

BACKGROUND

In the summer of 2015, the KCCD Chancellor asked the District Consultation Council to assemble a workgroup to conduct a third evaluation of the District-wide Unrestricted Fund Budget Allocation Model (BAM). The District Budget Committee was established in fall 2017 per the BAM Evaluation III Committee's ("BEC") recommendation. Subcommittee #2's responsibilities include the review of District-wide processes related to budget development to make recommendations to impact long term operations or allocations. Sub Committee #2 charge was to:

- Review annual District-wide budget development premises
- Review long-term trends in District-wide fiscal health

The review of the annual District-wide budget development premises necessitated a detail analysis of the California Community College Chancellor's Office funding CCCC (Schedule C Allocation to audited financials), KCCD District carryover, and annual allocations. To discuss the trends impacting the long-term District-wide fiscal health, the subcommittee focused on maintaining KCCD's fiscal stability while ensuring adequate college funding levels. Simply put, the discussion evaluated the process of aligning financial capacity with long-term service objectives. The evaluation process included reviewing all the California community colleges ending fund balance for the last three years for benchmarking purposes. KCCD is consistently ranked as having one of the top five highest ending unrestricted fund balance. However, some of the comparison multi-college districts have allocated a significant portion of their fund balance (reserves) to hedge against long term obligations (i.e. San Diego Community College District).

Additionally, the subcommittee conducted a fiscal risk assessment based on fiscal best practices (i.e. GFOA, FCMAT, PARS, NACUBO, and Community College League of California) to identify fiscal strengths and liabilities to recommend strategies for the management of long -term obligations. The analysis revealed that despite increased revenues, escalating fixed expenditures are increasingly difficult to manage and, accordingly, may ultimately threaten fiscal well-being of districts. Maintaining fiscal health while maximizing services to students with available financial resources will be a continuing challenge primarily due to:

- Annual COLA maybe be insufficient to fund the annual cost increases associated with step and column, health benefits, and the escalating retirement system rates
- Projected expenditure increases (ex. minimum wage, technology enhancements, etc)
- Economic forecasts and new funding formula volatility

Also, the KCCD Board 15% District Reserve Policy (3A1A6-revised March 2014) and the CCCC minimum fund balance (reserve) requirement were discussed. The Governor's January budget proposal assumes continued economic expansion, yet the Governor continues to stress that fiscal restraint has never been more important. By the end of 2018-19, the expansion will have matched the longest since World War II. To buffer the state against uncertainty and future budget

cuts, the Governor proposes to fund the Rainy Day Fund in 2018-19 at 100% of its constitutional target (10% of expenditures), bringing total state reserves to approximately \$15.7 billion. According to the Governor, even a mild recession could result in lost revenue of \$20 billion annually, and recovery takes years.

RECOMMENDATION

The District Budget Committee's fiscal analysis reveals the following needs with respect to the annual District-wide budget development premises and campus stakeholders.

- Improve clarity of model components
- Promote transparency of the KCCD budgeting process and fiscal matters
- Foster an environment of understanding by communicating linkage between FTES generation and allocations

Also, the District Budget Committee recommends that the District establish a formal framework and process for analyzing the long term fiscal health of the District. This analysis should take into account potential financial risks, legislative mandates, and educational program needs in the foreseeable future. Also, the review should be applied within the context of long-term forecasting, thereby avoiding placing too much emphasis upon any one time. In establishing the framework, a variety of factors should be considered, including:

1. The predictability of revenues and the diversification of revenue
2. The perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts), volatility of expenditures, and potential drain upon general fund resources from other funds
3. The potential impact on the entity's bond ratings and the corresponding increased cost of borrowed funds;
4. Cash flow requirements and the relationship between budgeted reserves and actual cash on hand;
5. Regulatory commitments and assignments;
6. Benchmarking with the other California community colleges.

Appropriate Reserve Level

After completing the long term fiscal health analysis, the policy governing the general fund unrestricted fund balance (reserve) should be reviewed. The Government Finance Officers Association (GFOA) and Fiscal Crisis & Management Assistance Team (FCMAT) recommend, the adequacy of general fund unrestricted fund balance take into account each institution's own unique circumstances. At a minimum, the California Community College Chancellor's Office (CCCCO) recommends a 3% -5% fund balance. Other best practices and regardless of size, the maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

However, district's circumstances often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level.

