

APPROVED



El Camino Real Charter High School

Minutes

Finance Committee Meeting

Date and Time

Wednesday April 24, 2019 at 2:30 PM

Location

El Camino Real Charter High School, Conference Room, 5440 Valley Circle Boulevard,
Woodland Hills, CA 91367

The Finance Committee is a standing committee of the Board of Directors of El Camino Real Alliance.

For committee meeting materials, please go to the school's main office, or call (818) 595-7500. Some board meeting materials are also posted in the school's website (<https://ecrchs.net> - click the ECR Board tab).

INSTRUCTIONS FOR PRESENTATIONS TO THE COMMITTEE BY PARENTS AND CITIZENS

El Camino Real Alliance ("ECRA") welcomes your participation at ECRA's Finance Committee meetings. The purpose of a public meeting of the Finance Committee is to conduct the affairs of ECRA in public. Your participation assures us of continuing community interest in our charter school. To assist you in the ease of speaking/ participating in our meetings, the following guidelines are provided:

1. Agendas are available to all audience members at the meeting.
2. "Request to Speak" forms are available to all audience members who wish to speak on any agenda items or under the general category of "Public Comments." "Public Comments" is set aside for members of the audience to raise issues that are not specifically on the agenda. However, due to public meeting laws, the Committee can only listen to your issue, not respond

or take action. These presentations are limited to three (3) minutes and total time allotted to non-agenda items will not exceed thirty (30) minutes. A member of the public who requires the use of a translator, in order to receive the same opportunity as others to directly address the Committee, shall have twice the allotted time to speak. The Committee may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen-requested item.

3. You may also complete a "Request to Speak" form to address the Committee on Agenda items. With regard to such agenda items, you may specify that agenda item on your "Request to Speak" form and you will be given an opportunity to speak for up to three (3) minutes before the item, and total time allocated to agenda items will not exceed six (6) minutes for a discussion item and nine (9) minutes per vote item. A member of the public who requires the use of a translator, in order to receive the same opportunity as others to directly address the Committee, shall have twice the allotted time to speak, and the total allocated time shall be appropriately increased as well.

4. When addressing the Committee, speakers are requested to state their name and adhere to the time limits set forth. In order to maintain allotted time limits, the Committee Chair may modify speaker time allocations or the total amount of allotted time for an item.

5. Any public records relating to an agenda item for an open session of the Committee which are distributed to all, or a majority of all, of the Board members shall be available for public inspection at 5440 Valley Circle Blvd., Woodland Hills, California, 91367.

Consent Agenda: All matters listed under the consent agenda are considered by the Committee to be routine and will be approved/enacted by the Committee in one motion in the form listed below. Unless specifically requested by a Committee member for further discussion or removed from the agenda, there will be no discussion of these items prior to the Committee votes on them. The Executive Director recommends approval of all consent agenda items.

In compliance with the Americans with Disabilities Act (ADA) and upon request, El Camino Real Alliance may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Requests for disability related modifications or accommodations shall be made 24 hours prior to the meeting to Daniel Chang, in person, by email at d.chang@ecrchs.net, or by calling (818) 595-7537.

Committee Members Present

Brian Archibald, Gregory Basile, Scott Silverstein

Committee Members Absent

None

Guests Present

Alan Darby, Daniel Chang, David Hussey

I. Opening Items

A. Call the Meeting to Order

Brian Archibald called a meeting of the Finance and Investment Committee of El Camino Real Charter High School to order on Wednesday Apr 24, 2019 at 2:30 PM.

B. Record Attendance and Guests

C. Public Comments

There were no public comments.

II. Financial Review

A. Profit and Loss Statements

The current forecast is to end with a cash balance of \$163,290, which is a decrease from the \$265,712 previously forecast last month; this is due to various factors such as non-capitalized equipment, and an adjustment based on ADA-dependent revenue. We are also significantly over budget, possibly due to software and subscriptions which was possibly not forecasted - the Business Office will provide an explanation. Question as to why certain items are in dues and subscriptions. Going forward, the budget will have to identify and allocate to appropriate categories/departments, and variances identified within the budgets. We are also \$52,000 over forecasted amount for non-capitalized equipment, such as equipment, furniture, etc. There was also an adjustment based on ADA dependent revenue, a decrease of \$172,000.

Mr. Archibald asked as to the increase in expenses year to date compared to YTD in 2018, and noted that there has been a significant increase. Mr. Darby noted that this was due to one-time expenses such as the North Campus, Promotional panels, etc.

B. Balance Sheet

The cash balance as of the end of March was \$6.69M; this is a reduction from the cash balance from June 2018 of \$8.45M. Part of this change is due to Shoup, part is due to the tech refresh. The investments mentioned in the Balance Sheet is a Royal Alliance account - Mr. Archibald requested the statements for this account.

The OPEB Liability amount comes from the actuarial report. As of now, our lifetime benefits trust has been about halfway funded.

C. Cash Flow

The cash balance chart is consistent with the industry. Mr. Silverstein asked that prior year cash flow also be provided on each report.

D.

Average Daily Attendance

Charter schools are funded based on P2 ADA, which is a cumulative ADA based on enrollment and attendance for the week. So the forecasts are always based on forecasted P2 ADA.

Our budget was based on a projected ADA of 3,344; our P2 ADA is 3,284. Also, it was noted that this does not include foreign exchange students, who pay approximately \$6,000 per semester.

