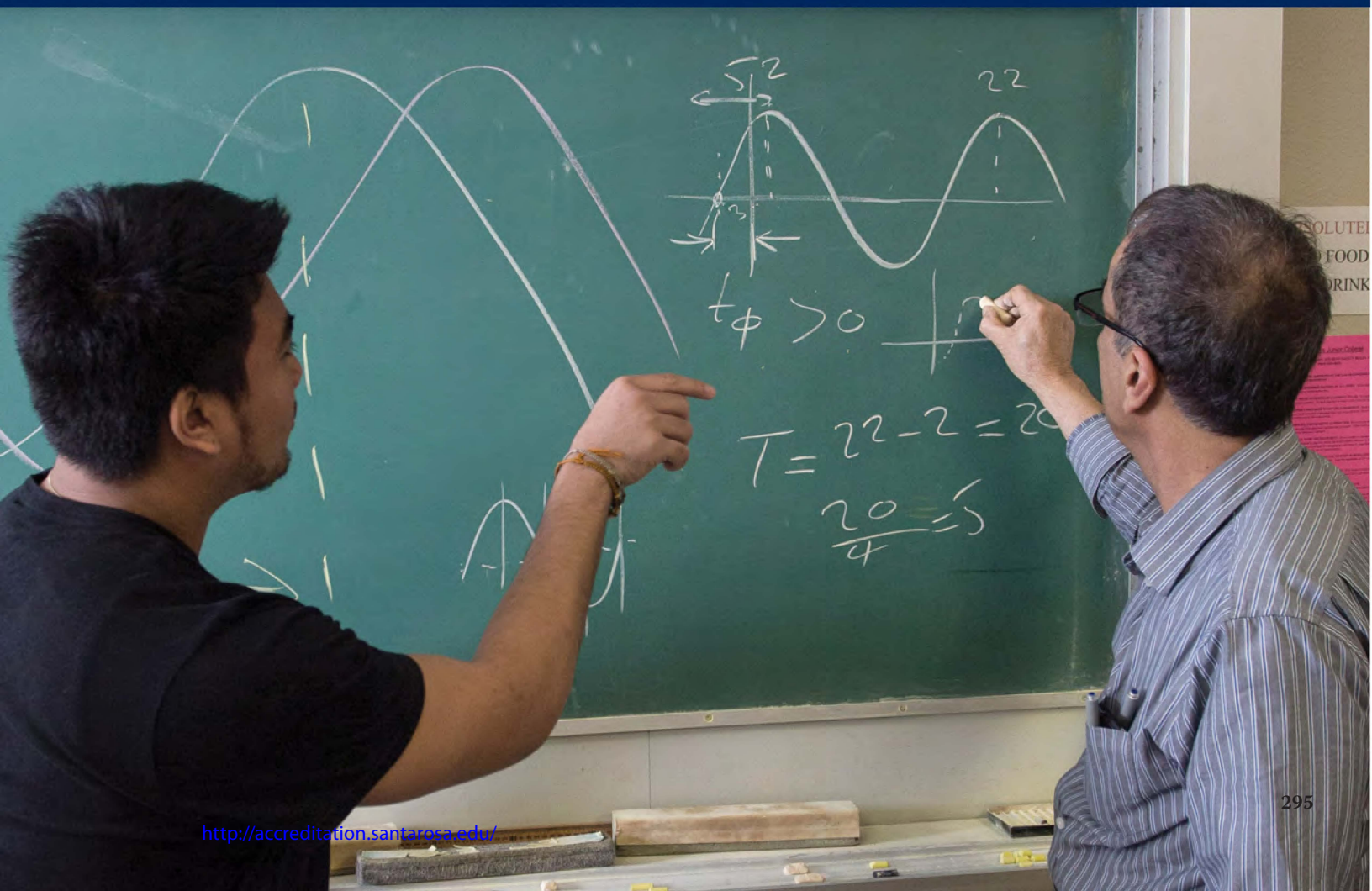


## Standard III Resources

### Standard III.D Financial Resources



SANTA ROSA JUNIOR COLLEGE



## Our Values

We value *Community* that includes:

- Community partnerships and advocacy for workforce and economic development
- Cultural enrichment opportunities
- Lifelong learning



# SANTA ROSA JUNIOR COLLEGE





## Standard III.D

### Financial Resources

**Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning.**

### III.D.1

**The institution's missions and goals are the foundation for financial planning**

#### DESCRIPTIVE SUMMARY

Santa Rosa Junior College's mission statement (III.D.1) provides general direction to the District and is used as the basis of its Strategic Plan, goals, objectives, and initiatives, which in turn guide departments, programs, and administrative areas as they develop their respective plans (III.D.2, 3, 4). The Sonoma County Junior College District (SCJCD) places primary focus on student success and support but is mindful of its integrity as an institution, as stated in one of its core values: "We value sustainability that includes fiscal solvency and stability" (III.D.1).

*Note:* Because the Board of Trustees has a direct role in the College's financial resources, this Standard will use "District" to represent both SCJCD and the College.

#### Strategic Plan Goal G: Develop Financial Resources

Pursue resource development and diversification while maintaining responsible fiscal practices and financial stability.

- Increase the amount of discretionary, unrestricted general fund local revenue
- Increase and maintain the District reserves above the state requirements
- Pursue alternative funding sources including grants, partnerships, and scholarships to support our diverse communities and students
- Manage enrollment and course offerings to maximize apportionment funding

#### SELF EVALUATION

The District meets the Standard. The District's mission is the genesis of its Strategic Plan, goals, objectives, and initiatives and is integrated throughout all planning processes.

### III.D.1.a

**Financial planning is integrated with and supports all institutional planning.**

#### DESCRIPTIVE SUMMARY

At the programmatic level, it is through the Program and Resource Planning Process (PRPP) that the District integrates institutional planning with financial planning (III.D.5). All unit plans must identify not only how every request for resources aligns with the mission, but which goals and objectives would be supported by that request. Prior to the approval of the Strategic Plan in Fall 2014, PRPP requests were aligned with the College Initiatives and are still referenced during this transitional time (III.D.6).

#### Institutional Planning

The main objective of institutional planning is to successfully meet the educational needs of the District's service area as stated in its mission. A companion objective in Goal D of the Strategic Plan is "maintaining responsible fiscal practices and financial stability" of the institution. The District's Planning and Budget Framework (Illustration III.D.1) provides the parameters by which the District prepares its financial plan in support of its mission and goals (III.D.7).

Institutional planning has both a long-range dimension, in which changing community and student needs are identified and prepared for, and a shorter-range dimension, in which programs are planned, reviewed, evaluated, and revised, as necessary. Additionally, the institution must provide the facilities, technology, and human resources required to deliver the desired academic and student service programs.

The District uses the PRPP as the mechanism by which program units evaluate their performance and make plans and modifications for the future. The PRPP also provides the information necessary to identify programmatic, staffing, and capital equipment and facilities needs, particularly in Section 2, Resources. Information from the PRPP, in conjunction with external state and local information, is used to formulate other institutional planning such as the SRJC Capital Outlay Master Plan, the Five Year Facilities Plan, and the Strategic Master Plan for Technology (III.D.8, 9, 10).

## Financial Planning

The financial planning process is an essential component of institutional planning which, on a fiscal year basis, begins with basic financial assumptions and concludes with the Board's approval of an adopted budget. Guiding the process, at the District-level, are the broad parameters of the District's Planning and Budget Framework, which tie back to the Strategic Plan and mission. While the majority of annual financial planning is concerned with the upcoming fiscal year, long-term considerations are always present in the process as well.

Financial planning at SCJCD is a function based on assessment of resource availability. This assessment is an ongoing process that is administered by the Business Services Office in consultation with the Budget Advisory Committee (BAC) (III.D.11). BAC is a broad-based constituency group that deals with fiscal matters pertaining to the District planning process, as described in Illustration III.D.2.

The BAC has several responsibilities:

- Coordinating budget planning in a manner that assists the institution in maximizing its fiscal resources, in the pursuit of the District mission and Strategic Plan.
- Annually reviewing and, when necessary, recommending changes to the District's Planning and Budget Framework.
- Providing information and advice to the Institutional Planning Council (IPC, see below) regarding the PRPP, both in guidance for units as they conduct program review and directly to the IPC as it reviews the recommendations going forward to the College president and vice presidents for cross-component coordination (III.D.12).
- Taking a leadership role in educating the District community about the California state budget and how it affects the District's budget.
- Providing the means for communication across campus constituencies regarding budget issues.

Minutes and agendas for BAC are posted for public access on its homepage under Committees and Councils (III.D.11). Current documents such as the governor's budget, the budget calendar, the year's tentative budget, and budget presentations (for the Board, Academic Senate, IPC, and other institutional bodies) are posted and documents from past years are archived. This assures transparency and accountability.

Each year, the District develops budget assumptions based on what is known about external and internal factors affecting revenues and expenditures. External factors include changes in Cost of Living Allowance (COLA) percentages from the state, growth caps, health benefit premiums, payroll benefit changes, required Other Post-Employment Benefits (OPEB) contributions, and lottery funding. Among

### Illustration III.D.1

#### SCJCD Planning and Budget Framework

##### Sonoma County Junior College District Planning and Budget Framework

In support of its mission and strategic plan, and in the interest of long-term fiscal health, District planning will include the following broad budget parameters with regards to its Unrestricted General Fund:

- The District will develop a budget that will maintain at least a 5-percent reserve within the ending fund balance.
- To the extent possible, the District will budget on-going expenditures within the confines of the District's on-going revenues.
- To the extent possible, the District will budget competitive salaries, wages and benefits for its employees.
- One-time resources, such as one-time state allocations and fund balance, will be used only for one-time expenditures, and/or to mitigate temporary funding shortfalls.
- The District will budget sufficient funds to afford its on-going obligations to regular employees and retirees.
- In order to maximize state apportionment revenues, the District will budget sufficient funds, and hire an appropriate number of adjunct faculty, which, in conjunction with the regular faculty staff, will produce the Full Time Equivalent Students (FTES) for which the state will provide remuneration.
- The District will budget sufficient funds to afford the total cost of ownership for all District facilities and sites.
- The District will budget sufficient funds to afford utilities, insurance and other necessary operational costs.
- The District will allocate discretionary funds, and make revisions to all other expenditure budgets, based on negotiated contractual agreements, prior year requirements, departmental review, and the Program and Resource Planning Process (PRPP).

the internal factors are collective bargaining agreements, new facilities, and new programs or expansion of existing programs.

These assumptions are communicated to the BAC for review and discussion and then integrated into the budget and published in the adopted budget documents (III.D.13). The District monitors and measures projected ongoing costs against ongoing revenues to identify opportunities to fund new projects and services. At the same time, it factors in uncontrollable cost increases, such as salary schedule step increases and increased costs in areas such as utilities and health-care, to forecast long-term implications of short-term actions.

### **Illustration III.D.2** **The Budget Advisory Committee**

*(from the Budget Advisory  
Committee Homepage)*

*Function:* The BAC serves as a President's Advisory Committee and as a Senate Consultation Committee, and is advisory to the Institutional Planning Committee (IPC) on fiscal matters pertaining to the District planning process. It has the responsibility for coordinating budget planning in a manner that assists the institution in maximizing its fiscal resources in the pursuit of the District mission. The BAC will provide information and advice to the IPC throughout the Program and Resources Planning Process (PRPP), both as guidance for units as they conduct program review, and for IPC as it reviews the recommendations going forward to the President and Vice Presidents for cross-component coordination. BAC will take a leadership role in educating the District community about the State budget and how it affects the District's budget. BAC's representative membership also provides the means for communication across campus constituencies regarding budget issues.

#### **Membership:**

- Six administrators, including the Vice President of Business Services and the Director, Fiscal Services, by position
- Six faculty, including two from AFA and four from Academic Senate
- Two Classified employees
- Two students

While financial projections are being made at the President's Cabinet level, the data for developing institutional plans and identifying funding priorities is being generated at the departmental level. The two gradually merge through the PRPP, and prioritized recommendations are sent forward to be formally integrated into the budget process. Along the way, dialogue occurs in Academic Affairs, Student Services, Administrative Services, Business Services, and other units performing program reviews until they reach the College president and vice presidents for adjustments and final recommendation to the IPC.

