

BUDGET COMMITTEE

MEETING AGENDA

May 7, 2014

3:00 p.m.



Location: Building 4, Conference Rm. #2460

Time: 3:00 p.m. – 4:30 p.m.

Committee Members:

Mike Gregoryk, Chair
Rosa Royce, Co-Chair
Irene Malmgren
Audrey Yamagata-Noji

Mark Fernandez
Martin Ramey
Michelle Sampat
Richard McGowan

Johnny Jauregui
Edmond Xiong (Student)
Fernando Aguayo (Student)
Gary Nellesen

Lance Heard
Bill Scroggins (Guest)
Kerry Martinez (Notes)

AGENDA ITEMS:

1. **Agenda Check**
2. **Review Budget Committee Meeting Summary of April 16, 2014**
3. **Annual Review of College Committees**
4. **2014-15 Preliminary Tentative Budget**
5. **2014-15 Budget Committee Calendar**
 - **Proposed Changes to Align Calendar to Planning for Institutional Effectiveness Timelines and New Strategic Plan**
6. **2014-15 New Resources Allocation Process - Campus Communication**
7. **Positions Funded with One-time Funds in the 2013-14 Fiscal Year – Communication from President’s Cabinet Requesting Justification for 2014-15 Funding**
8. **GASB 68 – Accounting and Financial Reporting for Pensions – PERS and STRS**
9. **OPEB - District Actuarial Report (Draft)**
10. **2014-15 New Resources Allocation Requests – Prioritize Summary – Template**
 - **Feedback Due May 9, 2014**

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

BUDGET AND ACTUALS COMPARISON HISTORY
Unrestricted General Fund
2014-15 PRELIMINARY TENTATIVE BUDGET

