



**West Valley - Mission**  
Community College District

**Board of Trustees**  
**Audit and Budget Oversight Committee**

**June 12, 2017**

**Board Room**  
West Valley College  
14000 Fruitvale Avenue, Saratoga, CA 95070  
5:30 p.m. Public Session

Bob Owens, Chair  
Susan Fish, Member  
Randi Kinman, Member

**1.0 CALL TO ORDER – PUBLIC SESSION**

- 1.1 Roll Call
- 1.2 Approval of the Order of the Agenda
- 1.3 Oral Communication

**2.0 REGULAR ORDER OF THE AGENDA**

**2.1 Approval of May 8, 2017, meeting minutes (A) – Chair**

**2.2 FY 17/18 Tentative Budget (A)**

This item will include review, consideration, and possible action to accept the FY 17/18 Tentative Budget.

**3.0 STAFF MEMBERS COMMENTS**

This item offers staff members the opportunity to report on issues not listed in the agenda to which no debate or votes are to be taken.

**4.0 COMMITTEE MEMBERS COMMENTS**

This item offers committee members the opportunity to report on issues not listed in the agenda to which no debate or votes are to be taken.

**5.0 ADJOURNMENT**

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

**Date of meeting: May 8, 2017**

UNAPPROVED MINUTES

Membership: Bob Owens, Chair; Susan Fish, Member; Randi Kinman, Member

**1.0 CALL TO ORDER – PUBLIC SESSION**

The meeting was called to order at 5:30pm by Mr. Owens.

**1.1 Roll Call**

	Present	Absent
Fish, Susan	X	
Kinman, Randi	X	
Owens, Bob	X	

Others Present: Ngoc Chim, Ed Maduli, Patrick Schmitt

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

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

**1.3 Oral Communication**

None.

**2.0 Regular Order of the Agenda**

**2.1 Approval of the February 13, 2017, meeting minutes (A)**

The February 13, 2017, meeting minutes were approved as presented. (Kinman/Fish, 3/0/0)

**2.2 FY 16/17 3<sup>rd</sup> Qtr. Budget Adjustments and Financials (A)**

Mr. Maduli reported that the 3<sup>rd</sup> Qtr. Budget Adjustments and Financials were reviewed by the Fiscal Workgroup on May 1, and reviewed at District Council on May 8. Both groups recommended acceptance and approval.

Ms. Chim reviewed the statements and reported that revenues and expenditures should be at 75%. She highlighted the following:

- Fund 110 – Unrestricted General Fund. Revenues are below 75% because property tax revenue has not yet been received. This is normal.

- Fund 12x & 13x – Restricted General Fund. Revenues and expenditures are below 75%. This is normal. Grants are also allowed to carry-forward funds.
- Fund 137 – Eco Pass. Revenues and expense are overstated. Changes to the budget will be on the 4<sup>th</sup> Quarter Report.
- Fund 138 – Health Services Fund. Expenditures are low due to a vacancy at Mission College.
- All debt service funds are on target.
- Fund 741 – Student Financial Aid Trust Fund. This fund will always have a negative projected balance because only 90% of available funds are drawn down from the Federal fund so as not to pay interest on any un-used funds (students who drop classes and no longer qualify for Financial Aid).

Overall, the financial statements are very clean and funds are on target. Mr. Maduli added that a new actuarial report is in progress and will be presented to ABOC when complete.

Mr. Owens asked about the ECO Pass and its impact on parking revenues at Mission College. He noted that the parking fund is used to pay a portion of the salaries for District Police Officers so the fund should be carefully monitored. Mr. Maduli indicated that there has not been a significant decrease in parking revenues as a result of the ECO Pass program. He also mentioned that the ECO Pass program was not implemented at West Valley College because students did not see the value/use of the program.

There was no further discussion. There was a motion by Fish, seconded by Kinman, to “accept the FY 16/17 3<sup>rd</sup> Qtr. Budget Adjustments and Financials and recommend them to the Board for approval.” The motion passed unanimously.

