

APPROVED



# El Camino Real Charter High School

## Minutes

### Finance and Investment Board Committee Meeting

2-19-26 Finance and Investment Board Committee Meeting

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#### **Date and Time**

Thursday February 19, 2026 at 5:30 PM

#### **Location**

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

5440 Valley Circle Woodland Hills CA 91367

Meeting can also be seen and heard at:

North Campus - 7401 Shoup Ave. West Hills CA 91307

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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](mailto:comment@ecrchs.net), or by calling (818) 595-7500.*

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**Committee Members Present**

Alexandra Ramirez, Brad Wright

**Committee Members Absent**

None

**Guests Present**

Vania Rodriguez

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**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 Feb 19, 2026 at 5:31 PM.

**B. Record Attendance and Guests**

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

**D. Public Comments**

**E. CBO Report**

**• The update covered:**

- Current financial position of the organization
- Year-to-date revenue and expenses
- Multi-year fiscal outlook
- Staffing stress test scenarios
- The presentation aims to provide a snapshot of the organization's financial health and prepare for potential financial risks.

**• Current Financial Position**

**◦ Year-to-Date Revenue**

- Current revenue received: \$28.36 million
- This figure reflects actual cash received so far, not total expected revenue.
- Government funding (state and federal) is disbursed in stages, which explains why some projected revenue has not yet been received.
- Key point:
  - Received funds = confirmed revenue
  - Projected funds = expected but not guaranteed until received

**◦ Year-to-Date Expenses**

- Current expenses: \$24.97 million
- Spending is currently within the board-approved budget parameters.
- Expense control has been maintained.

**◦ Current Surplus**

- As of January 26, the organization shows a \$3.39 million surplus.
- This surplus reflects the mid-year financial position.
- The fiscal year is only halfway completed, so projections may change.

**• Financial Stability Outlook**

**◦ Reserve Funds**

- The organization maintains reserve funds.
- These reserves act as a financial buffer in case of revenue fluctuations or unexpected expenses.

- **Expected Year-End Outcome**
  - Projected total revenue for the fiscal year: ~\$50 million
  - Projected total expenses: ~\$50 million
  - Expected result:
    - Operating deficit: approximately \$105,000
- **Comparison to Board Projection**
  - The board previously approved a \$200,000 projected deficit.
  - Current projections show a smaller deficit (\$105,000).
  - However:
    - Committee members emphasized that any deficit still represents being “in the red.”
    - Continuous financial monitoring is required.
- **Key Financial Drivers**
  - **Enrollment as Revenue Source**
    - The school’s funding is based on ADA (Average Daily Attendance).
    - Revenue is generated per student attendance.
    - Approximate value:
      - \$14,500 per student per year
    - Therefore:
      - Enrollment fluctuations directly affect funding levels.
- **Staffing Stress Test**
  - A financial stress test was conducted to evaluate how declines in enrollment would affect finances and staffing.
  - **Assumptions**
    - Revenue is primarily driven by ADA enrollment levels
    - Benefits costs increase approximately 3% annually
    - Personnel costs represent 70–80% of the total budget
  - **Scenario 1: 1% Enrollment Decline**
    - Enrollment Impact:
      - 1% ADA decline ≈ 28 students
    - Revenue Impact:
      - Revenue loss: ~\$406,000
    - Benefit Cost Inflation:
      - Additional expense increase: ~\$286,000
    - Staffing Impact:
      - Equivalent to 5.5 Full-Time Equivalent (FTE) positions
    - Implication:
      - A small enrollment drop could require staffing adjustments or reductions.
  - **Scenario 2: 2% Enrollment Decline**
    - Revenue Impact:
      - Approximately \$1.4 million revenue loss
    - Budget Impact:

- Projected deficit increases to ~\$1.6 million
- Staffing Impact:
  - Significant personnel adjustments would likely be required.
- **Importance of Early Monitoring**
  - To reduce financial disruption, the organization should:
    - Monitor enrollment trends closely
    - Detect declines early
    - Adjust budgets and staffing accordingly
  - Potential strategies include:
    - Natural attrition (retirements or resignations)
    - Adjustments during annual contract cycles
    - Budget planning aligned with enrollment forecasts
- **Teacher Contract and Retirement Timing**
  - Teachers may notify the district of retirement or resignation as late as June.
  - This timing can make budget planning difficult.
  - Possible strategy discussed:
    - Providing financial incentives for early retirement or early notice.
    - Example from another district:
      - Offering approximately \$3,500 incentive payments for early retirement declarations.
      - Early commitments help the organization finalize staffing budgets sooner.
- **Major Financial Risks**
  - **Primary Risk: Enrollment Decline**
    - The largest risk to financial stability.
    - Directly reduces ADA funding.
  - **Financial Sensitivity**
    - Each 1% enrollment change significantly affects revenue.
    - Approximately:
      - 28 students = 1% change
  - **Personnel Costs**
    - Personnel costs account for 70–80% of the total budget.
    - This makes staffing the largest financial lever for managing costs.
- **Potential Cost Management Strategies**
  - Aside from staffing adjustments, the organization could also:
    - Review vendor contracts
    - Reevaluate outsourced services
    - Identify operational efficiencies
    - Adjust discretionary spending
  - These strategies could reduce financial pressure without immediate staff reductions.
- **Key Financial Takeaways**
  - **Current Fiscal Health**