The District Budget Committee recommends the established framework should provide broad guidance on the increase or decrease the reserve level over a specific time period based on industry best practices. A prudent reserve affords KCCD time to thoughtfully identify and implement budget adjustments over time. Inadequate reserves force districts to react quickly, often causing significant disruption, sometimes unnecessarily, to student programs and employees.

An extensive review of the historical usage of the District reserves is being conducted. However, during the most recent recession reserves were used to fund:

- Unfunded liabilities
- Pay COP debt obligations
- Backfill for reductions in various categorical allocations
- Operational cashflow

A minimum District-wide unrestricted reserve of 15% and a cap of 18% is recommended. College budgeted reserves will not be considered as part of District-wide reserves. Each of the colleges shall maintain a minimum reserve of three percent (3%). These reserves will be established as unrestricted reserves for obligations and contingencies. The college reserves shall be calculated on the same basis as the District-wide reserves and will be applied to each institution. However, it should be determined how resources will be directed to replenish fund balance should the balance fall below the level prescribed. Also, a process should be established for circumstances when the amount of the general fund unrestricted fund balance is greater than the board reserve requirement even after taking into account potential financial risks in the foreseeable future.

Budget Allocation Model (BAM) Review

The District Budget Committee recommends the KCCD Chancellor asked the District Consultation Council to assemble a workgroup to conduct a fourth evaluation of the District-wide Unrestricted Fund Budget Allocation Model (BAM) Taskforce after the new state funding formula is adopted. This BAM Committee should be a subcommittee of the District-wide Budget Committee and include subject area and stakeholder groups (ex. human resources, CCA, etc).

Guiding Your Selection of a Fund Balance Target

Step 1. Determine your total score from the risk factors

19 Your total score from the risk factors (calculated if you entered a score in other sheets)

Step 2. Preliminary Analysis

Compare your score from Step 1 to the guidelines below.

Your Score

Analytical Guidance

8 - 16

You face minimal risk to retain through reserves. Consider a target equal to the GFOA minimum recommended reserve of 16.6% of revenues/expenditures.

17-24

You face a low to moderate level of risk to retain through reserves. Consider adopting a reserve target somewhat higher than the GFOA minimum (e.g. 17-25% of revenues/expenditures). Since risk is low, do not invest excessive analytical effort in determining an exact target amount. Consider a short, informal benchmarking study with peer agencies to provide guidance.

25-31

You face a moderate to high level of risk to retain through reserves. Consider adopting a target amount of reserves significantly higher than the GFOA recommended minimum (e.g., 26 - 35%). Consider a short, informal benchmarking survey as a starting point, but then analyze your most significant risk factors to make sure they are adequately covered by what the survey suggests is reasonable.

32 - 40

You face a high level of risk to retain through reserves. Consider adopting a much higher target than the GFOA minimum (e.g., greater than 35%). Consider performing a more indepth analysis of the risks you face to arrive at target level of reserved that provides sufficient coverage.

Step 3. Consider Impact of Government Size, Budget Practices, & Borrowing Capacity

For each driver pick which description best fits you and enter the appropriate number of points.

-4 Headcount

- +2 We are under 5000 in population
- 0 We are between 5,000 and 30,000 in population
- 4 We are over 30,000 in population

0 Budget Practices

- 3 The budget has a formal contingency beyond what is being considered for this reserve.
- 2 The budget has informal contingencies beyond what is being considered for the reserve.
- 0 The budget is lean and has no contingencies in it.

-3 Borrowing Capacity (Ask Debbie rating)

- 3 We have excellent external and internal borrowing capacity, including a good rating, little existing debt, and political will to use it.
- 2 We have some external and/or internal borrowing capacity and political will could be mobilized to use it.

0 We have little or no borrowing capacity.

Step 4. Consider Impact of Commitments/Assignments, Outsider Perceptions & Political Support

Place an "X" next to each statement that applies to you.

Commitments and Assignments

	We we have commitments or assignments that designate fund balance for uses other than retaining the types of risk described in this analysis. If so, these commitments/assignments should not be included in the total reserve used to reach your target.
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Outsider Perceptions

x	Rating agencies have given us a target level of reserve for getting a good rating. If so, use that target in place of or in addition to a benchmarking survey to provide guidance on starting point for your target. <u>KCCD's 2017 Rating - Moody's: "Aa2"; S&P: "AA-"</u>
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x	The public is likely to question reserve levels as too high. If so, be sure to document your analysis findings in the other sheets.
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Political Support

x	The governing board places great weight on the policies of comparable jurisdictions. If so, conduct a benchmarking survey that includes governments the board perceives as relevant.
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	The board places great weight on rating agency recommendations. If so, tie the reserve target recommendation to rating agency recommendations or standards.
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	The board places great weight on GFOA recommendations. If so, use this analysis and GFOA's Best Practices to support your recommendation.
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Step 5. Putting it All Together

A. Consider your adjusted risk score and re-consult the analytical guidance.

12	< Your adjusted risk score (risk score modified with results from Step 3)
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B. Review results of Step 4.

