



MINUTES

FINANCE ADVISORY COMMITTEE

Thursday, October 12, 2017 • 1:30 p.m.

LCPS Administration Building • Superintendent's Conference Room

I. INTRODUCTION

1. *Call to Order*

Mr. Ed Ellison, Asst. Superintendent of Finance, called the meeting to order at 1:31 p.m.

2. *Attendance*

In attendance were: Mr. Maury Castro, School Board Member and Mr. Ed Frank, School Board Member. From Administration: Ms. Crystal Valdez, 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. *September Finance Report*

Mr. Ellison presented the September Finance Report. Mr. Ellison asked for questions regarding the September Finance Report. Mr. Frank asked for an explanation regarding payments to charter schools on pages 89-90 of the September Finance Report. Mr. Ellison responded that LCPS is the fiscal agent for money awarded to regional charter schools. We receive revenue on behalf of the charter schools and distribute the funds to them accordingly. The funds are pass-through in nature and do not belong to LCPS.

Mr. King questioned a payment made to the State Treasurer's Office (STO). Mr. Ellison explained that cash flow is evaluated to determine if we have enough funds to make a cash transfer to STO. This is done periodically, primarily in July and August when the district payroll is lower. By transferring funds to STO, the district earns a higher interest rate. In June when payroll is high, due to the five-payroll payoff, cash is withdrawn from the STO to meet district payroll needs.

Mr. Frank inquired about payments made to LCPS Foundation, Inc. found on page 92 and 124 of the September Finance Report. Ms. Valdez stated that this \$25,000 payment is required by the memorandum of agreement the district has in place with LCPS Foundation, Inc. The district agrees to pay this payment in exchange for services LCPS Foundation, Inc. provides to the district. This MOA is an annual agreement. Ms. Valdez will provide a copy of agreement to Mr. Frank and to the board with a more detailed explanation.

Mr. Frank inquired about payment made to the Greater Las Cruces Chamber of Commerce in the amount of \$100 on 9/29/17 on page 94 of the September Financial Report. Ms. Valdez explained that this payment is for the conquistador annual membership fee for Brigitte Zigelhofer. Ms. Valdez stated that year-to-date we have paid \$720 to the Greater Las Cruces Chamber of Commerce of which we have paid \$500 for district membership. These payments are paid out of the Superintendent's budget.

Mr. Frank inquired about payment made to NMSU Bookstore in the amount of \$130,255.97 on page 97 of the September Finance Report. Ms. Valdez stated that this is for textbooks for the dual credit program for our early college high school students. The district will be receiving reimbursement for a good portion of this expenditure via the Dual Credit Instructional Materials grant later this school year. It was stated that the district does get credit from the bookstore by having the books turned back in at the end of semester if accepted by the bookstore. Mr. Manning stated that by going through the NMSU Bookstore, we receive better savings by utilizing NMSU Purchasing contract with Barnes & Noble as opposed to direct purchasing from the company..

Mr. Frank inquired about the small payments made to the State of New Mexico Taxation and Revenue on page 165 of the September Financial Report. Ms. Martinez stated that these small amounts were required payment for compensating tax. Compensating tax is a 5% tax paid on certain goods that are brought into the state from out of state that we are obligated to pay tax on. The small amounts Mr. Frank inquired about is the taxation amount being listed per transaction. Mr. King asked if we can get the tax refunded on items that we purchase at point of sale where the vendor requires us pay tax, even though the vendor is presented with a nontaxable transaction certificate (NTTC). Ms. Valdez explained that vendors have the option to not honor our NTTC certificate and therefore in this example, we would be required to pay tax. If they are a vendor and choose not to charge the district tax, then a NTTC is generated by Purchasing and issued to the vendor.

Mr. King suggested we meet with coaches to see where they eat when they travel with students. Mr. Manning stated that if coaches need an NTTC when they are out of town, Bridgit, from our Purchasing Department, will issue a NTTC and will fax or email it to the vendor so that we are not charged tax. Mr. Ellison then briefly explained the different taxation the State of New Mexico utilizes.

Mr. Castro requested to review the Bank of America expenditures. Mr. Ellison explained that P-Cards are procurement cards used for student travel and are also utilized by Physical Plant employees to purchase items for maintenance at True-Value, Lowes, Home Depot, etc. The P-Cards have a monetary threshold and restrict what can be purchased. P-Cards are issued to coaches and school administrators to assist with expenditures while they are out of town for student travel. P-Cards are preset to allow acceptance at certain types of businesses with specific types of charges that are allowed. Year-to-date the district had expenditures in the amount of \$134,000 on P-

Cards. When P-Cards are utilized, employees are required to turn in receipts to verify that they have made allowable expenditures.

