STANDARD IIID – FINANCIAL RESOURCES

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resource planning is integrated with institutional planning at both college and district/system levels in multi-college systems.

The Contra Costa Community College District (CCCCD) receives the majority of its operating revenue via the state apportionment process, based on full-time equivalent student (FTES) attendance hours. These funds are distributed to the colleges within the District based on a locally-defined funding allocation model (DR-1). The allocation model estimates revenue per annually established FTES targets, allocates an agreed-upon percentage for District wide expenditures, and distributes the remainder to the District's three colleges proportionate to their individual FTES targets. In addition to the apportionment funding, the College receives a number of substantial categorical grants from federal, state and local sources, as well as funds identified for special purposes, such as student financial aid and capital projects. The following table summarizes the source and use of funds at Los Medanos College (LMC) for Fiscal Year (FY) 12-13:

Fund Name	Beginning Fund Balance	Revenue	Expenditure
General- Unrestricted	$2,816,476	$33,280,908	$32,248,919
General- Restricted	$0	$5,728,687	$5,379,782
Debt Service	$438,732	$0	$0
Capital Projects	$5,876,837	$146,495	$324,331
Bookstore	$471,519	$2,441,778	$2,492,978
Food Services	$168,118	$47,631	$20,333
Student Body Center	$952,994	$102,071	$0
Student Financial Aid	$0	$10,446,838	$10,446,838

Despite reduced funding resulting from the economic downturn in California, LMC has been able to conservatively maintain its programs and services. To balance expenditures to the lower funding level, the College has taken steps to reduce certain staff positions and non-essential expenses. In addition, the College drew-down local reserves to bridge the funding gap and increased enrollment management efforts in anticipation of an improving economy. The table below presents actual expenditures and revenues (ongoing unrestricted general fund only) for the past three years and the FY 13-14 year's budget.

Fiscal Year	Beginning Fund Balance	Revenue	Expenditure	Ending Fund Balance
2010 - 2011	$860,991	$36,253,210	$34,622,771	$2,491,430
2011 - 2012	$2,491,430	$32,609,270	$32,879,831	$2,220,869
2012 - 2013	$2,220,869	$33,055,422	$32,035,118	$3,241,176
2013 - 2014 (budget)	$3,241,176	$34,764,101	$34,471,864	$3,533,413

- FY 10-11 beginning fund balance recognizes the implementation of the District's new funding model, whereby each college assumed responsibility for maintaining campus-level budget and reserves. Prior to FY 10-11, beginning fund balance and reserves were held in District wide accounts and not maintained at the college level.
- Decline in revenue from FY 10-11 to FY 11-12 occurred due to workload funding reduction by the state.
- Increase in revenue in FY 12-13 reflects voter approval of Proposition 30.
- FY13-14 beginning fund balance reflects conservative spending in FY 12-13 in anticipation of continued reduced state funding and a local FTES decline; the California economy experienced improvements resulting in additional funds allocated for Cost of Living Adjustment (COLA) and growth.
- During all four years, the College was able to fund all employee step and column salary increases and continued increases in maintenance of employer-paid benefits such as pension contributions and health benefits; in FY 13-14, as a result of increased state funding, the District approved an approximate 2 percent salary COLA, the first such increase since FY 08-09.

As a result of the recession, the College experienced significant reductions in many state-funded categorical programs. Funding for deferred maintenance, instructional equipment, matriculation, CalWORKs, EOPS, DSPS, and CARE, were significantly reduced (32-51 percent) or eliminated. Essential services previously provided through these categorical funds were absorbed by the unrestricted general fund to ensure their continuation. In FY 13-14, the state partially restored funding for several of these programs.

The College has also sought alternative funding, specifically through federal and local grants. These grants, although restricted, have significantly helped the College to maintain and enhance the programs related to the grants. These grants have provided valuable resources to meet new and expanded institutional needs, such as paying for salaries of staff who deliver the grant-related programs and services, updating classrooms with new technology, and procuring additional instructional equipment necessary for the continued progress of the programs. Without the grants, these programs could not have been sustainable due to state funding reductions and lack of state funding for instructional equipment. In 2010, the College was awarded the Hispanic Serving Institution (HSI) EXITO grant in the amount of $3.1 million for a period of five years. In 2011, the College was awarded the Science Technology Engineering and Math (STEM) grant, in the amount of $1.6 million for a period of five years. In 2012, the College was awarded $1.2 million as part of the consortium of the Trade Adjustment Assistance Community College Career Training (TAACCCT) grant for a period of four years. In 2013, the College was awarded $625,000 in National Science Foundation (NSF) grant for a period of five years. The grants have been awarded to the College with the intention that they will be assessed annually and "institutionalized", if successful.

Board Policy 5031, *Fiscal Management* and Business Procedure 18.06, *Budget Preparation* detail how the budget process evolves throughout each year. Specifically, a calendar is displayed showing a top-level timeline of how the District's budget is formally approved by the Governing Board. Further, Business Procedure 18.02, *Parameters for Budget Development and Preparation* states that in preparing the annual budget for the District, the goal is to develop a balanced budget that provides for programs and services that meet the needs of the community served by the CCCCD. Annually, the Governing Board reviews the budget calendar along with the District's "Budgeting Parameters", which guides budget development (DR-2, III.D-1, III.D-2).

At each Governing Board meeting, financial information is presented to the Board. This information comes in the form of reports or presentations that include fiscal trends, financial statements, budget transfers, tentative budget presentation, adoption budget presentation, as well as periodic reports on pertinent budget and financial issues. In April every year, the Governing Board has a study-session on the budget that includes assumptions and goals for achieving the priorities of the District. These presentations and reports are available in electronic format (III.D-3, III.D-4, III.D-5, III.D-6).

The District's budget is based on anticipated revenue from the state. With the District's new decentralized funding model, each college, as well as the District Office, is responsible for establishing its priorities in order to meet its mission and goals. This model has required each institution to establish internal processes to allocate funding in an efficient and effective manner. Moreover, throughout the budgeting process, multi-year assumptions are developed through the participatory governance process; this allows each site a look at what its short-term and long-range plans should be.

Each fiscal year, the District's FTES funding is established by the State Chancellor's Office. The District, in turn, allocates these funds to the colleges and the District Office, according to CCCCD Business Procedure 18.01 (DR-1). This procedure allocates funds to each of the three colleges based on FTES targets projected by the CCCCD Chancellor's Cabinet, in collaboration with college administrators. District wide expenses/assessments (contractual and regulatory obligations, and district wide expenses like utilities) are deducted from the revenue and the rest is proportionately allocated to the colleges, based on projected FTES targets.

Each college assumes the primary responsibility for developing its own operational plans in support of the District's overall goals. Prior to receiving the budget allocation, the College conducts an annual campus wide program/unit review and Resource Allocation Process (RAP). The results of program/unit review and RAP are reviewed and prioritized by the Shared Governance Council (SGC), and subsequently considered during the development of the College budget once funding levels are known.

College budgets are developed based on the funds allocated by the District, as well as other local resources. LMC budget and financial information are shared in a variety of forums (College Assembly, SGC Meetings, All College Day, and President's Council). More recently, the SGC receives and reviews the tentative and adopted budget reports. Many department managers have the ability to run budget reports through WebAdvisor and the College Business Office also supports departments with the monitoring and updating of budget information throughout the year. The College Business Office is responsible for ensuring that all expenditures are made in accordance with the approved budget and any additional criteria established by a funding agency. The District Office audits all financial transactions for compliance and appropriateness, and an independent audit is conducted annually in accordance with state and federal regulations and accounting standards.

III.D.1: The institution's mission and goals are the foundation for financial planning.

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

Descriptive Summary

At the District level, "Key Goals and Strategies" – which incorporate a multi-year (three to five years) perspective (I.B.2-6) – are developed through the shared governance process. Emphasis is placed on institutional goals and strategies needed to accomplish the goals. The operational plans, developed to support and implement the strategic initiatives, identify the budgetary impact related to each action step.

The District develops a five-year strategic plan which addresses its mission and goals. (III.A.4.c-1). The colleges are required to align their strategic planning processes with that of the District -- LMC has achieved this by linking the District's strategic plan/goals to its LMC's *Educational Master Plan* goals, full-time faculty hiring plan goals, *LMC Facilities Master Plan* goals, departmental program/unit reviews and RAP (ER-7, I.B.1-20, I.B.1-24, I.B.1-25, I.B.3-24, I.B.3-25, I.B.3-26, III.D.1.a-1). For FY 12-13 and FY 13-14, the College has been utilizing LMC

Interim Strategic Priorities (2012-2014) and the *District wide Strategic Plan* (2014-2019) for planning and budget efforts (ER-58, I.B.2-6, III.D.1.a-2). LMC's interim strategic priorities include:

1. Increase and Accelerate Student Program Completion
2. Promote Faculty, Staff, and Student Engagement
3. Increase and Accelerate Student Completion of Basic Skills Sequences
4. Improve Academic Success of our African American Students

LMC began College wide dialogue on the 2014-2019 strategic plan in January 2014. This plan will be aligned with the District's new five-year plan for 2014-2019 (I.B.2-6).

The College management, Planning Committee, and the SGC develop the strategic direction for the College, which is used to ensure accomplishment of the following District wide goals:

- Enhance student learning and success
- Strengthen Current and create new partnerships
- Create a culture of continuous improvement and tangible success
- Be good stewards of the District's resources

The strategic directions and goals of the District and the College are included in the program/unit review and planning process. Every unit and department at the College must align its future planning objectives with either the District goals or the College goals (preferably with both) or with the results of assessment (I.B.3-24, I.B.3-25, I.B.3-26, III.D.1.a-3).

The College's long-range financial planning considers a variety of funding sources (such as state facilities funding, block grant funding, local revenue, and the fundraising efforts of the College Foundation), ongoing expenditures, and the projected increases of each funding source. The president and director of business services are responsible for matching projected funding needs with current and long range funding availability. As part of the long-range planning process, the president, the director of business services, senior accountant, and grant program managers periodically review active grants to determine how well grant-funded programs support the College's mission and goals. Institutionalization plans for grant-funded programs that benefit students and align with the College's goals are developed to gradually transition program expenditures to the College's operating budget, thereby ensuring continuation of the programs after the grant expires.

Every five years, the College conducts a comprehensive program/unit review which includes all instructional, student services, and administrative units and departments at the College. This in- depth review includes setting longer range goals and objectives in alignment with College and District goals. Units and departments also review progress on the goals and objectives established the previous year and provide a status report. In between the comprehensive program review years, programs and units conduct an annual program/unit review update. The electronic program review submission tool (PRST), which houses all this information also includes a section for instructional programs to upload their course-level and program-level assessment reports. The College's program review process enables programs and units to validate that they support the mission and goals of the College and District. When establishing new objectives, programs and units identify their resource needs to achieve these objectives and address any issues discovered during the process of assessing student learning outcomes (III.D.1.a-4).

