CITRUS COMMUNITY COLLEGE DISTRICT
Office of the Vice President of Finance and Administrative Services

FINANCIAL RESOURCES COMMITTEE MINUTES- September 16, 2008
2:40 p.m. – AD206

PRESENT:
Kathy Bakhit, Rosalinda Buchwald, Carol Cone, Jeanne Hamilton, Megan Hans (student representative), Carol Horton – chair, Erika Lim (student representative), Eric Magallon, Irene Malmgren, Jim McClain, Martha McDonald, Peggy Olson and Judy Rojas (recording secretary) Absent: Toby Guebert, Lan Hao, Dennis Korn, Roseann Manfre-Campillo, Rocky Reynolds and Linda Welz

OLD BUSINESS:
9.1 Approval of minutes of July 15, 2008– Minutes approved as presented.

NEW BUSINESS:
9.2 State Budget Update- Carol Horton reported on the state budget. Early this morning the legislature approved a state budget. The Governor made three demands related to budget reform and has promised to veto the budget if the three were not met. The legislature has included 2 of the demands in its proposed budget and we are now waiting for the Governor’s response. They did add a .68% COLA in this budget which will help us. We do not have a line item sheet for this proposed budget yet. The categorical funds had been budgeted with 7-10% reduction and with this new state budget the funding will remain the same as 07-08. Budget revisions will be processed when the State budget is approved.

9.3 Budget Development - Carol passed out the first few pages of the 08-09 Budget for the General Fund Unrestricted only. The budget goes to the Board of Trustees for adoption on October 7th. The only thing we have increased the budget for state revenue is 1.51% growth. This is still not final. The increase in lottery is because of more students. We have no idea where we are with prior year and won’t know until February. We haven’t seen anything on prior year funding and backfill on property taxes from last year. We really need the spreadsheet from the state for more information. We are required to adopt a budget by October 15th, so even with the lack of information from the state we must adopt and do budget revisions as needed. We lost a quarter worth of interest and the interest rates are falling. Total amount of revenue is a decrease of $238,000. Dr. Perri asked if what we are taking to the board will be based on earlier information and if we have time to respond to the budget that has just been proposed. Carol responded that we will not have time to change the district budget. This budget has been developed with less information than we have ever had before from the state. A lot of our assumptions are made based on P2 FTE. Expenditures by cost center are listed. For better position control Carol Cone has separated summer school and winter session and budgeted under each cost center. This will allow each department to track costs to the individual department. Total expenditures for the 08-09 year increased by $4.96 million from 07-08. We had asked the cost center managers to cut costs, but now we
have added them back into the budget and included any requested augmentations. The ending balance will be decreased by $3.5 million due to deficit spending. Carol reviewed a Power Point presentation which will be presented at the campus-wide Budget Forum on Tuesday, September 23 at 4:00pm in the Center for Innovation Community Room and again for the Board of Trustees on October 7th. Even though we have 11 funds this presentation only addresses the general fund. Fund accounting is like having separate bank accounts with only certain money being spent out of those accounts for designated items. Jim McClain suggested that we speak to that at the Budget Forum. The first section is the information on the prior year budget and what we actually spent. The new budget is always built based on the prior year budget and increase or decrease as we see trends. We have been very close to what we have budgeted and actually spent. Carol noted that the auditors have come and gone and there are no adjustments to the books. In classified and academic salaries we were a little over budgeted this year. The deans were asked to cut back and they took it very seriously. We had a bigger ending balance than expected because of this. We were a little under budgeted on benefits. Carol mentioned that she always informs the board that salaries and benefits should be between 85% and 89% of total expenditures. Our actual expenditures in those categories were 87% for 2007-2008. All the data that we are using to generate revenue on this budget is usually from advanced apportionment from the state. Since we do not have that information we are using our 2nd principal apportionment report @ 11,849 FTEs. Carol stated that she thinks more this year than any other year we will be doing budget revisions/adjustments because we do not have good data to build the budget. Carol also noted that the percentages on the revenue side do not change much from year to year. Local revenue is made up of local taxes, enrollment fees, interest earnings, non resident tuition etc.. In the budget that we are adopting there is no COLA. We will have to adjust for the .68% COLA which has now been proposed. Carol noted how little the lottery amount is that we receive in relation to other forms of revenue. Dr. Perri noted that even though we do not have a signed state budget we are required to adopt our district budget. Carol stated that cash flow is a concern for us this summer. We took a resolution to the board at the last meeting to allow us to borrow from the county treasury if needed. We have budgeted 84% of expenditures for salaries and benefits for 2008-2009. This figure may not stay steady based on increased revenue or if we don’t spend our supply and equipment money. We have a hiring slush on right now, but we will look at needed positions. Carol recapped that we are using the Governor’s August compromise budget, we have no COLA and enrollment growth at 1.51%. We are using second principal apportionment data and we have included all existing positions and vacancies and step and column/class adjustments. Benefit changes include an increase of 7.83% for Blue Shield and a 14.60% for Kaiser. Kaiser has a new system to evaluate the services we use and we are lower than the average increase of 22%. They also will not negotiate their rates. There was no increase for dental, life or vision insurance, which were 3 year contracts. Workers comp went down from 2.3% to 2.0%. Dr. Perri asked that the assumptions slide be moved to before the 2008-2009 budget data. The FTES slide noted that the FTES are up. This is data from the P2 report. The estimated ending balance is 5.87% but it will go up with the back fill of taxes and the COLA that will be added in. The estimate in FTES is 12,028. When we finally get the budget this figure will go up also. By statute the ending balance must be at 5%. Carol stated that any adjustments that we make should increase the ending balance. The accreditation team will look at not whether you have deficit spent or rather if you have a pattern of deficit spending. The Deans
and Directors were very helpful in cutting spending last year which added to the ending balance that we had for 07-08. In our audit report we have a trends page with 4 or 5 years of revenue, expenditure and FTES. Carol stated that she has heard that the COLA will not be there again next year. Our cost of living is increasing but we are not getting funded for what it costs us to operate. We are glad we have the ending balance to keep our programs running and to pay the salaries of our faculty. With the economy the way it is we have more students that are coming back because jobs are scarce or for retraining.

9.4 Accreditation Self Study – Carol reported that she has received Jeanne Hamilton’s response to her assigned accreditation questions. Carol will send out Jeanne’s responses to the committee members so that you have an example of how the format should be including the supporting evidence. We will have a meeting in 2 weeks to discuss accreditation only. (The meeting is scheduled for October 2, 2008 at 10:00am in AD206.)