- Financial position remains stable overall.
- Current deficit projection is minor and manageable.
- **Structural Stability**
  - The organization does not currently face a structural deficit.
- **Monitoring Priorities**
  - Leadership must focus on:
    - Enrollment trends
    - Personnel costs
    - Operational efficiency
- **Overall Conclusion**
  - The organization is currently in a stable financial position, though projecting a small deficit (~\$105,000).
  - Enrollment remains the most critical financial factor.
  - Proactive monitoring and strategic planning are necessary to mitigate potential risks from enrollment declines and rising personnel costs.

## **F. Associated Student Body (ASB) Updates**

- Evan, Student Body Treasurer, provided updates on ASB committee activities and events.
- **Clubs Committee**
  - The committee organized Club Rush, an event designed to promote and recruit members for all school clubs.
  - Participation was reported to be strong.
  - The committee is currently compiling a complete list of active clubs on campus.
  - Semester Budget: \$500.
- **Student Achievement Committee**
  - The committee hosted a 4.0 Stellar Brunch to recognize students achieving high academic performance.
  - Semester Budget: \$400.
- **Community Service Committee**
  - Hosted a Valentine's Movie Night for students.
  - Ticket prices were \$5 when purchased online and \$10 at the door.
  - Semester Budget: \$300.
- **Publicity Committee**
  - Responsible for managing ASB social media accounts and promoting events through banners and posters around campus.
  - Semester Budget: \$500.
- **Historian Initiatives**
  - Alina reported on a new initiative called "Camino Capture," where students may submit photos representing student life.
  - Submissions would be reviewed and approved by advisors and administration prior to being posted.

- The initiative is intended to increase student engagement and provide insight into student council activities.
- Another initiative, "StuCo Scoop," involves recording updates and activities related to student council operations.

• **Board Discussion**

- Board Member Mr. Wright raised concerns regarding the use of personal cameras for recording students and the potential privacy and liability implications.
- Questions were raised regarding whether the school's media waiver, signed by parents at enrollment, applies to media captured using personal devices rather than school equipment.
- Mr. Delgado noted that parents sign a media waiver upon enrollment, but indicated the policy would need to be reviewed to determine the scope of its coverage.
- Mr. Wright suggested that if such media initiatives are approved, they should ideally use school-owned equipment to ensure proper oversight and control of content.
- The Board agreed that the matter should be reviewed further before formal approval.

• **Student Activities**

- ASB hosted a performance by Mini Kiss, which generated strong student engagement.
- Founder's Week was also held in place of a traditional Welcome Back Week and included Spirit Week activities celebrating the school's founding.
- Student Activities Semester Budget: \$6,000.

• **Senior Cabinet Updates**

- Current projects include planning for Powderpuff, Senior Tours, and Prom.
- A Senior Movie Night was considered but may be adjusted due to the number of recent movie-related events.
- A Senior fundraiser is being explored but has not yet been finalized.
- The Senior Mentorship Program remains ongoing.

• **Conclusion**

- The Board thanked the student representatives for their report and acknowledged the update.

## II. Consent

### A. Approve Minutes of January 14, 2026, Finance and Investment Committee Meeting

Brad Wright made a motion to approve the minutes from Finance and Investment Board Committee Meeting on 01-14-26.

Alexandra Ramirez seconded the motion.

