

III.D. 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 resources planning is integrated with institutional planning.

Introduction:

Despite monumental challenges spurred by state-wide budgetary shortfalls in recent years, CHC has maintained high quality instruction, student support, faculty and staff support, and a quality learning environment. Budgetary decisions have been made collegially based upon institutionally established priorities. Executive management has made regular and ongoing budget updates to the campus regarding budget decisions. Although there has been some reduction in course offerings and reductions to operational budgets during the economic downturn, as a whole, the college has progressed forward while being stretched. Improvements in budgetary transparency and campus-wide understanding of fiscal resources and processes are ongoing. With the passage of Proposition 30, financial resources have stabilized and are on the road to recovery. Instructional course offerings have been added to respond to student demand. To ensure actions taken towards recovery are calculated, prioritized, planned, and implemented in accordance with the goals and directions of the educational master plan, financial planning is integrated into institutional planning through the annual planning and program review process. With the support of the local community through a bond initiative, construction has continued on the campus to implement the facility master plan established in 2005 with revisions in 2011.

Crucial information regarding district budget allocation, the effects of the state budget upon SBCCD and CHC, budget reports, and multi-year budget forecasts are communicated through open forums, campus budget committee, district budget committee, and through the board of trustees.

III.D.1. The institution relies upon its mission and goals as the foundation for financial planning.

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

Summary Description

Financial planning and institutional planning are integrated from the department level to the district level. This is primarily accomplished through two collaborative processes: the annual planning and program review process and the resource allocation process stipulated within the district strategic plan.

Annual Planning and Program Review

Departments complete an annual plan (or full program review every 4 years) complete with prioritized goals and objectives, which are linked to strategic directions contained in the educational master plan (III.D.1.a.1). Corresponding actions and resources necessary to achieve the stated objectives are linked to each objective (III.D.1.a.2). Objectives are then “rolled up” and prioritized at the area level (President, Instruction, Student Services, or Administrative Services) with input from each representative department or division. At that point, the planning and program review committee tackle the prioritization of all the objectives campus-wide and make a recommendation to the president’s cabinet for approval. Following cabinet review and approval, the “Prioritized Objectives” list published to the campus community (III.D.1.a.2). The process of prioritizing objectives is completed in the early spring so that high priority resource needs can be built into the developmental budget in accordance with available funding; thus, binding financial resources with collegially and collaboratively planned institutional priorities.

Resource Allocation and the District Strategic Plan

In late Summer 2009 the Chancellor’s Cabinet approved the “Summary of Budget Allocation Model 2008-09,” which clarified the methods used for 2008-09 allocations to District operations and the Colleges. This document represented the first written description of such allocations ever done in the District. It thus represented a major advance in transparency and communication for the District and its Colleges. However, it was descriptive of what had been done, not prescriptive of what should be done, and the Cabinet made the decision to develop a model based on best practices that would meet current and future needs.

To address the issue, the District convened a Resource Allocation Committee (RAC). Beginning in October 2009, RAC members examined the characteristics of the existing allocation model in detail, considered best practices in the field and eight budget models from other multi-campus districts, formulated guiding principles for the SBCCD model, and sought input from colleagues at the campuses.

Following rounds of review, feedback, from the RAC and District community, the chancellor presented the revised model to the RAC on May 17, 2010. After making further revisions based upon feedback from the RAC and responses from the District community survey, the RAC then

approved the model unanimously, as amended. The Interim Chancellor shared the adopted model with all District employees in mid-June 2010 (III.D.1.a.2).

The approved model has been used in determining allocations to the Colleges for fiscal years 2010-11, 2011-12, 2012-13, and 2013-14 (III.D.1.a.3 p.43). The model has been used each year to communicate budget scenarios (based upon the statewide budget condition) to the campus. It was also incorporated into the District Strategic Plan (III.D.1.a.4, pp. 39-40). In accord with the guiding principles, it has been reviewed annually by the District-wide Budget Committee representing all district constituents, which has recommended changes as needed.

Perhaps more should be said here about District directions for CHC being soft and unclear. A firming of the DSP needs to occur to better inform the Allocation model.

Self Evaluation

The campus meets the standard.

Actionable Improvement Plan

Maintain annual planning and program review processes. Solidify integration of the strategic directions of the district strategic plan into the allocation model.