### **2.3 FY 16/17 311 3<sup>rd</sup> Qtr. Report (A)**

Ms. Chim reviewed the report. She noted that the increase in projected revenue is the result of property taxes and one-time RDA funds. Overall, the District is in good standing. Ms. Kinman asked if there is a policy regarding the use of RDA funds. Mr. Maduli responded in the affirmative.

There was no further discussion. There was a motion by Fish, seconded by Kinman, to “accept the FY 16/17 3<sup>rd</sup> Qtr. 311 Report and recommend it to the Board for approval.” The motion passed unanimously.

### **2.4 Reschedule June ABOC meeting (A)**

Mr. Maduli indicated that there is a need for a special Board meeting in June to approve the FY 17/18 Tentative Budget. If one cannot be scheduled, ABOC will not have its requested two week period to review the budget prior to it being

presented to the Board for approval. A special Board meeting is also required to adhere to the proper shared governance review process. After some discussion, it was determined that there would be no change in the ABOC schedule. No action was taken.

**3.0 Staff Members Comments**

None.

**4.0 Committee Members Comments**

Mr. Owens asked about the pricing and sale the GO Refunding bonds. Mr. Maduli indicated that the sale had been finalized and there was a significant savings for taxpayers.

Mr. Owens also inquired about PERS and STRS rate changes. Mr. Maduli stated that he would discuss the changes as part of the FY 17/18 Tentative Budget presentation.

**5.0 Adjournment**

The meeting adjourned at 6:10 PM.

# FY 17/18 Tentative Budget

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PREPARED BY:

ED MADULI, VICE CHANCELLOR

# Land Corporation Allocation for 2017/18

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\$100,000	Teaching & Learning Innovation Fund
\$50,000	Student Success Innovation Fund
\$1,000,000	Capital Improvement Fund
\$430,000	Special Projects Fund
\$400,000	Technology Refresh & Instructional Equipment
\$500,000	College Scholarship Program
\$200,000	Scheduled Maintenance
<u>\$75,000</u>	Entrepreneurial Fund
\$2,755,000	Total

# Community College Budget

	<u>Jan 10<sup>th</sup></u>	<u>May Revise</u>
COLA	1.48%	1.56%
Increased Access	1.34%	1.0%
Base Augmentation	\$23.6 M	186.3 M
COLA for EOPS, DSPS & CalWorks	1.48%	1.56%
Online Education Initiative	\$10 M	\$10 M
Full Time Student Success Grant	0	\$5 M
Guided Pathways	\$150 M*	\$150 M*
Integrated Library Systems	\$6 M*	\$6 M*
Deferred Maintenance/Instructional Equipment	\$43.7 M*	\$135.8 M*
Proposition 39	\$52.3 M*	\$46.5 M*
Innovation Awards	\$20 M*	\$20M*

Note: \* one-time funding

# Community College Budget

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Funded at prior year level. No additional augmentations.

- Student Success
- Student Equity
- Basic Skills
- Workforce/CTE
- 20 BOG approved Capital Outlay Projects



# 2016/17 Projected Ending Fund Balance

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Assigned to Banked Leave Liability - \$5,683,749  
Assigned to Fund 001/017 - \$204,644  
Assigned to Faculty Travel/Conference- \$100,000  
Reserve at 5% - \$6,138,544  
Contingency Reserve - \$3,591,758  
Community Support Fund Reserve - \$23,111,404  
Board Elections - \$145,595  
PERS and STRS Pension Rate Increase - \$7,914,132  
**Total Projected Ending Fund Balance- \$46,889,826**

# 2017/18 District Budget

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## Major assumptions

- 1.56% State COLA
- 3.44% salary enhancement from Community Support Funds
- No growth or restoration funds
- WSCH: 530
- FTES Target: 13,700
- 5% reserve and no more than 3% contingency reserve
- 309.0 FTE faculty funded
- Student categorical funding same as 2016/17
- Proposition 30 funded at \$100/FTES
- Meet statutory obligations
- Faculty hiring funding

