

IMPERIAL VALLEY COLLEGE
Budget and Fiscal Planning Committee
Wednesday, April 29, 2015, 1:30 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:

- John Lau, VP for Business Services, Co-Chair**
- ✓ Dr. Nick Akinkuoye, Admin. Rep.
- Dr. Martha Garcia, Faculty Rep.
- Dr. Michael Heumann, Academic Senate Rep.
- ✓ Dave Drury, Faculty Representative (1:45 p.m.)
- ✓ Lidia Zambrano, ASG Representative

Recorder: Mary Carter

- ✓ Matthew Thale, Classified Representative (Co-chair)**
- ✓ Melody Chronister, College Council Rep.
- ✓ Jeff Cantwell, Classified Manager/Confidential Rep.
- Mike Nicholas, Classified Representative
- ✓ Carlos Fletes, Director of Fiscal Services

Visitors: Jeff Enz, Efrain Silva and Mary Jo Wainwright

-
- A. Call to Order: The regular meeting of the Budget and Fiscal Planning Committee was called to order by co-chair Matthew Thale at 1:38 p.m. on Wednesday, April 29, 2015. The meeting was held in the board room.
 - B. Review and Approval of Minutes:
 - a. ***M/S/C Fletes/Cantwell to approve the minutes of the April 15, 2015 meeting as presented.***
 - C. Reports: none
 - D. Update on Previous Discussion Items:
 - a. 2015-16 Budget: Director Fletes distributed a handout showing the proposed budget adjustments (attached to these minutes). The adjustments amount to a \$100,000 turnaround; the budget is now showing a \$71,263 deficit. The handout also shows changes with non-financial impact (changes to ORG, fund or program code).
 - The adjustments do not include cost of additional classes or non-credit ESL classes for summer
 - There is a question about how many ESL positions are needed, there are currently 11 in the budget.

- The funding for the Welding instructor and new biology and chemistry positions needs to be resolved, there may be savings from the ESL positions
 - Decisions need to be made on funding of enhanced budget requests; however, at this time there is no budget surplus
 - There is an unfilled IT analyst that is not included in the budget; IT will need to meet with VP Lau to discuss the need/funding for the position
 - The committee discussed the impact of the end of the ATLAS grant; Director Enz stated that IT is looking for other funding for Blackboard, SPOL, and Star Fish and also to fund need equipment refresh. There is \$1 million in Audio/visual equipment that will need to be refreshed, equipment is already failing in the 2700 building. Director Cantwell stated that some funding may be available from Student Success. There is some overload and re-assign time for faculty paid from ATLAS.
 - Currently, there are no anticipated increases to revenue, any growth money would have to be earned through increased FTES.
 - Impact of May revise: Director Fletes stated that the College is already planning for no cash deferrals, which will aid with cash flow. There would not be much relief to the General Fund through categorical funding, money is mostly for one-time costs and for the SSSP program.
 - Mary Jo Wainwright asked about use of Block Grant funds. Director Fletes stated that last year Instructional Equipment, Library material, Scheduled Maintenance block grant funds were used to relieve the General Fund on a one-time basis by shifting expenses. There is a plan for use of the funds in 2015-16 in the allowable areas.
 - Director Fletes stated that the budget clean-up work continues, and further communication is needed from departments.
- b. On-going District cost of categorically funded positions: Director Fletes distributed information he received from ICOE on OPEB rates charged by other districts (see attachment). He will be following up with ICOE for more information on how the rates are developed. Mary Jo Wainwright stated that she recently attended a conference on the GASB 45 liability and learned that all community colleges in the state used the same actuarial firm which did not factor in the savings when retirees become eligible for Medicare. Member Chronister suggested that the College have the calculation done taking into account Medicare.
- E. New Discussion: none
- F. Action: none
- G. Other: The committee's recommendation on the Flex calendar will be forwarded to President's Cabinet now that the minutes of the April 15, meeting have been approved.
- H. Next Meeting: May 13, 2015, 1:30 p.m.
- I. Adjournment: Meeting adjourned at 2:36 p.m.

