FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Glendale Community College District

Fiscal Review

October 15, 2007

Joel D. Montero
Chief Executive Officer

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

October 15, 2007

Dr. Audre Levy
President/Superintendent
Glendale Community College
1500 North Verdugo Road
Glendale, CA 91208

Dear President Levy:

In March 2007, the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for a fiscal review with the Glendale Community College District. The agreement specified that FCMAT would:

1. Conduct an analysis of the college's annual budget and prepare a multiyear financial forecast utilizing the 2006-07 fiscal year as the base and two subsequent fiscal years. This analysis shall include the fiscal impact of any proposed salary and benefit compensation currently being negotiated.

2. Complete a Fiscal Health Analysis of the college using the California Community Colleges Sound Fiscal Management Self-Assessment Checklist to determine the college's current level of financial risk.

3. Review the college's budget policies and processes, including but not limited to budget development and budget monitoring.

The attached final report contains the study team's findings with regard to the above areas of review. We appreciate the opportunity to serve you, and we extend our thanks to all the staff of the Glendale Community College District.

Sincerely,

Michele A. Huntoon, CPA
Chief Management Analyst

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Foreword

FCMAT Background

The Fiscal Crisis and Management Assistance Team (FCMAT) was created by legislation in accordance with Assembly Bill 1200 in 1992 as a service to assist local educational agencies in complying with fiscal accountability standards.

AB 1200 was established from a need to ensure that local educational agencies throughout California were adequately prepared to meet and sustain their financial obligations. AB 1200 is also a statewide plan for county offices of education and school districts to work together on a local level to improve fiscal procedures and accountability standards. The legislation expanded the role of the county office in monitoring school districts under certain fiscal constraints to ensure these districts could meet their financial commitments on a multiyear basis. AB 2756 provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans. These include comprehensive assessments in five major operational areas and periodic reports that identify the district's progress on the improvement plans.

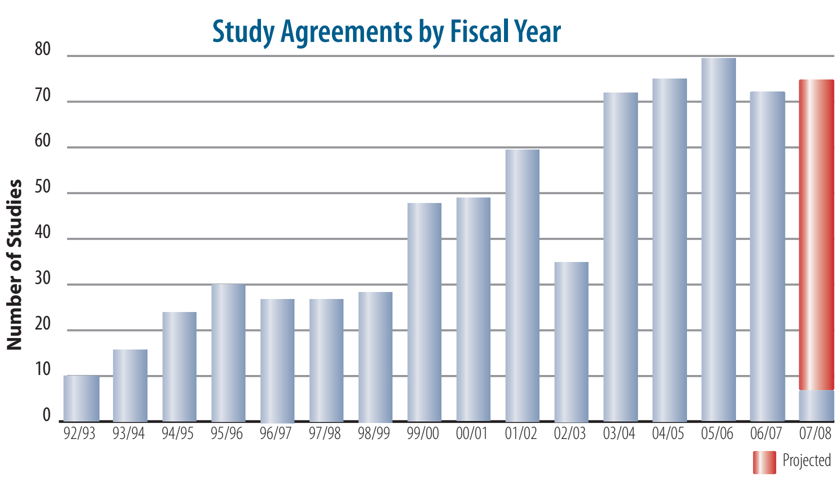
Since 1992, FCMAT has been engaged to perform more than 600 reviews for local educational agencies, including school districts, county offices of education, charter schools, and community colleges. Services range from fiscal crisis intervention to management review and assistance. FCMAT also provides professional development training. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The agency is guided under the leadership of Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Total Number of Studies....................660
Total Number of Districts in CA..........982

- Management Assistance............................625 (94.7%)
- Fiscal Crisis/Emergency...............................35 (5.3%)

Note: Some districts had multiple studies.
- Districts (7) that have received emergency loans from the state.

(Rev. 8/6/07)



Introduction

Glendale Community College serves approximately 11,965 credit students and 2,731 noncredit students enrolled in courses at the college. It opened as Glendale Junior College in 1927 to serve the needs of residents in the Glendale Union High School District. In 1971, the college became Glendale Community College District. The campus consists of 100 acres and 15 permanent buildings, and is located in the city of Glendale.

In 2004-05, 2005-06, and 2006-07 Glendale Community College experienced declining enrollment. This resulted in the need to borrow full-time equivalent student (FTES) units from the prior fiscal year to meet the stabilization levels necessary to maintain financial resources.

In March 2007, the President and Vice President/Assistant Superintendent of Administrative Services of the college contacted FCMAT to request a fiscal review of the college's budget as provided through Assembly Bill 1366.

The scope of work determined between the college and FCMAT is as follows:

1. Conduct an analysis of the college's annual budget and prepare a multiyear financial forecast utilizing the 2006-07 fiscal year as the base and two subsequent fiscal years. This analysis shall include the fiscal impact of any proposed salary and benefit compensation currently being negotiated.

2. Complete a Fiscal Health Analysis of the college using the California Community Colleges Sound Fiscal Management Self-Assessment Checklist to determine the college's current level of financial risk.

3. Review the college's budget policies and processes, including but not limited to budget development and budget monitoring.

Study Team

The study team included the following members:

Barbara Dean
Deputy Administrative Officer
Fiscal Crisis and Management
Assistance Team
Bakersfield, California

Michele A. Huntoon, CPA
Chief Management Analyst
Fiscal Crisis and Management
Assistance Team
Bakersfield, California

Victor Hanson
FCMAT Administrative Consultant
Glendale, California

Laura Haywood
Public Information Specialist
Fiscal Crisis and Management
Assistance Team
Bakersfield, California

Study Guidelines

FCMAT consultants visited the district in April and May 2007. The major activities conducted during the fieldwork included:

- Interviews with board members, administration and staff
- Recomputation of key financial data
- Projection of budgets for 2006-07, 2007-08, and 2008-09
- Review of policies and procedures

This report is the result of those activities. Findings and recommendations are presented in the following sections:

- Executive Summary
- Budget Analysis
- Multiyear Financial Forecast
- Budget Development
- The 50 Percent Law and Calculation
- Fiscal Processes and Procedures
- Fiscal Health Risk Analysis

Executive Summary

FCMAT's review included interviews with many stakeholders, including board members, the administration, representatives of employee organizations, and department staff members. These interviews provided an opportunity to gain a clear understanding of the budgeting process of the college and ultimately the budget document. In addition, the team reviewed the current budgets, periodic quarterly reports, and audited financial statements, as well as internal and position control processes and calculations of salary and benefit costs.

Glendale Community College has experienced a decline in full-time equivalent students (FTES) over several years, although the 2007 summer session enrollment was 579 more than the 2006 summer session. The fall 2007 semester enrollment appears to be up by 110 students, but this will not meet or exceed the overall prior year FTES. This continued pattern of FTES will require immediate attention to the college's expenditures and the programs it offers to students.

The college does not use a projecting methodology to include enrollment growth or decline as part of the budgeting process. The budget is based on prior year FTES for growth or decline in the current year to determine revenues. At the end of the year, the adjustment is completed for either the growth or decline. If enrollment increases, the revenue is recognized at that time. If enrollment declines, then the borrowing practice that has occurred over the last couple of years for FTES is applied. If FTES from the summer session are available, they are borrowed and reported on the FTES report to the Chancellor's Office.

FCMAT provided three separate scenarios for the multiyear projection. Scenario I indicates that the college will not restore the decline in FTES in 2007-08 to the 2005-06 level and must repay approximately $871,000 in 2007-08 for the stability funding received in fiscal year 2006-07. This appears to be the most likely scenario for the college, and a quick response will be necessary to minimize the financial effects.

The salary settlement for 2006-07 was 7.5%, which did not include the increase in step and column, or an increase in health benefits. With the step and column and health and welfare increases, the total compensation package for the college in 2006-07 exceeded 10%.

GASB 45 is a new accounting standard that requires recognition of the unfunded retiree liability. Glendale Community College currently has no plan to fund the unfunded liability (calculated under GASB standards), which will increase as a percentage of expenditures at a rapid pace without some sort of plan or action to address the unfunded liability.

The college opened a new parking facility in 2007-08, which will provide relief for students parking at the college. However, many of those interviewed believe there will be a significant increase in student enrollment due to the new parking facility versus programs offered at the college. The documentation provided has not supported that theory. The increase in student enrollment for fall 2007 is approximately 110, which will not increase the FTES sufficiently to eliminate the need for stability funding.

Salaries and benefits are the largest expenditure for the college. The college does not utilize a fully integrated financial system for its position control and spends excessive time on reconciliation. Without a fully integrated system, there is an increased risk of staffing errors and overspending in this area.

The college does not use the Oracle system's online functions for department-level budget transfers. In 2006-07, a policy change was adopted that requires all departments to complete a budget transfer when funds are not available at the time of the requisition. This change in business practice has increased the number of budget transfers in the Controller's Office by at least 50%.

The college will need to plan carefully and create an awareness of the fiscal issues involved in meeting FTES enrollment base while maintaining adequate faculty staffing and complying with the 50% law.

The child development program provides child care services to students and the community. The program also includes an instructional component for students at the Glendale campus and other college campuses in the Los Angeles area. However, some of the program's internal control areas could be strengthened to safeguard college assets and protect employees. For example, parents deposit payments into an unlocked box at the Child Development Center, typically at the beginning of the month. The college is putting itself at risk with this practice.

The Community College Chancellor's Office recommends a 5% minimum reserve for its colleges. The college's process for meeting the 5% reserve requirement includes transferring approximately $1 million from the Professional Development Center (PDC) fund to the general fund at the end of each fiscal year, which is a temporary rather than a permanent reserve.

The college does not have a board policy or administrative regulation specifically addressing fraud prevention or detection.

Based on a score of 4 in the Sound Fiscal Management Assessment Checklist, the Glendale Community College District has a moderate level of risk. In certain cases, a "no" rating may occur for reasons outside the college's control. The four "no" ratings for Glendale CC were applied in the categories of Enrollment, Bargaining Agreements, Internal Controls and Position Control.

Summary of Recommendations

The college should:

- Pursue its goals to restore FTES in fiscal year 2007-08 to eliminate stability funds received in fiscal year 2006-07 to an increased level of funding.
- Consider the necessary steps to decrease discretionary spending in 2007-08 to maintain fiscal solvency and at least a 5% reserve level, without a temporary transfer of Professional Development funds to the general fund.
- Continue to develop programs and classes that are most in demand by the current student population and community at large. Assess current student population and community demographics to increase FTES.
- Regularly update the FTES projection for the current year to reflect actual year-to-date FTES and anticipated FTES changes stemming from program changes or the implementation of new programs.
- Establish a process to review total compensation in the negotiating process to control employee benefit costs, as salary percentages do not align with FTES at other colleges in the state.
- Utilize the online purchase requisition capability in all departments for efficiency and effectiveness throughout the organization. Providing management with the ability to access real-time financial information will also improve the quality of the financial data.
- Review viable options for funding the college's unfunded liability, which is currently $16 million.
- Continue to work with Oracle to implement a properly functioning position control system that is fully integrated with the financial system.
- Track salaries and a proportionate share of benefits for allowable instructional expenditures. This will improve the college's ability to comply with the 50% law by maximizing eligible instructional expenditures.
- Review child care staffing and identify other staff members that possess sufficient experience and knowledge to assist the director in these functions and to implement the internal controls necessary to safeguard college assets and protect employees.
- Develop and implement a board policy and accompanying administrative regulations addressing fraud prevention and detection.
- Begin maintaining the 5% reserve requirement during budget development for the upcoming fiscal year. Retain the reserve as part of the ending fund balance throughout the year. Formalize the 5% reserve through an approved board policy.
- Discontinue the artificial transfer between the PDC and the unrestricted general fund, as it misstates the fund's true reserve balance.

Budget Analysis

In 2006-07, the college experienced a decline of 1,000 full-time equivalent students (FTES), which is directly associated with revenue. As a result, the college will be in stabilization status during the 2007-08 fiscal year. The effect of the reduction in FTES will depend on the actual FTES in 2007-08.

The FCMAT forecast includes the college's recent salary increase of 7.5% in the 2006-07 fiscal year for both faculty and classified bargaining units. No proposed salary settlements are included in the two subsequent years. FCMAT has also included the impact of step and column and tracks and maintained the employer cost of health benefits based on projected increases. Variables from the School Services of California Dartboard were used, and typical increases in the college environment were included for expenditures outside of salary and benefit accounts. In 2006-07, a reserve for collective bargaining of $3.66 million was included in the final budget.