OPTION B - INCLUDES FUNDING FOR THE CONTRIBUTION TO THE OPEB TRUST

	2010-11 Actuals	2011-12 Actuals	2012-13 Actuals	2013-14 Adopted Budget	Estimated 2013-14 Actuals	Estimated 2014-15 Preliminary Budget	Estimated 2015-16 Preliminary Budget	Estimated 2014-15 January Proposal Governor's Budget
UNRESTRICTED GENERAL FUND 11 AND 12								
ONGOING REVENUE SOURCE:								
Base Apportionment	\$ 131,060,305	\$ 134,239,283	\$ 124,383,618	\$ 125,762,935 (1)	\$ 125,762,935	\$ 128,044,750	\$ 129,887,326	\$ 128,044,750
Apportionment Workload Reduction/Tier 2 "Trigger Cut	(1,119)	(9,855,665)	-	1,974,478 (2)	1,979,229 (2)	-	-	1,117,031
COLA	-	-	-	-	-	1,842,576 (3)	-	1,842,576
Growth/Restoration	3,180,097	-	-	-	-	-	-	-
Total Apportionment	\$ 134,239,283	\$ 124,383,618	\$ 124,383,618	\$ 127,737,413	\$ 127,742,164	\$ 129,887,326	\$ 129,887,326	\$ 131,004,357
Miscellaneous	\$ 6,340,552	\$ 6,523,243	\$ 6,470,466	\$ 5,972,370	\$ 5,972,370	\$ 5,972,370	\$ 5,972,370	\$ 5,972,370
Lottery - Current Year	3,561,264	3,830,160	3,533,040	3,698,982	3,698,982	3,698,982	3,698,982	3,698,982
TOTAL ONGOING REVENUES:	\$ 144,141,099	\$ 134,737,021	\$ 134,387,124	\$ 137,408,765 (C)	\$ 137,413,516	\$ 139,558,678 (D)	\$ 139,558,678	\$ 140,675,709
TOTAL ONGOING EXPENDITURES:	\$ (135,234,346)	\$ (141,168,698)	\$ (139,894,360)	\$ (146,853,655) (E)	\$ (145,222,736) (10)	\$ (149,483,692) (F)	\$ (151,983,692) (14)	\$ (149,483,692)
SURPLUS/(DEFICIT) - ONGOING	\$ 8,906,753	\$ (6,431,677)	\$ (5,507,236)	\$ (9,444,890)	\$ (7,809,220)	\$ (9,925,014) (G)	\$ (12,425,014)	\$ (8,807,983)
ONE-TIME REVENUE - INCREASES/(DECREASES)								
Growth/Restoration (Restored 2009-10 and 2011-12 Workload Reduction)	\$ -	\$ -	\$ 1,379,317	\$ -	\$ 302,586 (11)	\$ -	\$ -	\$ -
Growth/Restoration (Estimated Restoration 2011-12 Workload Reduction)	-	-	-	1,842,576 (3)	1,842,576 (3)	-	-	3,896,620
Prior Year Apportionment Adjustment	147,315	260,976	511,417	-	-	-	-	-
Apportionment Statewide Structural Deficit/Enrollment Fee/Property Tax Deficit	(711,999)	(2,922,320)	(1,308,709)	-	1,025,815 (12)	-	-	-
RDA Backfill Deficit in Dispute	-	-	(3,395,599)	1,383,392 (4)	3,395,599 (4)	-	-	-
Apportionment Statewide Structural Deficit/Enrollment Fee/Property Tax (2013-14)	-	-	-	(1,295,780) (5)	(1,298,873) (5)	-	-	(1,349,011)
City of Industry - Legal Settlement	-	5,000,000	-	-	-	-	-	-
Tax and Revenue Anticipation Notes	-	-	284,941	96,086	96,086	-	-	-
Mandated Cost Block Grant	-	-	780,684	790,520 (6)	790,520 (6)	-	-	790,520
TOTAL ONE-TIME REVENUE:	(564,684)	\$ 2,338,656	\$ (1,747,949)	\$ 2,816,794	\$ 6,154,309	\$ -	\$ -	\$ 3,338,129
ONE-TIME EXPENDITURES - INCREASES/(DECREASES)								
One-Time Expenditures	\$ (4,927,119)	\$ (2,348,626)	\$ (2,563,967)	\$ (4,529,822) (7)	\$ (6,381,200) (13)	\$ (2,426,288) (H)	\$ (2,750,288) (15)	\$ (2,426,288)
