

# ADOPTED BUDGET

## FY 2015 – 2016



August 24, 2015

Presented By:

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



# 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 52,000 and full time equivalent students (FTES) number over 29,000. Demand for online courses and certificate programs continues.

**Planning Efforts:** During the last several years, great strides have been made to 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:** Major projects at Saddleback College include: a) continued design and construction for the Technology and Applied Sciences (ATAS) Swing Space and Renovation projects; b) ongoing construction on the Sciences Building project; and c) continued design on the Site Improvement project which will be combined with the Athletic Stadium Renovation project for economy of scale and the Fine Arts Complex HVAC & Interior Improvements project; and d) predesign investigation of the Math Science Engineering (MSE) Building.

Irvine Valley College projects include: a) construction of the A400 Design/Build project; b) jurisdictional approval and construction preparation for the Barranca Road connection; c) design for the New IVC Building project at ATEP; d) the IVC Parking Lot, Phase I and e) design of the Health Center/Concessions Building project.

ATEP has several projects currently underway supporting the development of this site. The design build team was recently selected to create the first building which will support IVC academic and student support programs. The criteria is under development for the first phase of the infrastructure to support that first IVC building and beyond. The infrastructure project will include necessary parking lots, roads and utilities for the site. The District is also working with the City of Tustin in a joint effort to extend Bell Avenue through the site, which will provide better access for ATEP development.

With the advent of the Capital Improvement Committee (CIC) and Basic Aid Allocation Recommendation Committee (BAARC) process, the addition of four construction managers at district level and one at Saddleback College, and a project specialist at Irvine Valley College, the resources are in place to address many additional projects including at

Saddleback College: a) the unexpected BGS Fire Repair; b) Learning Resource Construction Defects; c) Central Plant/CoGen Upgrade, and; d) Exterior Campus Lighting.

At Irvine Valley College: additional projects included a) Field Repairs; b) Dug-Out Close out; c) Solar Decathlon, and; d) Electronic Access Controls/Locks.

And on a District-wide basis: additional projects include districtwide review and planning of a) Sustainability plan; b) Parking plan; c) ADA Access Transition plan, and; d) Wireless access.

**Major Technology Initiatives:** This year's technology projects recommended by the District-wide Technology Committee (DTC) fall into five general categories. The first category is improvements to network infrastructure, typified by the district-wide replacement of desktop computers, servers, classroom projectors, backup drives, and network components, such as MDF/IDF closets in campus buildings.

The second category is enterprise resource planning (ERP) software, where we are replacing aging software for human resources and finance with Workday's new cloud-based ERP software. In addition, SOCCCD has joined key institutions in assisting with the design of Workday's new Student system, which will include functions from SOCCCD's award-winning suite of student success software.

The third category consists of college-requested items to improve service to students, such as a new "smart" student ID card and a new campus printing system for students.

The fourth category consists of improvements to district-wide data systems, where we are improving users' abilities to manipulate data, adding extensive visualization capabilities to make data more interpretable, and gaining access to a "big data" platform to prepare for exponential increases in data volume, variety and velocity.

Finally, some technology funds are reserved to implement unfunded statewide mandates (past examples have included changes in student registration priorities and the handling of student course prerequisites).

**Human Resources:** Human Resources transitioned from an antiquated HRIS system to Workday, and working to reduce the backlog for classified hiring without impacting full-time faculty hiring. HR completed over 917 new hires, an increase of almost 20% over the previous year.

**State Budget and the Community College System:** The final State budget was enacted on June 24, 2015. The passage of Proposition 30 in fall of 2012 created the Educational Protection Account (EPA) which continues to provide temporary funding for education through 2016 and 2019 to be used for one-time purposes. The spending plan for EPA funds received by SOCCCD is included in the adopted budget.

Some of the highlights of the adopted budget related to community colleges are:

- Enrollment fees remain at \$46 per unit
- \$ 61 million for 1.02% COLA
- \$ 156.5 million for 3% growth; these funds will be distributed using the new growth funding formula for increased student enrollment
- \$49 million to increase Career Development College Preparation (CDCP) FTES to the full credit rate
- \$266.7 million to increase the base allocation for operational costs
- \$2.5 million for COLA for categorical programs
- \$299 million for the Student Success and Support Program
- \$39.6 million for Prop 39 energy efficiency projects
- \$148 million for deferred maintenance and instructional equipment with no local match requirement for deferred maintenance
- \$155 million for Student Success and Support Program (SSSP) Equity
- \$62 million to increase the number of full time faculty
- \$604 million to pay down outstanding mandated cost claims (one-time funds)
- \$48 million (one-time) for Economic and Workforce Development Programs

The budget includes new ongoing funds to increase the base allocation. These funds are intended for new operational costs mainly related to the increases in the STRS and PERS rates. This will increase the basic allocation to each college as well as the rate per FTES and amounts to a 4.65% overall increase.

The new funds for Full Time Faculty will be distributed based on FTES. Each district in the state will be ranked based on their percentage of full time faculty and be placed in one of 5 quintiles. The districts in the lower quintiles will be required to hire more faculty than those districts in the higher quintiles.

**SOCCCD Budget:** The District budget for all funds totals over \$711 million. Because the District is self-sufficient and is a locally funded district, it is essential that the budget is conservative, and that the district continue 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. Due to the short-term nature of the EPA funds, they continue to be budgeted for part-time faculty salary and benefits at both colleges.

The major changes between the tentative budget and the adopted budget include an increase in the Unrestricted General Fund beginning balance (\$7.4M), a reduction in COLA from 1.58% to 1.02%, an increase in growth from 1.45% to 2%, an increase in the estimated base allocation adjustment (\$3.2M), and an overall increase in the Restrict General Fund (\$5.5M).

The District continues to face challenges balancing a budget where the increases in commitments for salaries, benefits, and retirement contributions to STRS and PERS surpass the new available income. On top of very low COLA increases in recent years, the EPA

funds will expire after 2019 causing additional fiscal constraints.

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 \$44 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 colleges' operations, district-wide general expenses, District Services, and a general reserve of 7.5%. The strong reserve is necessary for a self-sufficient district and 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.

***Dr. Debra L. Fitzsimons***

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



## SADDLEBACK COLLEGE BUDGET MESSAGE

Saddleback College is pleased to submit its Final Budget to the Board of Trustees and Chancellor. This budget uses income and expenditure simulations in accordance with the Final State Budget Proposal.

Saddleback is primarily funded through the State SB361 apportionment calculation, and this budget proposes a 1.02% cost-of-living-adjustment (COLA), and 2% for growth. The college has used these assumptions to develop income and expenditure projections. Expenditure assumptions include funding for all existing personnel; replacement of all vacant faculty; classified and management positions; step and column increases, and projected fringe benefit and health and welfare increases. Expenditure simulations include the addition of seven new full-time faculty positions (excluding replacements).

Both the State Teachers Retirement System (STRS) and Public Employee Retirement System (PERS) have revised contribution rates through FY 2020-2021, and the projected employer rates rise sharply over that period. It is projected that by FY 2020-2021, Saddleback College will be required to pay an additional \$3,692,601 for STRS and \$1,437,264 for PERS, based on FY 2013-2014 expenditures. The State Budget Proposal increased the base FTES amount by 4.65% to offset these increases for FY 2015-2016.

The college completed the third year of a revised College Resource Prioritization Process in May. This revised process prioritizes requests at the division and unit level, rather than by college-wide committee. This ensures those more knowledgeable and familiar with the requests set funding priorities. This process also ensures completion of program and administrative unit reviews by December 31<sup>st</sup>, with resource requests completed by January. These requests relating to personnel, equipment, facilities, technology and 'other' must be delineated as a need in the program or administrative unit review and/or be linked to the college strategic plan.