The Resource Allocation Process is completed soon after the program/unit review process is completed annually. Requests for resources are identified and documented in the program/unit review -- this includes resource needs for the improvement (expansion) of programs/services and adding classified staff. Classified staffing needs were incorporated into the RAP beginning in 2006-2007, so that departments could request additional staffing, as justified and explained in the program review. Resource funding requests must be submitted to the Business Services Department by the established deadline after the annual program/unit review is completed (I.B.3-5, I.B.3-27, III.D.1.a-5). RAP proposals are compiled by the business director and submitted to the Shared Governance Council for review and prioritization. SGC's evaluation involves reviewing each proposal, which is briefly presented by the requestor and/or the requestor's manager. A prioritized list of resource needs is then recommended by SGC to the College president for his review and approval based on the availability of funds.

Requests for additional full-time faculty are also documented in program review. The process to request additional faculty is conducted through a Faculty Hiring Prioritization process called "Box 2A". Requests are submitted during the subsequent fall semester to the Office of the Vice President of Instruction and Student Services. A committee, which includes the vice president, an additional manager, the faculty senate president (or designee), and a representative of the United Faculty prioritize the requests for full-time faculty. This prioritized list is submitted to the president for review and approved based on the availability of funds, in discussion with the director of business services as part of the budget development process.

The funding of RAP proposals is always dependent on available resources after funding on-going operational needs, mandated liabilities, and other identified liabilities. Annually the College's budget is developed by the director of business services, using the prior year's operating budget and the current year's allocation as a base. Anticipated revenue and expenditures (such as faculty and hourly academic salaries and benefits, management salary and benefits, classified staff salary and benefits, and departmental operating expenditures); known liabilities; and mandatory reserves are included in the budget in order to determine available funding resources that can be used to satisfy the RAP and/or Box 2A requests. Available funding sources may result from an increased allocation (due to state apportionment increases from COLA and/or growth); new or increased categorical/grant funds; LMC Foundation donations; or annual categorical allocations received from Block Grants, and Perkins IV Act funds.

Bond Oversight Committee Reports to the Community, Bond Oversight Committee minutes, Chief Business Officer meeting minutes, Chancellor's Cabinet minutes, District Governance Council minutes, Governing Board minutes, Governing Board Finance Committee minutes, Governing Board reports (fiscal trends, budget transfers, financial statements, budget presentations, budget study sessions, bond update reports) are all evidence of the fiscal planning that takes place at the District. Within this evidence is multi-year financial information that reflects the District's priorities. The many layers of evidence from the multiple committees and bodies show the collaboration that is involved in developing the District's priorities that eventually lead to its budget. Copies of all the aforementioned minutes and reports are available electronically (I.B.5-19, III.D.1.a-6, III.D.1.a-7, III.D.1.a-8, III.D.1.a-9, III.D.1.a-10, III.D.1.a-11, III.D.1.a-12, III.D.1.a-13, III.D.1.a-14, III.D.1.a-15, III.D.1.a-16, III.D.1.a-17).

Self Evaluation

The Standard has been met. The basis for the Resource Allocation Process is the requirement that project proposals, developed as part of the program/unit review process, must support College goals (ER-58). Every year, departments address College goals in their program/unit review and planning process. This approach ensures integrity of the planning process, since there is always a link between departmental plans and College plans.

As a result of the recession, the College has not been able to fully fund all of its approved RAP proposals for the past several years. This funding issue should be gradually resolved, given the increase in state funding due to factors such as the passage of Proposition 30, as well as College efforts to restore/increase FTES and the implementation of effective enrollment management practices.

The evaluation of the results of funded RAP projects has not been performed since 2010 -- this is an integral piece of the RAP process and should be conducted annually, in order to validate that these projects accomplish their goals and were aligned with the College's strategic priorities (I.B.3-20, I.B.6-2, III.B.1.a-8, III.D.1.a-18).

Actionable Improvement Plan

Starting in FY 2014-2015, the Business Services Department will conduct an annual evaluation to determine the effectiveness of the allocation of resources towards supporting and achieving College goals.

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

Descriptive Summary

The budget development process is implemented in accordance to the District's Business Procedure 18.02 (DR-2). LMC ensures that it complies with District Policies and Procedures during the development and management of the budget, throughout the fiscal year.

The budgeting process begins about six months into the current fiscal year and prior to the next. As inherent with budgets, various assumptions are made during the budget development process about future fiscal years based on the information available at the time that the budget is initially developed. In order to begin the budgeting process, the current year's budget information is compared to actual occurrences, adjusted as necessary, and used as a reasonable base for creating the budget for the next fiscal year. Since LMC's revenue stream is primarily contingent upon state funding, the budget cannot be finalized until the state budget is adopted. Therefore, the College relies on the best available information during the preliminary stages of the budget development process. Budgetary information is updated as additional information is received and various factors affecting the budget – such as the College's strategic priorities, educational initiatives, and short/long term obligations – are finalized. The draft budget is shared with stakeholders at various stages of the budget development process, and prior to submission to the Board for adoption.

At the beginning of the budget development process, the District estimates its apportionment amount based on predictions of the state's budget and information received from the State Chancellor's Office. District wide expenses/assessments (such as contractual and regulatory obligations, district wide liabilities and utility expenses) are deducted from the apportionment amount and the rest is allocated to the colleges, based on the District's new funding model, which reflects SB 361, the legislated funding formula for California's community colleges. With the new decentralized funding model, each college, as well as the District Office, is responsible for establishing its priorities in order to meet its mission and goals. This model has required each institution to establish internal processes to allocate funding in an efficient manner. The colleges are also required to align their strategic planning processes with that of the District -- LMC has achieved this by linking the District's strategic plan/goals to its *Educational Master Plan*, *Facilities Master Plan*, and full-time faculty hiring plan goals. All of these plans support the College's mission and goals, which support the District's goals (ER-7, I.B.1-20, I.B.1-24, I.B.1-25, III.D.1.a-1).

LMC’s budget is developed by the business director, in collaboration with the District, key personnel within the College (president, vice president, senior deans, deans, department managers and any other “budget owners”) and the College’s SGC. The budgeting process begins by considering various assumptions made by management in support of the College’s student learning and success goals. Funds are set aside to address the potential shortfalls of assumptions made based on FTES targets and productivity rates; and to meet immediate obligations such as salary and benefit increases, and other College specific mandatory short and long term obligations. Funds are then allocated to departments/cost centers to cover ongoing operational expenditures. Any leftover funds are used to satisfy the RAP requests that have been approved by the president, based on established RAP guidelines. RAP was implemented by the College as a way to request additional resources needed to fulfill specific department/program related goals. Program maintenance requests (increased operating cost of current programs) are presented by the requesting department’s manager to the President’s Cabinet for review and approval, while program improvement/development and classified staffing requests are presented by the department’s manager to the SGC; the SGC then reviews, prioritizes and recommends project priorities to the president. All funding requests must support one or more of the College’s goals (III.D.1.b-1).

The draft budget is shared with various stakeholders at several stages of the budget development process and prior to submittal to the Governing Board for adoption. Given the various iterations of the budget, the finalized budget is not loaded into the District’s budget and accounting system until approximately three months after the beginning of the fiscal year. During this period, the Business Office continues to provide stakeholders with the most up-to-date budget information. Once the budget is adopted by the Board, information is loaded into Colleague, the District’s Enterprise Resource Planning system (ERP) and made accessible to departments. Departmental budget managers may then access and monitor their budgets through WebAdvisor (a web-based application that interfaces with Colleague). The College’s Business Office additionally supports departments with the monitoring and updating of budgetary information by providing them with comparative reports, as requested, throughout the year.

The Business Office monitors the College’s budget throughout the fiscal year and communicates with the President’s Cabinet and appropriate stakeholders on any changes to the budget assumptions.

Self Evaluation

The Standard has been met. College budgets are monitored throughout the year by the individual departments and the Business Office; information to the President’s Cabinet is on an as-needed basis and not through a formal review process. The College may benefit from establishing a formalized mid-year review process, where a budget-to-actual review is conducted and reported to the SGC, President’s Cabinet, and appropriate stakeholders.

Each fiscal year, the president reviews the various funding sources for ongoing operations and new projects in order to ensure that funds are appropriately designated for various needs. Block grants, Perkins funds, and other "one-time" funding sources for program improvement and development, the primary funding sources for RAP requests tied to College planning functions, have declined during the past three years. While the president ensures adequate funding for planning purposes, his message to the College has been to develop and submit project proposals irrespective of potential funding sources. The approach is that if good projects are proposed, the College will strive to identify funding sources, even if it means seeking new grant opportunities. As examples, local funds raised by the College, the College Foundation, Title III, and Title V funds have provided a funding stream for various crucial projects. LMC's *Educational Master Plan* dedicated a College goal to develop and assess student learning outcomes, and the program/unit review and planning documents for both instructional and student services departments require identification of student learning outcomes (SLOs). As a result, departments and the College have focused much of their planning efforts and allocation of resources around SLOs and assessment results.

Actionable Improvement Plan

None.

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, plans and allocates for payment of liabilities and future obligations.

Descriptive Summary

The District is keenly aware that short-range financial plans must not be detrimental to long-term goals of financial stability and the ability to meet long-term contractual obligations and liabilities. The principle of maintaining on-going expenditures within on-going revenues has been stated -- not only by the Governing Board, but by all negotiation groups -- as one of the mutual interests arrived at through "interest based bargaining". Based on this principle, the plans for payment of long-term liabilities and obligations are included in the budget development process. This collaborative process adheres to Board Policy 5033, *Budget Development*; as well as Business Procedure 18.01, *The Contra Costa Community College District General Fund Budget*; and Business Procedure 18.02, *Parameters for Budget Development and Preparation* (DR-1, DR-2, III.D.1.c-1). These policies and procedures state, in part, that the District will, to the extent possible, develop its budget within the following parameters:

- Ensure that budget projections address long-term goals and commitments;
- Provide for contractual obligations and fixed costs;

- Cover the current retiree health benefit expenses and increase restricted reserves for the retiree health benefit liability;
- Use a multi-year plan.

As part of the District's budgeting process, all short-range plans are incorporated into a multi-year, cost projection model, which includes variables such as FTES growth/decline, projected state COLA, increases/decreases in local revenues, and increases/decreases to salaries and other operational costs. The purpose of the model is to determine the long-range, net effect of the District's fund balance for various short-range plans that the District is considering.

