

Redwoods Community College District 2014-15 Final Budget

The 2014-15 forecast notes fewer student enrollments than the previous 2013-14 forecast, underlining the District's protracted enrollment problems. Since the Tentative Budget, revenue has been reduced based on a lower 2014-15 State funded annual cost of living adjustment (COLA) and Special Trustee costs have been removed. The forecast holds to steadily increasing the unrestricted fund balance percent each year. However, this budget forecast relies more on cost controls and careful budget planning whereas last year's budget contemplated stronger enrollment growth by 2014-15. This budget assumes that in 2014-15 the District will include both the beginning and trailing summer enrollments in a single year. Therefore, 2015-16 revenue will likely rely on stability funding. As a result, enrollments for 2014-15 will effectively determine the District's enrollment revenue for 2014-15 and 2015-16.

Without enrollment growth over the three year budget forecast, the District will need to plan for an additional reorganization and reduction-in-force (RIF) with employee position eliminations or additional negotiated payroll concessions by the 2016-17 budget year. This is because the District's expenditure budget grows about 1.6% to 2.0% in a typical year.

With pension costs rising more rapidly, other personnel cost increases are estimated in the \$400,000 range in 2015-16 which is at the high end compared to recent years. The State would need to fund a 2.0% COLA in 2015-16, assuming that the remainder of the increased costs might be covered by other savings, i.e. retirement, efficiency, etc. If the State funds a smaller COLA or no COLA, then the only options are to increase enrollments, locate other resources, increase efficiency through increased class sizes, or cut costs. Otherwise, the District risks creating a new structural budget deficit.

It is mission critical to long term fiscal stability for the District to increase its enrollments by finding new students and retaining more of its current students. Due to stability funding, in 2015-16 the District will need to enact some temporary cost controls such as holding vacant positions open for a period, carefully planning travel budgets and limiting general fund operating outlays to necessary items only. However, the District has successfully employed such spending controls in previous years. If enrollments remain at the 4137 FTES level through 2016-17, then the Redwoods Community College District is projected to need additional permanent budget cuts. Adding about 1.25% student enrollment growth per year, or 110 FTES per year in 2015-16 and 2016-17, would bring in new revenue and help balance the budget for 2016-17. The District has been able to grow enrollments in the 1.25% range in the past, so this is a reasonable goal.

Student Enrollments

In 2013-14, the State provided enrollment stability funding for 4383 resident full time equivalent students (FTES), but the District enrolled only 3761 FTES according to the District's second principal apportionment report based on Fall and Spring term enrollments only. A final "recalc" apportionment report may be submitted in October, but it is unlikely that the recalc will significantly change these numbers. Accordingly, the State paid for an additional 622 FTES or \$2,890,794 in enrollment funding during 2013-14 that the District did not earn.

The District has been on stability funding for multiple consecutive years due to uninterrupted enrollment declines. When a community college misses its enrollment target, the State funding model continues to fund that District at the target level for that year to help the district

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“stabilize.” The next year, that district will be funded at the lower enrollment level, but it is allowed to add students and recover State funding back up to the original target. The expectation is that the District will recover those enrollments within three years. If not, then after three years the enrollment target is permanently reduced. In short, CR could enroll as many as 4676 resident full time equivalent students (FTES) and get state funding for all those students.

The 2014-15 Final Budget sets enrollments at 4137 FTES, including both the beginning and trailing summer enrollments in a single year. This enrollment budget assumes about 1875 FTES for Fall and Spring semesters respectively, plus 193 FTES for each of the two summer terms included in the forecast. At present, Fall 2014 enrollments are estimated in the 1890 FTES range, so the forecast appears reasonable.