The Institutional Planning Council (IPC) is the District's central coordinating body responsible for the integration of planning activities and pursuit of institutional effectiveness. Its role is described in depth in Standard I, but pertinent to this Standard is its function to oversee the evaluation, continuous quality improvement, and outcomes of the PRPP, including affirming alignment of budget priorities and staffing priorities with the District vision, mission, and Strategic Plan goals and objectives. Thus, it performs the essential function in linking budget allocation to mission through its final affirmation regarding PRPP requests.

The PRPP is designed to identify the overall effectiveness of each program in relation to required resources. It is not zero-based budgeting, but rather an ongoing process of assessment, evaluation, and alignment that starts with a review of where the program had been and identifies the improvements and budgetary needs of where it needs to go.

### **SELF EVALUATION**

The District meets the Standard. Financial planning supports institutional planning through the Planning and Budget Framework and the PRPP. The District's financial planning starts with financial analyses, beginning with highly conceptual estimates of costs and revenues for potential new programs, and then moves progressively toward more detail as institutional and program planning becomes more specific and nearer to implementation. The annual budget planning is framed by the specific fiscal goals of the Strategic Plan, and the budget detail is addressed through the PRPP. In this way, the District's financial planning is guided by its mission, initiatives, strategic plan, goals and objectives and is integrated with and supports all institutional planning.

### III.D.1.b

**Institutional planning reflects realistic assessments of financial resource availability, development of financial resources, partnerships, and expenditure requirements.**

#### DESCRIPTIVE SUMMARY

Institutional planning at Santa Rosa Junior College emphasizes realistic assessments of available financial resources, potential developed resources and partnerships, and highly accurate projections of required expenditures. Although initial planning, both long-range and short-term, might begin in very general terms, as the timeframe becomes shorter, the various factors better known, and the planning more specific, the District's fiscal assessments become correspondingly more accurate. Toward the end, planned programs are shaped to the available revenues, until financial resources and program expenditures are brought into balance with the adopted budget.

#### Financial Resource Availability

The key to determining realistic assessments of available financial resources is the amount of funding being made available by the state through the apportionment and categorical funding processes and the District's ability to qualify for those funds. In regard to the Unrestricted General Fund, enrollment-related, apportionment, and lottery funding account for over 92 percent of the District's revenue. In regard to apportionment funding, the specific variables in determining available funding are the relative number of Full Time Equivalent Students (FTES) to be funded by the state. This would include any adjustments for workload reduction or growth and the funding rate per FTES, which would reflect any Cost of Living Allowance (COLA) adjustments. Forecasting these variables and refining the forecasts as the District budget develops are important activities, and they require close monitoring of the allocations being made to the community college system as the state refines its general fund budget.

Against the revenues will be applied the District's cost structure. Some of the costs will be a rollover of essential service expenditures from the prior year, adjusted for minor variances. Other cost quantities will be forecast and adjusted based on the internal priorities derived from the PRPP. For example, if there is a need to grow a particular program, the District will budget additional instructional or support service costs. Others costs have external influences such as expansions or constrictions in the state budget or categorical program, increased costs of utilities, postage, and insurance, and the cost of hiring and retaining quality staff. While COLAs typically fund increases to operating costs, they are usually not sufficient to fund expansion of programs.

Starting in the fall of each year, the budget planning process for the next year gets underway:

- Final adjustments to the District's program priorities and initiatives, goals, and objectives, by the president and vice presidents.
- A budget model is created that captures the broad parameters laid out by the planning process, and from which the first draft budget will be created.
- Successive forecasts are made of revenue and expenses based on the District's projected programs, enrollment, and on the forecasted state budget.
- Expenditures are forecast based on the current years' experience to that date, projected changes in program, and on more general economic considerations.
- As budget forecasts become more and more accurate over the months, the tentative budget is created and adopted in June (III.D.13).

The realistic financial management of costs is a distinct and very important task of the District. Except for growth in FTES, the District's finances are very close to a zero-sum game. Ideally, cost increases at the District are intentional, with the target of improving or expanding the educational programs, and are offset with revenue from FTES growth from the program expansion. Other times, passive cost increases out of the District's control will occur. For instance, increases in utility costs impact the budget, but the College's energy efficiency strategies will offset some of these costs in the longer term. Three areas that are closely monitored and managed are academic staffing, supplies, and services. Collective bargaining is important here also, as discussed in III.D.1.c.

In terms of differential resource allocation to programs, the most important decisions are those made well before each semester in building that semester's Schedule of Classes, and then again in the first few weeks of each semester regarding cutting and adding sections. At either time, such decisions come down to comparing programs with high demand and courses and programs in which demand is declining, all within the context of the mission and institutional plans. This is an effective immediate measure of need and works in conjunction with the long-term assessment of underlying need in the District. In order to be responsible, the institution responds to that need and uses its resources optimally within the limitations of a short-term decision framework.

Since the majority of the District's funding is based on the number of FTES reported to the state, garnering available student enrollment growth funding is a core resource in developing additional financial resources. Whether to pursue growth in FTES has been a complicated strategic question for the District. Decisions to seek additional enrollment have entailed extensive cross-functional deliberation due to the risk inherent in staffing classes when full enrollment is not assured. If a significant unmet need is identified, courses or



programs are offered to both serve community needs and collect the return on a safe investment in instructional costs. To the extent that growth can be managed, it is best to attract growth when a funding premium is available. Effective enrollment reporting management (i.e., determining in which fiscal year summer census-course enrollment should be reported) is a tool that the District can use, and has used, to mitigate the effect of enrollment declines and/or better match reported growth to the fiscal year that state growth funds are available.

Although somewhat counterintuitive to the concept of developing financial resources, cost reduction through efficiency is another way to make financial resources available. As stated in the Planning and Budget Framework, the District strives to manage enrollment efficiently so as to maximize the return on instructor costs while providing appropriate capacity, particularly when efficiency does not meet appropriate benchmarks.

When growth funds are available, the District seeks to increase its level of base funding by increasing enrollment. When growth funds are not available, enrollment efficiency becomes a more central focus to offset inflationary pressures. During the recent recession, and in response to state-inflicted workload reductions, the District has stressed efficiency while reducing sections to align instructional costs with available state revenues. With the available growth funding available in 2013/2014, the College expanded its schedule in an effort to achieve growth at an efficient cost. In this manner, the delicate balance between growth and efficiency is actively and strategically managed in order to maximize the development of the central financial resource that apportionment provides. Towards this effort, the District adopted the Enrollment Management System (EMS) in fall 2013 in order to better predict enrollments for maximum efficiency (III.D.14).

One of the objectives in SRJC's Strategic Plan is "pursue alternative funding sources including grants, partnerships, and scholarships to support our diverse communities and students" (III.D.4). The District has responded through several means, including:

- increasing enrollment of foreign students by developing the International Students Program.
- creating a taskforce to identify opportunities to increase facility use fees.
- actively pursuing grants via a specific dean's office.
- seeking, and ultimately qualifying for, status as a Hispanic Serving Institute (HSI) in order to receive special federal funding.

In terms of acquiring financial resources for large projects such as buildings and technology, the District has turned to the community. In 2002, voters responded favorably to the District's plans and approved the Measure A bond (III.D.15). This allowed the District to rehabilitate and renovate all major

campus utility systems and roofs; renovate selected campus buildings; construct significant new facilities including a new library, a new student center, and a major expansion of the Petaluma Campus; and to fund technology upgrades throughout the District.

Twelve years later, the funds had been mostly depleted with the remaining amount set aside to fund future technology and other maintenance needs in the District. In July 2014, after a year of deliberation and dialogue, the Board of Trustees voted unanimously to place a bond measure on the November ballot. Measure H was approved by the voters on November 4, 2014 (III.D.16). This \$410 million measure will ensure the District will have the resources available to upgrade facilities and technology to educate its students in the future. As with the 2002 bond, and in accordance with Policy and Procedure 0.29 and 0.29P, the Board of Trustees will appoint members to a Citizens' Bond Oversight Committee to ensure that bond funds are properly allocated.

## Partnerships

The District partners with numerous organizations in an effort to develop resources and meet the needs of the students. Examples include (III.D.17, 18, 19, 20, 21, 22, 23):

- Partnerships with emergency personnel agencies and hospitals for Public Safety and Health Sciences programs
- Piner Early District Magnet Program
- Pepperwood Preserve
- Study Abroad Program
- Smog Referee Program
- Gateway to District Program
- High School Equivalency Program

These partnerships not only benefit programs and students but also generate FTES, provide services or sites free of charge, and often cultivate good public relations.

In addition to the above partnerships, the District has Instructional Service Agreements (ISAs) with several community agencies such as Goodwill, Petaluma People Services, and North Bay Industries to provide instructional programs in noncredit areas including persons with substantial disabilities and programs for older adults (III.D.24). Instructors for these programs must meet minimum qualifications established by the California Community Colleges Chancellor's Office. Attendance is taken at each class session and submitted to the District's Admissions and Records Office at the end of each semester. The District collects noncredit FTES based on attendance. The ISAs are renewed annually and subject to review by the District's independent auditors (III.D.25).

Santa Rosa Junior College has long supported a number of grant-funded programs and consistently encourages applications for new, appropriate funding. The District created a new dean position to handle grant applications and oversight in coordination with the Accounting Office. The District currently oversees over 80 grants and categorical programs (III.D.26). Many of the grants provide valuable support of SRJC programs such as the Health Sciences and Child Development. Additionally, the administration is supportive of individuals and departments that apply for grants, providing administrative assistance and integration of grant programs into District offerings (III.D.27).

Community Education is another important area for the District, and it is one where the dynamics of the undertaking are different from the state-supported programs. SRJC's Community Education offers not-for-credit classes designed for business and professional development, personal interest, and lifelong learning (III.D.28). Fees charged for classes are set to cover direct expenses: instructor's salary, materials, facility rental fee, promotional costs (e.g., publication in the Community Education Bulletin, flyers), and registration costs. In addition, a 25 percent fee is charged to the gross income received (less material or supply costs) to cover District overhead.

### Expenditure Requirements

The District develops its budget based on the various expenditure requirements established by the California Community Colleges Chancellor's Office, categorical program monitors, and other regulations. Examples include:

- The "50 Percent Law," requiring that 50 percent of the District's expenditures be for instructional salaries (III.D.29).
- The Faculty Obligation Number (FON), which requires a specific number of full-time faculty be employed by the District annually (III.D.30). This number changes in proportion to the growth or decline in FTES. The District monitors retirements and resignations closely to ensure that the FON is met annually while, through the faculty staffing process, new full-time positions are assigned to programs that best support the needs and strategic planning goals of the District (III.D.31).
- Categorical funds such as the Disabled Students Programs & Services (DSPS) funds that must be used to support DSPS programs (most of which are implemented through the Disability Resources Department).
- The 2002 Proposition 39 Bond Measure A revenues, which must be spent in accordance with the published project list (III.D.32). A Citizens Bond Oversight Committee and a part of the annual external audit ensures that expenditures are being spent as required (III.D.33).

### SELF EVALUATION

The District meets the Standard. The District's planning is realistic in its assessments of financial resources and incorporates financial assessments into the expenditure planning process. The District carefully manages resources and maintains flexibility to adapt to changing economic conditions, while being fiscally conservative about the achievement of increased revenues. The District is active in developing appropriate resources through growth, partnerships, grants and bond funding.



### III.D.1.c

**When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.**

#### DESCRIPTIVE SUMMARY

Financial stability is a fundamental priority for the District. This provides a sound basis for short and long-range planning in fulfilling its mission. Prudent financial management begins with a decidedly conservative approach to budgeting assumptions, which are communicated each year in the District's budget and posted on the BAC website (III.D.11). This approach was illustrated in the years 2010 to 2012 when the District's budget was severely taxed with workload reductions from the state. The District's conservatism in budgeting allowed it to survive the lean times by preparing for worst case scenarios and benefiting when the results were slightly better.

