

SOUTH ORANGE COUNTY
COMMUNITY COLLEGE
DISTRICT

2013-2014
ADOPTED
BUDGET

PRESENTED BY: DR. DEBRA L. FITZSIMONS
VICE CHANCELLOR, BUSINESS SERVICES
AUGUST 26, 2013

THE DISTRICT



Overview: The South Orange County Community College District is a multi-campus district encompassing Saddleback College in Mission Viejo, Irvine Valley College in Irvine, and the Advanced Technology & Education Park (ATEP) in Tustin. Founded in 1967, the 382-square mile district covers almost 50 percent of Orange County and is governed by a seven-member elected Board of Trustees and a Chancellor.

Over the past four years, SOCCCD enrollments have remained stable. Total headcount is over 43,000 and full time equivalent students (FTES) number over 27,000. Demand for online courses and certificate programs continue to increase dramatically.

Planning Efforts: During the last several years, great strides have been made to the district-wide planning and budgeting processes. The district-wide planning processes were developed and became integral to all aspects of college and district-wide decision-making and resource allocations in a transparent, inclusive and open process. This was in response to accreditation recommendations. The District-Wide Planning Council (DWPC) continues to implement the recommendations and oversee the strategic planning processes.

Major Capital Projects: The District continues to strive to meet the increasing demands brought on by a challenging economy. To address the challenging construction/contractor environment, the next two major capital projects at the colleges are using two different alternate construction delivery methods which should improve the process greatly, ensuring more efficient use of resources, and adherence to project schedule for capital projects. Irvine Valley College's A400 Project is employing the Design-Build method and Saddleback College's Science Building is using the Lease/Leaseback delivery method. Much effort has been put into planning these projects with the new delivery methods so that construction projects can be delivered on time, on budget, and with great success.

Major projects at Saddleback College include completion of the Learning Resources Center (LRC) Renovation project, continued design of the Technology and Applied Sciences (TAS) Swing Space and Renovation projects, and preparation for bid on the Communication Arts project at the LRC. Irvine Valley College projects include the continued construction on the Life Sciences Building project, and design and document preparation for bidding the Barranca Road Connection to the college. Demolition at ATEP has been completed for all remaining structures on the District property, and the next demolition phase is the design, bid and award of the Foundation and Infrastructure Demolition project. District-wide projects include performing facilities conditions assessments and installing software for development of the 20-year Facilities Renovation and Scheduled Maintenance plan, and obtaining close out and DSA certifications.

The District IT department continues to develop applications to help students, faculty and staff at our colleges. This year, Academic and Administrative Computing have produced

the first annual *District IT Project Report*. IT directors scheduled sessions at college governance groups to present the report and answer questions, led an improved process to gather, refine and prioritize basic aid funding technology requests from the colleges, expanded use of *SharePoint* as a district-wide intranet and improved its functionality, and improved communication with the colleges including numerous presentations, automated release notes, an IT blog, and increased user involvement on development teams. In addition, they have developed a new *Training Hub* for staff, completed 1,150 service desk tickets representing all areas within District IT, completed work on *Sherpa* (an award-winning student success recommendation engine) and are now working with the colleges to expand the system and focus on key areas leading to student success.

This year, they released the first version of *MySite Mobile*, which has already produced over 1.1 million page views. Other items of importance include significant enhancements to *My Academic Plan* (MAP) and the initiation of work on requirements coming from the State *Student Success Task Force* in the area of academic planning, an RFP for a degree audit system, upgrades to the *Blackboard* Learning Management System, and the beginning of work on a *Predictive Analytics* system that can be used to help predict and identify students most at risk. This information will feed into *Sherpa* to allow the colleges to design interventions that will help guide the students back onto a successful path.

IT worked with the colleges and completed the planning and pre-assessment for the Network Refresh July 1st. District-wide core network switch upgrades have been completed, integration of the voicemail and email systems has been completed, and installation of the new district-wide wireless hardware will begin soon. Other major projects underway are the District-wide IT Inventory Management Project, District-wide Telephone Refresh, and the HR/Financial System Software Procurement Project which includes major business process analysis across the district.

For the majority of capital projects, both for facilities-related and technology-related ones, basic aid funding is instrumental. Mindful planning takes place to ensure that projects are prioritized and resources allocated efficiently to the district-wide priorities.

State Budget and the Community College System: The final State budget was enacted on June 27, 2013. The passage of Proposition 30 last fall created the Educational Protection Account (EPA) and provides temporary funding for education through 2019. These new funds allowed the Governor to provide new funds for education while still presenting a balanced budget.

Some of the highlights of the adopted budget that relate to community colleges are:

- Enrollment fees remain at \$46 per unit
- \$87.5 million for 1.57% COLA
- \$89.4 million for 1.63% growth
- \$50 million for the new Student Success and Support Program
- \$51 million for Prop 39 energy efficiency projects
- \$30 million “buy-down” of the inter-year apportionment deferral (no programmatic effect)

- \$25 million for Adult Education planning and implementation grants
- \$30 million for instructional equipment and scheduled maintenance
- \$38 million for increases to EOPS, DSPS, and CalWORKS categorical funds

SOCCCD Adopted Budget: The District budget for all funds totals over \$598 million. Because the District is self-sufficient and is a basic aid district, it continues to maintain stable funding for the colleges by closely monitoring income and expenses. For this coming year, property tax revenues remain a constant, reliable funding stream. The adopted budget includes conservative estimates for property tax revenues, enrollment fees, non-resident tuition, EPA funds, Lottery, interest, and other miscellaneous revenue.

The funds for instructional equipment and scheduled maintenance were added to the State budget at the last minute and total \$561,607 for SOCCCD. Since these funds were not vetted through District Resources Allocation Council (DRAC), they are not included in the adopted budget. Once the college allocations are determined, a budget amendment will be brought to the Board.

The major changes between the Tentative Budget and the Adopted Budget include an increase in the Unrestricted General Fund (UGF) beginning balance (\$4.4M), an increase in local revenue (\$0.9M), a decrease in employee benefits (\$1M) and an overall increase in the Restricted General Fund.

After following the SB361 funding formula for the colleges through the District Resource Allocation Council (DRAC) model, excess property tax revenues available for basic aid distribution this fiscal year total over \$39 million. These funds are used for capital expenditures and other one-time projects in lieu of bonds that other community colleges use.

The general fund budget provides for both college's operations, District-wide general expenses, District Services, and a general reserve of 7.5%. The strong reserve allows the District to manage cash-flow throughout the year as well as prepare for unforeseen expenditures and emergencies.

Chancellor Poertner has reviewed the adopted budget and confirms that it is balanced as is required by law. It is consistent with the Board of Trustees' budget guidelines that are contained in this document.

The adopted budget is being submitted to the Board for approval in August, 2013.

Dr. Debra L. Fitzsimons

*Vice Chancellor, Business Services
South Orange County Community College District*

SADDLEBACK COLLEGE BUDGET MESSAGE



Saddleback College is pleased to submit to the Board of Trustees and Chancellor Poertner a balanced budget for the 2013-2014 fiscal year. This budget is based on income simulations provided by the District Resource Allocation Model.

Saddleback is primarily funded through the state SB361 apportionment calculation, and the State Budget proposes a 1.57% cost-of-living-adjustment (COLA) and 1.63% for growth. The college has used these assumptions to develop income and expenditure projections. Expenditure assumptions include funding for all existing personnel; replacement faculty positions; replacement classified and management positions; step and column increases, and health and welfare increases. Since FY 2008-2009 state categorically funded programs for Saddleback have been cut by \$1.86M adding further pressure to the general fund budget. While the college has backfilled some of these cuts with general funds (approximately \$750K), these programs have experienced a net reduction in the region of 30%. It is anticipated there will be backfill for these programs once actual allocation amounts are issued by program and college; however, for the Adopted Budget, conservative estimates have been used.

Beginning in FY 2007-2008, when it became clear that the state would be facing serious financial difficulties, the college planned accordingly and revised its budget practices in preparation for potential cutbacks. Saddleback limited the addition of new staff and management positions, even though there have been significant increases in workload and program needs. Saddleback also embarked on a multi-year effort to identify and implement greater operating efficiencies and has significantly increased its efforts for securing alternative resources. This fiscal prudence has generated a prior year ending balance of \$5,055,836, and, while less than the prior year, this balance has enabled the college to balance the FY 2013-2014 Budget.

The continuing trend of minimal ongoing income growth, annually increasing costs for existing personnel, the absorption of previously categorically funded positions, and the need to invest growth income into achieving increased FTES has resulted in the salary and benefit costs increasing disproportionately. Consequently, the budget pressures mentioned above, coupled with substantially increased demands placed on faculty, staff and management, has created a challenge as the college pursues a top goal: to significantly improve student success rates, namely higher completion rates for degrees, certificates and transfers.

Saddleback, working with our district and sister college, was actively engaged in the development and implementation of BP 3110 and AR 3110 (Basic Aid Allocation Process). The college applauds the creation and execution of this process, which continues to be refined during second year implementation (for FY 2013-2014). This refinement further ensures allocations are based on planning and data, and are transparent and fair. Saddleback appreciates the leadership of the Board of Trustees and Chancellor in the development of this process. The college looks forward to the district finalizing the 20 Year Capital and Scheduled Maintenance Plan, to clearly identify the significant maintenance backlog and scheduled maintenance and renovation needs at Saddleback, and to use this data driven plan to guide resource allocation. This college budget includes \$1,725,000 for scheduled maintenance projects.

Although Saddleback has continuing funding and fiscal challenges, the Adopted Budget is balanced and fully funds all college obligations and planned expenditures. Faculty, staff and management remain committed to meeting the college mission and moving towards its vision of 'being the first choice'. We appreciate our successful partnership with the Board of Trustees, Chancellor, District Services, Irvine Valley College, and the community.

Tod A. Burnett, Ed.D. President, Saddleback College and Carol Hilton, Vice President for Administrative Services

IRVINE VALLEY COLLEGE BUDGET MESSAGE



Irvine Valley College (IVC) is pleased to present to the Board of Trustees and the Chancellor a balanced FY 2013-2014 Adopted Budget. It is the philosophy of IVC to establish a budget in a transparent and collaborative manner, and the current budget is a product of an open dialogue between all college constituent groups and dedicated staff.

The unrestricted General Fund budget recommended through the District Resource Allocation Council (DRAC) is \$47.9 million. Major components of the budget are a \$47.4-million allocation based on the SB361 state apportionment model, \$3.5-million projected revenue from non-resident tuition, and assessments for district services and general expenses totaling \$6.2 million. Of the total budget, \$42.6 million, or 89%, has been committed to salaries and benefits, with the remainder budgeted for non-personnel expenditures and a contingency reserve.

Following the state apportionment model, the budget includes funding for a 1.63% enrollment growth. This will allow the college to serve 150 additional full-time equivalent students (FTES) beginning in FY 2013-2014. The budget also includes funding for a cost of living adjustment (COLA) of 1.57% for all employee groups.

