F O O T H I L L - D E   A N Z A   C O M M U N I T Y   C O L L E G E   D I S T R I C T

Audit and Finance Agenda Item

Meeting Date: March 1, 2012

Title of Item:

Fiscal Self-Assessment

Background and Analysis:

The Sound Fiscal Management Self-Assessment Checklist report is prepared each fiscal year by district Business Office staff as an additional step in the overall process of ensuring fiscal stability and continuous scrutiny of district business practices and operations. Although completion of the report on an annual basis is recommended by the state chancellor's office, it is not a requirement. FHDA chooses to produce the report each year because it is viewed by staff as a valuable tool for our own internal fiscal assessment and provides a comprehensive narrative document that is presented to both the Audit and Finance committee and the Board of Trustees.

Recommendation: Information

Submitted by:	**Kevin McElroy, Hector Quinonez, Bernata Slater**
Is backup provided?:	**Yes**

FOOTHILL-DE ANZA
Community College District

SOUND FISCAL MANAGEMENT
Self-Assessment Checklist

January 2012

1. **Deficit Spending**: Is this area acceptable? **Yes**

Is the district spending within their revenue budget in the current year?
The California Community Colleges System Office uses for its analysis the financial reports from our unrestricted general fund that encompasses both the General Purpose Fund (Fund 114) and the Self-Sustaining Fund (Fund 115). The district focuses on the General Purpose Fund because this fund captures most of the district's operating revenue and expenses.

This Fiscal Self-Assessment Checklist summarizes activities for fiscal year 2010/11 and also projects ending fund balances for the fiscal year ending June 30, 2012.

Prior to the 2010/11 budget being presented to the board of trustees for adoption, the district implemented severe cuts of $10.6 million to reduce the operating deficit resulting from the previous year's state cuts to the general fund and categorical programs. Thirty-four mostly vacant positions and 39 classified hourly positions were eliminated, funding for 46 positions was reduced or reassigned to different funding sources (categorical programs, self-sustaining fund, or Measure C), discretionary "B" budget was reduced by $805,122, faculty reassigned time was reduced by $212,625, and various cuts were made to categorical programs.

With these drastic reductions, the fiscal year 2010/11 adopted budget was balanced with $2.3 million of revenue in excess of expenses, pending approximately $3.4 million in cuts to be triggered by the end of 2010/11 if fiscal conditions deteriorated further. These cuts included approximately 40 positions which were designated to be eliminated by year-end, but were funded with one-time funds through 2010/11 (Deferment I and Escrow II). As additional revenue from non-resident enrollment materialized and operating expenses were further reduced, the Board of Trustees approved bringing back into the operating budget the $3.4 million in positions with the projected budget for fiscal year 2010/11 almost balanced.

Although the governor's budget included 2.21% restoration of the imposed 3.39% workload reduction in fiscal year 2009/10, the district did not manage, for a variety of reasons, to achieve this restoration. In addition, the district experienced an approximate 4.4% loss of FTES from the funded base of 32,094, or 1,405, fewer FTES. The district received state "stability funding" for this loss in FTES, but the base FTES in fiscal year 2011/12 was reduced and the actual funding associated with those FTES (approximately $6.5 million) will be lost unless restored within the next three years. The funds received from state apportionment in the form of one-time stability funding increased our ending fund balance by over $6.5 million. These funds, when coupled with additional 2009/10 lottery revenue, a reduction in the projected deficit factor, some savings in general operating expenses (utilities, benefits, telephones, insurance/property/liability, software/hardware maintenance), savings from positions held vacant throughout the year, and restricted spending of "B" budgets resulted in a higher ending fund balance than budgeted. This reduction in spending was an intentional outcome of hard work and the dedication of many departments in order to preserve our fiscal resources. This will allow the district to close the 2011/12 deficit on a one-time basis and to secure a Board of Trustees designated Stability Fund for fiscal year 2012/13.

All of the above restrictions on spending, reductions in expenditures and one-time increases to revenue resulted in a net operating gain for 2010/11 of approximately $8 million. These one-time funds, in addition to the remaining fund balance from the prior year, were carried over in the General Purpose Fund as total one-time unrestricted carryover of $15.1 million (in excess of the 5% reserves) into fiscal year 2011/12 (See Exhibit 1).

The district designated these funds to:

- Close the operating deficit in fiscal year 2011/12 -> $7.6 million
- Set aside stability funds to offset fiscal year 2011/12 mid-year state cuts, triggered in December 2011 (Tier 1 & Tier 2 cuts), and enrollment fee shortfall -> $3.5 million total est. as of Dec. 2011
- Set aside stability funds to offset fiscal year 2012/13 state cuts -> $4 million

Fiscal year 2010/11 was the fourth year in which no COLA (cost of living increase) was funded by the state, further eroding our ability to fund increasing operating expenses which, when coupled with an additional workload reduction of 6.21% imposed for fiscal year 2011/12, and additional cash deferrals of apportionment funding, resulted in an operating deficit of $7.6 million for the 2011/12 year. This deficit will increase further to $10.4 million due to mid-year cuts, but will be closed, as indicated above, with one-time funds set aside in the Stability Fund.

Both colleges and Central Services are finalizing their plans to make the necessary cuts to balance to the reduced apportionment and workload allocation necessary to balance the 2011/12 budget. Extensive meetings have been held throughout the district to facilitate strategic decision-making on how to incorporate devastating cuts to our institution. We expect the first reductions to be implemented June 2012, with final implementation of remaining reductions in June 2013, depending on our ending fund balance and further state cuts.

