



Chabot-Las Positas  
Community College District

Board of Trustees Meeting

September 16, 2014

Adoption Budget  
Fiscal Year 2014-15

*Lorenzo Legaspi  
Vice Chancellor  
Business Services*

# Presentation Summary

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- Budget Requirement
- State Budget for FY 2014-15
- CLPCCD's Budget Development Assumptions
- Enrollment Data
- New Allocation Model - Narrative
- New Allocation Model - Calculations
- Budgets for District Funds
- Concerns and Budget Risks
- Fiscal Assessment Checklist
- Questions and Comments

# Budget Requirement

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- 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 15<sup>th</sup> day of September

# State Budget for FY 2014-15

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- Funds Proposition 98 minimum guarantee
- Adoption of a Cost-of-Living Adjustment (COLA) of .85%
- Adoption of funding for Growth Restoration of 2.75%
- Funding of \$170 million for the Student Success and Student Equity
- Funding for Def. Maintenance and Instr. Equipment: \$148 million
- Funding for Economic and Workforce Development: \$50 million
- Funding energy efficiency projects related to Prop 39: \$39.7 million
- Funding of \$498 million to buy down Deferrals. \$94 million left
- Rainy Day Fund: \$1.4 billion in 2015-16
- STRS Funding Reform: Employer Rate from 8.25% to 19.1%
- Student Fees: Remain the same at \$46 per credit unit

# CLPCCD's Budget Assumptions

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- Full Time Equivalent Students (FTES) enrollment of 16,861
  - Chabot College @ 9,935
  - Las Positas College @ 6,926
- Cost-of-Living adjustment (COLA) @ 0.85%
- Access (Restoration/Growth) @ 2.50%
- General Apportionment of \$85,989,907
- Lottery Revenue of \$2,105,695
- Reflects Health and Welfare Increases and Employee Contributions to Medical Costs
- Reflects Step and Column Salary Increases
- Reflects Payback to the RUMBL Fund from Energy Rebates

# Full Time Equivalent Student (FTES) Enrollment

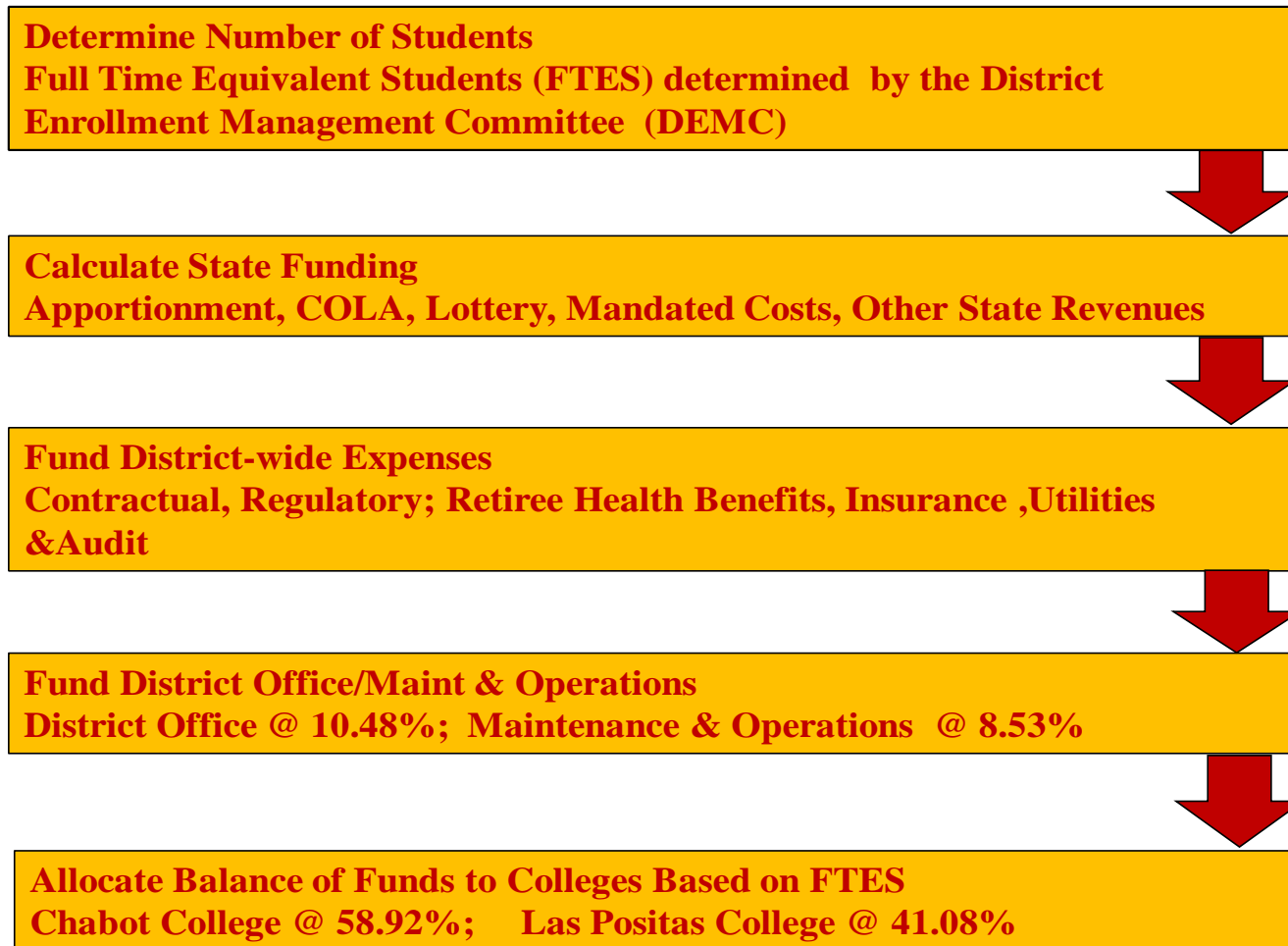
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<i>YEAR</i>	<i>CHABOT</i>	<i>% Growth</i>	<i>LPC</i>	<i>% Growth</i>	<i>TOTAL</i>	<i>% Growth</i>
2004-2005	10,477	1.4	5,886	3.1	16,363	2.1
2005-2006	10,367	(1.1)	6,171	4.8	16,538	1.1
2006-2007	10,313	(0.5)	7,089	14.9	17,402	5.2
2007-2008	10,420	1.0	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	9,552	(2.0)	6,651	3.2	16,203	0.0
2013-14 (P3 Projection)	9,693	1.5	6,758	1.6	16,451	1.5
2014-15 (DEMC Target)	9,935	2.5	6,926	2.5	16,861	2.5

