

# Southwestern Oregon Community College

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Board Clerk: Judith Hansen  
Campus Contact: Deb Nicholls (541) 888-7400, [dnicholls@socc.edu](mailto:dnicholls@socc.edu)

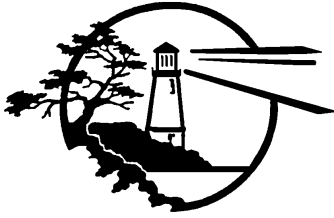
*“Southwestern leads and inspires lifelong learning.”*

## **Board of Education**

### **Special Meeting**

**Thursday, September 18, 2008, 5:00 p.m.**





# Southwestern Oregon Community College

Board Clerk: Judith Hansen  
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*“Southwestern leads and inspires lifelong learning.”*

## Board of Education Meeting – Open Meeting

Tioga Hall, Room 510, 1988 Newmark Ave., Coos Bay, Oregon  
Thursday, September 18, 2008, 5:00 p.m.

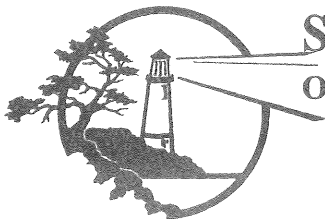
### AGENDA

### *Action Items*

- 1. CALL TO ORDER  
*Chair Anderson*
- 2. AGENDA CHANGES
- 3. NEW BUSINESS
  - A. Financial
    - 1. Fiscal Resolution. #3 A 1
- 4. ADJOURNMENT  
*Chair Anderson*



KEY: **Shaded** Exhibit included in meeting materials  
\* Materials to be distributed at the meeting



**SOUTHWESTERN**

**Oregon Community College**

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September 18, 2008

Dear Board Members,

Please consider the attached resolution for approval. The resolution follows significant analysis through the last two weeks of current and historic college fiscal realities, procedures and practices by our Interim Chief Fiscal Officer, Mike Ionno, working with the Business Office staff.

The recent analysis, which will be presented in totality at the Board Retreat, finds that cash balances in prior years included balances dedicated for capital projects then underway; this likely gave the impression that working capital available for operations was greater than it was in reality.

As we enter another academic year anticipating increased enrollments and programs, the above fiscal reality requires that our vibrant college must begin to tighten our fiscal practices and establish an invested reserve over the next years. The College has responded to the findings by initiating the following measures:

- a. Limiting all college travel to regional sites
- b. Initiating use of Requisitions On Line software
- c. Training for all managers and offices on new report and requisition software
- d. Postponing all new hires
- e. Reviewing all office procedures for additional initiatives that will tighten fiscal practices and procedures
- f. Increasing fiscal expertise and staffing
- g. Reviewing and adjusting current year budget

Please approve the September 18, 2008 Fiscal Resolution for a short-term line of credit and then consider an annual year-long working credit line in January for smoothing cash flow while the College initiates and implements effective fiscal practices and creates a cash reserve that will solidify our fiscal position into the future.

Thank you.

Judith M.L. Hansen, Ph.D.  
President

Exhibit # 3 A 1  
Date September 18, 2008  
Approved YES\_\_\_ NO\_\_\_  
Motion # \_\_\_\_\_

**Southwestern Oregon Community College District  
Board of Education**

Prepared by: Dr. Sheldon Meyer, Vice President of Administrative Services

**ACTION UNDER CONSIDERATION**

Approve establishment of a short-term borrowing agreement with Umpqua Bank to meet working capital needs. This agreement will not exceed \$1,500,000 and will last no longer than 60 days. In order to enter into this credit agreement, the College will pledge the Full Faith and Credit of the College for the transaction and will pledge to repay the short-term loan with general cash flow from college operations, including state revenues.

**DISCUSSION / HISTORY**

The attached cash flow analysis shows a seven-month cash flow with the lowest balance in September and the highest in January for fiscal year 2008-2009. The cash flow analysis concludes that the 60-day line of credit request will provide the working capital necessary to meet all College obligations through January 2009.

**BUDGET IMPACT**

Funds will be available in the General Fund to repay this loan as per the cash projections.

**RECOMMENDATION**

BE IT RESOLVED, the Board of Education of the Southwestern Oregon Community College District authorizes the establishment of a 60-day borrowing agreement with Umpqua Bank in the amount of \$1,500,000.

\_\_\_\_\_  
Lonny Anderson, Board Chair

\_\_\_\_\_  
Judith M.L. Hansen, College President



September 17, 2008

Datatel has compiled the accompanying projections of cash flow for Southwestern Oregon Community College for the period July 1, 2008 through January 31, 2009, and the accompanying assumptions. This compilation is limited to presenting projections and assumptions that are the representation of Southwestern Oregon Community College management.

Datatel has neither audited or reviewed the statements and, accordingly, does not express any form of assurance on them. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Datatel has no responsibility to update this report for events and circumstances occurring after September 17, 2008.