The Basic Aid Allocation Resource Council (BAARC) process for FY 2015-2016 has been completed and funding for recommended projects is included in this budget. Saddleback is appreciative the Board of Trustees and the Chancellor for this transparent and inclusive allocation process, and the resulting allocation of funds for much needed projects that will significantly enhance student success on our campus.

The State Budget Proposal includes minimal ongoing COLA and significant one-time funding allocations. These one-time allocations are primarily for mandated cost backlogs, and the amount of one-time funds for Saddleback, including Prop 30, is approx. \$7.2M. The college must be mindful not to allocate these one-time funds to ongoing expenditures.

This has been a good budget year for community colleges; however, it is important to note that the majority of increased funds are for categorical programs such as Student Success Support Program (SSSP), Student Equity, equipment, scheduled maintenance, and one-time mandated cost payments. Funds to sustain the ongoing general fund are minimal and comprise of a base increase (to offset increased pension costs), growth (primarily invested in growth related expenditures) and COLA. We must therefore be very careful not to increase ongoing costs, such as salaries and benefits, at a rate higher than ongoing income.

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 South Orange County community.

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

*Adopted Budget FY 2015-2016*

# IRVINE VALLEY COLLEGE BUDGET MESSAGE



Irvine Valley College (IVC) is pleased to present to the Board of Trustees and the Chancellor a balanced FY 2015-2016 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 participatory governance groups, administration and dedicated staff.

The unrestricted General Fund budget recommended through the District Resource Allocation Council (DRAC) is \$61.1 million. Major components of the budget are a \$58.1-million allocation based on the SB361 state apportionment model; a \$5.4-million projected revenue from non-resident tuition; and assessments for district services and general expenses in the amount of \$7.3 million. The budget includes funding for a 2.0% enrollment growth. This will allow IVC to serve approximately 190 additional full-time equivalent students (FTES) beginning in FY 2015-2016. The budget also includes funding for a 1.02% cost of living adjustment (COLA) based on the statutory COLA calculated by the state.

Of the total budget, \$3.3 million originates from one-time mandate block grant revenue and \$965,000 is from the Proposition 30 EPA revenue the latter expiring by 2019. The state budget included revenue to fund the STRS and PERS rate increases in FY 2015-2016. What remains uncertain is whether future STRS and PERS cost increases would be funded by the state. For Irvine Valley College, these cost increases are estimated to growth by \$1.3 million in FY 2016-2017, another \$1.9 million in FY 2017-2018, and an extra \$2.6 million in FY 2018-2019. Given these potential unfunded mandates and the one-time nature of a sizable portion of the budget, IVC has taken a conservative approach to expanding its baseline commitments this year limiting those only to the areas that are mission critical to the college's operation.

Of the total college budget, \$50.4 million has been encumbered with baseline salaries and benefits, with the remainder budgeted for non-personnel expenditures and reserves. IVC successfully completed its comprehensive budget development cycle with the final recommendations leading up to an ongoing funding allocation of \$539,000 to support critical staffing needs and professional development. In addition, the college dedicated one-time funding of \$1.3 million to: provide temporary staffing support for various areas of the college; establish an innovation fund; provide relief for facilities maintenance and athletic transportation. Lastly, the college set aside a contingency reserve in the amount of \$1.0 million.

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), Student Success and Support Program (SSSP) and Student Equity Program (SEP). Although College-specific allocation amounts will be announced later this fall, the SSSP and SEP augmentation will likely exceed \$1 million, which needs to be expended within a one-year period. Lastly, the State budget includes \$1.3 million for the FY 2015-2016 Physical Plant and Instructional Support to fund equipment purchases in support of instruction and to provide supplemental funding for building maintenance and water conservation measures.

The state budget included an augmentation for full-time faculty hiring projected at \$1.5 million district-wide. This allocation would allow the college to increase its full-time faculty staffing levels thereby further enhancing instruction at Irvine Valley College and promoting student success. Lastly, the state budget included augmentations for career technical education, Basic Skills and Student Outcomes Transformation Program, financial aid administration – local implementation of Cal Grant B supplemental financial aid assistance. The fiscal impact of these increases on the college is unknown at this time.

Irvine Valley College is grateful to the Board of Trustees and the Chancellor for their continued support and visionary leadership. This support goes a long way toward empowering IVC to remain dedicated to student learning through exemplary teaching, integrated support services, effective stewardship, and continued accessibility in a diverse community.

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Dr. Glenn Roquemore, President, Irvine Valley College  
Davit Khachatryan, Vice President for Administrative 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. Land exchange agreements with the City of Tustin completed in 2013 provided the District a 61.4 acre site to develop. Included in the agreement was an extension of Bell Avenue which bifurcates the property and provides better access for our future students and the general public who will use the site. Currently, Irvine Valley College oversees the day-to-day operations of the 14,088 square feet of buildings at the ATEP site, which the District now leases from the City of Tustin. SOCCCD oversees planning and infrastructure development for the site.

## *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 and Future Activities*

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

- A Development Framework was recently completed which provides guideline's for site planning. This framework takes into consideration all the constraints found in the Development Agreement with the City of Tustin and provides the District the ability to move forward with critical development steps, such as infrastructure planning and construction.
- The Land Exchange Demolition Project was completed in June 2015 and has created a site ready for infrastructure development, construction of the first college building and construction of the Bell Avenue extension.
- A design build team was recently selected for the first ATEP building which will support Irvine Valley College academic programs. The building will be a 30,000 square foot facility housing academic programs already on the ATEP site, along with an electrical/electronic program being moved from IVC to ATEP and a Testing Center. The new building will also house an increased presence of student services that will better support our ATEP students.
- SOCCCD is planning the utility and road infrastructure for the site. A design build team will be selected to construct essential elements, (parking lots, roads and utilities), needed to support the first building.

- The City of Tustin and the District are working together to 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. The road is expected to be completed in 2016.
- A commercial real estate broker, C.B. Richard Ellis, continues to advertise partnership opportunities for the ATEP site. These partnerships will embrace opportunities for college program synergies to support student training and success.

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

# BUDGET DEVELOPMENT GUIDELINES

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## **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, in accordance with the district's mission statement.

