APPROVED

Magnolia Public Schools

Minutes

Finance/Audit Committee Meeting

Date and Time
Monday April 18, 2016 at 6:00 PM

Location
Teleconference Dial:1.844.572.5683 Code:1948435

Regular Finance Committee Meeting

Finance Committee Members:
Noel Russell-Unterburger, Chair
Serdar Orazov

CEO and Superintendent:
Caprice Young

Committee Members Present
N. Russell-Unterburger (remote), O. Diaz (remote), S. Orazov (remote)

Committee Members Absent
None

Guests Present
B. Torres (remote), K. Hourigan (remote)

I. Opening Items

A.

Record Attendance and Guests

B. Call the Meeting to Order

N. Russell-Unterburger called a meeting of the Finance Committee of Magnolia Public Schools to order on Monday Apr 18, 2016 at 6:02 PM.

C. Approve Minutes of Special Finance Committee Meeting- November 5, 2015

S. Orazov made a motion to approve minutes from the Finance/Audit Committee Meeting on 11-05-15 Finance Committee Meeting on 11-05-15.
N. Russell-Unterburger seconded the motion.
The committee **VOTED** unanimously to approve the motion.

D. Approve Minutes of Special Finance Committee Meeting- February 9, 2016

S. Orazov made a motion to approve minutes from the Finance/Audit Committee Meeting on 02-09-16 Finance/Audit Committee Meeting on 02-09-16.
N. Russell-Unterburger seconded the motion.
The committee **VOTED** unanimously to approve the motion.

II. Action Items- Recommendations to Full Board

A. Second Interim Report for MSA Santa Ana, MSA Santa Clara and MSA San Diego

O. Diaz, Chief Financial Officer (CFO), explained the Interim Reports for MSA Santa Ana, MSA San Clara and MSA San Diego. He explained that second Interim reports are required to be submitted to our approving entities. O. Diaz explained the fund restrictions Magnolia must comply with while spending grant funds. O. Diaz and K. Dietz from EdTec explained the figures to the committee and presented the action plan that was in affect to resolve variances. The Finance committee requested additional clarification regarding MSA Santa Clara's health benefits variances. O. Diaz addressed all Board members' questions.

N. Russell-Unterburger made a motion to recommend approval of the Second Interim Report for MSA Santa Ana, MSA Santa Clara and MSA San Diego.
S. Orazov seconded the motion.
The committee **VOTED** unanimously to approve the motion.

B. Truancy Data Collection and Reporting Procedure Policy

O. Diaz, CFO, explained to the committee that the Truancy Data Collection and Reporting Procedure is a new policy. MPS has complied with the reporting required but this policy formalizes the current truancy reporting process. O. Diaz, CFO, addressed all committee member questions.
S. Orazov made a motion to recommend approval of the Truancy Data Collection and Reporting Procedure to the full Board.

N. Russell-Unterburger seconded the motion.
The committee **VOTED** unanimously to approve the motion.

C. Revised CMO Cost Allocation Table and 10% Contingency Reserve for Economic Uncertainties

O. Diaz, CFO, explained the revised CMO Cost Allocation Table and the 10% Contingency Reserve for Economic Uncertainties. He explained that the Home Office Expense Allocation structure was designed in accordance with the Code of Federal Regulations Cost Principals for Non- Profit Organizations and California Education Code 47600. He explained the committee that factors on the presented table could be adjusted as needed. Committee member, S. Orazov, suggested that the CMO fee have a restricted percentage that limits the amounts charged to the schools and he also suggested that the Home Office budget retains a reserve. The committee members would like to see schools' and home office budgets before approving this item. The finance committee directed the CFO to develop and provide examples of different methodologies that could be applied in place of the CMO Cost Allocation presented. O. Diaz will provide preliminary numbers in the budget item presentation to the full board. These numbers will be forecasted but are subject to change. No actions were made on this item. There will be further discussion on the item during the next regular meeting of the MPS board.

III. Discussion Item

A. 2015-16 Educator Effectiveness Spending Plan

O. Diaz, CFO, explained to the committee that this item was being resubmitted to them in abundance of caution to make sure MPS is in compliance. The Educator Effectiveness Spending Plan was to be submitted to the board first as a discussion item and approved in a separated meeting as an action item, therefore, this item will be presented to the board once again. This item had been previously discussed in a previous Board meeting, no actions were taken.

B. MPS February 2016 Financial Update

K. Dietz from EdTec, presented the February financials to the Board that covered financials for eight (8) months ending in February 29, 2016. The committee members requested an analyses comparing last years' budget numbers with current budget numbers and would like to see a monthly forecast report. K. Dietz and O. Diaz addressed all questions. This was a discussion item, no actions were taken.

C. Update on Open Intra Company Loans

O. Diaz, CFO, presented the open intra company loans to the committee members. He explained the open loans for each school and went over the redistribution of available balances that were approved by the Board. O. Diaz addressed all committee questions. This was a discussion item, no actions were taken.

IV. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 8:00 PM.

Respectfully Submitted,
N. Russell-Unterburger