State Funding History

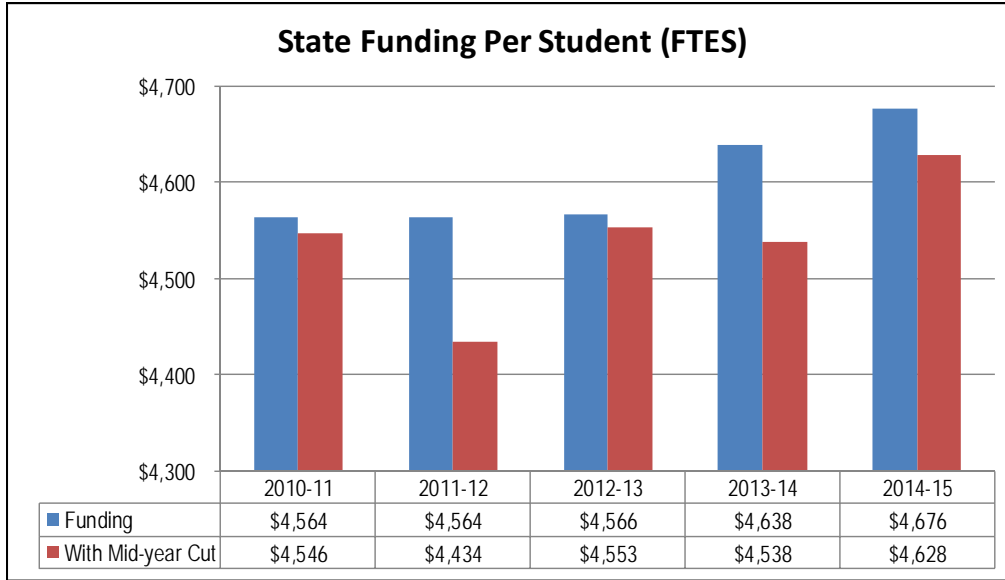
The District’s unrestricted general fund revenue budget relies primarily on state apportionment revenue. State apportionment is sometimes referred to as SB361 after Senate Bill 361 which enacted this funding model. The model includes state tax revenue, enrollment fees, property taxes, Proposition 30 tax receipts, and Board of Governor’s fee waivers. Apportionment revenue accounts for 90.2% of the 2014-15 unrestricted general fund revenue budget. Apportionment revenue is comprised of two funding streams, basic allocation and enrollment funding. Basic allocation is provided, based on size, to the Eureka campus, Del Norte center, and Mendocino center. Additional basic funding is provided because the Redwoods Community College District is considered a rural college district. The chart below shows the basic funding history before being adjusted downward for any mid-year deficit factor cut:

State Funding Basic Revenue						
Year	Eureka Campus	Del Norte Center	Mendocino Center	Rural District	Total Basic Revenue	Percent Change
2010-11	3,321,545	553,591	276,795	553,591	4,705,522	0.00%
2011-12	3,321,545	553,591	276,795	553,591	4,705,522	0.00%
2012-13	3,321,545	553,591	276,795	553,591	4,705,522	0.00%
2013-14	3,377,458	562,282	281,141	562,282	4,783,164	1.65%
2014-15	3,402,370	567,061	283,531	567,061	4,820,024	0.77%

As the chart above documents, the State provided no increase in basic funding from 2010-11 through 2012-13. Therefore, the state’s apportionment funding model provided districts insufficient inflationary increases to pay for items covered by basic funding.

The next chart shows the funding per FTES, and how funding was further reduced due to mid-year deficit factor cuts implemented by the State Chancellor’s Office to address the State’s funding shortfalls. These deficit factor cuts occur when actual tuition and property tax revenue fall short of the State’s estimates used by the Legislature to set annual funding levels. The 2014-15 deficit factor is the staff’s estimate.

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Mid-Year Deficit Factor Budget Cuts					
2010-11	2011-12	2012-13	2013-14 est	2014-15 est	Total
\$ 92,302	\$ 626,387	\$ 49,061	\$ 431,239	\$ 200,000	\$ 1,198,989

As the charts above indicate, mid-year deficit factor reductions further eroded funding per student. The State Chancellor’s Office practice is to make no adjustment to enrollment targets due to mid-year deficit reductions. Therefore, the State Chancellor’s Office expects the District to not reduce course availability due to mid-year deficit reductions. Also, the State ignores these mid-year cuts when developing the next year’s budget. Therefore, the District has no opportunity to recoup the funding that remains due but unpaid. The Budget Planning Committee identified the following: A fundamental key to fiscal stability is that in no case should the model’s funding per student ever be reduced.

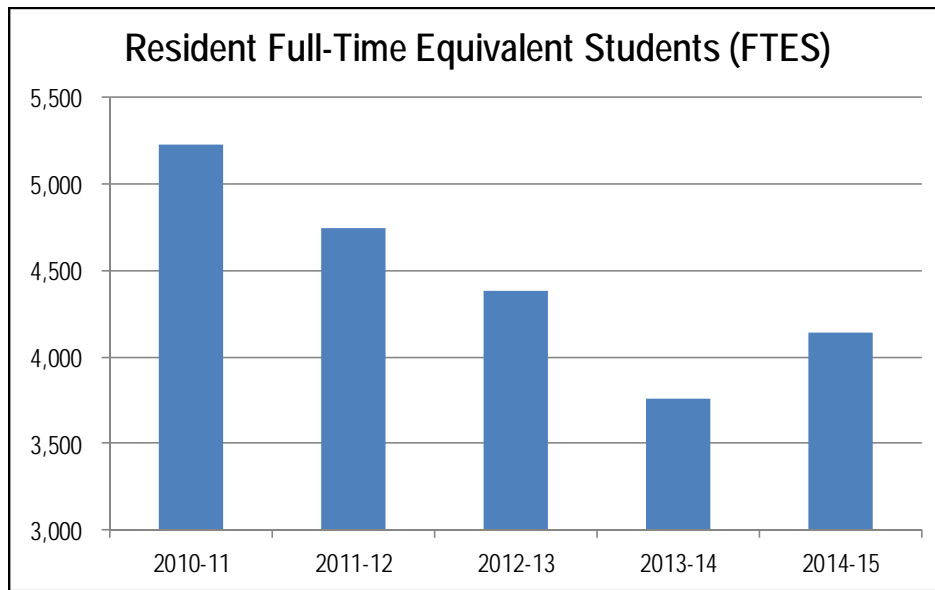
The State provides enrollment funding on a complicated calculation of hours of attendance or Full Time Equivalent Students (FTES) basis. Below is a chart of the District’s student enrollment budget. In 2014-15, the District will not use its entire enrollment cap. Note that the District’s revenue could increase by \$2.5 million if enrollments increased to the maximum 4676 funded resident FTES allowed by the State Chancellor’s Office for 2014-15.

