



Desert Community College District 2019-2020 Adopted Budget

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September 20, 2019



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Budget Introduction

The 2019-2020 adopted budget represents the strong and stable economic conditions that California has enjoyed for the past several years. The budget is substantially balanced in the current year, and is projected to remain balanced through the projection period of 2021-2022. The total operating budget for 2019-2020 exceeds \$100 million.

The 2018-2019 fiscal year saw an historic change in the implementation of a new funding formula, known as the "Student Centered Funding Formula." This represents the first major change in funding for California community colleges in over 30 years. The previous funding formula was based entirely on a simple calculation based on the number of full-time equivalent students (FTES). The new formula is aligned with the California Community College Chancellor's "Vision for Success," which is a plan to improve outcomes for community college students statewide. The new funding formula was designed to encourage community college districts to make progress towards these goals by providing funding for districts based on meeting certain outcome goals for its students, as well as enhancing funding for districts with high concentrations of low-income students. For 2019-2020, the basic structure of the formula distributes statewide funding as follows:

- 70% Based on total full-time equivalent students (FTES)
- 20% Based on counts of low-income students
- 10% Based on performance outcomes

While a major change in the funding formula presents a certain amount of uncertainty, College of the Desert is well-poised in each category. The overall impact to the College's revenues is expected to provide modest growth year-over-year funding.

Student Enrollment

College of the Desert has been one of the few community colleges in California to experience growth in the student population over the last several years. This is attributed to many of the college's recent initiatives, including the pLEDGE program which offers free tuition to all area graduating high school seniors. Additionally, the college has made major efforts to improve access to classes, allowing students to complete their course of study in a timely manner. The results can be seen in the increased number of students graduating with degrees and certificates.

Enrollment generates financial resources for the college. For budgetary projections, enrollment growth for 2019-20 is projected to be approximately 2.43% over the prior year.

Additional information on the demographics of the students at College of the Desert can be found at the [Institutional Research](#) website.

Budget Planning Overview

The responsibility for developing the budget resides in the Fiscal Services Department. Planning includes consultation with the Budget Subcommittee as prescribed in the College Planning Council Handbook. The Budget Subcommittee meets monthly throughout the academic year, and provides input and recommendations on budget assumptions and allocations.

Budget Development Cycle

The budget planning cycle officially begins in January prior to the fiscal year for which the budget is being developed. The major events and approximate dates in the budget adoption cycle calendar are:

- | | |
|----------------------------------|------------------|
| • Governor’s Proposed Budget | January 10th |
| • Governor’s May Budget Revision | May 15th |
| • State Budget Adoption | Before June 30th |
| • COD Tentative Budget Adoption | Before July 1st |
| • COD Final Budget Adoption | September 20th |

The budget development cycle begins with the California Governor’s proposed budget by January 10th. This proposal reflects the Governor’s priorities, system budget requests, and current revenue projections. This is the first indication of the level of funding being requested for the California community college system, and is used by the district to generate initial revenue estimates.

Beginning in early February, the district reviews staffing, enrollment projections, and begins gathering information from departments to begin building the tentative budget.

The next major event is the Governor’s May Budget Revision. This revision generally reflects updated revenue projections at the state level, and any adjustments needed in the system budget expenditure requests to reflect the changes in revenues. Additionally, program changes, additions, etc., can be added in. The district refines the revenue projections and makes final adjustments for the tentative budget adoption.

It is from this revision that the legislature begins its own negotiations as to what it will consider including in the state budget act. By statute, the legislature must pass a budget by June 30.

Once the legislature passes a budget, the district begins revising revenue estimates, program budgets, and carryover estimates for inclusion in the adopted budget. As the district closes its financial books in July, actual ending balances and prior year results are incorporated into the adopted budget. The adopted budget is brought before the district board of trustees for approval at the September meeting.

Spending Plan

The 2019-20 Tentative Budget reflects the college's priorities to support student success while balancing the strategic goal of fiscal stability.

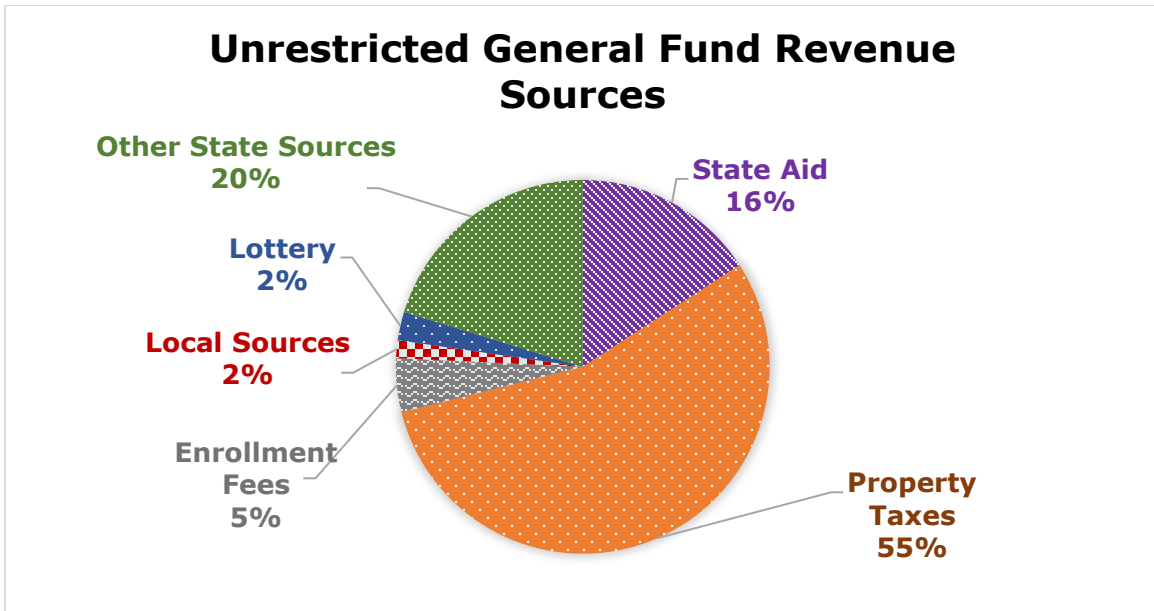
Budget Structure Overview

California community college finances are very complex and involve many variables, including statewide student populations, national and local economic factors, and local initiatives. Most of the operational funds for the college are accounted for in the general fund, which is split into two sections: unrestricted and restricted. The budgets are presented with past actuals for reference, as well as two years of projections. The summarized budgets are presented in Appendix A.

Unrestricted General Fund

The unrestricted general fund accounts for the general operating monies of the district, and are intended to cover the base functions, including faculty and staff salaries, basic supplies, custodial, security, utilities, and many other baseline expenses. There are few formal restrictions on the money and the funds are allocated at the local level so that each community college district can best decide how to meet the needs of its students and community. Unrestricted funds are approximately 76% of the combined general fund (restricted and unrestricted together).

