



2023-2024 Tentative Budget

June 21, 2023



Board of Trustees

Romualdo J. Medina, Board President
Isabel Solis, Board Clerk
Hortencia Armendariz, Trustee
Jerry D. Hart, Trustee
Karla A. Sigmond, Trustee
Betsy Lindbergh, Trustee
Erik Ortega, Trustee
Joshua Figueroa, Student Trustee
Lennor M. Johnson, Ed.D., Secretary

Presented by:
Cesar L. Vega, Vice President for Administrative Services
Stacey Browning, Director of Fiscal Services
Maria Lockas, Budget Analyst

Table of Contents

Fund	Description	Page
	Mission Statement	3
	Business Services Department	4
	Budget Parameters and Assumptions	5
	Governor's May Revision Proposals	6
11	General Fund Unrestricted	12
12	General Fund Restricted	14
22	Building Fund	18
33	Child Development Fund	18
41	Capital Projects Fund	19
61	Self-Insurance Fund	19
69	Internal Services Fund	19
71	Associated Student Government - Campus Clubs Fund	20
72	Student Representative Fee Fund	20
74	Student Financial Aid Fund	20
81	General Obligation Bond Fund	21

Mission Statement

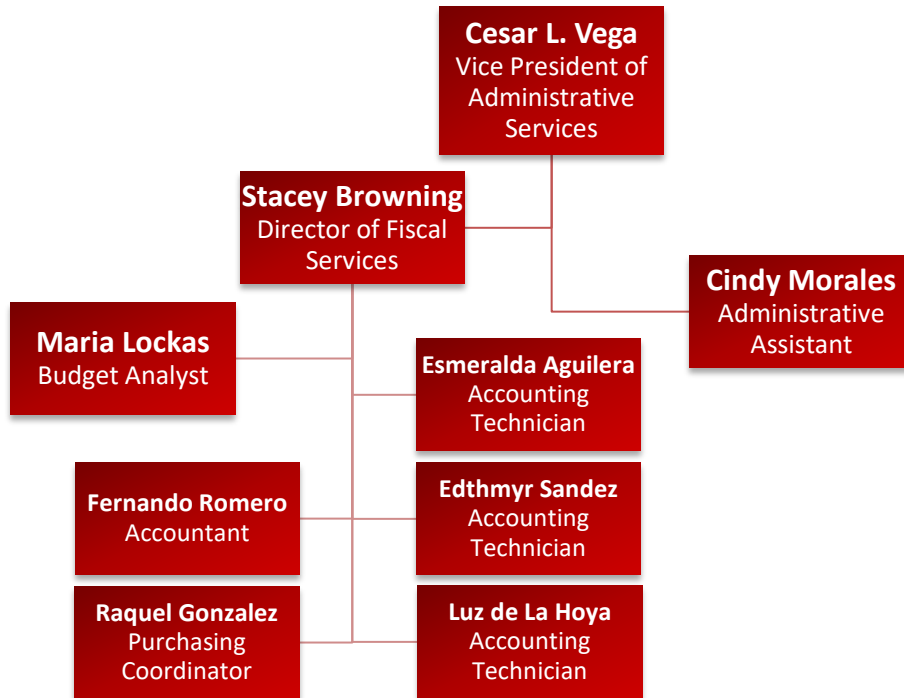


The mission of Imperial Valley College is to foster excellence in education that challenges students of every background to develop their intellect, character, and abilities; to assist students in achieving their educational and career goals; and to be responsive to the greater community.



The Aspen Prize for Community College Excellence was awarded to Imperial Valley College on April 20, 2023.

Business Services Department



2023-24 Imperial Valley College Tentative Budget

Budget Parameters and Assumptions

The Business Office is committed to maintaining the on-going fiscal stability of Imperial Valley College by meeting the State Chancellor’s Office fiscal monitoring requirements and Title 5 regulations related to principles of sound fiscal management. The District’s on-going fiscal stability is essential to assuring achievement of IVC’s mission.

The District’s core mission of fostering excellence in education that challenges students of every background to develop their intellect, character, and abilities is paramount; therefore, fiscal and budget related decisions for the District’s 2023-24 Tentative Budget have been made with this core mission in mind.

The Department of Finance, Legislative Analyst’s Office, School Services of California, and the Chancellor’s Office Joint Analysis are some of the tools used in the development of this preliminary (tentative) budget for 2023-24 as well as planning factors for three years out.

