APPROVED

El Camino Real Charter High School

Minutes

Finance and Investment Committee Meeting

Date and Time
Thursday March 17, 2022 at 4:30 PM

Location
Virtual

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).

VIRTUAL COMMITTEE MEETING

In accordance with Governor Newsom's Executive Order N-29-20, the meeting of the Finance Committee will take place via a virtual/teleconferencing environment.

To join the virtual Committee meeting, please register through GoToWebinar via the following link:

Registration URL: https://attendee.gotowebinar.com/register/7175544146386108941
Webinar ID: 252-344-195

You must register for the event (note you do not need to enter your legal name to participate). Once registered, you can attend the meeting through the online link, or by telephone (a call-in number and audio PIN will be provided after you register and prior to the meeting).

PUBLIC COMMENTS

If you would like to make a public comment during the Public Comment section or during an agenda item, you may do so in two ways: (1) click the "Raise Hand" icon on the control panel; or (2) email your comment to ***comment@ecrchs.net*** and your comment will be read on the record.

IMPORTANT NOTE REGARDING SENDING IN A WRITTEN COMMENT:

For anyone who wishes to send in a written comment to be read during Public Comments, you are strongly encouraged to email your comment to the aforementioned email address at least one (1) hour prior to the Official Board Meeting start time (e.g., by no later than 3:30 p.m. for a 4:30 p.m. Board Meeting start time). Otherwise, there is no guarantee that your comment will be viewed and read during Public Comments. If your written comment is received and is expected to be read on the record, your name and title/role will also be read on the record. If you wish to not have your name read on the record, please indicate so in your email.

Please note that, in order to conduct an orderly meeting, all members of the public will be placed on mute during the Board meeting, except during public comments. Note that for those who elect to participate through the call-in number, you will not have the option of being unmuted during the meeting.

The Public Comments agenda item 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 Board can only listen to your issue, not respond or take action. The Board may give direction to staff to respond to your concern or you may be offered the option of returning with a citizen-requested item. 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 Board, shall have twice the allotted time to speak. When addressing the Board, speakers are requested to adhere to the time limits set forth. In order to maintain allotted time limits, the Board Chair may modify speaker time allocations or the total amount of allotted time for an item.

Consent Agenda: All matters listed under the consent agenda are considered by the Board to be routine and will be approved/enacted by the Board in one motion in the form listed below. Unless specifically requested by a Board member for further discussion or removed from the agenda, there will be no discussion of these items prior to the Board 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 David Hussey, in person, by email at comment@ecrchs.net, or by calling (818) 595-7500.

Committee Members Present
Daniela Lopez-Vargas (remote), Danielle Malconian (remote)

Committee Members Absent
None

Guests Present
David Hussey (remote), Gregory Wood (remote), Kurt Lowry (remote)

I. Opening Items

A. Call the Meeting to Order

Danielle Malconian called a meeting of the Finance and Investment Committee Committee of El Camino Real Charter High School to order on Thursday Mar 17, 2022 at 4:33 PM.

B. Record Attendance and Guests

C. Pledge of Allegiance

Mr. Hussey led Members and Attendees in the Pledge of Allegiance.

D. Public Comments

Dr. Lowry reported that no requests for public comment had been received via email and no attendee(s) had requested an opportunity to make a public comment.

Ms. Malconian broached the idea that she would like for the committee to consider opening up the Finance and Investment Committee to a third board member now that the full board is back up to seven (7) members.

Ms. Lopez-Vargas agreed with this idea, noting that she believed that this had been a discussion from earlier in the academic year and that she would be more than happy to have a third board member join the Finance and Investment Committee on an official basis.

Ms. Malconian mentioned that Board member Ramirez had been discussed as a possible additional member and hoped that this item could be added to next week's regular March Board Meeting Agenda.

Mr. Hussey reminded Ms. Malconian to reach out to Board President Mr. Wright about adding the item to the regular board meeting agenda.

Mr. Wood noted that he believe that if two members of the board desired to have an agenda item placed on the agenda that it would be permitted.

Mr. Hussey asked that Mr. Wright be informed.

