

A CALIFORNIA DISTINGUISHED SCHOOL

**SPECIAL MEETING AGENDA
BOARD OF DIRECTORS
Saturday, April 10, 2010
9:00 AM
LIBRARY**

I. PRELIMINARY

- A. Call to order
- B. Roll call

II. PUBLIC COMMENTS:

Non-agenda items: No individual presentation shall be for more than two (2) minutes and the total time for this purpose shall not exceed sixteen (16) minutes. Board members will not respond to presentations and no action can be taken. However, the Board may give direction to staff following a presentation. Use of names of individuals should be avoided when referring to accusations or wrongdoing (names should be presented to the Executive Director for follow-up action). Speakers may choose to speak during the public comment segment and/or at the time an agenda item is presented.

III. DISCUSSION AND/OR ACTION ITEM

- A. Selection of Auditing Firm – Requested by Ad hoc Auditor Selection Committee
- B. Approval for Board Chair to sign STRS Waiver Request for M. Haskin for the 2010-2011 school year, requested by Marcia Haskin
- C. Board discussion and action on budget and finance committee's proposed strategy to balance the budget – requested by Amy Held.
- D. Board discussion and action on memorandum of understanding between PCHS and its employee groups regarding compensation for 2010-2011, requested by Amy Held.

- E. Board discussion and action on recommendation regarding reduction in force notices, requested by Amy Held.
- F. Board discussion and action on pool financing proposal, requested by Amy Held.
- G. Public Hearing: The PCHS Initial Proposal for bargaining a collective bargaining agreement with UTLA-PCHS, requested by Amy Held.
- H. Public Hearing: The PCHS Initial Proposal for bargaining a collective bargaining agreement with PESPU, requested by Amy Held.
- I. Public Hearing: The UTLA-PCHS Initial Proposal for Bargaining a collective bargaining agreement with PCHS, requested by Amy Held.
- J. Public Hearing: The PESPU Initial Proposal for Bargaining a collective bargaining agreement with PCHS, requested by Amy Held.

IV. ADJOURNMENT

Agenda Information Sheet for the Board Meeting (4-10-2010)

Date: April 10, 2010

Topic: Auditor Selection

Presenter: Susan Frank (other committee members John Riley, Alex Shuhgalter, Maria Rheingold, CPA)

Recommendation: The Auditor Selection Committee unanimously voted to recommend the selection of Wilkinson Hadley King & Company as PCHS's auditor for the fiscal year 2009-2010.

- Wilkinson Hadley King & Company has a highly experienced staff. Brian Hadley, CPA with 20 years of experience is the audit partner, P. Robert Wilkinson, CPA with 30 years of experience will be supervising much of the work, and all staff will have at least 5 years of school district auditing experience, with managers having over 15 years of experience.
- We would have same audit team as Granada. Walter Wallace, Chief Business Officer, highly recommends the firm (see recommendation letter). They have experience auditing a large comprehensive charter high school.
- Cost is competitive, and not subject to surprises on the upside (see e-mail from Mr. Wilkinson). Per hour costs, if ever needed, are half that of our current auditor.
- Wilkinson Hadley King & Company provides workshops for school personnel, for boards, and for staff, boards, and management.
- Very positive recommendations.
- In 2009 they audited 39 K-12 school districts, and 30 charter schools.
- Wilkinson Hadley King & Company lost only 3 clients in the last 3 years. Each of these clients moved to another auditing firm due to a board mandated auditor rotation after 6 years. For good governance reasons, many boards require a mandatory 6 year firm rotation. While audit firm rotation is not a requirement, audit partner rotation is.

Costs: 2009-2010 fiscal year audit cost of \$14,900, IRS Form 990 tax return cost of \$700.

Background: Auditor Selection Committee was created by the Board in February 2009 for the purpose of selecting an independent auditor. A thorough review process occurred including RFP reviews, phone interviews of audit partners, and reference checks (see attached materials).

Number of accompanying materials:

Wilkinson Hadley King & Co. LLP (W&H)

218 W. Douglas Avenue
El Cajon, CA 92020
619-447-6700
www.whllp.com

P. Robert Wilkinson, CPA
Brian Hadley, CPA
Aubrey King, CPA
Richard Savage, CPA

P. Robert Wilkinson, CPA

California Board of Accountancy:
No complaints filed.
License: CPA Partnership
License # 6584
License status: CLEAR
Expiration date: 8-31-2010
Disciplinary action/license restrictions: No

Interview:

The firm was founded in January 2002. They have 4 partners, one senior manager, 1 manager and 4 audit staff.