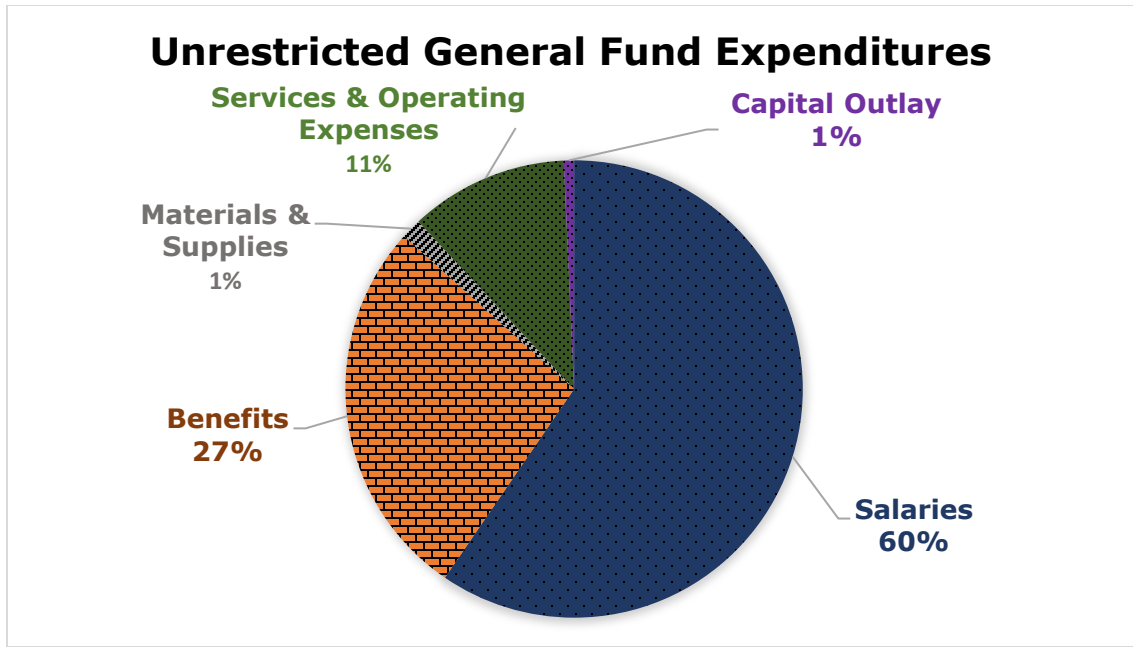
The primary source of unrestricted funds is the general apportionment, which is the basic entitlement for the district. The actual funds come from a variety of sources, including student fees, property taxes, and state aid. Additional unrestricted funds come from lottery, other fees and apportionments.



- Property Taxes 55%
- Other State Sources 20%
- State Aid 16%
- Enrollment Fees 5%
- Local Sources 2%
- Lottery 2%

Unrestricted General Fund Expenditures

College of the Desert utilizes its financial resources to provide the educational services to our students. Most of the services of the college, whether classroom instruction, counseling, or other support services, are delivered through our employees. As such, approximately 87% of unrestricted general fund is spent on salaries and benefits. The next largest category, at approximately 11% of expenditures is Services and Operating Expenses, which includes a broad range of expenditures, including utilities, professional development, insurance, technology licenses, and professional services contracts.



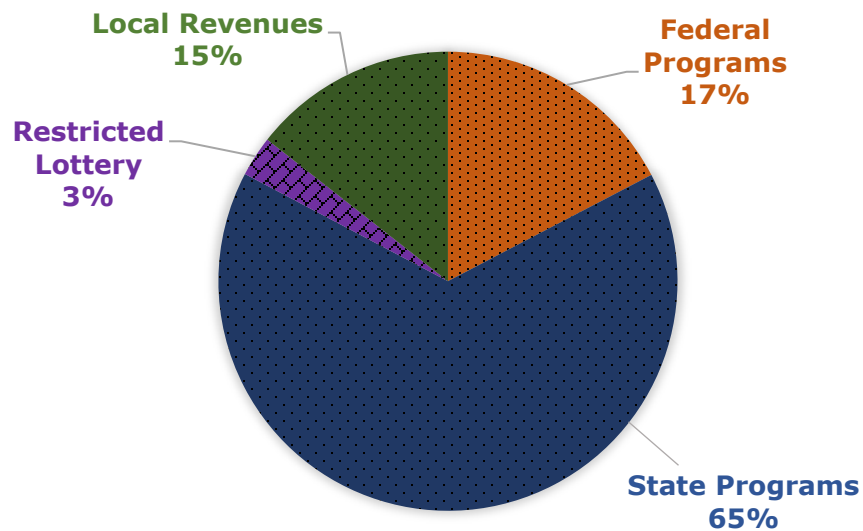
- Salaries 60%
- Benefits 27%
- Services and Operating Expenses 11%
- Capital Outlay 1%
- Materials and Supplies 1%

Restricted General Fund

The restricted general fund is used to account for funds with special restrictions. These can be temporary grants, special programs (also known as “categorical” programs), reimbursement programs, fee-based programs, or any other program that requires separate accounting. A listing of these programs for the 2019-2020 fiscal year is included in Appendix B.

These special programs often reflect legislative priorities, and have recently become a larger part of the district’s budget.

Restricted General Fund Revenue Sources



- State Programs 65%
- Federal Programs 17%
- Local Revenues 15%
- Restricted Lottery 3%

Other Funds

The district maintains many other funds, as required by legal and other regulatory requirements. These include special funds for the preschool program, enterprise programs, insurance programs, and capital facilities programs. These funds are presented separately in summary format (see Appendix C). More detailed information regarding these funds can be found in the [annual audited financial statements](#), available on the college's website.

Auxiliary Organizations

The district is supported by auxiliary organizations. These include

- [College of the Desert Foundation](#)
- [College of the Desert Auxiliary Services](#)

The auxiliaries are formed as non-profits in support of the college, and as separate organizations, their budget and finance reporting are not included within the district's financial reports. Each organization presents its own budget and audited financial statements independently.

Budget Assumptions

All budgets are created with a certain number of assumptions. These include projections for a number of items, including new faculty and staff, wage and other expense increases, rates for statutory benefits, and other items. Key assumptions used in building the 2019-2020 fiscal year budgets include:

- Year two of the Student-Centered Funding Formula implementation
- Increased enrollment of 2.43% for the academic year
- Cost of Living Adjustments (COLA) of 3.26%
- Provisions of settled bargaining unit agreements
- Step and column salary increases
- Increases in retirement system rates
- Increases for software licenses, insurance and utilities

Additionally, the multi-year projections include assumptions for the 2020-2021 and 2021-2022 fiscal years. These include:

- Cost of living adjustments of 3.00% and 2.80%, respectively
- Increased enrollment of 2.4% for each year
- Step and column increases
- Retirement systems rate increases
- Increases in general expenses, including software licenses, insurance, and utilities

California has enjoyed a strong economy for several years, which has enabled the unprecedented growth of the College while dramatically improving outcomes for its students. Economic forecasts are beginning to project an overall slowing of the national economy. College of the Desert will continue to monitor the general economy as a component of its overall long-range budget planning

2019-2020 Budget Highlights

The implementation of the Student-Centered Funding Formula has proved to be challenging for the Chancellor's office. As the 2018-2019 year unfolded, it quickly became evident that the funding authorized in the State budget was insufficient to fully fund the new formula as presented in statute. As a result, the Chancellor's office limited revenues to a maximum of three times the cost of living adjustment (COLA), leaving significant uncertainty for many districts, including College of the Desert as to what the final level of funding would be for 2018-2019.

