

MONITORING REPORT FOR EL-07 Fiduciary Responsibility | Financial Condition and Activity

Board Policy is indicated in bold typeface throughout.

I present this monitoring report to the Columbia Basin College Board of Trustees that addresses the Board's Executive Limitations Policy: "EL-7 Fiduciary Responsibility | Financial Condition and Activity." I certify that the information contained herein is true and represents compliance, within a reasonable interpretation of the established policy, unless specifically stated otherwise below.

Rebekah Woods

Rebekah S. Woods, J.D., Ph.D.
President, Columbia Basin College

October 5, 2021
Date

POLICY STATEMENT: With respect to the Board's actual and continuous fiduciary responsibility, and the College's financial health, the President shall not fail to promote fiscal integrity and shall avoid material deviation from Board approved priorities. Accordingly, the President shall not:

- 1. Expend more funds than have been approved by the Board (via policy decisions) in the fiscal year, unless there has been Board's approval to do otherwise.**

INTERPRETATION: I interpret "shall not expend more funds than have been approved" to mean that expenses for the institution will remain within the revenues in the approved budget. During the annual budget presentation of projected revenues and expenses, we indicate we will return to the board for presentation and approval of an adjusted budget should the projections of revenues or expenses deviate by 10% or more. The Board has approved this process.

Compliance will be demonstrated when expenses and revenues are within 10% of the approved budget.

EVIDENCE: Regular presentation of Operating Funds Variance Reports to the Board demonstrate variances of expenses and revenues to the approved budget. A review of the Operating Funds Variance Reports to the Board over the prior year demonstrate that the College has not expended more funds than have been approved.

Once the college goes live with its new enterprise system, ctclink, in April 2022, we will be creating new reports based on the new system's capabilities. Based on other colleges' experiences from earlier ctclink deployment groups, it is possible we will be without reporting capabilities for a time.

2. Expend more funds than have been received in the fiscal year to date, plus the accumulated Reserve, unless the Board-approved debt guideline is met.

INTERPRETATION: I interpret “shall not expend more funds than have been received” to mean that at no point in the year do expenses exceed revenues. I interpret “Board-approved debt guideline” to be articulated in #3 below: “Incur debt in an amount greater than that which can be repaid by certain and otherwise unencumbered revenues within the current year, nor can be repaid from account specifically established for such purpose.”

Compliance will be demonstrated when revenues are equal or greater than expenses.
Compliance will be demonstrated when expenditures on debt do not exceed the Board approved budget.

EVIDENCE: Regular presentation of Operating Funds Variance Reports to the Board demonstrate variances of expenses and revenues to the approved budget. A review of the Operating Funds Variance Reports to the Board over the prior year demonstrate that the College’s revenues have been equal to or greater than expenses.

Once the college goes live with its new enterprise system, ctLink, in April 2022, we will be creating new reports based on the new system’s capabilities. Based on other colleges’ experiences from earlier ctLink deployment groups, it is possible we will be without reporting capabilities for a time.

3. Incur debt in an amount greater than that which can be repaid by certain and otherwise unencumbered revenues within the current year, nor can be repaid from account specifically established for such purpose.

INTERPRETATION: I interpret “certain and otherwise unencumbered revenues” to be revenue that is not required or committed for payment of other expenses.

Compliance will be demonstrated when expenditures on debt do not exceed the Board approved budget.

EVIDENCE: Finance Statements for this monitoring period (October 2020 to September 2021) confirm that debt expenses are within budget.

Debt Service Budget and Scheduled Payments

FY22 Accounts	Principal-PD	Interest-PE	Total
Budget	\$ 1,708,132		
639-0016 ESPC	\$ 135,000	\$ 38,400	\$ 173,400
639-21-1 SRC	\$ 475,000	\$ 1,053,750	\$ 1,528,750
	\$ 610,000	\$ 1,092,150	\$ 1,702,150

FY21 Accounts	Principal-PD	Interest-PE	Total
Budget	\$ 1,534,732		
639-0016 ESPC	\$ 125,000	\$ 44,275	\$ 169,275
639-21-1 SRC	\$ 310,000	\$ 718,774	\$ 1,028,774
639-0018 ESPC #2	\$ 291,257	\$ 14,563	\$ 305,820
	\$ 726,257	\$ 777,611	\$ 1,503,868

4. Jeopardize fiscal integrity by expending College funds in a manner that will result in a zero nor negative fund balance at the close of the fiscal year.

