

Standard III.D. Financial Resources

The institution effectively uses its human, physical, technology, and financial resources to achieve its broad educational purposes including stated student learning outcomes, and to improve institutional effectiveness.

III.D.1.a. Financial planning is integrated with and supports all institutional planning.

Description:

The Instructional Centers and Departments have an on-going budget base to continue their regular operations. The Vice President of Academic Affairs and Vice President of Student Services meet with each Center Dean and Department manager to review their budget. Each year they are also provided an opportunity to request budget augmentation to improve their areas of operation, in support of the College Strategic Plan. All requests for additional funding are submitted first to the appropriate Vice President and then to the Vice President of Administrative Services and the Superintendent/President for evaluation. The Superintendent/President's Cabinet reviews the annual augmentation requests and prioritizes them. The Strategic Planning Committee leads the College in development of its institutional goals and strategies. The Planning meeting schedule is disseminated electronically campus-wide and information about planning is made available on the College Planning website, which also includes an electronic bulletin board that allows all College staff to provide input. Institutional financial planning is also widely supported by the Budget Advisory Committee, consisting of 12 members representing various College constituencies including the Associated Student Body. The Budget Advisory Committee is the major generator of recommendations pertaining to expenditures and makes recommendations to the Superintendent/President and the Board of Trustees. The Administrative/Management Council and the Instructional Council also receive budget development packets and information.

Assessment:

The District meets the standard. The existence of the Shasta College Strategic Plan has assisted the Budget Advisory Committee in following the educational mission, goals and objectives. The College budget serves as the financial expression of the institutional goals.

Planning Agenda:

The District should continue meeting with campus-wide constituencies and hold other budget planning processes to ensure that the financial planning will continue to support institutional goals.

Ref: Budget packets, and information from the Business Office and President's Office

III.D.1.b. Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Description:

In 1999, the District Strategic Planning Committee developed a five-year plan, which has been reviewed annually and modified based upon current information from a variety of campus, local and state resources. This document served as the road map for District activities. The development of the Strategic Plan as a planning document ensured that the College resources were expended in coordination with and in support of the Strategic Plan. The development of financial resources, such as grants, also supported the Strategic Plan. Regarding institutional planning, in 2001, the Strategic Planning Council completed the Annual Report, which documents the Strategic Plan accomplishments. However, in October, 2004, under the leadership of the new Superintendent/President the Planning Committee was developed. They are currently developing new goals and strategies to be implemented over the next three years. Some of the proposed goals overlap and/or are parallel to the current Strategic Plan. In developing the new goals, all College personnel have had an opportunity to comment on the plan. Broad participation from all sections of the campus is proving to be effective in producing a successful document. Institutional planning documents are widely disseminated. Proposed budget allocations must support College goals and must go through an approval process. The District Annual Capital Plans, the Bond- and State-funded Construction and Renovation Plan and the five-year Scheduled Maintenance Plan, support the current Strategic Plan. However, the District does not have a Master Plan for equipment replacement, but efforts are underway to address this need.

Assessment:

The District meets the standard.

Planning Agenda:

The District should complete the equipment replacement plan. The District should continue to review the Strategic Plan and produce an accomplishment report. The District should also continue broad participation in developing the new College Plan.

REF: Strategic Planning Annual Report, new planning documents, and meeting notes.

III.D.1.c. When making short-range financial plans, the institution considers its long-range financial priorities, to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.

Description:

When making short-range financial plans, the District does consider some areas of long-range financial priorities in the planning process. The District has several bond issues that require debt re-payment which are budgeted in the planning process.

The District maintains a five-year plan for scheduled maintenance but has not always planned for the required match for those projects. This has, on occasion, meant that a project could not be done in the year proposed, due to the lack of matching funds by the District.

The District does not have a Master Plan of equipment replacement and rotation, which could affect short-term financial planning.

The District strives to maintain a 5% reserve, allowing for a cushion above the state-required 3% reserve.

The District has a small amount set aside for Retiree Health Benefits (approximately \$580,000), but that is not adequate to meet future liability with the implementation of GASB 45 in 2009.

Assessment:

The District does not meet the standard at this point in time. The District strives to maintain a 5% reserve, and budgets in the debt retirement for long-term bond obligations. Adequate consideration is not given to District matching requirements, equipment replacement, and maintenance of retiree health benefit liabilities.

Planning Agenda:

The District should address in its annual budgeting process and Master Plan the areas addressed above. There needs to be matching funds available for scheduled maintenance projects in order to take advantage of the available state funding when it is offered. There needs to be a Master Plan created for the replacement and maintenance of equipment and facilities. The District needs to begin budgeting, on an annual basis, a portion of the liability for retiree health benefits in order to be in compliance of GASB 45 implementation in 2009 and beyond. The District should also budget, apart from the reserves, an emergency fund for each year.

Ref: Audited Financial Statements, five-year Scheduled Maintenance plan

III.D.1.d. The institution clearly defines and follows its guidelines and processes for financial planning.