## **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, including implementation and recruitment costs.

**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.

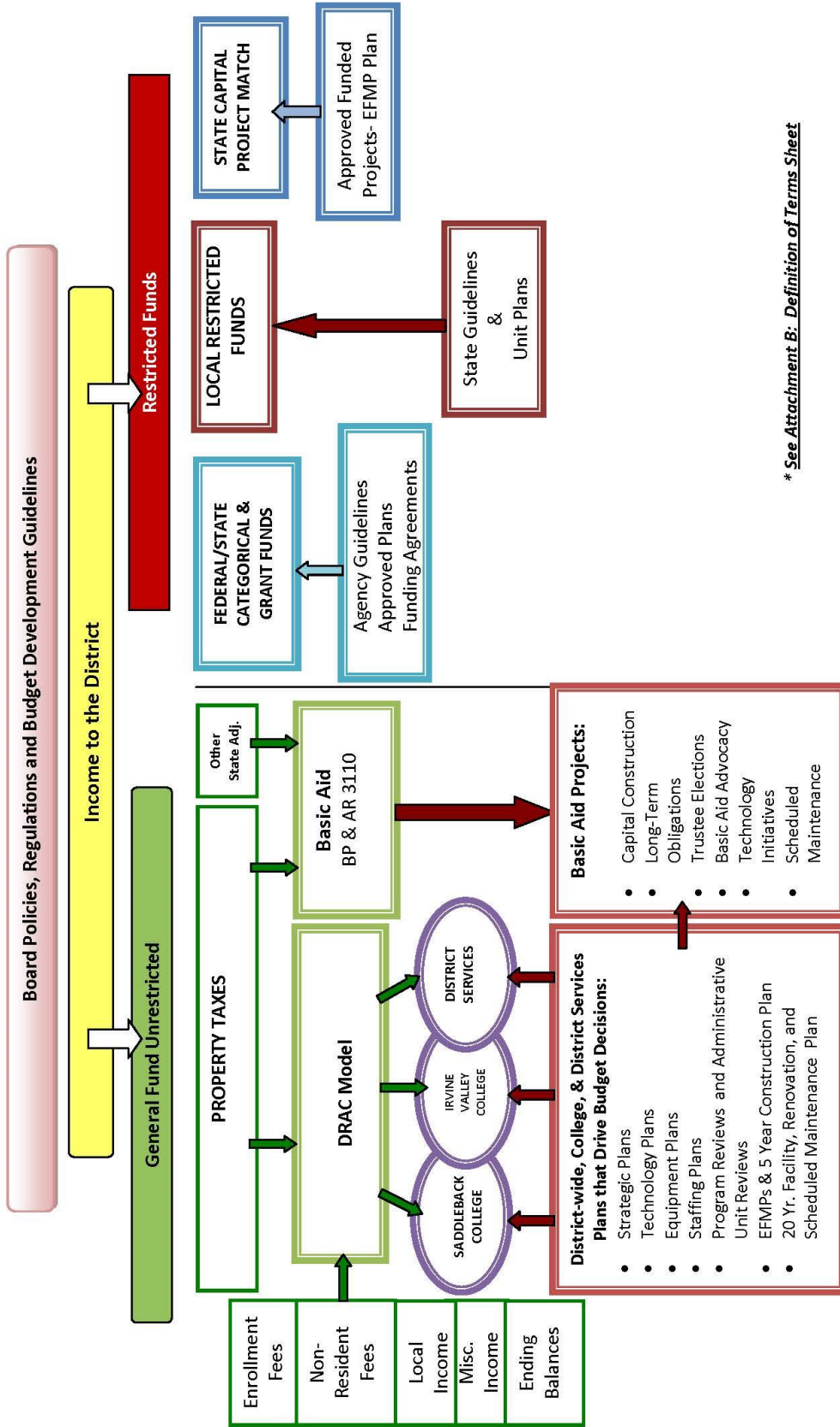
**10. Funding for Growth**

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	\$ 104,883,085	\$26,733,338	\$131,616,423
Irvine Valley College	\$ 61,166,531	\$14,155,259	\$ 75,321,790
ATEP Operating & Capital Project	\$ 830,423	\$ 4,359	\$ 834,782
District Services	\$ 16,643,131	\$ 327,501	\$ 16,970,632
District-wide General Expense	\$ 3,543,832		\$ 3,543,832
Part-Time Faculty Parity Funds	\$ 509,463		\$ 509,463
Basic Aid Funds**			
- Capital Outlay Projects	\$ 54,151,978		\$ 54,151,978
- Other Basic Aid Expenses	\$ 6,241,436		\$ 6,291,436
- Contingency and Unallocated	\$ 9,021,647		\$ 9,021,647
Reserves for Economic Uncertainties	\$ 13,090,208		\$ 13,090,208
<b>TOTALS***</b>	<b><u>\$ 270,081,734</u></b>	<b><u>\$ 41,220,457</u></b>	<b><u>\$311,302,191</u></b>

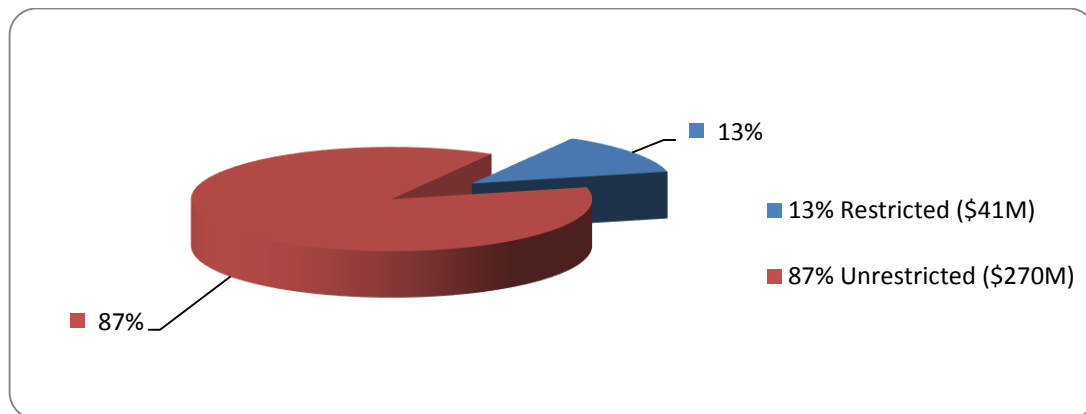
\* See pages 27 through 32 (Total of revenue, expenditures and ending balance for each budget location)

\*\*An additional balance of \$2M of Basic Aid funds is in the Capital Outlay fund.

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

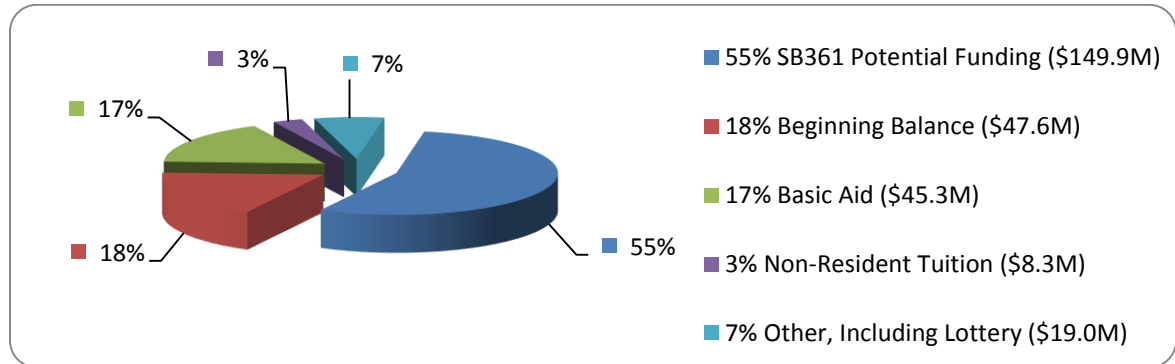
## GENERAL FUND REVENUE

The general fund, which totals \$311 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.”

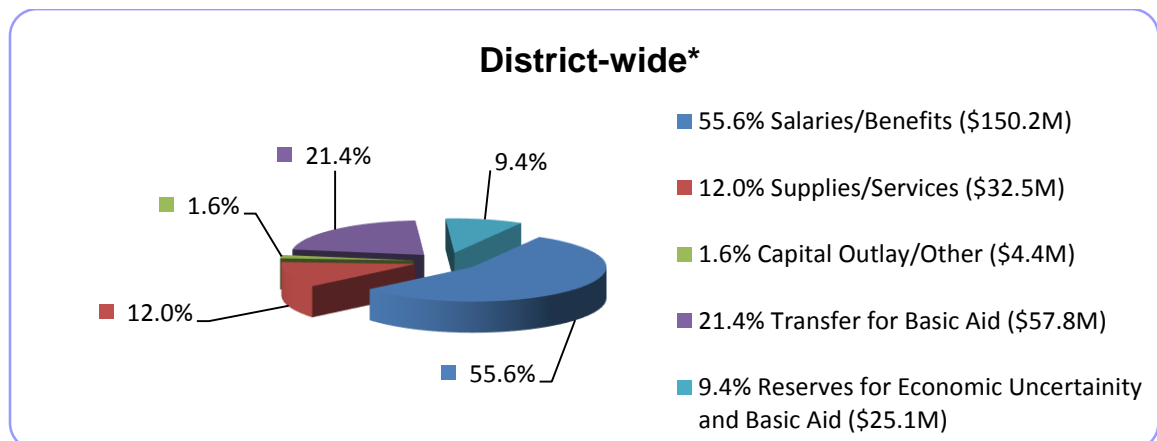


## UNRESTRICTED GENERAL FUND REVENUE

The largest segment of the general fund is the *unrestricted portion*, which accounts for resources for the general purpose programs of the District, approximately \$270.1 million (87% of the activity). This is an increase of \$35 million over last year due to state funded COLA, growth, base allocation adjustment, and increased beginning balance. Of the resources, 55% 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 Basic Aid (17%), Non-Resident Tuition (3%), and other sources, including Prop 30 EPA funds and Lottery (7%). The beginning balance, carried forward from the prior year, is (18%) of available unrestricted funds.



