

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)

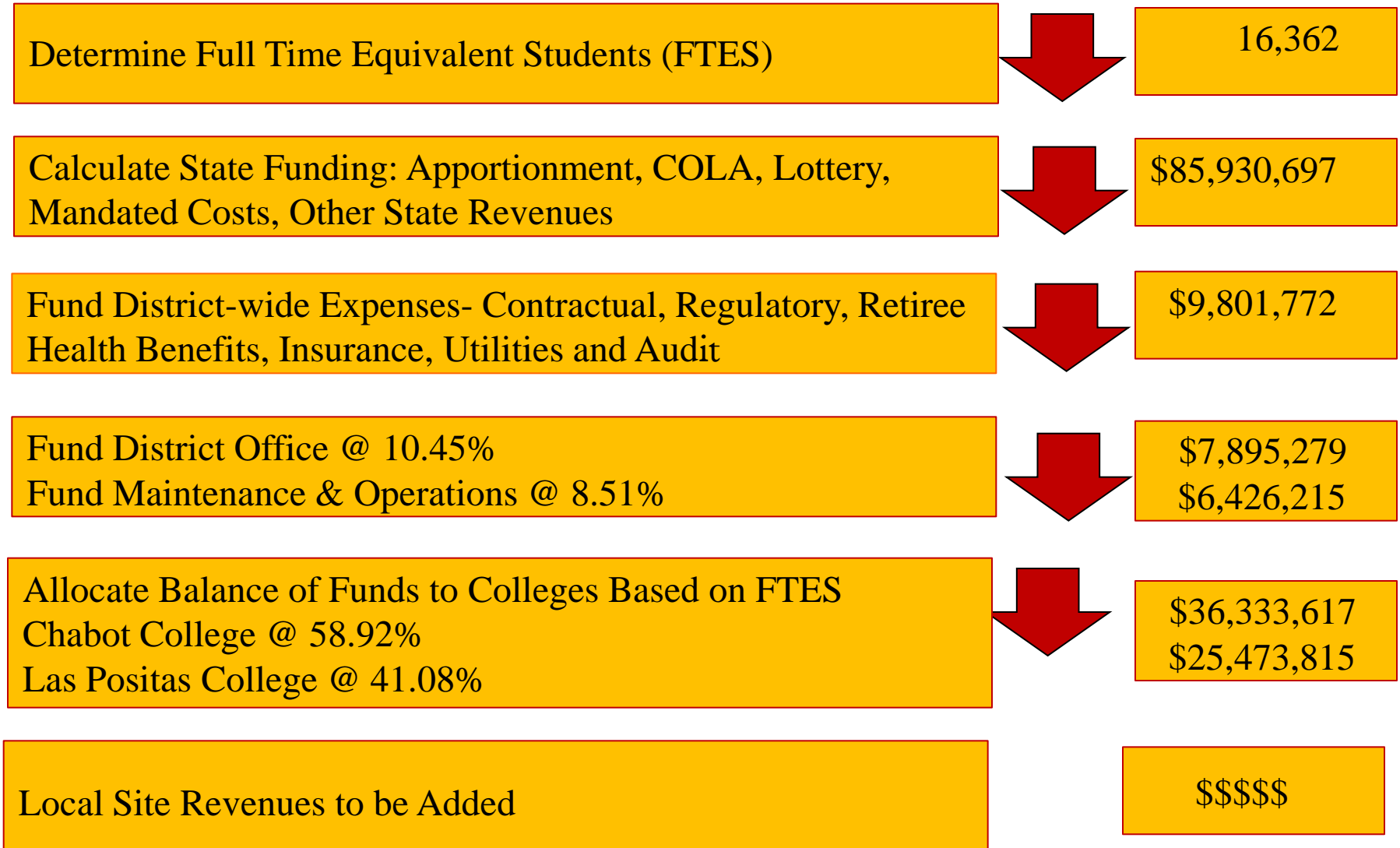
CLPCCD's Budget Assumptions

- 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
