

**BIG BEND COMMUNITY COLLEGE
BOARD OF TRUSTEES
STUDY SESSION**

September 8, 2009, 10:30 a.m.

PRESENT: Mike Blakely
Felix Ramon
Katherine Kenison

ABSENT: Angela Pixton
Mike Wren

Trustee Ramon introduced Gail Hamburg, VP of Administrative Services and Finance.

VP Hamburg directed the Board to the 2009-2010 State Operating Budget Detail Corrected 8/24/09 booklet. She explained that some of the detail regarding revenue sources has changed however the bottom line that was approved during the June 9, 2009 meeting has not changed. All of the changes are highlighted in yellow.

VP Hamburg explained the highlighted areas. Provisos and earmarks were reported separately on the initial allocation. We have since learned that the provisos and earmarks were included in the base budget amount. The unrestricted base budget amount of \$10,486,122 reported to the Board June 9 was reduced by \$723,622, the amount of the SBCTC earmarked programs. The unrestricted base budget is now \$9,762,500. The 2010 Initial GFS operating allocation is now \$10,028,910. The carryover/indirect cost recovery is now \$1,093,223 and includes interest earnings, excess enrollment and tuition balance. Running Start is now projected at \$737,026. These changes bring the Total tuition and recovery income to \$5,115,320.

The revised unrestricted base budget, carryover/indirect cost recovery and Running Start amounts carry over to page 5. VP Hamburg explained that the \$315,732 change to the unrestricted base budget compared to last year is reasonable. The initial GFS operating allocation is down \$846,799 from last year's amount. This includes the \$475,000 reduction last year and the \$774,000 reduction this year.

The pie charts on pages 7 and 7A illustrate the changes in the revenue sources. The percentage of the state revenue reduced from 71 to 66 percent. The recovery amount increased from 8 to 13 percent and the tuition revenue remained the same at 21 percent. VP Hamburg stated all of the expenditures have remained the same.

Trustee Ramon asked if there were any changes to the spending plan. VP Hamburg stated there have been no changes to the spending plan.

1. 2009-10 Proprietary Funds Budget/Financial Statements Review

VP Hamburg referred to the program totals in the budget status summary on page 2. The bottom line on the page shows a \$1,672,865 or 10.67 percent carryover. She explained this significant carryover amount was due to the hiring freeze that was in place. VP Hamburg detailed the Instruction (010) savings comprised of salary and benefits and positions that were not filled: half of the BBT Asst Director, Physical Education Instructor, Child & Family Education Instructor, Computer Science Instructor, Aviation Instructor and two Nursing Instructors. The Goods & Services account in 010 contains half of the Board reserves in the amount of \$191,000. The carryover amount for Instruction 010 was \$691,660.

The Academic Administration (040) account which funds the Deans had \$4,405 or 1.16 percent left for carryover. The Library (050) account had \$17,099 or 3.67 percent left for carryover. The Library account included unspent sick leave buyout funds in the salaries category. Student Services (060) left \$368,757 or 17.24 percent in carryover. This large amount is due in part to the vacant VP of Student Services position and the financial aid office assistant position. Administration (080) left \$360,249 or 12.53 percent. The second half of the board reserves in the amount of \$191,000 are held in the goods and services of Administration. The second half of the BBT Director and Human Resources office assistant funding were also held in this account. Maintenance & Operations (090) also had a large carryover in the amount of \$230,696 or 10.96 percent. The large carryover was due to the vacant HVAC position and part time and overtime work that had been budgeted but was curtailed to save money.

VP Hamburg referred the Board to the allocations detailed at the bottom of page 2. Allocation #11 is the \$475,000 reduction. All allocations are reflected in the adjustment column. Allocations #15 and #16 reflect other state agency charges such as archives, auditors, attorney general fees and Center for Information Services (CIS).

The reserve balances as of June 30, 2009, are detailed on page 3. VP Hamburg stated the top box provides the Board reserve amounts. There was an increase in the total reserves of \$191,672 which brought the total to \$3,774,677. Due to carryover dollars, none of the reserve funds are dedicated to the 09-10 budget for the first time in many years.

VP Hamburg explained that the middle box on page 3 contains the European funds detail. The interest earnings were low this year and the \$100,000 ATEC COP was paid out of this money resulting in a decrease of \$67,535 and a total of \$2,447,830 in the fund as of June 30, 2009.

The bottom box contains the dedicated local funds. VP Hamburg explained that the Running Start funds increased by \$26,277 bringing the total to \$525,098. The interest earnings account increased by \$8,935 to \$200,556. For the first time since 2004, we have excess enrollment dollars, \$72,384 is dedicated to the 09-10 budget. The tuition balance increased by \$592,393 to \$820,283. The total of all of these accounts in the bottom box, \$1,618,321 is dedicated to the 09-10 budget.

