

Chabot-Las Positas Community College District



Board of Trustees Meeting

September 17, 2013

Adoption Budget
Fiscal Year 2013-14

*Lorenzo Legaspi
Vice Chancellor
Business Services*

Presentation Summary

- Budget Requirement
- Governor's Proposal for Fiscal Year 2013-14
- CLPCCD's Budget Assumptions
- Enrollment Data
- New Allocation Model
- Budgets for General Fund and Other Funds – FY 2013-14
- Concerns and Budget Risks
- Fiscal Self Assessment Checklist
- Questions and Comments

Budget Requirement

- Title 5, Sections 58301 and 58305 of the California Code of Regulations require community college districts to:
 - Hold a public hearing on the proposed budget
 - Adopt a final budget on or before the 15th day of September

Governor's Budget Proposal for FY2013-14

- Adoption of a Cost-of-Living Adjustment (COLA) of 1.57%
- Adoption of funding for Access (Restoration/Growth) of 1.63%
- Categorical funding:
 - \$50 million for the Student Success Act
 - \$30 million for Adult Education
 - \$47 million for Proposition 39
 - \$16.9 million for the Online Education Initiative
 - \$15M for EOPS, \$15M for DSPS; and \$8M for CalWorks
- Funding for Deferral buy downs: \$30 million (from \$961M to \$592M)