## UNRESTRICTED GENERAL FUND OPERATING EXPENDITURES

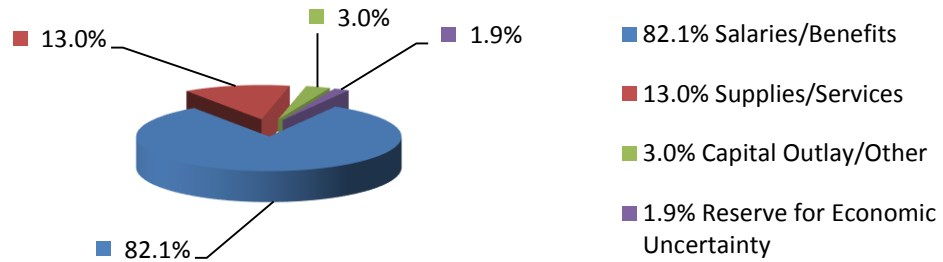


\*Note: These percentages are based on the entire District budget that includes all reserves and Basic Aid funds. Without reserves and Basic Aid funds, the percentage for salaries and benefits would be 80.3%.

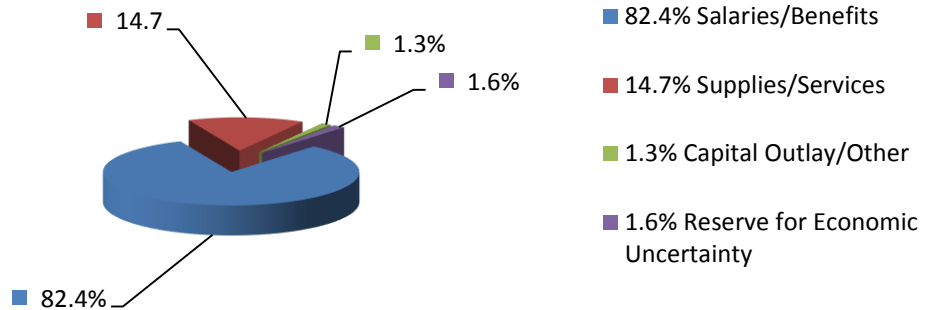


Most of the expenditures in the general fund operating budgets are for employee salaries/benefits as seen below. Compared to last fiscal year, Saddleback College salaries and benefits equal 82.1% of its operating budget (down from 87.0%) and Irvine Valley College salaries and benefits equal 82.4% (down from 86.5%) of its operating budget. District Services salaries and benefits equal 76.8% (down from 86.9%) of its operating budget. These amounts do not include any negotiated salary increases for FY 2015-2016.

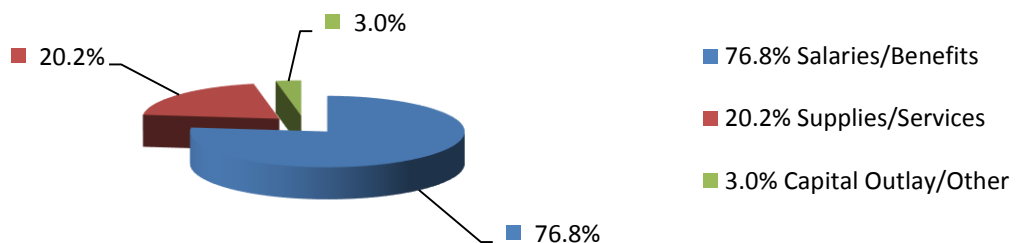
### Saddleback College



### Irvine Valley College

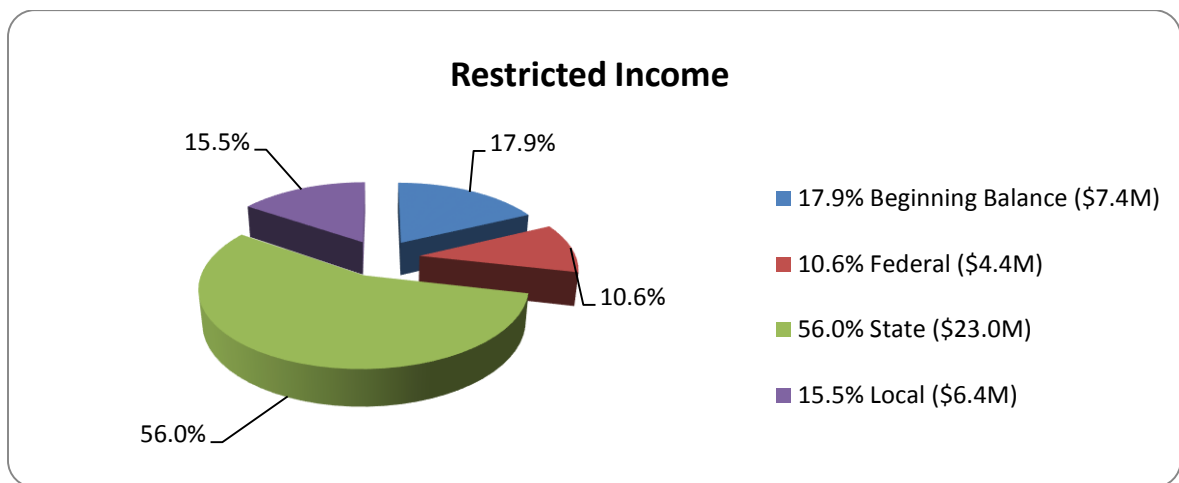


### District Services



## RESTRICTED GENERAL FUND

The other segment of the general fund is the *restricted portion (categorical aid and grants)*, approximately \$41.2 million (13% 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 increased by \$6.3 million from the prior year due to increases in state funds for Student Equity, Physical Plant/Instructional Support, and CTE Enhancement.



## NOTEWORTHY GENERAL FUND ASSUMPTIONS

- Unrestricted General Fund beginning balance is \$47.6 million. This is made up of the prior year reserve for contingency (\$13.7 million), location beginning balances (\$10.5 million), and basic aid funds (\$23.4 million) which is included in the basic aid project budget.
- FTES targets have been increased by 2% to align with the State apportionment formula; growth were funds provided to the colleges in the DRAC funding model.

