

# **VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**

## **Audit, Budget, Foundation Relations Committee**

Committee Members: Trustee Heitmann (Chair) and Trustee Hernández

***Wednesday, June 3, 2009***  
***12:00 P.M.***

### **Meeting Notes**

#### **CALL TO ORDER**

The Meeting was called to order at 12:10 p.m. by Trustee Hernández.

#### **PRESENT**

Members: Trustee Hernández and Trustee Miller (substitute for Trustee Heitmann)

Staff: Dr. Meznek, Pam Eddinger, Robin Calote, Richard Duran, Sue Johnson, Mary Anne McNeil, Deborah LaTeer and Chedva Weingart

Guests: Representatives from Vavrinek, Trine, Day & Company:  
Rick Alonzo, Partner; Chris Chitlik, Supervisor; and Felipe Lopez, Supervisor

#### **ABSENT**

Trustee Heitmann

#### **PUBLIC COMMENT REGARDING AGENDA ITEMS**

There were no public comments.

#### **FY2008-09 GENERAL AUDIT**

The District's general audit firm, Vavrinek, Trine, Day & Company, reviewed the three audit requirements for the district: Special Audit Report for the district, Fund Statements, and Management Letter Comments, which are recommendations to the district for improvements.

Rick Alonzo reiterated that the auditors work for the Board. The Auditors reviewed the progress they had made during their interim audit work. Committee members asked questions related to specifics. Interim work included detailed review in Admissions and Records and Financial Aid. The auditors are also verifying that the new internal controls have been implemented. 40-45% of the district's audit is compliance-based. The riskiest area is Federal compliance issues. Additional compliance review will occur over the summer months.

Mr. Alonzo explained that there is a new GASB requirement for district sustainability. He also discussed that internal controls are important to avoid exposure for the district. Ms. Johnson explained that because the district does not have an Internal Auditor, some of that work is currently being done by the Supervisor of Accounting. She has begun site visits to evaluate cash collection procedures. Because of the huge number of cash collection venues, it is expected that that project could take up to one year to complete, as the work is being done in addition to regular workload.

Trustee Hernández suggested that cash handling training be done annually. He requested that at some point staff provide the Board with a plan for/progress toward reducing risk exposure.

### **FY2009-10 TENTATIVE BUDGET**

Sue explained that because of the budget uncertainty, particularly with Categoricals, she is proposing three budget phases this year: Preliminary Budget to the Board on June 23<sup>rd</sup>, Tentative Budget (approximately 45 days following), and the Adoption Budget in September or October 2009 (depending on the state budget). The Preliminary will be very rough and presented in summary fashion.

Staff has made assumptions for the FY2010 Preliminary Budget. As of May 31, the State was projecting a \$117 million Property Tax shortfall for FY09-10, which equates to approximately \$2.7 million for VCCCD. Another assumption is the reduction in funding of physical education class to the non-credit funding amount (nearly 40% less). This reduced funding equates approximately \$3.4 million to VCCCD. Even if this concept is rejected by the legislature, they will be looking to glean the \$120 million in another way. Part-time Faculty Compensation (categorical) funding has been reduced by 57%, equaling \$530,000 for VCCCD. These revenue shortfalls total approximately \$6.6 million for FY 2009-10. The net shortfall is \$4.3 million because we will budget approximately \$2.3 million in prior year growth not included in the prior year budget.

Ms. Johnson explained the proposed FY2010 cuts to categorical funded programs. The governor has proposed a 57% cut in funding to those programs. However, because of the unexpected magnitude of these proposed cuts, categorical budgets are being developed using a 25% cut for the Preliminary budget. The difference between 25% and the Governor's proposed 57% cut (32%) is being recorded in a 7999 contingency line item, indicating the reductions yet to be identified if the Governor's level of cuts holds. The proposal also includes that the remaining funds be given "flexibility", which will allow districts to combine program funds to run efficient core programs. ("Flexibility" was granted to K-12 districts when they had their categorical funds reduced last year.)

Audit, Budget, Foundation Relations Committee members suggested the possibility of a statement to the community regarding the state of the district during this budget crisis. Enrollment will be sustained by reducing class offerings/sections, but it is expected we will serve the same amount of students, unless fee increases are significant.

Ms. Johnson explained that the Health Services Fund is dependent on state reimbursement. With the state budget crisis, the state could eliminate the mandate. The health centers are currently sustaining themselves using past mandate reimbursements, which will last a few more years.

The College Presidents presented plans on sustainability for each college, which is the foundation of the budget. Enrollment is up at all three campuses, even with the compression of class schedules.

The Committee recommended that the Preliminary Budget be forwarded to the full Board for approval.

**OTHER BUSINESS**

None

Meeting adjourned at 3:02 p.m.