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# AUDIT AND BUDGET COMMITTEE MINUTES

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Coast Community College District  
Regular Meeting of the Audit and Budget Committee  
August 30, 2016 at 1:30 p.m.  
Board Conference Room  
1370 Adams Avenue, Costa Mesa, CA 92626

## Procedural Matters

### 1. Call to Order

The meeting was called to order at 1:30 p.m.

### 2. Roll Call

Trustees Present: Trustee Mary Hornbuckle and Trustee Jerry Patterson  
Trustees Absent: None

**In Attendance** – Dr. John Weispenning, Chancellor; Dr. Andrew Dunn, Vice Chancellor of Finance and Administrative Services; Dr. Dennis Harkins, Orange Coast College President; Dr. Richard Pagel, Orange Coast College Vice President of Administrative Services; Ms. Janet Houlihan, Golden West College Vice President of Administrative Services; Ms. Christine Nguyen, Coastline Community College Vice President of Administrative Services; Ms. Helen Rothgeb, Coastline Community College Director of Business Services; Ms. Daniela Thompson, Administrative Director, Fiscal Affairs; Mr. Dana Swart, District Controller; Ms. Rachel Snell, District Director of Internal Audit; Ms. Jane Burton, Acting Board Secretary; Ms. Sarah Meacham, PFM Asset Management Director.

### 3. Opportunity for Public Comment

There were no requests to address the Audit and Budget Committee during Public Comment.

### 4. Approval of Minutes: Meeting of May 26, 2016

On a motion by Trustee Hornbuckle, seconded by Trustee Patterson, the Committee voted to approve the minutes of the Regular Meeting of May 26, 2016.

Motion carried with the following vote:

Aye: Trustee Hornbuckle and Trustee Patterson  
No: None  
Absent: None

### 5. Review, Discuss and Possible Action on Audit Response Memo dated August 30, 2016

Vice Chancellor Dunn gave an update to the Committee on the Investment Policy questions raised by Auditor and distributed a memo for the record. From the Auditor's presentation were two questions, one focused on Interest Rate Risk and the other on Custodial Credit Risk. Board Policy 6320 – Investments was under revision and would be presented to the Board in fall 2016. A number of questions were asked and an extensive discussion ensued.

### 6. Update on Investment Status of Series 2013 B

Ms. Sarah Meacham, PFM Asset Management Director, provided a comprehensive update to the Committee and responded to questions on the previously distributed Investment Status of Measure

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M Series 2013 B Building Fund handout. As of June 30, 2016, quarter earnings since March 31, 2014 totaled \$257,621. Portfolio statistics were as follows: Yield at Cost was 1.62 %; Yield at Market was 0.97%; Duration was 3.39 years; and Par Amount totaled \$10,775,000.

**7. Review and Discuss Signed State Budget**

**8. Review, Discuss and Possible Action regarding Coast Final Budget**

Vice Chancellor Dunn reviewed and responded to Committee questions on the presentation of Signed State Budget and Coast Final Budget. Discussion included Budget Development, 2015-16 FY Year-End Close, Enrollment Metrics, Major Cost Drivers, 2016-17 FY Budget, Faculty Hiring, and Summary of Recommended Actions.

There were two notable provisions in the 2015-16 FY State budget. First was a new growth (Access) formula for the community college system driven by primary measures that include college attainment and unemployment rates. The second issue reflected a change in the funding rate for enhanced non-credit full-time equivalent students (FTES), which was scheduled to advance to the credit rate also effective with the 2015-16 FY State budget.

The Governor's January Budget Proposal for 2016-17 FY was released on January 7, 2016. The Governor proposed 2% for enrollment growth and funding for a 0.47% COLA. \$200 million was identified for the Strong Workforce Program, \$48 million for the CTE Pathways (SB 1070), and \$30 million to augment the Basic Skills Program.

The Governor released the May Revision to his 2016-17 proposed State Budget on May 13, 2016. The proposal included 2% for enrollment growth, as in the January proposal. No COLA, as compared with the estimated 0.47% in January, and \$75 million for a base apportionment increase, which was not proposed in January. The Governor increased the January proposal of \$76.3 million for one-time mandate reimbursements by \$29.2 million for a total of \$105.5 million, which translated to approximately \$91 per FTES. The May Revision provided the final framework for the Tentative Budget.

The Board of Trustees adopted Coast's 2017-17 FY Tentative Budget on June 15, 2016. This budget did not include a COLA and reflected no growth in resident FTES from the prior year. The budget, at time of adoption, was structurally balanced. Trustee Hornbuckle asked for clarification of Local and Statewide figures. Trustee Hornbuckle recommended that CCCD figures be separated from the Local and Statewide figures.

The 2015-16 FY Final Budget reported compliance with the 50% law. Faculty hiring was consistent with the District Strategic Plan and compliance with the FON. There were no automatic backfill of vacant positions. A balanced budget with a minimum 8% reserve was consistent with Board Policy 6200. The CCCD 2016-17 FY beginning balance was \$47,569,479 (including \$9,905,821 for entity balances), and reflected restricted, committed and unassigned expenditures. Trustee Patterson asked for clarification of Vehicle Replacement funds of \$185,000. Trustee Patterson requested that Vice Chancellor Dunn verify funds from Enterprise Corporation were for classes, specifically ESL. Vice Chancellor Dunn agreed to accept this action and notify the Committee of the result at the next Audit and Budget meeting.

**9. Review, Discuss and Possible Action regarding the Internal Audit Quarterly Report**

Ms. Snell provided an update to the Committee on Fixed Asset Follow Up Audit Report. The Committee requested this Audit Report to be presented two times per year and put on the Board log.

**10. Future Meeting Dates:**

Committee members agreed to the meeting date of November 15, 2016 at 3:30 p.m.

**11. Future Agenda Items**

The Committee added the following for future agenda items:

- a) Review External Audit
- b) Internal Audit Quarterly Report

**12. Adjourn**

On a motion by Trustee Hornbuckle, seconded by Trustee Patterson, the Committee voted to adjourn the meeting at 3:35 p.m.

Motion carried with the following vote:

Aye:	Trustee Hornbuckle and Trustee Patterson
No:	None
Absent:	None



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Jane Burton  
Acting Secretary of the Board