



BUDGET COMMITTEE MEETING

Wednesday, May 4, 2022

Location (Zoom)

<https://shastacollege-edu.zoom.us/j/91219792095>

2:00-3:30 p.m.

APPROVED MINUTES

CALL TO ORDER: The meeting was called to order at 2:03 p.m. by Committee Chair, Jill Ault.

ROLL CALL:

X	Jill Ault		Andy Fields	X	Elsa Gomez		Student Rep.(vacant)
	Sandra Darling	X	Katie Littlepage	X	Scott Gordon		Sam Osborne
X	Darren Gurney	X	Sue Loring				

Guests: Joe Wyse, Taryn Roberts, Will Breitbach, Tim Johnston, Amy Speakman,

APPROVAL OF MINUTES:

April 20, 2022 – Katie motioned to approve. Elsa seconded. The committee approved the minutes unanimously.

PUBLIC COMMENTS: There were none.

REPORTS: There were none.

DISCUSSION/ACTION:

A) 2022-2023 Tentative Budget

Jill said that statutory COLA was approved at 6.56%. In the past, it has not been automatic for community colleges to receive statutory COLA. The state is giving every indication that revenues are strong enough to fund COLA, with the three main taxes all coming in well above what was projected. The May Revise comes out next week so we will have more information at that time. Jill said the 6.56% COLA has been incorporated into the tentative budget. That is really the only thing that has changed since our last committee meeting.

Jill shared her screen of a summary of all funds. For Fund 11, our main operating fund, we have made an assumption that the 6.56% COLA is included on the funding formula, so that number is calculated on the expense and revenue side.

We updated the lottery line to \$1 million to better reflect the estimated expense but we won't get the lottery total for the 2021-2022 year until July. There aren't any other notable changes to the revenue.

We have current estimates for the expenditure lines for 2021-2022. We continue to update these each month. The current offer for Classified also includes a 10% increase to the health benefits cap so that is showing a little bit of difference in that line.

We are showing an increase in the supplies line that reflects the increase in prices. We anticipate more activity next year, which will also create more expense.

We do have three trustee seats that are open for reelection this year so we have budgeted for those expenses.

The Chancellor's Office wanted to offer more clarity regarding software licenses that are either less than a year (operating expense), or considered to be on-going (Capital Outlay). Another change providing clarity was breaking out the Interfund Transfers as either Debt Service or Capital Outlay.

The \$6 million transfer to the PARS Trust was originally accounted for in the 2020-2021 year, when it was approved by the Board. However, the transfer did not happen until the audit was complete for the 2020-2021 year in December 2021 so it will be reflected in the year it happened. An estimated \$3 million could be transferred after this 2021-2022 year, so the total reflected is \$9 million.

Our estimated actuals for 2021-2022 show an ending fund balance of \$11.8 million which equates to a 19.1% fund balance. 2022-2023 shows a total expense of \$61.6 million with a discount factor of 5.5% so projected expenses come to \$58.2 million with a fund balance of \$11.9 million with a net income of \$86,711, increasing our fund balance to 20.5%. Our internal target for fund balance has been at 20%.

The TCR (Funding Formula) for 2022-2023 is estimated to be \$53.9 million. We have historically built in a .5% deficit factor knowing the state may not completely fund the Funding Formula. That may change as we learn more.

Fund 12 is our restricted/categorical general fund. All our grants are run through Fund 12. The final budget for 2021-2022 was \$22.8 million but the estimated actual income has come in lower so far at \$20.6 million. Some of the categorical programs have allowed for carryover the last couple of years anticipating for more growth. The income and expense in Fund 12 is always equal, but the tentative budget is estimated activity.

The Higher Educational Emergency Relief Funds (HEERF) has been extended through June 2023 for expenditures.

Fund 23 manages the debt for the general obligation bonds, which are funded through property taxes. The county manages the payments we just record the transactions in Fund 23.

Fund 24 is the debt service lease revenue bond interest and redemption. This is funded through the District with a portion coming from the general, capital outlay, revenue (Food Services/Dorms) and parking funds. These were refunded in Fall 2020 so that reduced the interest rate and the length of time.

Fund 25 is also for Measure H General Obligation Bond interest and redemption. The County collects and makes payments on our behalf.

Fund 34 is the revenue fund for Food Services, Starbucks, Dorms, and Bookstore. We were able to take advantage of the federal stimulus funds (HEERF) for the past couple years but we likely

will not be able to continue into 2022-2023. As of now, the 2022-2023 tentative budget shows a \$216k loss, but this is only the tentative budget.