Review each item you checked from Step 4 and add the advice to your analytical guidance.

C. Proceed with finalizing target

Proceed with setting a final reserve target based on analytical guidance.

Districtwide Budget Committee

Reserve Analysis Information

Kern Community College District Unrestricted Reserves Analysis					Kern Community College District 2009-10 Final Budget Unrestricted Fund Allocation		District-wide Reserves	Total
Unrestricted Reserves (GU Actual Ending Balance)	2008/09 Actual				Beginning Balance and Income to be Allocated			
District wide Reserves	19,289,466.46				Beginning Balance (Unrestricted)			
Less: Contract/Community Education	(164,123.14)				Step 1	District-wide Reserves Base	18,614,262	18,614,262
District Wide GU Reserves	19,125,343.32				Step 1	District Mandatory Reserves		675,204
					Step 1	College Discretionary Carryover		9,755,161
					Total Beginning Balance		18,614,262	29,044,627
District Wide Expenditures	108,623,750.57				Step 2	Total Income		\$ 105,901,642
Less: Contract/Community Education	(433,267.73)				Total Beginning Balance and Income to be Allocated		18,614,262	134,946,269
District Wide GU Expenditures	108,190,482.84				Allocations			
Account Type Title Adjusted Budget YTD Activity					Kern Community College District 2009-10 Final Carryover Calculations (Unrestricted)			
1100	L	Acad - Reg Schedule	26,047,106.52	25,891,889.11	Account	Description	Districtwide Reserves	
1101	L	Acad Emp Non-Inst Non-Ad	1,167,154.71	1,116,152.79		Beginning Balance	19,289,466	
1110	L	Acad Emp Admin	978,415.95	875,160.76				
1214	L	Educational Administrators	3,218,242.31	3,213,119.85				
1231	L	Counselors - Contract	1,427,806.07	1,342,023.27				
1241	L	Librarians - Contract	619,939.71	636,137.34				
1251	L	Acad Non-Inst Cont	790,511.95	803,590.35				
1259	L	Academic Salary Abatemen	0.00	-28,875.00				
1310	L	Adjunct Acad Emp - Non-Cc	10,020,641.36	7,344,484.43				
1311	L	Acad Emp - Temp Cont	0.00	1,356.00				
1320	L	Acad Emp - Intersession	768,901.16	1,888,284.49				
1330	L	Acad Emp - Overload	903,361.34	2,341,414.53				
Net Total:			137,247,374.68	108,623,750.57				