SCFF Rate Factors Analysis					
<u>Factor</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	
Department of Finance Projected COLA	6.56%	8.22%	3.94%	3.29%	
Growth Funding	0.50%	0.50%	TBD	TBD	
SCFF Rate Factors Analysis					
	<u>2022-23</u>	<u>2023-24</u>			
Base Credit	\$4,840	\$5,238			
Supplemental Point Value	\$1,145	\$1,239			
Student Success Main Point Value	\$675	\$730			
Student Success Equity Point Value	\$170	\$184			
Incarcerated Credit, CDCP	\$6,788	\$7,346			
Noncredit	\$4,082	\$4,417			
SCFF Rate Factors Analysis					
<u>Factor</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	
California Consumer Price Index	5.71%	3.54%	3.02%	2.64%	
California Lottery	Unrestricted	\$170	\$170	\$170	\$170
	Restricted	\$67	\$67	\$67	\$67
Mandated Block Grant	\$32.68	\$35.37	\$36.76	\$37.97	
CalSTRS Employer Rate	19.10%	19.10%	19.10%	19.10%	
CalPERS Employer Rate	25.37%	26.68%	27.70%	28.30%	
Unemployment Insurance Rate	0.50%	0.05%	0.05%	0.05%	

Overview of the Governor’s May Revision Proposals

Governor Gavin Newsom’s spending plan in May attempts to reach a balance by protecting existing investments while anticipating continued economic uncertainties. Revenues have continued to underperform since the release of the Governor’s proposals in January, forcing the Administration to now recognize a \$31.5 billion budget shortfall, an increase of \$9.3 billion since January 2023.

Despite this uncertainty, education falls into the category of an investment to protect, and Governor Newsom fully funds the historically large cost-of-living adjustment (COLA) for K-14 education; however, doing so comes at the expense of one-time funds reduced in the current year.

The Economy and Revenues

Governor Gavin Newsom began his press conference unveiling his May Revision for the 2023-24 State Budget highlighting California’s progressive socio-economic disposition. He took care to highlight the important fact that the state’s progressive tax system conditions state General Fund revenues on a small fraction of its population. Fifty percent of all personal income taxes is paid by 1% of California residents, whose income relies heavily on Wall Street performance. Consequently, a near 20% decline in the S&P 500 is reflected in significantly less personal income tax withholdings late in 2022.

What was a \$22.5 billion budget deficit in January now stands at \$31.5 billion at the May Revision, or a net reduction of \$9 billion in state revenues from January.

And even this estimate contains risk.

State Tax Revenue Analysis						
	<u>2021-22</u>		<u>2022-23</u>		<u>2023-24</u>	
In Millions	Governor’s Budget	May Revision	Governor’s Budget	May Revision	Governor’s Budget	May Revision
Personal Income Tax	\$136,762	\$137,144	\$128,905	\$122,769	\$126,695	\$118,166
Corporation Tax	\$45,298	\$45,128	\$38,482	\$42,091	\$39,308	\$42,081
Sales Tax	\$32,915	\$33,026	\$32,851	\$33,072	\$33,599	\$33,366
Total	\$214,975	\$215,298	\$200,932	\$197,932	\$199,602	\$193,583

The May Revision, and what will become the 2023-24 Enacted Budget in late June, presents the riskiest California budget in over a decade. The Governor enumerated the risks to the budget to include Washington D.C.’s inability to reach a deal on the federal debt ceiling, and:

1. The increased cost of borrowing due to interest rate hikes by the Federal Reserve, which in part led to a crisis in the banking sector that saw three major bank failures in the last two months.
2. The delay of personal income and corporation tax revenues until mid-October. On this last risk, Governor Newsom shared that an estimated \$42 billion in anticipated revenue (or 19% of state General Fund revenues included in his May Revision) are due to come in the fall—\$28.4 billion from personal income tax receipts and \$13.3 billion in corporation taxes. Outstanding personal income taxes represent approximately 23% of all such revenue while outstanding corporation taxes represent 32% of all such revenues in 2022-23.

While a sizable share of the revenues upon which the May Revision is built remains on the horizon, the Governor does not assume a recession. In fact, he projects that the U.S. economy will continue to grow (albeit at a slower pace), averaging 0.5% growth in the last half of 2023. He notes, however, that a mild or moderate recession could change the budget picture significantly. A mild recession beginning in late 2023 could create an additional \$20 billion shortfall while a moderate recession lasting through 2024 could balloon a deficit by another \$40 billion.

In this context, the Governor underscores the need for budgetary resilience and prudence while maintaining investments designed to transform the lives of Californians—education, housing affordability, healthcare, public safety, and jobs, among others. To mitigate the risks in the May Revision, the Governor refrains from using tools usually reserved for economic downturns, laudable prudence in our mind. The May Revision retains \$37.2 billion in budget reserves, including \$22.3 billion in the Budget Stabilization Account and \$10.7 billion in reserves for K-12 agencies and community colleges. The May Revision instead relies on three key elements:

1. A combination of borrowing
2. Deferring implementation of planned investments
3. Reductions in one-time funding

Proposition 98 Minimum Guarantee and Reserve

As the Proposition 98 minimum guarantee continues to be determined by Test 1, it follows that as state revenues drop so does education funding. Test 1 requires the state to spend at least as much as it did on K-12 and community colleges in 1986-87 (roughly 40% of state General Fund revenues). The May Revision reflects a downward adjustment to the minimum guarantee in both 2022-23 and 2023-24 from the Governor's Budget to accommodate less-than-projected overall state revenues. In the current year, the minimum guarantee is estimated to be \$106.8 billion, and in 2023-24, Proposition 98 is projected to remain at \$106.8 billion.

