – the meeting was adjourned at 7:10 pm.