Prudent management of general fund reserves is another aspect of sound financial planning. Financial forecasts are often not perfectly correct and the only way to protect against uncertainty is by maintaining adequate reserves. The District has targeted reserves in the range of seven to eight percent of general fund expenditures, believing that the five percent minimum prescribed by the California Community Colleges Chancellor's Office is inadequate. During the 2010 to 2012 timeframe, the District's policy of having a greater reserve allowed it to weather the storm. The District currently maintains a fund balance in excess of 10 percent, even after multiple years of reduced funding (III.D.34).

The District's Planning and Budget Framework lists several budgetary parameters that are designed to help maintain financial stability such as maintaining at least a five percent reserve within the ending fund balance, budgeting on-going expenditures within on-going revenues, and using one-time funds, which include fund balance, to afford one-time expenditures and/or temporary funding shortfalls (III.D.7)

### Short- and Long-Range Planning

Financial stability is also achieved by ensuring that short-range plans are integrated with the long-range plans of the District. The PRPP carries the short-range plans of individual units to the committees and administrators responsible for their evaluation and potential integration into the long-range plans. Once worthy short and long-range plans are identified, they are evaluated in the context of the available financial resources.

One important tool for integrating financial planning is the rolling five-year budget model, which is used to guide the budget process and planning (III.D.35). The model integrates many different economic features, and by showing how those features interact and develop over time, it allows sensitivity analyses to be performed. This provides warning when the District might be moving into potentially risky financial periods. The model, using general assumptions, integrates significant aspects of operational revenues and expenditures, including enrollment growth or decline, state apportionment funding, instructional costs, employee salary and benefits, utilities, insurance, and other factors. The model seeks to define the broad financial parameters and constraints that long-term program development must use to evaluate and prioritize program alternatives.

An important example of balancing short and long-range planning with financial resources is the decision to hire new employees. The PRPP provides solid data and analysis so that appropriate hiring decisions can be made. Faculty and staffing costs are by far the largest element in the budget, with considerable long-term implications. Salary and benefits for the majority of District employees are driven by collective bargaining agreements with employee unions. The District has maintained a conservative position with respect to collective bargaining while still providing salary and benefits packages that attract and retain qualified employees (III.D.36, 37, 38). This includes a retirement program that provides post-employment medical benefits, though the program provides a minimal fixed stipend when the employee reaches age 65.

### Liabilities and Obligations

The management of liabilities is another aspect of sound financial management. Insurance, risk management, debt management, and the Other Post-Employment Benefits (OPEB) liability as defined in Governmental Accounting Standards Board (GASB) Standard 45 are important areas of liability.

The District handles insurance and risk management issues with a combination of self-insurance, purchased insurance, and safety programs for accident prevention. As detailed in III.D.3.a, the District purchases property and liability insurance from the State Wide Association of Community Colleges (SWACC), a joint powers authority, and workers'

compensation coverage through another joint powers authority, the Protected Insurance Program for Schools (PIPS). The District maintains a student accident policy through Wells Fargo. In addition, the District has an active safety and hazard reduction program implemented by SRJC's Environmental Health and Safety Department (III.D.39). Sound training in safe practices combined with consistent monitoring for unsafe conditions contributes importantly to managing risk. The District monitors its liability under the Americans with Disabilities Act (ADA) through a program that detects and corrects compliance-related problems. Financial risk and interest rate risk is minimized by investing through the Sonoma County Treasury and its investment pool.

The District has in place a \$251.7 million General Obligation Bond program that was approved by District voters as Measure A in the 2002 general election. The responsibility for the bonds repayment is an obligation of the District's tax payers upon which an ad valorem property tax, not to exceed \$25 per \$100,000 of value, has been placed. The bonds have been issued in four series: A in the amount of \$60 million on February 3, 2003, B in the amount of \$105 million, C in the amount of \$69.71 million on September 17, 2007 and D in the amount of \$16.99 million on April 2, 2008. In 2005, the District defeased the Series A General Obligation bonds through an issue of refunding bonds. In May, 2013, the District defeased a portion of Series D and Series C to take advantage of lower interest rates and lower the assessed amount on the taxpayers. All of the proceeds of Series A, B and C have been expended. The proceeds of Series D are being held to upgrade technology capabilities. There is a Bond Fund at the treasury funded by property tax assessments with a balance in excess of \$26 million for repayment of bond debt. The District intends to pay the debt when due.

In addition, the District has \$1.850 million in Revenue and Lease Revenue bonds outstanding as of September 30, 2013, and it has a corresponding amount set aside in the bond redemption fund for repayment. The District anticipates paying the bonds on a timely basis from the Debt Fund and has the resources to do so.

A significant remaining source of liability is the OPEB liability. As a result of shortfalls in the District's contributions in the years ending June 30, 2010, through June 30, 2013, the unfunded liability as of July 1, 2012, was \$20.3 million. The District uses a pay-as-you-go method, and while it does not place funds into an irrevocable trust, monies are deposited into a separate fund for payments of retiree benefits (III.D.25, 40, 41). The principal OPEB liability is for the estimated costs of employees who are eligible to take the Early Retirement Option (ERO) and have the District continue to pay health benefits costs until they reach age 65. Recently, the District negotiated a change in the qualifications affecting all employees hired after October 1, 2013. Whereas the qualifications used to be a minimum of 15 years of service and age 55, the new qualifications are a minimum of 17 years of service and age 62 (III.D.36, III.D.37).

#### SELF EVALUATION

The District meets the Standard. The District's financial management practices are sound, and at the same time they are designed to assist and support the District in actively pursuing its mission. The District strives to consider long-term consequences in making short-range decisions. It has various financial planning techniques that provide analyses and support for both short and long-term program planning. The District is fiscally conservative with respect to financial management. This extends to paying down long-term debt early, meeting GASB 45 requirements while maintaining flexibility, as well as maintaining appropriate insurance coverage and policies and practices that promote safety and limit liability exposure.

### III.D.1.d

**The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.**

#### DESCRIPTIVE SUMMARY

Section 5 of the District Policy Manual, Finance, defines the budget development and administration process as well as specific aspects of District financial planning and activity (III.D.42, 43). The District has a clearly defined budget development process that has been enhanced over the last six years by the better-articulated connection between the planning and budget process through the PRPP and, most recently, the Strategic Plan. The annual budget process is described in Illustration III.D.3, the SRJC Budget Calendar (III.D.44).

Constituent participation occurs primarily through the IPC and BAC, the two participatory governance committees responsible for planning and budgeting. The shared governance structure described in Standard IV ensures college wide participation in the creation of all institutional planning.

As described earlier, the IPC is the District's highest level planning body and, as such, is responsible for coordinating and overseeing all institutional planning activities (III.D.12). Its membership includes management, faculty, classified employees, and students, as well as specific representation by the Superintendent/President, the Service Employees International Union 1021 (SEIU), the All Faculty Association (AFA), the Academic Senate, and the Board of Trustees. The IPC has oversight responsibility for implementation of the PRPP. This group is where the most significant elements of dialogue and consultation occur, and where institutional commitment and integrity are applied to resource allocation that is both fiscally responsible, responsive to student and community needs, and aligned with the Strategic Plan. The IPC ensures that consultation and input from all levels have been brought together in the priorities carried forward from the PRPP into the budget process. This review process provides the planning basis for the majority of the budgeting decisions. The IPC's central role, coupled with improved coordination with the BAC, ensures a fully integrated planning and budgeting process.

The BAC is also critical to ensuring broad participation in and communication of the budget process (see Illustration III.D.1). BAC members, representing the Academic Senate, SEIU, AFA, students, and management, provide consultation, deliberation, and input to the budget development process and are responsible for communicating back to their constituencies. The District also annually reassesses its Planning and Budget Framework through the BAC and submits to the IPC and the Board of Trustees for approval (III.D.7). This document reaffirms the parameters of the District in creating its budget.

#### SELF EVALUATION

The District meets the Standard. The District closely follows its planning and budget development policies and guidelines, allowing for input from and participation by all constituents in financial planning and budget development, both through the BAC and the PRPP. The BAC charge has improved communication with employees of the District about state funding and its impact. Improved planning-budget linkage is achieved through the Planning and Budget Framework and PRPP in part because the IPC now oversees both the planning process and the transition of planning results to the budgeting process. All institutional plans, including the Strategic Plan, are created through committees and workgroups with representation and input from every constituent group.



**Illustration III.D.3 The SRJC Budget Calendar**

**SONOMA COUNTY JUNIOR COLLEGE DISTRICT  
2014 / 2015 BUDGET CALENDAR**

December 2013	PRPP Kick-off for 2014/15
Mid-January	Governor's budget announced
Mid-February	Preliminary revenue assumptions reviewed with BAC
February 28, 2014	Last day to submit budget transfers to be part of roll
March 3, 2014	Roll budget
March 7, 2014	Distribute budget worksheets to be developed and reviewed by department with appropriate administrator
Mid-April	Preliminary expenditure assumptions reviewed with BAC
April 15, 2014	PRPP deadline for departments
May 2, 2014	Deadline for component administrators to submit budget worksheets to Accounting
Mid-May	Governor releases May Revise
May 31, 2014	PRPP deadline for supervising administrator approvals
June 10, 2014	Tentative budget to Board of Trustees for action
June 11, 2014	Tentative budget available for lookup in Escape
July 2014	PRPP component administrator review; component-level prioritizations determined
August 2014	PRPP component administrators retreat
August 2014	PRPP recommendations integrated into budget
September 9, 2014	Public hearing and adoption of final budget by Board of Trustees

## III.D.2

**To assure the financial integrity of the institution and responsible use of financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.**

### DESCRIPTIVE SUMMARY

The District uses the Escape financial accounting system to record financial transactions. The system updates transactions continuously and thus provides accurate, up-to-date accounting information. This system handles journal entries, accounts payable, accounts receivable, human resources, revenues, payroll, fixed assets, and purchase requisitions as well as budget information.

#### Control Mechanisms

With respect to control mechanisms, Escape is able to limit the data to particular users with access in several ways. First, users must obtain approval from their supervisors. Then, the Director of Fiscal Services or the Budget Coordinator reviews and approves the request. There are subsequent levels of approval; some users are limited to inquiry only, meaning they can review the data but are unable to change it. The Accounting Office must approve and post all journal entries and all transfers between funds.

#### Dependable and Timely Information

Various reports and queries can be run on the Escape system. There are adequate controls in using the system that include passwords and control of authorized users. Budget managers and their assistants can retrieve their own reports. These reports are run in real time and provide for proper budget management and control (III.D.45).

### SELF EVALUATION

The District meets the Standard. The financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making. All budget managers and appropriate staff have access to the financial management system and are able to run their own reports as needed. Information is placed into the system and is updated regularly so it is always timely and accurate. Communications regarding the budget are made District wide as appropriate.

## III.D.2.a

**Financial documents, including the budget and independent audit, have a high degree of credibility and accuracy and reflect appropriate allocation and use of financial resources to support student learning programs and services.**

### DESCRIPTIVE SUMMARY

The District prepares tentative, final, and mid-year reports annually on the budget, and, in accordance with Policy 5.3.2, distributes the final budget throughout the District and posts it on the Institutional Planning website (III.D.46, 47). Up-to-date financial information is available and accessible to managers on the Escape system. Managers are able to retrieve budget data and reports in detail or in summary. The purchasing and procurement systems in place have spending controls that preclude charges to accounts that have insufficient funds. Procurement cards with established spending limits are issued to appropriate staff and approved by department managers and the Purchasing Director.

#### Budget Document

In the annual budget document, the general fund revenues are itemized by restricted and unrestricted funds and then by source: federal, state, and local funds (III.D.48). These revenues are further detailed by the larger categorical funds, such as Extended Opportunity Program and Services (EOPS), Student Success, CalWORKs, and Disabled Student Programs and Services (DSPS). The expenditures are also divided into restricted and unrestricted funds and then detailed by major object code. The general fund discloses the prior year actual amounts and the forecasted amount for the current year for comparative purposes. The percentages of both revenues and expenditures are provided in a pie chart following the expenditures detail page in the budget. All the other funds, such as auxiliary enterprise, parking, general obligation bond projects, and capital projects are also included in the District's budget document. These formal features of the budget process and the budget document ensure that funds are expended on programs and areas in accordance with the terms and conditions accompanying those funds.