In Millions	2021-22		
	Governor's Budget	May Revision	Change
General Fund	\$83,630	\$83,754	\$124
Property Tax	\$26,785	\$26,800	\$15
Total	\$110,415	\$110,554	\$139

Notably, property tax estimates have increased significantly since January, and increase throughout the budget window. While the General Fund portion of the minimum guarantee decreases by \$3.2 billion across 2022-23 and 2023-24, the decline is offset by \$967 million in unanticipated property taxes.



In Millions	2022-23		
	Governor's Budget	May Revision	Change
General Fund	\$79,103	\$78,115	(\$988)
Property Tax	\$27,889	\$28,656	\$767
Total	\$106,992	\$106,771	(\$221)

Revised estimates of the minimum guarantee over the three-year period show a net decrease in education funding of \$3.7 billion from 2021-22 levels. Again, the reduction is simply a reflection of an economy that has not performed as well as anticipated last summer.



In Millions	2023-24			Change from 2021-22
	Governor's Budget	May Revision	Change	
General Fund	\$79,613	\$77,435	(\$2,178)	(\$6,319)
Property Tax	\$29,204	\$29,404	\$200	\$2,604
Total	\$108,817	\$106,839	(\$1,978)	(\$3,715)

While it seems counterintuitive that, as state revenues and education funding decline, the state would have a higher obligation to deposit funds into the Proposition 98 reserve. The May Revision increases deposits to achieve a fund balance of \$10.7 billion in 2023-24. The Governor notes that this is attributable to a larger share of General Fund revenues coming from capital gains compared to January estimates. Finally, the California Constitution installs a cap on how much the state can maintain in the Proposition 98 reserve at no more than 10% of the minimum guarantee. The \$10.7 billion balance reaches that cap; thus, unless withdrawals are made from the fund or Proposition 98 increases, we can expect that no additional deposits will be made in the next few years.

Student Centered Funding Formula

Governor Newsom proposes to provide \$678 million in the 2023-24 State Budget to fund the 8.22% COLA for apportionments, which is applied to the rates within the Student-Centered Funding Formula (SCFF). The Governor also proposes a one-time investment of \$503 million to support SCFF costs for 2023-24.

The Governor proposes to provide \$26.4 million to fund student enrollment growth of 0.5%, which is a decrease of \$2.4 million from his January Budget proposal.

Other community college programs that are funded outside of the SCFF that would also receive an 8.22% COLA under the Governor's Budget proposal are:

1. Adult Education
2. Extended Opportunity Programs and Services
3. Disabled Students Programs and Services
4. Apprenticeship
5. CalWORKs Student Services
6. Mandated Block Grant and reimbursements
7. Cooperative Agencies Resources for Education
8. Childcare tax bailout.

Deferred Maintenance Reduction/Funding Cuts

The 2022-23 State Budget Act included \$840 million in one-time funds for deferred maintenance and energy projects. In his January State Budget, the Governor proposed a \$213 million cut to deferred maintenance. With the budget hole deeper than it was in January, Governor Newsom proposes an additional decrease in deferred maintenance of \$239 million in his May Revision for a total reduction of \$452 million. If approved, IVC will be losing approximately 53% in the current year Physical Plant and Instructional Support allocation which equates to approximately \$3.9 million in cuts. This reduction in deferred maintenance funds will severely impact IVC's modernization projects and repairs to, in example, the tennis court renovation project.

The Chancellor's Office reports that all \$840 million allocated for this fiscal year (2022-23) are scheduled to be distributed to districts via the Apportionment process by June 2023, prior to the expected enactment of the 2023-24 State Budget. The Chancellor's Office has said that as of January 2023, \$504 million has already been distributed and 71 districts have certified how they will spend their funds, including Imperial Valley College.

COVID-19 Recovery Block Grant Reductions

The 2022-23 State Budget package included \$650 million in one-time funding for the COVID-19 Recovery Block Grant, distributed based on a district's actual reported full-time

equivalent students as reported at the time of the Second Principal Apportionment for the 2021-22 fiscal year.

However, the May Revision proposes a decrease of approximately \$345 million one-time from this grant, bringing the block grant amount to \$305 million one-time. Currently, all \$650 million in one-time COVID-19 Recovery Block Grant funds allocated in FY 2022-23 are scheduled to be distributed to districts via the Apportionment process by June 2023, prior to the expected enactment of the 2023-24 budget. As of May 2023, \$598 million has been distributed to districts, including Imperial Valley College. The Chancellor's Office will need to identify a mechanism to reappropriate the funds if this proposal remains in the adopted budget.

Student Retention

In his January State Budget, Governor Newsom proposed \$200 million in one-time funding to support California Community College efforts to increase student retention rates and enrollment with the intention to build upon the \$150 million and \$120 million in one-time dollars included in the 2022 and 2021 State Budget Acts, respectively. However, the May Revision proposes to decrease this allocation by \$100 million, which would leave \$100 million to support community college efforts and focused strategies to increase student retention rates and enrollment.

In Closing

At the May Revision, the Business Office's focus is on what the Governor has changed since his January proposals. In that regard, no significant changes were presented in the May Revision in the areas of student housing grants and dual enrollment for the California Community Colleges.

