



MINUTES

FINANCE ADVISORY COMMITTEE

Tuesday, February 14, 2017 • 1:30 p.m.

LCPS Administration Building • Superintendent's Conference Room

I. INTRODUCTION

Prior to the beginning of the meeting, LCPS Chief Communications Officer Jo Galvan explained to the group that the Finance Committee meetings must comply with the NM Open Meetings Act since the committee is a requirement of law. The meetings will need to have someone take minutes which will be approved at the next Finance Committee meeting; the meeting notice will be legally posted, a minimum of three days in advance; an agenda for the public's review must be developed prior to the meeting; the group will determine whether to allow public input and the length of public input; the group will determine whether to follow Robert's Rules of Order; the meetings will be open to the public; and, the group is to provide feedback and make recommendations to the Board of Education regarding any financial issues with LCPS. All requirements have been verified with the Board's legal counsel.

The group determined that a casual format for the meeting process is preferred over using Robert's Rules of Order and public input is welcomed, at the beginning of the meeting and at the end. In addition, audience members can ask questions about an agenda item during the discussion of that agenda item.

Jo Galvan said she would provide information to the committee in the future as to how it would interact with the district's Budget Committee which is meeting separately from this group.

1. *Call to Order*

Melissa Zuniga called the meeting to order at 1:35 p.m. Ms. Zuniga chaired the meeting today as Crystal Valdez, CFO, is out of town.

2. *Attendance*

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

3. *Approval of Agenda*

Item No. II. 2. - Bids was moved before Item I.1. The Audit Report ending June 30, 2016 was approved by a unanimous decision.

II. FINANCE REPORTS

1. Bids

Mr. Will Manning, Purchasing Director, presented two formal bids to recommend to the Board for bid approval; BID No. 16-17-10 Fertilization and Weed Control Services and BID No. 16-17-9 Fertilizer, Grass Seed and Herbicide. BID No. 16-17-10 was awarded to the sole bidder, Dave Guerra Pest, Weed and Tree Management Inc. at a cost of \$17,503.20. It was stated that PPD has been satisfied with this vendor's work and performance. This will be an annual contract and must go out to bid again next fiscal year. BID No. 16-17-9 Fertilizer, Grass Seed and Herbicide had multiple bidders and this resulted in a multi-vendor award. Horse N Hound Feed N Supply Inc. was awarded the Fertilizer contract at a cost of \$35,670 which was the lowest bid. Green Guys Landscaping was awarded the Grass Seed contract at a cost of \$4,236.25 which was the lowest bid. Helena Chemical Company was awarded the Herbicide contract with a low bid of \$6,500.00. These are all annual contracts.

Mr. Frank asked whether the use of herbicides was taken into consideration. Mr. Manning stated that he and PPD contacted specialists at the NM Environment Department for recommendations on safe chemical applications the district should use. PPD is utilizing this list which is now standardized due to the input received from the state.

Mr. Castro voiced concern regarding a current Helena Chemical Company lawsuit. Mr. Manning stated that Purchasing cannot discriminate against bids where legal actions are pending and that a vendor must disclose any lawsuits or pending actions when they place a bid. As another safeguard, the Purchasing Department runs a test with vendors to see information of importance that we need to be made know about.

After his presentation, Mr. Manning was excused from the meeting.

2. Audit Report ending June 30, 2016

Melissa Zuniga announced that Moss Adams will attend the next board meeting to present their unqualified audit and any findings. The audit will be emailed to board members prior to the next board meeting. A hard copy will be made available, as well. The audit will be posted after the contents are reviewed at the next board meeting. In December 2016, the auditors met with the Audit Committee, to disclose their results. The findings cannot be disclosed to the Finance Committee until the Board reviews the document.

3. LCPS 2nd Quarter Report

Melissa Zuniga reviewed the 2nd quarter report. As of December 31, 2016, there was a positive change of \$3,717,926 compared to the same time period in 2015. This total does not reflect the reduction of \$2.7 and \$3.5 from the State Equalization Guarantee (SEG).

Ms. Zuniga and Mr. Ellison presented the Cash Report. It was notated that Transportation remains in the red. Finance is anticipating an additional \$500,000 decrease deficit, and estimates there will be a \$1.9 million negative balance at year-

end. It was explained that this negative balance will be absorbed by Operational funds at year end. The 1.5% SEG reduction is not reflected in this report.