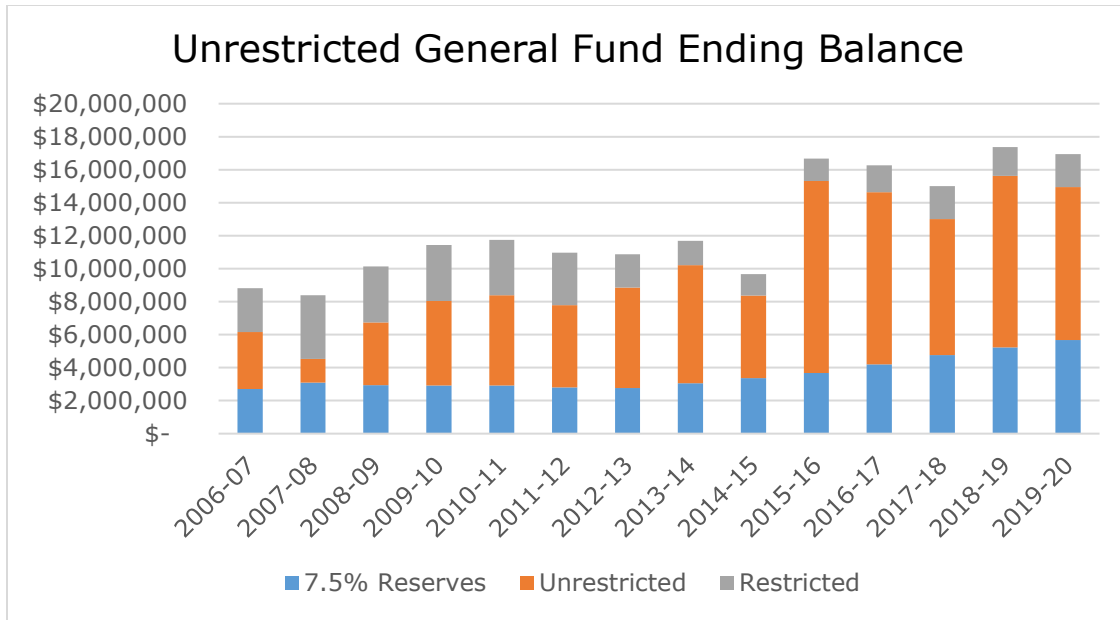
For the 2019-2020 fiscal year, the State budget act called for the formula to be recalibrated and restructured in a manner that is affordable and sustainable. The data required to calculate the new rates for the funding formula will not be available to the Chancellor's office until mid-winter of 2020. As a result, districts are unable to calculate expected revenue as of the budget adoption date. College of the Desert is basing revenue assumptions on a conservative view of funding available to meet cost of living adjustment obligations and some measure of growth in the student population.

While fiscal year 2019-2020 apportionment revenues are expected to grow by approximately 5.7%, overall revenues are projected to grow by 2.6% due to significant one-time revenues received in the prior year. Growth in overall expenditures are anticipated to grow at a modest 7.2% for fiscal year 2019-2020. The largest growth in expenses is in retirement benefits, reflecting the continuing increases to the required employer contribution rates for both the State Teachers Retirement System (STRS) and the Public Employees Retirement System (PERS).

Fiscal Stability

One of the five strategic goals of the College of the Desert in the Strategic Master Plan is to maintain "fiscal stability and infrastructure." (Strategic Master Plan, Goal 3). To ensure fiscal stability, the college's Budget Subcommittee has adopted a number of key fiscal health indicators, presented in Appendix D. These indicators are used to monitor the fiscal condition of the college, and serve as an early warning should corrective action be needed.

One of the key indicators is the level of reserves that the college holds to enable it to weather economic uncertainties. This is reflected in the ending unrestricted fund balance:



Unrestricted General Fund Ending Balance

Fiscal Year	7.5% Reserves	Unrestricted	Restricted	Total
2006-07	\$2,699,152	\$3,466,915	\$2,645,323	\$8,811,390
2007-08	\$3,093,884	\$1,439,800	\$3,855,057	\$8,388,741
2008-09	\$2,984,001	\$3,796,528	\$3,392,878	\$10,173,407
2009-10	\$2,914,951	\$5,131,664	\$3,389,958	\$11,436,573
2010-11	\$2,914,790	\$5,468,393	\$3,372,067	\$11,755,250
2011-12	\$2,804,286	\$4,987,082	\$3,170,756	\$10,962,124
2012-13	\$2,766,353	\$6,097,871	\$1,999,485	\$10,863,709
2013-14	\$3,051,902	\$7,154,432	\$1,489,111	\$11,695,445
2014-15	\$3,360,634	\$5,007,216	\$1,302,560	\$9,670,410
2015-16	\$3,679,313	\$11,629,545	\$1,362,246	\$16,671,104
2016-17	\$4,191,200	\$10,447,336	\$1,629,578	\$16,268,114
2017-18	\$4,758,299	\$8,252,290	\$1,985,450	\$14,996,039
2018-19	\$5,232,586	\$10,391,470	\$1,750,977	\$17,375,033
2019-20	\$5,665,454	\$9,273,740	\$1,996,075	\$16,935,269

College of the Desert carries prudent reserve levels to ensure fiscal stability in economic downturns.

Conclusion

College of the Desert has become a nationally recognized, innovative community college that has changed the lives of thousands of residents in the Coachella Valley. The college has experienced unprecedented growth over the last several years, resulting in College of the Desert being one of the few colleges in the state that is growing.

While the state and national economies remain strong, they are beginning to show signs of slowing. Additionally, the implementation of the Student-Centered Funding Formula has resulted in some uncertainty in the revenues that the college will receive. Despite these challenges, the college remains in a strong financial position.

Appendix A

2019-2020 Adopted Budget General Fund and Multi-Year Projections

College of the Desert
General Fund Summary
 Fiscal Year 2019-2020 Adopted Budget and Multi-Year Projection, September 20, 2019
Combined Restricted and Unrestricted General Fund