INTERPRETATION: I interpret “expending College Funds in a manner that will result in a zero nor negative fund balance” to mean the College will not expend more dollars than approved in accordance with the Board’s Reserve Policy to ensure the College ends the fiscal year with a positive fund balance.

Compliance will be demonstrated when the College ends the fiscal year with a positive fund balance.

EVIDENCE: A Cash Balance Report presented to the Board each month documenting the College’s fund balance. A review of the cash balance reports for the prior year demonstrate that the College ended the year with a positive cash balance (\$3,600,028) beyond its dedicated reserves according to the Board’s Reserve Policy for FY21.

Once the college goes live with its new enterprise system, ctclink, in April 2022, we will be creating new reports based on the new system’s capabilities. Based on other colleges’ experiences from earlier ctclink deployment groups, it is possible we will be without reporting capabilities for a time.

5. Fail to settle payroll and debts in a timely manner.

INTERPRETATION: I interpret “timely” to mean paying employees on the 10th and 25th of each month consistent with the official state pay dates. I interpret “debts” to mean a loan to the institution which must be re-paid, rather than regular ongoing operational expenses.

Compliance will be demonstrated when:

- a) Payroll records verify timely payment of employees, and
- b) Report of loan payments have been made according to schedule.

EVIDENCE:

- a) Payroll records will verify that payroll has been processed consistent with the official state pay dates. See chart below.
- b) Debt service report will reflect payments made according to schedule – June and December as required by the State.

FY21 & FY22 Payroll Actuals

Month	Payroll YTD	FY21	FY22
July	07A	\$ 1,778,378	\$ 1,782,121
July	07B	\$ 1,372,568	\$ 1,343,913
August	08A	\$ 1,818,431	\$ 1,781,953
August	08B	\$ 1,374,663	\$ 1,354,823
September	09A	\$ 1,912,601	\$ 1,888,029
September	09B	\$ 1,693,020	\$ -
October	10A	\$ 2,108,622	\$ -
October	10B	\$ 1,632,315	\$ -
November	11A	\$ 2,121,230	\$ -
November	11B	\$ 1,640,973	\$ -
December	12A	\$ 2,098,142	\$ -
December	12B	\$ 1,373,519	\$ -
January	01A	\$ 2,111,499	\$ -
January	01B	\$ 1,698,421	\$ -
February	02A	\$ 2,111,311	\$ -
February	02B	\$ 1,656,032	\$ -
March	03A	\$ 2,114,864	\$ -
March	03B	\$ 1,687,141	\$ -
April	04A	\$ 2,770,381	\$ -
April	04B	\$ 1,713,005	\$ -
May	05A	\$ 2,199,909	\$ -
May	05B	\$ 1,740,882	\$ -
June	06A	\$ 2,225,930	\$ -
June	06B	\$ 1,896,071	\$ -
		\$ 44,849,909	\$ 8,150,839

FY21 COP Debt Expense Actuals	Principal-PD	Interest-PE	Total
PD	\$ 708,720		
PE		\$ 777,611	
		\$ 708,720	\$ 777,611
		\$ 708,720	\$ 1,486,332

6. Allow tax payments or other government-ordered payments or filings to be overdue and inaccurately filed.

INTERPRETATION: I interpret “tax payments” to include source deductions for employee income taxes and state and city required excise taxes. “Other government-ordered payments or filings” include employee source deductions for pensions, workers’ compensation, employment insurance, and associated monthly and annual reports related to these payments. “Overdue” is interpreted to mean paid or filed after the due date. “Inaccurately filed” is interpreted to mean deliberately falsified or containing errors other than minor calculation errors.