With the implementation of retirement incentive programs for faculty (in FY 2011-2012) and classified (in FY 2012-2013) bargaining groups, the college had an obligation to make \$615,000 in incentive payments annually. With the passage of Proposition 30 in 2012, the colleges began to receive funding in FY 2012-2013, which allowed IVC to pre-pay its entire retirement incentive obligation of \$1.8M at the end of FY 2012-2013. Although this large payment left a small amount of ending fund balance, the resulting freed-up funds will allow the college to maintain a healthy reserve in FY 2013-2014 and thereafter.

IVC has also set aside \$700,000 to match the scheduled maintenance projects (campus-wide lighting and walkways and library exterior). The energy efficiency projects have been very successful in terms of both energy conservation and generating rebates from Southern California Edison. Thanks to these projects, the college's utility costs for the last 5 years have remained virtually flat, as shown below:

Fiscal Year	2008-09	2009-10	2010-11	2011-12	2012-13
Utility Costs	1,144,721	1,172,329	1,161,446	1,110,469	1,149,586

The state budget also includes additional funding for Extended Opportunity Programs and Services (EOPS), Disabled Students Programs and Services (DSPS), the California Work Opportunity and Responsibility to Kids (CalWORKs), and Student Success and Support Program (formerly called Matriculation). These programs were severely reduced in FY 2009-2010, with the cuts ranging from 40 to 60%. In addition, the state budget includes funding for scheduled maintenance and instructional equipment projects. College-specific allocation amounts will be announced later this fall.

The college is thankful to the Board of Trustees and the Chancellor for their support during this unstable economic period. This support goes a long way in empowering IVC to remain devoted to student learning through exemplary teaching, integrated support services, effective stewardship, and continued accessibility in a diverse community.

Dr. Glenn Roquemore, President, Irvine Valley College
Davit Khachatryan, Director of College Fiscal Services

ADVANCED TECHNOLOGY AND EDUCATION PARK BUDGET MESSAGE



In 2004, the SOCCCD was conveyed 68.37-acres of land from the Department of the Navy on the former Marine Helicopter Base in Tustin and named the Advanced Technology & Education Park (ATEP). The District opened with a 1-1/2 acre temporary campus in fall 2007 to begin serving students and the community while the 68-acre development planning is under way. Irvine Valley College oversees the day-to-day operations of the 14,088 square feet of buildings at the ATEP site while the district services ATEP development team at South Orange County Community College District oversees development of site planning and partnerships for the full site. Much has happened this year that will support future development and increase the efficiencies for development of the site. An overview of these changes is listed below under accomplishments.

Mission

The stated mission of ATEP is to provide development opportunities for Irvine Valley College and Saddleback College as well as land use partners to support community, business and industry workforce development needs. This campus site will focus on Career Technology Education (CTE).

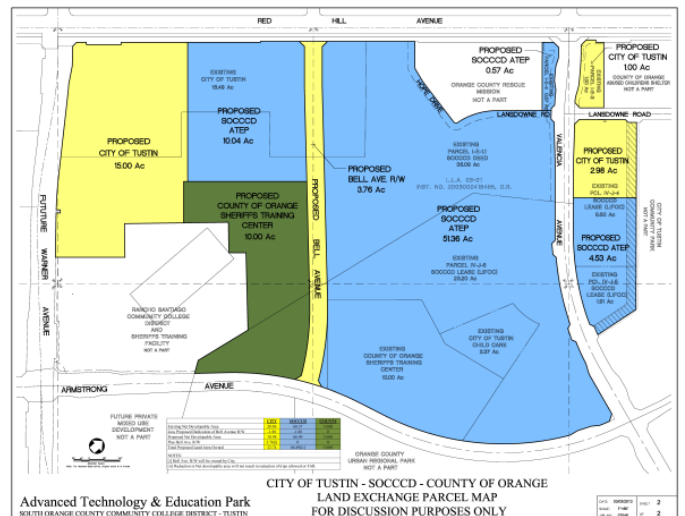
Accomplishments

Recent accomplishments in the planning and development of the ATEP site include:

- The land exchange agreement between the City of Tustin, the County of Orange, and the District were approved providing a campus development site that includes: reconfiguration for campus development; improved infrastructure options; shared costs for constructing Bell Avenue for better access and added Average Daily Trips (ADTs); and supporting the eventual exchange of 10 acres with the County of Orange.

- A development agreement was approved by the City of Tustin and the SOCCCD Board of Trustees that will be for a period of 20 years that will: support a more uniform and orderly development of the property; provide for new entitlements and permitted use including up to 49% of non-education use; significantly increase the density and intensity of use on the site; eliminates uncertainty in the application of the rules and regulations in the MCAS Tustin Specific Plan; and, provide for public services appropriate for the development and use of the SOCCCD property.

- The temporary ATEP campus buildings will be transferred to the City of Tustin as the land exchange becomes final during the summer 2013. The agreement includes a three-year lease back to the District for IVC to continue to utilize the current campus for



instruction, at a cost of \$1 per year. IVC is developing a contingency plan to support key programs now operating at the ATEP site.

- A national search for education institution partners continues as C.B. Richard Ellis, commercial real estate brokers, provides efforts on the District's behalf to advertise partnership opportunities at the development site. A plan is being developed to seek non-education ground lease partners for the site. These partnerships will embrace opportunities for college program synergies to support student training and success. These future partners will provide important ground lease income to the District in support of the ongoing and future costs related to site infrastructure and buildings.
- Demolition of the base buildings and at-ground structures continues on schedule. With the finalization of the land exchange agreement and development agreement with the City of Tustin and County of Orange, demolition of all structures, ground and in-ground structures, and surface grading on these parcels will commence with the appropriate environmental and remediation consultants. In-ground demolition of foundations and grading of the initial ATEP site is scheduled for completion in 2013. Additional phases of demolition will be planned as the land exchange agreement is finalized summer 2013. This will include demolition of structures in the Bell Avenue right of way, the newly acquired city buildings and eventually the structures on the 10 acre exchange parcel with the County of Orange. All of these demolitions could be completed by the end of 2014. The clearing of the land of these buildings and structures for development greatly increases the value of this central Orange County property.
- The City of Tustin and the District will construct an extension of Bell Avenue going through the ATEP development area. The road will be dedicated to the city upon completion and provide for important access and increases in average daily trips. Related demolition will begin in 2013 and the road could be completed in 2014.
- Recently ATEP was included in the new District-wide Strategic Plan: 2011-2014 and Long Range Education & Facilities Master Plan: 2011-2031. Staff from both colleges along with District Services staff participated in these planning efforts.
- A number of Board of Trustee decisions have been made to clarify and direct the development of the ATEP site. These include: assignment of future construction space for each college; the District will coordinate and operate all site ground lease related activities; the colleges will pursue instructional partnership opportunities; the colleges will coordinate program and course offerings at the ATEP site; and the identification of external funding to support site development will be a high priority.

Dr. Debra L. Fitzsimons, Vice Chancellor, Business Services
Dr. Randy Peebles, Associate Vice Chancellor, ATEP

BUDGET DEVELOPMENT GUIDELINES

Board Philosophy:

The Board of Trustees shall support and follow fiscal policies that:

1. Ensure wise and prudent use of public resources.
2. Promote financial strength and stability.
3. Maximize educational opportunities for students.

Participatory Governance:

An opportunity for review and input will be provided to the appropriate participatory governance groups prior to adoption of the final budget.

Guiding Principles:

The following guiding principles are provided to the District Resources Allocation Council (DRAC) and the college budget committees for use when recommendations are made about the budget.

1. Reserve for Economic Uncertainties

The general fund reserve for economic uncertainties shall be no less than 7.5% of the projected unrestricted revenue. A monthly update will be provided to the Board of Trustees that reviews current revenue, expenditure, and ending balance projections. Any action proposed by a staff member, a Board member, or the Board of Trustees as a governing body, which could potentially reduce the reserve, will be reported to the Board in the monthly update. A reported reduction in the reserve below 7.5% shall be accompanied by a plan that indicates how the reserve shall be restored.

2. Future Long-Term Debt Issues

No additional COP, or other long-term debt, will be issued until:

- a. An ongoing revenue stream has been identified that covers the full payment for the existing issues.
- b. A dedicated revenue stream has been identified for the payments for the new issue.

The Board has identified this principle as having a very high priority.

3. Retirement Incentives

No retirement incentives will be provided unless one-time funds have been identified that will cover the full cost or the plan savings are sufficient to pay the cost of the incentive.

4. Area/College Allocations

The expenditure budgets for each area/college shall not exceed the projected resource allocations. Any college or district balances existing at the end of each fiscal year, either positive or negative, will result in an equivalent adjustment in the allocation in the subsequent year. In addition, the Vice Chancellor of Business Services and College Business Officers shall monitor the college budgets to ensure there are no negative balances.

5. Deficit Financing

Deficit financing is defined as a budget in which projected expenditures exceed projected revenue for the year. Deficit financing should not occur for ongoing expenses such as salary increases. The amount of deficit financing should always be clearly presented in the budget document. Deficit financing shall not result in a reserve balance that is less than 7.5%.

6. Retiree Medical, Dental, Vision, and Medicare Coordination of Benefits (COB) Plans

To be compliant with GASB 43 and 45, an irrevocable trust was formed in FY 2007-2008 to fund medical, dental, vision, and Medicare plans for SOCCCD retirees. An actuarial study is conducted at a minimum of every two years to update the District's OPEB (other post-employment benefits) liability. It is the Board's intent to fully fund the liability once it is identified.

7. Basic Aid

While the District is a basic aid district:

- a. The expenditure budgets for ongoing purposes shall be the resources that would have been available from state apportionment.
- b. Excess revenue above apportionment shall be allocated at the college or district level for one-time purposes, such as to cover some of the unfunded obligation for the retiree benefit plans.
- c. Excess revenue above apportionment shall not be used for regular ongoing expenditures, such as salaries.
- d. Excess revenue above apportionment shall not be used for any other purposes that will jeopardize the District's future financial stability.
- e. BP and AR 3110 will be followed when allocating basic aid funds.

8. One-time Cost Savings

One-time cost savings shall be allocated to purposes such as the unfunded obligation for the retiree benefit plans, or to one-time expenditures.

9. Full Time Equivalent Student Targets

- When developing the target FTES, consideration will be given to the following:
- a. The needs of students and the community.

- b. The percentage of growth allocation in the state apportionment formula.
- c. The FTES generated in the most recent academic year.
- d. The number of FTES the college administration realistically believes can be generated.

