

SOUTH ORANGE COUNTY
COMMUNITY COLLEGE DISTRICT

FY 2012-2013
FINAL
BUDGET

PRESENTED BY:
DR. DEBRA L. FITZSIMONS
VICE CHANCELLOR, BUSINESS SERVICES
AUGUST 27, 2012

THE DISTRICT



Overview: The South Orange County Community College District (SOCCCD) 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 has continued to grow. Total headcount is now over 41,000 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 two years, great strides have been made in 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. This was in response to accreditation recommendations.

This past year a District-wide Strategic Plan and District-wide Technology Plan and related priorities were developed and approved. In addition, facilities and capital planning have been emphasized. Hundreds of students, faculty, staff, trustees, and community members have been involved in creating a district-wide Educational and Facilities Master Plan (EFMP) 2011-2031. The master planning effort was influenced by the college strategic plans and district-wide goals, developed with involvement of all constituent groups. Both colleges have prepared and prioritized lists for maintenance needs and capital improvements over the next 20 years. To further link planning to budget recommendations and to provide transparency and inclusiveness, several initiatives were implemented, including the development and approval of Board Policy (BP) and Administrative Regulation (AR) 3110 Basic Aid Funding Allocation Process and a new Basic Aid Allocation Recommendation Committee (BAARC), which makes recommendations on capital funding, scheduled maintenance, renovations, long-term commitments, and major district-wide technology projects. This was a ground-breaking year, in that it was the first time in the district's history that district-wide and college planning drove the basic aid resources allocation recommendations with an open, inclusive, and collaborative process. Included in the newly developed planning and budget processes and committees is an evaluation element which will be used to adjust next year's cycle for planning and budget.

State Budget: The final State budget was enacted on June 28, 2012. The major components of the budget include 0% COLA, \$50 million in growth funds to restore prior lost FTES, reduced state deferrals, no changes in categorical funding, backfill for shortages in redevelopment revenue projections, and a new mandates block grant. If the November tax initiative fails, community colleges will lose the growth funds, the deferral buy down, and take a 7.5% base cut.

The new mandates block grant allows districts to receive a flat \$28 per FTES in lieu of filing individual state mandate cost claims. It would allow districts to receive funds through the apportionment process without the administrative burden of tracking the individual costs, as long as the district continues to perform the required activities. Administration is currently reviewing this alternative and has not included the revenue in the budget.

Enrollment fees have increased from \$36 to \$46 per unit beginning with the Summer 2012 term.

SOCCCD Budget: The Final Budget is based on the enacted State budget. Since the growth funds may be removed mid-year, they were not included in the college allocations. As the district does not receive any State aid for base funding, there is no contingency for the possible mid-year base cut.

The total General Fund Budget is \$224M, with \$201M unrestricted and \$23M restricted. Other funds of \$329M bring the total of all funds to \$553M.

The major changes from the Tentative Budget include an increase in the Unrestricted General Fund (UGF) beginning balance (\$5M), an increase in the UGF revenue due to improved Lottery estimates, and increases in General Expenses (\$670K). There are \$400,000 in carryover General Expense funds for IT priority projects that were approved by the colleges. Other increases are for property & liability insurance, recruitment, and a district-wide maintenance agreement. Also implemented into the Final Budget is the CSEA 2012-2015 contract and the administrators and managers classification study. The faculty contract was already implemented in the Tentative Budget.

Chancellor Poertner has reviewed the final 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 to the Board of Trustees and Chancellor Poertner a balanced budget for the 2012-2013 fiscal year. This budget utilizes income calculations in accordance with the District Resource Allocation Model.

The District Resource Allocation Committee (DRAC) process funds the college using the State SB361 apportionment calculation. Since 2007-2008, the state has not awarded Cost-of-Living-Adjustments (COLA), resulting in no increase to college income in this category for the past five years. While we have had no COLA increases, and only a marginal increase in income to the college through the resource allocation model, expenditures have continued to rise.

Final budget expenditure assumptions include funding for all existing personnel, 27 replacement faculty positions, vacant classified and management positions, step and column increases, health and welfare increases, and faculty, classified and management salary increases at actual. In addition, since 2008-2009 the college's state categorically funded programs have been cut by \$1.86M (47.5% overall), adding further pressure to the budget. While we have backfilled some of these cuts with general funds (approx. \$750K), these programs, even after taking into account general fund support, have experienced an overall reduction of approximately 30%.

Beginning in 2007-2008 when it became clear that the state would be facing serious financial difficulties over the coming years, 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 of identifying and implementing greater operating efficiencies and has significantly increased its efforts for securing alternative resources. This fiscal prudence, together with one-time net savings due to the faculty early retirement incentive, has generated a prior year ending balance that has enabled us to balance the 2012-2013 final budget. In addition, we have not had to make the drastic cuts that most colleges throughout the state are experiencing.

The continuing trend of flat revenues, annually increasing costs for existing staff, and the absorption of previously categorically funded positions have resulted in our salary and benefit costs increasing as a percentage of the total budget. Consequently, the budget pressures mentioned above, coupled with substantially increased demands placed on faculty, staff and management, have created a challenge as we pursue one of our top goals: to significantly improve student success rates, namely, higher completion rates for degree, certificates and transfer. Furthermore, if this trend of flat income and increasing costs continues beyond 2012-2013, the college will be forced to implement budget reductions. The college will be paying particular attention to this scenario during the 2012-2013 year, in preparation for 2013-2014 budget.

Together with district, our Saddleback staff were actively engaged in the development and implementation of BP 3110 and AR 3110, Basic Aid Allocation Process. We applaud the creation and execution of this process, and the results for year one were understood, based on plans and data, transparent, and fair. Saddleback appreciates the leadership of

the Board of Trustees and Chancellor Poertner in the development of this process. We look forward to continuing this process and finalizing the 20-Year Capital and Scheduled Maintenance Plan to clearly identify the significant maintenance backlog and scheduled maintenance and renovation needs at Saddleback.

Although Saddleback has funding and fiscal challenges, our final budget is balanced. We appreciate our successful partnership with the Board of Trustees, Chancellor Poertner, district services and Irvine Valley College. Our faculty, staff and management remain committed to meeting our mission and moving towards our vision of being the first choice for students and enhancing efforts for increasing student completion.

Tod A. Burnett, Ed.D. President, Saddleback College
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 2012-2013 Final 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 of all college constituent groups and dedicated staff.

The unrestricted General Fund budget recommended through the District Resource Allocation Council (DRAC) is \$46.1 million. Major components of the budget are a \$45.1 million allocation based on the SB 361 state apportionment model, a \$2.9 million projected revenue from non-resident tuition, and assessments for district services and general expenses totaling \$6.0 million. Of the total budget, \$41.2 million, or 89 percent, has been committed to salaries and benefits, with the remainder budgeted for non-personnel expenditures and a contingency reserve.