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Recap of Student Enrollments							
Year	CO FTES Cap	CO Stability FTES	Above or (Below) Cap	CR FTES Budget	Percent Change	Funding Per FTES	Percent Change
2010-11	5,209		12	5,221	-5.8%	4,564	-0.01%
2011-12	4,811	4,811	(276)	4,535	-13.1%	4,564	0.00%
2012-13	4,811	4,535	(428)	4,383	-3.3%	4,564	0.00%
2013-14	4,811	4,383	(1,050)	3,761	-14.2%	4,636	1.57%
2014-15*	4,676	3,761	(539)	4,137	10.0%	4,676	0.86%

*2014-15 CO FTES cap includes 141 in "restoration" FTES. These must be recovered in 2014-15 or they are permanently lost.

The 2014-15 *CO FTES CAP* is comprised of 4535 FTES from 2011-12 actual enrollments, plus 141 FTES of enrollment restoration. The term *restoration* arises because the State reduced the enrollment cap in previous years, but added State funds to this year's budget for additional enrollments. The State Chancellor's Office has determined that for 2014-15 each district must enroll up to the cap including the restoration enrollment figure, or else the Chancellor's Office plans to immediately reallocate the restoration FTES to other community college districts. Since Redwoods will not recover its 141 FTES restoration in 2014-15, the cap for next year will be 4535 FTES. Following is a chart of enrollments:



The following chart shows the calculation of the state apportionment and the application of a contingency reserve. The \$200K contingency reserve is needed to cover unforeseen items, such as a mid-year cut in State funding or soft enrollments. As noted in the chart below, the contingency could cover lower enrollments up to 43 FTES in 2014-15.

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Recap of 2014-15 State Apportionment Calculation	
State Apportionment per FTES:	
2013-14	\$ 4,636
2014-15 increased by 0.85%	\$ 4,676
Funded FTES Budget	4137
FTES Apportionment	\$ 19,348,893
Basic Apportionment	\$ 4,498,258
Total State Apportionment	\$ 23,847,151
Less Contingency Reserve	\$ (200,000)
<i>Potential Soft FTES Reserve</i>	<i>(43)</i>
CR's Apportionment Budget	\$ 23,647,151

Unrestricted General Fund Revenue Budget Summary							
Year	State Apportionment (SB361)	Non-Resident	Other	Total Budget	Budget One-Time Reserves	Grand Total	Percent Change
2010-11	\$ 27,807,799	\$ 1,179,360	\$ 2,478,858	\$ 31,466,017	\$ 287,105	\$ 31,753,122	-1.1%
2011-12	\$ 26,567,305	\$ 903,732	\$ 1,625,377	\$ 29,096,414	\$ -	\$ 29,096,414	-8.4%
2012-13	\$ 25,084,301	\$ 798,657	\$ 1,348,408	\$ 27,231,366	\$ -	\$ 27,231,366	-6.4%
2013-14	\$ 24,908,006	\$ 644,627	\$ 1,506,299	\$ 27,058,933	\$ -	\$ 27,058,933	-0.6%
2014-15	\$ 23,647,151	\$ 721,847	\$ 1,833,997	\$ 26,202,995	\$ -	\$ 26,202,995	-3.2%

To maintain a conservative budget, the revenue figures above have been calculated based on the District's 4137 FTES enrollment target, but then the revenue estimate has been adjusted downward to reserve \$200,000 for contingencies. The two items of concern at this point are a potential mid-year State funding cut and potential "soft" enrollments. The contingency reserve will allow for potentially lower fill rates or lower overall enrollments. If these or any other fiscal contingencies do not occur, then these budgets may be released late in the year to high priority initiatives.

Non-resident revenue was adjusted up for 2014-15 on modest enrollment growth. Non-resident students pay the in-state enrollment fee of \$46 per unit, plus a separate non-resident tuition rate of \$233 per unit, plus other fees, etc. Only the \$233 per unit revenue contributes to increasing the District's budget. The \$46/unit enrollment fees are included in the State's apportionment model which is based on resident enrollments, so the additional fee revenue simply offsets State funding in the apportionment model. Other revenue is down due to lower Federal timber payments.