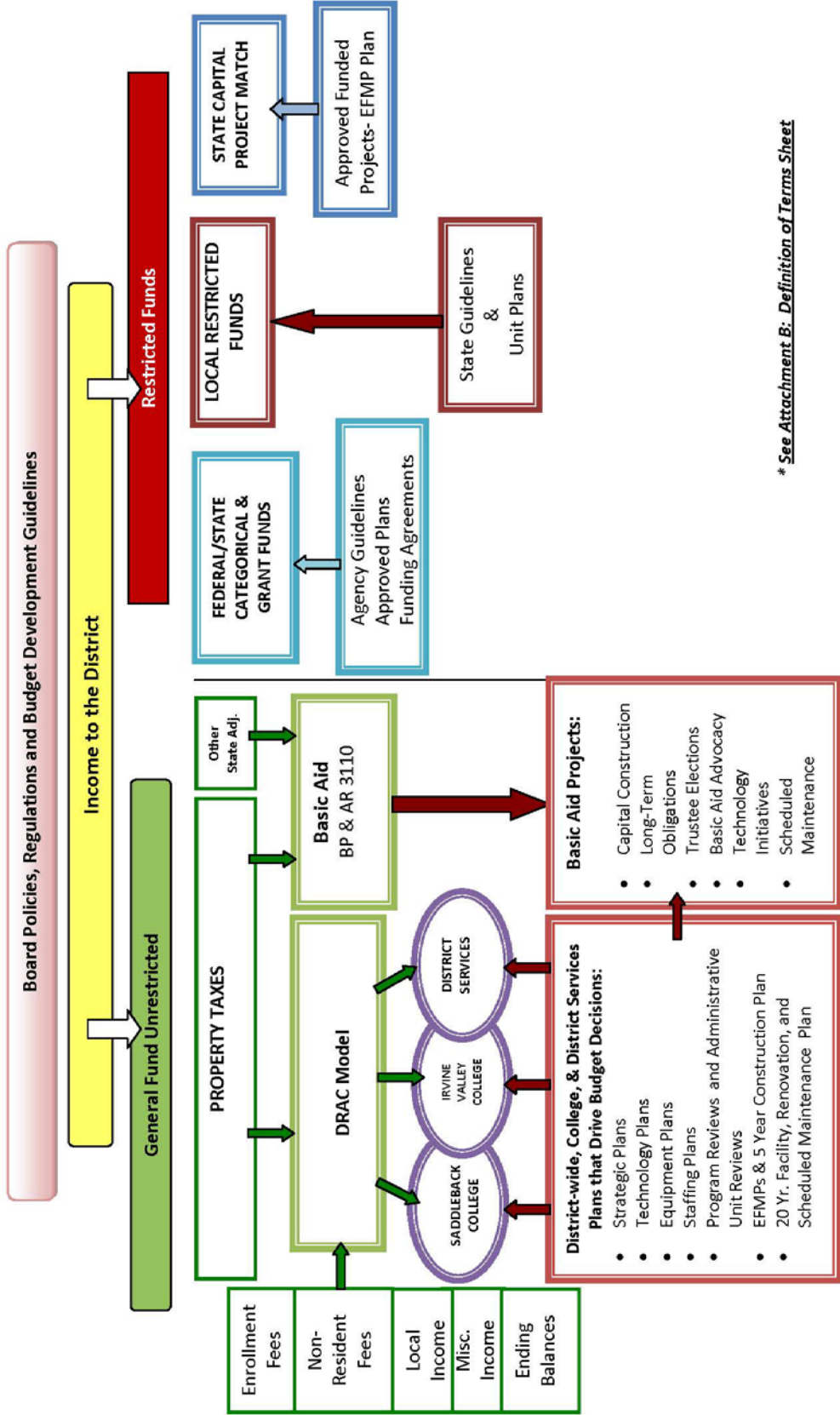
10. Funding for Growth

The District resource allocation model shall limit funding for growth FTES to a maximum of the SOCCCD individual adjusted growth rate published by California Community College System Office, adjusted by subsequent System Office revisions. District growth funding shall also be constrained by FTES growth achieved by the District up to the maximum amount funded through the SB 361 allocation formula.

11. Budget Planning

College budget planning will take into consideration the 50% Law and Faculty Obligation Number (FON).

SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RESOURCE ALLOCATION PROCESS



* See Attachment B: Definition of Terms Sheet

SUMMARY OF GENERAL FUND BUDGET ALLOCATIONS

Allocated Area	* Unrestricted	*Restricted	Total
Saddleback College	\$ 90,151,702	\$14,001,563	\$104,153,265
Irvine Valley College	\$ 47,918,227	\$ 7,198,657	\$ 55,116,884
ATEP Operating & Capital Project	\$ 782,189	\$ 5,084	\$ 787,273
District Services	\$ 14,772,678	\$ 326,310	\$ 15,098,988
District-wide General Expense	\$ 4,218,092		\$ 4,218,092
Part-Time Faculty Parity Funds	\$ 509,330		\$ 509,330
Basic Aid Funds**			
- Retirement Benefits	\$ 3,520,000		\$ 3,520,000
- Capital Outlay Projects	\$ 30,184,051		\$ 30,184,051
- Other Basic Aid Expenses	\$ 2,942,266		\$ 2,942,266
- Contingency	\$ 11,717,496		\$ 11,717,496
Reserves for Economic Uncertainties	\$ 11,296,568		\$ 11,296,568
TOTALS***	<u>\$ 218,012,599</u>	<u>\$ 21,531,614</u>	<u>\$239,544,213</u>

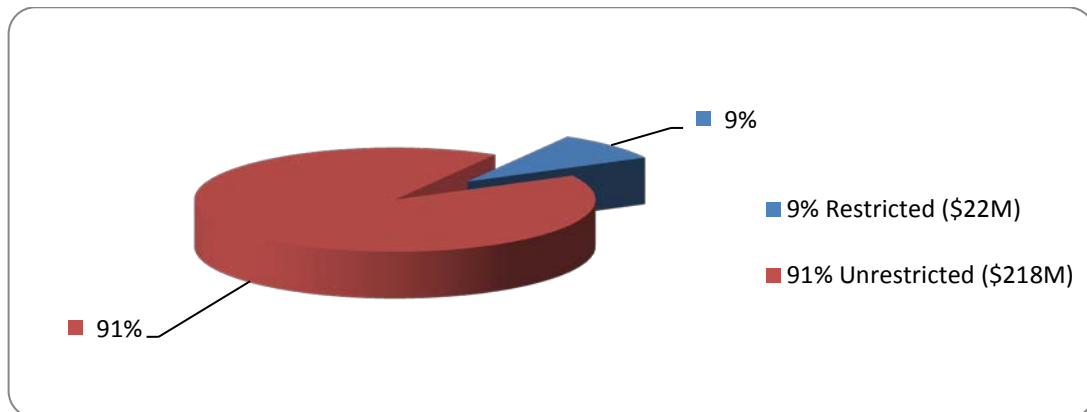
* See pages 26 through 30 (Total of revenue, expenditures and ending balance for each budget location)

**Prior Year Beginning balance of Basic Aid funds (\$19.8 M) is in the Capital Outlay fund.

***The basic aid total was based on conservative property tax estimates.

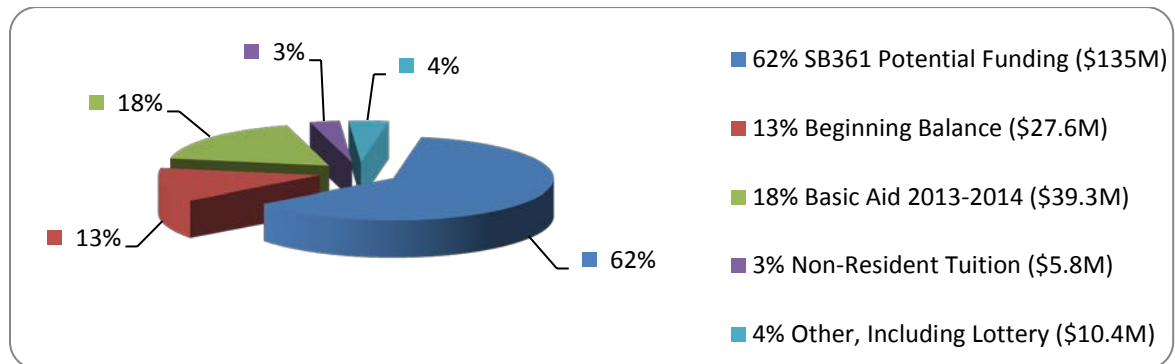
GENERAL FUND REVENUE

The general fund, which totals \$240 million, consists of accounts that are not required to be recorded in a separate fund. There are two segments of the general fund: “Unrestricted” and “Restricted.”

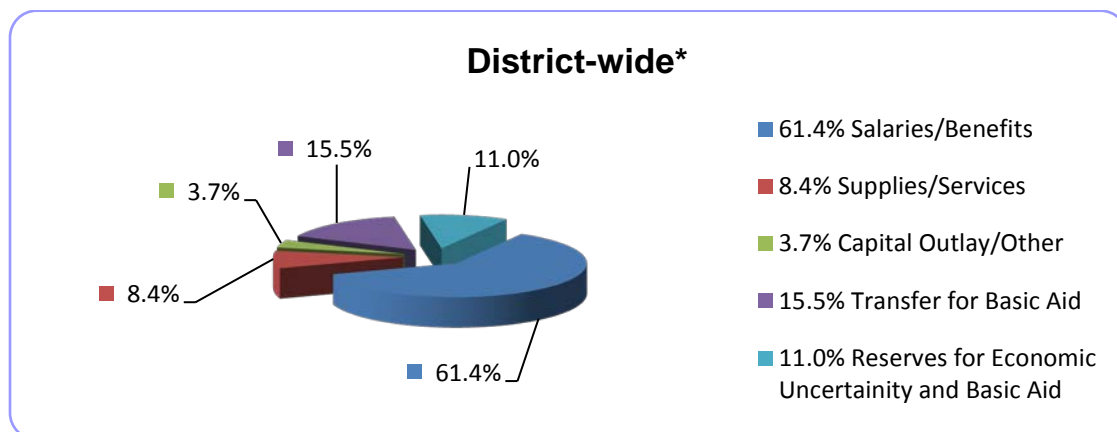


UNRESTRICTED GENERAL FUND REVENUE

The largest segment of the general fund is the *unrestricted portion*, which accounts for resources for the general purpose programs of the District, approximately \$218 million (91% of the activity). This is an increase of \$17 million over last year due to state funded COLA, growth, increased beginning balance, and Proposition 30 EPA funds. Of the resources, 62% is equivalent to the amount that would be calculated in the state-developed funding formula established by SB361. The total amount that is equivalent to what would be potentially received from state apportionment funding (SB361) is determined by the State Budget Act and is distributed to the 72 community college districts by formulas developed by the California Community College Chancellor's Office. The computational revenue recognizes changes in the COLA and student enrollment growth and/or decline. The District will not receive state apportionment funding because local property taxes and student enrollment fees exceed the calculation entitlement. The remaining part of the unrestricted resources comes from FY 2013-2014 Basic Aid (18%), Non-Resident Tuition (3%), and other sources, including Prop 30 EPA funds and Lottery (4%). The beginning balance, carried forward from the prior year, is (13%) of available unrestricted funds.