The unrestricted general fund is reviewed during the budgeting process, and one-time revenues and expenditures are separated from those that are ongoing, and presented separately in all internal budget and quarterly financial reports. Maintenance of a healthy fund balance is viewed, by the District, as a way to mitigate any unforeseen, or temporary, fiscal emergencies; it also allows the District the ability to fund one-time initiatives.

The District has established separate funds for specific long-term liabilities and obligations including insurance costs, vacation and load banking accruals, retiree health benefits, and building maintenance. Annually, the College allocates funds to address these long-term obligations, as funds are available.

The self-insurance fund has a FY 12-13 ending fund balance of $515,641. In addition, within the revenue allocation model, $100,000 per fiscal year is deposited into the self-insurance fund. This fund covers claims up to $10,000, after which the District turns the claims over to the Bay Area Community College Joint Powers Authority. Property and Liability insurance policies are also considered within the revenue allocation model, with those expenses paid before any revenue is distributed amongst the colleges.

The liability for accrued compensated absences represents amounts owed to employees for unused vacation time and instructional over-loads. Cash payouts are available only at termination of employment or faculty reclassification (to management). Vacation and load banking liabilities are in excess of $13 million. The District has made a strong effort to set aside funds to cover these liabilities. Currently the District has $4.8 million available to cover the liabilities, which is about 37 percent of the total. Based on the slow spend-down of these liabilities, the District is comfortable with the current level of funding.

Retiree health benefit costs are a significant annual expense. In FY 12-13, the District spent $10.4 million in pay-as-you-go health premiums for retirees, and set aside an additional $1 million for future costs. The $10.4 million in pay-as-you-go, as well as the $1 million for future costs, are "off-the-top" expenditures within the revenue allocation model; revenue is distributed after these expenses are paid. In addition, the District deposited $8.8 million into an irrevocable trust that was established in FY 09-10. The pay-as-you-go health premiums combined with the $8.8 million in transfers to the irrevocable trust, fully funded the District's actuarially determined annual required contribution (ARC) -- the District has fully funded its ARC since 2009-2010.

Building maintenance funds were previously received from the state, annually. However the weak economic climate has resulted in a lack of state funding of scheduled building maintenance, which has forced the District to maintain the upkeep of its assets with local dollars. In FY 12-13, the colleges within the District collectively funded $3.4 million for scheduled maintenance projects that will occur over the next few years. In addition, the District recently updated and approved Business Procedure 5.01, *Scheduled Maintenance and Special Repair Program* (III.B.1.a-12), which sets an annual minimum funding for scheduled maintenance projects.

In addition to the District's process of maintaining a healthy fund balance and reserving funds to address District wide obligations and liabilities, LMC also maintains a healthy fund balance and reserves additional funds for local liabilities and obligations. In FY 13-14, the College set aside approximately $1.5 million for the payback of Instructional Services Agreement apportionment funds to the state and repayment to the District; the College also reserved $805,950 to fulfill the minimum one percent reserve requirement and to address potential shortfalls in FTES targets and productivity goals. An additional $590,000 has been reserved to address potential state deficit funding. These reserves are considered after funding for operational ongoing priorities have been fulfilled. The below table illustrates LMC's fund balance in the last three years.

Fiscal Year	**Beginning Fund Balance**	**Ending Fund Balance**
2010 - 2011	$860,991	$2,491,430
2011 - 2012	$2,491,430	$2,220,869
2012 - 2013	$2,220,869	$3,241,176
2013 - 2014 (budget)	$3,241,176	$3,533,413

Long-range capital plans are based on the current and anticipated educational programs of the colleges. In fall 2006, the College updated its *Educational Master Plan* (ER-7), thus addressing long-term educational planning. In support of that plan, the College also adopted a facilities plan (I.B.1-24, I.B.1-25) that addresses the need to provide adequate facilities to accommodate anticipated College growth resulting from additional enrollment, and to update aging facilities.

In collaboration with campus stakeholders, the District's Facilities Department prepares five-year capital construction and scheduled maintenance plans, which are reviewed annually.

Self Evaluation

The Standard has been met. In making short-range financial plans, the District calculates the long-term effects of the plans that it is considering. The District and its employee groups recognize the importance of having an adequate fund balance and maintaining ongoing expenditures within ongoing revenues, so as not to diminish that balance. The District recognizes all of its long term liabilities and has proactively taken steps to fund them.

The College has a long-term lease arrangement for the East County educational center in Brentwood. The California Community College Board of Governors formally approved "center status" for LMC's Brentwood Center on March 5, 2012. The designation of an official Center has added approximately $1 million to the College operating budget in apportionment funding annually. The approval was a crucial milestone to the eventual development of a permanent center on the recently purchased property south of Brentwood. The District has also been successful in passing two local bond measures, which greatly benefit its three colleges.

LMC has also identified long-range goals during its process of updating the *Educational Master Plan*. This plan identifies programmatic needs to better serve its current student body and future students as the College grows and community diversity increases. The Resource Allocation Process, implemented on an annual basis, reflects these long-range plans.

Actionable Improvement Plan

None.

III.D.1.d: The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

Descriptive Summary

LMC's budget is developed by the business director, in collaboration with the District, key personnel within the College (president, vice-president, senior deans, deans, department managers and any other "budget owners") and the College's SGC. The draft budget is shared with stakeholders at various stages of the budget development process, and prior to submittal to the board for adoption. The budget information is public and available to all as it is part of the Board minutes and is also posted on the Administrative Services section of the District website. Detailed information relating to the budget can be accessed via Colleague, the District's ERP system.

The LMC program/unit review and planning process addresses departmental needs for increases in base budgets and funding needs for new initiatives. Each year, departments update their plans, which also allows them to revise their budgetary needs through RAP. The Business Office administers RAP (which includes Program Maintenance Requests, Program Improvement and Development Proposals, and Classified Staffing Proposals), with periodic announcements to the community about proposal development during the fall and spring semesters. The process was established by the College as a way to request additional resources needed to fulfill specific department/program related goals. Program Maintenance requests are presented -- by the requesting department's manager -- to the President's Cabinet for review and approval, while Program Improvement and Development, and Classified Staffing requests are presented by the department's manager to the SGC; which reviews, prioritizes and recommends project priorities to the president. All funding requests must support one or more of the College's goals.

Self-Evaluation

The Standard has been met.

Actionable Improvement Plan

None.

III.D.2: To assure the financial integrity of the institution and responsible use of financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

III.D.2.a: Financial documents, including the budget and independent audit, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.

Descriptive Summary

The *California Education Code* requires that an independent CPA firm perform an annual audit of all of the District's financial records, including all funds, in accordance with state and federal regulations and accounting standards. Audit reports are very structured and do not typically express opinions on financial management. However, the District has had unqualified financial statements the past six years. And the external auditors have reported no disagreements with management during the past six years.

The District has had no material weaknesses or significant deficiencies in internal controls over financial reporting and on compliance and other matters based on an audit of financial statements reported by the external auditors for three fiscal years (FY 11-12, FY 10-11 and FY 09-10). Going back to FY 08-09 and FY 07-08, the material weaknesses/significant deficiencies that were reported were corrected or showed “significant improvement” within the following 12 months.

Regarding compliance with requirements that could have a direct and material effect on each major program and on control over compliance in accordance with OMB Circular A-133, the District has had only one significant deficiency (internal control over compliance) in the past five years. The significant deficiency was in FY 09-10 and was remedied within 12 months. The CCCCD has had four non-compliance findings in the past five years, all of which were remedied within 12 months. None of the non-compliance findings, or the single significant deficiency, was recurring findings.

The audit reports are uploaded to the District website and all findings are communicated to the necessary departments. The results of the annual audit are also reported by the external auditors to the Board Finance Committee, and then to the entire Governing Board in open session. Once accepted by the Governing Board, the audit is placed on the District’s website (ER-50, III.D.2.a-1, III.D.2.a-2, III.D.2.a-3, III.D.2.a-4, III.D.2.a-5).

As part of the following year’s audit, the external auditors review the progress made by the District in correcting the prior year’s findings.

The College’s processes, financial documents and records are included as part of this audit. Audit findings and recommendations are communicated to the accountable College manager at various periods of the audit, by the external auditors and District Accounting Department. The colleges work with the District to implement action plans, when necessary. These plans are included in the audit reports as management’s responses to findings and recommendations.

College budgets are developed based on the funds allocated by the District, as well as other local resources. LMC budget and financial information is presented in a variety of forums (College Assembly, SGC Meetings, All College Day, and President’s Council). In recent years, the SGC receives and reviews the tentative and adopted budget reports. Many departmental budget managers have the ability to run budget reports through WebAdvisor and the College Business Office additionally supports departments with the monitoring and updating of budget information throughout the year. The College Business Office is responsible for ensuring that all expenditures are in alignment with the approved budget and with any additional criteria established by a funding agency. The District Office also reviews all financial transactions for compliance and appropriateness, prior to processing.

LMC’s Business Services Department oversees the appropriate allocation and use of financial resources. At the beginning of the year, once operating funds have been allocated to the College, the director of business services works with the appropriate District and College stakeholders to ensure that the funds are spent in accordance with District guidelines and in alignment with departmental, College and District goals.

The Business Services Department also works with program managers to ensure that allocations received by categorically-funded programs are budgeted appropriately, expended in accordance to the budget, and reported in accordance with funding guidelines.

Self Evaluation

The Standard has been met.

External audits, conducted annually, have found LMC to be in compliance with respect to financial reporting. The District has had unqualified financial statements the past six years. In addition, the external auditors have reported no disagreements with management during the past six years (ER-50, ER-51, III.D-3, III.D.1.a-12, III.D.2.a-1, III.D.2.a-2, III.D.2.a-3, III.D.2.a-4, III.D.2.a-5).

Actionable Improvement Plan

None.

III.D.2.b: Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Descriptive Summary

The audit reports are uploaded to the District website and all findings are communicated to the appropriate College departments. Audit findings and recommendations are communicated to the College at various periods of the audit, by the external auditors and the District Accounting Department. The colleges work with the District to implement action plans, when necessary -- these are included in the audit reports as management's responses to findings and recommendations. Findings specific to LMC are communicated to the director of business services for remediation. A corrective plan is developed and implemented by the College stakeholders and reported out to the District's chief financial officer and the external auditors.

Audit reports are very structured and do not typically express opinions on fiscal management. However, the District has had unqualified financial statements the past six years. In addition, the external auditors have reported no disagreements with management during the past six years.

