

Luna Community College
 Tuesday, February 18, 2020
 10:00am – 12:00pm
 VP of Finance Conference Room

BOARD AUDIT & FINANCE COMMITTEE AGENDA

#	ITEMS	PERSON(S)
I.	<p>Determination of Quorum and Call to Order</p> <p>Chair, Maxine Salas called meeting to order at 10:06 am. Board of Trustee Attendees: Chair Maxine Salas, Secretary Louise Portillos, and Trustee Mark Dominguez. Other attendees: Dr. Rolando Rael, Donna Flores-Medina, Francine Martinez and Evelyn Montoya.</p>	Maine Salas
II.	<p>Welcome from the Chair</p> <p>Chair Maxine Salas welcomed the committee members, Secretary Louise Portillos and Trustee Mark Dominguez, Chair Salas officially named the finance committee members as follows: Chair Maxine Salas, Secretary Louis Portillos, Trustee Mark Dominguez, Dr. Rolando Rael ex-officio, Donna Flores-Medina ex-officio, Comptroller Francina Martinez and Evelyn Montoya. Chair Salas distributed a copy of LCC’s Governing Board Audit & Finance Committee protocols to include members, key responsibilities, scope of work and procedure for minute taking and reporting.</p>	Maxine Salas
III.	<p>Adoption of Agenda</p> <p>Secretary Louise Portillos motioned to approved agenda and Trustee Mark Dominguez second the motion.</p>	Maxine Salas
IV.	<p>1) Quarterly Financial Certification Report – I & G Quarterly Report 2) FY20 QTR2 Summary</p> <ul style="list-style-type: none"> • Donna reviewed the quarterly report and pointed out the important things to include the Boards reason for requiring a signature from the Board Chair when it is presented to the Board. The variances within each budget is reviewed by the directors as they look over their budgets and make adjustments if necessary before the final BAR is submitted. • Trustee Dominguez asked who sees and makes the approvals. Donna stated the budget is monitored for balances that may be short and notifies Directors to review and make the necessary adjustments. • Donna stated that LCC has been on Fiscal watch for over 2 years and feels we should be taken off now as our Audits have received a rating of 	Donna Flores

“Unqualified “. Donna would like to keep the process of reporting to the Board as it is currently in place and working well. It is keeping the Board informed on a quarterly basis.

- Donna suggested revisiting the “Fiscal watch” with members of HED.
- Chair Salas said we could submit request/report to HED to get out of Fiscal watch.
- Donna will check with HED to be removed from Fiscal Watch within the next few weeks.
- Trustee Dominguez asked if we could enlarge the CARs reports to make them more legible. We will check with IT to see what they can do with CARs.
- Donna reviewed the CARs financial reports dated as of December 2019.
- Trustee Dominguez asked if Luna had any large grants at this time.
- President responded that we don’t have any federal grants due to being on Show Cause. He asked the Munsell’s who had worked with us on Title V in the past if we would be eligible for grants and they stated we would be wasting our time and money as we are still on probation with HLC.
- Trustee Salas asked if we were eligible for Perkins Grant.....
- President stated that until we are off of show cause, we would most likely not receive any Federal grants.
- Trustee Salas asked what determines the transfers, Donna stated that we carry/fund departments in order to provide outreach services to the Café and others. We also have transfers for Athletics, however they bring in credit hours to offset the funding needs.
- Secretary Portillos Louise addressed the fact that budget for Santa Rosa had not been spent and if that funding could be used. Donna stated after we begin entering the budget, we may need to take from those that are overbudgeted.
- Chair Salas asked how tuition rates were right now. Donna stated there was no increase this last year but it would be beneficial to revisit.
- Donna stated that other institutions charge course fees on their classes.
- President stated if we are unwilling to raise tuition then we should remove student loan program. Students receive more than enough financial aid money to pay their tuition and do not need to take out student loans. This way we would not be penalized for not collecting on those loans.
- Chair Salas asked what other institutions are doing with their fees. Chair Salas asked if someone could look to see what other peer institutions such as -Colorado and Arizona- are collecting when it comes to program fees.
- Secretary Portillos asked if the previous board raised tuition. Mark stated that the discussion did not go too far.
- Chair Salas stated that raising tuition would be discussed at the retreat.