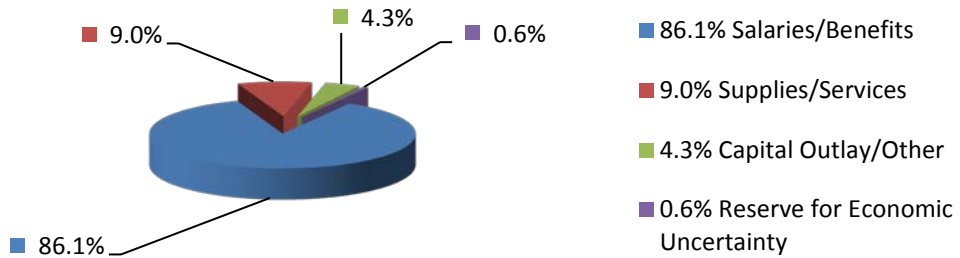
UNRESTRICTED GENERAL FUND OPERATING EXPENDITURES



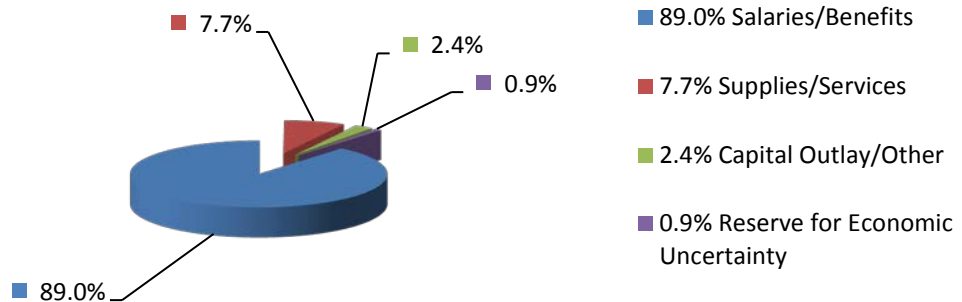
**Note: These percentages are based on the entire District budget that includes all reserves and Basic Aid funds. Without reserves and Basic Aid funds, the percentage for salaries and benefits would be 83.5%.*

Most of the expenditures in the general fund operating budgets are for employee salaries/benefits as seen below. Compared to last fiscal year, Saddleback College salaries and benefits are down to 86.1% of its operating budget (from 88%) and Irvine Valley College salaries and benefits are down to 89.0% (from 89.4%) of its operating budget. District Services salaries and benefits equal 84.5% (up from 84.4%) of its operating budget.

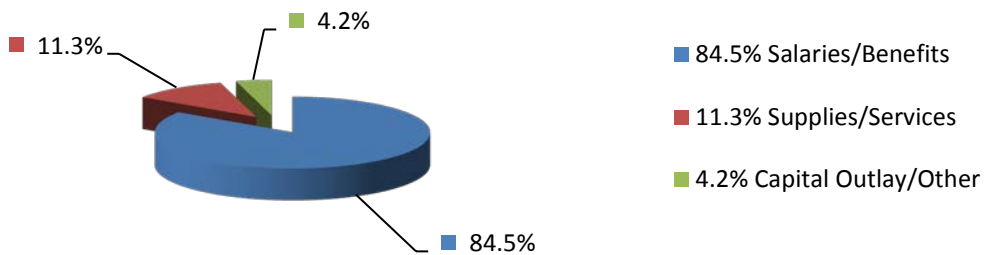
Saddleback College



Irvine Valley College

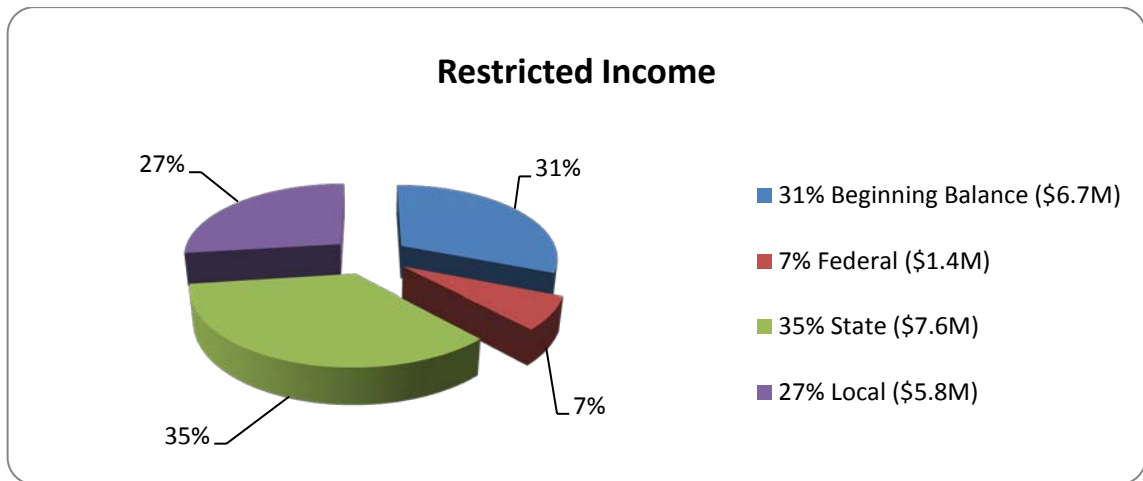


District Services



RESTRICTED GENERAL FUND

The other segment of the general fund is the *restricted portion (categorical aid and grants)*, approximately \$21.5 million (9% of the general fund activity); this accounts for federal, state, and local money that must be spent for a specific purpose by law or agreement. Examples of these programs, which are mostly services targeted for specific population groups, are: Perkins Title I-C, Student Success and Support (formerly Matriculation), Extended Opportunity Programs and Services (EOPS), Disabled Students Programs and Services (DSPS), and Cooperative Agencies Resources for Education (CARE). The restricted general fund decreased by \$1 million from the prior year due to a smaller beginning balance and decreased federal revenue.



NOTEWORTHY GENERAL FUND ASSUMPTIONS

- FTES targets have been increased by 1.63% to align with the State apportionment formula and growth funds were provided to the colleges in the DRAC funding model. The colleges continue to meet their targets.

	FY 2009-2010 Actual	FY 2010-2011 Actual	FY 2011-2012 Actual	FY 2012-2013 Actual (Annual)	FY 2013-2014 Target
IVC	9,511	10,373	9,354	9,329	9,461
SC	16,722	18,126	18,484	18,475	17,764
TOTAL	26,233	28,499	27,838	27,804	27,225

- Proposition 30 Education Protection Act (EPA) funds are budgeted at the same level as FY 2012-2013, \$2.8 million. These revenues are from temporary taxes that will expire in FY 2015-2016 and FY 2018-2019 and are budgeted for part-time faculty salaries and benefits.

- Enrollment fee revenue increased from prior year by 1% to \$18.5 million based on anticipated FTES growth.
- Lottery revenue remains budgeted at \$3.5 million based on a conservative estimate of \$120 per FTES funding. Lottery funds are paid on all FTES, including non-resident.
- Employee movement on the salary schedule (step and column increases) is included for all employee groups. The State COLA of 1.57% is added to the salary schedules for faculty, classified, administrators and managers.
- The budget includes a 5.6% cost increase for employee benefits including PPO medical insurance, HMO medical insurance, dental insurance, vision insurance and life insurance. This is down from the 7.5% increase estimated for the Tentative Budget.
- Workers compensation insurance remains budgeted at 1.8% of salaries.
- The unemployment insurance rate decreased from 1.1% of salaries in FY 2012-2013 to 0.05% of salaries in FY 2013-2014.
- The Public Employees' Retirement System (PERS) contribution rate is budgeted at 11.442% of salaries. This is down from 12.5% estimated for the Tentative Budget.
- The State Teachers' Retirement System (STRS) contribution rate for FY 2013-2014 remains at 8.25% of salaries.
- The property and liability insurance coverage is budgeted at \$1,060,000, which is a \$10,000 increase over the Tentative Budget.
- The district-wide strategic planning budget was increased from the prior year to accommodate necessary planning activities to support accreditation.
- A transfer of \$3,520,000 is budgeted for the annual accrual for current employees' future retirement benefits based on the most recent actuarial study.
- The district-wide general expense accounts include all district-wide IT maintenance agreements. These costs were transferred from the District Services budget and the allocation to District Services was reduced by the same amount.
- Instructional equipment and scheduled maintenance funds are not included in the budget until reviewed by DRAC. Once allocated, a budget amendment will be processed.

The General Expenses have the following budgeted amounts:

<u>EXPENSE</u>	<u>AMOUNT</u>
Credit Card Service Fees	\$ 500,000
District Office Facilities and Maintenance	\$ 300,000
Discrimination/Harassment Investigation Services	\$ 100,000
District-wide IT Maintenance Agreements	\$ 673,761
District-wide Strategic Planning	\$ 110,000
Faculty Job Fair	\$ 25,520
Financial Audit	\$ 135,000
IT Projects Carry-over	\$ 391,311
Labor Contract Negotiators	\$ 75,000
Legal Advertising	\$ 15,000
Legal Fees	\$ 450,000
Mandated Costs	\$ 30,000
Offsite Technology Security	\$ 115,000
Personnel Advertising	\$ 130,000
Phone System Maintenance Agreement	\$ 190,000
Property & Liability Insurance	\$ 1,060,000 *
Recruitment	\$ 125,000
Sabbatical Bond Payments	\$ 18,000
Safety Compliance Cost	\$ 35,000
Taxpayer Relief Act Compliance	\$ 39,500
TOTAL GENERAL EXPENSE ACCOUNTS	<u>\$4,518,092</u>
District Office Facilities and Maintenance**	\$ <300,000>
ADJUSTED GENERAL EXPENSE ACCOUNTS	<u>\$4,218,092</u>

*Increased in fixed expenses compared to the Tentative Budget

**Paid to Saddleback College for expenses related to District Services space in the Health Sciences Building

The FY 2013-2014 Adopted Budget includes inter-fund transfers as follows:

From Unrestricted General Fund:	To Other Funds:				Total
	Child Development	Capital Outlay	Self Insurance	Retiree Benefits	
Irvine Valley College (a)	\$184,000	\$700,000			\$884,000
Saddleback College (b)	\$250,000	\$1,825,000			\$2,075,000
District Service (c)			\$250,000		\$250,000
Basic Aid (d)		\$30,184,051	\$100,000	\$3,520,000	\$33,804,051
Total Transfers	\$434,000	\$32,709,051	\$350,000	\$3,520,000	\$37,013,051

(a) Transfer from IVC General Fund to support Child Development and Scheduled Maintenance Match

(b) Transfer from SC General Fund to support Child Development, Parking Lot Maintenance, and Scheduled Maintenance Match

(c) DS Insurance Department expenses

(d) Basic Aid funds allocated for approved capital outlay projects, retiree benefit liability, and insurance deductibles based on BAARC recommendations

FISCAL STABILITY AND RESERVE FOR ECONOMIC UNCERTAINTIES

Reserve funds are an important financial solvency safeguard. Examples of needs for the reserve for economic uncertainties are revenue shortfalls, unexpected repairs, and enrollment declines.

Based on BP 3100, the FY 2013-2014 Adopted Budget includes a reserve of 7.5% of unrestricted operating funds, with a total amount of \$11,296,568. The amount in the SOCCCD reserve is higher than the minimum recommended by the State Chancellor's Office, which is 5%.