It was explained that some grant funds show a negative balance since there is a delay between the time of expenditure to when PED sends reimbursement.

Effective this fiscal year, PED required that LCPS break out SB9 funds (mill levy) to reflect the funds received from local taxes (fund 31701) and the state matches we receive from the state (31700). This is because only some funds are eligible for state match. This eliminates the need for tracking the funds eligible for the state match. It was questioned how SB9 funds can be used, such as Operational expenses. Ms. Zuniga stated options are being investigated but that the use of SB9 funds to cover Operational expenses is not prudent unless it is an emergency. SB9 funds are used for items such as maintenance and repair of buildings, safety issues, PPD expenditures and IT/Network support. If Operational expenses are paid from SB9, then the district runs the risk that we will not have funds available to fund the upkeep of facilities/buildings.

The cash balances ending 12/31/16 were \$76,093,409.13. This does not include agency funds. We ended this same period with \$10,587,798 in Operations.

4. *Financial Report*

Ms. Zuniga and Mr. Ellison presented the financial reports effective 7/1/16 – 1/31/17. This presents budgeted amounts by fund and it is an unreconciled and unaudited report. Actuals are submitted quarterly to NM PED electronically. It was recommended that attendees read the report by looking at the balances of each function. IDEA-B and Title I show negative balances because LCPS expects a carryover in the Spring. This carryover will bring these funds to a positive balance. It was explained that Title I is a federal fund that primarily provides instructional support to low-income schools. Title I also supports teachers and community involvement; Title II provides staff professional development support; Title III provides support for bilingual education. There was discussion about the transportation budget's negative balance and the plan to move funds to that account.

III. OTHER

1. *Budget Adjustment Requests (BARs)*

Ms. Zuniga presented 24 BARs that will go before the Board. There is an increase in the number of BARs since receiving the audited 6/30/16 cash amounts. Fifteen of these BARs are to make budget adjustments to align the 6/30/16 estimated cash budgets with what the auditors presented as the audited cash effective 6/30/16. Most of these BARs are increase BARs and only four are decrease BARs.

Ms. Zuniga and Mr. Ellison explained that this Spring, the Finance department will process transfer BAR's to move budget more accurately but time constraints prevented them from doing it this time. They answered questions regarding budgets in OBMS on the BARs versus the end of month report. These differences were explained as timing issues.

The remaining twelve BARs are to cover grant deficit functions. The grant budgets are allocated at the beginning of the fiscal year by the grant control agents. During the fiscal year, it is often found that budget is needed elsewhere than what was previously anticipated, which results in negative balances; therefore, there is the need for these transfer budget adjustments. Some grant funds are allowed to go negative due to the fact that final allocations don't arrive until Spring. Mr. Ellison explained the various grant types. Ms. Simpson had a question regarding the BAR for Athletics. Mr. Ellison explained the increase BAR was due to an adjustment to audited cash. Ms. Simpson inquired about the Debt Services BAR. Mr. Ellison explained this was a decrease due to audited cash. Mr. King inquired about additional K3+ funding. Mr. Ellison reported it was received and must be spent immediately.

2. *Property Dispositions*

Property disposition was reviewed and there were no questions/input posed.

3. *January Vendor Payments*

There were no questions regarding the list of vendor payments. Mr. Ellison gave a presentation showing CES (Cooperative Educational Services) expenditures. LCPS "piggybacks" the contract the State of New Mexico has with CES. CES is a purchasing cooperative that assists school districts in soliciting, evaluation and contract bid/awarding for supplies, construction etc. to make the process more efficient. Mr. Ellison showed committee members how his graph could drill down to better explain the types of funds that had been expended to CES. The graph can do this for any vendor and can provide line item detail and description, what funds were used for the purchases, and could categorize the types of expenditures. The committee viewed this to be extremely helpful and looks forward to utilizing it in the future. Mr. Ellison explained that this tool was still in the early development stages and he will continue to work on finalizing it so that it may be used in Finance Advisory Committee meetings.

IV. PUBLIC INPUT

The committee, as a whole, decided that future public input would be placed on the agenda and that the explanatory portion within each agenda item be a continued practice. A two-minute time limit for public input was suggested and Mr. Frank said external input should be maintained.

V. ADJOURNMENT

The meeting was adjourned at 3:20 p.m.

—Minutes taken by Cindy Archuleta.