Upcoming GASB 45 provisions will require the college to recognize the long-term liability of certain post-employment benefits in its audit report, but these provisions do not require the college to fully fund the unfunded liability in its budget. The college uses the pay-as-you-go method of expensing the cost, with no set-aside funds for the future liability. The college has received an actuarial report indicating a liability of $16 million. The college has a cap on health benefits of $6,500 until age 65. Retiree benefits under a pay-as-you-go method will increase as a percentage of the college's total expenditures. Planning for the increased cost will be essential as the population of employees continues to age. The average cost on a pay-as-you-go method of funding retiree benefits is 1% of total expenditures. This percentage average is projected to grow over the next five to seven years to 3% of total expenditures. The college does not have a cap on benefits for active, but does for retired employees. However, the pooling of active and retired employees will impact the percentage increase.

FCMAT noted the following regarding the budgeting practices and the budget:

- Growth is not budgeted until earned in the previous year.
- The college has experienced continuous declining FTES production for the fall/winter/spring sessions since fiscal year 2003-04. The cumulative decline for total FTES is 11.27% (credit is 10.14% and noncredit is 15.89%).

Fiscal year	Credit FTES	Noncredit FTES	Total FTES
2002-03 (Audit)	13,315	3,247	16,562
2003-04 (Audit)	12,492	3,624	16,116
2004-05 (Audit)	12,471	6,671	16,142
2005-06 (Audit)	13,169	2,803	15,972
2006-07	11,965	2,731	14,696
Total decline since 2002-03	1,350	516	1,866
Percent decline	10.14%	15.89%	11.27%

- The college borrowed credit FTES from each of the last two summer sessions (51.56 FTES in 2005 and 594 FTES in 2006) to maximize revenues for the 2004-05 and 2005-06 fiscal years.
- The college received decline/stability funds in 2006-07 ($4,687,000 at revised P-1 and an estimated $6,026,700 at P-2).
- The FTES decline in 2006-07 must be restored in 2007-08 to avoid the requirement to repay the decline/stability funds.
- A loan of $1 million between the Professional Development Center and the general fund-unrestricted is made annually to establish a 5% reserve for the final budget adoption.
- The board authorized borrowing of first summer session FTES at the May 15, 2006 meeting to maximize growth revenues. If the existing trend of declining enrollment for the fall and spring sessions is not reversed, it will have a severe negative effect on revenues.
- The state-allowed growth rate for Glendale Community College is projected to be 2% annually for the 2007-08 and 2008-09 fiscal years.
- The college must continue its focus on FTES growth. It is key to the college's success to immediately reverse the declining trend and restore growth to adequately fund inflationary and fixed cost increases in future years.

Programs to help reverse the projected FTES decline might include an increase in afternoon class offerings, a testing of distance learning programs, increased marketing to foreign students or strengthening of vocational class offerings. If the decline is not reversed, significant expenditure reductions must be made to avoid several years of probable deficit spending.

The cafeteria operations are not self-supporting and require a budget contribution to end the year with a zero or positive fund balance. Consideration is under way for the program to be run by the Culinary Arts Program.

Recommendations

The college should:

1. Increase the retiree benefits amount budgeted to reflect the increased pay-as-you-go amount determined in the actuarial study. Ensure that the pay-as-you-go amount for each of the subsequent years is factored into the budgeting process to increase expenditures appropriately. Review the pay-as-you-go funding plan for the future liability of the retiree benefits to ensure that the cash need for future expenditures is available when required. Review alternatives for funding the unfunded liability. For example, contributions by both employee and employer can minimize the cost to the college through the sharing of costs. Another option would be to set aside funds in a trust fund for the specific purpose of funding the unfunded liability.
2. Continue developing the budget process to help change the perception by some that additional money is available in the budget and that items are funded outside the published process of shared governance review and approval.
3. Disclose information to the Budget Committee, unions and Senate regarding shifts in budget priorities throughout the year.
4. Develop a plan to reduce the support it must provide to the cafeteria to offset its operating deficits.
5. Pursue its goal to restore FTES in fiscal year 2007-08 to eliminate stability funds received in fiscal year 2006-07.
6. Establish a process to review total compensation in the negotiating process to control employee benefit costs, as salary percentage costs do not align with FTES in other colleges in the state.

Multiyear Financial Forecast

FCMAT utilized the budget information provided by the college's Controller's Office to develop a Multiyear Financial Forecast that uses the 2006-07 unrestricted general fund budget as the base year. Three different scenarios are projected for the 2007-08 and 2008-09 fiscal years. FCMAT has developed its projection based on the following scenarios: a decline in FTES, no change in FTES, and slight growth for the two subsequent years. The significant FTES decline in 2006-07 may make it difficult for the college to realize the necessary growth in 2007-08. The three scenarios include the 2005-06 actuals and the 2006-07 adopted budget as the base year for building future projections (see Appendices A through C).

The forecast models are presented using the following scenario assumptions:

- Scenario I assumes the college will not restore the decline in FTES in 2007-08 to the 2005-06 level and must repay approximately $871,000 in 2007-08 for the stability funding received in fiscal year 2006-07. This is the worst case scenario, but the most likely to occur. It is assumed that stability funding will be required in 2008-09.
- Scenario II assumes the college will be able to fully restore the 2006-07 decline with no requirement to repay the stability funding received in fiscal year 2006-07. It is assumed that stability funding will be required in 2008-09.
- Scenario III assumes the college will experience some growth in 2007-08 (2.0% more than total FTES in 2005-06). This is the best case scenario, but the least likely to occur. It is assumed that stability funding will be required in 2008-09.

Scenario I

Revenue Assumptions – 2007-08 fiscal year

- Total FTES for summer 2007 will equal summer 2006 (1,284 credit and 333 noncredit). The total 1,617 FTES will be reported in fiscal year 2007-08.
- Total FTES for fall/winter/spring sessions will equal the total FTES reported on the Period 2 2006-07 report (11,301 credit and 2,136 noncredit).
- 594 credit FTES will be borrowed from summer 2008.
- The above assumptions will result in total FTES of 15,648, which is 2% lower than the 15,972 total FTES reported in 2005-06. This will require a repayment in 2007-08 of approximately $871,200 of stability funds received in 2006-07. The deficiency for restoring all FTES was totally related to noncredit FTES.

Revenue Assumptions – 2008-09 fiscal year

- COLA funds of approximately $2.7 million based on 4% rate.
- Since FTES declined in 2007-08 fiscal year, no growth funds budgeted. Growth funds are not included in budget until the year following earned growth.

Expenditure Assumptions for 2007-08 and 2008-09

The budgets provided by the college did not include the recent negotiations settlements with both the CSEA and Guild for 2006-07, so the 2006-07 base year budget was projected with changes to the salaries and benefits to reflect the increase in salaries and benefits.

- Step and column increase for faculty and classified (1% and 2%). No increases in salaries have been factored into the budget for these two subsequent years.
- Health and welfare benefits have been increased by 10% per the anticipated increase for both fiscal years with a reduction of $800,000 in 2007-08 for a one-time expenditure in 2006-07 and an increase of $593,400 and $750,800, 2007-08 and 2008-09 respectively.
- No increases for materials and supplies for 2007-08 or 2008-09.
- No increases for travel and conference or consulting services for 2007-08 or 2008-09.
- The CPI increase of 2.9% was used for 2007-08 for printing, insurance, rents, legal, and other services. An increase of 5% was used for utilities.
- The CPI increase of 2.5% was used for 2008-09 for printing, insurance, rents, legal, and other services. An increase of 5% was used for utilities.
- A $1 million reduction was made to the transfers out category to eliminate the transfer of funds being moved into the general fund to meet the reserve requirement each year.

	2007 Summer		**Fall/Winter/ Spring**		**2008 Summer**		**Total**		**2005-06 Annual**	**2006-07 P-2**
Credit	1,284		11,301		594		13,179		13,169	11,990
Noncredit	333		2,136		0		2,469		2,803	2,469
Total	**1,617**		**13,437**		**594**		**15,648**		**15,972**	**14,459**

	Projected Budget June 30, 2008		Projected Budget June 30, 2009	
Revenues				
Federal	1,000	0.00%	1,000	0.00%
State	61,825,034	78.82%	64,535,586	79.53%
Local	16,614,000	21.18%	16,614,000	20.47%
Total Revenues	**78,440,034**	**100.00%**	**81,150,586**	**100.00%**

Scenario II

Revenue Assumptions – 2007-08 fiscal year

- Total FTES for summer 2007 will equal summer 2006 (1,284 credit and 333 non-credit). The total 1,617 FTES will be reported in fiscal year 2007-08.
- Total FTES for fall/winter/spring sessions will be 1.6% greater than the total FTES reported on the Period 2 2006-07 report (11,461 credit and 2,188 noncredit).
- 594 credit FTES will be borrowed from summer 2008.

Revenue Assumptions – 2008-09 fiscal year

- COLA funds of approximately $2.7 million based on 4% rate.
- No growth funds budgeted, since FTES did not increase in 2007-08. Growth funds are not included in budget until year following earned growth.

Expenditure Assumptions for 2007-08 and 2008-09

The budgets provided by the college did not include the recent negotiations settlements with both the CSEA and Guild for 2006-07, so the 2006-07 base year budget was projected with changes to the salaries and benefits to reflect the increase in salaries and benefits.

- Step and column increase for faculty and classified (1% and 2%). No increases in salaries have been factored into the budget for these two subsequent years.
- Health and welfare benefits have been increased by 10% per the anticipated increase for both fiscal years with a reduction of $800,000 in 2007-08 for a one-time expenditure in 2006-07 and an increase of $593,400 and $750,800, 2007-08 and 2008-09 respectively.
- No increases for materials and supplies for 2007-08 or 2008-09.
- No increases for travel and conference or consulting services for 2007-08 or 2008-09.

- The CPI increase of 2.9% was used for 2007-08 for printing, insurance, rents, legal, and other services. An increase of 5% was used for utilities.
- The CPI increase of 2.5% was used for 2008-09 for printing, insurance, rents, legal, and other services. An increase of 5% was used for utilities.
- A $1 million reduction was made to the transfers out category to eliminate the transfer of funds being moved into the general fund to meet the reserve requirement each year.

	2007 Summer		Fall/ Winter/ Spring		2008 Summer		Total		2005-06 Annual	2006-07 P-2
Credit	1,284		11,461		594		13,339		13,169	11,990
Noncredit	333		2,188		0		2,521		2,803	2,469
Total	**1,617**		**13,649**		**594**		**15,860**		**15,972**	**14,459**

	Projected Budget June 30, 2008		**Projected Budget June 30, 2009**	
Revenues				
Federal	1,000	0.00%	1,000	0.00%
State	63,099,559	78.66%	65,772,751	79.27%
Local	17,121,300	21.34%	17,195,086	20.72%
Total Revenues	**80,221,859**	**100.00%**	**82,968,837**	**100.00%**

Scenario III

Revenue Assumptions – 2007-08 fiscal year

- This scenario assumes total FTES growth of 2.0% more than was reported in 2005-06.
- Total FTES for summer 2007 will equal summer 2006 (1,284 credit and 333 non-credit). The total 1,617 FTES will be reported in fiscal year 2007-08.
- Total FTES for fall/winter/spring will grow 2.0% over the total FTES reported on the annual report for the 2005-06 fiscal year.
- 556 credit FTES will be borrowed from summer 2008.

Revenue Assumptions – 2008-09 fiscal year

- COLA funds of approximately $2.8 million based on a 4% rate.
- No growth funds budgeted since the district is receiving stability funding.

Expenditure Assumptions for 2007-08 and 2008-09

The budgets provided by the college did not include the recent negotiations settlements with both the CSEA and Guild for 2006-07, so the 2006-07 base year budget was projected with changes to the salaries and benefits to reflect the increase in salaries and benefits.

- Step and column increase for faculty and classified (1% and 2%). No increases in salaries have been factored into the budget for these two subsequent years.
- Health and welfare benefits have been increased by 10% per the anticipated increase for both fiscal years with a reduction of $800,000 in 2007-08 for a one-time expenditure in 2006-07 and an increase of $593,400 and $750,800, 2007-08 and 2008-09 respectively.
- No increases for materials and supplies for 2007-08 or 2008-09.
- No increases for travel and conference or consulting services for 2007-08 or 2008-09.
- The CPI increase of 2.9% was used for 2007-08 for printing, insurance, rents, legal, and other services. An increase of 5% was used for utilities.
- The CPI increase of 2.5% was used for 2008-09 for printing, insurance, rents, legal, and other services. An increase of 5% was used for utilities.
- A $1 million reduction was made to the transfers out category to eliminate the transfer of funds being moved into the general fund to meet the reserve requirement each year.