	Actuals <u>2017-18</u>	% Change over PY	Revised Budget as of 6/30/18 <u>2018-19</u>	% Change over PY	Unaudited Actuals <u>2018-19</u>	% Change over PY	Adopted Budget <u>2019-20</u>	% Change over PY Projected Actuals	Projected Budget <u>2020-21</u>	% Change over PY	Projected Budget <u>2021-22</u>	% Change over PY
Revenues												
Federal Revenue	3,685,713	31.0%	4,126,315	12.0%	3,329,992	-9.7%	4,447,053	33.5%	3,429,892	-22.9%	3,549,938	3.5%
State Revenue	32,178,083	25.8%	43,239,629	34.4%	40,320,906	25.3%	46,971,742	16.5%	47,186,256	0.5%	51,384,350	8.9%
Local Property Taxes	39,240,265	9.3%	39,376,578	0.3%	42,193,451	7.5%	41,446,417	-1.8%	41,439,950	0.0%	41,474,872	0.1%
Local Fees & Revenue	6,753,268	-5.1%	7,541,734	11.7%	8,190,949	21.3%	8,388,854	2.4%	8,280,217	-1.3%	8,485,242	2.5%
Total Revenues	81,857,329	14.6%	94,284,256	15.2%	94,035,298	14.9%	101,254,066	7.7%	100,336,315	-0.9%	104,894,403	4.5%
Expenditures												
Academic Salaries	30,346,032	15.1%	31,510,695	3.8%	31,141,064	2.6%	33,602,284	7.9%	34,404,212	2.4%	35,924,456	4.4%
Classified Salaries	17,890,209	18.3%	22,357,024	25.0%	19,596,095	9.5%	22,237,173	13.5%	21,618,293	-2.8%	22,527,239	4.2%
Employee Benefits	18,511,676	11.7%	22,116,261	19.5%	23,469,445	26.8%	24,304,968	3.6%	25,958,844	6.8%	26,863,895	3.5%
<i>Total Salaries & Benefits</i>	<i>66,747,917</i>	<i>15.0%</i>	<i>75,983,980</i>	<i>13.8%</i>	<i>74,206,604</i>	<i>11.2%</i>	<i>80,144,425</i>	<i>8.0%</i>	<i>81,981,348</i>	<i>2.3%</i>	<i>85,315,590</i>	<i>4.1%</i>
Materials & Supplies	2,081,684	17.9%	3,619,991	73.9%	2,567,474	23.3%	4,274,074	66.5%	2,637,708	-38.3%	2,711,564	2.8%
Services and Operating Expenses	10,199,574	17.5%	12,548,393	23.0%	10,641,670	4.3%	14,533,553	36.6%	11,446,588	-21.2%	11,272,565	-1.5%
Capital Outlay	1,902,666	-17.6%	3,072,090	61.5%	1,485,784	-21.9%	1,698,654	14.3%	1,736,640	2.2%	1,773,157	2.1%
Total Expenditures	80,931,841	14.3%	95,224,454	17.7%	88,901,531	9.8%	100,650,706	13.2%	97,802,284	-2.8%	101,072,877	3.3%
Excess (Deficiency)	925,488		(940,198)		5,133,767		603,360		2,534,031		3,821,526	
Transfers & Contributions	-		-		-		50,948		52,476		53,946	
Other Outgo	1,871,332		2,950,149		2,509,675		2,900,452		2,992,936		3,081,696	
Total Other Sources & Uses	(1,871,332)	63.9%	(2,950,149)	57.6%	(2,509,675)	34.1%	(2,849,504)	13.5%	(2,940,460)	3.2%	(3,027,751)	3.0%
Change in Fund Balance	(945,844)		(3,890,347)		2,624,092		(2,246,144)		(406,429)		793,775	
Beginning Fund Balance	16,268,114		14,996,039		14,996,039		17,620,131		15,373,987		14,967,558	
Audit Adjustments	(326,231)		-		-		-		-		-	
Adjusted Beginning Balance	15,941,883		14,996,039		14,996,039		17,620,131		15,373,987		14,967,558	
Ending Fund Balance	14,996,039	-7.8%	11,105,692	-25.9%	17,620,131	17.5%	15,373,987	87.3%	14,967,558	-15.1%	15,761,333	5.3%

College of the Desert
General Fund Summary
 Fiscal Year 2019-2020 Adopted Budget and Multi-Year Projection, September 20, 2019
Unrestricted General Fund

	Actuals	% Change	Revised Budget	% Change	Unaudited	% Change	Adopted	% Change	Projected	%	Projected	%
	2017-18	over PY	as of 6/30/18	over PY	2018-19	over PY	2019-20	over PY	Actuals	Change	Budget	Change
			2018-19		2018-19		2019-20		Projected	over PY	2020-21	over PY
									Actuals		2021-22	
Revenues												
Federal Revenue	-		-		-		-		-		-	
State Revenue	19,770,342	27.0%	24,802,225	25.5%	26,718,895	35.1%	29,464,490	10.3%	33,176,185	12.6%	36,901,169	11.2%
Local Property Taxes	39,240,265	9.3%	39,376,578	0.3%	42,193,451	7.5%	41,446,417	-1.8%	41,439,950	0.0%	41,474,872	0.1%
Local Fees & Revenue	4,088,759	-7.1%	4,020,000	-1.7%	4,807,976	17.6%	4,689,584	-2.5%	4,795,755	2.3%	4,903,215	2.2%
Total Revenues	63,099,366	12.9%	68,198,803	8.1%	73,720,322	16.8%	75,600,491	2.6%	79,411,890	5.0%	83,279,257	4.9%
Expenditures												
Academic Salaries	26,167,390	13.7%	26,752,116	2.2%	27,136,984	3.7%	28,901,426	6.5%	30,225,699	4.6%	31,571,972	4.5%
Classified Salaries	13,440,385	18.6%	15,322,863	14.0%	14,834,580	10.4%	15,945,022	7.5%	16,652,379	4.4%	17,357,957	4.2%
Employee Benefits	15,202,661	10.3%	18,061,932	18.8%	19,706,985	29.6%	20,399,143	3.5%	21,759,825	6.7%	22,562,376	3.7%
<i>Total Salaries & Benefits</i>	<i>54,810,437</i>	<i>13.9%</i>	<i>60,136,911</i>	<i>9.7%</i>	<i>61,678,549</i>	<i>12.5%</i>	<i>65,245,591</i>	<i>5.8%</i>	<i>68,637,902</i>	<i>5.2%</i>	<i>71,492,305</i>	<i>4.2%</i>
Materials & Supplies	871,142	26.2%	943,392	8.3%	1,089,967	25.1%	1,083,375	-0.6%	1,115,876	3.0%	1,147,121	2.8%
Services and Operating Expenses	7,183,201	15.2%	7,936,295	10.5%	7,234,021	0.7%	8,427,885	16.5%	8,759,094	3.9%	9,093,818	3.8%
Capital Outlay	431,965	-36.6%	538,154	24.6%	240,451	-44.3%	545,850	127.0%	549,252	0.6%	552,522	0.6%
Total Expenditures	63,296,745	13.6%	69,554,752	9.9%	70,242,987	11.0%	75,302,701	7.2%	79,062,124	5.0%	82,285,766	4.1%
Excess (Deficiency)	(197,379)		(1,355,949)		3,477,335		297,790		349,765		993,491	
Transfers & Contributions	(1,204,375)		(1,158,769)		(939,002)		(1,208,341)		(1,244,591)		(1,279,440)	
Other Outgo	147,246		213,055		75,135		231,189		232,054		233,034	
Total Other Sources & Uses	(1,057,130)	28.5%	(945,714)	-10.5%	(863,868)	-18.3%	(977,152)	13.1%	(1,012,537)	3.6%	(1,046,406)	3.3%
Change in Fund Balance	(1,254,508)		(2,301,663)		2,613,467		(679,362)		(662,772)		(52,915)	
Beginning Fund Balance	14,638,536		13,010,589		13,010,589		15,624,056		14,944,694		14,281,922	
Audit Adjustments	(373,439)		-		-		-		-		-	
Adjusted Beginning Balance	14,265,097		13,010,589		13,010,589		15,624,056		14,944,694		14,281,922	
Ending Fund Balance	13,010,589	-11.1%	10,708,926	-17.7%	15,624,056	20.1%	14,944,694	-4.3%	14,281,922	-4.4%	14,229,007	-0.4%

College of the Desert
General Fund Summary
 Fiscal Year 2019-2020 Adopted Budget and Multi-Year Projection, September 20, 2019
Restricted General Fund