One-time Expenditures Course Offerings	-	-	(607,507)	(1,105,014) (8)	(1,105,014) (8)	-	-	(2,336,848)
One-Time Expenditure Savings Retiree Health Premiums	-	2,828,573	6,694,859	6,948,667	6,948,667	4,272,474	-	4,272,474
TOTAL ONE-TIME EXPENDITURES:	\$ (4,927,119)	\$ 479,947	\$ 3,523,385	\$ 1,313,831	\$ (537,547)	\$ 1,846,186	\$ (2,750,288)	\$ (490,662)
SURPLUS/(DEFICIT) - ONGOING AND ONE-TIME	\$ 3,414,950	\$ (3,613,074)	\$ (3,731,800)	\$ (5,314,265)	\$ (2,192,458)	\$ (8,078,828)	\$ (15,175,302)	\$ (5,960,516)
UNRESTRICTED GENERAL FUND 13 - REVENUE-GENERATED ACCOUNTS								
TOTAL REVENUES:	\$ 1,613,784	\$ 2,004,977	\$ 3,855,619	\$ 1,585,602	\$ 1,585,602	\$ 1,585,602	\$ 1,585,602	\$ 1,585,602
TOTAL EXPENDITURES:	(1,486,079)	(1,871,340)	(2,727,495)	(4,306,306)	(4,306,306)	(4,306,306)	(4,306,306)	(4,306,306)
TOTAL REVENUE GENERATED INCREASES/DECREASES	\$ 127,705	\$ 133,637	\$ 1,128,124	\$ (2,720,704)	\$ (2,720,704)	\$ (2,720,704)	\$ (2,720,704)	\$ (2,720,704)
SURPLUS/(DEFICIT) - ONGOING, ONE-TIME, AND REVENUE-GENERATED	\$ 3,542,655	\$ (3,479,437)	\$ (2,603,676)	\$ (8,034,969)	\$ (4,913,162)	\$ (10,799,532)	\$ (17,896,006)	\$ (8,681,220)
SUMMARY OF FUND BALANCE:								
UNRESTRICTED GENERAL FUND 11 AND 12								
Assigned Fund Balance								
City of Industry - Legal Settlement	\$ -	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned Fund Balance - New Resources Allocation Requests	-	-	1,238,791	1,238,791 (9)	- (9)	-	-	-
Total Assigned Fund Balance:	\$ -	\$ 5,000,000	\$ 1,238,791	\$ 1,238,791	\$ -	\$ -	\$ -	\$ -
Unassigned Fund Balance								
10% - Board Policy	\$ 14,164,754	\$ 14,256,009	\$ 13,909,847	\$ 14,984,613	\$ 15,006,659	\$ 12,017,264	\$ (5,878,742)	\$ 14,135,576
Unassigned Fund Balance	18,189,374	9,485,045	9,860,616	3,471,585	7,810,137	-	-	-
Total Unassigned Fund Balance:	\$ 32,354,128	\$ 23,741,054	\$ 23,770,463	\$ 18,456,198	\$ 22,816,796	\$ 12,017,264	\$ (5,878,742)	\$ 14,135,576
Total Fund Balance:	\$ 32,354,128	\$ 28,741,054	\$ 25,009,254	\$ 19,694,989	\$ 22,816,796	\$ 12,017,264	\$ (5,878,742)	\$ 14,135,576
Total Fund Balance Percentage:	23.08%	20.43%	18.34%	13.53%	15.65%	8.14%	-3.80%	9.43%
UNRESTRICTED GENERAL FUND 13 - REVENUE-GENERATED ACCOUNTS								
Assigned Fund Balance								
Revenue-Generated Accounts	\$ 1,458,943	\$ 1,592,580	\$ 2,720,704	\$ -	\$ -	\$ -	\$ -	\$ -
Total Fund Balance Unrestricted General Fund (Funds 11, 12, and 13):	\$ 33,813,071	\$ 30,333,634	\$ 27,729,958	\$ 19,694,989	\$ 22,816,796	\$ 12,017,264	\$ (5,878,742)	\$ 14,135,576
Total Fund Balance Percentage Unrestricted General Fund (Funds 11, 12 and 13):	23.87%	21.28%	19.94%	13.14%	15.20%	7.91%	-3.70%	9.16%

