DESERT WARRIORS

SEPTEMBER 11, 2024

2024-25 ADOPTED BUDGET

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DESERT WARRIORS

DISTRICT’S BACKGROUND

Imperial Valley College celebrated its 60th anniversary in 2022. The opening of the Imperial Valley College campus in September of 1962 was the culmination of years of hard work by visionary citizens to finance and build a freestanding community college in the Imperial County. The work to establish what today is the Imperial Community College District originated three years before the opening of the campus. The State Department of Education approved a recommendation on July 10, 1959, to establish a community college district in Imperial County.

The Imperial County Superintendent of Schools then set a date for an election at which all qualified voters residing within the boundaries of the seven high school and unified districts were eligible to vote. The election was held on October 6, 1959; and by an overwhelming vote, the Imperial Valley Junior College District was established. This was followed by the election of the first Board of Trustees, one from each of the seven high school or unified districts served by the Imperial Junior College District.

Approval for construction of a campus followed in 1960 when district residents set an all-time state record, voting by a ratio of thirteen to one in favor of bonds to finance a new IVC campus on 380 East Aten Road, in the City of Imperial.

Under the administration of the Central Union High School District, IVC gained recognition as an accredited institution of higher education. As the institution grew with the community, this growth was reflected in the steady rise in enrollment and in the diversity of courses and curricula. When IVC and the new college district finally received its own campus in 1962, it was basic. The facility consisted of a library, science laboratories, fine arts rooms, a student activity building, academic classrooms, administration and faculty offices, social science rooms, physical education shower and locker rooms, and agricultural education classrooms and shop.

Over the years, IVC has grown tremendously in enrollment and facilities thanks to the support of our community and voters supporting local general obligation bonds.

SUPERINTENDENT/PRESIDENT

A Message from our President

Thank you for reviewing our 2024-25 Imperial Valley College Adopted Budget Report. This document is presented in a format designed to communicate important financial information, in a way that is easy to understand.

We hope this report is useful to our Board of Trustees, faculty, staff, and the community in understanding the various elements and components of the District's budget. Most of our funds are derived from the Student-Centered Funding Formula.

As a financial plan, the District's budget needs to be reviewed and updated periodically as economic conditions change throughout the fiscal year. The District's administrative department carries the responsibility of making sure our budget is used in a responsible manner while meeting the mission and vision of the college.

Any questions regarding this year's budget plan can be directed to the office of the Vice President of Administrative Services.

Lennor M. Johnson, Ed. D.

OUR MISSION

"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."

OUR VISION

"To provide quality education that enriches lives and builds futures."

BOARD *of* TRUSTEES

PRESIDENT'S CABINET

Cesar L. Vega, Vice President of Administrative Services

Dr. Cuauhtemoc Carboni, Vice President of Academic Services

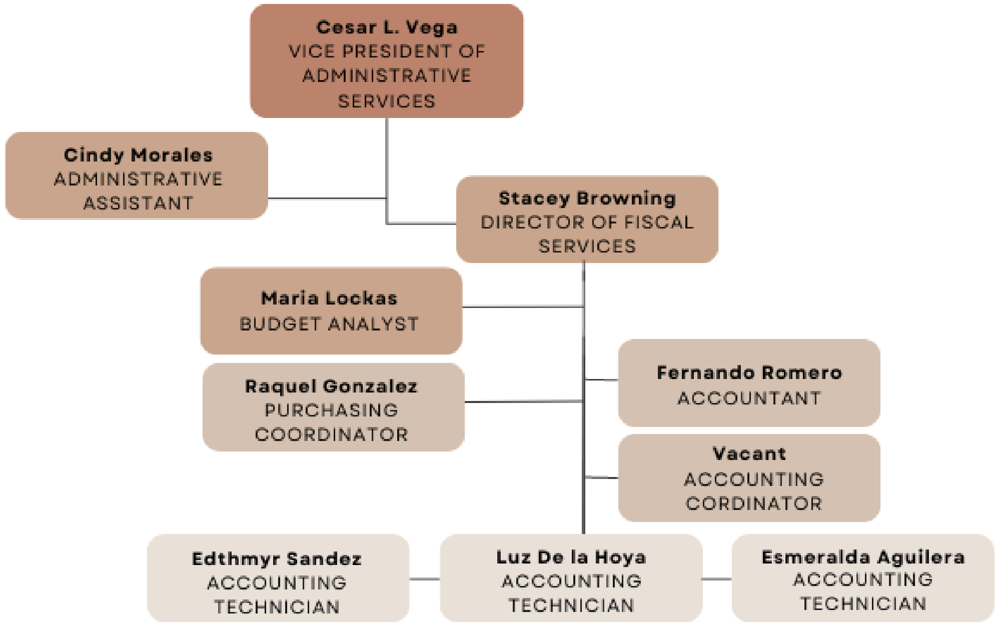
Alexis N. Villa, Vice President of Student Services and Equity

Jeffrey M. Enz, Associate Vice President of Information Technology

Johanna Fisher, Associate Vice President of Human Resources

Celeste Alvarez, Executive Director of Communications, Marketing and Public Relations

BUSINESS SERVICES



BUSINESS SERVICES' MISSION

"To provide financial stability and solvency to the college by way of effective and efficient fiscal planning, development, allocation, maintenance, and enhancement; to help students achieve their educational goals by overcoming financial barriers to education through the collaboration and management of student financial support programs and services."

IVC'S BUDGET CYCLE AND PROCESS

The Chief Business Official, or CBO, with assistance and support from the Director of Fiscal Services and Budget Analyst, manage the annual budget process for both restricted and unrestricted general fund. This results in the annual budget plan presented to the Board of Trustees for approval. The Adopted Budget Book is also developed and presented to help demonstrate the detailed annual budgets for each department and division at Imperial Valley College.

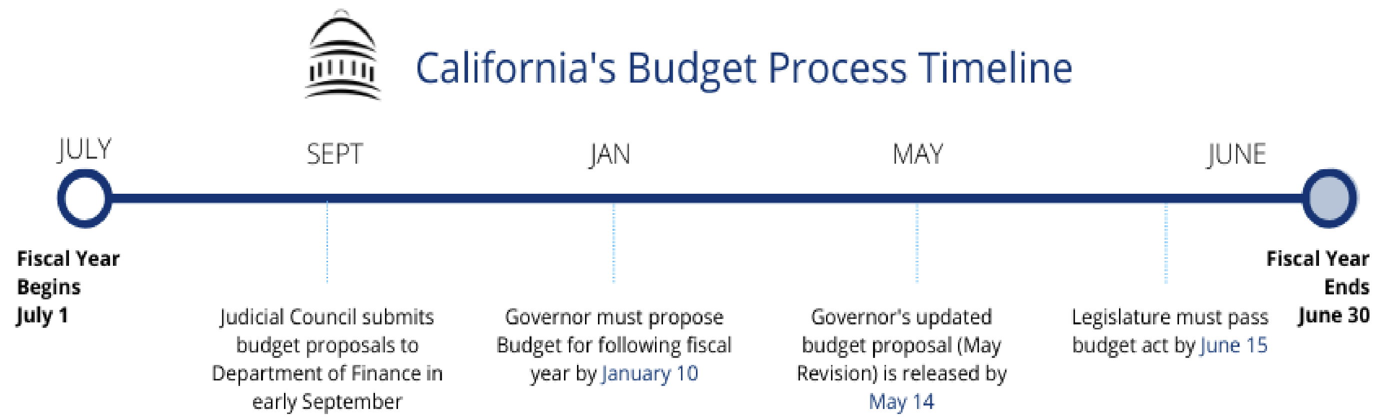
The CBO is responsible for all processes, policies, and procedures related to the development of the college's Tentative Budget in June and the Final Adopted Budget in September. The CBO and the Business Office provide support to campuswide divisions like Academic Services, Student Services and Equity, Human Resources, Information Technology, President's Office, among others. This includes direct support in budget planning, development, forecasting, accounting, and financial audits.

The annual budget serves as a financial plan and operational guide that reflects the policies, procedures, and priorities of Imperial Valley College. The Budget Plan for 2024-25 maintains our continued commitment to support and build on those concepts by prioritizing funding the core services of the institution; prioritizing student success; and becoming a more diverse and inclusive campus – all by doing so with transparency and adherence to federal, state, and local laws, rules, and regulatory guidelines established by the Chancellor's Office.

Cesar L. Vega
Vice President of Administrative Services

STATE BUDGET PROCESS IN CALIFORNIA

The state budget process in California can be very difficult to understand because it involves a sequential three-step budget development process before a final budget is adopted by the State. In this three-step budget process, we gather financial information from various state agencies and financial institutions that collectively put together their best financial projections (guestimates) in the months of January, May, and June – these projections are based on macro and microeconomic indicators and are updated throughout the fiscal year.



In January, the Governor comes out with an initial proposed budget for the upcoming fiscal year. This initial proposal considers all state revenues collected from July through November of the prior year. At this time, we spend a significant amount of time analyzing and discussing the Governor's initial state budget plan and we try to understand the rationale behind it. The Chancellor's Office, in collaboration with other agencies, put together a "Joint Analysis" which breaks down the Governor's initial proposal for K-14 education.

The state budget for the upcoming fiscal year, however, is not adopted until (on or before) June 30, when the Governor and the state Legislature agree on a state budget plan. At this time, the Chief Business Official and the entire Business Department, work on two very important budget situations: 1. The closure of the prior year and 2. The creation of the "Final Budget" using the final state adopted budget projections, and the prior year closing financial figures. By law, K-14 public education agencies have until September 15, to adopt the "Final Budget" and to present the prior year "Unaudited Actuals."

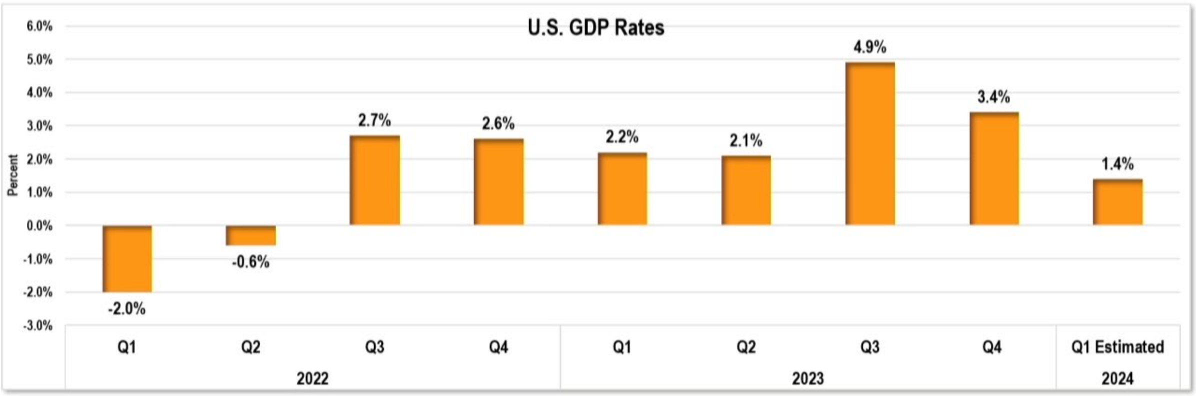
The same budget cycle and process continues the following fiscal year. It's important to understand that in our local budget process, our minimum level of funding is guaranteed through Proposition 98, which determines the total budget allocation for K-14 institutions through the collection of sales and use tax, personal income tax, and corporate tax revenues collected throughout the year.

ECONOMIC OUTLOOK

A few weeks after the May revise, economists at the Anderson School of Economics at UCLA noted that they expected the national economy to continue to slow and grow at least through 2024, and more importantly, the state economy is expected to continue to pick up in 2025. One of the points that UCLA highlights, that can be detrimental to our national and state economy, is the growing geopolitical risks. UCLA noted this risk when they came out with their latest economic forecast. What is happening in the Middle East and Ukraine, and with current election information being received, it'll be interesting to see how these risks plays out. In addition, the report states:

- California is atypically experiencing slower than national economic growth in the current year.
    - California is expected to recover and outpace the national economy again in 2025 and 2026.
- Current rising unemployment is predicted to improve to normal levels in 2025.
- Housing is expected to remain weak in 2024 due to low supply and high demand.
    - Increased construction is expected in 2025, but housing affordability is not expected to improve.
- Personal income is expected to grow 0.7%, 2.5%, and 3.0% in 2024, 2025, and 2026, respectively.
- The economic outlook is expected to improve in 2025, but risks to improvement remain.