In a “no growth” environment, built-in expenditure increases for step and column movement, medical and fringe benefits, and Cost of Doing Business (CODB) make it increasingly difficult to keep ongoing expenditures with revenues aligned. The college estimates that annually at least \$800,000 is automatically added to its baseline expenditures due to these factors. IVC regularly looks for and implements various solution measures in order to deal with this challenge. One highlight is the college’s high productivity rates measured by the weekly student contact hours per full-time equivalent faculty. In the fall of 2011, for example, the productivity ratio was at 554 which is 5.5 percent higher than the statewide norm of 525. This highly productive mode of instruction has allowed IVC to serve its student population in a very efficient manner and thus generate savings.

Another major factor that had a positive effect on the college’s fiscal stability was the faculty Early Retirement Program implemented last year. A similar measure for classified bargaining employees, which is currently underway, is expected to generate additional savings. The fiscal impact of the latter will be determined later this year.

With these positive changes in place, the college still observes an unavoidable trend of deteriorating ending balances and reserves. The college ended FY 2011-12 with a relatively low \$1.3 million ending balance compared to \$1.7 million and \$2.9 million in two preceding years, respectively. A dialogue involving the college’s governance groups and administration was initiated this summer in order to discuss and develop solution options addressing this issue.

The college is thankful to the Board of Trustees and the Chancellor for their support during these challenging economic times. This support goes a long way in assisting IVC with its mission to stay 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

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 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 that 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 Certificate of Participation (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. This trust was established and the Keenan Futuris Public Entity Investment Trust Program was selected to organize the structure and operations of the trust. Benefit Trust Company was selected to manage the funds in the trust. An actuarial study is conducted every two years to update the district's Other Post-Employment Benefits (OPEB) liability. It is the Board's intent to fully fund the liability once it is identified.

7. Basic Aid

While the SOCCCD 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.

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

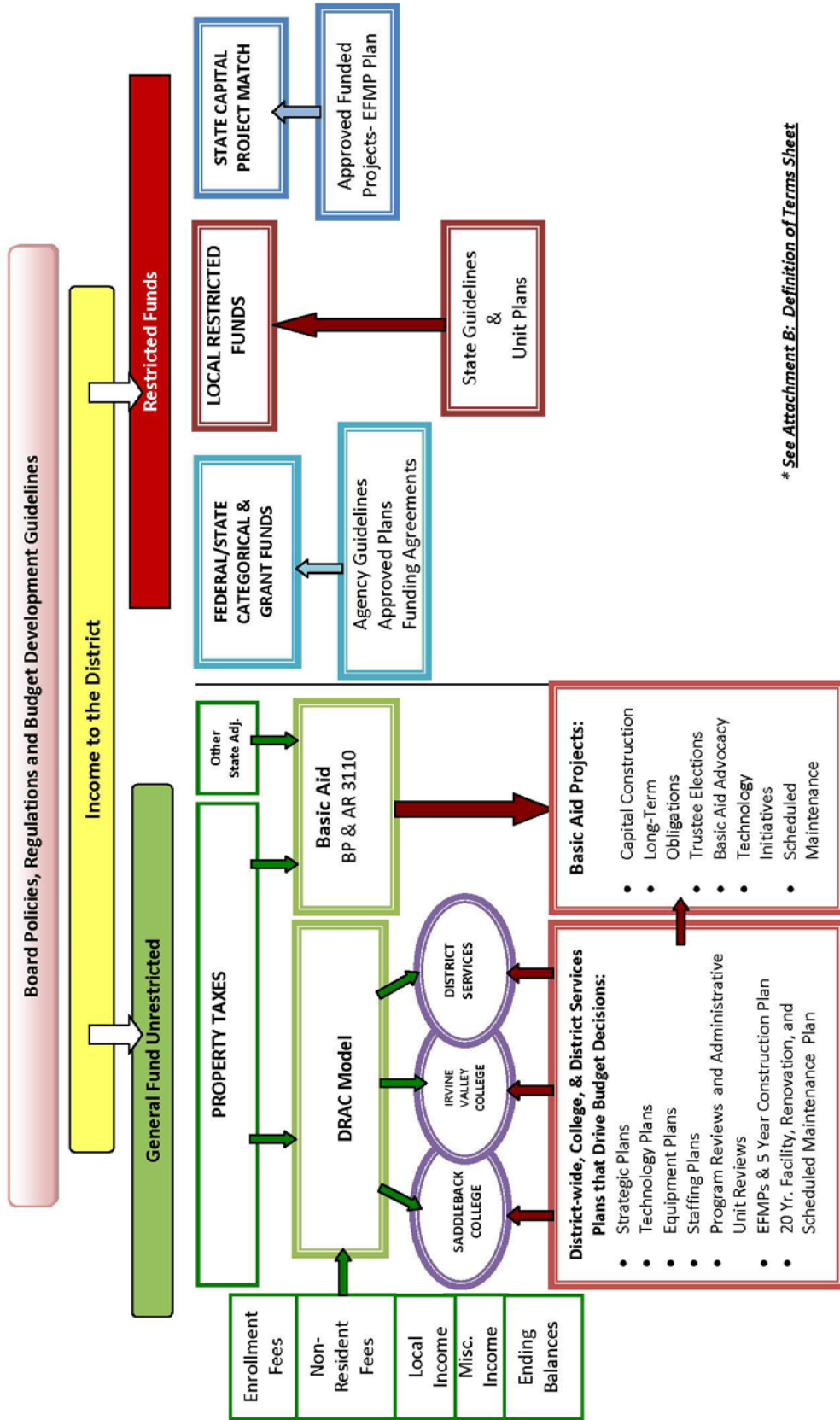
When developing the target FTES, consideration will be given to the following:

- 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.

