

Budget and Fiscal Planning Committee

August 28, 2013

√Members present:

<u>V</u>John Lau, VP for Business Services, Co-Chair <u>V</u>Kathy Berry, Administrative Representative _College Council Representative _Eric Jacobson, Faculty Representative <u>V</u>Dave Drury, Faculty Representative <u>V</u>Carlos Fletes, Director of Fiscal Services

Recorder: Mary Carter

<u>V</u>Kevin White, Academic Senate Rep., Co-Chair
_Jeff Cantwell, CMCA representative
<u>V</u>Mike Nicholas, CSEA Representative
_Matthew Thale, CSEA Representative
<u>V</u>Alex Whalen, ASG Representative

Alternates: Rick Webster, CMCA; Mary Jo Wainwright, Faculty

I. CALL TO ORDER

The regular meeting of the Budget and Fiscal Planning Committee was called to order by co-chair Kevin White at 1:35 p.m. on Wednesday, August 28, 2013. The meeting was held in the board room.

Co-chair White welcomed Mike Nicholas to the committee as the new CSEA representative (replacing Frances Arce-Gomez).

II. APPROVAL OF MINUTES

M/S/C Lau/Drury to approve the minutes of the May 22, 2013 meeting as presented.

III. INFORMATION/DISCUSSION

Accreditation Recommendations:

VP Berry reported on the Accrediting Commission letter of July 3 in which the College was placed on warning status with a follow-up report required by March 15, 2014. She drew the committee's attention to recommendation #8:

"In order to meet the Standard, the team recommends the College develop a financial strategy that will result in balanced budgets that have ongoing revenues to meet or exceed its ongoing expenditures without the use of reserves; maintain the minimum prudent reserve level; and address funding for its long term financial commitments and its retiree health benefits costs."

The College needs to have a plan in place by March 15 that includes a date of completion. IVC will not get full accreditation until this recommendation is addressed. The committee also needs to consider how to address resource allocation and planning as noted in Recommendation #1:

"In order to fully meet the Standard, the team recommends that the College consistently link the institutional goals and objectives detailed in the Educational Master Plan with operational plan goals and resource allocations, including technology resources, in order to assess progress toward meeting institutional goals. In addition, the College should establish a planning calendar that identifies all planning activities, committees, and the roles of various College plans, and includes institutional effectiveness assessment and improvement cycles."

VP Berry stated that the new SPOL software which the college will use for accreditation, program review and budget development will give the college the tool to engage in more effective and timely planning.

Budget Update:

Director Fletes distributed copies of the draft "Final" budget for the committee to review. He stated that 1% in growth has been added, as well as full restoration of FTES. The College is projecting it will achieve full restoration at 6559 FTES.

VP Lau cautioned that the budget is still "soft" because contract negotiations are on-going. Salaries are still being budgeted based on existing contracts. Adjustments will be made once all contracts are finalized.

Variance Analysis:

VP Lau stated that the budget should be "clean" when it gets to the committee based on the budget guidelines. The basic criteria for the budget is that it be balanced. Because the college has a decentralized structure, there needs to be a deciding group or arbitrator to make decisions on programs and funding before the budget reaches the committee. The committee can then look at a variance analysis, zero in on large increases or decreases and ask for explanations. The budget development process needs to have a realistic timeline so the committee has adequate time for review.

It was the consensus of the committee that guidelines are needed to ensure that the budget is reviewed at the department chair level, by the deans and the vice presidents and that only approved items are in the budget.

VP Lau stated that the budget usually ends up with a favorable variance. Director Fletes stated that for FY 2012-13 the amount of variance, budget to actual, is somewhat skewed due to the different method of budgeting indirect revenue as recommended by FCMAT.

Bond Rating Review:

VP Lau distributed copies of questions from Moody's Investors Service that the District had to respond to in regard to its bond tax rating so that the committee could be aware of the factor that go into determining the colleges rating (questions attached).

IV. ACTION

Accrediting Commission Response:

Kevin White and Matthew Thale were appointed to assist with writing the response to the Accreditation Commission recommendations.

- V. Next meeting: Wednesday, September 4, 2013.
- VI. Adjournment: Meeting adjourned at 2:50 p.m.



SURVEILLANCE DISCUSSION QUESTIONS: Imperial Community College District

TAX BASE/OPERATIONS

- 1) Can you discuss the general economic trends affecting the district's tax base, including top taxpayers?
- 2) What do you expect in terms of tax base growth/decline going forward?
- 3) Are there any projected changes to top taxpayers or employers going forward?
- 4) It looks like enrollment fell drastically in 2012. Please discuss the reasons behind this drop. What was enrollment in 2013 and what is projected enrollment going forward?
- 5) What kind of organizational reforms (if any) have taken place since the receipt of the FCMAT report?
- 6) Can you provide a copy of the April 2013 follow-up report?

FINANCES:

- 1) Please discuss the main drivers for the deficit in 2012. What was ending combined fund balance for 2012?
- 2) Third quarter interims forecast a \$500,000 surplus while also showing an interim negative \$8M fund balance. The FCMAT report forecasts about a \$700,000 deficit. Can you provide an updated number for ending 2013 fund balance? What are the key drivers for this result?
- 3) The FCMAT report forecasts that the district's fund balance will be negative starting in 2014. Please discuss these projections.
- 4) Does the district have a fund balance policy?
- 5) Please discuss the liquidity pressures on the district, including the negative \$6.4M interim cash position, the use of TRANs, and projected cash balances for 2013 and 2014.
- 6) Any projected changes to revenues and expenditures going forward? Do you feel that the district has room to cut expenditures if needed?
- 7) What is the district's projection for apportionment funding going forward?
- 8) Is the district negotiating with any unions? If so, how is that relationship and are there any contracts expiring?
- 9) Does the district have a capital improvements plan? Does it conduct forward-looking financial projections?

ACCREDITATION:

- 1) What is the district's progress in adopting the commission's recommendations? What changes have been made and what is left to do?
- 2) Does the district project to be in compliance with the accreditation standards by the time of the follow-up report in March 2014?
- 3) From a timeline perspective, when was the district removed from Warning the first time (after the 2010 letter)?

DEBT:

- 1) Are there any future debt plans?
- 2) Please confirm whether the district has any variable rate debt.