BASIC AID STATUS

A "basic aid" district is one that receives more revenue from local sources (property taxes and student enrollment fees) than it would receive in total for State computational revenue. The District, therefore, is self-sufficient and does not rely on state apportionment. The portion of property taxes received above the State calculated allocation is referred to as **Basic Aid Receipts**. The District returned to its status as a basic aid district in the FY 1999-2000 and has received basic aid receipts as follows:

<u>Fiscal Year</u>	<u>Basic Aid Receipts</u>
1999 – 2000	\$ 5,676,800
2000 – 2001	\$ 9,192,300
2001 – 2002	\$ 13,719,277
2002 – 2003	\$ 18,419,919
2003 – 2004	\$ 27,356,952
2004 – 2005	\$ 40,162,878
2005 – 2006	\$ 46,899,203
2006 – 2007	\$ 52,896,017
2007 – 2008	\$ 50,692,873
2008 – 2009	\$ 51,179,365
2009 – 2010	\$ 39,022,021
2010 – 2011	\$ 38,737,963
2011 – 2012	\$ 39,301,044
2012 – 2013	\$ 46,888,399

The District estimates that property tax receipts above the state-calculated allocation amount for FY 2013-2014 and future years to be as follows:

<u>Fiscal Year</u>	<u>Basic Aid Receipts</u>
2013 - 2014	\$ 39,269,228
2014 - 2015	\$ 40,909,228
2015 - 2016	\$ 38,575,696
2016 - 2017	\$ 36,081,196

The FY 2012-2013 Basic Aid Receipts were increased after final property tax receipts were posted. The large increase is due to a change in accounting practice where July tax payments are accrued as receivables instead of posting them in the following fiscal year. This practice will reflect more accurate records and eliminate the need for an audit adjustment each year.

The assumptions used to estimate basic aid funds in future years are: for FY 2013-2014, SB361 funding COLA is 1.57%, growth is 1.63% and enrollments fees are \$46 per unit. For the following year, SB361 COLA is estimated at 1% and growth is estimated at 1%. The estimates for FY 2015-2016 and FY 2016-2017 reflect 2% COLA and 2% growth.

The Orange County Auditor-Controller's office is consulted regularly in order to conservatively project the District's property tax revenue. The FY 2013-2014 estimates are based on that information and historical trends. For the FY 2013-2014, property taxes are budgeted with a 1% increase over FY 2012-2013. For the following three years, secured taxes are estimated to increase 2% per year. Unsecured, homeowners, and supplemental taxes are estimated to remain constant with no increase.

During FY 2011-2012, BP 3110 and AR 3110 were developed to guide the Basic Aid allocation process. The Basic Aid Allocation Recommendation Committee (BAARC) followed this process in its recommendation for allocating the FY 2013-2014 basic aid funds. As this process was begun early in the budget cycle and was based on estimates, the adopted budget reflects a balance of unallocated funds.

The schedule below shows basic aid funds and projects that were approved and are included in the FY 2013-2014 Adopted Budget.

ESTIMATED BASIC AID RESOURCES & PLANNED EXPENDITURES

<u>FY 2013-2014 RESOURCES</u>	<u>AMOUNT</u>
Balance at July 1, 2013	\$ 28,996,714
Receipts FY 2013-2014	<u>\$ 39,269,228</u>
Estimated Property Taxes for Basic Aid	\$ 68,265,942
Contingency for Unrealized Tax Collections (20%)	(<u>\$ 7,853,846</u>)
TOTAL AVAILABLE FY 2013-2014	<u>\$60,412,096</u>
<u>BUDGETED EXPENDITURES</u>	
FY 2013-2014 Retiree Benefit Expenses	\$ 3,520,000
FY 2013-2014 Legislative Advocacy Services	\$ 75,000
FY 2013-2014 Insurance Deductibles	\$ 100,000
Debt Retirement IVC Energy Loans	\$ 2,254,321
Funding for Capital & IT Projects	\$50,599,125
Unallocated Funds	\$ 3,863,650
TOTAL APPROVED AND BUDGETED PROJECTS	<u>\$60,412,096</u>

The following projects were previously approved by the Board of Trustees and are in various stages of completion. The project total includes prior year expenditures and remaining balances budgeted in FY 2013-2014.

<u>BASIC AID PROJECT NAME</u>	<u>PROJECT TOTAL</u>
CLOSED PROJECTS	\$166,258,363
<u>PRIOR APPROVED BASIC AID PROJECTS</u>	
Trustee Elections	\$2,198,988
Legislative Advocacy Services – Basic Aid	\$435,000
Retiree Benefit Liability Contribution	\$40,617,938
ATEP – Operating Budget	\$11,601,028
ATEP – First Building	\$12,500,000
ATEP – Negotiations	\$4,265,883
ATEP – Demolition	\$7,000,000
ATEP – Staffing, Equipment and Program Development	\$891,611
ATEP – Site Development	\$2,440,436
Campus Appearance	\$1,000,000
IVC – A400 Building Remodel	\$11,463,000
IVC – Design and Install Entrance from Barranca	\$2,850,000
IVC – Fine Arts Building	\$61,278
IVC – Life Sciences Project	\$11,710,000
IVC – New Parking Lot	\$2,920,000
IVC – Performing Arts Center Waterproofing	\$470,000
IVC – Replace Main Water Valves	\$275,000
IVC – Replace Natural Gas Piping A&B Quads	\$230,000
IVC – Replace Exterior A100, A200, A300, A400	\$400,000
IVC – Scheduled Maintenance-Library Exterior (50% College Match)	\$275,000
IVC – Scheduled Maintenance-Lighting & Walkways (50% College Match)	\$475,000
IVC – Scheduled Maintenance-Sports Facilities (50% College Match)	\$342,600
IVC – Science Lab Addition and Remodel	\$5,180,000
IVC – SSC HVAC System, B100	\$800,000
IVC – Upgrade Exterior & Entries to B300	\$680,000
SC – Building Repairs-Library Remodel	\$7,141,000
SC – Building Repairs LRC Com Arts Renovation	\$2,622,000
SC – Building Repairs-ATAS Building	\$14,733,313
SC – Building Repairs ATAS Swing Space Renovation	\$5,806,687
SC – Demolition and Upper Quad Remodel	\$1,000,000
SC - Fine Arts HVAC Renovation	\$1,000,000
SC – Golf Driving Range Net Replacement	\$300,000
SC - Health Sciences/DS Waterproofing	\$1,000,000
SC – Loop Road	\$3,442,000

SC - New Gateway Building (Match)	\$1,545,115
SC – New Sciences Building	\$58,835,346
SC – Pool Deck Replacement	\$1,500,000
SC – Roof Replace TAS, Village Building 3 – 8	\$1,500,000
SC – Scheduled Maintenance-Central Plant (50% College Match)	\$750,000
SC – Scheduled Maintenance-Energy Management Sys (50% College Match)	\$657,400
SC – Scheduled Maintenance-PE Complex (50% College Match)	\$500,000
SC - Storm Drain Repairs	\$1,500,000
SC - Water Damages/Storm Drainage Issues	\$750,000
SOCCCD – Student Information System Upgrade – Phase I/Phase II	\$14,102,260
SOCCCD – Document Management Solution	\$659,202
SOCCCD – IT Projects	\$8,744,770
Technology Needs for IVC, SC & District	\$8,036,477
End-of-Life Core Network/Tech Refresh	\$2,500,000
Campus Desktop Refresh	\$750,000
Student Information System Enhancements	\$1,500,000
HR/Business Services Integrated Software	\$3,000,000
Degree Audit/MAP Upgrade	\$750,000
Awards Management System	\$500,000
Predictive Analytics	\$250,000
Blackboard Plug-ins	\$150,000
Enterprise Content Management Expansion	\$150,000
Matriculation SEP System	\$100,000
HRIS Data Migration	\$20,000
IT Governance - TeamDymanixHE Software	\$50,000
TracDat Integration with SharePoint	\$35,000
DW Infrastructure Inventory System	\$75,000
MySite Help System	\$20,000
Unified Communications System	\$50,000
IT Contingency	\$277,855
FPP, IPP, 5 Year Plans	\$100,000
DSA Project Close Out	\$160,000
Design/Build Specialty Consultant	\$175,000
Legal Counsel for Facilities Related Issues	\$300,000
Lease/Lease Back Consultant	\$175,000
Facilities System	\$704,000
TOTAL PRIOR APPROVED PROJECTS	\$435,258,550
<u>NEW FY 2013-2014 PROJECTS</u>	<u>PROJECT TOTAL</u>
<u>Long Term Obligations & Fixed Expenses</u>	
Insurance Deductibles	\$100,000
Retiree Benefit Liability Contribution *	\$3,520,000

Legislative Advocacy Services *	\$75,000
IVC Debt Retirement – Energy Loans	\$2,254,321
<u>Capital Projects/Defects/Scheduled Maintenance/Renovation</u>	
ATEP – Building Demolition Phase II *	\$6,700,000
DW – Union Offices	\$100,000
IVC – Life Sciences Project *	\$1,780,000
IVC – A400 Renovation *	\$1,550,000
IVC – New Parking Lot *	\$90,000
IVC – A200 Student Success Center	\$46,095
IVC – Construction Defects Performing Arts Center	\$1,400,000
IVC – Sched Maintenance-Lighting Walkway Phase II (50% Coll Match) *	\$425,000
SC - Library Renovation *	\$ 4,950,000
SC – ATAS Swing Space *	\$3,714,000
SC – Storm Drain, Parking Phase 1A, Practice Fields *	\$7,638,000
SC – Sched Maintenance-12KV Electrical Distr Repair (50% Coll Match)	\$200,000
SC – Sched Maintenance-HVAC PE100 (50% Coll Match)	\$800,000
SC – Sched Maintenance-PE200 Bleacher Repairs (50% Coll Match)	\$725,000
SC – FA Complex Phase II *	\$3,950,000
SC – PE 200 and 300 Interior Renovation	\$1,000,000
SC – PE 400 and 500 Renovation	\$800,000
<u>ATEP Development & Operations</u>	
ATEP Support (security, maintenance and operations support)	\$596,530
<u>Capital Programs Planning, Technical, Specialty, Legal Consulting</u>	
ATEP Site Development *	\$2,000,000
DSA Project Close Out *	\$120,000
DSA Inspector, Engineering and PM Services	\$175,000
Design/Build Specialty Consultant *	\$175,000
Facilities Software System *	\$300,000
FPP, IPP, 5 Year Plans *	\$75,000
Lease/Lease Back Consultant *	\$175,000
Legal Counsel for Facilities Related Issues *	\$300,000
<u>IT Projects</u>	
End-of-Life Core Network/Tech Refresh *	\$ 3,000,000
Campus Desktop Refresh *	\$1,500,000
Student Information System Enhancements *	\$1,500,000
HR/Business Services Integrated Software *	\$2,250,000
Student Success Dashboard	\$550,000
Degree Audit/MAP Upgrade *	\$250,000
New Library System	\$100,000
DW Hardware Refresh	\$505,000
Virtual Desktop Phase I	\$50,000
Waitlist Modification	\$250,000
MySite Message Customization	\$150,000
Enterprise Backup Solution Phase I	\$150,000

MySite Security Phase I	\$50,000
Master Calendar Integration	\$300,000
On-line Catalog	\$125,000
International and Student Scholar Management	\$54,500
IT Contingency *	\$30,000
TOTAL FY 2013-2014 PROJECTS	\$56,548,446
CUMULATIVE TOTAL – BASIC AID PROJECTS	<u>\$491,806,996</u>

**Reflects an augmentation to an existing project*

OTHER FUNDS

Community Education Fund (Fund #07 and Fund #09)

The Community Education funds are self-supporting from income derived by community education fees. Both colleges provide community education seminars, short courses, workshops, and programs to support community needs not met by the traditional college curriculum; the instruction is consistent with the primary mission of the District. The income and expenses from the activities of these programs at Irvine Valley College is accounted for in Fund #07, and at Saddleback College in Fund #09.