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

Crafton's robust institutional planning process creates opportunities within each department to look inwardly and make steps towards continuous improvement. To the credit of many departments on campus, they have been able to "do more with less" through the last several years fiscal downturn. None-the-less, due to funding limitations they are not where they want to be. Institutional planning is most effective when the planning committees (Educational Master Plan Committee, Planning and Program Review, Budget Committee, and the Crafton Council) have full knowledge and understanding of institutional directions, departmental directions, needs measured against available resources.

Although current funding is sufficient to support the ongoing daily operations, Crafton's additional resource request needs outweigh the available resources. The current general fund allocation from the District is insufficient alone to sustain building additional programs and services. This opportunity has caused the campus to seek additional streams of resources through grants, partnerships, bonds, planned giving, donations, and local reserves.

- Left Lane
- Title V STEM
- Title V
- Local Capital Appreciation Bond
- Partnership Donations
 - San Manuel
 - Foundation Donations
- Foundation Support
- Categorical Programs

The college provides and communicates to institutional planning stakeholders what prioritized resource requests have been funded (Evidence). To build upon this, accurate information on available funds is provided to the Campus Budget Committee (Evidence). For future planning, the college has built upon the district's multi-year budget forecast by projecting revenues and expenditures in a multi-year budget forecast (Evidence). Regular review of current year revenues and expenditures are provided at both the college and district level budget committees, Crafton Council, and the Board of Trustees (evidence—spent to date reports). In addition, Budget projections are compared to actuals to date to track, manage, and make adjustments as necessary. The Board of Trustees and various committees are also updated on a regular basis about key issues related to the college's budget status, including any changed conditions caused by either internal or external events.

In an effort to offset general fund utility expenses, the campus leveraged local bond funding with incentives from the California Solar Initiative to construct and operate 140 solar photovoltaic arrays (solar farm). The incentives will be realized for the first five years of operation based upon actual generated power. In addition to the incentive, the solar farm generates approximately 75% of CHC's power usage, which has offset the cost of electricity approximately \$500,000 since it started operation in June 2012 (evidence).

Another innovative partnership was formalized with Cenergistic, an energy consumption consultant company that assists the district by training maintenance staff on optimum equipment performance as well as training the campus community in ways of energy conservation. In addition to providing training, they assist in implementation of viable actions to reduce energy consumption. Compensation for Cenergistic's services is structured to where they receive a portion of the savings from actual measured reductions in usage (Evidence).

In February 2014, the college established a contract with Brandman University to offer bachelor's, master's, and doctorate degree programs to the general public and Crafton students (evidence-Brandman Contract). Brandman is a four-year private university fully accredited by

the Western Association of Schools and Colleges (WASC). This partnership is in developmental stages and the full benefits are yet to be realized.

CHC also pursues additional financial resources through grant opportunities. In 2012, the college was awarded \$4,350,000 from the U.S. Department of Education for a five-year Hispanic Serving Institution grant for science, technology, engineering, and math (STEM) with a primary purpose to create a pathway to increase Hispanic student STEM degrees and transfer. This purpose is in alignment with college planning to improve student access and success (evidenceEMP p.21).

In 2010, the college was awarded \$3,119,044 from the U.S. Department of Education for a five-year Title V grant for transfer preparedness geared to infuse the campus with a culture emphasizing transfer, as well as data-driven decision-making. Resources from this grant are in alignment with college planning to improve student access and success as well as to follow best practices for learning and teaching (evidenceEMP p.21-22).

The Crafton Hills College Foundation was established in 1973. For 40 years, the foundation has been an integral partner in fostering and providing support for the college. The mission of the CHC Foundation is to enhance educational excellence. The Foundation achieves its mission by promoting gifts to support and enhance quality education the college. Gifts are applied to scholarships, improvement of facilities and instructional equipment, and supporting vocational and academic disciplines which best serve the needs of students and the community. The college has received \$541,613 in benefits from the Foundation during fiscal year 2012-13 (III.D.1.a.x).

Self Evaluation

The college meets the standard.

Actionable Improvement Plan

Expand understanding and transparency of available funds for resource requests.