Imperial Valley College
Proposed adjustments to
1st draft of 15-16 Tentative Budget
General Fund Unrestricted Only
Budget and Fiscal Planning meeting
April 29, 2015

Total proposed revenue 1st Draft	37,383,504
Total proposed expenditures 1st Draft	37,349,807
Surplus (deficit)	33,697
Proposed additional costs	104,960
Revised Surplus (defficit)	(71,263)

Description	Original					Revised					Difference
	Fund	Org	Acct	Prog	Amount	Fund	Org	Acct	Prog	Amount	

Changes with financial impact

CSEA travel	11001	107	5220	6730	0	11001	107	5220	6730	4,012	4,012
CTA incorrect % salary	11001	114	1270	6030	149,110	11001	114	1270	6030	98,914	-50,196
			3111		15,999			3111		10,613	-5,386
			3331		2,161			3331		1,434	-727
			3411		29,375			3411		18,255	-11,120
			3511		74			3511		49	-25
			3611		1,542			3611		1,023	-519
Health Insurance Board	11001	151	3440	6600	0	11001	151	3440	6600	107,000	107,000
Health Insurance Tool Room	11001	341	3420	6590	27,849	11001	341	3420	6590	14,620	-13,229
Indirect Cost	11001	801	5625	6770	0	11001	801	5625	6770	-279,000	-279,000
District Share of DSPS Counselors	11301	903	1210	6420	0	11301	903	1210	6420	140,336	140,336
1/2 of Transfer Center Counselor	11001	910	1210	6330	0	11001	910	1210	6330	47,081	47,081
			3111		0			3111		5,052	5,052
			3331		0			3331		683	683
			3411		0			3411		10,064	10,064
			3511		0			3511		24	24
			3611		0			3611		485	485
ESL Festival	11007	211	4320	1501	0	11007	211	4320	1501	778	778
IVCPTFA Stipends	11001	117	1491	6030	0	11001	117	1491	6030	14,400	14,400
			3111					3111		1,545	1,545
			3331					3331		208	208
			3511					3511		144	144
			3611					3611		144	144

Imperial Valley College
Proposed adjustments to
1st draft of 15-16 Tentative Budget
General Fund Unrestricted Only
Budget and Fiscal Planning meeting
April 29, 2015

Total proposed revenue 1st Draft	37,383,504
Total proposed expenditures 1st Draft	37,349,807
Surplus (deficit)	33,697
Proposed additional costs	104,960
Revised Surplus (defficit)	(71,263)

Description	Original					Revised					Difference
	Fund	Org	Acct	Prog	Amount	Fund	Org	Acct	Prog	Amount	
Atlas grant ending 9/30/15	11001	701	2107	6780	13,622	11001	901	2107	6310	44,133	30,511
			3220		1,716			3220		5,561	3,845
			3320		845			3320		2,736	1,891
			3340		198			3340		640	442
			3420		4,642			3420		15,039	10,397
			3520		7			3520		22	15
			3620		41			3620		456	415
Atlas grant ending 9/30/15	11001	708	2108	6780	50,304	11001	708	2108	6780	75,456	25,152
			3220		6,338			3220		9,507	3,169
			3320		3,119			3320		4,679	1,560
			3340		729			3340		1,094	365
			3420		9,283			3420		13,925	4,642
			3520		25			3520		38	13
			3620		520			3620		780	260
Atlas grant ending 9/30/15	11001	707	1213	6780	76,950	11001	701	1213	6780	96,444	19,494
			3211		9,696			3211		12,152	2,456
			3311		4,771			3311		5,980	1,209
			3331		1,116			3331		1,398	282
			3411		13,925			3411		17,452	3,527
			3511		38			3511		48	10
			3611		796			3611		998	202
Salary adjustment (Instr Ofc)	11001	201	1214	6010	137,961	11001	201	1214	6010	141,949	3,988
Salary adjustment (Instr Ofc)	11001	201	2120	6010	143,939	11001	201	2120	6010	145,332	1,393
Copy print (Instr Ofc)	11001	201	4455	6010	3,300	11001	201	4455	6010	3,540	240
Memberships and dues (Instr Ofc)	11001	201	5310	6010	475	11001	201	5310	6010	525	50
Math Lab Tutors	11001	271	2410	6190	0	11001	271	2410	6190	17,500	17,500
			3621		0			3621		180	180
Revised surplus (defficit)										104,960	(71,263)