Child Development Fund (Fund #12)

The Child Development funds are intended to be self-sufficient. The District operates child development programs at both colleges for the benefit of children aged 18 months to 5 years. Services are provided to students and the community on a fee basis. Although the intent is for self-sufficiency, Irvine Valley College provides \$184,000 of support from the unrestricted general fund, and Saddleback College provides \$250,000. The child development program is also not charged for administration or operations, so it is currently not self-supporting.

Capital Outlay Projects Fund (Fund #40)

The District maintains the capital outlay projects fund to account for the expenditures of capital outlay and scheduled maintenance projects. This fund is further divided by funding sources, i.e., state apportionment for new construction, state scheduled maintenance, local redevelopment funds, and district funded projects such as road maintenance and new parking lots. The next table is a schedule of project budgets for FY 2013-2014.

CAPITAL OUTLAY PROJECTS – FUND 40

	FY 2013-2014
<u>Project Description</u>	Adopted Budget
BASIC AID PROJECTS Balance (Including required college match)	\$207,813,824
<u>LOCAL PROJECTS</u>	
District-wide Video Conferencing	\$190,615
District Technology Enhancement	\$97,697
DSA Closeout/Five Year Plan/CEQA	\$97,973

SC - Future Parking Lot Projects	\$651,710
SC - Future Capital Outlay Projects	\$5,022,586
District-Future Capital Outlay Projects	\$19,883,773
Redevelopment Funds Reserved for Future Capital Projects (Lake Forest, Mission Viejo, Tustin, Orange County, Irvine, Santa Ana, San Clemente, San Juan Capistrano)	\$20,464,252
Total Fund 40	\$254,222,430

Facilities Corporation Capital Outlay Projects Fund (Fund #41)

The District established the Facilities Corporation capital outlay projects fund to account for the transactions related to the New Markets Tax Credit (NMTC) funding that is being explored to assist with the funding of the development of ATEP. There currently are no NMTC funding opportunities, therefore, no budget is established for FY 2013-2014.

Self-Insurance Fund (Fund #68)

The self-insurance fund is used to account for the activities of the District’s risk management department and the self-funded programs for property/liability and workers’ compensation.

Retiree Benefit Fund (Fund #71)

The District pays premiums for health care coverage for retirees according to Board policies and contract agreements with employee groups. The Retiree Benefit Fund is used to pay retiree benefit premiums that are reimbursed from the OPEB Trust fund. The current year’s annual accrual of retiree benefits for existing employees is also made in this fund.

An actuarial study is conducted at a minimum of every two years to update the status of the District’s irrevocable trust and determine any unfunded liabilities. The study provides two estimates: 1) the annual accrual to cover the value of benefits “earned” in the current year for existing employees, and 2) the total projected benefits accrual for employees’ past service. The current study estimates the cost for the annual accrual for current employees to be \$3,520,000. The District’s actuarial accrued liability for past service is estimated at \$89,492,000 and is fully funded. An irrevocable trust was established in 2007-2008 to fund the OPEB obligation in accordance with GASB 43 and 45.

For FY 2013-2014, a transfer of \$3,520,000 of Basic Aid Funds will be used toward funding the current year’s annual accrual.

Retiree OPEB Trust Fund (Fund #72)

The Retiree OPEB Trust Fund is used to account for the activities of the District’s irrevocable trust. It was established for the purpose of investment and disbursement of funds irrevocably designated for the payment of obligations to eligible employees, former employees, and their eligible dependents for medical, dental, and vision upon retirement. The District’s OPEB liability was updated in April 2013 with the completion of a required actuarial study.

Foundation Funds (Funds #73 through 76)

These are funds that account for the operations of Saddleback College, Irvine Valley College, District, and ATEP foundations, which are overseen by each of their respective boards of directors.

ASG Funds (Funds #95 and #96)

The ASG budgets are brought to the Board of Trustees independently from the SOCCCD Adopted Budget for board approval.

BUDGET TABLES

The Adopted Budget FY 2013-2014 for all District funds is summarized on the following pages. A new chart displaying the changes between the Tentative Budget and Adopted Budget for the General Fund is included.

Dr. Debra L. Fitzsimons, Vice Chancellor of Business Services

Kim McCord, Executive Director of Fiscal Services

Prepared by: Cheryl Dobbie, Executive Assistant

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
ADOPTED BUDGET - FISCAL YEAR 2013-2014**

Revenues, Expenditures and Change in Fund Balance

	General Fund (01)	Community Education (07) & (09)	Child Development (12)	Capital Outlay (40)	Self-Insurance (68)	Retiree Benefit (71)	Retiree OPEB (72)	TOTAL ALL FUNDS
SOURCES OF FUNDS								
BEGINNING FUND BALANCE:	9712 \$	34,319,623 \$	875,262 \$	44,776 \$	217,328,319 \$	1,588,326 \$	84,428,352 \$	340,058,742
REVENUES:								
SB361 Revenue	Various \$	134,939,936 \$	- \$	- \$	- \$	- \$	- \$	134,939,936
Basic Aid		39,269,228	-	-	-	-	-	39,269,228
Federal Sources	8100-8199	1,437,406	-	-	-	-	-	1,437,406
Other State Sources	8600-8699	15,361,554	-	-	-	-	-	15,361,554
Other Local Sources	8800-8899	14,216,466	2,023,782	1,637,598	4,185,060	3,000	8,120,000	30,190,906
Total Revenue		205,224,590	2,023,782	1,637,598	4,185,060	3,000	8,120,000	221,199,030
BASIC AID INCOMING TRANSFER	8980-8989	-	-	-	30,184,051	3,520,000	-	33,804,051
INCOMING TRANSFERS	8980-8989	-	-	434,000	2,525,000	-	-	3,209,000
TOTAL SOURCES OF FUNDS		\$ 239,544,213	\$ 2,899,044	\$ 2,116,374	\$ 254,222,430	\$ 4,997,084	\$ 92,548,352	\$ 598,270,823
USES OF FUNDS								
EXPENDITURES:								
Academic Salaries	1000-1999 \$	67,332,618 \$	13,371 \$	- \$	- \$	- \$	- \$	67,345,989
Other Staff Salaries	2000-2999	41,249,943	942,015	1,520,556	43,830	-	-	43,916,356
Employee Benefits	3000-3999	35,816,180	218,082	499,031	30,847	3,520,000	4,415,000	44,576,207
Supplies & Materials	4000-4999	5,090,739	99,250	57,981	4,500	-	-	5,253,470
Services & Other Operating	5000-5999	20,660,367	802,433	21,560	1,055,643	90,000	310,000	23,779,022
Capital Outlay	6000-6999	5,781,881	823,893	17,246	252,812,555	-	-	259,461,575
Payments to Students	7500-7699	398,441	-	-	-	-	-	398,441
Total Expenditures		176,330,169	2,899,044	2,116,374	253,947,375	3,610,000	4,725,000	444,731,060
OTHER FINANCING USES:								
Transfers Out	7300-7400 \$	3,209,000 \$	- \$	- \$	- \$	- \$	- \$	3,209,000
Basic Aid Transfers Out	7300-7400	33,804,051	-	-	-	-	-	33,804,051
Debt Service	7100-7199	2,254,321	-	-	-	-	-	2,254,321
Total Other Uses		39,267,372	-	-	-	-	-	39,267,372
TOTAL USES OF FUNDS		215,597,541	2,899,044	2,116,374	253,947,375	3,610,000	4,725,000	483,998,432
ENDING FUND BALANCE		\$ 23,946,672	\$ -	\$ -	\$ 275,055	\$ 840,228	\$ 87,823,352	\$ 114,272,391
COMPONENTS OF ENDING BALANCE								
Reserve, Economic Uncertainties/Fund Bal.	\$	12,229,176 \$	- \$	- \$	275,055 \$	840,228 \$	1,387,084 \$	87,823,352 \$
Reserve, Unrealized Tax Collections (Basic Aid)	\$	11,717,496	-	-	-	-	-	11,717,496

SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
ADOPTED BUDGET - FISCAL YEAR 2013-2014
 Revenues, Expenditures and Change in Fund Balance
GENERAL FUND

	Saddleback College			Irvine Valley College			District Services			
	General Fund		Total	General Fund		Total	General Fund		Total	
	Unrestricted	Restricted		Unrestricted	Restricted		Unrestricted	Restricted		
SOURCES OF FUNDS										
BEGINNING FUND BALANCE:	9712	\$ 5,055,836	\$ 4,904,109	\$ 9,959,945	\$ 20,019	\$ 1,524,460	\$ 1,544,479	\$ 1,320,395	\$ 296,054	\$ 1,616,449
REVENUES:										
SB361 Revenue		\$ 76,071,159	\$ -	\$ 76,071,159	\$ 41,223,859	\$ -	\$ 41,223,859	\$ 13,452,283	\$ -	\$ 13,452,283
Basic Aid		-	-	-	-	-	-	-	-	-
Federal Sources	8100-8199	-	864,242	864,242	-	553,164	553,164	-	20,000	20,000
Other State Sources	8600-8699	4,756,977	4,486,050	9,243,027	2,503,366	3,095,442	5,598,808	-	10,256	10,256
Other Local Sources	8800-8899	4,267,730	3,747,162	8,014,892	4,170,983	2,025,591	6,196,574	-	-	-
Total Revenue		85,095,866	9,097,454	94,193,320	47,898,208	5,674,197	53,572,405	13,452,283	30,256	13,482,539
RESTRICTED BASIC AID	8980-8989	-	-	-	-	-	-	-	-	-
INCOMING TRANSFERS	8980-8989	-	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS		\$ 90,151,702	\$ 14,001,563	\$ 104,153,265	\$ 47,918,227	\$ 7,198,657	\$ 55,116,884	\$ 14,772,678	\$ 326,310	\$ 15,098,988
USES OF FUNDS										
EXPENDITURES:										
Academic Salaries	1000-1999	\$ 41,164,049	\$ 2,470,632	\$ 43,634,681	\$ 21,082,698	\$ 805,990	\$ 21,888,688	\$ 1,357,129	\$ -	\$ 1,357,129
Other Staff Salaries	2000-2999	17,639,796	3,025,134	20,664,930	10,878,180	1,917,393	12,795,573	7,371,777	-	7,371,777
Employee Benefits	3000-3999	18,832,334	1,491,485	20,323,819	10,667,691	838,779	11,506,470	3,756,137	-	3,756,137
Supplies & Materials	4000-4999	1,885,957	1,757,416	3,643,373	618,307	581,964	1,200,271	204,228	-	204,228
Services & Other Operating	5000-5999	6,241,375	2,736,044	8,977,419	3,089,245	2,002,850	5,092,095	1,469,307	326,310	1,795,617
Capital Outlay	6000-6999	1,913,191	2,196,923	4,110,114	265,498	877,169	1,142,667	364,100	-	364,100
Payments to Students	7500-7699	-	223,929	223,929	-	174,512	174,512	-	-	-
Total Expenditures		87,676,702	13,901,563	101,578,265	46,601,619	7,198,657	53,800,276	14,522,678	326,310	14,848,988
OTHER FINANCING USES:										
Transfers Out	7300-7400	\$ 1,975,000	\$ 100,000	\$ 2,075,000	\$ 884,000	\$ -	\$ 884,000	\$ 250,000	\$ -	\$ 250,000
Basic Aid Transfers Out	7300-7400	-	-	-	-	-	-	-	-	-
Debt Service	7100-7199	-	-	-	-	-	-	-	-	-
Total Other Sources (Uses)		1,975,000	100,000	2,075,000	884,000	-	884,000	250,000	-	250,000
TOTAL USES OF FUNDS		89,651,702	14,001,563	103,653,265	47,485,619	7,198,657	54,684,276	14,772,678	326,310	15,098,988
ENDING FUND BALANCE		\$ 500,000	\$ -	\$ 500,000	\$ 432,608	\$ -	\$ 432,608	\$ -	\$ -	\$ -
COMPONENTS OF ENDING BALANCE										
Reserve, Economic Uncertainties/Fund Bal		\$ 500,000	\$ -	\$ 500,000	\$ 432,608	\$ -	\$ 432,608	\$ -	\$ -	\$ -
Reserve, Unrealized Tax Collections (Basic Aid)		-	-	-	-	-	-	-	-	-