II. Consent

A. Approve Minutes of February 17, 2022, Finance and Investment Committee Meeting

Daniela Lopez-Vargas made a motion to approve the minutes from Finance and Investment Committee Meeting on 02-17-22.
Danielle Malconian seconded the motion.
The committee **VOTED** to approve the motion.

Roll Call	
Daniela Lopez-Vargas	Aye
Danielle Malconian	Aye

III. Investment

A. Investment Update

Mr. Wood, CBO, provided the ECR Investment Update, with highlights as follows:

OPEB Account:

* Mr. Wood noted that we've experienced a "Bear Market" which has reduced OPEB account value, with a recent market uptick reflected
* Beginning Balance as of July = $21.2M
* YTD ECR Contributions $1.76M
* YTD Losses $766,547
* OPEB Trust Account Balance of $22.2M

General Account:

* YTD performance -4.0%
* Monthly performance -1.7%
* Gen. Acct. Balance of $29.6M

IV. Finance

A. February 2022 Financial Update

Mr. Wood, CBO, and Mr. Arndt, of ICON School Mgmt, provided the Feb. 2022 Financial Update, with highlights as follows:

Mr. Arndt:

Balance Sheet Slide:

* Showing Total Assets of $36, 952,397, a 20.9% increase.
* Cash at $21,932.612, increased due to one-time funds, PPP Loan, and 20-21 Deferral Payments
* State overpaid with Deferrals and will reduce cash for 21-22 LCFF ($2M)
*LT Debt decreased due to FMV adjustments to OPEB Accounts as well as PPP Loan being forgiven.
* Restricted Net Assets position approximately $1.2M
*Unrestricted Net Assets
* Mr. Wood noted that investments from last year were split in a cash account.

Cash Analysis Slide:

* Davs of Cash on Hand = 188 (Recommended 90 minimum) Does not include OPEB Cash on Hand
* PPP Account #1309 was closed and transferred into the Gen. Account #1761 on 3/1/2022

Profit & Loss (Summary) Slide:

* more of a snapshot; will discuss further on
* you can see how the budgets are changing with the second interim

Profit & Loss (YTD) Slide:

* In-Person Instruction and Sports Activities will incur additional expenses with the re-opening of School
* Additional CARES-related Expenses for 21-22 will also increase expenses
* Employee Benefits decrease due to STRS Refund.
* Total Expenditures YTD $29M = up 18.36%, to be expected now that school is on campus/in session.
* Mr. Wood noted that while showing a negative at this time, he is not concerned due to expected $2.5M to be reflected in March as part of Prop. 30 funding; will be reflected on 2nd Interim Budget.

Budget Comparison (YTD) Slide:

* Total Revenues Used = 58.15%

* Certificated Salaries = 64.17% of expenses
* Lottery Amounts from $150 - Unrestricted/$49 - Restricted to $163 - Unrestricted/$65 - Restricted (More revenue)
* SEF Tax Rate went down from 1.23% to 0.50% (Savings)
* SPED Rates are projected to increase from the $689 - State / $267 - Federal (more revenue)
* Will adjust salaries and benefits due to Salary Negotiations for 2nd Interim
* Lower Enrollment/ADA from 21-22 Adopted Budget (approx. 94 ADA/$1M less).
* PPP Money was classified to 20-21 Revenue instead of 21-22 Revenue
* Mr. Wood noted that we are on track with our 2nd Interim Budget numbers due to +/- 67% of expenditures for the year being expended at around this time.

Department Budgets Slide:

* 22-23 budget calendar approved
* Met with ILT last week to provide this information as well as forms, expectations.
* We upped our 2nd interim budget to project full-year expenses ($269,080).
* Re: Instructional Materials: 2nd Interim budget to project full-year expenses ($330,343).
* We're going to give ILT Chairs/Depts. these forms and we will use forms to compare requests for instructional materials and supplies next year based on what they spent this year. Mr. Wood provided a hypothetical example with the English Department: 2nd Interim is $12,500; if Admin./CBO receives a request from English Department for $25K, then Admin./CBO will ask why the English Department would need a budget double the amount of what they were able to manage the department this year.
* Departments have been notified of this process and appear to be appreciative of being included in the budgeting process; textbook orders to be placed in May, prior to Summer.