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Mendocino Center

The College of the Redwoods Mendocino Center (CRMC) receives basic funding in the State’s apportionment model. For 2014-15, CRMC earns \$281,141 in basic funding (amount is before any CO mid-year deficit cut which has not been included in this forecast). With the Mendocino College providing instruction programs at CRMC, the forecast assumes that these funds will go to support Mendocino College’s programs. Enrollment funding from CRMC’s Fine Woodworking program has been included in the forecast, but other CRMC enrollments have been removed. CRMC faculty costs have been removed from the model, but operating and maintenance costs are continued in this forecast. Under the current agreement, operating and maintenance costs will be deducted from the \$281K in basic funding, then the remainder will be made available to Mendocino College. As a result, the budget assumptions in the forecast have been kept to a reasonable and conservative level.

Summary of Budget Changes

Below is a summary of the changes from the 2014-15 Tentative Budget to 2014-15 Final Budget:

Summary of Budget Changes	Tentative Budget	Final Budget	Difference	Notes
Federal Sources	58,705	100,598	41,893	Timber receipts were lowered for Tentative Bgt, but have come in a little better. Increase to true up to actual receipts.
State Sources	14,763,975	14,837,186	73,211	Reduce COLA from 0.95% to 0.85%, reduce FTES to 4137 total, reduce basic apportionment to true up to CO bgt. Increase Other Revenue & Lottery to true up to prior year actual.
Local Sources	11,189,102	11,265,211	76,109	Reduce Other Revenue to true up to prior year actual.
Subtotal Revenue	26,011,782	26,202,995	191,213	
Academic Salaries	11,493,809	10,651,435	(842,374)	
Other Staff Salaries	4,387,425	4,065,873	(321,552)	
Employee Benefits	6,551,049	6,246,556	(304,493)	
Supplies, Materials, Other	4,409,034	4,789,082	380,048	Inflation and reduce extra support from auxiliaries.
Subtotal Expenditure	26,841,317	25,752,946	(1,088,371)	
Transfers & Other	611,907	476,799	(135,108)	Reduce Special Trustee costs by \$100K (Tentative Bgt reduced this by \$200K), increase waivers & true up to actual.
Lump Sum Budget Savings	1,422,691	-	(1,422,691)	
Total	(18,751)	(26,750)	(7,999)	
Ending Fund Balance	1,402,665	1,409,558	6,893	
Ending Fund Balance Percent	5.4%	5.4%		

HEPI Inflation Factor versus State COLA

The Higher Education Price Index (HEPI) provides college and university inflation rate history. The HEPI website (<https://www.commonfund.org/CommonfundInstitute/HEPI/Pages/default.aspx>) notes:

The Higher Education Price Index (HEPI) is an inflation index designed specifically to track the main cost drivers in higher education. It is an essential planning tool for educational managers, helping schools to understand the future budget and funding increases required to maintain real purchasing power...HEPI is a more accurate indicator of changes in costs for colleges and universities than the more familiar Consumer Price Index. It measures the average relative level of prices in a fixed basket of goods and

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services purchased by colleges and universities each year through current fund educational and general expenditures, excluding research.

The HEPI rate is published each year, and a history of HEPI rates is presented in the next chart compared to the State’s cost of living adjustment (COLA). As the chart indicates, the State’s inflation rate has not kept up with cost increases in the higher education sector and is again too low in 2014-15:

HEPI v. State Inflation		
Year	HEPI	State COLA
2010	0.90%	-0.01%
2011	2.30%	0.00%
2012	1.70%	0.00%
2013	1.60%	1.57%
2014	3.00%	0.85%
Total	9.50%	2.41%

Employee Notice Requirements

When the Budget Planning Committee’s (BPC) budget forecast remains in an unbalanced deficit position by February 1 of any given year, the District may need to consider issuing formal notice to the College of the Redwoods Faculty Organization (CRFO) of a potential reduction in force pursuant to section 13.3 of the collective bargaining agreement. When the BPC’s budget forecast remains in an unbalanced deficit position by March 15 of any given year, the District may need to consider identifying positions and issuing formal notice of layoff/reduction in force by March 15, pursuant to California Administrative Code Title 5, sections 87740 and 87743. Following is a chart of the general notice requirements for implementing layoffs/reductions in force:

Layoff/Reduction In Force Notice Requirements		Deadline
Educational Administrator	Notice of possible layoff. Ed code section 87740	March 15
Faculty	Notice provided to CRFO per section 13.3 of collective bargaining agreement	Feb 1
Faculty	Notice of possible layoff. Ed code section 87740 & 87743.	March 15
Classified Staff	Notice provided to CSEA employees per section 15.2 of collective bargaining agreement and Ed code section 87740	60 calendar days
Classified Manager	Notice of possible layoff. Ed code section 87740	60 calendar days
Confidential	Notice of possible layoff. Ed code section 87740	60 calendar days

2014-15 Budget Preparation and BPC Budget Recommendations

At its February 19, 2014 meeting, the Budget Planning Committee (BPC) reviewed a 2014-15 budget forecast and made recommendations to the President/Superintendent to eliminate a \$1,400,000 projected net deficit. Their guiding principle for budget savings recommendations was the following: Maintain accreditation standards by focusing on student success and fiscal stability.