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
ADOPTED BUDGET - FISCAL YEAR 2013-2014**

Revenues, Expenditures and Change in Fund Balance
GENERAL FUND

	ATEP		Total	General Expense		One Time Rev. Incl. Basic Aid	Total General Fund						
	Fund			Unrestricted			Fund						
	Unrestricted	Restricted		Unrestricted	Restricted		Unrestricted	Restricted					
SOURCES OF FUNDS													
BEGINNING FUND BALANCE:	9712	\$	185,743	\$	391,311	\$	20,621,696	\$	27,594,916	\$	6,724,707	\$	34,319,623
REVENUES:													
SB361 Revenue													
Various		\$	-	\$	-	\$	365,854	\$	134,939,936	\$	-	\$	134,939,936
Basic Aid			596,530		-		38,672,698		39,269,228		-		39,269,228
Federal Sources			-		-		-		-		1,437,406		1,437,406
Other State Sources			-		-		509,463		7,769,806		7,591,748		15,361,554
Other Local Sources			-	5,000	-	-	-	-	8,438,713	-	5,777,753	-	14,216,466
Total Revenue			596,530	5,000	601,530	3,826,781	39,548,015	190,417,683	14,806,907	205,224,590			
RESTRICTED BASIC AID INCOMING TRANSFERS													
8980-8989			-	-	-	-	-	-	-	-	-	-	-
8980-8989			-	-	-	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS			782,189	5,084	787,273	4,218,092	60,169,711	218,012,599	21,531,614	239,544,213			

USES OF FUNDS

EXPENDITURES:

Academic Salaries	1000-1999	\$	-	\$	-	\$	452,120	\$	64,055,996	\$	3,276,622	\$	67,332,618
Other Staff Salaries	2000-2999		312,663		-	105,000	-	36,307,416	4,942,527	41,249,943			
Employee Benefits	3000-3999		152,544		-	20,000	57,210	33,485,916	2,330,264	35,816,180			
Supplies & Materials	4000-4999		41,867	1,000	42,867	-	-	2,750,359	2,340,380	5,090,739			
Services & Other Operating	5000-5999		266,115	3,084	269,199	3,938,092	587,945	15,592,079	5,068,288	20,660,367			
Capital Outlay	6000-6999		9,000	1,000	10,000	155,000	-	2,706,789	3,075,092	5,781,881			
Payments to Students	7500-7699		-	-	-	-	-	-	398,441	398,441			
Total Expenditures			782,189	5,084	787,273	4,218,092	1,097,275	154,898,555	21,431,614	176,330,169			

OTHER FINANCING USES:

Transfers Out	7300-7400	\$	-	\$	-	\$	-	\$	3,109,000	\$	100,000	\$	3,209,000
Basic Aid Transfers Out	7300-7400		-		-	-	33,804,051	33,804,051	-	33,804,051			
Debt Service	7100-7199		-		-	-	2,254,321	2,254,321	-	2,254,321			
Total Other Sources (Uses)			-	-	-	-	36,058,372	39,167,372	100,000	39,267,372			

TOTAL USES OF FUNDS

			782,189	5,084	787,273	4,218,092	37,155,647	194,065,927	21,531,614	215,597,541			
--	--	--	----------------	--------------	----------------	------------------	-------------------	--------------------	-------------------	--------------------	--	--	--

ENDING FUND BALANCE

			\$	-	\$	-	\$	23,014,064	\$	23,946,672	\$	-	\$	23,946,672
--	--	--	----	---	----	---	----	------------	----	------------	----	---	----	------------

COMPONENTS OF ENDING BALANCE

Reserve, Economic Uncertainties/Fund Bal.	\$	-	\$	-	\$	-	\$	11,296,568	\$	12,229,176	\$	-	\$	12,229,176
Reserve, Unrealized Tax Collections (Basic Aid)			-		-	-	11,717,496	11,717,496	-	11,717,496				

SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
Changes from Tentative Budget to Adopted Budget
 Revenues, Expenditures and Change in Fund Balance
GENERAL FUND

	Unrestrict General Fund		Restricted General Fund	
	Tentative Budget	Adopted Budget	Tentative Budget	Adopted Budget
SOURCES OF FUNDS				
BEGINNING FUND BALANCE:	9712 \$	23,165,344 \$	4,429,572 \$	27,594,916 \$
			4,915,924 \$	1,808,783 \$
				6,724,707
REVENUES:				
SB361 Revenue		134,939,936 \$	- \$	- \$
Basic Aid		38,697,997	571,231	39,269,228
Federal Sources		-	-	1,333,280
Other State Sources		7,579,806	190,000	7,769,806
Other Local Sources		7,539,953	898,760	8,438,713
Total Revenue		188,757,692	1,659,991	190,417,683
			14,201,188	605,719
				14,806,907
RESTRICTED BASIC AID				
8980-8989		-	-	-
INCOMING TRANSFERS				
8980-8989		-	-	-
TOTAL SOURCES OF FUNDS		\$ 211,923,036	\$ 6,089,563	\$ 218,012,599
			\$ 19,117,112	\$ 2,414,502
				\$ 21,531,614
USES OF FUNDS				
EXPENDITURES:				
Academic Salaries		63,727,704 \$	328,292 \$	64,055,996 \$
Other Staff Salaries		35,644,604	662,812	36,307,416
Employee Benefits		34,508,523	(1,022,607)	33,485,916
Supplies & Materials		2,541,786	208,573	2,750,359
Services & Other Operating		14,540,923	1,051,156	15,592,079
Capital Outlay		1,687,863	1,018,926	2,706,789
Payments to Students		-	-	414,071
Total Expenditures		152,651,403	2,247,152	154,898,555
			19,117,112	2,314,502
				21,431,614
OTHER FINANCING USES:				
Transfers Out		3,109,000 \$	- \$	3,109,000 \$
Basic Aid Transfers Out		33,804,051	-	33,804,051
Debt Service		2,254,321	-	2,254,321
Total Other Sources (Uses)		39,167,372	-	39,167,372
TOTAL USES OF FUNDS		191,818,775	2,247,152	194,065,927
			19,117,112	2,414,502
				21,531,614
ENDING FUND BALANCE		\$ 20,104,261	\$ 3,842,411	\$ 23,946,672
				- \$
COMPONENTS OF ENDING BALANCE				
Reserve, Economic Uncertainties/Fund Bal.		\$ 12,364,662	\$(135,486)	\$ 12,229,176
Reserve, Unrealized Tax Collections (Basic Aid)		7,739,599	3,977,897	11,717,496
				- \$

SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
ADOPTED BUDGET - FISCAL YEAR 2013-2014
Revenues, Expenditures and Change in Fund Balance

	Community Education Fund			Child Development Fund			
	Saddleback College (09)	Irvine Valley College (07)	Total	Saddleback College (12)	Irvine Valley College (12)	Total	
	\$	\$	\$	\$	\$	\$	
<u>SOURCES OF FUNDS</u>							
BEGINNING FUND BALANCE:	9712	\$ 928,949	\$ (53,687)	\$ 875,262	\$ 44,765	\$ 11	\$ 44,776
REVENUES:							
SB361 Revenue		-	-	-	-	-	-
Basic Aid		-	-	-	-	-	-
Federal Sources		8100-8199	-	-	-	-	-
Other State Sources		8600-8699	-	-	-	-	-
Other Local Sources		8800-8899	868,446	1,155,336	2,023,782	679,511	958,087
Total Revenue		868,446	1,155,336	2,023,782	958,087	958,087	1,637,598
RESTRICTED BASIC AID INCOMING TRANSFERS		8980-8989	-	-	-	-	-
		8980-8989	-	-	-	250,000	184,000
TOTAL SOURCES OF FUNDS		\$ 1,797,395	\$ 1,101,649	\$ 2,899,044	\$ 974,276	\$ 1,142,098	\$ 2,116,374

	Community Education Fund			Child Development Fund			
	Saddleback College (09)	Irvine Valley College (07)	Total	Saddleback College (12)	Irvine Valley College (12)	Total	
	\$	\$	\$	\$	\$	\$	
<u>USES OF FUNDS</u>							
EXPENDITURES:							
Academic Salaries		1000-1999	-	13,371	-	-	
Other Staff Salaries		2000-2999	511,490	430,525	942,015	699,749	820,807
Employee Benefits		3000-3999	85,042	133,040	218,082	248,860	250,171
Supplies & Materials		4000-4999	63,000	36,250	99,250	20,931	37,050
Services & Other Operating		5000-5999	541,863	260,570	802,433	3,490	18,070
Capital Outlay		6000-6999	596,000	227,893	823,893	1,246	16,000
Payments to Students		7500-7699	-	-	-	-	-
Total Expenditures		1,797,395	1,101,649	2,899,044	974,276	1,142,098	2,116,374
OTHER FINANCING USES:							
Transfers Out		7300-7400	-	-	-	-	-
Basic Aid Transfers Out		7300-7400	-	-	-	-	-
Debt Service		7100-7199	-	-	-	-	-
Total Other Sources (Uses)		-	-	-	-	-	-
TOTAL USES OF FUNDS		\$ 1,797,395	\$ 1,101,649	\$ 2,899,044	\$ 974,276	\$ 1,142,098	\$ 2,116,374
ENDING FUND BALANCE		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

APPENDIX A

The following Funds are used at South Orange County Community College District:

FUND NUMBER	DESCRIPTION	DEFINITION
01	General Fund	Used to account for the ordinary operational expenses of the District. These funds are available for any legally authorized purpose not specified for payment by other funds.
07	Community Education Fund – Irvine Valley College	Irvine Valley College provides community education seminars, short courses, workshops, and programs to support community needs not met by the traditional college curriculum.
09	Community Education Fund – Saddleback College	Saddleback College provides community education seminars, short courses, workshops, and programs to support community needs not met by the traditional college curriculum.
12	Child Development Fund	The District operates child development programs at both colleges for the benefit of children ages 18 months to 5 years. Services are provided to students and the community on a fee basis. The child development program is not charged for administration and operations.
40	Capital Outlay Fund	The District maintains the capital outlay projects fund to account for the expenditures of capital outlay and scheduled maintenance projects. This fund is further divided by funding sources; i.e., state apportionment for new construction, state scheduled maintenance, local redevelopment funds, American with Disabilities Act, and District funded projects.
41	Facilities Corporation Capital Outlay Projects Fund	The District established the Facilities Corporation capital outlay projects fund to account for the transactions related to funding for the development of ATEP, when it is needed.
68	Self-Insurance Fund	The self-insurance fund is used to account for the activities of the District’s self-funded programs for property/liability and workers’ compensation programs.