	2007 Summer	Fall/ Winter/ Spring	2008 Summer	Total	2005-06 Annual	2006-07 P-2
Credit	1,284	11,592	556	13,432	13,169	11,990
Noncredit	333	2,526	0	2,859	2,803	2,469
Total	**1,617**	**14,118**	**556**	**16,291**	**15,972**	**14,459**

	Projected Budget June 30, 2008		Projected Budget June 30, 2009	
Revenues				
Federal	1,000	0.00%	1,000	0.00%
State	64,361,704	78.90%	67,134,081	79.52%
Local	17,211,700	21.10%	17,287,300	20.48%
Total Revenues	**81,574,404**	**100.00%**	**84,422,381**	**100.00%**

Of the three scenarios, the most likely is Scenario I, which presents a budget with declining enrollment. If expenditures come in close to the budget, this will result in the college not meeting its 5% reserve in 2007-08 and 2008-09. Scenario II presents a static enrollment picture that would allow for the 5% reserve to be met with some adjustments to the designated reserves. This would hold true through 2008-09. Scenario III is the least likely result for the college at this time given the enrollment decline. Under this scenario, the college will be able to meet its reserve levels in 2006-07 through 2008-09 with some adjustment to the reserve and designated amounts.

Based on the FCMAT financial forecast, the college will likely fall below the 5% reserve level recommended by the Chancellor's Office during fiscal year 2007-08 and continuing into 2008-09 if immediate measures are not taken to address the reserve requirement through either revenue enhancement or expenditure reductions. Approximately $1.6 million is needed to achieve a 5% reserve level for fiscal year 2007-08. The amount excludes the $1 million borrowed from the PDC fund. It also appears that the college will receive stability funds again in fiscal year 2008-09.

Recommendations

The college should:

1. Carefully review the FCMAT financial forecast scenarios:
    - Consider decreasing discretionary expenditures.
    - Identify expenditure reductions, starting with fiscal year 2007-08, in an effort to maintain at least a 5% reserve level.
    - Achieve a 5% reserve level for fiscal year 2007-08 by taking the measures needed to garner approximately $1.6 million for a 5% reserve level for fiscal year 2007-08.

2. Take the necessary measures to increase efficiencies to determine whether a greater growth percentage can be achieved or whether savings can be realized through larger class sizes.

3. Implement an enrollment management program that will reverse the projected FTES decline.

4. Establish a growth plan that will eventually eliminate the need to borrow FTES from summer sessions of the following year.

5. Increase the activities of the Budget Committee to provide input and information to college constituents and the board on issues affecting the college's budget and financial future.

Budget Development

The budget is the single most important policy document over which a Governing Board exercises control. The budget, more than any other document, is a reflection of the real priorities of the college.

While the college is able to exercise only limited control over revenues, it has much more control over expenditures. Decisions as to expenditure levels, including salaries and employee benefits and any pay raises or other contractual obligations to employee organizations, largely determine the relative priorities. Resources provided by the state are affected by whether FTES are stable, growing, or declining.

The college changed the budgeting process for the budget year 2007-08. Shared governance committees are used throughout the process to obtain consensus for the highest priorities for funding after funding "exempt cost" and "must-do" items. The process begins with the strategic plan and the priorities that have been developed by the board. The President communicates the goals to the Budget Committee that monitors the budget development process. Budgets are prepared in each of the respective areas with the rolling of the current year's budget into the next year. The budgets are then forwarded to each of the respective vice-presidents. After the vice-presidents review the requested adjustments, the budget priorities are sent to the Budget Committee so it may recommend the completed budget proposal to the Campus Executive Committee. This process was new for budget year 2007-08. Staff members interviewed did not appear to have a strong understanding of the new process. The budget development process for budget year 2007-08 also linked budget allocations to goals and specific objectives of the College Master Plan and the College Strategic Plan.

Some campus constituencies believe that budget funds exist for use in funding projects not considered to be included in the shared government process. However, based on the information obtained from the college, this did not appear to be an issue. The college presented information regarding the ending fund balance clearly and concisely in the financial documents for the 2006-07 fiscal year.

Student Enrollment

Community college funding is primarily based on the number of FTES, which is derived from the number of total student contact hours. Each student contact hour represents a minimum of 50 minutes of course instruction. One FTES is equivalent to 525 student contact hours. Three basic methods are used to calculate student contact hours depending on the time period and how frequently a course meets. The attendance method used should be the one that provides the greatest potential course hours. The three methods include the following:

- Weekly census – Used for regularly scheduled credit courses, scheduled to align with the primary term.

- Daily census – Used for regularly scheduled credit courses that are five or more days in length, but are not scheduled to align with the primary term.
- Positive attendance – Used for all other courses that do not fit the previous two categories.

The college's FTES shows a decline over the past two years:

2002-03	2003-04	2004-05	2005-06	2006-07
16,562	16,116	*16,142	*15,972	14,696

* FTES were borrowed for each of these years to stabilize the budget

About one-third of the state's community colleges are experiencing a decline in FTES, although Glendale's 2007 summer session increased by 579 students over the 2006 summer session. Fall semester FTES also shows an increase, but only by 110 students, which will not meet or exceed prior year FTES. This does not bode well for the college's ability to stabilize for the 2007-08 fiscal year. The college will need strong student enrollment in the 2008 spring semester to avoid a loss of state funding.

The college is focusing on new facilities to increase student enrollment for the 2007-08 fiscal year. The new Vice President of Instruction, who started with the college on January 2, 2007, will need to collaborate with the faculty and departments to ensure that the college offers classes that meet the community's needs and interests. Scheduling classes in high-demand areas and at times that meet the needs of the community will help maximize the number of students in each class. The college should utilize the strategic enrollment planning as a foundation for maximizing student enrollment through program offerings and class scheduling.

The college is building a new parking garage that will be completed in time for the fall 2007 students. Numerous comments were made during the interviews for this study that the new parking garage would increase enrollment. There was no data to support the projection regarding the enrollment increase that would occur based on the additional available parking spaces. The college began its fall 2007 classes on September 4, 2007.

The college does not use any type of projection methodology for enrollment growth or decline as part of the budget process. Typically, prior year FTES are used to budget an increase or decrease in enrollment for the current year. At the end of the year, a review is conducted to determine the amount of growth or decline. If enrollment has increased, then the revenue is recognized at that time. If it has decreased, then the borrowing practice that has occurred over the last couple of years is applied. If FTES from the summer session are available, they are borrowed and reported on the FTES report submitted to the Chancellor's Office.

Recommendations

The college should:

1. Develop procedures for longitudinal FTES projections (three to five years) to be integrated into the budgeting process to include key stakeholders from the Controller's Office, Admissions and Records, and the Office of Instruction, thus incorporating all variables. This will ensure that the revenues and expenditures are projected accurately and appropriately.

2. Fulfill the following once FTES projections have been established:
   - Communicate FTES projections to Human Resources to plan for necessary growth or decline in full-time faculty in accordance with the full-time faculty obligation established by the System Office.
   - Cost out the schedule of classes to utilize FTES as the control for adjunct and not-in-contract staff (regular faculty overload) to ensure the expenditures are within the required staffing level and budget.
   - Develop weekly student contact hours (WSCH) goals by department to achieve the FTES and allocate full-time equivalent faculty (FTEF) using efficiency goals.

3. Develop and offer programs and classes that are most in demand by the current student population and community at large. Assess current student population and community demographics.

4. Update the FTES projection for the current year and future years to reflect actual year-to-date enrollment and anticipated enrollment changes due to program changes or the implementation of new programs. Document the assumptions used to develop the FTES projection and explain these assumptions when providing the updated budget to the board and community. Update the projection for the interim reports to the Chancellor's Office during the fiscal year.

5. Utilize scheduling of classrooms college-wide to maximize enrollment efficiently and effectively.

Revenues and Expenditures

Consensus from the Governing Board and management on budget assumptions and guidelines helps to ensure that the budget is prepared in a rational, fair, and timely manner. Budget assumptions and guidelines provide the tools for preparing the preliminary budget.

The college provides a budget document with key assumptions for major revenue and expenditure items regarding one-time and ongoing items. However, better communication of the assumptions for the budget development cycle is needed. Specific assumptions and guidelines for budget development are developed through the college's defined shared governance process. However, it appears that the information does not filter down to all levels. The results of the Budget Committee recommendations are not understood by the respective departments as they begin to work on their own budgets. In addition, many new administrators and existing personnel are confused regarding the development of the budget.

FCMAT's review of college budget documents indicates that meeting the faculty obligation number could pose a significant financial challenge. CCR Title 5, Section 51025, requires colleges to increase the base number of faculty from the prior fiscal year proportionate to growth funds allocated for credit FTES. In addition, AB 1725 states that community colleges should strive to increase the ratio of full-time faculty so that at least 75% of faculty are full time. This could be a challenge because of the enrollment decline in the previous two years. The college does not include growth, which is appropriate given the enrollment decline.

Class sizes have a cost, as do salary and benefit levels and seniority of staff. Program decisions, such as course offerings and scheduling classes, as well as staffing decisions, release time, and special assignments, may have a dramatic effect on the financial flexibility of the college. As the President, staff, and Governing Board build the budget, each of these factors must be considered in light of the services that the Governing Board perceives students need most. Decisions by the Governing Board, including those made at the bargaining table, shape the budget into a unique statement of the college's priorities.

Recommendations

The college should:

1. Update the administrative regulations for Board Policy 3110 to reflect the shared governance process utilized for the development of the budget.

2. Use a systematic process to develop a yearly budget so that the college's budget will accurately forecast all expenditures. These may include but are not limited to the following:
   - Enrollment changes
   - Changes in caps for individual programs
   - Projected revenues
   - Expected cost-of-living (COLA) increases
   - Anticipated or projected pay or benefit changes
   - The cost of step and column salary schedule movement
   - Certificated and classified retirements
   - Assumed cost increases in health benefits, workers compensation insurance, fuel, supplies, utilities, and other commodities

- Anticipated changes in class sizes or programs
- Negotiated changes in employee benefit levels
- Any changes in post-retirement benefits
- An estimate of the current year projected ending balance
- Any planned addition or reduction of reserves
- Any other known conditions affecting the financial characteristics of the college
- Maintenance and renovation
- Technology acquisition and repairs

3. Consider actions to improve communication and understanding of the budget, including:
    - Preparation of a simplified budget booklet to explain the budget
    - Frequent updates and informative presentations to the Governing Board
    - A forum for community members to become involved in the budget development process

4. Take its assumptions to the Governing Board prior to budget development to ensure that the board goals are aligned appropriately with the budget.

5. Update and regularly present the developing budget to the staff and Governing Board to show the normal flow of changes as information solidifies. The shared governance process allows for inclusion by many stakeholders early in the process, but better follow-up could help convey the budget committee's final recommendations.

Position Control

A personnel database is maintained in the Oracle system, but it is not utilized as a fully integrated system. This functions well for tracking full-time faculty, but not for adjunct faculty or classified staff. There are 379 classified staff for which Human Resources must perform a manual system update. During budget development, the Human Resources Department rolls the data from one year into the next to provide a scenario that is printed out for use in the Controller's Office. However, the information is not captured in the position control module for the budget. Instead, it is downloaded into an Excel file that the Controller's Office uses for budget development. Updates for the budgeting process are completed in the Controller's Office, but are not communicated to the Human Resources Department at the time of the change. Human Resources receives information from Payroll or other departments when changes occur prior to the notification from the Controller's Office. The Human Resources and Payroll departments work together when there are discrepancies in the number of positions, and a reconciliation of staff positions occurs approximately three times a year, but the budget for staff positions is not included in those reconciliations.

A properly functioning position control system is one of the most important internal controls for an organization. It is necessary to establish checks and balances between human resources decisions and budgeted appropriations. While the position reconciliation is a good tool to ensure that only positions authorized by the Budget Office are filled, the college should implement an electronically controlled position control system that integrates with the payroll. The reconciliation between the payroll and human resources database is time consuming, inefficient and incomplete because it does not include the budget. The current system also does not adequately control classified positions. As a result, position control will not be fully integrated with the payroll, accounting, budget, and Human Resources systems until Oracle activates the modules to provide full system utilization.

Because the position control module is not used for budget development, the financial system does not encumber salaries and benefits during the fiscal year. Currently, the college does not budget the statutory benefits for salaries at the department level.

An effective position control system is necessary to establish checks and balances between human resources decisions and budgeted appropriations. All human resources transactions related to a position should be processed first through the Budget Office to ensure both the availability of a position and adequate funding.