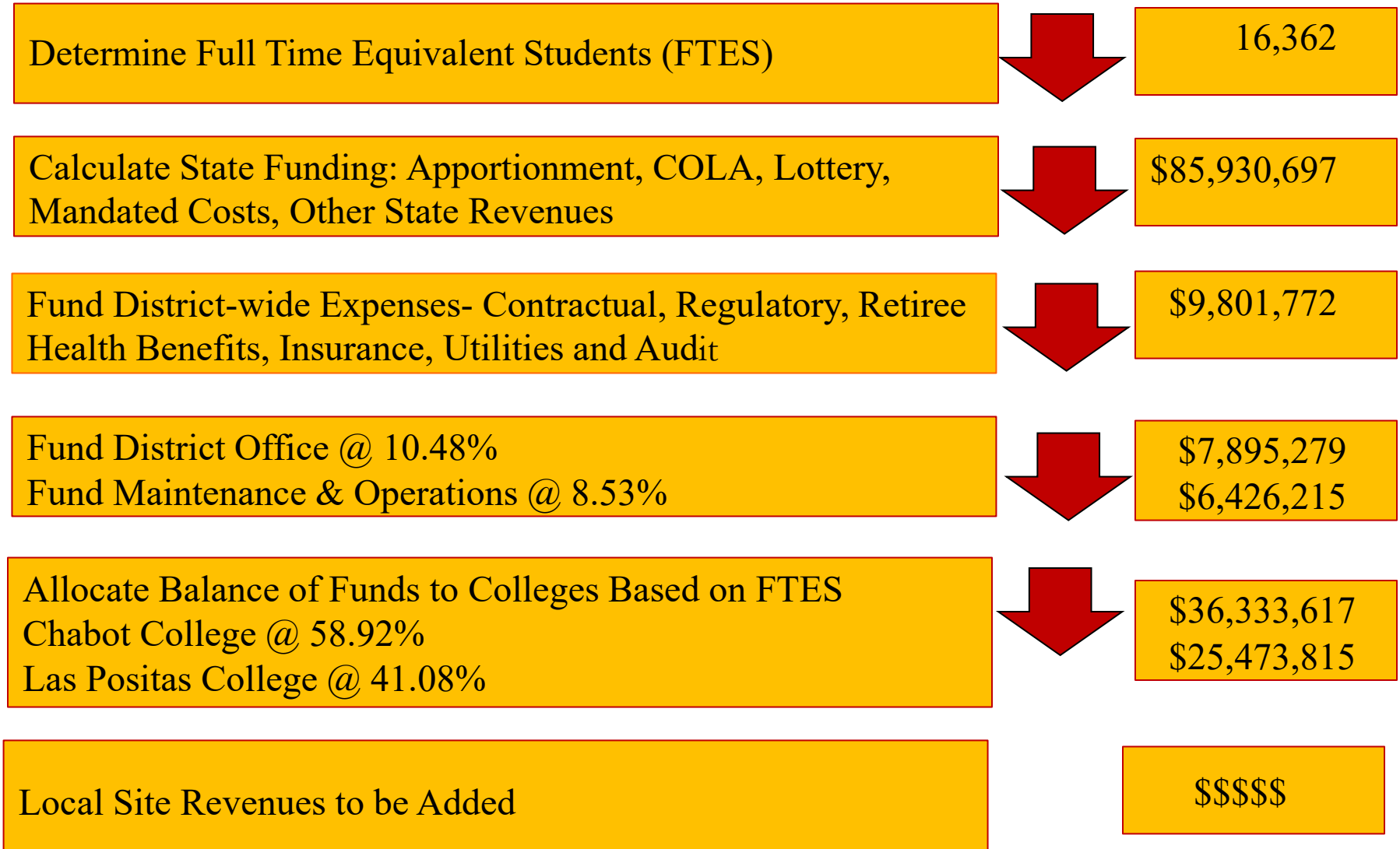
CLPCCD's Budget Assumptions

- Full Time Equivalent Students (FTES) enrollment of 16,362
 - Chabot College @ 9,641
 - Las Positas College @ 6,721
- Cost-of-Living adjustment (COLA) @ 1.57%
- Access (Restoration/Growth) @ 1.63%
- General Apportionment of \$83,033,332
- Lottery Revenue of \$2,028,545
- Mandated Cost Reimbursement of \$458,136
- Reflects Health and Welfare Increases and Employee Contributions to Medical Costs

Enrollment Data

Year	Chabot	% Growth	LPC	Growth	Total	% Growth
2002-2003	10,928	3.4	6,120	11.1	17,048	6.0
2003-2004	10,326	(5.8)	5,707	(6.7)	16,033	(6.0)
2004-2005	10,477	1.4	5,886	3.1	16,363	2.1
2005-2006	10,367	(1.1)	6,171	4.8	16,538	1.1
2006-2007	10,313	(0.5)	7,089	14.9	17,402	5.2
2007-2008	10,420	1.0	7,186	1.4	17,606	1.2
2008-2009	10,912	4.7	6,591	(8.3)	17,503	(0.6)
2009-2010	11,315	3.7	7,501	13.8	18,816	7.5
2010-2011	10,756	(4.9)	6,744	(10.1)	17,500	(7.0)
2011-2012	9,754	(9.3)	6,442	(4.5)	16,196	(7.5)
2012-2013	9,486	(2.7)	6,614	2.7	16,100	(0.6)
2013-14 (Target)	9,641	1.6	6,721	1.6	16,362	1.6

New Allocation Model



Adoption Budget 2013-2014 – District General Fund

REVENUE	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$108,812,743
EXPENDITURES	
Total Expenditures	\$109,602,472
NET INCREASE/(DECREASE) IN FUND BALANCE	(\$789,728)
BEGINNING BALANCE	\$8,541,627
ENDING BALANCE	\$7,751,899

Adoption Budget 2013-2014 – Unrestricted General Fund

REVENUE	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$97,893,426
EXPENDITURES	
Total Expenditures	\$98,361,154
NET INCREASE/(DECREASE) IN FUND BALANCE	(\$467,728)
BEGINNING BALANCE	\$7,564,072
ENDING BALANCE	\$7,096,334

Adoption Budget 2013-2014 – Restricted General Fund

REVENUE	
State /Local/Federal Revenue and Transfers	\$10,919,317
EXPENDITURES	
Expenditures and Transfers	\$11,241,318
NET INCREASE/(DECREASE) IN FUND BALANCE	(322,000)
BEGINNING BALANCE	\$997,555
ENDING BALANCE	\$655,555