Imperial Valley College
Proposed adjustments to
1st draft of 15-16 Tentative Budget
General Fund Unrestricted Only
Budget and Fiscal Planning meeting
April 29, 2015

Total proposed revenue 1st Draft	37,383,504
Total proposed expenditures 1st Draft	37,349,807
Surplus (deficit)	33,697
Proposed additional costs	104,960
Revised Surplus (defficit)	(71,263)

Description	Original					Revised					Difference
	Fund	Org	Acct	Prog	Amount	Fund	Org	Acct	Prog	Amount	

Changes with no financial impact

Change in ORG and prog	11001	901	2107	6310	53,513	11001	701	2107	6780	53,513	0
			2398		825			2398		825	0
			3220		6,743			3220		6,743	0
			3320		3,369			3320		3,369	0
			3340		788			3340		788	0
			3420		18,566			3420		18,566	0
			3520		27			3520		27	0
Change in fund code	11001	921	1340	2200	35,640	11205	921	1340	2200	35,640	0
			3110		3,823			3110		3,823	0
			3330		517			3330		517	0
			3510		17			3510		17	0
			3610		368			3610		368	0
Change in ORG and prog	11002	921	1320	2200	9,612	11002	228	1320	2201	9,612	0
			1330		2,970			1330		2,970	0
			3110		1,351			3110		1,351	0
			3330		183			3330		183	0
			3510		5			3510		5	0
Change in ORG and prog	11002	921	1320	2200	9,612	11002	228	1320	2201	9,612	0
			1330		2,970			1330		2,970	0
			3110		1,351			3110		1,351	0
			3330		183			3330		183	0
			3510		5			3510		5	0
Change in ORG and prog	11701	353	1325	0500	12,528	11701	271	1325	1700	12,528	0
			3110		1,344			3110		1,344	0
			3330		182			3330		182	0
			3510		6			3510		6	0
			3610		129			3610		129	0
Change in ORG and prog	11001	227	1330	2200	190,080	11001	228	1330	2201	190,080	0
			3110		20,396			3110		20,396	0
			3330		2,756			3330		2,756	0
			3510		95			3510		95	0
			3610		1,958			3610		1,958	0
Change in ORG and prog	11001	227	1340	2200	60,480	11001	228	1340	2201	60,480	0

Imperial Valley College
Proposed adjustments to
1st draft of 15-16 Tentative Budget
General Fund Unrestricted Only
Budget and Fiscal Planning meeting
April 29, 2015

Total proposed revenue 1st Draft	37,383,504
Total proposed expenditures 1st Draft	37,349,807
Surplus (deficit)	33,697
Proposed additional costs	104,960
Revised Surplus (defficit)	(71,263)

Description	Original					Revised					Difference
	Fund	Org	Acct	Prog	Amount	Fund	Org	Acct	Prog	Amount	
			3110		6,489			3110		6,489	0
			3330		877			3330		877	0
			3510		30			3510		30	0
			3610		623			3610		623	0
Change in ORG	11002	352	1320	0500	1,548	11002	357	1320	0500	1,548	0
			3110		166			3110		166	0
			3330		22			3330		22	0
			3510		1			3510		1	0
			3610		16			3610		16	0
Change in ORG	11002	352	1330	0500	990	11002	353	1330	0500	990	0
			3110		106			3110		106	0
			3330		14			3330		14	0
			3510		1			3510		1	0
			3610		10			3610		10	0
Change in ORG	11701	352	1325	0500	6,552	11701	357	1325	0500	6,552	0
			3110		703			3110		703	0
			3330		95			3330		95	0
			3510		3			3510		3	0
			3610		67			3610		67	0
Change in ORG	11001	334	1330	0900	5,400	11001	342	1330	0900	5,400	0
			3110		579			3110		579	0
			3330		78			3330		78	0
			3510		3			3510		3	0
			3610		56			3610		56	0
Change in ORG	11001	334	1330	0900	19,440	11001	343	1330	0900	19,440	0
			3110		2,086			3110		2,086	0
			3330		282			3330		282	0
			3510		10			3510		10	0
			3610		200			3610		200	0
Change in ORG	11001	343	1330	0900	29,160	11001	344	1330	0900	29,160	0
			3110		3,128			3110		3,128	0