The District has had no material weaknesses or significant deficiencies in internal controls over financial reporting and on compliance and other matters based on an audit of financial statements reported by the external auditors for three fiscal years

(FY 11-12, FY 10-11 and FY 09-10). Going back to FY 08-09 and FY 07-08, the material weaknesses/significant deficiencies that were reported were corrected or showed “significant improvement” within 12 months. The 2012-2013 audit has been completed and results communicated to the Board Finance Committee, with no significant deficiencies or material weaknesses. As of this writing, the report is pending finalization and presentation to the Governing Board.

The following two tables show the types of audit findings that the District has received and showcases how the District has implemented or shown significant improvement upon each finding within (12) twelve months -- these findings are for the District and are not specific to LMC.

Findings on Internal Control Over Financial Reporting			
	Material Weakness	**Material Weakness**	**Significant Deficiency**
FY 2007-08	Account Reconciliation and Financial Statements: Adjustments to trial balance were necessary after the start of the audit; Partially implemented in the next fiscal year audit	Subsidiary Accounting Ledgers: Accounts Receivable and Accounts Payable aging reports supporting the outstanding receivable and payable balances are not available and allowance for accounts receivable had no rationale; Partially implemented in the next fiscal year audit	
FY 2008-09	Year End Closing Process: This is a follow-up to the "Account Reconciliation and Financial Statements" from FY 2007-08. The District made "significant improvements" in identifying and reconciling year end accruals, but needed to continue its efforts; Implemented next	Payroll Clearing Accounts: Three payroll benefit liability accounts had significant balances that were not supported by detail payroll clearing account reconciliations or other information; Implemented in next fiscal year	Bookstore Subsidiary Ledger Reports: This is a follow up to the Receivable and Accounts Payable aging reports finding from FY 2007-08: Accounts receivable and payable detail reports did not agree with amounts reported in trial balance; Implemented in

	fiscal year		next fiscal year
FY 2009-10			
FY 2010-11			
FY 2011-12			

Findings on A-133 Federal Single Audit			
	Non-Compliance	**Non-Compliance**	**Significant Deficiency**
FY 2007-08	Physical Inventory was not reconciled to equipment records. Implemented in FY 2008-09.		
FY 2008-09			
FY 2009-10			Return of Title IV funds not done in a timely manner as prescribed by federal requirements; Implemented in FY 2010-11
FY 2010-11	Direct Loan letter sent to students did not contain all required information; also, reconciliations for federal funds between our system and the federal system were not being done. Implemented in FY 2011-12.		

FY 2011-12	Satisfactory Academic Progress Policy did not have all the components needed per the Federal Student Aid Handbook; implemented immediately	Verification policies and procedures for student aid did not have all the components needed per the Code of Federal Regulations; implemented immediately	

Self Evaluation

As indicated above, the Standard has been met. The District and LMC have effectively demonstrated the desire to be in full compliance with all audit and regulatory standards.

Actionable Improvement Plan

None.

III.D.2.c: Appropriate financial information is provided throughout the institution, in a timely manner.

Descriptive Summary

The chancellor conducts Budget Forums at the Pittsburg and Brentwood sites, at least once per year, in order to keep the LMC community informed about the District's financial status. Information provided in these forums includes: FTES projections, economic trends, and District assumptions for budget development, and budget philosophy (III.D.1.a-14, III.D.1.a-15, III.D.1.a-16, III.D.1.a-17).

Financial information is made available to the public by uploading it to the District's website as part of the Board documents. In addition to these District wide efforts to provide financial information, LMC communicates financial information to the campus at All College Day (fall and spring), focused discussions at monthly campus wide meetings, and email communications from the College president and other administrators. Members of SGC share budget actions and financial information with their constituency groups. LMC has a proactive student newspaper - *The Experience* - that communicates appropriate information that may be of particular interest to, or have impact on, the student body. LMC also holds budget presentations for all College employees (III.D.1.b-1).

In 2008, LMC established a senior accountant position to address the accounting and reporting tasks related to an increasing number of categorical programs. In addition to providing a centralized location for budget reporting and monitoring, the senior accountant regularly communicates with the appropriate grant/budget managers regarding funding levels, spending limitations, budget development, and current expenditure variances.

In fiscal year 2010-2011, the District's ending balance was $33,237,556, equating to nearly 21 percent of its expenditure budget. The fund balance has gone down slightly since then, with an ending balance in fiscal year 2011-2012 of $30,785,101 (19.5 percent of expenditure budget) and then $27,975,712 in fiscal year 2012-2013 (17 percent of expenditure budget). The District strongly believes this amount is sufficient to maintain a reserve for emergencies as it is significantly higher than the minimum state-recommended five (5) percent and also much higher than the District's Governing Board's 10 percent requirement, stated in Business Procedure 18.01, *The Contra Costa Community College District General Fund Budget*.

The District has the ability to issue Tax Revenue Anticipation Notes (TRANs) in order to access cash; however, that has been unnecessary. In addition, through the County, the District participates in a program called the "teeter plan" in which the County will front the District anticipated property tax revenue to support its cash requirements, if needed.

The District receives its revenues through state apportionment, student enrollment fees, and property taxes. Because of its large tax base, the District is less reliant on state apportionment revenue than many other community college districts. Of the nearly $138 million in total apportionment revenues received by the District, approximately 63 percent came from property taxes and enrollment fees. This tilt towards property taxes and enrollment fees over state apportionment provides the District better cash-flow than districts which rely more heavily on payments from the state, which has allowed the District to avoid the TRANs and Certificates of Participation (COPs) that have become more prevalent during the recent economic downturn.

The District is part of the Bay Area Community College District Joint Powers Authority which is covered by the Statewide Association of Community Colleges (SWACC). General liability and automobile liability coverage's are set at $1M per occurrence and property liability coverage is set at $250M per occurrence. The District also has a self-insurance fund of approximately $600k to handle financial emergencies -- this fund receives a $100,000 annual transfer, giving it an ongoing source of revenue.

The District established a new funding model in FY 10-11, resembling the methodology by which funding is distributed from the state, since the passage of Senate Bill 361 (SB-361). With this new decentralized funding model, each college, as well as the District Office, is responsible for establishing its priorities in order to meet its mission and goals. This change has required each institution to establish internal processes to allocate funding in an efficient manner. Moreover, throughout the budgeting process multi-year assumptions are developed through the participatory governance process; this allows each site a look at what the short-term and long-range plans should be.

At the District level, regular monitoring is provided through quarterly reports to the Governing Board (ER-51). The reports show actual revenue and expenditure activity as compared to the budget, changes to revenue and expenditure during the quarter and an explanation of financial activity, which could affect District solvency. The quarterly reports are based on actual system data and are transmitted for review and appropriate action by the State Chancellor's Office. In months when a quarterly report is not presented, a Fiscal Trends Report is submitted for Board review, featuring key District fiscal indicators, including high level revenue and expenditure summaries, FTES data, and reserve balances.

LMC's Business Services Department monitors the College related budget (operational funds and categorical funds) throughout the year and provides online access to budget reports to departments. The Business Office also sends summary budget reports as needed to the deans for each of the departments that report to them. The director of business services provides budget reports for designated funds, and the senior accountant provides budget reports for all categorical funds. These reports are intended to assure that all key personnel take appropriate steps to ensure that the College spends within budget and meets its carry over goals.

LMC's program review is linked to budget development through the Resource Allocation Process. The RAP is facilitated by the business director and project funding recommendations are provided to the president by the SGC, President's Cabinet, and other necessary committees, thereby allowing for a collaborative process by representatives from each College constituency group (I.B.3-6, I.B.3-27, III.A.2-8, III.D.2.c-1, III.C.2.c-2, III.D.2.c-3, III.D.2.c-4).

Self Evaluation

The Standard has been met. Department and program budget managers are satisfied that they are provided with the necessary financial information to monitor and control their budgets.

Actionable Improvement Plan

None.

III.D.2.d: All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding course.

Descriptive Summary

The District's key processes, financial documents and records are included as part of the external audit. The District also has an internal audit department to complement the external audits that are conducted annually. The District has either remediated or shown "significant improvement" in all internal control deficiencies reported in the annual audit for FY 06-07, FY 07-08 and FY 08-09 within 12 months. There have been no internal control deficiencies identified in the annual audit for the past three years.

Bond Measures

The District has annual audits performed by external auditors for both of its voter-approved bond programs -- the first bond program was approved in 2002, and the second was approved in 2006. There have been no audit findings within either of these bond programs.

Pursuant to Prop 39, the bond expenditures are also monitored by a Citizens' Bond Oversight Committee, which meets quarterly.

Foundation

The Los Medanos College Foundation is an independent corporate organization that was created to support the College. The mission of the Foundation is to build futures and change students' lives by creating relationships with businesses, corporations, foundations, and individual donors, who invest in educational and technical programs that benefit the economy and community-at-large. Through this mission, the LMC Foundation solicits and receives donations that benefit the foundation's general operations, scholarships, and programing needs of the College. With these funds, the annual LMC Foundation budget is developed by the LMC Foundation Finance Committee based on realistic projections of revenue and expenses, then submitted to the full foundation Board of Directors for review and approval.

The LMC Foundation's financials are categorized into three accounting areas: unrestricted, temporarily restricted, and permanently restricted. "Unrestricted" funds are those that can be used for any general operational expenses, for scholarships/emergency loans to students, and for funding programs at LMC. "Temporarily Restricted" funds are funds that have been donated to the foundation for specific usage. These funds are specifically coded for their usage, tracked using QuickBooks, and documentation of usage is affixed to each financial transaction. "Permanently Restricted" funds would include endowments. At this time, the LMC

Foundation only has a “quasi” permanently restricted account; the principle can’t be expended until the year 2030, after that time the funds may be used in any way the Foundation’s Board of Directors deems appropriate. The Foundation employs an independent bookkeeper, who processes the revenues and expenditures and reconciles the bank accounts monthly. The Foundation’s executive director reviews all financial reports on a weekly basis. A member of the LMC Foundation Finance Committee reviews the financial transactions every other month to ensure proper usage of all funds. The Finance Committee also meets every other month to review profit and loss and balance sheet reports and then submits all reports to the Board of Directors for discussion and approval.

The LMC Foundation is audited annually by an audit firm that is selected by the CCCCD. Part of the audit is to determine if expenditures have been used according to the specific designation (unrestricted/temporarily restricted/permanently restricted). The Foundation’s annual audit is consistently found to be “clean” and in conformity with accounting principles generally accepted in the United States of America. Copies of the annual audits are filed in the Foundation Office (III.D.2.d-1, III.D.2.d-2, III.D.2.d-3, III.D.2.d-4).

The Foundation complies with state regulations regarding special fundraising activities, such as raffles. All state and federal tax and accounting documentation are on file in the Foundation Office and are available to the public, upon request.