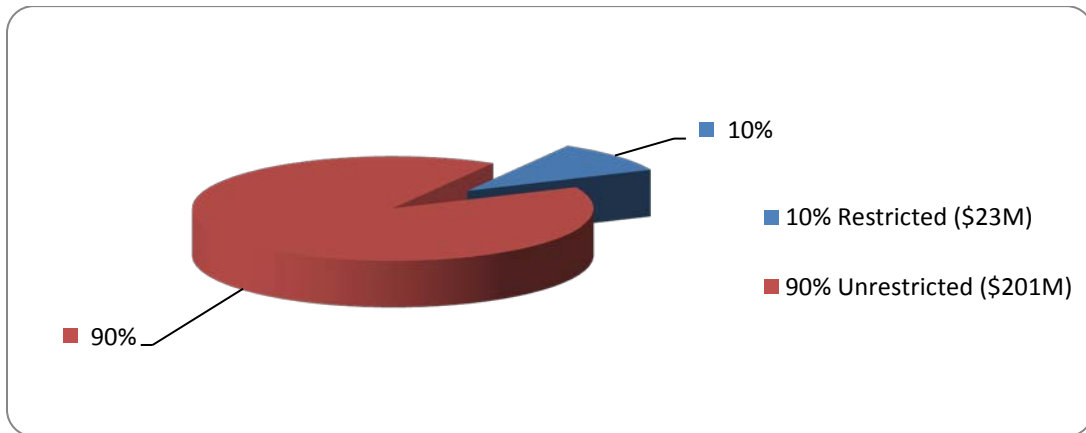
SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT RESOURCE ALLOCATION PROCESS



* See Attachment B: Definition of Terms Sheet

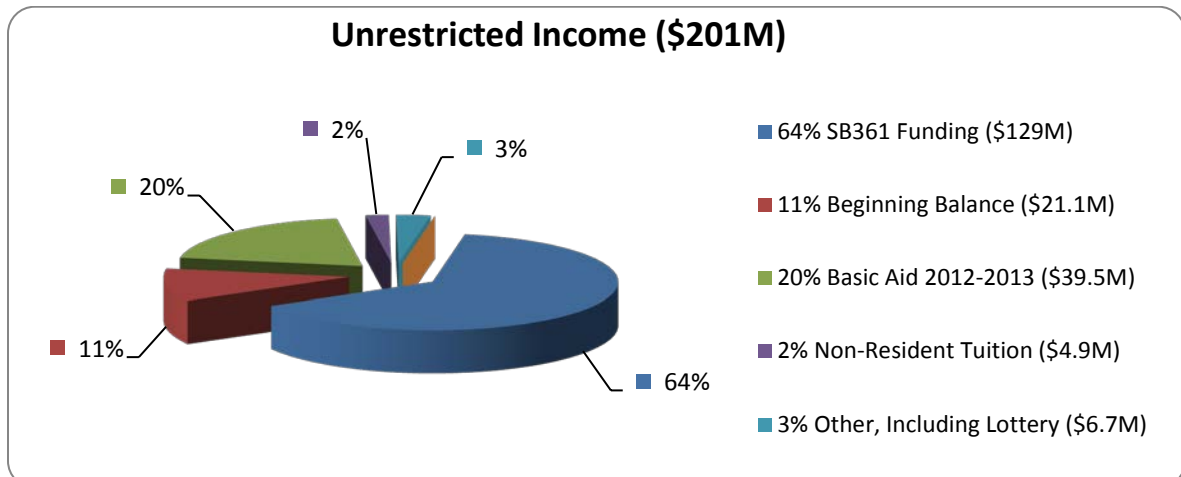
THE GENERAL FUND REVENUE

The general fund 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

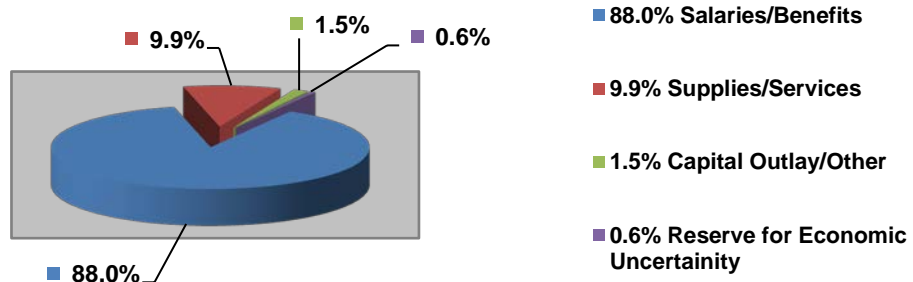
The largest segment of the fund is the *unrestricted portion*, approximately \$201 million (90% of the activity); it accounts for resources for the general purpose programs of the district. Of the resources, 64% is equivalent to the amount that would be calculated in the state-developed funding formula established by SB361, which includes state apportionment. 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. Apportionment 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 2012-2013 Basic Aid (20%), Non-Resident Tuition (2%), and other sources, including Lottery (3%). The Beginning Balance, carried forward from the prior year, is (11%) of available unrestricted funds.



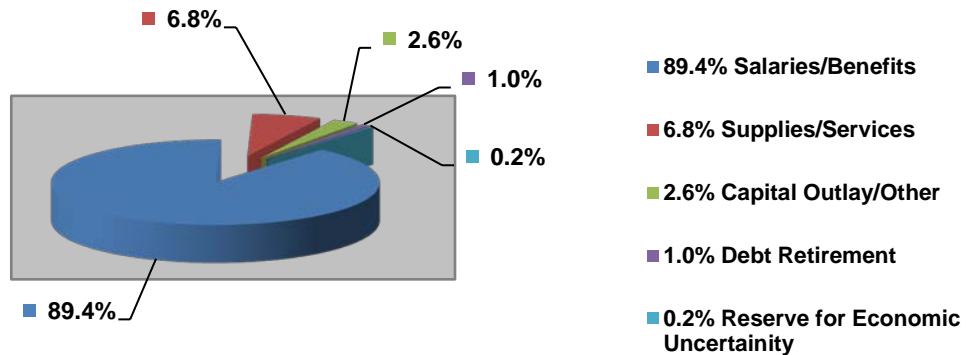
GENERAL FUND UNRESTRICTED OPERATING EXPENDITURES

Most of the expenditures in the regular college operating budgets are for employee salaries/benefits as seen below. Saddleback College salaries and benefits equal 88.0% of their operating budget and Irvine Valley College salaries and benefits equal 89.4% of its operating budget.

