



STRATEGIC FISCAL PLAN

OFFICE OF FINANCE AND ADMINISTRATIVE SERVICES

2016-17 through 2019-20
A FRAMEWORK FOR SHORT AND LONG RANGE FINANCIAL
PLANNING ASSUMPTIONS AND RECOMMENDATIONS

COAST COMMUNITY COLLEGE DISTRICT
September 6, 2017

DCC Budget Subcommittee Membership

- College President
- Vice Chancellor of Administrative Services and Finance
- Vice Chancellor of Educational Services and Technology
- CCC Vice President of Administrative Services
- GWC Vice President of Administrative Services
- OCC Vice President of Administrative Services
- CCC Academic Senate President or Designee
- GWC Academic Senate President or Designee
- OCC Academic Senate President or Designee
- CCC Budget Committee Member
- GWC Budget Committee Member
- OCC Budget Committee Member
- CFCE President or Designee
- CDMA President or Designee
- ACE President or Designee
- CCA President or Designee
- CCC Classified Senate President or Designee
- GWC Classified Senate President or Designee
- OCC Classified Senate President or Designee
- District Classified Senate President or Designee
- Student Representative

Review Schedule

DCC Budget Subcommittee Review

- December 11, 2015
- February 26, 2016
- April 5, 2016
- May 27, 2016
- September 16, 2016
- January 19, 2017
- March 3, 2017
- May 26, 2017

Audit and Budget Committee Review

- May 25, 2017
- August 24, 2017

Board of Trustees Review

- May 3, 2017
- June 21, 2017

**Board of Trustees Adopted
Sept. 6, 2017**

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District Consultation Council Budget Subcommittee

Strategic Fiscal Plan Executive Summary

The District Consultation Council (DCC) serves as the primary participatory governance body for the Coast Community College District, and is responsible for overseeing district-wide planning activities. Several subcommittees have been established under the authority of the DCC, and among them, is the District Consultation Council Budget Subcommittee (DCCBS). The DCCBS is chaired by the Vice Chancellor of Finance and Administrative Services. This group provides guidance and input in the annual budget planning process including recommendations of district-wide budgeting assumptions. The DCCBS is also charged with the development, recommendation and monitoring of a three-year district-wide financial plan. The first iteration of this plan, entitled the Strategic Fiscal Plan, follows this executive summary.

To accompany, support and provide direction in the annual budget planning and development process, the DCCBS has developed a framework for short and long-range financial planning. Data sets including Coast's organizational mission and values, budgetary guiding principles, regulatory and compliance matters, demographic data, and state budget development materials inform the development of this framework.

Among the initial steps in budget development, is the establishment of guiding principles. These principles, along with the datasets described above, inform budget assumptions and ultimately, the development of strategic goals. For the 2017-2020 period, these goals include the following:

Goal #1

The District will prioritize student access and success by allocating resources to valuable faculty, staff and administrators while also allocating funds towards programs that support student enrollment and retention.

Goal #2

The District is dedicated to Meeting all Long and Short Term Financial Obligations

Goal #3

The District will proactively Budget for Ongoing Costs to Ensure Financial Stability in the Oncoming Fiscal Years.

From an accreditation perspective, Standard III-D, Financial Resources, requires supplemental evidentiary documents in order to complete the financial review. Section IV of the plan includes this documentation and will serve as a repository of materials as the colleges move toward developing their self-studies as the district approaches the next comprehensive accreditation visit.

This study is a "living document" and will be updated periodically as new information becomes available. Much as the Tentative Budget evolves to a Final Budget in late summer, this plan will evolve into final form at that time.

SECTION I- Overview, Mission, Vision, Principles

Introduction

The District Consultation Council (DCC) serves as the primary participatory governance body that is responsible for district-wide planning activities including the developing, planning and recommending of budgetary assumptions for submission to the Chancellor and Board of Trustees.

In November of 2013, the DCC engaged in the process of developing a new District-Wide Strategic Plan for 2014-17 to establish a set of common goals and objectives that are both realistic and measurable. The resulting plan specified various targets for a set of approved objectives to strive towards in the upcoming years. Among these objectives is a commitment to a stewardship of resources, the details of which can be obtained by using the link below:

[District Wide Strategic Plan for 2014-17](#)

As a means of ensuring compliance with this stewardship of resources, DCC established a subcommittee, named the District Consultation Council Budget Subcommittee. This subcommittee is comprised of various constituents, ensuring collaboration efforts between the three colleges and the District office. The membership of this subcommittee can be viewed in the District Level Decision Making and Participatory Governance document, viewable at the link below:

[District Level Decision Making and Participatory Governance](#)

The DCC Budget Subcommittee, chaired by the Vice chancellor of Finance and Administrative Services, in addition to providing guidance in budget development, has also developed a framework for short and long-range financial planning assumptions and recommendations.

This framework has evolved into a three-year district-wide Strategic Fiscal plan along with a set of district-wide budget assumptions. This strategic fiscal plan aims to incorporate an integrated planning approach while collaborating with the three colleges and all represented constituent groups.

Mission

The DCC Budget Subcommittee is committed to supporting the District's vision, mission and goals through identifying a means to effective stewardship of financial resources and by fostering an environment focused on student success.

Vision

The DCC Budget Subcommittee envisions a district-wide financial plan which recommends a strategic path outlined by thorough budget assumptions. The vision for this strategic fiscal plan is to incorporate an integrated planning approach in developing a framework for short and long range financial planning assumptions, collaborating with the three colleges and all represented constituent groups.

Guiding Principles and Budgeting Goals

At their January 19, 2017 meeting, the DCC Budget Subcommittee adopted a set of ten guiding principles. These guiding principles have informed a set of strategic goals which will drive the budgeting process over the next three years. These strategic goals are listed below, along with the approved guiding principles that were used as part of their development:

- 1. The District will prioritize student access and success by allocating resources to valuable faculty, staff and administrators while also allocating funds towards programs that support student enrollment and retention.**
 - *Budget Development Guiding Principle #4:* The faculty, staff and administrators are the District's greatest resource. In the event of funding shortfalls, positions that become vacant may not be filled, and reassignments may be necessary.
 - *Budget Development Guiding Principle #8:* Cost effectiveness in all areas shall be a major factor in considering reduction/retention of programs and services rather than instituting across-the-board cuts.
 - *Budget Development Guiding Principle #1:* The District, and its colleges, shall give the highest consideration to supporting student enrollment, retention and success; maintaining the highest quality instruction and services; and meeting the legal, contractual and accreditation obligations of the District. The process shall be informed first by the District's Mission, Vision, and Values
 - *Budget Development Guiding Principle #6:* Meeting the District's FTES goal in a cost effective and strategic manner shall be a priority.

- 2. The District will proactively budget for ongoing costs to ensure financial stability in the oncoming fiscal years.**
 - *Budget Development Guiding Principle #9:* In the event of one-time funding shortfalls or unanticipated expenses, reserves and/or one-time funds may be used to facilitate budget adjustments while expenses are reduced in the least disruptive manner. Use of reserves shall be short-term, and the reestablishment of the contingency reserve shall be a high priority.
 - *Budget Development Guiding Principle #3:* The District shall balance its budget; ongoing expenses shall be supported by ongoing income. A general fund contingency, as established by the board of trustees, shall be maintained. One-time funds shall not be used to fund programs or activities on an ongoing basis.
 - *Budget Development Guiding Principle #10:* District budget development activities shall take total cost of ownership into consideration.

- 3. The District is dedicated to meeting all long and short term financial obligations.**
 - *Budget Development Guiding Principle #2:* The District shall meet the obligations for funding ongoing pension and healthcare liabilities.
 - *Budget Development Guiding Principle #5:* The District shall address all regulatory requirements from all outside agencies to include federal, state, and local liabilities.
 - *Budget Development Guiding Principle #7:* Fixed and mandated costs (e.g., utilities, liability and property insurance, salary schedule movement, and reserve requirements) shall be projected annually.

About the District

Founded in 1947, the Coast Community College District is one of four districts in Orange County. Coast serves nine communities in northern coastal Orange County with a population in excess of 750,000.

The District includes three colleges Coastline College, Golden West College, and Orange Coast College. In the fall of 2014, Coast enrolled more than 43,000 resident students, equating to 32,623 full-time equivalents, through approximately 4,000 class sections, each term.

District Organization

The Coast Community College District is funded through public monies, and as such, receives direction from locally elected officials, the Board of Trustees

The Board of Trustees is a five member elected board serving 4-year terms, with one student trustee appointed annually in May by the student governments from each campus. The Board of Trustees is committed to assuring that students have the opportunity to achieve their educational goals through a quality education. As a result, the trustees are sincerely interested in the views of students, faculty, staff and citizens on matters affecting community colleges and continuing education in the Coast District.¹

The Chancellor is charged with communicating the needs of students, faculty, staff and citizens to the Board after effectively collaborating with the college presidents and other administrators. In addition, the Chancellor's office oversees a number of district-wide operations that are centralized for efficiency, allowing the District's colleges to concentrate on instruction and student-oriented activities.² The names of the Board of Trustees and the Chancellor are listed below for reference:

David A. Grant, Board President (Area 5 in the City of Newport Beach)

Mary L. Hornbuckle, Board Vice President (Area 4 in the City of Coast Mesa)

Lorraine Prinsky, Ph.D., Board Clerk (Area 3 in the City of Huntington Beach)

Jim Moreno, Trustee (Area 1 in the City of Huntington Beach)

Jerry Patterson, Trustee (Area 2 in the City of Fountain Valley)

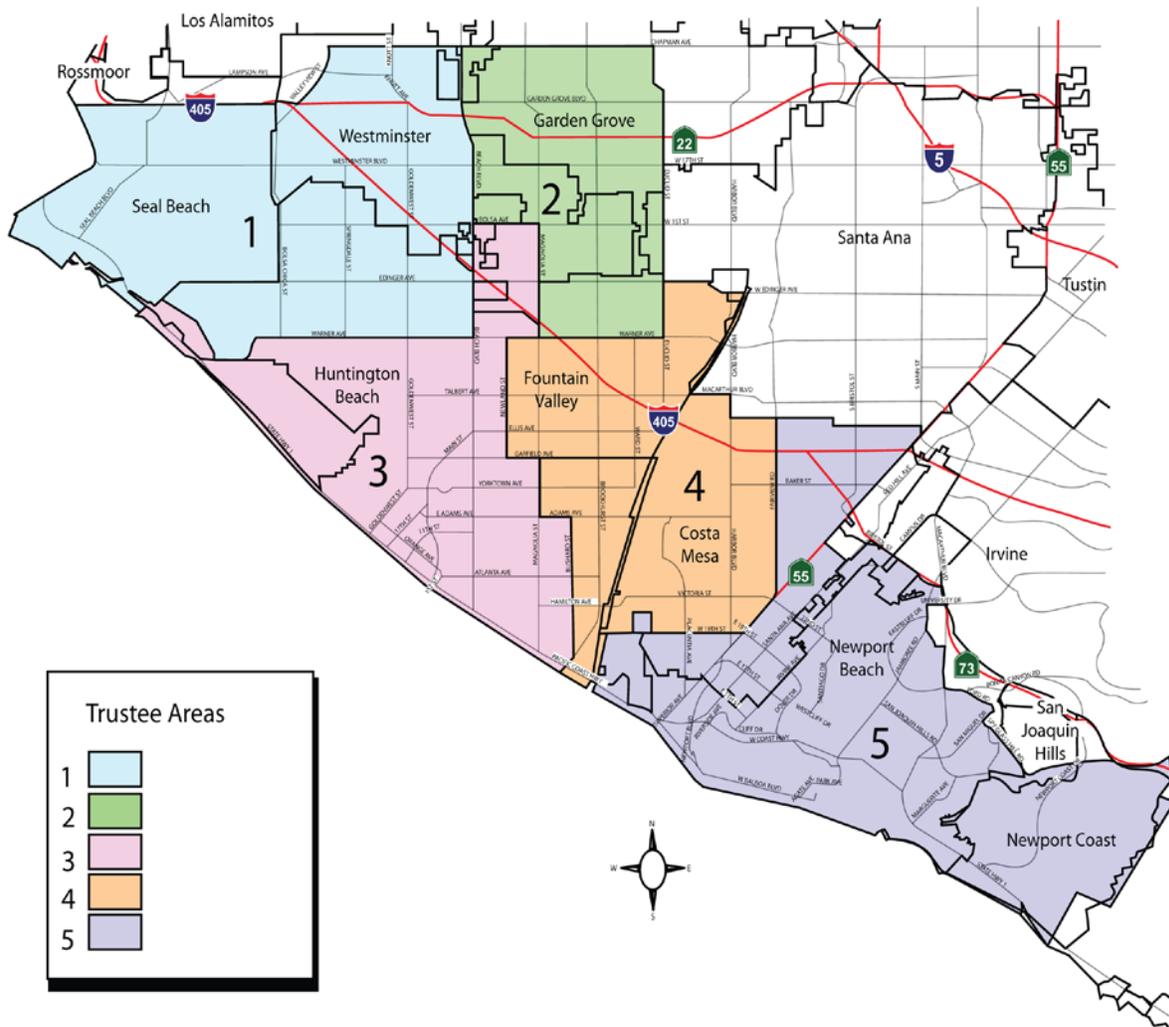
Javier Venegas, Student Trustee

Dr. John Weispfenning, Chancellor

¹ <http://www.cccd.edu/boardoftrustees/Pages/abouttheboard.aspx>

² <http://www.cccd.edu/aboutus/Pages/Meet-the-Chancellor.aspx>

District Service Area



Overview

Budgeting is an essential element of the financial planning, control and evaluation processes of governments. The community college district budget is a plan of proposed expenditure for operations and estimated revenue for a given period of time (fiscal year). The budget represents the operational plans of a district in terms of economic decisions. Budget requirements and processes are described in the *California Code of Regulations (CCR)*, beginning with § 58300.

Once the budget is adopted, the total amount designated as proposed expenditure for each major object of expenditure classification is the maximum allowed without additional governing board authorization for transfers between major classifications or from the reserve for contingencies in accordance with CCR § 58307.

Budget Development occurs under a highly regulated timeline. Each year the district Board of Trustees is required to adopt a Tentative Budget before July 1 and a Final Budget by September 15. Quarterly financial progress Reports along with an annual financial report and an external audit are

required to be submitted. The detailed timeline and reporting requirements are outlined in the Budget Development Calendar in Appendix B.

In addition to state statute and regulation, local Board Policy (BP) and Administrative Procedure (AP) also govern budget development and review. BP 6200 frames budget presentation, review, and approval in the context state requirements and ties in local interests and preferences of our Board of Trustees. AP 6200, operationalizes Board policy, detailing a framework for revenue and expenditure estimates, an allocation framework, longer term strategic outlook, and ties the document to accreditation standards. This AP also calls for a budgetary retrospective review. This document brings together numerous empirical datasets for that purpose.

Board policy and Administrative Procedures may be found here:

[BP 6200 Budget Development](#)

[AP 6200 Budget Development](#)

SECTION II- Funding Framework

California Community Colleges

Fundamental to the development of the budget is ensuring that financial commitments are appropriately matched with resources. California Community College (CCC) funding can be broadly categorized as General Purpose (Unrestricted General Fund) and Categorical (Restricted General Fund). Further classification is necessary to distinguish between one-time and on-going sources of funding. It is critical in budget development to match one-time and on-going expense obligations with similar lines of revenue.

CCC funding can be also thought of as incremental in nature. Each year the total commitment of continuing funding becomes the base for the following year. This reflects an adjustment, in normal years, for increases through a Cost of Living Adjustment and Growth.

The types of appropriations made against the base funding include contract positions and benefits, utilities, facilities maintenance, equipment and other operating expense. These are revenues for which we have a reasonable expectation that they will continue into the future and include state general fund, local property tax and student fees; collectively referred to as “Apportionment Revenue”.

Key Legislative Voter Initiatives

Proposition 13³⁴

Proposition 13, The People’s Initiative to Limit Property Taxation, was approved by the voters in June 1978. It was noteworthy not only for its intended effect of capping property tax rates (residential and commercial), but also for several significant unintended consequences that fundamentally changed the relationship between the state and school and college districts as well as the relationship between local boards and the electorate.⁶ These unintended consequences of Proposition 13 include the centralization of school finance at the state level, the de facto change of the property tax from a local tax to a state tax, and the removal of the power of taxation from local boards.

Proposition 98⁵

In 1988, California voters approved Proposition 98, an initiative that amended article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links K-14 funding formulas (including community colleges) to growth factors such as state revenues, local personal income, and student population. These factors, through a complex formula, determine the percent of the State’s budget to be dedicated to K-14 education. In a very

³ Proposition 13. The people's initiative to limit property taxation, (1978). Retrieved from http://www.leginfo.ca.gov/.const/article_13A

⁴ Chapman, J. I. (1998). *Proposition 13: Some unintended consequences*. Sacramento, CA: Public Policy Institute of California (PPIC). Retrieved from http://www.ppic.org/content/pubs/op/op_998icop.pdf

⁵ Manwaring, R. (2005). *Proposition 98 primer*. Sacramento, CA: California Legislative Analyst's Office. Retrieved from http://www.lao.ca.gov/2005/prop_98_primer/prop_98_primer_020805.htm

general sense there are three distinct tests that determine the level of Proposition 98 funding in a given year.

AB 1725⁶

Also in 1988, AB 1725 was enacted which required the Board of Governors of the community college system to develop criteria standards for a program based funding mechanism scheduled for implementation on July 1, 1991. That funding mechanism became known as Program Based Funding (PBF). PBF established funding standards for specified workload measures associated with instruction, instructional services, student services, maintenance and operations and institutional support. A district's funding was then computed based upon each college's level of service for each measure plus a base allocation for instructional and student services. PBF governed the funding of California's community colleges through 2005-06.

SB 361⁷

Senate Bill 361 was introduced in February 2005, and ultimately passed in September 2006. The bill contained a new funding formula for the Community College System that replaced Program Based Funding. The new formula is drawn from the System Office Recommendations Based on the Report of the Work Group on Community College Finance.⁸ The intent of the new formula is to provide a more equitable allocation of system wide resources, and to eliminate the complexities of PBF while retaining focus on the primary component of that model, instruction. In addition, the formula provides base operational amounts for colleges and centers scaled for size. Operational differences between single and multi- college districts are also factored into the base amounts. The work group also recommended changes to the determination of each district's growth rate, establishing a process for determining enrollment fees, and modifying the provisions for stability and restoration funding. The Legislature as well as the Governor supported the majority of provisions of SB 361 and it was implemented in 2006-07.