What has changed is a significant increase in cuts to current-year flexible funding, further tapping into deferred maintenance and reducing the previously untouched COVID-19 Recovery Block Grant to shore up the ongoing Student-Centered Funding Formula expense. The Newsom Administration's hope is that resources will sufficiently materialize for 2023-24 to keep the funding formula afloat once again with ongoing resources. However, the Chancellor's Office as well as other leading state agencies like the Legislative Analyst's Office (LAO) have a much different opinion on the Governor's May Revision due to economic uncertainty.

In fact, the role of the LAO is to serve as the "eyes and ears" for the Legislature to ensure that the executive branch is implementing legislative policy in a cost efficient and effective manner. The office carries out this legislative oversight function by reviewing and analyzing the operations and finances of state government.

In its initial reaction to Governor Gavin Newsom's revised 2023-24 State Budget proposal, the LAO estimates that there is a two-thirds chance that the May Revision's state revenue estimates are too optimistic. Based on the LAO's economic analysis and calculations of the

state's spending obligations in 2023-24, they believe that the budget deficit is \$6.2 billion more than the May Revision is proposing to solve. This presents a significant downside risk to the budget if the final budget agreement adopts the Administration's estimates.

To close what the LAO estimates to be \$28.3 billion budget deficit, Governor Newsom relies on a collection of approaches that include:

- \$15.1 billion in spending reductions, delays, and trigger restorations
- \$6.5 billion in delays
- \$4.9 billion in reductions
- \$3.7 billion in triggered restorations
- \$9.1 billion in cost shifts, including \$2 billion in borrowing from special funds and other program reversions and cost shifts
- \$3.4 billion in additional revenue increases and shifts from January resulting primarily from an increase in a tax on managed care organizations (MCO), which the LAO estimates would provide \$3.5 billion in budget relief for 2023-24
- \$450 million in a reserve withdrawal from the 2018-19 Safety Net Reserve, or half the existing balance in the fund

Even with these budget solutions in 2023-24, the LAO warns that under the Administration's estimates and assumptions, the state faces sizable deficits through 2026-27. In each year through the fiscal outlook window, the state would confront operating deficits of approximately \$15 billion, and, by 2026-27, would have a negative balance in its Special Fund for Economic Uncertainties of \$41 billion.

In its closing comments, the LAO highlights that their tax revenue estimates for 2021-22 through 2023-24 are \$11 billion lower than the May Revision's estimates. The risk to state revenue assumptions is exacerbated by \$3.1 billion in new discretionary spending. The LAO advises the Legislature to adopt their more conservative revenue estimates and to reduce one-time planned investments now so as to avoid a more difficult budget problem next year.

2023-24 Tentative Budget General Fund Unrestricted 11

The purpose of the Unrestricted General Fund is to support the basic instructional and support activities of the district with funding sources that are discretionary in nature. All transactions that are not specifically required to be accounted for in other funds are recorded in Fund 11. The General Fund is typically the largest and most active of the funds. Here in the Business Office, we often refer to Fund 11 unrestricted as the “fund of last resort” because it is where most of the district’s discretionary dollars reside, and where IVC’s fiscal solvency is determined. Fund 11 cannot operate into a deficit or be allowed to run out of cash because we will become insolvent.

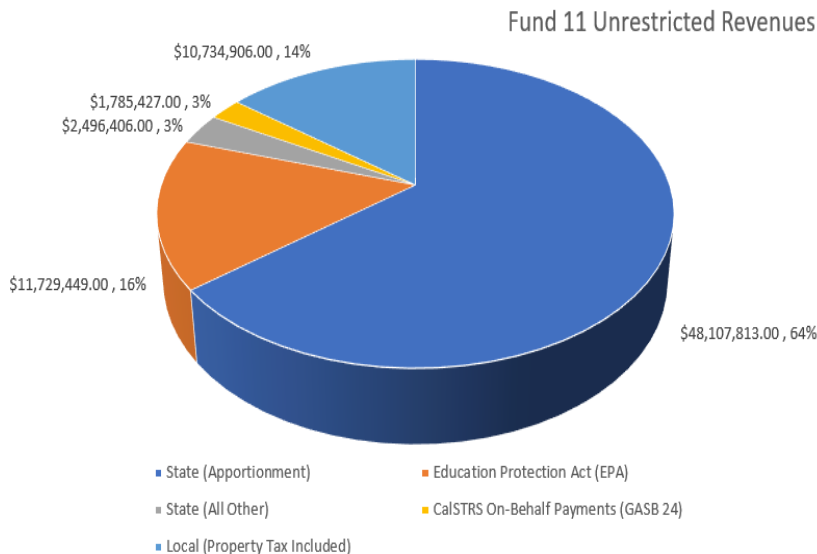
The majority of all salaries and benefits, on average approximately 86% of the district’s expenditures, reside in Fund 11. The bulk of the revenues deposited in this fund come from state general apportionments through the Student-Centered Funding Formula (SCFF), state lottery, property taxes, and other miscellaneous sources. The governing board of the District may elect to designate unrestricted funds for specific future operating purposes, and may also elect to transfer unrestricted reserves to other funds.