**ONE-TIME SUPPORT
UNRESTRICTED GENERAL FUND**
(March 25, 2014)

POS NUMBER	ACTUAL FTE	RANGE	MONTHS	NAME	ED	ORG	ACCT	PRG	ACCOUNT PERCENT	TOTAL SALARY	TOTAL BENEFITS	TOTAL SALARY & BENEFITS	FCI/ BOARD APPROVAL
FA9629	0.500	3	11	WALKER CHRISTOPHER N	11300	522000	111000	080900	100.0000%	55,576	10,686	66,262	
<i>Prior to FY 11-12 and FY 12-13, this position was funded by the DSPS categorical program.</i> <i>For FY 11-12 and FY 12-13, this position was funded by the Health Services fund.</i>													
TOTAL STUDENT SERVICES										55,576	10,686	66,262	
TOTAL ONE-TIME SUPPORT										55,576	10,686	66,262	

2014-15 BUDGET DEVELOPMENT CALENDAR - DRAFT

(As of 5-7-14)

DESCRIPTION OF TASK	DUE DATE	Comments
Fiscal Services Updates and Projects Personnel Budget (Changes through January 8, 2014 Board Agenda)	01/31/14	
Fiscal Services Distributes Status Quo Budget Sheets to Departments for Tentative Budget Changes	03/03/14	
Departments Complete Status Quo Budget Review and Immediate Needs Requests , Then Sends to Deans/Directors	03/14/14	The Budget Committee agreed to remove the Immediate Needs Requests from the Status Quo Budget Review process because these requests are sent to President's Cabinet all year long.
Fiscal Services Prepares Preliminary Tentative Budget	03/25/14	Budget was presented to President's Cabinet on March 25
Deans/Directors Review and Approve Department's Status Quo Budgets and Immediate Needs ; Then sends to VPs	03/28/14	The Budget Committee agreed to remove the Immediate Needs Requests from the Status Quo Budget Review process because these requests are sent to President's Cabinet all year long.
Vice Presidents Review and Approve Department's Status Quo Budgets and Immediate Needs ; Then sends to Fiscal	04/11/14	The Budget Committee agreed to remove the Immediate Needs Requests from the Status Quo Budget Review process because these requests are sent to President's Cabinet all year long.
Budget Committee Reviews Preliminary Tentative Budget	05/07/14	Budget was presented to President's Cabinet on March 25. President requested to review budget on April 17. This will usually be presented on March
Budget Committee Determines and Communicates New Resources Available	05/07/14	Budget was presented to President's Cabinet on March 25. President requested to review budget on April 17. This will usually be presented on March
Budget Committee sends Communication Sent Campus wide Regarding Available New Resources Allocation and Process	05/09/14	This will usually be sent on March after the Preliminary Tentative Budget Presentation
Departments Prioritize New Resources Requests for One-Time Funding in their PIE forms to Meet PIE Goals	05/15/14 to 06/30/14	The date is aligned to the timeline for Planning for Institutional Effectiveness
Budget Committee Reviews the Completed Tentative Budget	06/04/14	
Fiscal Services Completes the Tentative Budget and Prepares Board Agenda Item	06/06/14	
Tentative Budget Submitted for Board Approval	06/25/14	
Fiscal Services' Deadline for 2013-14 Year End Closing	07/25/14	
President's Cabinet Collaborates Regarding Allocation of New Resources and Immediate Needs	7/1/2014	Moved to October 7, 2014
Deans/Directors Prioritize Department's New Resource Allocation Requests	07/01/14	The date is aligned to the timeline for Planning for Institutional Effectiveness
Vice Presidents Prioritize Team's New Resource Allocation Requests and submits to Fiscal Services	08/15/14	The date is aligned to the timeline for Planning for Institutional Effectiveness. Fiscal Services will provide a template that will be previously agreed upon with the Vice Presidents/President.
Budget Committee Reviews the Completed Adopted Budget	09/03/14	
Budget Committee Reviews New Resource Allocation Requests	09/03/14	The date is aligned to the timeline for Planning for Institutional Effectiveness
Board of Trustees Approves Adopted Budget	09/10/14	
Budget Committee Finalizes Review of New Resource Allocation Requests and forwards to President's Advisory Council	09/17/14	The date is aligned to the timeline for Planning for Institutional Effectiveness
President's Advisory Council Reviews New Resources Allocation Requests and forwards to President's Cabinet and Recommends Budget Committee's Resource Allocations	09/24/17	
President Makes Final Decision on New Resources Allocation and Immediate Needs Requests Based on President's Cabinet Recommendations; and from the Budget Committee and President's Advisory Council reviews., and President's Cabinet.	10/07/14	The date is aligned to the timeline for Planning for Institutional Effectiveness. President's Cabinet meets on Tuesdays. The first Tuesday in October is the 7th.
Vice Presidents submit New Resources Allocation Forms for funded New Resource Allocation Requests to Fiscal Services	TBD	The New Resources Allocation requests form will require complete specific documentation to support the amount requested such price quotes from vendors, salary projections or other proof of price. The form will also require Dean/Director and Vice President approvals; and evidence that ties to PIE. If documentation is incomplete, funding will delayed until all documentation is submitted.