Recommendations

The college should:

1. Continue to work with the vendor to implement a properly functioning position control system. The position control system should:
    - Assign unique position control numbers to each position
    - Contain only Board of Trustees-authorized positions
    - Contain only valid, funded positions
    - Provide timely and accurate information
    - Be used as a forecasting tool
    - Fully integrate with the payroll, accounting, budget, and Human Resources systems or modules
    - Only allow salary payments to authorized positions

Technology

Colleges should utilize technology to the extent possible in the operation and management of the business, personnel, and facilities functions. Computer technology should facilitate college-wide communication and increase employee productivity. Network technology speeds communication, helps to eliminate duplicative procedures, integrates departments and programs, and provides pertinent, timely information.

A computer technology master plan should be established that meets the college's needs, as identified by the end-user groups, including both business/administrative and educational users. The technology master plan should address both current and future needs for hardware and software, and budget priorities for the implementation, upgrade, and maintenance of computer systems. Both one-time and ongoing projects should be addressed in the college plan.

The Director of Information Technology position has been vacant for most of the 2006-07 fiscal year, so the Dean of Admissions has had direct responsibility for the college's technology operations.

The college uses the Oracle financial system as the main application for all financial transactions and reporting. This system provides for electronic purchase requisitions, but many staff members do not use this function. The system also provides budget managers with online access to budget information.

Consistent use of this system by all departments would ensure efficiency and effectiveness throughout the organization. Providing management with the ability to access real-time financial information would also improve the quality of the financial data, which is important in making sound management decisions and ensuring adherence to the adopted budget.

The college does not use the Oracle system's online functions for budget transfers at the department level. Activating this function would reduce the time required to manually process budget transfers, providing staff members with additional time to analyze financial information to minimize errors and identify potential problems. In 2006-07, a policy change was adopted that requires all departments to complete a budget transfer when funds are not available at the time of the requisition. The system's parameters were set as a hard warning for each budget line, which will prohibit a purchase requisition from being processed if funds are not available. This change in business practice has increased the number of budget transfers in the Controller's Office by at least 50%.

Recommendations

The college should:

1. Ensure that the new Director of Information Technology develops a sound technology master plan that reflects the college's technology needs and the budgetary goals established by the Board of Trustees.

2. Continue placing controls in the system for the budgeting function. Begin using the online budget transfer function by department to minimize the risk of error and decrease the time required for processing the requests by all staff members, other departments, and the Controller's Office. Increase efficiency by continuing to research Oracle's online capability, and implementing the appropriate functions.

3. Utilize the online purchase requisition capability in all departments.

The 50 Percent Law and Calculation

Review of the 50 Percent Law

Education Code (EC) Section 84362 requires all California community college districts to spend at least 50% of their current expense for education on classroom instructional salaries. Only expenditures from the unrestricted portion of the general fund are included in the calculation. The intent of the 50% law is to ensure that public funds are allocated for instruction rather than administration or other support functions.

The 50% law and the implementing regulations in the California Code of Regulations (CCR) Title 5, beginning with section 59200, provide for exemptions under certain circumstances. If the college spends less than the required 50% for salaries of classroom instructors, the college board of trustees may apply for exemption. If no application for exemption is made, the designated amount or amount not exempted shall be added to the amount to be expended for salaries of classroom instructors in the next fiscal year.

Under Title 5 of the CCR, Section 58058(b), the college may contract with employees of public or private agencies for instructional services. In many circumstances, this arrangement will demonstrate that a special or dual employment relationship exists between the college and the instructor, and the amount the college pays to the instructor may be counted as the salary of a classroom instructor. This practice is commonly used for instruction such as apprenticeships, police training and fire training that requires instructors with specialized skills.

EC Section 84362 was adopted in the early 1960s when institutions then known as junior colleges were part of the K-12 system and the primary focus of faculty was on classroom instruction. Today's community colleges are very different. Faculty members now serve on academic senates, are involved in curriculum planning, participate in hiring and evaluation, help establish district policy on academic and professional matters, and participate in district and college budget development.

The college met the requirements of the 50% law for 2005-06, for which information was submitted in August 2006. However, this calculation is computed each year and the college has been experiencing a significant decline in FTES. The last staff reduction occurred in 2003-04 and included classified staff only, which would have little, if any, effect on the 50% calculation in the current year, unless there was a reduction in the current year. There is an increase in faculty for the 2007-08 fiscal year, even though the student population has dropped by 1,000. A review of the college's 50% calculation for the 2005-06 fiscal year shows that the college has included the appropriate expenditures to meet the minimum requirements, with instructional spending at 51.14%. The independent auditor's calculation ensures that the college is in compliance with the 50% law.

Defining Classroom Instruction

EC Section 84362 governs funding for salaries of classroom instructors. When enacted as EC Section 17503 in 1961, it applied to teachers in both K-12 school districts and junior colleges, and defined a classroom instructor as follows:

> An employee of the district employed in a position requiring minimum qualifications and whose duties require him or her to teach students of the district for at least one full instructional period each school day for which the employee is employed.

When enacted, EC Section 17503 applied because most of a classroom instructor's workload consisted of teaching in a classroom. Additional statutes and regulations, including the Educational Employment Relations Act (EERA) and provisions of AB 1725 (Chapter 973, Statutes of 1988), have made the interpretation more difficult and complex. The description of classroom instructors in EC Section 84362 is less definitive in the context of community college instruction. Unlike teachers in the K-12 system, who may be in the classroom all day, five days per week, community college faculty usually are not in the classroom every day and a percentage of their work is accomplished outside the classroom through activities such as office hours, curriculum development, various leadership roles, and participatory governance.

Expenditures Included:

1. Amounts expended for the full or prorated portions of salaries of all faculty paid on the salary schedule for contract or regular instruction.
2. A portion of salaries paid for instruction by full- or part-time instructors employed by the college. In accordance with the California Community Colleges Budget and Accounting Manual and the CCFS 311, this includes instructional expenditures related to objects 1100 and 1300. Among these are expenditures for substitutes, extra duty, preparation and evaluation of classroom work, extracurricular activities or extensions of classroom work, pay for instructors on sabbatical, duties assigned to faculty personnel for issues related to work experience or field trips, intermittent duties in connection with committee work, in-service training, and contract employees.
3. Instructional aides engaged in direct classroom activities under the direct supervision of a classroom instructor. (5 CCR Section 59204(a)(2)(B).
4. Benefits of instructors and instructional aides per EC Section 84362(c), 5 CCR Section 59204(a)(2)(B).

Expenditures Excluded:

Because of the impact of the 50% law, colleges must properly code and allocate all expenditures between object and activity levels. The following types of expenditures are excluded because they are not part of the unrestricted general fund, or because they relate to object codes above 5999 or activity codes above 6799.

1. Administrators and supervisors coded to object 1200, unless faculty or department chairs are providing classroom instruction.
2. Student transportation, food services, and community services.
3. Expenditures for sites, buildings, books and media, new equipment, and lease agreements for equipment and plant operations.
4. State and federal grants to students and for student employment.
5. Health services maintenance of effort costs exceeding any available health fee and amounts expended from state lottery proceeds. These exclusions only appear on the CCFS 311 form.

Under Title 5 of the CCR, Section 58058(b), the college may contract with employees of public or private agencies for instructional services. In many cases, the amounts paid to these instructors may be counted as salaries of classroom instructors. In June 2005, the Chancellor's Office provided an advisory and revision of the CCFS 311 50% law calculation to capture amounts paid to instructors under such arrangements.

The college will need to consider the following in its efforts to maintain compliance with the 50% law:

- Ongoing review of the faculty obligation number
- The effect of collective bargaining agreements
- Faculty release time
- Identification of direct instructional aides
- Decreasing noninstructional expenditures in supplies (4000) and other operating (5000)
- New equipment vs. equipment replacement (equipment is excluded)
- Abatements vs. income, to reduce expenditures instead of reimbursement income
- A review of charges to activity centers greater than 6799
- Maximizing the exclusion of lottery expenditures
- Hiring of instructional vs. noninstructional staff
- Training of Controller's Office personnel
- Evaluating the college's current decentralized business model as compared to a centralized business model

Only expenditures from the unrestricted portion of the general fund are included in the 50% calculation. The following is a summary of the calculation and the types of expenditures included and excluded:

Current Expense of Education		
CEE = Instructional Expense + Non-Instructional Expense - Excluded Activities		
A.	Instructional	$32,795,948
B.	Non-Instructional	31,338,109
C.	Total CEE	64,134,057
D.	50% Calculation (Row A divided by Row C)	51.14%

The college will need to plan carefully and create an awareness of the fiscal issues involved in meeting FTES enrollment base while maintaining adequate faculty staffing and complying with the 50% law.

The college has met compliance regarding the 50% law to date. However, with a decline in FTES and the potential need to decrease staff, expenditures should be reviewed to determine the impact on the 50% law calculation in the future.

Recommendations

The college should:

1. Track salaries and a proportionate share of benefits for allowable instructional expenditures. This will improve the college's ability to comply with the 50% law by maximizing eligible instructional expenditures.

2. Conduct quarterly reviews or internal audits to review the 50% law calculation and position control postings to ensure they are within the proper object and activity levels.

Fiscal Processes and Procedures

Reserve Requirement

The state Community College Chancellor's Office recommends a 5% minimum reserve for community colleges. The Chancellor's Office issued a memo on October 25, 2005 addressing the 5% reserve. In that memo, the Assistant Vice-Chancellor indicated that a periodic monitoring of the fiscal health of a district was prudent. The following was included in the memo as direction for community colleges:

> "The minimum prudent unrestricted general fund balance is 5 percent. This minimum prudent level is considered necessary to ease cash flow problems, to deal with unexpected cost increases, and other fiscal uncertainties. If a district falls below this minimum prudent level, further review will be performed to determine if any fiscal problems exist. Such review shall take into account identified one-time revenues and expenditures as designated by the affected district."

The college's current process for meeting the 5% reserve requirement includes transferring approximately $1 million from the Professional Development Center (PDC) fund to the general fund at the end of each fiscal year. These funds are then transferred back to the PDC fund at the beginning of the subsequent year. However, this process does not meet the reserve requirement, since the reserve must be maintained throughout the fiscal year. This annual loan of $1 million that is made to the general fund-unrestricted to maintain a 5% reserve ensures that the college is not placed on the state Chancellor's Office watch list. The final budget document refers to this loan as an "artificial" transfer.

FCMAT reviewed board policies and procedures directly associated with budgeting practices for the college and found no board policies or procedures referencing a minimum reserve requirement.

Recommendations

The college should:

1. Establish a board policy specifically referencing the 5% reserve requirement.

2. Maintain the 5% reserve requirement at the beginning of the fiscal year during budget development.

3. Discontinue the "artificial" transfer between the PDC and the general fund unrestricted, as it misstates the fund's true reserve balance.

4. Maintain a reserve as part of the ending funding balance. The reserve should remain as part of the ending fund balance throughout the year. This will facilitate good business practices and ensure the college's fiscal solvency. If a transfer is legitimately made during the fiscal year, it may or may not be part of the reserve requirement at the end of the fiscal year.

Internal Controls

A system of internal controls consists of policies and procedures designed to provide management with reasonable assurance that the school district achieves its objectives and goals. Traditionally referred to as hard controls, these include segregation of duties, limiting access to cash, management review and approval, and reconciliations. Other types of internal controls include soft controls such as management tone, performance evaluations, training programs, and maintaining established policies, procedures and standards of conduct. The internal control environment also includes the integrity, ethical values and competence of personnel; the philosophy and operating style of management; the way management assigns authority and responsibility and organizes and develops its people; and the attention and direction provided by the governing board and executive management.

Effective internal controls are designed to ensure the following:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

Internal controls can provide only reasonable assurance, not absolute assurance, that the district will be successful in achieving its goals and objectives.

Ineffective internal controls may include, but are not limited to, the following:

- Failure to segregate duties and responsibilities of authorization.
- Unrestricted access to assets or sensitive data (e.g. cash, fixed assets, personnel records).
- Not recording transactions, resulting in lack of accountability.
- Not reconciling assets with the appropriate records.
- Unauthorized transactions.
- Unimplemented controls because of unqualified personnel.
- Collusion among employees where little or no supervision exists.

The college has a duty to ensure that good internal controls are established by segregating duties through written policies and procedures. For example, more than one person should receive, record, and post to the general ledger. Bank deposits should not be collected, prepared, and recorded by one employee. It may be necessary to hire additional staff to share in the accounting functions, and this will need to be factored into the budget. This is often a challenge, but is essential to safeguarding the assets of the organization.

The child development program provides child care services to students and the community. The program also includes an instructional component for students at the Glendale campus and other college campuses in the Los Angeles area. However, some of the program's internal control areas could be strengthened to safeguard college assets and protect employees. For example, parents deposit payments into an unlocked box at the Child Development Center, typically at the beginning of the month. The college is putting itself at risk with this practice.