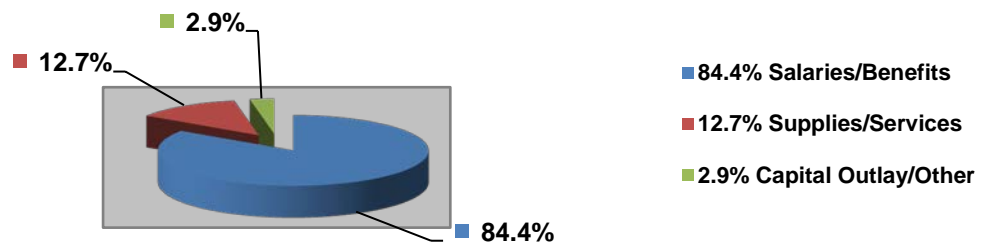
Saddleback College



Irvine Valley College

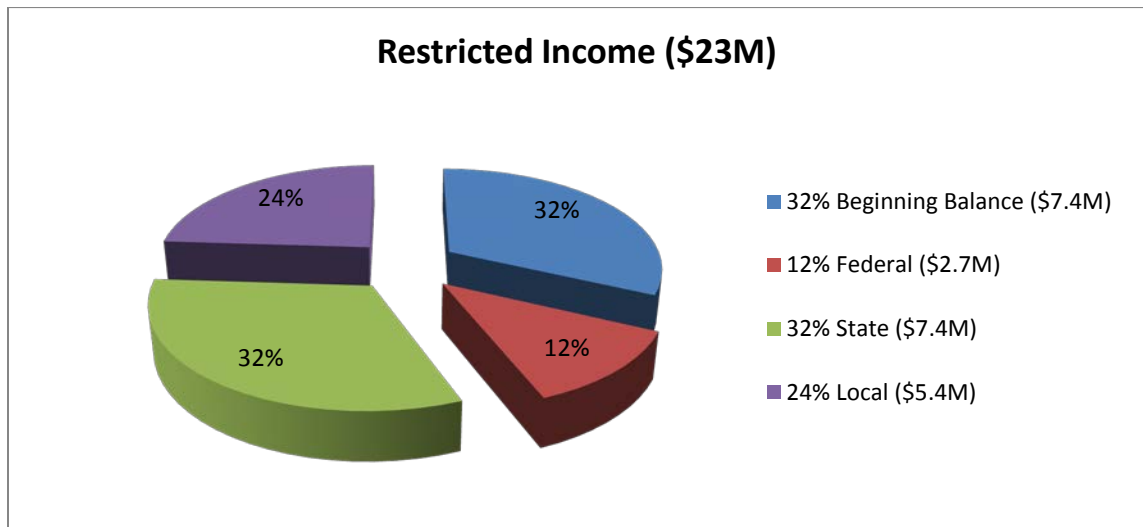


District Services



RESTRICTED

The other segment of the general fund is the *restricted portion (categorical aid and grants)*, approximately \$23 million (10% 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, Matriculation, Extended Opportunity Programs and Services (EOPS), Disabled Students Programs and Services (DSPS), and Cooperative Agencies Resources for Education (CARE).



NOTEWORTHY GENERAL FUND ASSUMPTIONS

- Employee movement on the salary schedule (step and column increases) is included for all employee groups. The new salary schedules for administrators, managers and faculty and other negotiated payments are also built into the budget.
- Negotiated salary increases are included for all groups except POA as their negotiations have not been completed.
- The budgeted cost increase for employee benefits, including PPO medical insurance, HMO medical insurance, dental insurance, vision insurance, and Medicare COB, is estimated at 5.2%.
- Workers' Compensation insurance is budgeted at 1.8%, with no increase from FY 2011-2012.
- The Unemployment Insurance rate for FY 2012-2013 decreased from 1.61% to 1.1%.

- The Public Employees Retirement System (PERS) contribution rate is budgeted at 11.417%, a 0.494% increase from FY 2011-2012.
- The State Teachers Retirement System (STRS) contribution rate for FY 2012-2013 will remain at 8.25%.
- The property and liability insurance coverage is budgeted at \$1,000,000, an increase of \$100,000 from FY 2011-2012. This is due to increased premiums and lack of prior year rebates available to offset the costs.
- A transfer of \$2,600,000 is budgeted for the annual accrual for current employees' future retirement benefits. However, an actuarial study is being conducted to update the liability and the annual normal costs. When the study is complete and figures are confirmed, any revised costs will be addressed through a budget revision.
- The state Partnership for Excellence (PFE) payment of \$1.8 million has been eliminated from the budget.
- The district-wide General Expense Accounts include a one-time carryover of \$400,000 for IT projects as well as the following budgeted amounts:

<u>GENERAL EXPENSES</u>	
<u>EXPENSE</u>	<u>AMOUNT</u>
Carryover IT Projects	\$ 400,000
Offsite Technology Security	\$ 115,000
Credit Card Service Fees	\$ 500,000 *
District Office Facilities and Maintenance	\$ 300,000
Discrimination/Harassment Investigation Services	\$ 60,000 *
District-wide Maintenance Agreement	\$ 47,150 *
Faculty Job Fair	\$ 25,520
Financial Audit	\$ 135,000 *
I.T. Priority Projects (now part of Basic Aid budget cycle)	\$ 0
Labor Contract Negotiators	\$ 75,000
Legal Advertising	\$ 15,000
Legal Fees	\$ 450,000 *
Mandated Costs	\$ 30,000 *
Personnel Advertising	\$ 130,000 *
Phone System Maintenance Agreement	\$ 190,000
Property & Liability Insurance	\$ 1,000,000 *
Recruitment	\$ 125,000 *
Sabbatical Bond Payments	\$ 18,000
District-wide Strategic Planning	\$ 20,000
Safety Compliance Cost	\$ 15,000
Taxpayer Relief Act Compliance	\$ 39,500
<u>TOTAL GENERAL EXPENSE ACCOUNTS</u>	<u>\$3,690,170</u>
District Office Facilities and Maintenance	\$ <300,000>
<u>ADJUSTED GENERAL EXPENSE ACCOUNTS</u>	<u>\$3,390,170</u>

*increase in fixed expenses compared to prior year

- The FY 2012-2013 Final Budget includes inter-fund transfers as follows:

INTER-FUND TRANSFERS

From Unrestricted General Fund:	To Other Funds:				
	Child Development	Capital Outlay	Self Insurance	Retiree Benefits	Total
Irvine Valley College (a)	\$200,000	750,000			\$950,000
Saddleback College (b)	\$250,000				\$250,000
District Service (c)			\$250,000		\$250,000
Basic Aid (d)		\$16,666,351		\$2,600,000	\$19,266,351
Sub-Total Unrestricted General Fund	\$450,000	\$17,416,351	\$250,000	\$2,600,000	\$20,716,351
From Restricted General Fund:	To Community Education:				
Irvine Valley College (e)					\$54,296
From Capital Outlay Fund:	To SOCCCD Facility Corp:				
Capital Outlay Fund 40 (f)					\$12,500,000
Total Funds for Transfer	\$13,004,296	\$17,416,351	\$250,000	\$2,600,000	\$33,270,647

- (a) IVC Child Development support and scheduled maintenance match
- (b) SC Child Development support
- (c) DS Insurance department expenses
- (d) Basic Aid funds allocated for approved capital outlay projects
- (e) IVC Class proceeds to Community Education
- (f) Funds for ATEP building – will be transferred if NMTC funds materialize

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.

The FY 2012-2013 Final Budget includes a reserve of 7.5% of unrestricted funds, with a total amount of \$10,345,556.