In January 2012, Governor Brown released his proposed 2012/13 budget that requires passage of a tax package in order to be balanced. If the tax increase passes, community colleges would be in a "status quo" funding environment. If the voters do not approve the tax plan, the governor proposes another round of devastating cuts to community colleges. We are currently working on two scenarios in anticipation of the November election that includes temporary tax increases passing as well as failing. We expect the governor's proposal to be adjusted as the budget is debated in the Assembly and Senate and we will be adjusting our projections accordingly.

Has the district controlled deficit spending over multiple years?
Yes, the Net Change in Fund Balance for the district's General Purpose Fund was $2,855,401 for fiscal year 2008/09 and $3,433,109 for fiscal year 2009/10, achieved mostly through reduced spending. For 2010/11, this increased to $8,034,190, mostly due to one-time funds received from stability funding as well as additional reductions in spending (see Exhibit 1).

Is deficit spending addressed by fund balance, ongoing revenue increases, or expenditure reductions?
Fiscal years 2004/05, 2005/06 and 2006/07 ended with positive net changes in fund balance (see Exhibit 1). The years since then also resulted in positive net changes in the fund balance, with the exception of 2007/08, the year in which mid-year cuts were implemented.

In fiscal year 2008/09, expenditure reductions and efforts to increase revenue through increased student enrollment resulted in a positive net change in fund balance of $2,855,401. Fiscal year 2009/10 ended with a positive net change in fund balance of $3,433,109. During 2009/10, the district was involved in preparations for drastic cuts to the operating budget by eliminating $4.1 million in operating expenses from the general fund and $6.5 million from categorical programs as a result of 2008/09 state budget reductions.

As a result of careful planning and work with various committees, the district entered 2010/11 with a balanced budget and some one-time funds set aside for future state cuts (the Stability Fund). Fiscal year 2010/11 ended with a positive net change in the fund balance of $8 million, mostly due to one-time funds received from state-funded stability funding as a result of reduced FTES reported in that year.

Are district revenue estimates based upon past history?
District revenue estimates are based upon a combination of:
1) enrollment estimates generated from collaboration between Business Services and the campuses' enrollment management teams; 2) historical data; 3) the campuses' input on locally generated income; and 4) state assumptions on COLA, growth, the state funding formula (SB361), and lottery estimates, etc.

Does the district automatically build in growth revenue estimates?
No, the district's growth revenue estimates are based on the colleges' FTES growth estimates.

2. **Fund Balance:** Is this area acceptable? **Yes**

Is the district's fund balance stable or consistently increasing?
Yes, the district's general unrestricted fund balance is very stable, varying between $10.5 million and $15.1 million in excess of a 5% contingency for the past three years (see Exhibit 1). This increase in unrestricted fund balance is intentional and a planned outcome of hard work and dedication by many departments, achieved through a drastic reduction in operating expenses, restricted spending on "B" budget, and savings from positions held vacant throughout the year. These funds are designated to close operating deficits on a one one-time basis, to preserve our staffing levels as long as possible, and to be available to be used to offset any cuts on a one-time basis in 2012/13 and beyond.

Is the fund balance increasing due to on-going revenue increases and/or expenditure reductions?
See question and answer above.

3. **Enrollment:** Is this area acceptable? **Yes**

Has the district's enrollment been increasing or stable for multiple years?
Although the governor's budget for fiscal year 2010/11 included 2.21% restoration, our district, due to a variety of factors, as well as challenges presented by the conversion to a new student information system, experienced a 4.4% decline in FTES from the funded base of 32,094, or 1,405 fewer FTES. In fiscal year 2011/12, the state budget included a further workload reduction of 6.21%; however, our adopted budget assumes that this workload reduction will be offset by the colleges' efforts to restore the resident FTES lost in fiscal year 2010/11, bringing our effective workload reduction down to approximately 1.8%. Unfortunately, mid-year cuts triggered in December 2011 with the provision for workload reduction, will further reduce the number of students our district will be funded for (an additional 1.4% reduction, or 435 FTES).

Given the challenges of enrollment management in an underfunded environment, new regulations, and student fee increases, we are currently putting all our efforts into recouping our lost FTES.

Are the district's enrollment projections updated at least semiannually?
Yes, enrollment projections are reviewed and updated at the beginning of every academic quarter.

Are staffing adjustments consistent with the enrollment trends?
The Board approved a "growth model" which funds additional positions (both teaching and support staff) in direct proportion to FTES growth. While the law requires an increase in full-time faculty consistent with FTES increases, the district's model uses that same rationale for growth and reduction of non-teaching positions.

Does the district analyze enrollment and full-time equivalent student (FTES) data?
Yes, every quarterly report includes an analysis of FTES and productivity. In addition to this report to the Board, the Office of Institutional Research generates frequent reports, which are shared with the enrollment management teams and senior staff at both campuses. These reports are generated beginning several weeks before each quarter in order to facilitate trends analysis and to display comparative data. District staff also has access to an FTES database. This database shows enrollment trends down to the individual class and instructor level and can be aggregated by department, division, and college.

Does the district track historical data to establish future trends between P-1 and annual for projection purposes?
Yes, the Chief Instructional Officer at each college is responsible for forecasting winter and spring enrollment at P-1. It is through this analysis that the "multiplier" is adjusted on the Apportionment Attendance Reports (CCFS-320) to ensure consistency with projections.

Has the district avoided stabilization funding?
No. As noted above, the district received stabilization funding in fiscal year 2006/07. Additionally, the district experienced a decline in FTES in fiscal year 2010/11 of 4.4%, or 1,405 fewer FTES, resulting in stability funding of over $6.5 million. Both colleges are scheduling their sections to keep enrollment at the budgeted level, which assumes restoration of all lost FTES inclusive of the additional FTES reduction due to Tier 2 cuts.

