

DRAFT



El Camino Real Charter High School

Minutes

Finance and Investment Board Meeting

September 19, 2024 Finance and Investment Board meeting

Date and Time

Thursday September 19, 2024 at 5:30 PM

Location

El Camino Real Charter High School - Principal's Conference Room (PCR)

5440 Valley Circle Woodland Hills CA 91367

Meeting can also be seen and heard at:

North Campus - 7401 Shoup Ave. West Hills CA 91307

The Finance and Investment 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).

ATTENTION:

WE HAVE RETURNED TO "IN-PERSON" FINANCE AND INVESTMENT COMMITTEE MEETINGS.

INSTRUCTIONS FOR PRESENTATIONS TO THE BOARD BY PARENTS AND OTHER MEETING ATTENDEES:

El Camino Real Alliance (“ECRA”) welcomes your participation at ECRA’s Board meetings. The purpose of a public meeting of the Board of Directors (“Board”) 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 door to 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 Board can only listen to your issue, not respond or take action.

These presentations are limited to **two (2) 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 be permitted twice the allotted time to speak.

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.

3. You may also complete a “Request to Speak” form to address the Board on Agenda items. With regard to such agenda items, you may specify the item(s) on your “Request to Speak” form and you will be given an opportunity to speak for up to three (3) minutes before the item is addressed, 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 Board, shall be permitted twice the allotted time to speak, and the total allocated time shall be appropriately increased as well.

4. When addressing the Board, speakers are requested to state their name and 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.

5. Any public records relating to an agenda item for an Open Session of the Board 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.

IMPORTANT NOTE REGARDING PUBLIC COMMENTS:

Effective September 2022, public comments presentations at all ECRA Regular and Special Board Meetings and Committee Meetings must be made in person.

There is no obligation on the part of the school to have a school official read public comments during in-person Board Meetings.

A member of the public is welcome to appear at the Board meeting to make a public comment or make arrangements with another person in attendance to speak on the person's behalf.

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 or more motions 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 vote(s) on the Consent Agenda item(s). 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

Alexandra Ramirez, Steven Kofahl

Committee Members Absent

Gregg Solkovits

Guests Present

Ryan Guinto

I. Opening Items

A. Call the Meeting to Order

Alexandra Ramirez called a meeting of the Finance and Investment Committee of El Camino Real Charter High School to order on Thursday Sep 19, 2024 at 5:30 PM.

B. Record Attendance and Guests

C. Pledge of Allegiance to the United States of America (USA)

Mr. Wood led the Board members and guests in the Pledge of Allegiance to the United States of America (USA).

D. Public Comments

There were no public comments

II. Consent

A. Approve Minutes of the June 17, 2024, Finance and Investment Committee Meeting

Steven Kofahl made a motion to approve the minutes from.
Alexandra Ramirez seconded the motion.
The committee **VOTED** unanimously to approve the motion.

B. Approve Minutes of the April 18, 2024, Finance and Investment Committee Meeting

Steven Kofahl made a motion to approve the minutes from Finance and Investment Board meeting on 04-18-24.
Alexandra Ramirez seconded the motion.
The committee **VOTED** unanimously to approve the motion.

III. Investment

A. September 2024 Investment Update

Mr. Gregory Wood, CBO, presented the August, 2024, Investment Update.

Materials were provided for those present in the room, and what was displayed on the screen reflected the performance, starting with how June 2024 finished and how the year began.

OPEB account: The balance was \$30,844,295 at the end of June, \$31,378,000 in July, and \$31,992,000 by the end of August. The tentative balance for September was around the same, trending similarly to the August balance.

The account had increased by 2% in the month and 4.1% year-to-date on the investment. For the purpose of conversation and updates, Mr. Wood reminded the Board about the change this year: we are no longer making monthly contributions, with the \$220,000 stopping as of June.

Investment account: The account has a total of \$7,861,000, which is divided between the Fiduciary Management portfolio and the Beacon Pointe portfolio. The school's moving away from Polen, has liquidated all the cash in that account, and moving forward, the focus will be on Fiduciary and Beacon Pointe.