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

## III. Investment

## A. Investment Update

- Mr. Wright stepped out of the meeting at 5:52 pm.
- A two-minute break was called to allow Mr. Wright to step out briefly and return from the restroom before the meeting continued.
- Meeting resumed at 5:54 pm.
- **Presenters:**
  - Fernando Delgado, Chief Business Officer (CBO)
  - Mike Breller, Beacon Pointe Advisors
- **Purpose:**
  - Provide an update on portfolio performance, economic and market conditions, and asset allocation compliance.
- **1. Economic Overview**
  - 2025 Performance: Strong year across most asset classes despite early-year volatility.
  - U.S. GDP: One negative quarter (-0.6%) in Q1 2025 due to net export disruptions related to tariff rollout; subsequent quarters rebounded strongly.
  - Corporate Earnings: Robust performance driven by technology and AI-related productivity gains.
  - Inflation & Labor:
    - Inflation at 2.8%, slightly above the Fed target of 2%, but not a concern for rate increases.
    - Unemployment at 4.6%, softening from 3.4% in 2023 but still low historically.
  - Market Volatility:
    - Historical analysis over 45 years shows positive annual returns in 37 years and negative in 8 years.
    - Intra-year declines of 17% or more occur ~35% of the time; long-term discipline emphasized.
- **2. Portfolio Performance – 2025**
  - Total Portfolio Return: ~14%
  - Multi-Year Performance:
    - Three-year annualized return: ~13.6–13.7%
    - Since inception (September 2021): ~4.9%, reflecting the 2022 market downturn
  - Expected Long-Term Return:
    - Portfolio designed for ~7–7.5% annual returns to meet OPEB obligations and preserve purchasing power.
  - Asset Allocation Compliance:
    - Current allocations remain within IPS-approved ranges.
    - Slight equity overweight (domestic and international) and fixed income underweight, consistent with long-term growth objectives.
- **3. U.S. Equity and Manager Performance**

- S&P 500 Return: ~18%
- Large Cap Value Manager: Fiduciary Management (FMI)
  - Short-term underperformance observed in 2025, but long-term (25-year) performance strong, 9.84% annualized vs. benchmark 7.71%.
  - Value-oriented approach benefits from market dislocations; no changes recommended.
- Growth Managers:
  - Passive growth index adopted in June 2024 after active managers underperformed.
  - 2025 growth performance aligned with benchmark and long-term objectives.
- **4. International Equity**
  - International equity returned ~27%, slightly lagging the broader market but strong in absolute terms.
  - Key managers: Artisan International Equity and EuroPacific Growth
    - Artisan: Ranked in second decile long-term; underperformance in one year considered a temporary blip.
    - EuroPacific: Outperformed the index; provides balance within international allocations.
  - Strategy focuses on smoothing returns and limiting downside risk.
  - No changes to international equity portfolio; last adjustment occurred in June 2024.
- **5. Alternative Investments**
  - Portfolio includes hedged strategies, real estate, and private credit.
  - Hedged strategies: Lower volatility relative to equities while providing strong potential returns.
  - Private credit fund: ~10% return over two years, outperforming bond alternatives.
  - Portfolio objective: Reduce correlation with traditional equities/bonds and provide downside protection.
- **6. General Account Portfolio**
  - Purpose: Conservative allocation for near-term liquidity needs.
  - Asset Allocation:
    - Equities: 25% (U.S. and international)
    - Alternatives: 5%
    - Fixed income: 70%
  - 2025 Return: ~11%, primarily driven by strong bond performance.
  - Allocation Compliance:
    - International equity ~30%, above policy target of 25%, contributing positively to returns.
    - Fixed income below target but within policy range.
    - Alternatives aligned with target.
  - Strategy maintains moderate growth orientation while preserving capital.
- **7. Investment Strategy & Fiduciary Guidance**

- Emphasis on long-term discipline and adherence to Investment Policy Statement.
- Managers reviewed regularly for:
  - Performance consistency
  - Alignment with portfolio objectives
  - Risk mitigation during volatile periods
- Active management is intended to reduce losses in market downturns, not capture all upside.
- **8. Key Takeaways**
  - 2025 was a strong year for both OPEB and General Account portfolios.
  - Economic fundamentals remain supportive: moderate inflation, low unemployment, solid corporate earnings.
  - Portfolio performance aligns with long-term objectives, preserving purchasing power and supporting future OPEB liabilities.
  - Asset allocation and manager selection are within policy guidelines.
  - No changes to manager lineups or asset allocation are recommended at this time.
- **9. Meeting Conclusion**
  - No questions were raised by the Board.
  - Presenters expressed appreciation for the opportunity to provide the update.
  - Mike Breller concluded the presentation virtually.

## IV. Finance

### A. January 2026 Financial Update

- **1. Overview of Financial Update**
  - Presentation focused on KIT Grant projections and related kitchen infrastructure initiatives.
  - Objective: Outline anticipated revenue, grant eligibility, and implications for Student Nutrition Services.
  - Funds are state-provided grants and not linked to LAUSD funds; specifically designated for cafeteria infrastructure improvements.
- **2. KIT Grant Overview**
  - Grants designed to support kitchen infrastructure improvements and staff training.
  - Purpose: Strengthen quality and efficiency of Student Nutrition Services operations.
  - Examples of proposed improvements include:
    - Replacement of outdated kitchen equipment.
    - Modernization of meal preparation and serving areas.
    - Enhancements to temperature control, freezer capacity, and storage containers.

- Improvements aimed at increasing workflow efficiency and food safety.