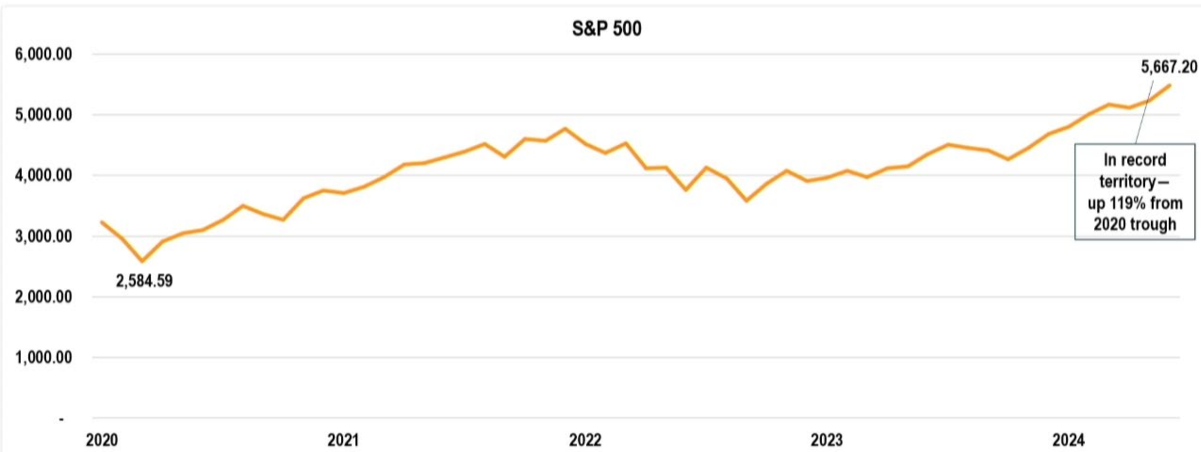
On the other hand, the gross domestic product (GDP) is a different story. Since the May revise, Q1-GDP is down to 1.4%. It was at 1.6% at the time of the May revise.



Typically, when you have two consecutive quarters of negative growth (i.e., Q1 & Q2 in 2022 as seen in the graph above), you have an economic recession. However, back then some economists did not call it a recession, primarily because we had national and state unemployment rates slightly above 3%. Why is it important to monitor local, state, and national unemployment rates? Simply put, we have an interest in people working because when they work, they pay personal income taxes. They also buy more goods and supplies, which in turn generates more tax revenue.

FEDERAL RESERVE ECONOMIC DATA

The stock market is very important for California's economy as our wealthiest Californians depend on it for a lot of their income. Over the last four years, at the onset of the pandemic (March 2020), we have seen significant growth in the S&P 500 when you compare it to today. When we look at a chart this long, it's important to put some context around it to better understand it. On the far left of the graph, at 2,584.59, we see a 23% down stroke in the S&P 500, and so when you start seeing growth again, a lot of that was simply making up for losses that were already incurred.

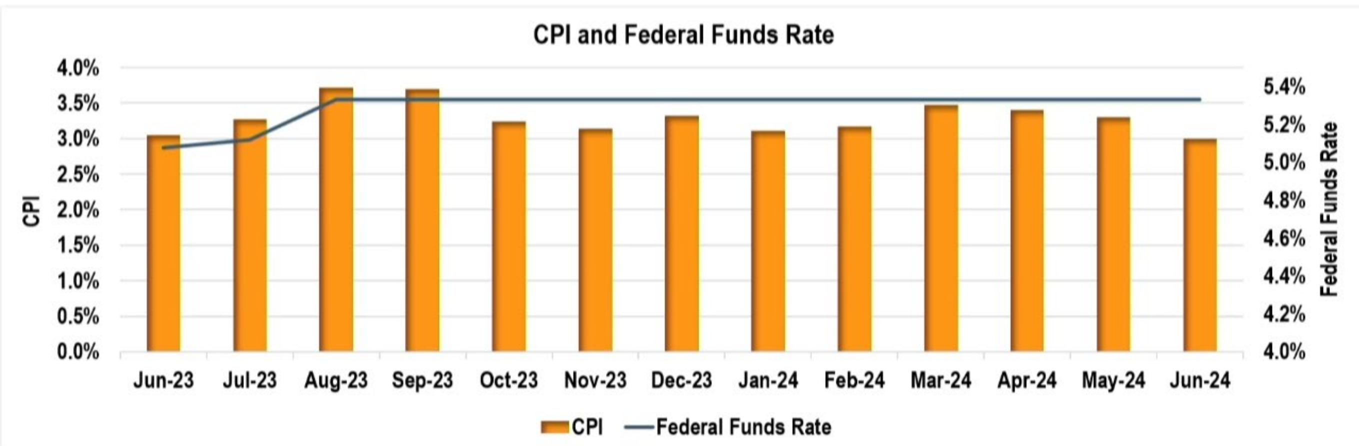


Source: Federal Reserve Economic Data (FRED)

Now, as we look at 2022, we notice a little spike downward, but long-term overall, the stock market has increased by about 119% since 2020, or 17% since the third quarter of 2022. Fast forward to now, since the May revise, we are up 9% more in the stock market – we are doing well. Nevertheless, with the US elections a few months away, Wall Street is carefully monitoring the presidential candidates, and their proposed economic policies (or business regulations), should either one become President.

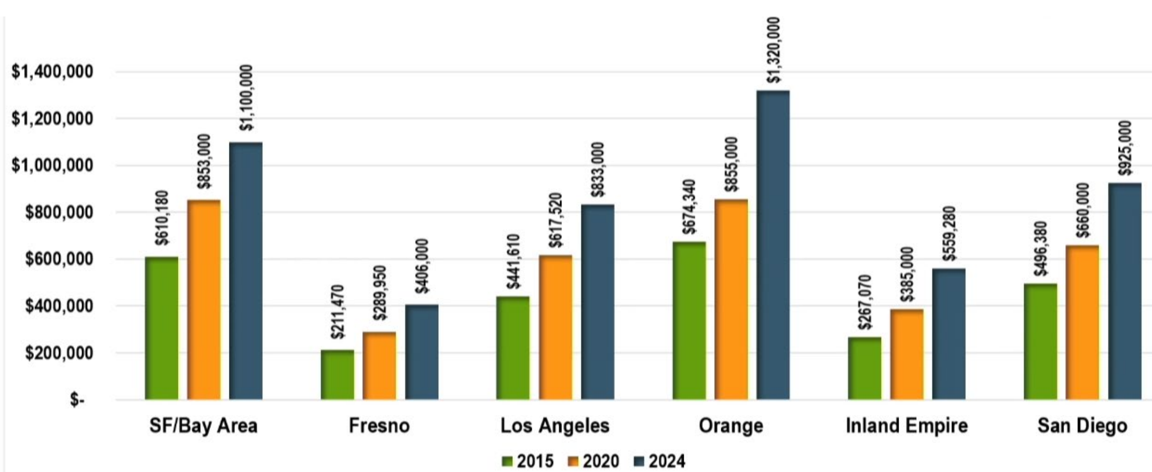
INFLATION AND HOUSING MARKET SITUATION

As stated in previous budget books, the concept of inflation is a hot topic that we often discuss and analyze via the Consumer Price Index, also known as CPI. At the national level, you can see the gold bars starting in June 2023, and all the way across to June 2024. On the left side of the graph you have the CPI percentages while the federal fund rate is illustrated on the far right. The straight line across represents the federal funds rate tool that our government uses to measure inflation while maintaining the purchasing power of our citizens. There is a lot of speculation now that inflation is starting to fall below 3%, that in September there might be a rate reduction. The federal government's objective is to bring inflation rates down to 2%. Lowering interest rates will have a positive impact on the national and state economy.



Source: FRED

The housing market brings us to a California specific issue; the reality is that it just costs too much to live here. The chart below shows the median home prices by region. We now have eleven counties with dense populations in which the median home price is over $1 million, with many being in the multiple millions, making buying a home extremely difficult. For instance, in Santa Clara or Marin County, the price of a house is much closer to $2 million, and in San Mateo County, the median price home is over $2 million, making purchasing home way out of reach for a lot of young people.

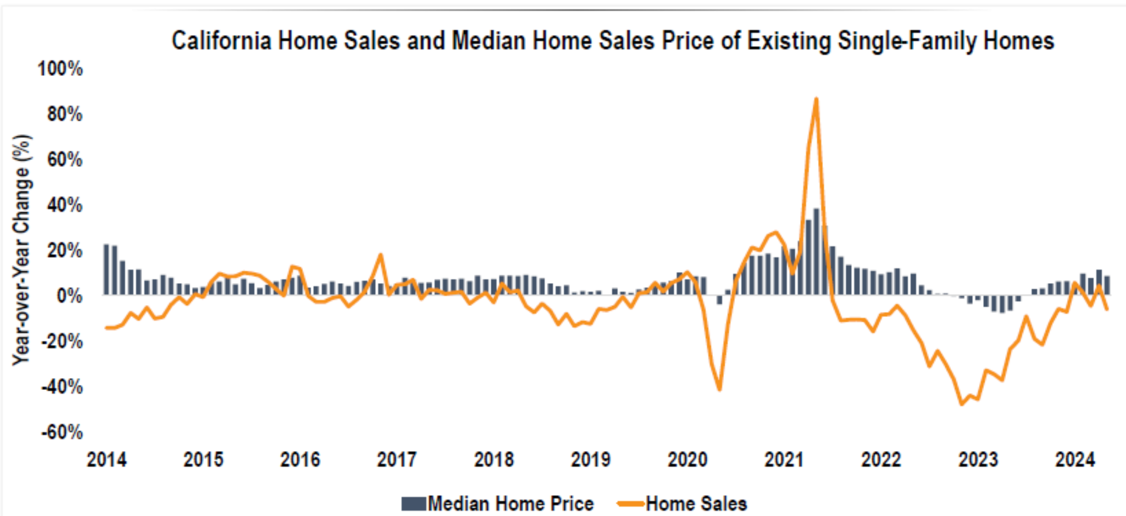


Source: California Association of Realtors (CAR)

Housing is one of those economic drivers that can impact our state economy either positively or negatively, and the real estate market right now is not seeing a lot of transactions, which is not what we want to see.

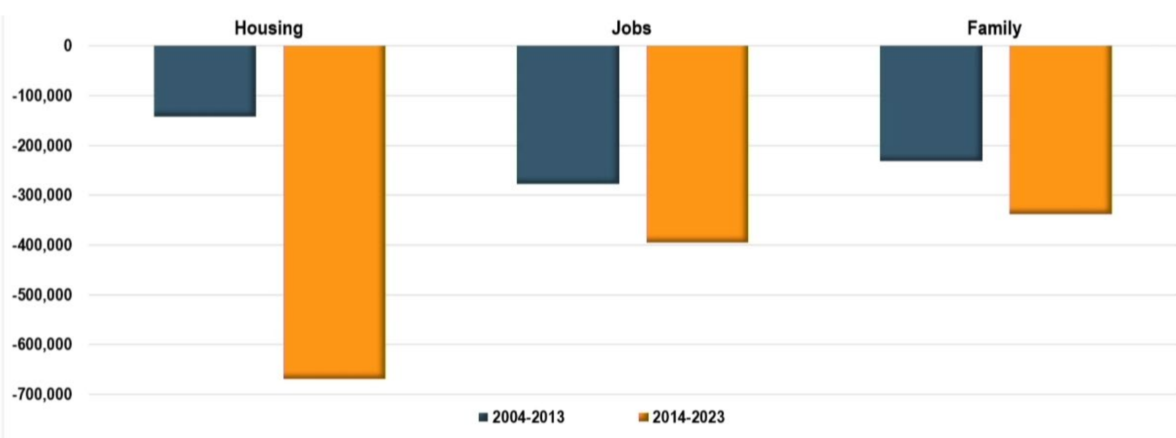
The chart below shows the year-to-year change, as a percentage, in the interaction in median home price compared to home sales, where the blue bars represents the median home price, while the gold line represents the home sales.