	Actuals 2017-18	% Change over PY	Revised Budget as of 6/30/18 2018-19	% Change over PY	Unaudited Actuals 2018-19	% Change over PY	Adopted Budget 2019-20	% Change over PY Projected Actuals	Projected Budget 2020-21	% Change over PY	Projected Budget 2021-22	% Change over PY
Revenues												
Federal Revenue	3,685,713	31.0%	4,126,315	12.0%	3,329,992	-9.7%	4,447,053	33.5%	3,429,892	-22.9%	3,549,938	3.5%
State Revenue	12,407,740	23.9%	18,437,404	48.6%	13,602,011	9.6%	17,507,252	28.7%	14,010,071	-20.0%	14,483,180	3.4%
Local Property Taxes	-		-		-		-	-	-		-	
Local Fees & Revenue	2,664,509	-1.8%	3,521,734	32.2%	3,382,973	27.0%	3,699,270	9.3%	3,484,462	-5.8%	3,582,027	2.8%
Total Revenues	18,757,963	20.7%	26,085,453	39.1%	20,314,976	8.3%	25,653,575	26.3%	20,924,425	-18.4%	21,615,146	3.3%
Expenditures												
Academic Salaries	4,178,642	24.6%	4,758,579	13.9%	4,004,080	-4.2%	4,700,858	17.4%	4,178,513	-11.1%	4,352,484	4.2%
Classified Salaries	4,449,823	17.4%	7,034,161	58.1%	4,761,516	7.0%	6,292,151	32.1%	4,965,914	-21.1%	5,169,282	4.1%
Employee Benefits	3,309,015	18.9%	4,054,329	22.5%	3,762,460	13.7%	3,905,825	3.8%	4,199,019	7.5%	4,301,519	2.4%
<i>Total Salaries & Benefits</i>	<i>11,937,480</i>	<i>20.3%</i>	<i>15,847,069</i>	<i>32.8%</i>	<i>12,528,055</i>	<i>4.9%</i>	<i>14,898,834</i>	<i>18.9%</i>	<i>13,343,446</i>	<i>-10.4%</i>	<i>13,823,285</i>	<i>3.6%</i>
Materials & Supplies	1,210,542	12.6%	2,676,599	121.1%	1,477,507	22.1%	3,190,699	116.0%	1,521,832	-52.3%	1,564,443	2.8%
Services and Operating Expenses	3,016,373	23.2%	4,612,098	52.9%	3,407,649	13.0%	6,105,668	79.2%	2,687,494	-56.0%	2,178,748	-18.9%
Capital Outlay	1,470,701	-9.7%	2,533,936	72.3%	1,245,333	-15.3%	1,152,804	-7.4%	1,187,388	3.0%	1,220,635	2.8%
Total Expenditures	17,635,096	17.0%	25,669,702	45.6%	18,658,544	5.8%	25,348,005	35.9%	18,740,160	-26.1%	18,787,111	0.3%
Excess (Deficiency)	1,122,867		415,751		1,656,432		305,570		2,184,265		2,828,035	
Transfers & Contributions	1,204,375		1,158,769		939,002		1,259,289		1,297,068		1,333,386	
Other Outgo	(2,018,578)		(3,163,204)		(2,584,810)		(3,131,641)		(3,224,990)		(3,314,730)	
Total Other Sources & Uses	(814,203)	155.2%	(2,004,435)	146.2%	(1,645,807)	102.1%	(1,872,352)	13.8%	(1,927,923)	3.0%	(1,981,344)	2.8%
Change in Fund Balance	308,664		(1,588,684)		10,625		(1,566,782)		256,343		846,690	
Beginning Fund Balance	1,629,578		1,985,450		1,985,450		1,996,075		429,293		685,636	
Audit Adjustments	47,208		-		-		-		-		-	
Adjusted Beginning Balance	1,676,786		1,985,450		1,985,450		1,996,075		429,293		685,636	
Ending Fund Balance	1,985,450	21.8%	396,766	-80.0%	1,996,075	0.5%	429,293		685,636	59.7%	1,532,326	123.5%

College of the Desert

General Fund Summary

Fiscal Year 2019-2020 Adopted Budget and Multi-Year Projection, September 20, 2019

Unrestricted General Fund Board Reserves

	Actuals	% Change	Revised Budget	% Change	Unaudited	% Change	Adopted	% Change	Projected	%	Projected	%		
	<u>2017-18</u>	over PY	as of 6/30/18	over PY	<u>2018-19</u>	over PY	<u>2019-20</u>	over PY	Actuals	Change	Budget	Change		
			<u>2018-19</u>		<u>2018-19</u>		<u>2019-20</u>		2020-21	over PY	<u>2021-22</u>	over PY		
Ending Fund Balance	13,010,589	-11.1%	10,708,926	-17.7%	15,624,056	20.1%	14,944,694		-4.3%		14,281,922	-4.4%	14,229,007	-0.4%
Components of Fund Balance														
Reserve for Economic Stability	4,758,299		5,629,352		5,273,859		5,665,042				5,947,063		6,188,910	
Appropriation for Contingency	6,670,775		3,894,825		8,778,682		7,108,137				6,463,344		6,468,582	
Other Designations:														
Other One-Time Designations							600,000				300,000		-	
New Market Tax Credit	1,581,515		1,581,515		1,571,515		1,571,515				1,571,515		1,571,515	
Total Designations	13,010,589		10,708,926		15,624,056		14,944,694				14,281,922		14,229,007	
Total Undesignated	-		-		-		-				0		0	

Appendix B

Restricted Fund Programs

College of the Desert

Fiscal Year 2019-20 Estimated Program Revenues

Estimated Program Revenues		Total	Estimated Program Revenues		Total
Program	Estimated Revenue		Program	Estimated Revenue	
AEBG	\$ 442,500		Mental Health Support	\$ 69,539	
Anderson Children's Foundation	\$ 18,975		MESA	\$ 74,515	
Arthur N Rupe Foundation	\$ 20,000		NASA Grant	\$ 177,195	
California Campus Catalyst Fund	\$ 125,000		Perkins CTE Transitions	\$ 46,195	
California College Promise	\$ 234,590		Perkins VATEA	\$ 471,112	
California Virtual College - Online Education Initiative (CVC -OEI)	\$ 427,281		State Lottery	\$ 730,000	
CalWORKS	\$ 441,640		State Nursing Education	\$ 213,886	
Calworks ABE	\$ 44,855		STEM National Science Foundation	\$ 145,625	
Campus Safety	\$ 20,223		Strong Workforce Local - Round 4	\$ 1,883,965	
Certified Nursing Assistant	\$ 74,831		Strong Workforce Regional - Round 2	\$ 580,852	
Child Development Training Consortium	\$ 22,500		Strong Workforce Regional - Round 3	\$ 501,615	
Classified Professional Development	\$ 47,553		Student Financial Aid (S.F.A.A)	\$ 429,781	
Community College Completion Grant	\$ 316,350		Student Equity and Achievement	\$ 3,652,551	
Cooperative Agencies for Education (CARE)	\$ 157,260		Student Success Completion Grant	\$ 1,820,512	
Culinary Grand Salon Project	\$ 10,000		TANF	\$ 74,718	
Disabled Student Program and Services (DSPS)	\$ 1,073,579		TRIO - CCAMPIS	\$ 202,542	
DSN - Construction and Utilities	\$ 200,000		TRIO- ACES	\$ 384,035	
DSN - Health	\$ 200,000		TRIO- DSPS	\$ 298,077	
Equal Employment Opportunity	\$ 50,000		TRIO- Talent Search	\$ 345,917	
Extended Opportunity Program (EOPS)	\$ 627,227		TRIO- Upward Bound	\$ 501,983	
Federal Work Study	\$ 245,000		TRIO- Veterans	\$ 312,188	
Financial Aid Pell ACA	\$ 40,000		Veteran Resource Center	\$ 17,699	
Financial Aid Technology	\$ 172,195		Veteran Services	\$ 2,000	
Guided Pathways	\$ 303,083		Workforce Innovation and Opportunity Act	\$ 748,907	
Hunger Free Campus Support	\$ 13,149		Workability	\$ 189,710	
Instructional Support Equipment	\$ 128,306				
Intensive English Program	\$ 222,100				
International Education Program	\$ 184,500	\$ 5,862,697			\$ 13,875,119

Total 2019-20 Estimated Program Revenue	\$ 19,737,816.00
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Desert Community College District

Fiscal Year 2019-20

Restricted Fund Programs

Restricted and Categorical funds are those resources that come from Federal, State, or local agencies. The funds received from these programs are restricted for a specific purpose or are limited to certain expenditure restrictions. The programs in the restricted fund are as follows:

Adult Education Block Grant College of the Desert - State funding to develop plans and provide educational needs of adult learners in the Coachella Valley Region.