The table below illustrates the different types of apportionments of unrestricted revenues projected for fiscal year 2023-24:

Unrestricted Revenues - Fund 11

FTES Reported/Projected	7,409
BEGINNING FUND BALANCE	\$18,524,234.00
REVENUES	
State Apportionment	\$48,107,813.00
Education Protection Act (EPA)	\$11,729,449.00
All Other State	\$2,496,406.00
CalSTRS On-Behalf Payments (GASB 24)	\$1,785,427.00
Local Property Taxes	<u>\$10,734,906.00</u>

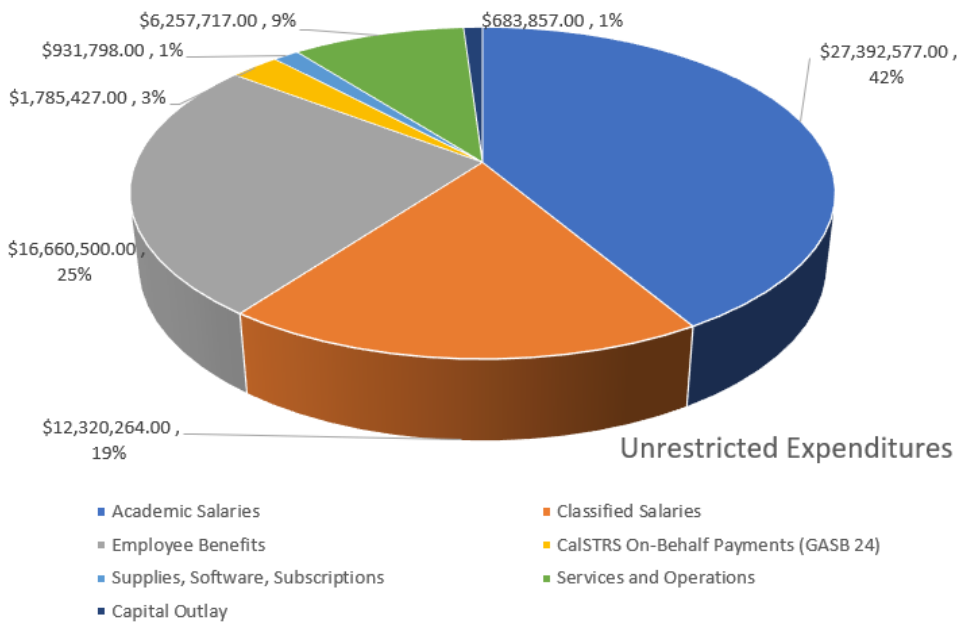
The **Base Allocation** of the SCFF is comprised of the basic allocation and funding per full-time equivalent students (FTES). In fiscal year 2017-18, community colleges throughout the system received 100% of their funding based on the base allocation model.



Effective July 2018, the SCFF changed how funding is calculated to support student completion and recognize the need to provide additional services to help students achieve their success. Changes to the base allocation occurred in the funding per FTES calculations with the implementation of the SCFF.

Unrestricted Expenditures - Fund 11

Certificated (Academic) Salaries	\$27,392,577.00
Classified Salaries	\$12,320,264.00
Employee Benefits	\$16,660,500.00
CalSTRS On-Behalf Payments (GASB 24)	\$1,785,427.00
Materials, Supplies, Software, Subscriptions	\$931,798.00
Services and Other Operating Expenses	\$6,257,717.00
Capital Outlay	\$683,857.00
TOTAL EXPENDITURES	\$66,032,140.00



The District is projecting approximately \$66,032,140 of unrestricted general fund expenditures for fiscal year 2023-24.

Of this amount, \$27,392,577 is estimated for academic-related salaries, \$16,660,500 is estimated employee benefit costs for all employees, and \$12,320,264 is estimated for classified salaries.

All combined, the District is projecting that over 86% of our total unrestricted general fund expenditures will go towards salaries and benefits in fiscal year 2023-24.

The remaining 14% of the estimated unrestricted general fund expenditures will be used on operating expenses.

The District is projecting an excess in revenues over expenditures of approximately \$8,821,861 in fiscal year 2023-24. This is mostly attributed to savings to the General Fund realized through one-time HEERF allocations over the last two fiscal years.

Our reserves remain solid at 26% for fiscal year 2023-24.