• **3. Grant Calculation and Projection**

- Core allocation formula: Based on per-student funding amount.
  - Base per-student amount: \$80,047.
  - State supplement: \$25 million per eligible school (applied proportionally).
- Maximum entitlement: \$90,002.
- Adjustment factor: State applies 90% planning factor for conservative budgeting.
  - Final estimated grant amount: \$81,004.92.
- Approach ensures conservative projection to avoid overestimating revenues while remaining aligned with likely funding.

• **4. Implications and Use of Funds**

- Funds are restricted to cafeteria operations and infrastructure improvements.
- No impact on other school budgets or operational funds.
- Anticipated grant utilization will:
  - Improve kitchen efficiency.
  - Enhance food quality and safety.
  - Support training for cafeteria staff.

**B. Discussion and Vote to Recommend to the Full Board Approval of the January 2026, Check Registers**

Brad Wright made a motion to To approve the January 2026, Check Registers.  
Alexandra Ramirez seconded the motion.

• **Main Check Register – Disbursements**

- The presenter reviewed the primary check register, which contains all accounts payable and operational disbursements for the month.
- Total payments issued: 168
- ACH transactions: 76
- Checks issued: 92
- The finance department is actively transitioning vendors from paper checks to ACH payments.
- Some vendors have shown hesitation in adopting ACH, largely due to unfamiliarity and the requirement to complete and sign ACH authorization forms.
- To facilitate the transition:
  - An ACH authorization form has been created and distributed to vendors.
  - Standard operating procedures have been developed and implemented within the finance team to support the process.

- ACH payments provide the advantage of faster processing, typically depositing funds into vendor accounts the next business day.
- Total disbursements for January 2026: \$1,006,767.92.

• **Security and Event-Related Expenditures**

- The Board requested clarification regarding a \$2,953 payment for police services related to an athletic event.
- The presenter confirmed the payment was associated with security coverage at a football game.
- The service included:
  - Four police officers
  - Approximately six hours of coverage
  - Additional supervisory or support personnel.
- The Board discussed the timing of billing, noting that invoices for such services may arrive one to two months after the event.

• **Campus Security Services**

- The Board also reviewed expenditures related to campus security services.
- Total payment noted: approximately \$57,046 covering a recent billing period.
- This equates to approximately \$55,000 per month on average for campus security.
- Board members expressed interest in reviewing security service contracts and vendor arrangements in the future to determine whether operational efficiencies or cost reductions may be possible.
- During discussion, Board members emphasized that any cost-saving measures should prioritize maintaining instructional staffing, particularly teachers, and minimizing impacts on classroom resources.

• **ASB Trust Account**

- The presenter reviewed the Associated Student Body (ASB) Trust Account activity.
- Total payments issued: \$66,783.89
- Number of payments: 42
- All payments were issued via checks.
- Similar to the main account, efforts are underway to transition ASB vendors to ACH payments once banking setup and vendor authorizations are completed.

• **Fundraising and General Accounts**

- The Board reviewed additional operational accounts:
  - **Fundraising Account**
    - Contains recurring vendors associated with fundraising and event activities.
    - Vendors such as Chartwells are regularly used for catering or event-related expenses.
  - **General Account**
    - Includes recurring operational expenditures, including:
      - System services

- Charter-related services
- Legal services such as LegalShield
- Other standard operational subscriptions or contractual obligations.

• **Board Discussion**

- Board members asked clarifying questions regarding:
  - Event security expenditures.
  - Campus security costs.
  - Vendor payment practices.
- The finance team confirmed that detailed reports and invoices can be provided for further review if requested.
- Discussion highlighted the Board's priority of carefully monitoring vendor expenditures while ensuring that instructional staff and student services remain protected

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

**C. Discussion and Vote to Recommend to the Full Board Approval of the January 2026, Credit Card Charges.**

Brad Wright made a motion to Approval of the January 2026, Credit Card Charges. Alexandra Ramirez seconded the motion.

• **1. Credit Card Charges – Mr. David**

- Total charges for January 2026: \$14,186.02.
- Spending was primarily concentrated in three major operational areas, with additional smaller administrative expenses.
- **Major Spending Categories**
  - Marketing: \$4,003.03
    - Enrollment-related advertising and promotional activities.
  - VAPA (Visual and Performing Arts):
    - Student program support, including travel and performance-related expenses.
  - Technology: \$1,310
    - Cloud services, indexing tools, and software subscriptions supporting operational systems.
  - Administrative Compliance:
    - Expenses related to Form 700 filings, board meeting deliveries, and administrative operational needs.
  - Athletics: \$3,198
    - Purchase of sports tracking cameras and related equipment.
- **Compliance Review**
  - All purchases:
    - Followed internal purchasing procedures.
    - Were supported by approved purchase orders.