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

Each year during developmental budget, the District drafts the resource allocation model with the input and concurrence of the District-Wide Budget Committee. The model includes projections for funding based upon the most current data available from the State Chancellor's Office (Evidence—Exhibit C). Along with updates of information from the State Chancellor's Office, Exhibit C functions as the basis of projection for the next fiscal year. The allocation model

includes long-range liabilities and obligations for retiree funds GASB 45 state retirement fund and for supplemental executive retirement plan (SERP) obligations (Evidence, III.D.1.c.X—allocation model).

Additionally, long-term financial plans were made available to the entire College community in spring 2010 and are incorporated into the Educational Master Plan (III.D.1.c.x - Evidence EMP). Shortly thereafter, CHC created a Long-Range Financial Plan and Forecast which projects expenditures and revenues three years beyond the approved budget, based on assumptions that are specified at the District level (III.D.1.c.x, 2010 LR Financial Plan). In 2013, CHC built upon the long-range financial plan by creating a Multi-year Budget Forecast in a spreadsheet tool that presents both conservative and optimistic financial scenarios for revenues, expenses, and District assessments (III.D.1.c.x – CHC Multi-Year Budget Forecast). This tool also allows CHC to run different scenarios based upon state growth projections, and District FTES allocations. Data in the forecast will be updated regularly as information on the State budget becomes available each year. Accordingly, the budget forecast provides a long-range, realistic context to inform campus financial planning, operational planning, staffing, and capital improvements/replacements. Moreover, the District-wide version of the Plan and Forecast will also help the District plan and maintain prudent levels of reserves.

Self Evaluation

Actionable Improvement Plan

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

To facilitate financial planning by programs and units all college staff have access to District-wide and college-specific budget and expenditure figures for each fund at the object code level in the monthly budget summaries on the District website (III.D.1.d.x). In addition, EduReports, the reporting tool for the District's Financial 2000 budget management and monitoring software, is available to all department chairs as well as to cost center managers. (SIII.D.1.d.x) Training on Financial 2000 is available online as well as through the office of Administrative Services. The Vice President for Administrative Services also conducts annual workshops for budgeting, financial planning, and understanding budgetary processes (III.D.1.d.x—Email on developmental budget instructions).

Both the planning and program review process coupled with the developmental budget process provide all campus constituencies opportunities to have ownership of their budgets and plans. The table below illustrates the developmental budget process through the institution. Plans are reviewed appropriately by the Planning and Program Review Committee (III.D.1.d.x—PPR plan review schedule) and developmental budgets are analyzed in detail by Administrative Services prior to submission to the district (III.D.1.d.x—developmental budget spreadsheet). Departmental managers are responsible to manage their budgets throughout the year with oversight by the area vice presidents and Administrative Services.

Date	Responsible	Item
2/24/2014	Fiscal Services	Prior and current year line budgets, instruction packet, and due dates are forwarded to campus presidents and chancellor for distribution to responsibility centers
2/24/14- 2/26/2014	Admin Services	Admin Services separates budget by area and distributes to VP's and President
2/27/14 - 2/28/2014	President, VP's	Areas separate budgets and disseminate to appropriate departments
3/3/2014- 3/14/2014	President, VP's, Managers	Develop departmental budgets; determine priorities; responsibility center managers prepare budget forms for submission back to VP's
3/11/2014	Admin Services	Budget Workshop #1 (10AM-12PM)
3/12/2014	Admin Services	Budget Workshop #2 (1-3PM)
3/14/2014	Admin Services	Budget Workshop #3 (10-12PM)
3/17/2014	President, VP's, Managers	Departments submit budgets to president, VP's
3/17/14- 3/21/2014	President, VP's	President and VP's review departmental budgets and submit to Admin Services
3/24/14- 3/26/14	Admin Services	Compiles and reconciles budgets for submission to District

3/27/2014	Admin Services	Submit to District
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Following submission of the annual budgets from the campus, District Fiscal Services develops tentative and final budgets, which are presented to the board of trustees (BOT) for adoption. A budget public hearing is held every September. Throughout the year, Fiscal Services submits monthly financial statements to the Board and also reviews quarterly financial reports that are submitted to the California Community College State Chancellor’s Office (III.D.1.b.x, Minutes of Board meeting where reviewed reports).

Self Evaluation

The college meets the standard.

Actionable Improvement Plan

Improve budget development by implementation of a paperless process and reducing manual data entry. Refine and clarify approval process for incorporating planning resource requests into developmental budgeting.

III.D.2. To assure the financial integrity of the institution and responsible use of financial resources, the financial management system 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.