Imperial Valley College
 Proposed adjustments to
 1st draft of 15-16 Tentative Budget
 General Fund Unrestricted Only
 Budget and Fiscal Planning meeting
 April 29, 2015

Total proposed revenue 1st Draft	37,383,504
Total proposed expenditures 1st Draft	37,349,807
Surplus (deficit)	33,697
Proposed additional costs	104,960
Revised Surplus (defficit)	(71,263)

Description	Original					Revised					Difference
	Fund	Org	Acct	Prog	Amount	Fund	Org	Acct	Prog	Amount	
			3330		423			3330		423	0
			3510		15			3510		15	0
			3610		300			3610		300	0
Change in ORG	11001	336	1330	0900	22,140	11001	344	1330	0900	22,140	0
			3110		2,376			3110		2,376	0
			3330		321			3330		321	0
			3510		11			3510		11	0
			3610		228			3610		228	0
Change in ORG	11001	334	1330	0900	23,760	11001	336	1330	0900	23,760	0
			3110		2,549			3110		2,549	0
			3330		344			3330		344	0
			3510		12			3510		12	0
			3610		244			3610		244	0
Change in ORG	11001	352	1340	0500	7,193	11001	357	1340	0500	7,193	0
			3110		772			3110		772	0
			3330		104			3330		104	0
			3510		4			3510		4	0
			3610		74			3610		74	0
Change in ORG	11001	352	1340	0500	7,193	11001	358	1340	0500	7,193	0
			3110		772			3110		772	0
			3330		104			3330		104	0
			3510		4			3510		4	0
			3610		74			3610		74	0

**IMPERIAL COUNTY OFFICE OF EDUCATION
RATES FOR FISCAL YEAR 2014-15**

(Updated for 1-1-2015)

	Classic		New	
	Employer	Employee	Employer	Employee
STRS DB	8.88%	8.15%	8.88%	8.15%
STRS DBS	8.25%	8%	8.25%**	8%**
STRS Reduced Workload	10.259%	8.15%	10.259%*	8.15%*
PERS	11.771%	7%	11.771%	6%
PERS Reduction	0%	NA	0%	NA

*not eligible until 2018 unless qualify as elected official of an employee organization

**earnings in excess of one year of service credit go to DBS Plan, limited term payments and retirement incentives are not creditable to any CalSTRS program.

SOCIAL SECURITY:

(Budget for all employees not subject to retirement)

6.2% Employer / 6.2% Employee
Maximum: \$118,500 (2015)

MEDICARE:

(Budget for all employees hired after 4/1/86 or elected coverage)

1.45% Employer / 1.45% Employee
No Maximum Wage Base
Additional 0.9% Wages > \$200,000

STATE UNEMPLOYMENT INSURANCE:

(Board members, County Supt., or Students not subject)

0.05% 2014/15 Fiscal Year

STATE DISABILITY INSURANCE:

0.9% Maximum: \$104,378 (2015)

	W/C Rate	OPEB Allocated	OPEB Active
Imperial Community College	1.034%		
Brawley Elementary	1.912%	0.4582%	Defined – VLD
Brawley Union High School	1.114%	0.8000%	
Calexico Unified	5.929%		
Calipatria Unified	2.577%		
Central Union High	1.380%		
El Centro Elementary	1.673%	1.9533%	Defined – VLD
Heber Union	1.633%		
Holtville Unified	1.832%		
Imperial Unified	1.420%	.6450%	
Magnolia Union	1.274%		
McCabe Union	1.965%		
Meadows Union	2.005%		
Mulberry Union	1.992%		
San Pasqual Valley Unified	2.112%		
Seeley Union	2.324%		
Westmorland Union	1.167%		
Imperial County Office of Ed.	4.050%	.0600%	Defined – VLD
Imperial Valley R.O.P.	1.925%		
Imagine School at Imperial Valley	0.000%*		

Rates may have been rounded to permit input into the system.