California Housing Trends



According to UCLA, about 60% of homeowners are sitting in mortgages that are less than 4% in interest rate, so a lot of people are just staying put and not selling their old homes to buy new ones. Right now, interest rates to buy a new home are sitting around 7% making it extremely difficult for the housing market to start trending up in the right direction. As a result, property tax remains uncertain and lower than expected.

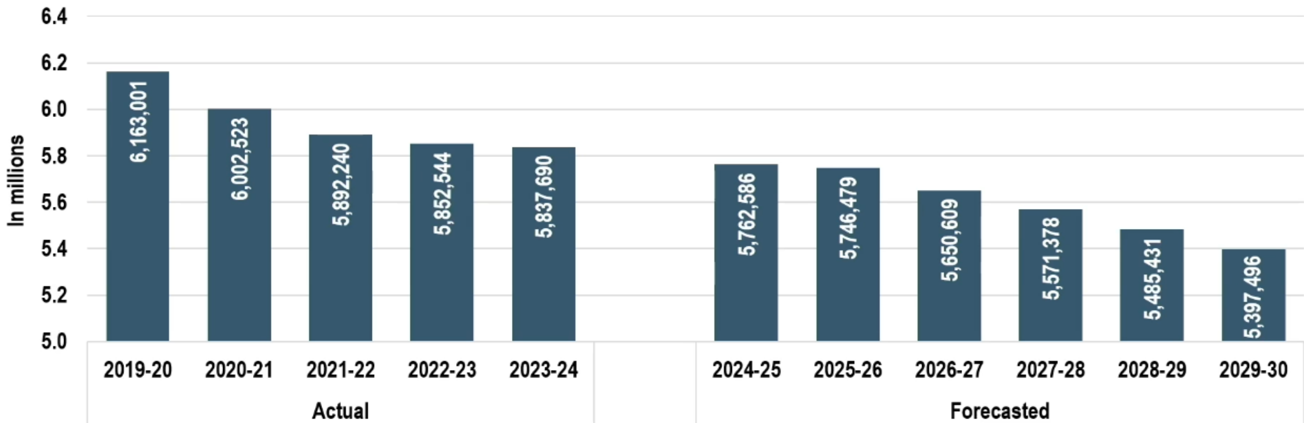
According to the Public Policy Institute of California, affordable housing has become the dominant reason cited for people leaving California. This has been a problem for a very long time but what is even more worrisome now is that we are seeing young college graduates migrating to other states where the cost of living is cheaper and the opportunity to buy a home is more realistic. In the past, young, educated adults had California at the top of their list of future places to live due to affordability and job opportunities.



Source: Public Policy Institute of California Blog, February 2024

K-12 ENROLLMENT

As a community college system, the bulk of our enrollment comes from high school graduates, so it is very important to monitor and follow their enrollment trends. Public schools in California have experienced a severe decline in enrollment over the last five years, with student enrollment dropping from 6.2 million students in 2019-20 to 5.8 million students in 2023-24, and the trends are projected to continue with a decrease of 6.3% students over the next five years according to the California Department of Education and Department of Finance.



In the graph above, statewide enrollment projections indicate a 12.4% loss over a ten-year period from 2019-20 to 2029-30. This information is important to understand for various reasons, but most importantly, it highlights the need for developing strategies and programs to increase enrollment by targeting other groups (i.e., adult population) and to not be solely relying on high school graduates.

Luckily, however, Imperial Valley College enrollment has been trending upward as we are almost at pre-pandemic enrollment levels. Nevertheless, we still need to keep in mind the fiscal impact of declining enrollment. Simply put, less students means less funding available to community colleges which impacts our operating budgets.

2024-25 STATE ENACTED BUDGET

The Student-Centered Funding Formula (SCFF) was adopted in the 2018–19 state budget as a new way to allocate funding to community college districts. The SCFF provides funding that supports access through enrollment-based funding, student equity by targeting funds to districts serving low-income students, and student success by providing districts with additional resources for student's successful outcomes.

The Student-Centered Funding Formula is all about ensuring community colleges are funded, at least in part, in how well their students are faring. It is upending how California's community colleges receive state money by basing general apportionments – discretionary funds available to community college districts – on three principal components:

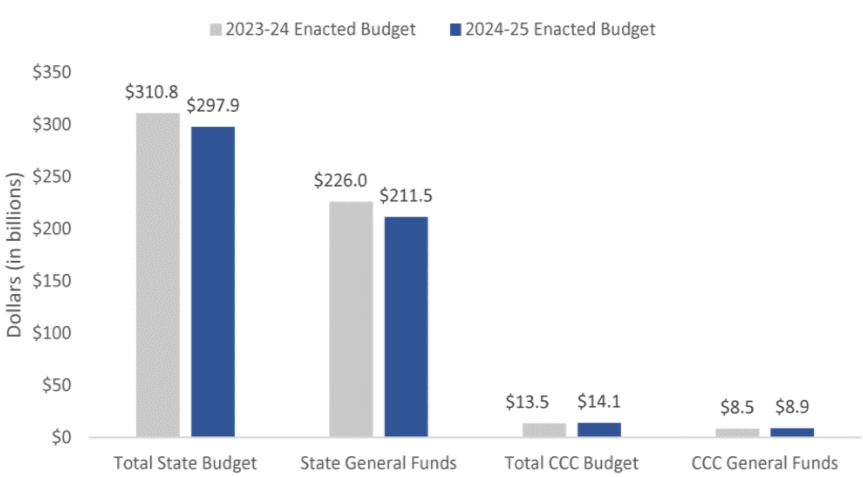
- The base allocation relies primarily on college size, based on prior year data and current year full time equivalent students (FTES) enrollment.
- The supplemental allocation is based on prior year data.
- The student success allocation is based on an average of three prior years of data.

Generally, the Chancellor's Office certifies apportionments three times per year with the Advance Apportionment (AD) released in July, First Principal (P1) and Recalculation (R1) in February, and Second Principal (P2) in June.

The 2024-25 enacted budget for community colleges includes about $143 million in ongoing adjustments to the Student-Centered Funding Formula, of which $100 million is for a 1.07% cost-of-living-adjustment (COLA). Another $13 million is provided for the same COLA for select categorical programs, along with $28 million for enrollment growth.

One-time funding in the new enacted budget is very limited this year. It only includes $18 million for two projects to support the system's Vision 2030 priorities and $10 million for the second year of the LGBTQ+ Pilot Program. It also includes a $20 million enhancement to financial aid administration to help community colleges support students in the context of FAFSA delays. It also includes minimal funding for capital outlay (Proposition 51) projects - $29 million for one continuing project.

In the end, the final budget for 2024-25 reflects total state expenditures of approximately $298 billion, a 4.2% decrease from the prior year. General Fund spending also decreases by more than 6% from the prior year (2023-24), to just $211.5 billion. The adjacent graph shows the difference between 2023-24 and 2024-25.



COMMUNITY COLLEGE FINANCE IN CALIFORNIA

Proposition 98, passed by California voters in November 1988, constitutionally guarantees a minimum level of funding for K-12 education and community colleges in California. The guaranteed amount is calculated each year using one of three "tests" that apply under varying fiscal and economic conditions. The State Constitution sets a minimum annual funding requirement for schools and community colleges. The minimum guarantee is met with a combination of General Fund and local property tax revenue.

Test 1 guarantees schools a percentage of General Fund revenues equal to the percentage of General Fund revenues appropriated for K-14 education in the prior fiscal year.

Test 2 requires that schools receive at least as much as they received from state and local sources in the prior year, adjusted for enrollment growth and inflation as measured by the percentage change in state per capita personal income for the preceding year.

Test 3 is like Test 2 except the inflation factor is equal to the annual change in per capita state General Fund revenues plus 0.5 percent. Test 3 is used in fiscal years in which state per capita personal income growth exceeds per capita General Fund revenues plus 0.5 percent.

The 2024-25 enacted budget adopts a revised version of the Governor's plan to postpone recognition of overpayments to districts for 2022-23, which ended up exceeding revised Proposition 98 estimates for that year by $8.8 billion. Under the final plan, $6.2 billion of funds appropriated to districts for 2022-23 will be accrued over several years beginning in 2026-27 ($544.2 million per year until 2035-36), creating a debt that the state General Fund will repay, with no impact to the calculation of the Proposition 98 guarantee in repayment years.

The remaining $2.6 billion of the overpayment for 2022-23 is treated as a deferral pushed ahead to 2023-24. Proposition 98 has been suspended for 2023-24, creating over $8 billion of "maintenance factor" debt to be returned to districts in coming years. Use of the funds in the PSSSA protects funding for schools and community colleges despite the suspension. As a result, the following conditions apply for Proposition 98:

- Defers $446.4 million from the SCFF for 2023-24 to 2024-25;
- Defers $243.7 million from the SCFF for 2024-25 to 2025-26;
- Uses $545.9 million from the PSSSA to support apportionment costs; and
- Uses $241.8 million from the PSSSA to support a 2022-23 categorical program deferral in 2023-24.

The Chancellor's Office does not anticipate any interruption to districts' cash flow related to the deferral of $446.4 million from the SCFF for 2023-24 to 2024-25. We are carefully assessing the impact of the $243.7 million from the SCFF for 2024-25 to 2025-26.

The budget's estimates of the minimum guarantee for the prior, current and future budget years, for each year, the operative test is Test 1, which links the minimum guarantee to a share of state General Fund revenue (approximately 40%). With the suspension for 2023-24, Proposition 98 funds are set at $98.5 billion ($3 billion lower than in the May Revision). The minimum guarantee of $115 billion for 2024-25 is substantially higher than in 2023-24 and includes $4 billion toward repayment of the $8 billion in suspended funding for 2023-24.

The Budget Act includes $202.7 million in policy adjustments compared with 2023-24 expenditure levels (after the impact of technical adjustments). Most notable among the ongoing adjustments, the budget includes $113.3 million for a 1.07% COLA for the SCFF and some categorical programs.

The changes are summarized in the next table:

Program Areas	Adjustments
POLICY ADJUSTMENTS	
Ongoing (Proposition 98)	
SCFF COLA (1.07%)	$100.22
SCFF Growth (0.5%)	$28.09
Provide 1.07% COLA for Adult Ed	$6.92
Provide 1.07% COLA for Extended Opportunity Programs and Services (EOPS)	$1.96
Adjustments for financial aid administration	$1.93
Provide 1.07% COLA for Disabled Students Programs and Services (DSPS)	$1.85
Provide 1.07% COLA for Apprenticeship (community college district RSI)	$0.35
Provide 1.07% COLA for CalWORKs Student Services	$0.59
Provide 1.07% COLA and enrollment-based adjustment for Mandated Costs Block Grant and Reimbursements	$0.52
Provide 1.07% COLA for Cooperative Agencies Resources for Education (CARE)	$0.36
Provide 1.07% COLA for Childcare Tax Bailout	$0.05
Subtotal Ongoing Policy Adjustments	**$142.82**
One-Time (Proposition 98)	
Expand eTranscript California	$12.00
Mapping Pathways for Credit for Prior Learning	$6.00
Strong Workforce Program: General Allocation	($65.0)
Strong Workforce Program: Pathways for Low-Income Workers Demonstration Project	$5.0
Strong Workforce Program: Rebuilding Nursing Infrastructure Grant Program	$60.0
Financial Aid Assistance Related to FAFSA Delays	$20.00
Subtotal One-Time Policy Adjustments	**$38.00**

As it pertains to Imperial Valley College, only six categorical programs will receive a cost-of-living adjustment:

1. Extended Opportunity Programs and Services (EOPS)
2. Disabled Students Programs and Services (DSPS)
3. Apprenticeship
4. CalWORKs Student Services
5. Mandated Block Grant
6. Cooperative Agencies Resources for Education (CARE)

The District currently operates over one hundred other categorical programs that will not be receiving a COLA. As a result the college's unrestricted general fund will be responsible for paying any operating increases, including salary and benefits adjustments, should those programs deficit spend.

