

Kern Community College District
FINANCE & AUDIT COMMITTEE
June 13, 2024 – Written Report to the Board

The KernCCD Board of Trustees Finance and Audit Committee met on May 30th and covered the following topics:

- 1. *Budget Update*** – Mike Giacomini, CFO discussed the Governor’s May Revise and its impact on the District. At this point in time, the May Revise is still very favorable for Community Colleges, but caution that there is still a lot of negotiations still being done between the Governor and legislators.
- 2. *One-Time College Spending Plans*** – Mike Giacomini, CFO, Chad Houck, VP Finance Cerro Coso Community College and Cheryl Sullivan, VP Finance Porterville College presented One-Time Spending plans for the three colleges. The one-time plans were directed to be approximately 50% of the last Carryforward calculation that increased reserves. The Committee directed the Colleges to include these 50% plan in their 2024-25 tentative budget, understanding the colleges will show deficit spending for these amounts and thus using reserves to cover it.
- 3. *One-Time Vacation Liability Reduction Plan*** – Mike Giacomini, CFO addressed the current state of the District’s accrued vacation liability. Challenges with turnover and open positions has created a situation where many classified and management employees have maxed out or nearly maxed out their vacation accrual balances. This plan, in conjunction with the efforts of the Chancellor, Vice Chancellors and Presidents to ensure staff take appropriate time off, was acceptable to the Committee.

Kern Community College District
FINANCE & AUDIT COMMITTEE
May 1, 2024 – Written Report to the Board

The KernCCD Board of Trustees Finance and Audit Committee met on April 25th and covered the following topics:

- 1. 2022-23 R1 and Carryforward** – Mike Giacomini, CFO addressed the final carryforward for the 2022-23 year now that the audit and the final R1 for the year are completed. These adjustments resulted in an increase to the carryforward reserves for the district of \$30.9 million. The committee would like to see one-time spending plans for review at the next Finance and Audit Sub-Committee meeting in May to review alongside the Governor’s May revise.

- 2. COP Investment Review** – Mr. David Ivarie from Morgan Stanley Wealth Management discussed the results of the COP portfolio for the quarter ending March 31, 2024. The end of the quarter resulted increased earnings as our portfolio is turning over to higher returning investments. Mr. Giacomini stated the portfolio with anticipated future earnings should be enough to payoff the COP at the earliest payoff date.

Kern Community College District
FINANCE & AUDIT SUB-COMMITTEE
April 16, 2024 - Board of Trustees Notes

Notes from the April 3, 2024 Finance and Audit Sub-Committee meeting:

1. **Review of the COP Investment report as of 12/31/2023** – Mike Giacomini, CFO went over the results of the COP performance for the quarter ended 12/31/2023. He mentioned the income generated along with the principal in the fund is on pace to meet the amount owed at the earliest payoff time in June of 2026.
2. **Update on the State Budget** – Mike Giacomini, CFO went over some of the publications from various sources about the challenges in the State’s revenue streams and the likely impact that is going to have on the 2024-25 budget. However, he did mention that the closeout and subsequent carryover from 2022-23 is favorable and will be presented at the next meeting. He also discussed some of the more significant proposed legislation that will impact Community Colleges’ finances. Of most concern is the bill that would limit the district’s total reserves to two months of expenses.
3. **Update of Enrollment and Financial Aid Challenges** – Todd Coston, Associate Vice Chancellor and Mike Giacomini, CFO gave an update on the challenges the Colleges are having due to the overwhelming volume of bots that are inundating our class rosters. This is creating a large challenge for our students to enroll in the classes they need due to them being full. Additionally, Pell grants have been paid out to some of these bots. However, it is extremely difficult to determine how much is given to these bots. Mr. Giacomini will discuss with our auditor setting up a special reserve should any challenge come back to the district for these funds.
4. **Presentation of the 311Q Financial Report** – Mike Giacomini, CFO discussed the 311Q’s results as of mid-point of our fiscal year. Currently spending is a little behind where we should be based on it being the halfway point in the year. This is very typical of our spending patterns in the past but is also a good indicator that we should not be spending more than we budgeted. Additionally, the report noted the higher reserve levels due to the carryover discussed in item #2.