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 apportionment. The district returned to its status as a basic aid district in the FY 1999-2000 and has received basic aid funds (above state calculated amounts) 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

The district estimates receipts for FY 2012-2013 and future years to be as follows:

<u>Fiscal Year</u>	<u>Basic Aid Receipts</u>
2012 - 2013	\$ 39,462,256
2013 - 2014	\$ 38,984,059
2014 - 2015	\$ 39,543,182
2015 - 2016	\$ 37,467,250

The assumptions used to estimate basic aid funds in future years are: for the FY 2012-2013, SB361 funding COLA is estimated at 0%, growth is 0% and enrollments fees are \$46 per unit. For the following two years, SB361 COLA is estimated at 1% and growth is estimated at 1%. The estimate for FY 2015-2016 reflects 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 2012-2013 estimates are based on that information and historical trends. For the FY 2012-2013, property taxes are budgeted the same as FY 2011-2012. For the following three years, secured taxes are estimated to increase 1% for the first year and 2% thereafter. Unsecured, homeowners’, and supplemental taxes are estimated to remain constant, with no increase.

During FY 2011-2012, Board Policy 3110 and Administrative Regulation 3110 were developed to guide the basic aid allocation process. The Basic Aid Allocation Recommendation Committee (BAARC) was established and followed the new process for allocating both the FY 2011-2012 and FY 2012-2013 basic aid funds. As this process was begun early in the budget cycle and was based on estimates, some final adjustments to funds available were made and are reflected in the available contingency funds.

The schedule below shows basic aid funds and projects that are included in the FY 2012-2013 Final Budget:

ESTIMATED BASIC AID RESOURCES & PLANNED EXPENDITURES

<u>FY 2012-2013 RESOURCES</u>	<u>AMOUNT</u>
Balance at July 1, 2012	\$52,514,424
Receipts FY 2012-2013	<u>\$39,462,256</u>
Estimated Property Taxes for Basic Aid	\$91,976,680
Contingency (19%)	<u>(\$17,639,088)</u>
Total Available FY 2012-2013	<u>\$74,337,592</u>
<u>BUDGETED EXPENDITURES PROJECTS</u>	
FY 2012-2013 Retiree Benefit Expenses	\$2,600,000
FY 2012-2013 Legislative Advocacy Services	\$150,000
FY 2012-2013 Trustee Election	\$800,000
Funding for Future Capital & IT Projects	<u>\$70,787,592</u>
TOTAL APPROVED AND BUDGETED PROJECTS	<u>\$74,337,592</u>

The following projects were previously approved by the Board of Trustees and are in various stages of completion:

<u>BASIC AID PROJECT NAME</u>	<u>PROJECT TOTAL</u>
CLOSED PROJECTS	\$114,482,353
<u>PRIOR APPROVED BASIC AID PROJECTS</u>	
Special Trustee Election	\$1,398,988
Retiree Benefit Liability Contribution	\$38,017,938
Scheduled Maintenance Project	\$5,000,000
Technology Needs for IVC, SC & District	\$8,036,477
ATEP – Operating Budget	\$10,963,521
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 – Development	\$3,750,000
ATEP – Renovation	\$7,964,191
ATEP – Site Development	\$340,436
Campus Appearance	\$1,000,000
College Instructional Equipment Allocation	\$1,392,000

IVC – Business & Technology Innovation Center	\$10,182,000
IVC – Design and Install Entrance from Barranca	\$2,850,000
IVC – Life Sciences Project	\$17,410,000
IVC – Landscaping (PAC & BSTIC)	\$1,796,000
IVC – Utility Service	\$416,000
IVC – Science Lab Addition and Remodel	\$6,980,000
IVC – Fine Arts Building	\$7,352,000
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 – SSC HVAC System, B100	\$800,000
IVC – A400 Building Remodel	\$1,000,000
IVC – Sports Facilities (50% College Match)	\$342,600
SC – Building Repairs-Math, Science Engineering Building Soil & Slab Repairs	\$128,710
SC – Plaza Repairs-Math, Science Engineering Building	\$69,288
SC – Building Repairs-TAS Building	\$1,956,000
SC – Building Repairs-Library Remodel	\$7,141,000
SC – Demolition of Lower Campus Buildings	\$1,719,000
SC – Golf Driving Range Net Replacement	\$300,000
SC – New Sciences Building	\$47,656,346
SC – McKinney Theater Restroom Remodel	\$2,542,000
SC – Temporary Classroom Facilities	\$7,269,285
SC – Demolition and Upper Quad Remodel	\$1,000,000
SC – Village Remodel	\$4,130,000
SC – Loop Road	\$3,442,000
SC – M/S/E/ Renovation	\$39,000
SC – Village Expansion	\$3,942,000
SC – Bridge Replacement	\$1,700,000
SC – Pool Deck Replacement	\$1,500,000
SC – Roof Replace TAS, Village Building 3 – 8	\$1,500,000
SC – Energy Management System (50% College Match)	\$657,400
SOCCCD – Additional 1% Contingency	\$1,278,101
SOCCCD – Student Information System Upgrade – Phase I/Phase II	\$14,102,260
SOCCCD – Hire Consultant for District Education and Facilities Master Plan	\$735,010
SOCCCD – Legislative Advocacy Services – Basic Aid	\$285,000
SOCCCD – Document Management Solution	\$659,202
SOCCCD – IT Projects	\$8,744,770
SOCCCD – Legal Defense for Invocation Complaint	\$1,208,817
TOTAL PRIOR APPROVED PROJECTS	\$380,742,187

<u>FY 2012-2013 APPROVED PROJECTS</u>	<u>PROJECT TOTAL</u>
<u>Long Term Obligations</u>	
Special Trustee Election	\$800,000
Retiree Benefit Liability Contribution (Pending Actuarial Report)	\$2,600,000
SOCCCD – Legislative Advocacy Services – Basic Aid	\$150,000
<u>Capital Projects/Defects/Scheduled Maintenance/Renovation</u>	
IVC – A-400 Renovation	\$10,463,000
IVC – Fine Arts Building (Match)	\$1,545,115
IVC –Scheduled Maintenance-Library Exterior (50% College Match)	\$275,000
IVC –Scheduled Maintenance-Lighting & Walkways (50% College Match)	\$475,000
IVC – New Parking Lot	\$2,920,000
IVC – Performing Arts Center Waterproofing	\$470,000
IVC – Upgrade Exterior & Entries to B300	\$680,000
SC – ATAS Renovation	\$18,584,000
SC –Scheduled Maintenance-Central Plant (50% College Match)	\$750,000
SC – Fine Arts HVAC Renovation	\$1,000,000
SC – Health Sciences/DS Waterproofing	\$1,000,000
SC – Library Renovation	\$2,622,000
SC – New Gateway Building (Match)	\$1,545,115
SC – Scheduled Maintenance-PE Complex (50% College Match)	\$500,000
SC – Sciences Building	\$11,179,000
SC – Storm Drain Repairs	\$1,500,000
SC – Water Damages/Storm Drainage Issues	\$750,000
<u>ATEP Operations</u>	
ATEP Support (security, maintenance and operations support)	\$637,507
<u>Capital Programs Planning, Technical, Specialty, Legal Consulting</u>	
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
ATEP Site Development	\$2,100,000
Lease/Lease Back Consultant	\$175,000
Facilities System	\$704,000
<u>IT Projects</u>	
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	<u>\$277,855</u>
TOTAL FY 2012-2013 PROJECTS	\$74,337,592
CUMULATIVE TOTAL – BASIC AID PROJECTS	<u>\$455,079,779</u>

