



BUDGET COMMITTEE

MINUTES

December 8, 2020

A meeting of the Budget Committee was held December 8, 2020 via Zoom. The meeting was called to order at 2:46 p.m. by Yulian Ligioso, Acting Vice President of Finance and Administrative Services.

Roll Call

Members Present: Barbara Baer, Tricia Frady, Anel Gonzalez, Yulian Ligioso, Teresa Laughlin, Dr. Kendyl Magnuson, Craig Thompson, Linda Beam, Rocco Versaci, Molly Faulkner, John Matson, Carmelino Cruz, Jenny Fererro, Carmen Coniglio, Dr. Vikash Lakhani, Dayna Schwab, Loran Green

Members Absent: G.Frederick, J.Glassman, C.Collier, S.Sivert

Recorder: Heather Sutton

Guests: Ken Stoppenbrink, Brandi Taveuveu, Pai Wang-Smith, Steven Carkey, Robert Threatt

I. Approval of Minutes:

The minutes from the November 10, 2020 meeting were approved.

II. Budget Update

Y.Ligioso shared the Budget Update that was presented Campus Wide on November 19th, 2020. Y.Ligioso spoke to the fiscal outlook from the legislative analyst's office and how revenue projections improved by about 18.5%. Most news was good, but uncertain if it would mean more money for Palomar. Y.Ligioso presented the quarterly update (July-September 2020) that is sent to the Chancellor's Office. Discussed year to date losses due to revenue flow for the district. Continued to walk through when funds come in to the college, and spoke to the \$12.6 million deficit shown. Stated revenues were on track as planned, and slow downs are expected. Regarding expenditures due to vacancies not being filled and related effects associated with that, in addition to frugal spending. Continued to walk through the SCFF and the \$6.7million hold harmless provision, and how this provision was extended until 23/24.

Carmen Coniglio spoke to the more positive fiscal projections for the upcoming year as noted on the California Fiscal Outlook that was recently released in November by the Legislative Analyst's Office. The Governor's budget will be released in January, and more information will be shared at that point. Additionally, the Legislative Analyst's Office is estimating a COLA for next year at 1.14%. C.Coniglio spoke to the growing pension costs and that it may increase to 23% for CalPERS. Cal STRS contribution is projected at 16%.

III. Cash Flow

Steven Carkey, Accounting Manager, presented cash flows and echoed Y.Ligioso's presentation of the more positive outlook that is currently being seen. Walked through month to month flow as monies come in and ended in November at \$12.4million. Spoke to being tight on cash flow projections in order to make payroll, but conservatively speaking looking at a \$9million low in March 2021.

Y.Ligioso commended Steven Carkey and his staff for carefully managing the internal cash flows, accelerating receipts, and accounts payable being pushed out to existing terms.

T.Laughlin asked about external borrowing for deferrals. Y.Ligioso walked through the external as well as internal borrowings and the tax revenue anticipation, in addition explained that going out for the external borrowings process was only granting Palomar the ability to do so by the Board. At this point, there is no need to borrow given the current projections.

IV. CARES Update

Robert Threatt and Pai Wang-Smith presented an update on CARES funding for November including key proposals received and approved, and insight into expenditures of the more detailed activity. This included over \$877k in Federal Block Grants allocated to the district, in addition to just over \$1million in the State Block Grant, and CARES Institutional and \$3.8million and just over \$520k in CARES MSI. The majority of the activity is under Federal Block Grant and CARES-Institutional. The Federal Block Grant must be spent or funds uncovered by December 30, 2020. The State Block Grant has a deadline of June 30, 2022, CARES Institutional by April, 23, 2021, and CARES MSI by July 9, 2021.

Y.Ligioso asked if there were items that were still in the “pipeline” in order to use the remaining funds for the Federal Block Grant in order to cover the remaining \$66k remaining. R.Threatt stated that this number included all submitted currently, but efforts were being made to exhaust the amount even further.

R.Threatt continued to speak to the specific areas that funds were used for and spoke to HEERF Emergency Student Grants of \$3.8million and \$3.2million has been disbursed to students.

Pai Wang-Smith walked through what is remaining in Block Grants, and is not concerned with the amount remaining not being spent. Anel Gonzalez asked if the numbers included department proposals and whether or not it included reimbursements to staff. P.Wang-Smith stated yes that it does, and that they are currently working to bring over each expense to fall under the correct proposal.

V. Financial Audit

Robert Threatt presented an update on the Financial Audit and annual process completed by an independent CPA that meets competent Board of Accountancy Requirements. This serves as direction for districts and external independent auditors who perform annual financial audits of community college districts. Y.Ligioso asked if guidelines on CARES will come from CDAM (Contracted District Audit Manual). R.Threatt stated that this is expected for the upcoming year. Continued to explain that external auditors visit the campus three times per year, and then for interim audit testing. These visits are coordinated through the Fiscal Services office. R.Threatt continued to walk through the complexities of the audit, spoke to where to find the prior audit reports, and the repercussions and benefits from the process. Y.Ligioso thanked Robert for his work with the audit and his presentation.

VI. Other

Jenny Ferrero, Barbara Baer, and Teresa Laughlin thanked Yulian Ligioso for his time serving as the Acting Vice President of Finance and Administrative Services.

VII. Adjournment

There being no further business, the meeting was adjourned at 3:35PM

