

Meeting of the San Bernardino Community College District Board of Trustees
Study Session (Bond Training) Agenda
District Board Room
February 22, 2018 – 12:00 p.m.

1. CALL TO ORDER – PLEDGE OF ALLEGIANCE

2. PUBLIC COMMENTS ON AGENDA ITEMS

The San Bernardino Community College Board of Trustees offers an opportunity for the public to address the Board on any agenda item prior to or during the Board's consideration of that item. Matters not appearing on the agenda will be heard after the board has heard all action agenda items. Comments must be limited to five (5) minutes per speaker and twenty (20) minutes per topic if there is more than one speaker. At the conclusion of public comment, the Board may ask staff to review a matter or may ask that a matter be put on a future agenda. As a matter of law, members of the Board may not discuss or take action on matters raised during public comment unless the matters are properly noticed for discussion or action in Open Session. Anyone who requires a disability-related modification or accommodation in order to participate in the public meeting should contact the Chancellor's Office at (909) 382-4091 as far in advance of the Board meeting as possible. If you wish to address the Board, please fill out a public comment form and give it to the secretary PRIOR to the start of the meeting.

3. ACTION

- a. Consideration of Final Approval of the Prioritized Board Directives for the 2018-19 General Fund Budget (p2)
- b. Consideration of Approval to Adopt a Resolution to Apply for Fiscal Independence and a Resolution to Designate a District Disbursing Officer (p6)

4. BOND TRAINING

5. PRESENTATION

Reg Javier, San Bernardino County Economic Development Department

<http://sbcounty.maps.arcgis.com/apps/Cascade/index.html?appid=16455652fe4e41d69dcee7538143631>

6. PUBLIC COMMENT ON NON-AGENDA ITEMS

This is an opportunity for members of the public to address the Board concerning non-agenda items.

7. ADJOURN

The next meeting of the Board: Business Meeting at SBVC B100, March 8, 2018, at 4pm.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

TO: Board of Trustees
FROM: Bruce Baron, Chancellor
REVIEWED BY: Jose F. Torres, Vice Chancellor, Business & Fiscal Services
PREPARED BY: Jose F. Torres, Vice Chancellor, Business & Fiscal Services
DATE: February 22, 2018
SUBJECT: Consideration of Final Approval of the Prioritized Board Directives for the 2018-19 General Fund Budget

RECOMMENDATION

It is recommended that the Board of Trustees grant final approval of the attached Board Directives for the 2018-19 General Fund budget.

OVERVIEW

District Administrative Procedure 6200, Budget Preparation, calls for the Board of Trustees to give initial direction concerning the distribution of resources for the 2018-19 budget prior to March 1, 2018. This includes setting the level of contingencies and other reserves, making any changes in the District's mission, and determining the amount of resources available in the District for allocation to the colleges.

ANALYSIS

The attached directives were accepted by the Board of Trustees for a first read on February 8, 2018 and further discussed at the February 17 Board retreat. They are now being submitted for final approval.

INSTITUTIONAL VALUES

III. Resource Management for Efficiency, Effectiveness, and Excellence

FINANCIAL IMPLICATIONS

This board item has no financial implications.

Prioritized Board Directives for the 2018-19 General Fund Budget¹

(To be submitted for final approval on February 22, 2018.)

- 1) Balance the 2018-19 budget without the use of the Fund Balance.
- 2) As adopted in the District Strategic Plan, allocate funding through the resource allocation model to pursue improvement in:
 - a) Student Success by continuing funding for student success programs at both colleges; and
 - b) Student Access by increasing effective and targeted funding for outreach.
- 3) Maintain a fund balance range of 12-15% in the Unrestricted General Fund (state minimum is 5%), unless fund balance is utilized for specially identified *one-time*² needs as authorized by the Board of Trustees.
- 4) Allocate funding through the resource allocation model to provide for safe, energy efficient and well-maintained facilities that contribute to student success.
- 5) Funding for any new positions must be approved through the process of program review or any other prioritization process as established at the colleges and district offices.
- 6) Replace all faculty retirements to meet Fifty Percent Law requirement.
- 7) Honor collective bargaining agreements.