Each year the District Vice Chancellor of Fiscal Services submits all College and District financial records and related material to an independent auditor. The auditor reviews the financial statements for the institution as a whole for significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Budgetary accuracy is maintained utilizing software tools of Financial 2000 and EduReports. Processes such as purchase requisitions, budget transfers, and budget adjustments are clearly defined and integrally connected with these financial management tools. Inputs are made by Fiscal Services at the District with the proper requests and approvals of campus management.

Managers have access to view and query current account balances, view transactions, purchase order balances, etc. (III.D.a.x, Sample Budget Report).

Self Evaluation

The college meets the standard.

Actionable Improvement Plan

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

Following the audit, the auditor submits a report issuing their opinion of the overall accuracy of the financial statements for the District and its Colleges (III.D.2.b.x—Link to audit reports). For FY 2012-13 the auditor issued “unmodified opinion,” the highest opinion that can be given (III.D.2.b.x, p. 61—2012-13 Audit Report, p.61). Anyone, inside the District or out, can report concerns through the Compliance Reporting Line on the District website (SIII.D.2.b.-1; SIII.D.2.b.-2). Those concerns are addressed by the District’s Internal Auditor.

In 2010-11, audit findings were discovered and resolved promptly. The following year independent auditor reviewed the District’s resolution of the prior year findings and verified the findings were satisfactorily corrected (III.D.2.b.x, Audit Report June 2012, p. 62-63).

Self Evaluation

Actionable Improvement Plan

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

Financial information is readily available online through Financial 2000, budget management software. This is available district-wide for all who need access to monitor or manage the finances. These include faculty chairs, department secretaries, managers, and assistants. and is also regularly communicated and/or discussed in forums such as the District Budget Committee, the college Budget Committee, the Academic Senate, the monthly management meeting, Crafton Council, and the President’s Cabinet. The financial issues discussed include enrollment projections, state budget outlook, current year budget status, and college budget projections.

The CHC Budget Committee meets once a month throughout the academic year with the charge to discuss and be informed of the financial circumstances of the college. This includes issues

such as the budget projections, reserves, the budgeting of institutional priorities, allocation model, strategic growth directions, the fifty-percent law, the faculty obligation number, current budget status, the impacts of grant institutionalization and future grants, impacts of programs and bargaining unit agreements, capital construction program planning and budgets, as well as other relevant issues. Further, this committee ensures that the college's financial resources are connected to institutional planning and the mission of the college (III.D.2.c.x, Budget Committee Charge).

Self Evaluation

Actionable Improvement Plan

Continue commitment to full transparency through ongoing development of the budget committee. Increased budgetary reviews in President's Cabinet meetings, improve fiscal sustainability through input with all campus stakeholders.

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 source.

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

Audits are performed of all financial resources related to bond, fundraising efforts through the college foundation, and auxiliary activities in accordance with generally accepted auditing standards and as well as the standards contained in Government Auditing Standards. In addition to that described in Standard IIID.2.a above, review and accountability of all CHC's financial resources, including debt instruments, auxiliary activities, and grants are reviewed annually within the scope of the district audit.

Bond oversight is provided by the SBCCD Citizens' Bond Oversight Committee. This committee was appointed to oversee two general obligation bonds: Measure P, a \$190 million bond passed in November 2002, and Measure M, a \$500 million bond passed in February 2008. The committee meets three times a year, including a required annual meeting in November. During these meetings, the committee reviews expenditures, and the external audits of the District's bond program to verify the expenditure of the funds are consistent with the intended purpose of the bonds as stated to the voters in the wording of the original ballot measure (III.D.2.d.x, CBOC Annual Report; III.D.2.d.x, CBOC Agendas and Minutes).

In regards to grant resources, the grant director along with administration ensure that grant expenses and actions are in full adherence with the intended purpose of the grant and that all

revenues and expenses are handled in accordance with District policies and procedures as well in compliance with all federal and state requirements. The grant director produces an annual report to account for expenditures and update the grant providers on the progress of grant actions (III.D.2.d.x, STEM Annual Report) (IIID.2.d.x, Title V Transfer Grant Annual Report).

Self Evaluation

The college meets the Standard. As evidenced by the results and conclusions of annual audit review and the accountability reports for the grants, all financial resources of the college are utilized with integrity for their intended purpose.