- Budget Committee
- Department level
- Administrative Level
- Other Groups
- Fiscal Services

2014-15 NEW RESOURCE ALLOCATION REQUESTS - PRIORITIZED SUMMARY

DRAFT

(April 24, 2014)

TEAM: Instruction

Priority Number	Division	Department/Org	Description	Justification of Need	Account Number					One-time	Ongoing	Total Requested	Outcome	Funding Source	Comments	Total Funded					
					Fund	Org	Acct	Prog	Actv												
	Technology and Health	Welding	Instructional supplies and materials for the Welding program		11000	353520	431000	095650				7,750	Funded	Lottery Ongoing	President's Cabinet 10/15/14	7,750					
	Humanities	Sign Language, Interpreting	Interpreters to assist Deaf professors in the classroom		11000	345500	241100	080900	2200	5,000			5,000	Not Funded	Unrestricted General Fund One-time	President's Cabinet 10/15/14	-				
					Total													\$ 5,000	\$ 7,750	\$ 12,750	\$ 7,750

**NEW AND REINSTATED POSITIONS
UNRESTRICTED GENERAL FUND**
(March 25, 2014)

POS NUMBER	ACTUAL FTE	RANGE	MONTHS	NAME	FD	ORG	ACCT	PROG	ACCOUNT PERCENT	TOTAL SALARY	TOTAL BENEFITS	TOTAL SALARY & BENEFITS	PC/ BOARD APPROVAL
PRESIDENT:													
MCS953	1.000	8	12	DIR. DEVELOPMENT & ALUMNI (FIERRO MARISA)	11000	150000	215000	671000	100.00%	34,118	3,769	37,887	PC 10/1/2013
				<i>Additional cost position was converted from Secretary.</i>						34,118	3,769	37,887	
TOTAL PRESIDENT													
INSTRUCTION:													
CA9457	1.000	81	12	SENIOR TOOL KEEPER (STEVEN BENSON)	11000	350000	211000	601000	100.000%	3,684	1,432	5,116	PC 7/23/2013
				<i>15% Cost funded from Unassigned Fund Balance.</i>									
CA9454	81	12	12	VACANT-SECRETARY	11000	300000	211000	660000	100.00%	47,643	19,388	67,031	PC 8/20/2013
CA9595	690	12	12	CLERICAL SPECIALIST (SUZANNE HAYNES)	11000	421500	211000	493062	100.00%	20,083	1,245	21,328	PC 8/20/2013
				<i>Position was eliminated in 2012-13.</i>									
CA9478	0.050	107	12	EDUCATIONAL RESEARCH ASSES. ANALYST (DIDONATO LISA)	11900	379000	211000	660000	9.660%	6,818	2,330	9,148	BOT 11/20/13
				<i>Position is funded 47.5% by Title V and 47.5% by AANAPISI, and was converted to 100%. The additional 5% cost is funded from the Unassigned Fund Balance.</i>									
TOTAL INSTRUCTION										78,228	24,395	102,623	
STUDENT SERVICES													
CA9633	52.500	69	12	CLERICAL SPECIALIST (CHONG JOLENE)	11000	513000	211000	493000	100.000%	23,120	17,349	40,469	BOT 10/23/13
				<i>Position was increased from 47.5% to 100% to comply with CSEA 262 article 10.02, Adjustment of Assigned Time.</i>									
TOTAL STUDENT SERVICES										23,120	17,349	40,469	
ADMINISTRATIVE SERVICES:													
CA9794	0.250	880	12	RISK MANAGEMENT SPECIALIST (QUINLAN BETH)	11000	650000	211000	677000	100.000%	13,246	5,106	18,352	BOT 10/23/13
				<i>Position was increased from 75% to 100% to comply with CSEA 262 article 10.02, Adjustment of Assigned Time.</i>									
TOTAL ADMINISTRATIVE SERVICES										13,246	5,106	18,352	
TOTAL NEW AND REINSTATED POSITIONS										148,712	50,619	199,331	