The 2024-25 budget act includes $28 million ongoing to fund 0.5% enrollment growth. The estimated and proposed Total Computational Revenue (TCR) for the SCFF increases by $150 million from $9.42 billion at the 2023 Budget Act to $9.57 billion in the enacted budget. This reflects the COLA and growth funding and modified estimates for hold harmless and other underlying estimation factors.

The following table reflects the final SCFF rates for 2022-23 and 2023-24, along with the projected rates for 2024-25, as modified by COLA and other base adjustments. SCFF rates for 2024- 25 are estimates and final rates will be provided at the Advance Apportionment. The distribution of funds across the three allocations (base, supplemental, and student success) is determined by changes in the underlying factors:

Allocations	2023-24 Rates	2024-25 Rates	Change from 2023-24 (Amount)	Change from 2023-24 (Percent)
Base Credit[a]	$5,238	$5,294	$56	1.07%
Incarcerated Credit[a]	7,346	7,425	79	1.07%
Special Admit Credit[a]	7,346	7,425	79	1.07%
CDCP	7,346	7,425	79	1.07%
Noncredit	4,417	4,465	48	1.07%
Supplemental Point Value	1,239	1,252	13	1.07%
Student Success Main Point Value	730	738	8	1.07%
Student Success Equity Point Value	184	186	2	1.07%

At the May Revision, Governor Newsom proposed $60 million of one-time funds to expand nursing program capacity and $5 million in one-time for a partnership to support the development of educational pathways for low-income homecare and childcare workers. The enacted budget, however, does not include new one-time funds for these efforts but rather earmarks those amounts of Strong Workforce Program funds to be allocated to the two initiatives.

The enacted budget establishes the Rebuilding Nursing Infrastructure Grant Program to expand nursing programs and partnerships over five years and specifies that $60 million of Strong Workforce Program funding will be allocated each year to support the grant program. The Chancellor's Office will develop an application by November 1, 2024, with competitive grants distributed to recipient colleges by July 1, 2025.

The State Budget Act includes $29.3 million one-time in capital outlay funding from Proposition 51, down from $232 million provided from various funds in the 2023 Budget Act.

FINANCIAL PLANNING FACTORS

To develop the 2024-25 Final Budget for Imperial Valley College, the Business Department uses the most up-to-date data and information provided by various state agencies like the Department of Finance, Chancellor's Office Joint Analysis, School Services of California, and others. At the forefront of our new budget is the following dartboard that provides information related to consumer price index, statutory cost of living adjustments, pension plan rate increases, unemployment insurance, and many other factors that helps us build a comprehensive budget plan that is accurate and reliable for the current year, and projects certain financial conditions in the out years:

SCFF PLANNING FACTORS

Factor	2023-24	2024-25[1]	2025-26	2026-27	2027-28
Department of Finance Statutory COLA	8.22%	1.07%	2.93%	3.08%	3.30%
Growth Funding	0.50%	0.50%	TBD	TBD	TBD
SCFF Basic Allocation Increase	N/A	N/A	TBD	TBD	TBD
SCFF Base Funding Increase	N/A	N/A	TBD	TBD	TBD

SCFF RATE FACTORS FOR 2023-24 AND 2024-25

	2023-24	2024-25
Base Credit	$5,238	$5,294
Supplemental Point Value	$1,239	$1,252
Student Success Main Point Value	$730	$738
Student Success Equity Point Value	$184	$186
Incarcerated Credit, Special Admit Credit, CDCP*	$7,346	$7,425
Noncredit	$4,417	$4,465

OTHER PLANNING FACTORS

Factors		2023-24	2024-25	2025-26	2026-27	2027-28
California CPI		3.46%	3.23%	2.86%	2.81%	2.85%
California Lottery	Unrestricted per FTES**	$177	$191	$191	$191	$191
	Restricted per FTES	$72	$82	$82	$82	$82
Mandate Block Grant		$35.37	$35.75	$36.80	$37.93	$39.18
Interest Rate for Ten-Year Treasuries		4.26%	3.89%	3.58%	3.60%	3.50%
CalSTRS Employer Rate[2]		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate[2]		26.68%	27.05%	27.60%	28.00%	29.20%
Unemployment Insurance Rate[3]		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage[4]		$16.00	$16.50	$17.00	$17.40	$17.80

DISTRICT FUNDS

Classification and Description

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 equities or 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, or limitations. The District's financial system currently has 12 operating funds open:

General Fund Unrestricted	**11**
General Fund Restricted	**12**
Building Fund	**22**
Child Development Fund	**33**
Capital Projects Fund	**41**
General Obligation Bond Fund – Measure B	**43**
Certificate of Participation Fund	**51**
Self-Insurance Fund	**61**
Other Internal Services Fund	**69**
ASG/Campus Club Funds	**71**
Student Representative Fee Fund	**72**
Student Financial Aid Fund	**74**
General Obligation Bond Fund – Measure J	**81**

General Fund

The General Fund is our chief operating fund where the vast majority of our revenues are deposited. There are two types of revenues received: unrestricted and restricted.

- **UNRESTRICTED** – funds for which uses are not subject to external or legal constraints and may be used for any purpose not prohibited by law.

- **RESTRICTED** – funds subject to constraints imposed by external resource providers or by law through constitutional provisions or enabling legislation.

Revenues are also classified into the following subcategories:

- Student Centered Funding Formula
- Federal Sources (i.e. categorical funding)
- Other State Revenue (i.e. lottery and grants)
- Local Revenues (i.e. local tax revenues)

2023-24 UNAUDITED ACTUALS

UNRESTRICTED GENERAL FUND 11

2023-24 Unaudited Actuals Financial Report
As of June 30, 2024

Every fiscal year, the District adopts a “Final Budget” plan using the most recent and up to date financial information provided. However, budgets are moving targets and must be reviewed and adjusted periodically as economic conditions change throughout the year. On or before September 15 of each year, the District must present to the Board of Trustees the “Unaudited Actuals” for the prior fiscal year.

Unaudited Actuals simply means that the District (Business Department) has closed the books for the prior fiscal year and all that remains is the final audit to verify our books. The final audit must be completed by an independent auditing firm certified by the State of California. The final audit is conducted in the fall and a final audit book and presentation is typically provided to the Board of Trustees for review and approval by the end of the calendar year.

In Fiscal Year 2023-24, the District adopted a final budget based on 7,476 Full-Time Equivalent Students (FTES) projected. Fiscal year 2023-24 was the last year that we were able to use our “pre-pandemic” FTES funding levels (2019-20) for the purpose of building our final budget plan. This is important to know because in the current year, we are no longer allowed to use pre-pandemic FTES projections. Instead, we must use our last advance apportionment reported FTES numbers.

Unrestricted	Adopted Budget 2023-2024	Unaudited Actuals 2023-2024
FTES Reported/Projected	7476	7111
BEGINNING FUND BALANCE	**$ 26,177,125.00**	**$ 26,176,362.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 26,177,125.00**	**$ 26,176,362.00**

At budget adoption (September 2023), we began the prior year with a beginning fund balance of $26,177,125.00, but as the year progressed, we adjusted the budget as revenues versus expenditures materialized throughout the year.

Unrestricted	Adopted Budget 2023-2024	Unaudited Actuals 2023-2024
REVENUES		
Federal	$ -	$ -
State (Apportionment)	$ 44,118,877.00	$ 52,643,613.00
State (Apportionment) Prior Year Recalculation	$ -	$ (1,658,650.00)
Education Protection Act (EPA)	$ 12,957,977.00	$ 6,054,908.00
State (All Other)	$ 3,305,717.00	$ 3,784,333.00
CalSTRS On-Behalf Payments (GASB 24)	$ 1,724,663.00	$ 1,724,663.00
Local (Property Tax Included)	$ 10,512,378.00	$ 12,369,463.00
TOTAL REVENUES	**$ 72,619,612.00**	**$ 74,918,330.00**

As stated earlier, budgets are moving targets and must be updated constantly to reflect the most accurate state tax revenue collection (Sales, Corporate, Personal Income Tax). In fiscal year 2023-24, there were several financial updates that were not anticipated at budget adoption.

State Apportionment – The District recognized an increase in state apportionment revenues of $8.5 million. This increase in revenue is a result of the following:

- Changes to the Total Computational Revenue (TCR) calculation as new data becomes available between the Advance Apportionment and the Second Principal (P2) apportionment. Resulted in an increase of $2.5 million.
- Recognized estimated General Apportionment recalculation to offset the decrease in 2023-24 EPA funding. Resulted in an increase of $6 million.

State Apportionment (Prior Year) – Miscellaneous adjustments made from prior fiscal years to the General Apportionment. Recalculations occur when updated data (i.e. Enrollment Revenue, Property Taxes, Supplemental and Student Success metrics, etc.) is provided to the Chancellor's Office and changes the TCR calculation. These adjustments are recorded in the current year as a prior-year recalculation.

Education Protection Act (EPA) – In fiscal year 2023-24 EPA funding allocation was updated by the Department of Finance in June 2024 from $1.72 billion to $867 million, a decrease of $848 million statewide. ICCD's allocation rate decreased from $1,764 per FTES at P1, to $867 per FTES at P2, resulting in a $6.9 million decrease.

State (All Other) Revenue – Other State revenue increased by $478,000.00 from initially projected at Advance Apportionment. This included the following revenue sources:

1. Lottery revenue
2. Part-time faculty compensation/office hours
3. Housing authority tax subventions
4. Apprentice allowance recalculation

Local Property Tax – Local revenue increased by $1.8 million based on the following:

1. Property taxes increased by $1.5 million from Advance Apportionment projections.
2. Other local revenues (i.e. interest, enrollment fees, commission, etc.) had increases or decreases from what was projected at Advance Apportionment, resulting in an overall net increase of $300,000.00

Unrestricted	Adopted Budget 2023-2024	Unaudited Actuals 2023-2024
EXPENDITURES		
Academic Salaries	$ 26,600,975.00	$ 27,180,223.00
Classified Salaries	$ 13,275,510.00	$ 12,934,358.00
Employee Benefits	$ 16,020,500.00	$ 17,633,569.00
CalSTRS On-Behalf Payments (GASB 24)	$ 1,724,663.00	$ 1,724,663.00
Supplies, Software, Subscriptions	$ 1,119,375.00	$ 1,037,332.00
Services and Operations	$ 6,123,340.00	$ 5,865,886.00
Capital Outlay	$ 570,821.00	$ 759,888.00
TOTAL EXPENDITURES	**$ 65,435,184.00**	**$ 67,135,919.00**