The budget is disseminated by an email to all employees and the Board of Trustees, posted at the libraries on both campuses, and is available upon request. There is a notice printed in the local newspaper through the Sonoma County Office of Education announcing the adoption of the budget and its availability for public viewing on the District's Institutional Planning website.

The Budget Planning Framework also guides the creation of the budget (III.D.7). The revenue and expenditure planning assumptions used in developing the budget are included in the printed budget document. These assumptions typically express the constraints on the budget arising from the state's

budget and other external factors, such as changes in lottery funding per FTES, as well as increases to salaries and benefits, and uncontrollable cost increases. These assumptions are developed by the Vice President of Business Services and the Director of Fiscal Services based on information coming from the state, negotiations, the PRPP, and discussions with the BAC as part of the budget building process in the spring of the preceding year.

Aside from the previously listed constraints, the major input into budget development comes from the PRPP. It is this process that develops data specifically about programs, student learning needs, the relative priority among them, and their relationship to the Strategic Plan. By building the budget on this basis, the District ensures that resources will be allocated in ways that best serve student learning programs and services and are integrated with institutional planning.

The District's budget reflects appropriate allocation of financial resources to support student learning programs and services, as detailed in Illustration III.D.4.

- For the 2012-2013 academic year, 65 percent of the unrestricted general fund budget directly supports student learning through instructional cost.
- Student services costs make up nine percent of the budget.
- The remaining 26 percent of the budget provides direct and indirect support of student learning programs and services via business services, public relations, institutional advancement, and the President's Office.
- The vast majority of the budget is allocated to personnel, both faculty and staff whose primary function is to provide learning programs and services to students.

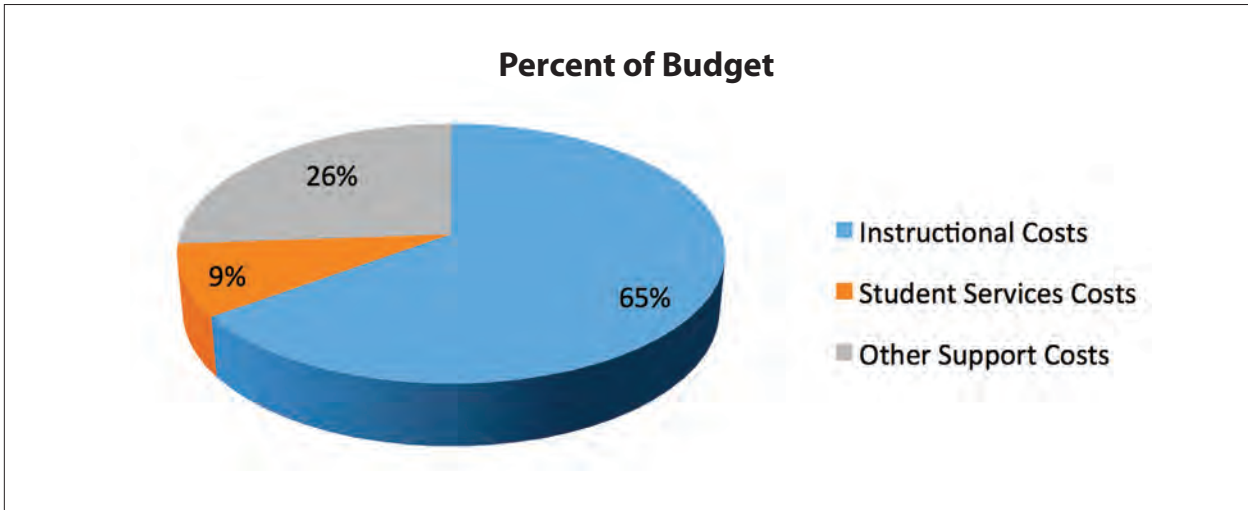
- The remaining budget provides supplies and equipment to support the programs and services.

**Audits**

As required by the California Education Code, an independent CPA firm performs an annual audit on all financial records of the District, including all District funds, student financial aid, bookstore, associated students trust funds, and reports required by the state. The annual audit is presented to the Board of Trustees and special audits are presented to the Bond Oversight Committee. The auditors present their findings to the Board of Trustees Finance Committee in late November or early December (III.D.49). The audit report is presented to the public at the December Board meeting by the Vice President of Business Services. As findings are discovered, they are communicated to the appropriate parties and a correction plan is immediately formed and implemented. The audited financial statements are posted on the Institutional Planning website and are available in the College president's office, the libraries, Business Services Office, and by request (III.D.50).

The General Obligation Bond Fund is audited annually by the external auditors to ensure that the bond funds are being spent in accordance with the requirements of Proposition 39 Bond Measure A and the terms of the measure as stated on the ballot. In addition, the Citizens Bond Oversight Committee (CBOC) meets twice a year to review both planned and completed expenditures, and progress reports, discuss new issuances, and review the annual performance audit (III.D.51).

**Illustration III.D.4.**  
**Allocation of Financial Resources, 2012/2013**





**SELF EVALUATION**

The District meets the Standard. The District allocates its resources in ways that best serve student learning programs and services. The PRPP identifies high priority needs and optimally valuable program areas, and the close linkage between program review and the budget development process ensures that resources are directed appropriately to support learning programs and services and align with the Strategic Plan. The level of participation from District constituencies and distribution of information during the budget development process contribute greatly toward proper resource allocation. The detail provided in the budget document shows that resources are expended on programs and areas in accordance with the terms and conditions accompanying those funds. The annual external audits have shown that the District is consistently in compliance with generally accepted accounting principles and presents its financial statements and budget documents fairly in all material regards.

**III.D.2.b**

**Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.**

**DESCRIPTIVE SUMMARY**

The most recent financial audit was completed for the June 30, 2013, fiscal year and delivered in November 2013. In the June 30, 2013, audit report (III.D.50), it was found that the District's financial statements were prepared in accordance with generally accepted accounting principles with no exceptions. As part of the audit process, the auditors issued a report concerning the District's internal control over financial reporting and found no deficiencies or material weaknesses. The auditors did not opine about the District's compliance with provisions of various laws, regulations, contracts and grant agreements as required by Government Auditing Standards as such opinion was beyond the scope of their work. However, in the auditors' tests of compliance, the auditors found two reportable instances as defined by Government Auditing Standards. The two instances involved disclosure of the To Be Arranged (TBA) Hours with regard to certain classes and the calculation of FTES for daily census courses. The amount involved in each instance was minimal with regard to the overall financial condition of the District. The District has implemented many changes for the finding regarding TBA hours and daily census courses, including the creation of a second FTES tracking system to ensure correct reporting.

The auditors also reported on the District's compliance with the Contracted District Audit Manual issued by the California Community Colleges Chancellor's Office. The auditors found that the District had complied in all material respects with the provisions of the manual except for the two items noted above.

In addition the auditors separately stated that the District had complied in all material respects with the standards required by OMB Circular A-133 with regard to federal programs.

As described above, the auditors' reports and findings are addressed in a timely fashion. In addition, the auditors' report is discussed by the Board of Trustees in open session and the Board Finance Committee, reviewed with the Budget Advisory Committee, made available in several locations on campus, and posted on the Sonoma County Junior College District's Budget website for access by the public.

**SELF EVALUATION**

The District meets the Standard. It responds promptly to external audit findings and communicates them appropriately as shown by the various meetings about discussions and postings of the audit report and related documents, including reviews of internal control and compliance.

### III.D.2.c

**Appropriate financial information is provided throughout the institution, in a timely manner.**

#### DESCRIPTIVE SUMMARY

The Budget Advisory Committee (BAC) and the Institutional Planning Council (IPC) are the senior shared governance entities concerned with financial matters, with each playing a leadership role in communicating relevant budget information to their constituent groups. The BAC serves in an advisory capacity to the College president and IPC as well as in a consultation capacity to the Senate on fiscal matters pertaining to the District planning process. IPC has the responsibility for coordinating budget planning in a manner that assists the institution in maximizing fiscal resources within the Strategic Plan. The BAC provides information and advice throughout the PRPP, both as guidance for units as they conduct program review and for IPC as it reviews the recommendations going forward to the College president and vice presidents for cross-component coordination. BAC's representative membership also provides the means for communication across District constituencies regarding budget issues.

In addition to the BAC and IPC, information regarding fiscal matters is provided to the college community in a variety of ways:

1. In person to the college community
  - Annual Budget forums given by the Vice President of Business Services on both campuses (available as videos as well) (III.D.52)
  - Quarterly financial reports by the Vice President of Business Services at Board of Trustees meetings, open to the public (III.D.53)
2. In person at representative group meetings
  - BAC meetings
  - IPC meetings
  - Managers' meetings
  - Department Chair Council/Instructional Managers (DCC/IM) meetings
  - Academic Senate meetings
  - Associated Students
3. Online
  - All budget presentations are made available to the entire District community through an email notification to all staff with a link to an internal file sharing site .
  - The BAC page through the Councils and Committees website, which includes information on all budget activities and links to the budget, audits, forums and bond reports (III.D.11)
  - The IPC page on the Councils and Committees website, which contains links to budget related information (III.D.12)
  - The Escape financial software program which permits staff to access detailed budget information

#### SELF EVALUATION

The District meets the Standard. The District has policies in place and follows them to ensure that financial information is shared with the college community through the annual reporting and budget development process, regular scheduled updates, and the day-to-day operational details provided through Escape.

### III.D.2.d

**All financial resources, including short- and long-term debt instruments (such as bonds and certificates of participation), auxiliary activities, fund raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.**

#### DESCRIPTIVE SUMMARY

The District ensures a sound and thorough planning process that explicitly ties planning outcomes to the District's mission and Strategic Plan. The District follows its integrated planning and budgeting process to ensure that results are implemented appropriately, as described in III.D.1.a.

The various control and oversight mechanisms detailed in the previous sections are consistently used to carefully manage financial resources and apply them to their intended purposes. All funds, no matter what their original source, are used with integrity in an open and efficient manner, as documented through the PRPP. Accounting for such funds is handled at the District level and is subject to external audit and compliance standards by the governing agencies. All funds are tracked, monitored, and managed through the Escape financial system.

One example of the District's accountability is a web page and process, created in 2013, designed to facilitate grant applications at a District level and to allow various program managers and applicants to coordinate activities (III.D.54). A handbook and a Concept Paper form were created to assist applicants and to ensure that the funding aligns with the District's mission and is reviewed by the President's Cabinet before submission (III.D.55, 56).

There is extensive control over all financial resources so that resources are spent consistently with the intended purpose of the funds.

- Restricted funds are monitored by program managers
- Bond funds are monitored by the Independent Citizens' Bond Oversight Committee
- The SRJC Foundation, which handles all gifts and donations to the College, carefully monitors funds through various Foundation committees (III.D.57)
- Fund raising and Associated Students funds are monitored by the Associated Students and the Student Affairs Office (III.D.58)

All resources are also monitored by the Accounting Office and audited as part of the annual external audit.

There is also an Auxiliary Enterprises Committee that meets monthly during the academic year to allow for student and staff input into the operation of the bookstores, food services, and vending. The Auxiliary Enterprises Committee's agendas and minutes are available online (III.D.59).

As described in III.D.2.b, the District's auditors reviewed the implementation of the District's policies and procedures and found no material exceptions or weaknesses, thus indicating that the District was complying with its policies and procedures with regard to use of District funds.

#### SELF EVALUATION

The District meets the Standard. Internal monitoring and annual audits of all funds including grants, donations, contracts, and auxiliaries ensure that the District uses these resources with integrity and in a manner consistent with the mission and Strategic Plan. The District applies for and uses external funding consistent with the intended purpose of the funding source.