¹ For purposes of this document, *General Fund* refers to both restricted and unrestricted.

² *One-time* is defined as an expenditure that has no ongoing commitment. While one-time needs may be repeated in future years, the nature of the expenditure must conform to the definition.

**Prioritized Board Directives for the 2017-18
2018-19 General Fund Budget¹**
(To be submitted for final approval February 22, 2018.)
-(Approved February 9, 2017)

- 1) Balance the ~~2017-18~~2018-19 budget without the use of the Fund Balance ~~with the exception of expenses related to the 2017 Early Retirement Incentive Plan and bargaining agreements.~~
- 2) As adopted in the District Strategic Plan, allocate funding through the resource allocation model to pursue improvement in ~~a) student success, by continuing funding for student success programs at both colleges; and b) student access, including growth at SBVC to maintain at least 10,500 FTES and continuing growth at CHC to reach 5,000 FTES.:~~
 - a) Student Success by continuing funding for student success programs at both colleges; and
 - b) Student Access by increasing **effective and targeted** funding for outreach.
- 3) Maintain a ~~minimum Fund Balance level~~fund balance range of ~~12%–15% in the Unrestricted General Fund~~ (state minimum is 5%), unless fund balance is utilized for specially identified “~~one-time~~”² needs as authorized by the Board of Trustees.
- ~~4) — Develop strategy to increase availability of funds to support the new facilities and student support services at both colleges.~~
- 4) ~~5)~~ Allocate funding through the resource allocation model to provide for safe, energy efficient, ~~clean,~~ and well-maintained facilities that contribute to student success.
- ~~6) — As funding becomes available, replenish the Fund Balance level to 15% within the next two years from one-time state funding.~~
- 5) ~~7)~~ Funding for any new positions must be approved through the process of program review or any other prioritization process as established at the colleges and district offices.
- 6) ~~8)~~ Replace all faculty retirements to meet Fifty Percent Law requirement.
- ~~9) —~~
- ~~10) — Continue toward the sustainability of KVCR.~~
- 7) Honor collective bargaining agreements.

¹For purposes of this document, General Fund refers to both restricted and unrestricted.

²One-time is defined as an expenditure that has no ongoing commitment. While “one-time” needs may be repeated in future years, the nature of the expenditure must conform to the definition.

Prioritized Board Directives for the 2017-18 Budget *(Approved February 9, 2017)*

- 1) Balance the 2017-18 budget without the use of the Fund Balance with the exception of expenses related to the 2017 Early Retirement Incentive Plan and bargaining agreements.
- 2) As adopted in the District Strategic Plan, allocate funding through the resource allocation model to pursue improvement in a) student success, by continuing funding for student success programs at both colleges; and b) student access, including growth at SBVC to maintain at least 10,500 FTES and continuing growth at CHC to reach 5,000 FTES.
- 3) Maintain a minimum Fund Balance level of 12% (state minimum is 5%), unless Fund Balance is utilized for specially identified “one-time” needs as authorized by the Board of Trustees. *(“One-time” is defined as an expenditure that has no ongoing commitment. While “one-time” needs may be repeated in future years, the nature of the expenditure must conform to the definition.)*
- 4) Develop strategy to increase availability of funds to support the new facilities and student support services at both colleges.
- 5) Allocate funding through the resource allocation model to provide for safe, energy efficient, clean, and well-maintained facilities that contribute to student success.
- 6) As funding becomes available, replenish the Fund Balance level to 15% within the next two years from one-time state funding.
- 7) Funding for any new positions must be approved through the process of program review or any other prioritization process as established at the colleges and district offices.
- 8) Replace all faculty retirements to meet Fifty Percent Law requirement.
- 9) Honor collective bargaining agreements.
- 10) Continue toward the sustainability of KVCR.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

TO: Board of Trustees
FROM: Bruce Baron, Chancellor
REVIEWED BY: Jose F. Torres, Vice Chancellor, Business & Fiscal Service
PREPARED BY: David James, Director, Internal Audit & Advisory Services
DATE: February 22, 2018
SUBJECT: Consideration of Approval to Adopt a Resolution to Apply for Fiscal Independence and a Resolution to Designate a District Disbursing Officer

RECOMMENDATION

It is recommended that the Board of Trustees adopt a resolution to apply for fiscal independence and a resolution to designate a District Disbursing Officer.