Bank of America is the administrator for district P-Cards. We do not have any depository accounts established with them. LCPS utilizes several banks to conduct business. They are: Citizens Banks for operational, capital projects and food service accounts, US Bank for activity and money market accounts and debt service, three accounts at the State Treasurers Office, and clearing accounts at Wells Fargo for accounts payable and payroll.

Mr. Castro asked about what criteria the Finance Department utilizes to select a bank. He stated we need to utilize locally-owned banks as much as possible. Ms. Valdez replied that we strive to support local banks and diversify where we keep district funds. Ms. Valdez stated that she did not believe this practice was solidified in board policy but that historically it was what the department practiced. Mr. Castro voiced concern that Bank of America was charging higher interest rates for Hispanics. Ms. Valdez said the department is open to examining other banks if there is good reason to switch and that the department would be happy to evaluate changing banks and the process we currently utilize to select banks. Mr. Castro voiced concern regarding the history Bank of America. Ms. Valdez stated that when banks were solicited for possible administration of district P-Cards, Bank of America was the bank that was the best option for the district at the time. Mr. Ellison stated that our local Citizens Bank handles our operational account and that they have a good relationship with our district and have donated electronic signs to some of our school sites.

III. OTHER

1. Budget Adjustment Request (BARs)

Mr. Ellison presented eight budget adjustment requests going before the board at the October 2017 Board Meeting.

A majority of the budget adjustment requests are transfer or maintenance requests. There were only two budget adjustment requests to establish initial budget for FY 17-18. Mr. Frank asked for explanation regarding the various budget adjustment requests. Mr. Ellison explained that transfer budget adjustment requests are transfers to move budget between functions, maintenance requests are to move budget within the same function, initial budget request are to establish budget based on the grant's award letter, an increase budget request is to budget an increase in the award amount for grant and a decrease budget request is to budget a decrease in the award amount for a grant. Most transfer and maintenance budget adjustment requests are processed to better align the budget by function to match the application that was submitted to the New Mexico Public Education Department. The applications are generally approved after June of each year and the budgets are due in June, therefore these budget adjustments are needed for budget to match the finalized grant application. Mr. Ellison explained what the letters mean on the upper right corner of the actual budget adjustment request. For example, IB – Initial Budget, M-Maintenance, T-Transfer, I-Increase and D-Decrease.

Mr. Frank inquired about the budget adjustment request for Head Start where budget is being moved from Instruction to Support Services for professional development. Professional development trainings are outlined in the grant's application of which the district must adhere to. This budget adjustment request will align the Head Start budget accordingly. Ms. Valdez stated that operational transfers follow the same scrutiny and review as provided to grant funds.

Mr. Ellison introduced an additional budget adjustment that was not in the Finance Advisory Committee Meeting Agenda due to the award letter being received late. The additional budget adjustment request is to establish budget for the SNAP-ED grant for FY 17-18.

Mr. Frank inquired about the budget adjustment needed for the Kindergarten Three Plus grant. Mr. Ellison explained that this was to clean up the fund as we are not allowed to have any negative functions, therefore a transfer BAR was needed. Mr. Ellison explained that the fund now has a zero balance and the excess expenditures for the Kindergarten Three Plus grant was covered by the Title I grant.

Mr. Frank expressed that he appreciates the explanation he is receiving regarding the district's financial information and budget adjustments. He stated that he and Mr. Castro need this understanding to be able to answer questions from other board members regarding the financial state of the district. Mr. Ellison expressed that he too agreed that this was good discussion to have.

2. *September Vendor payments*

Mr. Ellison asked those present if there were any other questions regarding vendor payments.

There were no questions regarding vendor payments other than what had been previously discussed.

3. *Approval of September Finance Advisory Committee Meeting minutes*

The minutes from the September 12, 2017 Finance Advisory Committee meeting were presented. Mr. Frank announced an amendment was needed to the September 12, 2017 Finance Advisory Committee Minutes. The word "million" needed to be added to Item II – 1. Paragraph 2, sentence 3, after "\$1.9". Mr. Frank moved that the amended minutes be approved. Mr. Castro seconded the motion. The motion was approved. The amended minutes will now be sent to the School Board for their information.

IV. PUBLIC INPUT

None

V. ADJOURNMENT

The meeting was adjourned at 2:26 p.m.

