

# IRVINE UNIFIED SCHOOL DISTRICT

## *Finance Committee February 1, 2016*

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<b>Call to Order:</b>	The meeting of the Finance Committee was called to order
<b>Roll Call:</b>	Roll Call was conducted via sign-in sheet
<b>Members Present:</b>	Alan Battenfield, Brian Daucher, Denise Espinosa, Scott Hansen, Nora Seager, Cyril Yu
<b>Members Absent:</b>	Madeline Clyde, Andy Coleman, Leslie Roach, Seth Grossman, Sherry Slunka
<b>IUSD Staff:</b>	John Fogarty, Asst. Supt., Business Services, Susana Lopez, Director of Fiscal Services, Jennifer Payton, Confidential Secretary
<b>Guests:</b>	Rick Alonzo, Trish Kasey
<b>Next Meeting Date:</b>	March 21, 2016

### *Finance Committee Business*

#### **1. Call to Order; Roll Call**

- Finance Committee member Scott Hansen called the meeting to order at 6:32 p.m.
- Introductions of the committee members.

#### **2. Approval of Meeting Minutes**

- Cyril Yu moved with Brian Daucher seconding approval of the December 14, 2015 meeting minutes, as presented.

#### **3. 2014-15 Audit Presentation**

- Presented by Rick Alonzo of Vavrinek, Trine, Day & Co. LLP
- Focus on the general fund of the district
- Page 91 Summary of Auditor's Results
  - Auditor's opinion
    - Unmodified opinion is the cleanest audit a district can receive
    - No audit adjustments were proposed
  - Federal Awards
    - All Federal compliance requirements met
  - State Awards
    - One State compliance finding
      - Name of Program: Unduplicated Local Control Funding Formula Pupil Counts
      - CALPADS report was not updated to reflect the total number of free and reduced lunch applications
- GASB 68, Accounting and Financial Reporting for Pensions
  - Reporting of PERS and STRS created a significant change from years past
  - Incorporated in the District's financial audit for the first time
  - Impacts district's liability for the unfunded portion
- Audit contains both full accrual and modified accrual financial statements
- District and sites were well prepared for the auditors; overall the audit went very well.

#### **4. Overview of Governor's Budget Proposal**

- Presented by John Fogarty, Assistant Superintendent of Business Services
- 2016-17 marks the fourth straight year of significant increases
  - Restoration of cuts in previous years to be fully funded by the year 2020-21
- Governor's Budget Proposal is weighted heavily on LCFF
  - LCFF was implemented prior to the restoration of funds
  - \$2.8 billion allocated to further eliminate LCFF Gap

- \$14.3 million for IUSD
      - \$3.1 million in ongoing expenditure increases
      - \$11.2 million available funds
    - \$1.1 billion in one-time discretionary funds
      - \$6.7 million for IUSD (\$214 per ADA)
    - Increases will begin to diminish from year to year as we close the gap
  - Friedrichs v. California Teachers Association
    - School Districts could be affected by the outcome of this case as unions lobby for education at the state level.
  - IUSD has historically been low-funded prior to LCFF
    - Unique base revenue limit
      - Irvine was a very rural area at the time the district started
  - One-time funds may change again with the May revise.
  - \$6.7 million will be discussed through the LCAP.

## 5. Update on School Facilities Improvement District (SFID)

- Presented by John Fogarty, Assistant Superintendent of Business Services
- Resolution of Intent to Form SFID was approved by the board on January 26, 2016
  - First step in the formation of the SFID
- Entire Resolution of Intent will print in The Irvine World News on February 4 and 11
  - This is notification to the public that there will be a public hearing on March 1
- Currently drafting communication for HOAs within the SFID boundaries
- Finance Committee members welcome and encouraged to come speak at the March 1 board meeting
- Proposed SFID boundaries do not include all communities within IUSD boundaries
  - CFD 86-1 (Included in SFID)
    - Very large area; set up to build several schools
    - Due to expire in 2020
    - Lighter mello-roos taxes than other CFDs
  - CFD 01-1, CFD 04-1 , CFD 06-1 (Not included in SFID)
    - These communities are already paying a much higher mello-roos, schools are newer
  - CFD 09-1 (Not included in SFID)
    - Includes funding for schools as well as set up to have additional funding for maintenance of the schools.
- If we bond at \$29 it will generate \$251 million. Other funding will enable us to increase that amount up to \$315 million.
  - Going out for a smaller bond allows us an opportunity to consider going out for an additional bond at a future date.
- There will likely be a statewide facilities bond measure on the ballot in June.
- Under the existing program IUSD must spend dollars to receive state reimbursement. This bond would increase our ability to be eligible for state reimbursement.
- Funds generated from the SFID stay local and are managed will be managed through a governing board.
  - Directly benefit the schools and the home owners; well-maintained schools increase property values
- PTAs and unions will be the drivers for the SFID

## 6. Adjournment

- The meeting was adjourned at 7:33 p.m.

## Action Items/Follow-Up

- Guidelines for Involvement with a Ballot Measure to be distributed to the Finance Committee members by Jennifer Payton
- Next Finance Committee Meeting is scheduled for March 21, 2016