V.	<p>FY19 Audit Report Results</p> <ul style="list-style-type: none"> • Donna handed out the official Audit Report for FY19 to committee members. Chair Salas will give an audit report to Chair Martinez. • Donna presented some of the vital parts of the audit to the committee. She re-stated Luna Community College received a rating of “Unmodified Opinion”- • Other points were reviewed and discussed. Donna also discussed the Foundation finding which has been resolved and the Corporation Report was filed. She stated that she didn’t believe it had been completed for the current fiscal year. • The President gave an update on the Foundation membership. He had reached out nine-9 community members. Current year finding include a lack of By-Laws and policies and procedures. • Donna stated she had given the Foundation a copy of By-Laws that could be reviewed and adopted, however they decided not to approve any until they have all met. The Foundation Board is now complete and has a total of 9 members. 	Donna Flores/Dr. Rolando Rael
VI.	<p>Projections, Revenues, Budget, and Funding:</p> <ol style="list-style-type: none"> 1. <i>Projected Ending Balances (Tab 4)</i> 2. <i>Revenue forecast (Tab 5)</i> 3. <i>Strategic Budgeting (Tab 9)</i> 4. <i>HED FY20 Approved Budget (Tab 10)</i> 5. <i>FY21 State Funding Recommendations (Tab 12)</i> <ul style="list-style-type: none"> • Donna presented and reviewed the Budget and Funding areas. • Strategic financial planning goes hand in hand with department budgeting and enrollment. There are too many employees for the amount of students. Donna stated that she had made a previous recommendation to not fill non critical positions that become vacant in an effort to reduce expenditures. • Donna advised that the look at the data and review the staffing for positions. • Secretary Portillos asked how we can increase enrollment. As discussion continued it was said that staffing will be discussed at the Retreat. • Donna stated “we need to talk about strategies”. • Trustee Dominguez asked if we have a high reserve percentage, will it hurt us to show as much as 5%. • President stated we are required to maintain a minimum reserve of 3% to 5%. President stated the board could put it in their policy to require a reserve or a desired reserve and mandated reserve. Board Policy: Recommended reserve (TO BE LOOKED AT) 3-5% • Comments/Goals to be looked at the RETREAT 	Donna Flores

	<ul style="list-style-type: none"> Donna discussed the revenue forecast she stated that behind this is the actual Strategic Plan. Instruction has declining enrollments which Dr. Patterson is working on the long range plan (to be found at the retreat) <p>This will be based on the Strategic Plan – Financial Plan-Facilities Plan for 3 years.</p>	
VII.	<p>Higher Learning Commission Concerns:</p> <ol style="list-style-type: none"> The Institution continues to operate with financial deficits with no Financial Plan. FY17 & FY18 reported declines in net position of \$400,000 in statement of revenues, expenses, and changes of net position The financial index score appears to be above, but other factors indicate a worsening financial status of operating and overall performance. Long-term financial sustainability <ul style="list-style-type: none"> Fund Balance: How are we going to protect it against over expenditures? Student Revenues – Strategic Plan could look at increasing Revenues will be met as predicted. Recommendation from Finance Committee to Board to begin talking about Tuition Increase and Strategic Plan .Retreat will lay out the plan for the next 5 years. A Tuition increase: Evidence what other institutions are doing....Justification is what we will be doing with that money? A Long Term plan should be that we have matched up Expenditures/Revenues Trustee Dominguez stated that we first want to get the trust of the faculty and staff before we go to the community with increases in tuition. Other things talked about were: review and discussion on Instructors and other staff that are underpaid. What are strategic funds lined up and can they change for example, Double the nursing program, Trades program extension, look at other programs that are working well or not working. Chair Salas: NMHU wants us to teach Developmental Studies. This would and could increase our Dual credit and regular enrollment. ER&R/BR&R – we have been setting aside increasing our funds to start putting some amount into the buildings renewals and replacements. Fiscal 2021-Expenditures exceed Revenue <p>Action items for reducing or bringing Expenditures/Revenue in line</p> <ul style="list-style-type: none"> ➤ Looking at Restructuring Academic Funding ➤ Revenue from Enrollment-Instruction ➤ Horizontal Reductions- ➤ Vertical Reductions: Condensing Depts, re-aligning jobs 	Donna Flores/Dr. Rolando Rael

	<ul style="list-style-type: none"> ➤ Revenue Strategies: Tuition and other types ➤ Our funding is Formula Based: it could change depending on enrollment reporting ➤ Travel: Professional Development needs at this time are ok. We could look at tightening them up when 2 or more are wanting to travel for the same conference. Could we send only one and still get the updates and information or do the 2 or more need to go for CEU's or other. ➤ Travel Cost Saving – attending webinars versus traveling to/from ➤ Marketing our Auditorium- Having Trainings or conferences here ➤ Community Engagement-Look at rentals as community outreach ➤ Trustee Dominguez mentioned that NMHU has outdoor recreation. Donna stated we have Campus Life but we do not charge much fees and we can look into charging for example \$125 per student to partake in all activities we would offer such as Concerts, speaking engagements. ➤ Strategic Reduction in Force: Planned reduction or Realignment <ul style="list-style-type: none"> • Donna mentioned that the Public Service SBDC and AHEC departments do not cost us additional funding....They are fully funded and AHEC give scholarships to our students in the health field. (Nursing/Dental) • Donna stated the BUDGET TIMELINE has begun and reviewed the process as follows: This year everyone was sent their last year's budget for comparison and measurements and new director training was held on February 4, 2020. Proposed Budgets from departments are due March 6, 2020 in preparation for Presentation to the board at the Retreat on March 9th-10th, 2020. HLC reporting is being completed and others are populating their respective reports. 	
VIII.	<p>Budget for FY21</p> <p>The Strategic plan will be part of the Budget Hearings to be held at the Board of Trustees "Retreat" on March 9-10, 2020. At this time all directors and managers who are responsible for a budget will present to the Board of Trustees their strategies and justification for their budget and show how it aligns with Strategic Budgeting and Financial planning.</p>	Donna Flores
IX.	<p>Adjourn : Schedule a Finance committee meetings</p> <p>A finance committee was not scheduled however Chair Salas will call Mrs. Flores-Medina when she would like to schedule another meeting.</p> <p>Trustee Dominguez made a motion to adjourn at 12:01 and second by Secretary Portillos.</p>	Maxine Salas