OVERVIEW

Education Code §85266.5 authorizes the governing board of a community college district to apply for fiscal independence, which would allow a District Disbursing Officer designated by the governing board to issue warrants without review or approval of the County Superintendent of Schools or the County Auditor. Fiscal independence is granted by the Board of Governors, based largely on recommendation from the community college district's applicable county office and results of an independent certified public accountant survey of the district's accounting controls.

ANALYSIS

Achieving fiscal independence would allow SBCCD to implement its new integrated management information system without the need for extensive and cumbersome interface with County finance and payroll systems. It would also maximize the colleges' ability to obtain accurate and timely information, monitor their budgets, analyze current financial data, and ensure sound financial decision-making.

If granted by the Board of Governors, fiscal independence would require the District to assume the majority of responsibilities previously performed by the County for fiscal, budget, human resources/payroll, and financial management systems processing. In addition, the District would take on oversight of the internal audit function for the issuance of payroll and commercial warrants. The County would retain only high-level oversight of the District.

The anticipated timeline to achieve fiscal independence is as follows:

| | |
|-----------------------------------|---|
| February 2018 | <ul style="list-style-type: none">▪ Present resolution and application for fiscal independence.▪ Present resolution to appoint a District Disbursing Officer.▪ File resolution and application for fiscal independence with the County. |
| May 2018 | <ul style="list-style-type: none">▪ Present a resolution to bond the designated District Disbursing Officer.▪ Approve audit services contract for the performance of the required audit survey. |
| October/ November 2018 | Undergo audit survey. |
| December 2018 | The County to approve the application for fiscal independence. |
| January 2019 | The Board of Governors to decide whether to grant fiscal independence. |
| July 1, 2019 | Effective date on which SBCCD may issue warrants if fiscal independence is granted. |

BOARD IMPERATIVE

III. Resource Management for Efficiency, Effectiveness, and Excellence

FINANCIAL IMPLICATIONS

Fiscal independence will be included in the fiscal year 2018-2019 budget.

**San Bernardino Community College District
Resolution to Apply for Fiscal Independence Pursuant To Education Code Section 85266.5**

ON MOTION of Member _____, seconded by Member _____, the following resolution is hereby adopted:

WHEREAS Education Code section 85266.5 authorizes the Board of Trustees of a community college district to apply for fiscal independence and;

WHEREAS the Board of Trustees of San Bernardino Community College District has reviewed the California Community College Accounting Advisory for Fiscal Independence, and is satisfied that the District can meet the provisions of section 85266.5 and desires to become fiscally independent and;

WHEREAS the California Community Colleges' Board of Governors grants fiscal independence and its decision is based largely on the recommendation from the applicable county officers and the results of an independent certified public accountant survey of the district's accounting controls.

THEREFORE, BE IT RESOLVED that the Board of Trustees hereby adopts this resolution and the application for fiscal independence in Appendix A, pursuant to Education Code Section 85266.5, and requests accountability to issue all warrants (both salary and commercial), except debt service, of the District by a person designated as the District Disbursing Officer, to those entitled thereto, which payments have been examined, allowed, and ordered paid by the Board of Trustees.

BE IT FURTHER RESOLVED that the Board of Trustees directs that this resolution and application be submitted to the office of the County Superintendent of Schools and the California Community Colleges' Chancellor's Office to request fiscal independence status.