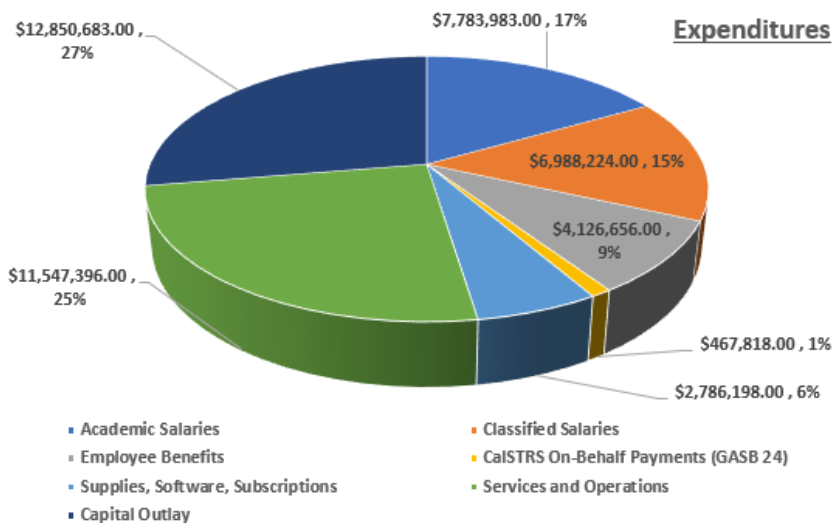
Components of Ending Fund Balance

Excess (Deficiency) Revenues Over Expenditures	\$8,821,861
¹ Other Outgo (Transfers/Reserves)	\$8,310,000
Net Increase/Decrease in Ending Fund Balance	\$511,861
Ending Fund Balance	\$19,036,095
% Reserves	26%

¹IVC's unfunded liabilities like OPEB and Pension are behind schedule in terms of fully funding them. The business office is recommending a transfer of \$4 million to OPEB and \$3.5 million to our pension trust fund in efforts to stay on track and fully fund our unfunded liabilities by 2041.

Restricted 2023-24 Tentative Budget

BEGINNING FUND BALANCE	\$1,001,642.00
Prior Year Adjustments	
ADJUSTED BEGINNING FUND BALANCE	\$1,001,642.00
<hr style="border: 1px solid red;"/>	
REVENUES	
Federal	\$8,290,474.00
State	\$36,579,730.00
CalSTRS On-Behalf Payments (GASB 24)	\$467,818.00
Local	\$3,364,468.00
TOTAL REVENUES	\$48,702,490.00
<hr style="border: 1px solid red;"/>	
EXPENDITURES	
Academic Salaries	\$7,783,983.00
Classified Salaries	\$6,988,224.00
Employee Benefits	\$4,126,656.00
CalSTRS On-Behalf Payments (GASB 24)	\$467,818.00
Materials, Supplies, Software	\$2,786,198.00
Services and Other Operating Expenses	\$11,547,396.00
Capital Outlay	\$12,850,683.00
TOTAL EXPENDITURES	\$46,550,958.00
<hr style="border: 1px solid red;"/>	
Excess (Deficiency) Revenues	\$2,151,532.00
Other Outgo (Student Financial Aid)	\$2,482,696.00
Net Increase (Decrease) in Fund Balance	(\$331,164.00)
Percentage (%)	1%



Fund 12 - General Fund Restricted

The Restricted General Fund is used to account for resources available for the operation and support of the educational programs that are specifically restricted by laws, regulations, donors, or other outside agencies as to their expenditure.

Restricted funds are generally from an external source that requires monies be used for specific purposes, such as grants and state categorical funds.

The District is projecting approximately \$48,702,490 in restricted revenues compared to \$46,550,958 in expenditures, leaving us about \$2,151,532 in excess revenues.

The District is projecting an ending fund balance of just \$670,478 which equates to a 1% reserve in Fund 12. This is mostly attributed to a \$2,482,696 student financial aid outflow.

To best meet the operational, financial, and strategic needs of the District, the District’s fiscal team has put together a multi-year projection (MYP) using the most up-to-date, reliable, and comprehensive information and fiscal assumptions provided by the State’s Chancellors Office, Legislative Analyst’s Office, Department of Finance, and School Services of California.

UNRESTRICTED FUND 11		Multiyear Projections - General Fund Unrestricted 2023-24 Tentative Budget		
FTES Reported/Projected		2023-24	2024-25	2025-26
		7,409	7,436	7,432
BEGINNING FUND BALANCE		\$ 18,521,069	\$ 19,032,930	\$ 19,944,418
A. REVENUES				
State Apportionment	8611	48,107,813	49,596,534	49,845,715
Education Protection Act (EPA)	8630	11,729,449	11,729,449	11,729,449
Other State Revenues	8600-8699	2,496,406	2,526,472	2,552,501
CalSTRS On-Behalf	8600	1,785,427	1,785,427	1,785,427
Other Local Revenues	8800-8899	10,734,906	10,734,906	10,734,906
Other Financing Sources	8910-8999	-	-	-
Total Revenues		74,854,001	76,372,788	76,647,997
B. EXPENDITURES				
Certificated Salaries	1000-1999	27,392,577	28,662,823	29,623,877
Classified Salaries	2000-2999	12,320,264	13,696,680	14,302,993
Employee Benefits	3000-3999	16,660,500	16,895,223	17,978,013
CalSTRS On-Behalf	3000	1,785,427	1,785,427	1,785,427
Supplies, Software, Subscriptions	4000-4999	931,798	959,938	985,281
Services and Operations	5000-5999	6,257,717	6,446,700	6,616,893
Capital Outlay	6000-6999	683,857	704,509	723,109
Total Expenditures		66,032,140	69,151,300	72,015,591
C. Excess/ (Deficiency) of Revenues over Expenditures		8,821,861	7,221,487	4,632,406
D. Other Outgo, Transfers	7000-7999	8,310,000	6,310,000	5,310,000
E. Net Increase/Decrease in Fund Balance		511,861	911,487	(677,594)
ENDING FUND BALANCE		\$ 19,032,930	\$ 19,944,418	\$ 19,266,824
Ending Fund Balance Percent		26%	26%	25%

The table above illustrates our fiscal and financial projections for the upcoming fiscal year plus two years out: 2023-24, 2024-25, and 2025-26. The reader should keep in mind that financial projections are moving targets and need to be updated periodically as economic conditions change in the state of California, the nation, and the global economy.