# New Allocation Model - Narrative

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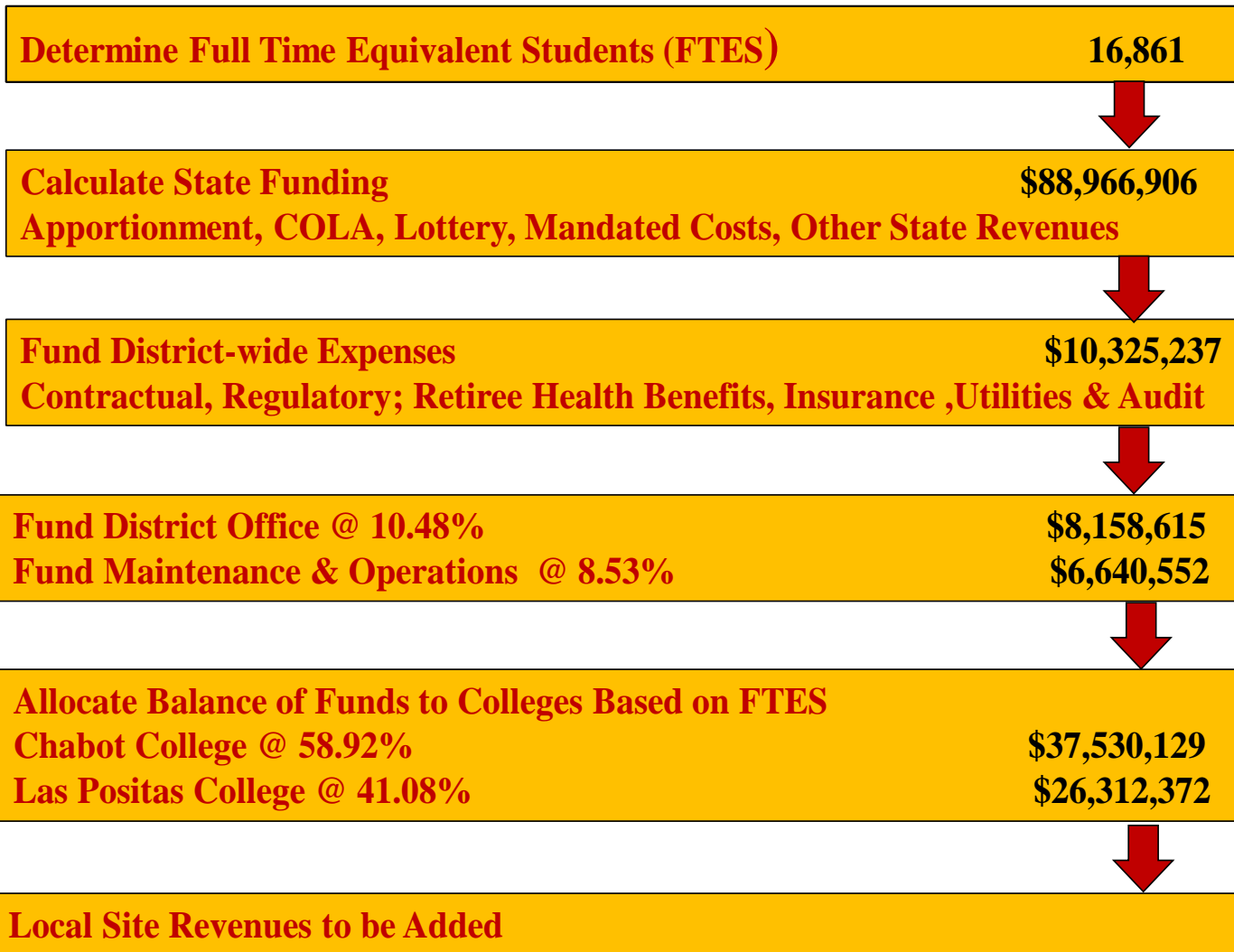
## BUDGET ALLOCATION MODEL