# Budget Development Approach

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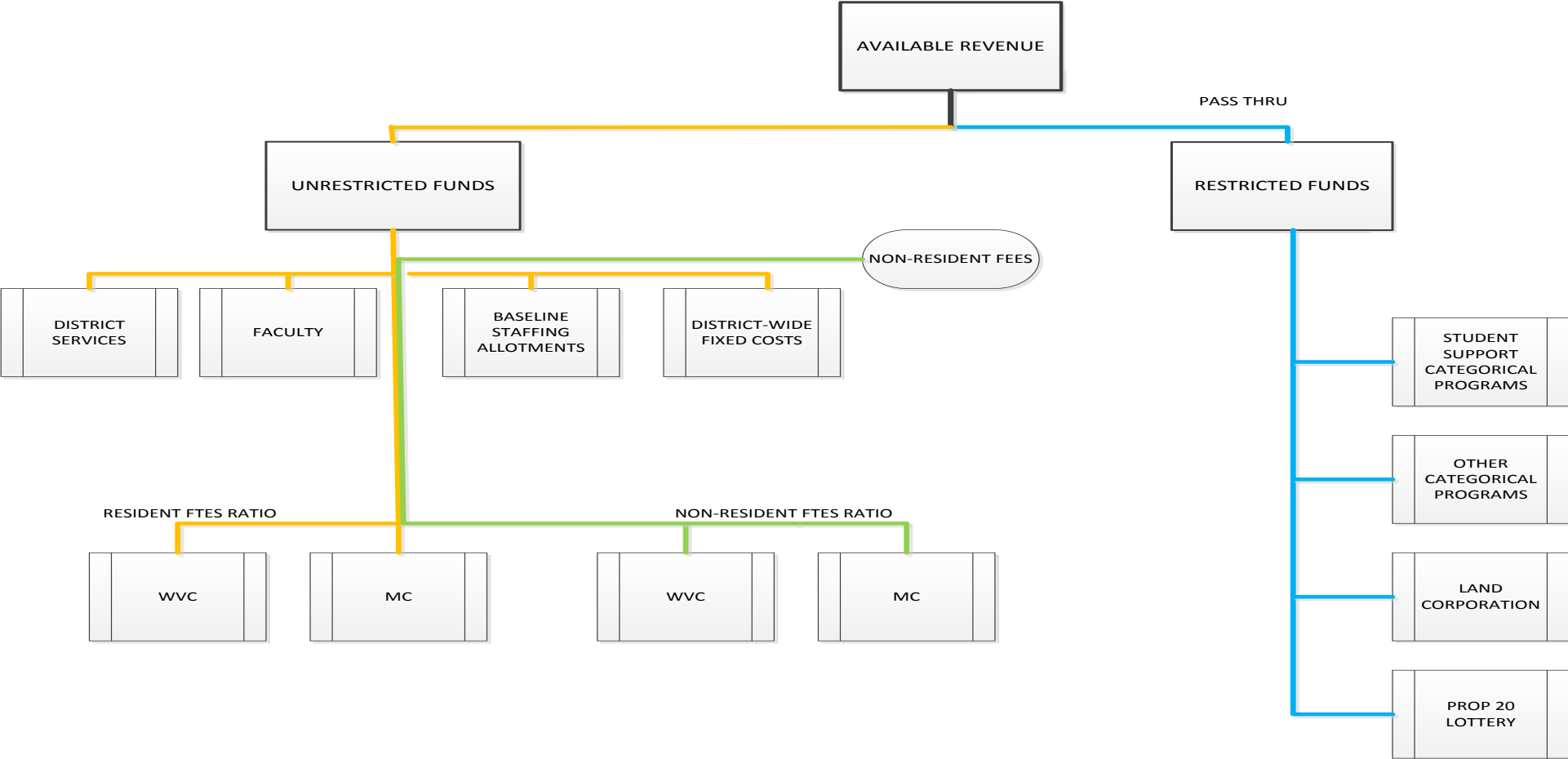
Maintain community support status