Ms. Malconian asked if English and Math departments budget amounts for textbooks and core curricula were normal year expenditure amounts. Mr. Hussey replied that English purchased a new curriculum, while math amounts reflected one or two sets of textbooks, including possibly Math Analysis and Calculus, while noting that ECR just redid the Algebra 1, 2, and Geometry curricula a couple of years ago.

Ms. Malconian followed up to ask if then people might expect those large amounts year after year and Mr. Wood replied that they would not, generally, other than when new sections or courses, or adoptions are needed, while Instructional Materials & Supplies budgets are mostly expected to be similar.

Ms. Malconian asked about the technology budget amount being near $100K, to which Mr. Wood noted that that amount is general Tech. department operating and supplies expenses.

Other Matters Slide:

* 2021-2022 2nd Interim was filed with LAUSD by 3/15/22 Deadline.
* 2021-2022 CSD Financial Review underway. Completed preliminary information on 3/4/22. Review to take place during the week of April 4th.

Remaining pages of attachment provide all account details (profit and loss and balances for how ECR closed the month of February).

B. Review of February 2022 Check Registers

Danielle Malconian made a motion to recommend approval of the February 2022 Check Registers.
Daniela Lopez-Vargas seconded the motion.
Mr. Wood reviewed the February 2022 Check Registers.
The committee **VOTED** to approve the motion.

Roll Call	
Danielle Malconian	Aye
Daniela Lopez-Vargas	Aye

C. Review of February 2022 Credit Card Charges

Daniela Lopez-Vargas made a motion to recommend approval of the February 2022 Credit Card Charges.
Danielle Malconian seconded the motion.
Mr. Wood reviewed the February 2022 Credit Card Charges, and noted that ECR will receive a Q4 Rebate in the amount of $937.43.
The committee **VOTED** to approve the motion.

Roll Call	
Danielle Malconian	Aye
Daniela Lopez-Vargas	Aye

V. School Business

A. 2021-2022 Second Interim Budget Report

Mr. Wood provided a review of the 2021-2022 Second Interim Budget Report, including the following highlights:

* Full board will be more interested in executive summary at regular board meeting.

Mr. Arndt provided executive summary, as follows:

Profit and Loss Summary Slide:

* Comparison of Prior year and year to date; noted that the 1st interim is the operating budget and the 2nd interim is the adjustment.

* Reclassified PPP Loan Forgiveness from 21-22 Federal Revenue to 20-21 Federal Revenue
* 7 Months into this fiscal year the normal range of Percentages is within 59%.
* Student Supplies are generally purchased at the beginning of the the school year for the year's preparation.
* Mr. Wood noted that PPP Loan Forgiveness and Salaries and Benefits increases, respectively, accounted for changes to Federal Revenue and Salaries and Benefits line changes.

Balance Sheet Slide:

*Project balanced sheet 21-22; LAUSD asks us for this.
* Investments at June 2021 were in transition between brokerage companies.
* Year End Receivables are generally higher due to State Apportionment funding timelines.
* Deferred Revenue is higher due to the 20-21 LCFF Funds received at the end of June 2021 and again in August 2021. These funds will be paid back by fiscal year end.
* Next few slides include detailed description of each account; it's a detailed version of the Profit and Loss Summary Slide.

P. 12 - FY22 2nd Interim Balance Sheet:

* A more detailed version of the balance sheet from the Executive Summary Balance Sheet Slide; shows full accrual and accumulated depreciation rather than total assets and liabilities.

P. 12 - Special Ed. COP Option 2 and 3:

* Mr. Wood reviewed this slide in terms of revenues and expenses. He noted we are in good stead as we are projected to spend all of the $908,764 provided under Federal IDEA and $2,572,949 from State AB602 & Grants.
* Mr. Wood noted that it is considered beneficial to show expenditures beyond monies provided by the Fed. and State for our special education population of students so as to evidence our having budgeted for and expended funds needed beyond the base amounts provided by Federal and State sources, respectively. This is noted as Encroachment.
* We want to track our needs accurately to show that we have a need for funds.

Ms. Lopez-Vargas asked whether the assumption of the LCFF based off the ADA, to which Mr. Wood replied yes and stated that he would reply in greater detail in the next section under ADA.