Source: 2016 BAM III Evaluation Committee Presentation

CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE

1 of 1

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CERRITOS	22,241,386	111,747,554	90,900,144	20,847,410	(15,903,578)	27,185,218	29.8%
CHABOT-LAS POSITAS	16,319,604	125,701,879	115,519,238	10,182,641	(185,269)	26,316,976	22.8%
CHAFFEY	11,026,380	102,955,523	94,310,332	8,645,191	(1,290,608)	18,380,963	19.5%
CITRUS	11,146,471	77,187,477	63,157,832	14,009,845	(4,479,629)	20,876,687	32.7%
COAST	34,817,236	224,643,454	197,206,245	27,437,209	(14,685,687)	47,568,758	24.1%
COMPTON	9,418,849	39,612,797	35,152,718	4,460,079	(2,243,491)	11,635,437	33.1%
CONTRA COSTA	32,123,708	211,731,176	184,056,984	27,074,192	(17,568,816)	41,631,084	22.5%
COPPER MOUNTAIN	859,741	13,249,938	12,903,237	346,701	0	1,206,442	9.3%
DESERT	8,367,849	57,020,377	49,014,009	8,006,308	(1,065,300)	15,308,857	31.2%
EL CAMINO	17,711,257	131,941,205	108,686,585	23,254,620	(6,486,187)	34,479,698	31.7%
FEATHER RIVER	4,040,890	16,327,832	13,518,310	2,809,522	(1,253,647)	5,586,505	41.4%
FOOTHILL-DEANZA	56,299,232	219,047,009	196,733,808	22,313,201	(11,974,353)	66,836,880	33.9%
GAVILAN JOINT	2,833,715	34,522,593	31,280,242	3,242,351	(1,722,828)	4,353,238	13.9%
GLENDALE	4,688,393	99,686,861	85,296,558	14,370,303	(7,939,607)	11,119,899	13.0%
GROSSMONT-CUYAMACA	10,983,056	113,841,925	103,958,672	9,883,253	(6,500,707)	14,365,602	13.8%
HARTNELL	9,725,112	48,850,741	42,630,311	6,220,430	(4,938,515)	11,007,027	25.8%
IMPERIAL	3,116,176	44,739,148	39,498,679	5,240,469	(360,534)	7,996,113	20.2%
KERN	34,390,999	141,048,812	112,324,117	28,724,695	(14,134,536)	48,981,158	43.0%
LAKE TAHOE	1,745,811	16,207,081	14,487,806	1,719,175	(1,092,100)	2,372,886	16.2%
LASSEN	4,416,771	16,313,282	13,851,548	2,461,734	(1,588,261)	5,290,224	38.2%
LONG BEACH	25,606,796	134,835,896	123,297,541	11,538,355	(8,049,963)	28,285,188	22.9%
LOS ANGELES	77,846,309	691,288,374	612,454,579	78,833,795	(23,464,591)	133,215,513	21.8%
LOS RIOS	34,783,578	345,287,515	300,086,778	45,180,737	(28,601,783)	51,342,532	17.1%
MARIN	6,740,231	57,547,317	54,251,571	3,285,746	(2,930,495)	7,105,402	13.1%
MENDOCINO-LAKE	2,125,361	24,274,108	20,891,556	3,382,552	(536,909)	4,971,004	23.8%
MERCED	4,371,424	63,993,068	53,395,603	10,597,465	(4,732,101)	10,236,788	19.2%
MIRACOSTA	19,116,892	113,127,338	102,722,202	10,405,136	(7,004,953)	22,516,875	21.9%
MONTEREY	4,212,945	42,874,366	39,406,539	3,467,827	(925,220)	6,755,552	17.1%
MT. SAN ANTONIO	34,506,850	196,841,282	177,078,986	19,762,316	(13,332,295)	40,936,471	23.1%
MT. SAN JACINTO	11,239,091	75,504,869	64,025,798	11,479,071	(1,438,009)	21,282,153	33.2%
NAPA	3,738,279	39,245,802	35,407,248	3,838,553	169,545	7,746,377	21.9%
NORTH ORANGE	42,057,784	222,624,900	194,864,258	27,760,642	(23,690,666)	46,128,360	23.7%
OHLONE	11,183,517	59,457,880	52,457,104	7,000,776	(651,095)	17,533,198	33.4%
PALO VERDE	1,965,211	16,966,784	14,121,071	2,845,713	(946,998)	3,863,926	27.4%
PALOMAR	13,405,784	118,065,899	104,961,269	13,104,430	(4,657,650)	21,852,544	20.8%
PASADENA	12,447,460	154,319,537	140,020,777	14,298,760	(5,889,483)	20,846,737	14.9%
PERALTA	18,849,616	144,639,713	139,607,936	5,031,777	(3,355,742)	20,525,651	14.7%
RANCHO SANTIAGO	25,917,127	188,116,801	160,363,539	27,753,262	(16,736,104)	36,934,285	23.0%
REDWOODS	1,629,593	29,459,934	27,593,069	1,866,865	(1,633,061)	1,863,397	6.8%
RIO HONDO	8,098,232	77,703,331	78,917,441	(1,214,110)	(504,949)	6,379,173	8.1%
RIVERSIDE	14,252,071	186,539,851	161,174,821	25,365,030	(3,480,889)	36,136,212	22.4%
SAN BERNARDINO	14,815,921	99,085,704	83,535,522	14,550,182	(12,700,154)	16,665,949	20.0%
SAN DIEGO	8,651,698	276,602,516	247,293,063	29,309,453	(3,053,884)	34,907,265	14.1%
SAN FRANCISCO	33,293,737	205,912,432	178,821,750	27,290,682	(7,022,157)	53,562,262	30.0%
SAN JOAQUIN DELTA	10,618,837	95,566,393	93,695,620	1,870,773	(2,627,281)	9,862,329	10.5%
SAN JOSE-EVERGREEN	13,218,165	107,765,753	99,873,718	7,892,035	(3,347,740)	17,762,460	17.8%
SAN LUIS OBISPO	5,260,574	55,382,268	51,879,766	3,502,500	(403,868)	8,359,206	16.1%
SAN MATEO	22,188,892	166,502,653	137,053,786	29,448,867	(19,451,940)	32,185,619	23.5%
SANTA BARBARA	31,480,392	110,629,196	94,049,645	16,579,551	(19,044,426)	28,995,517	30.8%
SANTA CLARITA	9,597,293	103,810,744	90,819,649	12,991,095	(12,539,640)	10,008,748	11.0%
SANTA MONICA	13,781,577	175,904,203	165,574,581	10,329,622	(185,608)	23,925,591	14.5%
SEQUOIAS	7,049,789	60,577,196	50,603,806	9,973,290	(4,396,492)	12,626,587	25.0%
SHASTA-TEH-TRI	6,430,388	45,994,534	42,344,268	3,650,268	(1,655,267)	10,425,389	24.6%
SIERRA	14,715,276	97,782,027	85,443,210	12,338,817	(8,886,094)	18,167,999	21.3%
SISKIYOU	1,326,285	21,869,773	19,121,431	2,748,342	(1,067,233)	3,007,394	15.7%
SOLANO	3,178,192	56,343,972	48,727,219	7,616,753	(24,972)	10,769,973	22.1%
SONOMA	5,856,513	125,214,997	117,878,183	7,336,814	(1,525,110)	11,668,217	9.9%
SOUTH ORANGE	47,612,695	242,408,781	175,141,624	87,267,157	(64,263,052)	50,616,800	28.9%
SOUTHWESTERN	8,404,995	102,346,808	93,209,689	9,137,217	(5,917,972)	11,624,240	12.5%
STATE CENTER	30,267,160	191,274,271	167,163,280	24,110,991	(23,479,769)	30,898,382	18.5%
VENTURA	43,879,302	175,567,539	149,339,501	26,228,138	(9,106,656)	60,998,784	40.8%
VICTOR VALLEY	3,637,919	61,408,673	59,836,559	1,572,114	0	5,210,833	8.7%
WEST HILLS	4,009,898	39,036,305	30,755,834	8,280,471	(3,934,758)	8,355,611	27.2%
WEST KERN	8,587,915	23,416,481	22,378,203	1,038,258	(1,560,408)	8,065,765	36.0%
WEST VALLEY	29,488,097	115,880,475	88,922,045	26,566,430	(17,274,329)	39,172,198	44.1%
YOSEMITE	19,481,923	102,934,857	95,683,109	7,251,748	(9,316,012)	17,417,659	18.2%
YUBA	5,303,991	55,607,248	46,390,278	9,216,970	(5,451,002)	9,069,959	19.6%
Statewide	1,126,231,531	8,845,143,276	7,655,773,717	989,369,559	(530,402,358)	1,585,198,732	22.5%