Proposition 30⁹

Proposition 30 - Temporary Taxes to Fund Education Guaranteed Local Public Safety Funding. This measure, approved by the voters in 2012, allowed the state and local governments to avoid budget reductions by temporarily increasing the state Sales and Use Tax (SUT) rate for all taxpayers and the Personal Income Tax (PIT) rates for upper-income taxpayers. The SUT increase under Proposition 30 sunsets in 2016. This represents approximately 21% of Proposition 30 revenues. The PIT, constituting nearly 80% of revenues, sunsets in 2019. In January, Governor Jerry Brown estimated

⁶ Vasconcellos, J. (1988). Assembly Bill 1725, California community colleges, ch. 973 of 1988, the Vasconcellos project. Retrieved 2012 from http://www.politicsoftrust.net/past_legislation.php

⁷ Scott, J. (2006) Community college funding, 361, 2005-06. Retrieved from http://www.leginfo.ca.gov/pub/05-06/bill/sen/sb_0351-0400/sb_361_bill_20060929_chaptered.pdf

⁸ Report of the workgroup on community college finance (2004). Community college league of California.

⁹ Proposition 30 (2012). Retrieved from: <http://vig.cdn.sos.ca.gov/2012/general/pdf/30-title-sum-analysis.pdf>

Proposition 30 would bring in \$7.3 billion; that figure increased at the May Revision, with \$1.4 billion being attributed to the sales tax increase and \$6 billion attributed to personal income taxes under Proposition 30. About 45% of those funds go to Proposition 98, which will be a significant loss when Proposition 30 expires.

Proposition 55

Proposition 55, approved by the voters in November 2016 (62.38% Y/37.2% N) continued the PIT tax rate increase instituted by Proposition 30 through 2030. The tax increase impacted the 1.5 percent of Californians with a single income filing of at least \$263,000 or a joint income filing of at least \$526,000. This measure also lets the SUT increase sunset as planned under Proposition 30.

Apportionment

California community college districts are funded by a combination of state general fund revenues (derived primarily from the "big three taxes" that include the Personal Income Tax {PIT}, the Sales and Use Tax {SUT}, and the Corporation Tax {CT}), local property taxes, and student enrollment fees. The revenue formula determines the total revenue level then subtracts the amount of local property taxes and student enrollment fees. The remainder is funded as State general apportionment. This is an important distinction as unlike the K-12 Public School System, the Community Colleges do not have what is called a Continuous Appropriation. If a shortfall in any of the three revenue elements, the CCC system is subject to a revenue shortfall.

Post Proposition 13 (1978), local districts have no direct taxing authority for property tax revenues to support general fund operating costs. As described above, Prop. 13 removed the provision for agencies operating within counties to assess taxes. With the passage of Proposition 13, the determination of general fund revenues for K- 14 districts passed to the State of California. The allocation of revenues at that time was an effort to maintain operational revenues for each district prior to Proposition 13. Through equalization funding, inequities in per student funding in existence prior to Proposition 13, attributable primarily to the level of local assessment in place at the time, have been reduced substantially. The result is fairly equitable per student funding across the state regardless of the relative wealth of each district's service area. It should be noted that although long recognized as a need, equalization for the community colleges was not fully funded until 2006-07.

The College Finance and Facilities Planning Division¹⁰, a unit of the California Community College Chancellor's Office, oversees the distribution and formulation of policies that determine the distribution of local assistance and capital outlay funds for the 72 community college districts. For each community college district, the Chancellor shall subtract from the revenues determined pursuant to subdivision (a), the local property tax revenue specified by law for general operating support, exclusive of bond interest and redemption, timber yield tax revenue

¹⁰ <http://extranet.cccco.edu/Divisions/FinanceFacilities.aspx>

pursuant to section 38905.1 of the Revenue and Taxation Code, and 98 percent of the fee revenues required to be collected pursuant to Education Code section 76300. The remainder shall be the state general apportionment for each district.

Funding Components

Student Fees¹¹

Student Fees are highly regulated by the state. Generally, a student may only be required to pay a fee if a statute requires it (such as the enrollment fee), or if a statute specifically authorizes a district to require it (such as the health fee). In either instance, a student cannot be required to pay a fee in the absence of express legislative authority.

For 2015-16, the rate is \$46 per credit unit (there is no fee for non-credit). California's community college resident tuition fees are still low relative to other states. In addition to being the lowest in the nation, compared to other community colleges, California community colleges are significantly less expensive than other higher educational institutions in the State.

Revenue Elements

Foundation Grant

Under the SB 361 model, districts receive a foundation grant for each state approved college and education center, scaled based upon full-time equivalent students (FTES). These funds are designed to meet, at least in part, the on-going fixed cost associated with operating a site. The foundation grants are improved by Cost of Living Adjustments.

FTES

Since the advent of the SB 361 funding model, there have been three tiered funding rates for resident FTES including Credit, Enhanced Non-Credit and Non-Credit. Beginning in the 2015-16 FY, the Enhanced Non-Credit Funding rate was advanced to the Credit rate.

Adjustments to the Apportionment

Cost of Living Adjustment¹²

Normal budget years typically include a Cost of Living Adjustment (COLA). The intent behind the COLA is to offset the effects of inflation across the district's entire spending plan. Such revenue adjustments shall be made to reflect cost changes, using the same inflation adjustment as required for school districts. These revenue adjustments shall

¹¹ Bruckman, S. (2012). *Student fee handbook*. (Legal Opinion 12-09). California Community College Chancellor's Office. Retrieved from: http://extranet.cccco.edu/Portals/1/Legal/Ops/12-09_StudentFeeHandbook2012.pdf

¹² California Education Code § 42238.1, and § 84750.5 (Annual Budget Requests)

be made to the college and center basic allocations, credit and noncredit FTES funding rates, and career development and college preparation FTES funding rates.

*Growth*¹³

The most recent Growth regulations sunset at the end of the 2008-09 FY. Growth funding received in the intervening years had largely been geared toward restoring capacity lost during the economic downturn beginning circa 2008. Beginning in the 2015-16 FY, SB 860 directed the Chancellor's Office to develop a revised growth formula and specified primary factors that must be included in the formula including Educational Attainment, Unemployment rate, Poverty as measure by Pell Grants, the Participation Rate, and Unfunded FTES. Unlike the COLA, Growth is not an entitlement, and must be earned.

Decline

Stability

A district that is declining in the number of resident FTES served is held-harmless fiscally for one year. Districts shall receive Stability funding only in the initial year of decline in FTES in an amount equaling the revenue loss associated with the FTES reduction for that year.¹⁴

Restoration

Districts shall be entitled to restore any reductions in apportionment revenue due to declines in FTES during the three years following the initial year of decline in credit, noncredit, or career development and college preparation FTES if there is a subsequent increase in FTES.¹⁵

Coast Community College District

Allocation Methodology

The SB 361 model serves as a framework to allocate funds from the system to each district. Multi-college districts, however, must also develop a rubric under which funds are allocated from the district out to each college/center.

Since 2013-14, Coast has utilized a model that approximates the state SB 361 model Provide link to Allocation Model Schematic.

¹³ California Code of Regulations § 58774. Growth and Decline

¹⁴ California Code of Regulations § 58776. Budget Stability

¹⁵ California Code of Regulations § 58777. Decline Restoration

SECTION III- Guiding Principles to Budget Development

Goal #1

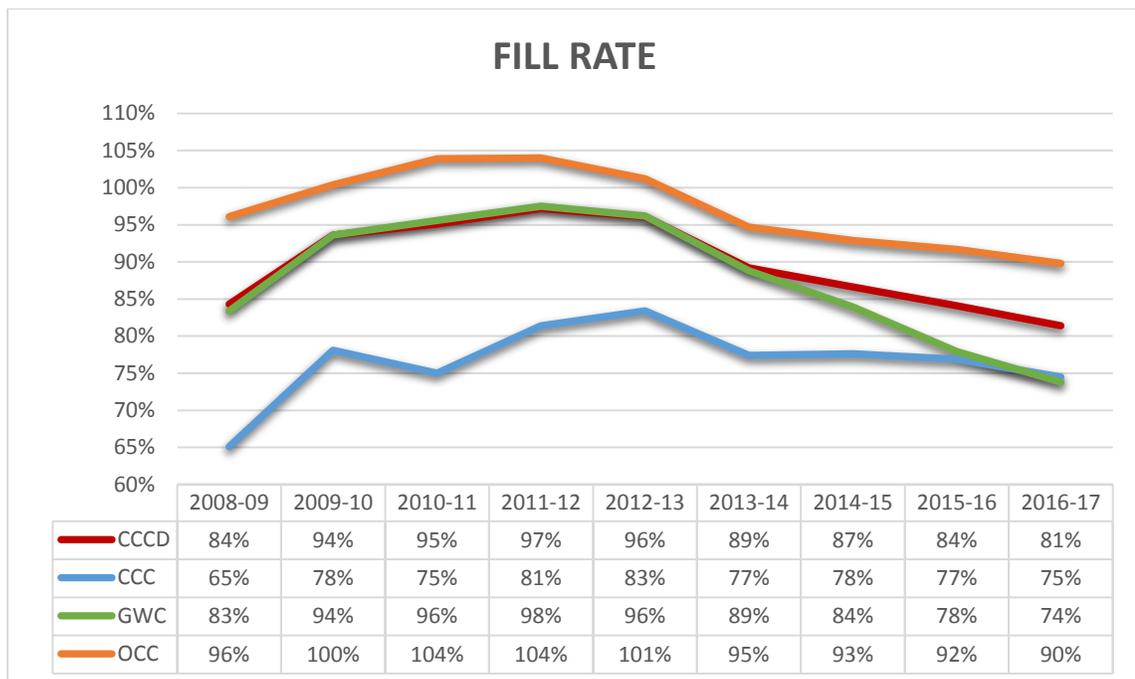
The District will Prioritize Student Access and Success by Allocating Resources to Valuable Faculty, Staff and Administrators While Also Allocating Funds towards Programs that Support Student Enrollment and Retention.

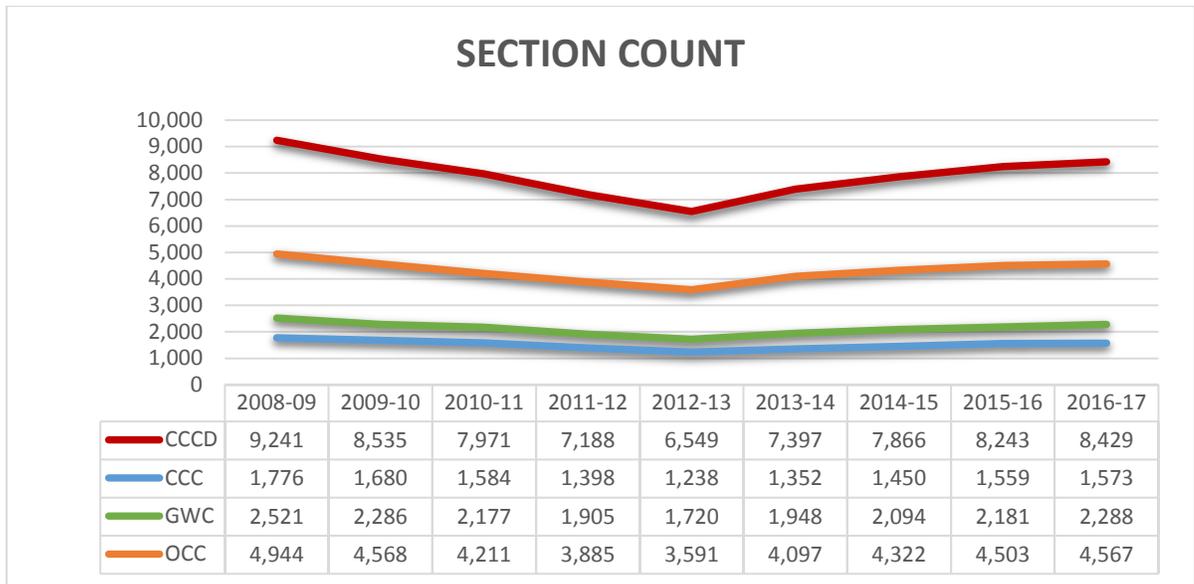
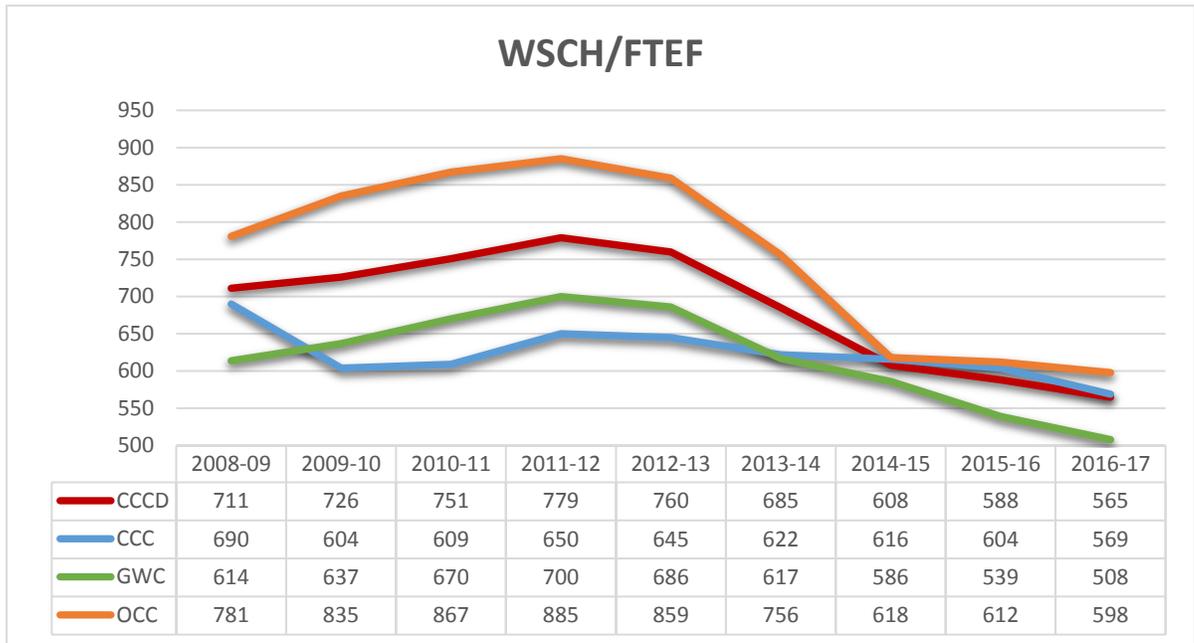
Budget Development Guiding Principle #1: *The District, and its colleges, shall give the highest consideration to supporting student enrollment, retention and success; maintaining the highest quality instruction and services; and meeting the legal, contractual and accreditation obligations of the District. The process shall be informed first by the District’s Mission, Vision, and Values.*

Coast evaluates enrollment productivity on a yearly basis and reports these findings in its final budget presentation to the Board of Trustees during adoption in September. Based on the multiple productivity indicators below, there is an apparent decline in enrollments. However, strides are being made to increase academic success of enrolled students, to retain existing student and ensure persistence.

Productivity Indicators

Each fiscal year, Coast reviews three different metrics which are indicators of productivity, the fill rate, WSCH/FTEF and section counts. The data used includes Summer, Fall, and Spring semesters. The figures below depict these three indicators in an eight year trend analysis. Each metric is reported by college and for the District as a whole.



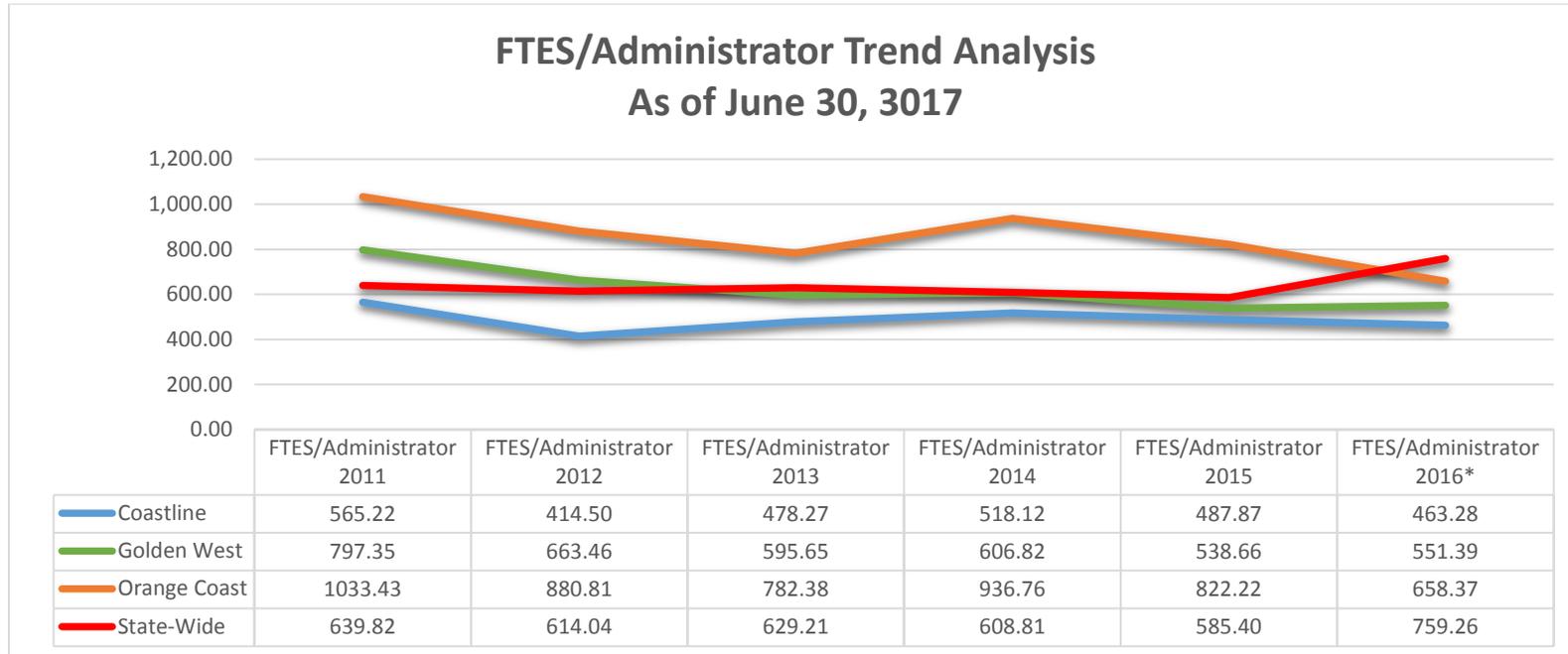


Budget Development Guiding Principle #4: *The faculty, staff and administrators are the District's greatest resource. If possible, lay-offs of faculty, staff and administrators will be avoided. In the event of funding shortfalls, positions that become vacant may not be filled, and reassignments may be necessary.*

The Coast District is dedicated to maintaining sufficient faculty, staff and administrators in an effort to better serve the students enrolled at the colleges. On an annual basis, the Coast District looks at FTES as a function of employee type, to gauge resource availability for students. These metrics are analyzed over time and compared to the state-wide average in the figures below.