During the 2003-04 fiscal year, the college reduced the number of staff members, including those in the child development program, and many positions have not been replaced. A director collects, records, and prepares deposits for the Child Development Center. Students provide some assistance by copying checks before they are deposited, but other college employees are not involved in this process. This area lacks the segregation of duties necessary to ensure strong internal controls.

The college could distribute the accounting functions among the current staff or to additional staff to ensure strong internal controls over the assets of the child care program. This structure should include at least two or three staff members for the following activities:

- Receiving, opening, and date stamping the mail and checks
- Recording the deposit or check for accounts payable
- Posting transactions to the general ledger
- Reconciling bank statements

In assessing whether this function will be distributed among current staff or by adding staff, it is essential that the employee possesses the knowledge and understanding of strong internal controls and GAAP. Without this knowledge, the assets may not be safeguarded in an effective, timely manner. In addition, the annual audit will reflect any weaknesses in this area. Internal controls are essential to the functioning of any organization to prevent significant errors, fraud, and mismanagement. A good system of internal controls allows management to rely on its systems, processes, and procedures, and improves the predictability of outcomes.

During the review FCMAT learned that, in prior years, the college's credit card had been utilized by administration for personal expenses. The scope of FCMAT's work did not include years prior to 2006-07 or a review of purchasing procedures. However, FCMAT noted a finding in the 2002-03 audit report that addressed the commingling of personal purchases through use of the college credit card by administration. Under the current administration, use of a college credit card for personal purchases is not an acceptable practice.

The college is responsible for preventing fraud. However, no board policy or administrative regulation specifically addresses fraud prevention or detection. The Governing Board and top management set the tone and establish the internal control environment. A fraud policy can detail the appropriate steps to take when there are indications of fraud, ensuring that everyone is treated consistently regardless of length of service or position. Developing a formal policy is also an effective way to communicate what the college leadership expects. Employees who view their leaders as honest and ethical people are more inclined to emulate that behavior.

Recommendations

The college should:

1. Review staffing and identify staff members that possess sufficient experience and knowledge to assist the director in implementing the internal controls necessary to safeguard college assets and protect employees.

2. Establish policies and procedures for the collection of child care receipts to safeguard the assets of the college and protect employees. This may necessitate an increase in staff to properly implement a good internal control process for collecting these receipts. Utilizing staff in other departments may reduce the need to increase staff.

3. Develop and implement a board policy and accompanying administrative regulations addressing fraud prevention and detection to include:

    - A statement that it is the policy of the Governing Board to facilitate the development of controls to aid in the detection and prevention of fraud, impropriety, or irregularity within the college. The intent of the Governing Board should be to promote consistent organization behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.
    - How the policies apply to actual or suspected fraud, impropriety, or irregularity involving employees, consultants, vendors, contractors, employees with outside agencies, and/or any other parties with a business relationship with the college.
    - The responsibility of management personnel to detect and prevent fraud, improprieties, and other irregularities involving college resources. Each member of the management team should be familiar with the types of improprieties that might occur within his/her area of responsibility, and be alert for any indication of irregularity.
    - Clear definitions in the accompanying Administrative Regulations of what constitutes acts of fraud, improprieties, and irregularities, and the investigative responsibilities involved.
    - A statement on confidentiality in the Administrative Regulations. The results of any investigation should not be disclosed or discussed with anyone other than those individuals who have a legitimate need to know. This is important to avoid damaging the reputations of persons suspected of misconduct but subsequently found innocent of any wrongdoing, and to protect the college from potential civil liability.

Fiscal Health Risk Analysis
Monitoring and Assessment of Fiscal Conditions

Background

Education Code Section 84040 requires the board of governors to adopt criteria and standards for periodic assessment of the fiscal condition of California community college districts. In accordance with this requirement, the state chancellor's office has established standards for sound fiscal management and a process to monitor and evaluate the financial health of California's community college districts. The purpose of these standards is to identify districts that may benefit from management assistance and districts that may eventually require fiscal intervention. The standards are based on principles of sound fiscal management contained in the California Code of Regulations (CCR) Section 58311.

Financial documents used by the study team to assess the district's financial condition include the following:

- Quarterly Financial Status Reports (CCFS-311Q)
- Annual Financial and Budget Reports (CCFS-311)
- Annual District Audit Reports
- District Response to Inquires
- Other available information (debt reports, fiscal reports)

The unrestricted general fund analysis includes the review of the district's current and 2001-02 through 2005-06 fiscal year financial information. The minimum prudent reserve level for the unrestricted general fund balance is 5%. When a college's reserve falls below this level, further review is recommended to determine what actions may be necessary to restore fiscal stability.

The overall risk rating is also based on information and trends in the following areas:

- Full-Time Equivalent Students (FTES)
- Cash Flow
- Collective Bargaining
- Staffing
- Internal Controls
- Management Information Systems
- Position Control
- Long Term Debt
- Leadership/Stability
- Liability
- Reporting
- Audits

Documents used in this assessment were compiled by the college at the request of the review team.

Glendale Community College
Sound Fiscal Management Assessment Checklist

1. **Deficit Spending** - Is this area acceptable? **Yes / No** **Yes**
   - Is the college spending within its revenue budget in the current year? Yes
     Based on the February 2007 mid year budget report, the budget reflects a budgetary surplus. However, the February report did not fully account for the final effect of labor negotiations concluded in April.

   - Has the college controlled deficit spending over multiple years? Yes
     The college experienced unrestricted deficit spending in two of the previous five years, 2001-02 and 2002-03.

   - Is deficit spending addressed by fund balance, ongoing revenue increases, or expenditure reductions?
     Analysis of the 2001-02 through 2005-06 fiscal years indicates that deficit spending was offset by fund balance and increased revenues.

   - Are college revenue estimates based upon past history? In part
     Revenue estimates are based on current information with a conservative approach to income that is tied to future growth. As appropriate, the college uses prior year actual revenues as a budget target

   - Does the college automatically build in growth revenue estimates? No
     The college does not include projected growth dollars in the adoption budget.

2. **Fund Balance** – Is this area acceptable? **Yes / No** **Yes**
   - Is the college's fund balance stable or consistently increasing? Yes
     The unrestricted fund balance has increased in three of the past four years, and as of February 2007 was projected to increase although the budget did not fully account for the final effect of labor negotiations concluded in April.

   - Is the fund balance increasing due to ongoing revenue increases and/or expenditure reductions? Both
     Revenues and expenditures have both increased during the past five years.

	2006-07*	2005-06**	2004-05**	2003-04**	2002-03**	2001-02**
Revenues/Sources		$70,603,119	$64,140,809	$60,892,400	$58,828,250	$58,562,242
Expenditures/Outgo		$70,521,694	$63,830,870	$60,313,392	$60,229,473	$59,725,933
Fund Balance	Est. $4.1 million	$3,599,844	$3,518,419	$3,208,480	$2,629,472	$4,030,695

*Mid year budget report **Annual financial reports

3. **Enrollment** - Is this area acceptable? **Yes / No** **No**
   - Has the college's enrollment been increasing or stable for multiple years? No
     The FTES has fluctuated over the past seven years.

Year	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Total FTES	15,972	16,142	16,116	16,562	17,186	15,121	13,295
Inc/Dec	-170	26	-446	-624	2,065	1,826	

Source: Annual Independent audits

   - Are the college's enrollment projections updated at least semiannually? No
     Information provided to the review team indicates that the college does not prepare enrollment projections.

   - Are staffing adjustments consistent with the enrollment trends? Yes
     The college adjusts staffing according to FTES while remaining in compliance with the 50% Law.

   - Does the college analyze enrollment and full time equivalent students (FTES) data? Yes

   - Does the college track historical data to establish future trends between P-1 and annual for projection purposes? No
     The college does not prepare enrollment projections.

   - Has the college avoided stabilization funding? No
     The college reported credit FTES from the 2006 summer session in the 2005-06 fiscal year. The college will not realize a loss in funding as long as the base is restored in 2006-07.

4. **Unrestricted General Fund Balance** – Is this area acceptable? **Yes / No** **Yes**
   - Is the college's unrestricted general fund balance consistently maintained at or above the recommended minimum prudent level (5% of the total unrestricted general fund expenditures)? Yes
     The unrestricted balance has remained above the 5% level in four of the five prior years. The February 2007 mid year budget report projects an overall percentage of 5.3%, although the report did not fully account for the final effect of labor negotiations concluded in April.

Year	2006-07*	2005-06**	2004-05**	2003-04**	2002-03**	2001-02**
Fund Balance	Est. $4.1 million	$3,599,844	$3,518,419	$3,208,480	$2,629,472	$4,030,695
Overall %	5.3%	5.10%	5.51%	5.32%	4.37%	6.75%

*Mid year budget report and includes the $1 million temporary transfer from Professional Development

** Annual financial reports

- Is the college's unrestricted fund balance maintained throughout the year? Yes – but it is only met with the temporary transfer from the Professional Development Fund

5. **Cash Flow Borrowing** - Is this area acceptable? **Yes / No** **Yes**

- Can the college manage its cash flow without interfund borrowing? Yes

- Is the college repaying TRANS and/or borrowed funds within the required statutory period?
  The college has issued tax revenue and anticipation notes in the current and previous five years and has consistently met the repayment requirements.

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
$2,615,000	$2,505,000	3,995,000	4,500,000	4,000,000	4,000,000

6. **Bargaining Agreements -** Is this area acceptable? **Yes / No** **No**

- Has the college settled bargaining agreements within new revenue sources during the past three years?
  The COLA for community colleges was 5.92% in 2006-07, 2.41% for 2004-05 and 4.23% for 2005-06.

Fiscal Year	**Salary Increase**	**COLA**	**Difference**
2004-05	4.00%	2.41%	-1.59%
2005-06	4.30%	4.23%	-0.07%
2006-07	7.50%	5.92%	-1.58%

In March 2007, the college and the California School Employees Association (CSEA), Chapter 76, agreed to a 7.3% salary adjustment retroactive to July 1, 2006. There is a "me too" clause that increased the salary adjustment to 7.5% for 2006-07. CSEA also received a portion of a Blue Shield rebate to be distributed as a one-time bonus to all active and retired CSEA members who worked during the 2005 calendar year.

In April 2007 the college and the Guild agreed to a 7.5% salary adjustment retroactive to July 1, 2006. The Guild agreed to have its proportional share of the Blue Shield rebate deposited into the Adjunct Health Benefits Account (AHBA), and agreed to a college contribution of $85,000 to be credited each fiscal year to the AHBA.

- Did the college conduct a pre-settlement analysis identifying an ongoing revenue source to support the agreement? Yes

- Did the college correctly identify the related costs? Yes

- Did the college address budget reductions necessary to sustain the total compensation increase? No
  The college was aware that budget flexibility and cost containment would be required to fully fund the negotiated settlement.

7. **Unrestricted General Fund Staffing** - Is this area acceptable? **Yes / No** **Yes**
   - Does the college ensure it does not use one-time funds to pay for permanent staff or other ongoing expenses? Yes

   - Is the percentage of college general fund budget allocated to salaries and benefits at or less than the statewide average (e.g., the statewide average for 2003-04 is 85%)? Yes
     The percentage of the unrestricted budget allocated to salaries and benefits for the previous years is shown in the following table:

Year	2005-06	2004-05	2003-04	2002-03	2001-02
Fund 11 S/B	$61,907,860	$55,899,803	$52,996,361	$52,382,737	$50,520,279
Total Expenses	$70,521,694	$63,830,870	$60,313,392	$60,229,473	$59,725,933
Percentage	87.79%	87.57%	87.87%	86.97%	84.59%

8. **Internal Controls** - Is this area acceptable? **Yes / No** **No**
   - Does the college have adequate internal controls to ensure the integrity of the general ledger? Yes
   - Does the college have adequate internal controls to safeguard the college's assets? No

9. **Management Information Systems** - Is this area acceptable? **Yes / No** **Yes**
   - Is the college data accurate and timely? Yes
     However, the college relies on an Oracle financial system and routinely uploads information to the Los Angeles County Office of Education PeopleSoft financial system. Dual input into both systems is required at a detailed level, resulting in duplication of effort to keep the two systems balanced. The college has initiated hard coding stops on purchase requests to ensure that budget lines include sufficient funds prior to purchase.

     The college offers remote access to the Oracle system for sites, and training is ongoing to facilitate learning. The sites are unable to process budget transfers online at this time.

   - Are the county and state reports filed in a timely manner? Yes

- Are key fiscal reports readily available and understandable? Yes
  Two board members indicated a preference to receive financial information in a more user-friendly format before the monthly board meetings.