Our audit partner would be Brian Hadley who has 20 years of experience. Robert Wilkinson would be doing much of the work at the school. He is a partner and has 30 years of experience. Our engagement review partner would be Aubrey King, and our manager would be Mike Mears, who has 25 years of experience.

The team doing our audit is the same team for Granada.

A 6 year partner rotation is mandatory. Wilkinson rotates partners every 2-3 years.

According to the proposal, all staff will have at least 5 years of school district auditing experience, and managers more than 15 years of experience.

In 2009 they audited 39 K-12 school districts, and 30 charter schools. They only lost 3 clients in the last 3 years. All were lost due to board mandated rotation after 6 years.

The firm will attend a board meeting. They will issue a management commentary letter if needed, which provides meaningful advice in connection with the audit.

Audit will include all funds of the school, including any and all component units of the school.

Other services available: workshops relating to student body accounting, attendance accounting, school accounting and presentations to governing boards relating to how to read an audited financial statement. They put on a 3 hour workshop for board, staff, and management

of charter schools. They provide a binder for each school, the workshop covers what is expected in an audit.

Very few charter schools have audit committees. If there is no audit committee they request communication with a couple of board members, and possibly a parent with expertise. They do fraud interviews, and always include a board member (frequently the board president) in any discussion of findings.

Cost: \$15,700 (approximately 120 hours)

Billing rates (per hour)

Senior partner	\$150
Partner	\$125
Manager	\$90
Senior	\$75
Junior	\$70
Clerical	\$30

Observations:

Highly recommended by Walter Wallace at Granada (see letter).

Highly qualified, experienced staff (all staff will have at least 5 years of school district auditing experience).

Robert Wilkinson was very responsive to my questions and requests.

They provide workshops for school personnel (attendance and school accounting) as well as workshops for boards (how to read audited financial statements), and 3 hour workshops for board, staff, and management on what to expect in an audit. Tie-in with Granada for workshops would be advantageous.

Per hour rates half that of Vicente, and lower than VTD's.

Auditor References:

Walter Wallace- Chief Business Officer- Granada Hills Charter High School

**GRANADA HILLS
CHARTER HIGH SCHOOL**

Brian Bauer
Executive Director

March 16, 2010

Audit Committee
Palisades Charter High School
15777 Bowdoin St.
Pacific Palisades, CA 90272

Dear Committee Members:

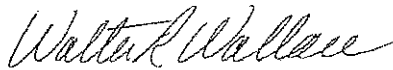
I am writing today to recommend the selection of Wilkinson Hadley King & Co., LLP of El Cajon, California as your school's audit firm for the current contract.

Wilkinson Hadley King has been the only audit firm used by Granada Hills Charter High School since its conversion to charter status in the 2003-04 fiscal year. In addition, we recently signed another three year contract with the firm, covering this fiscal year and the two following years.

The school staff is appreciative of the field work done each year by Mr. Wilkinson and his ability to work well with key departments and staff members. In addition, the school's governing board has a great deal of confidence in the firm's work product and opinions of the audited financial statements each year.

Wilkinson Hadley King & Co., LLP was originally chosen as our school's auditor because of their broad experience in auditing both school districts and charter schools. Our relationship has continued into a third three-year contract because of their ability to accurately interpret and follow the Controller's audit guidelines for charter schools and their management of their annual fee.