FTES/Administrator

This is the ratio of state reported administrator counts to FTES



NOTES:

Yearly Administrator counts were obtained from the State Chancellor's Office at:

http://datamart.cccco.edu/Faculty-Staff/Staff_Demo.aspx

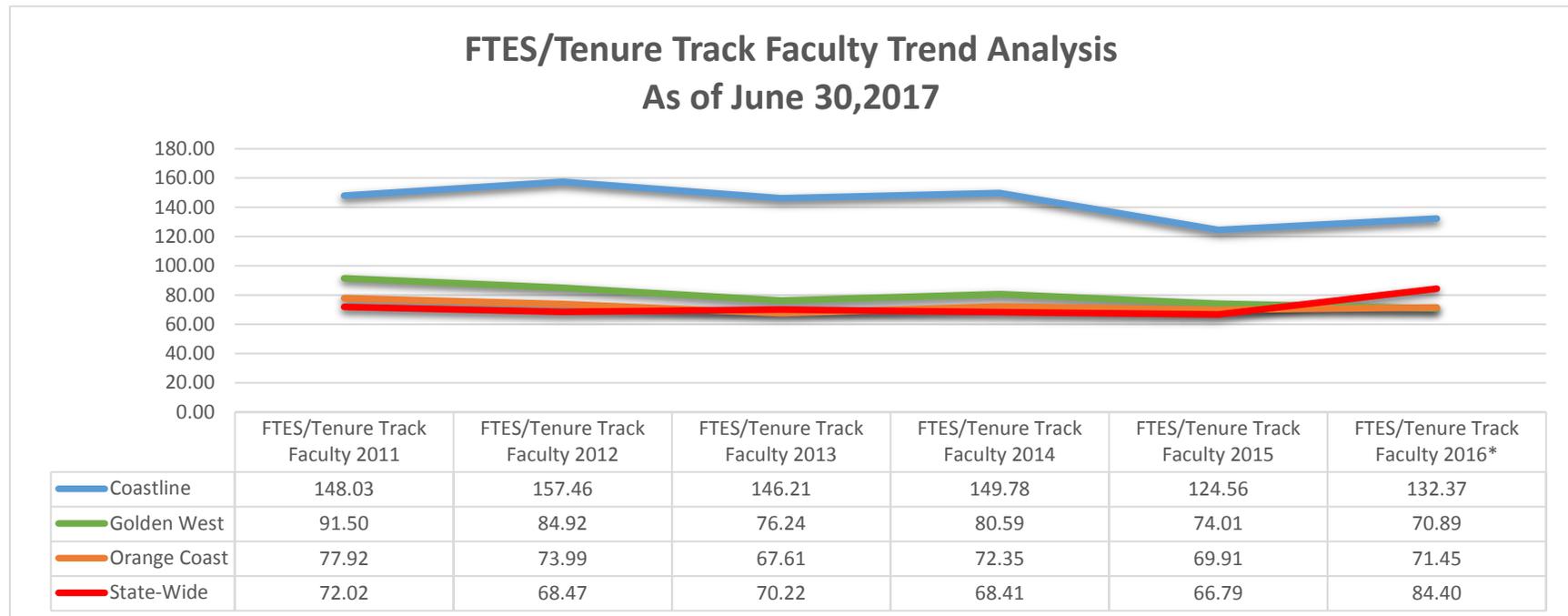
Yearly FTES data obtained from the State Chancellor's FTES Reports at:

<http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServices/FTESReports.aspx>

*2015-2016 data is as of the Re-Calculation Period 320 reporting and is not final

FTES/Tenure Track Faculty

This is the ratio of state reported tenure track faculty member counts to FTES. Table 18 looks at a five year trend of this metric, comparing it amongst the Coast District's colleges and to the state-wide average.



NOTES:

Yearly Administrator counts were obtained from the State Chancellor's Office at:

http://datamart.cccco.edu/Faculty-Staff/Staff_Demo.aspx

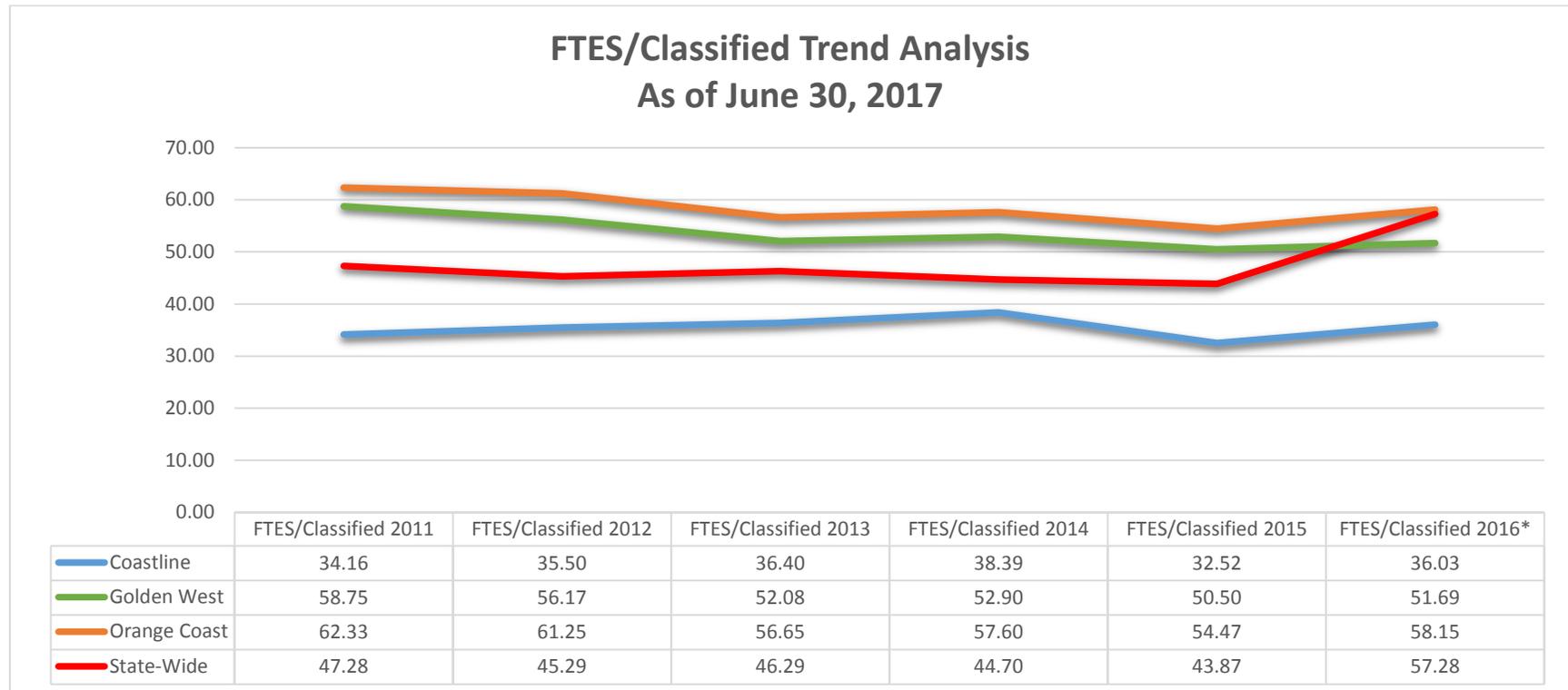
Yearly FTES data obtained from the State Chancellor's FTES Reports at:

<http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServices/FTESReports.aspx>

*2015-2016 data is as of the Re-Calc Period 320 reporting and is not final

FTES/Classified

This is the ratio of state reported classified staff member counts to FTES.



NOTES:

Yearly Administrator counts were obtained from the State Chancellor’s Office at:

http://datamart.cccco.edu/Faculty-Staff/Staff_Demo.aspx

Yearly FTES data obtained from the State Chancellor’s FTES Reports at:

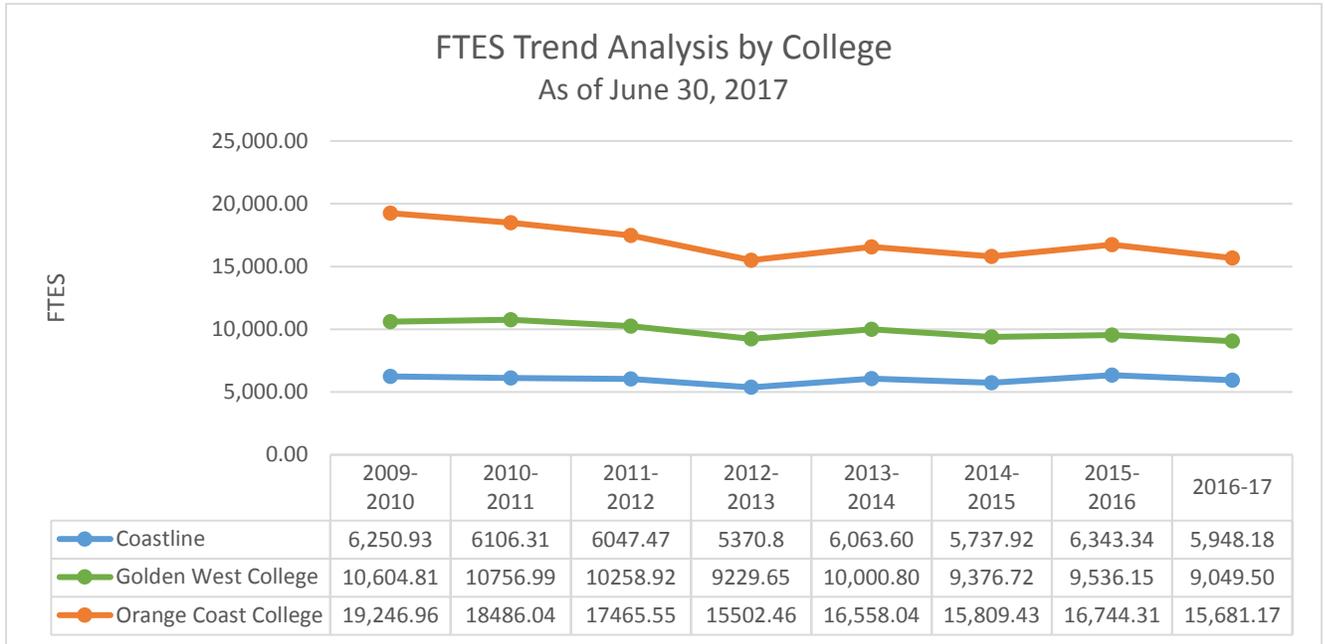
<http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServices/FTESReports.aspx>

*2015-2016 data is as of the Re-Calc Period 320 reporting and is not final

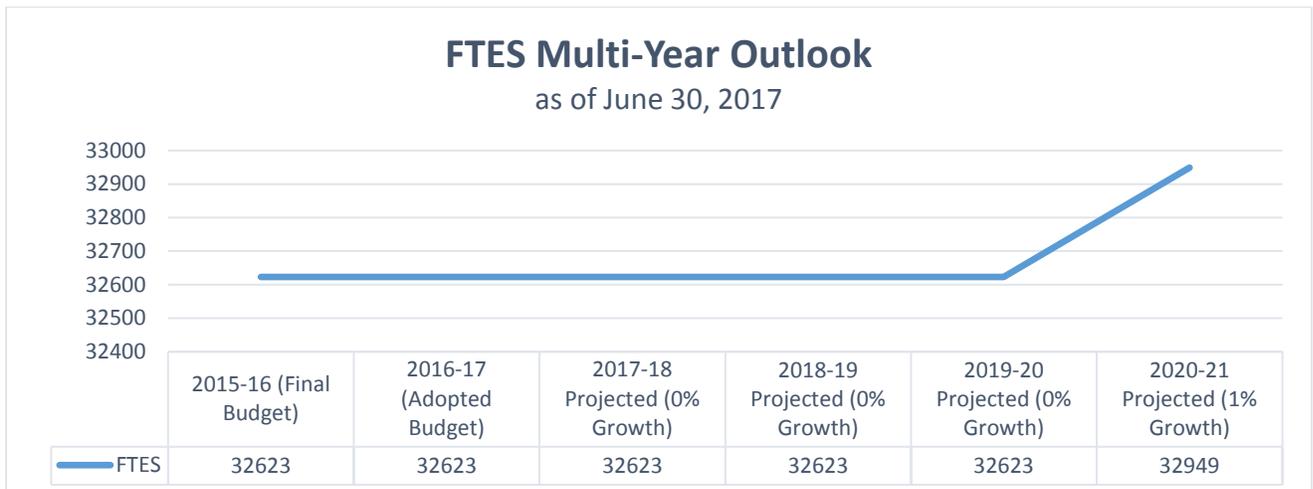
Budget Development Guiding Principle #6: *Meeting the District’s FTES goal in a cost effective and strategic manner shall be a priority.*

FTES

As the District has struggled with enrollments in recent years, the final budget for the 2017-18 Fiscal Year predicts FTES to be virtually flat, and this trend is projected to carry over the next two years. The District has reported meeting its base FTES for the past five years. However, it is important to note that in the face of declining enrollments, the District has had to employ a mixture of mechanisms, stabilization and borrowing, just to meet base.

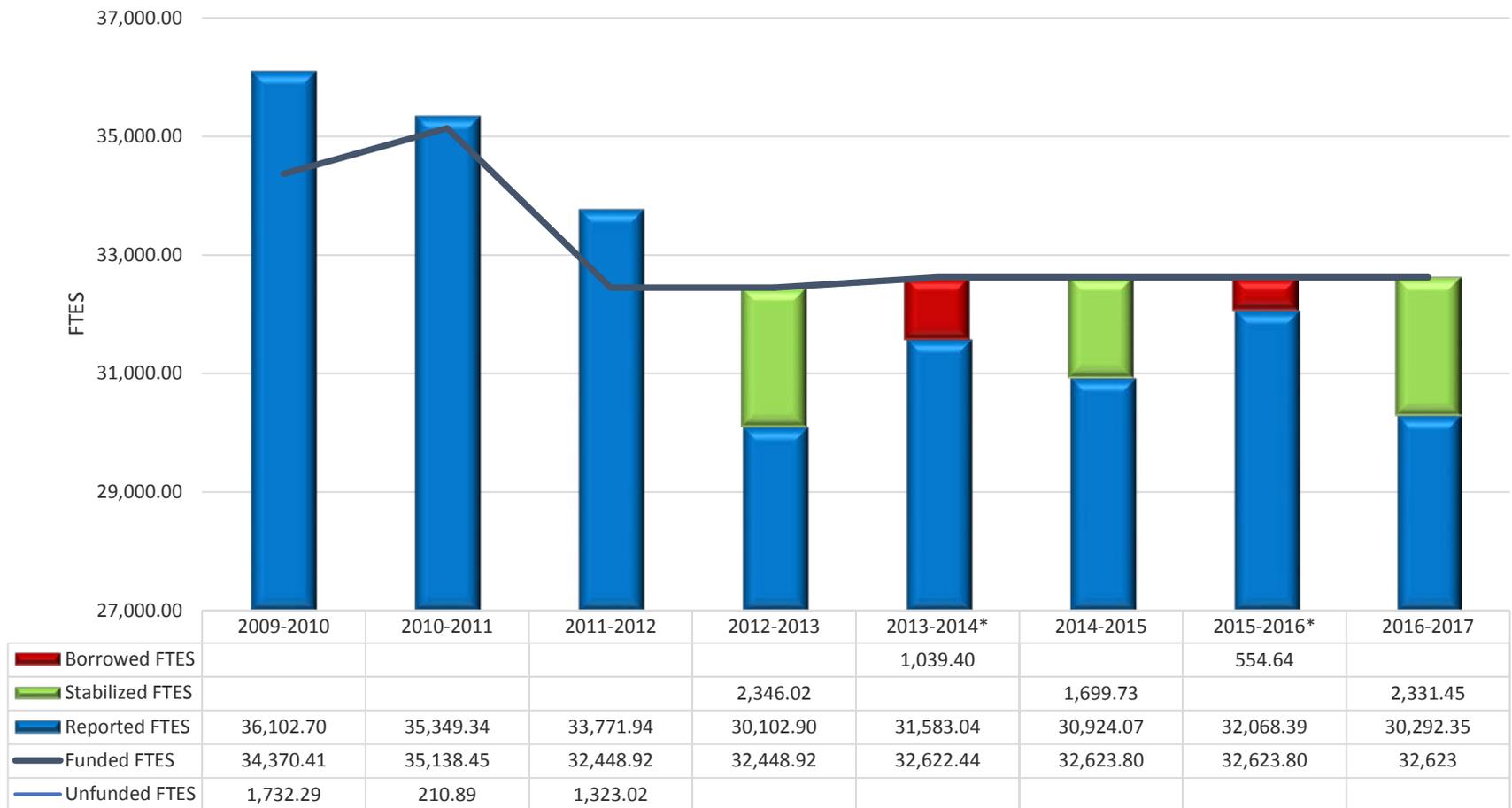


Funneling funds into programs to boost enrollments will optimistically lead to a modest 1% growth in the 2020-2021 Fiscal Year.



