

LAS VIRGENES UNIFIED SCHOOL DISTRICT

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LAS VIRGENES UNIFIED SCHOOL DISTRICT FINANCE COMMITTEE

DECEMBER 7, 2018

Present: Dallas Lawrence, Board Representative
Lesli Stein, Board Representative
Dan Stepenosky, Superintendent
Karen Kimmel, Assistant Superintendent – Business
Kristine Torres, Director of Accounting
Kelly Beder, Business Manager
Rose Dunn, Assistant Superintendent – Personnel
Clara Finneran, Assistant Superintendent – Education

The meeting was called to order at 1:33 p.m. at the Las Virgenes Unified School District, 4111 Las Virgenes Road, Calabasas, CA.

Interim Budget Report

Ms. Kimmel outlined the interim budget report for the 2018-2019 fiscal year. She stated it would be shared at the board meeting on Tuesday, December 11. Ms. Torres explained that overall, the current operating budget is a deficit spend of \$4.4M. There were changes to the SELPA allocation and recently awarded grants that were added in. Additionally, revenues and expenses for billables were aligned to match current year commitments. Ms. Torres stated that expenses increased for services largely due to safety improvements. Overall, there is a net decrease of \$31K from the current budget.

Mr. Lawrence asked if they are moving forward, expecting a structural deficit for the year for the district. Ms. Stein commented that there has always been a structural deficit but Mr. Lawrence countered that this is a new level of deficit spending to which Ms. Kimmel agreed. Ms. Torres continued explaining the slides showing the components of the fund balance. At the moment, the district has a comfortable fund balance but showing in the multi-year, that is depleting. Ms. Torres showed the projection for the end of 2018-2019. She went on to explain the factors for multi-year state reporting, showing the next two years. The district is projecting a decline in enrollment. Staff has factored in the Cost of Living Increase (COLA), certificated and

classified step and column and retirement increase for STRS and PERS. Ms. Torres stated the budget efficiencies for this year are \$1M. It is projected another \$1M for next year and \$3.5M for 2020-2021. Ms. Kimmel pointed out that the LCFF target funding level was met this year, so moving forward, it is basic cost of living.

Dr. Dunn asked for more clarification on projections for the coming school years. Ms. Kimmel stated that the projections depend on the enrollment decrease. Right now, they are projecting a 0.5% decrease for the next school year. Mr. Lawrence asked what was projected last year for enrollment decreases for this year. Ms. Kimmel stated they projected about 1.6%.

Ms. Torres spoke about factors impacting projections. There will be \$2.3M in annual funding for Measure E over the next 10 years as well as the state's ability to fund COLA in the coming years. One time funds are included in the current year for \$2M. Factors also include declining enrollment as well as an increasingly litigious environment. Ms. Torres also spoke to the inability of SELPA to fully fund the residential portion of non-public school placements resulting in an almost \$700K increase in cost versus the prior year. Ms. Torres went on to explain the pension liability showing a significant increase. It levels out in 2020-2021.

Ms. Stein asked for more details on SELPA's inability to fund the residential portion. Ms. Kimmel stated that SELPA started covering only fifty cents on the dollar resulting in the loss. Mr. Lawrence asked if the district was optimistic in the plateau of the pension. Ms. Kimmel stated that that was the projection based on CALSTRS legislative actions.

Ms. Kimmel went on to speak about the report noting that with the \$2M of one-time funds for this year, the district is still deficit spending. There is no guarantee of future one-time funds. Ms. Kimmel stated that they have not gone into severe budget cut mode because there is a new governor and they are waiting to see his views on funding for schools.

Ms. Stein asked that Ms. Kimmel show her how the deficit went from \$213K to \$4.4M. Ms. Kimmel explained that last year, they had \$3M of one time funds. The change from year to year was compounded by current year raises and pension increases.

Ms. Stein stated that the district is looking at cuts for next year of about \$1M. Mr. Lawrence asked what the plans were for those cuts. Dr. Dunn spoke about the restructuring of master scheduling and having classes with balanced numbers. Dr. Dunn believes that there will be opportunities to save foreign language, art and music sections. Mr. Lawrence asked if there is any thinking about a new measure for the arts. He asked if there is money to apply for state bonds. Ms. Kimmel said they are currently applying for state bond funds right now for projects at Lupin Hill and White Oak and it is a long process. Ms. Kimmel also stated that the District spent a lot of money on safety enhancements last year.

Fire Remediation Report

Ms. Kimmel stated they will be doing a report out on the fire remediation efforts at the Board meeting, but wanted to share some information from a financial perspective. Ms. Kimmel stated they are tracking all of their costs. The insurance company is directly paying for all of the big contracts and will be reimbursing the district for replacement items. Ms. Stein asked that this information be shared on the agenda report. Ms. Kimmel stated that the total amount the insurance company is projecting is a \$7.5M claim. This includes, repairs, replacements and lost revenue. Ms. Kimmel also stated that they initiated FEMA and CALOES to cover items the insurance company is not covering. Ms. Kimmel stated the District will also apply for reimbursement of the \$10K deductible.

Ms. Stein asked how the hillsides held up with the recent rain. Ms. Kimmel believes the sandbags held and they would move forward with hydro-seeding. Ms. Beder is hopeful that FEMA may reimburse for the seeding at Agoura since it is more of a safety issue as students park at the top of the hill. Ms. Kimmel spoke about applying to the CDE for an attendance waiver and that the process will take place in January. She is confident about the approval. Ms. Stein also asked how replacement items are identified. Ms. Kimmel stated that Ms. Beder collected lists from schools. Dr. Stepenosky stated that this was the insurance company, ASCIP's, first fire of this magnitude.

Audit Report

Ms. Kimmel asked if there were any questions regarding the audit report. Mr. Lawrence shared that in the past, they have always gotten the report ahead of meeting with the auditor, but did not this time. Ms. Stein stated that the report was delivered the day of the meeting so they were unable to review ahead of time. Ms. Kimmel will follow up with the auditors.

Cost/Benefits Analysis for Replacement Items

The copy machines in the district are 7 plus years old. Ms. Kimmel stated that it is required in the State of California for copier replacement parts to be available for 7 years. The district will soon run into an area where they will need to replace parts and those parts will not be available anymore. Ms. Kimmel explained there are 56 copiers in the district, 18 color and 38 black and white. Evaluating the "uptimes" of the existing machines, Ms. Kimmel suggested leasing a certain number of new machines each year. Dr. Dunn asked if it was thought that copying demand would go down. Ms. Kimmel said there has been a decrease of 10-15% in the last few years. Ms. Stein commented that now that there is a new curriculum, there should be less copying. Mr. Lawrence commented that teachers have access to new technology so copies should be less. Dr. Dunn suggested an incentive program for sites to use less paper. Ms. Kimmel asked Ms. Beder if the district can begin by putting 10 units on lease. Ms. Beder confirmed that they could. The committee agreed to move forward on the copiers. Dr. Dunn stated that the information of how much copying is being done should be shared with principals and staff so they can see how they and the rest of the district is operating.

Next Meeting

The next meeting is scheduled for Friday, February 22, 2018, at 9:15 a.m. in the District Office Cabinet Room.

The meeting adjourned at 3:07 p.m.