10. **Position Control –** Is this area acceptable? **Yes / No** **No**

- Is position control integrated with payroll? No
  Position control, as the term is used by the college, is developed through an extract of data from Oracle. The data is managed using Microsoft Excel and is compared with payroll registers for college employees. The college does not have an integrated system that feeds into budget, payroll, or human resources.

- Does the college control unauthorized hiring? No
  The study team was informed that department heads have discretion in hiring adjunct staff without prior budgetary approval.

- Does the college have controls over part-time academic staff hiring? Yes
  The college is implementing controls in 2006-07 for many areas in line with the Strategic Master Plan.

11. **Budget Monitoring -** Is this area acceptable? **Yes / No** **Yes**

- Is there sufficient consideration to the budget related to long-term bargaining agreements? Yes
  Ongoing budget analysis is completed by Administrative Services and the Accounting Department.

- Are budget revisions completed in a timely manner? Yes

- Does the college openly discuss the impact of budget revisions at the board level? Yes
  Information is presented in the public session for discussion. Two board members requested a more user-friendly format for information to be distributed before the board meeting.

- Are budget revisions made or confirmed by the board in a timely manner after the collective bargaining agreements are ratified? Yes

- Has the college's long-term debt decreased from the prior fiscal year? No
  The college has managed multiple building projects over the past years to modernize and add new facilities to the campus. The college's long-term debt consists of three series of general obligation bonds (GOBs) – 2002 Series A, 2002 Series B&C, and 2005 Series A; Certificates of Participation (COPs), the liability for compensated absences, early retirement, and capital leases.

Year	2005-06	2004-05	2003-04	2002-03	2001-02
Total Long Term Obligations	$55,054,075	$52,192,778	53,674,299	36,752,912	14,472,264

Source: Independent Audits

- Has the college identified the repayment sources for the long-term debt? Yes
  General Obligation Bond debt service is funded by local tax collections. Payments for the COPs are made by the debt service fund from sources that include revenues from the sale of parking permits. Compensated absences and early retirement amounts will be paid by the fund for which the employee worked. Capital lease payments are made from the unrestricted general fund. The college has utilized capitalized lease purchase agreements primarily for equipment.

2005-06 Ending Balances for Long Term Obligations

GOB, 2002 Series A	*$4,950,000*
GOB, 2002 Series B & C	*$19,694,580*
GOB refunding bonds, 2005 Series A	*$17,034,181*
Unamortized premium	*$2,515,163*
COP, 1997	*$3,475,000*
Subtotal Bonds & Notes payable	*$47,668,924*
Compensated absences	*$3,829,941*
Early retirement	*$3,375,221*
Capital leases	*$179,989*
Subtotal other liabilities	*$7,385,151*
Total Long Term Obligations	*$55,054,075*

- Does the college compile annualized revenue and expenditure projections throughout the year? Yes
  The review team received sample building project reports for Measure G and general obligation bonds that clearly identified revenue, expenditure, and change order information, as well as the project status.

12. **Retiree Health Benefits** - Is this area acceptable? **Yes / No** **Yes**

- Has the college completed an actuarial calculation to determine the unfunded liability? Yes
  The review team received a copy of the July 19, 2006 actuarial report for retiree health liabilities. The actuarial present value of total projected benefits as of March 1, 2006 for pre- and post-65 benefits is $16,296,017.

- Does the college have a plan for addressing the retiree benefits liabilities? No
  The college uses the "pay as you go" method to fund the liability but is considering participation in a community college consortium planning to provide funding options to colleges. During the 2005-06 fiscal year, approximately $146,632 was paid for retiree benefits.

13. **Leadership/Stability** - Is this area acceptable? **Yes / No** **Yes**
- Has the college experienced recent turnover in its management team (including the Chief Executive Officer, Chief Business Officer, and Board of Trustees)? Yes
  The college welcomed a new President in July 2006, following the retirement of a longtime incumbent in the position. The college board has had three changes over the past five years; and three of the five members have been in office for all five years. The Vice President of Instruction is new.

14. **College Liability –** Is this area acceptable? **Yes / No** **Yes**
- Has the college performed the proper legal analysis regarding potential lawsuits that may require the college to increase its reserve levels? Yes

- Has the college set up contingent liabilities for anticipated settlements, legal fees, etc? No
  The 2005-06 independent audit includes an opinion on pending litigation as follows: "in the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the district at June 30, 2006."

15. **Reporting –** Is this area acceptable? **Yes / No** **Yes**
- Has the college filed the annual audit report with the System Office on a timely basis? Yes
- Has the college taken appropriate actions to address material findings cited in its annual audit report? Yes
  The 2005-06 Independent Audit identifies findings 2006-03 and 2006-07 that had not been resolved as of June 30, 2006. Finding 2006-03 on Instructional Materials Fees recommends that the college ensure that fees charged to students "comply with the State regulations and the Student Fee handbook set for by the Chancellor's Office." The college response indicates that previous practices among its divisions will be changed and material fee purchases will be charged to the appropriate accounts.

  Finding 2006-07 recommends that the college establish a separate restricted sub fund account " for lottery funds restricted for instructional materials revenue and expenditure." The college indicates that expenditures paid from the unrestricted lottery funds will be accounted for in the college's accounting ledgers.

- Has the college met the requirements of the 50 percent law? Yes
  Confirmed by Form 311 information included in the five years covered in this review.

- Have the quarterly financial status reports (CCFS-311Q), annual financial and budget reports (CCFS311), and apportionment attendance reports (CCFS-320) been submitted to the System Office on or before the stated deadlines? Yes

Risk Analysis
Total the number of areas that were not acceptable (Primary level "No" responses)
Use the key below to determine the level of risk to the college's fiscal health.

0-3	4-6	7-10	11-15
Low	Moderate	High	Extremely High

Total "No" Responses: 4
Based on the above analysis, the Glendale Community College District has a moderate level of risk. In certain cases, a "no" rating may occur for reasons outside the college's control. The four "no" ratings for Glendale CC were applied in the categories of Enrollment, Bargaining Agreements, Internal Controls and Position Control. The college should consider the following recommendations as means to improve the negative ratings:

1. The college should continue to increase its marketing efforts to attract new students for the upcoming year. A wide area campaign in print and the electronic media showcasing the college's opportunities for students may be beneficial. In addition, completion of the parking structure may encourage former students to return to the campus.
2. At all times, the college should ensure that negotiated labor settlements for salaries and benefits can be funded with ongoing revenue sources and adjust staffing as necessary during declining enrollment while maintaining compliance with the 50% law.
3. The college should focus efforts on implementing an integrated position control system so that the divisions of Administrative and Instructional Services will be working with consistent information for hiring, budgeting, and payroll.
4. Review staffing and identify other staff members that possess sufficient experience and knowledge to assist the director in these functions and to implement the internal controls necessary to safeguard college assets and protect employees.

Appendices

Glendale Community College District - Multi-year projection
Decline

General Fund Object	Object Description	2005-06 Actuals	2006-07 Final Budget	2006-07 Projected Actuals	2007-08 Budget Projection	2008-09 Budget Projection
	UNRESTRICTED					
FTES - Credit		13,169	12,400	11,990	13,179	13,179
FTES - Non-Credit		2,803	2,900	2,469	2,469	2,469
	Total FTES	**15,972**	**15,300**	**14,459**	**15,648**	**15,648**
Beginning Balance		**$ 3,518,419**	**$ 3,599,844**	**$ 3,599,844**	**$ 4,162,934**	**$ 3,720,577**
	Remove Transfer from Professional Development Fund					
			3,599,844	**3,599,844**	**4,162,934**	**3,720,577**
Federal Revenue						
8199	Veterans Education		1,000	1,000	1,000	1,000
	Total Federal Revenue	**0**	**1,000**	**1,000**	**1,000**	**1,000**
State Revenue						
8610	General Apportionment	47,711,677	52,422,812	46,967,107	56,515,999	58,771,334
8610	COLA			3,564,919	3,126,515	2,668,852
8610	Growth-Prior Year			671,116		
8610	Budget Stability			6,026,713	(871,180)	
8611	General Block Grant		1,078,348	1,124,719		
8612	Prior-Year Correction	1,094,098	1,219,379	315,552		
8613	Equalization	637,232	3,006,095			
8614	Partnership For Excellance	421,079				
8651	Board of Governor Grant	80,514	80,514	81,512	81,500	83,200
8670	Homeowners Property Tax Relief	72,139	70,000	70,000	70,000	70,000
8680	Lottery	2,241,154	1,950,000	1,950,000	1,950,000	1,990,000
8681	Mandated Cost Reimbursement	120,818		416,635		
8683	PT - Faculty	285,353	250,000	250,000	250,000	250,000
8684	PT - Facutly Parity	702,164	702,164	702,164	702,200	702,200
8690	Other State Revenues	10,731				
	Total State Revenue	**53,376,959**	**60,779,312**	**62,140,437**	**61,825,034**	**64,535,586**
Local Revenue						
8811	Secured Roll Taxes	5,636,377	5,700,000	5,700,000	5,700,000	5,700,000
8812	Supplemental Roll Taxes	448,631	250,000	250,000	250,000	250,000
8813	Unsecured Roll Taxes	291,816	275,000	275,000	275,000	275,000
8816	Prior Years Taxes	242,815	225,000	225,000	225,000	225,000
8817	Educational Revenue Augmentation Funds	2,747,897	2,800,000	2,800,000	2,800,000	2,800,000
8820	Contributions, Gifts, Grants, & Endowmments					
8850	Facility Rentals and Leases	1,727	1,000	1,000	1,000	1,000
8860	Interest & Investment Income	370,622	200,000	600,000	500,000	500,000
8874	Enrollment Fees	3,689,318	3,400,000	3,260,000	3,182,000	3,182,000
8877	Instructional Materials					
8879	Student Records	179,020	170,000	170,000	170,000	170,000
8880	Nonresident Tuition	2,899,517	2,750,000	2,723,000	2,995,000	2,995,000
8885	Other Student Fees and Charges	366,705	360,000	360,000	360,000	360,000
8886	Lab Fees					
8890	Local Revenue - Other	218,044	125,000	125,000	125,000	125,000
8891	Catalog Sales	4,117	5,000	1,000	1,000	1,000
8899	Misc. Revenue					
	Total Local Revenue	**17,096,606**	**16,261,000**	**16,490,000**	**16,584,000**	**16,584,000**
8980	**Transfer In**	129,554	210,000	330,000	30,000	30,000
	Total Revenue	**70,603,119**	**77,251,312**	**78,961,437**	**78,440,034**	**81,150,586**
Total Revenue and Beginning Balance		**$ 74,121,538**	**$ 80,851,156**	**$ 82,561,281**	**$ 82,602,968**	**$ 84,871,163**