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The President/Superintendent reviewed and accepted the BPC’s recommendations and administration implemented budget savings primarily through a round one 2014-15 reorganization and reduction-in-force (RIF) effective July 1, 2014, along with additional savings from a retirement incentive and additional savings realized from budget changes in the prior year.

Long term fiscal stability is further supported by a change negotiated in both of the District’s recently ratified collective bargaining agreements. Both agreements allow for a Cost of Living Adjustment (COLA) only if the District’s unrestricted fund balance is above 6.0%. Then, if the State increases the funding per FTES by more than 1.6%, the amount above 1.6% will be included as a COLA in employee salary schedules. If the State funds less than 1.6%, then there will be no COLA for that year. If the State funds above 1.6%, but the District’s fund balance is below 6.0%, then the COLA will be held back until the fund balance improves. The first 1.6% of the increase in funding per FTES can be used by the District each year to help cover other cost increases, such as inflation on employee health and welfare benefits or other items.

The following chart shows the priority funding plan for the District as resources become available for these initiatives. The “increase faculty TLU budget” refers to the Teaching Learning Unit (TLU) budget which is primarily used to budget for associate faculty costs. This item is intended to provide budget for additional course sections as enrollments increase.

CR Priority Funding Plan for 2014-15	50% Law			Running Total	Notes
	Top	Bottom	N/A		
Potential Use of Funds in 2014-15	-	-	-	-	
Increase faculty TLU budget	150,000	-	-	150,000	Need enrollment growth
Reduce auxiliary transfer	-	150,000	-	300,000	Address crumbling infrastructure
Fund new equipment revolving budget	-	-	300,000	600,000	Address crumbling infrastructure
Public Safety/Security revolving fund	-	50,000	10,000	360,000	Public safety
Payoff existing District COP debt & other debt	-	-	500,000	860,000	Financial stability
Extra payment to employee benefit trust	-	-	250,000	1,110,000	Financial stability
Restore fund balance	-	-	300,000	1,410,000	Financial stability, Cash reserves
Invest in mission critical personnel	-	200,000	-	1,610,000	Institutional stability
Increase faculty TLU budget	250,000	-	-	1,860,000	Potential revenue growth
Restore general fund capital repair budget	-	153,000	-	2,013,000	Address crumbling infrastructure
Fund a strategic investment budget	100,000	100,000	50,000	2,263,000	Institutional stability, potential revenue growth
Increase faculty TLU budget	250,000	-	-	2,513,000	Potential revenue growth
Increase fund balance for fiscal stability & the future	-	-	???	2,513,000	Financial stability
TOTALS	750,000	653,000	1,410,000	2,513,000	

Concept discussed with Cabinet 4-11-2013 & BPC 4-17-2013, Reported to Cabinet, BPC, CRFO and CSEA: April, 2013.
Reported at Convocation: 8-22-2013, 8-21-2014. Reported to BOT: 6-4-2013, 9-10-2013, 9-11-2014 in the Final Budget.

2014-15 Final Budget Ending Fund Balance

The District’s projected 2014-15 unrestricted general fund ending fund balance is 5.4%, which reflects a steady increase in District reserves for unforeseen events.

Exhibits

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Exhibits for unrestricted general funds, general funds, multiyear unrestricted general fund forecast, and all funds are presented on the following exhibits.

Exhibit A: 2014-15 Unrestricted, Restricted, and Total General Fund Budget

Exhibit B: 2014-15, 2014-15, 2015-16 Unrestricted General Fund Multiyear Forecast

Exhibit C: 2014-15 All Funds Budget

Discussion of Exhibit B: Unrestricted General Fund Multiyear Forecast

Exhibit B shows the unrestricted general fund multiyear forecast for 2014-15, 2014-15, and 2015-16. For revenue, the forecast assumes a steady \$101,000 in federal funding as this item declined in 2013-14, but has otherwise remained relatively stable over many years. State apportionment revenue is forecasted to increase by a 0.85% COLA increase in funding per FTES for 2014-15 which is fully offset by lower enrollments. Also, student enrollment growth is included in the 2016-17 year as 2015-16 is assumed to be an enrollment stability year. Non-resident tuition increases are based on modest enrollment growth and/or an increased tuition rate. Other Revenues are increased slightly in 2015-16 and 2016-17. A revenue contingency is included for all three years. Overall, this revenue estimate reflects a conservative increase in resources.

For expenditures, estimated cost increase factors are included. Reduced associate faculty costs have been calculated since fewer sections are needed at lower student levels. Costs for employee step increases, increases in health and welfare benefits, and other employer paid withholdings have been adjusted each year for changes in employment levels. The 2014-15 figures are based on a detailed analysis of the employee position inventory, with 2015-16 and 2016-17 estimated increases, respectively. A continued increase in transfers to the employee benefits trust is budgeted to ensure the fiscal stability of that fund. Costs related to the State Special Trustee and recovery costs are budgeted at \$0 during the three year budget forecast.