Description	Bakersfield College	Cerro Coso Community College	Porterville College	District Operations	Districtwide Reserves	Total District
Beginning Balance	3,607,508	5,022,991	6,682,880	414,747	18,662,873	34,390,999
Revenues						
Federal Revenues	3,168	1,377	477	689,748	-	694,770
State Income	6,904,960	1,488,793	1,576,829	66,049,710	-	76,020,292
Local Revenues	6,050,204	1,587,610	756,317	55,939,618	-	64,333,750
Other Financing Sources	11,709	-	-	6,262	-	17,972
Adjustment for Enrollment Fees Allocations	(4,274,645)	(1,250,227)	(522,649)	6,047,521	-	-
	77,830,548	20,034,872	19,308,898	(117,174,317)	-	-
Total Revenues	86,525,944	21,662,426	21,119,872	11,558,542	-	141,066,783

Expenditures	Bakersfield College	Cerro Coso Community College	Porterville College	District Operations	Districtwide Reserves	Total District
Academic Salaries	32,108,594.90	8,505,598	8,092,298	819,011	-	49,525,503
Classified & Nonacad Salaries	9,382,889.60	3,025,476	2,602,833	7,092,963	-	22,104,162
Employee Benefits	11,999,073.82	3,345,215	3,127,110	3,052,254	-	21,523,653
Supplies & Materials	1,187,866.91	301,188	234,477	173,615	-	1,897,116
Service/Utilities/Operating Exps.	5,477,864.28	1,799,583	985,006	6,363,503	-	14,625,975
Cost of Use of Well	269,228	-	-	(269,228)	-	-
Capital Outlay	1,032,174	304,374	507,655	875,807	-	2,720,010
Other Outgo	195,775	-	402	5,730,546	-	5,926,723
Interfund Transfers Out (See Table 1)	5,272,992	1,356,945	1,401,486	1,406	-	14,403
Total Expenditures	66,939,425	18,418,358	16,951,267	24,239,878	-	126,548,928