### III.D.2.e

**The institution's internal control systems are evaluated and assessed for validity and effectiveness and the results of this assessment are used for improvement.**

#### DESCRIPTIVE SUMMARY

The Business Services area consistently reviews internal controls to ensure adequate oversight of resources and to assess for validity and effectiveness. Identified weaknesses are addressed in a timely manner. As described in III.D.2.b, the District's internal control systems are also evaluated as part of the external audit process. The findings of the report are discussed with the auditors and management and appropriate changes are made.

Restricted and special funds such as bond or grants have an additional layer beyond the external audit and internal assessment to ensure compliance with the terms of the funding. All bond expenditures are approved by the Vice President of Business Services and monitored by the Accounting Office for consistency with regulatory and legal requirements. All grant expenditures are monitored by the Accounting Office, and all reports are created or approved by the Accounting Office prior to submittal.

#### SELF EVALUATION

The District meets the Standard. The use of annual internal reviews and implementation of necessary changes for continuous improvement ensure the validity and effectiveness of the internal control systems. Additionally, there have been no weaknesses or deficiencies in internal controls found in the external audit.

### III.D.3

**The institution has policies and procedures to ensure sound financial practices and financial stability.**

#### DESCRIPTIVE SUMMARY

Section 5 of the Board Policy Manual, Finance, lists all policies and procedures relating to the District's financial management. Within these policies, the District has developed and the Board of Trustees has adopted the Budget Framework, which outlines the sound financial practices followed by the District. Policies also describe the role of the Board and College president, the process for budget development, and how specific areas such as surplus property, gifts, external contracts, and audits are handled. In keeping with District Policy 2.1 regarding the regular review of all policies and procedures, these policies are reviewed and revised on a regular basis (III.D.60).

Policy 5.3, Budget Development and Administration, states, "The budget...shall be developed in a process including consultation with each District program (III.D.43). A calendar for the budget development process shall be established annually, beginning with staff recommendations and culminating in the Board's adoption of a final budget..." In keeping with this policy, all programs complete the PRPP annually, where they assess the previous year's accomplishments, document alignment with the mission, develop plans for improvement, and request, as needed the additional resources required to achieve those plans..

Policy 5.9, Accounting, states, "The Vice President of Business Services is responsible to the Superintendent/President for the proper accounting of all District Funds, which include trust fund accounts, student organization and bookstore funds, and cafeteria funds" (III.D.61). The subsequent policies and procedures of the section outline the general requirements of systems of accountability. The Vice President of Business Services and the Accounting Office ensure that all departments and units operate within their budget allocations and according to policies. Any areas of concern are addressed in a timely manner.

To encourage effective long-range planning, the District prepares multi-year financial projections and various scenarios for projecting the results of hiring and other long-term commitments. For example, during the severest state budget restrictions, the District implemented plans to use its reserves and employee concessions to avoid large cuts and layoffs to preserve stability in the District (III.D.62).

#### SELF EVALUATION

The District meets the Standard. The District consistently follows its established financial policies and procedures. The Accounting Office performs an annual review of budget to actual expenditures to determine if departments were within their budget allocations and to identify areas of concern. The Accounting Office reviews all purchases to ensure funds were spent in accordance with District policies and procedures. The District uses multi-year planning to allow for smooth transitions from year to year.

### III.D.3.a

**The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and develops contingency plans to meet financial emergencies and unforeseen occurrences.**

#### DESCRIPTIVE SUMMARY

The District has sufficient cash funds to meet its needs. However, as with most educational agencies, the District may experience cash flow challenges while awaiting receipt of property tax revenue from the County of Sonoma. The District is allowed to run a negative cash balance in its general fund with the Sonoma County Treasury during the fiscal year to cover expenditures without having to borrow money externally. Interest cost is present regardless, but this method results in overall lower interest to the District from the County Investment Pool (III.D.63).

#### Cash Flow and Reserves

Each year, the District maintains a reserve balance greater than the minimum prudent general fund balance of five percent per the California Community Colleges Chancellor's Office, which indicates the District has been conservatively managed in terms of fiscal resources. Illustration III.D.5 shows the ending fund balance for the general fund as a percentage of general fund expenditures for the previous ten years.

In 2013/2014, the reserve was at \$12.27 million or at approximately a 10.4 percent level, despite having gone through a few years where the fund balance had budgeted decreases. This is an increase from where the fund balance was at the start of the recession, in large part due to concessions from the employees of the District. The 2013/2014 fund balance of approximately 10.4 percent is the foundation for the District's continued financial stability and ability to address financial emergencies and unforeseen occurrences.

In 2014/2015, the District budgeted a structural deficit of \$6.2 million and is developing strategies to overcome this deficit in order to maintain the long term fiscal health of the District (III.D.64).

#### Risk Management

The District monitors its risks strategies regularly in order to assure that it has appropriate coverage. The District maintains various types of insurance such as employee, property, casualty, equipment breakdown, crime, and liability insurance in accordance with its responsibility to protect its assets from losses that would place it in economic jeopardy. Currently, the District has various levels of self-insured retention and primary coverage based upon conducted actuaries.

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#### Illustration III.D.5

#### General Fund Balances and Expenditures

Fiscal Year	Ending Fund Balance General Fund	% of Expenditures	General Fund Expenditures
2013/14	12,274,080	10.4%	117,874,899
2012/13	12,458,497	11.5%	108,606,169
2011/12	12,937,731	12.0%	107,693,226
2010/11	12,112,132	10.9%	111,179,983
2009/10	9,218,725	8.1%	113,435,737
2008/09	8,492,320	7.0%	121,546,178
2007/08	10,010,011	8.4%	119,487,784
2006/07	8,469,429	7.4%	114,234,386
2005/06	9,230,055	9.0%	102,218,695
2004/05	10,249,567	10.4%	98,436,888

- A property coverage program that incorporates a self-insurance component of \$10,000 and insured coverage up to \$250 million.
- A liability coverage program that incorporates a self-insurance component of \$50,000 and insured coverage up to \$25 million.
- A student accident insurance that includes an aggregate self-insured stop-loss component of \$130,000, and coverage up to \$1 million per injury (III.D.16).

The District also carries workers compensation insurance up to the statutory limits.

Liability risk is managed through insurance and through management of the causes of potential liability-causing conditions. The District maintains a strong insurance program through a joint powers authority, the Statewide Association of Community Colleges (SWACC), which includes liability and property insurance coverage.

In an effort to reduce risk and resulting expenditures, and in keeping with the Strategic Plan objective, "Increase safety planning, awareness and overall emergency preparedness," the District proactively pursues risk reduction programs, also described in Standard III.B, such as:

- Regular safety training, hazard identification and removal
- Supervisor and employee behavioral skill training aimed at reducing liabilities generated by poor supervision and human resources practices (III.D.65, III.D.66).
- Supporting a Safety and Health Committee, which reviews risks on campus (agendas and minutes are available online) (III.D.67).

The District limits contractual liability through the use of standard contract language, as developed with the assistance of legal counsel. Standard contract language includes protective language regarding insurance and indemnification. Counsel is always consulted regarding any alterations to the approved standard language. The District makes a policy of insisting on using its own contract format, but if in a particular circumstance the District is forced to use a vendor contract, such contracts are reviewed to ensure that the District is not accepting undue liability, and when necessary, legal counsel is consulted. Contracting is tightly controlled to prevent abuses. Only three persons in the District have the delegated authority to bind the District contractually to ensure a responsible final review (III.D.68).

The District prepares itself for potential financial emergencies and unforeseen financial events through the maintenance of reserves and by performing regular monitoring of incurred expense against budget. Thus, problems can be discovered when they are small and more easily and quickly corrected. The Vice President of Business Services and the Director of Fiscal Services review the District's financial status regularly. In addition to revenue and expenditure patterns for the overall budget, certain major categories of expenditures, such as faculty salaries, supplies, and services, are tracked separately so that year-over-year trends can be examined.

#### SELF EVALUATION

The District meets the Standard. The District maintains adequate reserves, consistently above the Chancellor's Office recommended minimum reserve of five percent of the General Fund operating budget. When there has been a decrease in fund balance, budgeted decreases have been done in a very intentional manner and have been used in response to various factors, including District needs and decreased state funding. Although the District is currently facing a deficit, it is addressing the issue through various strategies, including 2015/2016 negotiations in combination with increased funding from the State as the economy improves.

While the District does experience cash flow challenges during the months typical for community colleges, the overall cash reserves are sufficient. Sound financial management practices, such as the focus on contract language and insurance requirements, are designed to minimize risk to the District and allow effective responses to financial conditions. The District maintains effective risk management and insurance programs, while at the same time promoting safety training and practices throughout the College.

**See Actionable Improvement Plan at the conclusion of Standard III.D.**

### III.D.3.b

**The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.**

#### DESCRIPTIVE SUMMARY

There are multiple levels of financial oversight of District expenditures, ranging from specific College departments through the State of California. Departments initiate the majority of expenditures, which are then approved by the department head and supervising administrator and forwarded to Business Services for processing, where they are reviewed by Purchasing or the Director of Fiscal Services for compliance. All checks are disbursed through the Accounting Department.

The Business Services Office monitors all budgets to ensure that funds are being received or spent at an expected pace. In addition, the Director of Fiscal Services prepares a quarterly report for the Board of Trustees and the state that shows the annual adopted budget, current budget, year-to-date expenditures, and projected expenditures. This report also contains narrative sections where the District is required to disclose the cost of union contracts that have been settled and whether there are any fiscal concerns in the District. As part of the Board of Trustees' agenda, the report is then disseminated to members of the management team, the unions and senates, and is available for public viewing. Copies are also available upon request from the Business Services Department. After Board approval, the quarterly report is then forwarded to the Chancellor's Office for their regulatory purposes (III.D.69).

A significant control mechanism for expenditures is the budget. Expenditures are compared to budget regularly to ensure that spending is on track for the fiscal year and to monitor areas for overspending. Revenue and expenditure projections are completed based on current spending patterns multiple times each fiscal year. Expenditures are audited annually by an outside auditing firm to ensure compliance with local, state, and federal laws and regulations, as well as generally accepted accounting and auditing principles.

Systems are in place to provide checks and balances within the Escape integrated management information system. Financial modules included in the Escape system are payroll, human resources, purchasing, budgeting, general ledger, accounts payable, accounts receivable, account lookup, and fixed assets, among others. Internal controls are assessed regularly by the Director of Fiscal Services, and internal audits routinely take place to ensure compliance with generally accepted accounting principles and auditing guidelines.

## Capital Programs, Bond Measure, and Fixed Assets

In order to effectively control bond expenditures and meet Proposition 39 Bond Measure A requirements, the District developed an effective capital construction accounting process to adequately respond to the demands of the bond program construction. All capital expenditures are monitored closely to ensure that bond and state funds are expended according to capital plans approved by the state and the Measure A program. An annual external financial and performance audit and the Citizens Bond Oversight Committee ensure that the funds are being spent in accordance with requirements.

The fixed assets module in the Escape software allows the District to inventory, track, and depreciate all applicable assets. The Director of Fiscal Services monitors the program to ensure that assets are being added correctly. The fixed asset system additions, deletions, and depreciation are also audited annually by the external auditors (III.D.25).

## Financial Aid

The District participates in various types of financial aid programs. Federal funds are required to be spent within three days of receipt of funds, so the District typically elects to claim funds on a reimbursement basis or within a day of disbursement if preliminary funds are available. The Financial Aid Office determines eligibility and enters the awards into the system (III.D.70). The Accounting Office draws down the funds after each run based on the amount paid out. These amounts are reconciled by either the Financial Aid or Accounting Office, depending on the type of grant. If a student drops classes, this action is captured by the Financial Aid Office, which does the calculations to determine if the student or the District owes a repayment to the Department of Education. For Cal Grants, the Accounting Office receives a lump sum amount up front from the state at the beginning of each semester and disburses it to the eligible students. This is reported by the Financial Aid Office to the California Student Aid Commission and is reconciled by the Accounting Office. After the lump sum has been distributed, it is a reimbursement grant and the District receives the funds after disbursements have been made and reported.