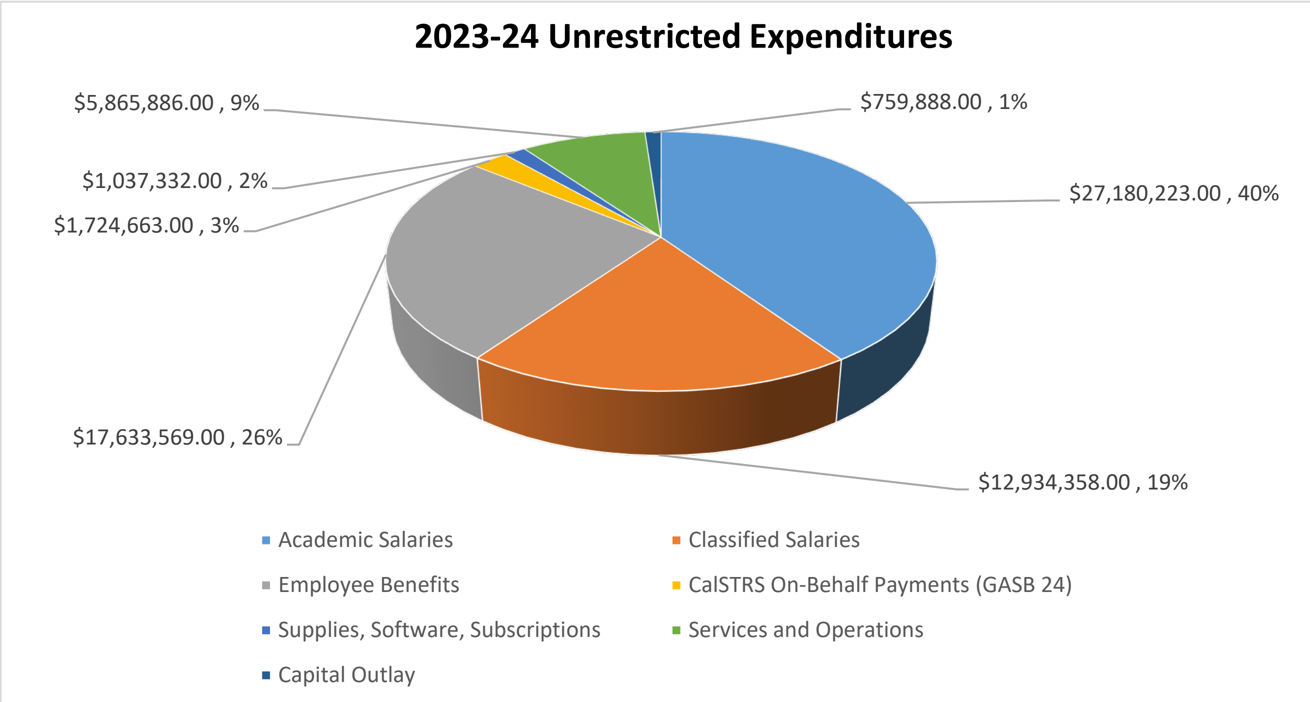
On the expenditure side, we began the 2023-24 fiscal year with an adopted budget that projected overall expenses of $65,435,184.00, but our labor budget increased by $1,700,735.00 by the time we closed the books.

Academic/Classified Salaries – Certificated and Classified salaries expenses were higher than originally projected due to:

- Increase in non-permanent labor expenses, such as part-time faculty salaries and office hours
- Increase in faculty overload
- Increase in faculty large quota payouts in the Winter and Summer terms
- Increase in substitute budgets
- Increase in short-term pools for classified positions

Total expenditures for 2023-24 were $67,135,919.00.

The chart below shows the breakdown of the Unrestricted General Fund expenditures, for fiscal year 2023-24:



The three most expensive expenditures in 2023-24 adopted budget were Academic Salaries, Classified Salaries, and Employee Benefits. All combined, they represented 85% of our total operating budget.

Unrestricted	Adopted Budget 2023-2024	Unaudited Actuals 2023-2024
Excess (Deficiency) of Revenues over Expenditures	$ 7,184,428.00	$ 7,782,411.00
Other Outgo (Transfers, Reserves)	$ 13,267,000.00	$ 12,550,000.00
Net Increase/Decrease in Fund Balance	$ (6,082,572.00)	$ (4,767,589.00)
ENDING FUND BALANCE	**$ 20,094,553.00**	**$ 21,408,773.00**
ENDING FUND BALANCE (In Percentage)	**26%**	**27%**

In the end, when we look back at the 2023-24 fiscal year, we ended with a smaller budget deficit than originally projected. At budget adoption, we informed the Board of Trustees that for 2023-24, we were projecting a deficit of $6,082,572.00. Now, as we close the books, the unaudited actuals deficit was $4,767,589.00 which is $1,314,983.00 less than originally anticipated.

RESTRICTED GENERAL FUND 12

2023-24 Unaudited Actuals Financial Report
As of June 30, 2024

Restricted resources are equally important, but they are confined to specific purposes, for certain programs, and constraints as categorical programs must be used within specific timelines to avoid losing funds. In many instances, restricted funds must be utilized within the budget year (unless carryover is allowed) they were incurred. Imperial Valley College is the recipient of dozens of grants and every division that applies, accepts, and receives the grant is responsible to comply with, and adhere to, their legal requirements.

It is important to also understand that grants (restricted funds) come in at different times of the fiscal year, so we must constantly update our restricted budget to account for any new funds that are incurred. In fiscal year 2023-24, at budget adoption, we began the year with a projected fund balance of $1,143,790.00 but over the course of the year, it was adjusted to account for new monies that came in. At unaudited actuals, the ending fund balance grew to $1,756,558.00 which is approximately $612,768.00 more.

Restricted	Adopted Budget 2023-2024	Unaudited Actuals 2023-2024
BEGINNING FUND BALANCE	**$ 1,143,790.00**	**$ 1,756,558.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 1,143,790.00**	**$ 1,756,558.00**
REVENUES		
Federal	$ 5,694,616.00	$ 4,979,909.00
State	$ 40,611,056.00	$ 21,817,666.00
CalSTRS On-Behalf Payments (GASB 24)	$ 465,430.00	$ 465,430.00
Local	$ 2,825,394.00	$ 3,253,723.00
Transfers	$ -	$ -
TOTAL REVENUES	**$ 49,596,496.00**	**$ 30,516,728.00**

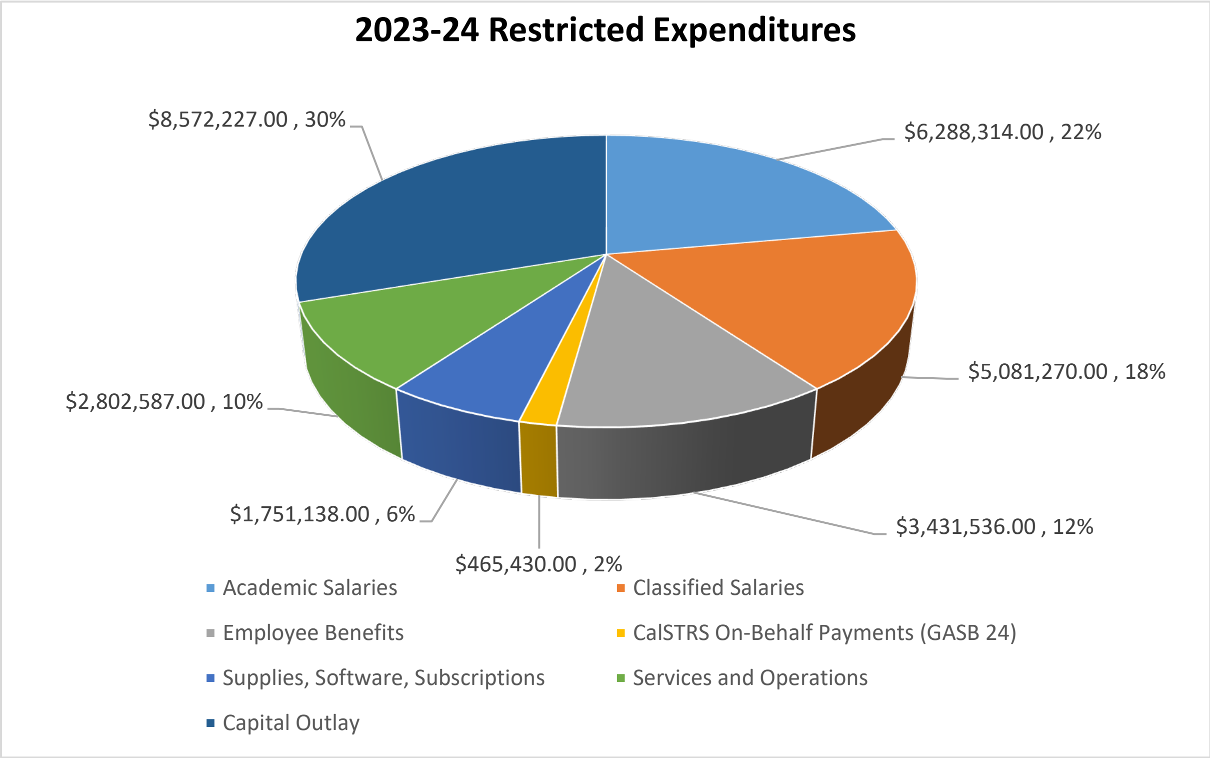
Grants come from different sources like federal, state and local agencies. As you can see in the "Revenue" spreadsheet, when we began fiscal year 2023-24, we anticipated about $40 million in state revenues. We received approximately $34 million throughout the fiscal year, but we deferred $12.1 million of the revenue to FY 2024-25. Deferred revenue occurs when the District receives revenue that has not yet been earned, meaning we do not spend it all before the end of the fiscal year. For most grants, carryover is allowable into the following fiscal year, therefore the revenue must also be carried over. The additional decrease was a result of adjustments and reductions to one-time funds to help relieve a budget deficit caused by lower than expected tax revenues.

In prior years, grant funds were coming in significantly higher than initially expected, and that is because the state of California had excess revenues due to better than expected economic conditions. That influx of additional revenue led to funding augmentations to several categorical programs. But now that economic conditions have changed with significantly less funding, we have dozens of programs that are not receiving a cost-of-living adjustment, or COLA.

Restricted		Adopted Budget 2023-2024		Unaudited Actuals 2023-2024
EXPENDITURES				
Academic Salaries	$	8,184,967.00	$	6,288,314.00
Classified Salaries	$	6,593,829.00	$	5,081,270.00
Employee Benefits	$	4,022,470.00	$	3,431,536.00
CalSTRS On-Behalf Payments (GASB 24)	$	465,430.00	$	465,430.00
Supplies, Software, Subscriptions	$	3,512,447.00	$	1,751,138.00
Services and Operations	$	11,662,829.00	$	2,802,587.00
Capital Outlay	$	13,188,895.00	$	8,572,227.00
TOTAL EXPENDITURES	**$**	**47,630,867.00**	**$**	**28,392,502.00**
Excess (Deficiency) of Revenues over Expenditures	$	1,965,629.00	$	2,124,226.00
Other Outgo (Student Aid)	$	3,120,591.00	$	2,367,046.00
Net Increase/Decrease in Fund Balance	$	(1,154,962.00)	$	(242,820.00)
ENDING FUND BALANCE	**$**	**(11,172.00)**	**$**	**1,513,738.00**

As a result, in fiscal year 2023-24, we started to see categorical-funded programs not being able to cope with salary and health and welfare increases. To avoid deficit spending, or encroaching into the District's general fund, some categorical programs had to make budget adjustments (operational reductions) to be able to live within their needs. In the end, the District continues to do a great job at spending all categorical funds to avoid returning any money to its originator (funding agency).

The chart below shows the breakdown of the Restricted General Fund expenditures, for fiscal year 2023-24:



In the end, approximately 64% of categorical funds went to salary and health and welfare benefits which are three of the biggest expenses that grant-funded programs account for. The concepts that we need to keep in mind, when it comes to grants, are:

1. The higher the percentage in salaries and benefits that a grant is used for, the less available resources remain for student related activities and services.
2. When grants do not get COLA augmentations, it becomes very difficult for the grant to survive unless the District's general fund offsets the cash shortfall.

2024-25 ADOPTED BUDGET

UNRESTRICTED GENERAL FUND 11

2024-25 Adopted Budget Plan

Title 5, California Code of Regulations (CCR), Section 58305 requires community colleges to develop a final budget (Adopted) by no later than September 15, of each year. The new "Adopted Budget" is nothing more than an update to the "Tentative Budget" previously approved by the Board of Trustees in the month of June. The final budget reflects the Governor's final state budget plan for education, and it is embedded in the overall State Budget Plan for 2024-25.

The final budget represents the result of a long journey full of hard work and commitment by the Business Department. As previously stated, the development of a new budget begins in January when the Governor first announces his projections for the upcoming fiscal year, and as certain economic conditions are met, there is a May revision update provided by the Governor that gives us a better understanding of what the upcoming budget will look like.