	FY 2011-2012 Actual	FY 2012-2013 Actual	FY 2013-2014 Actual (Annual)	FY 2014-2015 Actual (Annual)	FY 2015-2016 Target
IVC	9,354	9,329	9,419	9,510	9,740
SC	18,484	18,475	15,541	18,177	18,618
Total	27,838	27,804	24,960	27,687	28,358

- Proposition 30 Education Protection Act (EPA) funds are budgeted at \$2.8 million, an increase over FY 2014-2015, due to higher anticipated FTES. These revenues are from temporary taxes that will expire in FY 2016-2017 and FY 2018-2019 and are budgeted for part-time faculty salaries and benefits.
- Enrollment fees remain at \$46 per unit. Continuing increases in both the number and percentage of students who qualify for Board of Governor waivers offsets any increases in enrollment fees.
- Lottery revenue is budgeted at \$3.5 million based on an estimated \$125 per FTES funding. Lottery funds are paid on all FTES, including non-resident FTES.
- Employee movement on the salary schedule (step and column increases) is included for all employee groups. There are no new negotiated salary increases built into the budget. Budgets will be amended once negotiations are settled.
- The budget includes an overall cost increase of 2.1% for employee health and welfare benefits including PPO medical insurance, HMO medical insurance, dental insurance, vision insurance and life insurance.
- Workers' compensation insurance remains budgeted at 1.8% of salaries.
- The unemployment insurance rate remains at 0.05% of salaries.
- The Public Employees' Retirement System (PERS) contribution rate is budgeted at 11.847% of salaries, which is up from 11.771% last year. Additional increases are anticipated for the next several years.
- The State Teachers Retirement System (STRS) employer contribution rate for FY 2015-2016 is budgeted at 10.73% of salaries, an increase of 1.85% from FY 2014-2015. This increase was approved by the legislature last fiscal year. We will continue to see similar increases in the coming years.
- The property and liability insurance coverage is budgeted at \$1,200,000, which is a \$50,000 increase over the prior year.
- Instructional equipment and scheduled maintenance funds of \$3.6 million are included in the budget.

The General Expenses have the following budgeted amounts:

<u>EXPENSE</u>	<u>AMOUNT</u>	<u>CHANGE</u>
District Services Facilities and Maintenance	\$ 300,000	
Discrimination/Harassment Investigation Services	\$ 100,000	
District-wide IT Maintenance Agreements	\$ 808,832	\$ 122,962
District-wide Strategic Planning	\$ 110,000	
Faculty Job Fair	\$ 30,000	
Financial Audit	\$ 145,000	
Labor Contract Negotiations	\$ 100,000	
Legal Advertising	\$ 30,000	
Legal Fees	\$ 475,000	
Offsite Technology Security	\$ 115,000	
Personnel Advertising	\$ 130,000	
Phone System Maintenance Agreement	\$ 200,000	
Property & Liability Insurance	\$ 1,200,000	
Recruitment	\$ 0	
Faculty Sabbatical Bond Payments	\$ 18,000	
Employee Safety Compliance Cost	\$ 40,000	
Taxpayer Relief Act Compliance	\$ 42,000	
<b>TOTAL GENERAL EXPENSE ACCOUNTS</b>	<b>\$3,843,832</b>	<b>\$ 122,962</b>
District Services Facilities and Maintenance*	\$ <300,000>	
<b>ADJUSTED GENERAL EXPENSE ACCOUNTS</b>	<b>\$3,543,832</b>	<b>\$ 122,962</b>

\*Change 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 2015-2016 Adopted Budget includes inter-fund transfers as follows:

<b>From Unrestricted General Fund:</b>	<b>To Other Funds:</b>				
	<b>Child Development</b>	<b>Capital Outlay</b>	<b>Self Insurance</b>	<b>Retiree Benefit</b>	<b>Total</b>
Irvine Valley College (a)	\$198,414				\$198,414
Saddleback College (b)	\$250,000	\$300,000			\$550,000
District Service (c)			\$250,000		\$250,000
Basic Aid (d)		\$54,151,978	\$100,000	\$3,600,000	\$57,851,978
<b>Total Transfers</b>	<b>\$448,414</b>	<b>\$54,451,978</b>	<b>\$350,000</b>	<b>\$3,600,000</b>	<b>\$58,850,392</b>

(a) Transfer from IVC General Fund to support Child Development

(b) Transfer from SC General Fund to support Child Development and Capital Outlay Projects

(c) DS Insurance Department expenses

(d) Basic Aid funds allocated for approved capital outlay projects, insurance deductibles, and retiree health benefits liability based on BAARC recommendations for FY 2015-2016

## FISCAL STABILITY AND RESERVE FOR ECONOMIC UNCERTAINTIES

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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 2015-2016 Adopted Budget includes a reserve of 7.5% of unrestricted operating funds, with a total amount of \$13,090,208. The amount in the SOCCCD reserve is higher than the minimum recommended by the State Chancellor's Office, which is 5%. The colleges also maintain their own reserves. This year Saddleback budgeted \$2 million and IVC budgeted \$1 million for reserves.

## BASIC AID STATUS

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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
2013 – 2014	\$ 43,788,270
2014 – 2015	\$ 51,659,425

The District estimates that property tax receipts above the state-calculated allocation amount for FY 2015-2016 and future years to be as follows:

<u>Fiscal Year</u>	<u>Basic Aid Receipts</u>
2015 – 2016	\$ 44,769,086
2016 – 2017	\$ 45,159,626
2017 – 2018	\$ 44,021,860
2018 – 2019	\$ 42,813,007

The FY 2014-2015 Basic Aid Receipts were increased after final property tax receipts were posted. The FY 2015-2016 receipts are lower due to additional state allocations in the SB361 model for a base allocation adjustment.

The conservative assumptions used to estimate basic aid funds in future years for budgeting purposes are: for FY 2015-2016, SB361 funding COLA is 1.02%, growth is 2%, and a base allocation increase of 4.65%. For the following years, SB361 COLA is estimated at 2% and growth is estimated at 1%.

The Orange County Auditor-Controller’s office is consulted regularly in order to conservatively project the District’s property tax revenue. The FY 2015-2016 estimates are based on that information and historical trends. For the FY 2015-2016, property taxes are budgeted with a 3% increase over FY 2014-2015. 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 2015-2016 basic aid funds.

The schedule below shows basic aid funds and projects that were approved and are included in the FY 2015-2016 Adopted Budget.

### ESTIMATED BASIC AID RESOURCES & PLANNED EXPENDITURES

<u>FY 2015-2016 RESOURCES</u>	<u>AMOUNT</u>
Balance at July 1, 2015	\$ 24,944,416
Receipts FY 2015-2016	<u>\$ 44,769,086</u>
Estimated Property Taxes for Basic Aid	\$ 69,713,502
Contingency for Unrealized Tax Collections - 20%	(\$9,021,647)
<b>TOTAL AVAILABLE FY 2015-2016</b>	<b><u>\$60,691,855</u></b>
<u>BUDGETED EXPENDITURES</u>	
FY 2015-2016 Retiree Benefit Expenses	\$ 3,600,000
FY 2015-2016 Legislative Advocacy Services	\$ 125,000
FY 2015-2016 Insurance Deductibles	\$ 100,000
Funding for Capital & IT Projects	<u>\$56,866,855</u>
<b>TOTAL APPROVED AND BUDGETED PROJECTS</b>	<b><u>\$60,691,855</u></b>

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 2015-2016.