4. **Unrestricted General Fund Balance:** Is this area acceptable? **Yes**

Is the district's unrestricted general fund balance consistently maintained at or above the recommended minimum prudent level (5% of the total unrestricted general fund expenditures)?
Yes, the district's unrestricted general fund balance has consistently been maintained above the minimum prudent level of 5%. The California Community Colleges System Office requires that we report the unrestricted general fund balance and other required financial information in the Annual Financial and Budget Report (CCFS-311). The unrestricted general fund balance includes the General Purpose Fund (Fund 114) and the Self-Sustaining Fund (Fund115). The unrestricted general fund balance for the past five years is shown below:

Fiscal Year	Actual
2006/07	21.8%
2007/08	18.4%
2008/09	19.8%
2009/10	22.4%
2010/11	28.8%

Is the district's unrestricted fund balance maintained throughout the year?
Yes, the district's unrestricted fund balance was maintained at or above 28.8% of the total unrestricted general fund expenditures in any given month throughout the 2010/11 fiscal year. It is our strategic plan to retain a portion of the general fund balance as a Stability Fund as outlined in item No. 1, above. In light of the state budget challenges, our efforts are currently focused on curtailing spending and maximizing our ending fund balance as we prepare to implement permanent reductions to balance the budget to reduced state apportionment funding levels.

5. **Cash Flow Borrowing:** Is this area acceptable? **Yes**

Can the district manage its cash flow without inter-fund borrowing?
Yes, during the past five years, the district maintained a positive cash flow in the unrestricted general fund without inter-fund borrowing.

Is the district repaying TRANS and/or borrowed funds within the required statutory period?
The district has not borrowed funds from TRANS (Tax Revenue Anticipation Notes) since fiscal year 1996/97 when it issued a TRAN in the amount of $4.4 million. The district did not issue a TRAN in fiscal year 2010/11 and we do not anticipate issuing a TRAN in fiscal year 2011/12. We will monitor the state budget, including any new proposals for state apportionment deferrals, to determine if there is a need to issue a TRAN in fiscal year 2012/13.

6. **Bargaining Agreements:** Is this area acceptable? **Yes**

Since 2008/09, no COLA has been allocated from the state. Consequently, no COLA has been provided in bargaining agreements. Due to reduced apportionment funding through workload reduction (3.39% in 2009/10 and 6.21% in 2011/12), the district lost significant funding in its general fund as well as categorical funds. This resulted in a reduction in course offerings, with a corresponding reduction to part-time faculty costs. In fiscal year 2008/09, the state reduced apportionment funding for part-time faculty health insurance and office hours, which has caused the ongoing negotiated expense to continue to encroach on the general fund.

In addition, a restructuring of health benefits was agreed to for two years as a cost containment measure and began in January 2010. The agreement ends in June 2012. A new Joint Labor Management Benefits Committee (JLMBC) was formed in 2010/11 and is working on a new plan to contain the district's health care plan costs. Changing from the current self-funded program to the CalPERS Health Care program is being carefully considered as it appears to provide the broadest level of coverage at the most cost-effective level for both the district and its employees and retirees.

7. **Unrestricted General Fund Staffing:** Is this area acceptable? **Yes**

Is the district ensuring it is not using one-time funds to pay for permanent staff or other ongoing expenses?
Permanent staffing is managed through position control and is budgeted from ongoing revenue. Any increases in staffing are funded using the district-developed growth model, which is based on FTES growth and corresponding ongoing revenue growth.

In 2009/10 and 2010/11, the district went through a round of cuts to balance its budget due to drastic funding reductions from the state. As a result of these cuts, approximately 170 positions were eliminated from our ongoing budget. Due to their critical nature, some of these eliminated positions were then funded on a one-time basis for a period of one year (Deferment I and Escrow II). This was a temporary solution only and was identified as a separate, one-time funded expense category in our 2010/11 Adopted Budget and quarterly reports. Further review of our budgeted revenue and expenses at first quarter of fiscal year 2010/11 indicated that we had the capacity to absorb these expenses into the ongoing budget as our revenue and expenses were on target and the budget was balanced with an excess of revenue over expenses of $2.3 million. In December 2010, the Board of Trustees approved absorbing these one-time funded positions into ongoing operating expenses.

Is the percentage of district general fund budget allocated to salaries and benefits at or less than the statewide average (i.e. the statewide average for 2003/04 is 85%)?
In fiscal year 2003/04, the percentage of district general funds allocated to salaries and benefits was at 83%; in 2004/05, 80%; in 2005/06, 79%; and in 2006/07, 79%. The 2006/07, 2007/08 and 2008/09 percentages are artificially low (79%, 80% and 80%, respectively) because of an infusion of one-time funds received and distributed in fiscal year 2006/07 that increased the operating budget. (This data comes from the System Office Fiscal Trend analysis, which combines general funds 114 and 115. See Exhibit 3). In fiscal years 2009/10 and 2010/11, the percentage of district general fund budget allocated to salaries and benefits was 83%. For fiscal year 2011/12, the district is budgeting 77%. The decline in general fund budgets allocated to salaries and benefits is due to the increase in carryover funds budgeted in operating expenses in 2011/12, which artificially reduces the ratio.