Description:

Budget packets are distributed to all Center Deans and managers. The packet includes the guidelines and procedures for the annual financial and budget development. A calendar for budget preparation also clearly defines the projected dates of completion and submission of budget documents. Budget information and procedures are clearly disseminated electronically, campus-wide. Information, procedures and guidelines are communicated during the Administrative Council and the Instructional Council meetings. The Budget Advisory Committee with representatives from each constituent group also reviews and discusses the processes and guidelines. In the last two years, the Vice President of Academic Affairs has met with each budget manager to review their budget.

Assessment:

The District meets the standard. While there have been several changes in leadership in College administration, the College has maintained its consistency in communicating the processes and guidelines for financial planning. Information such as cost-of-living increases (if any), FTE, cost revenue data, budget for categorically funded programs, and procedures for submitting expenditure proposals are provided to all budget managers. The new information and reporting system (Datatel) provides ready access to cost and revenue data for decision-making.

Planning Agenda:

None.

Ref: Annual audits, budget packets, Title III report

III.D.2.a. Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Description:

The California Education Code requires that the District contract with an independent auditor each year. The Chancellor's Office, the County Office of Education, and the federal Office of Budget and Management require additional reporting and auditing functions. The District is not fiscally independent for payroll or commercial warrants.

An independent Certified Public Accountant firm performs an annual audit report to examine all financial records of the District, including all District funds, student financial aid, bond funds, Associated Students, and trust funds. The audit is presented to the Board of Trustees in hard copy, and an oral overview of major issues or concerns is presented by the independent auditor. In addition, prior to that presentation the independent auditor meets with the Audit Committee, which has been appointed by the Board of Trustees. Audit findings are supported by external auditor recommendations and require a response by the affected Department in the form of an action plan.

Assessment:

The District does not meet the standard at this point in time. While the District is in compliance with GASB 35 in most areas and has implemented an internal audit committee, the District is not currently including Management Discussion and Analysis as a part of the annual financial statements. When that part of the report is included, it will be able to address how the allocation and use of financial resources support student learning programs and services. The District has not made the financial information available on a timely basis (in relation to the annual audit). The annual District audit report is available to the public upon request.

Planning Agenda:

The District will include the Management Discussion and Analysis with the June 30, 2005, financial statements, allowing for address of the allocation of financial resources and the effect on student learning programs and services. In addition, the District will have the financial statements available by December 31, 2005, for the fiscal year ended June 30, 2005, making the information available on a timely basis.

REF: Audited Financial Statements, June 30, 2004.

III.D.2.b. Appropriate financial information is provided throughout the institution.

Description:

The District uses the shared governance process for College-wide decision making. Budget Advisory Committees have been used to develop ideas and promote better fiscal responsibility throughout the District.

Each Vice President meets with Directors, Deans, and managers in their respective areas, to evaluate the budget for that program or Department. Each Department or program has designated someone responsible for budget-related matters to aid in the development of the departmental budget.

Each Center has access to their own departmental financial information at all times on-line, aiding in the budgetary planning and control.

Assessment:

The District meets the standard. Additional training in the use and ability obtaining the information would be helpful to the Centers.

Planning Agenda:

None.

REF: Budget meeting notes.

III.D.2.c. The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences.

Description:

Generally, there are two periods of the year when cash flow can be low: July and December. This occurs due to the timing of deferred payroll, deferred apportionment by the State, and early payroll in December. The receipt of local tax dollars usually does not occur until the very end of December each year. The District has borrowed through the issuance of Tax and Revenue Anticipation Notes (TRANS) to fund expenses during those times. These notes are secured with the pledge of taxes and other general fund money.

The California Community College Chancellor's Office recommends a 5% general fund reserve. If the reserve falls below 3%, the District is put on a "watch list," subject to review by the Chancellor's Office. The Board of Trustees has recommended all budget decisions be based on a balanced budget, while striving for the recommended 5% of projected annual expenditures.

The District's property, liability, and workers' compensation are covered under a Joint Powers Authority.

The District maintains most of its currency in the Shasta County Treasury. The County pools these funds with those from other Districts in the County to make investments. The District maintains some bond funds in a separate trust account as required by the bond documents. These pooled funds are carried at cost. Any investment losses are proportionately shared by all funds in the pool. In addition, the District's Trustees' Scholarship Fund is invested with A.G. Edwards.

Financial emergencies are planned for through the reserve being held at 5% instead of the state required 3%. This gives the District a 2% cushion for financial emergencies.

Assessment:

The District meets the standard.

Planning Agenda:

None.

REF: Budget meeting notes, TRANS application and workpapers, District financial documents.

III.D.2.d. The institution practices effective oversight of finances, including management of financial aid, grants, external funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments, and assets.

Description:

All funds of the District are recorded and managed with the Office of Administrative Services. Federal, state and local student financial aid grants and bonds are recorded in separate funds as required by law.

