**Standard III: Resources**

**Standard III.D Financial Resources Planning**

**Standard III.D.1**

*Financial resources are sufficient to support and sustain student learning programs and services and improve institutional effectiveness. The distribution of resources supports the development, maintenance manages its financial affairs with integrity and in a manner that ensures financial stability.*

Evidence of Meeting the Standard:

Modesto Junior College is part of the Yosemite Community College District (YCCD), a two-college district. Fiscal policies and procedures are codified as Board Policies (BP) and Administrative Procedures (AP) to guide the management of financial affairs in a manner that ensures financial stability and integrity in allocation of resources to Central Services and the Colleges. (BP 6200, 6250, 6300)(Link to BP website) The College’s unrestricted general fund is a proportional share of the YCCD state apportionment revenue and annual expenditure budget based on the District’s allocation model. ([Allocation Formula](https://www.yosemite.edu/fiscalservices/budget_files/allocation_formula_rev_01-15.pdf), [Allocation Model Analysis](https://www.yosemite.edu/fiscalservices/resource_allocation/Resource_Allocation_SB361_2016-17_revised.pdf), [2016/17 Final Budget)](https://www.yosemite.edu/fiscalservices/budget_files/2016-17_Final-Budget.pdf)

For the fiscal year 2015-2016, the college total unrestricted fund budget was $54.6 million. (2016/17 FInal Budget) This budget funds the general operating expense of the institution. For fiscal year 2016-2017, the college total unrestricted budget is $56.2 million.(2016/17 Final budget) Personnel costs budgeted at $53.0 million comprise 94% of the college’s unrestricted fund budget. ([IIID6](https://www.yosemite.edu/fiscalservices/budget_files/2016-17%20Final%20YCCD%20Budget%20Review.pdf)) The remaining $3.2 million (6%) is allocated for supplies, materials, services, capital outlay, and other outgo. ([IIID6](https://www.yosemite.edu/fiscalservices/budget_files/2016-17%20Final%20YCCD%20Budget%20Review.pdf)) It is important to note that some direct College costs are funded at the District level including utilities. The increase in the unrestricted budget from prior year levels is a direct result of a state allocation of one time funds that were received by YCCD. The college receives restricted funds for state-funded categorical programs, college based revenue such as parking and health fees, and grants. (Fund 12 budget 2016/17, Grant list from Jenni) The unrestricted and restricted budgets combine to provide the College the resources to support and sustain student learning programs and services and improve institutional effectiveness.

In November 2004, voters approved Measure E, a general obligation bond to improve and construct educational facilities at Modesto Junior College and Columbia College. Modesto Junior College’s share of Measure E is approximately $220.1 million. ([IIID7](https://www.yosemite.edu/bond/)) With this revenue, the college has been able to fund twenty eight projects from its *Facilities Master Plan*, including a new Science Community Center, Agriculture Multipurpose Pavilion, High Tech Center, Student Services Building, and roadway improvements.([IIID8](https://www.yosemite.edu/bond/mjc/))

In addition to unrestricted and restricted general fund budgets, the college also relies on restricted funds including grants to support its mission. All grants are developed to directly support the mission and priorities of the college. Grant planning includes faculty and staff who will ultimately implement projects. (Grant proposal checklist) Examples of funded grants that support the College mission include:

· A five-year, $2.6 million Developing Hispanic-Serving Institutions (Title V) grant to remove academic, procedural, and physical barriers for students. The grant is providing resources to analyze and streamline processes, renovate space to improve direct services, and develop new curriculum and instructional delivery methods to support student achievement.

· $4.3 million Hispanic-Serving Institution STEM and Articulation grant to improve resources and support for students pursuing a STEM pathway. Outcomes from this grant increased access and service to students through a remodel of the West Campus Library to include a STEM Center, seven student collaboration rooms with state-of-the-art technology, and expanded tutor training.

At their February 2017 meeting, the Board of Trustees reviewed a report from the YCCD Grant Development office listing a total exceeding $3.3 million in grants received by the College in recent months [<http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AHWLL6570789/$file/GrantActivity_2017-02-08_BOTmtg.pdf>]

The District follows established policy and procedure, regulations, and accepted accounting practices in managing resources. ( [District Audit report](https://www.yosemite.edu/fiscalservices/audit_reports/). [District budget](https://www.yosemite.edu/fiscalservices/budget_files/2015-16_amended_final_budget.pdf) [Resource Allocation Council](http://www.mjc.edu/governance/rac/). [Evidence of RAC completing an allocation cycle](http://www.mjc.edu/governance/rac/documents/ielmallocationsummary20142015.pdf)) The District annual audit reports reflect the integrity of the institution’s financial management and stability. ([District Audit report](https://www.yosemite.edu/fiscalservices/audit_reports/))

**Analysis and Evaluation**

Modesto Junior College manages its financial resources in an effective manner that is mission focused. The College has consistently demonstrated the ability to maintain a fiscally balanced budget. The College has a balanced budget heading into the 2016-2017 fiscal year and will continue to support the educational needs of the students and community.

The College has developed a proactive and effective Grants and Resource Development Office which has produced sustainable and mission-focused alternative revenue sources to support college goals. (Grant list) External revenue focuses on identified needs to support the College’s Strategic Plan and Educational Master Plan in support of student success and completion.

**Standard III.D.2**

*The institution’s mission and goals are the foundation for financial planning, and financial planning is integrated with and supports all institutional planning. The institution has policies and procedures to ensure sound financial practices and financial stability. Appropriate financial information is disseminated throughout the institution in a timely manner.*

Evidence of Meeting the Standard:

MJC maintains the college mission at the forefront of annual fiscal planning through review of the mission statement and inclusion of the mission statement on participatory governance council agendas. (RAC agendas, CC agendas, mission statement revision at CC spring 2016) The updated MJC Strategic plan introduces strategic directions that serve as college goals, which in concert with the Educational Master Plan, inform financial planning and decision-making for the College. (Strategic plan, EMP) Resources are allocated to programs and services through an integrated unit planning process of Program Review, the primary vehicle for identification of program and area needs. (PR Samples, timeline, $)

Instructional departments, service areas, and administrative units complete program reviews to evaluate effectiveness leading to improvement. These reviews delineate alignment with the College’s mission and strategic directions, highlight areas of strength, describe the findings of student learning assessment, and list resources needed to make improvements via staff, equipment, or services. (Sample PR from instruction, student services and admin unit) Personnel decisions, funding allocations, facilities improvement, and technology purchases are initiated through program review.

Items listed in program reviews are prioritized at the department and division levels. (IELM Request list with ranking) Compiled reports from program reviews are provided to assist the Resource Allocation Council in the process of annual budget development and resource allocation. (Sample spreadsheet of IELM requests) The program review purchase request list also provides the College with valuable data to predict its future funding needs. If an existing funding source is not available to achieve a college priority, alternative sources of future funding are pursued, as was the case with the TItle V Removing Barriers grant described in the previous section.