8. **Internal Controls:** Is this area acceptable? **Yes**

Does the district have adequate internal controls to ensure the integrity of the general ledger?
Yes, in addition to the annual financial audit report, which includes a report on internal controls over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, the district has contracted with an independent certified public accounting firm over the past five years to conduct performance audits on Measure E Overhead, De Anza College Cash Handling Procedures, Foothill College Cash Handling Procedures, Measure C Overhead, Police Parking Fees Cash Handling Procedures, De Anza College Facilities Rental Cash Handling Procedures, Foothill College Cashiering Services Petty Cash/Change Fund, and ERP Security. In fiscal year 2011/12, the district has contracted to perform audits on the District Procurement Card and Foothill College PE Facilities Rental and Cash Handling Procedures.

Does the district have adequate internal controls to safeguard the district's assets?
Yes, the district has written cash handling procedures for De Anza College and Foothill College as well as for district petty cash to safeguard cash. In addition to the required annual audit, the district goes above that requirement and contracts for annual performance audits at its various cash collection points. The district also has Board Policy and Administrative Procedures on Capitalization of District Property and on Disposal of District Property.

9. **Management Information Systems:** Is this area acceptable? **Yes**

In February 2008, the Board authorized acquisition of – and conversion to – a major new ERP (Enterprise Resource Planning) system, Banner, which is produced by SunGard Higher Education. A multi-year implementation plan was developed and we have now converted all eight modules of the Banner system including the Luminis Portal, Finance, Human Resources & Payroll, Financial Aid, Student, Advancement, Document Management System, and DegreeWorks.

The Finance module went live on July 1, 2009 and the HR/Payroll Module came on-line on January 1, 2010. We successfully converted the Financial Aid and Student modules by the end of 2009/10. All modules are now functioning satisfactorily.

Custom reports for all modules have been, and continue to be, developed providing the specialized data needed for our department functions. Management is confident that the continued creation and refinement of custom reports from Banner will meet all critical data reporting requirements in the coming months. Notwithstanding, staff has reported some continuing inconsistencies in the data collected from the system, primarily due to data input errors in converting college schedules/classes to the new formats required for Banner. District administration, working closely with ETS and external consulting services, has resolved the data collection issues in a majority of areas and expects to have solutions identified in all critical areas by the end of the 2011/12 fiscal year.

10. **Position Control:** Is this area acceptable? **Yes**

Is position control integrated with payroll?
Yes, there is a very strong position control system in place that requires the assignment of a unique position number and designated funding for each position hired.

Does the district control un-authorized hiring?
Yes, all positions to be refilled, or newly created positions, are assigned a position control number. Each "staffing requisition," which is necessary to start the hiring process, must be approved by Chancellor's Staff and must have a valid position control number.

Does the district have controls over part-time academic staff hiring?
Each year the district budgets the dollar amount to be allocated for part-time faculty (1320) based on total FTES, less the number of full-time faculty, and driven by the agreed upon productivity numbers. The colleges are responsible for developing a schedule of classes synching with the agreed upon budget. Changes in FTES targets or productivity budgets need to be agreed upon at the district level so budgets can be adjusted accordingly. While there has been no formal administrative procedure in recent years for penalties or incentives if the colleges varied from FTES or productivity targets, there has been continuous adherence to these budgets with very little variance.

11. **Budget Monitoring:** Is this area acceptable? **Yes**

Is there sufficient consideration to the budget, related to long-term bargaining agreements?
Yes. (See question 6.)

Are budget revisions completed in a timely manner?
Yes, budget revisions are processed in a timely manner and subject to the board's review and approval with each quarterly report.

Does the district openly discuss the impact of budget revisions at the board level?
Yes, the board receives a complete reconciliation of all revisions and transfers processed in each quarter, and the Vice Chancellor of Business Services or the Director of Budget Operations answers all questions in a timely manner.

Are budget revisions made or confirmed by the board in a timely manner after the collective bargaining agreements are ratified?
Yes, the board receives and approves a complete reconciliation of all revisions and transfers processed in each quarter, as well as the Quarterly Financial Status Reports (CCFS-311Q), which includes a summary of costs due to collective bargaining agreements.

Has the district's long-term debt decreased from the prior fiscal year?
The district did not issue any additional debt in fiscal year 2010/11. Therefore, yes, the long-term debt decreased in comparison to the prior year.

Has the district identified the repayment sources for the long-term debt?
Yes, the long-term debt is financed through special revenue sources. The parking structure debt is financed through parking fee revenue. The technical infrastructure debt is financed through district general funds. The Foothill College Campus Center debt and the De Anza College Campus Center debt are financed through campus center use fees. The Foothill College Bookstore equipment acquisition is financed through the Foothill College Bookstore operations.

Does the district compile annualized revenue and expenditure projections throughout the year?
Yes, the District Budget Committee and the Audit and Finance Committee review revenue and expense projections at the end of each quarter before the Board of Trustees approves them in the quarterly reports.

12. **Retiree Health Benefits:** Is this area acceptable? **Yes**

The most recent actuarial report was completed in August 2010. We are required to update this report every other year. The next actuarial report to update our Actuarial Accrued Liability (AAL) and Annual Required Contribution (ARC) will be prepared in the spring of 2012. In order to contain ever-increasing costs, the district is actively exploring changing its health care plan from a self-funded model to joining the CalPERS Health Care program in 2012. If this change is made, the actuarial consultant will prepare the study based on the new program data. We will budget the annual contribution using a three-year smoothing approach in order to minimize major fluctuations in the annual required contribution.