BE IT FURTHER RESOLVED that the Board of Trustees understands the District is to pay all costs pertaining to the audit of accounting controls arranged by the office of the County Superintendent of Schools and that the Board of Trustees agrees to provide all data and assistance as required by the County Superintendent of Schools during the course of the audit.

BE IT FURTHER RESOLVED, that if fiscal independence is approved, the Board of Trustees assumes complete responsibility for the legality of, proper accounting of, and compliance with budgetary restrictions of warrants issued by the District; and that the Board of Trustees is to provide for the independence of the Disbursing Officer, to include access to legal counsel; and that the Board is still required to file timely and accurate reports with County officers; and that charges may be required for services provided to the District by County officers; and that the Board is required to pay all penalties and/or assessments resulting from late or inaccurate retirement reporting.

PASSED and ADOPTED this 22nd day of February, 2018 by the following vote:

AYES: _____
NOES: _____
ABSTENTIONS: _____
ABSENT: _____

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

I, Bruce Baron, Secretary of the governing board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution passed and adopted by the Board at a regularly called and conducted meeting held on said date.

WITNESSED my hand this _____ day of _____, 20_____.

_____ Secretary of the Governing Board

San Bernardino Community College District
Resolution to Apply for Fiscal Independence Pursuant To Education Code Section 85266.5
February 22, 2018

Appendix A: California Community Colleges District
Application for Fiscal Independence

To: Mr. Ted Alejandre, County Superintendent
San Bernardino County Superintendent of Schools

Mr. Eloy Ortiz Oakley, Chancellor
California Community Colleges Chancellor's Office

The San Bernardino Community College School District (the District) hereby applies for fiscal independence in issuing its own warrants under the provision of Education Code Section 85266.5. The District Chancellor and Vice Chancellor of Business & Fiscal Services acknowledge that fiscal independence for the District is predicated on the continuing adherence to the following Board of Governors standards:

Standard 1: Adequate Fund Balances: The District has avoided deficit balances in its governmental funds and has maintained a prudent reserve in its unrestricted general fund over the preceding five fiscal years.

Standard 2: Statute and Governing Board: The District makes only lawful and appropriate expenditures in carrying out the programs authorized by statute and by the governing board.

Standard 3: Adequate Internal Controls: The staff of the accounting, budgeting, contracts, management information systems, internal audits, human resources, and procurement departments are adequate in numbers and skill level to conduct administrative programs independent of detailed review by the county office of education and to provide an internal audit function that assures adequate internal controls.

Standard 4: Legality and Propriety of Transactions: The staff of the accounting, budgeting, contracts, management information systems, internal audits, human resources, and procurement departments exercise independent judgement to assure the legality and propriety of transactions.

Joseph Williams
President, Board of Trustees
San Bernardino Community College District

Bruce Baron
Chancellor
San Bernardino Community College District

Date

Date

Jose Torres
Vice Chancellor, Business & Fiscal Services
San Bernardino Community College District

David James
Director, Internal Audit & Advisory Services
San Bernardino Community College District

Date

Date

**San Bernardino Community College District
Resolution to Designate a Disbursing Officer
February 22, 2018**

ON MOTION of Member _____, seconded by Member _____, the following resolution is hereby adopted:

WHEREAS the governing board of San Bernardino Community College District is applying for fiscal independence as permitted by Education Code section 85266.5, and is requesting accountability to issue all warrants, except debt service, of the District and;

WHEREAS Education Code section 85266.5 requires that the governing board designate a District Disbursing Officer who shall have the authority to issue warrants of the District.

WHEREAS the governing board has reviewed the California Community College Accounting Advisory for Fiscal Independence, and acknowledges that the person designated as the District Disbursing Officer shall be independent from operational responsibilities which would subject him/her to political influence and create an inherent conflict of interest.

THEREFORE BE IT RESOLVED that the Board of Trustees hereby adopts this resolution, and designates the Director of Fiscal Services as the District Disbursing Officer, and thereby assigns the responsibilities and duties listed in Appendix A to the District Disbursing Officer.