Actionable Improvement Plan

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 Board of Trustees and the chancellor continues to regularly evaluate the management of the District's funds. CHC follows prudent business procedures, and District Fiscal Services operations meet state-mandated guidelines. Internal control systems are regularly evaluated through external and internal auditing. When issues are identified, recommendations are addressed and implemented in a timely manner as previously stated in III.D.2.b above (III.D.2.e.x, 2012-13 Audit Report; III.D.2.e.x, 2011-12 Audit Report; III.D.2.e.x, 2010-11 Audit Report).

In 2012, the District completed a "business process analysis" of internal processes (III.D.2.e.x, Business Process Analysis Reports). The study involved representatives from Instruction, the President's office, Administrative Services and the District office. This study has been used to inform improvements and planned development of streamlined processes.

Self Evaluation

Actionable Improvement Plan

Collaborative work to continue implementation of the "ideal" processes outlined in the BPA reports.

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

The district uses the accrual basis of accounting for all cash flows. Income and expenditures are monitored, and financial obligations are budgeted and paid regularly. State apportionment payments to the district come regularly, and property tax revenues are received in December and April. On rare occasions, disruptions in deposit variables may create projected cash deficits for which Tax and Revenue Anticipation Notes are issued.

Fund Balance is used to describe the net assets, or available resources, of funds. At the end of Fiscal Year 2013 the unrestricted general fund balance was \$24.1 million, or 35.5% of the total unrestricted general fund expenditure budget. Fund balance will increase approximately \$1.3 million at the end of fiscal year 2014. The unrestricted general fund balance is expected to end the year at \$25.4 million, or 34.7% of the total unrestricted general fund expenditure budget (IIID.3.a.x, p.5, Final Budget 2013-14)

In January 2014, the Board of Trustees provided a directive to maintain a minimum of 15% fund balance of expenditure budget, and the State mandates a minimum of 5% (IIID.3.a.x, Budget Calendar and Board Directives 2014-15). These levels of fund balance are necessary to accommodate the District's cash flow needs as the State continues to defer appropriation payments.

The district is protected from general property losses and liabilities through its participation in various joint powers authorities (JPAs) throughout the state. The district belongs to the Statewide Association of Community Colleges (SWACC) JPA. SWACC or re-insurers from whom it buys insurance cover district liability losses in excess of \$50,000 and property losses above \$5,000 (III.D.3.a.x, Evidence).

For Workers Compensation insurance, the district belongs to the Schools Alliance for Workers' Compensation Excess (SAWCX) JPA. SAWCX or re-insurers from whom it buys insurance cover district losses in excess of \$500,000.

Every other year, as required by the Governmental Accounting Standards Board (GASB), the district completes an actuarial study for all self-insured funds to determine if the budget reserves meet the appropriate thresholds. Budgets are then adjusted accordingly. The district is self-insured and maintains proper procedures and funds for the protection of its staff and students.

The district regularly monitors cash flow to ensure that its operations do not exceed available funds and that all revenues are strictly monitored. During the academic year, enrollment reports are reviewed and compared to enrollment projections (III.D.3.a.x, Evidence).

The district purchases medical malpractice insurance for health-related programs such as emergency medical technician, emergency medical services, and fire technology. In addition, the district provides some limited health insurance programs for students. International students are required to provide proof of personal insurance.

Self Evaluation

The college meets the standard. The current level of reserves is adequate to meet expected obligations as well as unanticipated and unforeseen financial events (e.g., state budget cuts, delays in the adoption of the state budget, and statewide property tax shortfalls). The district's insurance coverage for excessive risks of losses and liabilities is adequate.

Actionable Improvement Plan

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.

Effective oversight of all district and college finances is managed by district fiscal services with the collaboration and support of administrative services at the college. The revenues and expenses of the college are managed through a fund accounting system that enables the college to ensure that funds are used in accordance with funding source requirements or legislative directives.

As an accredited institution, the college is eligible to administer financial aid as authorized by state and federal agencies. Effective oversight of financial aid is ensured through this eligibility process. The college has been granted authority to participate and disburse Title IV, state, and institutional funds. To ensure effective oversight, the Financial Aid Office performs the following functions:

- Writes and makes available annually a consumer guide for students to reference
- Makes available all applications for students to complete
- Sends all staff to program training annually to maintain knowledge of changing rules and regulations
- Writes an annual policy-and-procedures manual outlining all processes within the Financial Aid Office

- Works in cooperation with Admissions and Records, EOP&S/Care/CalWorks, District Computing Services, the Campus Business Office, and Academic Services to assure the funding, awarding, and disbursing of funds
- Meets all deadlines and regulations in a timely and accurate process.