Does the district have a plan for addressing the retiree benefits liabilities?
Yes, the Board of Trustees adopted a plan at the November 6, 2006 board meeting to fully fund the ARC as calculated in the August 2006 actuarial study. In 2009, after an exhaustive evaluation process, the district opted to leave the Community College League of California (CCLC) Retiree Joint Powers Authority and join the California Employers' Retiree Benefit Trust (CERBT) as sponsored by the California Public Employees Retirement System (CalPERS). As presented in the January 2010 report, the district transferred all funds from the CCLC program to the California Employees Retiree Benefit Trust. At the time of transfer, the balance was $4,380,399. As of June 2011, the balance in CERBT was $,6,305,003.

13. **Leadership/Stability:** Is this area acceptable? **Yes**

Has the District experienced recent turnover in its management team (including the Chief Executive, Chief Business Officer, and Board of Trustees)?
Yes, Dr. Linda Thor was appointed by the Board of Trustees to begin her assignment as the new Chancellor in February 2010. Vice Chancellor for Business Services, Kevin McElroy began his new assignment in August 2010.

Although this is a significant change in key executive leadership in a relatively small window of time, both Dr. Thor and Kevin McElroy bring with them a wealth of community college administrative leadership experience. Dr. Thor worked in the Los Angeles Community College District for sixteen years, serving as president of West Los Angeles Community College for four-and-a-half of those years. She then accepted the presidency for Rio Salado Community College, one of ten colleges in the renowned Maricopa County Community College District in Arizona, for twenty years prior to arriving at Foothill-De Anza Community College District.

Mr. McElroy worked for five years in the private sector at the beginning of his career before joining the Coast Community College District in Orange County in 1984. He started as Director of Fiscal

Services on the Golden West campus, and served the last twenty years as the Vice President of Administrative Services for Coastline College.

All other members of the Chancellor's Staff have held their positions since at least 2007.

14. **District Liability:** Is this area acceptable? **Yes**

Has the district performed the proper legal analysis regarding potential lawsuits that may require the district to maintain increased reserve levels?
Although risk management is a decentralized activity across the district, we maintain a comprehensive Risk Management department. This office, in an effort to identify and mitigate potential liabilities and/or litigation, maintains regular communication with administrators throughout the organization. In most cases, careful decision-making, foresight and pro-active steps prevent such situations from becoming legal actions. When necessary, external legal counsel is engaged. The district maintains a relationship with specialized legal counsel in the areas of construction management and human resources issues. The district is self-insured for Workers' Compensation and is fully funded via the annual actuarial, which adjusts contribution rates as necessary. The district also maintains adequate reserves to mitigate any adverse employment decisions.

15. **Reporting:** Is this area acceptable? **Yes**

Has the district filed the annual audit report with the Systems Office on a timely basis?
Yes, for fiscal years 2006/2007 through 2010/11, the annual audit report has been brought first to the Audit and Finance Committee and then to the Board of Trustees. As contractually agreed upon with our external auditors, the auditors have filed the annual report with the System Office on a timely basis.

Has the district taken appropriate actions to address material findings cited in their annual audit report?
Yes, each year we discuss the audit findings and recommendations of the fiscal year just ended with the Audit and Finance Committee. Subsequently, in March of every year we provide the Audit and Finance Committee with the status of the management's response and action taken to correct these findings.

Has the district met the requirements of the 50 percent law?
Yes, for the fiscal years 2006/07 through 2010/11, the district has met the requirements of the 50% law. The percentage of Instructional Salary Costs to Current Expense of Education for each of these years is:

2006/07	52.72%
2007/08	51.50%
2008/09	51.71%
2009/10	52.73%
2010/11	51.19%

Have the Quarterly Financial Status Reports (CCFS-311Q), Annual Financial and Budget Reports (CCFS 311), and Apportionment Attendance Reports (CCFS-320) been submitted to the System Office on or before the stated deadlines?
Yes, for the years 2006/07 through 2010/11, each of these quarterly and annual reports has been submitted to the System Office by the stated deadlines.