The college general fund budget is built around an annual FTES target [Ev-Mary’s FTES target sheet]. The college uses data and reports available through its Colleague system and the California Community Colleges Chancellor’s Office to carefully manage student enrollment and monitor budget expenditures in order to achieve its enrollment goal while staying within its financial means. The ending balance of the previous three years is sufficient to maintain a reserve needed for emergencies and exceeds the 10% reserve established in Board Policy. ([District budget](https://www.yosemite.edu/fiscalservices/budget_files/2015-16_amended_final_budget.pdf) and [audit report](https://www.yosemite.edu/fiscalservices/audit_reports/), BP 10% reserve)

Budget information is provided by the YCCD Executive Vice Chancellor to the Board of Trustees at regular Board meetings and study sessions. Provided information consists of the tentative budget , final budget, and budget augmentations.([IIID13](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AA4T73703A73/$file/Tentative%20Budgets_2016-06-08_BOTmtg.pdf) ([IIID14](https://www.yosemite.edu/fiscalservices/budget_files/2016-17%20Final%20YCCD%20Budget%20Review.pdf)) ([IIID15](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AG5VW8827263/$file/AmendedBudget-2016-17_2016-12-14_BOTmtg.pdf)) ) Information on FTES revenue projections and on the college’s planned to actual FTES achievement is included in the report. ([IIID5](https://www.yosemite.edu/fiscalservices/budget_files/2016-17_Final-Budget.pdf)) The MJC President provides updates on student enrollment and FTES projections to College Council, the campus, and District community linking budgetary decisions to institutional planning. (MJC Reflections with enrollment, College Council website with Enrollment reports, College Council minutes)

The YCCD Board of Trustees approves Modesto Junior College’s annual budget and the YCCD’s external audit reports in an open public session. (Board minutes February or January) Representatives from each of the college’s constituent groups are in attendance at the board meeting. Board minutes are available on the YCCD website and the Executive Vice Chancellor posts audit and budget information on the YCCD Fiscal Services website.([IIID16](http://www.boarddocs.com/ca/yosemite/Board.nsf/vpublic?open)) ([IIID17](https://www.yosemite.edu/fiscalservices/))

Budget information is regularly included on the College Council agenda. Council. (CC agendas/minutes with budget) Members of the council report information back to their stakeholders, gather input from their constituents, and return to College Council for further discussion. The minutes from the College Council meetings are posted on the college website and available to the campus and community at large (CC minutes).

Detailed financial information is available to all departments through the college’s Colleague financial information system and a multitude of reports. Managers and staff have access to financial information and reports at the department, division, and college levels. The YCCD Accounting Office provides, on the YCCD intranet, a budget summary tool providing users with a concise view of the budget.([IIID19](https://www.yosemite.edu/accounting/))

**Analysis and Evaluation**

Financial planning and associated resource allocation is integrated into the college planning processes and aligned with its mission and goals. (EAV, $) The Resource Allocation Council has developed guiding principles that effectively support budget development and resource allocation decision-making in times of expansion and contraction. (Guiding Principles) The College’s resource allocation process is designed to support the achievement of its plans and goals through funding of needs identified through the program review process. (IELM funded list)

The District and College have a variety of financial controls in place to ensure fiscal stability including Board Policies and Administrative Regulations guide the budget development process. (BP 6200, BP 6250) These guidelines are enforced through the District’s enterprise software, Colleague. The workflow for requisitions and expenditures requires approval at the budget manager level, the College VP level, and ultimately by the District Controller before any expenditure can be made. The effectiveness of these financial controls is evidenced in The Annual Budget and Financial Report. (Annual Budget and Financial Report CCFS-311)

The District’s conservative approach to fiscal management and strong reserves serves to negate cash-flow difficulties stemming from process of receiving revenues. ([audit report](https://www.yosemite.edu/fiscalservices/audit_reports/) and financial reports) The District has sufficient insurance to cover its needs. Those areas covered by self-funded insurance are supported by sufficient reserves to handle financial emergencies.

**Standard III.D.3**

*The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.*

Evidence of Meeting the Standard:

The District and College follow clearly defined policies and procedures for financial planning in budget development.(BP 6200, 6250, EAV, $) The allocation of resources to each the two colleges and Central Services, is established in the documented Resource Allocation Model. ([Allocation Formula](https://www.yosemite.edu/fiscalservices/budget_files/allocation_formula_rev_01-15.pdf), [Allocation Model Analysis](https://www.yosemite.edu/fiscalservices/resource_allocation/Resource_Allocation_SB361_2016-17_revised.pdf),) The Resource Allocation Model was developed by a participatory body, the Budget Allocation Taskforce. ([Budget Allocation Taskforce](https://www.yosemite.edu/fiscalservices/bat_files/), [Resource Allocation Model)](https://www.yosemite.edu/fiscalservices/bat_files/bat_recommendations-executive_summary.pdf) Resource allocation to the colleges follows the budget timeline that is publicly available on the Fiscal Services website and distributed annually to the College. ([Budget Timeline](https://www.yosemite.edu/fiscalservices/budget_files/budget_planning_timeline.pdf)) The budget timeline is shared with the Resource Allocation Council, the college participatory governance council responsible for recommending the tentative budget to College Council. (RAC website with membership, CC agenda/minutes with budget) Budget development at the College is completed within the timeline and submitted to Central Services. (EAV, $)

Modesto Junior College receives notice of the college’s initial budget allocation following review at District Council. At the College level, Modesto Junior College manages its allocation of financial resources in an manner to effectively fulfill the college mission and work toward achieving the strategic directions outlined in the MJC Strategic Plan. ([IIID1](http://www.mjc.edu/president/) , [IIID2](http://www.mjc.edu/governance/strategicdirections.php)) In order to ensure the college’s resources are aligned with the college mission, college budget development is completed through the governance structure. (EAV, $ Graphic, RAC minutes, College Council minutes) Utilizing the initial allocation, the college completes budget development in three distinct components; permanent personnel, Part-time/Overload budget (PTOL), and operational budgets. The Vice President of College and Administrative Services (VPCAS) creates the tentative college budget and presents each distinct component to Resource Allocation Council (RAC) for review and approval. The budget is then forwarded to College Council for consideration. College Council reviews the tentative college budget and takes action to recommend the tentative budget to the President. (EAV, College Council minutes with budget approval)

The Executive Vice Chancellor utilizes the tentative college budget approved through the governance structure to complete the District’s tentative budget. In accordance with education code, the YCCD Board of Trustees adopts the tentative budgets. (BOT agenda/minutes with tentative budget approval) Upon adoption of the statewide budget, college allocations are adjusted accordingly and approved through the college governance structure in the same manor and assimilated into the District’s final budget and again reviewed for adoption by the governing board. (Final budget agenda/minutes BOT)

Resource allocations support the Strategic Directions by fulfilling resource needs identified in program review. In addition to program review, departments have opportunity to submit Resource Allocation Requests for consideration. ($) This ensures that institutional needs, such as replacement of equipment in shared classrooms, are included in the budget development and resource allocation processes. Resource requests from program review and the Resource Allocation Request form must document the connection to the College’s Strategic Directions. (Resource Allocation Request Form) When making allocations, the Resource Allocation Council utilizes the Guiding Principles to establish priorities in alignment with the mission and strategic directions to evaluate requests and ultimately for allocation. (Guiding Principles, strategic directions, IELM funded list)

District Council is the districtwide participatory governance body that reviews the annual implementation of the Resource Allocation Model. ([District Council](https://www.yosemite.edu/chancellor/district_council/DC%20Statement%20of%20Principles%20rev01-17-14.pdf), DC agenda/minutes with tentative budget) The Resource Allocation Model distributes unrestricted general fund resources and serves to ensure allocation of resources through alignment with SB 361, the state’s funding formula. ([Allocation Formula](https://www.yosemite.edu/fiscalservices/budget_files/allocation_formula_rev_01-15.pdf), [Allocation Model Analysis](https://www.yosemite.edu/fiscalservices/resource_allocation/Resource_Allocation_SB361_2016-17_revised.pdf),)

**Analysis and Evaluation**

The College’s financial planning and resource allocation are integrated in the planning process, as document in Engaging All Voices. The College’s processes for budget development and fiscal planning are clearly defined, including roles and responsibilities. *Engaging All Voices* delineates constituency representation for each of the College governance councils and the responsibility of each council in the integrated planning process. The College’s Resource Allocation Council is informed of statewide budgeting processes and documented District budget development processes and timelines. Within District processes and timelines, the College governance councils involved in budget development utilize the Strategic Directions and Educational Master Plan to drive decision-making.