FTES Trend Analysis

As of June 2017



NOTES:

Reported FTES-320 reports: <http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServices/FTESReports.aspx>

Funded FTES -Apportionment reports: <http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalServicesUnit/Reports/ApportionmentReports.aspx>

2016-2017 Reported FTES-As of Annual Apportionment Report

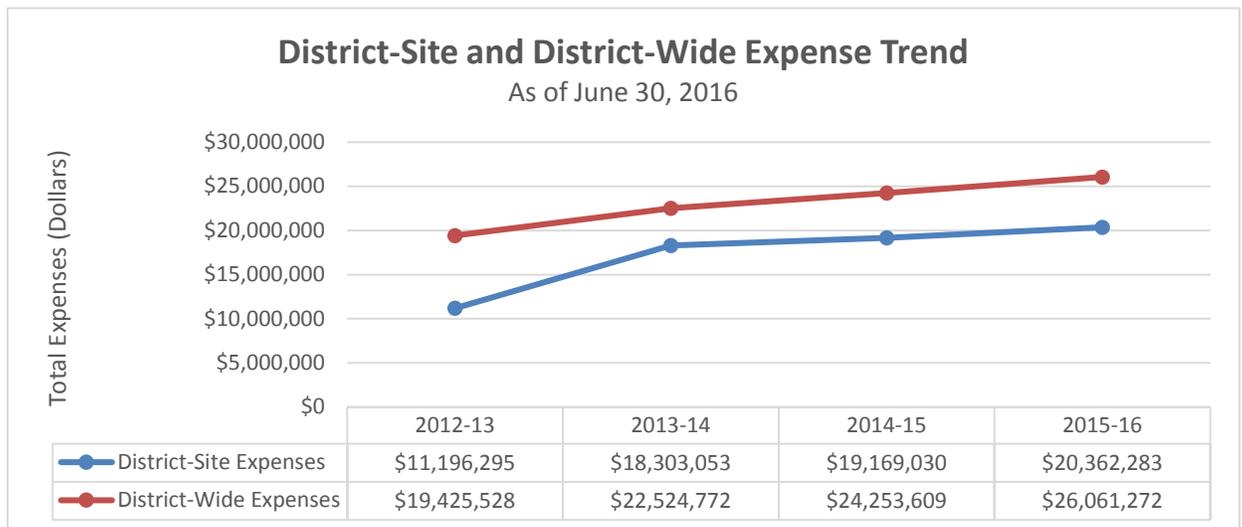
***Borrowed from Summer Term to Make Base**

Budget Development Guiding Principle #8: *Cost effectiveness in all areas shall be a major factor in considering reduction/retention of programs and services rather than instituting across-the-board cuts.*

Expense Trends

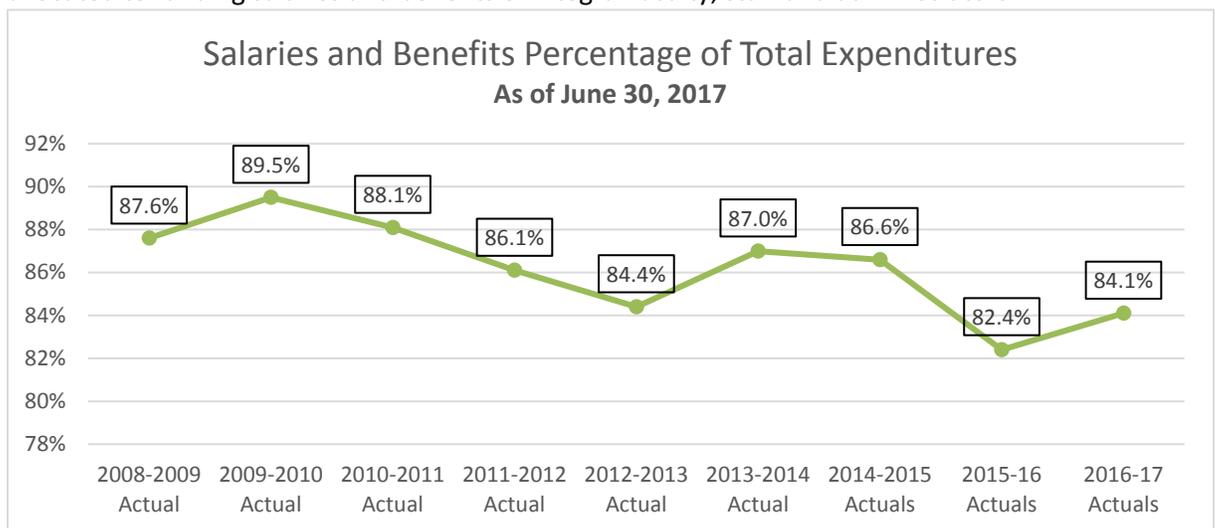
The District site serves to support the colleges in their endeavors to better serve the student population. The district-site’s expenses are a fraction of the total expenditures paid by the District.

District Office vs. District Wide



Salaries and Benefits as a Percentage of Unrestricted General Fund

The Coast district annually calculates the percentage of the Unrestricted General Fund expenses which are dedicated to salaries and benefits. This figure is monitored over time and compared with the state-wide average. As can be seen in the figure, a majority of every dollar spent is allocated to funding salaries and benefits of integral faculty, staff and administrators.



Goal #2

The District is Dedicated to Meeting all Long and Short Term Financial Obligations.

Budget Development Guiding Principle #2: *The District shall meet the obligations for funding ongoing pension and healthcare liabilities.*

The Coast District has liabilities associated with the employment of faculty and staff that are major cost drivers in its annual budget. This includes both pension contributions and healthcare liabilities. Even with increasing employer pension contributions the Coast District is committed to meeting these increasing obligations as part of its three-year plan.

Pensions Contributions

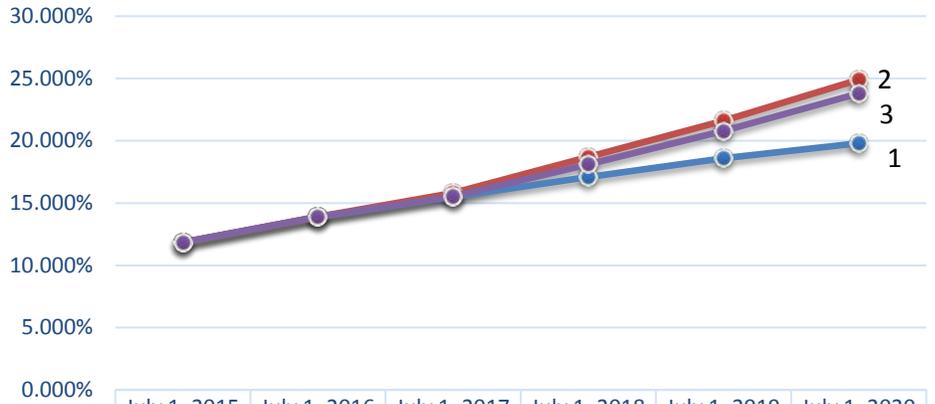
Both the California Public Employees' Retirement System (CalPERS) and the California State Teachers Retirement System (Cal STRS) have documented reduced rates of return in their investment portfolios and each agency has taken steps to lower their long-term discount rate (rate of return).

At the state level, a significant pension reform measure was enacted several years ago. The California Public Employees' Pension Reform Act of 2013 (PEPRA) was signed into law to address unfunded public pension liability. PEPRA covers the state's two largest pension systems, the California Public Employees' Retirement System (CalPERS) and the California State Teachers Retirement System (CalSTRS), as well as the 20 county systems that operate under the 1937 Act County Employees Retirement Law (CERL). Because of the "California Rule," wherein pension system administrators are prohibited from decreasing a benefit for current or already retired employees, the main cost-saving provisions in PEPRA apply only to new employees hired after January 1, 2013 for CalPERS, CalSTRS and the 20 CERL plans. Under PEPRA, the effect has been a modest increase in employee contributions and significant increases in the employer match.

At the local level, one approach toward meeting these obligations involves setting aside cash for future pension contributions in a separate fund earmarked for that purpose. The advantages of this approach are that funds are contributed into an irrevocable trust, which enables greater investment flexibility and risk diversification than typical local agency investing, secures the funds from diversion to non-pension uses, and provides a locally controlled "rainy day" fund to access as future budgetary and fiscal needs dictate.

At their May 17, 2017 Meeting, the Board of Trustees authorized participation in such a program sponsored jointly by the Community College League of California (CCLC) and the Public Agency Retirement Service (PARS).

CalPERS Employer Pension Match As of June 30, 2017



	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
—●— PERS 2016-17FY (1)	11.847%	13.89%	15.50%	17.10%	18.60%	19.80%
—●— PERS 2017-18FY Tentative (2)	11.847%	13.89%	15.80%	18.70%	21.60%	24.90%
—●— PERS 2017-18FY Final (3)	11.847%	13.89%	15.531%	18.100%	20.800%	23.800%
Percent Payroll Increase		2.04%	1.64%	2.57%	2.70%	3.00%

CalSTRS Employer Pension Match



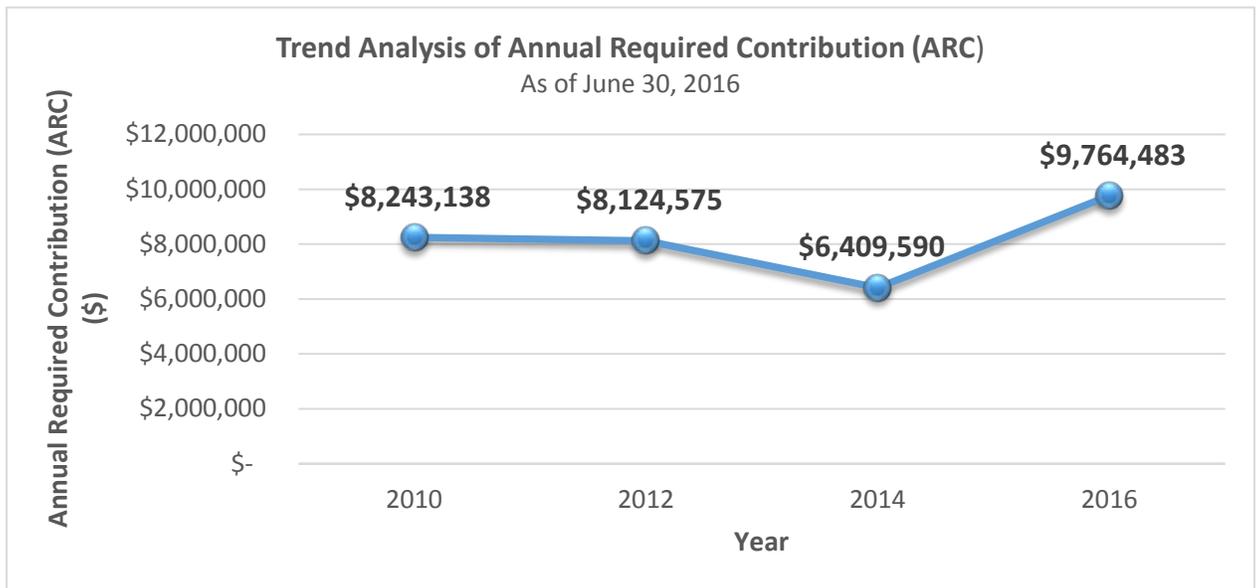
	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019	July 1, 2020
STRS	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%

	2013 – 2014	2014 – 2015	2015-2016
Assets	\$766,744,434	\$766,744,434	\$831,499,953
Liabilities	\$651,004,004	\$651,004,004	\$653,180,882
Less: Net Pension Liability		\$138,098,294	\$174,292,989
Less: Earnings Short Fall		\$39,714,254	\$19,020,122
Total Net Position	\$115,740,430	(\$62,072,118)	(\$14,994,040)

Retiree Health Benefits

In addition to CalSTRS and CalPERS contributions, the District has established an irrevocable trust, bi-annually reviewed by an actuary to comply with GASB 45 valuations for retiree health benefits. In its 2016 evaluation, the actuarial accrued liability was increased from \$92.8M to \$116.0M. As is the case with pensions, the Coast District’s three-year plan includes budgeting.

This dramatic increase in total liability significantly increased the Annual Required Contribution (ARC) the Coast District must maintain to move as close as possible to a fully funded program.

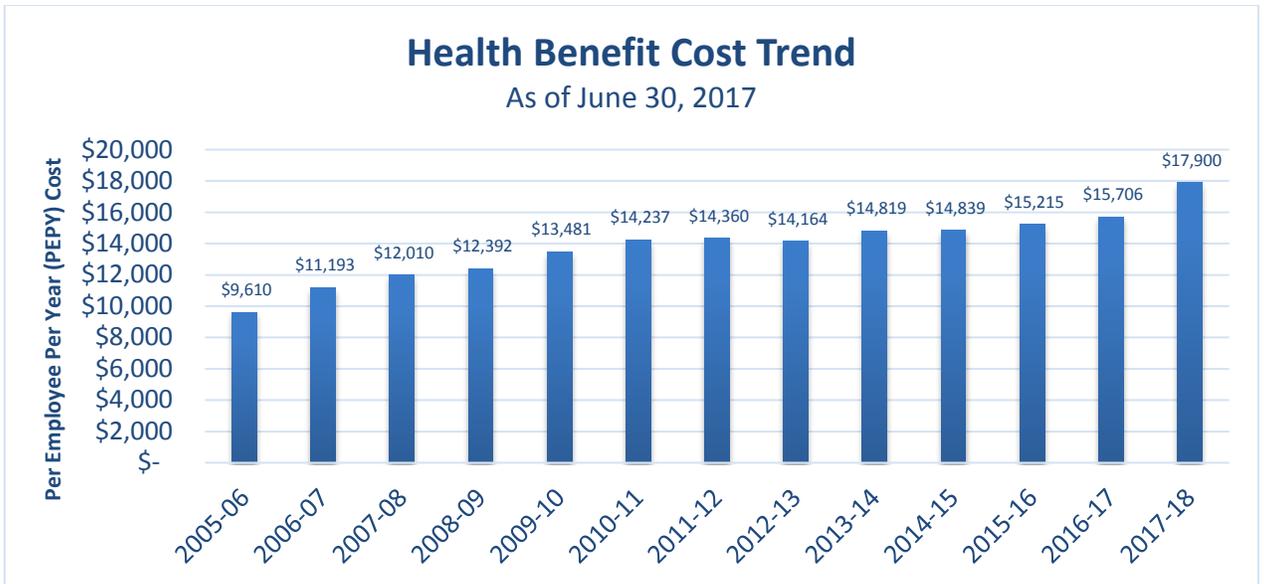


Budget Development Guiding Principle #5: *The District shall address all regulatory requirements from all outside agencies to include federal, state, and local liabilities.*

Health Benefits

Another major cost driver in the District’s spending plan are health benefits, although this liability tends to be under local control, unlike pension liabilities. General health care costs are on the rise and there are few District spending limitations in place to curb these costs.

The figure below explores a ten year trend analysis of the PEPY (Per Employee per Year) cost for health benefits, showing a general upward trend.

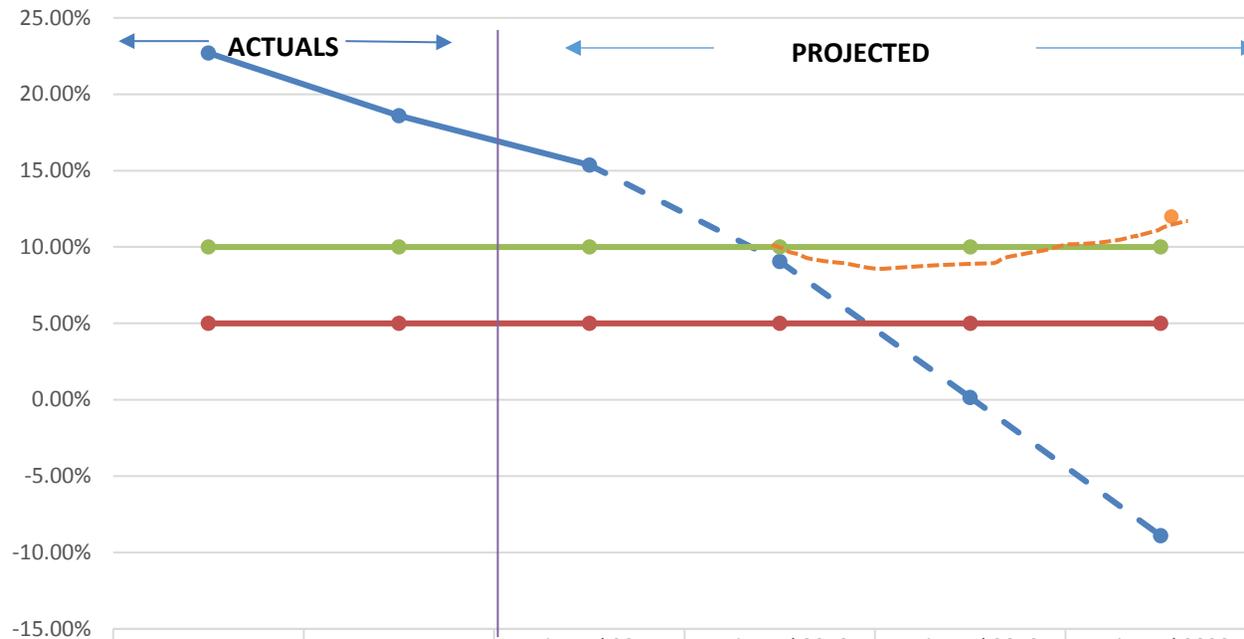


Budget Development Guiding Principle #7: *Fixed and mandated costs (e.g., utilities, liability and property insurance, salary schedule movement, and reserve requirements) shall be projected annually.*

The District is committed to meeting all regulatory requirements from outside agencies. This commitment is demonstrated in an exercise conducted on a yearly basis to analyze federal, state and local liabilities. These expenses are then compared to the projected income for the District, ensuring responsible fiscal planning.