With this multiyear forecast, the fund balance is projected to steadily improve to 5.4% by year-end 2014-15, then 5.5% in 2015-16 and 5.6% by 2016-17.

Fifty Percent Law Compliance

California Community Colleges, Budget and Accounting Manual, 2000 edition:

The "50 Percent Law," as defined in Education Code Section 84362 and California Code of Regulations Section 59200 et seq., requires California Community College districts to spend each fiscal year 50% of the current expense of education for payment of salaries of classroom instructors. The intent of the statute is to limit class size and contain the relative growth of administrative and noninstructional costs.

The next chart shows the calculation of the 50% Law Compliance for the Final Budget:

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The chart shows that the District can meet the Fifty Percent Law requirement for 2014-15. However, in order to comply, it is assumed that expenditures will occur as forecasted in the Final Budget.

Fifty Percent Law Compliance	2011-12 Budget	2012-13 Budget	2013-14 Budget	2014-15 Budget
Salaries of classroom instructors	12,998,953	13,634,111	13,064,984	12,592,779
Current expense of education	25,996,403	27,153,727	25,661,112	25,157,946
Percent	50.0%	50.2%	50.9%	50.1%
Required expense @ 50%	12,998,202	13,576,864	12,830,556	12,578,973
Shortfall (Cushion)	-	(57,248)	(234,428)	(13,806)
Amount not exempted	-	-	-	-

Factors influencing the 50% law budget calculation include the District’s move to a modified academic dean structure which helped the calculation, offset by a lower associate faculty budget due to continued losses of enrollments.

Discussion of Exhibit C: All Funds Budget

Restricted General Funds (Fund 10)

Certain restricted funds receive a funding allocation from the State Chancellor’s Office and may be referred to as designated or categorical programs. Other restricted funds include Capital Projects, Enterprise, Associated Students, Student Financial Aid, and the Employee Benefits Trust. Enterprise funds include certain revenue generating auxiliary enterprises. These monies are provided for a specific purpose and generally cannot be used for any other District costs.

The State Chancellor’s Office tracks funding for over 20 categorical programs, such as: Calworks, Childcare, Extended Opportunity Programs and Services (EOPS), Disabled Students Programs and Services (DSPS), and Cooperative Agencies Resources for Education (CARE). Many of these categorical programs target specific populations of students for additional support.

In each restricted fund, the budget is prepared with the assumption that the fund will cover current year expenditures with current year revenue. If the State Chancellor’s Office provides more or less funding this year, then expenditures must rise or fall proportionately as well. A planned draw on fund equity reserves may be included in budget plans, provided sufficient fund balance is available.

Debt Service (Fund 21 & 29)

The Debt Service Funds include the Bond Interest and Redemption Fund (Fund 21) and the Other Debt Service Fund – COPS (Fund 29). The District sold the remaining \$7.1 million in bond authorization during 2014-15. All \$40.3 million in bond authorization has been sold.

At its June 7, 2005 meeting, the Board of Trustees established a Bond Interest and Redemption Fund to account for revenues derived from property taxes levied for the payment of principal and interest on outstanding bonds of the District, for example Measure Q Bonds. Responsibility for

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the operation of this fund is vested with the Humboldt County Auditor in accordance with State law.

In October 1988, the District formed the College of the Redwoods Financing Corporation (CRFC) for the purpose of issuing \$3 million in certificates of participation (COPs). Proceeds were used for acquisition of land and buildings, for rental of facilities, for remodeling and maintenance projects, and for debt service requirements. This 30-year obligation was refinanced in November 1998 over the remaining 20 years at savings of \$376,258. The interest rate is now 5.3%. The financial statements note a principal balance of \$406,200 as of June 30, 2012 for "Refunding Lease Obligation." The District has made lease payments of about \$98K per year as assigned by CRFC for the retirement of the outstanding debt. These activities were accounted for in a debt service fund. The District is reaching the complete pay down of this debt over the multiyear forecast period

Child Development (Fund 33)

The District operates child development programs on the Eureka Campus for the benefit of children from infants to age 5. In addition to Federal and State support, the District charges an hourly rate to parents for its instructional activities.

The District's unrestricted general fund provides \$90,000 in direct support to this fund and additionally covers overhead costs for administration, operations and maintenance of this program. The Child Development budget will be used to cover costs of providing hands-on student learning opportunities in a working childcare center for Early Childhood Education students.

Student Farm (Shively Farm, Fund 34)

This Fund was established in November 2000 to account for student agricultural production activities that are conducted on a farm in Shively, California. The farmland, buildings, equipment, and cash were a gift received from the estate of John Bianchi. In fiscal year 2008-09, CalTrans gave the District Foundation \$2.0M to assist with the operational needs of the student farm. An endowment was set up with \$1.5M and the interest earned provides support to the Agriculture instructional programs at the District. Proceeds from the endowment directly benefit the District's instructional programs, and not the Farm operations. The remaining \$500 thousand was designated for the benefit of the Farm to help with equipment purchases.