At the department level, detailed financial information is available through the District’s enterprise resource planning system. The District utilizes a defined and document chart of accounts ([chart of accounts](https://www.yosemite.edu/controller/controllerfiles/Chart%20of%20Accounts.pdf)) that allows departments and the college to track expenditures as allocated to support the college mission.

**Standard III.D.4**

*Institutional planning reflects a realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.*

Evidence of Meeting the Standard:

The college budget is developed through an iterative process launched with a salary and benefit review to ensure accuracy of accounts and staff information. Of the 2016-17 college general fund budget, 94% was committed to salaries and benefits with the remaining 6% budgeted for supplies, travel, maintenance, and other services. ([Annual Budget report](https://www.yosemite.edu/fiscalservices/budget_files/2016-17_Final-Budget.pdf) slide 15, [2016-17 Resource Allocation Analysis](https://www.yosemite.edu/fiscalservices/resource_allocation/Resource_Allocation_SB361_2016-17_revised.pdf))

Resource Allocation Council (RAC) is the Council that establishes recommendations for the allocation of resources.(RAC website, EAV) The direction of the RAC is based on eight guiding principles which include, but are not limited to, making resource allocation recommendations based on alignment with the college mission and goals and scholarship of teaching and learning, strategically allocating resources to strengthen learning and support services that improve student success, and using relevant, well-defined, agreed-upon data in a consistent manner for decision-making. ([IIID55](http://www.mjc.edu/governance/rac/index.php)) RAC receives the lists of needs identified through program review and prioritized by division. Upon receipt of the prioritized lists, the Resource Allocation Council reviews the compiled requests and determines resource allocation recommendations which are forwarded to the College Council. ([IIID54](http://www.mjc.edu/governance/collegecouncil/documents/ccm-2-9-15.pdf))

The Yosemite Community College District Executive Vice Chancellor provides regular reports to the YCCD Board of Trustees and college leadership about the status of state funding as well as annual budget assumptions and limitations ([IIID5](https://www.yosemite.edu/fiscalservices/budget_files/2016-17_Final-Budget.pdf) [IIID23](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/A6HQR863298F/$file/FinCond-311Q_2016-02-10_BOTmtg.pdf), [IIID24](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/A8ZSTR6DF724/$file/CCFS311Q_2016-05-11_BOTmtg%20.pdf), [IIID25](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AD4P6E63121F/$file/ccfs311Q_2016-09-14_BOTmtg.pdf), [IIID26](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AEXMA859F784/$file/FinCond-311Q_2016-11-09_BOTmtg.pdf)). This information is widely shared at the college level and readily available to college planners. (College Council agenda/minutes with budget info, RAC agendas with state budget updates) Additionally, there is access to financial information through the college’s financial management system, Colleague, for budget managers and administrative staff.

Budgets and expenditures information is available to all staff of the college from the Yosemite Community College District’s Fiscal Services intranet website and all management has access to run budget reports from Colleague. ([IIID17](https://www.yosemite.edu/accounting/)) The MJC Vice President of College and Administrative Services provides regular reports to President’s Executive Team, Deans’ Cabinet, Leadership Team, and Resource Allocation Council of expenditures and budget reports during the year. (Agendas/minutes of above)

Analysis and Evaluation:

Financial information is available to college faculty and staff, allowing plans to realistically reflect the college’s resource availability. Institutional leadership regularly communicates projected and actual revenue and expenditure information to facilitate informed budgetary decision-making. (Minutes/agendas from College Council, RAC, Deans’ Cab, leadership team)

The processes for resource allocation are clearly outlined Modesto Junior College Budget Development & Resource Allocation Process. ([IIID11](http://www.mjc.edu/governance/rac/documents/budgetdevelopprocess.pdf)) This document is highly visible and is incorporated into the college culture. All resource requests are linked to planning in support of the college mission. ([IIID10](http://www.mjc.edu/governance/collegecouncil/strategic_plan_2016_2021.pdf))

**Standard III.D.5**

*To assure the financial integrity of the institution and responsible use of its financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making. The institution regularly evaluates its financial management practices and uses the results to improve internal control systems.*

Evidence of Meeting the Standard:

The annual District budget development process begins with prior year’s budget as a frame of reference. This provides opportunity for the College to review budget allocation as compared to expenditures and make adjustments in the budget development process to accurately reflect anticipated institutional spending. Since 2013/14, MJC focused budget development efforts to fully fund the cost of part-time and overload instruction. (Budgets from 13/14, 14/15, 15/16, RAC minutes) The 2016/17 College budget included an allocation of $2.2M toward part-time and overload instruction and associated benefits representing the estimated cost associated with delivering instruction to meet the FTES target. (2016/17 budget) The 2016/17 budget provides an accurate reflection of institutional spending building credibility with College stakeholders. The College relies upon a resource allocation process, grounded in program review and learning outcomes assessment evaluation, to fund department priorities including instructional equipment. ([$,](http://www.mjc.edu/governance/rac/documents/budgetdevelopprocess.pdf) [RAC website](http://www.mjc.edu/governance/rac/index.php), [IELM allocation](http://www.mjc.edu/governance/rac/ielm.php))

The responsible and appropriate use of the college’s fiscal resources is assured. Since 2003, Modesto Junior College and the Yosemite Community College District (YCCD) have used the Colleague financial information system to record financial data and also process financial transactions. Built within the system are multiple control mechanisms to assure the responsible and appropriate use of the college’s fiscal resources. For example, purchase requisitions are generated electronically in the Colleague system. Processing a requisition through the system requires a valid account number, available budget, and a multi-tiered approval. Budget transfers require review and approval by the manager of the department and the Vice President of College and Administrative Services. This can only be executed in the system by college administrative and YCCD fiscal services staff who by the nature of their position have been assigned a high-level security clearance. The system provides readily available real time financial data. All college staff can view financial information through on-screen viewing, system reports, or the use of a variety of reporting tools developed by the YCCD Accounting Office. ([IIID17](https://www.yosemite.edu/accounting/))

Analysis and Evaluation:

The College’s budget managers and appropriate staff have ready access to Colleague’s dependable and timely information to guide their financial decisions. The College budget accurately reflects institutional spending and has credibility with constituents. Funds are allocated in a manner that supports achieving the goals for student learning.

System security clearances are controlled and assigned based on each individual’s job requirement. The number of staff with a high level of system access is carefully limited. The controls automated within the Colleague system and a strong system of internal controls applied to all financial transactions work together to ensure the financial integrity of the college and the YCCD.