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	2008						2009
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
	Actual	Actual	Projected	Projected	Projected	Projected	Projected
<b>Cash Receipts</b>							
Tuition + Auxiliary	\$493,172.23	\$332,012.07	\$1,013,060.72	\$826,843.76	\$902,212.71	\$630,639.01	\$672,374.16
State Appropriation	0.00	1,982,070.55	0.00	1,982,070.57	0.00	0.00	1,982,070.57
Property Taxes	48,086.69	39,345.14	31,302.79	19,245.44	2,806,134.60	1,273,143.68	160,994.76
Grants and Contracts	95,819.00	258,923.73	478,634.71	640,525.87	677,422.97	485,676.98	376,572.90
Other Revenue	26,784.97	2,212.64	26,283.36	21,452.05	23,407.46	16,361.62	17,444.41
	663,862.89	2,614,564.13	1,549,281.58	3,490,137.69	4,409,177.74	2,405,821.29	3,209,456.80
<b>Cash Disbursements</b>							
Personal Services	990,589.52	812,029.38	908,660.25	1,173,712.48	1,080,875.48	964,992.84	1,103,846.89
Payroll Costs/Benefits	433,313.75	325,951.30	383,980.48	466,135.30	389,503.93	398,804.18	405,573.11
Materials and Supplies	587,560.63	587,763.38	588,360.98	816,631.29	686,059.88	464,661.88	485,727.01
Resale	90,763.91	146,699.03	155,762.92	97,277.73	83,736.17	119,864.87	113,744.98
Other Expenses	82,042.74	6,403.33	12,738.54	250,278.47	127,743.21	57,948.72	452,496.65
Repairs	3,333.26	68,119.96	235,952.19	9,083.39	8,587.22	9,582.36	10,312.84
Equipment	0.00	16,028.16	128,439.08	51,668.94	94,945.26	18,942.32	22,609.40
Site/Facilities	0.00	0.00	47,433.00	12,000.00	12,000.00	12,000.00	12,000.00
Contingencies	0.00	0.00	30,000.00	60,000.00	60,000.00	60,000.00	60,000.00
Debt Service	11,550.53	24,511.07	18,217.52	11,880.10	408,809.41	5,967.42	7,378.13
	2,199,154.34	1,987,505.61	2,509,544.96	2,948,667.70	2,952,260.56	2,112,764.59	2,673,689.01
<b>Monthly Surplus (Deficit)</b>	(1,535,291.45)	627,058.52	(960,263.38)	541,469.99	1,456,917.18	293,056.70	535,767.79
Beginning Cash	1,983,474.63	448,183.18	1,075,241.70	114,978.32	656,448.31	2,113,365.49	2,406,422.19
Ending Cash	448,183.18	1,075,241.70	114,978.32	656,448.31	2,113,365.49	2,406,422.19	2,942,189.98

## Assumptions

### Cash Receipts

Cash receipts for July, 2008 and August, 2008 reflect actual activity. Cash receipts for the remaining months are projected. Cash flows associated with the drawdown and payback of the previous line of credit in August, 2008 have been excluded.

For projected months, Tuition and Auxiliary receipts are projected at 3% above actual receipts for the previous fiscal year which ended June 30, 2008. This is consistent with SWOCC's projected 3% enrollment increase for the new academic year. State Appropriations are shown at actual amounts SWOCC is scheduled to receive. Property Taxes, Grants and Contracts, and Other Revenue are projected at 1% above prior year amounts.

Receipt of State Appropriations is shown in the actual months payments are received. The timing of other receipts is based on the fiscal year 2008 monthly percentages compared to annual receipts by receipt type.

### Cash Disbursements

Cash disbursements for July, 2008 and August, 2008 reflect actual activity. Cash disbursements for the remaining months are projected. Disbursements exclude identified non-cash expenses in the fiscal year 2009 budget including depreciation and College scholarships and waivers.

*Personnel Service and Related Payroll Costs and Benefits* were calculated at 100% of the amounts shown in the fiscal year 2009 adopted budget allocated by month based on fiscal year 2008 monthly percentages compared to total expenditures for payroll costs in 2008. These costs do not reflect any increases that may occur as a result of employee bargaining currently underway.

*Non-salary expenditures* exclusive of site work, contingencies and debt service were calculated at 100% of actual expenditures for fiscal year 2008 for the Special Projects Fund (grants and contracts). Other Non-salary expenditures, of which general fund expenditures are the largest component, were calculated at 90% of the fiscal year 2009 adopted budget. These expenditures have been allocated by month based on fiscal year 2008 monthly percentages compared to total expenditures for non-salary expenditures in 2008.

*Site and Facility* disbursements consist primarily of preliminary expenditures in support of the Curry Campus building project. Projected expenditures for September are inclusive of actual invoices already received. October through January amounts represent estimates of Management for architectural fees.

*Contingencies* have been estimated by Management at \$60,000 per month with the exception of September where the estimate is \$30,000 per month.

*Debt Service* amounts are based on scheduled debt service (both principal and interest) for fiscal year 2009 allocated by month based on fiscal year 2008 monthly percentages compared to total expenditures for debt service in 2008.