# New Allocation Model- Calculations

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## BUDGET ALLOCATION





# Adoption Budget 2014-2015 – General Fund

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<b>REVENUE</b>	
State General Apportionment, State /Local/Federal Revenue and Transfers	\$121,408,544
<b>EXPENDITURES</b>	
Total Expenditures	121,265,631
<b>NET INCREASE/(DECREASE) IN FUND BALANCE</b>	142,913
<b>BEGINNING BALANCE</b>	11,693,177
<b>ENDING BALANCE</b>	\$11,836,090

# Adoption Budget 2014-2015 – Cafeteria Fund

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<b>REVENUE</b>	
Operations/Commissions and Interest	\$79,844
<b>EXPENDITURES</b>	
Expenditures and Transfers	30,734
<b>NET INCREASE/(DECREASE) IN FUND BALANCE</b>	<b>49,110</b>
<b>BEGINNING BALANCE</b>	<b>122,407</b>
<b>ENDING BALANCE</b>	<b>\$171,517</b>

# Adoption Budget 2014-2015 - Child Development Fund

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<b>REVENUE</b>	
State /Local/Federal Revenue	\$963,563
Transfers In	\$266,982
<b>EXPENDITURES</b>	
Expenditures	1,230,545
<b>NET INCREASE/(DECREASE) IN FUND BALANCE</b>	<b>\$0</b>
<b>BEGINNING BALANCE</b>	<b>\$0</b>
<b>ENDING BALANCE</b>	<b>\$0</b>

## Adoption Budget 2014-2015 - Self Insurance Fund (RUMBL)

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<b>REVENUE</b>	
Transfers and Interest	\$6,093,992
<b>EXPENDITURES</b>	
Expenditures and Transfers	6,089,992
<b>NET INCREASE/(DECREASE) IN FUND BALANCE</b>	4,000
<b>BEGINNING BALANCE</b>	4,258,165
<b>ENDING BALANCE</b>	\$4,262,165

# Adoption Budget 2014-2015 - Measure B Capital Projects Fund

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<b>REVENUE</b>	
Interest	\$141,427
<b>EXPENDITURES</b>	
Expenditures	24,000,000
<b>NET INCREASE/(DECREASE) IN FUND BALANCE</b>	<b>(23,858,573)</b>
<b>BEGINNING BALANCE</b>	<b>100,752,377</b>
<b>ENDING BALANCE</b>	<b>\$76,893,804</b>

# Adoption Budget 2014-2015 - Capital Projects Fund

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<b>REVENUE</b>	
State/Local/Federal Revenue and Transfers	\$3,317,619
<b>EXPENDITURES</b>	
Expenditures	1,907,134
<b>NET INCREASE/(DECREASE) IN FUND BALANCE</b>	<b>1,410,485</b>
<b>BEGINNING BALANCE</b>	<b>5,099,818</b>
<b>ENDING BALANCE</b>	<b>\$6,510,303</b>

# Adoption Budget 2014-2015 - Special Reserve Funds (Nike Project, COP)

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<b>REVENUE</b>	
Interest	\$3,000
<b>EXPENDITURES</b>	
Expenditures	513,322
<b>NET INCREASE/(DECREASE) IN FUND BALANCE</b>	<b>(510,322)</b>
<b>BEGINNING BALANCE</b>	<b>3,342,808</b>
<b>ENDING BALANCE</b>	<b>\$2,832,486</b>

# Concerns and Budget Risks

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- Set Expectations
- Plan for expenses charged to Measure B interest going back to General Fund
- Enrollment Trends
- STRS Funding Reform
- Lack of Discretionary Funding, minimal COLA of 0.85%
- New Integrated Planning and Budget Model (IPBM)
- Accreditation



# Fiscal Self Assessment Checklist

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## 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*

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## 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*

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- 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*

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- 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*

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## **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*

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## **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

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