The financial aid process is multi-tiered, with several steps of verification built in to avoid fraud. Financial aid students are required to attend an in-person loan entrance counseling session once per academic year. Students who obtained loans are asked to attend one loan exit counseling at the end of each year. The District allows students to have up to three student loans at the same time. Students requesting to borrow in excess of the suggested loan limit must prepare an appeal for the additional loan amount. Those appeals are reviewed on an individual basis by the Financial Aid Director. The Financial Aid Office determines Student Aid eligibility. The Business Office generates and distributes the grant checks.

The Bookstore and Food Services operations are outsourced, and while some of their staff are District employees, the District is reimbursed for the cost of those employees. Both areas of operation are billed by the Business Office for the reimbursement of the employee costs. Invoicing for externally funded projects, such as facility rental, contract education, or third-party payers, is completed by the Department in which they occur. The cash receipts and disbursements are all handled by the accounting technicians in the Business Office.

The Shasta College Foundation is independent of the District and has its own accountant. District auditors perform an annual audit on the Foundation accounts.

Assessment:

The District meets the standard.

Planning Agenda:

None.

REF: District financial records, Shasta College Foundation audited financial statements.

III.D.2.e. All financial resources, including those from auxiliary activities, fund-raising efforts, and grants are used with integrity in a manner consistent with the mission and goals of the institution.

Description:

The Shasta College Foundation, initially established in 1995, and changed to the Auxiliary Foundation in 1997, is the primary fundraising body for the College. The purpose of the Shasta College Foundation is to provide resources that are otherwise not provided to the College through the state and public tax support. Membership is comprised of fifteen members from three counties. Two members of the Board of Trustees serve on the Board of Foundation. The College has a fully operational Grants Office that works in conjunction with the Research Office. A grants application and solicitation procedure was set in place in 2000, for the development of partnerships and external funding resources. The Grants Office provides overall support to grant programs and ensures compliance with the terms and agreements of the grant. An internal grants approval form serves as the document for acquiring approvals for developing external financial resources. All grant and fund-raising activities are linked to the mission and goals of the institution.

Assessment:

The Foundation files annual reports and is audited by the same firm (Nystrom & Company) that audits Shasta College. All grant programs must file quarterly-or-midterm financial reports and final performance and budget reports. Nystrom & Company also audits grants. All expenses using federal grant funds must adhere to the Office of Management and Budget (OMB) and the guidelines of Electronic Data Gathering, Analysis, and Retrieval System (EDGAR). Spending decisions are guided by the Shasta College Strategic Plan.

Capital improvement of the stadium and fitness center have been completed, as has an endowment for a new Dental Hygiene Program.

The College Grants Office has secured external funding for College-identified needs. All grants must be tied to the Strategic Plan. Grants have been secured for staff development, retention of students, program and curriculum development, academic support services, and early College awareness, among other things. The College has received five federal grants. The three largest grants bring in \$1,371,231 in federal grants yearly. The largest grant, GEAR UP, initially funded in 1999, has brought in \$4,443,080.00 in federal funds the last five years. The award for the current year award is \$1,110,700.00. The two other largest federal grants include Title III Strengthening Institutions Program, with a yearly award of \$350,000, and Student Support Services –TRIO, with a total yearly award of \$260,181. The other federal grants include FIPSE and CCAMPIS Programs. The College also has an Improving Teacher Quality grant funded by the California Postsecondary Education Commission and shares a No Child Left Behind federal partnership grant with Simpson University and Shasta County Office of Education. Other grants include outreach and recruitment of diverse students grants, community-based grants service learning grants, and AmeriCorps.

Planning Agenda:

Continue capital campaign efforts to assist with the bond construction projects. Continue to communicate with the community through the Foundation newsletter. As grant funds at the state level have been dramatically reduced and federal funds are also very tight, develop more partnerships with other institutions and collaborate on grants to increase the likelihood of securing future funding.

REF: Grants Internal forms, Foundation By-laws, grants award letters for TRIO and Title III, Strategic Planning documents, EDGAR and OMB.

III.D.2.f. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.

Description:

The District carefully reviews all agreements for compliance with institutional policies and procedures. The integrity of the District is maintained by having consistent review by the appropriate Vice President, the President's Cabinet, and Vice President of Administrative

Services. Only the Superintendent/President and the Vice President of Administrative Services may sign contracts. New contracts must be approved by the Board of Trustees.

Assessment:

Proposed contracts are submitted and reviewed by the appropriate Vice President before being submitted to the Vice President of Administrative Services for review and approval. Proposed contracts are also discussed with the President's Cabinet. Equipment purchase, equipment leases, and maintenance agreements are examples of the types of contracts the College enters into on a routine basis.

Planning Agenda:

Provide more training to staff to help them understand the process.

III.D.2.g. The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.

Description:

All District records are evaluated annually by the external auditor to assist the adequacy of the systems and procedures, compliance with rules and regulations and internal controls. The Board of Trustees has appointed an internal audit committee to review reports and address management recommendations. The Business Office evaluates the financial management processes, continually looking for ways to improve efficiency and timeliness of financial information throughout the District.

Assessment:

The District meets the standard.

Planning Agenda:

None.

REF: Audit report prepared by independent auditors