Glendale Community College District - Multi-year projection
Decline

General Fund Object	Object Description	2005-06 Actuals	2006-07 Final Budget	2006-07 Projected Actuals	2007-08 Budget Projection	2008-09 Budget Projection
Expenditures by Object						
Academic Salaries						
1100	Instructional Salaries - Contract	14,208,826	15,264,606	16,339,691	16,503,088	16,668,119
1200	Non-Instructional Salaries Contract	5,520,437	5,727,216	6,165,757	6,227,415	6,289,689
1300	Instructional Salaries Non-Contract	13,001,982	12,474,064	13,397,655	13,531,632	13,666,948
1400	Non-Instructional Salaries Non-Contract	536,964	425,936	561,489	567,104	572,775
	Total Academic Salaries	**33,268,209**	**33,891,822**	**36,464,592**	**36,829,238**	**37,197,531**
Classified Salaries						
2100	Classified Salaries Non Instructional	13,376,440	14,214,407	15,402,366	15,710,413	16,024,621
2200	Classified Salaries Instructional	1,737,650	1,823,718	1,960,497	1,999,707	2,039,701
2300	Hourly Classified Salaries Non Instructional	1,423,457	1,163,797	1,513,548	1,543,819	1,574,696
2400	Hourly Insruntional Salaries	257,905	127,272	136,183	138,907	141,685
	Total Classified Salaries	**16,795,452**	**17,329,194**	**19,012,594**	**19,392,846**	**19,780,703**
Benefits		No Detail provided for 2005-06				
3100	STRS			3,499,078		
3200	PERS			1,544,400		
3300	OASDI/Medicare			1,804,400		
3400	Health and Welfare			5,368,480		
3500	Unemployment Insurance			52,000		
3600	Workers Comp Insurance			166,400		
	Total Benefits	**11,844,199**	**11,926,498**	**12,434,758**	**13,471,634**	**15,569,597**
Supplies						
4100	Textbooks					
4200	Non-Instructional Supplies	1,593	1,822	1,822	1,822	1,822
4300	Instructional Supplies	5,437	3,026	3,861	3,861	3,861
4400	Instructional Media	0	200	200	200	200
4500	Other Materials and Supplies	525,717	551,343	590,078	590,078	590,078
	Total Supplies	**532,747**	**556,391**	**595,961**	**595,961**	**595,961**
Contracted Services						
5100	Personal and Consultant Services	98,007	126,382	106,962	106,962	106,962
5200	Travel, conference, & Mileage	215,229	205,452	249,353	249,353	249,353
5300	Printing	89,908	90,373	108,429	108,429	111,140
5400	Insurance	58,617	60,814	62,578	62,578	64,142
5500	Utilities	1,808,597	2,157,448	2,261,968	2,261,968	2,375,066
5600	Rents, Leases, and Repairs	1,296,338	1,738,257	1,846,148	1,846,148	1,892,302
5700	Legal, Election, & Audit	410,300	378,752	389,736	389,736	399,479
5800	Other Services & Expenses District	115,621	716,880	1,021,565	1,021,565	1,047,105
5900	Other Services	967,358	0	0	0	0
	Total Contracted Services	**5,059,975**	**5,474,358**	**6,046,739**	**6,046,739**	**6,245,549**
Capital Outlay						
6100	Ground Site Improvement					
6200	Buildings	2,869				
6300	Library Books					
6400	Equipment	139,035	73,587	297,730	0	0
6500	Lease/Purchase		25,973	25,973	25,973	25,973
	Total Capital Outlay	**141,904**	**99,560**	**323,703**	**25,973**	**25,973**
Student Aid						
7300	Transfers Out	2,879,208	3,520,000	3,520,000	2,520,000	2,520,000
7500	Grants					
7600	Other Student Aid					
	Total Student Aid	**2,879,208**	**3,520,000**	**3,520,000**	**2,520,000**	**2,520,000**
Total Expenditures by Object		**$ 70,521,694**	**$ 72,797,823**	**$ 78,398,347**	**$ 78,882,391**	**$ 81,935,313**
0	Audit Adjustments	0				0
Total Ending Balance		**$ 3,599,844**	**$ 8,053,333**	**$ 4,162,934**	**$ 3,720,577**	**$ 2,935,850**
	Less:					
	5% Reserve	3,526,085	3,639,891	3,919,917	3,944,120	3,970,766
	Sub Fund 17 - carryover					
	Collective Bargaining Agreements					
	Reallocation			50,000	50,000	50,000
	Loadbanking			120,000	120,000	120,000
	Inflationary			1,145,790	1,145,790	1,145,790
	Total Reserves	3,526,085	3,639,891	5,235,707	5,259,910	5,286,556
Total Ending Balance After Ending Fund Balance Components		**73,759**	**4,413,442**	**(1,072,774)**	**(1,539,333)**	**(2,350,706)**

Glendale Community College District - Multi-Year Projection
No Decline - No Growth

UNRESTRICTED

General Fund Object	Object Description	2005-06 Actuals	2006-07 Final Budget	2006-07 Projected Actuals	2007-08 Budget Projection	2008-09 Budget Projection
FTES - Credit		13,169	12,400	11,990	**13,339**	**13,339**
FTES - Non-Credit		2,803	2,900	2,469	**2,521**	**2,521**
	Total FTES	**15,972**	**15,300**	**14,459**	**15,860**	**15,860**
Beginning Balance		**3,518,419**	**3,599,844**	**3,599,844**	**4,162,934**	**5,502,402**
	Remove Transfer from Professional Development Fund					
		3,518,419	**3,599,844**	**3,599,844**	**4,162,934**	**5,502,402**
Federal Revenue						
8199	Veterans Education		1,000	1,000	1,000	1,000
	Total Federal Revenue	**0**	**1,000**	**1,000**	**1,000**	**1,000**
State Revenue						
8610	General Apportionment	47,711,677	52,422,812	46,967,107	56,879,879	59,972,073
8610	COLA			3,564,919	3,165,980	2,705,278
8610	Growth-Prior Year			671,116		
8610	Budget Stability			6,026,713		
8611	General Block Grant		1,078,348	1,124,719		
8612	Prior-Year Correction	1,094,098	1,219,379	315,552		
8613	Equalization	637,232	3,006,095			
8614	Partnership For Excellance	421,079				
8651	Board of Governor Grant	80,514	80,514	81,512	81,500	83,200
8670	Homeowners Property Tax Relief	72,139	70,000	70,000	70,000	70,000
8680	Lottery	2,241,154	1,950,000	1,950,000	1,950,000	1,990,000
8681	Mandated Cost Reimbursement	120,818		416,635		
8683	PT - Faculty	285,353	250,000	250,000	250,000	250,000
8684	PT - Facutly Parity	702,164	702,164	702,164	702,200	702,200
8690	Other State Revenues	10,731				
	Total State Revenue	**53,376,959**	**60,779,312**	**62,140,437**	**63,099,559**	**65,772,751**
Local Revenue						
8811	Secured Roll Taxes	5,636,377	5,700,000	5,700,000	5,700,000	5,700,000
8812	Supplemental Roll Taxes	448,631	250,000	250,000	250,000	250,000
8813	Unsecured Roll Taxes	291,816	275,000	275,000	275,000	275,000
8816	Prior Years Taxes	242,815	225,000	225,000	225,000	225,000
8817	Educational Revenue Augmentation Funds	2,747,897	2,800,000	2,800,000	2,800,000	2,800,000
8820	Contributions, Gifts, Grants, & Endowmments					
8850	Facility Rentals and Leases	1,727	1,000	1,000	1,000	1,000
8860	Interest & Investment Income	370,622	200,000	600,000	500,000	500,000
8874	Enrollment Fees	3,689,318	3,400,000	3,260,000	3,689,300	3,763,086
8877	Instructional Materials					
8879	Student Records	179,020	170,000	170,000	170,000	170,000
8880	Nonresident Tuition	2,899,517	2,750,000	2,723,000	2,995,000	2,995,000
8885	Other Student Fees and Charges	366,705	360,000	360,000	360,000	360,000
8886	Lab Fees					
8890	Local Revenue - Other	218,044	125,000	125,000	125,000	125,000
8891	Catalog Sales	4,117	5,000	1,000	1,000	1,000
8899	Misc. Revenue					
	Total Local Revenue	**17,096,606**	**16,261,000**	**16,490,000**	**17,091,300**	**17,165,086**
8980	**Transfer In**	129,554	210,000	330,000	30,000	30,000
	Total Revenue	**70,603,119**	**77,251,312**	**78,961,437**	**80,221,859**	**82,968,837**
Total Revenue and Beginning Balance		**$ 74,121,538**	**$ 80,851,156**	**$ 82,561,281**	**$ 84,384,793**	**$ 88,471,239**

Glendale Community College District - Multi-Year Projection
No Decline - No Growth

UNRESTRICTED

General Fund Object	Object Description	2005-06 Actuals	2006-07 Final Budget	2006-07 Projected Actuals	2007-08 Budget Projection	2008-09 Budget Projection
Expenditures by Object						
Academic Salaries						
1100	Instructional Salaries - Contract	14,208,826	15,264,606	16,339,691	16,503,088	16,668,119
1200	Non-Instructional Salaries Contract	5,520,437	5,727,216	6,165,757	6,227,415	6,289,689
1300	Instructional Salaries Non-Contract	13,001,982	12,474,064	13,397,655	13,531,632	13,666,948
1400	Non-Instructional Salaries Non-Contract	536,964	425,936	561,489	567,104	572,775
	Total Academic Salaries	**33,268,209**	**33,891,822**	**36,464,592**	**36,829,238**	**37,197,531**
Classified Salaries						
2100	Classified Salaries Non Instructional	13,376,440	14,214,407	15,402,366	15,710,413	16,024,621
2200	Classified Salaries Instructional	1,737,650	1,823,718	1,960,497	1,999,707	2,039,701
2300	Hourly Classified Salaries Non Instructional	1,423,457	1,163,797	1,513,548	1,543,819	1,574,696
2400	Hourly Instrunctional Salaries	257,905	127,272	136,183	138,907	141,685
	Total Classified Salaries	**16,795,452**	**17,329,194**	**19,012,594**	**19,392,846**	**19,780,703**
Benefits		No Detail provided for 2005-06				
3100	STRS			3,499,078		
3200	PERS			1,544,400		
3300	OASDI/Medicare			1,804,400		
3400	Health and Welfare			5,368,480		
3500	Unemployment Insurance			52,000		
3600	Workers Comp Insurance			166,400		
	Total Benefits	**11,844,199**	**11,926,498**	**12,434,758**	**13,471,634**	**15,569,597**
Supplies						
4100	Textbooks					
4200	Non-Instructional Supplies	1,593	1,822	1,822	1,822	1,822
4300	Instructional Supplies	5,437	3,026	3,861	3,861	3,861
4400	Instructional Media	0	200	200	200	200
4500	Other Materials and Supplies	525,717	551,343	590,078	590,078	590,078
	Total Supplies	**532,747**	**556,391**	**595,961**	**595,961**	**595,961**
Contracted Services						
5100	Personal and Consultant Services	98,007	126,382	106,962	106,962	106,962
5200	Travel, conference, & Mileage	215,229	205,452	249,353	249,353	249,353
5300	Printing	89,908	90,373	108,429	108,429	111,140
5400	Insurance	58,617	60,814	62,578	62,578	64,142
5500	Utilities	1,808,597	2,157,448	2,261,968	2,261,968	2,375,066
5600	Rents, Leases, and Repairs	1,296,338	1,738,257	1,846,148	1,846,148	1,892,302
5700	Legal, Election, & Audit	410,300	378,752	389,736	389,736	399,479
5800	Other Services & Expenses District	115,621	716,880	1,021,565	1,021,565	1,047,105
5900	Other Services	967,358	0	0	0	0
	Total Contracted Services	**5,059,975**	**5,474,358**	**6,046,739**	**6,046,739**	**6,245,549**
Capital Outlay						
6100	Ground Site Improvement					
6200	Buildings	2,869				
6300	Library Books					
6400	Equipment	139,035	73,587	297,730	0	0
6500	Lease/Purchase		25,973	25,973	25,973	25,973
	Total Capital Outlay	**141,904**	**99,560**	**323,703**	**25,973**	**25,973**
Student Aid						
7300	Transfers Out	2,879,208	3,520,000	3,520,000	2,520,000	2,520,000
7500	Grants					
7600	Other Student Aid					
	Total Student Aid	**2,879,208**	**3,520,000**	**3,520,000**	**2,520,000**	**2,520,000**
Total Expenditures by Object		**$ 70,521,694**	**$ 72,797,823**	**$ 78,398,347**	**$ 78,882,391**	**$ 81,935,313**
0	Audit Adjustments	0				0
Total Ending Balance		**$ 3,599,844**	**$ 8,053,333**	**$ 4,162,934**	**$ 5,502,402**	**$ 6,535,926**
	Less:					
	5% Reserve	3,526,085	3,639,891	3,919,917	3,944,120	3,970,766
	Sub Fund 17 - carryover					
	Collective Bargaining Agreements					
	Reallocation			50,000	50,000	50,000
	Loadbanking			120,000	120,000	120,000
	Inflationary			1,145,790	1,145,790	1,145,790
	Total Reserves	3,526,085	3,639,891	5,235,707	5,259,910	5,286,556
Total Ending Balance After Ending Fund Balance Components		**73,759**	**4,413,442**	**(1,072,774)**	**242,492**	**1,249,370**