The Grants Team, comprised of the Office of Research and Planning and the Office of Resource Development, prepares grant applications and other externally funded categorical programs in accordance with the college's Educational Master Plan. Training and consultation in grant compliance is provided for project directors, who ultimately have responsibility for the regulations under the provisions of the Federal Single Audit Act. In conducting the duties of their positions, project directors are responsible for adhering to generally accepted district, state, and federal audit practices.

Programs that are fully or partially funded externally, such as the cafeteria, the bookstore, and the child care center, are audited as a component of the district's annual audit. The audit findings are reported to the Board of Trustees. Financial activity of externally funded programs is also reported to the Board regularly. The vice chancellor of fiscal services meets with the district's two colleges' respective vice presidents of administrative services in a Fiscal Services planning meeting, held about twice each month, to discuss financial performance and corrective action as necessary.

The district business manager reviews all contracts and agreements developed at or by the college in preparing agendas for board meetings and board committee meetings. The Board reviews all contracts and agreements and determines their approval during monthly public sessions.

Annually each June, the Board establishes signature authorization according to Education Code §§ 17604, 17605, 35161, 81655, 87302, and 42603, which authorize designated district administrators to sign orders drawn on district funds and notices of employment. To certify the authorization, the district requires that the certification of signatures form be filed with the San Bernardino County Superintendent of Schools. The board has approved the chancellor; vice chancellor of fiscal services, business manager, director of fiscal services, and the vice chancellor of human resources various levels of signature authority including district orders, payroll orders, voluntary payroll deductions, notices of employment, purchase orders, contracts, journal entries, inter-fund transactions, and budget transfers.

The district maintains an Office of Internal Audits, which reports to the chancellor and vice chancellor of fiscal services and to the Board as needed. Internal audit reports are presented to the BOT upon completion of the audits, and regular status reports are provided to the Board regarding status of the annual audit recommendations.

Self Evaluation

The college meets the standard. District Fiscal Services along with the local Office of Administrative Services carries out oversight of all district financial resources according to state regulations and accepted accounting practices.

Actionable Improvement Plan

III.D.3.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.

Through the District allocation model, necessary funds for the payment of liabilities and future obligations are “assessed” each year to the college by the District to ensure appropriate funds are available to make payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB) (III.D.3.c.x, Allocation Model).

Self Evaluation

Actionable Improvement Plan

Allocate for compensated absences.

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

The San Bernardino Community College District has established the Futuris Public Entity Investment Trust. This Trust is an IRS Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees (and former employees) of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as “other post-employment benefits,” or “OPEB”), in compliance with governmental Accounting Statement Nos. 43 and 45.

The Governmental Accounting Standards Board (GASB) adopted Statements 43 and 45 for public sector employers to identify and report their Other Post-Employment Benefits (OPEB) liabilities. GASB Statements 43 and 45 establish uniform financial reporting standards for OPEB and improve relevance and usefulness of the reporting. In particular, the statements require systematic, accrual based measurement and recognition of OPEB expenses over the employees’

years of service as well as providing information regarding the progress being made toward funding the plan.

The District has created a Retirement Board of Authority consisting of District personnel to oversee and run the Futuris Trust. Benefit Trust Company is the qualified Discretionary Trustee for asset and fiduciary management and investment policy development. Keenan & Associates is the Program Coordinator for the Futuris Trust providing oversight of the Futuris program and guidance to the District. (III.D.3.d.x, Annual Report Futuris Trust)

Current status under assessment. Will need more information from Fiscal Services. SERP obligations will be paid off by June 2015. The SERP offered in 2009 retired June 30, 2013. The SERP offered in 2010, will be retired June 2014.

Self Evaluation

Actionable Improvement Plan

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.

Further input from Fiscal Services to complete.

Locally incurred debt is the bond program. Will be paid back through local property tax assessment.

Self Evaluation

Actionable Improvement Plan

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

Will need further input from Fiscal Services to construct.

Self Evaluation

Actionable Improvement Plan

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.