There are two types of scholarships paid out by the District. The first and largest is the Doyle Scholarship, described in Illustration III.D.6 (III.D.71). The District receives quarterly dividend checks that are deposited into the SRJC Foundation. Student eligibility is determined by the Scholarship Office, which then enters the award for payment. When paid, the Accounting Office transfers money to cover the disbursements from the Doyle Savings Account to the District Student Funds account. The second type is private scholarships. The District receives funds from donors allocated for a particular student or program. These scholarships are paid out directly by the Scholarship Office from the Foundation account. Both the financial aid and scholarship program are audited as a part of the annual independent financial audit.

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## Grants / Externally Funded Programs

SRJC's Strategic Plan includes has a specific goal to diversify its funding base through grants that support its mission. In the past, SRJC was very successful in securing state-level grant funding. As federal grants have become a higher priority, a newly developed position, Dean of Instruction and Strategic Program Development, was initiated in July 2013 with a primary responsibility of providing grant coordination on an institutional level (III.D.72). The District has also retained Hanover, a consulting firm that specializes in higher education grants, to identify grant opportunities that align with District goals and provide support ranging from research to full grant writing. The grants website, described in III.D.2.d, informs the SRJC community of grant opportunities, encourages collaboration, and provides resources. Training about grant applications and funding continues to enhance coordination of this institutional effort.

Each grant has a designated manager that is responsible for ensuring that the monies are being spent in accordance with the contract. Additionally, the District accounting office monitors grant spending and ensures accurate reporting of the categorical programs. The two designated individuals work in the general accounting oversight model explained above to ensure accountability for the use of restricted funds in accordance with the terms of the various programs and grants. These funds are also closely audited by the external auditors to ensure they are not only being spent in agreement with the terms of the grant, but are also following generally accepted accounting principles and applicable laws.

## Contractual Relationships

All contracts are reviewed and executed by the Director of Purchasing or Vice President of Business Services to ensure compliance with federal, state and local laws and District policy. The Purchasing department maintains all District contracts.

A report of all contracts entered into by the District is submitted on a monthly basis to the Board of Trustees for review and approval. As part of the Board agenda, the report is then disseminated to members of the management team, the various unions and senates, and is available for public viewing.

The controls in the Escape purchasing module are developed and implemented by SRJC's Senior Buyer. The system contains a range of automated controls that ensure District compliance, departmental approvals, funding availability, capital acquisition tracking and meeting audit requirements.



## Bookstore

The SRJC Bookstore (with stores on both the Santa Rosa and Petaluma Campuses) is run as a stand-alone business, although the general ledger is maintained by the District Accounting Office. The Vice President of Business Services and the Director of Fiscal Services have financial oversight responsibility. The Bookstore's financial statements are incorporated into the District's financial statements at year-end. The independent external audit includes the Bookstore accounting activity as part of the year-end audit process (III.D.25).

## SRJC Foundation

The SRJC Foundation is a 501(c) (3) nonprofit corporation established in 1969 to advance educational opportunities at Santa Rosa Junior District by raising and stewarding funds to support students, instructional programs and special projects (III.D.57). In accordance with Policy 5.6 and 5.6P, the Foundation processes all gifts, bequests, and donations (III.D.73).

The Foundation is governed by a Board of Directors (up to 25 members), with the following standing committees: Executive, Investment, Development, Nominating, Planning/Budget/Audit, Ag Trust, Alumni & Friends, Bear Cub Athletic Trust, and Friends of Petaluma Trust. The College president serves as Board secretary and the Vice President of Business Services serves as the Treasurer of the Board. The Foundation employs eight professional staff members, including the executive director, who is the chief administrative officer and senior District fundraiser, reporting directly to the College president.

The Foundation is an Auxiliary Organization of the District. The SRJC Foundation and the District have a Master Agreement that outlines the Foundation's administrative functions and activities on behalf of the District (III.D.74). The SRJC Foundation is self-supporting and derives no operational support from the District. The majority of the Foundation's operating funds are generated from the two percent administrative fee on endowed funds. The Foundation does not assess a fee on non-endowed funds and manages over 1,750 funds (480 endowed and 1,270 non-endowed).

As of June 30, 2014 the Foundation's total assets exceed \$48.4 million with \$45.9 million invested. The SRJC Foundation distributes more than \$2.8 million annually to SRJC students and programs, and FY 13/14 awarded 1,320 student scholarships, internships and program awards for a total of \$1.6 million (III.D.75).

The SRJC Foundation has an endowed base for investment of approximately \$39 million. The Prudent Investor Act requires that the boards of foundations and other nonprofits managing endowment funds invest funds with due care. The SRJC Foundation has an investment policy, an Investment

## Illustration III.D.6

### SRJC's Unique Doyle Scholarship

The legacy of the Frank P. Doyle and Polly O'Meara Doyle Trust, which generates distributions for scholarships to assist students attending SRJC, has benefited hundreds of SRJC students for decades. Doyle Scholarships are offered to qualified high school graduates who will be attending SRJC full-time during an academic year. Scholarship award amounts are based on scholarship fund availability. The Doyle Scholarship is for students planning to complete an associate's degree, units necessary to transfer to a four-year institution, or a career/technical certificate program. High school seniors planning to graduate and attend SRJC must have an overall GPA of 3.00 or higher.

Committee, and an Investment Advisor that advises but, to avoid conflict of interest, does not invest funds directly. The Investment Committee and the SRJC Foundation ensure they meet the requirements of the Prudent Investor Act.

The SRJC Foundation's financial records are maintained by the Accounting Office and are monitored by the same general oversight processes used throughout the District. The Foundation is audited annually by external auditors and complies with all applicable oversight agency regulations (III.D.76). Compliance includes the: Internal Revenue Service, California Franchise Tax Board, California Attorney general's Office, California Community Colleges Chancellor's Office, Education Code/Brown Act, and SB8.

## SRJC Shone Farm Foundation

The Shone Farm Foundation is an IRS 501 (c) (3) nonprofit organization. It was established in 2008, originally as an entity to hold the federal and state wine licenses for the Viticulture Program's wine production. However, in 2009, the mission of the Shone Farm Foundation was expanded to include fundraising and support for the entire farm. To minimize redundancy with the SRJC Foundation Agriculture Trust, the Shone Farm Foundation focuses on the operation of the farm while the SRJC Foundation focuses on capital needs.

The Shone Farm Foundation has an 11-member board headed by a chair who serves as a consultant to the College president. As of June 30, 2014, the Shone Farm Foundation had over \$30,000 in assets. Revenues were \$64 thousand in 2013/14. Financial records are maintained by the District Accounting Office (III.D.76).

## Institutional Investments and Assets

The District investments are maintained through the Sonoma County Treasury Office in accordance with their governing regulations and are audited annually by the independent external auditors. Fixed assets are tracked in Escape and also audited annually (III.D.25).

### SELF EVALUATION

The District meets the Standard. The District exercises effective oversight and control over all financial and business activities, consistently assesses its processes, and uses the results of those assessments to revise and improve them. The District uses an integrated management information system to allow for ongoing accounting of specific expenditures and budgets. Internal control is assessed by the Director of Fiscal Services, and internal audits routinely take place to ensure compliance with generally accepted accounting principles and auditing guidelines. Revenue and expenditures are compared to budget regularly to avoid overspending.

Contracts comply with the State Public Contract Code, District policies, and other relevant guidelines. The annual independent financial audit reaffirms the proper monitoring and control of capital outlay and bond measure expenditures, fixed asset tracking, financial aid and scholarship oversight, and adherence of categorical expenditures to program stipulations. The SRJC Foundation and Shone Farm Foundation and their Boards of Directors meet the requirements of the Prudent Investor Act by utilizing an articulated investment policy, practicing investment due diligence methods, and seeking professional advice when making financial decisions.

## III.D.3.c.

**The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Retirement Benefit (OPEB), compensated absences, and other employee related obligations.**

### DESCRIPTIVE SUMMARY

The long term liabilities and future obligations of the District include Other Post-Employment Benefits (OPEB) and compensated absences, as well as bonds and a mortgage debt instrument to be discussed in III.D.3.e.

### Other Post-Employment Benefits

The District offers its employees an early retirement option that consists of full paid benefits from the time the employee retires until they reach the age of 65. Employees hired prior to October 1, 2013, must be a minimum of age 55 and have 15 years of service. Employees hired on or after October 1, 2013 must be a minimum age of 62 and have 17 years of service (III.D.77).

The unfunded liability of the District as of July 1, 2012, the date of the latest actuarial report, was \$20.3 million. As of July 1, 2013, the District had an annual OPEB expense of \$2 million. The District currently funds the OPEB costs on a pay-as-you-go basis, with the contribution approximately \$1.62 million in 2013/2014, resulting in a net OPEB obligation of \$4.7 million as of June 30, 2014 (III.D.25, III.D.40).

### Compensated Absences

As of June 30, 2014, the District had a liability of \$2.8 million in compensated absences. As of June 30, 2014, the District had set aside the full amount needed to fund the liability.

### SELF EVALUATION

The District meets the Standard. The District plans for and allocates appropriate resources for the payment of liabilities and future obligations, including OPEB and compensated absences.

### III.D.3.d

**The actuarial plan to determine Other Post-Employment Benefit (OPEB) is prepared, as required by appropriate accounting standard.**

#### DESCRIPTIVE SUMMARY

The District first had an actuarial report for its Other Post-Employment Benefits (OPEB) as required by GASB 45 in 2006. It has continued to have the actuarial report conducted every two years as required, with the most recent report prepared by Demsey, Filliger, and Associates in July 2012.

#### SELF EVALUATION

The District meets the Standard. It has an actuarial plan completed every other year as required by GASB 43/45, and the results are reviewed and implemented by the District.

### III.D.3.e

**On an annual basis, the institution assesses and allocates resources for the repayment of locally incurred debt instruments that can affect the financial condition of the institution.**

#### DESCRIPTIVE SUMMARY

The District annually assesses and allocates resources for the repayment of debt instruments as part of its budget development process. The District has three locally incurred debt instruments: the 1998 Series Lease Revenue bonds, the 2002 Measure A General Obligation Bonds, and a mortgage on property purchased in 2013.

**The 1998 Lease Revenue Bond** series has an annual principal and interest payment of \$216,000 and an outstanding balance of \$1.72 million as of June 30, 2014. The District has set aside \$1.82 million in a bond debt redemption fund to cover the cost of payments until the debt can be retired.

**The 2002 Measure A General Obligation Bond** has an outstanding balance s of July 1, 2014, for the various series as follows:

Series B - \$23,510,000

Series C - \$3,615,000

Series B/C (refunded) - \$130,605,000

Series D - \$16,990,000

Total - \$74,720,000

The principal and interest payments for these bonds are paid from tax allocations collected by the County of Sonoma from property owners in Sonoma County. As of July 1, 2014, there is \$26,715,000 in the bond fund to be used to repay the bonds. In May, 2013, the District took advantage of decreased interest rates and refunded a portion of Series B and C to lower the required assessment of property owners in the county (III.D.25).

**The mortgage** is from adjacent property recently purchased by the District. Payments are made from the District's general obligation bond fund until the debt can be retired.

#### SELF EVALUATION

The District meets the Standard. It annually assesses its long term debt and allocates resources for the repayment of that debt. The locally incurred debt has no adverse impacts on the financial stability of the District and there is no incurred cost to the general fund for the debt.

### III.D.3.f

**Institutions monitor and manage student loan default rates, revenue streams, and assets to ensure compliance with Federal requirements.**

#### DESCRIPTIVE SUMMARY

The District has a number of processes and procedures to ensure that all funds are monitored and managed according to federal requirements. The types of processes differ among the many funds received and disbursed by the District and are all in compliance.

#### Monitoring Student Loan Default Rates

The District actively monitors and manages student loan default rates, revenue streams, and assets to ensure Federal compliance. To support students' management of debt, the District offers responsible borrowing workshops throughout the year to help students better understand the advantages, disadvantages, and responsibilities of borrowing (III.D.78). (See Illustration III.7.) If students' planned indebtedness is excessive, the District offers one-on-one appointments for additional loan counseling to assist them financial management and avoiding the risk of default and denial of approval or certification. If students change their major or do not complete their coursework, they need to make a revised loan request and possibly appeal for aid eligibility overall.