Stabilize enrollment

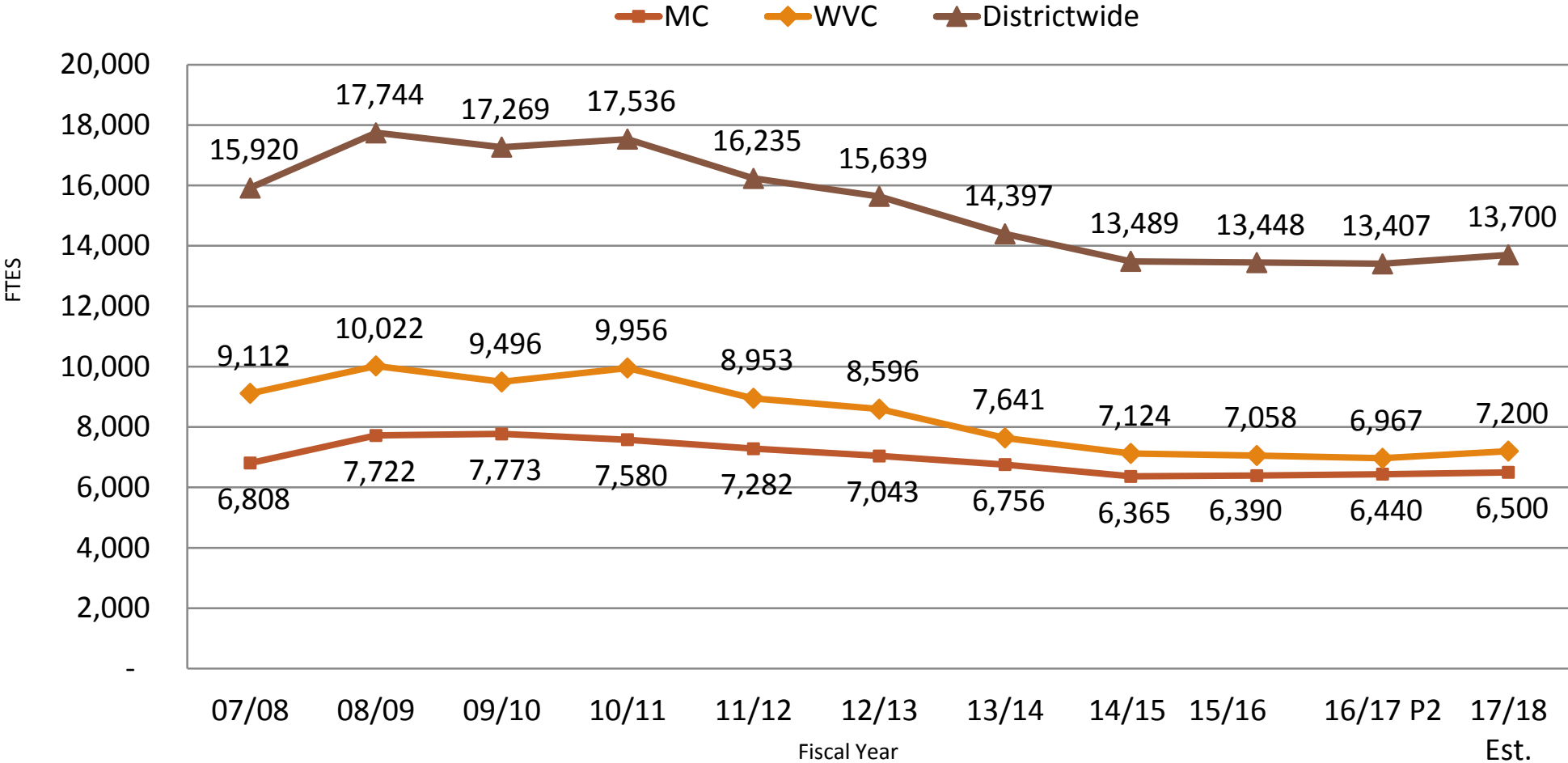
Use Resource Allocation Model

Balanced Budget

# Resource Allocation Model



# 2017/18 FTES Target



# District Liabilities

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Banked Leave – \$10,272,894

- \$642,334 short-term
- \$9,630,560 long-term

Vacation and Comp Time – \$3,390,514

- \$51,808 short-term
- \$3,338,706 long-term

OPEB Unfunded Liability – \$40,571,113

CalPERS and CalSTRS

# CalPERS

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
PERS 2014-15 @ 11.77% (Incr. 0.33%)	44,693	44,693	44,693	44,693	44,693	44,693	44,693	44,693	44,693	44,693
PERS 2015-16 @ 11.85% (Incr. 0.08%)		13,149	13,149	13,149	13,149	13,149	13,149	13,149	13,149	13,149
PERS 2016-17 @ 13.89% (Incr. 2.04%)			371,598	371,598	371,598	371,598	371,598	371,598	371,598	371,598
PERS 2017-18 @ 15.80% (Incr. 1.91%)				390,081	390,081	390,081	390,081	390,081	390,081	390,081
PERS 2018-19 @ 18.70% (Incr. 2.90%)					646,784	646,784	646,784	646,784	646,784	646,784
PERS 2019-20 @ 21.60% (Incr. 2.90%)						666,187	666,187	666,187	666,187	666,187
PERS 2020-21 @ 24.90% (Incr. 3.30%)							780,818	780,818	780,818	780,818
PERS 2021-22 @ 26.40% (Incr. 1.50%)								365,565	365,565	365,565
PERS 2022-23 @ 27.40% (Incr. 1.00%)									251,021	247,310
PERS 2023-24 @ 28.20% (Incr. 0.80%)										206,841