Auxiliary Activities

The Business Office reviews all transactions for auxiliary activities that occur through bank accounts, trust accounts, and student club accounts. The procedures governing these accounts are delineated in Business Procedure 3.38, *Guidelines for the Establishment of Accounts for Clubs, Trusts and Donations*. These accounts are included in the annual external audit review (III.D.2.d-5).

Grants

As part of the long-range planning process, the president, director of business services, senior accountant, and grant program managers periodically review active grants to determine how well grant-funded programs support the College’s mission and goals. Institutionalization plans -- for grant funded programs that benefit students and align with the College’s goals -- are developed to gradually transition program expenditures into the College’s operating budget, thereby ensuring continuation of the successful programs after the grant expires.

Financial Aid

The Financial Aid Office monitors the loan default rate regularly by reviewing the Borrowers in Default Report provided by the loan servicers. The financial aid loan coordinator contacts the delinquent borrowers to advise them about loan rehabilitation and getting out of default. The loan coordinator works with the loan servicers to ensure that borrower records are updated regarding contact information and that loan data is accurate. By working with the tools provided by the loan servicers and the USDE, the Financial Aid Office continuously performs borrower outreach and monitors repayment performance to proactively manage the default rate.

In accordance with federal regulations, the Financial Aid Office reconciles the direct loan payments monthly with the general ledger and the USDE systems. As an internal control, the District Accounting Office is responsible for the drawdown funds for the Federal Direct Loan Program to ensure that expenses have been incurred before the funds are received. District Accounting and the Financial Aid Office work closely to ensure that all revenue has been received for expenses incurred. To ensure continuing compliance with federal regulations, the financial aid director and staff regularly review the direct loan guidance on the Information for Financial Aid Professionals website (III.D.2.d-6). The director and staff frequently attend various financial aid training conferences and workshops to keep current with federal regulations. Financial aid directors and financial aid staff at the three colleges, District Accounting, and Information Technology meet monthly to develop and review policies to ensure compliance District wide.

Self Evaluation

The Standard has been met. The LMC Foundation's Scholarship Program Office annually administers over $200,000 in scholarship and emergency loans for students. In cooperation with local medical facilities and corporations, the LMC Foundation provides additional funding to the LMC Nursing Department, and to other CTE programs that support faculty and students.

The LMC Foundation annually awards up to $10,000 to LMC programs for Educational Enhancement Mini Grants that fund projects to increase student success. Examples of grant proposals that have been funded are: *LiveScribe* pens for Disabled Students Program and Services, support for chemistry students to mentor students in the local high schools, funding for students to attend leadership conferences, furniture and books for the LMC library's children's reading area, and calculators for the Math Labs. The Foundation also requests and receives $10,000 from Wells Fargo each year to support various projects, such as hosting a best-seller author speaking engagement at LMC, support for LMC student veterans, and support for LMC's Math Path program.

Each spring, the Foundation conducts a campaign to raise funds for an identified project. These campaigns are only six-weeks long and typically raise over $22,000. The past couple of years, the campaigns have focused on raising emergency funding for students.

In an effort to increase the visibility of LMC in the community, the LMC Foundation executive director successfully wrote a grant proposal for $10,000 to a local County Supervisor. This funding is used to defray the LMC facilities fees for non-profit organizations who wish to use the campus buildings/grounds. The types of organizations this grant helps are gang prevention summits, annual toy and coat give-away, and high school academic competitions.

The Foundation is audited annually by an outside firm, under contract to the CCCCD. The most recent Foundation audits were found to be "in conformity with accounting principles generally accepted in the United State of America."

Actionable Improvement Plan

None.

III.D.2.e: The institution's internal control systems are evaluated and assessed for validity and effectiveness and the results of this assessment are used for improvement.

Descriptive Summary

The District has annual audits performed by external auditors for all special or designated funds, including OPEB funds, categorical programs, college foundations, and both of its voter-approved capital bond programs. There have been no audit findings within any of these programs. Pursuant to Prop 39, the bond expenditures are also monitored by a Citizens' Bond Oversight Committee, which meets quarterly. All joint powers of authority (JPAs) which the District may participate in are independently audited by firms contracted by the individual JPAs.

The District has had unqualified financial statements for the past six years based on annual external audits. Moreover, audit findings the District receives are corrected or show significant improvement within 12 months.

Annually, the CCCCD internal auditor compiles a risk assessment of the District's various departments and processes. With input from the Governing Board Finance Committee and Chancellor's Cabinet, the internal auditor then identifies areas of focus/priority and prepares an audit schedule for the year. Audits on the schedule are conducted with priority given to investigations requested by District management. During all reviews (audits or investigations), internal controls are assessed for adequacy, efficiency, and effectiveness. Results of those reviews are communicated to College management, the Chancellor's Cabinet, and the Board Finance Committee (ER-52, III.D.1.a-9).

Internal controls are also evaluated by the District's independent audit firm. Weaknesses are reported in the findings section of the report and require a response/action plan from the District. Corrective measures are monitored by the auditors and progress is reported in the subsequent year's audit report.

Self Evaluation

The Standard has been met.

Actionable Improvement Plan

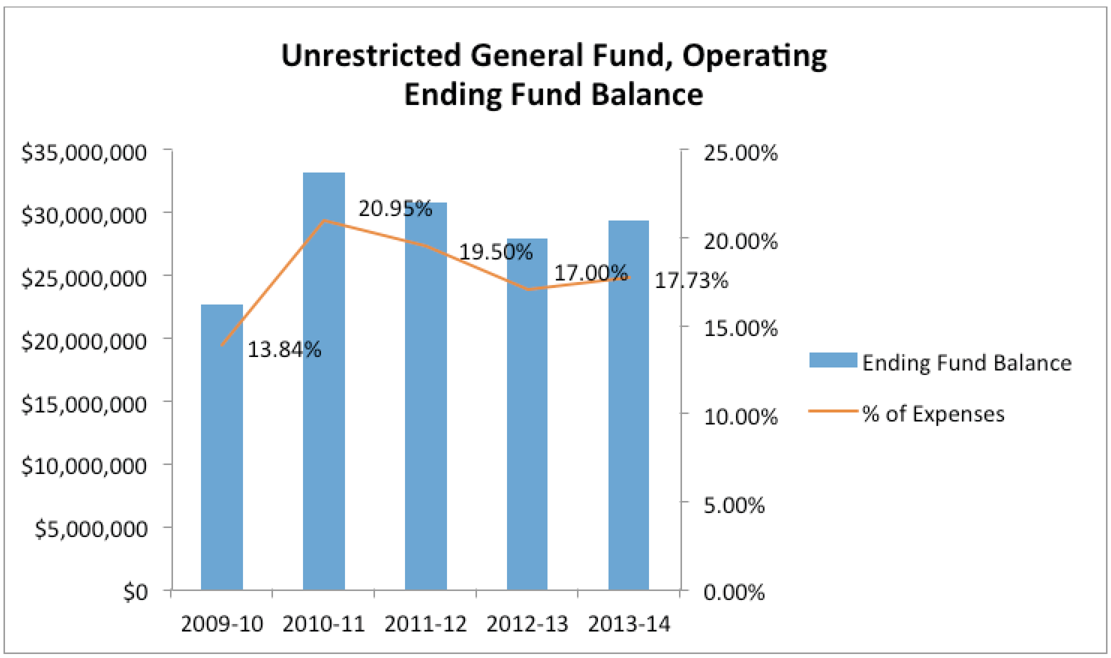
None.

III.D.3:The institution has policies and procedures to ensure sound financial practices and financial stability.

III.D.3.a The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and develops contingency plans to meet financial emergencies and unforeseen occurrences.

Descriptive Summary

Cash flow is managed by the District Office and the funds are held in the county treasury. The county receives property taxes twice per year and follows the "Teeter Plan", which allows the county to advance anticipated receipts to the District, thereby providing an adequate cash flow. The state has increasingly deferred payment of apportionment funding in order to meet its cash flow needs. To address this issue, the District's Governing Board has maintained a minimum 10 percent District wide reserve, per Board Policy 5033 (III.D.1.c-1).



Contra Costa County operates under the "Teeter Plan" regarding distribution of property taxes to local agencies. Under this plan, the District is granted an advance on all property taxes, which the county will collect during the fiscal year. Therefore, the District starts each year with a "spending credit" equal to 24 percent of its total revenues. Given the timing of enrollment fee collections, state apportionment distributions and the size of its fund balance (reserves), the District has never been in a situation where the county has denied redemption of one of its warrants.

Adequate property and liability insurance protects the District for unexpected cash outlays resulting from loss or legal actions. The District addresses risk management by maintaining adequate insurance coverage. Property and liability coverage is maintained through the Bay Area Community College District Joint Powers Authority (BACCDJPA). Through continuous levels of re-insurance, the District has property and liability insurance (per occurrence) up to $250 million and $1 million respectively. As a member of the BACCDJPA, the District's self-insured retention is $10,000 per occurrence. The District also maintains a self-insurance reserve fund that is used to cover the colleges' self-insured retention and losses that are less than the deductible or denied claims. This fund is annually replenished by the District.

For workers compensation, the District maintains insurance coverage through the Contra Costa Schools Insurance Group JPA. To help minimize losses, both JPAs provide members with regular on-site safety inspections and active health and safety programs. Keenan Insurance has also provided onsite inspections of potentially hazardous materials.

The Governing Board has adopted a policy to have a minimum five (5) percent reserve, but has also set aside an additional five (5) percent reserve to maintain a sizable fund balance in order to mitigate any unforeseen, or temporary, fiscal emergencies.

The District's budget allocation model requires each college to maintain a one (1) percent reserve (minimum level) to meet smaller local unanticipated expenses. The College may also establish designated reserves for specifically identified future needs. The table below summarizes reserves held by LMC over the past few years. Fiscal year 2010-2011 marks the first year that the College was required to maintain local reserves. In FY 11-12 and FY 12-13, reserve balance increased as the College set aside funds to repay a state apportionment overpayment related to a prior instructional service agreement (ISA). This designated reserve is fully funded to complete the repayment in FY 15-16. In FY 13-14, in addition to the ISA reserve and the minimum one percent, funds were also reserved for state funding deficit, load bank and vacation liabilities, and potential declines in enrollment (DR-1, ER-48, III.D-3, III.D-4, III.D-5, III.D.1.a-14, III.D.1.a-15, III.D.1.a-16, III.D.1.a-17, III.D.1.c-1, III.D.3.a-1).