- Aligned with approved departmental budgets.
- No exceptions or irregularities were identified for this reporting period.
- **2. Credit Card Charges – Fernando Delgado**
  - Total charges for January 2026: \$19,979.94.
  - Total number of transactions: 27.
  - **Departments Associated with Charges**
    - Technology
    - Operations
    - Athletics
    - VAPA (Visual and Performing Arts)
    - General Administration
    - Student Counseling
    - Marketing
  - **Notable Expenditures**
    - Hilton Anaheim:
      - Expenses related to VAPA and drama student travel and program participation.
    - Professional Development Lunch:
      - \$2,110.21 for staff professional development event at California Pizza Kitchen.
    - Athletic Training Department Improvements:
      - \$1,097.31 for flooring related to the athletic training area.
  - **Compliance Review**
    - All expenses were verified to:
      - Align with approved purchase orders and budget allocations.
      - Follow established approval and purchasing protocols.
    - No irregularities or exceptions were identified.
- **3. Board Discussion**
  - Board members asked clarifying questions regarding purchase order requirements and approval procedures.
  - The finance team confirmed that:
    - Purchase orders are required and obtained prior to purchases.
    - Credit card charges are reconciled against approved POs and departmental budgets.

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

#### **D. Discussion and Vote the 2025-2026 Second Interim Report**

Brad Wright made a motion to Approve 2025-2026 the Second Interim Report.

Alexandra Ramirez seconded the motion.

##### **• 1. Public Transparency Notice**

- A Board member, Mr. Wright, noted that the Second Interim Report and supporting documents are public information.
- Community members may access the report through the school's website as part of the Board meeting materials.
- Emphasis was placed on maintaining financial transparency and public accessibility of financial reports.

• **2. Overview of the Second Interim Report**

- The report was compiled into a PowerPoint presentation summarizing the financial status for the 2025–2026 fiscal year.
- The presentation serves as a mid-year progress update, providing insight into:
  - Current revenues and expenditures
  - Budget variances
  - Financial stability and reserve levels

• **3. High-Level Financial Position**

- Total projected revenues: Approximately \$50 million.
- Total projected expenditures: Approximately \$50.8 million.
- Projected deficit: Approximately \$105,000.
- The deficit is considered manageable due to a strong beginning reserve balance.
- Beginning Net Position (Reserve): Approximately \$50.1 million.
- Projected Ending Net Position: Approximately \$50.03 million.
- The reserve balance continues to support overall financial stability despite minor deficit spending.

• **4. Revenue Analysis**

- The presenter provided a breakdown of the school's primary revenue sources.
- **Local Control Funding Formula (LCFF)**
  - Total funding: Approximately \$34.9 million.
  - LCFF remains the largest and primary funding source, determined primarily by student attendance and enrollment.
- **Federal Revenues**
  - Total: Approximately \$2.02 million.
  - Supports programs including:
    - Child Nutrition programs
    - Title I funding under the Every Student Succeeds Act (ESSA).
- **State Revenues**
  - Total: Approximately \$4.51 million.
  - Increase attributed to:
    - Mandated cost reimbursements
    - Nutrition program funding
    - Lottery allocations.
- **Local Revenues**

- Total: Approximately \$8.6 million.
- Represents a 37.8% increase, driven by:
  - Interagency contracts
  - Fee adjustments
  - Investment-related income.

• **5. Expenditure Analysis**

- Total projected expenditures: Approximately \$50,801,000.
- Major expenditure categories include:
  - **Certificated Salaries**
    - \$18.55 million, representing the largest expenditure category.
    - Reflects the organization’s commitment to maintaining strong instructional staffing and educational quality.
  - **Classified Salaries**
    - \$6.77 million.
    - Increases attributed to:
      - Expanded operational support roles
      - Approximately 15% salary adjustments in certain positions.
  - **Employee Benefits**
    - \$9.14 million.
    - Costs continue to rise due to:
      - Healthcare premiums
      - State retirement system contribution rates
      - Payroll-related obligations.
  - **Depreciation and Amortization**
    - \$331,000 projected, representing a 63% increase.
    - Increase reflects:
      - Acquisition of new capital assets
      - Updated amortization schedules for existing equipment.
- **6. Key Financial Variances**
  - Several notable financial changes were identified in the Second Interim Report.
  - **Revenue Variances**
    - Other State Revenues increased by 40.6% due to:
      - Higher mandated cost reimbursements
      - Expanded lottery allocations
      - Additional state program funding.
    - Local Revenues increased by 37.8% due to:
      - Interagency agreements
      - Fee adjustments
      - Additional funding partnerships.
    - These increases helped offset potential deficits and improve the overall financial position.
  - **Expenditure Variances**