Anderson Children's Foundation - Local funding to support unmet physical and intellectual needs of children in the Coachella Valley.

Arthur N. Rupe Foundation Grant - Local funding to provide CNA students with required textbooks, background checks, exam fees and tutors for one-week review prior to State Testing.

California Campus Catalyst Fund – Local funding by the Catalyst Fund to expand support for undocumented students and their families across the state's three public higher education systems: California Community Colleges, California State University, and University of California.

California Virtual College – Online Education Initiative (CVC-OEI) - State funding to support the California's virtual college online education initiative, CCCCCO has allocated \$35 million to support development and enhancement of online education pathways at community colleges. The program is designed to align the institution's online education with the goals of, and populate the offerings available through, the CVC-OEI.

California Work Opportunities and Responsibilities to Kids (CalWORKs) - State funding to offer educational services to students through work-study, childcare and curriculum development. Funding to provide instruction for job development and job placement to students

CalWORKs Adult Basic Education - State funding through the Riverside County Department of Public Social Services (DPSS) to provide adult education and vocational training services to all participants referred by DPSS.

Campus Safety and Sexual Assault Allocations -The California State Legislature approved \$2.5 million dollars of one-time funding in the 2017-18 State Budget to support compliance with state and federal requirements regarding preventing and addressing sexual harassment, including sexual violence, involving a student, both on and off campus. State funding provided to assist colleges with these mandates; these funds were distributed without condition.

Career Technical Education (CTE) Transitions Grant - Federal funds administered by the State for the improvement of vocational and technical education programs.

Centers of Research Excellence in Science and Technology (CREST) Grant - Sub recipient of Federal funds through California State University San Bernardino to provide support to enhance the research capabilities of minority-serving institutions (MSI) through the establishment of centers that effectively integrate education and research.

Certified Nursing Assistant - State funding to increase the number of certified nurse assistant programs or increase the number of certified nurse assistants completing the certified nurse assistant program.

Child Development Training Consortium - Local funding to provide financial assistance as well as educational support and guidance to eligible students who are pursuing careers in child development.

Classified Professional Development - State funding to support Classified Professional Development.

Community College Completion Grant - State funding to provide students with additional financial aid to help offset the total cost of community college attendance.

Cooperative Agencies Resources for Education (CARE) - State funding to teach EOPS students that they are capable and with proper support can break the welfare dependency cycle through education and job training. CARE is a supplemental component of EOPS by offering supportive services so they are able to acquire the education, training and marketable skills needed to transition from welfare-dependency to employment and eventual self-sufficiency for their families.

Culinary Grand Salon Project - State funding to support promotion industry/educational partnerships in Retail/Hospitality/Tourism to help support the employment of students.

Deputy Sector Navigator, Construction & Utilities Grant - State funding to support and expand regional effective partnerships in the Construction/Utilizes workforce that enable new and incumbent workers through training to become more productive in the labor market.

Deputy Sector Navigator, Health Grant - State funding to support and expand regional effective partnerships that enable new and incumbent health care students become more effective in the health care labor market.

Disabled Students Program and Services (DSPS) - State funding to provide additional services and programs to students with disabilities.

Equal Employment Opportunity (EEO) - State funding to help community colleges with diversity issues, such as recruitment and training.

Extended Opportunity Programs and Services (EOPS) - State funding to encourage the enrollment, retention and transfer of students disadvantaged by language, social, economic and educational circumstances, and to facilitate the successful completion of their goals and objectives in college.

Financial Aid Administrative Allowance - Federal funding for administrative cost related to financial aid programs.

Financial Aid Base and Capacity - State funding for the financial aid staffing cost and allowable expenses to promote outreach to students regarding financial aid.

Financial Aid Technology - State funding to support technology advancement and innovations in financial aid processing and management systems.

Guided Pathways - Guided Pathways Award Program is a multi-year state grant program designed to provide all California community colleges, with the opportunity to implement Guided Pathways for significantly improving student outcomes.

Hunger Free Campus Support Grant - State funding to help address college community students experiencing moderate to high levels of food insecurity.

Industry Sector Projects in Common (ISPIC) – State funding to support ISPIC project ideas that can be replicated across the various California Strong Workforce regions. These funds have been designated to be used in support of The Culinary Grand Salon Project, which will feature culinary creations as Art, by supporting cross-collaboration between COD Culinary and Art students.

Mathematics, Engineering, Science, Achievement (MESA) Grant - State funding to expand and serve educationally and economically disadvantaged community college students majoring in calculus-based math and science fields.

Mental Health Support - State funding to support activities, including but not limited to, expanding mental health services, provide training, and develop stronger relationships with the county behavioral health department.

NASA Grant - Federal funding to contribute to the preparation, training, and development of NASA's future workforce by utilizing NASA's exceptional engineering and scientific resources, and facilities in order to give faculty, educators and students opportunities to be involved in NASA missions; to interact and work with NASA personnel; and to understand and apply knowledge gained through NASA-unique experiential learning activities.

Nursing Retention Grant - State funding to provide student support with assessment, remediation and retention in the Associate Degree Nursing Program.

Perkins IV Grant - Federal funds administered by the State for the improvement of vocational and technical education programs.

Restricted Instructional Equipment - State funds to purchase and/or the replacement of any equipment that is necessary for the teaching of courses.

Science, Technology, Engineering, and Mathematics (STEM) NSF Grant - Federal funds for students to maintain competitiveness among the Science, Technology, Engineering, and Mathematics workforce.

State Career Technology Education Grant - State funding to build upon collaborative efforts in the region to develop relevant career and technical education programs for students.

State Lottery - State funding through a portion of the state lottery revenue restricted to the purchase of instructional materials.

Strong Workforce Local and Regional Grant - State funding to increase the number of students in quality career technical education courses, programs and pathways that lead to successful workforce outcomes.

Student Success Completion Grant - State funding for the purpose of providing students with additional financial aid to help offset the total cost of community college attendance, and to encourage full-time attendance and successful on-time completion. The Student Success Completion Grant (SSCG) is a financial aid program for Cal Grant B and C recipients attending a California Community College full-time (12 units or more).

Student Equity and Achievement - State funding for The Student Equity and Achievement Program. This new program merges funding for three initiatives: the Student Success and Support Program; the Basic Skills Initiative; and Student Equity. Integrating these efforts into a single Student Equity and Achievement Program advances the goal of demolishing once and for all the achievement gaps for students from traditionally underrepresented populations.