Fund 35 is the Repair and Replacement Reserve Fund, kind of a sub-fund of Fund 34. A decision was made several years ago to move any extra money from Fund 34, they have been moved to Fund 35 to have a reserve fund in case equipment fails. We have used some of these funds the past year to relieve some of the pressure.

Fund 36 is the Auxiliary Fund. This is where fundraisers or other events filter through. There has not been a lot of activity the past couple years.

Fund 37 is Parking Improvement. Whenever there were excess funds, they were transferred here. Parking lots are considered revenue generating so we are limited as to what funds we can use for improvement.

Scott asked if the parking lot has ever brought in enough funds to cover the costs of maintenance. Jill said it used to, but the last couple of years it has not been able to cover the increased cost of staffing. We were able to relieve some of the costs with HEERF, but as of now, this Fund is only covering the cost of the debt services.

Fund 41 is Capital Outlay. This is funded from a few different sources, such as deferred maintenance and some property tax revenue. We have a repair and replacement budget to help with bus or van replacement. With the first issuance of the Measure H, that series paid off the lease revenue bonds, \$8-\$9 million, which was at a higher interest rate. The Board made a commitment that the debt amount paid by the Measure H bond would be transferred to Capital Outlay. This fund is used for larger projects, usually with a cost of \$25k or higher.

Fund 43 is the Bond Project Fund. This is where we account for all the expenses related to the Measure H bond. We are not anticipating another issuance in 2022-2023. We do rely on our contacts at Morgan Stanley to keep us informed as to when is a good time to do another issuance. We are anticipating ending the year with around \$53 million.

Fund 71 & 72 – Associated Student Fund. The Fund 71 revenue is from selling activity cards. Fund 72 is the Student Rep Fee.

Fund 74 is the Student Financial Aid Fund. These are payments that are made directly to students for financial aid. This fund is broken into federal, state and local lines. The estimates for 2022-2023 may be low but are adjusted as information is available from Department of Education.

Fund 75 & 77 are the Scholarship and Loan Funds. Fund 75 records the inflow of donations and then are reflected as outgo in Fund 77. We budget for an average of \$325k but it is adjusted with actuals.

Fund 78 is Clubs Trust. We essentially act as a bookkeeper, or fiscal reporter for these activities. They have their own approval system for these funds. There hasn't been a lot of activity the past couple of years but we anticipate more activity in the coming years.

Fund 79 is the PARS Trust. This shows the anticipated \$9,000,000 being invested during the 2021-2022 year, which is the \$6 million approved last year and the estimated \$3 million from the 2021-2022 year. This trust operates similarly to the OPEB Trust, but allows for a little more flexibility.

Jill asked if anyone had any questions.

Katie said that pre-Covid we would usually learn what we are getting through the funding formula past the end of the year. She asked if that is further delayed now. Jill said the state has to pass budget by June 30. The last few years has had a lot of volatility. The first year of Covid, the State was indicating they would not be able to fully fund the 2020-2021 year, and they didn't. Then the federal stimulus funds came in and while it could not be used for operations, we were able to cover custodial and Campus Safety. Each year has been different, but we will definitely know what we will get by June 30. We will spend July and August reworking the budget if necessary so the final budget can be adopted in September.

Jill said we are looking for the state to do things that are more sustainable. One time money, while it's helpful, usually has a lot of strings attached. There are still some pots of money for programs that were on the budget last year that still have not been funded.

Will asked if the state will give us a lump sum on some of these programs. Jill said they will likely give us allocations at once for some of the smaller programs in May or June. They have several slated to fund in June.

Elsa about Measure H, were the solar panels built with Measure H funds and will they generate revenue? Jill said they were a Measure H project but they will offset expenses to help cover electricity needs.

Scott motioned to move the tentative budget forward to College Council. Darren seconded.

ROLL CALL:

- Katie Littlepage – Aye
- Scott Gordon – Aye
- Elsa Gomez – Aye
- Darren Gurney – Aye
- Sue Loring – abstain
- Jill Ault – Aye

Moved to College Council for their review on May 17. As we learn more about the May Revise I will share it with the committee.

OTHER/ANNOUNCEMENTS:

Jill said that this is Sue Loring's last meeting as she is retiring at the end of this year. Jill thanked Sue for serving on Budget Committee.

ADJOURNMENT: 2:50 p.m.

NEXT MEETING: Fall 2022

Recorded by:

Keri Mathews
 Keri Mathews
 Executive Assistant
 Administrative Services