UNRESTRICTED

General Fund Object	Object Description	2005-06 Actuals	2006-07 Final Budget	2006-07 Projected Actuals	2007-08 Budget Projection	2008-09 Budget Projection
FTES - Credit		13,169	12,400	11,990	13,609	13,609
FTES - Non-Credit		2,803	2,900	2,469	2,564	2,564
	Total FTES	**15,972**	**15,300**	**14,459**	**16,173**	**16,173**
Beginning Balance		**3,518,419**	**3,599,844**	**3,599,844**	**4,162,934**	**6,854,947**
	Remove Transfer from Professional Development Fund					
			3,599,844	**3,599,844**	**4,162,934**	**6,854,947**
Federal Revenue						
8199	Veterans Education		1,000	1,000	1,000	1,000
	Total Federal Revenue	**0**	**1,000**	**1,000**	**1,000**	**1,000**
State Revenue						
8610	General Apportionment	47,711,677	52,422,812	46,967,107	56,789,479	61,232,404
8610	COLA			3,564,919	3,165,980	2,806,277
8610	Growth-Prior Year			671,116	1,352,545	
8610	Budget Stability			6,026,713		
8611	General Block Grant		1,078,348	1,124,719		
8612	Prior-Year Correction	1,094,098	1,219,379	315,552		
8613	Equalization	637,232	3,006,095			
8614	Partnership For Excellance	421,079				
8651	Board of Governor Grant	80,514	80,514	81,512	81,500	83,200
8670	Homeowners Property Tax Relief	72,139	70,000	70,000	70,000	70,000
8680	Lottery	2,241,154	1,950,000	1,950,000	1,950,000	1,990,000
8681	Mandated Cost Reimbursement	120,818		416,635		
8683	PT - Faculty	285,353	250,000	250,000	250,000	250,000
8684	PT - Facutly Parity	702,164	702,164	702,164	702,200	702,200
8690	Other State Revenues	10,731				
	Total State Revenue	**53,376,959**	**60,779,312**	**62,140,437**	**64,361,704**	**67,134,081**
Local Revenue						
8811	Secured Roll Taxes	5,636,377	5,700,000	5,700,000	5,700,000	5,700,000
8812	Supplemental Roll Taxes	448,631	250,000	250,000	250,000	250,000
8813	Unsecured Roll Taxes	291,816	275,000	275,000	275,000	275,000
8816	Prior Years Taxes	242,815	225,000	225,000	225,000	225,000
8817	Educational Revenue Augmentation Funds	2,747,897	2,800,000	2,800,000	2,800,000	2,800,000
8820	Contributions,Gifts,Grants, & Endowments					
8850	Facility Rentals and Leases	1,727	1,000	1,000	1,000	1,000
8860	Interest & Investment Income	370,622	200,000	600,000	500,000	500,000
8874	Enrollment Fees	3,689,318	3,400,000	3,260,000	3,779,700	3,855,300
8877	Instructional Materials					
8879	Student Records	179,020	170,000	170,000	170,000	170,000
8880	Nonresident Tuition	2,899,517	2,750,000	2,723,000	2,995,000	2,995,000
8885	Other Student Fees and Charges	366,705	360,000	360,000	360,000	360,000
8886	Lab Fees					
8890	Local Revenue - Other	218,044	125,000	125,000	125,000	125,000
8891	Catalog Sales	4,117	5,000	1,000	1,000	1,000
8899	Misc. Revenue					
	Total Local Revenue	**17,096,606**	**16,261,000**	**16,490,000**	**17,181,700**	**17,257,300**
8980	**Transfer In**	129,554	210,000	330,000	30,000	30,000
	Total Revenue	**70,603,119**	**77,251,312**	**78,961,437**	**81,574,404**	**84,422,381**
Total Revenue and Beginning Balance		**$ 74,121,538**	**$ 80,851,156**	**$ 82,561,281**	**$ 85,737,338**	**$ 91,277,328**

Glendale Community College District - Multi-Year Projection
Slight Growth

UNRESTRICTED

General Fund Object	Object Description	2005-06 Actuals	2006-07 Final Budget	2006-07 Projected Actuals	2007-08 Budget Projection	2008-09 Budget Projection
Expenditures by Object						
Academic Salaries						
1100	Instructional Salaries - Contract	14,208,826	15,264,606	16,339,691	16,503,088	16,668,119
1200	Non-Instructional Salaries Contract	5,520,437	5,727,216	6,165,757	6,227,415	6,289,689
1300	Instructional Salaries Non-Contract	13,001,982	12,474,064	13,397,655	13,531,632	13,666,948
1400	Non-Instructional Salaries Non-Contract	536,964	425,936	561,489	567,104	572,775
	Total Academic Salaries	**33,268,209**	**33,891,822**	**36,464,592**	**36,829,238**	**37,197,531**
Classified Salaries						
2100	Classified Salaries Non Instructional	13,376,440	14,214,407	15,402,366	15,710,413	16,024,621
2200	Classified Salaries Instructional	1,737,650	1,823,718	1,960,497	1,999,707	2,039,701
2300	Hourly Classified Salaries Non Instructional	1,423,457	1,163,797	1,513,548	1,543,819	1,574,696
2400	Hourly Instrunctional Salaries	257,905	127,272	136,183	138,907	141,685
	Total Classified Salaries	**16,795,452**	**17,329,194**	**19,012,594**	**19,392,846**	**19,780,703**
Benefits		No Detail provided for 2005-06				
3100	STRS			3,499,078		
3200	PERS			1,544,400		
3300	OASDI/Medicare			1,804,400		
3400	Health and Welfare			5,368,480		
3500	Unemployment Insurance			52,000		
3600	Workers Comp Insurance			166,400		
	Total Benefits	**11,844,199**	**11,926,498**	**12,434,758**	**13,471,634**	**15,569,597**
Supplies						
4100	Textbooks					
4200	Non-Instructional Supplies	1,593	1,822	1,822	1,822	1,822
4300	Instructional Supplies	5,437	3,026	3,861	3,861	3,861
4400	Instructional Media	0	200	200	200	200
4500	Other Materials and Supplies	525,717	551,343	590,078	590,078	590,078
	Total Supplies	**532,747**	**556,391**	**595,961**	**595,961**	**595,961**
Contracted Services						
5100	Personal and Consultant Services	98,007	126,382	106,962	106,962	106,962
5200	Travel, conference, & Mileage	215,229	205,452	249,353	249,353	249,353
5300	Printing	89,908	90,373	108,429	108,429	111,140
5400	Insurance	58,617	60,814	62,578	62,578	64,142
5500	Utilities	1,808,597	2,157,448	2,261,968	2,261,968	2,375,066
5600	Rents, Leases, and Repairs	1,296,338	1,738,257	1,846,148	1,846,148	1,892,302
5700	Legal, Election, & Audit	410,300	378,752	389,736	389,736	399,479
5800	Other Services & Expenses District	115,621	716,880	1,021,565	1,021,565	1,047,105
5900	Other Services	967,358	0	0	0	0
	Total Contracted Services	**5,059,975**	**5,474,358**	**6,046,739**	**6,046,739**	**6,245,549**
Capital Outlay						
6100	Ground Site Improvement					
6200	Buildings	2,869				
6300	Library Books					
6400	Equipment	139,035	73,587	297,730	0	0
6500	Lease/Purchase		25,973	25,973	25,973	25,973
	Total Capital Outlay	**141,904**	**99,560**	**323,703**	**25,973**	**25,973**
Student Aid						
7300	Transfers Out	2,879,208	3,520,000	3,520,000	2,520,000	2,520,000
7500	Grants					
7600	Other Student Aid					
	Total Student Aid	**2,879,208**	**3,520,000**	**3,520,000**	**2,520,000**	**2,520,000**
Total Expenditures by Object		**$ 70,521,694**	**$ 72,797,823**	**$ 78,398,347**	**$ 78,882,391**	**$ 81,935,313**
0	Audit Adjustments	0				0
Total Ending Balance		**$ 3,599,844**	**$ 8,053,333**	**$ 4,162,934**	**$ 6,854,947**	**$ 9,342,015**
	5% Reserve	3,526,085	3,639,891	3,919,917	3,944,120	3,970,766
	Sub Fund 17 - carryover					
	Collective Bargaining Agreements					
	Reallocation			50,000	50,000	50,000
	Loadbanking			120,000	120,000	120,000
	Inflationary			1,145,790	1,145,790	1,145,790
	Total Reserves	3,526,085	3,639,891	5,235,707	5,259,910	5,286,556
Total Ending Balance After Ending Fund Balance Components		**73,759**	**4,413,442**	**(1,072,774)**	**1,595,037**	**4,055,459**

Summary of Multiyear Financial Forecast Summary

Scenario I - Decline

	2007-08	2008-09
Beginning Fund Balance	$ 4,162,934.00	$ 3,720,577.00
Projected Revenues	78,440,034.00	81,150,586.00
Projected Expenditures	78,882,391.00	81,935,313.00
Projected Ending Fund Balance	3,720,577.00	2,935,850.00
Less: Designations	5,259,910.00	5,286,556.00
Net Available Balance	**(1,539,333.00)**	**(2,350,706.00)**

Scenario II - No Decline or Growth

	2007-08	2008-09
Beginning Fund Balance	$ 4,162,934.00	$ 5,502,402.00
Projected Revenues	80,221,859.00	82,968,837.00
Projected Expenditures	78,882,391.00	81,935,313.00
Projected Ending Fund Balance	5,502,402.00	6,535,926.00
Less: Designations	5,259,910.00	5,286,556.00
Net Available Balance	**242,492.00**	**1,249,370.00**

Scenario III - Slight Growth

	2007-08	2008-09
Beginning Fund Balance	$ 4,162,934.00	$ 6,854,947.00
Projected Revenues	81,574,404.00	84,422,381.00
Projected Expenditures	78,882,391.00	81,935,313.00
Projected Ending Fund Balance	6,854,947.00	9,342,015.00
Less: Designations	5,259,910.00	5,286,556.00
Net Available Balance	**1,595,037.00**	**4,055,459.00**

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
March 23, 2007

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the Glendale Community College District, hereinafter referred to as the College, mutually agree as follows:

1. BASIS OF AGREEMENT

The Team provides a variety of services to school districts, county offices of education, charter schools, and community colleges upon request. The College has requested that the Team provide for the assignment of professionals to study specific aspects of the Glendale Community College operations, based on the provisions of Education Code section 84041. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, charter schools, community colleges, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The scope and objectives of this study are to:

1) Conduct an analysis of the College's annual budget and prepare a multi year financial forecast utilizing the 2006-07 fiscal year as the base and two subsequent fiscal years. This analysis shall include the fiscal impact of any proposed salary and benefit compensation currently being negotiated.
2) Complete a Fiscal Health Analysis of the College using the California Community Colleges Sound Fiscal Management Self-Assessment Checklist to determine the College's current level of financial risk.
3) Review the College's Budget policies and processes including but not limited to; budget development and budget monitoring.

B. Services and Products to be provided

1) Orientation Meeting - The Team will conduct an orientation session at the College to brief College management and supervisory personnel on the procedures of the Team and on the purpose and schedule of the study.

2) On-site Review - The Team will conduct an on-site review at the College office and at College sites if necessary.

3) Progress Reports - The Team will hold an exit meeting at the conclusion of the on-site review to inform the College of significant findings and recommendations to that point.

4) Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.

5) Draft Reports - Sufficient copies of a preliminary draft report will be delivered to the College administration for review and comment.

6) Final Report - Sufficient copies of the final study report will be delivered to the College following completion of the review.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, Deputy Executive Officer, Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

A. Michelle Huntoon, FCMAT Chief Management Analyst
B. FCMAT Community College Consultant(s) to be determined prior to the final contract.

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to E.C. 84041 shall be:

A. $500.00 per day for each FCMAT staff Member while on site, conducting fieldwork at other locations, presenting reports, or participating in meetings. The cost of independent consultants will be billed at the actual daily rate based on the provisions of E.C. 84041. Out-of-pocket expenses, including travel, meals, lodging, etc. will be included in the cost. **The total projected cost for this study shall not exceed the total amount of $28,000.**

B. Any change in the scope of work will affect the final cost of the review.

C. The College will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the College.

Payments for FCMAT services are payable to Kern County Superintendent of Schools-Administrative Agent.

5. RESPONSIBILITIES OF THE COLLEGE

A. The College will provide office and conference room space while on-site reviews are in progress.

B. The College will provide the following (if requested):

1) A map of the local area
2) Existing policies, regulations and prior reports addressing the study request
3) Current organizational charts
4) Current and two (2) prior years' audit reports
5) Current financial system report by Fund, Resource and Object or sub Fund
6) Enrollment projections for credit and non credit FTES
7) Position Control Report by classification or bargaining unit
8) Long Term Debt Schedules
9) Budget Development Calendar
10) Board Policies for Budget Development
11) Administrative or Department Procedures for Budget Development
12) Any additional requests for documents that are made while the team is on site
13) Adjunct Faculty budget and expenses
14) Collective Bargaining Agreements.

C. The College Administration will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the Team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with College pupils. The College shall take appropriate steps to comply with statutory requirements regarding student contact.

6. PROJECT SCHEDULE

The following schedule outlines the planned completion dates for key study milestones:

Orientation:	To be determined
Staff Interviews:	To be determined
Exit Interviews:	To be determined
Preliminary Report Submitted	To be determined
Final Report Submitted	To be determined
Board Presentation	To be determined

7. CONTACT PERSON

Please print name of contact person: Lawrence Serot, Vice President Administrative Services

Telephone (818) 551-5112 FAX

Internet Address lserot@glendale.edu

L. R. Serot 4/11/07

Lawrence Serot, Date
Vice President Administrative Services
Glendale Community College District

Barbara Dean 4-11-07

Barbara Dean, Deputy Administrative Officer Date
Fiscal Crisis and Management Assistance Team