**Standard III.D.6**

*Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.*

Evidence of Meeting the Standard:

The Yosemite Community College District (YCCD) Resource Allocation Model was revised in 2014-15 to align with SB361, California’s funding allocation model adopted in 2007 for community colleges. ([IIID18](https://www.yosemite.edu/fiscalservices/resource_allocation/resource_allocation_narrative_revised.pdf), [IIID4](https://www.yosemite.edu/fiscalservices/resource_allocation/Resource_Allocation_SB361_2016-17_revised.pdf)) Implementation of the alignment with SB361 began in 2015-16 and will take place over a three year period in order to provide time for the Colleges to adjust to the equalizing of their budget allocations. SB361 alignment will be ongoing with annual adjustments based on funded FTES, YCCD Central Services operating costs, state apportionment, and other changes in the general unrestricted fund revenue. ([III.D.4](https://www.yosemite.edu/fiscalservices/resource_allocation/Resource_Allocation_SB361_2016-17_revised.pdf)) The resource allocation model assures that the Colleges receive what they earn after the cost of services provided by the YCCD Central Services office. Resource allocation model information is provided on the YCCD Fiscal Services website. ([III.D19](https://www.yosemite.edu/fiscalservices/)). The model was designed to ensure that the College budgets reflect the apportionment earned through the state attendance model in a manner that will achieve the institution’s stated goals for student learning.

The YCCD’s financial statements are audited each year in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Annually, the YCCD is audited for compliance requirements described in Section 400 of the California State Chancellor's Office California Community College Contracted District Audit Manual (CDAM) that are applicable to community colleges in the State of California and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). ([IIID21](http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalStandardsandAccountibilityUnit/FiscalAccountability/ContractedDistrictAuditManual.aspx#CDAM_2016_FY_2015-16)) The YCCD received an unmodified opinion for the year ended June 30, 2016 and 2015, respectively. ([IIID29](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2014-15-revised.pdf), [IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)) Responses to audit deficiencies were prepared by the appropriate YCCD administrator and were included in the external auditor’s report. The YCCD had one audit deficiency noted in both the fiscal year ended June 30, 2016 and 2015, respectively ([IIID29](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2014-15-revised.pdf), [IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)).These deficiencies have since been repaired. (evidence from IT)

Analysis and Evaluation:

Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services. The YCCD’s budget and actual activity meet the standard of allocating at least 50% of resources to direct instructional services. ([IIID20](https://www.yosemite.edu/fiscalservices/budget_files/ccfs_311_files/yccd_ccfs311_2015-16.pdf)) The unmodified audit reports are reflective of the YCCD’s financial documents, including budget, having a high degree of credibility and accuracy.

**Standard III.D.7**

*Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.*

Evidence of Meeting the Standard:

The Yosemite Community College District takes pride in receiving consistent clean audit reports. In the three most recent annual audit reports, fiscal years 2013-2014 to 2015-2016, there was one non-compliance deficiency noted for Modesto Junior College in relation to a state funded program. ([IIID28](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2013-14.pdf), [IIID29](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2014-15-revised.pdf), [IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)) Once the issue was identified by the external auditors, the department quickly corrected the issue so the same deficiency was not noted in the external audit report the subsequent year.

Analysis and Evaluation:

The College and YCCD are subject to an annual external audit. The audit reports are consistently unmodified and serve as evidence of the strong system of internal controls as well as appropriate use of financial resources. Responses to external audit findings are timely and comprehensive. The YCCD audit reports, including responses to deficiencies, are made widely available and are posted on the YCCD Fiscal Services website. ([IIID31](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/auditrpt_yccd), [IIID32](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptbond_files/auditrpt_bond), [IIID33](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptfoundation_files/auditrpt_foundations))

**Standard III.D.8**

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

Evidence of Meeting the Standard:

Financial management processes are reviewed after each audit to identify any areas where improvement can be made. (evidence?) The audit reports examine Yosemite Community College District and College financial management processes and provide, when necessary, recommendations to strengthen and improve the institution’s financial processes, internal controls, and accountability.

In addition to the annual external audit, the YCCD’s internal auditor reviews the college financial management practices and provides feedback and recommendations for improvement. ([internal auditor job description](https://www.yosemite.edu/hr/currentclassifications/management_files/internal_auditor_budget_analyst.pdf)) As an example, the internal auditor may review and make recommendations on cash handling procedures or operations at the College bookstore.(evidence)

Financial management of restricted funds is routinely reviewed by outside funding agencies to ensure compliance with applicable federal, state, and local regulations in the use of funds, allowable expenditures, and achievement of program goals. All federal and state grants awarded to the college are subject to an annual external evaluation as well as being included in the annual external audit of the YCCD. ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)) Financial management and internal control processes are a significant portion of the evaluation and audit and any recommendations would be cited in the evaluation along with deficiencies.

No deficiencies were noted for MJC in the most recent in the audit report. ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)) No recommendations have been cited regarding the financial management of the grants at Modesto Junior College. ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf))

Analysis and Evaluation:

The college financial management system and practices are subject to ongoing assessment through the annual external audit and by the YCCD’s internal auditor. ([internal auditor job description](https://www.yosemite.edu/hr/currentclassifications/management_files/internal_auditor_budget_analyst.pdf),[IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)) The college responds promptly to recommendations and feedback it receives during both audit processes.

**Standard III.D.9**

*The institution has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.*

Evidence of Meeting the Standard:

Year-end College and District budget balances are tracked and analyzed. To guard against unforeseen emergencies, the California Community College State Chancellor’s Office requires the community college districts to maintain a 5% reserve. ([IIID34](https://www.yosemite.edu/fiscalservices/budget_files/cc_finance/cc_finance_handbook_2016.pdf)) However, the Yosemite Community College District Board of Trustees provides a board directive to maintain District reserves at 10%. ([IIID35](https://www.yosemite.edu/trustees/SPECIAL%20PRIORITIES%2016-17.pdf)) The reserve is calculated against total unrestricted general fund expenditures. For fiscal year 2016-2017, the designed reserve for the YCCD was budgeted at $9.6 million. ([IIID15](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AG5VW8827263/$file/AmendedBudget-2016-17_2016-12-14_BOTmtg.pdf)) The YCCD ending unrestricted general fund balance for the past three years has been:

FY 2015/16 $17.4 million ([IIID36](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/ADJNVT616AAA/$file/Final-Budget_2016-09-14_BOTmtg.pdf))

FY 2014/15 $20.8 million ([IIID37](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/9ZWN6F5E301B/$file/2015-16%20Final%20Budget_2015-09-09_BOTmtg.pdf))

FY 2013/14 $20.6 million ([IIID38](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/9NCTEL75DDBA/$file/2014-15%20Final%20Budget_2014-09-10_BOTmtg.pdf))

Over the past three years, the College and District have worked diligently to reduce expenditures and align budgets with enrollment projections. ([IIID4](https://www.yosemite.edu/fiscalservices/resource_allocation/Resource_Allocation_SB361_2016-17_revised.pdf))

The majority of the College and District revenue is received through apportionment from the state. Federal funds are received through the revenue draw down process. District funds are held with the County of Stanislaus. As of June 30, 2016, the cash and cash equivalents balance for the YCCD was $115,106,715, including general obligation bond cash. ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf))

To manage risk and cover insurance needs, the YCCD is a member of a joint powers agency called the Valley Insurance Program JPA (VIPJPA). [(VIPJPA website)](http://www.vipjpa.org/) Community college districts in the Central Valley of California created the VIPJPA in 1986 to provide a pooled approach to insurance. The net assets of the VIPJPA as of June 30, 2015 were $16,542,239. ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)) The VIPJPA currently consists of three members and maintains pooled coverage programs for workers’ compensation, general/employment practice liability, property, and auto physical damage insurance. Since October 1, 2010, the VIPJPA has been administered by the Alliance of Schools for Cooperative Insurance Program (ASCIP) which provides resources to help members control risk and protect their assets with programs such as safety and loss control, structured return-to-work, nurse triage, and litigation management services. ([VIPJPA website](http://www.vipjpa.org/))

Analysis and Evaluation:

The College and District take a very conservative approach to fiscal management. ([IIID35](https://www.yosemite.edu/trustees/SPECIAL%20PRIORITIES%2016-17.pdf)) The District controller conducts a quarterly cash flow analysis in all funds to ensure the smooth operation of the College and YCCD. Due to the District’s strong cash flows, it has not issued a Tax and Revenue Anticipation Note (TRAN) in over a decade. The last Certificate of Participation (COP) held by the YCCD was paid down in 2005 and the District is well positioned to issue short-term debt for cash flow purposes, should it become necessary. With its strong cash position, it is unlikely YCCD will be required to seek debt financing.