Very truly yours,



Walter R. Wallace
Chief Business Officer

An Independent Public School

10535 Zelzah Avenue, Granada Hills, CA 91344 • Phone 818.360.2361 • Fax 818.363.9504 •
www.GHCHS.com

Vahe Markarian

Santa Monica Blvd. Community Charter School
323-469-0971

1. How long has Wilkinson been the school's auditor? Who is the audit partner?
Wilkinson Hadley King has been the school's auditor for 1 year. Mr. Wilkinson is the audit partner. They were not happy with their prior auditor, Anderson, Satuloff, Machado & Mendelsohn (the firm John Riley also received negative feedback on). Pacoima Charter recommend Wilkinson to them.
2. In your opinion, has Wilkinson performed its work in a professional, accurate, and timely manner?
Absolutely, they are much better than the prior auditor.
3. Does the firm provide recommendations as to ways to improve your processes and internal controls?
Yes they do.
Please give me an example.
As an example, they recommended a change in Title 1 reporting- something regarding employee log issues. Wilkinson is very precise.
4. To whom on the board does the audit firm report? How frequent is the contact?
The auditor has not had much of a relationship with the board.
5. Have you had a qualified opinion or significant issues? If so, how was it handled by the auditor?
No.
6. Has Wilkinson ever conducted a workshop, or board training for you? Was it useful?
We have not yet attended a workshop, but we have received e-mails listing workshops that we can attend.
7. Have you used any other of the auditor's services?
No.
8. Have you seen much turnover of audit staff?
No.
9. What are the 2-3 pros and cons of the firm? Would you highly recommend them?
Yes, I would recommend the firm. They are much better than the previous auditor. They are very professional, on time, and efficient. They really know what they are doing. Nice to deal with, and a good attitude.

William Wellhouse

Arroyo Paseo Charter High School

4001 El Cajon Blvd.

San Diego, CA 92105

619-677-3017

1. How long has Wilkinson been the school's auditor? Who is the audit partner?

Wilkinson Hadley King has been the school's auditor for 3 years, since the inception of the school. Mr. Wellhouse has known the firm much longer than 3 years because they were the auditors for the school district where he worked.

2. In your opinion, has Wilkinson performed its work in a professional, accurate, and timely manner?

Yes and they are very responsive.

3. Does the firm provide recommendations as to ways to improve your processes and internal controls?

Yes .

Please give me an example.

The firm provides an audit report which includes a letter to the board in which they discuss recommendations and findings.

4. To whom on the board does the audit firm report? How frequent is the contact?

The auditor has not had much of a relationship with the board.

5. Have you had a qualified opinion or significant issues? If so, how was it handled by the auditor?

Not at this school, but there was a finding at a prior school concerning ASB funds. Wilkinson was the auditor at the time and discovered the problem which involved bookkeeping practices.

6. Has Wilkinson ever conducted a workshop, or board training for you? Was it useful?

Wilkinson holds workshops. Arroyo Paseo uses ExEd, and they go to the workshops. ExEd has a close relationship with Wilkinson.

7. Have you used any other of the auditor's services?

No.

8. Have you seen much turnover of audit staff?

No, he has not seen much turnover in all of the years that he has been involved with them.

9. What are the 2-3 pros and cons of the firm? Would you highly recommend them?

Yes, I would recommend the firm.

Pros:

Highly experienced and well known. Very knowledgeable at all levels (large, small). Very responsive. Good work- audit and materials complete and professional.

Cons:

Busy, but he thinks that they increase staff as needed.

Question

1 message

P. Robert Wilkinson <prwilkinson@whllp.com>

Mon, Apr 5, 2010 at 10:36 AM

To: Susan Frank <susanfrank1@gmail.com>

Per our telephone conversation of this morning. When I quote a maximum audit fee then that is the "Maximum" fee we will charge you. If I did a bad job in estimating our "total" costs, then we eat the extra costs. I do not pass that along to the client.

So, the maximum amount I proposed as an audit fee is the maximum you will be charged.

Hope this answers your question. Let me know as soon as you can as in the mail over the weekend I was asked to bid on a large district in El Centro which we did 3 years ago and they want to fire their auditor. I will not get them a proposal until I hear from you. Not to rush you, but I do not want to overextend ourselves.

Thanks

P. Robert Wilkinson, CPA

Wilkinson Hadley King & Co. LLP
CPAs and Advisors
218 W. Douglas Ave
El Cajon, CA 92020
Tel 619-447-6700

MEMORANDUM OF UNDERSTANDING
BETWEEN
PALISADES CHARTER HIGH SCHOOL
AND
UNITED TEACHERS LOS ANGELES – PALISADES CHARTER HIGH SCHOOL
AND
PALISADES EDUCATIONAL SUPPORT PERSONNEL UNITED

ESTABLISHING A ONE-YEAR SALARY RATE FREEZE, A ONE-TIME FOUR DAY FURLOUGH PROGRAM FOR THE 2010-2011 SCHOOL YEAR, AND AUTHORIZATION TO PCHS HEALTH AND WELFARE COMMITTEE TO MAKE CHANGES TO 2010-2011 PCHS HEALTH BENEFITS PACKAGE

This Memorandum of Understanding (“MOU”), executed by and between Palisades Charter High School (“PCHS”) and represented units, (1) the United Teachers Los Angeles – Palisades Charter High School (“UTLA-PCHS”) and (2) Palisades Educational Support Personnel United (“PESPU”), is to memorialize the commitment of all parties, in light of the budget crisis, to a one-year freeze on salary advancements (step and column), to establish a one (1) year four (4) day furlough program [unpaid days], and to authorize the PCHS Health and Welfare Committee (“HW Committee”) to make appropriate changes to the 2010-2011 PCHS health benefits package to hold costs constant with 2009-2010 levels, in order to effect critical cost savings to address significant PCHS budget shortfalls.