It is not, however, until the end of June (no later than June 30) that the Governor must adopt a state budget plan. Once a state budget plan is approved and becomes a law, the District can finalize the budget for the upcoming fiscal year. Therefore, the following spreadsheet highlights our projected revenues, expenditures, transfers, ending fund balances, and reserves for fiscal year 2024-25.

Unrestricted	Adopted Budget 2024-2025
FTES Reported/Projected	7,412
BEGINNING FUND BALANCE	**$ 21,408,773.00**
Prior Year Adjustments	-
ADJUSTED BEGINNING FUND BALANCE	**$ 21,408,773.00**

One of the most important differences between the prior year adopted budget with our new final budget for 2024-25 is our reported/projected full-time equivalent students. If you recall, last year's adopted budget was built with FTES of 7,476 in mind. The reason being is that fiscal year 2023-24 was the last year in which we were allowed to use our "pre-pandemic" FTES funding levels.

In fiscal year 2024-25, however, we must use "actual" reported FTES in our last advance apportionment report which are 6,754. This is approximately 722 less FTES that IVC gets to claim for the purposes of revenue than last year, which has a big economic impact to our new budget.

Now that we have closed the books for 2023-24, the ending fund balance that is noted in this spreadsheet becomes our new beginning fund balance for 2024-25. This is, in essence, our fiscal solvency – our reserves.

The revenue projections in our new 2024-25 final budget include planning factors that are provided to us by various state agencies. It includes projections provided and stated in the Governor's State Budget Plan for 2024-25, like:

- 2024-25 – COLA of 1.07%
- 2024-25 – Growth Funding of 0.5%
- 2024-25 – Base Credit $5,294
- 2024-25 – Supplemental Point Value $1,252
- 2024-25 – Student Success Main Point Value $738
- 2024-25 – Student Success Equity Point Value $186
- 2024-25 – Incarcerated Credit Rate of $7,425
- 2024-25 – Noncredit Value of $4,465
- 2024-25 – CPI of 3.23%
- 2024-25 – Unrestricted Lottery Rate of $191 per FTEs
- 2024-25 – Restricted Lottery Rate of $82 Per FTEs
- 2024-25 – Mandated Block Grant Rate of $35.75
- 2024-25 – Interest Rate of Ten-Year Treasuries rate of 3.89%

Unrestricted	Adopted Budget 2024-2025
REVENUES	
State (Apportionment)	$ 48,537,358.00
Education Protection Act (EPA)	$ 7,346,628.00
State (All Other)	$ 4,024,661.00
CalSTRS On-Behalf Payments (GASB 24)	$ 1,897,030.00
Local (Property Tax Included)	$ 13,240,628.00
Interfund Transfers In	$ 964.00
TOTAL REVENUES	**$ 75,047,269.00**

The District projects total revenues of $75,047,269.00 for fiscal year 2024-25, but as previously stated, budgets are moving targets that must be updated throughout the year as economic conditions change. Equally important to understand is that "budgets" do not equate to "cash in the bank" as we still must earn it – in other words, the money is not frontloaded to us at the beginning of the year.

A forthcoming issue that we need to prepare for, or anticipate in the event of, has to do with our Education Protection Act or EPA potential loss of funding after 2030. As previously stated,

> "Proposition 30 was passed on November 6, 2012, and established a new tax package that raised the state sales tax by 0.25% from January 1, 2013, through December 31, 2016, and increased personal income taxes to individuals making over $250 thousand a year from 2012 – 2018. This tax was further extended in November 2016 by the passage of Proposition 55, which extends the personal income tax of Proposition 30 through 2030. This special tax provides additional funds to K-12 and community colleges in California. The Department of Finance is responsible for updating EPA projections periodically based on tax revenues.

For fiscal year 2024-25, the District projects EPA funding of $7,346,628.00.

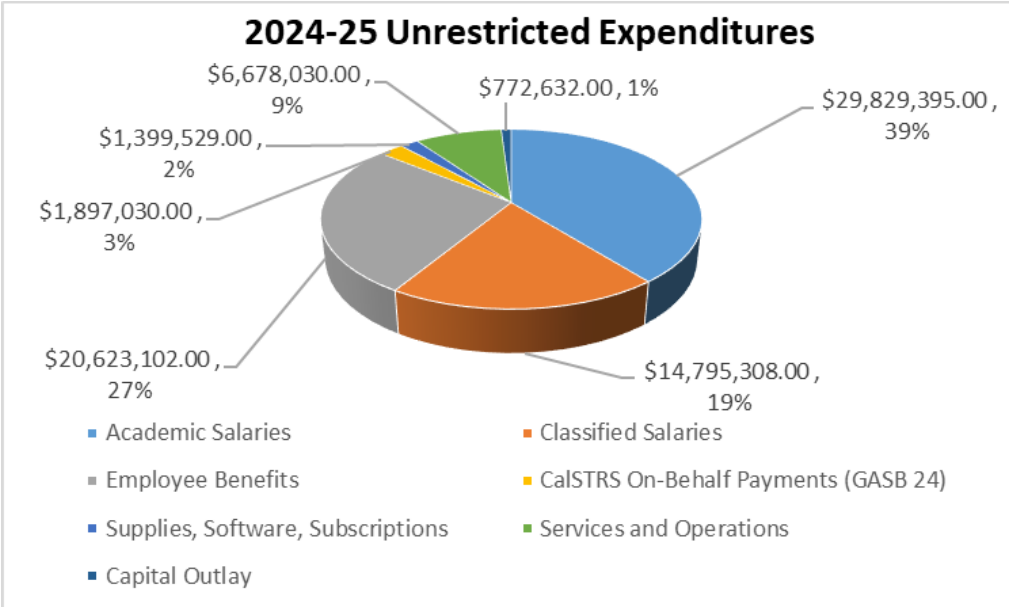
The District projects total expenditures of $75,995,026.00 for fiscal year 2024-25. The projected expenditures consider the following rate increases:

- 2024-25 – CalSTRS Employer Rate of 19.10%
- 2024-25 – CalPERS Employer Rate of 27.05%
- 2024-25 – Unemployment Insurance Rate of 0.05%
- 2024-25 – Step and Column
- 2024-25 – Medical Insurance Rate Increase of 13%
- 2024-25 – Other

Unrestricted	Adopted Budget 2024-2025
EXPENDITURES	
Academic Salaries	$ 29,829,395.00
Classified Salaries	$ 14,795,308.00
Employee Benefits	$ 20,623,102.00
CalSTRS On-Behalf Payments (GASB 24)	$ 1,897,030.00
Supplies, Software, Subscriptions	$ 1,399,529.00
Services and Operations	$ 6,678,030.00
Capital Outlay	$ 772,632.00
TOTAL EXPENDITURES	**$ 75,995,026.00**

The projected expenditures consider all agreed upon collective bargaining agreements with CSEA and Part-Time Faculty. The District is in the process of negotiations with the California Teachers Association, or CTA. Once a settlement agreement is reached, the projected expenditures for the current year will need to be included and the budget will need to be updated.

The chart below shows the breakdown of the Unrestricted General Fund expenditures, for fiscal year 2024-25:



Note: The District has incurred a 39.5% rate increase for medical insurance in fiscal years 2022-23, 2023-24 and 2024-25. These rate increases have significantly impacted on the general fund as the District bears the economic impact created by the cost increases in medical care.

For fiscal year 2024-25, the District projects 85% of our unrestricted general fund to pay for just salaries and benefits.

Unrestricted	Adopted Budget 2024-2025
Excess (Deficiency) of Revenues over Expenditures	$ (947,757.00)
Other Outgo (Transfers, Reserves)	$ 1,448,500.00
Net Increase/Decrease in Fund Balance	$ (2,396,257.00)
ENDING FUND BALANCE	**$ 19,012,516.00**
ENDING FUND BALANCE (In Percentage)	**25%**

When we factor our projected revenues versus expenditures for 2024-25, the District can remain fiscally solvent as we project a reserve level of 25%. Our projected ending fund balance is $19,012,516.00 but, as stated before, the District is facing challenging economic times ahead as CalPERS rates continue to go up, the price for medical insurance is projected to go up again in the foreseeable future making health and welfare benefits extremely expensive.

The District also remains engaged in negotiations with CTA, and other bargaining units have expiring labor agreements in 2025-26, and 2026-27. If enrollment levels do not increase, our revenues will remain stagnant due to 2024-25 being our funding floor year. Not to mention the temporary tax created by the EPA is set to expire in 2030.

RESTRICTED GENERAL FUND 12

2024-25 Adopted Budget Plan

As previously stated, categorically funded programs are established by the California legislature to provide state mandated minimum standards to a targeted group of students who are either disabled, disadvantaged, or have financial need. Thus, it provides funding to serve students without any cost to the District's general fund. The goal of categorical funding is to ensure access and maximize the potential for success of otherwise at-risk students. The funds must be spent on allowable expenses and for a specific period, unless carryover is authorized.

To start fiscal year 2024-25, Fund 12 – Restricted begins with a projected beginning fund balance of $1,513,738.00. It is important to remember that, in this restricted account, the less available beginning fund balance, the better. The goal is to use these funds in the same year that revenues are recorded.

Restricted		Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$**	**1,513,738.00**
Prior Year Adjustments	$	-
ADJUSTED BEGINNING FUND BALANCE	**$**	**1,513,738.00**
REVENUES		
Federal	$	4,776,695.00
State	$	31,503,142.00
CalSTRS On-Behalf Payments (GASB 24)	$	497,060.00
Local	$	2,799,384.00
TOTAL REVENUES	**$**	**39,576,281.00**

Most categorical funding comes directly from state funding sources. Often these categorically funded programs have some type of matching requirement from the colleges and/or district. Sometimes the match is in actual dollars and other times the matching is in-kind. An in-kind matching would be the employment of counselors, admissions and records staff, and other staff working directly with student assessment. Here are some categorical programs currently operating at IVC:

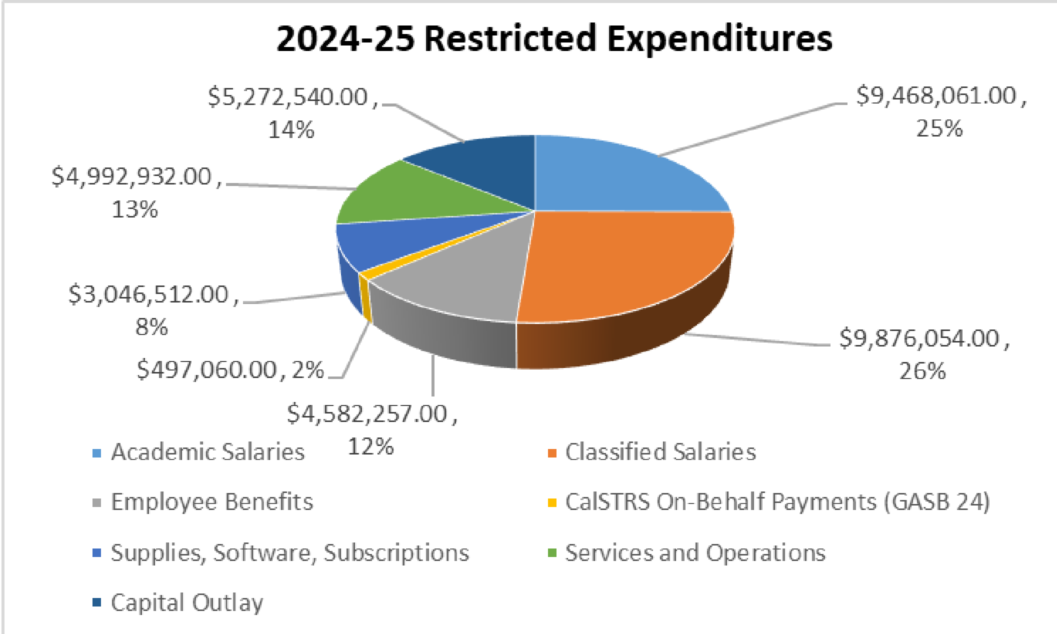
- **EOPS:** Extended Opportunity Programs and Services – the primary goal is to encourage the enrollment, retention and successful transition of students who are economically and educationally disadvantaged.
- **DSPS:** Disabled Students Programs and Services – provides support services, specialized instruction, and educational accommodations to students with disabilities so that they can participate equitably from the college experience as their non-disabled peers.
- **CalWORKs:** California Work Opportunities and Responsibilities to Kids – provides temporary financial assistance and work study employment opportunities for students pursuing training for marketable skills. This program focuses on single parents with dependent children.