Fiscal Year	**Beginning Fund Balance**	**Expenditure**	**Fund Balance as a % of Total Budget**
2010 - 2011	$860,991	$34,622,771	2.5%
2011 - 2012	$2,491,430	$32,879,831	7.5%
2012 - 2013	$2,220,869	$32,035,118	6.9%

2013-2014 (budget)	$3,241,176	$34,471,864	9.4%

Self Evaluation

Los Medanos College meets the Standard. The District has not needed to secure any loans, such as Tax Revenue Anticipation Notes (TRAN), in order to meet fiscal year cash demands. The District has demonstrated its ability to maintain reserves at adequate levels to address unforeseen needs.

Actionable Improvement Plan

None.

III.D.3.b:The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

Descriptive Summary

Under the direction of the Governing Board Finance Committee and the chancellor, the responsibility of the Internal Auditing Department is to plan and conduct a comprehensive internal audit program that provides more efficient and effective use of educational funding through sound fiscal management practices. Duties include reviewing the reliability of financial/operating information; conducting internal control and compliance audits; conducting investigations, and reviewing departmental accounting and record keeping procedures, across the District. Annually, the CCCCD internal auditor compiles a risk assessment of the District's various departments and processes. With input from the Board's Finance Committee and Chancellor's Cabinet, the internal auditor then prepares a schedule that will undergo review or audit investigation. Results of those reviews are reported to the Finance Committee (ER-52, III.D.1.a-9).

All institutional investments that are made on behalf of the District are performed and overseen by the County Treasurer's Office. Short-term funds (cash) are primarily maintained in the county's investment pool. At the District's direction, the county invests surplus cash into longer term instruments. For the funds that the District has set aside for its retiree health benefits liability, the District has contracted the investment services of Public Financial Management (PFM). On a quarterly basis, the Board receives a report on the District's investments, which includes benchmark comparisons of the investments managed by PFM (III.D.3.b-1).

The District also retains an independent auditor to perform annual audits of its financial records. In addition to the audit of the District's governmental funds, proprietary funds, fiduciary funds and account groups, the auditors also perform specific audits of the Proposition 39 bond fund, each college foundation, and the Retirement Board of Authority (OPEB). The audit is performed in conformance with generally accepted auditing standards, which include a review of the District's fiscal processes and internal controls. Where the audit has identified findings, the District addresses the auditors' recommended corrections (ER-50, ER-53, III.D.2.a-3, III.D.2.a-4, III.D.3.b-2, III.D.3.b-3, III.D.3.b-4, III.D.3.b-5, III.D.3.b-6, III.D.3.b-7, III.D.3.b-8, III.D.3.b-9, III.D.3.b-10, III.D.3.b-11, III.D.3.b-12).

At the College, the Colleague financial system provides real-time budgetary information. Thus, at any time, a program manager can review individual general ledger account information or total department budget information. The Business Services Office also provides monthly budget reports to all program and department leaders.

At the beginning of an externally-funded grant proposal, information is entered into the District wide grant database, which is used to track grant documents, approvals, funding cycles and budgets. Once approved, the director of business services and senior accountant review all externally-funded programs, monthly, to ensure that there is a correct budget, expenditures are reported in the appropriate accounts, and spending is on target based on the budget. The director also ensures proper accounting and tracking of carryover funds. Detailed year-end analyses are provided to the program managers by the Business Office.

Departments developing contractual relationships consult with both the director of business services and District's director of purchasing in establishing these formal relationships. LMC manages its contractual relationships with vendors, while the District reviews and approves contract agreements. Significant contracts currently in effect include the Brentwood facility lease and an instructional service agreement with the Contra Costa Sherriff's Office. These contracts were negotiated and are managed by the College; the District's Purchasing Department reviews the contracts for appropriateness and legal form prior to submission for Board approval.

LMC has 16 co-curricular trust accounts, 16 chartered student club accounts, and 11 trust fund accounts. Co-curricular trust accounts are governed by Business Procedure 3.14, *Financing Co- Curricular Activities* and Business Procedure 3.15, *Co-Curricular Activity Accounts*. Student club activities are governed by Governing Board Policy 3003, *Student Organizations*, and Business Procedure 3.41, *Student Body Funds and Club Accounting*. Trust fund accounts and student club activities are governed by Business Procedure 3.38, *Guidelines for the Establishment of Accounts for Clubs, Trusts and Donations*. For each trust or student club account, there is a College employee responsible for approving that trust/club's transactions. Monthly budget reports are issued to each of these College employees in order to monitor transactions (III.D.2.d-5, III.D.3.b-13, III.D.3.b-14, III.D.3.b-15, III.D.3.b-16).

The financial aid directors from the three colleges formed District wide teams to address financial aid systems processes that include any new Federal or State updates to mandates, operational compliance, and/or regulations. Additionally, Financial Aid staff participate in professional development and training by:

1. Completing online training from the National Association of Student Financial Aid Administrators (NASFAA), US Department of Education (USDE), California Student Aid Commission (CSAC), and other Financial Aid organizations;
2. Attending workshops sponsored by NASFAA, USDE, CSAC, Western Association of Student Financial Aid Administrators (WASFAA), California Association of Student Financial Aid Administrators (CASFAA), California Community Colleges Financial Aid Administrators Association (CCCSFAAA), California Community Colleges Chancellor's Office, and other Financial Aid organizations; and
3. Attending annual Financial Aid association conferences.

The District Financial Aid Directors Financial Aid (DFADFA) teams have improved the application process, revised the Offer Letter, revised procedural forms to be more effective, coordinated efforts between the Financial Aid Office and other college departments, revised guidelines for distributing SEOG and Federal Work Study funds, revised the satisfactory academic progress procedures and revised the student appeals process. On February 1, 2013, Los Medanos College's renewal of Cal Grant Programs Institutional Participation Agreement was approved through June 30, 2016. On April 9, 2009, USDE San Francisco Case Management Team completed its review of Los Medanos College's (Institutional) application to participate in the Title IV, HEA Programs. Based on the materials submitted, the review indicated that the Institution meets the minimum requirements of institutional eligibility, administrative capability, and financial responsibility as set forth in 34 CFR Parts 600 and 668. On April 16, 2009, USDE San Francisco Federal Student Aid Case Management and Oversight Team approved LMC's Application to Participate in Federal Student Financial Aid Programs that includes the College's Eligibility and Certification Approval Report, Program Participation Agreement, Certification for Title IV, HEA Programs until December 31, 2014.

The LMC Foundation has a Finance Committee, consisting of the Foundation treasurer and three board members. The Finance Committee members are given quarterly financial reports for review. The reports include the current profit and loss and an expense report. The Foundation's annual budget is developed by the Finance Committee then submitted to the entire Foundation Board of Directors for review and approval at the quarterly meetings. Copies of the financial reports are filed with the official Foundation Board of Directors meeting minutes.

The Foundation's Audit Committee is comprised of three members. A maximum of one member of the Finance Committee may serve on this committee and must have a basic understanding of finance and accounting and be able to read and understand financial statements. At least one member shall have accounting or related financial management experience. The Audit committee's duties and responsibilities are to:

- Monitor the integrity of the Foundation's financial reporting process and systems of internal controls regarding finance, accounting, tax and legal compliance.
- Consider any matters which from time to time may be referred to the Audit committee by the Board of Directors or Executive Committee of the Foundation.

The Foundation has an annual audit by an external audit firm under contract with the District -- the Foundation's last full audit was June 2013. All required tax documents and financial accounting documentation are available for inspection in the Foundation Office (III.D.2.d-3, III.D.2.d-4, III.D.3.b-17, III.D.3.b-18, III.D.3.b-19, III.D.3.b-20).

Self Evaluation

The Standard has been met. The District exercises effective oversight of finances. Internal and external audits show LMC to be in compliance with state requirements, District procedures and generally accepted accounting principles (GAAP).

The director of business services and senior accountant, in conjunction with program managers of externally-funded programs (Fund 12), have effectively tracked spending against budget. At fiscal year-end for the past several years, programs have spent up to the amount budgeted.

The District's director of purchasing and contract services consistently approves the College's contracts upon their submission for Governing Board approval.

The Financial Aid Office follows all mandates for the accounting and distribution of financial aid, including Pell, Federal Work Study, SEOG, Cal Grants, and Board of Governors Grant Waivers. The Financial Aid Office works closely with District Office personnel to ensure that the College accounts for its grant funds appropriately. Financial Aid staff attend periodic workshops to stay abreast of changes in financial aid guidelines. Additionally, the Financial Aid Office undergoes periodic independent program review and audits of its operation to ensure compliance with appropriate guidelines. The DFADFA Teams address any and all audit and/or compliance findings from a District system perspective that are implemented at each of the colleges.

All internal and external audit recommendations are reviewed and corrective action plans are implemented.

Actionable Improvement Plan

None.

III.D.2.c: The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations.

Descriptive Summary

On August 28, 2008, the District formed a Retirement Board of Authority, which has its own distinct legal designation to manage funds set aside in an irrevocable trust to fund future retiree health benefits. The District funds the irrevocable trust at the actuarially determined annual required contribution. The District has fully funded its ARC since FY 09-10. In FY 12-13, the District paid $10.4 million in health premiums for retirees and also made an $8.8 million contribution to its irrevocable trust. The total market value of the irrevocable trust as of July 31, 2013 was $53 million (DR-1, III.D.3.b-1, III.D.3.b-5, III.D.3.b-6, III.D.3.b-7, III.D.3.b-8).

The College's long term liabilities consist primarily of:

1. Compensated leave for managers and staff, and vacation pay-off ($989,695 as of June 30, 2013).
2. Accrued banked load for faculty ("banked load" is when faculty teach extra classes and the load is banked, rather than paid; they can draw on this when in an under load in the future period or upon retirement/termination). The liability was $1,772,976 as of June 30, 2013.
3. The Brentwood Center is LMCs largest operating lease. The current agreement goes through August of 2018, with an annual lease amount of $353,427. The Brentwood location has received official "center status" from the State Chancellor's Office and, as a result, the College is receiving additional apportionment which covers this lease.
4. LMC has a prior period obligation to the state for overpaid FTES funding related to instructional service agreement obligations are approximately $1.5M as of June 30, 2013. A designated reserve is fully funded to retire this liability.

The College is on a "pay as you go" basis – using operating funds to pay current obligations, recognizing that the total accrual for these obligations is large. District began accruing in a reserve account for large payoffs with the intention that it will fund to the appropriate level to be used when numbers are higher than usual (Fund 29). While the level of the contribution being funded is not defined as a percentage, the District has indicated that the amount held in reserve is adequate to meet reasonable demands on the funds. Each college identifies individually how much each year to set aside in its reserve fund.

