



A CALIFORNIA DISTINGUISHED SCHOOL

**MEETING MINUTES
TRAINING SESSION- FINANCIAL
BOARD OF DIRECTORS**

Saturday, February 27, 2010

9:00 AM – 11:00 AM

TEMESCAL ACADEMY, ROOM A

Meeting was called to order at 9:10 AM

Board Members Present: Karen Perkins, Carol Osborne, Jason Cutler, Amy Held, Julia O'Grady, Alex Shuhgalter, Patrice Fisher, Susan Frank.

Board Members Absent: John Callas, John Riley, James Paleno.

Others Present: Marcia Haskin, Richard Thomas, Greg Wood, Kevin Olson, James Suhr.

Richard Thomas discussed the progress that has been made at Temescal Academy, and said that standards based curriculum was now being used. Currently there are 55 students; the maximum capacity is 75 students. They have started looking at non-Pali students in order to boost enrollment. Temescal Academy has 3 teachers, a coordinator, and a half time secretary. At 50 students, the school runs at break-even. This first year there were start-up costs.

I. BASICS OF FINANCIAL STATEMENTS, AND PCHS BUDGET REALITIES- GREG WOOD (see handout)

Greg Wood walked through the presentation that was given to faculty and staff a couple of weeks ago that gave an overview of the current financial picture of the school. He also discussed potential areas of cost reductions in order to reduce, or eliminate, the projected \$1.1 million budget deficit projected for Fiscal Year 2010-2011.

As of June 30, 2009 temporarily restricted net assets were \$2 million, which was pool funding. Total unrestricted net assets were \$7 million at that time, which includes a \$1.6 million Board designated retiree healthcare fund that is yet to be set up; \$5.5 million (of which \$2.5 million is hard assets, and \$3 million is liquid assets). A 5% reserve equals approximately \$1 million.

Greg was asked what the pro-forma balance sheet, after pool construction, would show. He is going to present this to the Board at the next meeting.

Reviewing revenue, Greg pointed out that 75% of funding comes from the State. Most of the Federal money goes to Special Education and Title 1.

There are two main types of funding, general purpose and categorical funding.

General purpose funding- districts have discretion as to the use of the funds.
Categorical funding- designated for a special purpose.

Expenses:

80% of school expenses are employee costs, salary and benefits. Regarding administrative costs, certificated administrators are in certificated staff expense, non-certificated administrators are in classified.

LAUSD can charge Pali up to 3% of revenue. This might change the way this is calculated, by making it on a per square foot basis. This would raise the cost.

Consulting services costs to LAUSD \$1,577,587 in Fiscal Year 2009-2010. This includes custodial/gardening services of \$600,000. There was a change in LAUSD accounting for special education funding and expense this year, going from net, to gross revenue minus expense. Pali is charged \$600,000 for the cost of special education children who go to private schools. This amount is going to go up.

State charter- funding level would be similar to what we currently receive. The one exception is possibly special education.

Greg Wood said that he is not expecting, nor is he budgeting for Federal Stimulus money this spring.

There was a discussion regarding budget uncertainty due to LAUSD bussing issues.

II. UNDERSTANDING THE BOARD'S ROLE IN FINANCIAL OVERSIGHT AND ACCOUNTABILITY- SUSAN FRANK (see handouts)

Susan Frank handed out John Carver's book on the separate roles and responsibilities of the Board Chair and Executive Director to the Board members.

Susan discussed the importance of first understanding the basics of financial statements, so that one can then move to the next step, which is analysis. The group looked at a comparison of PCHS's and Granada's budgets for Fiscal Year 2009-2010, looking at areas where funding varied.

Executive Limitations, a cornerstone of John Carver's Governance Process Policy was discussed, and the Executive Limitations related to Financials were distributed. Due to time, the Board did not discuss each individually, but deferred to an upcoming Board meeting for discussion and action.

An understanding developed that the Board needs to contemplate, and determine, the level of financial conservancy that the school is required to maintain.

The Board training ended at 11:00 AM

A brief council session was held, with most comments thanking the speakers; acknowledgement of the benefits of the information and topics discussed; and appreciation of the cordial atmosphere.

The meeting concluded at 11:15 AM