

**Riverside Unified School District  
Business and Governmental Relations Division**

**Board Finance Subcommittee Meeting**

Superintendent's Office

March 11, 2009

1:30 p.m.

PRESENT: Ms. Kathy Allavie, Dr. Charles Beaty, Dr. Rick Miller, Mr. Mike Fine, Ms. Sandie Meekins, and Mrs. Joyce Threadgold (recorder)

CALL TO ORDER – 1:40 p.m.

**INFORMATION**

**1. Review of Audit Proposal**

**The District's current audit contract expired with the audit completed for the 2007-08 fiscal year. Staff prepared a request for proposal and three firms responded. Staff recommends that the Committee review the proposals from two firms and make a recommendation to the Board of Education.**

Mr. Fine gave an overview of past practices with relation to the selection of an audit firm for the 2008-09, 2009-10 and 2010-11 school years. This year a Request for Proposal (RFP) was initiated. He went on to explain that there were three responses to the proposal, and of the three, two quotes are being brought forward to the Committee. The two are: Vavrinek, Trine, Day & Co. and Nigro, Nigro & White. Mr. Fine distributed the two proposals, however, all three proposals are included in the Board Agenda item for a comparison. All proposals met the qualifications. A discussion ensued regarding the Bidder Evaluation Form, Ms. Allavie questioned the hourly rate, Mr. Fine explained that the first part of the Form indicates the fixed price, the hourly rates are for various degrees of staff in case there is a need to contract with them for additional work. Mr. Fine stated that Vavrinek is the firm most familiar with our work and the knowledge of what it will take to do the work. The firm is housed in Rancho Cucamonga along with several other locations, RUSD is serviced out of Rancho Cucamonga. After further discussion the Committee recommended the renewal of our agreement with Vavrinek, Trine, Day & Co. for a three year term.

## **2. Review of the Second Period Interim Financial Report**

**The Committee will review the Second Period Interim Financial Report and make recommendations to the Board of Education.**

Mr. Fine distributed two handouts, The PowerPoint Presentation the will be given at the Board Meeting and the Second Interim Report. Mr. Fine reminded the Committee, that last year, not only did we work through budget reduction plans in order to have actions by March 15, with the budget layoff, but also pushed to have that deadline met in connection with the Second Interim Report. He went on to explain that this year, the budget reductions plans were voted on before the Second Interim which were all incorporated, by doing this it allowed for us to file a positive report. Mr. Fine stated that although we do not have action yet, we have incorporated a number of assumptions. Some of the assumptions have been itemized in the staff report, other assumptions were left out. Mr. Fine explained that by putting some assumptions in and leaving others out it creates a hole. That hole drives a qualified report, not in the current year or the next year, but in the third year out it drives a qualified report, we have to certify for a three year period of time.

Mr. Fine directed the Committee to the staff report that is being presented at the March 16 Board Meeting. The District estimates state-imposed reductions of \$10.3 million in the current 2008-09 fiscal year and \$29.5 million in the budget year 2009-10. The Second Period Interim Report takes into account current projections based on the February Budget. Based on these projections, the District must make a qualified certification meaning that the District may not meet its financial obligations for the current and two subsequent fiscal years. Specifically, the report reflects an operating deficit of \$16.5 million for 2008-09, \$16.3 million for 2009-10, and a deficit of \$23.1 million for 2010-11. More importantly, the General Fund ending fund balance deteriorates from \$40 million in 2008-09 to \$1 million in 2010-11 absent any corrective action. The items that have been included are; \$5 million mid-year spending freeze in 2008-09; flexibility on local match to Deferred Maintenance in all years; Tier II and Tier III categorical programs in 2008-2009, absorbing their own cuts; \$5.5 million of Administratively Initiated Reductions in 2009-10 and 2010-11. Dr. Miller stated the assumption is that we put all the mid-year budget recommended reductions plus the Cabinet recommendations to bring the General Fund ending balance from \$40 million in 2008-09 to \$1 million in 2010-11. The last item included in the Second Interim is the sweep of all un-spent money (\$8.7million) of 2007-08 categorical ending fund balances in 2008-09. The sweep of last year's money into this year is a one time opportunity.

Mr. Fine gave a brief explanation of the Interim Report itself, Riverside Unified School District's budget is 70% unrestricted and 30% restricted, he went on to explain that there are no unusual or unexpected adjustments being made.

With all relevant data and pending actions are considered together, the District meets the criteria for a positive certification.

The Committee recommends the adoption of a positive certification for the Second Period Interim Financial Report.

#### PUBLIC RELATIONS

##### 1. Unscheduled Communications

There were no unscheduled communications.

#### ADJOURNMENT

The meeting was adjourned at 3:25 p.m.