Self Evaluation

The District and College meet this Standard. The institution is fully funding its actuarially determined annual required contribution for retiree health benefits, currently $8.8 million in FY 12-13. The District has met this actuarial threshold since FY 09-10, with total transfers to the irrevocable trust of $35.8M (DR-1, III.D.3.c-1, III.D.3.c-2, III.D.3.c-3, III.D.3.c-4).

The College has partially funded reserves to address compensated leave and accrued banked load which are adequate to satisfy the pay-as-you-go payment for exiting employees. The Brentwood operating lease is part of the College's operating budget. Funds have been set aside to meet the overpaid FTES funding liability, which will be completely paid off in FY 15-16.

Actionable Improvement Plan

None.

III.D.3.d: The actuarial plan to determine Other Post-Employment Benefits (OPEB) is prepared, as required by appropriate accounting standards.

Descriptive Summary

On July 26, 2006, the Governing Board took action to comply with Governmental Accounting Standards Board (GASB) pronouncements 43 and 45 by approving Board Report No. 5-C (III.D.3.d-1) and accompanying Resolution to Establish a Trust to Be Used for the Purposes of: Investment and Disbursement of Funds Irrevocably Designated by Employer for the Payment of its Obligations to Eligible Employees (and Former Employees) of Employer and Their Eligible Dependents and Beneficiaries for Health Insurance and Other Similar Benefits. The team of experts needed to support the District in this compliance activity consists of: 1) the plan sponsor (broker); 2) the trust company; and 3) the investment manager.

The District has had four actuarial studies done since 2006. The first two were performed by Rael & Letson Consultants and Actuaries. The most recent actuarial study, done in 2013, was performed by Total Compensation Systems, Inc. (III.D.3.b-6, III.D.3.b-7, III.D.3.b-8, III.D.3.c-1, III.D.3.c-2, III.D.3.c-3, III.D.3.c-4).

With Board approval, the District entered into an agreement with Keenan Financial Services to participate in its GASB 43 and 45 turnkey program named Futuris as the plan sponsor; with Benefit Trust Company acting as the trust company; and with Morgan Stanley as the investment manager. Attached as back-up to this action are: 1) the Futuris Public Entity Investment Trust Agreement and 2) the Futuris Trust Administrative Services Agreement (III.D.3.d-1).

The District contracts with the actuarial firm Total Compensation Systems Inc. for the preparation of the actual OPEB plan and to monitor the progress the District has made since the Trust's inception. Per GASB guidelines, the actuarial study is performed every two years. Total Compensation Systems Inc. performs GASB 43/45 actuarial evaluations for many K-14 entities within California – it is a reputable firm that has been in business for over 20 years.

The OPEB actuarial study provides the basis for the District's external auditor to provide an annual financial report consistent with GASB guidelines.

Self Evaluation

The District meets this Standard. The District is in compliance with GASB 45 and has its actuarial studies on OPEB done within the set parameters.

Actionable Improvement Plans

None.

III.D.3.e: On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.

Descriptive Summary

The District has very little debt that it must repay. The District does not have any TRANs and has one very small COPs, in relation to Diablo Valley College's Student Center. The COP's current principal and interest payment for FY 13-14 is $126,800; this amount is covered entirely through a self-imposed DVC student fee and is a miniscule portion of the overall District budget.

The District does have substantial debt in the form of general obligation bonds. In 2002 the District passed a ballot measure within Contra Costa County for $120 million in general obligation bonds to fund capital projects. Four years later in 2006, the District passed another ballot measure within the county for $286.5 million in general obligation bonds to fund additional capital projects. While the debt associated with these general obligation bonds resides within the District's balance sheet, the funds required to pay this debt is levied through property taxes and administered within the treasurer's office at Contra Costa County. The District does not make these payments, nor do they affect its operating fund.

The District's COP payment is paid from self-imposed student fees at DVC and is not made through the operating fund of the District. The percentage of the District's operating budget used to cover locally incurred debt is zero (0) percent. The debt associated with the general obligation bonds issued for capital projects in 2002 and

2006 are repaid through property tax assessments administered by Contra Costa County's Treasurer's Office. This does not affect the District operating budget, nor is it debt the District itself must repay.

The College does not have locally incurred debt instruments that can affect the financial condition of the institution.

Self Evaluation

The College does not have locally incurred debt instruments that can affect the financial condition of the institution. Due to the insignificance of locally incurred debt, there is no adverse impact on the District's financial stability.

Actionable Improvement Plan

None.

III.D.3.f: Institutions monitor and manage student loan default rates, revenue streams, and assets to ensure compliance with federal requirements.

Descriptive Summary

Los Medanos College's cohort default rates for the past three years are as follows:

- FY 2011 2-Yr Official 10.8%
- FY 2010 2-Yr Official 13.9%
- FY 2010 3-Yr Official 19%
- FY 2009 2-Yr Official 16.6%
- FY 2009 3-Yr Official 26.6%

The above-listed cohort default rates are within federal guidelines. If the default rate exceeds federal guidelines in the future, LMC will implement additional default management measures as recommended by the USDE. Default management best practices include allocating adequate resources, working to reduce the number of dropouts, providing enhanced entrance and exit counseling, and following up with borrowers (III.D.3.f-1, III.D.3.f-2).

To comply with the Gainful Employment Act, the CCCCD provides the following information about the District's Career Technical Education programs that offer Certificates of Achievement: the costs and normal time for completion, average loan debt incurred by students enrolled in the program, completion rates, and potential careers for program graduates (CP-12).

Assets procured with federal funding, e.g. equipment, are accounted for in accordance with federal guidelines. Equipment with a purchase price of $5,000 or more is capitalized and recorded in the District's inventory system. Accumulated depreciation and book value are reported in the District's annual audited financial statements. Equipment that is no longer needed is disposed of per federal grant guidelines and District procedures (III.A.1.a-7).

Self Evaluation

The Standard has been met. The Financial Aid Office monitors the default regularly by reviewing the Borrowers in Default Report provided by the loan servicers. The financial aid loan coordinator contacts the delinquent borrowers to advise them about loan rehabilitation and getting out of default. The loan coordinator works with the loan servicers to ensure that borrower records are updated regarding contact information and that loan data is accurate. By working with the tools provided by the loan servicers and the USDE, the Financial Aid Office continuously performs borrower outreach and monitors repayment performance to proactively manage the default rate.

Equipment purchased with federal funds is acquired and disposed of in accordance with federal and District standards.

Actionable Improvement Plan

None

III.D.3.g: 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.

Descriptive Summary

Departments developing contractual relationships with outside organizations may consult with both the director of business services and District's director of purchasing and contract services in establishing these formal relationships. All departments then complete the "Request to place contract on Governing Board" procedure 9.45 form, which is reviewed (along with the contract) by their managers for appropriateness prior submittal to the director of business services for review (III.D.3.g-1). The director then submits the proposed contract to the director of purchasing and contract services for final review prior to inclusion on the Governing Board agenda. The review includes legality of the contract terms, necessary indemnification and insurance provisions, sufficiency of funds, and alignment of the contract services to College and District mission and goals. At any time after a contract has been approved by the Governing Board, the College or contracting agency may propose changes or termination of contracts.

Examples of contractual agreements at the College are:

1. Instructional agreement with the Sheriff's Office to provide instruction for the Administration of Justice Department's Police Academy
2. Clinical experience/training agreements – Nursing and EMT programs
3. Brentwood Center lease
4. Professional expert agreements (various contracts with individuals/organizations that provide areas of expertise related to LMC's instructional programs and resource development)

The College has many grants through federal, state, and local government sources that provide funding for instruction and student services and are monitored to assure that their guidelines are met. Each grant has an identified program coordinator or manager who assesses that all conditions of the grant are met. On an annual basis, the District's independent auditors review grant expenses for appropriateness and compliance (ER-50).

Self-Evaluation

The Standard has been met. The College consistently develops contractual agreements that meet District guidelines for submission to the Governing Board. LMC has developed an effective relationship with the District director of purchasing and contract services so that the College develops appropriate contracts with outside organizations that are consistent with institutional mission and goals. At any time after a contract has been approved by the Governing Board, the College or contracting agency may propose changes or termination of contracts within the terms of the contract and district policies and procedures.

The 2013 external audit report indicated that the grants have been reviewed and the District is in compliance with requirements that could have a direct and material effect on each of its major federal programs.

Actionable Improvement Plan

None.

III.D.3.h: The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.

Descriptive Summary

The District has an annual external audit that reviews and provides recommendations on its processes. The annual external audit is required per Education Code 84040 and is described in Board Policy 5007 *External Audit of District Funds* (ER-53).

The District evaluates financial management process regularly, in a variety of ways. First, the annual audit report is a detailed and comprehensive review of the financial position of the CCCCD, which includes the review of its internal controls and the adequacy of financial safeguards and the reliability of financial systems. The annual audit report is a major means to evaluate the effectiveness of financial management processes systems and to provide recommendations for improvement (ER-50, III.D.2.a-3, III.D.2.a-4, III.D.2.a-5).

The District's Board Finance Committee is also responsible for ensuring the continued effectiveness of CCCCD internal controls, through the review of reports provided by the internal auditor in accordance to the annual internal audit plan (III.D.1.a-10).

District wide workgroups are assigned responsibility for reviewing and recommending process changes in several operational areas. Process Expert Teams (PET) for payroll, purchasing, admissions and records, and financial aid meet periodically to discuss current process and recommend improvements (II.B.3.e-2).

Finally, regular meetings of the college business officers, the District Governance Council and Chancellor's Cabinet provide opportunities for College and constituency representatives to comment on any financial management issues and to suggest improvements.

Self Evaluation

The Standard has been met. The annual audit is conducted under the guidance of the Governing Board Finance Committee. Early attention is given to focus the audit on legal compliance issues and any particular areas of concern. District staff annually develops a status report on implementation of audit findings in order to improve financial management.

The auditors meet with the Finance Committee prior to commencing the audit to determine areas of specific concern. The audit is conducted according to State and Federal audit guidelines to assure compliance. The auditors will focus on any other areas that the Finance Committee requests.

Internal audit discusses control enhancement recommendations with management and periodically follow-up to ensure that action plans are completed. These along with audit reports are discussed at the Board Finance Committee meetings.

During the past two years, the District has through various meetings performed a concerted effort to review and update Business Procedures and Board Policies. College business officers are also the first level of review for updated Business Procedures and Board Policies.

The District PET teams continuously develop standardized processes which improve financial management processes.

Actionable Improvement Plan

None.

III.D.4: Financial resource planning is integrated with institutional planning. The institutions systematically assess the effective use of financial resources and use the results of the evaluation as the basis for improvement of the institution.