The VIPJPA was granted Accreditation with Excellence by the California Association of Joint Powers Authorities effective December 12, 2009 for a period of three years. ([IIID39](http://www.cajpa.org/accreditation)) The VIPJPA is well capitalized with over $16 million in net assets. ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)) The liability program is funded at the 70% confidence level and the employment practices liability program is funded at the 80% confidence level. The workers’ compensation program is funded at the 80% confidence level. The VIPJPA purchases excess coverage from carriers that cover catastrophic events. The VIPJPA has an independent external financial audit each year and received an unmodified audit opinion, June 30, 2015. (evidence?)

**Standard III.D.10**

*The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.*

Evidence of Meeting the Standard:

The college undergoes annual fiscal audits. All college funds, including those specific to financial aid, grants, externally funded programs, contracts, and auxiliary operations are subject to the annual external audit process ([IIID31](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/auditrpt_yccd)). Measure E general obligation bond funds are independently audited annually and subject to the oversight of the Citizens Bond Oversight Committee ([IIID32](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptbond_files/auditrpt_bond), [IIID7](https://www.yosemite.edu/bond/)). The Modesto Junior College Foundation and Great Valley Museum Foundation also undergo separate annual external audits ([IIID33](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptfoundation_files/auditrpt_foundations)). The college is subject to financial management review from external funders and must submit detailed financial reports on its use of and management of external funds.

The Office of College and Administrative Services Division ([IIID40](http://www.mjc.edu/adminservices/)) monitors college fund balances from previous and current years to determine if adjustments are required. College staff has access to financial reporting tools displaying budget to actual results. The year-end closing process includes an examination of budget to actual and also resolution of any deficit balances. As reported by Yosemite Community College District (YCCD), the state Chancellor’s Office’s website provides a five year trend of the YCCD’s budgeted expenditures to actual, FTES generation, fund balances, and compliance with the 50% Law ([IIID41](http://extranet.cccco.edu/Portals/1/CFFP/Fiscal_Services/Accountability/trends/1516/Yosemite%20CCD%20Fiscal%20Trend%20Analysis%2014-15.pdf)).

\*\*\*Recommend having Peggy Fikse take a look at this section as well\*\*\*

Analysis and Evaluation:

The YCCD Board of Trustees and staff review audit reports and respond to any audit deficiencies in a timely manner, ensuring the deficiency is remedied and does not occur in the subsequent year. The *Independent Auditor’s Report* for June 30, 2016, reported no deficiencies for Modesto Junior College. Likewise, there were no deficiencies reported in the external audits for Measure E, the Modesto Junior College Foundation, and the Great Valley Museum Foundation.

The College’s financial reports to external funders, such as federal and state government funding agencies have been accepted with no incidences of non-compliance or questionable costs. Across the board, the college applies sound financial management to all its funds and assets.

\*\*\*Recommend having Jenni Abbott take a look at this section as well to make sure above statement is accurate\*\*\*

|  |  |
| --- | --- |
| **How does MJC meet the Standard?** | **Evidence** |
| What processes does the institution use to assess its use of financial resources? |  |
| How does the institution demonstrate compliance with Federal Title IV regulations and requirements? (Federal Regulation) |  |
| How does the institution ensure that it assesses its use of financial resources systematically and effectively? |  |
| How does the institution use results of the evaluation as the basis for improvement? |  |

**Standard III.D.11**

*The level of financial resources provides a reasonable expectation of both shortterm and long-term financial solvency. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.*

Evidence of Meeting the Standard:

Modesto Junior College participates in the development of plans for meeting major long-term priorities such as retiree health benefit liability, faculty banking, capital improvement, compensated absences, and pension rate increases; however, implementation and oversight responsibility primarily rests with the Yosemite Community College District (YCCD).

In addition to Other Post-Employment Benefits (OPEB, discussed in depth in Standard III.D.12), a load banked leave program is provided to the YCCD permanent faculty members. The maximum credit that may be earned is six hours for any semester term and nine hours total per year. No more than an amount equivalent to a faculty member’s semester load may be accumulated. Each semester, an accounting entry is made to transfer the faculty member’s equivalent current cost of banked hours from the responsible college department to a restricted faculty banking account. A cash transfer is made to the restricted account and interest is credited on a quarterly basis. Upon approval of a faculty member to use their banked leave, the faculty replacement cost is charged to the restricted faculty banking account (evidence?[SS1] ).

In November 2004, the YCCD successfully passed Measure E and obtained authorization from voters to issue up to $326,174,000 in general obligation bonds to fund school constructional projects. As required by Proposition 39, a 15-member Citizens’ Bond Oversight Committee was established to oversee the use of Measure E funds. The debt service to repay the general obligation bonds is derived from the secured and unsecured property taxes charged to the YCCD’s property owners, based on assessed valuations. YCCD staff work closely with Kitchell CEM, the contracted program and construction management team, to monitor construction budget and control expenditures. In the current economic environment, bids are routinely coming under budget, providing savings to be reallocated to other Measure E approved projects ([IIID7](https://www.yosemite.edu/bond/)).

Through the contract negotiation and meet and confer process, the YCCD has been able to implement a process to limit the amount of accrued vacation ([IIID47](https://www.yosemite.edu/hr/employeeforms/contracts_handbooks/CSEA%20Contract%202016-2019.pdf), [IIID48](https://www.yosemite.edu/hr/employeeforms/contracts_handbooks/LT%20Handbook%202015.pdf)) for classified and management employees. For classified employees, vacation leave in excess of the number of hours earned in the current fiscal year are not allowed to be carried over into the subsequent year unless the YCCD does not permit the employee to take their vacation during the fiscal year. If the YCCD does not allow the vacation to be taken, then the employee can rollover the excess into the subsequent fiscal year or receive a cash payout for the excess hours. For management team members, a team member cannot accrue vacation in excess of 336 hours. In recent years, the YCCD was able to significantly reduce the number of employees with excess vacation thus reducing the YCCD compensated absences liability (evidence?[SS2] ).

In April of 2016, the YCCD Board of Trustees approved an agreement with Public Agency Retirement Services (PARS) to administer a trust fund through the Post-Employment Section 115 Trust program for the YCCD’s Pension Rate Stabilization Program ([IIID49](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/A84MVG5CD420/$file/Resolution%2015-16-03-PRSP_2016-04-13_BOTmtg.pdf)). The YCCD’s ongoing pension rate increase is likely to cost an estimated $6 million ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)). In June 2016, approximately $6.3 million was transferred to the new trust fund (evidence[SS3] ?) with the intention of offsetting the annual increase through 2021.

The YCCD holds a 10% reserve to guard against unforeseen fiscal threats in the general fund as directed by the YCCD Board of Trustees ([IIID35](https://www.yosemite.edu/trustees/SPECIAL%20PRIORITIES%2016-17.pdf)). The amount is above the minimum level of 5% required by the California Community Colleges State Chancellor’s Office.