Adjustment for District Change-backs	(16,350,175)	(3,290,596)	(3,511,982)	23,152,754	-	-
Adjustment for CDC Fund Contributions	-	(153,652)	(163,730)	839,903	-	-
Adjustment for Restricted Lottery Revenue in All	(522,521)	-	-	(10,883,910)	-	-
Adjustment to District Reserves	6,321,331	5,022,809	7,175,773	842,159	10,883,910	48,908,855
Net Ending Balance/Carryover	2,713,823	(182)	492,893	427,412	10,883,910	14,517,856

Pct. of Expenditures (excl. Change backs)	9.44%	27.27%	42.33%	3.47%	23.35%	38.55%
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District Change back FTEs basis	FTEs	Percent
To Capital Outlay	13,947	70.45%
To CDC Fund	2,830.33	14.30%
To Debt Fund	3,020.75	15.25%
To Other Funds	19,798.24	100.00%

Table 1 - Interfund Transfers Out	To Capital Outlay	To CDC Fund	To Debt Fund	To Other Funds	Total
Bakersfield	-	-	-	-	-
Cerro Coso	-	-	-	-	-
Porterville	-	-	-	-	-
District Operations	-	-	-	-	-
Total	-	-	-	-	-

Table 2 District Carryover Calculation	Amount
Base DO Expenditures	24,239,878
Adj for CE Expenditures	(811,964)
Adj for DO Reserve/Carryover Funded Items	(410,087)
Actual DO Expenditures	23,017,817
Less: Adopted Budget Change Backs	23,209,363
Carryover Distributed back to Colleges	191,546

Ending Balance GU001 Only	(0)	\$ 29,546,783	\$ 29,546,782
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126,548,927.59

COA: Kern Community College District Fiscal Year:
 Fund: OR Fund Type:
 Account: OR Acct Type:

Acct Type	Account	Description	Beginning Balance	Debit/Credit *	Current Balance	Debit/Credit *
AC	9110AA	Cash-General Fund 84038	0.00	Debit	0.00	Debit
AC	9110BF	BC-KCCCD Rvlg Fund Co-Curri/Stu Dev	0.00	Debit	0.00	Debit
AC	9110CB	CC - Co-Curricular	0.00	Debit	0.00	Debit
AC	9110DI	Cash With Fiscal Agent	0.00	Debit	0.00	Debit
AC	9110PA	PC-ASB Checking Bk of Sierra	0.00	Debit	0.00	Debit
AC	9130BB	BC - Revlvg Travel Fund - BofA	0.00	Debit	0.00	Debit
AC	9130CB	CC - Revolving Fund - Travel	0.00	Debit	0.00	Debit
AC	9130CC	CC - Revolving Fund - Operations	0.00	Debit	0.00	Debit
AC	9130DA	DO - Revolving Cash - Petty Cash	0.00	Debit	0.00	Debit
AC	9130PB	PC - Dist Rev Travel - Bk of Sierra	0.00	Debit	0.00	Debit
AC	9130PC	PC - Revolving Fund - Operations	0.00	Debit	0.00	Debit
AC	9142CB	CC - Change Fund	0.00	Debit	0.00	Debit
AC	9143PB	PC - Change Fund	0.00	Debit	0.00	Debit

* - denotes amount is opposite of Normal Balance

Total: ALL ACCOUNTS 0.00 0.00
 Current Fund Balance: ~~34,390,998.64~~ Credit

34,390,998.64 +
 15,759,146.690 +
~~50,150,145.330~~ *

COA: Kern Community College District
 Fund:
 Account:

Fiscal Year:
 OR Fund Type:
 OR Acct Type:

Acct Type	Account	Description	Beginning Balance	Debit/Credit *	Current Balance	Debit/Credit *
AC	9151BA	BC Clearing Account	0.00	Debit	0.00	Debit
AC	9154DA	Clearing Account Bank of America	0.00	Debit	0.00	Debit
AC	9160AA	Accounts Receivable	9.00	Credit	9.00	Credit
AC	9161BA	BC - General Receivables	0.00	Debit	11,045.60	Debit
AC	9161DD	Allowance for Bad Debt	66,987.21	Credit	0.00	Debit
AC	9162CA	CC - General Receivables	575.00	Debit	6,267.15	Debit
AC	9163PA	PC - General Receivables	0.00	Debit	3,572.89	Debit
AC	9164DA	DO - General Receivables	3,579,012.15	Debit	2,492,128.76	Debit
AC	9164DD	Employee Payback Receivables	0.00	Debit	0.00	Debit
AC	9169AA	Cash Interfund	10,292,129.99	Debit	14,887,452.83	Debit
AC	9170AA	Due from Other Funds	0.00	Debit	0.00	Debit
AC	9221BA	BC - Prepaid Expenses	3,126.13	Debit	157,051.75	Debit
AC	9221CA	CC - Prepaid Expenses	9,014.46	Debit	13,753.43	Debit
* - denotes amount is opposite of Normal Balance						
Total: ALL ACCOUNTS			0.00		0.00	
			Current Fund Balance:		5,759,146.69	Credit

COA: Kern Community College District Fiscal Year:
 Fund: OR Fund Type:
 Account: OR Acct Type:

Acct Type	Account	Description	Beginning Balance	Debit/Credit *	Current Balance	Debit/Credit *	
AC	9110AA	Cash-General Fund 84038	0.00	Debit	0.00	Debit	
AC	9110BF	BC-KCCCD Rvlg Fund Co-Curri/Stu Dev	0.00	Debit	0.00	Debit	
AC	9110CB	CC - Co-Curricular	0.00	Debit	0.00	Debit	
AC	9110DI	Cash With Fiscal Agent	0.00	Debit	0.00	Debit	
AC	9110PA	PC-ASB Checking Bk of Sierra	0.00	Debit	0.00	Debit	
AC	9130EB	BC - Revlvg Travel Fund - SofA	0.00	Debit	0.00	Debit	
AC	9130CB	CC - Revolving Fund - Travel	0.00	Debit	0.00	Debit	
AC	9130CC	CC - Revolving Fund - Operations	0.00	Debit	0.00	Debit	
AC	9130DA	DO - Revolving Cash - Petty Cash	0.00	Debit	0.00	Debit	
AC	9130PB	PC - Dist Rev Travel - Bk of Sierra	0.00	Debit	0.00	Debit	
AC	9130PC	PC - Revolving Fund - Operations	0.00	Debit	0.00	Debit	
AC	9142CB	CC - Change Fund	0.00	Debit	0.00	Debit	
AC	9143PB	PC - Change Fund	0.00	Debit	0.00	Debit	
* - denotes amount is opposite of Normal Balance							
Total:		ALL ACCOUNTS	0.00		0.00		
					Current Fund Balance:	50,150,145.33	Credit

Kern Community College District
COMBINING BALANCE SHEET – DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

June 30, 2015	General Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Child Development Fund	Balance Forward
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 56,322,894	\$ -	\$ (4,353,768)	\$ 86,264	\$ 52,055,390
Accounts receivable - net	6,654,533	-	51,483	47,525	6,753,541
Prepaid expenses	341,604	-	-	-	341,604
Inventories	-	-	-	-	-
Due from other funds	97	6,736	4,797	-	11,630
Total Current Assets	63,319,128	6,736	(4,297,488)	133,789	59,162,165
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	-	18,555,901	-	-	18,555,901
Restricted investments	-	-	24,223,326	-	24,223,326
Capital assets - net	456,563	-	-	-	456,563
Total Noncurrent Assets	456,563	18,555,901	24,223,326	-	43,235,790
TOTAL ASSETS	\$ 63,775,691	\$ 18,562,637	\$ 19,925,838	\$ 133,789	\$ 102,397,955
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 10,325,415	\$ -	\$ -	\$ 46,313	\$ 10,371,728
Advances from grantors and students	3,300,225	-	-	50,000	3,350,225
Due to other funds	-	4,797	-	-	4,797
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	13,625,640	4,797	-	96,313	13,726,750
Fund Equity					
Fund balances:					
Reserved for debt service	-	18,557,840	19,925,838	-	38,483,678
Reserved for special purposes	-	-	-	37,476	37,476
Unreserved:					
Undesignated	50,150,051	-	-	-	50,150,051
Total Fund Equity	50,150,051	18,557,840	19,925,838	37,476	88,671,205
TOTAL LIABILITIES AND FUND EQUITY	\$ 63,775,691	\$ 18,562,637	\$ 19,925,838	\$ 133,789	\$ 102,397,955

See the accompanying notes to the supplementary information.