Annuity and T-bill: We still have the annuity for three years at 4.8% and a T-bill at City National Bank for three years at 4.89%.

In conclusion everything is looking good, with high expectations. The market appears to be in decent shape, and investments are responding positively to the Federal Reserve's interest rate reduction. Mr. Wood expressed hope that this trend would continue.

IV. Finance

A. 2023-2024 Unaudited Actuals

Mr. Gregory Wood, CBO, and Ms. Arleta Ilyas, Director, Accounting and Finance, presented the 2023-2024 Unaudited Actuals

The **purpose** of the unaudited actuals is to provide a clear overview of how the school year concluded in terms of revenue received and expenditures. It also sets a foundation for budget planning for the next year. The report highlighted that the school ended with a P2 ADA of 2,941 students, with a total enrollment of 3,162. It was noted that this attendance rate, approximately 93-94%, is consistent with current trends. Before COVID, schools with decent ADA would have seen around 96% attendance, but nationwide, both enrollment and actual attendance have seen a slight decline.

Revenue Expenditure Comparison:

In May, the school estimated ending the year with \$54.2 million in revenue, but the actual revenue at the end of the year amounted to \$57.3 million. As for expenses, the estimate was \$50 million, but actual expenditures came in lower at \$49 million, indicating that the school remained within its projected range. The budget adopted in June was also revised to reflect the latest updates, including enrollment projections and expenses. Additionally, a deferred maintenance budget of \$2.5 million affected cash flow, reducing cash by \$474,900. However, this reduction in cash won't affect the financial statement, where the net balance is projected to be (\$1,375,089).

2023-2024 Unaudited Actuals Revenue Summary:

The total revenue for the year amounted to \$57,395,399, broken down into four categories: LCFF Sources (State Aid) at \$38,706,771, Federal Revenues at \$3,911,343, State Revenues at \$4,827,954, and Local Revenues at \$9,949,331.

Revenue: The largest variance in revenue was found in Other Local Revenues, which led to the difference between the initial estimate of \$54.2 million and the final unaudited actual amount of \$57.3 million.

Estimated vs Unaudited Actuals:

Variations in revenue were explained as follows:

- LCFF revenue increased by \$530,439 due to prior-year ADA adjustments.
- Federal revenue decreased by (\$246,314), as some CARES Act funding was deferred for school salaries in the current year.

- State revenue saw an increase in Lottery Revenue by \$331,000, Cafeteria State Revenue by \$41,086, and Prop 28 funds by \$209,642.
- Other Local Revenue experienced the most significant increase, primarily due to OPEB-related investments, which saw an increase of \$2,359,444. Additionally, there was a decrease in Special Education AB602 funding by (\$51,819) and an increase in local revenue by \$79,058.

2023-2024 Unaudited Actuals Expenditure Summary:

Salaries and benefits accounted for 60% of total expenses, which is lower compared to most districts where this figure is typically around 80%.

Expenditures: Total expenditures amounted to approximately \$1.5 million, and the differences were explained through an object line breakdown.

Estimated vs Unaudited Actuals:

- **Certificated Salaries:** A decrease of (\$795,349) was observed due to staff absences, with costs being offset by increases in the substitute teacher category.
- **Classified Salaries:** There was an increase of \$305,737 in support staff salaries. Consequently, as salaries decreased in other areas, statutory benefits also saw a reduction.
- **Employee Benefits:** A decrease in health benefit payments of (\$1,921,712) occurred, due to the OPEB trust covering retiree health premiums. Additionally, there was a decrease of (\$248,216) in statutory certificated benefits due to lower salary expenses.
- **Supplies:** There was an increase in instructional materials purchases, amounting to \$185,513, most of which was tied to grant funding. Non-capital equipment purchases also increased by \$148,192, as items were reclassified out of capital assets.
- **Services:** Substitute teacher costs increased by \$655,641 to cover the absences seen in certificated staff salaries.

Components of Ending Fund Balance:

As of 6/30/24, the ending net position was \$47,441,653. After adjustments for net investment in capital assets, board-designated reserves, excess OPEB investments, and restricted fund balances, the net position amounted to \$15,492,812.

