



West Valley - Mission
Community College District

Board of Trustees
Audit and Budget Oversight Committee

May 26, 2020

Join Zoom Meeting
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Phone: 1-669-900-6833
Meeting ID: 960 8676 8919

Password: 239039

5:00 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 the May 11, 2020, meeting minutes (A) – Chair

2.2 FY 20/21 Tentative Budget (A)

This item will include review, consideration, and possible action to accept the FY 20/21 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 11, 2020

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, Brad Davis, Pat Fenton, Danny Nguyen

1.2 Approval of the Order of the Agenda

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

1.3 Oral Communication

None.

2.0 Regular Order of the Agenda

2.1 Approval of the April 13, 2020, meeting minutes (A)

The April 13, 2020, meeting minutes were approved as presented. (Kinman/Fish, 3/0/0)

2.2 FY 19/20 3rd Qtr. Budget Adjustments and Financials (A)

Ms. Chim reviewed the 3rd Qtr. financial report and budget adjustments, which were also reviewed with the Fiscal Workgroup on May 4 and District Council on May 11. She indicated that revenues and expenditures should be at 75%. She highlighted the following funds:

- Fund 110 – Unrestricted General Fund. West Valley College is over-spending in academic salaries (PT faculty). There will be a shortfall in the budget if the problem is not rectified.

- Fund 12x & 13x – Restricted General Fund (Grants). Revenues and expenditures are below 75%. This is a normal trend. Funds should balance at year-end when the colleges’ close-out grants.
- Fund 137 – Other Restricted General Fund (EcoPass). Revenues are close to 100%, but expenditures are approximately 55%. This is a normal trend as fees are collected at the beginning of each semester but expenditures are not recorded until the end of each semester. The fund should balance at year end.
- Fund 138 – Health Services Fund. Revenues are close to 100% because fees are collected at the beginning of each semester. Expenditures are at 50% due to salary savings from vacant positions. Revenues in this fund could drop as a result of student refunds due to the COVID-19 situation.
- Fund 139 – Parking Fund. The District is expecting to receive approximately \$10,000 in the 4th quarter from parking permit sales to Google. Expenditures are expected to exceed revenues.
- Fund 330 – Child Development Fund. Due to the campus closures, no additional revenues are being generated. Expenditures are expected to exceed revenues and there is limited fund balance. This fund will be monitored very closely.
- Fund 591 – Community Education: Workforce & Economic Development Fund. This fund is deficit spending. The fund balance will be used to cover the deficit.
- Fund 597 – Entrepreneurial Fund. Because of COVID-19, the revenue stream for this fund has diminished; no facility rentals. There is no additional revenue to offset expenditures and the fund balance may not cover the deficit.
- Fund 731 – Student Body Center Fee Fund. Both colleges will end the year with no deficit; however, there is not sufficient fund balance to cover deficit spending in the future. Campus Center operations need to be evaluated and restructured to reduce expense.
- Fund 741 – Student Financial Aid Trust Fund. This fund will show a negative fund balance until the 4th Qtr. because the District only draws down 90% of the financial aid disbursement to avoid interest payments to the Federal Government. The fund will be reconciled during the 4th quarter.
- Fund 791 – OPEB Trust Fund & Fund 792 – Pension Stabilization Fund. Due to the unstable economy, both funds show investment losses.

There was a motion by Kinman, seconded by Fish, to “accept the FY 19/20 3rd Qtr. Budget Adjustment and Financials and recommend them to the Board for approval.” The motion passed unanimously.

2.3 FY 19/20 3rd Qtr. 311 Report (A)

Ms. Chim reviewed the 3rd Qtr. 311 Report. She explained that she made conservative adjustments to reduce property tax revenues and student fee revenues to take into account impacts from COVID-19. The adjustments are best-

guess estimates since it is difficult to make projections due to the uncertainties of the pandemic. Overall, the report is good and the cash flow will continue to be closely monitored.

There was a motion by Kinman, seconded by Fish, to “accept the FY 19/20 3rd Qtr. 311 Report and recommend it to the Board for approval.” The motion passed unanimously.

3.0 Staff Members Comments

Ms. Chim reported that she attended a county-wide meeting to discuss the COVID-19 situation and that the County Assessor, Larry Stone, was in attendance. He reported that, due to the COVID-triggered recession, Proposition 8 will be utilized to roll-back property assessment values for FY 20/21. This step is being taken in anticipation of the property tax appeals which are expected to increase. He further reported that, as of April 30, there was over \$70 million in uncollected property taxes. Property roll for January 2021 looks grim. Also discussed at the meeting was the prediction from JP Morgan that it will take 10-12 years for the economy to recover.

The Department of Finance is predicting that the State will see a budget shortfall of \$54.3 billion. Some community colleges are preparing their budget using different scenarios, including no COLA and budget reductions from 5% to 15%.

4.0 Committee Members Comments

Mr. Owens noted that there is a special ABOC meeting on May 26 at 5:00pm to review the FY 20/21 Tentative Budget. Ms. Kinman indicated that she would like to better understand the dynamics related to the COVID situation and then set budget priorities based on the situation. Mr. Owens indicated that the discussion could take place at the June 2 Board meeting when the full Board reviews the tentative budget, or at a special meeting held later in the month.

5.0 Adjournment

The meeting adjourned at 6:06 PM.

PREPARED BY: NGOC CHIM AND
SUSIE MCDONNELL

REVIEWED BY: NGOC CHIM

APPROVED BY: BRADLEY DAVIS

SUBJECT: 2020/2021 TENTATIVE BUDGET

CHANCELLOR'S RECOMMENDATION:

That the Board of Trustees adopt the 2020/2021 Tentative Budget and set October 6, 2020, as the date for a public hearing and adoption of the Final Budget for 2020/2021.

Funding Source/Fiscal Impact

The Tentative Budget is the fiscal plan for the Fiscal Year 2020/2021.

Reference(s)

Section 58305, Title 5, California Code of Regulations, requires a Tentative Budget be adopted by July 1 of each year. This section also requires that the date for the public hearing for discussion of the Final Budget be declared.

Background/Alternatives

The Final Budget will be different than the Tentative Budget. Known key variables that can significantly affect the Budget as it moves from Tentative to Final are the following:

1. Final action on the State Budget
2. Results of contract negotiations
3. Unaudited Ending Balance for FY 19/20
4. Summer session FTES
5. Final district-wide fixed costs
6. Fluctuation in property tax revenues

The Budget Overview of the Tentative Budget provides details about the significant items that affect the budget.

Coordination

The Tentative Budget has been discussed with the Fiscal Workgroup, District Council and the Audit and Budget Oversight Committee (ABOC).

Follow-up/Outcome

The Final Budget will be distributed for inspection by the public not less than three days prior to the date of the public hearing. In accordance with Section 58301, Title 5, California Code of Regulations, a public notice will be made in a newspaper of general circulation identifying the locations where the proposed Final Budget will be available for public inspection. This notice will be filed not less than three days prior to the date that the document will be available for inspection.