#### Illustration III.D.7 Helping Students with Financial Management

Several years ago Santa Rosa Junior District put in place a "responsible borrowing" program, with a long-term borrowing plan and workshops as part of a student's loan request. Students complete worksheets that assist them in developing a long-term borrowing plan from the current year through their completion of their educational goal.

This program has been highly successful and has helped the students tremendously. The "responsible borrowing" program was highlighted in The Institute for College Access & Success report "How to Make Loans Work," and SRJC's Director of Financial Services co-presented on this topic at the July 2013 National Association of Student Financial Aid Administrators conference.

SRJC closely monitors both the draft and final cohort rates and manages student loan defaults. In the September 2014 report, the three-year default rate was 16.3 percent and the two-year was 11.2 percent. The ongoing, posted default rates for both two-year and three-year defaults remain well under the sanction levels when compared to similar institutions, and for public two-year schools, these rates are well below what is expected.

#### Monitoring Revenue Streams and Assets

Federal revenue streams in the District include financial aid and various grants. All federal revenue is tracked separately in the general ledger and spent according to the requirements. Federal grants are also monitored using the same guidelines as described in III.D.3.b. Financial aid is drawn down on a reimbursement basis to ensure the three-day requirements are met.

Assets are tracked in the fixed assets module in Escape. All federal assets are tagged and tracked as required by funding agencies even if they do not meet capitalization thresholds. Inventories are completed every two years.

Federal compliance requirements are also audited annually by the external auditor.

#### SELF EVALUATION

The District meets the Standard. There is appropriate monitoring of the student loan default rates and a program to keep default rates to a minimum. All revenue accounts and assets have been identified, monitored, and managed as required by federal requirements.



### III.D.3.g

**Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.**

#### DESCRIPTIVE SUMMARY

Contractual agreements are reviewed by the Purchasing Department, Business Services, and/or appropriate department or unit representatives to make sure that contracts are consistent with the mission and goals of the District. All grants and contracts are processed through policies and procedures designed for internal control, financial integrity, and responsible monitoring (III.D.79). Service contracts are standardized in order to ensure proper internal controls and consistency. The Purchasing Department ensures that agreements comply with regulations and restrictions. Contracts are initiated by Purchasing or other College departments and follow the process of approval outlined in the procedures.

Contracts with the federal government are monitored to make sure that the District is meeting federal guidelines.

#### Governed by Institutional Policies

Contracts are entered into for services consistent with the District's mission, initiatives, goals, and objectives. Contracts are necessary for annual service, maintenance agreements, professional services, copyright or licensing agreements, public works and facility or vehicle rental. These contracts are submitted to the Purchasing Department for review and approval prior to the services being rendered.

Board approval is required for contracted services in excess of \$84,100. Public contract code agreements require Board approval if they exceed \$185,000. The process for bidding is posted in the local newspaper for two consecutive weeks and the District's Purchasing Department website (III.D.80). The standard agreement allows the District to change or terminate agreements that do not meet its standards of quality. District purchases or leases of materials, supplies, or services exceeding \$84,100 legally must be advertised and formally bid upon, and the Board of Trustees must award the contract to lowest responsive bidder. The two exceptions to the \$84,100 limit are public contract code work and professional services. Public works projects require the formal bidding procedure if expenditures are greater than \$185,000. This process must be completed before purchase orders can be issued. Certain professional services, such as lawyers, architects, and engineers, are exempt from bid requirements. However, Board approval is necessary for a new vendor or services valued above the legal bid minimum.

Three written cost quotations must be obtained for comparison for competitive pricing on the purchase of any services or equipment in excess of \$2,000. Purchases exceeding \$2,000 to

\$5,000 require three written quotes, purchases between \$5,000 and the legal bid limit require three signed written quotes. Purchases in excess of \$84,100 require a formal bid process.

Contracts are required for service work performed by an independent contractor, defined as an individual who performs a service for the District, rather than a company or individual who provides a tangible product. Independent contractors are in business for themselves and are responsible for their own tax reporting to the IRS. The independent contractor uses a Social Security number rather than a Federal Tax Identification number for tax identification purposes. Specific guidelines for appropriate use of independent contractors are set by SB1419.

Prior to acceptance and approval, contractual agreements are reviewed by management in the originating department or component for consistency with the institution's mission and goals. Determination of appropriate funding for contracts is a collaborative effort between the originator and Business Services. Business Services assures the funding is appropriate and available before a contract is executed. The Vice President of Business Services or the Purchasing Director or both review and approve all contractual agreements to assure compliance with state and federal regulations, institutional risk management, and District policies and procedures' as directed by the Board of Trustees.

#### Maintaining Integrity

Policies and procedures regarding contracts are developed and implemented in compliance with Education Code, Public Contracts Code, and Civil Code. Only the College president, Vice President of Business Services, and Director of Purchasing and Graphics Services or their designees are authorized to sign contracts for the District. A contract without these signatures is not a valid contract. In all contracts, the District includes language for the appropriate legal response to failure of contractors to render service. Such clauses protect the integrity of the District.

#### SELF EVALUATION

The District meets the Standard. The Business Services Office works closely with the District's legal advisor to review contracts on a regular basis. Contracts are updated frequently and in a timely manner in response to concerns that may arise. The Purchasing Department works closely with legal counsel regarding any material variance to the approved contract forms.

The normal oversight mechanisms ensure that all College activities support the mission and institutional goals and are otherwise legal and appropriate.

All contracts entered into by the District are reviewed for consistency with the mission, are governed by District policies and standards regarding contract language and legal review, and are in accordance with the California State Public Contract Code and other governing requirements.

### III.D.3.h

**The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.**

#### DESCRIPTIVE SUMMARY

The Business Services Office reviews its financial management and internal controls annually to assess whether any updates or changes are necessary (III.D.81). These reviews could be the result of changes in the District or from external areas or requirements. Also, as new standards are implemented, internal controls are reviewed in light of the new standard to ensure compliance. Necessary changes and updates are implemented immediately. The internal controls in the Accounting Office, Purchasing, Information Technology, and various other areas in the District, as well as internal controls over financial reporting and compliance with major programs for state and federal programs, are audited annually as part of the annual external audit. The District is certified Payment Card Industry (PCI) compliant for its credit card and financial transactions processing.

As part of the PRPP process, departments and managers assess their existing resources and justify necessary additional resources being requested. These requests then follow the process as described in III.D.1. The budget development and annual closing processes also include assessments of prior year expense to budget to identify problem areas (III.D.82). FTES goals are also created for the District in conjunction with the assumptions for state funding.

The Director of Fiscal Services conducts various internal audits over risk areas to ensure that the District is managing its resources in compliance with various state and federal guidelines, as well as in accordance with the District's internal policies and procedures. Fiscal Services also annually evaluates and assesses its financial management processes through the PRPP process and calculates comparisons to prior years. The Escape software enhances the District's ability to provide oversight of its financial activity.

#### SELF EVALUATION

The District meets the Standard. The financial management of the District is consistently assessed and updated to improve controls. Recent independent financial audit reports of the District indicate no internal control deficiencies or weaknesses.

### III.D.4

**Financial resource planning is integrated with institutional planning. The institution systematically assesses the effective use of financial resources and uses the results of the evaluation for improvement of the institution.**

#### DESCRIPTIVE SUMMARY

The District uses the PRPP to integrate its financial resource and institutional planning and to assess its use of resources. As described in III.D.1, the PRPP is both a planning and review process and includes budget and cost figures for all programs and key ratios assessing the efficient use of resources. The review and planning at each level includes realistic assessment of past performance, which supports resource allocation requests.

After review by deans, unit managers, and then the President's Cabinet, the documents then go to the IPC to ensure the process was followed and that the prioritized rankings of requests for resources from both new and continuing funding align with the District's mission, vision, goals, and initiatives.

The single largest use of resources in the District is instructional costs, which are primarily driven by the Schedule of Classes. The District uses two reports for assessing the accuracy of the Schedule of Classes. Before the current semester starts, Academic Affairs begins looking at enrollment reports that show which class sections are filling or need to be monitored or cancelled. This evaluation leads to additions and cuts in sections to meet the demand of the student population. After first census, a closed class demand report is run that shows the number of times that students have tried to add a full section. Used in conjunction, these two reports help the Academic Affairs component and department chairs to assess the effectiveness of the current Schedule of Classes. These evaluations are used to create an improved schedule in future semesters.

Each program uses data when preparing its PRPP as part of its annual review and incorporates this data into its qualitative report. These assessments of the effective use of financial resources includes budget/cost data, ratios, and, for academic programs, student data, including an evaluation of productivity. The review through the area supervisors, component administrators, IPC, cross-component review, and, finally, recommendations to the College president assist the District in creating, expanding, or contracting programs.

With salary and benefits being the largest component of the District budget, all new staffing needs in the District are requested through the PRPP. Urgent replacements are requested through the President's Cabinet and PRPP data to support the request is required.

The District also evaluates its use of financial resources by using data from the Community College Fiscal Standards (CCFS) 311 report (III.D.83) to compare itself with other California community college districts. This report highlights differences through a program that compares the revenues and expenditures of each district by revenue and expense type as well as by departmental expenses. Major differences are investigated to identify other best practices that might be valuable to the District.

#### SELF EVALUATION

The District meets the Standard. The District systematically assesses the effective use of its financial resources and uses those results in the continuous improvement process of the District.

### Standard III.D Financial Resources

#### Actionable Improvement Plan

Standard	Plan	Responsibility	Implementation Date
III.D.3.a	The District will develop and implement a plan to address its structural deficit during 2014/2015 negotiations and 2015/2016 budget development to assure on-going fiscal stability.	Board of Trustees Superintendent/President President's Cabinet Vice President of Business Services Negotiating teams for the All Faculty Association (AFA), California Federation of Teachers (CFT, Unit B), Service Employees International Union (SEIU), and the District.	Fall 2015

## **Evidence:**

### **Standard III.D Financial Resources**

- III.D.1 **Board Policy 1.0, Vision, Mission Statement, Values**  
<http://www.santarosa.edu/polman/1mission/1.1.pdf>
- III.D.2 **Sonoma County Junior College District (SCJCD) Strategic Plan**  
<http://www.santarosa.edu/administration/planning/pdfs>
- III.D.3 **Strategic Plan Goals and Objectives**  
[http://lgdata.s3-website-Goals\\_Objectives.pdf](http://lgdata.s3-website-Goals_Objectives.pdf)
- III.D.4 **SCJCD College Initiatives**  
<http://goo.gl/VKGGZU>
- III.D.5 **Program and Resource Planning Process (PRPP) Website**  
<http://goo.gl/n9F0jG>
- III.D.6 **District Component Goals and Reports**  
<http://www.santarosa.edu/SCJCD Annual Unit Plans 2013-14.pdf>
- III.D.7 **Santa Rosa Junior College (SRJC) Planning and Budget Framework**  
<http://goo.gl/jXtUlj>
- III.D.8 **SCJCD Capital Outlay Master Plan**  
<http://www.santarosa.edu/administration/planning/districtwide-plans-goals-and-policies.php>
- III.D.9 **SCJCD Five-Year Facilities Plan**  
<http://online.santarosa.edu/presentation/schedule/?6145>
- III.D.10 **SRJC Strategic Master Plan for Technology**  
<http://goo.gl/UoRIkl>
- III.D.11 **Budget Advisory Committee (BAC) Homepage**  
<http://goo.gl/Nuyz7S>
- III.D.12 **Institutional Planning Council (IPC) Homepage**  
<http://goo.gl/6FeLJ9>
- III.D.13 **SRJC Adopted Budget, 2014/2015**  
<http://www.santarosa.edu/Budget Books/2014-15>
- III.D.14 **Enrollment Management System**  
<https://ems.santarosa.edu/>
- III.D.15 **Measure A Bond Informational Website**  
<http://goo.gl/gyY22l>
- III.D.16 **SRJC Insider Online Newsletter, Page 5, Voters Strongly Support SRJC Bond Measure H**  
<http://www.santarosa.edu/insider/d/?i.NOV17-30.2014.pdf>
- III.D.17 **Partnerships with Public Safety and Health Sciences Programs**  
**Health Science contract list** <http://www2.santarosa.edu/f/?nBQYwMLO>  
**Sutter Hospital contract example** <http://www2.santarosa.edu/f/?nABvzYQG>  
**Women's Health example** <http://www2.santarosa.edu/f/?nEJNXvPH>
- III.D.18 **Piner Early College Magnet Program, in Instructional Notes, December 22, 2014**  
[http://www.santarosa.edu/faculty\\_staff/instructional\\_notes/](http://www.santarosa.edu/faculty_staff/instructional_notes/)



