Committee Members: Jonathan Brusco, Kent Child, and Mark Dover
Committee Resources: Steve Kinsella Susan Cheu and Terry Newman
Other Attendees: Walt Glines, Kathleen Rose and Nancy Bailey

1) Call Meeting to Order – Trustee Child called the meeting to order at 5:35 p.m.

2) Approve Minutes – The minutes from April 30, 2013 were approved. MSC (Dover /Brusco)

3) Comments from the Public – No Comments

4) FY 2012-13 Gavilan “Actuals” – President Steve Kinsella reported that the books for FY12-13 are still being closed and details related to the 50% law requirement and the bad debt allowance need to be concluded. Though the goal was to close with a balanced year, the 50% and bad debt adjustments may cause significant changes and a higher deficit. Several entries need to be posted before closing that will affect the balance, including ME eligible project costs that are being transferred from the general fund to ME fund.

Analyses of the expenditures allowable under the 50% law indicate that charging full-time faculty salaries to grant funds reduces our percentage of direct instructional costs out of the general fund. In addition, the grants are covering other allowable expenditures such as instructional equipment. This will need to be reviewed so that direct instructional costs can be applied to the general fund. The State will not approve a waiver from a district falling below 50% of the general fund in direct instructional costs. The District may make a contribution to the Retiree Health Benefit Fund. This, in turn, reduces the ending fund balance. The ending fund balance for FY12-13 is currently estimated at $2.8 - $3 million.

Chief Financial Officer Susan Cheu explained why the bad debt allowance has risen. With the implementation of the Banner system, students may now enroll in classes prior to payment. Several procedures have been put into place to expedite the collection of the enrollment fees such as the “De-registration” policy for non-payment and placing a hold on transcripts. However, once classes begin, the district cannot drop the student for non-payment.

5) FY 2013-14 State Budget – Ms. Cheu reported that she and Terry Newman, Interim Senior Director of Administrative Services, attended the State Budget Workshop in August. They were told the state is looking at a 3.65% increase in growth and 1.5% in COLA. She reported that discussions at the workshop included the dissolution of RDAs, EPA funds, and Proposition 30 funds. Ms. Cheu reported that some of the funding provided will be earmarked for a specific purpose such as Proposition 39 funds for energy improvements. In conclusion, she felt the workshop provided a better overall economic outlook than seen the previous five (5) years.

President Kinsella reviewed state revenues including restoring the funds from the workload reduction of FY 11-12. He noted that matriculation funds will be restored to the level of FY07-08. He indicated that there is not a lot of new money available. President Kinsella reported that the Full Time Faculty Obligation number for Gavilan has been reduced to 62 by the State. The number recorded last fall was 73. With recent retirements, Gavilan remains over the required 62. He added that the current financial resources do not allow Gavilan to hire.

6) FY 2013-14 Gavilan Final Budget – President Kinsella reported that a balanced final budget is being presented for FY13-14. Ms. Cheu provided information on the transition from the tentative to final budget which included factors such as $209,000 in scheduled maintenance and instructional equipment funding, management reorganization, and a contribution from the Retiree Health Benefit Fund of $618 million. In responding to Trustee Brusco’s question, President Kinsella confirmed that the Retiree Health Benefit Fund contribution can be returned to the fund at a later date.
7) **Status of FY12-13 Audit** – Ms. Cheu reported that the preliminary audit took place in July without any comments or findings. Ms. Cheu explained that this preliminary audit focuses on compliance and audits the following areas: Financial Aid, internal controls of Business Office, Admissions and Records, CalWorks, Disability Resource Center, and Foundation. The financial audit takes place in October.

8) **Review draft Measure E Bond Budget Alignment** – Ms. Newman reviewed the proposed budget adjustments which include moving funds from closed projects and an increase in funds for the Parking Lot C expansion. In addition, the district’s match for the Library/Media remodel of $6 million was transferred to a newly created fund – Local Funds-Offsite Development. This action was approved at the August 13, 2013 Board of Trustee meeting.

   In response to Trustee Brusco’s question, Ms. Newman reported that the Lot C expansion was originally estimated at $500,000 for infrastructure improvements. However, environmental permits and mitigation costs have been significant. Trustee Child noted that the additional southern exit from Lot C is a positive change for the campus especially for an emergency situation.

   President Kinsella noted that the ME Bond dollars have to be expended by 2016 and the district has some big projects to complete.

   The Budget Committee approved the Measure E Budget Alignment, September 2013 and recommended it be sent to the full Board of Trustees for consideration. MSC (Brusco/ Dover)

9) **Adjournment** - Meeting adjourned at 5:59 p.m.