Analysis and Evaluation:

As part of the sound financial management practices by the YCCD, long-term liabilities and obligations are clearly identified and plans developed and implemented which help to maintain the fiscal stability of the college and YCCD.

Annual independent financial and performance audits are performed on Measures E expenditures which is in compliance with Proposition 39. Included in the financial audit is an analysis and disclosure of the long-term liability activity. Outstanding balances are audited and a report is submitted to the YCCD Board of Trustees and the Citizens’ Bond Oversight Committee. There have no deficiencies noted in the independent auditor’s report on Measure E funds ([IIID32](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptbond_files/auditrpt_bond)).

The YCCD is taking steps necessary to stabilize the rising costs associated with the pension rate increases. The YCCD has identified one time funding sources that will fund the annual increased costs which have been transferred to a trust fund and are currently working to identifying ongoing funding sources to support the pension increases once the trust funds have been exhausted.

The YCCD also ensure the fiscal stability of the college by setting aside a 10% general fund reserve annually as the YCCD’s budget is prepared ([IIID35](https://www.yosemite.edu/trustees/SPECIAL%20PRIORITIES%2016-17.pdf)).

[SS1]Need to obtain most up to date report from Vicki.

[SS2]Evidence does not show a reduction in compensated absences between 2014 and 2016. Need to look at audit reports from last visit in 2011 to see if this statement is true.

[SS3]Evidence is currently housed in a binder in my office. Need to provide electronically.

|  |  |
| --- | --- |
| **How does MJC meet the Standard?** | **Evidence** |
| What evidence of long-term fiscal planning and priorities exits? | Facilities master plan. Strategic plan. Educational master plan. Measure E [audit report](https://www.yosemite.edu/fiscalservices/audit_reports/). |
| Does the institution have plans for payments of long-term liabilities and obligations, including debt, health benefits, insurance costs, building maintenance costs, etc.? Is this information used in short-term or annual budget and other fiscal planning? | Post-retirement health care benefits, actuarial reports. |
| Does the Institution allocate resources to the payment of its liabilities and funds/reserves to address long-term obligations? Are resources directed to actuarially developed plans for Other Post-Employment Benefit (OPEB) obligations? | Actuarial reports. [Budget](https://www.yosemite.edu/fiscalservices/budget_files/2015-16_amended_final_budget.pdf). Reflection of payments. Audit report. Sick leave and bank time. |

**Standard III.D.12**

*The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is current and prepared as required by appropriate accounting standards.*

Evidence of Meeting the Standard:

As indicated in Standard III.D. 11, Modesto Junior College participates in the development of plans for meeting major long-term priorities; however, implementation and oversight responsibility primarily rests with the Yosemite Community College District (YCCD).

Retiree health benefit liability was assessed through a series of actuarial studies during the 1990s. The YCCD has been very proactive in implementing a plan to meet its post employee benefit liability. In 1998, ten years before the implementation of the Government Accounting Standards Board (GASB) Statement No. 45 regarding the calculation and reporting of liabilities associated with other post employment benefits (OPEB), the YCCD made its first contribution toward funding the existing retiree health benefit liability. At the same time, the YCCD began making normal cost contributions to the fund, on behalf of the active employees to fund the future cost of their health benefits.

For the YCCD, OPEB are the health benefits promised to employees upon retirement. In March of 2008, the YCCD Board of Trustees approved an agreement with Public Agency Retirement Services (PARS) to administer an irrevocable trust fund through the California School Boards Association GASB 45 Solutions program for the YCCD’s OPEB liability (evidence?[SS1] ).

Since 1998, the YCCD had accumulated $14,943,947 in an account for the purpose of funding the retiree health benefit liability. On June 1, 2009, the YCCD transferred these funds into the PARS irrevocable trust fund. The YCCD continues to pay into the trust an actuarial computed amount for the normal cost and an actuarial computed amount for the unfunded liability ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)). As of June 30, 2016, there remained approximately $3.8 million to fund ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)).

Analysis and Evaluation:

As part of the sound financial management practices by the YCCD, long-term liability and obligations are clearly identified and plans developed and implemented which help to maintain the fiscal stability of the college and YCCD.

The *Independent Auditor’s Report* for the fiscal year ending June 30, 2016 found the YCCD to be in compliance with GASB 45 ([IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)). The YCCD continues to have actuarial studies conducted every two years to update the retiree health benefit liability and report on the progress the YCCD is making to comply with GASB 45. Progress has also been made by the YCCD to recognize, address, and fund the liability that exists for retiree health benefits. It is anticipated the liability will be fully funded in 2028.

[SS1]Need to find YCCD Board of Trustees Minutes from 3-12-08.

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| **How does MJC meet the Standard?** | **Evidence** |
| Is the institution fully funding its annual OPEB obligation (Annual required contribution [ARC])? At what level is the contribution being funded? | [Audit](https://www.yosemite.edu/fiscalservices/audit_reports/) and actuarial reports. |

**Standard III.D.13**

*On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.*

Evidence of Meeting the Standard:

Modesto Junior College and the Yosemite Community College District have no locally incurred debt instruments.

Analysis and Evaluation:

Since Modesto Junior College and the Yosemite Community College District have no locally incurred debt instruments, this portion of Standard III.D. does not apply to Columbia College.

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| **How does MJC meet the Standard?** | **Evidence** |
| What is the level of locally incurred debt? |  |
| What percentage of the budget is used to repay this debt? |  |
| Does the locally incurred debt repayment schedule have an adverse impact on meeting all current fiscal obligations? |  |

**Standard III.D.14**

*All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.*

Evidence of Meeting the Standard:

All funds at Modesto Junior College undergo an annual external audit. This includes, but is not limited to, financial aid, grant funds, auxiliary funds, fund-raising donations, and Measure E general obligation bond funds. As part of the annual audit process, Measure E general obligation bond funds undergo a financial and performance audit ([IIID32](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptbond_files/auditrpt_bond)). The Modesto Junior College Foundation and Great Valley Museum Foundation are also audited annually as part of the external audit process ([IIID33](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptfoundation_files/auditrpt_foundations)).

Measure E funds are used to fund facilities projects found in the college Facilities Master Plan ([IIID12](https://www.yosemite.edu/bond/mjc/MJC%20Facilities%20Master%20Plan%20%20FINAL%2081308.pdf)) and Campus Master Plan ([IIID46](https://www.yosemite.edu/bond/mjc/MJC%20Master%20Plan%20Update_FEB%2009.pdf)), both of which are integral planning components of the college Strategic Plan ([IIID10](http://www.mjc.edu/governance/collegecouncil/strategic_plan_2016_2021.pdf)). The appropriate use of Measure E bond funds are subject to the annual independent audit process and there have been no deficiencies reported ([IIID32](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptbond_files/auditrpt_bond)).

The Modesto Junior College Foundation operates as a separate 501(c)(3) to raise and manage funds for the benefit of the college and its students. It receives private donations and raises funds through a select number of fundraising events. The Modesto Junior College Foundation is subject to an annual independent audit and there have been no audit deficiencies noted in the past three years ([IIID33](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptfoundation_files/auditrpt_foundations)).

The Great Valley Museum Foundation operates as a separate 501(c)(3) to raise and manage funds for the procurement and extension of financial support toward the maintenance and modification of the Great Valley Museum of National History’s facilities which includes a nature gift shop. It receives private donations and raises funds through a select number of fundraising events. The Great Valley Museum Foundation is subject to an annual independent audit and there have been no audit deficiencies noted in the past three years ([IIID33](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptfoundation_files/auditrpt_foundations)).