In June, the board approved setting aside 50% of the fund balance into the Designated Deferred Maintenance account, allocating \$15 million to deferred maintenance and leaving \$15.5 million as unrestricted funds.

A new development regarding the OPEB trust was noted. Currently, the excess amounts to \$1,512,840, which cannot be used for anything other than ensuring full funding of the trust. This figure could increase or decrease based on performance in 2024-2025.

Additionally, various grant money received recently by the school was included in the Ending Fund Balance due to state reporting requirements.

The unaudited report will be reviewed by independent auditors, who will verify cash amounts, funding sources, and other details. Historically, auditors have made minimal adjustments, affirming the accuracy of the school's reporting.

Steven Kofahl made a motion to recommend the approval of the 2023-2024 Unaudited Actuals.

Alexandra Ramirez seconded the motion.

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

B. 2024-2025 Budget Updates

Gregory Wood, and Arleta Ilyas provided an update to the 2024-2025 Budget.

Enrollment: Due to a continued downward trend in student population, the ADA (Average Daily Attendance) has been revised to 2,717 students.

Revenue: With the lower ADA, there will be a corresponding decrease in revenue. Based on the latest attendance projections, the LCFF (Local Control Funding Formula) revenue has been adjusted from \$36.3 million to \$36.2 million.

Federal Revenue: Updates from the state regarding Title I & II revenues have been incorporated, reflecting changes in the federal revenue estimates.

State Revenue: State revenue, which is closely tied to attendance, will see a decrease due to the lowered ADA. This includes reductions in areas such as lottery funding and Mandated Cost Reimbursements, classified under Other State Revenues.

Other Local Revenue: Local revenues, particularly in the area of Special Education, have been adjusted downward as they are also tied to ADA, resulting in a slight decrease.

Expense: On the expenditure side, adjustments were made to salaries, including new allocations for Prop 28 arts and music grants. Salary projections are based on prior year figures, and these will be updated once current negotiations are concluded. Any negotiated salary changes will also reflect in updated benefit projections.

Additionally, updates were made to **State Unemployment Insurance** for both certificated and classified positions, as well as some non-instructional consulting expenses.

The majority of the updates pertain to revenue adjustments based on revised ADA and state information.

C.

Review of August 2024 Check Registers

Prior to the vote, Gregory Wood, and Arleta Ilyas provided a review of August 2024 check registers

ASB Check Register: The ASB check register for August shows all payments made, including the amounts, the purpose of each payment, and the funding source. The total amount released in August was \$38,960.42. In response to a question about the "Spirit Pack" listed, it was clarified that this refers to gear and other football-related expenses, such as sweatshirts and t-shirts.

ASB Trust Balances: The ASB Trust balances reflect the financial status of various sports teams and clubs.

In a different meeting previously, there was a discussion about encouraging teams to use their trust balances to avoid them accumulating excessively. In this meeting, Ms. Ilyas explained that while the school covers some expenses for the students, coaches have been informed about what can be funded through trust balances and are being encouraged to utilize the funds. One example discussed was the Class of 2024, which graduated leaving a balance of \$37,916. A leadership vote will determine how these leftover funds are allocated. The senior getaway trip utilized some of this balance, which should reduce this balance in the September report. It was noted that senior classes often have higher balances due to prom-generated funds.

General Account: The general account register covers large and recurring expenses, listing the recipients, purpose, and amounts paid. The total for the month of August was \$426,398.

Checking Register: The checking register lists daily expenses, with total monthly expenses amounting to \$1,487,292, which is considered average. In response to a query about LAUSD repairs, it was clarified that these are repair costs charged by LAUSD quarterly. While the school does pay rent, it's relatively low, so additional charges for rent are typical.

Vendor YTD: The vendor YTD shows payments made both for the month and year-to-date (YTD). In August, a total of \$1,952,658 was paid, bringing the YTD total to \$3,494,705. This was about \$400,000 higher than what was spent in July.

Steven Kofahl made a motion to Recommend to the full board the approval of August 2024 Check Registers.

Alexandra Ramirez seconded the motion.

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

D. Review of August 2024 Credit Card Charges

Prior to the Vote, Mr. Wood and **Ms. Ilyas** presented the August, 2024, credit card charges.