Compliance will be demonstrated when:

- a) Statements of accounts from the government agency verify on-time receipts of payments and reports, and
- b) The WA State Auditor’s Office annual audit reports no falsified information uncovered during the audit.

EVIDENCE:

- a) Statements of account from the government agency indicate source deductions have been received on or before due dates (See report included). We have not received any notice of inaccuracies in our filings.



Business Licensing
and Tax.pdf

- b) The [Washington State Auditor's Office annual audit](#) reports no falsified information. See excerpt below from p. 8.

=====AUDITORS’ OPINION ON LATEST REPORT – Pg. 8=====

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Columbia Basin College, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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7. Acquire, encumber nor dispose of real property without Board approval.

INTERPRETATION: I interpret “Acquire, encumber nor dispose of real property without Board approval” to mean that Board approval is required for the afore-mentioned real property transactions.

Compliance will be demonstrated when the Vice President for Administrative Services confirms that there have been no acquisitions, encumbrances, or disposals of land or other real property during the prior twelve months without approval by the Board.

EVIDENCE:

- a) A review of Board agendas for the prior twelve months (October 2020 to September 2021) shows that the following item was brought to the Board on March 8, 2021, for their consideration and was approved. Acquisition of 840 Northgate Drive, Richland, WA for an amount not to exceed \$20,000. This purchase was finalized with the City of Richland on October 4, 2021.
- b) The Vice President for Administrative Services confirms that there have been no other acquisitions, encumbrances, or disposals of land or other real property during the prior twelve months.

8. Fail to aggressively pursue receivables after a reasonable grace period.

INTERPRETATION: I interpret “aggressively pursue” to mean invoices are mailed to those with amounts still owed beyond the final payment deadline for each quarter at 30, 60 and 90 days past the deadline. I interpret a “reasonable grace period” to be 120 days. Balances over \$100 for goods or services provided by the College are forwarded to a collection agency for additional collection efforts after 120 days past due.

Compliance will be demonstrated when there is documentation that the above process has been followed for any receivable outstanding over 120 days and collection procedures outlined in Chapter 85.54.50-55 of OFM’s State Administrative Accounting Manual are followed.

EVIDENCE: Accounts receivable outstanding during the prior year include \$299,480.14 for 1,291 students. The above-referenced process with invoices and reminder letters have been sent to these accounts. Electronic copies are available. Accounts receivable outstanding beyond 120 days can be verified on the Customer GL Aging Report.

This year the college was able to use federal stimulus dollars in the amount of \$254,698 to write off remaining balances for students incurred from fall 2020 through spring 2021.



SAAM
85.54.50-55.pdf

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Student Debt: Debt from Fall 2020 through Summer 2021

- a. Total debt for all 4 quarters is/was \$299,480.14 over 1,291 students.
- b. Table represents 3 quarters from Fall 20 - Spring 21. Summer 21 will be written off 10/16/21 in the amount of \$44,782.00.

Row Labels	Distinct Count of SID	Sum of Bal Due
C012	331	\$ 105,373.96
C013	189	\$ 57,300.21
C014	521	\$ 92,023.97
Grand Total	995	\$ 254,698.14

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9. Fail to provide to the Board, at their designated frequency, reports on the College's current financial condition that will continually enhance the Board's ability to meet its fiduciary responsibility.

INTERPRETATION: I interpret "at their designated frequency, reports on the College's current financial condition" to mean the presentation of Financial Statements on a quarterly basis, Cash Balance report on a monthly basis, Operating Funds Variance Report on a monthly basis except for the months when Financial Statements are presented, and an Unaudited Fiscal Year Income Statement presented annually.

Compliance will be demonstrated when the monthly Board Meeting agendas and packets reflect the schedule and exhibits supporting the above-referenced financial reports.

EVIDENCE: The Board Meeting agendas and packets for the prior twelve months reflect the schedule and exhibits supporting the following financial reports – Quarterly Financial Statements, Monthly Cash Balance Reports, Operating Funds Variance Report in February, March, May, June, August, September, November, and December.

Once the college goes live with its new enterprise system, ctclink, in April 2022, we will be creating new reports based on the new system's capabilities. Based on other colleges' experiences from earlier ctclink deployment groups, it is possible we will be without reporting capabilities for a time.