Exhibit 1- Changes in Fund 114 Revenue and Expenses

	03/04 Actual	04/05 Actual	05/06 Actual	06/07 Actual	07/08 Actual	08/09 Actual	09/10 Actual	%	10/11 Budget	%	10/11 Actual	%	11/12 Budget	%
Revenues														
Base Revenue & Equalization	117,271,492	124,924,272	143,368,551	150,791,141	156,876,264	159,121,665	156,230,910	84.64%	154,778,225	85.44%	155,730,575	84.68%	145,825,516	83.91%
PY Gen Apportionment	982,506					2,800,000	672,747							
PFE	6,767,432	5,795,010												
Lottery	4,053,732	4,280,647	4,046,409	4,592,748	4,157,083	4,250,365	4,337,731	2.35%	4,159,368	2.30%	4,080,077	2.22%	3,818,146	2.20%
NR Tuition	11,795,607	10,917,695	11,240,839	13,219,114	15,002,590	17,103,785	18,181,559	9.85%	18,139,095	10.01%	19,785,786	10.76%	20,389,932	11.73%
Other Revenue														
PT Faculty Funding	1,475,772	1,475,772	1,475,772	1,475,772	1,475,772	1,434,467	702,925	0.38%	702,925	0.39%	702,925	0.38%	702,925	0.40%
2% Resident Enrollment Fees	191,777	273,632	335,014	335,014	335,014	335,014	335,014	0.18%	335,014	0.18%	335,014	0.18%	335,014	0.19%
Interest	784,323	1,372,660	1,928,047	3,504,022	3,694,312	1,905,326	774,865	0.42%	750,000	0.41%	629,361	0.34%	500,000	0.29%
Campus Generated Income	1,915,056	1,767,222	1,814,500	2,436,701	1,845,152	2,069,373	2,543,557	1.38%	1,974,164	1.09%	1,974,164	1.07%	1,911,786	1.10%
One-Time Prop 98 Funds & Equalization				7,202,514		0	0							
Other Revenue	935,806	738,780	1,260,673	952,390	582,720	202,548	806,029	0.44%	317,702	0.18%	668,896	0.36%	313,090	0.18%
Total Revenue	146,173,504	151,545,690	165,469,805	184,509,416	183,968,907	189,222,543	184,585,337	99.64%	181,156,493	100.00%	183,906,798	100.00%	173,796,409	100.00%
Expenses														
Salaries	93,233,218	94,060,832	97,081,510	105,432,628	116,310,415	117,600,467	113,838,157	62.84%	117,210,830	64.41%	113,541,126	64.56%	114,867,173	63.31%
Benefits	32,151,961	29,490,850	32,146,500	34,832,553	38,325,192	37,663,352	41,451,654	22.88%	39,230,442	21.56%	36,861,962	20.96%	40,254,263	22.19%
Materials and Supplies	2,999,861	3,280,972	3,544,544	4,031,069	4,573,983	3,759,750	3,012,386	1.66%	2,668,845	1.47%	3,087,348	1.76%	2,571,369	1.42%
Operating Expenses	13,309,265	12,612,404	16,368,891	15,651,886	17,192,338	16,345,732	13,820,089	7.63%	15,348,918	8.43%	14,429,687	8.20%	16,289,797	8.98%
Capital Outlay	787,495	700,833	1,233,987	1,115,529	781,161	356,005	33,189	0.02%	45,675	0.03%	207,850	0.12%	45,091	0.02%
Transfers (net)	3,481,657	11,375,569	9,400,562	10,742,944	10,306,780	10,641,836	8,996,753	4.97%	7,462,559	4.10%	7,744,635	4.40%	7,409,433	4.08%
Total Expenses	145,963,457	151,521,460	159,775,994	171,806,609	187,489,869	186,367,142	181,152,229	100.00%	181,967,268	100.00%	175,872,608	100.00%	181,437,125	100.00%
Net Gain/Loss	210,047	24,230	5,693,811	12,702,807	(3,520,962)	2,855,401	3,433,109	(a)	(810,775)	(a)	8,034,190	(a)	(7,640,716)	(a)
Beginning Fund Balance	15,518,676	15,728,723	15,752,953	21,446,764	34,149,571	30,628,609	33,374,829	(b)	36,807,938	(b)	36,807,938	(b)	44,842,128	(b)
Ending Fund Balance	15,728,723	15,752,953	21,446,764	34,149,571	30,628,609	33,484,010	36,807,938	(b-a)	35,997,163	(b-a)	44,842,128	(b-a)	37,201,412	(b-a)
Designated Fund Balance	2,594,151	4,269,943	9,267,224	21,607,611	16,401,721	17,682,806	15,534,335	©	15,534,335	©	19,840,518	©	19,840,518	(c), *Note 1*
Fund Balance Before 5% Reserves	13,134,572	11,483,010	12,179,540	12,541,960	14,226,888	15,801,204	21,273,602	**(b-a)-c**	20,462,828	**(b-a)-c**	25,001,610	**(b-a)-c**	17,360,894	**(b-a)-c**
5% Reserve	7,300,000	7,870,000	8,010,000	9,260,000	10,000,000	10,430,000	10,290,000	**(d)**	9,890,000	**(d)**	9,890,000	**(d)**	10,060,000	**(d)**
Variance from reserve	5,834,572	3,613,010	4,169,540	3,281,961	4,226,889	5,371,204	10,983,603	**(b-a)-c-(d)**	10,572,828	**(b-a)-c-(d)**	15,111,610	**(b-a)-c-(d)**	7,300,894	**(b-a)-c-(d)**

Note 1:

Funds set aside in FY 11/12 for:	(estim. at third qtr. end)	
FH,DA,CS restricted carryover		12,776,601
EIS backfill		765,141
Encumbrances & Reservations		764,379
DW carryover		461,334
Additional Banner Backfill		573,062
November 2012 Election Costs		500,000
		15,840,518
Additional Restrictions in FY 11/12		
12/13 Stability Fund		4,000,000
		4,000,000
Total Restricted Fund Balance:		**19,840,518**

Enrollment History

FTES

	02/03 Actual	03/04 Actual	04/05 Actual	05/06 Actual	06/07 Actual	07/08 Actual	08/09 Actual	09/10 Actual	10/11 Actual	11/12 Budget
Resident	32,897	32,660	31,066	32,526	32,211	33,376	34,381	32,988	30,653	30,196
Non-Resident	3,363	3,268	2,986	2,968	3,568	3,988	4,189	4,068	3,971	3,971
Total FTES	36,260	35,928	34,052	35,494	35,779	37,364	38,570	37,056	34,624	34,167

Analysis of Selected Data from the Annual Fin. and Budget Report (CCFS-311), Qtrly. Fin. Status Report (CCFS-311Q), and Fiscal Data Abstract
For the period FY 2006-07 to 2010-11

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Foothill-DeAnza Community College District