Multi Year Projection

CCCD Ending Fund Balance



	Actuals 2015-16	Actuals 2016-17	Projected 2017-18	Projected 2018-19	Projected 2019-20	Projected 2020-21
Ending Fund Balance	\$48,272,956	\$40,893,224	\$33,425,836	\$20,565,830	\$346,280	-\$21,918,229
● CCCD Ending Fund Balance	22.70%	18.60%	15.37%	9.05%	0.15%	-8.90%
● State Regulated Fund Balance	5%	5%	5%	5%	5%	5%
● Coast Board Policy Fund Balance	10%	10%	10%	10%	10%	10%

MULTI-YEAR UGF PROJECTION

REVENUE	2015-16 Audited Actuals	2016-17 Estimated Final	2017-18 Projection	2018-19 Projection	2019-20 Projection	2020-21 Projection
Beginning Balance (District & College)	\$35,522,615	\$48,272,956	\$40,893,224	\$33,425,836	\$20,565,830	\$346,280
Total Revenue	\$225,415,360	\$212,474,867	\$210,018,374	\$214,437,986	\$216,972,808	\$224,058,749
Total Rev & Beg Balance	\$260,937,975	\$260,747,823	\$250,911,598	\$247,863,822	\$237,538,638	\$224,405,029
Total Expenditures	\$212,665,019	\$219,854,599	\$217,485,761	\$227,297,993	\$237,192,357	\$246,323,258
Revenue - Expenditures	\$12,750,341	-\$7,379,732	-\$7,467,387	-\$12,860,007	-\$20,219,549	-\$22,264,509
Ending Fund Balance	\$48,272,956	\$40,893,224	\$33,425,837	\$20,565,829	\$346,281	-\$21,918,229
Ending Fund Balance %	22.70%	18.60%	15.37%	9.05%	0.15%	-8.90%

2016-17 and Beyond:

1. COLA: Zero for 2016-17. Per SSC in out years (1.48, 2.40, 2.53, 2.66)
2. Growth: Zero through 2019-20. 1% in 2020-21
- 3 Net effect of Step/Column @ \$400,000/year
- 4 PERS employer match for 2016-17: 13.89. Out years: (15.8, 18.7, 21.6, 24.9)
5. STRS employer match for 2016-17: 12.58. Out years: (14.43, 16.28, 18.13, 19.10)
6. Health Benefits reflects ~\$742k increase/annually
7. No misc new cost (software license, legal, insurance, regulatory)
8. Class comp executed over 4 years. Start 2017-18

Goal #3

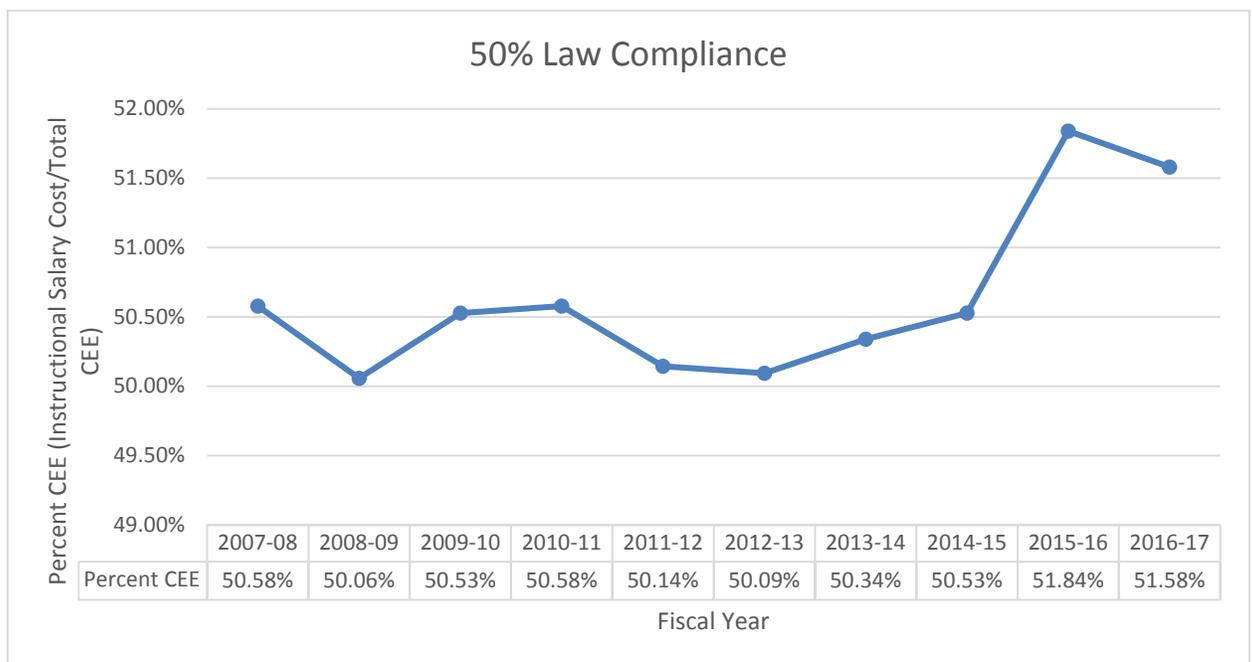
The District will Proactively Budget for Ongoing Costs to Ensure Financial Stability in the Oncoming Fiscal Years

Budget Development Guiding Principle #3: *The District shall balance its budget; ongoing expenses shall be supported by ongoing income. A general fund contingency, as established by the board of trustees, shall be maintained. One-time funds shall not be used to fund programs or activities on an ongoing basis.*

The Coast District strives to maintain a balanced budget while complying with regulations in place for California Community Colleges. Some of these regulatory compliances include the 50% Law and the Faculty Obligation Number (FON).

50% Law

The State law has required each community college district to allocate no less than 50% of its general fund expenditures to “salaries of classroom instructors” under a formula which is based upon the current expense of education. Each year, the District reports its compliance of the 50% law. The figure below shows a five year trend of the District’s reporting for the 50% law. As this figure remains in flux, it is not being updated for the Fiscal Year ending June 30, 2017.

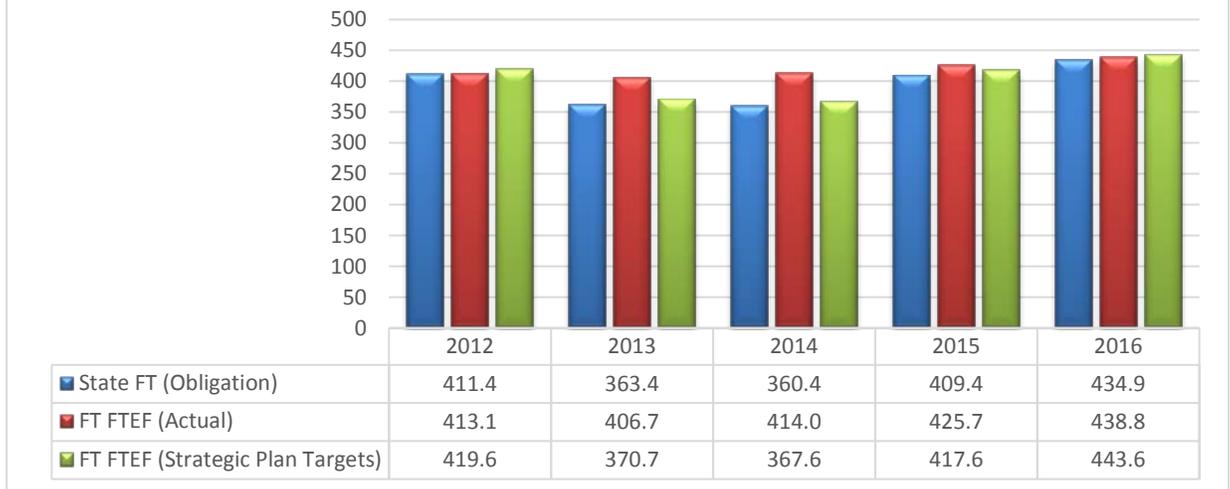


FON

State law also requires that community college districts increase the number of full-time faculty over the prior year in proportion to the amount of growth in funded credit FTES. Each District’s obligation increases annually approximately by its percentage increase in funded full-time equivalent students (FTES) in credit courses. Coast’s obligations can be seen in the figures depicted below. FON for Fall 2017 will be available after the Fall 2017 census date.

Full-time Faculty Obligation Compliance

as of June 30, 2016



Budget Development Guiding Principle #9: *In the event of one-time funding shortfalls or unanticipated expenses, reserves and/or one-time funds may be used to facilitate budget adjustments while expenses are reduced in the least disruptive manner. Use of reserves shall be short-term, and the reestablishment of the contingency reserve shall be a high priority.*

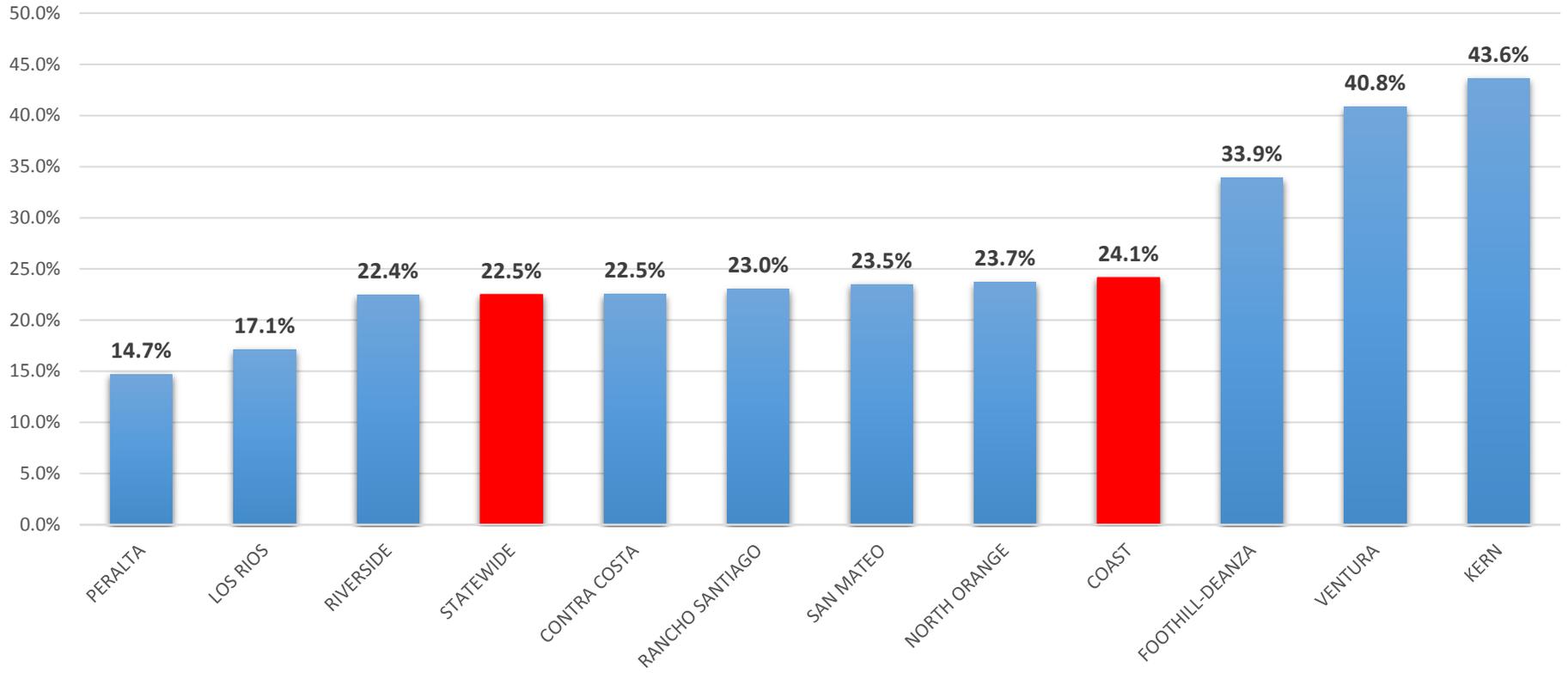
The District's Fund balance looks at the remaining funds, after all applicable expenses have been deducted from the income received. As part of *Administrative Procedure 6305 Reserves* adopted by the Board of Trustees, the District's unrestricted general fund balance maintains a minimum reserve of 15% (10% for reserves and 5% for contingencies).

Fund Balance

A comparison of fund balance for a cohort of community colleges as well as the state-wide average is pictured below. Additionally, a trend of the Coast District's fund balance as it relates to the state-wide average can be seen below. Both of these depictions not only show the parallels of the Coast District's fund balance with that of the state-wide average, but shows a pattern of budgeting allowing for a general fund contingency while maintaining a balanced budget. Fund Balance for Coast's comparable Districts is not available for the Fiscal Year ending 2016-17. This data set will be updated at a later date.

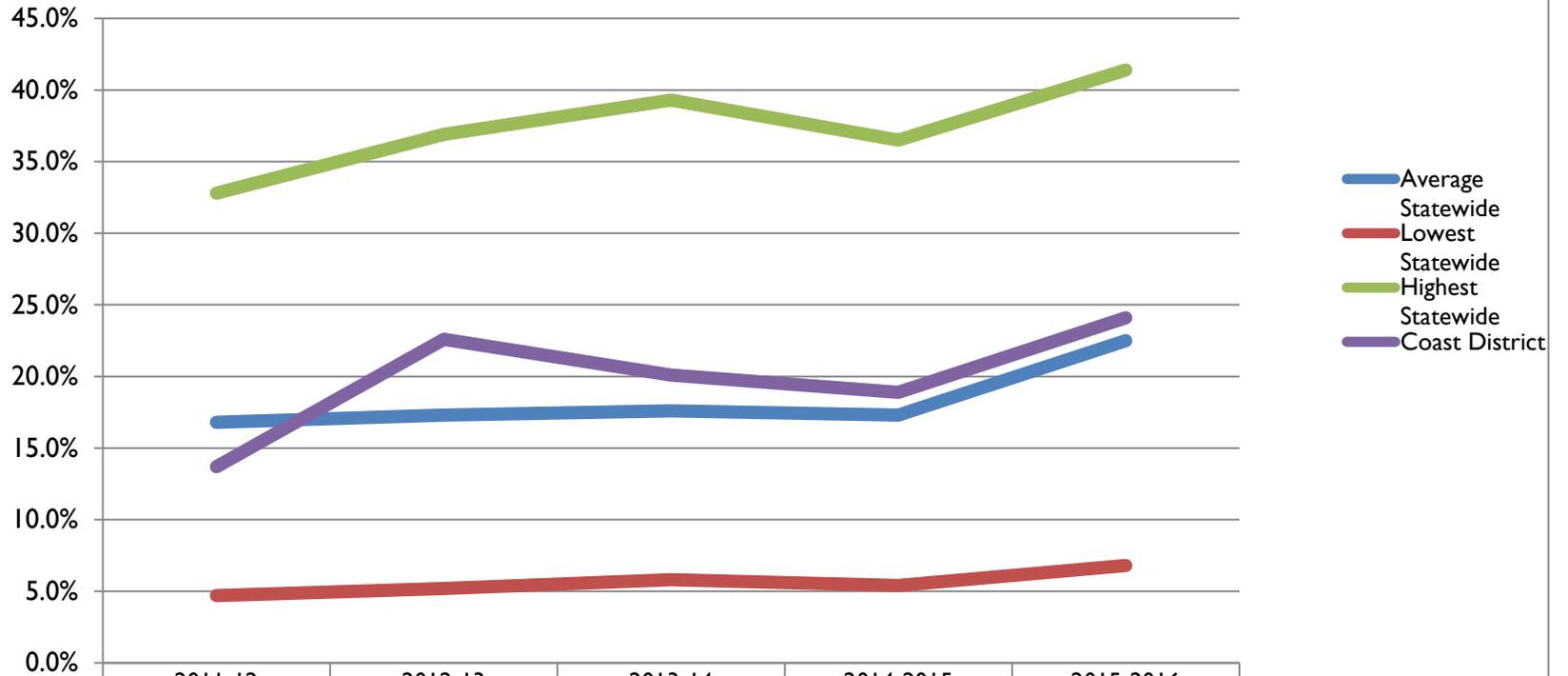
Fund Balance Trend with Comparable Districts

As of June 30, 2016



State-Wide Fund Balance Summary

Net Ending Balance as a Percentage of UFG Expenditures
as of June 30, 2016



	2011-12	2012-13	2013-14	2014-2015	2015-2016
Average Statewide	16.8%	17.3%	17.6%	17.30%	22.50%
Lowest Statewide	4.7%	5.2%	5.8%	5.40%	6.80%
Highest Statewide	32.8%	36.9%	39.3%	36.50%	41.40%
Coast District	13.7%	22.6%	20.1%	18.9%	24.10%

Budget Development Guiding Principle #10: *District budget development activities shall take total cost of ownership into consideration.*

With the guidance of the Vision 2010 Facilities Master plan, and the passage of Measure C in 2002, the Coast Community College District launched a massive building program. The goal was to renovate, replace and add structures to the existing colleges, satellites and acquired properties. This program continued under the Vision 2020 Master plan with the passage of Measure M in 2012.

While both these measures, in concert with matching funds from the state and other organizations, have resulted in significant sources of capital funding for the district, adequate sources of on-going operational funding have been less certain. Nonetheless, the district has taken strategic steps toward managing and containing facility operational costs

We have observed the state reduced on-going sources of revenue dedicated for key programs supporting major building maintenance and technology needs. When planning began for Measure M, circa 2011, we sought to develop a dedicated source of local funds for such purposes. Of the \$698 million in the Measure M program, \$60 million has been set-aside in long-term investment accounts. What has emerged from this planning process is a type of endowment program that will result in on-going (2018-2036) fund streams totaling an estimated \$76M for key building systems technology maintenance/refresh.

The District has also leveraged resources for energy efficiency projects under Proposition 39 (2012). This has allowed the district to both demonstrate effective environment stewardship, and lower operational cost through strategic application of capital resources.

SECTION IV- Compliance and Accreditation

The Coast Colleges, including Coastline College, Golden West College, and Orange Coast College, are accredited by the Accrediting Commission for Community and Junior Colleges (ACCJC). This section of the Coast Community College District Strategic Fiscal Plan addresses the ACCJC requirement for, “Institutional Fiscal Data and Updated Requirements for Evidentiary Documents,” as noted in the memorandum to member institutions from ACCJC President Barbara Beno, dated October 6, 2011.¹⁶

Developing the budget for a given fiscal year, although guided by the goals and budgeting principles outlined in the sections above, must also adhere to the accreditation standards informed by the ACCJC. The preceding sections address these accreditation standards to which the annual budget must observe.

¹⁶ http://www.accjc.org/wp-content/uploads/2012/08/Cover-Memo_Institutional-Fiscal-Data-and-Req-for-Evidentiary-Docs_2011.pdf

Audit

Has the college received any qualified or adverse opinions in audit reports in the last three years from District, State or Federal Programs? If so, has the college implemented all audit recommendations? Have there been the same recommendations for more than one year? What is the auditor's response to the management actions taken?

**COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2016**

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? Yes
Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal awards:
Material weakness(es) identified? No
Significant deficiency(ies) identified? Yes

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of Major Federal Programs:
CFDA Number(s) Name of Federal Program or Cluster
84.007, 84.033,
84.063, and 84.268 Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,726,585

Auditee qualified as low-risk auditee? No

**COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
June 30, 2016**

2016-001 RECONCILIATION AND CLOSING PROCEDURES

Original Finding: 2014-001

Finding: Our audit procedures revealed the lack of a systematic method to ensure complete monthly reconciliations and closing procedures take place. A continuing and growing backlog of accounts that are not reconciled may ultimately cause significant errors in the financial records and statements as well as allow possible irregularities, including fraud, to exist and continue without notice.

2016-002 Return to Title IV

Finding: A total of 47 students, 13 at Coastline Campus (CCC), 15 at Golden West Campus (GWC), and 19 at Orange Coast Campus (OCC), were selected for R2T4 testing. From the total, 28 students did not meet the determination period (eight at CCC, 10 at GWC, and 10 at OCC). From the students selected for testing, 24 students' R2T4 calculated for no funds to be returned. There were four students' R2T4 funds that were not returned by the timeframe, two from GWC and two from OCC. Not in compliance with 34 CFR 668.22(l)(3)(i) and 34 CFR 668.22(j)(1)

2016-003 SFA Finding related to Common Origination and Disbursement (COD)

Finding: At OCC, 22 out of the original 29 students tested had COD disbursement dates that did not match the actual date disbursements were received. For both GWC and CCC, the additional 25 students tested, all contained errors between the COD disbursement date and the actual disbursement date. Not in compliance with 34 CFR 668.164(a).

**COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2015**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? Yes
 Significant deficiency identified not considered
 to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? No
 Significant deficiency(ies) identified not considered
 to be material weaknesses? Yes

Type of auditor’s report issued on compliance for
 major programs: Unmodified

Any audit findings disclosed that are required to be
 Reported in accordance with Circular A-133,
 Section .510(a) No

Identification of major programs tested

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.038, 84.063, and 84.268 84.048A	Student Financial Aid Cluster Career and Technical Education (CTE) Title I, Part C – Carl D. Perkins, CTE Transitions, and CTE Data Accountability

Dollar threshold used to distinguish between Type A
 and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes

**COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO THE FINANCIAL STATEMENTS
June 30, 2015**

2015-001 – RECONCILIATION AND CLOSING PROCEDURES

Finding: Our audit procedures revealed the lack of a systematic method to ensure complete monthly reconciliations and closing procedures take place. A continuing and growing backlog of accounts that are not reconciled may ultimately cause significant errors in the financial records and statements as well as allow possible irregularities, including fraud, to exist and continue without notice.

2015-002 – ENROLLMENT STATUS REPORTING-NATIONAL STUDENT LOAN DATA SYSTEMS (NSLDS)

Finding: From a sample of Return to Title IV (R2T4) students, verified the student withdrawal date used in the calculation matched the date in the system and compared it to the National Student Loan Data System (NSLDS). From the 25 sampled, 12 student NSLDS records contained a withdrawal of which 11 withdrawal dates did not match District records. In addition, all records were updated after the 30 day requirement. The remaining 13 students did not have a withdrawal date on record. Not in compliance with 34 CFR sections 682.610, 685.309, and 690.83(b)(2).

2015-003 – RETURN TO TITLE IV

Finding: Four out of ten students R2T4 calculation was performed after June 30, 2015. All ten were returned timely, prior to the 45 days. Out of compliance with 34 CFR 668.164 (g) (2).

2015-004 – RETURN TO TITLE IV

Finding: All campuses are scheduled for a week break during the spring semester. A sample of eight students was selected from the Spring semester R2T4 calculation. Of the eight students, the break was not included in the calculation for four students; for the remaining students, a break of five days was included rather than the seven days that were scheduled. Out of compliance with 34 CFR 668.22(f)(2)(i) and (ii)(B) and returned \$3,799 more than owed for students tested.

2015-005 – RETURN TO TITLE IV

Finding: The District contracted with Higher One to disburse Title IV and student refunds starting in August 2013. From the inception of Higher One, the vendor returned undeliverable disbursements back to the District via electronic wire transfer. The District returned those funds back to Higher One to disburse to the student. Many of those were again returned to the District. The District maintained the undeliverable disbursements in a bank account, thereby exceeding the 240 day requirement (average of 370 days). The District began to reconcile the undeliverable disbursements in March 2015 through the date of inception. Currently, 296 disbursements were determined to have been returned. Out of compliance with 34 CFR

668.164 (h)(2), overstatement of disbursement, and potential interest owed for those funds earning interest with the bank account.

**COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2014**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? No
 Significant deficiency identified not considered
 to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? No
 Significant deficiency(ies) identified not considered
 to be material weaknesses? None reported

Type of auditor’s report issued on compliance for
 major programs: Unmodified

Any audit findings disclosed that are required to be
 Reported in accordance with Circular A-133,
 Section .510(a) No

Identification of major programs tested

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.038, 84.063, and 84.268 84.048A	Student Financial Aid Cluster Career and Technical Education (CTE) Title I, Part C – Carl D. Perkins, CTE Transitions, and CTE Data Accountability

Dollar threshold used to distinguish between Type A
 and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes

**COAST COMMUNITY COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO FINANCIAL STATEMENTS
June 30, 2014**

2014-001

Finding: Written year-end closing procedures should be available to management and staff to ensure key accounts are properly analyzed and asset and liability accruals are properly booked. As some entries are only recorded once a year during the year-end closing process, an oversight can occur that causes the financial statements prepared by management to not be fairly presented in accordance with generally accepted accounting principles.

Unrestricted Cash Reserve

What is the institutions unrestricted fund balance and reserves and how has it changed over the last three years? Does the College maintain a minimum of 5% unrestricted reserve of cash or cash equivalent? Has the State Chancellor's Office had to intervene regarding fiscal stability or compliance?

A history of the District's Fund Balance can be viewed in the discussion relative to Budget Guiding Principle #9, under the heading "Fund Balance". To date, the State Chancellor's Office has not had to intervene regarding fiscal stability or other compliance.

The Board of Trustees ratified the Administrative Procedure relative to Cash Reserves. The procedure, which maintains a minimum of 5% unrestricted reserve for cash, is excerpted below. In addition, the link to the procedure link has been provided.

AP 6305 Reserves

"The District budget shall include an appropriation for economic uncertainties to cover, on a one-time basis, (1) unanticipated emergencies; (2) unanticipated declines in property tax revenues or other sources of funds; (3) additional program development activities not considered prior to budget adoption. This reserve shall be at a minimum five percent of total prior year unrestricted general fund expenditures."

Debt Financing

Does the college have long term debt financing?

The Coast Community College District does have long term debt financing, the majority of which has resulted from the passing of various bond measures. This includes the 2002 Authorization of Measure C and the 2012 Authorization of Measure M. The table below details the long term debt financing obligations for the Coast District as of June 30, 2017.

Coast Community College District - Long Term Debt Financing Obligations

CCCD

<u>Date</u>	Total Measure C Debt Service	Total Measure M Debt Service	Total Outstanding GO Debt Service	Total Other Long-Term Debt	Combined GO and Other Financed Debt
6/30/2017	-	-	-	853,093	853,093
6/30/2018	20,367,670	31,682,934	52,050,603	847,820	52,898,423
6/30/2019	21,209,666	35,261,480	56,471,146	604,542	57,075,687
6/30/2020	22,043,979	36,928,397	58,972,375	495,220	59,467,595
6/30/2021	23,096,184	25,156,065	48,252,249	454,219	48,706,467
6/30/2022	24,363,075	25,595,698	49,958,773	455,531	50,414,305
6/30/2023	25,354,325	26,048,896	51,403,221	451,375	51,854,596
6/30/2024	25,643,950	26,522,973	52,166,923	456,750	52,623,673
6/30/2025	23,182,075	28,196,750	51,378,825	451,469	51,830,294
6/30/2026	30,192,950	29,236,375	59,429,325	460,719	59,890,044
6/30/2027	31,482,950	30,334,875	61,817,825	224,125	62,041,950
6/30/2028	32,852,950	30,700,500	63,553,450	-	63,553,450
6/30/2029	34,272,950	28,450,625	62,723,575	-	62,723,575
6/30/2030	34,964,200	28,599,150	63,563,350	-	63,563,350
6/30/2031	37,270,450	28,278,950	65,549,400	-	65,549,400
6/30/2032	33,997,325	32,196,175	66,193,500	-	66,193,500
6/30/2033	35,566,100	37,944,250	73,510,350	-	73,510,350
6/30/2034	37,429,000	35,226,400	72,655,400	-	72,655,400
6/30/2035	39,400,000	40,841,575	80,241,575	-	80,241,575
6/30/2036	41,075,000	42,379,000	83,454,000	-	83,454,000
6/30/2037	12,990,000	43,979,925	56,969,925	-	56,969,925
6/30/2038	-	45,638,775	45,638,775	-	45,638,775
6/30/2039	-	37,705,675	37,705,675	-	37,705,675
6/30/2040	-	36,342,500	36,342,500	-	36,342,500
6/30/2041	-	23,180,000	23,180,000	-	23,180,000
6/30/2042	-	22,340,000	22,340,000	-	22,340,000
6/30/2043	-	23,460,000	23,460,000	-	23,460,000
Total	\$586,754,798	\$832,227,943	\$1,418,982,740	\$5,754,862	\$1,424,737,602

Employee Related Obligations

Does the institution have an obligation for post-retirement health benefits (OPEB), compensated absences, and other employee related obligations? If it does, has it done the actuarial study and identified the liability? Is there a plan for funding them?

The Coast District has an obligation for post-retirement health benefits (OPEB), compensated absences, and other employee related obligations.

The obligation for post-retirement health benefits is evaluated and reviewed in a bi-annual actuarial study, the most recent of which was completed in 2016. The general findings of the actuary are excerpted below:

"We [Total Compensation Systems Inc.] estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning June 1, 2016 to be \$8,538,728 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning June 1, 2016 (the normal cost) is \$4,588,669. This normal cost would increase each year based on covered payroll. Had Coast CCD begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$116,430,714. This amount is called the "actuarial accrued liability" (AAL). The remaining unamortized balance of the initial unfunded AAL (UAAL) is \$46,942,260. This leaves a "residual" AAL of \$69,488,454.

Coast CCD has established a GASB 43 trust for future OPEB benefits. The actuarial value of plan assets at May 31, 2016 was \$64,528,877. This leaves a residual unfunded actuarial accrued liability (UAAL) of \$4,959,577. We calculated the annual cost to amortize the residual unfunded actuarial accrued liability using a 6.8% discount rate. We used an open 20 year amortization period. The current year cost to amortize the residual unfunded actuarial accrued liability is \$363,050.

Combining the normal cost with both the initial and residual UAAL amortization costs produces an annual required contribution (ARC) of \$9,764,483. The ARC is used as the basis for determining expenses and liabilities under GASB 43/45. The ARC is used in lieu of (rather than in addition to) the "pay-as-you-go" cost.

We [Total Compensation Systems Inc.] based all of the above estimates on employees as of March, 2016. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

Accrual of Unused Vacation Time

Does the institution have limits on accrual of unused vacation time? Compensatory time? Is the institution enforcing its policy on limits?

The Coast Community College District has limits on accrual of unused vacation time and compensatory time, the enforcement of which is outlined in both Board Policy and Collective Bargaining Agreements.

The limits of accrued vacation rollover are dependent upon the years of service. In addition, regular employees will earn vacation according to the schedule listed below. Employees working less than full-time will have their vacation earnings prorated at a percentage equal to the percentage of their contractual assigned hours of work. More information relative to vacation accrual and leaves can be found at the District's website in [BP and AP 7340 Vacation and Leaves](#).

Years of Service	Earned Vacation	Carryover Balance Allowed on July 1
1-3 years of service	8 hrs/month of service (1 day/month – 12 days/yr)	144 hrs
4-5 years of service	9.33 hrs/month of service (1.16 days/month – 14 days/yr)	168 hrs
6-9 years of service	10.66 hrs/month of service (1.33 days/month – 16 days/yr)	192 hrs
10-13 years of service	12 hrs/month of service (1.50 days/month – 18 days/yr)	216 hrs
14+ years of service	13.33 hrs/month of service (1.66 days/month – 20 days/yr)	240 hrs

In lieu of overtime pay, the employee may choose to receive compensatory time for the approved overtime hours worked, (one and one-half (1½) hours of time for every hour of work or two (2) hours of time for every hour of work in excess of twelve (12) hours in one day). The request for compensatory time in lieu of overtime pay must be made at the time overtime hours are worked; such a decision is irrevocable. Compensatory overtime hours worked will be reported via timecard with copies maintained by campus Personnel (if applicable) and District Payroll. More information relative to Compensatory time can be located within the District's [AP 7234 Overtime](#).

Self-Insured Fiscal Unit

*Is the fiscal unit self-insured for health benefits, worker's compensation, and unemployment?
How are reserve levels set?*

Coast College's is a member of the Protected Insurance Program for Schools and Community Colleges (PIPS), for its workers' compensation reinsurance protection.¹⁷ This is a self-insurance program that integrates risk transfer to reinsurers and risk retention by its members.

The District's insurance for Health Benefits are as indicated below:

Line of Coverage	Insurance
Delta Heath Systems Medical/Rx	Self-Funded
United Healthcare HMO	Fully Insured
Kaiser HMO	Fully Insured
Delta Dental	Self-Funded
VSP Vision	Self-Funded
VOYA (ING) Long Term Disability	Fully Insured
VOYA (ING) Life/AD&D	Fully Insured

The Coast Community College pays into the Unemployment Insurance plan offered by California's Employment Development Department (EDD). This means that the District participates in the Community College pool for coverage.

¹⁷ <https://www.pipsipa.org/sps/index.jsp?site=pips&menu=services&nocache=true>

Obligation under Collective Bargaining

Does the fiscal entity have obligations for future total compensation expenditures driven by collective bargaining agreements or other agreements (corporate-buy outs, management/employee agreements, etc.?) If so, what are they? Of what significance are they? What is the plan for funding these future obligations?

BARGAINING UNITS	CONTRACT DATES	COMPENSATION AMOUNTS
Coast Federation of Educators American Federation of Teachers (CFE)	July 1, 2015-June 30, 2018	<p>2015-2016 Beginning July 1, 2015, all 2014-2015 faculty Salary schedules ("AA," "A2," "QQ," "Q2," and Faculty Special Rates Sheet) shall be increased by the state-provided COLA, as provided for above, plus an additional on-schedule increase of 1.0%, for a total on-schedule increase of 2.02% in 2015-2016.</p> <p>2016-2017 Beginning July 1, 2016, all 2015-2016 faculty salary schedules ("AA," "A2," "QQ," "Q2," and Faculty Special Rates Sheet) shall be increased by the state-provided COLA, as provided for above, plus an additional on-schedule increase of 2.57%. In addition, effective with the start of the 2016 Fall Semester, compensation for Department Chairs shall increase to \$1,750 per LHE.</p> <p>2017-2018 Beginning July 1, 2017, all 2016-2017 faculty salary schedules ("AA," "A2," "QQ," "Q2," and Faculty Special Rates Sheet) shall be increased by the state-provided COLA, as provided for above, plus an additional on-schedule increase of .8%. This on-schedule salary schedule increase represents estimated health benefits savings.</p>
Coast Federation of Classified Employees/American Federation of Teachers (CFCE)	July 16, 2015-June 30, 2017	<p>19.4 Salary Schedules. Beginning July 1, 2013 and continuing thereafter, Salary Schedule "E" shall be increased each fiscal year after adoption of the State Budget by the funded "percentage" know to the District as Cost of Living Adjustment (COLA) for California Community Colleges plus fifty percent (50%) of the actual dollars allocated to the District for Growth in Full-Time Equivalent Students (FTES) for the prior year divided by the total available general revenue (Exhibit C in the State Chancellor's P-2 report) for the prior fiscal year. The result of the above calculations, expressed as a percentage, will be applied to Salary Schedule "E."</p> <p>Additionally, in each year of this Agreement, if any District employee bargaining group receives an increase in compensation greater than the statutory COLA, The Federation may request an immediate reopener on economic issues to negotiate whether comparable adjustments should be given to the classified bargaining unit or applied to the Federation salary schedule "E".</p>

<p>Coast Community College Association-California Teachers Association (CTA/NEA)</p>	<p>January 21, 2016- June 30, 2018</p>	<p>Section 11.1. Salary Schedule</p> <p>The Part-Time Instructor BB Salary Schedule is set forth in Appendix "A." Beginning July 1, 2013, and continuing thereafter, each step in the Part-Time Instructor salary schedule (Appendix "A") shall be increased each fiscal year after adoption of the State budget by an amount equal to the percentage increase received by the District from the State as its funded Cost of Living Adjustment (COLA).</p> <p>Both parties agree that CCA unit members will receive an on-schedule increase of Y, of net earned growth for 2015-16 if growth is achieved in the 2015-16 academic year. Any increase will be applied as of July 1, 2017.</p>
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Master Agreement with the Foundations

Does the institution and the foundation have an agreement/contract on the role of the foundation? Does it require that the foundation have an independent audit?

The Coast Community College District has agreements in place with the foundations as described below. The functions of these Foundations are for the sole purpose of providing activities which are an integral part of the educational programs at the Colleges and the District. As detailed in the Master Agreements, the Foundations may develop and operate services and programs related to (a) College facilities and equipment; (b) loans, scholarships, and grants-in-aids for College students; (c) workshops, conferences, institutes, and federal projects; (d) alumni activities; (e) gifts, bequests, devises, endowments, and trusts; and (f) public relations.

The Foundations shall select a certified public accountant, and shall contract for an annual audit performed by the certified public accountant, pursuant to Section 72672(a) of the *Education Code*. The audit reports are submitted to the District's Board of Trustees and to the State Chancellor's Office. On an annual basis, the Foundations shall publish an audited statement of their financial conditions which shall be disseminated as widely as feasible and be available to any person on request. Also, the District's Board of Trustees shall insure that an annual audit is conducted on each Foundation, and that the audit report is submitted to the State Chancellor's Office, pursuant to Section 72672(a) of the *Education Code* and Section 59265(a) of Title 5 of the *California Code of Regulations*.

