

**MINUTES of the FINANCE & RESOURCES COMMITTEE**  
of the BOARD OF TRUSTEES of VICTORIA COLLEGE  
**August 7, 2019**

√ V. Bland Proctor	√ Dr. Daniel Cano
Luis A. Guerra	√ Catherine McHaney
√ John Zacek	Dr. Josie Rivera
	√ Ron Walker

STAFF

√ Dr. David Hinds	√ Jennifer Yancey
Mary Ann Rodriguez	

MEDIA

**Guests:** Keith Blundell

A meeting of the Finance & Resources Committee of the Victoria College Board of Trustees met Wednesday, August 7, 2019 at 8:30 a.m. in the Executive Conference Room – 101 of the Academic Building.

**A. Call to Order:**

1. Mr. Bland Proctor called the meeting to order at 8:34 a.m.
2. Dr. David Hinds certified that the agenda had been properly posted per Texas statute.

**B. Citizen Communication:**

1. The Public was invited to address the board. No public comments at this time.

**C. Discussions:**

**1. Discuss 2019-2020 Operating Budget**

Mr. Blundell presented. He noted that the only major change from the budget reconciliation presented at the June 27<sup>th</sup> meeting is the inclusion of the actual change in ad valorem tax revenue which is an increase of \$651,946. We have received the effective rate calculation from the Tax Assessor and the recommended rate has been incorporated into the budget document. The specifics of the calculation will be discussed further in the meeting agenda. Mr. Blundell walked through each category of the reconciliation as a reminder of the adjustments.

The draft budget for 2019-2020 is \$33,636,412, a decrease of 1.1% (\$372,725) from 2018-2019. Items of note included a decrease of \$87,661 in state appropriations, a decrease in net bookstore operations of \$175,000 due to UHVs new operations, approximately \$100,000 in lost rental revenue when UHV vacates the library, and administrative adjustments. The budget also includes a 1.38% cost of living adjustment and funding of the salary scale which is 1.5% for those eligible faculty and staff. Mr. Ron Walker began a discussion on enrollment history and trends as they relate to tuition and fees. Dr. Hinds noted that enrollment was on a slight rise when Hurricane Harvey hit

the area (up approximately 3%). While difficult to measure, the effects from Harvey are lingering and still impact enrollment. Enrollment for fall looks favorable at this time with two weeks remaining before classes begin. Dr. Hinds stressed that increased retention efforts are key to future enrollment numbers. Members discussed the existing revenue bond payment and the intent to move these funds into the capital project funds.

Mr. Blundell then reviewed the summary of proposed salary changes and a five year history of salary and benefit changes. The net effect in salaries for the 2019-2020 budget is an increase of 1.12% from prior year.

**2. Discuss Ad Valorem Taxes**

Mr. Blundell presented a two year tax calculation comparison, details of the effective tax rate calculation, and a schedule of budget scenarios based on various calculated rates. In July, the board approved Rena Scherer to calculate the effective tax rate (ETR) and rollback rate for the college. The appraisals were completed by the VCAD and Ms. Scherer has performed those calculations. Land increased 6.52%. Homesites increased 5.22% while Non-Homesites increased 8.04% and Personal Property increased 8.27%. Minerals increased 106.06%, but only represent 1.47% of the total appraisals for the County. The net taxable values increased by 6.04%. New improvements are exempted from the ETR calculation.

The ETR assessment of \$0.2102 per \$100 valuation would generate \$2,740 more in revenue than prior year and \$651,157 less than the proposed 2019-2020 operating budget. The current rate of \$0.2235 per \$100 valuation would generate \$837,582 more in revenue than prior year and \$183,685 more than the proposed budget. A rate of \$0.2206 per \$100 valuation would generate \$655,548 more in revenue than prior year and be the rate needed to meet the proposed budget. The Rollback rate of \$0.2263 per \$100 valuation would generate \$1,103,338 more in revenue than prior year and \$359,441 more than the proposed budget. Administration is recommending lowering the current tax rate to \$.2206 per \$100 valuation. Members will review the information again at the August 12<sup>th</sup> Finance & Resources Committee. A proposed rate will then be considered at the regular meeting of the Board on August 12<sup>th</sup>. Should the proposed rate exceed the ETR, the required public hearings will be scheduled.

**3. Discuss June 2019 Financials**

Mr. Blundell presented. He discussed the Statement of Net Assets as compared to the same time last year, noting most balances are comparable. Cash and cash equivalents, both unrestricted and restricted, are combined into one account and are at \$16.76 million. Excess operating funds are invested in TexPool and are at \$11.35 million. There are no long-term investments.


Total net position is \$16.98 million as compared to \$43.93 million the same time last year. Mr. Blundell reminded members of the new reporting requirement for Optional Retirement Employee Benefits (OPEB for retirees) under GASB 75 that is similar to the existing requirement under GASB 68, which reports the State's liability for employee pensions in TRS. The combined effect on total net position is a negative \$34.35 million.

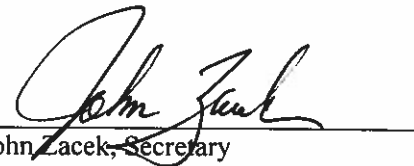
Mr. Blundell then reviewed the Statement of Revenues, Expenditures and Changes in Net Assets for the unrestricted, federal/state/local, auxiliary and debt service funds, budget adjustments and the Gonzales and other projects funds. He compared current year actual to 2018 actual and explained any differences, noting most are comparable to last year. State appropriations and ad valorem taxes are coming in as scheduled. Tuition and fees for credit classes are at approximately 90% of budget and non-credit is at 92%. Total expenses are at 80% of budget, which is in line with June being 83% of the fiscal year.

Members discussed the auxiliary enterprises financials. The largest contributors to this budget are the bookstore, the Emerging Technology Complex and the Welder Center. Mr. Blundell reminded members that variances in this fund are mainly due to timing and that the bulk of the bookstore revenue will be received in August for the fall semester textbook purchases.

A summary of the financials will be presented to the full board for consideration at its August 12<sup>th</sup> meeting.

There being no further business, the committee meeting adjourned at 10:52 a.m.

  
David Proctor, Chair

  
John Zacek, Secretary