The Farm budget will be used to cover costs of providing hands-on student learning opportunities in a working laboratory farm and costs of production of the goods to be sold from the Farm.

Other Special Revenue (Fund 39)

Students benefit from the services provided by this fund through access to the student center. The District Board established a special revenue fund to account for the rental income from District owned or leased buildings.

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Capital Projects (Fund 41)

This fund provides monies for the various construction and improvement projects occurring across the District. Students benefit from these projects by gaining access to updated facilities, upgraded technology and furniture. The District maintains the Capital Outlay Projects Fund to account for the expenditure of capital outlay and scheduled maintenance projects.

Enterprise (Funds beginning with 5)

Community Education and the student house built by the Construction Technology program are recorded here.

Associated Student Trust (Fund 71)

The Associated Students of the College of the Redwoods uses these monies to provide services for the District's student

Regulations adopted by the Board of Governors of the California Community Colleges require the establishment of a fund to account for moneys held in trust by the District for the organized student body association. This fund was established in November 2000. The budget represents revenue and expenditure estimates of activities managed by student government.

Student Financial Aid Trust (Fund 74)

This fund is for financial aid transactions which benefits students on financial aid. This fund holds monies that do not belong to the District, but rather these funds must ultimately be disbursed to students. The students in turn use these monies to pay their enrollment fees, purchase textbooks, and cover living expenses each semester. Since the monies pass through from the government to the student, the accumulation of fund balance reserves is not allowed. Federal Department of Education regulations prohibit the accumulation of a fund balance.

Employee Benefit Trust (Fund 78)

This fund was created to accumulate a pool of monies to cover the estimated cost of providing health and welfare benefits to certain retired employees of the District. The District phased out these benefits for newly hired employees after December 2007.

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EXHIBIT A

REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE	2014-15 BOT Final Budget		General Fund
	Unrestricted	Restricted	2014-15
REVENUES:			
Federal Sources	100,598	1,119,518	1,220,116
State Sources	14,837,186	3,038,571	17,875,757
Local Sources	11,265,211	379,924	11,645,135
Total Revenue	26,202,995	4,538,013	30,741,008
EXPENDITURES:			
Academic Salaries	10,651,435	519,673	11,171,108
Other Staff Salaries	4,065,873	1,667,199	5,733,072
Employee Benefits	6,246,556	781,956	7,028,512
Reorganization & RIF	0	0	0
Supplies & Materials	472,130	163,097	635,227
Services & Other Operating	4,219,866	641,087	4,860,953
Capital Outlay	97,086	413,885	510,971
Total Expenditures	25,752,946	4,186,897	29,939,843
EXCESS REVENUES (EXPENDITURES)	450,049	351,116	801,165
OTHER FINANCING SOURCES/(USES):			
Sale of Land & Buildings	0	0	0
Interfund Transfers In	0	0	0
Intrafund Transfers In	0	0	0
Debt Service	0	0	0
Intrafund Transfers Out	0	0	0
Interfund Transfers Out	(441,907)	0	(441,907)
Student Financial Aid	(34,892)	(351,116)	(386,008)
Other Sources (Uses)	0	0	0
Total Other Sources (Uses)	(476,799)	(351,116)	(827,915)
FUND BALANCE INCREASE (DECREASE)	(26,750)	0	(26,750)
BEGINNING FUND BALANCE:			
Beginning Balance	1,436,308	237,958	1,674,266
Prior Year & Other Adjustments	0	0	0
Adjusted Beginning Balance	1,436,308	0	1,674,266
ENDING FUND BALANCE	1,409,558	0	1,647,516
Fund Balance Percent	5.4%	This Final Budget assumes that all proposed budget solutions occur as planned.	
Net Fund Balance	1,409,558		
Net Fund Balance Percent	5.4%		
Excess Reserve Over 5% Minimum	98,071		

**Redwoods Community College District
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EXHIBIT B

Unrestricted General Funds Fund 10	2014-15 Final Bgt	Changes	2015-16 Bgt	Changes	2016-17 Bgt
Funded FTES	4137	0	4137	103	4241
<i>Percent Change</i>	<i>-5.71%</i>		<i>0.00%</i>		<i>2.50%</i>
Basic Allocation - CRMC	(138,398)		-		-
0.85%/1.3%/1.2% COLA	182,239		314,475		310,537
Enrollment Gain (Loss)	(1,171,781)		-		792,945
Non-Credit, Non-Res, Other	150,926		152,029		181,220
Revenue	26,202,995	466,504	26,669,499	1,284,701	27,954,200
Academic & Admin Salaries	10,651,435	63,477	10,714,912	514,825	11,229,738
Manager & Staff Salaries	4,065,873	36,435	4,102,308	100,000	4,202,308
Benefits	6,246,556	170,066	6,416,622	497,965	6,914,587
Supplies & Materials	472,130	9,443	481,573	9,631	491,204
Services & Other Operating	4,219,866	42,199	4,262,065	85,241	4,347,306
Capital Outlay	97,086	-	97,086	-	97,086
All Transfers	476,799	75,000	551,799	20,000	571,799
Other	-	-	-	-	-
Expenditure & Transfers	26,229,745	396,619	26,626,364	1,227,663	27,854,028
Prior year bgt savings	-		-		-
Net Revenue	(26,750)	69,884	43,134	57,038	100,172
Required Budget Savings	-		-		-
Net Revenue	(26,750)		43,134		100,172
Beginning Fund Balance	1,436,308		1,409,558		1,452,692
Ending Fund Balance	1,409,558		1,452,692		1,552,864
Fund Balance Percent	5.4%		5.5%		5.6%