Foundations	Terms	Audited Financials
Coastline Community College Foundation	July 1, 2016-June 30, 2021	http://www.coastline.edu/community/foundation/
Golden West Community College Foundation	July 1, 2016-June 30, 2021	https://gwchbfoundation.com/annual-reports
Orange Coast Community College Foundation	July 1, 2016-June 30, 2021	http://www.orangecoastcollege.edu/about_occ/Foundation/Pages/College-and-Foundation-Publications.aspx
Coast Community College District Foundation	July 1, 2016-June 30, 2021	http://www.cccd.edu/aboutus/cccdfoundation/Pages/About-the-Foundation.aspx

Proposition 39 General Obligation Bond Accountability

Does the college or district have a Prop 39 fund?

At their July 25th meeting in 2012, the Board of Trustees voted to place a local education funding measure on the November ballot: Measure M. This fiscally responsible plan to address the needs of local students and the community was developed after working with stakeholders, the Board of Trustees, and local community organizations. With the continued support of the local community, the passage of the Measure M bond enabled Coast Colleges to develop and implement teaching environments that are safe, sustainable, comfortable, technologically current, accessible, and esthetically conducive to learning.

The bond includes strong fiscal accountability: public expenditure plan, independent annual audits, independent citizens' oversight, and no money for administrator salaries. Only \$17.97/year per \$100K of assessed property value would be needed to fund the \$698-million bond measure, which supports local education and the community.

In response to the passage of Measure M, the Citizens' Oversight Committee was developed to review expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in Measures; and (b) no bond proceeds were used for any inappropriate teacher or administrative salaries or other operating expenses, in accordance with Attorney General Opinion 04-110 issued on November 9, 2004.

The [Citizens' Oversight Committee](#) can be viewed on the District website along with [agendas and meeting summaries](#).

Purchasing

Does the college have policies and procedures regarding purchasing? Are they being followed?

The primary responsibility of the Purchasing Department is to provide supplies, materials and services to be available at the correct time, in the proper quantity and place, with quality and cost consistent with the needs of the District. Purchasing has the responsibility for making the final determination of the source of supply, quantities, and delivery schedule and price negotiation except where others are authorized to do so. The Purchasing Department will seek competitive pricing and protection against conflict of interest and ensure that purchases of materials and supplies that exceed statutory limits are through advertised bids approved by the Board. Purchasing shall comply with all the provisions of the California Education Code, California Government Code, California Public Contract Code, and Board policy.

[BP 6330 Purchasing](#)

[AP 6330 Purchasing](#)

Purchasing strives to maintain an outstanding service orientation. At the same time, the District has legal, fiscal, and moral responsibilities to follow statutes, regulations, and policies established with state law and the Board of Trustees.

The Purchasing department provides easily accessible information to ensure the policies and procedures listed above are adhered to by staff as well as external vendors.

[External Vendors](#)

Total Cost of Ownership of New Facilities

Will additional buildings be opened in the next 2-3 years? Is there a plan to fund staff, utilities and operating expenses associated with additional facilities coming online within the next 2-3 years?

With the guidance of the Vision 2010 Facilities Master plan, and the passage of Measure C in 2002, the Coast Community College District launched a massive building program. The goal was to renovate, replace and add structures to the existing colleges, satellites and acquired properties. This program continued under the Vision 2020 Master plan with the passage of Measure M in 2012.

While both these measures, in concert with matching funds from the state and other organizations, have resulted in significant sources of capital funding for the district, adequate sources of on-going operational funding have been less certain. Nonetheless, the district has taken strategic steps toward managing and containing facility operational costs

We have observed the state reduced on-going sources of revenue dedicated for key programs supporting major building maintenance and technology needs. Budget Development Guiding Principle under Goal #3 speaks in greater depth to the District's efforts toward total cost of ownership.

Integration of Fiscal Resources

Is there evident that planning integrates fiscal and other resources?

Section III of this Plan discusses the funding framework for resources with which the Coast Community College District develops its annual budget. Part of this discussion includes a description of the governance process used to ensure that planning integrates the fiscal unit and other resources.

The District Consultation Council (DCC) serves as the primary participatory governance body that is responsible for district-wide planning activities including the development of planning and budgetary recommendations that are submitted to the Chancellor and Board of Trustees. In November of 2013, the DCC engaged in the process of developing a new District-Wide Strategic Plan for 2014-17 in order to align the district-wide strategic plan timeframe with the accreditation and college planning timelines as well as to establish district-wide strategic goals and objectives that are time-bound, realistic, and measurable. The resulting plan specifies six goals relative to Objective #2, Stewardship of Resources, which have also played an active role in the funding framework for each fiscal year's budgeting process.

As a means of addressing these various goals established in the District-Wide Strategic Plan and to ensure the collaboration of efforts at the colleges and the District office, DCC established a set of sub-committees through the review and consensus on a District Level Decision Making and Participatory Governance document.

Student Financial Aid Obligations

Is there evidence that the institution monitors student financial aid obligations such as student loan default rates and compliance with federal regulations?

Each college houses a Financial Aid Office that offers a full array of student financial aid programs, grants, work study, and loans to full-time and part-time students. Student financial aid resources are intended to supplement, not replace, the financial resources of the student and/or the family. The Coast Community College District monitors its' obligations for Student Financial Aid by monitoring student loan default rates and ensuring compliance with federal regulations. All required information regarding [Financial Aid](#) is posted on the District's website. Additionally, Board Policy and Administrative Procedure 5130 Financial Aid, address other regulatory requirements:

[BP 5130 Financial Aid](#)
[AP 5130 Financial Aid](#)

The student financial aid programs that are available to eligible students are:

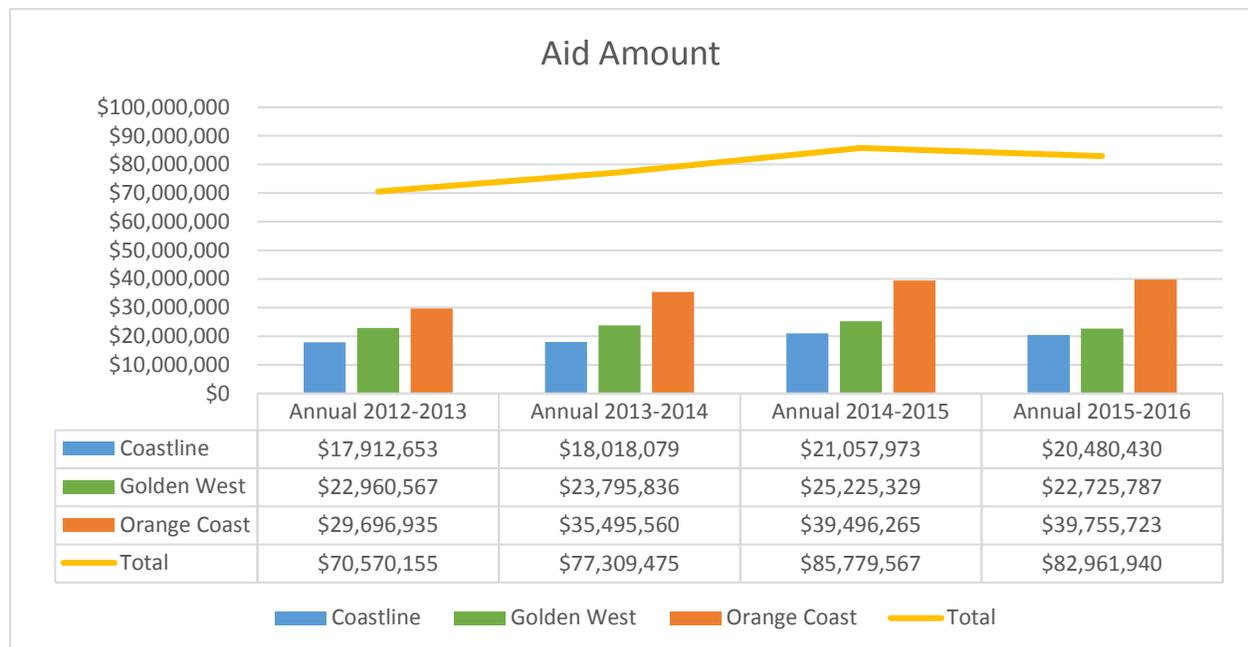
Federal

Federal Pell Grant
 Federal Supplemental Education Opportunity Grant
 Federal Afghanistan and Iraq Grant
 Federal Work Study
 Federal Direct Loan Program
 Federal Perkins Loan Program

State of California

Board of Governors Fee Waiver
 Cal Grant Program - B
 Cal Grant Program - C
 Chafee Grant
 California National Guard Grant
 Full Time Student Success Grant

The Coast Community College District has experienced an overall upward trend in Financial Aid funds distributed, although that trend slightly changed in the 2015-16 Award Year. Data sets for 2016-17 will be still being updated by the state.



The U.S. Department of Education released its 2013 three-year cohort default rate (CDR) for all schools in September 2016, a report which is reported to the Board of Trustees annually in October. Coast Colleges' Student Loan Cohort Default Rates for the 2009, 2010, 2011, 2012 and 2013 Cohorts can be reviewed below:

	2009 3-Yr Cohort	2010 3-Yr Cohort	2011 3-Yr Cohort	2012 3-Yr Cohort	2013 3-Yr Cohort
CCC	19.3% (23/119)	17.5% (21/120)	16.4% (31/189)	10.6% (33/310)	15.7% (68/432)
GWC	16.0% (52/324)	16.1% (38/235)	15.4% (40/259)	11.8% (28/236)	9.9% (27/272)
OCC	14.0% (63/450)	15.8% (79/497)	13.4% (61/455)	9.8% (49/496)	11.5% (54/466)

A school is subject to loss of eligibility to participate in the Federal Family Education Loan (FFEL) Program, William D. Ford Federal Direct Loan (Direct Loan) Program, and/or Federal Pell Grant (Pell Grant) Program if the school has FY 2011, FY 2012, and FY 2013 official cohort default rates that are 30.0% or greater. If a school fails to successfully appeal this sanction, it will lose eligibility to participate in the FFEL, Direct Loan, and/or Federal Pell Grant Program until September 30, 2018. There are several exceptions to these criteria and schools that meet exemption conditions are not subject to this sanction. None of the Coast Colleges is in this situation.

The State Chancellor's Office initiated a statewide Default Prevention Initiative and partnered with consulting firm Parker, Pierson and Associates to provide assistance to community colleges. The District is in the process of entering into a contract with Educational Credit Management Corporation which provides loan default prevention services.

SECTION V- Budget Summary

Keeping in mind the guiding budget principles, as well as maintaining compliance with the regulations as outlined for accreditation, the preceding section provides a brief overview of the Coast District's budget for the 2016-17 Fiscal Year.

[Regulatory Procedure for Approval of Budget](#)

Title 5, California Code of Regulations, Section 58305, requires that the governing board of each district shall adopt a final budget on or before the fifteenth day of September. Each district is also mandated to complete the preparation of its adopted annual finance and budget report on or before the thirtieth day of September. Finally, each district shall submit a copy of its adopted annual financial and budget report to the State Chancellor on or before the tenth day of October.

In accordance with this state regulation, the Coast Community College District Administrative Services Office presented its proposed final budget for the 2016-17 Fiscal Year to its Board of Trustees for approval. The board approved the final budget on the seventh day of September in the year 2016. The summary of this adopted budget can be seen using the link provided below.

[2016-17 Fiscal Year Final Adopted Budget](#)

SECTION VI- Appendices

APPENDIX A: Glossary of Terms

Account

A method of categorizing financial transactions by type such as salaries or supplies. The Budget and accounting Manual uses the term “object code” in place of account.

Account Code

Also referred to as the budget number is a combination of the account and other information, such as department and activity, to track and report financial transactions.

Annual Financial and Budget Report (CCFS 311)

Legally prescribed report submitted to the Chancellor’s Office by October 10th for the fiscal year ended June 30th. Both actual revenue and expenditures from the year just ended and budget for the current year are reported. The 50% law report, Lottery Expenditures, Expenditures by Activity, and summarized balance sheet and fund balance information is also reported. During the year, revenue and expenditure information is submitted on a quarterly basis (311Q).

Annual Financial Statements and Supplemental Information

As legally prescribed, annually an external audit must be performed of all district funds and the report presented to the governing board no later than December 31st for the fiscal year ended June 30th.

Apportionments

Federal or state taxes distributed to community college districts or other governmental units according to certain formulas.

Apportionment Attendance Report (CCFS 320)

In addition to the CCFS 311, this is the primary financial report filed with the Chancellor’s Office. The CCFS 320 reports full-time equivalent students (FTES) by attendance type and college and is the basis for determining a district’s computational revenue.

Appropriations

Funds set aside or budgeted by the state or district for a specific time period and specific purpose.

Assessed Value

A value of land, homes or businesses set by the county assessor for property tax purposes. Market value is the cost of any newly built or purchased property or the value on March 1, 1975, or continuously owned property plus an annual increase of 2% (See Proposition 13).

Basic Allocation

In addition to funding received for FTES served, districts receive an amount for each college and official center that varies by size (FTES) and whether the district is a single or multi-college district. The basic allocation is improved each year by COLA.

Block Grant

A lump sum allocation of funds that allows the recipient some discretion in terms of the use within certain designations.

Board of Governors' Grants (BOGG Waivers)

A provision to waive enrollment fees for low income students. Enrollment fee revenue is shown net of BOGG waivers.

Bond Debt Limit

The maximum amount of bonded debt for which a community college district may legally obligate itself. The total amount of bonds issued cannot exceed a stipulated percent of the assessed valuation of the district.

Bonded Indebtedness

An obligation incurred by the sale of bonds for acquisition of school facilities or other capital expenditures. Districts levy a local property tax to repay debts authorized by voters.

Budget

A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

The California Debt and Investment Advisory Commission (CDIAC)

CDIAC seeks to improve the practice of public finance in California by providing responsive and reliable information, education, and guidance to state and local public agencies and other public finance professionals.

Capital Outlay

Expenditure for equipment, major renovation or reconstruction of existing facilities, or new facilities or sites.

Certificates of Participation (COP)

A financing technique which provides long-term financing through a lease (with an option to purchase or a conditional sale agreement).

Academic Personnel

Employees who hold positions for which minimum qualifications are established by the State including professors, librarians, counselors, academic administrators, and other non-classified personnel.

Classified Personnel

Employees who hold positions that do not require minimum qualifications including classroom aids, custodians, clerical personnel, maintenance, security, food services, and other nonacademic personnel including non-academic administrators.

Computational Revenue

A summation of Base funding, COLA, and Growth Revenues which is then funded by State apportionment, local property taxes and student enrollment fees.

Community Services

Classes or programs offered to community members that are not for credit. Community services programs must be fully cost covering.

Consumer Price Index (CPI)

A measure of change in the cost of living compiled by the United States Bureau of Labor Statistics. Consumer price indexes are calculated regularly for the United States, California, and some regions within California and selected cities.

Cost of Living Adjustment (COLA)

Funding provided to ensure base programs and certain categorical programs can maintain service levels as costs increase. Revenue limits are also increased by COLA. Current law ties COLAs to various indices and is based on the "Implicit Price Deflator." The amounts appropriated in a given year may not be related to inflation.

Costs, direct

Direct costs are those costs that can be identified specifically with a particular activity or project, or that can be directly assigned to such activity relatively easily with a high degree of accuracy.

Costs, indirect

Indirect costs (or overhead) in contrast with direct costs, are expenses that are incurred for purposes common to all activities, programs and projects, but which cannot be identified and charged directly without an inordinate amount of tracking and accounting. Typical indirect costs are utilities, maintenance, and payroll.

Deficits

Funding shortfalls which occur when State appropriations are insufficient to fund local district and county entitlements.

Employee Benefits

Amounts paid on behalf of employees to provide both mandated and non-mandated benefits; these amounts are over and above gross salary. While not paid directly to the employees, they are nevertheless part of the total compensation cost for employees.

Employee Benefits (*continued*)

Examples include: (1) group health or life insurance payments, (2) contributions to public employees' retirement systems (3) O.A.S.D.I (Social Security) and Medicare Taxes, (4) Other post-employment benefits, (5) Unemployment Insurance, (6) Long-term disability.

Encumbrances

Purchase orders, contracts for salary, or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when the actual goods or services are received.

Enrollment

A transaction whereby a student enrolls in a course offering. Enrollments are tracked in terms of total enrollments in all course offerings and also tracked by unduplicated enrollments where each student with an enrollment record is counted only one time. Unduplicated enrollments are also referred to as headcount.

Equalization

Funding provided to equalize the rate paid per student to the same level statewide.

Expenditures

Charges incurred, whether paid or unpaid, which are presumed to benefit the school district's current fiscal year.

Faculty Obligation Number (FON)

FON is a requirement that district's maintain regular faculty positions at a given level. Each District's obligation increases annually approximately by its percentage increase in funded full-time equivalent students (FTES) in credit courses.

Fifty Percent Law

Requirement that fifty percent of district expenditures in certain categories be for salaries and benefits of classroom instructors and some instructional aides. Salaries of counselors and librarians are not included in this classification.

Fiscal Year

Twelve calendar months; in California it is the period beginning July 1 and ending June 30. Some special projects use a fiscal year beginning October 1 and ending September 30.

Fixed Assets

Property of a permanent nature having continuing value (i.e. land, buildings, and equipment).

Full-time Equivalent Student (FTES)

An FTES is a workload measure that represents 525 class (contact) hours of student instruction activity in credit and noncredit courses. FTES is the workload measure used in the computation of state support for California community colleges.

Base FTES

The number of FTES a district must serve to receive its base funding; generally, the prior year's funded level.

Funded FTES

The number of FTES a district is funded for; in years when growth funds are allocated, it is the base FTES plus FTES funded as growth.

Actual FTES

The number of FTES reported to the State as eligible for funding.

Unfunded FTES

The difference between actual FTES and funded FTES.

Funding Cap

The level of FTES that a district is entitled to be funded for based upon its base funding and the allocation of growth per formula. Districts may be funded beyond "cap" if not all districts earn their entitlement.

Over Cap

The term describing when a district has unfunded FTES.

Fund Balance

The net of a fund's assets and liabilities.

General Fund is used to account for the ordinary operations of the District. All transactions except those required or permitted by law to be in another fund are accounted for in this fund. Restricted projects or activities within the General Fund must be identified and separated from unrestricted activities.

Child Development Fund used to account separately for operation of child development (preschool) programs.

Capital Projects Fund is used for recording the acquisition and/or construction of major capital facilities in the District.

Bond Projects exists primarily to account separately for proceeds from the sale of bonds.

Special Revenue Funds are established to account for the proceeds from specific revenue sources which (by law) are restricted to the financing of particular activities.

Other Debt Service Funds are established to account for the accumulation of resources for and the payment of the principal and interest on general long-term debt.