The school's credit cards are used for expenses that can't be paid via check. For transparency, a detailed list of every transaction is provided, including the vendor, purpose, whose card was used, who requested the expense, the amount, the funding source, and the category of the transaction.

Credit cards are typically used for services or items from vendors that don't accept checks, such as booking travel for student groups, teachers, or staff. For example, airfare expenses that cannot be paid by check are charged to the card.

- Mr. Hussey's card had a total expenditure of **\$28,638**.
- Mr. Wood's card had a total of **\$3,470**.

To ensure transparency, the physical credit card statements are available, and Excel reports are provided that show detailed breakdowns of the charges, including routes travelled or services, and indicate who requested each transaction.

Steven Kofahl made a motion to Recommend to the Full Board Approval of the August, 2024, credit card charges.

Alexandra Ramirez seconded the motion.

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

E. Approval of Prop 28 Arts & Music Budget

Prior to the vote, Greg Wood, and Arleta Ilyas, presented the approval of Prop 28 Arts & Music Budget

Prop 28 funds are specifically allocated for arts and music programs, with the stipulation that **80%** of the budget must be dedicated to staffing-related expenses, while the remaining **20%** can be used for other program-related expenditures.

Total Prop 28 Entitlement: \$482,000 (accounted for as a restricted grant).

The Visual and Performing Arts (VAPA) department has provided a breakdown of staffing needs, with the total cost for the proposed positions reaching **\$380,000**. Of these positions:

- Three positions (highlighted in yellow) have already been filled.
- Two of the positions are full-time, with their salaries and benefits calculated based on hourly rates and work calendars.
- Most salaries are locked in according to existing rates, but the assistant theater director's rate is still tentative.

These staffing positions were recommended by the chair of the VAPA department, and both Mr. Hussey and Mr. Bennet reviewed and endorsed the proposed amounts. The Human Resources department was also involved in the hiring process.

The board is asked to approve **\$377,810** for staffing as part of the formal budget required by the Prop 28 grant. It was noted that if the grant ends, the positions funded by it will be discontinued.

Steven Kofahl made a motion to Recommend to the Full Board Approval of the Prop 28 Arts & Music Budget.

Alexandra Ramirez seconded the motion.

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

V. School Business

A. Discuss and Vote for Arbiter Pay

Prior to the vote, Greg Wood, CBO presented the Arbiter Pay.

This item was initially presented during the September 10th meeting. The athletic director attended this meeting to address any specific questions.

The contract with ArbiterPay, outlines a one-year agreement for a total of \$2,859, with an additional one-time implementation and training fee of \$495. If approved, the start date will align with either the next board meeting date or October 1st.

At the previous board meeting, discussions included ArbiterPay's partnership with Cache Valley Bank, which ArbiterPay uses to process payments. Cache Valley Bank, located in Utah, has a reputation for good customer service and is highly rated. The contract would necessitate opening a bank account with Cache Valley Bank, and, as per financial policies, any new bank account requires Board approval, which is why this is a voting item.

Funds for referee payments will be deposited into the Cache Valley Bank account, and both the business office and the athletic director will manage the account. ArbiterPay will streamline payments to referees, allowing detailed tracking of expenses related to officials.

A cost analysis conducted two years ago indicated potential savings per payment made to officials. Currently, the manual process involves printing pay sheets, obtaining signatures, visiting multiple offices, and delivering checks to officials, resulting in significant additional costs. This cumbersome process causes a \$100 check to ultimately cost around \$200 due to inefficiencies. ArbiterPay would automate payments and handle the processing of **W-9s** as well, saving time and reducing expenses.

The system also offers security, allowing payments to be approved by multiple approvers, with only the athletic director and business office having access. It was recommended that this committee recommends the full Board approve the ArbiterPay contract.

Alexandra Ramirez made a motion to Recommend to the Full Board Approval of the Arbiter Pay.

Steven Kofahl seconded the motion.

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

VI. Closing Items

A. Adjourn Meeting

Steven Kofahl made a motion to Adjourn the Meeting.

Alexandra Ramirez 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 6:41 PM.

Respectfully Submitted,
Ryan Guinto