



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
H. Martin Lancaster, President

February 1, 2001

URGENT!
Response Requested
DEADLINE: February 9, 2001

MEMORANDUM

TO: Chief Business Officials

FROM: Kennon D. Briggs, Vice President
Business and Finance

Philip V. Albano, Director
Administrative & Facility Services

SUBJECT: Revised Cash Flow Projections

We have incorporated the revised cash flow projections that most of the colleges submitted this month into our master cash flow spreadsheet. The results are a dramatic improvement over the first projections, but we are still a long way from having enough bond funds to meet all of the colleges' requests. Our shortfall of state bond funds is now \$27 million in year three (2002-03) and \$36 million in year four (2003-04). Accordingly, the State Board of Community Colleges (State Board), at their January meeting, approved a committee to review the colleges' cash flow projections and recommend a methodology to allocate the limited amount of bond funds to the "over abundance of requests" in the first four years. **Any methodology will ultimately require the committee to defer some college's projects to later years in order for the system to stay within the funds available.**

This committee will be composed of three members from the State Board (Mr. James Woody, Mr. Herbert Watkins, and Mr. Thomas King), three presidents to be selected by the President of the North Carolina Association of

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Community College Presidents (Presidents' Association), and three members to be selected by the President of the North Carolina Association of Community College Trustees. In light of this action by the State Board, the Presidents' Association, at their meeting on January 25, requested that we again send each college their individual cash flow spreadsheets. This would allow the presidents another opportunity to revise their projections, voluntarily shift projects to later years, or provide some alternative source of temporary funding. The committee's first meeting will be held February 2, 2001, at which time we will present our latest data including the colleges that have managed to keep their requests within the bond funds available to them in each of the six years.

Questions were raised at the Presidents' meeting as to methods of alternative funding. One example would be if a college was to "borrow" money from the county, college foundation, etc., to pay for the design and construction before the bond funds became available, the college could pay the lender back (without interest) with the bond funds when they became available in later years. This method assumes that the expenditures were made after November 7, 2000, and the project had been approved by the State Board. Another method for projects that had both state bond funds and non-state funds would be to use non-state funds first and the state bond funds towards the end of the project. If you have situations like this, please contact Mr. Philip Albano so he can enter the data and manipulate the spreadsheet.

Attached is an Excel workbook with three helpful worksheets that are linked together:

- "Cash flow," the first worksheet, shows the month-by-month cash flow projections for your college. This is the spreadsheet in which you can adjust the dollar amounts and starting dates. Any adjustments made to this worksheet will simultaneously adjust three of the other spreadsheets. This will immediately allow you to see the affect of your changes.
- "Table," the second worksheet, shows the cash flow by quarter and by year.
- "Cash flow comparison," the fifth worksheet, shows a comparison of your college's annual request for bond funds compared to the bond funds that are available to your college. The last three columns in each bond year show an **accumulative** summary of the bond funds requested, the **accumulative** percentage of the bond funds requested, and the **accumulative** bond funds available. By reviewing these three columns, you can determine whether your accumulative requests are within the funds available.

We ask that you review these spreadsheets carefully to see if we correctly interpreted your latest revisions. If you find a discrepancy, please contact Ms. Dee Burns. If you want to make changes to your entries, please follow the procedures in the following section labeled "Instructions for Making Changes." If you are satisfied with your cash flow projections, please send an e-mail to Mr. Ron Mason (masonr.ncccs.cc.nc.us) indicating your acceptance.

If you have any questions about this material, please contact us.

PVA/a

Attachments

pc: Mr. James J. Woody
Mr. H. Martin Lancaster
Presidents

Please Scroll Down for "Instructions for Making Changes"

INSTRUCTIONS FOR MAKING CHANGES

Attached is a Microsoft Excel 97 workbook with your college's name. You should save this workbook to an Excel file. Then, once it is saved, open it, and work in that file. This workbook contains five worksheets. **You will only make entries in the first worksheet entitled "cash flow."** The worksheet "Lookup" is a table of data that is necessary for the formula to operate and should not be changed. If you make changes to "cash flow," the remaining three worksheets will simultaneously be changed. The cash flow spreadsheet is very long with approximately 108 columns. Columns "H" through "M" are no longer pertinent and are hidden. If you print the spreadsheet landscaped and on legal size paper, it will be about 6 pages long.

