Committee Members: Jonathan Brusco, Kent Child, and Mark Dover
Committee Resources: Steve Kinsella, Fred Harris and Wade Ellis

1) Call Meeting to Order – Trustee Child called the meeting to order at 6:05 p.m.

2) Approve Minutes – The minutes from August 1, 2014 were approved. MSC (Dover /Brusco)

3) Comments from the Public – No Comments

4) FY 2015-16 Proposed Final Budget – Mr. Ellis reported that, the Chancellor’s office is three weeks behind in releasing all of the districts’ budget allocations, so changes will be made to our final budget when those missing allocations are received. The revenue used in this budget comes from the advanced apportionment $27,913,387, COLA $285,102, Growth $541,407; and two increased allocations for Rural Colleges $567,062 and Small Colleges $192,965. It is those two increased “Colleges” allocations that have yet to be received from the Chancellor’s Office.

The total amount of the current year unrestricted general fund budget is $29,537,672, which is up 7.5% from prior year budgets. The tentative budget was balanced, but the proposed final budget has excess revenue of $346,644 plus the addition of $148,999 of new mandated block grant funds. These increased funds will pay for three new full-time instructors, for the Banner installation of the new Human Recourses, Payroll and e-Procurement modules, and for the STRS and Retiree Health Benefits increased costs. With the closing of the Child Development Center the $124,675 transfer was removed from the proposed final budget.

Trustee Brusco questioned, why are the increases in academic salaries twice as high as prior years? Dr. Kinsella stated that was due to a number of faculty returning after their grants expired. Trustee Brusco also questioned, why the increase in the Benefits category, specifically what percentage is STRS and the medical insurance increases? Mr. Ellis explained that the medical insurance has increased 8% above last year’s amount and the STRS increased from last year’s 8.88% to 10.73% as of July 1st, 2015. Trustee Brusco further questioned, if someone works on a grant does their benefits fall into this category? Mr. Ellis replied, yes, the grant pays their benefits. Trustee Brusco also questioned, assuming that the Measure E funds will be needed in 2016 and we are behind schedule, does that just roll over and will there be fees? Mr. Harris stated that, 2016 was targeted according to our legal counsel as the year these expenditures need to be completed. That particular set of penalties per our legal counsel is not as serious as the overall management audit the IRS does after the bond is fully completed. Trustee Brusco further questioned why is the Associated Student Body fund dipping down next year compared to the year these expenditures need to be completed. That particular set of penalties per our legal counsel is not as serious as the overall management audit the IRS does after the bond is fully completed. Trustee Brusco also questioned, assuming that the Measure E funds will be needed in 2016 and we are behind schedule, does that just roll over and will there be fees? Mr. Harris stated that, 2016 was targeted according to our legal counsel as the year these expenditures need to be completed. That particular set of penalties per our legal counsel is not as serious as the overall management audit the IRS does after the bond is fully completed. Trustee Brusco further questioned why is the Associated Student Body fund dipping down next year compared to the year these expenditures need to be completed. That particular set of penalties per our legal counsel is not as serious as the overall management audit the IRS does after the bond is fully completed. Trustee Brusco also questioned, assuming that the Measure E funds will be needed in 2016 and we are behind schedule, does that just roll over and will there be fees? Mr. Harris stated that, 2016 was targeted according to our legal counsel as the year these expenditures need to be completed. That particular set of penalties per our legal counsel is not as serious as the overall management audit the IRS does after the bond is fully completed. Trustee Brusco further questioned why is the Associated Student Body fund dipping down next year compared to the year these expenditures need to be completed. That particular set of penalties per our legal counsel is not as serious as the overall management audit the IRS does after the bond is fully completed. Trustee Brusco also questioned, assuming that the Measure E funds will be needed in 2016 and we are behind schedule, does that just roll over and will there be fees? Mr. Harris stated that, 2016 was targeted according to our legal counsel as the year these expenditures need to be completed. That particular set of penalties per our legal counsel is not as serious as the overall management audit the IRS does after the bond is fully completed.

Mr. Ellis stated that, the restricted general fund balance of $9,301,754 which is 11.99% of the budget is based on actuals. The fiscal year 2014-15 is not closed yet; and it is anticipated that the unrestricted general fund balance will be closer to 10%.

Trustee Child questioned, are we in compliance with the 50% rule? Mr. Ellis stated that the necessary instructional expenditures exceed the 50% requirement. After the exclusions are removed, we will be closer to 52%. Trustee Child questioned what constitutes long term debt? Mr. Ellis explained that the bulk of the long term debt is bond payments and built up vacation time. We just received the draft actuarial update on the OPEB, employee post-retirement health benefits. That new actuarial amount is $7,564,000; and there is a Board Item today where we will talk about the $6,138,000 in the investment account leaving only 1.4 million left to fund.

Trustee Brusco questioned because of Measure E will we be pulling out significant amounts of the bond in the current year; and are we going to reinvest in something more conservative? Mr. Kinsella replied that all we can invest in is County Treasuries. Measure E is short-term and has to be invested in County
Treasury. Trustee Brusco asked why was there a $400K plus increase for Management Information Services? Mr. Kinsella explained that, we just had a million dollar tech upgrade project with Measure E funds; and those technological upgrades require service agreements. One of the new service agreements is the Navigate Program with the Education Advisory Board that helps students with their class schedules and study time. Trustee Child asked if we are doing a full implementation of the Banner scheduling and student records? Mr. Ellis said some aspects of the students’ module need further training and implementation, but HR and Payroll are getting fully implemented.

Trustees Child and Brusco thanked Ellis for his user friendly packet of budget materials presented. It was very easy to understand.

5) **Adjournment** - Meeting adjourned at 6:24 p.m.