Adoption Budget 2013-2014

Cafeteria Fund

REVENUE	
Operations/Commissions and Interest	\$56,884
EXPENDITURES	
Expenditures and Transfers	\$45,068
NET INCREASE/(DECREASE) IN FUND BALANCE	\$11,816
BEGINNING BALANCE	\$56,348
ENDING BALANCE	\$68,164

Adoption Budget 2013-2014

Child Development Fund

REVENUE	
State /Local/Federal Revenue	\$1,113,000
Transfers	\$231,691
EXPENDITURES	
Expenditures and Transfers	\$1,344,691
NET INCREASE/(DECREASE) IN FUND BALANCE	0
BEGINNING BALANCE	0
ENDING BALANCE	\$0

Adoption Budget 2013-2014

Self Insurance Fund (RUMBL)

REVENUE	
Transfers and Interest	\$5,806,993
EXPENDITURES	
Expenditures and Transfers	\$5,799,993
NET INCREASE/(DECREASE) IN FUND BALANCE	\$7,000
BEGINNING BALANCE	\$842,066
ENDING BALANCE	\$849,066

Adoption Budget 2013-2014

Measure B Capital Projects Fund

REVENUE	
Interest	\$131,063
EXPENDITURES	
Expenditures	\$33,000,000
NET INCREASE/(DECREASE) IN FUND BALANCE	\$(32,868,937)
BEGINNING BALANCE	\$121,491,426
ENDING BALANCE	\$88,622,489

Adoption Budget 2013-2014

Capital Projects Fund

REVENUE	
State /Local/Federal Revenue and Transfers	\$1,712,000
EXPENDITURES	
Expenditures	\$4,256,577
NET INCREASE/(DECREASE) IN FUND BALANCE	\$(2,544,577)
BEGINNING BALANCE	\$8,558,407
ENDING BALANCE	\$6,013,830

Adoption Budget 2013-2014

Special Reserve Funds (Nike Project, COP)

REVENUE	
Interest	\$5,000
EXPENDITURES	
Expenditures	\$513,697
NET INCREASE/(DECREASE) IN FUND BALANCE	\$(508,697)
BEGINNING BALANCE	\$3,346,634
ENDING BALANCE	\$2,837,937

Concerns and Budget Risks

- Proposition 30: Temporary Taxes to Fund Education
 - Raises state's sales tax by 0.25% (one-quarter cent) from January, 2013 – December 31, 2016
 - Raise marginal personal income tax rates by 1% to 3% on filers making over \$250,000 (joint filers earning \$500,000) for tax year 2012 through 2018
- Borrowing from RUMBL (Retiree Fund)
 - Borrowed \$2.5 million in 2012-13 to maintain a 5% reserve
- Other Post Employment Benefits (OPEB) Liability
 - Actuarial Accrued Liability of \$124 million
 - Pay as You Go expected to increase from \$5.8 million to \$9.2 million
- Measure B expenses reverting back to General Fund
- Expectations

Fiscal Self Assessment Checklist

1. **Deficit Spending** – Is this area acceptable? **Yes / No**

- Is the district spending within their revenue budget in the current year?
- Has the district controlled deficit spending over multiple years?
- Is deficit spending addressed by fund balance, ongoing revenue increases, or expenditure reductions?
- Are district revenue estimates based upon past history?
- Does the district automatically build in growth revenue estimates?

2. **Fund Balance** – Is this area acceptable? **Yes / No**

- Is the district's fund balance stable or consistently increasing?
- Is the fund balance increasing due to on-going revenue increases and/or expenditure reductions?