The college auxiliary and student funds are used to enrich student life and support student learning, as articulated by the college mission, vision, core values, and goals. Incorporated into the Yosemite Community College District (YCCD) accounting system, these funds are subject to the same high standard of financial management as applied to all college funds. There have been no audit deficiencies noted for the past three years associated with auxiliary or student funds ([IIID28](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2013-14.pdf), [IIID29](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2014-15-revised.pdf), [IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)).

Along with the annual external audit, many special funds such as federal financial aid and grant funds are subject to local or governmental agency reporting requirements and additional compliance testing during the audit process. There have been no compliance exceptions issued or deficiencies reported regarding the financial management of these funds ([IIID28](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2013-14.pdf), [IIID29](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2014-15-revised.pdf), [IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)).

Analysis and Evaluation:

As the excellent external audit reports reveal, all funds at Modesto Junior College are effectively managed with integrity in a manner that is compliant with federal, state, county, and local rules, regulations, and laws. The use of these funds are subject to the same internal controls and oversight as well as other funds and accounted for within the YCCD’s Colleague financial information system.

The use of special funds is tied to the college strategic planning process and used by the associated college departments to support unit plan projects and activities. The college grant development process does not allow the pursuit of external funding for projects that are not consistent with the college *Educational Mater Plan* ([IIID9](http://www.mjc.edu/general/accreditation/emp/)) and unit planning process. The use of foundation funds is subject to review by the college leadership to ensure the use of these funds remains consistent with the mission and goals of the college.

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| **How does MJC meet the Standard?** | **Evidence** |
| Is there an annual assessment of debt repayment obligations, and are resources allocated in a manner that ensures stable finances? |  |

**Standard III.D.15**

*The institution monitors and manages student loan default rates, revenue streams, and assets to ensure compliance with federal requirements, including Title IV of the Higher Education Act, and comes into compliance when the federal government identifies deficiencies.*

Evidence of Meeting the Standard:

Student loan default rates, federal student financial aid revenue, and student financial aid disbursement processes are consistently monitored to ensure compliance with federal regulations. The Modesto Junior College Student Financial Aid department and the Yosemite Community College District (YCCD) Accounting Department ensure the appropriate segregation of duties during the student financial aid disbursement cycle so the college maintains compliance with Title IV requirements. Student eligibility is determined by the college Student Financial Aid department while fund management is handled by the YCCD Accounting and Accounts Payable departments. Student financial aid funds are disbursed by the YCCD Accounts Payable department through the third party administrator, BankMobile (formally known as Higher One) ([IIID22](http://www.mjc.edu/studentservices/finaid/bank_mobile_agreement.pdf)) and funds are received by the Accounting department. Student financial aid activity is reconciled by both the college Student Financial Aid department and YCCD Accounting department.

Student financial aid activity is audited every year by the external auditors. The three previous *Independent Auditor Reports* ([IIID28](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2013-14.pdf), [IIID29](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2014-15-revised.pdf), [IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf)) did not identify compliance deficiencies related to the disbursement of student financial aid.

The only form of student loans disbursed by Modesto Junior College are student nursing loans. The college’s federal loan default rate is currently zero (evidence?[SS1] ) while college’s U.S. Department of Health and Human Services Health Resources and Services Administration default rate was 3.32% for fiscal year 2015-16 (evidence?[SS2] ). The YCCD Accounting department works diligently with students to establish payment plans that are realistic so students can pay off their student loan debt and the college can maintain a low loan default rate.

\*\*\*Recommend having Peggy Fikse review this section\*\*\*

Analysis and Evaluation:

The college works in conjunction with the YCCD Accounting department to ensure it remains in compliance with federal and state regulations related to the administration of student financial aid. If non-compliance deficiencies are identified by the external auditors or funding agencies, the college and YCCD would work diligently to correct the issue in a timely manner.

[SS1]Need to obtain evidence from Vicki.

[SS2]Need to obtain evidence from Vicki.

|  |  |
| --- | --- |
| **How does MJC meet the Standard?** | **Evidence** |
| What is the default rate for the past three years? | N/A |
| Is the default rate within federal guidelines? | Talk to Financial Services Office |
| Does the institution have a plan to reduce the default rate if it exceeds federal guidelines? |  |
| Are student loan default rates, revenues, and related matters monitored and assessed to ensure compliance with Federal Regulation? |  |

**Standard III.D.16**

*Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution and the quality of its programs, services, and operations.*

Evidence of Meeting the Standard:

All proposed contracts undergo review and approval. Contractual agreements with third party entities are typically initiated at the department or division level, in order to achieve unit plan or college-wide planning goals. Proposed contracts are reviewed and require approval by the appropriate dean, vice president, and president. Properly approved contracts are forwarded from the college to the Yosemite Community College District (YCCD) Executive Vice Chancellor’s Office to be processed and executed.

According to YCCD Board Policy 6340 ([IIID50](https://www.yosemite.edu/trustees/board_policy/6340%20Bids%20and%20Contracts.pdf)), the Board delegates to the Chancellor the authority to enter into contracts on behalf of the YCCD. Board Resolution No. 15-16.06 ([IIID51](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AA3U8Q7A77CD/$file/Resolution-AuthorizingSignatures_2016-06-08_BOTmtg.pdf)) designates the Chancellor, Executive Vice Chancellor, and Vice Chancellor as the official signers of contracts for the YCCD. YCCD procedure requires all business and educational contracts to be processed through the YCCD Executive Vice Chancellor’s Office for signature. In an effort to ensure the college presidents are involved in the process of contracting for services, materials, leases, and equipment, a cover sheet with the appropriate approvals ([IIID52](https://www.yosemite.edu/riskmanagement/contracts/contractforms_file/Contract%20Cover%20Sheet.pdf)) is forwarded with the contract to the YCCD Executive Vice Chancellor’s Office.

YCCD Board Policy 6330 ([IIID53](https://www.yosemite.edu/trustees/board_policy/6330%20Purchasing.pdf)) requires the board to review and approve all contracts greater than $10,000 every 60 days. Contracts are reviewed at the YCCD level for risk exposure by the YCCD Risk Management Office. On an as needed basis, legal counsel reviews contracts.

Analysis and Evaluation:

The college and YCCD have a systematic process in place to maintain the integrity of the institution. YCCD Board Policies 6340 and 6330 govern contractual agreements. Appropriate control is maintained by limiting the authority to approve and execute contracts to top-level college and YCCD personnel. Board policy requires all contracts to be consistent with college and YCCD mission and goals.

|  |  |
| --- | --- |
| **How does MJC meet the Standard?** | **Evidence** |
| What contractual agreements exist, and are they consistent with institutional mission and goals? |  |
| Does the institution have appropriate control over these contracts? Can it change or terminate contracts that don't meet its required standards of quality? |  |
| Are external contracts managed in a manner to ensure that federal guidelines are met? |  |

**Standard III.D. – List of Evidence**

[IIID1](http://www.mjc.edu/president/) Mission Statement

[IIID2](http://www.mjc.edu/governance/strategicdirections.php) Modesto Junior College Strategic Directions

[IIID3](https://www.yosemite.edu/fiscalservices/budget_files/allocation_formula_rev_01-15.pdf) YCCD Budget Allocation Model Summary Sheet

[IIID4](https://www.yosemite.edu/fiscalservices/resource_allocation/Resource_Allocation_SB361_2016-17_revised.pdf) YCCD Resource Allocation Model Analysis

[IIID5](https://www.yosemite.edu/fiscalservices/budget_files/2016-17_Final-Budget.pdf) YCCD 2016-2017 Final Budget