The Proprietary Funds Budget started on page 4. VP Hamburg introduced the Director of Business Services Charlene Rios to talk about the Bookstore budget. Director Rios stated the 2008-09 college bookstore industry average sales dropped by 3 percent, our drop was only 1.2 percent. She highlighted the total income of \$918,457 included a 37% increase in candy sales. There was also an increase in supplies, software and backpacks of almost 9 percent. Director Rios said the bookstore started an exciting program of textbook rentals this year. This represents a large savings for students. There was a drop in the sales of new books and the used books amount increased from \$104,000 to \$149,000. Faculty are using the same books in their classes resulting in reduced student costs. Equipment operating expenses increased by \$12,000 over last year due to updating the cashiering system per the 10-year projection schedule. Director Rios explained that the interest income decreased from \$27,000 to \$11,000. There was an increase of \$22,000 in the fund balance. She said we're projecting an increase to the fund balance next year of \$25,000 due to the increased enrollment.

Director Rios described page 5 as the 10 year projection for Bookstore expenses and administration fees. The \$50,000 expense scheduled in 2013-14 is for new cash registers. Trustee Ramon asked if \$50,000 was a realistic estimate. Director Rios responded that the figure could change but she does think that \$50,000 will cover the costs. Every year this schedule is adjusted and there have been no huge fluctuations at this point. Trustee Blakely asked if the new equipment helps track inventory and cash flow. VP Hamburg indicated that the new cash registers make inventory processes go more quickly and they are a good double check for the cash flow.

The athletic budget is on page 6. The bottom line reveals an almost \$18,000 increase in fund balance. This is the first time in five years that this balance is in the black. Athletic Director Preston Wilks has done a great job managing expenditures.

Director Rios highlighted some of the athletic balance changes. The baseball balance revenue dropped due to less fund raisers, the expenditures also dropped because the team did not go to Arizona to the Mariners camp. The basketball camp expenses increased because the women's team travelled to Los Angeles. The 2007-08 women's basketball camp crossed into July which resulted in a

large jump in that revenue for 2008-09. Athletic Director Wilks offered two girls basketball camps this summer and that resulted in an increase in Women's basketball camp expenses. The major change in the Athletic general fund expenditures was due to student workers struggling to work their hours. The Athletic general fund total revenue increased by \$10,000 due to more S & A fees fueled by increased enrollment. Trustee Blakely suggested promoting the baseball camp for middle school students. VP Lang said BBCC usually doesn't do this to avoid competing with area school district baseball camps.

Director Rios stated most of the S & A fee balances on page 8 are up due to increased enrollment. The clubs with zero balances are disbanded. A soccer club was started this year. She explained that the \$145,735 S & A fee balance transfers to the top of page 7 which details the ASB budget. The decrease in the fund balance at the bottom of page 7 is a result of ASB funding equipment and other items for the campus: new treadmills for gym, sofas for the students in the Fine Art building, Latino education conference sponsor, BBCC student handbook/planners, 170 welcome bags for new dorm students, and two large BBQ events. This fall ASB plans to purchase half of 20 new mattresses going into the dorms. ASB was excited that the Spring Fling BBQ attendance increased from 300 to 420 over last year. They don't anticipate any big ticket items to purchase this year. The total S&A fees projected for athletics and ASB 2009-10 is \$323,300.

Director Rios reviewed the Housing and Food budget on page 9. The housing fund balance increased by \$184,000. The dorms were completely full and many students doubled up. A single room costs \$950 per student however a double room costs \$810 for each student resulting in a higher income. We estimate 160 students will live in the dorms this year. Some of the dorm improvements include: new carpet in the hallway, new vinyl and appliances. They are beginning to cycle in new mattresses.

The food fund balance decreased very close to the same amount as last year around \$24,000. VP Hamburg is talking with Sodexo and they are trying new things. The increase in dorm students may help the food balance too. With the changes the projection for 2009-10 is \$10,000 in the red. VP Hamburg commented this is a direct loss for Sodexo but it is offset with vending machine revenue of \$15,000. It is difficult with colleges our size to break even with food service. She said attracting the dorm residents into Sodexo will help. Sodexo is also giving coupons for a free ninth pizza. Sodexo manager/Chef Dale Yates will be at the new student orientation and coupons will be in the bookstore bags.

The Foundation funded \$236,000 in dorm roof repairs last year out of its facilities account. This year \$25,000 will be placed in the budget for the dorms to repay the Foundation facilities account.

VP Hamburg reviewed the Grants and contracts, local, internal service and proprietary funds budgets listed on page 10. VP Hamburg stated the pie chart illustrating the total institutional funds which was presented in the State Operating budget in June is changed slightly. The grants & contracts and proprietary revenue of \$13,916,509 is about \$500,000 less than the June projection. The Operating funds are 52 percent and the grants & contracts and proprietary funds make up 48 percent of the total institutional funds. In 2008-09 the split was operating funds at 54 percent and the grants & contracts and proprietary funds made up 46 percent.

VP Hamburg introduced Dean Kara Garrett to highlight grants detailed on pages 12-16. Dean Garrett described the Early Childhood Education Assistance Program (ECEAP) as a collaboration with Family Serves of Grant County. It is modeled after federal Headstart and there are 20 slots on campus. They had a goal of 20 student families' participation in this project. They started at 20 and dwindled to 15 student families and 5 non-student families.