B. Average Daily Attendance (ADA) Update

Mr. Wood, CBO, provided the ECR ADA Update through month six (6), with highlights as follows:

* Month 7 data will be available in about a week/next week.
* Enrollment is at 3,523 after Month 6; we are down about a hundred students from this time last year.
* ADA Percentage the last two months is 90.8% (month 5) and 90.4% (month 6), with Year to Date ADA% at 92.5%.
* Prior Year ADA Percentages for comparative purposes = 96.2% and 97.0% with Year to Date ADA% at 96.6%.
* Mr. Wood noted that the COVID-19 pandemic and more recent Omicron variant, coupled with 100 student enrollment decline have compounded the loss of ADA funds.
* Had projected YTD Month 5 ADA at 3,427.60 and actual was 3,275.34, or 152.26 ADA below current budget.

Mr. Wood revisited Ms. Lopez-Vargas' question about LCFF based off the ADA in that he affirmed that the 2nd Interim Budget reflected and included the Potential ADA revenue reduction in the amount of $1,613,929.

Ms. Malconian asked Mr. Wood about the difference between enrollment and Average Daily Attendance. Mr. Wood pointed out that our actual enrollment at Month 6 is 3,523. He explained that the Month 6 ADA divided by the number of attendance days = Monthly ADA or for month 6 (3,185.95). 9.6% absence rate for the month.

Virtual and pre-pandemic ADA % is about 96%. Lower ADA% is largely due to pandemic.

Mr. Hussey noted that our average international student revenue is $12,500 and that international students are not counted in our ADA. Mr. Wood noted that we receive money outside of the LCFF for these international students.

C. Actuarial Update/RFPs

Danielle Malconian made a motion to recommend that ECRCHS continue with Schwab as its Actuary for OPEB Reviews through this year (21-22) and next year (22-23) with the option of continuing with Schwab for 23-24 and 24-25 academic years.
Daniela Lopez-Vargas seconded the motion.
Mr. Wood discussed RFP bids received from two Actuary services companies, DFA LLC, and Schwab, with highlights as follows:

DFA LLC:
$5,500 21-22, 22-23, 23-24

Schwab:

$4,000 21-22 and 22-23
$4,250 23-24 and 24-25

Mr. Wood provided information on bids and costs of doing business. Based on his review of information and analysis, and in response to Ms. Malconian's question, Mr. Wood discussed and recommended that ECR remain with Schwab, given current satisfaction with their service and representative partnership, their willingness to decrease price, and the option for ECR to exercise options to lock in rates that reflect a slight increase for two optional/additional years, 23-24, and 24-25.

After some discussion, the committee agreed to adjust the language of the motion to that which is listed here in the Minutes (above) to specify the committee's recommendation of a specific Actuary, Schwab, through this year 21-22, and next year, 22-23, with price-specific option years for 23-24, and 24-25.
The committee **VOTED** to approve the motion.

Roll Call

Daniela Lopez-Vargas	Aye
Danielle Malconian	Aye

D. Independent Audit/CSD Review Update

Mr. Wood provided an update on the Independent Audit/CSD Review Update, with highlights as follow:

Independent Audit:

* Mr. Wood noted that we are under the second year of a contract with auditor, Christy White Associates.
* He met them at the Charter Schools Association Conference earlier in the week and noted that he is satisfied with their services.

Charter Schools Division Audit:

* Components include: Fiscal, Instructional, Operations, Governance
* ECR submitted documentation on 3/4/22 via Dropbox for CSD's review of over thirty items, for example leaves, OPEB, Payroll, etc.
* CSD is going to conduct its audit the week of April 4th; two days, one virtual, one on-site; purpose is to select items for review to ensure the school is following policies and procedures.
* CSD will then issue scorecard summaries and scores on the components in or around the end of April or May which will be presented to ECR and the ECRA Board via report in or around June or July, per Mr. Hussey.

* Mr. Wood noted that Fiscal is cautious and general gives out scores no higher than "3" as a result of having previously assigned schools' performance as worthy of "4" only to discover imperfections or improprieties after the fact.

VI. Closing Items

A. Adjourn Meeting

Danielle Malconian made a motion to adjourn the Finance and Investment Committee Meeting.
Daniela Lopez-Vargas seconded the motion.
The committee **VOTED** 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 5:53 PM.

Respectfully Submitted,
Kurt Lowry