Temporary Assistance for Needy Families (TANF) - Federal and State funds administered by the State that provides assistance and work opportunities to needy families.

TRIO ACES - Federal funding to provide opportunities to low-income first-generation students' academic development; assist students with basic college requirements, and to motivate students toward the successful completion of their postsecondary education.

TRIO CCAMPIS - Federal Funding to support the participation of low-income parents in postsecondary education through the provision of campus-based child care services.

TRIO DSPS Student Support Services - Federal funding to provide opportunities to low-income first-generation students' academic development; assist students with basic college requirements, and to motivate students toward the successful completion of their postsecondary education.

TRIO Talent Search - Federal funding to identify and assists students from disadvantaged backgrounds who have the potential to succeed in higher education. The program provides academic, career, and financial counseling to students and encourages them to graduate from high school and continue on to and complete their postsecondary education.

TRIO Upward Bound - Federal funding to provide high school students from low-income families and high school students from families in which neither parent holds a bachelor's degree, fundamental support to participants in their preparation for college entrance.

TRIO Veterans - Federal funding to provide students full academic assistance and resources in the goal of helping all eligible veterans achieve academic success. Prepare student veterans to be successful in college, and to increase college retention, graduation and ultimately transfer rates.

Veteran Resource Center - State funding program to provide new and enhancing services for the campus Veteran Resource Center.

Veteran Services - Federal funding to provide educational benefits for veterans.

Workability - Federal funding to provide vocational rehabilitation to students in the form of employment preparation, job development and/or placement, job retention and follow-up as well as employment job coaching.

Workforce Innovation and Opportunity Act - Federal funding through California Department of Education to help student's access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy.

Appendix C

Other District Funds

College of the Desert
2019-2020 Adopted Budget
All Other Funds

	Child Development <i>Fund 33</i>			Other Special Revenues (Kiosk) <i>Fund 39</i>			Capital Outlay Projects <i>Fund 41</i>		
	Unaudited Actuals	Proposed Budget	% Change over PY	Unaudited Actuals	Proposed Budget	% Change over PY	Unaudited Actuals	Proposed Budget	% Change over PY
	2018-19	2019-20		2018-19	2019-20		2018-19	2019-20	
Federal Revenue	382,464	233,786	-38.9%						
State Revenue	1,006,355	1,300,000	29.2%				-	-	
Local Revenue	428,329	210,000	-51.0%	75,000	-	-100.0%	10,536,948	10,515,000	-0.2%
Total Revenues	1,817,148	1,743,786	-4.0%	75,000	-	-100.0%	10,536,948	10,515,000	-0.2%
<u>Expenditures</u>									
Academic Salaries				6,500	-	-100.0%	80,901	78,915	100.0%
Non-Academic Salaries	1,201,183	1,162,794	-3.2%	9,000	-	-100.0%	777,139	656,038	-15.6%
Employee Benefits	379,970	458,796	20.7%	2,340	-	-100.0%	322,725	286,701	-11.2%
Books & Supplies	138,170	130,800	-5.3%	45,000	-	-100.0%	89,583	58,300	-34.9%
Services and Operating Expenses	27,878	36,250	30.0%	6,000	-	-100.0%	1,599,874	924,035	-42.2%
Capital Outlay	8,076	16,200	100.6%				11,556,624	3,165,590	-72.6%
Support and Indirect Costs									
Total Expenditures	1,755,277	1,804,840	2.8%	68,840	-	-100.0%	14,426,846	5,169,579	-64.2%
Excess (Deficiency)	61,871	(61,054)	-198.7%	6,160	-	-100.0%	(3,889,898)	5,345,421	-237.4%
Transfers In/Other Sources	80,494	72,338	-10.1%	-	-		-	-	
Transfers Out/Other Uses				-	-		-	-	
Total Other Sources & Uses	80,494	72,338	-10.1%	-	-		-	-	
Change in Fund Balance	142,365	11,284		6,160	-	-100.0%	(3,889,898)	5,345,421	-237.4%
Beginning Fund Balance	344,169	486,534		54,921	61,081	11.2%	43,742,166	39,852,268	-8.9%
Ending Fund Balance	486,534	497,818		61,081	61,081	0.0%	39,852,268	45,197,689	13.4%

Fund 21 Bond Redemption Fund is managed by The Riverside County Office of Education and the Treasurer's Office, and is not included in the budget authorization of the Desert Community College District.

College of the Desert
2019-2020 Adopted Budget
All Other Funds

	Bond Fund <i>Fund 43</i>			Self Insurance <i>Fund 61</i>			Other Benefits <i>Fund 69</i>		
	Unaudited Actuals	Proposed Budget	% Change over PY	Unaudited Actuals	Proposed Budget	% Change over PY	Unaudited Actuals	Proposed Budget	% Change over PY
	2018-19	2019-20		2018-19	2019-20		2018-19	2019-20	
Revenues									
Federal Revenue									
State Revenue									
Local Revenue	1,418,144	675,000	-52.4%	101,868	100,000	-1.8%	518,040	450,000	-13.1%
Total Revenues	1,418,144	675,000	-52.4%	101,868	100,000	-1.8%	518,040	450,000	-13.1%
Expenditures									
Academic Salaries									
Non-Academic Salaries				60					
Employee Benefits				17			322,175		
Books & Supplies	7,309	11,550	58.0%	1,019					
Services and Operating Expenses	3,720,149	26,031,025	599.7%	42,874	85,000	98.3%		410,000	#DIV/0!
Capital Outlay	17,201,400	25,255,900	46.8%	5,437					
Support and Indirect Costs									
Total Expenditures	20,928,858	51,298,475	145.1%	49,407	85,000	72.0%	322,175	410,000	27.3%
Excess (Deficiency)	(19,510,714)	(50,623,475)	159.5%	52,461	15,000	-71.4%	195,865	40,000	-79.6%
Transfers In/Other Sources	18,287	-	-100.0%				-	-	
Transfers Out/Other Uses	-								
Total Other Sources & Uses	18,287	-		-	-		-	-	
Change in Fund Balance	(19,492,427)	(50,623,475)	159.7%	52,461	15,000	-71.4%	195,865	40,000	-79.6%
Beginning Fund Balance	85,288,136	65,795,709	-22.9%	312,341	364,802	16.8%	3,898,564	4,094,429	5.0%
Ending Fund Balance	65,795,709	15,172,234	-76.9%	364,802	379,802	4.1%	4,094,429	4,134,429	1.0%

College of the Desert
2019-2020 Adopted Budget
All Other Funds

	Student Representation Trust			Student Body Fee Trust			Other Post Employment Benefits Irrevocable Trust		
	<i>Fund 72</i>			<i>Fund 73</i>			<i>Fund 79</i>		
	Unaudited Actuals	Proposed Budget	% Change over PY	Unaudited Actuals	Proposed Budget	% Change over PY	Unaudited Actuals	Proposed Budget	% Change over PY
	2018-19	2019-20		2018-19	2019-20		2018-19	2019-20	
Revenues									
Federal Revenue									
State Revenue									
Local Revenue	30,273	30,000	-0.9%	54,569	60,000	10.0%	276,690	275,000	-0.6%
Total Revenues	30,273	30,000	-0.9%	54,569	60,000	10.0%	276,690	275,000	-0.6%
Expenditures									
Academic Salaries									
Non-Academic Salaries				60,288	64,119	6.4%			
Employee Benefits				19,311	21,848	13.1%			
Books & Supplies	3,199	10,000	212.6%	-					
Services and Operating Expenses	26,135	26,320	0.7%	-			1,600		
Capital Outlay									
Support and Indirect Costs									
Total Expenditures	29,334	36,320	23.8%	79,599	85,967	8.0%	-	1,600	
Excess (Deficiency)	939	(6,320)	-773.1%	(25,030)	(25,967)	3.7%	276,690	273,400	-1.2%
Transfers In/Other Sources				20,000	20,000				
Transfers Out/Other Uses									
Total Other Sources & Uses	-	-		20,000	20,000		-	-	
Change in Fund Balance	939	(6,320)	-773.1%	(5,030)	(5,967)	18.6%	276,690	273,400	-1.2%
Beginning Fund Balance	35,413	36,352	2.7%	21,445	16,415	-23.5%	3,351,773	3,628,463	8.3%
Ending Fund Balance	36,352	30,032	-17.4%	16,415	10,448		3,628,463	3,901,863	7.5%