R E C I T A L S

WHEREAS, PCHS is facing an unprecedented budget deficit of more than \$1.5 million for the 2010-2011 school year even if all current costs are held constant; and

WHEREAS, the PCHS cash reserve is not sufficient to mitigate the current PCHS budget deficit as it is at or close to the minimum required amount; and

WHEREAS, the parties maintain an interest in avoiding or minimizing employee layoffs, and

WHEREAS, all PCHS personnel costs account for approximately 80% of the PCHS budget and substantial cost cutting to administrative, consulting, capital and all other operating costs is underway; and

WHEREAS, health benefit costs continue to escalate and the PCHS health benefits package currently far exceeds LAUSD’s in meeting PCHS’ contractual commitments to employee groups to provide same or better health benefits coverage;

NOW, THEREFORE, the parties hereby agree as follows:

1. There will be a zero percent salary increase for the 2010-2011 school year for all PCHS employees, including no step or column increases for the 2010-2011 school year. New hires for the 2010-2011 school year will be rated in as if hired during the 2009-2010 school year. PCHS employees will have four furlough [unpaid] days to be taken between July 1, 2010 and June 30, 2011 to be determined by PCHS management and each bargaining unit. Management staff will be taking an additional two (2) more furlough days than all other PCHS employee groups. For certificated UTLA bargaining unit members this will consist of the last day of the 2009-2010 school year (June 25th, 2010 - a pupil free day) and the three professional development days for the 2010-2011 school year (typically in October, February and March). It is recognized by all parties the precise composition and dates of the furloughs may have to be revisited due to PCHS having to align its calendar with LAUSD (for transportation purposes) and LAUSD's continued calendar deliberations and revisions.
2. The HW Committee is hereby authorized to enact measures in making changes to the 2010-2011 health benefits package to hold constant the cost of PCHS' benefits package despite anticipated increases in the cost of health benefits. However, the HW Committee shall not enact changes which reduce the PCHS health benefits packages to an amount less than an equivalent health benefits package to LAUSD.

This Agreement contains the entire agreement of the parties with respect to matters covered hereby, and supersedes any oral or written understandings or agreements between the parties with respect to the subject matter of this agreement. No person or party is authorized to make any representations or warranties except as set forth herein, and no agreement, statement representation or promise by any party hereto which is not contained herein shall be valid or binding. The undersigned acknowledges that neither party hereto relied upon any warranties, representations, statements or promises by any of the parties herein or any of their agents or consultants except as may be expressly set forth in this Agreement. The parties further recognize that this Agreement shall only be modified in writing by the mutual agreement of the parties.

AUTHORIZED SIGNATURES:

UTLA-PCHS Representative

Date: _____

PCHS Representative

Date: _____

PESPU Representative

Date: _____

BOARD REPORT

Palisades Charter High School

To: Board of Trustees
Palisades Charter High School

From: Amy Dresser Held, PCHS Executive Director/Lead Negotiator

Date: April 8, 2010

Re: **Public Disclosure of PCHS' Initial Proposals for Negotiations
with PESPU Pursuant to Government Code Section 3547**

This memorandum is to disclose to the public PCHS' initial proposal pursuant to Government Code Section 3547 related to collective bargaining between PCHS and PESPU for the 2010-2011 school year.

It is the intent of PCHS to build upon the previously negotiated agreements with PCHS-PESPU in 2009 by negotiating a collective bargaining agreement for 2010-2011 which addresses (but is not limited to) the following topics:

- reduction in personnel costs (including but not limited to freezing salaries including step advancements, instituting furloughs, controlling costs on benefits package, etc.) to effect critical cost savings in light of the more than \$1.5m budget shortfall projected for the 2010-2011 school year
- exploration of alternatives and/or supplements to seniority as the determining factor for developing reduction in force (layoff) lists
- ensuring sustainability for funding retiree health benefits for current unit members by aligning eligibility for retiree health benefits with all other employee groups at PCHS.

PCHS reserves the right to negotiate any other article or section of the contract as may be deemed necessary by the PCHS Board of Trustees.