<b>Total Cost</b>	<b>44,693</b>	<b>57,842</b>	<b>429,440</b>	<b>819,521</b>	<b>1,466,305</b>	<b>2,132,492</b>	<b>2,913,310</b>	<b>3,278,875</b>	<b>3,529,896</b>	<b>3,733,026</b>

# CaSTRS

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
STRS 2014-15 @ 8.88% (Incr. 0.63%)	158,633	158,633	158,633	158,633	158,633	158,633	158,633	158,633	158,633	158,633
STRS 2015-16 @ 10.73% (Incr. 1.85%)		475,199	475,199	475,199	475,199	475,199	475,199	475,199	475,199	475,199
STRS 2016-17 @ 12.58% (Incr. 1.85%)			498,277	498,277	498,277	498,277	498,277	498,277	498,277	498,277
STRS 2017-18 @ 14.43% (Incr. 1.85%)				511,028	511,028	511,028	511,028	511,028	511,028	511,028
STRS 2018-19 @ 16.28% (Incr. 1.85%)					604,767	604,767	604,767	604,767	604,767	604,767
STRS 2019-20 @ 18.13% (Incr. 1.85%)						622,910	622,910	622,910	622,910	622,910
STRS 2020-21 @ 19.10% (Incr. 0.97%)							336,405	336,405	336,405	336,405
STRS 2021-22 @ 20.00% (Incr. 0.90%)								321,492	321,492	321,492
STRS 2022-23 @ 20.50% (Incr. 0.50%)									183,965	183,965
STRS 2023-24 @ 21.00% (Incr. 0.50%)										189,484
<b>Total Cost</b>	<b>158,633</b>	<b>633,832</b>	<b>1,132,109</b>	<b>1,643,137</b>	<b>2,247,904</b>	<b>2,870,814</b>	<b>3,207,219</b>	<b>3,528,711</b>	<b>3,712,676</b>	<b>3,902,160</b>



# District Outstanding Debt

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2009 Lease Revenue Bond – \$3,505,574