- Spending in books, supplies, and instructional materials exceeded the original budget.
- Additional expenditures included:
  - Technology equipment
  - Operational services
  - Instructional and classroom materials.
- **7. Net Position and Reserve Analysis**
  - The financial report showed the adjusted beginning net position at approximately \$50,136,751.96.
  - The projected ending net position is approximately \$50,031,006.
  - Despite deficit spending of approximately \$105,000, the school maintains a healthy reserve balance.
  - The reserve is considered sufficient to absorb minor budget fluctuations and maintain financial stability.
- **8. Financial Outlook**
  - The presenter emphasized that the school's long-term financial outlook remains stable, but several key factors will influence future financial health:
    - Maintaining stable enrollment levels.
    - Continuing to secure grants and additional funding opportunities.
    - Ensuring cost-effective operational practices.
  - The Second Interim Report provides a foundation for upcoming budgeting discussions, including:
    - Next fiscal year's budget planning.
    - Multi-year financial projections.
- **9. Board Discussion**
  - The presenter invited questions from Board members.
  - No questions were raised by the Board following the presentation.

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

## **V. School Business**

### **A. Discussion and Vote to Recommend Christy White Associates to Perform the 2024-2025 School Audit**

Alexandra Ramirez made a motion to Recommend Christy White Associates to Perform the 2024-2025 School Audit.

Brad Wright seconded the motion.

#### **• 1. Overview of the Independent Audit**

- The annual audit was conducted by external auditors from Christy White Associates.

- The audit provides an independent evaluation of the organization’s financial health, internal controls, and compliance with applicable regulations.
  - The audit process included:
    - Review of financial statements
    - Examination of accounting practices
    - Testing of internal controls
    - Verification of compliance with state and federal requirements.
  - The Business Department was responsible for:
    - Preparing financial statements
    - Designing and maintaining internal financial controls
    - Providing documentation required by the auditors.
  - The auditors’ role was to provide an independent professional opinion regarding whether the financial statements are accurate and fairly presented.
- **2. Documentation and Records Reviewed**
    - To complete the audit, the auditors requested and reviewed a range of documentation, including:
      - Financial accounting statements
      - Approved budgets
      - Cash flow forecasts
      - Organizational structure documentation
      - Internal accounting records
      - Supporting financial transactions and reports
    - These records allowed the auditors to verify financial accuracy and evaluate the effectiveness of internal control systems.
- **3. Audit Opinion (Headline Result)**
    - The organization received an “Unmodified Opinion.”
    - An Unmodified Opinion is:
      - The highest and most favorable audit result.
      - Often considered the “gold standard” in financial auditing.
    - This result indicates that:
      - The financial statements present fairly, in all material respects, the financial position of the organization.
      - The organization’s accounting practices comply with applicable standards and regulations.
    - The presenter noted that this outcome represents the best possible result an organization can receive in an external audit.
- **4. Internal Control and Operational Testing**
    - In addition to reviewing financial statements, the auditors also examined operational procedures, including:
      - Cash handling procedures
    - **Internal Control and Operational Testing (continued)**
      - Payroll processes

- Journal entries
  - Financial transaction documentation
  - The testing confirmed that:
    - Internal financial safeguards are effective and functioning properly.
    - Systems used to manage public funds are reliable and appropriately controlled.
  - Result:
    - Another Unmodified Opinion regarding internal control systems.
- **5. Compliance with Federal and State Requirements**
    - Because the organization receives federal and state funding, additional compliance testing was conducted.
    - The auditors reviewed:
      - Federal grant compliance
      - State funding requirements
      - Program spending procedures
      - Reporting accuracy for government programs.
    - Results:
      - The organization met all requirements under the California K–12 Audit Guide.
      - Zero audit findings were reported.
    - This reflects strong financial management and regulatory compliance.
  - **6. Additional Independent Auditor Reports**
    - The audit also included additional reports detailing:
      - The procedures performed by the auditors
      - Testing methodologies used
      - Evaluation of financial transactions and systems.
    - All testing resulted in the same conclusion: an Unmodified Opinion.
  - **7. Audit Summary Scorecard**
    - The presenter described the final audit results as a “clean sweep.”
    - Across all categories, the organization received Unmodified Opinions, including:
      - Financial Statements
      - Federal Awards
      - State Awards
    - Key outcomes reported:
      - No material weaknesses identified
      - No significant deficiencies reported
      - No instances of non-compliance
    - These results demonstrate that the organization is fully compliant with financial governance standards for public education institutions.
  - **8. Management Letter and Additional Audit Notes**
    - Additional observations from the auditors included:

- **No Disagreements with Management**
  - The auditors reported no disagreements with the organization's management or accounting practices.
  - Financial treatments and accounting decisions were fully aligned with auditing standards.
- **Consistency in Accounting Estimates**
  - Significant accounting estimates, such as asset and liability valuations, were found to be:
    - Reasonable
- **Management Letter and Additional Audit Notes (continued)**
  - Consistency in Accounting Estimates
    - Consistent with prior fiscal years.
    - This consistency reflects stable financial management practices.
- **9. Audit Timeframe and Ongoing Improvements**
  - The audit represents a financial snapshot of the organization as of June 30, 2025.
  - Although the audit results were overwhelmingly positive, the organization will continue to:
    - Improve internal controls
    - Strengthen financial systems
    - Maintain strong compliance practices.
- **10. Overall Conclusion**
  - The 2024–2025 Independent School Audit confirms that the organization maintains strong financial integrity and compliance with all regulatory requirements.
  - The Unmodified Opinion across all audit categories represents the strongest validation of the organization's financial management practices.
  - These results demonstrate that the organization operates with high standards of fiscal accountability, transparency, and internal control.