ECEAP provides 12 hours of no cost child care; this gives students the ability to come to school between 8:30-11:30 a.m. with free child care. ECEAP offers wrap around care, which means children can remain in care during the afternoon at the parents' expense. Dean Garrett elaborated that the continuity of childcare is critical for low income or at risk families.

ECEAP has activities for families. Dr. Suess night was fun and the families received free books. A Johnson & Johnson Health Fair was also held and childhood illnesses and immunizations were discussed. They have held a BBQ, a pizza night and "muffin meetings" for planning. The parents are the controlling force and they guide activities and menus within federal standards, they also assess the program and guide changes. During the transition evening in June 150 people attended and the children graduated and enjoyed a school celebration.

Dean Garrett said another grant provided back packs and school supplies. Assessment is important in the ECEAP grant. They monitor the children's nutrition and parenting, and when appropriate refer to community resources.

The ECEAP grant also funded improvements that have been made to the childcare area. They updated safety fall zone material where kids climb and play and re-fluffed the material that was there. They also upgraded the gravel, refilled the sand box, and painted the classroom after many years. Safety issues around baseboard heaters were also addressed.

Trustee Ramon asked if this was an ongoing program. Dean Garrett responded that yes ECEAP is ongoing and this is a priority for early learning. BBCC has 20 slots again and currently there are 17 student families enrolled. Trustee Blakely asked if there was any opportunity for enrichment programs for high achievers.

She responded that in the past BBCC has hosted Gear Up and Destination Healthcare activities. However, this year Gear Up is limited and destination healthcare is not funded.

VP Hamburg stated the Consolidated Balance Sheet on page 17 summarizes assets, liabilities and fund balance as of June 30, 2009. Assets include pooled cash of \$13,898,367 which includes the cash, investment in the Local Government Investment Pool (LGIP), and the bonds. There is an offsetting entry for the pooled cash under current liabilities. The drop in interest rate is "striking." On June 30, 2009 the LGIP interest rate was .7746%, last year on the same date the interest rate was 2.3283%. As of August 31, 2009 it was .57% and is continuing to fall.

The Investments are noted on page 18. VP Hamburg explained that we invest through Piper Jaffrey. They abide by the investment policy approved by the State Treasurer per the RCW and they are on the approved investor list.

BBCC's total current assets are a little over \$31 million. Long term assets include property, plant and equipment, land, buildings improvements other than buildings, equipment and construction in progress and total almost \$25 million. The Art building moved to capitalized buildings because it was finished bringing the construction in progress account to zero. BBCC's total assets are \$61,625,821.

Next VP Hamburg reviewed the liabilities. Installments payable short-term is the COP payment \$230,000. The long-term balance of the 20 year note is \$4,190,000 at 4.01 percent. When the bond was first taken out it was for \$5,290,000 million dollars. We will pay on this for another 14 years. The Fund balance increased to \$40,562,008, which is up by \$1,129,473.

VP Hamburg explained that page 19 shows aging details on accounts receivables. She reported only \$13,000 are over 90 days. That is .5 percent of all receivables. Page 20 provides the pooled cash details by month. Pages 21-22 give detail on consolidated balance sheet broken out by funds. She explained that page 23 comes close to an income statement and shows revenues, expenses and the difference in the fund balance. She highlighted the interest earned \$201,292 compared to last year's earned interest of \$671,969, which is a 70 percent drop. The sales noted are from the bookstore \$918,457, which is our only retail operation. The total revenue is \$27,938,033. Expenditures are \$26,808,561, leaving a fund balance of \$40,562,008 which is up \$1,129,473 from last year. Pages 24-25 detail the revenue sources and fund balance.

Trustee Blakely asked where the ATEC payments go and if they're negotiable. VP Hamburg stated the payments go to the State Treasurer and are non-negotiable.

Trustee Blakely complimented VP Hamburg and Director Rios on their budget presentation. Trustee Ramon referred to the pie charts on page 11. They illustrate where the \$29 million dollars comes from. State funds provide \$15 million, and grants provide \$13 million. This is a change from last year, the state funded portion is decreasing. He said we need to try to work at increasing state funding and the interest earned. This highlights how important the Foundation is to the operation of the college and the students. He emphasized the importance of working closely with the Foundation.

Trustee Kenison commended staff and faculty for remaining successful in economically difficult times. She said especially compared to other institutions we've done a remarkable job and we offer students a full package. Trustee Blakely agreed with Trustee Kenison and added BBCC is the "best deal in town." Trustee Ramon complimented staff on their budget presentation. He commented that having reserves speaks volumes about management. Management works extensively to avoid financial emergencies. Trustee Blakely said the budget depicts a team effort across the board. Outreach is small but makes a big difference, more students, faculty and staff are working hard to attract more students.

The meeting was adjourned. 11:43 a.m.

Felix Ramon, Chair

ATTEST:

William C. Bonaudi, Secretary