

Fiscal Management Self Assessment Checklist

Compton Community College District

Board Meeting

January 20, 2015

Presented by Felipe Lopez, Chief Business Officer

Monitoring & Assessing the Fiscal Condition

- The purpose of this Self Assessment serves as an early warning indicator for Management to identify potential issues and/or request preventative management assistance if needed.
- These standards are based on the principles of sound fiscal management that are contained in California Code of Regulations (CCR) Section 58311.
- This Self Assessment is retrospective in nature generally examining the 2013-14 fiscal year. You'll note a few references to more recent events where it seems appropriate and provides context. Part of the content is focused on the prior year external audits.

Fiscal Self-Assessment Checklist

1. Deficit Spending – Is this area acceptable?

- **Is the district spending within their revenue budget in the current year?** *Yes. The last 3 fiscal years have shown increased fund balances.*
- **Has the district controlled deficit spending over multiple years?** *Yes. The last 3 fiscal years have shown increased fund balances as noted in #2 below.*
- **Is deficit spending addressed by fund balance, ongoing revenue increases, or expenditure reductions?** *In FY2015 budget this is addressed primarily through fund balance – one-time funding.*
- **Are district revenue estimates based upon past history?** *Underlying budget assumptions are based upon past history, student demand, funding availability and state budget forecasts, among other factors.*
- **Does the district automatically build in growth revenue estimates?** *Yes, growth funding is recognized as on-going revenue in the year that it is projected.*

Fiscal Self-Assessment Checklist

2. Fund Balance – Is this area acceptable?

- Is the district's fund balance stable or consistently increasing?

Fund balance has been increasing in recent years as follows

Year	Fund Balance
2011-12	\$4.4 million (or 13.0%)
2012-13	\$7.1 million (or 23.8%)
2013-14	\$8.2 million (or 25.4%)

- Is the fund balance increasing due to on-going revenue increases and/or expenditure reductions? *Increase due to expenditure reductions*

Fiscal Self-Assessment Checklist

3. Enrollment – Is this area acceptable?

- **Has the district's enrollment been increasing or stable for multiple years?** *Course offerings were intentionally reduced in response to our State's reduction of our revenue. Over the past two years, even with the passage of Prop 30, the District is still below its FY2012 figures and has shown declining enrollment growth.*

Year	FTES
2011-12	6,375
2012-13	6,000
2013-14	6,060

- **Are the district's enrollment projections updated at least semiannually?** *Yes, our enrollment projections are updated numerous times a year. The enrollment projections are included in the five-year fiscal management plan.*

Fiscal Self-Assessment Checklist

3. Enrollment – (cont.)

- Are staffing adjustments consistent with the enrollment trends?
Yes.
- Does the district analyze enrollment and full time equivalent students (FTES) data? *Yes.*
- Does the district track historical data to establish future trends between P-1 and annual for projection purposes? *Yes*
- Has the district avoided stabilization funding? *Yes*

Fiscal Self-Assessment Checklist

4. Unrestricted General Fund Balance – Is this area acceptable?

- Is the district's unrestricted general fund balance consistently maintained at or above the recommended minimum prudent level (5% of the total unrestricted general fund expenditures)? *Yes, as noted in item #2, the District UGF has increased as follows:*

Year	Fund Balance
2011-12	\$4.4 million (or 13.0%)
2012-13	\$7.1 million (or 23.8%)
2013-14	\$8.2 million (or 25.4%)

Further, the District has moved to increase the District's minimum reserve to 10%.

- Is the district's unrestricted fund balance maintained throughout the year? *Yes.*

Fiscal Self-Assessment Checklist

5. Cash Flow Borrowing – Is this area acceptable?

- **Can the district manage its cash flow without inter-fund borrowing?** *Yes, the District manages cash flow concerns without interfund borrowing through the use of TRANS. The District uses cash flow projections as a tool to monitor cash flow. The FY2015 budget does not reflect the use of a TRAN.*
- **Is the district repaying TRANS and/or borrowed funds within the required statutory period?** *Yes.*

Fiscal Self-Assessment Checklist

6. Bargaining Agreements – Is this area acceptable?

- **Has the district settled bargaining agreements within new revenue sources during the past three years?** *Yes, the District settled an agreement with the Classified unit to increase the cap on District provided health costs from \$10,000 to \$12,000 per year. The additional increase of \$2K was funded with COLA (1.57%). No settlement has been made with the faculty unit, however they also received the additional \$2K increase due to the "me too" clause in their contract.*
- **Did the district conduct a pre-settlement analysis identifying an ongoing revenue source to support the agreement?** *Yes.*
- **Did the district correctly identify the related costs?** *Yes.*
- **Did the district address budget reductions necessary to sustain the total compensation increase?** *Yes - the District reduced personnel, offered early retirement incentives, did not fill vacancies and adopted board resolutions and reached agreements for the eliminating of lifetime health benefits and lifetime life insurance for new hires*

Fiscal Self-Assessment Checklist

7. Unrestricted General Fund Staffing – Is this area acceptable?

- **Is the district ensuring it is not using one-time funds to pay for permanent staff or other ongoing expenses?** *Yes, the District does not approve ongoing expenses with one-time funds.*
- **Is the percentage of district general fund budget allocated to salaries and benefits at or less than the statewide average (i.e. the statewide average for is)** *Yes. At June 30, 2014 and 2013 the District total salary and benefits was 82% and 77%, respectively, of the general fund expenditures. (i.e. the statewide average for 2003-04 is 85%).*