[IIID6](https://www.yosemite.edu/fiscalservices/budget_files/2016-17%20Final%20YCCD%20Budget%20Review.pdf) YCCD Final Budget Review 2016-2017

[IIID7](https://www.yosemite.edu/bond/) Measure E Bond Program Information

[IIID8](https://www.yosemite.edu/bond/mjc/) Modesto Junior College Bond Projects

[IIID9](http://www.mjc.edu/general/accreditation/emp/) Modesto Junior College Educational Master Plan Webpage

[IIID10](http://www.mjc.edu/governance/collegecouncil/strategic_plan_2016_2021.pdf) Modesto Junior College Strategic Plan 2016-2021

[IIID11](http://www.mjc.edu/governance/rac/documents/budgetdevelopprocess.pdf) Columbia College Technology Plan

[IIID12](https://www.yosemite.edu/bond/mjc/MJC%20Facilities%20Master%20Plan%20%20FINAL%2081308.pdf) Modesto Junior College Facilities Master Plan

IIID13

IIID14

[IIID15](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AG5VW8827263/$file/AmendedBudget-2016-17_2016-12-14_BOTmtg.pdf) 2016-2017 Amended General Fund Budget, YCCD Board of Trustees Agenda, 12-14-16

IIID16

[IIID17](https://www.yosemite.edu/accounting/) YCCD Fiscal Services Accounting Webpage

[IIID18](https://www.yosemite.edu/fiscalservices/resource_allocation/resource_allocation_narrative_revised.pdf) Resource Allocation 2016-2017 (SB361)

[IIID19](https://www.yosemite.edu/fiscalservices/) YCCD Fiscal Services Webpage

[IIID20](https://www.yosemite.edu/fiscalservices/budget_files/ccfs_311_files/yccd_ccfs311_2015-16.pdf) CCFS 311 2015-16

[IIID21](http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalStandardsandAccountibilityUnit/FiscalAccountability/ContractedDistrictAuditManual.aspx#CDAM_2016_FY_2015-16) Contracted District Audit Manual

[IIID22](http://www.mjc.edu/studentservices/finaid/bank_mobile_agreement.pdf) Services Agreement between Yosemite Community College District and Higher One, Inc.

[IIID23](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/A6HQR863298F/$file/FinCond-311Q_2016-02-10_BOTmtg.pdf) Quarterly Report on the District’s Financial Condition, YCCD Board of Trustees Agenda, 2-10-16

[IIID24](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/A8ZSTR6DF724/$file/CCFS311Q_2016-05-11_BOTmtg%20.pdf) Quarterly Report on the District’s Financial Condition, YCCD Board of Trustees Agenda, 5-11-16

[IIID25](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AD4P6E63121F/$file/ccfs311Q_2016-09-14_BOTmtg.pdf) Quarterly Report on the District’s Financial Condition, YCCD Board of Trustees Agenda, 9-14-16

[IIID26](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AEXMA859F784/$file/FinCond-311Q_2016-11-09_BOTmtg.pdf) Quarterly Report on the District’s Financial Condition, YCCD Board of Trustees Agenda, 11-9-16

[IIID27](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/ABLVAH7FCD06/$file/Grant%20Report_2016-08-10_BOTmtg.pdf) YCCD Grants Office 2015-16 Year End Grant Summary, YCCD Board of Trustees Agenda, 8-10-16

[IIID28](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2013-14.pdf) YCCD Audited Financial Statements, June 30, 2014

[IIID29](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/yosemite_fs_final_2014-15-revised.pdf) YCCD Audited Financial Statements, June 30, 2015

[IIID30](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/Yosemite_fs_final_2015-16.pdf) YCCD Audited Financial Statements, June 30, 2016

[IIID31](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptdistrict_files/auditrpt_yccd) YCCD Audit Reports Webpage

[IIID32](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptbond_files/auditrpt_bond) Measure E (General Obligation Bonds) Audit Reports

[IIID33](https://www.yosemite.edu/fiscalservices/audit_reports/auditrptfoundation_files/auditrpt_foundations) Foundation Audit Reports

[IIID34](https://www.yosemite.edu/fiscalservices/budget_files/cc_finance/cc_finance_handbook_2016.pdf) California Community Colleges Sound Fiscal Management Self-Assessment Checklist

[IIID35](https://www.yosemite.edu/trustees/SPECIAL%20PRIORITIES%2016-17.pdf) YCCD Board of Trustees 2016-2017 Special Priorities

[IIID36](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/ADJNVT616AAA/$file/Final-Budget_2016-09-14_BOTmtg.pdf) 2016-2017 YCCD Final Budget, YCCD Board of Trustees Agenda, 9-14-16

[IIID37](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/9ZWN6F5E301B/$file/2015-16%20Final%20Budget_2015-09-09_BOTmtg.pdf) 2015-2016 YCCD Final Budget, YCCD Board of Trustees Agenda, 9-09-15

[IIID38](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/9NCTEL75DDBA/$file/2014-15%20Final%20Budget_2014-09-10_BOTmtg.pdf) 2014-2015 YCCD Final Budget, YCCD Board of Trustees Agenda, 9-10-14

[IIID39](http://www.cajpa.org/accreditation) California Association of Joint Powers Authorities Webpage

[IIID40](http://www.mjc.edu/adminservices/) College and Administrative Services Webpage

[IIID41](http://extranet.cccco.edu/Portals/1/CFFP/Fiscal_Services/Accountability/trends/1516/Yosemite%20CCD%20Fiscal%20Trend%20Analysis%2014-15.pdf) California Community Colleges Chancellor’s Office YCCD Fiscal Trend Analysis

IIID42

IIID43

IIID44

IIID45

[IIID46](https://www.yosemite.edu/bond/mjc/MJC%20Master%20Plan%20Update_FEB%2009.pdf) Modesto Junior College East and West Campus Master Plans

[IIID47](https://www.yosemite.edu/hr/employeeforms/contracts_handbooks/CSEA%20Contract%202016-2019.pdf) California School Employees Association Chapter 420 YCCD

[IIID48](https://www.yosemite.edu/hr/employeeforms/contracts_handbooks/LT%20Handbook%202015.pdf) Leadership Team Handbook YCCD 2015

[IIID49](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/A84MVG5CD420/$file/Resolution%2015-16-03-PRSP_2016-04-13_BOTmtg.pdf) Resolution Authorizing Participation in PARS Pension Rate Stabilization Program, YCCD Board of Trustees Agenda, 4-13-16

[IIID50](https://www.yosemite.edu/trustees/board_policy/6340%20Bids%20and%20Contracts.pdf) Board Policy 6340 – Bids and Contracts

[IIID51](http://www.boarddocs.com/ca/yosemite/Board.nsf/files/AA3U8Q7A77CD/$file/Resolution-AuthorizingSignatures_2016-06-08_BOTmtg.pdf) Consent Agenda, Fiscal Services, Resolution Authorizing Signatures, YCCD Board of Trustees Agenda, 06-8-16

[IIID52](https://www.yosemite.edu/riskmanagement/contracts/contractforms_file/Contract%20Cover%20Sheet.pdf) Contract Cover Sheet

[IIID53](https://www.yosemite.edu/trustees/board_policy/6330%20Purchasing.pdf) Board Policy 6330 – Purchasing

[IIID54](http://www.mjc.edu/governance/collegecouncil/documents/ccm-2-9-15.pdf) Resource Allocation Council’s IELM allocation recommendation, College Council Minutes, 02-9-15

[IIID55](http://www.mjc.edu/governance/rac/index.php) Modesto Junior College Resource Allocation Council Webpage