

IMPERIAL VALLEY COLLEGE
Budget and Fiscal Planning Committee
Tuesday, August 5, 2014, 3:30 p.m.

Accreditation Standard III: Financial Resources -- Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning.

Mission: Coordinate and integrate college plans and establish budget priorities consistent with the college's vision and mission statements, with recommendations, expressed in dollars, made to the Superintendent/President. Review the Tentative and Adopted budgets for consistency with annual institutional goals and objectives, college plans, and the planning and budget philosophy.

Minutes

√ Members present:

Recorder: Mary Carter

√ **John Lau, VP for Business Services, Co-Chair**

_ **Kevin White, Academic Senate Rep., Co-Chair**

√ Dr. Nick Akinkuoye, Admin. Rep.

√ Carlos Fletes, Director of Fiscal Services

_ Dr. Martha Garcia, College Council Rep.

_ Jeff Cantwell, Classified Manager/Confidential Rep.

√ Michael Heumann, Faculty Representative

√ Mike Nicholas, Classified Representative

_ Dave Drury, Faculty Representative

_ Matthew Thale, Classified Representative

_ ASG Representative

√ Melody Chronister, Classified Alternate

Visitors: Eric Lehtonen, Tina Aguirre, Bill Gay, Sylvia Murray, Trinidad Arguelles, Brian McNeece, Efrain Silva

- A. Call to Order: The regular meeting of the Budget and Fiscal Planning Committee was called to order by co-chair John Lau at 3:35 p.m. on Tuesday, August 5, 2014. The meeting was held in the board room.
- B. Review and Approval of Minutes:
 - a. ***M/S/C Fletes/Heumann to approve the minutes of the June 24, 2014 meeting as presented.***
- C. Reports: none
- D. Update on Previous Discussion Items
 - a. 2014-15 Budget Update/Planning for Financial Stability:

VP Lau reported that he would be proposing the following two options to the Board of Trustees at a special board meeting/budget workshop to be held August 6, 2014:

Option 1		Option 2	
Budgeted Revenue	\$36,576,119	Budgeted Revenue	\$36,576,119
Budgeted Expenditures	\$37,432,877	Budgeted Expenditures	\$37,432,877
Deficit	(\$856,758)	<i>Less portion of COP Payment</i>	(\$600,000)
		Revised Expenditures	\$36,832,877
		Deficit (<i>amount needed to balance</i>)	(\$256,758)
Reserves		Reserves	
Beginning balance	\$2,400,000	Beginning balance	\$2,400,000
Deficit	(\$856,758)	<i>COP Payment (partial)</i>	(\$600,000)
Ending Reserve	\$1,543,242	Ending Reserve	\$1,800,000
Reserve Percentage	4.12%	Reserve Percentage	4.89%

VP Lau reported that there is a final payment of \$700,000 for Certificates of Participation in FY 2014-15. If the District were to include this payment in the operations budgets, the total deficit would be \$856,758. Treating a portion of the COP payment as a one-time expense would lessen the amount needed to balance the operations budget. Option 2 proposes paying \$600,000 from reserves. A budget reduction of \$256,758 between the four vice presidents and the Superintendent/President's areas is more achievable than \$856,758. However, the reserve level would fall below 5%. The College would have to explain the use of reserves in its follow-up report to ACCJC.

Discussion: It was the consensus of the committee to recommend that the reserve level not fall below 5%. VP Lau will update Option 2 to include a budget reduction amount that would maintain a 5% reserve.

Additional comments:

What about funding OPEB? Per VP Lau, there would have to be a one year delay in funding OPEB due to the significant expense of the COP final payment. The college could also decide to make a contribution to OPEB directly from the operations budget. It was also suggested that the money no longer needed for COP payments and retirement incentives could be used for funding OPEB in future years.

Concern about variances between 2013-14 actual and 2014-15 budgeted amounts: Director Fletes stated that the report referred to (generated 6/2/14) did not contain a full year of expense. He will provide an updated report based on 12 months.

Update on categorical issue? Per VP Lau, funding for categoricals will be discussed at the August 6, 2014 Board workshop.

50% rule status? Director Fletes reported that the College is slightly better than last year with the 50% rule calculation.

VP Lau stated that the college needs to be looking ahead at other pressure points on the budget: increasing retirement contributions, increasing health insurance costs and AB 86.

State Budget update: Director Fletes reported that the State is restoring 240 FTES that were reduced in 2011-12, and there is still 2.75% growth available. This presents both an opportunity and a challenge to the College in achieving its FTES target. A concern is the amount of property tax that the State is using in its apportionment calculation. There is no property tax backfill if the property taxes do not come in as estimated.

E. New Discussion: none

F. Action Items: none

G. Other:

H. Next Meeting: August 27, 2014.

I. Adjournment: Meeting adjourned at 2:30 p.m.