SUMMARY OF GENERAL FUND BUDGET ALLOCATIONS

Allocated Area	* Unrestricted	*Restricted	Total
Saddleback College	\$ 87,141,493	\$15,114,247	\$102,255,740
Irvine Valley College	\$ 46,069,279	\$ 7,469,212	\$ 53,538,491
ATEP Operating & Capital Project	\$ 757,734	\$ 16,303	\$ 774,037
District Services	\$ 14,072,825	\$ 306,310	\$ 14,379,135
District-wide General Expense	\$ 3,390,170		\$ 3,390,170
Part-time Faculty Parity Funds	\$ 509,463		\$ 509,463
Basic Aid Funds**			
- Retirement Benefits	\$ 2,600,000		\$ 2,600,000
- Capital Outlay Projects	\$ 17,635,661		\$ 17,635,661
- Other Basic Aid Expenses	\$ 967,606		\$ 967,606
- Contingency***	\$ 17,639,088		\$ 17,639,088
Reserves for Economic Uncertainties	<u>\$ 10,345,556</u>		<u>\$ 10,345,556</u>
TOTALS	<u>\$ 201,128,875</u>	<u>\$ 22,906,072</u>	<u>\$224,034,947</u>

* See pages 22 through 25 (Total of Revenue and Ending Balance for each budget location)

**Prior Year Beginning Balance of basic aid funds (\$52 M) is in the Capital Outlay fund.

***Estimated calculations were used for the Basic Aid Allocation (BAARC) process. After final allocations were approved, final figures were determined and balance of funds are in contingency.

OTHER FUNDS

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

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 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 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. Irvine Valley College provides \$200,000 of support from the unrestricted general fund, and Saddleback College provides \$250,000. The child development program is not charged for administration or operations, so it is not self-supporting.

Golf Driving Range (Fund #15)

This fund is a mechanism to account for golf driving range receipts at Saddleback College. It is operated by an outside management group, by contract for a fee, which the college uses to support operational budget needs.

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 planned projects.

CAPITAL OUTLAY PROJECTS – FUND 40

<u>Project Description</u>	FY 2012-2013 Final Budget
BASIC AID PROJECTS (Including required college match)	\$183,922,312
<u>LOCAL PROJECTS</u>	
District-wide Video Conferencing	\$190,615
District Technology Enhancement	\$135,632
DSA Closeout/Five Year Plan/CEQA	\$135,947
SC-Future Parking Lot Projects	\$717,856
SC-Future Capital Outlay Projects	\$4,476,607
District-Future Capital Outlay Projects	\$16,993,634
Redevelopment Funds Reserved for Future Capital Projects (Cities of Lake Forest, Mission Viejo, Tustin, Irvine, Santa Ana, San Clemente, San Juan Capistrano, and Orange County)	\$12,611,524
Total Fund 40	\$219,184,127

Facilities Corp. Capital Outlay Projects Fund (Fund #41)

The district established the Facilities Corporation capital outlay projects fund to account for the expenditures related to the development of ATEP. An innovative program funding titled New Markets Tax Credit (NMTC) is being explored to assist with the funding of the development of ATEP.

Self-Insurance Fund (Fund #68)

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.

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 premiums. The current year's annual accrual of retiree benefits for existing employees is also made in this fund.

An actuarial study is conducted 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 when they retire, and 2) the total projected benefits accrual for employees' past service. The last study estimated the cost for the annual accrual for current employees to be \$2,582,983. The district's actuarial accrued liability for past service is estimated at \$61,189,900. The next actuarial study will be done by September 2012, and revised figures will be confirmed and addressed after the final budget planning. An irrevocable trust was established in FY 2007-2008 to fund the OPEB obligation in accordance with GASB 43 and 45.

For FY 2012-2013, a transfer of \$2,600,000 of Basic Aid Funds will be used toward funding the current year's annual accrual liability.

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 May 2010 with the completion of a required actuarial study. The study is an estimate of future costs.

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

BUDGET TABLES

The Final Budget FY 2012-2013 for all district funds is summarized on the following pages.

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

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
FINAL BUDGET - FISCAL YEAR 2012-2013**