Bond Interest and Redemption Fund

Used for the repayment of bonds issued for an LEA (Education Code §§ 15125-15262, Bond Interest and Sinking Fund).

General Ledger

A group of accounts in which are recorded all transactions of a fund.

General Obligations Bond (G.O. Bonds)

Bonds for capital outlay, financed through taxes. Bond elections for a district must generally be approved by a two-thirds vote, State measures by a majority vote. Proposition 39 Bonds require a 55% approval threshold.

General Purpose Tax Rate

The District's rate determined by statute as interpreted by the County Controller/Auditor/Tax Collector for Sacramento.

General Reserve

A budget item which sets aside a reserve fund to start the following fiscal year and is not intended to be used during the budget year.

Headcount

The unduplicated enrollment at each college of the district where each enrolled student is counted only once. *See enrollment.*

Lottery

Scratch tickets and lotto games operated by the State of California since October 1985. At least 34% of lottery proceeds are distributed per kindergarten through university student.

Mandated Costs

Community college district expenditures which occur as a result of federal or state law, court decisions, administrative regulations, or initiative measures.

Noncredit FTES

FTES earned in noncredit courses, generally adult education and supervised tutoring.

Non-Resident Tuition

Districts do not receive any State support for students who do not meet California residency requirements. Tuition is assessed to cover the cost of providing educational services to them. The tuition rate is set by the local governing board following Education Code requirements.

Productivity

Measures the efficiency of instructional resources. Productivity is derived by dividing average Weekly Student Contact Hours (WSCH) by total instructional full-time equivalents (FTE).

Program Based Funding

Former funding methodology for the community college system enacted under AB 1725 and subsequently replaced in fiscal year 2006-07 by SB 361.

Proposition 13 (1978)

An initiative amendment passed in June 1978 adding Article XIII A to the California Constitution. Tax rates on secured property are restricted to no more than 1% of full cash value. Proposition 13 also defined assessed value and required a two-thirds vote to change existing or levy other new taxes.

Proposition 20 (2000)

An initiative that placed restrictions on the use of Lottery funds above the 1997-98 level received by districts. Under Prop. 20, 50% of funds received above the 1997-98 level must be used for instructional materials and/or library books.

Proposition 39 (2002)

An initiative allowing for a lower threshold, 55% of voter approval, for G.O. Bonds. Proposition 39 requires a Citizens' Bond Oversight Committee and other specific criteria to be met.

Proposition 98 (1988)

An initiative amendment passed in November 1988, entitled the Classroom Instructional Improvement and Accountability Act. Measure provides a constitutional guaranteed minimum school funding level from state revenues, a distribution of state funds above the Gann limit, and a prudent state budget reserve, and an annual report card for each public school in the state.

Public Employees' Retirement System (PERS)

State law requires regular classified employees in community college districts contribute to this retirement fund.

Reserves

Funds set aside in a community college district budget to provide for future expenditures or to offset future losses, for working capital, or for other purposes.

Revenues

All funds received from external sources, net of refunds, and correcting transactions. Non-cash transactions such as receipt of services, commodities, or other receipts "in kind" are excluded as are funds received from the issuance of debt, liquidation of investments, and non-routine sale of property.

Secured Property

Property which cannot be moved, such as homes and factories.

Secured Roll

That portion of the assessed value which is stationary (i.e. land and buildings). The secured roll averages about 90% of the taxable property in a district.

Stability Funds

Amounts paid to a district that has reported a decline in FTES from the prior year. Stability funds maintain a district's base level funding during the initial year of decline. The following year, base funding is lowered to the FTES level reported in the year of decline unless the district achieves FTES to restore to its former base level.

State Apportionment

An allocation of state money to a district based on total available general revenues less property taxes and enrollment fees.

State Teachers' Retirement System (STRS)

State law requires academic employees in community college districts to contribute to this retirement fund.

Student Contact Hour

The "class hour" is the basic unit of attendance for computing fulltime equivalent student (FTES). It is a period of not less than 50 minutes of scheduled instruction and/or examination. For purposes of computing FTES, a class hour is commonly referred to as a "contact hour" or "Student Contact Hour" (SCH).

Subventions

Provision of assistance or financial support, usually from a higher governmental unit, for reimbursement of tax exemptions, such as Homeowners' Property Tax Exemptions.

Taxonomy of Program / Activity Codes

A method of classifying expenditures by program, such as instructional discipline, or activity, such as logistical services. General fund account codes carry a TOP or Activity code that signifies the program or activity to enable reporting amounts expended in each instructional discipline, student services, including counseling and assessment, and all support and administrative activities. Expenditures by activity are reported to the System Office on the annual 311.

Tax Rate

The amount of tax stated in terms of a unit of the tax base.

Tax Rate Limit

The maximum rates of tax that a governmental unit may levy.

Tax Revenue Anticipation Notes

Short-term debt issued by districts to meet cash flow needs until tax receipts, generally property taxes are received in January and June.

Unsecured Property

Moveable property such as boats and airplanes. This property is taxed at the previous year's secured property tax rate.

Unsecured Roll

That portion of assessed property that is moveable.

Warrant

A written order approved by the Board drawn to pay a specified amount to a payee.

APPENDIX B: Budget Development Calendar

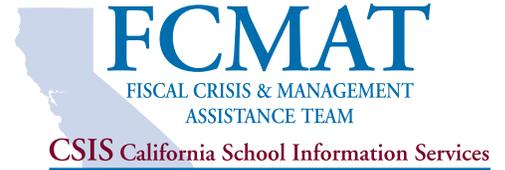
Budget Development Calendar District Consultation Council Budget Subcommittee	
January	<ul style="list-style-type: none"> • Initiate Budget Development Process • Governor’s Budget Proposal Released (on or before January 10)
February	<ul style="list-style-type: none"> • Prior Year Final Recalculation Report released • Current Year P-1 Apportionment Report released • Finalized development of Budget Assumptions
March	<ul style="list-style-type: none"> • Tentative Board of Trustees Study Session • Committee Meeting
April	<ul style="list-style-type: none"> • Continue/Refine process
May	<ul style="list-style-type: none"> • Colleges and District Administrative Services continue input • Budget input for Tentative Budget due from colleges • Committee Meeting • May Revise Released (On or about May 15)
June	<ul style="list-style-type: none"> • Current Year P-2 Apportionment Report released • Tentative Budget presented for adoption by Board of Trustees • Governor signs State Budget into law (on or before July 1)
July	<ul style="list-style-type: none"> • Budget input for Adopted Budget due from colleges • Budget Year Advance Apportionment Report released • Prior Year – Year end close
August	<ul style="list-style-type: none"> • Incorporate input from State budget & workshop into Final Budget • Proposed Adopted Budget review by Chancellor’s Cabinet
September	<ul style="list-style-type: none"> • Adopted Budget available for public inspection and review prior to public hearing and adoption in the District Office Lobby • Final Budget presented for public hearing and adoption by Board of Trustees • Adopted Budget filed with the County Department of Education • Proposed Committee meeting
October	<ul style="list-style-type: none"> • Annual 311 Financial Report due to State
November/December	<ul style="list-style-type: none"> • Board Accepts External Audit • Committee holds orientation meeting

DCC Budget Subcommittee Adopted: January 19, 2017

APPENDIX C: Fiscal Health Risk Analysis

Fiscal Health Risk Analysis

Key Fiscal Indicators for Community Colleges



The Fiscal Crisis and Management Assistance Team (FCMAT) has developed this Fiscal Health Risk Analysis for California community colleges as a management tool to evaluate key fiscal indicators that may help measure a community college's risk of insolvency in the current and two subsequent fiscal years.

For the Fiscal Year Ending June 30, 2017

The presence of any single criteria is not necessarily an indication of a district in fiscal crisis. However, districts that answer "No" to seven or more of the 19 key indicators may have cause for concern and could require some level of fiscal intervention. The more indicators identified, the greater the potential risk of insolvency or fiscal issues. Identifying issues early is the key to success when it comes to maintaining fiscal health. Diligent planning will enable a district to better understand its financial objectives and strategies to sustain a high level of fiscal efficiency. A district must continually update its budget as new information becomes available both from within the district and from other funding and regulatory agencies.

Each of the 19 key indicators below contains several questions. The response given to each key indicator (Yes, No, or N/A) should be approximately the same as that given to a simple majority of its constituent questions.

FCMAT will continue to update this document as additional changes occur in education finance.

Is the district's fiscal health acceptable in the following areas?	Yes	No	N/A
1. Deficit Spending	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is the district avoiding deficit spending in the current year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is the district avoiding deficit spending in the two subsequent fiscal years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Has the district decreased or eliminated deficit spending over the past two fiscal years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is deficit spending covered by fund balance, ongoing revenues, or expenditure reductions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Has the board approved a plan to eliminate deficit spending?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Fund Balance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is the district's fund balance at or consistently above the recommended reserve for economic uncertainty?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is the fund balance stable or increasing due to ongoing revenues and/or expenditure reductions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Does the fund balance include any designated reserves for unfunded liabilities or one-time costs above the recommended reserve level?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Reserve for Economic Uncertainty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Is the district able to maintain its reserve for economic uncertainty in the current and two subsequent years based on current revenue and expenditure trends?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• Does the district have additional reserves in other funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• If not, does the district's multiyear financial projection include a plan to restore the reserve for economic uncertainty?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Is the district's fiscal health acceptable in the following areas?	Yes	No	N/A
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4. Enrollment and FTES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Has the district's enrollment been increasing or stable for multiple years?
- Is the district's enrollment projection updated at least semiannually?
- Are staffing adjustments for certificated and classified employee groups consistent with the enrollment trends?
- Does the district analyze enrollment and full time equivalent students (FTES) data?
- Does the district track historical enrollment and FTES data to establish future trends for projection purposes?
- Has the district implemented any programs to increase FTES?
- Do colleges maintain an accurate record of enrollment and FTES that is reconciled monthly?

5. Debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Does the district have a recent actuarial study and a plan to set funds aside for unfunded liabilities?
- Does the district maintain low levels of non-voter-approved debt (such as COPs, bridge financing, BANS, RANS and others)?
- Is the district conforming to GASB 68 requirements by recognizing and reporting its proportionate share of net liability for pension programs?

6. Cash Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Can the district manage its cash in all funds without interfund borrowing?
- If interfund borrowing is occurring, does the district repay the funds within the statutory period in accordance with Education Code Sections 85220 to 85223?
- Does the district forecast its cash receipts and disbursements and verify them at least monthly to ensure that cash flow needs are known with plenty of notice?.
- Does the district have a plan to address short-term cash flow needs?.
- Are cash balances reconciled to bank statements monthly?

7. Bargaining Agreements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Has the district settled the total cost of the bargaining agreements at or under COLA during the current and past three years?
- Did the district conduct a pre-settlement analysis, including multiyear projections, identifying ongoing revenue sources or expenditure reductions to support the agreement, as well as the long-term effects on the district?
- Did the district correctly identify the related costs above the COLA, (i.e. statutory benefits, step and column)?
- Did the district address budget reductions necessary to sustain the total compensation increase, including a board-adopted plan?
- Did the chancellor or superintendent/president and CBO verify the affordability of the agreement prior to ratification?

Is the district's fiscal health acceptable in the following areas?	Yes	No	N/A
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- Is the governing board's action consistent with the chancellor or superintendent's/president's/CBO's recommendation after verification of affordability? . . .
- Did the district disclose the costs associated with a tentative collective bargaining agreement before it became binding on the district?

8. General Fund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Is the percentage of the district's general fund unrestricted budget allocated to salaries and benefits at or under the statewide average?
- Is the district making sure that only ongoing dollars pay for permanent staff?
- Does the budget identify future reductions in expenditures proportionate to one-time revenue sources, such as parcel taxes, that will terminate in the current or two subsequent fiscal years?
- Does the district ensure that parcel tax is not paying for ongoing expenditures?
- Is the district ensuring that litigation and/or settlements are minimized?

9. Encroachment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Is the district aware of the contributions to restricted programs in the current year? (Identify cost, programs and funds)
- Does the district have a reasonable plan to address increased encroachment trends?
- Does the district manage encroachment in all funds?

10. Management Information Systems	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Is the district's financial data accurate and timely?
- Are the mandated reports filed in a timely manner?
- Are key fiscal reports – including those on personnel, payroll and budget – accessible, timely, and understandable?

11. Position Control and Human Resources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Does the district maintain and use an effective and reliable position control system that tracks personnel allocations and expenditures?
- Is position control integrated with payroll and the financial system?
- Does the district control unauthorized hiring?(1)
- Is the district able to control overstaffing?
- Are the appropriate levels of internal controls (i.e., checks and balances) in place between the business and personnel departments to prevent fraudulent activity?(2).
- Is position control reconciled against the budget during the fiscal year?
- Does the district offer or ensure that staff attend professional development regarding financial management and budget?

(1) The District has mechanisms in place to control unauthorized hiring. However, high turnover rates in critical positions and the need for training result in multiple instances where there has not been an adherence to these pre-established set of procedures

(2) Information illuminated during the Banner Discovery phase as well as initial reviews of procedures by the external auditor have shown that an appropriate level of internal controls/separation of duties are not in place between the business and personnel departments. However, we are currently working towards a clearer delineation of duties between Human Resources and Payroll which would mitigate the matter.

Is the district's fiscal health acceptable in the following areas?	Yes	No	N/A
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12. Budget Development and Adoption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Is a budget calendar used that contains statutory due dates and the major budget development milestones?
- Are there clear processes and policies in place to analyze resources and allocations to ensure that they align with strategic planning objectives and that the budget reflects the district's priorities?
- Is the 50% Law correctly calculated and understood?
- Are projections for FTES, enrollment, and revenue accurate and reasonable?
- Is the district decreasing deficit spending and maintaining adequate reserves and fund balance when compared with the prior year?
- Is the budget developed using a zero-based method rather than being a rollover budget?
- Does the district use position control data for budget development?
- Does the budget development process include input from staff, administrators, board and community, as well as the budget advisory committee (if there is one)? . . .
- Is the tentative budget adopted by the governing board no later than June 30? . . .

13. Multiyear Projections	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Is the final budget adopted by the governing board no later than September 15, and is it based on standards and criteria for fiscal stability?
- Has the district developed multiyear projections that have reasonable assumptions? . .
- Are projected fund balance reserves disclosed and based on the most reasonable and accurate information available?
- At a minimum, are the multiyear projections compiled at budget adoption and at the time of quarterly fiscal status reports?

14. Budget Monitoring and Updates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- Are budget assumptions updated throughout the year as updated information becomes available?
- Are actual revenue and expenses in line with the most current budget?
- Are budget revisions completed in a timely manner?
- Does the district openly discuss the impact of budget revisions at the board level?
- Are budget revisions made or confirmed by the board at the same time the collective bargaining agreement is ratified?
- Has the district's long-term debt decreased from the prior fiscal year?
- Are contributions to restricted programs controlled and monitored?
- Has the district identified the repayment sources for long-term debt or non-voter-approved debt (e.g. certificates of participation, capital leases)?
- Does the district's financial system have a hard-coded warning regarding insufficient funds for requisitions and purchase orders?

Is the district's fiscal health acceptable in the following areas?	Yes	No	N/A
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- Does the district encumber salaries and benefits?⁽³⁾
- Are the balance sheet accounts in the general ledger reconciled regularly?
- Does the district complete and file its quarterly fiscal status reports within the statutory deadlines and ensure that they are based on standards and criteria for fiscal stability? . . .

15. Retiree Health Benefits	Yes	No	N/A
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- Has the district completed an actuarial valuation to determine the unfunded liability under GASB 45 requirements?
- Does the district have a plan for addressing the retiree benefits liabilities?
- Has the district conducted a re-enrollment process to identify eligible retirees?

16. Leadership/Stability	Yes	No	N/A
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- Does the district have a chancellor or superintendent/president and/or chief business official who has been with the district more than two years?
- Does the governing board adopt and revise understandable and timely policies and support the administration to ensure implementation?
- Does the chancellor or superintendent/president adopt and revise understandable and timely administrative regulations and ensure that adopted board policies and approved administrative regulations are communicated to staff and followed?
- Does the governing board refrain from micromanaging district administration and staff?

17. Internal Controls and Annual Independent Audit Report	Yes	No	N/A
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- Does the district implement appropriate measures to discourage and detect fraud?
- Did the district receive an independent audit report without material findings?
- Can the audit findings be addressed without affecting the district's fiscal health?
- Has the independent audit report been completed and presented within the statutory timeline?
- Are audit findings and recommendations reviewed with the board?
- Did the audit report meet both GAAP and GASB standards?

18. Facilities	Yes	No	N/A
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- Has the district passed a general obligation bond?
- Has the district met the audit and reporting requirements of Proposition 39?
- Has the district met IRS spending timeline compliance requirements for bond monies issued to the district?
- Does the district have sufficient personnel to properly track and account for facility-related projects?
- Does the district prioritize facility issues when adopting a budget?

(3)Historically, we have not encumbered salaries and benefits in any other manner except through the annualized budget. As we move forward with the discovery phase of the Banner 9 implementation, we anticipate enabling the encumbrance of salaries and benefits on a quarterly basis.

Is the district's fiscal health acceptable in the following areas?	Yes	No	N/A
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- | | | | |
|--|--------------------------|--------------------------|--------------------------|
| • If needed, does the district have surplus property that may be sold or used for lease revenues? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • If needed, are there other potential statutory options the district can use rather than declaring the property as surplus, such as entering into agreements with some entities for joint use or joint occupancy, per the Education Code? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

19. General Ledger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- | | | | |
|---|--------------------------|--------------------------|--------------------------|
| • Does the district record all financial activity for all programs accurately and in a timely manner, ensuring that work is properly supervised and reviewed? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Has the district closed the general ledger (books) within the time prescribed by the chancellor's or superintendent's/president's office? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the district follow a year-end closing schedule? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Have beginning balances in the new fiscal year been recorded correctly for each fund from the prior fiscal year? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the district adjust prior year accruals if the amounts actually received (A/R) or paid (A/P) are greater or less than the amounts accrued? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| • Does the district reconcile all suspense accounts, including payroll, at the close of the fiscal year? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

RISK ANALYSIS			
1. Total the number of component areas in which the district's fiscal health is not acceptable ("No" responses).			
2. Use the key below to determine the level of risk to the district's fiscal health.			
0 – 5	6 – 10	11 – 16	17 – 19
Low	Moderate	High	Extremely High

Total "No" Responses