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

## **B. Discussion and Vote on Fee for Service Request for the School Police Officer**

Brad Wright made a motion to Fee for Service Request for the School Police Officer. Alexandra Ramirez seconded the motion.

- **1. Overview of the Fee-for-Service Agreement**
  - The Executive Director presented the proposal to continue contracting with the Los Angeles School Police Department for the 2026–2027 school year.
  - The structure of the agreement remains consistent with the prior year's arrangement.
  - **Service Details:**
    - Total service days: 220 days per school year.

- Schedule: Officer assigned 10 hours per day on campus.
- Purpose: Provide on-site law enforcement presence and support for campus safety.
- **2. Cost of Services**
  - Total projected cost for 2026–2027: \$201,112.
  - The cost reflects a rate increase compared with the previous year.
  - **Rate Adjustment:**
    - Increase estimated at approximately 3% compared to the prior year’s cost.
    - Previous annual cost was reported to be approximately \$195,000–\$196,000.
    - Administration noted that the increase is relatively modest and in line with typical service adjustments, particularly compared to larger increases seen in other service contracts.
- **3. Rationale for Maintaining the Officer**
  - Administration emphasized the benefits of having a dedicated school police officer on campus, including:
    - Immediate law enforcement presence.
    - Enhanced campus safety and security.
    - Strong coordination with the Los Angeles School Police Department.
  - It was also noted that having an assigned officer provides access to broader departmental resources in the event of an emergency or serious incident.
- **4. Board Discussion and Considerations**
  - During discussion, a Board member expressed both support for the officer’s presence and concern regarding overall costs.
  - **Key points raised included:**
    - The Board member acknowledged positive experiences with the assigned officer and the value of having a law enforcement presence.
    - However, concerns were raised regarding:
      - The overall cost of the contract.
      - The return on investment relative to other security expenditures.
      - The need to evaluate how this cost compares with other schools’ security models.
- **5. Budget and Staffing Considerations**
  - The Board member emphasized the importance of protecting staff positions and maintaining adequate staffing levels within the organization.
  - Concerns were expressed about balancing:
    - Security expenditures
    - Staffing needs
    - Student-to-teacher ratios.

- The Board member indicated interest in further reviewing the issue with the Safety Committee or Safety Board to ensure the organization is allocating resources efficiently.
- **6. Future Review and Flexibility**
  - It was noted that if circumstances change or financial pressures increase, the Board could revisit the agreement in the future.
  - The Board member emphasized the importance of exploring cost-saving strategies where possible to avoid reductions in personnel.
- **7. Administrative Response**
  - Administration reiterated that the partnership with the Los Angeles School Police Department provides:
    - Reliable on-campus security.
    - Immediate access to broader law enforcement resources if needed.
  - This relationship was presented as an important safety benefit for the school community.
- **8. Conclusion of Discussion**
  - The comments presented were expressed as personal considerations for future discussion, rather than a final determination.
  - The Board member clarified that the final decision rests with the Board as a whole.

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

### **C. Discussion and Vote to Recommend to the Full Board the purchase of Incoming Freshmen Devices**

Alexandra Ramirez made a motion to Approve the purchase of Incoming Freshmen Devices.

Brad Wright seconded the motion.

#### **1. Overview of the Freshman Device Program**

- Administration presented the annual procurement of devices for incoming freshmen students.
- The devices are intended to support instructional technology integration across multiple subject areas, including:
  - Elective courses
  - Mathematics classes
  - Digital note-taking and coursework.
- The devices selected are 2-in-1 convertible laptops, allowing students to use them as both:
  - A laptop for coursework
  - A tablet-style device for note-taking and classroom use.
- Administration reported that this device model has performed well in previous years, providing flexibility and reliability for students and teachers.

#### **2. Device Model and Repair Capability**

- The school continues to use the same make and model previously adopted, ensuring compatibility with existing systems and programs.
- An additional advantage noted was that the school operates a certified repair center for Lenovo devices, allowing the technology department to:
  - Conduct repairs on-site
  - Reduce repair turnaround times
  - Receive reimbursement for certain repair services and related taxes.
- This capability contributes to cost efficiency and operational sustainability for the technology program.