**Redwoods Community College District
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EXHIBIT C

REDWOODS COMMUNITY COLLEGE DISTRICT FINAL BUDGET FISCAL YEAR 2014-15		The Final Budget assumes all proposed budget solutions occur as planned.										TOTAL ALL FUNDS (Memo Only)	
		GOVERNMENTAL FUND TYPES						PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPE - TRUST				
		REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE	General Fund (10)	Debt Serv Fund (21) & (29)	SPECIAL REVENUE FUNDS			Capital Projects (41)	Enterprise Funds (5X)	Associated Student Body (71)	Student Financial Aid Trust (74)		Employee Benefit Trust (78)
					Child Devel- opment (33)	Student Farm (34)	Other Sp Rev Funds (39)						
REVENUES:													
Federal Sources	8100-8199	\$ 1,220,116	\$ 0	\$ 72,891	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,700,000	\$ 0	\$ 9,993,007		
State Sources	8600-8699	17,875,757	0	244,229	100,000	0	0	0	0	300,000	18,519,986		
Local Sources	8800-8899	11,645,135	2,155,764	48,669	22,000	595,000	20,000	950,000	60,000	0	298,854		
Total Revenue		30,741,008	2,155,764	365,789	122,000	595,000	20,000	950,000	60,000	9,000,000	298,854	44,308,415	
EXPENDITURES:													
Academic Salaries	1000-1999	11,171,108	0	0		0		4,000	0	0	0	11,175,108	
Other Staff Salaries	2000-2999	5,733,072	0	254,781	18,134	200,000	75,000	220,000	25,000	0	0	6,525,987	
Employee Benefits	3000-3999	7,028,512	0	155,061	7,985	90,000	9,000	50,000	900	0	900,000	8,241,458	
Reorganization & RIF		0										0	
Supplies & Materials	4000-4999	635,227	0	26,159	5,000	8,000		60,000	9,000	0	0	743,386	
Services & Other Operating	5000-5999	4,860,953	0	13,512	6,881	132,000		120,000	80,510	0	0	5,213,856	
Capital Outlay	6000-6999	510,971	0	6,276	100,000	300,000	6,000,000	400,000	0	0	0	7,317,247	
Total Expenditures		29,939,843	0	455,789	138,000	730,000	6,084,000	854,000	115,410	0	900,000	39,217,042	
EXCESS REVENUES (EXPENDITURES)		801,165	2,155,764	(90,000)	(16,000)	(135,000)	(6,064,000)	96,000	(55,410)	9,000,000	(601,146)	5,091,373	
OTHER FINANCING SOURCES (USES):													
Interfund Transfers In	8980-8988	0	98,907	90,000	28,000	0	0	0	0	0	225,000	441,907	
Debt Service	7100-7199	0	(2,133,681)	0	0	0	0	0	0	0	0	(2,133,681)	
Interfund Transfers Out	7300-7399	(441,907)	0	0	0	0	0	0	0	0	0	(441,907)	
Student Financial Aid	7500-7699	(386,008)	0	0	0	0	0	0	0	(9,000,000)	0	(9,386,008)	
Total Other Sources (Uses)		(827,915)	(2,034,774)	90,000	28,000	0	0	0	0	(9,000,000)	225,000	(11,519,689)	
FUND BALANCE INCREASE (DECREASE)		-26,750	120,990	0	12,000	(135,000)	(6,064,000)	96,000	(55,410)	0	(376,146)	(6,428,316)	
BEGINNING FUND BALANCE:													
Beginning Balance	9790	1,674,266	2,020,120	16,861	0	218,495	11,000,000	491,362	125,345	5	1,750,907	17,297,361	
Prior Year Adjustments	9791-9792	0	0	0	0	0	0	0	0	0	0	0	
Adjusted Beginning Balance		1,674,266	2,020,120	16,861	0	218,495	11,000,000	491,362	125,345	5	1,750,907	17,297,361	
ENDING FUND BALANCE		\$ 1,647,516	\$ 2,141,110	\$ 16,861	\$ 12,000	\$ 83,495	\$ 4,936,000	\$ 587,362	\$ 69,935	5	\$ 1,374,761	\$ 10,869,045	