Other District Funds

The district maintains many funds other than the general fund, as required by legal and other regulatory requirements. These include special funds for the preschool program, enterprise programs, insurance programs, and bond & capital improvement programs.

The following summarizes the purpose and use of each of the funds outside of the general fund:

Child Development Fund (Fund 33)

The District operates a preschool funded with federal, state, and local funds. Expenditures for the program, including teachers, aides, supplies, food, and other services are accounted for in this fund.

Other Special Revenue Fund (Fund 39)

Special revenue funds are designed to track enterprise-type activities as well as non-classroom laboratory experiences. The District has a business entrepreneur program in which students experience operating a small business that sells snacks and supplies on the Palm Desert and Indio Campuses. The business activities of these programs are accounted for in this fund.

Capital Outlay Projects Fund (Fund 41)

This fund accounts for the revenues and expenditures for facilities-related projects that are funded through revenues other than general obligation voter funds. This includes pass-through proceeds from local redevelopment agencies and state deferred maintenance programs. Projects may include new construction, facilities leases, renovations, and large maintenance & repair projects.

General Obligation Bond Fund (Fund 43)

Proceeds and expenditures from voter-approved general obligation bonds are recorded in this fund. They are kept separate from other capital outlay funds to meet legal requirements for transparency and reporting. The use of general obligation funds must be used in accordance with the language that was on the ballot for voters when the bonds were approved.

Self-Insurance Fund (Fund 61)

The District is self-insured through a joint-powers authority (JPA). The District's deductibles for claims are recorded in this fund.

Other Internal Services Fund (Fund 69)

The District offers benefits who meet certain criteria until they become Medicare eligible at age 65. This fund was established as a special reserve to ensure that the District can meet the future obligations under the benefits agreements. These funds have the same purpose as those held in trust in Fund 79. The difference being that the funds in the Other Internal Services Fund can be designated for another purpose by the Board of Trustees at any time, whereas the money held in Fund 79 – Other Trust Funds may only be spent for post-employment benefits.

Student Representation Fee Trust Fund (Fund 72)

The Student Representation Fee Trust Fund is used to account for all student representation fees collected. The funds are used to support student representation activities, including an annual trip to Sacramento to represent student positions and viewpoints before various agencies of government.

Student Body Center Fee Trust Fund (Fund 73)

The Student Body Center Fee Trust Fund is used to account for fees used to operate and facilities costs for the student center.

Other Trust Funds (Fund 79)

This fund is used to account for funds deposited into an irrevocable trust fund for the purpose of funding the future liability of post-employment benefits. These funds have the same purpose of funds in the Other Internal Services Fund (Fund 69), with the difference that the trust funds cannot be spent for any other purpose, whereas the funds in Fund 69 could be designated for another purpose by the Board of Trustees at any time.

Appendix D

Financial Stability Indicators

**College of the Desert
Budget Subcommittee
Financial Stability Indicators
Adopted Budget 2019-2020**

	Criterion	Standard	Description	2014-15	2015-16	2016-17	2017-18	2018-19	Projected 2019-20
1	FTES***	Actual Funded FTES is not significantly less than budgeted.	Monitors overbudgeting of revenues. Figure expressed as Budgeted FTES/Realized Funded FTES	3%/7% 7,900	3%/15.57% 9,053	5%/-5.70% 8,538	6%/10.63% 10,140	6%/5.36% 10,683	3%/TBD 11,003
2*	Salaries & Benefits % of Unrestricted General Fund Expenditures Excluding Transfers	Changes not greater than ±2% from prior year. Reference standard is 87%.	Large year-over-year change may indicate imbalance in expenditure categories.	85.91%	86.27%	86.35%	86.71%	87.81%	86.64%
3	Deficit Spending	No deficit spending in at least one of every three years (Unrestricted General Fund).	Indicates adequate resources for operations and planned use of reserve funds.	\$ (1,838,485)	\$ 6,941,008	\$ (670,322)	\$ (1,254,508)	\$ 2,613,467	\$ (679,362)
4*	Cash Balances	Cash is sufficient to cover operational needs without external borrowing.	Indicates sound cash management to ensure solvency. June 30 Combined General Fund balance presented.	\$ 15,669,911	\$ 21,181,304	\$ 23,309,590	\$ 25,082,147	\$ 27,293,755	N/A
5*	Fund Balance	Fund balance exceeds the Board-recommended 7.5% throughout the projection period.	Indicates adequate resources to absorb minor fluctuations in revenues from economic changes.	18.7%	31.3%	26.3%	20.6%	21.97%	19.67%
6*	Long Term Planning	Budget includes current year plus multi-year projections for two additional years.	Ensures that the District considers the impact of anticipated revenue changes, staffing increases, and negotiated settlements beyond the current year.	Y	Y	Y	Y	Y**	Y
7	Unfunded Liabilities	Unfunded liabilities are considered in budgeting process and recognized in financial statements.	Ensures that the District properly considers the impact of future liability obligations. Funding is expressed as a percentage of liability funded.	100%	100%	100%	100%	100%	100%
8*	Legal and Statutory Compliance	Actual expenditures comply with 50% Law requirements.	Failure to comply will result in financial penalties in the apportionment.	51.28%	53.82%	51.30%	50.33%	50.01%	50.11%
		Faculty Obligation Number (FON) is met.	Significant penalties are assessed for failing to meet. Number reported is Compliance FON/Reported FON.	95.2/101.9	100.2/101.6	113.8/114.33	117.8/122.4	121.8/124.4	114.8**** /132
		District has received "Unmodified" opinion for annual audits.*	An "unmodified" opinion means that the statements represent the District's finances without material misstatements. Indicates strong internal controls over financial transactions and reporting.	Y	Y	Y	Y	Y	N/A
		District has not had audit findings with questioned costs for State or Federal awards for more than one of the past three years.*	Audit findings with questioned costs places potential liability on the District either through the need to return funding or may result in lost or reduced funding. The absence of questioned costs indicates the presence of effective controls over financial transactions.	0/None	1/None	1/None	2/None	N/A	N/A

*Denotes IEPI Indicator

**2018/19 is under the new Student-Centered Funding Formula, which changes how revenues are calculated. While the District still makes revenue projections, projections are less certain

***FTES reflects the funded FTES reported for the fiscal year. Summer FTES may be reported either in the year the summer term starts, or the year the summer term ends.

****The compliance FON was reduced for 2019-20 from the original estimate of 130.8 to account for the underfunding of the Student-Centered Funding Formula.

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