APPENDIX A

FUND NUMBER	DESCRIPTION	DEFINITION
71	Retiree Benefits Fund	The District pays premiums for health care coverage for retirees according to Board Policies and contract agreements with employee groups. This fund is used to pay premiums. The current year's annual accrual of retiree benefits for existing employees is also made in this fund.
72	Retiree (OPEB) Trust	This fund is used to account for the activities of the District's irrevocable trust, established for the purpose of investment and disbursement of funds irrevocably designated for the payment of obligations to eligible employees, former employees, and their eligible dependents for medical, dental, and vision upon retirement.
73	Saddleback College Foundation	This fund is used to account for the activities of organizations known as foundations. The foundation provides scholarships for students and supplements the needs of the college.
74	Irvine Valley College Foundation	This fund is used to account for the activities of organizations known as foundations. The foundation provides scholarships for students and supplements the needs of the college.
75	District Foundation	This fund is used to account for the activities of organizations known as foundations. The foundation supplements any needs the District may have.
76	ATEP Foundation	This fund is used to account for the activities of organizations known as foundations. This account may supplement needs the District may have related to ATEP.
84	Student Financial Aid Fund	This clearing account is used to account for the deposit and direct payment of government-funded student financial aid, including grants and loans.

APPENDIX A

FUND NUMBER	DESCRIPTION	DEFINITION
95	Associated Student Government – Saddleback College	This fund is used to account for monies held in trust by the college for organized student body associations. The fund is subjected to the approval of the governing board.
96	Associated Student Government - IVC	This fund is used to account for monies held in trust by the college for organized student body associations. The fund is subjected to the approval of the governing board.
99	District Depository	This fund is a clearing account used to deposit bank card payments, cash, and checks received by the District for enrollment fees, material fees, applications, parking fees and fines, health center business, fine arts tickets sales, Child Development Center fees, library fines, and career center testing fees. The District deposits this money in Fund 99 and promptly issues a check for deposit by the Orange County Department of Education into the Orange County Treasurer Educational Pool. This process is used because the Orange County Department of Education does not accept bank card payments or cash for deposit, nor do they accept the large volume of personal checks processed by the District daily.

APPENDIX B
South Orange County Community College District

RESOURCE ALLOCATION DEFINITION OF TERMS

(To accompany the Flow Chart outlining the Resource Allocation Process)

- **Administrative Unit Reviews (AURs)** are conducted to examine the effectiveness of an administrative unit. Beginning FY 2011-2012, they are conducted at District Services.
- **Basic Aid** occurs when the local property tax revenue in a community college district exceeds the total funding that the state would have provided, as calculated by SB361 apportionment. Apportionment is the method by which the CCC system office distributes federal, state and local monies to community college districts according to a specified formula. Under Basic Aid, there is no need to factor in any state aid because the property taxes and student fees surpass the minimum funding level established by the state. K-12 school districts also can be basic aid districts.
- **Capital Construction** refers to large scale building construction projects. They include specific construction projects such as site development, utilities, roads, buildings, and equipment projects. Capital projects may also be thought of in terms of “facilities systems.”
- **DRAC** is the SOCCCD’s District Resource Allocation Council, which is a district-wide participatory governance council, approved by the Board of Trustees and charged with recommendations for the income allocation model on which the budget is based. It is charged with development and oversight of the allocation process for Unrestricted General Funds and it makes recommendations to the Chancellor.
- **DRAC Model** is an allocation model for the District. It distributes available general fund unrestricted resources (according to the state funding formula SB 361) and other funding such as enrollment fees, non-resident fees, local income, miscellaneous income, and ending balances. It is distributed to five areas: 1) Saddleback College, 2) Irvine Valley College, 3) Contingency Reserve, 4) General Expenditures, and 5) District Services. The intention of the model is to guarantee the colleges a predictable, fair, and equitable distribution of revenues.
- **Education and Facilities Master Plan (EFMP)** is a facilities planning endeavor with major updates conducted every five years. Information is captured from a variety of sources, both internal and external, to facilitate data driven decision making. Meetings were hosted with participatory governance groups and with community involvement. The results connect capital expenditure decisions directly to planning efforts. The District-wide Education and Facilities Master Plan (EFMP) 2011-2031 is in a 5-volume comprehensive document. The product is a long-term plan for continuous quality improvements focusing on strategies for academic excellence and facilities improvements.

APPENDIX B

South Orange County Community College District

RESOURCE ALLOCATION DEFINITION OF TERMS

(To accompany the Flow Chart outlining the Resource Allocation Process)

- **Ending Balances** are one-time remaining funds that are unspent at the end of the fiscal year and are available to be rolled over into the new fiscal year within the fund. They should only be available for one-time purposes. If negative ending balances should occur, they are deducted from the budget for the respective entity in the next year's budget process.
- **Enrollment Fees** are charged to a student for instructional services provided to that student and these fee levels are set by the state.
- **Federal, State, Categorical, and Grant Funds** include restricted revenues received from a government or a private or non-profit organization to be used or expended for a specified purpose.
- **General Funds** are used to account for the ordinary operational expenses of the District. These funds are available for any legally authorized purpose not specified for payment by other funds.
- **Local Income** is income derived from non-state and non-federal sources, such as material fees, facility rental, and application fees.
- **Local Restricted Funds** are funds that are non-state and non-federal, but have restrictions or limitations based on their use by the funding source or funding agency. Examples are community education, parking income, and child development funds.
- **Long-Term Obligations** are amounts that an entity may be legally required to pay out of its resources over a longer period of time in the future. Included are not only actual liabilities, but also un-liquidated encumbrances. An example of a long term obligation that community colleges typically have is the future retiree benefit liability obligation, as required by GASB 43 and 45. Other examples could include Certificates of Participation (COPs) and debt.
- **Miscellaneous Income** is income that is outside of the SB 361 formula. Examples are unrestricted lottery, interest, mandated costs, and enrollment fee administration.
- **Non-Resident Fees** are charged to a student for instructional services provided to a student who resides outside of California. Revenues are retained by the colleges in addition to revenues received through the DRAC model.
- **Other State Adjustments** include state funds such as the excess funds provided to basic aid districts distributed by the State Chancellor's Office when Partnership for Excellence (PFE) was folded into SB 361 for other districts. These monies are not legislatively guaranteed.

APPENDIX B

South Orange County Community College District

RESOURCE ALLOCATION DEFINITION OF TERMS

(To accompany the Flow Chart outlining the Resource Allocation Process)

- **Program Reviews** are a process to examine the effectiveness of an academic program. The process typically provides feedback (a) to the academic unit primarily responsible for the program, (b) to the appropriate academic administrators, and (c) to external units in the form of confirmation of the existence of a review process and in the form of summaries of the outcomes.
- **Property Taxes** are compulsory charges levied within boundaries by a governmental unit against the property of persons, natural or corporate, to finance services performed for the common benefit.
- **Reserve** is an amount set aside to provide for estimated future expenditures or losses for working capital, or for other specified purposes. The Budget Guidelines approved by the Board of Trustees require a general fund reserve for economic uncertainties shall be no less than 7.5% of the projected unrestricted revenue.
- **Restricted Funds** are used to account for resources available for the operation and support of educational programs specifically restricted by law, regulations, donors, or other outside agencies. Examples of Restricted Funds at SOCCCD are EOPS, DSPS, and grants.
- **Scheduled Maintenance** The state refers to scheduled maintenance as state funds that were formerly provided for major repairs of buildings and equipment and had required a local match. For the last few years, state scheduled maintenance funds had not been allocated to community colleges. However, in the current state budget year, scheduled maintenance funds are being distributed to the districts again. At the District, the local definition of scheduled maintenance for basic aid purposes includes scheduled maintenance or repair of major building systems at the end of their life cycle that require planning, allocation of a significant amount of time and funds, and a high degree of coordination.
- **State Capital Project Match** are match funds provided by the California Community College Chancellor's Office for district capital construction projects that meet their criteria for receiving a match of dollars from the state. These matching funds are matched by the local district.
- **Strategic Plans** refer to the Strategic Plans at both the colleges and the SOCCCD District-wide Strategic Plan being developed based on several planning documents at both the colleges and district-wide.
- **Unrestricted Funds** are funds that do not have limitations on their use or disposition by their funding source (i.e., do not have specific restrictions placed upon them). These funds can be used for general purpose operating expenses and support of educational programs of the District.

APPENDIX B:
South Orange County Community College District

RESOURCE ALLOCATION DEFINITION OF TERMS

(To accompany the Flow Chart outlining the Resource Allocation Process)

- **5 Year Construction Plan** uses the project lists developed during the Education and Facilities Master Planning process. The college presidents work every year with their campuses to provide revisions to the two colleges' project priorities. The separate campus priority lists are merged into one district-wide project priority list vetted through SOCCCD Chancellor's Executive Team and approved by the Board of Trustees for submittal to the State Chancellor's office. This Five Year Construction Plan is the basis for the State Chancellor's Office determination of which projects they will consider for funding. All Initial Project Proposal (IPP) and Final Project Proposal (FPP) submittals must be drawn from this list.
- **20 Year Facility, Renovation, & Scheduled Maintenance Plan** will be a plan developed by the Capital Improvement Committee to create a 20 year projection of District-wide facility needs including projected cost and revenue. Facility needs are defined as new facilities, renovation of existing facilities, scheduled maintenance and maintenance backlog. This plan will be developed objectively by applying uniform data driven criteria to assess facility needs District-wide. This plan will be reviewed annually by the committee.