EDP No.	Acct Description	Unrestricted GF - Col. 2 Budgeted 2010-11	10/11 Line Item %	Unrestricted GF - Fund 11, Col. 1 Actual 2009-10	09/10 Line Item %	Actual 2008-09	08/09 Line Item %	Actual 2007-08	07/08 Line Item %	Actual 2006-07	06/07 Line Item %
8100	Federal Revenues	1,092	0.0%	852,493	0.4%	1,134	0.0%	2,219	0.0%	2,269	0.0%
8600	State Revenues	69,830,371	36.7%	72,918,810	37.4%	87,419,402	43.3%	89,594,772	45.7%	95,755,895	48.9%
8800	Local Revenues	120,594,852	63.3%	119,960,151	61.5%	112,194,894	55.5%	106,272,802	54.1%	99,517,416	50.8%
8900	Other Financing Sources ①	5,000	0.0%	1,319,557	0.7%	2,360,194	1.2%	388,948	0.2%	460,696	0.2%
801	Total Revenues	190,431,315	100.0%	195,051,011	100.0%	201,975,624	100.0%	196,258,741	100.0%	195,736,276	100.0%
1000	Academic Salaries	83,075,763	40.2%	77,620,173	40.5%	81,180,784	40.7%	80,566,081	40.4%	73,256,762	40.2%
2000	Classified Salaries	36,638,354	17.7%	39,142,478	20.4%	39,926,955	20.0%	39,909,143	20.0%	35,675,866	19.6%
3000	Employee Benefits	39,935,537	19.3%	42,261,808	22.1%	38,448,410	19.3%	39,223,926	19.7%	35,620,591	19.5%
4000	Supplies and Materials	3,064,651	1.5%	2,893,649	1.5%	3,995,640	2.0%	4,986,939	2.5%	4,386,411	2.4%
5000	Other Operating Expenses and Services	36,236,979	17.5%	19,220,727	10.0%	22,525,843	11.3%	23,191,827	11.6%	21,116,411	11.6%
6000	Capital Outlay	62,276	0.0%	70,246	0.0%	432,472	0.2%	937,201	0.5%	1,214,566	0.7%
7000	Other Outgo ①	7,497,019	3.6%	10,309,901	5.4%	12,781,010	6.4%	10,501,345	5.3%	11,072,981	6.1%
501	Total Expenditures	206,510,579	100.0%	191,518,982	100.0%	199,291,114	100.0%	199,316,462	100.0%	182,343,588	100.0%
201	Excess/(Deficiency) of Rev. over Expenditures	-16,079,264	n/a	3,532,029	n/a	2,684,510	n/a	-3,057,721	n/a	13,392,688	n/a
901	Net Increase/(Decrease) in Fund Balance	-16,079,264	-59.9%	3,532,029	8.2%	2,684,510	6.8%	-3,057,721	-8.3%	13,392,688	33.7%
902	Net Beginning Balance, July 1	42,904,489	159.9%	39,372,460	91.8%	36,687,950	93.2%	39,745,671	108.3%	26,352,983	66.3%
903	Prior Year Adjustment		n/a	0	0.0%	0	0.0%	0	0.0%	0	0.0%
904	Adjusted Beginning Balance		n/a	39,372,460	91.8%	36,687,950	93.2%	39,745,671	108.3%	26,352,983	66.3%
905	Ending Balance, June 30	26,825,225	100.0%	42,904,489	100.0%	39,372,460	100.0%	36,687,950	100.0%	39,745,671	100.0%
	chk			42,904,489 -		39,372,460 -		36,687,950 -		39,745,671 -	

Year-to-Year Change

EDP No.	Acct Description	Change from 09/10 to 10/11: 09/10 to 10/11 $ Change	09/10 to 10/11 % Change	Change from 08/09 to 09/10: 08/09 to 09/10 $ Change	08/09 to 09/10 % Change	Change from 07/08 to 08/09: 07/08 to 08/09 $ Change	07/08 to 08/09 % Change	Change from 06/07 to 07/08: 06/07 to 07/08 $ Change	06/07 to 07/08 % Change
8100	Federal Revenues	-851,401	-99.9%	851,359	75075.7%	-1,085	-48.9%	-50	-2.2%
8600	State Revenues	-3,088,439	-4.2%	-14,500,592	-16.6%	-2,175,370	-2.4%	-6,161,123	-6.4%
8800	Local Revenues	634,701	0.5%	7,765,257	6.9%	5,922,092	5.6%	6,755,386	6.8%
8900	Other Financing Sources ①	-1,314,557	-99.6%	-1,040,637	-44.1%	1,971,246	506.8%	-71,748	-15.6%
801	Total Revenues	-4,619,696	-2.4%	-6,924,613	-3.4%	5,716,883	2.9%	522,465	0.3%
1000	Academic Salaries	5,455,590	7.0%	-3,560,611	-4.4%	614,703	0.8%	7,309,319	10.0%
2000	Classified Salaries	-2,504,124	-6.4%	-784,477	-2.0%	17,812	0.0%	4,233,277	11.9%
3000	Employee Benefits	-2,326,271	-5.5%	3,813,398	9.9%	-775,516	-2.0%	3,603,335	10.1%
4000	Supplies and Materials	171,002	5.9%	-1,101,991	-27.6%	-991,299	-19.9%	600,528	13.7%
5000	Other Operating Expenses and Services	17,016,252	88.5%	-3,305,116	-14.7%	-665,984	-2.9%	2,075,416	9.8%
6000	Capital Outlay	-7,970	-11.3%	-362,226	-83.8%	-504,729	-53.9%	-277,365	-22.8%
7000	Other Outgo ①	-2,812,882	-27.3%	-2,471,109	-19.3%	2,279,665	21.7%	-571,636	-5.2%
501	Total Expenditures	14,991,597	7.8%	-7,772,132	-3.9%	-25,348	0.0%	16,972,874	9.3%
201	Excess/(Deficiency) of Rev. over Expenditures	-19,611,293	-555.2%	847,519	31.6%	5,742,231	187.8%	-16,450,409	-122.8%
901	Net Increase/(Decrease) in Fund Balance	-19,611,293	-555.2%	847,519	31.6%	5,742,231	187.8%	-16,450,409	-122.8%
902	Net Beginning Balance, July 1	3,532,029	9.0%	2,684,510	7.3%	-3,057,721	-7.7%	13,392,688	50.8%
903	Prior Year Adjustment	n/a	n/a	n/a	n/a	0	n/a	0	n/a
904	Adjusted Beginning Balance	n/a	n/a	n/a	n/a	-3,057,721	-7.7%	13,392,688	50.8%
905	Ending Balance, June 30	-16,079,264	-37.5%	3,532,029	9.0%	2,684,510	7.3%	-3,057,721	-7.7%