Restricted	Adopted Budget 2024-2025
EXPENDITURES	
Academic Salaries	$ 9,468,061.00
Classified Salaries	$ 9,876,054.00
Employee Benefits	$ 4,582,257.00
CalSTRS On-Behalf Payments (GASB 24)	$ 497,060.00
Supplies, Software, Subscriptions	$ 3,046,512.00
Services and Operations	$ 4,992,932.00
Capital Outlay	$ 5,272,540.00
TOTAL EXPENDITURES	**$ 37,735,416.00**

What is the impact of categorical programs at IVC? Since we are not a basic aid district, we rely on the state to provide us with other funding opportunities (outside of the SCFF) to support programs designed for specific student populations and their needs. Without categorical funds, there are positions that could not continue to be funded.

Currently, 64% of categorical funds are used for employees' salaries and benefits. An important note, when it comes to categorically funded positions, they do not count towards the 50% law. This mandate requires that a minimum of 50% of all dollars spent by the district must be used only on classroom instruction.

The chart below shows the breakdown of the Restricted General Fund expenditures, for fiscal year 2024-25:



The District projects to finish the year with a projected ending fund balance of $568,919.00. As previously noted, in this year's state budget plan, only a handful of categorical funds will receive a cost-of-living adjustment. This means that several categorically funded programs at IVC, despite incurring additional expenditures, will not receive any additional revenues.

MULTI-YEAR PROJECTIONS

UNRESTRICTED GENERAL FUND 11

Multi-Year Projections

The Fiscal Crisis Management and Assistance Team, also known as FCMAT, as well as the Community College Chancellor's Office, highly recommend districts to develop and maintain accurate multi-year projections (MYP's) to help plan.

Multi-year projections are best developed when districts have a solid understanding of how revenues work (i.e., SCFF, categorical programs, Prop. 98, and more) and expenditures. The information used to build accurate MYPs comes directly from state and local agencies but as macro and microeconomic conditions change, the MYPs need to be updated.

As a financial tool, muti-year projections give the District the ability to make comprehensive financial decisions that impact today and two years out. This is important when the District enters negotiations with any of our bargaining unit partners. The MYP below was created using the Department of Finance, Legislative Analyst Office, and the system's Chancellor's Office most up-to-date financial assumptions for 2024-25, 2025-26, and 2026-27. These are some of the key planning factors used in the development of this multi-year projection:

Factors		2025-26	2026-27
Department of Finance COLA		2.93%	3.08%
California Consumer Price Index		2.86%	2.81%
California Lottery	Unrestricted	$191	$191
	Restricted	$82	$82
10-Year Treasury Interest Rate		3.58%	3.60%
CalSTRS Employer Rate		19.10%	19.10%
CalPERS Employer Rate		27.60%	28.00%
Unemployment Insurance Rate		0.05%	0.05%

In addition, the following multi-year projection includes all agreed upon and ratified collective bargaining agreements. As previously stated, this Multi-Year Projection will be updated periodically, or as economic conditions change in terms of projected revenues and/or updated expenditures.

			2024-25	2025-26	2026-27
	FTES Reported / Projected		**7,412**	**7,466**	**7,364**
	BEGINNING FUND BALANCE		**$ 21,408,773**	**$ 19,012,515**	**$ 20,040,679**
A.	**REVENUES**				
	State Apportionment	8611	48,537,358	54,193,164	56,106,624
	Education Protection Act (EPA)	8630	7,346,628	7,346,628	7,346,628
	Other State Revenues	8600-8699	4,024,661	4,043,799	4,064,506
	CalSTRS On-Behalf	8600	1,897,030	1,897,030	1,897,030
	Other Local Revenues	8800-8899	13,240,628	13,240,628	13,240,628
	Other Financing Sources	8910-8999	964.00	-	-
	Total Revenues		**75,047,268**	**80,721,248**	**82,655,416**
B	**EXPENDITURES**				
	Certificated Salaries	1000-1999	29,829,394	30,352,839	31,827,546
	Classified Salaries	2000-2999	14,795,309	14,885,106	15,509,566
	Employee Benefits	3000-3999	20,623,102	22,397,919	23,006,167
	CalSTRS On-Behalf	3000	1,897,030	1,897,030	1,897,030
	Supplies, Software, Subscriptions	4000-4999	1,399,529	1,399,529	1,399,529
	Services and Operations	5000-5999	6,678,030	6,678,030	6,678,030
	Capital Outlay	6000-6999	772,632	772,632	772,632
	Total Expenditures		75,995,026	78,383,085	81,090,500
C.	**Excess/ (Deficiency) of Revenues over Expenditures**		**(947,758)**	**2,338,164**	**1,564,916**
D.	**Other Outgo, Transfers**	7000-7999	1,448,500	1,310,000	1,310,000
E.	**Net Increase/Decrease in Fund Balance**		**(2,396,258)**	**1,028,164**	**254,916**
	ENDING FUND BALANCE		**$ 19,012,515**	**$ 20,040,679**	**$ 20,295,595**
	Ending Fund Balance Percent		**25%**	**25%**	**25%**

2024-25 CATEGORICAL PROGRAMS

2024-25 CATEGORICAL & OTHER DISTRICT FUNDS

2024-25 Adopted Budget Plan

FUND 22 is used to account for the accumulation and expenditure of moneys for the acquisition or construction of significant capital outlay items, and scheduled maintenance and special repairs (SMSR) projects. (EC §81964) - Responsibility for this fund vests with the District and the Board.

In this fund, some of the revenues recorded in this account is to pay for a portion of the new Auto-Technology Center that is currently under construction, the board-approved surveillance cameras refresh project, wayfinding and gym modernization project.

BUILDING FUND - 22	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ 17,736,206.00**	**$ 18,417,697.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 17,736,206.00**	**$ 18,417,697.00**
REVENUES		
Local	$ 952,298.00	$ 850,000.00
Inter-Fund Transfers In	$ 5,000,000.00	$ -
TOTAL REVENUES	**$ 5,952,298.00**	**$ 850,000.00**
EXPENDITURES		
Supplies, Software, Subscriptions	$ 114,920.00	$ -
Services and Operations	$ 19,414.00	$ 32,000.00
Capital Outlay	$ 5,136,473.00	$ 18,382,461.00
TOTAL EXPENDITURES	**$ 5,270,807.00**	**$ 18,414,461.00**
Excess (Deficiency) of Revenues over Expenditures	**$ 681,491.00**	**$ (17,564,461.00)**
Other Outgo	$ -	$ -
Net Increase (Decrease) in Fund Balance	**$ 681,491.00**	**$ (17,564,461.00)**
ENDING FUND BALANCE	**$ 18,417,697.00**	**$ 853,236.00**

In fiscal year 2023-24, the District completed several projects funded (or partially funded) by the building fund like New Restroom Addition, West-Side Lighting, and Border-Link Antenna. We finished the modernization of buildings 200, 300, and 800 project as well.

At unaudited actuals, we finished the year with an ending fund balance of $18,417,697.00. which becomes our beginning fund balance in the new 2024-25 fiscal year.

The vast majority of funds carried in this account are encumbered for the new auto-technology center currently under construction.

FUND 33 is the fund designated to account for all revenues for, or from the operation of, childcare and development services, including student fees for child development services. Costs incurred in the operation and maintenance of the childcare and development services are paid from this fund.
However, those segments of childcare and development activities that are part of the instructional activity of the college or district must be accounted for in the General Fund.

CHILD DEVELOPMENT - 33	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ 665,992.00**	**$ 621,327.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 665,992.00**	**$ 621,327.00**
REVENUES		
State	$ 1,275,292.00	$ 1,762,183.00
Local	$ 23,918.00	$ 250,717.00
TOTAL REVENUES	**$ 1,299,210.00**	**$ 2,012,900.00**
EXPENDITURES		
Academic Salaries	$ 69,652.00	$ 67,969.00
Classified Salaries	$ 647,067.00	$ 711,433.00
Employee Benefits	$ 351,277.00	$ 433,450.00
Supplies, Software, Subscriptions	$ 47,109.00	$ 420,038.00
Services and Operations	$ 12,172.00	$ 46,420.00
Capital Outlay	$ 37,419.00	$ 90,300.00
TOTAL EXPENDITURES	**$ 1,164,696.00**	**$ 1,769,610.00**
Excess (Deficiency) of Revenues over Expenditures	**$ 134,514.00**	**$ 243,290.00**
Other Outgo (Designated Reserves)	$ 179,179.00	$ 237,817.00
Net Increase (Decrease) in Fund Balance	**$ (44,665.00)**	**$ 5,473.00**
ENDING FUND BALANCE	**$ 621,327.00**	**$ 626,800.00**

FUND 41 is also used to account for the receipt and expenditure of State Funded capital projects, like our intersegmental student housing project between San Diego State University and Imperial Valley College.

The entire balance that you see in the spreadsheet is 100% allocated to support the construction of this project which is scheduled to be finished in a couple of years.

CAPITAL PROJECTS FUND - 41	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ -**	**$ 580,054.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ -**	**$ 580,054.00**
REVENUES		
State	$ 4,554,000.00	$ -
Local	$ 580,054.00	$ 10,000.00
TOTAL REVENUES	**$ 5,134,054.00**	**$ 10,000.00**
EXPENDITURES		
Services and Operations	$ -	$ -
Capital Outlay	$ 4,554,000.00	$ -
TOTAL EXPENDITURES	**$ 4,554,000.00**	**$ -**
Excess (Deficiency) of Revenues over Expenditures	**$ 580,054.00**	**$ 10,000.00**
Other Outgo	$ -	$ -
Net Increase (Decrease) in Fund Balance	**$ 580,054.00**	**$ 10,000.00**
ENDING FUND BALANCE	**$ 580,054.00**	**$ 590,054.00**

FUND 43 is a new fund opened to account for the revenues and expenditures of Measure B General Obligation Bond. The current balance reflects the issuance of the 2023 Series A worth $50 million, and 2024 Series B worth $55 million.

From an accounting and auditing perspective, this fund is designated to account for the proceeds from the sale of bonds, and they are deposited with the County Treasury and recorded as Other Financing Sources. These funds may only be expended for the purposes authorized by the language written within the bond measure resolution, and Measure B voter information ballot.

MEAUSURE B BOND FUND - 43	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ -**	**$ 106,458,123.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ -**	**$ 106,458,123.00**
REVENUES		
Financing Sources	$ 104,610,000.00	$ -
Local	$ 1,932,640.00	$ 1,100,000.00
TOTAL REVENUES	**$ 106,542,640.00**	**$ 1,100,000.00**
EXPENDITURES		
Services and Operations	$ -	$ -
Capital Outlay	$ 84,517.00	$ 105,622,332.00
TOTAL EXPENDITURES	**$ 84,517.00**	**$ 105,622,332.00**
Excess (Deficiency) of Revenues over Expenditures	**$ 106,458,123.00**	**$ (104,522,332.00)**
Other Outgo	$ -	$ -
Net Increase (Decrease) in Fund Balance	**$ 106,458,123.00**	**$ (104,522,332.00)**
ENDING FUND BALANCE	**$ 106,458,123.00**	**$ 1,935,791.00**

All these proceeds are encumbered to pay for the hard and soft cost of four projects:

1. Public Safety Regional Occupation Facility
2. New Maintenance and Operations Warehouse
3. Industrial Automation (Lithium) Facility
4. New One-Stop Building

The District anticipates the final Series C issuance from Measure B in early 2025 and worth $25 million, which will be deposited in this same fund.