10. Accept gifts or grants that are not in the best interest of the College, and not obligate the College to make future expenditures using funds other than those created by the gift or grant without Board approval.

INTERPRETATION: I interpret "best interest of the College" to mean the provision of resources (financial or otherwise) that are:

- a) In alignment with the College's Strategic Plan and priorities;
- b) Have a positive cost-to-benefit ratio of the project during the life of the grant, including the internal resources required to support the project, any matching fund requirements, and the percent of the total grant award that is allocated for indirect costs; and
- c) Have positive long-term impacts of the grant award (e.g., impacts on student success, enrollment/revenue increases and ongoing institutionalization costs such as the retaining of grant personnel).

INTERPRETATION: I interpret "obligate the College to make future expenditures using funds other than those created by the gift or grant without Board approval" to mean any grant-funded positions that are required by the grant to be institutionalized after the conclusion of the grant be built into the College's recommended budget proposal and presented for consideration during the regular budget approval process to the Board.

Compliance will be demonstrated when the College has accepted only gifts and grants that:

- a) Are in alignment with the College's Strategic Plan and priorities;
- b) Have a positive cost-to-benefit ratio of the project during the life of the grant, including the internal resources required to support the project, any matching fund requirements, and the percent of the total grant award that is allocated for indirect costs; and

- c) Have positive long-term impacts of the grant award (e.g., impacts on student success, enrollment/revenue increases and ongoing institutionalization costs such as the retaining of grant personnel).

In addition, all grant-funded positions required to be institutionalized after the conclusion of the grant are built into the College's recommended budget proposal and presented for consideration during the regular budget approval process to the Board.

EVIDENCE: Below is included a report of new grants awarded to the College during the prior 12 months (October 2020 to September 2021) and any institutionalization requirements were noted.



Grant Application
Request Form.docx



Grant Summary
Report for EL Monito

11. Fail to maintain an Operating Reserve to a level approved by the Board, to provide for such items as, but not limited to:

- a) **Current Operations Reserve of 2 months operating expenditures consisting of the general operating budget funds**
 - i. **001 State General (appropriation),**
 - ii. **Running Start portion of 145 Grants and Contracts,**
 - iii. **148 Dedicated Local (fees),**
 - iv. **149 Local General (tuition)**
- b) **Emergencies Reserve to provide for unforeseen natural or manmade disasters to support business continuity and recovery actions.**
- c) **Unplanned Capital Repair & Replacement Reserve to cover the largest system or component failure that might occur in or outside the biennial, legislatively funded, capital repair and minor improvement funding. Examples include roofs, HVAC, and electric, water, and sewer systems.**
- d) **Real Estate Debt Reserve to provide funding for real estate acquisition and debt service needs not provided for by State resources.**
- e) **Planned Future Operations Reserve for future new program offerings, which have been recognized by the campus as appropriate and within the educational mission of the College. The Reserve will recognize each specific project and provide an allocated amount for each.**
- f) **Capital Facilities Projects Reserve to provide for capital facility projects not covered by or to supplement State resources.**

The President will not fail to annually recommend to the Board an amount to be set aside to maintain this fund, which is subject to approval by the Board.

INTERPRETATION: I interpret the afore-mentioned policy to mean that the College will set aside financial reserves for each category indicated in the amount approved by the Board during their annual retreat.

Compliance will be demonstrated when:

- a) A review of monthly Cash Balance Reports confirm the amount prescribed in the Board's annual approval amount, and
- b) A review of the August Board Retreat agenda reflects a recommendation by the Administration of the amount to be set aside to maintain the afore-mentioned categories of Operating Reserves.

EVIDENCE: A review of the monthly Board agendas for the monitoring report period (October 2020 – September 2021) reflect the presentation of a Cash Balance Report that confirms the amount prescribed by the Board during their annual retreat. Furthermore, a review of the August 2021 Board Retreat agenda reflects a recommendation by the Administration of the amount to be set aside to maintain the afore-mentioned categories of Operating Reserves.