Mr. Hussey noted that we had 15 students who took the California High School Proficiency Exam, while most years we typically only have 2 or 3. Also, 23 students went to other independent study programs because we are full at this point. And we have 8 students that graduated early.

Mr. Archibald asked what the school is doing to get a real understanding of ADA, and how to proactively figure out a plan to address this.

Mr. Silverstein stated that we need to look to think outside the box, not just within the four corners of our charter petition, in order to improve attendance. This includes looking to improve our VAPA program.

Mr. Archibald asked how we get our attendance data and who looks at the data; this information is available through our Aeries system, we can get a report daily if desired.

E. Other Post-Employment Benefits

Mr. Darby stated that he will have a comprehensive discussion with our investment advisor at Royal Alliance, to provide information regarding investment strategy, benchmarks, etc.

F. Review of March 2019 Check Registers

Gregory Basile made a motion to recommend the approval of the March 2019 main and trust check registers.

Scott Silverstein seconded the motion.

The committee **VOTED** to approve the motion.

Roll Call

Gregory Basile Aye

Brian Archibald Aye

Scott Silverstein Abstain

G. American Express Bill Review

A sampling of the expenses are tested to ensure that the items showing up are being received. Mr. Archibald would like to recommend that the auditor do the same. Mr. Archibald noted that items ordered through Amex goes through the same fiscal process. Mr. Silverstein asked as to the chain of events that takes place when an item is ordered. There is a workflow process that has to be followed, from creation of a purchase order

through the delivery of the item to the correct person. The Committee would like to see the timeline for the process

We provide an inventory report to LAUSD every year, with a threshold of items that are \$500 or more.

H. March 2019 Financial Update

The various parts of the March 2019 Financial Update report was discussed above. Scott Silverstein made a motion to recommend approval of the March 2019 financial update to the Board.

Gregory Basile seconded the motion.

The committee **VOTED** unanimously to approve the motion.

I. Budget

The budget has to be submitted to the state in June. The upcoming plan is to improve budgeting in general. There has to be sufficient time for a budget to be created and then reviewed and possibly revised before being presented again.

Mr. Archibald asked whether we intend to do the budget as an aggregate and then work on compartmentalizing it; it will have to be done in the aggregate due to time constraints.

III. Investment Review

A. Current Portfolio Allocation

The Committee will work with the CBO to determine an ideal portfolio allocation and procedure. The investments are being handled by Royal Alliance; the representative from Royal Alliance will speak to the Committee about his strategies and processes.

B. Portfolio Performance Review

For fiscal year to date, our investments have grown 2%. Mr. Silverstein asked whether this shows that the investments are underperforming, compared to S&P and other indexes. This will be discussed.

C. Portfolio Decision Making

IV. Other Business

A. Discuss Unpaid Tech Invoices and In-House Development

Mr. Darby discussed a certain number of unpaid tech invoices that had come in because they did not follow the processes; the total amount of unpaid invoices is about \$17K.

These were invoices for in-house development services. Mr. Darby stated that he is uncomfortable paying the invoices because of the failure to follow the process. Mr.

Hussey noted that the failure to follow process was dealt with; and we will ensure that any

future services will go through the process. Work logs were also provided detailing the work done. A portion of the work was allocated through LCAP.

Mr. Silverstein noted that, since the work appears to be done and was for the school, it should be paid.

B. Fiscal Operations Strategic Plan Overview / Summary

This was discussed in the course of other agenda items. Any such plan would have to include the need to include a marketing plan to improve ADA.

C. Discuss and Possible Vote on Classified Management Salary Table

Mr. Archibald noted that, after further review, he does not have an issue with where Step 1 starts, but he does have an issue with where it ends.

Susan Kim noted that this table is a derivative of the administrative G table, and each step, including increases, are also what is the school salary table for admin. It was noted for the record that Ms. Kim is an interested person, since she is on the salary table.

Mr. Archibald asked if the Board has discretion to change the amount of increase in each step, or is it required to stay with the increases. If someone is already on the table, we could not change their salaries, because that person is already on an agreed table.

Otherwise, the Board has discretion to change the steps and modify the amounts as it sees fit.

The Finance Committee wants the Business Office to take the proposed table and advise which positions are filled and what step the person is on; and a recommendation as to what the amounts should be without complying with LAUSD's model.

D. Discuss Back-Office Accounting Providers

The Business Office has received proposals from EdTec, ExEd, ICON, and DMS. Currently, our Business Office uses NetSuite to enter transactions; the information is then sent to our current back office provider to do the monthly reporting and submission to the state, etc. ICON would have access real-time to NetSuite, which would improve response time.

The Committee would recommend that the Business Office create a rubric to evaluate the proposals received, to help determine which would be the company that best fits the needs of the school.

Ms. Kim noted that moving away from EdTec is not a reflection on the professionalism and work done by EdTec; possibly changing back office providers is more of a shift in the model, to include a more interactive approach.

E. CBO Remuneration

Mr. Archibald noted that he believed would come as a recommendation from the Executive Director. At this time, the Mr. Hussey has not discussed this with Mr. Darby so there is no recommendation to offer.

V. Closing Items

A. Adjourn Meeting

Gregory Basile made a motion to adjourn the meeting.

Scott Silverstein seconded the motion.

The committee **VOTED** unanimously to approve the motion.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 5:17 PM.

Respectfully Submitted,
Daniel Chang