<u>BASIC AID PROJECT NAME</u>	<u>PROJECT TOTAL</u>
<b>CLOSED PROJECTS</b>	\$182,875,608
<b>PRIOR APPROVED BASIC AID PROJECTS</b>	\$367,772,682
<u>NEW FY 2015-2016 PROJECTS</u>	<u>PROJECT TOTAL</u>
<b><u>Long Term Obligations &amp; Fixed Expenses</u></b>	
Insurance Deductibles*	\$100,000
SOCCCD – Legislative Advocacy Services*	\$125,000
Retiree Benefits Expenses	\$3,600,000
<b><u>Capital Projects/Defects/Scheduled Maintenance/Renovation</u></b>	
District – Union Offices*	\$62,750
IVC – ATEP Building*	\$3,250,000
IVC – Health Center/Concessions Building	\$400,000

IVC – New Parking Lot Phase 1A*	\$90,000
SC – Site Improvement*	\$7,945,000
SC – Athletics Stadium Renovation*	\$17,050,000
SC – SME Building Renovation	\$750,000
SC – Fine Arts HVAC, Interior Improvements, Outdoor Theater	\$2,750,000
SC - Data Center Project	\$2,905,108
<b><u>ATEP Development &amp; Operations</u></b>	
ATEP Support (security, maintenance and operations support)*	\$758,067
<b><u>Capital Programs Planning, Technical, Specialty, Legal Consulting</u></b>	
ATEP Site Development*	\$1,000,000
DSA Project Close Out*	\$60,000
ATEP Utilities/Infrastructure Phase I	\$7,000,000
District-wide Parking Study	\$200,000
District-wide Sustainability/Energy Planning	\$200,000
District-wide ADA Physical Access Transition Plan	\$400,000
<b><u>IT Projects</u></b>	
Classroom Technology and Audio Visual Refresh	\$1,500,000
Campus Desktop Refresh*	\$1,500,000
Data Backup and Disaster Recovery	\$900,000
Student Information System Enhancements	\$1,814,400
HR/Business Services Integrated Software	\$877,000
Student Waitlist Mobile One-Click*	\$264,600
Server and Storage Scheduled Maintenance	\$925,000
Tableau for Data Visualization	\$270,000
Degree Audit MAP Upgrade*	\$262,080
Student Early Alert System	\$226,800
Student Print Solution	\$221,634
Online Tutoring, SI, Office Hours, Appointments	\$201,000
District IT Back Office Automation	\$210,000
System Testing and Stability	\$377,000
United Student ID Card	\$452,000
Refresh MDF and IDF	\$500,000
Workday Big Data	\$170,000
Workday Student Strategic Influencer Program	\$375,000
Workday Student BPA Sessions	\$227,800
Positive Attendance Hours	\$198,000
IT Contingency*	\$573,616
<b>TOTAL FY 2015-2016 PROJECTS</b>	<b>\$60,691,855</b>
<b><u>CUMULATIVE TOTAL – BASIC AID PROJECTS</u></b>	<b><u>\$611,340,145</u></b>

\*Reflects an augmentation to an existing project



## OTHER FUNDS

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

The Community Education funds are self-supporting with income derived from 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. Both colleges are currently self-supporting.

### **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 (16% of funding), and Saddleback College provides \$250,000 (26% of funding). 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. The next table is a schedule of planned projects.

## CAPITAL OUTLAY PROJECTS – FUND 40

	FY 2015-2016
<u>Project Description</u>	<u>Adopted Budget</u>
<b>BASIC AID PROJECTS Balance (Including required college match)</b>	\$218,433,552
<b><u>LOCAL PROJECTS</u></b>	
ATEP Property Development	\$500,000
District-wide Video Conferencing	\$186,767
District Technology Enhancement	\$45,622
DSA Closeout/Five Year Plan/CEQA	\$49,256
State Scheduled Maintenance Projects (including required college match)	\$406,631
SC - Future Parking Lot Projects	\$710,052
SC - Future Capital Outlay Projects	\$5,033,200
District - Future Capital Outlay Projects	\$27,013,238
Redevelopment Funds Reserved for Future Capital Projects (Lake Forest, Mission Viejo, Tustin, Orange County, Irvine, Santa Ana, San Clemente, San Juan Capistrano)	\$31,859,160
<b>Total Fund 40</b>	<b>\$284,237,478</b>

**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 was being explored to assist with the funding of the development of ATEP. Since there currently are no NMTC funding opportunities anticipated for FY 2015-2016, no budget has been established.

**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 \$3,600,000. The District's actuarial accrued liability for past service is estimated at \$82,275,000 and is sufficiently funded. An irrevocable trust was established in FY 2007-2008 to fund the OPEB obligation in accordance with GASB 43 and 45.

**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 January 2015 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. The foundations are auxiliary organizations and are considered component units of the District. The foundation budgets are brought annually to the Board of Trustees for their approval at the Adopted Budget stage in August.

**ASG Funds (Funds #95 and #96)**

The ASG organizations are auxiliaries of the District. The budgets are brought to the Board of Trustees independently from the SOCCCD Tentative Budget for board approval.

## BUDGET TABLES

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The Adopted Budget FY 2015-2016 is for all District funds is summarized on the following pages. A chart displaying the changes between the Tentative Budget and Adopted Budget for the General Fund is included.

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*Dr. Debra L. Fitzsimons, Vice Chancellor of Business Services*  
*Kim McCord, Executive Director of Fiscal Services*

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
ADOPTED BUDGET - FISCAL YEAR 2015-2016**

*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	
<b>SOURCES OF FUNDS</b>									
BEGINNING FUND BALANCE:	9712 \$	54,989,960 \$	1,092,477 \$	898 \$	225,531,500 \$	1,877,283 \$	1,411,929 \$	92,576,864 \$	377,480,911
REVENUES:									
SB361 Revenue	Various \$	149,894,914 \$	- \$	- \$	- \$	- \$	- \$	149,894,914	
Basic Aid		45,269,086	-	-	-	-	-	45,269,086	
Federal Sources	8100-8199	4,372,603	-	-	-	-	-	4,372,603	
Other State Sources	8600-8699	39,488,609	-	-	-	-	-	39,488,609	
Other Local Sources	8800-8899	17,287,019	1,674,829	4,254,000	3,500	4,000	10,100,000	35,894,099	
Total Revenue		256,312,231	2,570,951	4,254,000	3,500	4,000	10,100,000	274,919,311	
BASIC AID INCOMING TRANSFERS:	8980-8989	-	-	54,151,978	100,000	3,600,000	-	57,851,978	
INCOMING TRANSFERS	8980-8989	-	448,414	300,000	250,000	-	-	998,414	
<b>TOTAL SOURCES OF FUNDS</b>	\$	<b>311,302,191</b>	\$ <b>2,123,941</b>	\$ <b>284,237,478</b>	\$ <b>2,230,783</b>	\$ <b>5,015,929</b>	\$ <b>102,676,864</b>	\$ <b>711,250,614</b>	
<b>USES OF FUNDS</b>									
EXPENDITURES:									
Academic Salaries	1000-1999 \$	77,097,234 \$	168,999 \$	- \$	- \$	- \$	- \$	77,266,233	
Other Staff Salaries	2000-2999	48,179,117	731,227	1,511,450	626,635	-	-	51,150,797	
Employee Benefits	3000-3999	42,975,271	232,914	510,390	119,807	3,600,000	4,170,000	51,649,595	
Supplies & Materials	4000-4999	6,582,484	105,549	64,000	2,487	-	-	6,755,889	
Services & Other Operating	5000-5999	38,368,320	1,676,899	17,101	6,067,935	61,929	390,000	47,166,420	
Capital Outlay	6000-6999	13,554,265	747,840	21,000	276,560,599	-	-	290,894,204	
Payments to Students	7500-7699	583,253	-	-	10,500	-	-	593,753	
Total Expenditures		227,339,944	3,663,428	2,123,941	283,377,463	3,661,929	4,560,000	525,466,391	
OTHER FINANCING USES:									
Transfers Out	7300-7400 \$	998,414 \$	- \$	- \$	- \$	- \$	- \$	998,414	
Basic Aid Transfers Out	7300-7400	57,851,978	-	-	-	-	-	57,851,978	
Debt Service	7100-7199	-	-	-	-	-	-	-	
Total Other Uses		58,850,392	-	-	-	-	-	58,850,392	
<b>TOTAL USES OF FUNDS</b>		<b>286,190,336</b>	<b>3,663,428</b>	<b>2,123,941</b>	<b>283,377,463</b>	<b>3,661,929</b>	<b>4,560,000</b>	<b>584,316,783</b>	
<b>ENDING FUND BALANCE</b>	\$	<b>25,111,855</b>	\$ -	\$ -	\$ <b>860,015</b>	\$ <b>1,491,097</b>	\$ <b>98,116,864</b>	\$ <b>126,933,831</b>	
COMPONENTS OF ENDING BALANCE									
Reserve, Economic Uncertainties/Fund Bal.	\$	16,090,208 \$	- \$	- \$	860,015 \$	1,354,000 \$	98,116,864 \$	117,912,184	
Reserve, Unrealized Tax Collections (Basic Aid)		9,021,647	-	-	-	-	-	9,021,647	
Non-designated Ending Fund Balance	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
ADOPTED BUDGET - FISCAL YEAR 2015-2016**