Descriptive Summary

The College links resource allocation to planning through the comprehensive program/unit review process, which includes a complete evaluation during which each department reviews and analyzes its budget and the effectiveness of the program areas. The College's program/unit review process requires the annual input by each department regarding the following types of information:

- Reviewing and updating the unit/program's mission statement and description
- Analyzing qualitative data -- results of SLO assessment, advisory board recommendations, and quantitative data, such as completion and retention rates and results of external examinations
- Reporting on the previous years' objectives; and
- Creating new objectives (I.B.3-24, I.B.3-25, I.B.3-26, I.B.6-2, III.D.1.a-4)

Every five years, units and programs perform a more comprehensive review during which additional elements are addressed.

In addition to reviewing the results of course- and program-level assessments of student learning outcomes, all programs are provided quantitative data on success, retention and completion for developing and analyzing their program review documents. CTE programs also evaluate their program effectiveness utilizing core indicator data that includes:

- Technical skill attainment
- Course completion, persistence and success
- Employment
- Completion and success of special populations in order to address equity

The program review becomes the basis for the department or unit to request additional funding through the Resource Allocation Process. The department's or unit's objectives must be linked to the results of assessment, review of data, and College's strategic priorities and/or District strategic goals. The resource allocation request prepared at the department level is reviewed and prioritized by Shared Governance Council (SGC). SGC then forwards its prioritized recommendations to the College president, and based on available funds the president makes the final decision on the allocation of funds to meet the requests (I.B.3-27, III.D.2.c-1).

At end of the fiscal year, the director of business services conducts a review of actual expenditures and recommends any appropriate revisions to the subsequent fiscal year's budget to more accurately align budget to department needs.

Self Evaluation

The Standard has been met. The Shared Governance Council's review is based on specific criteria that the departments and units are knowledgeable about before developing their proposals:

- Budget request is documented in program review and planning;
- Request addresses a demonstrated verifiable student need;
- Request addresses College and/or District strategic goals.

After SGC's review, SGC develops its recommendations to forward to the Collegepresident who makes the final decision for funding proposals dependent upon available resources (I.B.2-13, I.B.4-5, III.D.1.a-6, III.D.4-1, III.D.4-2).

The annual program/unit review process updates and evaluates the progress made on identified goals and objectives. All significant resource requests go through the program review and resource allocation processes, and are prioritized by SGC without regard to funding sources. The College president makes the final decision and, once funding sources are known, the president directs the business services director to include approved proposals in the budget. The results are then communicated to the College community (I.B.6-2).

The February 2014 Employee Satisfaction Survey confirmed the need to conduct a regular assessment of the effectiveness of funds allocated through RAP. This has been identified in Standard III.D.1.a as an actionable improvement plan and will be implemented in FY 2014-15.

Actionable Improvement Plan

None

Standard III.D - Evidence List

CP-12	Gainful Employment Webpage Screenshot
DR-1	Business Procedure 18.01, *Contra Costa Community College District Budgeting System*
DR-2	Business Procedure 18.02, *Guidelines for College Operating Budget Allocations*
ER-7	*LMC Educational Master Plan 2006-2016*
ER-48	Adoption Budget 2013-2014
ER-50	Annual Financial Report June 30, 2013
ER-51	Financial Report 2012-13 and Budget Report 2013-14
ER-52	Board Policy 5034, *Internal Audit Services (IAS) Charter*
ER-53	Board Policy 5007, *External Audit of District Funds*
ER-58	*Interim Strategic Priorities 2012-2014*
I.B.1-20	*LMC Brentwood Center Educational Master Plan 2006-2016*
I.B.1-24	*LMC Facilities Master Plan 2007*
I.B.1-25	*LMC Eastside Campus Facilities Master Plan Update 2010*
I.B.2-6	*Contra Costa Community College District Strategic Plan 2014-2019*
I.B.2-13	Program Improvement and Development Form 2012-2013
I.B.3-5	RAP Timeline for 2014-2015 Funding
I.B.3-6	RAP Request Form 2014-2015
I.B.3-20	Program Review Survey Questions-spring 2014
I.B.3-24	What is Program Review?
I.B.3-25	Steps to Conducting a Thoughtful Program Review
I.B.3-26	Guide to Program Unit Review 2014-2015
I.B.3-27	RAP Timeline for 2013-2014 Funding
I.B.4-5	LMC President's Email Memo Announcing Outcome of RAP Process 19Sep2013
I.B.5-19	Bond Oversight Committee Meeting Minutes 23Oct2013
I.B.6-2	Program Review Survey spring 2014 Results
II.B.3.e-2	PET Annual Report 2013
III.A.2-8	Email Announcement Beginning Resource Allocation Process for 2014-2015 Requests 03Feb2014
III.A.4.c-1	District Mission, Vision and Goals Webpage Screenshot
III.B.1.a-8	LMC Employee Satisfaction Survey with comments-spring 2014

III.B.1.a-12	Business Procedure 5.01, *Scheduled Maintenance and Special Repair Program*
III.D-1	Board Policy 5031, *Fiscal Management*
III.D-2	Business Procedure 18.06, *Budget Preparation*
III.D-3	District Budget Study Session 2011
III.D-4	District Budget Study Session 2012
III.D-5	District Budget Study Session 2013
III.D-6	District Budget Study Session 2014
III.D.1.a-1	*Uniform Employment Selection Guide*-Appendix A
III.D.1.a-2	LMC's *Interim Strategic Priorities* (2012-2014) Summary Version
III.D.1.a-3	Governing Board Study Session, 2012-13 Accomplishments toward Strategic Directions November 13, 2013
III.D.1.a-4	Program Review Submission Tool Samples
III.D.1.a-5	RAP Timeline for 2012-2013 Funding
III.D.1.a-6	2012-13 RAP Rating Criteria Classified Staffing Proposal
III.D.1.a-7	Measure A 2002 & Measure A 2005 Bond Update Report 15Jan2014
III.D.1.a-8	2013 A Annual Report to the Community
III.D.1.a-9	DGC Minutes 21Jan2014
III.D.1.a-10	Minutes of Board Finance Committee 04Mar2014
III.D.1.a-11	Fiscal Trends Report for the Period Ended January 31, 2014
III.D.1.a-12	Budget Transfers and Adjustments for the Period October 1, 2013 through December 31, 2013
III.D.1.a-13	Quarterly Financial Status Report CCFS-311Q for Quarter Ended 12-31-2013
III.D.1.a-14	Adoption Budget Presentations 2012-2013
III.D.1.a-15	Budget Forum April 2011
III.D.1.a-16	Budget Forum April 2012
III.D.1.a-17	Budget Forum April 2013
III.D.1.a-18	SGC Evaluation Summary of RAP-spring 2006 Results
III.D.1.b-1	LMC 2013-14 Budget Summary Final SGC 9-11-13
III.D.1.c-1	Board Policy 5033, *Budget Development*
III.D.2.a-1	Annual Financial Report June 30, 2008
III.D.2.a-2	Annual Financial Report June 30, 2009
III.D.2.a-3	Annual Financial Report June 30, 2010
III.D.2.a-4	Annual Financial Report June 30, 2011
III.D.2.a-5	Annual Financial Report June 30, 2012
III.D.2.c-1	LMC RAP Rating Sheet 2014-2015 Requests
III.D.2.c-2	Steps to Request Perkins IV Funds for 2014-2015
III.D.2.c-3	Perkins Form IIA 2014-2015
III.D.2.c-4	Perkins Form IIB 2014-2015

III.D.2.d-1	Collecting & Distributing of Foundation Funds Procedure
III.D.2.d-2	2013-2014 LMCF Board Member List
III.D.2.d-3	LMC Foundation Independent Auditors Report Ending June 30 2012
III.D.2.d-4	LMC Foundation Auditor Cover Letter Year Ended June 30 2012
III.D.2.d-5	Business Procedure 3.38, *Guidelines for the Establishment of Accounts for Clubs, Trusts or Donations*
III.D.2.d-6	Information for Financial Aid Professionals Website Screenshot
III.D.3.a-1	Adoption Budget Presentations 2013-2014
III.D.3.b-1	Report on Investments for Quarter Ended 12-31-2013
III.D.3.b-2	Financial Report 2009-10 & Budget Report 2010-11
III.D.3.b-3	Financial Report 2010-11 & Budget Report 2011-12
III.D.3.b-4	Financial Report 2011-12 & Budget Report 2012-13
III.D.3.b-5	Retirement Futuris Public Entity Investment Trust Audit 30Jun2010
III.D.3.b-6	Retirement Futuris Public Entity Investment Trust Audit 30Jun2011
III.D.3.b-7	Retirement Futuris Public Entity Investment Trust Audit 30Jun2012
III.D.3.b-8	Retirement Futuris Public Entity Investment Trust Audit 30Jun2013
III.D.3.b-9	Measure A 2002 and 2006 Bond Audits June 30 2010
III.D.3.b-10	Measure A 2002 and 2006 Bond Audits June 30 2011
III.D.3.b-11	Measure A 2002 and 2006 Bond Audits June 30 2012
III.D.3.b-12	Measure A 2002 and 2006 Bond Audits June 30 2013
III.D.3.b-13	Business Procedure 3.14, *Financing Co-Curriculur Activities*
III.D.3.b-14	Business Procedure 3.15, *Co-Curriculur Activity Accounts*
III.D.3.b-15	Business Procedure 3.41, *Student Body Funds and Club Accounting*
III.D.3.b-16	Board Policy 3003, *Student Organizations*
III.D.3.b-17	LMC Foundation Agenda 05Jun2012
III.D.3.b-18	LMC Foundation Minutes 05Jun2012
III.D.3.b-19	LMC Foundation By-laws
III.D.3.b-20	LMC Foundation Profit & Loss versus Budget 07012012 through 03062013
III.D.3.c-1	GASB Report (Actuarial Study of Retiree Health Benefits as of 02-01-11)
III.D.3.c-2	GASB Report (Actuarial Study of Retiree Health Benefits as of 06-30-06)
III.D.3.c-3	GASB Report (Actuarial Study of Retiree Health Benefits as of 06-30-08)
III.D.3.c-4	GASB Report (Actuarial Study of Retiree Health Benefits as of 03-31-13)
III.D.3.d-1	Governing Board Report No. 5-C 30Jul2008
III.D.3.f-1	School Default Rates 2-Year
III.D.3.f-2	School Default Rates 3-Year

III.D.3.g-1	Business Procedure 9.45, *Request to Place Contract on GB Agenda-* Blank
III.D.4-1	RAP Ground Rules 2012-2013
III.D.4-2	Program Maintenance Criteria 2012-2013

Listed in alpha-numeric order