Fiscal Self Assessment Checklist – *Continued*

3. **Enrollment** – Is this area acceptable? **Yes / No**

- Has the district's enrollment been increasing or stable for multiple years?
- Are the district's enrollment projections updated at least semi-annually?
- Are staffing adjustments consistent with the enrollment trends?
- Does the district analyze enrollment and full-time equivalent students (FTES) data?
- Does the district track historical data to establish future trends between P-1 and Annual for projection purposes?
- Has the district avoided stabilization funding?

4. **Unrestricted General Fund Balance** – Is this area acceptable? **Yes / No**

- Is the district's unrestricted general fund balance consistently maintained at or above the recommended minimum prudent level (5% of the total unrestricted general fund expenditures)?
- Is the district's unrestricted fund balance maintained throughout the year?

Fiscal Self Assessment Checklist - *Continued*

- 5. Cash Flow Borrowing** – Is this area acceptable? **Yes / No**
- Can the district manage its cash flow without inter-fund borrowing?
 - Is the district repaying TRANS and/or borrowed funds within the required statutory period.
- 6. Bargaining Agreements** – Is this area acceptable? **Yes / No**
- Has the district settled bargaining agreements within new revenue sources during the past three years?
 - Did the district conduct a pre-settlement analysis identifying an ongoing revenue source to support the agreement?
 - Did the district correctly identify the related costs?
 - Did the district address budget reductions necessary to sustain the total compensation increase?
- 7. Unrestricted General Fund Staffing** – Is this area acceptable? **Yes / No**
- Is the district ensuring it is not using one-time funds to pay for permanent staff or other ongoing expenses?
 - Is the percentage of district general fund budget allocated to salaries and benefits at or less than the statewide average (i.e. the statewide average is 85%)?

Fiscal Self Assessment Checklist - *Continued*

- 8. Internal Controls** – Is this area acceptable? **Yes / No**
- Does the district have adequate internal controls to insure the integrity of the general ledger?
 - Does the district have adequate internal controls to safeguard the district's assets?
- 9. Management Information Systems** – Is this area acceptable? **Yes / No**
- Is the district data accurate and timely?
 - Are the county and state reports filed in a timely manner?
 - Are key fiscal reports readily available and understandable?
- 10. Position Control** – Is this area acceptable? **Yes / No**
- Is position control integrated with payroll?
 - Does the district control unauthorized hiring?
 - Does the district have control over part-time academic staff hiring?

Fiscal Self Assessment Checklist - *Continued*

11. Budget Monitoring – Is this area acceptable? **Yes / No**

- Is there sufficient consideration to the budget, related to long-term bargaining agreements?
- 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 in a timely manner after the collective bargaining agreements are ratified?
- Has the district's long-term debt decreased from the prior fiscal year?
- Has the district identified the repayment sources for the long-term debt?
- Does the district compile annualized revenue and expenditure projections throughout the year?

12. Retiree Health Benefits – Is this area acceptable? **Yes / No**

- Has the district completed an actuarial calculation to determine the unfunded liability?
- Does the district have a plan for addressing the retiree benefits liabilities?

Fiscal Self Assessment Checklist - *Continued*

13. Leadership/Stability – Is this area acceptable? **Yes / No**

- Has the district experienced recent turnover in its management team (including the Chief Executive Officer, Chief Business Officer, and Board of Trustees)?

14. District Liability – Is this area acceptable? **Yes / No**

- Has the district performed the proper legal analysis regarding potential lawsuits that may require the district to maintain increased reserve levels?
- Has the district set up contingent liabilities for anticipated settlements, legal fees, etc?

15. Reporting – Is this area acceptable? **Yes / No**

- Has the district filed the annual audit report with the System Office on a timely basis?
- Has the district taken appropriate actions to address material findings cited in their annual audit report?
- Has the district met the requirements of the 50 percent law?
- Have the Quarterly Financial Status Reports (CCFS-311Q), Annual Financial and Budget Reports (CCFS-311), and Apportionment Attendance Reports (CCFS-320) been submitted to the System Office on or before the stated deadlines?

Questions and Comments