**Revenues, Expenditures and Change in Fund Balance**

	General Fund			Saddleback College			Irvine Valley College			District Services		
	General Fund Unrestricted	General Fund Restricted	Total	General Fund Unrestricted	General Fund Restricted	Total	General Fund Unrestricted	General Fund Restricted	Total	General Fund Unrestricted	General Fund Restricted	Total
<b>SOURCES OF FUNDS</b>												
BEGINNING FUND BALANCE:	9712 \$	6,593,350 \$	5,435,408 \$	12,028,758 \$	3,085,848 \$	1,643,294 \$	4,729,142 \$	786,350 \$	296,054 \$	1,082,404 \$		
<b>REVENUES:</b>												
SB361 Revenue												
Basic Aid												
Federal Sources												
Other State Sources												
Other Local Sources												
Total Revenue												
RESTRICTED BASIC AID												
INCOMING TRANSFERS												
<b>TOTAL SOURCES OF FUNDS</b>												
	\$	104,883,085 \$	26,733,338 \$	131,616,423 \$	61,166,531 \$	14,155,259 \$	75,321,790 \$	16,643,131 \$	327,501 \$	16,970,632 \$		
<b>USES OF FUNDS</b>												
<b>EXPENDITURES:</b>												
Academic Salaries												
Other Staff Salaries												
Employee Benefits												
Supplies & Materials												
Services & Other Operating												
Capital Outlay												
Payments to Students												
Total Expenditures												
	\$	45,429,872 \$	3,513,665 \$	48,943,537 \$	25,224,258 \$	1,471,282 \$	26,695,540 \$	1,011,377 \$	- \$	1,011,377 \$		
1000-1999												
2000-2999												
3000-3999												
4000-4999												
5000-5999												
6000-6999												
7500-7699												
OTHER FINANCING USES:												
Transfers Out												
Basic Aid Transfers Out												
Debt Service												
Total Other Sources (Uses)												
<b>TOTAL USES OF FUNDS</b>												
	\$	102,883,085 \$	26,733,338 \$	129,616,423 \$	60,166,531 \$	14,155,259 \$	74,321,790 \$	16,643,131 \$	327,501 \$	16,970,632 \$		
<b>ENDING FUND BALANCE</b>												
	\$	2,000,000 \$	- \$	2,000,000 \$	1,000,000 \$	- \$	1,000,000 \$	- \$	- \$	- \$		
<b>COMPONENTS OF ENDING BALANCE</b>												
Reserve, Economic Uncertainties/Fund Bal.												
Reserve, Unrealized Tax Collections (Basic Aid)												
Non-designated Ending Fund Balance												
	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$		

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT  
ADOPTED BUDGET - FISCAL YEAR 2015-2016**

*Revenues, Expenditures and Change in Fund Balance*

	ATEP			General Fund			Total General Fund		
	General Fund		Other*	General Fund		Other*	General Fund		Total
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>SOURCES OF FUNDS</b>									
BEGINNING FUND BALANCE:	9712 \$	72,356 \$	2,509 \$	74,865 \$	37,074,791 \$	47,612,695 \$	7,377,265 \$	54,989,960	
REVENUES:									
SB361 Revenue									
Basic Aid									
Federal Sources									
Other State Sources									
Other Local Sources									
Total Revenue									
RESTRICTED BASIC AID									
INCOMING TRANSFERS									
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$ 830,423</b>	<b>\$ 4,359</b>	<b>\$ 834,782</b>	<b>\$ 86,558,564</b>	<b>\$ 270,081,734</b>	<b>\$ 41,220,457</b>	<b>\$ 311,302,191</b>		
<b>USES OF FUNDS</b>									
EXPENDITURES:									
Academic Salaries									
Other Staff Salaries									
Employee Benefits									
Supplies & Materials									
Services & Other Operating									
Capital Outlay									
Payments to Students									
Total Expenditures									
OTHER FINANCING USES:									
Transfers Out									
Basic Aid Transfers Out									
Debt Service									
Total Other Sources (Uses)									
<b>TOTAL USES OF FUNDS</b>	<b>\$ 830,423</b>	<b>\$ 4,359</b>	<b>\$ 834,782</b>	<b>\$ 64,446,709</b>	<b>\$ 244,969,879</b>	<b>\$ 41,220,457</b>	<b>\$ 286,190,336</b>		
<b>ENDING FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,111,855</b>	<b>\$ 25,111,855</b>	<b>\$ -</b>	<b>\$ 25,111,855</b>		
COMPONENTS OF ENDING BALANCE									
Reserve, Economic Uncertainties/Fund Bal.									
Reserve, Unrealized Tax Collections (Basic Aid)									
Nondesignated Ending Fund Balance									
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\* Includes General Expenses, Basic Aid, Parity & Reserves

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT**  
**ADOPTED BUDGET - FISCAL YEAR 2015-2016**  
**Revenues, Expenditures and Change in Fund Balance**

	Community Education Fund		Child Development Fund	
	Saddleback College (09)	Irvine Valley College (07)	Saddleback College (12)	Irvine Valley College (12)
	Total	Total	Total	
<b>SOURCES OF FUNDS</b>				
BEGINNING FUND BALANCE:	9712 \$	1,010,235 \$	82,242 \$	1,092,477 \$
REVENUES:				
SB361 Revenue	Various \$	-	-	-
Basic Aid	8100-8199	-	-	-
Federal Sources	8600-8699	-	-	-
Other State Sources	8800-8899	1,951,200	619,751	2,570,951
Other Local Sources		1,951,200	619,751	2,570,951
Total Revenue		3,902,400	1,239,502	5,141,902
RESTRICTED BASIC AID INCOMING TRANSFERS	8980-8989	-	-	-
	8980-8989	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>		<b>2,961,435 \$</b>	<b>701,993 \$</b>	<b>3,663,428 \$</b>
<b>USES OF FUNDS</b>				
EXPENDITURES:				
Academic Salaries	1000-1999 \$	153,636 \$	15,363 \$	168,999 \$
Other Staff Salaries	2000-2999	541,206	190,021	731,227
Employee Benefits	3000-3999	151,206	81,708	232,914
Supplies & Materials	4000-4999	98,000	7,549	105,549
Services & Other Operating	5000-5999	1,493,570	183,329	1,676,899
Capital Outlay	6000-6999	523,817	224,023	747,840
Payments to Students	7500-7699	-	-	-
Total Expenditures		2,961,435	701,993	3,663,428
OTHER FINANCING USES:				
Transfers Out	7300-7400 \$	-	-	-
Basic Aid Transfers Out	7300-7400	-	-	-
Debt Service	7100-7199	-	-	-
Total Other Sources (Uses)		-	-	-
<b>TOTAL USES OF FUNDS</b>		<b>2,961,435</b>	<b>701,993</b>	<b>3,663,428</b>
<b>ENDING FUND BALANCE</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
COMPONENTS OF ENDING BALANCE				
Reserve, Economic Uncertainties/Fund Bal.	\$	-	-	-
Reserve, Unrealized Tax Collections (Basic Aid)	\$	-	-	-
Non-designated Ending Fund Balance	\$	-	-	-