2011 Lease Revenue Bond – \$642,656

# Statutory Obligations

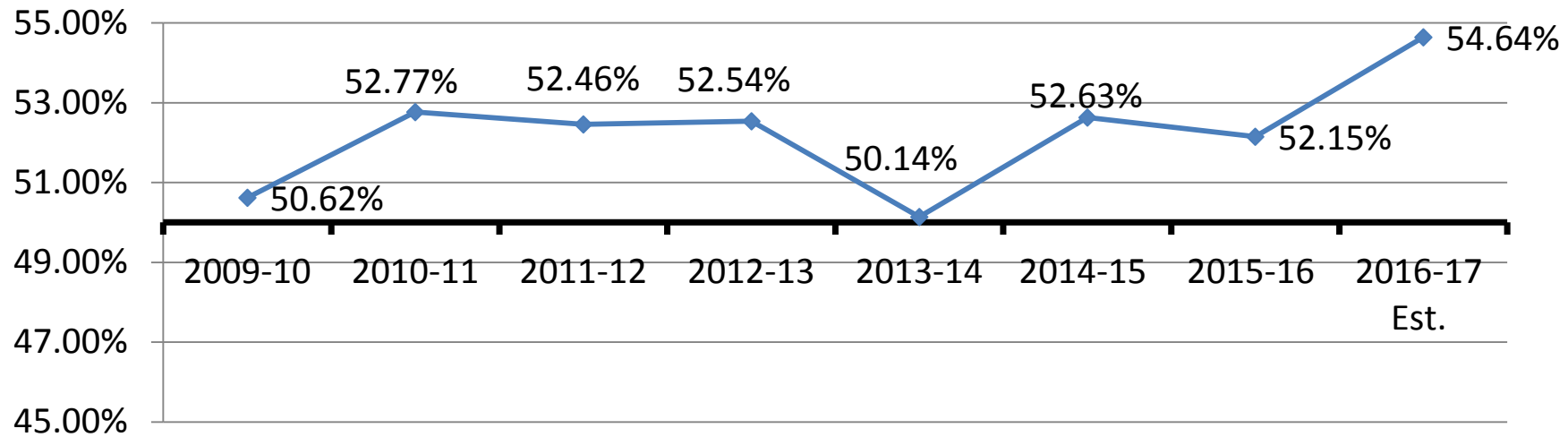
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50% Law

Full-time Faculty Obligation

# 50 % law

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Ed Code 84362 states that District's expenditures for salaries of classroom instructors must be equal to or greater than 50 percent of the District's current expense of education.

Updated: 6/10/17

# Full-time Faculty Obligation

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
FON Obligation	315.1*	315.1*	279.1	276.1	284.4**
FTE Faculty Funded	310	311	310	305	303
MC%	68.42	69.52	69.50	71.87	70.21
WVC%	68.44	73.63	74.70	72.90	72.40
District%	68.43	71.65	72.16	72.41	71.40

\*FON Frozen

\*\*Includes FON associated with State funding

# Community Support Balance One-time vs. On-going Funds

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Revenues</b>							
On-going Property Taxes	-	12,214,653	22,642,147	26,176,457	33,088,246	39,032,958	42,218,265
One-time RDA	927,522	7,845,561	4,982,964	7,008,599	13,447,907	-	-
Total Revenues	927,522	20,060,214	27,625,111	33,185,056	46,536,153	39,032,958	42,218,265
<b>Expenditures</b>							
On-going Expenditures	-	7,888,714	21,722,081	23,943,870	30,029,192	35,001,041	36,766,281
One-time Expenditures	-	2,600,000	566,517	5,088,483	11,479,518	5,936,194	-
Total Expenditures	-	10,488,714	22,288,598	29,032,353	41,508,710	40,937,235	36,766,281
<b>Current Year Change in CSF: (shortfall)/Surplus</b>							
On-going Balance		4,325,939	920,066	2,232,587	3,059,054	4,031,917	5,451,984
One-time Balance	927,522	5,245,561	4,416,447	1,920,116	1,968,389	(5,936,194)	-
	<b>927,522</b>	<b>9,571,500</b>	<b>5,336,513</b>	<b>4,152,703</b>	<b>5,027,443</b>	<b>(1,904,277)</b>	<b>5,451,984</b>
<b>Ending Balance</b>							
On-going Balance		4,325,939	5,246,005	7,478,592	10,537,646	14,569,563	20,021,547
One-time Balance	927,522	6,173,083	10,589,530	12,509,646	14,478,035	8,541,841	8,541,841
	<b>927,522</b>	<b>10,499,022</b>	<b>15,835,535</b>	<b>19,988,238</b>	<b>25,015,681</b>	<b>23,111,404</b>	<b>28,563,388</b>

# Factors Affecting District Budget in the Out Years

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Recession

Enrollment Management

Grants/Categorical Funding

50% Law

Guided Pathways