- Yucaipa City – Aquatics
- Contract Ed—CalFire, others
- Maintenance and operations contracts
- Professional service contracts, maintenance agreements, supplies, software, Brandman, construction for Measure M,
- Board policies govern integrity of execution and implementation of contractual obligations. Bid threshold policies for equipment, services, supplies, etc.; purchasing standards (III.D.3.g.x, Board Policies)

Self Evaluation

Actionable Improvement Plan

III.D.3.h. The institution regularly evaluates its financial management practices and the results of the evaluation are used to improve internal control structures.

Descriptive Summary

- Regular meetings to discuss fiscal management practices and financial planning—Fiscal Services meeting with college VPAS's
- Budget committee reviews
- Example of improvement is budgeting for salary savings and improvement for position control
- Board policy review and recommended changes—example parking policy revision 2013.
- External audit findings and corrective action
- Deposit procedures

Self Evaluation

Actionable Improvement Plan

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

Descriptive Summary

- Institutional planning through the PPR process is integrated with fiscal planning through the prioritization process and bi-annual funding review
 - Budget committee review of resource requests
- Annual plans are aligned with the EMP
- FMP is aligned with the EMP and bond funding has been received to fulfill the educational goals in the EMP. EMP drives the FMP, not the other way around.
- Comparison of YTD actual expenses to the annual budget to determine problematic areas
 - Budget committee review, President's cabinet review
- Computer obsolescence plan

Self Evaluation

Actionable Improvement Plan

Evidence, Standard III.D., Fiscal Resources

III.D.1.a.1	Sample Department Annual Plan
III.D.1.a.2	2012-13 PPR Prioritized Objectives – Sorted by Priority http://www.craftonhills.edu/Faculty_and_Staff/Committees/Planning_and_Program_Review/2012_-_2013
III.D.1.a.3	Resource Allocation Committee and Approved Model http://www.sbccd.org/District_Faculty_-_a-,_Staff_Information-Forms/District_Committee_Minutes/Resource_Allocation_Committee
III.D.1.a.4	2013-14 Final Budget, p.43 http://www.sbccd.org/~media/Files/SBCCD/District/Fiscal%20Services%20Documents/2013-14%20Final%20Budget%20Book%20-%20Enhanced%202.pdf
III.D.1.a.5	District Strategic Plan http://www.sbccd.org/~media/Files/SBCCD/District/District_Committees/District%20Strategic%20Planning%20Committee/2011-2012/2011-14%20District%20Strategic%20Plan%20w%20Appendix.pdf
III.D.1.a.x	Budget Information and Reports http://www.sbccd.org/District_Faculty_-_a-,_Staff_Information-Forms/Budget
III.D.1.x.x	Educational Master Plan http://www.craftonhills.edu/~media/Files/SBCCD/CHC/About%20CHC/Educational%20Master%20Plan/Educational%20Master%20Plan%202010-2011%20MASTER%20COPY.pdf
III.D.1.x.x	Foundation Annual Report 2012-13 http://www.craftonhills.edu/~media/Files/SBCCD/CHC/Visitors%20and%20Friends/CHC%20Foundation%20Annual%20Report%202012-12-13.pdf
III.D.2.b.x	District Annual Audit Reports http://www.sbccd.org/District_News_and_Events/Press_Room_and_Publications/Annual_Reports.aspx
III.D.2.b.x, p.62-63	Audit Report 2011-12 http://www.sbccd.org/~media/Files/SBCCD/District/Internal%20Audits/Audit%20Annual%20Report/2011-12%20Independent%20Audit%20Report.pdf
III.D.2.b.x, p.61	Audit Report 2012-13 http://www.sbccd.org/~media/Files/SBCCD/District/Internal%20Audits/Audit%20Annual%20Report/2012-13%20Audit%20Report%20-%20SBCCD.pdf
III.D.2.d.x	STEM Grant Annual Performance Report http://www.craftonhills.edu/~media/Files/SBCCD/CHC/About%20CHC/STEM%20Grant/2013%20APR.pdf
III.D.2.d.x	Title V Grant Annual Report
III.D.3.d.x	July 2013 Futuris Trust Report http://www.sbccd.org/~media/Files/SBCCD/District/Business%20Services%20Documents/2013%20Annual%20Report.pdf

Finalize evidence referenced in report