**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
		Changes	Changes	Changes	Changes
<b>SOURCES OF FUNDS</b>					
<b>BEGINNING FUND BALANCE:</b>	9712 \$	40,196,919 \$	7,415,776 \$	47,612,695 \$	5,694,472 \$
<b>REVENUES:</b>					
SB361 Revenue					
Basic Aid	Various	\$ 144,748,157	\$ 149,894,914	\$ -	\$ -
Federal Sources	8100-8199	48,495,843	(3,226,757)	45,269,086	413,895
Other State Sources	8600-8699	14,819,463	1,600,000	16,419,463	5,410,363
Other Local Sources	8800-8899	9,073,929	1,811,647	10,885,576	(332,513)
Total Revenue		217,137,392	5,331,647	222,469,039	5,491,745
<b>RESTRICTED BASIC AID INCOMING TRANSFERS</b>					
8980-8989		-	-	-	-
8980-8989		-	-	-	-
<b>TOTAL SOURCES OF FUNDS</b>		<b>\$ 257,334,311</b>	<b>\$ 12,747,423</b>	<b>\$ 270,081,734</b>	<b>\$ 34,045,919</b>
					<b>\$ 7,174,538</b>
					<b>\$ 41,220,457</b>
<b>USES OF FUNDS</b>					
<b>EXPENDITURES:</b>					
Academic Salaries	1000-1999	\$ 70,308,897	\$ 1,803,390	\$ 72,112,287	\$ 5,326,931
Other Staff Salaries	2000-2999	38,225,283	1,206,845	39,432,128	8,752,610
Employee Benefits	3000-3999	39,109,024	(442,867)	38,666,157	4,295,602
Supplies & Materials	4000-4999	2,800,286	115,123	2,915,409	2,813,847
Services & Other Operating	5000-5999	17,348,559	12,213,125	29,561,684	6,575,133
Capital Outlay	6000-6999	5,342,602	(1,610,780)	3,731,822	5,497,182
Payments to Students	7500-7699	173,134,651	13,284,836	186,419,487	484,614
Total Expenditures		376,869,202	27,013,599	403,882,801	33,745,919
					7,174,538
					40,920,457
<b>OTHER FINANCING USES:</b>					
Transfers Out	7300-7400	\$ 634,000	\$ 64,414	\$ 698,414	\$ 300,000
Basic Aid Transfers Out	7300-7400	58,512,496	(660,518)	57,851,978	300,000
Debt Service	7100-7199	-	-	-	(300,000)
Total Other Sources (Uses)		59,146,496	(596,104)	58,550,392	600,000
					(300,000)
					300,000
<b>TOTAL USES OF FUNDS</b>		<b>\$ 232,281,147</b>	<b>\$ 12,688,732</b>	<b>\$ 244,969,879</b>	<b>\$ 34,345,919</b>
					<b>\$ 6,874,538</b>
					<b>\$ 41,220,457</b>
<b>ENDING FUND BALANCE</b>		<b>\$ 25,053,164</b>	<b>\$ 58,691</b>	<b>\$ 25,111,855</b>	<b>\$ (300,000)</b>
					<b>\$ 300,000</b>
<b>COMPONENTS OF ENDING BALANCE</b>					
Reserve, Economic Uncertainties/Fund Bal.		\$ 15,453,994	\$ 636,214	\$ 16,090,208	\$ -
Reserve, Unrealized Tax Collections (Basic Aid)		9,599,170	(577,523)	9,021,647	-
Nondesignated Ending Fund Balance		\$ -	\$ -	\$ -	\$ (300,000)
					<b>\$ 300,000</b>



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

	Unrestricted General Fund		Restricted General Fund	
	Adopted Budget FY 2014-2015	Adopted Budget FY 2015-2016	Adopted Budget FY 2014-2015	Adopted Budget FY 2015-2016
	Budget	Budget	Budget	Budget
	Changes	Changes	Changes	Changes
<b>SOURCES OF FUNDS</b>				
<b>BEGINNING FUND BALANCE:</b>	\$ 37,322,828	\$ 47,612,695	\$ 6,913,703	\$ 7,377,265
<b>REVENUES:</b>				
9712	\$ 37,322,828	\$ 47,612,695	\$ 6,913,703	\$ 7,377,265
SB361 Revenue	\$ 138,366,683	\$ 149,894,914	\$ -	\$ -
Basic Aid	41,957,317	45,269,086	-	-
Federal Sources	7,848,140	16,419,463	4,402,878	4,372,603
Other State Sources	9,073,929	10,885,576	16,641,946	23,069,146
Other Local Sources	197,246,069	222,469,039	6,968,528	6,401,443
Total Revenues		25,222,970	28,013,352	33,843,192
8980-8989	-	-	-	-
8980-8989	-	-	-	-
<b>RESTRICTED BASIC AID</b>				
<b>INCOMING TRANSFERS</b>				
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$ 234,568,897</b>	<b>\$ 35,512,837</b>	<b>\$ 270,081,734</b>	<b>\$ 34,927,055</b>
<b>USES OF FUNDS</b>				
<b>EXPENDITURES:</b>				
1000-1999	\$ 66,653,156	\$ 5,459,131	\$ 72,112,287	\$ 751,550
Academic Salaries	37,270,774	2,161,354	39,432,128	(69,089)
Other Staff Salaries	36,071,099	2,595,058	38,666,157	802,213
Employee Benefits	2,356,093	559,316	2,915,409	385,917
Supplies & Materials	16,948,679	12,613,005	6,448,470	2,358,166
Services & Other Operating	4,071,741	(339,919)	3,731,822	2,038,168
Capital Outlay	163,371,542	23,047,945	186,419,487	(173,523)
Payments to Students				583,253
Total Expenditures			34,827,055	40,920,457
<b>OTHER FINANCING USES:</b>				
7300-7400	\$ 1,097,350	\$ (398,936)	\$ 698,414	\$ 300,000
Transfers Out	43,861,973	13,990,005	57,851,978	-
Basic Aid Transfers Out				
Debt Service	44,959,323	13,591,069	58,550,392	300,000
Total Other Sources (Uses)			100,000	300,000
<b>TOTAL USES OF FUNDS</b>	<b>\$ 208,330,865</b>	<b>\$ 36,639,014</b>	<b>\$ 244,969,879</b>	<b>\$ 6,293,402</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 26,238,032</b>	<b>\$ (1,126,177)</b>	<b>\$ 25,111,855</b>	<b>\$ -</b>
<b>COMPONENTS OF ENDING BALANCE</b>				
Reserve, Economic Uncertainties/Fund Bal.	\$ 13,452,534	\$ 2,637,674	\$ 16,090,208	\$ -
Reserve, Unrealized Tax Collections (Basic Aid)	12,785,498	(3,763,851)	9,021,647	-
Nondesignated Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

## APPENDIX A

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

<b>FUND NUMBER</b>	<b>DESCRIPTION</b>	<b>DEFINITION</b>
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. This fund is self-supporting.
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. This fund is self-supporting.
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

<b>FUND NUMBER</b>	<b>DESCRIPTION</b>	<b>DEFINITION</b>
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. They are conducted at both District Services and the colleges.
- **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.