From an operational perspective, a multi-year projection includes enough detail to be useful for budgeting and cash flow planning. More than ever, the need to manage our financial resources is more critical as most economists predict an economic recession at some point in the future. As of today, and based on the economic factors provided by Governor Newsom during his May Revision state budget proposal, the District projects stable economic reserves.

From a strategic perspective, the District’s multiyear projection is the centerpiece for financial and budget decisions related to future educational, operational, and financial services. IVC’s MYP’s are also a communication vehicle that speaks about our fiscal position to help external and internal stakeholders understand our economic conditions.

RESTRICTED FUND 12		Multiyear Projection - General Fund Restricted 2023-24 Tentative Budget		
		2023-24	2024-25	2025-26
BEGINNING FUND BALANCE		\$ 1,001,642	\$ 670,478	\$ (1,614,696)
A. REVENUES				
Federal	8100	8,290,474	8,617,119	8,900,622
State	8600	36,579,730	36,945,527	37,314,983
CalSTRS On-Behalf	8600	467,818	467,818	467,818
Other Local Revenues	8800-8899	3,364,468	3,497,028	3,612,080
Other Financing Sources	8910-8999	-	-	-
Total Revenues		48,702,490	49,527,492	50,295,503
B EXPENDITURES				
Certificated Salaries	1000-1999	7,783,983	8,063,325	8,319,579
Classified Salaries	2000-2999	6,988,224	7,044,165	7,384,110
Employee Benefits	3000-3999	4,126,656	5,732,116	6,097,065
CalSTRS On-Behalf	3000	467,818	467,818	467,818
Supplies, Software, Subscriptions	4000-4999	2,786,198	2,870,341	2,946,118
Services and Operations	5000-5999	11,547,396	11,896,127	12,210,185
Capital Outlay	6000-6999	12,850,683	13,238,774	13,588,277
Total Expenditures		46,550,958	49,312,666	51,013,152
C. Excess/ (Deficiency) of Revenues over Expenditures		2,151,532	214,826	(717,650)
D. Other Outgo (Student Financial Aid Expense)	7000-7999	2,482,696	2,500,000	3,000,000
E. Net Increase/Decrease in Fund Balance		(331,164)	(2,285,174)	(3,717,650)
ENDING FUND BALANCE		\$ 670,478	\$ (1,614,696)	(5,332,346)
Ending Fund Balance Percent		1%	-3%	-10%

California’s volatile tax system and complex funding mechanisms for categorical programs provide uncertainty and unpredictability for community colleges like IVC. At the May Revision, Governor Newsom proposed an 8.22% COLA augmentation that would mostly benefit the unrestricted General Fund, but not restricted resources. In fact, the vast majority of IVC’s categorical programs will not receive the proposed COLA increase raising local concerns as grant-funded plans have begun deficit spending.

In fact, the table above shows a projected 1% reserve in fiscal year 2023-24, a negative (minus) 3% for 2024-25, and a negative (minus) 10% in 2025-26. The lack of additional funds to support most of our categorical programs will create an encroachment situation to the unrestricted general fund.

AUXILIARY FUNDS

2023-24 Tentative Budget

Description of All Funds

The primary purpose of fund accounting is to segregate financial information. This is accomplished by accounting for financial transactions related to specific activities or objectives within separate funds.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equity or fund balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions and/or limitations.

Governmental Fund Types

10 General Fund

- 11 Unrestricted
- 12 Restricted

20 Debt Service Funds

- 22 Revenue Bond Interest and Redemption Fund

30 Special Revenue Funds

- 33 Child Development Fund

40 Capital Projects Funds

- 41 Capital Outlay Projects Fund

50 Enterprise Funds

- 51 Bookstore Funds

60 Internal Service Fund

- 61 Self-Insurance Fund
- 69 Other Internal Services Fund

70 Trust Funds

- Fund 71 Associated Students Trust Fund
- Fund 72 Student Representation Fee Trust Fund
- Fund 74 Student Financial Aid Trust Fund

80 Agency Funds

- Fund 81 Student Clubs Agency Fund

**Building Fund 22
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	\$27,064,405.00
REVENUES	
Local	\$325,000.00
EXPENDITURES	
Services and Operations	\$24,000.00
Capital Outlay	\$18,009,553.00
Total Expenditures	\$18,033,553.00
Excess (Deficiency) of Revenues over Expenditures	(\$17,708,553.00)
ENDING FUND BALANCE	\$9,355,852.00

Fund 22 is IVC's building account and the funds transferred and allocated in here are project-specific, such as the Auto-Technology Building, and other renovation and modernization projects.