Revenues, Expenditures and Change in Fund Balance

	General Fund (01)	Community Education (07) & (09)	Child Development (12)	Capital Outlay (40)	Facilities Corporation Capital Outlay Projects (41)	Self-Insurance (68)	Retiree Benefit (71)	Retiree OPEB (72)	TOTAL ALL FUNDS
SOURCES OF FUNDS									
BEGINNING FUND BALANCE:	9712 \$	28,459,232 \$	730,590 \$	28,698 \$	196,770,152 \$	-	1,492,579 \$	63,557,016 \$	292,813,784
REVENUES:									
SB361 Revenue	Various \$	129,011,744 \$	- \$	- \$	- \$	- \$	- \$	- \$	129,011,744
Basic Aid	8100-8199	39,462,256	-	-	-	-	-	-	39,462,256
Federal Sources	8600-8699	2,703,442	-	-	-	-	-	-	2,703,442
Other State Sources	8800-8899	11,450,044	-	-	-	-	-	-	11,450,044
Other Local Sources		12,948,229	1,641,784	4,153,314	17,310,000	10,000	7,500	5,700,000	43,732,805
Total Revenue	\$	1,961,978 \$	1,641,784 \$	4,153,314 \$	17,310,000 \$	10,000 \$	7,500 \$	5,700,000 \$	226,360,291
BASIC AID INCOMING TRANSFERS	8980-8989	-	-	17,635,661	-	-	2,600,000	-	20,235,661
INCOMING TRANSFERS	8980-8989	-	54,296	450,000	625,000	250,000	-	-	13,879,296
TOTAL SOURCES OF FUNDS	\$	2,746,864 \$	2,120,482 \$	219,184,127 \$	29,810,000 \$	2,035,517 \$	4,100,079 \$	69,257,016 \$	553,289,032
USES OF FUNDS									
EXPENDITURES:									
Academic Salaries	1000-1999	65,200,365	-	200	-	-	-	-	65,200,565
Other Staff Salaries	2000-2999	40,587,109	1,000,938	1,516,944	-	183,966	-	-	43,288,957
Employee Benefits	3000-3999	35,985,299	245,851	502,645	-	77,876	3,214,167	4,200,000	44,225,838
Supplies & Materials	4000-4999	5,228,645	70,000	65,679	5,000	6,200	-	-	5,375,524
Services & Other Operating	5000-5999	20,879,241	726,637	21,457	1,491,920	774,074	90,000	270,000	24,253,329
Capital Outlay	6000-6999	5,261,092	703,438	95	198,837,922	27,000	-	-	234,639,547
Payments to Students	7500-7699	258,595	-	13,462	-	-	-	-	272,057
Total Expenditures	\$	173,400,346 \$	2,120,482 \$	200,334,842 \$	29,810,000 \$	1,069,116 \$	3,304,167 \$	4,470,000 \$	417,255,817
OTHER FINANCING USES:									
Transfers Out	7300-7400	1,379,296	-	-	12,500,000	-	-	-	13,879,296
Basic Aid Transfers Out	7300-7400	20,235,661	-	-	-	-	-	-	20,235,661
Debt Service	7100-7199	435,000	-	-	-	-	-	-	435,000
Total Other Sources (Uses)	\$	22,049,957 \$	- \$	- \$	12,500,000 \$	- \$	- \$	- \$	34,549,957
TOTAL USES OF FUNDS	\$	195,450,303 \$	2,120,482 \$	212,834,842 \$	29,810,000 \$	1,069,116 \$	3,304,167 \$	4,470,000 \$	451,805,774
ENDING FUND BALANCE	\$	28,584,644 \$	- \$	6,349,285 \$	- \$	966,401 \$	795,912 \$	64,787,016 \$	101,483,258
COMPONENTS OF ENDING BALANCE:									
Restricted Balance	\$	- \$	- \$	6,349,285 \$	-	966,401 \$	795,912 \$	64,787,016 \$	72,898,614
Economic Uncertainties		28,584,644	-	-	-	-	-	-	28,584,644
Non-designated Ending Fund Balance	\$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
FINAL BUDGET - FISCAL YEAR 2012-2013**

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
<u>SOURCES OF FUNDS</u>									
BEGINNING FUND BALANCE:	9712 \$	5,518,384 \$	12,648,802 \$	1,331,633 \$	1,538,532 \$	2,870,165 \$	932,197 \$	296,054 \$	1,228,251 \$
REVENUES:									
SB361 Revenue									
Basic Aid	Various \$	- \$	73,708,140 \$	39,992,628 \$	- \$	39,992,628 \$	13,140,628 \$	- \$	13,140,628 \$
Federal Sources	8100-8199	1,909,728	1,909,728	-	793,714	793,714	-	-	-
Other State Sources	8600-8699	2,309,580	4,238,645	1,200,420	3,181,680	4,382,100	-	10,256	10,256
Other Local Sources	8800-8899	3,995,355	3,447,490	3,544,598	1,955,286	5,499,884	-	-	-
Total Revenue	\$ 80,013,075	\$ 9,595,863	\$ 89,608,938	\$ 44,737,646	\$ 5,930,680	\$ 50,668,326	\$ 13,140,628	\$ 10,256	\$ 13,150,884
RESTRICTED BASIC AID INCOMING TRANSFERS	8980-8989	-	-	-	-	-	-	-	-
8980-8989	-	-	-	-	-	-	-	-	-
TOTAL SOURCES OF FUNDS	\$ 87,141,493	\$ 15,114,247	\$ 102,255,740	\$ 46,069,279	\$ 7,489,212	\$ 53,558,491	\$ 14,072,825	\$ 306,310	\$ 14,379,135
<u>USES OF FUNDS</u>									
EXPENDITURES:									
Academic Salaries	1000-1999	40,078,200	2,566,662	20,093,737	739,495	20,833,232	1,270,018	-	1,270,018
Other Staff Salaries	2000-2999	17,196,328	3,323,819	10,759,652	1,945,726	12,705,378	6,972,525	-	6,972,525
Employee Benefits	3000-3999	19,401,848	1,569,609	20,971,457	10,341,735	11,155,591	3,636,417	-	3,636,417
Supplies & Materials	4000-4999	1,926,972	2,178,557	4,105,529	354,586	621,869	109,263	-	109,263
Services & Other Operating	5000-5999	6,673,276	2,652,545	9,325,821	2,793,130	2,450,823	1,677,228	306,310	1,983,538
Capital Outlay	6000-6999	1,114,869	2,588,589	516,439	669,018	1,185,457	157,374	-	157,374
Payments to Students	7500-7699	-	84,466	-	174,129	174,129	-	-	-
Total Expenditures	86,391,493	14,964,247	101,355,740	44,859,279	7,414,916	52,274,195	13,822,825	306,310	14,129,135
OTHER FINANCING USES:									
Transfers Out	7300-7400	250,000	150,000	675,000	54,296	729,296	250,000	-	250,000
Basic Aid Transfers Out	7300-7400	-	-	-	-	-	-	-	-
Debt Service	7100-7199	-	-	435,000	-	435,000	-	-	-
Total Other Sources (Uses)	250,000	150,000	400,000	1,110,000	54,296	1,164,296	250,000	-	250,000
TOTAL USES OF FUNDS	\$ 86,641,493	\$ 15,114,247	\$ 101,755,740	\$ 45,969,279	\$ 7,489,212	\$ 53,458,491	\$ 14,072,825	\$ 306,310	\$ 14,379,135
ENDING FUND BALANCE	\$ 500,000	\$ -	\$ 500,000	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -
COMPONENTS OF ENDING BALANCE:									
Restricted Balance	-	-	-	-	-	-	-	-	-
Economic Uncertainties	500,000	-	500,000	100,000	-	100,000	-	-	-
Non-designated Ending Fund Balance	-	-	-	-	-	-	-	-	-

**SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
FINAL BUDGET - FISCAL YEAR 2012-2013**

Revenues, Expenditures and Change in Fund Balance

GENERAL FUND

	ATEP				Total General Fund						
	General Fund		One Time Rev.		General Fund		Total				
	Unrestricted	Restricted	Unrestricted	Incl. Basic Aid	Unrestricted	Restricted	Unrestricted	Restricted			
SOURCES OF FUNDS											
BEGINNING FUND BALANCE:	9712	120,227	10,803	\$	400,000	\$	21,095,459	\$	7,363,773	\$	28,459,232
REVENUES:											
SB361 Revenue											
Basic Aid											
Federal Sources	Various	-	-	\$	2,990,170	\$	129,011,744	\$	-	\$	129,011,744
Other State Sources	8100-8199	637,507	-		-		39,462,256		-		39,462,256
Other Local Sources	8600-8699	-	-		-		2,703,442		-		2,703,442
	8800-8899	-	-		-		4,019,463		-		4,019,463
		-	5,500		-		7,430,581		-		7,430,581
Total Revenue		637,507	5,500	\$	2,990,170	\$	180,033,416	\$	15,542,299	\$	195,575,715
RESTRICTED BASIC AID	8980-8989	-	-		-		-		-		-
INCOMING TRANSFERS	8980-8989	-	-		-		-		-		-
TOTAL SOURCES OF FUNDS		757,734	16,303	\$	3,390,170	\$	201,128,875	\$	22,906,072	\$	224,034,947
USES OF FUNDS											
EXPENDITURES:											
Academic Salaries	1000-1999	-	-		-		61,894,208		3,306,157		65,200,365
Other Staff Salaries	2000-2999	284,059	-		105,000		35,317,564		5,269,545		40,587,109
Employee Benefits	3000-3999	144,624	-		20,000		33,601,834		2,383,465		35,985,299
Supplies & Materials	4000-4999	36,898	500		-		2,427,719		2,800,926		5,228,645
Services & Other Operating	5000-5999	283,153	10,000		3,065,170		15,459,563		5,419,678		20,879,241
Capital Outlay	6000-6999	9,000	5,803		200,000		1,997,682		3,263,410		5,261,092
Payments to Students	7500-7699	-	-		-		-		258,595		258,595
Total Expenditures		757,734	16,303		3,390,170		150,698,570		22,701,776		173,400,346
OTHER FINANCING USES:											
Transfers Out	7300-7400	-	-		-		1,175,000		204,296		1,379,296
Basic Aid Transfers Out	7300-7400	-	-		-		20,235,661		-		20,235,661
Debt Service	7100-7199	-	-		-		435,000		-		435,000
Total Other Sources (Uses)		-	-		-		21,845,661		204,296		22,049,957
TOTAL USES OF FUNDS		757,734	16,303		3,390,170		172,544,231		22,906,072		195,450,303
ENDING FUND BALANCE		-	-		-		28,584,644		-		28,584,644
COMPONENTS OF ENDING BALANCE:											
Restricted Balance		-	-		-		-		-		-
Economic Uncertainties		-	-		-		27,984,644		-		28,584,644
Non-designated Ending Fund Balance		-	-		-		-		-		-

SOUTH ORANGE COUNTY COMMUNITY COLLEGE DISTRICT
FINAL BUDGET - FISCAL YEAR 2012-2013
Revenues, Expenditures and Change in Fund Balance

	Community Education Fund			Child Development Fund		
	Saddleback College	Irvine Valley College	Total	Saddleback College	Irvine Valley College	Total
	(09)	(07)		(12)	(12)	
SOURCES OF FUNDS						
BEGINNING FUND BALANCE:	9712 \$	787,547 \$	(66,957) \$	730,590 \$	99 \$	28,599 \$
REVENUES:						
SB361 Revenue	-	-	-	-	-	-
Basic Aid	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-
Other State Sources	-	-	-	-	-	-
Other Local Sources	896,585	1,065,393	1,961,978	735,721	745,721	888,938
Total Revenue	896,585	1,065,393	1,961,978	735,721	745,721	888,938
RESTRICTED BASIC AID INCOMING TRANSFERS	-	-	-	-	-	-
8980-8989	-	-	-	-	-	-
8980-8989	-	54,296	54,296	250,000	200,000	200,000
TOTAL SOURCES OF FUNDS	1,684,132	1,062,732	2,746,864	985,820	995,820	1,117,537
USES OF FUNDS						
EXPENDITURES:						
Academic Salaries	-	-	-	-	200	-
Other Staff Salaries	473,880	527,058	1,000,938	707,031	809,913	809,913
Employee Benefits	107,948	137,903	245,851	251,372	251,273	251,273
Supplies & Materials	48,000	22,000	70,000	22,411	25,128	40,551
Services & Other Operating	439,304	287,333	726,637	4,911	5,657	15,800
Capital Outlay	615,000	88,438	703,438	95	95	-
Payments to Students	-	-	-	6,337	6,337	7,125
Total Expenditures	1,684,132	1,062,732	2,746,864	985,820	1,117,537	1,124,662
OTHER FINANCING USES:						
Transfers Out	-	-	-	-	-	-
Basic Aid Transfers Out	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	-	-	-
TOTAL USES OF FUNDS	1,684,132	1,062,732	2,746,864	985,820	1,117,537	1,124,662
ENDING FUND BALANCE	-	-	-	-	-	-
COMPONENTS OF ENDING BALANCE:						
Restricted Balance	-	-	-	-	-	-
Economic Uncertainties	-	-	-	-	-	-
Non-designated Ending Fund Balance	-	-	-	-	-	-

APPENDIX A

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

FUND NUMBER	DESCRIPTION	DEFINITION
1	General Fund	This fund is 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.
7	Community Education Fund – IVC	IVC provides community education seminars, short courses, workshops, and programs to support community needs not met by the traditional college curriculum.
9	Community Education Fund – Saddleback	Saddleback 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.
15	Golf Driving Range	This fund is used to account for all the accumulation and expenditure of monies for the Saddleback college golf driving range.
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 Corp. Capital Outlay Projects Fund	The district established the Facilities Corporation capital outlay projects fund to account for the expenditures related to the development of ATEP, when it is needed.

APPENDIX A

FUND NUMBER	DESCRIPTION	DEFINITION
52	COPS Capital Lease Payments Fund	This fund is used to account for the accumulation and expenditure of monies for the acquisition or construction of significant capital outlay items and scheduled maintenance and repairs projects. The fund is used to account for the receipt and expenditure of proceeds from the sale of district bonds.
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.
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.

APPENDIX A

FUND NUMBER	DESCRIPTION	DEFINITION
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.
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 clearing account is 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 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 this year, they will be 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 DRAC, 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 year-long endeavor updated 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 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 that 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 unliquidated encumbrances. An example of a Long Term Obligation that community colleges typically have is the future retiree benefit liability obligation, as per 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.

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(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** is defined by the state as state funds that were formerly provided for major repairs of buildings and equipment and which required a local match. For the last few years, state scheduled maintenance funds have not been allocated to community colleges. At the district, the working definition for scheduled maintenance 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.

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RESOURCE ALLOCATION DEFINITION OF TERMS

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- **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 update the two colleges' lists of 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's determination of which projects they will consider for funding. All Initial Project Proposals (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.