The system will handle a separate rate per bargaining unit, please inquire with your needs.

equal to their annual OPEB cost and will recognize an OPEB liability (or asset), known as the net OPEB obligation, for the cumulative difference between their OPEB cost and amounts actually contributed. Where an LEA's OPEB expenditures in governmental funds are less than (or greater than) its accrual-basis OPEB cost, a conversion entry will be necessary when preparing the government-wide statements.

In the notes to the financial statements, LEAs must provide disclosures and required supplementary information (RSI) for each plan in which they participate. Disclosures for more than one plan should be combined in a manner that avoids unnecessary duplication.

RSI includes a schedule of funding progress and a schedule of employer contributions. Where there are factors having a significant effect on the trends reflected in these two schedules, notes to these schedules are also required. LEAs need not present RSI if the OPEB plan issues its own separate financial statements or if the OPEB plan is included in the financial statements of another entity.

Note that the actuarial accrued liability (AAL) and the unfunded actuarial accrued liability (UAAL) are actuarial liabilities, not accounting liabilities. Although both are disclosed in the notes to the financial statements, neither is recognized in the financial statements themselves. LEAs that fully fund the ARC each year will thus report no OPEB liability in their financial statements, no matter how large their unfunded liability for past service.

CHARGING OPEB TO PROGRAMS

As mentioned, the CDE has spent significant time in discussions with the ED regarding the allowability of OPEB costs to federal programs.

The ED emphasizes that OPEB costs, to be allowable, must be funded; accrual-basis costs that are not actually funded are not allowable. However, the ED does not presently require that funded amounts be contributed to an irrevocable trust in order to be allowable, as long as the funded amounts can be used only for providing postemployment benefits to retirees and other beneficiaries. For example, where an LEA self-insures for OPEB benefits, the LEA's payments to its self-insurance fund for self-insured OPEB premiums are allowable charges to federal programs (see the *California School Accounting Manual (CSAM) Procedure 775* for guidance relating to self-insurance activities).

The CDE notes that interfund transfers and designations of fund balances are not expenditures for purposes of generally accepted accounting principles (GAAP) and are not allowable charges to programs.

Rationale for Allowability of Costs to Programs

Federal guidelines provide that only those costs that can be identified specifically with a particular program cost objective are allowable as direct costs of federal awards. Direct costs include compensation of employees, including salaries and fringe benefits, for time devoted specifically to a federal award. OPEB expenditures relating to prefunding of OPEB for eligible **active** employees are fringe benefits and should therefore be direct-charged along with the employees' other fringe benefits.

By contrast, OPEB expenditures relating to already-retired employees represent costs that were not funded during the employees' years of service and that cannot be identified with any particular program cost objective now. These costs are simply overhead, that is, they are an obligation for which the LEA is liable but from which current programs derive no direct benefit.

The ED agrees that federal programs may absorb a share of OPEB costs relating to retirees, but only if the costs are allocated to all activities, somewhat like indirect costs, and only if the allocation base is as broad as possible. The ED therefore allows that either total salaries or total full-time equivalent positions (FTEs) in all activities may be used as the allocation base, but has specifically denied other narrower allocation bases.

Federal cost principles provide that when an LEA funds OPEB in accordance with an acceptable actuarial cost method, the initial unfunded liability attributable to prior years is allowable if amortized over a period of years in accordance with GAAP. However, the cost principles also provide that any cost must be reasonable and necessary for efficient performance of the program cost objective. Where costs relating to amortization of the unfunded liability for OPEB-eligible active employees would be unduly burdensome or distorting if direct-charged to the employees' programs, the costs may not be direct-charged but rather must be allocated to all programs, as OPEB costs relating to retirees are.

