



MINUTES

FINANCE ADVISORY COMMITTEE

Thursday, November 9, 2017 • 1:30 p.m.

LCPS Administration Building • Superintendent's Conference Room

I. INTRODUCTION

1. *Call to Order*

Mr. Ed Ellison, Interim Chief Financial Officer, called the meeting to order at 1:33 p.m. Mr. Ellison will conduct the Finance Committee Advisory Committee meetings until a permanent CFO is selected.

2. *Attendance*

In attendance were: Mr. Maury Castro, School Board Member and Mr. Ed Frank, School Board Member. From Administration: Mr. Ed Ellison, Ms. Melissa Zuniga, Mr. Will Manning, Ms. Sylvia Martinez and Cindy Archuleta. From NEA-LC: Mr. Dean King.

II. FINANCE REPORTS

1. *October Finance Report*

Mr. Ellison presented the October Finance Report. Mr. Ellison pointed out the transportation deficit of \$1,317,933 million which is due to the encumbrance for STS Transportation for the district transportation school routes. This deficit will be covered by Operational funds at year end since the district does not receive full compensation for this from the State. Our total yearly transportation cost for student transportation is \$5.3 million. Mr. Ellison pointed out that by contracting with STS the district saves more money than if we provided the transportation ourselves. The district does not own or service any of the busses and it is not cost effective to do so. Mr. Castro inquired whether STS provided fair wages and if their employees were treated well and Mr. Ellison confirmed that yes, they do receive wages and were treated fairly. The district's current contract with STS does not include a clause for cost of living increases. STS may negotiate a higher contract for next year, but our contract will remain the same for this fiscal year. Mr. Frank stated that he believed that there is proposed legislation to fully fund transportation. It was discussed that this has not come to fruition yet but there are some legislators who are trying to get this approved. Mr. Ellison noted that the district does not fund charter school transportation via State of New Mexico flow-through funds and that charter schools do have a surplus. Mr. Ellison felt that it would be advantageous if the State of New Mexico could redistribute the surplus funds to districts that were in a deficit.

Mr. Ellison stated that he will work on preparing a more condensed financial report as requested by Sra. Flores.

The proposed City of Las Cruces cost of living increase in minimum wage effective January 2018 was noted.

2. *LCPS 1st Quarter Report*

Mr. Ellison presented the 1st Quarter Report ended September 30, 2017. The quarterly reports are submitted to PED every quarter and shows the district's cash position, revenue and expenditures. The district's total cash balance as of 9/30/17 is \$59.6 million. As of 9/30/17, the district has \$3,350,494 more in operational cash than this time last year. There is an error on page 59 of the Finance Advisory Committee packet. The total change should read \$3,350,494 instead of \$2,350,494. The district is close to spending 29% of our budget for the year.

Mr. King noted that Finance transferred \$5 million dollars more to the State Treasurer's Office than we did at this time last year. Mr. Ellison stated that the transfer was to build our funds to cover payroll at fiscal year-end and that the district expenses were expected to remain as budgeted.

3. *Training and Experience (T & E) Report*

A Training and Experience (T & E) report has been sent to the Public Education Department based on the October payroll. The T & E report shows the full time equivalent positions by education and years of experience granted for licensure in New Mexico. The district's training and experience multiplier has increased by .003. This will equate to an anticipated increase in funding of approximately \$475,000 for FY 2018-19. Therefore, our district encourages advanced education for our teachers. The bulk of our instructional staff have 20-plus years of experience along with year-one only employees. Mr. King inquired about alternative licensure. Those teachers with alternative licensure have 3 years to get state certified teaching licenses. Mr. King inquired as to where those with alternative licensures were listed on the report. Ms. Zuniga believes the individuals with alternative licensures are captured in the line 00, 01 and 02 of years of experience in the October 2017 T & E report. Mr. Ellison stated that alternative licensure numbers would be revisited later.

Mr. Frank inquired if there was a significant difference between what we budgeted and the actual employee payroll. Currently, all the district's filled operational positions are flush with our budget. There are 34 vacant positions which could put us in a deficit if they are filled. The district has increased the FTE positions this year and the percent of compensation/benefits if all vacant positions were filled would be at 92%. The district is trying to maintain a compensation/benefits percentage to below 91%.

Mr. Frank commented that the district would accumulate cash balance by not filling positions. Mr. Ellison clarified that while the district has vacant positions, they are anticipated to be filled.

III. OTHER

1. *Donation for Student Meals Scholarship - \$13,000*

LCPS received a donation of \$13,000 from Organ Mountain Outfitters. This is a continuation of the support which Organ Mountain Outfitters has given the district to assist with payment of unpaid reduced-priced student meal charges. This will be presented at the November board meeting.

2. *Budget Adjustment Request (BARs)*

Mr. Ellison presented twelve budget adjustment requests going before the board at the November 2017 Board Meeting.

Mr. Frank asked if we were having more detail in our BAR's than before. Ms. Zuniga stated that this is what we have always submitted. Mr. Ellison offered explanation as to the forms that are submitted to PED with the backup documentation. Mr. Ellison reiterated what the letters on the BAR form stand for: T – Transfer (between functions), M- Maintenance (within function), IB – initial budget and D- decrease.

3. *Property Dispositions*

Mr. Ellison presented property being disposed of in the amount of \$142,542.67, which is the original cost of items. The items listed were obsolete, broken or no longer in use.

There were no questions from those in attendance regarding these items.

4. *October Vendor Payments*

Vendor payments for October 2017 amounted to \$5,199,478.36 in checks and \$2,234,920.34 in ACH payments. Mr. Ellison stated all payments were within the normal scope of business.

Mr. Frank inquired about the payment to Archway Marketing Services. Mr. Manning stated that Archway Marketing Services is a textbook depository from which the district purchases textbooks. The New Mexico Public Education department contracts with Archway Marketing Services as a state depository for Statewide textbook materials.

Mr. Frank inquired about why payment was made to New Mexico Association of Nonpublic Schools. These payments are made from Title II grant funds for conference fees for private school teachers. LCPS oversees the Title II budget for our area private schools and processes approved payments for them.

Mr. Castro inquired about our percentage of administrative costs versus instruction and how do we compare with other districts in New Mexico. Mr. Castro attended an Anthony Chamber of Commerce meeting where they were shown a report from Think New Mexico, a think tank in New Mexico, and this spurred this inquiry. Dr. Ewing has a copy of this the report Mr. Castro was referring to. Mr. Ellison stated he can calculate administrative costs at school level. Mr. Castro asked for this information at

the December 2017 Finance Advisory Committee meeting. Mr. Ellison said he would try to provide this information next month.

Mr. King added that some school districts have counselors at the central office level versus LCPS having them at the school site level. This difference makes it harder to compare administrative costs versus instructional. Mr. Frank stated that our district has a ratio of one Assistant Principal for every 400 students. Mr. King stated that Assistant Principal positions are funded as 50% instruction and 50% administrative at the high school level.

5. *Approval of October Finance Advisory Committee Meeting minutes*

The minutes from the October 12, 2017 Finance Advisory Committee meeting were presented. Mr. Ellison moved that the minutes be approved. Mr. Frank seconded the motion. The motion was approved. The amended minutes will now be sent to the School Board for their information.

6. *Other*

It was discussed that the MOU between LCPS and LCPS Foundation, Inc. be placed on the December 2017 Finance Advisory Committee meeting agenda for discussion as to its contents and the district's payment to LCPS Foundation, Inc.

IV. PUBLIC INPUT

None

V. ADJOURNMENT

The meeting was adjourned at 2:31 p.m.

—Minutes taken by Cindy Archuleta.