Fiscal Self-Assessment Checklist

8. Internal Controls – Is this area acceptable?

- **Does the district have adequate internal controls to insure the integrity of the general ledger?** *Yes, over the past two fiscal years the District has had no material weaknesses reported in the annual audit report. As of June 30, 2014 the District had no audit findings and no internal controls deficiencies that affect the financial integrity and/or reliability of the general ledger or financial statements. No audit adjustments were reported as of June 30, 2013 and 2014.*
- **Does the district have adequate internal controls to safeguard the districts assets?** *Yes, the District has revised and implemented procedures to ensure adequate controls are in place to safeguard all District assets. No internal controls deficiencies were reported regarding District assets in the annual audit report as of June 30, 2014.*

Fiscal Self-Assessment Checklist

9. Management Information Systems – Is this area acceptable?

- Is the district data accurate and timely? *Yes.*
- Are the county and state report filed in a timely manner? *Yes.*
- Are key fiscal reports readily available and understandable? *Yes.*

Fiscal Self-Assessment Checklist

10. Position Control – Is this area acceptable?

- Is position control integrated with payroll? *Yes.*
- Does the district control unauthorized hiring? *Yes.*
- Does the district have controls over part-time academic staff hiring? *Yes.*

Fiscal Self-Assessment Checklist

11. Budget Monitoring – Is this area acceptable?

- Is there sufficient consideration to the budget, related to long-term bargaining agreements? *Yes.*
- Are budget revision completed in a timely manner? *Yes.*
- Does the district openly discuss the impact of budget revisions at the board level? *Yes.*
- Are budget revisions made or confirmed by the board in a timely manner after the collective bargaining agreements are ratified? *Yes*
- Has the district's long-term debt decreased from the prior fiscal year? *Decreased in years 2012 & 2013, but increased slightly in 2014 due to OPEB.*
- Has the district identified the repayment sources for the long-term debt? *Yes, the District set asides UGF resources for repayment of debt*
- Does the district compile annualized revenue and expenditure projections throughout the year? *Yes*

Fiscal Self-Assessment Checklist

12. Retiree Health Benefits – Is this area acceptable?

- **Has the district completed an actuarial calculation to determine the unfunded liability?** *Yes, updated every two years*
- **Does the district have a plan for addressing the retiree benefits liabilities?** *Yes, the District has established an irrevocable Trust for the pre-funding of its Other Postemployment Benefits (OPEB). The District has developed in the budget an amount to contribute into the Trust annually as long as funds are available. The CCCD has also developed a funding schedule which estimates the CCCD will fully fund its OPEB obligation over a 20 year time frame.*

Fiscal Self-Assessment Checklist

13. Leadership/Stability – Is this area acceptable?

- **Has the district experienced recent turnover in its management team (including the Chief Executive Officer, Chief Business Officer, and Board of Trustees)?** *Yes, the District's leadership and stability over the past two years have been the strongest and most consistent over the last 8 years. The CEO has been with the District for more than 8 years. The CEO, CBO and Special Trustee have been in place for over two years.*
- **Does the district have a plan for addressing the retiree benefits liabilities?** *Yes, the District has established an irrevocable Trust for the pre-funding of its Other Postemployment Benefits (OPEB). The District has developed in the budget an amount to contribute into the Trust annually as long as funds are available. The CCCD has also developed a funding schedule which estimates the CCCD will fully fund its OPEB obligation over a 20 year time frame.*

Fiscal Self-Assessment Checklist

14. District Liability – Is this area acceptable?

- **Has the district performed the proper legal analysis regarding potential lawsuits that may require the district to maintain increased reserve levels?** *Yes.*
- **Has the district set up contingent liabilities for anticipated settlements, legal fees, etc?** *Yes, as of June 30, 2014 the District has recorded contingent liability to the State for over reported FTES relating to the cosmetology program. However, as of December 31, 2014 liability has been resolved thru an apportionment reduction that will occur at P-1 in FY2015*

Fiscal Self-Assessment Checklist

15. Reporting – Is this area acceptable?

- **Has the district filed the annual audit report with the System Office on a timely basis?** *Yes, the annual audit report has been filed by the December 31st due date for the last 3 years.*
- **Has the district taken appropriate action to address material findings cited in their annual audit report?** *Yes, the District has eliminated all audit findings as of June 30, 2014. The District's corrective action plan reduced audit findings from twenty-six (26), to thirteen (13), to six (6) audit findings, and ultimately zero in FY2011, FY2012, FY2013, and FY2014 respectively. Most importantly, the District reports no audit adjustments and no material weaknesses in internal controls over the past three fiscal years; FY2012, FY2013, FY2014.*
- **Has the district met the requirement of the 50 percent law?** *Yes, the District has complied with the 50% law in 2 of the last 3 years (FY2012 & FY2014). The District has developed a plan for ensuring compliance with the 50% law.*

Fiscal Self-Assessment Checklist

15. Reporting – (cont.)

- **Have the Quarterly financial Status Reports (CCFS-311Q), Annual Financial and Budget Reports (CCFS-311), and Apportionment Reports (CCFS-320) been submitted to the System?** *Yes, all reports have been filed timely over the last 3 years.*

Questions & Discussions