An example of amortization costs for active employees that would be distorting or unfairly burdensome is be an LEA with an unfunded plan and whose OPEB-eligible employees have a high number of years of service. The amortization of the UAAL for OPEB-eligible active employees will likely be high in comparison to the Normal costs for those employees. By contrast, in an LEA with a nearly funded plan or whose OPEB-eligible active employees have a low number of years of service, the amortization of the UAAL for OPEB-eligible active employees will likely be lower in comparison to the Normal costs for those employees. In the first LEA, the costs of amortization of the UAAL for OPEB-eligible active employees will likely be unfairly burdensome if direct-charged to the programs in which those employees work. In the second LEA, they are less likely to be.

“Unfairly burdensome” and “distorting” are subjective determinations that each LEA must make for itself. The CDE suggests that as a general rule, where the amortization cost for OPEB-eligible active employees is no greater than the Normal cost, it is reasonable to direct-charge the amortization cost to programs along with the Normal cost. The CDE emphasizes that in the interest of consistent cost treatment, amortization costs for active employees should be either direct-charged uniformly or allocated uniformly, that is, LEAs should not direct-charge some and allocate others.

Summary of Allowable OPEB Charges to Programs

The following tables summarize the results of the CDE's discussions with the ED. In keeping with the principle of consistent cost treatment, this guidance applies to both state and federal programs.

Table 1: If LEA funds OPEB purely on pay-as-you-go basis, not based on an actuarial valuation:

Group	OPEB Expenditure	Allowability
Retirees	Current year benefits	<ul style="list-style-type: none"> Allocate to all activities in proportion to total salaries or total FTEs in all activities

Table 2: If LEA funds OPEB on an actuarial basis:

Group	OPEB Expenditure	Allowability
Retirees	Amortization of past unfunded liability for retirees	<ul style="list-style-type: none"> Allocate to all activities in proportion to total salaries or total FTEs in all activities
OPEB-eligible active employees	“Normal” or “service” cost	<ul style="list-style-type: none"> Direct charge as a fringe benefit to program(s) to which each OPEB-eligible active employee’s salary is charged
OPEB-eligible active employees	Amortization of past unfunded liability for OPEB-eligible active employees	<ul style="list-style-type: none"> Direct charge as a fringe benefit to program(s) to which each OPEB-eligible active employee’s salary is charged, to the extent that

		<p>the amount charged is not unduly burdensome to the program(s);</p> <p>or,</p> <ul style="list-style-type: none">• Allocate to all activities in proportion to total salaries or total FTEs in all activities
--	--	---

For this purpose, "all activities" means any combination of fund, goal, and function (but not necessarily resource) to which any salaries or any FTEs are charged (see "Accounting for OPEB in the Standardized Account Code Structure," page 12).

The methodology for attributing expenditures for amortization of the past unfunded liability between retirees and active employees is discussed in Attachment D.

For consistency in application of this guidance, the ED agrees that once an LEA obtains an OPEB valuation based on an actuarial method recognized by GAAP, all of the LEA's OPEB contributions may be considered to be in relation to that valuation, that is, on an actuarial basis rather than on a pay-as-you-go basis. Regardless of whether the LEA's contributions are greater than, less than, or equal to current year benefits, any LEA that has obtained an actuarial valuation but not yet implemented GASB 45 may therefore apply the guidance in Table 2 rather than Table 1. Once an LEA has implemented GASB 45, the LEA will apply the guidance in Table 2.

Important Changes to Current Practices for Some LEAs

The CDE believes that this guidance will necessitate accounting changes for some LEAs. In particular, the following requirements may be different from current practice:

- OPEB expenditures relating to retirees, whether for current year benefits or for amortization of the unfunded liability, may only be allocated to programs using total salaries in all activities or total FTEs in all activities as the allocation base. For example, LEAs may not charge these expenditures to programs using OPEB-eligible salaries or FTEs, or health and welfare-eligible salaries or FTEs, as an allocation base.
- OPEB expenditures relating to retirees may not be direct-charged to the program(s) in which the employee worked before retiring. For example, LEAs