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# AUDIT AND BUDGET COMMITTEE MINUTES

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Coast Community College District  
Audit and Budget Committee  
February 7, 2023  
Zoom Meeting

**1. Call to Order**

The meeting was called to order at 2:03 p.m.

**2. Roll Call**

Trustees Present: Trustee Jim Moreno and Trustee Mary Hornbuckle

Trustees Absent: None

**In Attendance** – Dr. Whitney Yamamura, Chancellor; Marlene Drinkwine, Vice Chancellor of Finance and Administrative Services; Dr. Marco Baeza, Vice Chancellor of Human Resources; Dr. Andreea Serban, Vice Chancellor of Educational Services and Technology; Tim McGrath, GWC President; Christine Nguyen, CCC Vice President of Administrative Services; Paul Wisner, GWC Vice President of Administrative Services; Dr. Rich Pagel, OCC Vice President Administrative Services; Julie Clevenger, Director of Chancellor Office Operations; Erik Fallis, Board Secretary; Daniela Thompson, Executive Director Fiscal Affairs; Tanya Tran, District Budget Manager; Rachel Kubik, OCC Director of Business Services; Maira De La Torre, Internal Audit Specialist; Rachel Snell, Director Internal Audit Services; Rupa Saran, Chief Information Technology Officer; Debbie Franklin, District Fiscal Affairs; Derek Bui, District Director of Business Services; Casey Elliott, Townsend Public Affairs; Mary Grady Administrative Assistant, Board of Trustees

**3. Opportunity for Public Comment**

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

**4. Authorization under Brown Act, Government Code § 54953(e), for Conducting Meetings Remotely Due to the COVID-19 Emergency Because Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees**

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to authorize the continuance of remote meetings due to the COVID-19 emergency.

Motion carried with the following vote:

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

## **5. Selection of Chair and Vice Chair of the Audit and Budget Committee**

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to appoint Trustee Moreno as Chair and Trustee Hornbuckle as Vice Chair for 2023.

Motion carried with the following vote:

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

## **6. Approval of Minutes: Meeting of November 22, 2022**

On a motion by Trustee Hornbuckle, seconded by Trustee Moreno, the Committee voted to approve the minutes of the meeting of November 22, 2022.

Motion carried with the following vote:

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

## **7. Internal Audit Quarterly Update**

District Director of Internal Audit Rachell Snell provided the Internal Audit update.

Two completed memo reports were presented: Environmental Health & Safety and Insurance Claims. Other projects in progress included the Risk Services business process improvement project for workers compensation and contracts, self-reported follow up on prior audit recommendations for the Golden West Criminal Justice Training Academy and Coastline faculty assignment/contract education, districtwide travel processes, faculty load and compensation, Title IX, internal audit policies and procedures, external audit liaison, and records management.

Chancellor Yamamura provided an update on the implementation of a gift policy. Following input from General Counsel, the policy had been returned to the DCC Policy and Procedure Subcommittee for review and proposed revisions. It was expected to come to the Board for first reading in April.

A full report of Internal Audit projects would be presented to the Board of Trustees at the March 15, 2023 Board meeting, in addition to annual reports and reports of good standing for the Foundations and Enterprise Corporation.

## **8. State Budget Issues**

Casey Elliott of Townsend Public Affairs provided the Committee with an update on current State Budget issues.

January 10, 2023 the Governor released the budget proposal with a projected \$22.5 billion deficit. State revenue and expenditures were projected to be flat, and the deficit was largely based on unrealized revenue projections. Items proposed to bridge the deficit gap included \$7.5 billion in funding delays, \$5.7 billion in reductions, deferred payments for various programs, and \$6 billion in funding shifts from reserves. The budget projected \$778 million in funding for the community college system. It contained \$200 million in one-time spending to address enrollment and retention, which would be offset by a \$200 million reduction in deferred maintenance spending.

Vice Chancellor Drinkwine noted proposed repurposing to the District's certified plan for scheduled maintenance and instructional equipment reflecting a \$5 million dollar impact. Eligibility for the use of Measure M Endowment funds for other project allocations would be explored. The May budget revise and June final budget would require significant revisions due to taxpayer filing extensions given to residents effected by the January state and federal emergency declarations.

## **9. District Budget Updates**

Vice Chancellor Marlene Drinkwine shared an overview of the upcoming Town Hall Budget presentations.

Town Hall meetings were scheduled to take place at each of the colleges in February. Discussion topics included the state budget, student centered funding formula, enrollment, budget projections and strategies.

Legislative analysts predicted the use of reserves and rainy-day funds through FY 25-26. The differential between projected state COLA and the SCFF revenue change was reviewed relative to the funding floor and rate of augmentation. Enrollment projections reflected positive trends approximately 7.5% higher than spring of 2022, however growth would not be funded while the District was in hold harmless funding floor. Multi-year projections predicted deficit spending to begin in 2025-26 and increase in 2026-27 without sufficient reserves to absorb it. The 16.67% reserve requirement reflected two months of operating expenses from the unrestricted general fund and was based on the GFOA recommendation. Coast District reserve levels were in the bottom quartile and below the median of other California Community Colleges.

Developing concerns included expenditure growth outpacing revenue growth, deficit spending decreasing the reserve, the ability to withstand future economic downturns and fiscal insolvency. Strategies to mitigate the impact included enrollment management plans, cost containment and expense reductions.

#### **10. Next Meeting Date**

The next meeting was scheduled for Tuesday, June 6, 2023 at 2:00 p.m.

#### **10. Future Agenda Items**

Internal Audit Quarterly Update  
State Budget Update  
District Budget Updates

#### **11. Adjourn**

The meeting was adjourned at 3:07 p.m.



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Secretary of the Board  
Erik Fallis