**Kern Community College District
Board Policy
Chapter 3 – Business Services**

3A Fiscal

3A1 Budget Development

3A1A Each year, the Chancellor shall present to the Board a budget, prepared in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. The schedule for presentation and review of budget proposals shall comply with state law and regulations, and provide adequate time for Board study. See [Procedure 3A1](#) of this Manual for Budget Preparation Guidelines.

The budget development shall meet the following criteria:

- 3A1A1 The annual budget shall support the District-wide master and educational plans.
- 3A1A2 Budget projections shall address long-term goals and commitments.
- 3A1A3 The annual Budget shall not exceed estimated revenues for the Budget year excluding District-wide or College reserves.
- 3A1A4 The Budget may include a separate request to use District-wide reserves.
- 3A1A5 Assumptions upon which the budget is based are presented to Board for review.
- 3A1A6 A schedule is provided to the Board by December of each year that includes dates for presentation of the tentative budget, required public hearing(s), Board study session(s), and approval of the final budget. At the public hearings, interested persons may appear and address the Board regarding the proposed or any item in the proposed budget.

~~Unallocated District-wide unrestricted general fund reserves shall be no less than 15%. The budgeted unrestricted general fund reserves calculation will be based upon the projected unrestricted expenditures multiplied by 15%. College budgeted reserves will not be considered a part of District-wide reserves.~~

~~Each of the colleges shall maintain a minimum reserve of 3%. These reserves will be established as unrestricted reserves for obligations and contingencies. The college reserves shall be calculated on the same basis as the District-wide reserves and will be applied to each institution.~~

District-wide unrestricted general fund reserves shall be no less than fifteen percent (15%) and shall not exceed eighteen percent (18%) of the total unrestricted district-wide expenditures

College budgeted reserves will not be considered as part of District-wide reserves. Each of the colleges shall maintain a minimum unrestricted general fund reserve of three percent (3%) of the total unrestricted college expenditure. These reserves will be established as unrestricted reserves for obligations and contingencies.

- 3A1A7 Purpose of Reserves - The District-wide unrestricted general fund reserves are intended to provide resources for cash flow management, unfunded liabilities, risk mitigation, significant emergencies, and a buffer against future budget reductions. The District may incorporate into the annual budget an appropriate level of reserves to provide resources for these purposes. Unless the District is confronted with catastrophic issues, or the Board authorizes a deviation at no time should District-wide reserves fall below the minimum levels contained in Policy 3A1A6. Reserves in excess of these needs may be used for the following purposes:
- a) Provide resources to maintain mission critical educational programs. Provide resources for the expansion, reduction, or restructuring of College/District programs and services.
 - b) Provide capital funds to invest in infrastructure that will lower operational costs, improve efficiencies, improve safety/security, and/or enhance the delivery of educational and/or support services.
 - c) Excess reserves to be used as directed by the Board.
- 3A1A8 Changes in the assumptions upon which the budget was based shall be reported to the Board in a timely manner.
- 3A1A9 Budget allocations of funds will be made to the Colleges and District Office and will be reviewed by the Board of Trustees and Chancellor's Cabinet. Generally, the allocations to each College and to the District Office shall be based upon the Board approved allocation model. The Chancellor or designee shall work with representatives of the College Academic Senates and other District-wide constituent groups represented on the Chancellor's staff in designing the process for development of the District budget.
- 3A1B College budgets are prepared under the supervision of the College President or designee. The College President or designee shall work with

the College Academic Senate in designing the processes for development of the College budget.

3A1C Each of the Colleges' will establish unrestricted reserves for obligations and contingencies.

3A1D Budget Management - The budget shall be managed in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. Budget revisions shall be made only in accordance with these policies and as provided by law.

Revenues accruing to the District or Colleges in excess of amounts budgeted shall be added to the District or Colleges reserve for contingencies. They are available for appropriation only upon approval of the Board that sets forth the need according to major budget classifications in accordance with applicable law.

Board approval is required for changes between major expenditure classifications. Transfers from the reserve for contingencies to any expenditure classification must be approved by a two-thirds vote of the members of the Board. Transfers between expenditure classifications must be approved by a majority vote of the members of the Board.

These expenditures transfers will be presented to the Board for approval in February and July of each year.