• **3. Procurement Process**

- The administration conducted a competitive procurement process, obtaining three separate vendor quotes.
- The lowest-cost vendor identified was GST.
- **Selected Vendor:**
  - GST
- **Quoted Price Per Device:**
  - \$448.53 per unit
- **Total Estimated Cost:**
  - \$491,187.24
- The purchase will be made through a national purchasing agreement, which allows the school to obtain discounted pricing through cooperative purchasing arrangements.
- Selecting GST over purchasing directly from Lenovo resulted in approximately \$100 in savings per hardware unit.

• **4. Quantity of Devices**

- Administration proposed purchasing up to 750 devices for incoming freshmen.
- The final quantity may be adjusted depending on actual enrollment numbers.
- The 750-unit estimate is based on projected enrollment and planning needs.

• **5. Enrollment Flexibility**

- A Board member asked how the purchase would be handled if actual enrollment in August is lower than projected.
- **Administration responded:**
  - The 750-device estimate is intended as a reasonable planning estimate.
  - Efforts will be made to “right-size” the order as closely as possible to actual enrollment projections.
  - If additional devices remain unused, they can still be utilized for:
    - Substitute teacher devices
    - Student loaner devices
    - Replacement units
    - Transfers or late-enrolling students
    - Additional grade-level needs.

- Administration emphasized that the purchase is not excessive compared to anticipated needs, noting that the order is well within expected demand.
- **6. Procurement Timing and Urgency**
  - Administration noted that the vendor quotes are nearing expiration.
  - Approval is needed promptly in order to:
    - Secure current pricing
    - Ensure timely delivery of devices before the start of the school year.
  - The technology market is experiencing supply chain pressures, with vendors indicating that inventory availability may become limited if orders are delayed.
- **7. Technology Program Benefits**
  - The device program supports several operational and academic objectives, including:
    - Strengthening digital learning infrastructure.
    - Ensuring consistent device access for all freshmen students.
    - Supporting technology-based learning strategies.
    - Maintaining a standardized device environment for easier support and maintenance.

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

#### **D. Discussion and Vote for the Renewal of 2026-2027 Food Service Contract with Chartwells**

Alexandra Ramirez made a motion to Approve the Food Service Contract with Chartwells.

Brad Wright seconded the motion.

- **1. Overview of the Food Service Contract**
  - The school has partnered with Chartwells for approximately four years under the current contract arrangement.
  - The upcoming 2026–2027 school year represents the final year of the five-year contract term, including extensions allowed under the agreement.
- **2. Future Procurement Requirement**
  - Administration informed the Board that the school will be required to conduct a formal Request for Proposals (RFP) process for food service operations after the upcoming school year.
  - The RFP process will allow the school to evaluate potential vendors and ensure compliance with procurement regulations.
  - The current renewal therefore represents:
    - The final contract year before the competitive bidding process begins.
- **3. Performance of the Current Vendor**
  - Administration reported that Chartwells' performance has been generally positive during the term of the contract.

- **Operational highlights include:**
  - The cafeteria program has been financially sustainable.
  - The school has generated revenue from cafeteria operations, which helps:
    - Offset operational costs
    - Support food service program expenses.
  - Board members expressed general satisfaction with cafeteria operations and staff performance.
- **4. Feedback on Cafeteria Staff**
  - Positive feedback was shared regarding cafeteria staff members, particularly one staff member who was described as providing a positive and welcoming presence for students.
  - The staff's engagement with students was recognized as contributing to a supportive cafeteria environment.
- **5. Financial Oversight and Contract Monitoring**
  - The Board discussed the importance of carefully reviewing vendor pricing and contract terms.
  - Administration confirmed that the school has recently closely reviewed Chartwells' billing practices, particularly regarding cost calculations and invoice formulas.
  - **Key actions taken included:**
    - Requesting additional itemization and clarification of charges.
    - Temporarily holding certain invoices until detailed explanations were provided.
    - Conducting meetings with the vendor to review cost calculations.
- **6. Vendor Billing Adjustments**
  - Through the review process, administration identified discrepancies in how some costs were calculated.
  - After discussions with Chartwells:
    - The vendor acknowledged issues with certain billing formulas.
    - Adjustments were made to address the discrepancies.
    - The school received a credit/refund for prior overcharges.
  - Administration noted that these corrections will ensure more accurate billing going forward.
- **7. Commitment to Fiscal Responsibility**
  - The CBO emphasized that the administration is carefully reviewing all expenditures and vendor contracts to ensure fiscal accountability.
  - The goal is to ensure that the school is paying appropriate and justified costs for contracted services.
  - Board members reiterated the importance of scrutinizing every dollar spent, particularly in service contracts.

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

## **VI. 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 7:11 PM.

Respectfully Submitted,  
Vania Rodriguez