BOARD REPORT

Palisades Charter High School

To: Board of Trustees
Palisades Charter High School

From: Amy Dresser Held, PCHS Executive Director/Lead Negotiator

Date: April 8, 2010

Re: **Public Disclosure of PCHS' Initial Proposals for Negotiations
with UTLA Pursuant to Government Code Section 3547**

This memorandum is to disclose to the public PCHS' initial proposal pursuant to Government Code Section 3547 related to collective bargaining between PCHS and UTLA for the 2010-2011 school year.

It is the intent of PCHS to build upon the previously negotiated agreements with PCHS-UTLA in 2005, 2007 and 2009 by negotiating a collective bargaining agreement for 2010-2011 which addresses (but is not limited to) the following topics:

- reduction in personnel costs (including but not limited to freezing salaries including step and column advancements, instituting furloughs, controlling costs on benefits package, etc.) to effect critical cost savings in light of the more than \$1.5m budget shortfall projected for the 2010-2011 school year
- exploration of alternatives and/or supplements to seniority as the determining factor for developing reduction in force (layoff) lists
- possible extension of probationary period and consideration of alternative forms of guidance and assistance including PAR (peer assistance).
- clarification and calibration of stipended positions and procedure for creating stipends in the future
- adoption of a school calendar (and possibly a modified bell schedule) for 2010-2011 that adapts to LAUSD's calendar and Revere's daily schedule as needed to facilitate coordinated transportation.

PCHS reserves the right to negotiate any other article or section of the contract as may be deemed necessary by the PCHS Board of Trustees.

Amy Dresser Held
Executive Director
Palisades Charter High School
15777 Bowdoin St.
Pacific Palisades, CA 90272

Re: Initial Proposal for 2009-2010 Contract Negotiations

Dear Ms Dresser Held:

This proposal is submitted for purposes of informing the public pursuant to the Government Code 3547. The Palisades Educational Support Personnel United requests that the Palisades Charter High School Board present this proposal at the next scheduled Board meeting.

The Agreement is subject to negotiations at this time. The union proposes to negotiate the following Articles and related Appendices:

ARTICLE 1- Recognition

ARTICLE 12 - Wages and Salaries, Pay Allowances, Differentials and
Special Salary Practices

And Related Appendices

New:

NEW ARTICLE - Layoff, Hours Reduction, and Reassignment

NEW ARTICLE – Seniority

And any related Appendices

We reserve the right to bring any other issues at a later time.

For the Association,

Penny Upton
Regional UniServ Director
California Teachers Association, NEA
6095 Bristol Parkway, Suite 100
Culver City, CA 90230-6601
310-215-0326
310.215.0341 (fax) 562-505-4242 (cell)

To: The Board of Trustees

From: Robert King, Budget Committee Chair

Regarding: Strategies for reduction of anticipated \$1.7 Million Shortfall 2010-2011 School Year

The Budget Committee passed the following recommendations to close next year's Budget gap.

REVENUES

- o \$300K from Reserve

- \$200K Increased Fundraising
Via shifting Busing costs

- o \$150K Maximize Enrollment
(25 ADA)

COST REDUCTIONS

- o Increase Insurance Co-Pays – to
Offset increased costs 2010-2011

- o \$100K No New Textbook Adoptions

- o \$350K Five Furlough Days – all staff

- o \$60K Elimination of Summer School

- o \$ 35K Better Use of NBC Teachers
 - o \$ 80K Efficiencies/Alternative
Contracts (Custodial/Legal/Cafeteria/
Gardening)

\$650 increase

\$625 Decrease

The Following strategies are currently under discussion and will be voted on at 4/12/10 meeting.

- Don't cut actual teacher/staff pay

- Space utilization – classroom rental space. Sport camps?
Cheer camps?

- Review efficiencies of clerical staff.
- Establish private summer school – charge for classes.
- Educational Programs Committee – make recommendations for what programs could sustain cuts and how much?
 - Should we be looking at short-term cuts (eg. Furlough Days) vs. long-term structural changes (eg. Pay cuts)
 - COLA – Last year's was negative and salaries weren't reduced; cuts were taken from conferences, field trips, etc. When COLA is positive, will this go to re-fund these items or negotiated for salary increases.
- \$200-300K more from salaries.
- Cut more from IMA.
- Take more from reserve.

The Budget Committee would like to invite the Board of Trustees to examine our proposals and give their thoughts, suggestions or directions. Let me know if you have any questions.

Stand Up for Pali,

Rob