Please bear in mind that this spreadsheet is designed to serve many different types of projects and situations and, therefore, may not serve your needs exactly. **The design and construction times from the "Estimated Times and Design Costs Schedule" will be the times used in the spreadsheet except in a very unusual, but realistic set of circumstances.**

You should first carefully review each project for your college to determine if we accurately interpreted the latest information that you reported in January. Then you should determine how you are going to adjust your projects to make your cash flow requirements in-line with the funds available annually or accumulatively to your college.

WHAT WE NEED

If you want us to make changes, please submit a list of the projects that you want changed and tell us what changes you would like made to the data we are showing for your projects. For example:

- If you need to move the date for starting the design of a normal construction project or large R&R project, you would tell us the new design start date. We will enter the new design start date into our master spreadsheet and the formula will spread the funds **as specified in the "Estimated Times and Design Costs Schedule."**
- If you need to change the beginning and/or ending date of a bundled or small project, you would tell us the new date(s). We would enter the new dates into our master spreadsheet and the formula would spread the funds equally over the specified time period.
- If the design/other costs or the construction costs are not accurate, tell us what would be the more correct figures.
- If you need to split a project into two or more projects, you will need to provide us with all the basic information about both projects. We will need the project name, fund mix, design starting dates, completion dates (only if

it is a small/bundled project), whether it will go to the State Construction Office for review, and any other pertinent information that will help us to spread out the funds month-by-month.

USING THE SPREADSHEET

This section is provided as a convenience only. It is not necessary for you to enter data into this spreadsheet. Using the spreadsheet allows you to make changes directly into the spreadsheet and the formulas will automatically adjust the spread. This will enable you to see the immediate effect of your actions on your total funds. For example:

- You may manually change the “Design/Other Fees” (Column P), and the “Const. Cost” (Column Q) will automatically change. If you manually change the “Const. Cost” (Column Q) amount, you will have to manually change the “Design/Other Fees” (Column P). When entering currency amounts, do not enter dollar signs. If there will be no design costs, you can show “0”.
- The “Design Start Date” (Column S) is the date when you will begin to advertise for a designer. You may change the “Design Start Date” (Column S), but you **cannot enter a date earlier than 9-1-00**. If you advertised before this date, manually enter 9-1-00 and manually adjust the “Const. Start Date” (Column T) for a shorter design time to compensate for the design period which has elapsed.
- **Notes:**
 - **When entering dates, enter m-d-yr (e.g., 9-1-00).**
 - **Always show the day of the month as 1.**
 - **There must be at least one month between the “Design Start Date” and the “Const. Start Date.”**
 - **An example of a twelve-month period would be 01-01-01 to 01-01-02.**
 - **Do not make any changes to any columns after column U. The formula will do this.**
 - **If in columns O through U (Land Costs through Completion Date) your spreadsheet shows any dates or dollars in “pink,” this indicates that these entries were manually keyed to accommodate your projects.**
- The formula used for **some** of the smaller projects or bundled R&R projects distributes both the design and construction funds in **equal installments** monthly during the time period you specified. **Where we used this formula, the funds distributed in the monthly spread portion (columns Y - CZ) are shown in “pink.”** You may move this spread by changing the “Design Start Date,” “Const. Start Date,” and/or the “Completion Date. Again, follow the same general guidelines as above.
- If you need to create a new row to spread the funds in **equal installments**, you will need to enter a formula. The basic formula is:

=IF((\$T5>Y\$2),0,IF((Y\$2>=EDATE(\$T5,\$W5)),0,ROUND((\$P5+\$Q5)/\$W5,0)))

If you use this formula, you would replace the number “5” in all places with the number of the new row in the spreadsheet.

- Where land is being acquired, show the purchase price in “Land Bonds” (Column O) and the month that you will need the money in “Land Date” (Column R). The formula puts the purchase price in the month you specify.

Again, **we need your list of changes**, but you do not have to send the spreadsheet back to us. Please send us your list of changes along with your spreadsheet (if you choose to submit the spreadsheet). Please e-mail this information to Mr. Ron Mason at masonr.ncccs.cc.nc.us. By having both your list and the spreadsheet, it may help to reduce the amount of errors that we may make in transposing your data. If you are satisfied with your cash flow projections, please send an e-mail to Mr. Mason indicating your acceptance.