BE IT FURTHER RESOLVED that the District Disbursing Officer shall maintain a significant degree of independence in the process of approving or disapproving warrants.

BE IT FURTHER RESOLVED that the District Disbursing Officer shall be authorized to independently seek legal counsel when questions arise regarding the propriety of District expenditures within his/her disbursing authority, and shall be authorized to follow the advice of legal counsel.

PASSED and **ADOPTED** this 22nd day of February, 2018 by the following vote:

AYES: _____
NOES: _____
ABSTENTIONS: _____
ABSENT: _____

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)

I, Bruce Baron, Secretary of the governing board, do hereby certify that the foregoing is a full, true, and correct copy of a resolution passed and adopted by the Board at a regularly called and conducted meeting held on said date.

WITNESSED my hand this _____ day of _____, 20_____.

_____ Secretary of the Governing Board

**San Bernardino Community College District
Resolution to Designate a Disbursing Officer
February 22, 2018**

Appendix A: Responsibilities & Duties of the District Disbursing Officer

It shall be the responsibility of the governing board to approve expenditures and the responsibility of the District Disbursing Officer to issue warrants. The District Disbursing Officer assumes the statutory responsibilities of both the County Superintendent of Schools and the County Auditor-Controller for the pre-audit function of all claims against the District. As such, the person designated as the District Disbursing Officer must be sufficiently independent from responsibilities which would subject him/her to political influence and create an inherent conflict of interest. The District Disbursing Officer shall report to the Vice Chancellor for Fiscal & Business Services. Detailed responsibilities and duties of the designated District Disbursing Officer, or designee, to include the following.

- Have independent access to the governing board, chancellor, and legal counsel, and independent authority to disapprove purchases where legal or operational deficiencies exist.
- Be covered by a fidelity bond in an amount fixed by the governing board.
- Issue warrants in accordance with procedures prescribed by the San Bernardino County Superintendent of Schools.
- Maintain adequate documentation and required reporting interface with the County Superintendent of Schools.
- Ensure the legality and accuracy related to all warrants issued.
- Determine that funds are available to cover payment of claims.
- Determine that adequate documentation exists to substantiate the appropriateness and authenticity of financial transactions.
- Determine that there has been compliance with budgetary, legal, procedural and specially-funded programs requirements.
- Maintain a record of all transactions reviewed, together with notations regarding rejected warrant requests.
- Ensure organizational independence between operating, custodian, accounting and internal auditing departments.
- Ensure that the separation of duties is properly controlled.
- Ensure a degree of independence of the District Disbursing Officer from other management positions sufficient to maintain positive integrity of responsibilities.
- Ensure controls between the Purchasing and Accounts Payable Departments.
- Ensure controls between the Human Resources and Payroll Departments.
- Ensure the control of warrants and signatures.
- Ensure the adherence to governing board policies and regulations.
- Provide financial information to the governing board.
- Ensure budget controls and procedures are in accordance with good business and management practices.
- Prepare financial statements and cost analysis reports.
- Ensure that retirement reports are accurate and meet all requirements specified for STRS, PERS, Social Security, and Medicare.
- Monitor the integrity of the encumbrance process.
- Monitor the integrity of the accounting procedures and internal control systems.
- Coordinate internal and external auditing activities.
- Ensure that there are adequate audit trails through operational data processing systems.
- Review and interpret legislation as it relates to the collection and disbursement of funds.
- Prepare or coordinate the preparation of written reports and corrective action plans for audit findings and recommendations: (1) Internal Audit, (2) Reply to Certified Annual Audit Reports.

**San Bernardino Community College District
Resolution to Designate a Disbursing Officer
February 22, 2018**

- Audit Revolving Cash Funds and bank accounts.
- Review the annual closing and re-opening of the book-of-accounts for compliance with State accounting requirements.
- Review the preparation of State and federal reports.
- Issue duplicate warrants.
- Detect, account for, and recover monies lost due to forged warrants.
- Process garnishments and tax liens against employees and/or vendors.