- III.D.19 Pepperwood Preserve**  
<http://app.pepperwoodpreserve.org/pls/apex>
- III.D.20 Study Abroad Program**  
<http://study-abroad.santarosa.edu/>
- III.D.21 Smog Referee Program**  
<http://online.santarosa.edu/presentation/schedule/?6145>
- III.D.22 Gateway to College Program, Press Release, April 12, 2013**  
<http://www.santarosa.edu/petaluma/images/Gateway-To-College.pdf>
- III.D.23 High School Equivalency Program**  
<http://www.santarosa.edu/app/hep/>
- III.D.24 Instructional Service Agreement (ISA) (Example)**  
<http://www2.santarosa.edu/f/?nBBwvLYG>
- III.D.25 Independent Financial Audit Reports**  
<http://www.santarosa.edu/administration/planning/scjcds-budget.php>
- III.D.26 SRJC Grants and Categorical Programs List**  
<http://www2.santarosa.edu/f/?nCEBHEK>
- III.D.27 SRJC Grant Proposals Website**  
[http://www.santarosa.edu/faculty\\_staff/grant-proposal/](http://www.santarosa.edu/faculty_staff/grant-proposal/)
- III.D.28 Community Education**  
<https://portal.santarosa.edu/CommunityEducation/>
- III.D.29 “50% Law “ CCFS-311 Report**  
<http://www2.santarosa.edu/f/?nEyXHMUH>
- III.D.30 Faculty Obligation Number Worksheet**  
<http://www2.santarosa.edu/f/?nDwPWISO>
- III.D.31 Faculty Staffing Committee Homepage**  
<https://santarosa.edu/committees/faculty-staffing>
- III.D.32 Measure A Project List**  
<https://santarosa.edu/committees/Bond Expenditures 09-30-14.pdf>
- III.D.33 Board Policy and Procedures 0.29/0.29P, General Obligation Bond Measures and Independent**  
<http://www.santarosa.edu/polman/0bylaws/0.29.pdf>  
<http://www.santarosa.edu/polman/0bylaws/0.29P.pdf>
- III.D.34 District Reserve Fund Balance**  
<http://www2.santarosa.edu/f/?nEvMAOCZ>
- III.D.35 Five-Year Rolling Budget Model**  
<http://www2.santarosa.edu/f/?nBRxSLHS>
- III.D.36 All Faculty Association (AFA)/District Contract** <http://www.santarosa.edu/afa/contract.shtml>
- III.D.37 Service Employees International Union (SEIU) Local 1021/District Contract**  
[http://www.santarosa.edu/seiu/pdf/14\\_17\\_contract/index.html](http://www.santarosa.edu/seiu/pdf/14_17_contract/index.html)
- III.D.38 California Federation of Teachers, Unit B/District Contract**  
<http://www.santarosa.edu/hr/PDFs/CFTUnitBContract.pdf>
- III.D.39 Environmental Health and Safety Website**  
<http://www.santarosa.edu/ehs/>

- III.D.40 Government Accounting Standards Board (GASB) Standard 45 –Actuarial Study**  
<http://www2.santarosa.edu/f/?nCPTBUAO>
- III.D.41 GASB 45, Board Action**  
**GASB 45 Board Item** <http://www2.santarosa.edu/f/?nDFROSEC>  
**GASB 45 Compliance Plan** <http://www2.santarosa.edu/f/?nDSwKNNY>
- III.D.42 Board Policy Manual, Section 5, Finance** <http://www.santarosa.edu/polman/5finance/index.php>
- III.D.43 Board Policy 5.3, Budget Development and Administration** <http://www.santarosa.edu/polman/5finance/5.3.pdf>
- III.D.44 SRJC Budget Calendar**  
<https://bussharepoint.santarosa.edu/committees/budget-advisory/Committee%20Documents/2014-15%20Budget%20Calendar---revised.pdf>
- III.D.45 Sample Escape Report** <http://www2.santarosa.edu/f/?nEEHwDGv>
- III.D.46 Board Policy 5.3.2, Public Review and Adoption of Final Budget** <http://www.santarosa.edu/polman/5finance/5.3.2.pdf>
- III.D.47 Institutional Planning Website, SCDJC Budget** <http://www.santarosa.edu/administration/planning/scjcds-budget.php>
- III.D.48 2014/2015 Adopted Budget** <https://santarosa.edu/committees/2014-15 Adopted Budget.pdf>
- III.D.49 SRJC Board Finance Committee Agendas** <https://santarosa.edu/Committee Home Page.aspx>
- III.D.50 Current Audited Financial Statements**  
<http://www.santarosa.edu/administration/planning/archived-reports.php>  
<http://www.santarosa.edu/administration/planning/scjcds-budget.php>
- III.D.51 Citizens Bond Oversight Committee Minutes** <https://santarosa.edu/committees/bond-oversight/>
- III.D.52 Budget Forum Power Point Presentation** <https://santarosa.edu/committees/budget-advisory/>
- III.D.53 Financial Report by Vice President of Financial Services (Example) February 2014**  
<https://santarosa.edu/budget-advisory/014-15-January Budget.pdf>
- III.D.54 Board Minutes with Quarterly Budget Report, February 11, 2014**  
<https://bussharepoint.santarosa.edu/committees/board-of-trustees/Committee%20Documents/Minutes%202-11-14.pdf>
- III.D.55 Grants Website, Page: How to Write a Concept Paper**  
[https://www.santarosa.edu/faculty\\_staff/grant-proposal/documents/How%20to%20Write%20a%20Concept%20Paper%20-%20Santa%20Rosa%20Junior%20College.pdf](https://www.santarosa.edu/faculty_staff/grant-proposal/documents/How%20to%20Write%20a%20Concept%20Paper%20-%20Santa%20Rosa%20Junior%20College.pdf)
- III.D.56 Grant Proposals Handbook**  
[https://www.santarosa.edu/faculty\\_staff/grant-proposal/documents/SRJC\\_Grant\\_Writing\\_Handbook%20May%202013.pdf](https://www.santarosa.edu/faculty_staff/grant-proposal/documents/SRJC_Grant_Writing_Handbook%20May%202013.pdf)
- III.D.57 SRJC Foundation Website** <http://foundation.santarosa.edu/>
- III.D.58 Student Affairs Office** [http://www.santarosa.edu/for\\_students/student\\_affairs/](http://www.santarosa.edu/for_students/student_affairs/)
- III.D.59 Auxiliary Enterprise Committee**  
<https://bussharepoint.santarosa.edu/committees/auxiliary/SitePages/Committee%20Home%20Page.aspx>
- III.D.60 Board Policy and Procedure 2.1/2.1P, Development and Adoption of District Policies and Administrative Procedures**  
<http://www.santarosa.edu/polman/2govern/2.1.pdf>  
<http://www.santarosa.edu/polman/2govern/2.1P.pdf>
- III.D.61 Board Policy 5.9, Accounting System** <http://www.santarosa.edu/polman/5finance/5.9.pdf>
- III.D.62 Budget Update Presentation, 2011/2012** <http://www2.santarosa.edu/f/?nASMQNFS>
- III.D.63 Cash Resolution, County Investment Pool** <http://www2.santarosa.edu/f/?nDPFVJZA>

- III.D.64 **Budget Update Presentation, May 14, 2013** [https://santarosa.edu/committees/Budget Update 5-14-13.pdf](https://santarosa.edu/committees/Budget%20Update%205-14-13.pdf)
- III.D.65 **Board Policy 6.82., Injury and Illness Prevention Program**  
<http://www.santarosa.edu/ehs/content/6.8.2-policy-procedure.pdf>
- III.D.66 **Hazard Communication Plan** <http://www.santarosa.edu/ehs/hazard-communication-plan/>
- III.D.67 **Safety and Health Committee Homepage** [https://santarosa.edu/district-safety-health/Committee Home Page](https://santarosa.edu/district-safety-health/Committee%20Home%20Page)
- III.D.68 **Board Policy and Procedure 5.8.2/5.8.2P, Contracts**  
<http://www.santarosa.edu/polman/5finance/5.8.2.pdf>  
<http://www.santarosa.edu/polman/5finance/5.8.2P.pdf>
- III.D.69 **Approval of Quarterly Budget Report by Board of Trustees, Minutes, August 12, 2014**  
[https://santarosa.edu/board-of-trustees/Minutes 8-12-14](https://santarosa.edu/board-of-trustees/Minutes%208-12-14)
- III.D.70 **SRJC Financial Aid Office** [http://www.santarosa.edu/app/paying-for-college/financial\\_aid\\_office/](http://www.santarosa.edu/app/paying-for-college/financial_aid_office/)
- III.D.71 **Doyle Scholarship** <http://www.santarosa.edu/scholarship-office/the-doyle-trust/>
- III.D.72 **Dean II, Instruction and Strategic Program Development Job Description**  
[http://www.santarosa.edu/hr/Dean II Strategic Program Dev.pdf](http://www.santarosa.edu/hr/Dean%20II%20Strategic%20Program%20Dev.pdf)
- III.D.73 **Board Policy and Procedures 5.6/5.6P, Gifts, Requests, and Devises**  
<http://www.santarosa.edu/polman/5finance/5.6.pdf>  
<http://www.santarosa.edu/polman/5finance/5.6P.pdf>
- III.D.74 **Master Agreement, SRJC Foundation and SCJCD** <http://www2.santarosa.edu/f/?nATXIVvY>
- III.D.75 **SRJC Foundation Independent Financial Audit Reports**  
**2013/14 Audit Report** <http://www2.santarosa.edu/f/?nCAMWxMS>  
**2012/13 Audit Report** <http://www2.santarosa.edu/f/?nEANYwPY>  
**2011/12 Audit Report** <http://www2.santarosa.edu/f/?nAwVBHQZ>  
**2010/11 Audit Report** <http://www2.santarosa.edu/f/?nAEMEPyD>  
**2009/10 Audit Report** <http://www2.santarosa.edu/f/?nCHZGDwS>
- III.D.76 **Shone Farm Foundation Financial Statement** <http://www2.santarosa.edu/f/?nEPRLOEQ>
- III.D.77 **Other Post-Employment Benefits (OPEB), AFA/District Contract, Article 24, Retirement**  
<http://www.santarosa.edu/afa/Contract/Articles/art24.pdf>
- III.D.78 **Responsible Borrowing Workshops** [http://www.santarosa.edu/app/paying-for-college/financial\\_aid\\_office/workshops](http://www.santarosa.edu/app/paying-for-college/financial_aid_office/workshops)
- III.D.79 **Board Policies and Procedures 5.8/5.8.9, Purchasing and Bids and Quotations**  
<http://www.santarosa.edu/polman/5finance/5.8.pdf>  
<http://www.santarosa.edu/polman/5finance/5.8.9.pdf>
- III.D.80 **Purchasing Website** <http://www.santarosa.edu/purchasing/>
- III.D.81 **Budget Advisory Committee Minutes, October 28, 2014**  
<https://bussharepoint.santarosa.edu/committees/budget-advisory/Committee%20Documents/Minutes-10-28-14.pdf>
- III.D.82 **Budget Forum, March 20, 2013**  
<http://online.santarosa.edu/presentation/schedule/?6145>
- III.D.83 **Community College Fiscal Standards (CCFS) 311 Comparison**  
<http://online.santarosa.edu/presentation/schedule/?6145>