Fund Balance:

	2010-11	2009-10	2008-09	2007-08	2006-07	Change from 09/10 to 10/11 % Change	Change from 08/09 to 09/10 % Change	Change from 07/08 to 08/09 % Change	Change from 06/07 to 07/08 % Change
Fund Balance % [905/501]	13.0%	22.4%	19.8%	18.4%	21.8%	-9.4%	2.6%	1.3%	-3.4%

	2010-11	2009-10	2008-09	2007-08	2006-07	09/10 to 10/11 $ Change	09/10 to 10/11 % Change	08/09 to 09/10 $ Change	08/09 to 09/10 % Change	07/08 to 08/09 $ Change	07/08 to 08/09 % Change	06/07 to 07/08 $ Change	06/07 to 07/08 % Change
Required Fund Balance to meet 5% threshold	10,325,529	9,575,949	9,964,556	9,965,823	9,117,179	749,580	7.8%	-388,607	-3.9%	-1,267	0.0%	848,644	9.3%
Over -Under 5% threshold	16,499,696	33,328,540	29,407,904	26,722,127	30,628,492	-16,828,844	-50.5%	3,920,636	13.3%	2,685,777	10.1%	-3,906,365	-12.8%

FTES: ②

	2010-11 1st Qtr 311Q Report	2009-10	2008-09	2007-08	2006-07	Change from 09/10 to 10/11 # Change	% Change	Change from 08/09 to 09/10 # Change	% Change	Change from 07/08 to 08/09 # Change	% Change	Change from 06/07 to 07/08 # Change	% Change
FTES - Resident	32,100	32,989	34,245	33,376	32,361	-889	-2.7%	-1,256	-3.7%	869	2.6%	1,015	3.1%
FTES - Nonresident		4,068	4,166	3,988	3,613			-98	-2.4%	178	4.5%	375	10.4%
FTES - Apprentice		810	967	897	799			-157	-16.2%	70	7.8%	98	12.3%
Total FTES		37,867	39,377	38,261	36,773			-1,510	-3.8%	1,116	2.9%	1,488	4.0%

50 % Law: ③

	2010-11	2009-10	2008-09	2007-08	2006-07	Change from 09/10 to 10/11 $ Change	% Change	Change from 08/09 to 09/10 $ Change	% Change	Change from 07/08 to 08/09 $ Change	% Change	Change from 06/07 to 07/08 $ Change	% Change
Instructional Salary Costs (AC 100-5000 and 6110)		84,544,113	86,526,836	89,659,134	83,579,589			-1,982,723	-2.3%	-3,132,298	-3.5%	6,079,545	7.3%
Current Expense of Education (AC 100-6799)		160,334,032	167,330,791	174,082,993	158,544,391			-6,996,759	-4.2%	-6,752,202	-3.9%	15,538,602	9.8%
% of Instructional Salary Costs to CCE		52.73%	51.71%	51.50%	52.72%				1.0%		0.2%		-1.2%
50% Requirement		80,167,016	83,665,396	87,041,497	79,272,196								
Over -Under 50% Requirement		4,377,097	2,861,440	2,617,637	4,307,393								

	2010-11	2009-10	2008-09	2007-08	2006-07	09/10 to 10/11 % Change	08/09 to 09/10 % Change	07/08 to 08/09 % Change	06/07 to 07/08 % Change
Salaries and Benefits as % of Total Expenditures	77.3%	83.0%	80.1%	80.1%	79.3%	-5.7%	3.0%	-0.1%	0.8%

GF Cash Balance (unrestricted and restricted):

	2010-11 1st Qtr 311Q Report	2009-10 4th Qtr 311Q Report	2008-09 4th Qtr 311Q Report	2007-08 4th Qtr 311Q Report	2006-07 4th Qtr 311Q Report	Change from 09/10 to 10/11 $ Change	% Change	Change from 08/09 to 09/10 $ Change	% Change	Change from 07/08 to 08/09 $ Change	% Change	Change from 06/07 to 07/08 $ Change	% Change
Cash Balance Per 311Q (excluding investments)	32,517,012	42,349,533	39,812,902	48,163,691	52,768,176	-9,832,521	-23.2%	2,536,631	6.4%	-8,350,789	-17.3%	-4,604,485	-8.7%

①: For purposes of this analysis, Other Financing Sources is combined into Total Revenues and Other Outgo is combined with Total Expenditures.
②: FTES data for 2009-10, 2008-09, 2007-08, and 2006-07 is from System Office Data Abstract ; 2010-11 Total Resident FTES from latest 311Q and is an projected amount.
③: 50% law data from data abstract. (Instructional Salary Costs/Current Expense of Education) >= 50%
Note: If "no data" is displayed for any FTES or GF Cash Balance, the district did not submit CCSF-311Q as of the date of this analysis.