**Child Development Fund 33
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	\$356,238.00
REVENUES	
State	\$1,615,722.00
Local	\$74,900.00
Total Revenues	\$1,690,622.00
EXPENDITURES	
Academic Salaries	\$57,604.00
Classified Salaries	\$585,031.00
Employee Benefits	\$381,336.00
Materials and Supplies	\$381,119.00
Services and Other Operating Exp.	\$50,363.00
Capital Outlay	\$204,047.00
Total Expenditures	\$1,659,500.00
Excess of Revenues over Exp.	\$31,122.00
Other Outgo (Reserves)	\$178,764.00
Net Decrease in Fund Balance	(\$147,642.00)
ENDING FUND BALANCE	\$208,596.00

Fund 33 are restrictive funds and the majority are used to provide childcare services to families who meet certain income and needs criteria.

A portion of the funding is used for activities to improve the quality of childcare. Another portion is used to pay for costs of administering the program.

**Capital Projects Fund 41
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	\$8,461,071.00
REVENUES	
Local	\$100,000.00
EXPENDITURES	
Capital Outlay	\$4,554,000.00
Deficiency of Revenues over Exp.	(\$4,454,000.00)
Other Outgo (Reserves)	\$0.00
Net Decrease in Fund Balance	(\$4,454,000.00)
ENDING FUND BALANCE	\$4,007,071.00

Fund 41 is used to account for the receipt and expenditure of State Funded capital projects, such as the Building 200, 300, and 800 construction and modernization project.

**Self-Insurance Fund 61
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	\$141,382.00
REVENUES	
Local	2300
Transfers	\$50,000.00
Total Revenues	\$52,300.00
EXPENDITURES	
Services and Operations	\$50,000.00
Deficiency of Revenues over Exp.	\$2,300.00
Net Increase in Fund Balance	\$2,300.00
ENDING FUND BALANCE	\$143,682.00

Fund 61 is used to pay premiums, claims and expenses incurred (plus contingencies), and settlement fees that are not covered by the District's membership in the Statewide Association of Community Colleges (SWACC), a joint power's association.

**Internal Services Fund 69
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	\$10,000,000.00
REVENUES	
Transfers	\$0.00
Total Revenues	\$0.00
EXPENDITURES	
Services and Operations	\$0.00
Deficiency of Revenues over Exp.	\$0.00
Net Increase in Fund Balance	\$0.00
ENDING FUND BALANCE	\$10,000,000.00

Fund 69 is the District's cash-flow account. When economic downturns occur, or when the state imposes cash deferrals, this fund is used to cover payroll and other operating expenses, rather than borrow from a bank.

**ASG - Campus Clubs Fund 71
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	\$165,915.00
REVENUES	
Local	<u>\$31,400.00</u>
EXPENDITURES	
Materials and Supplies	\$62,416.00
Services and Other Operating Exp.	<u>\$18,546.00</u>
Total Expenditures	\$80,962.00
Deficiency of Revenues over Exp.	<u>(\$49,562.00)</u>
Net Increase in Fund Balance	<u>(\$49,562.00)</u>
ENDING FUND BALANCE	\$116,353.00

Fund 71 is used to account for moneys held in trust by the district for use by organized student body associations and campus clubs.

**Student Representative Fee Fund 72
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	\$57,262.00
REVENUES	
Local	<u>\$40,000.00</u>
EXPENDITURES	
Services and Other Operating Exp.	<u>\$40,000.00</u>
Deficiency of Revenues over Exp.	<u>\$0.00</u>
Net Increase in Fund Balance	<u>\$0.00</u>
ENDING FUND BALANCE	\$57,262.00

Fund 72 is used to account for fees collected pursuant to EC 76060.5 that provides for a student representation fee if approved by the students voting in the election.

**Student Financial Aid Fund 74
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	(\$10,193.00)
REVENUES	
Federal	\$25,286,700.00
State	<u>\$16,675,546.00</u>
Total Revenues	<u>\$41,962,246.00</u>
EXPENDITURES	
	<u>\$0.00</u>
Excess of Revenues over Exp.	<u>\$41,962,246.00</u>
Other Outgo	<u>\$41,962,246.00</u>
ENDING FUND BALANCE	(\$10,193.00)

Fund 74 is used to account for the deposit and direct payment of government-funded student financial aid, including grants and loans or other moneys intended for a similar purpose and the required district matching share of payments to students.

**General Obligation Bond Fund 81
2023-24 Tentative Budget**

BEGINNING FUND BALANCE	\$40,333,037.00
<u>REVENUES</u>	
State	\$0.00
Local	<u>\$350,000.00</u>
Total Revenues	<u>\$350,000.00</u>
<u>EXPENDITURES</u>	
Materials and Supplies	\$0.00
Services and Other Operating Exp.	\$10,000.00
Capital Outlay	<u>\$39,172,868.00</u>
Total Expenditures	<u>\$39,182,868.00</u>
Net Decrease in Fund	<u>(\$38,832,868.00)</u>
ENDING FUND BALANCE	\$1,500,169.00

Fund 81 is used to account for general obligation bond proceeds such as Measure J and Measure B.