FUND 51 is used when the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. This account remains open but inactive at the same time. There hasn't been any activity for a very long time. The District is proposing to transfer the remaining balance to the Unrestricted General Fund, so that this fund can be closed.

CERTIFICATE OF PARTICIPATION - 51	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ 935.00**	**$ 964.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 935.00**	**$ 964.00**
REVENUES		
Local	$ 29.00	$ -
TOTAL REVENUES	**$ 29.00**	**$ -**
EXPENDITURES		
Capital Outlay	$ -	$ -
TOTAL EXPENDITURES	$ -	$ -
Excess (Deficiency) of Revenues over Expenditures	**$ 29.00**	**$ -**
Other Outgo	$ -	$ 964.00
Net Increase (Decrease) in Fund Balance	**$ 29.00**	**$ (964.00)**
ENDING FUND BALANCE	**$ 964.00**	**$ -**

DESERT WARRIORS

FUND 61 is a Self-Insurance designated fund under EC §81602 to account for income and expenditures of self-insurance programs authorized by EC §72506(d).

This fund is maintained in the County Treasury and used to provide for payments on deductible types of insurance policies, losses or payments arising from self-insurance programs, and losses or payments due to noninsured perils.

Whenever there is a settlement, an insurance deductible, or a claim that is not covered by the District's insurance carrier, the encumbered funds in this account pays for it.

SELF-INSURANCE FUND - 61	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ 144,516.00**	**$ (6,214.00)**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 144,516.00**	**$ (6,214.00)**
REVENUES		
Local	$ 2,392.00	$ 5,000.00
Transfers	$ 50,000.00	$ 500,000.00
TOTAL REVENUES	**$ 52,392.00**	**$ 505,000.00**
EXPENDITURES		
Services and Operations	$ 203,122.00	$ 250,000.00
TOTAL EXPENDITURES	**$ 203,122.00**	**$ 250,000.00**
Excess (Deficiency) of Revenues over Expenditures	**$ (150,730.00)**	**$ 255,000.00**
Other Outgo	$ -	$ -
Net Increase (Decrease) in Fund Balance	**$ (150,730.00)**	**$ 255,000.00**
ENDING FUND BALANCE	**$ (6,214.00)**	**$ 248,786.00**

At the beginning of fiscal year 2023-24, we only transferred $50,000 as historically, the District did not have many insurance claims or settlements agreements, however, as the year progressed, we received several unexpected insurance deductibles and settlement agreements not covered by our insurance, so the District ended up paying over $150 thousand in excess than what was originally budgeted for.

Now, as we start the new fiscal year, we are making a transfer from the General Fund of $500,000 to pay for unforeseen claims.

FUND 69 is used to account for revenues and expenditures on other internal services, as in the case of a cash-deferral account for economic uncertainties. In the State of California, whenever the economy falls into a recessionary period, or whenever the projected tax revenue falls short of expected projections, the Governor tends to recur to postponing District apportionments to a later period. When this happens, the District needs to borrow money via a secured loan unless we have sufficient economic wherewithal to offset the impact of cash deferrals. The funds deposited in this account address those unforeseen events and helps the District stay afloat during hard economic times.

OTHER INTERNAL SERVICES - FUND 69	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ 10,000,000.00**	**$ 10,000,000.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 10,000,000.00**	**$ 10,000,000.00**
REVENUES		
Transfers	$ -	$ -
TOTAL REVENUES	$ -	$ -
EXPENDITURES		
Capital Outlay	$ -	$ -
TOTAL EXPENDITURES	$ -	$ -
Excess (Deficiency) of Revenues over Expenditures	$ -	$ -
Other Outgo	$ -	$ -
Net Increase (Decrease) in Fund Balance	$ -	$ -
ENDING FUND BALANCE	**$ 10,000,000.00**	**$ 10,000,000.00**

FUND 71 are trust funds used to account for assets held on behalf of another party in which the District has some discretionary authority for decision making or responsibility for approving expenditures, for example ASG and Campus Clubs.

Trust funds are appropriate when one or more of the following conditions is present.

- There is an agreement granting the District discretionary authority.
- There are contractual or regulatory conditions restricting the use of the funds or requiring the District to exercise a management role or report the results of operations in its financial statements.
- There is a compelling reason to measure operations (revenues, expenditures/expenses, and fund balance) and report the results in the District's financial statements. Examples of compelling reasons may include the materiality of the revenues and expenditures, or the usefulness of the information to the readers of the financial statements

ASG/CAMPUS CLUBS FUND - 71	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ 208,418.00**	**$ 229,919.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 208,418.00**	**$ 229,919.00**
REVENUES		
Local	$ 72,372.00	$ 45,525.00
Transfers	$ -	$ -
TOTAL REVENUES	**$ 72,372.00**	**$ 45,525.00**
EXPENDITURES		
Supplies, Software, Subscriptions	$ 38,142.00	$ 69,092.00
Services and Operations	$ 12,729.00	$ 15,230.00
Capital Outlay	$ -	$ -
TOTAL EXPENDITURES	**$ 50,871.00**	**$ 84,322.00**
Excess (Deficiency) of Revenues over Expenditures	**$ 21,501.00**	**$ (38,797.00)**
Other Outgo	$ -	$ -
Net Increase (Decrease) in Fund Balance	**$ 21,501.00**	**$ (38,797.00)**
ENDING FUND BALANCE	**$ 229,919.00**	**$ 191,122.00**

FUND 72 is a Student Representative Fee Trust Fund, and it is used to account for moneys collected pursuant to EC §76060.5 that provides for a student representation fee of one dollar per semester if approved by two-thirds of the students voting in the election.

The fee is to be expended to provide support of governmental affairs representatives who may be stating their positions and viewpoints before city, county, and district governments and before offices and agencies of the State government.

STUDENT REPRESENTATIVE FEE FUND - 72	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ 54,394.00**	**$ 55,244.00**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 54,394.00**	**$ 55,244.00**
REVENUES		
Local	$ 42,733.00	$ 42,000.00
TOTAL REVENUES	**$ 42,733.00**	**$ 42,000.00**
EXPENDITURES		
Services and Operations	$ 41,883.00	$ 42,000.00
TOTAL EXPENDITURES	**$ 41,883.00**	**$ 42,000.00**
Excess (Deficiency) of Revenues over Expenditures	**$ 850.00**	**$ -**
Other Outgo	$ -	$ -
Net Increase (Decrease) in Fund Balance	**$ 850.00**	**$ -**
ENDING FUND BALANCE	**$ 55,244.00**	**$ 55,244.00**

The District may charge a fee to recover its actual cost of administering these fees up to, but not more than, seven percent of the fees collected and deposited. Currently, IVC's student representation fee is $2.00 for every student who enrolls each term.

Note: $1.00 of every $2.00 collected is used by ASG for travel-related activities, and $1.00 of every $2.00 collected goes towards state fees.

FUND 74 is the Student Financial Aid Trust Fund that IVC uses to account for the deposit and direct payment of government funded student financial aid, including grants and loans or other moneys intended for similar purposes and the required district matching share of payments to students.

STUDENT FINANCIAL AID FUND - 74	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ (10,257.00)**	**$ (10,257.00)**
Prior Year Adjustments	$ -	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ (10,257.00)**	**$ (10,257.00)**
REVENUES		
Federal	$ 23,088,313.00	$ 25,356,150.00
State	$ 14,372,904.00	$ 15,268,138.00
TOTAL REVENUES	**$ 37,461,217.00**	**$ 40,624,288.00**
EXPENDITURES		
	$ -	
TOTAL EXPENDITURES	**$ -**	**$ -**
Excess (Deficiency) of Revenues over Expenditures	**$ 37,461,217.00**	**$ 40,624,288.00**
Other Outgo (Student Financial Aid Expense)	$ 37,461,217.00	$ 40,624,288.00
Net Increase (Decrease) in Fund Balance	**$ -**	**$ -**
ENDING FUND BALANCE	**$ (10,257.00)**	**$ (10,257.00)**

FUND 81 is our Measure J Bond Fund, and it is used to account for the accumulation and expenditure of money for the acquisition or construction of significant capital outlay items, and Scheduled Maintenance and Special Repairs (SMSR) projects.

In general, this fund shall be established and maintained in the appropriate County Treasury and the money shall be used only for capital outlay projects listed under the bond measure and approved by voters on November 10, 2010. The remaining balance in this spreadsheet is to pay for the new auto-technology building project.

GENERAL OBLIGATION FUND - 81	Unaudited Actuals 2023-2024	Adopted Budget 2024-2025
BEGINNING FUND BALANCE	**$ 39,339,820.00**	**$ 34,703,710.00**
Prior Year Adjustments	$ (1,055,737.00)	$ -
ADJUSTED BEGINNING FUND BALANCE	**$ 38,284,083.00**	**$ 34,703,710.00**
REVENUES		
Financing Sources	$ -	$ -
Local	$ 991,220.00	$ 980,000.00
TOTAL REVENUES	**$ 991,220.00**	**$ 980,000.00**
EXPENDITURES		
Supplies, Software, Subscriptions	$ 4,213.00	$ -
Services and Subscriptions	$ -	$ -
Capital Outlay	$ 4,567,380.00	$ 34,484,498.00
TOTAL EXPENDITURES	**$ 4,571,593.00**	**$ 34,484,498.00**
Excess (Deficiency) of Revenues over Expenditures	**$ (3,580,373.00)**	**$ (33,504,498.00)**
Other Outgo	$ -	$ -
Net Increase (Decrease) in Fund Balance	**$ (3,580,373.00)**	**$ (33,504,498.00)**
ENDING FUND BALANCE	**$ 34,703,710.00**	**$ 1,199,212.00**

FINAL REMARKS

A little bit on the economic road ahead. In fiscal year 2023-24, we have seen the use of one-time funds to support ongoing programs which, in a way, it has felt like a bridge, but one so long we could not see the end as it looked foggy and murky in the distance. With the use of Rainy-Day funds, the state is utilizing all the available saved financial resources, under Proposition 98, to make up the cash shortfall needed to finance K-14 education for 2024-25.

The Governor and the Legislature are running low on novel approaches to support educational programs. In fact, the use of cash deferrals was once again pulled from the state's toolbox to help maneuver the 2024-25 state adopted budget. It will be critically important for revenues to live up to expectations – even more so than usual as again the state is running low on strategies to address the state budget should we come to another year where revenues aren't coming in as expected.

The next big step in the state budget will be the release of the Governor's budget in January 2025, but between now and then, the state will continue to monitor tax revenues, and the election of a new President in November will give us a glimpse on what national and global economic policies we should expect moving forward.

As for Imperial Valley College, there are local challenges that we will have to navigate in 2024-25 and in alignment with the state's economic outlook, such as:

1. Navigate through the uncertain world of health and welfare benefits. As stated before, the District has seen a 39.5% increase in rates over the past three fiscal years. The District expects continuous rate increases over the next few years putting the District's general fund under a lot of stress.
2. Categorical programs – lack of cost-of-living adjustments. The District has dozens of categorically funded programs that are not receiving program augmentations which leaves it up to the general fund to mitigate the cash shortfall.
3. Pension rate increases – CalPERS continues to increase the employer contribution rates which, again, is putting a lot of pressure on the District's general fund.
4. Collective Bargaining – the District is in the middle of negotiations with our CTA partners and will soon begin the process of negotiations with part-time faculty and CSEA at some point in the not-so-distant future. Any agreed upon collective bargaining agreement will have an impact on the District's general fund.
5. Step and column increases – every year, the District labor budget increases significantly due to regular salary augmentations, but when the COLA is minimal and not enough, the District's reserves have to offset the difference.
6. Property and casualty insurance rates continue to increase in California mostly due to environmental catastrophes like fires and floods.
7. The District's OPEB liability is approximately $56 million and while every year the District makes an effort to make a contribution, with less revenues available, it is becoming more difficult to meet our minimum transfers to this trust fund.

DESERT WARRIORS