

WEST VALLEY/MISSION COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES  
**AUDIT AND BUDGET OVERSIGHT COMMITTEE**

**Date of meeting: January 12, 2016**

APPROVED MINUTES

Membership: Bob Owens, Chair; Steve Landau, Member; Jack Lucas, Member

**1.0 CALL TO ORDER – PUBLIC SESSION**

The meeting was called to order at 5:31pm by Mr. Owens.

**1.1 Roll Call**

	Present	Absent
Landau, Steve	X	
Lucas, Jack	X	
Owens, Bob	X	

Others Present: Ngoc Chim, Pat Fenton, Susan Hutton, Ed Maduli, Terri Montgomery, Patrick Schmitt

**1.2 Approval of the Order of the Agenda**

The order of the agenda was approved as presented. (Lucas/Landau, 3/0/0)

**1.3 Oral Communication**

None.

**2.0 Regular Order of the Agenda**

**2.1 Approval of the November 10, 2015, meeting minutes**

The November 10, 2015, meeting minutes were approved as presented. (Lucas/Landau, 3/0/0)

**2.2 FY 14/15 District Audit (A)**

Ms. Terri Montgomery, from the audit firm of Vavrinek, Trine, Day & Co., LLP (VTD), presented the FY 14/15 Annual Financial Report. She identified that a new accounting standard was implemented that requires all government entities to show on their balance sheet unfunded pensions, which is as a liability and will appear as a negative balance. The unfunded pensions always existed but there was previously no requirement to account for them. She added that next year OPEB could be addressed in the same manner.

Ms. Montgomery went on to state that the District's financial statements "present fairly," which means that the District has a clean audit. She highlighted the following:

- Pg. 18 – The layout of this statement shows differently than the 311 report, which is what the Board is used to seeing, but contains the same information. This layout is what bond underwriter's look at when evaluating an entity. She added that the new reporting requirements for unfunded pensions could affect bond ratings because the net position will be in the negative.
- Pg. 93 – Summary of Auditor's Results. Auditor's provide opinions on the following:
  - Financial Statements
  - Federal Awards
  - State Awards

The Financial Statements and Federal Awards were both "unmodified," or clean, but there was a "qualified" opinion, or finding, with the State Awards. Mr. Maduli reported that the issue has already been corrected.

Ms. Montgomery also reported that the Measure H, Measure C and Foundation Audits are all clean. VTD does not prepare the Land Corporation audit but those financials are also included in the District Audit.

Mr. Owens had comments and questions, which were addressed by either Ms. Montgomery or Mr. Maduli.

There was a motion by Landau, seconded by Lucas, to "recommend to the full Board acceptance of the FY 14/15 District Financial Report." The motion passed unanimously.

The FY 14/15 District Financial Report will be presented to the full Board at its February 16 meeting.

### **2.3 FY 16/17 Non-Resident Tuition Fee (A)**

Mr. Maduli reported that the District is required by the State to set its non-resident tuition fee for the upcoming year by February 1. For FY 16/17, the District is recommending a non-resident tuition fee of \$215/unit to stay competitive with the neighboring districts. This new rate is an increase of \$10 over the previous year, but less than the District's calculated rate of \$233/unit.

Mr. Landau commented that the non-resident tuition fee should be evaluated and developed strategically rather than being based on competitiveness. For instance, the fee could take into consideration the number of non-resident students

attending the institution, the types of classes they are taking, the cost to offer the class, etc. Instead, it appears that resident students are being asked to subsidize non-resident students. Chancellor Schmitt responded that this District does not take non-resident students over resident students like other colleges do.

There was a motion by Lucas, seconded by Landau, to “recommend to the full Board approval of the FY 16/17 Non-Resident Tuition fee at \$215 per semester unit.” The motion passed unanimously.

#### **2.4 2016 Budget Calendar (I)**

Mr. Maduli presented the 2016 Budget Calendar. The calendar is used as a guide to ensure that the Final Budget is developed in compliance with State timelines. He noted that the FY 16/17 Final Budget will be developed using the new ERP system, Banner.

#### **3.0 Staff Members Comments**

Mr. Maduli provided highlights of the Governor’s initial budget proposal, which includes a COLA of 0.47%, lots of programs not being funded, and no increase in apportionment to offset PERS/STRS increases. Expenditures are increasing but no additional funding is being provided. He added that many districts are struggling and that at least one is already laying off faculty/staff. This District will not be as heavily impacted because it planned for the PERS/STRS increases and because it is a community support district.

An in-depth review of the Governor’s budget and its impact on the community college system will be provided at the State Budget Workshop being held on January 20.

#### **4.0 Committee Members Comments**

None.

#### **5.0 Adjournment**

The meeting adjourned at 6:24 PM.