ONE-TIME IMMEDIATE NEEDS
UNRESTRICTED GENERAL FUND
(March 25, 2014)

POS NUMBER	ACTUAL FTE	RANGE	MONTHS	NAME	FD	ORG	ACCT	PROG	ACCOUNT PERCENT	TOTAL SALARY	TOTAL BENEFITS	TOTAL SALARY & BENEFITS	PC/ BOARD APPROVAL
INSTRUCTION:													
MT9999	1.000	9	12	SPECIAL PROJ MANAGER COMM ED (LIMON ANNETTE)	11900	470000	215000	701000	100.00%	87,735	24,389	112,124	PC 11/13/13
<i>AB7135 Temporary Special Project Administrator</i>													
CA9450	0.475	79	10	LAB TECH-RADIO (JASON SHIFF)	11900	371040	251000	060400	100.00%	18,758	1,160	19,918	PC 12/10/13
MC9967	0.433	6	12	VACANT-ASST DIR, CHILD DEV CENTER	11900	336080	215000	692000	43.32%	30,774	6,183	36,957	PC 11/26/13
TOTAL INSTRUCTION										137,267	31,732	168,999	
TOTAL NEW AND REINSTATED POSITIONS										137,267	31,732	168,999	

2013-14 NEW RESOURCES ALLOCATION REQUESTS
UNRESTRICTED GENERAL FUND
 (March 25, 2014)

POS NUMBER	ACTUAL FTE	RANGE	MONTHS	NAME	FD	ORG	ACCT	PROG	ACCOUNT PERCENT	TOTAL SALARY	TOTAL BENEFITS	TOTAL SALARY & BENEFITS	PC/ BOARD APPROVAL
INSTRUCTION:													
CA9458	0.475	62	12	LEARNING LAB ASSISTANT I (NANCY CAMPOS)	11900	321500	221000	611000	100.00%	19,765	1,227	20,992	PC 10/22/13
CA9459	0.475	62	12	VACANT-LEARNING LAB ASSISTANT I	11900	321500	221000	611000	100.00%	19,765	1,227	20,992	PC 10/22/13
CA9448	1.000	79	11	VACANT-LAB TECH-FOODS	11900	336060	221000	130600	100.00%	43,476	18,529	62,005	PC 11/05/13
CA9483		79	12	REGISTERED VET LAB TECH (MONUGIAN ANNETTE)	11900	312010	221000	010210	100.000%	27,178	20,346	47,524	PC 10/22/13
TOTAL INSTRUCTION										110,184	41,329	151,513	
STUDENT Position was eliminated in 2012-13.													
MA9967	1.000	19	12	VACANT-ASSOC. DEAN COUNSELING	11900	510000	121000	631000	100.00%	132,776	21,206	153,982	PC 10/22/13
CA9449	0.500	79	12	VACANT-STUDENT SVCS PROG SPEC (VETERANS SVCS) <i>Position is funded 50% with Unrestricted General Fund and 50% with BFAP funds.</i>	11900	504100	211000	648000	50.00%	23,732	9,675	33,407	PC 10/22/13
TOTAL STUDENT SERVICES										156,508	30,881	187,389	
ADMINISTRATIVE SERVICES:													
CB9891	1.000	34	12	CUSTODIAN (CHILD DEVELOPMENT BLDG) (EMMANUEL GALUTIRA)	11900	625000	212000	653000	100.00%	39,560	19,320	58,880	PC 11/05/13
CB9890	1.000	34	12	VACANT-CUSTODIAN (DESIGN TECHNOLOGY BLDG)	11900	625000	212000	653000	100.00%	39,560	19,320	58,880	PC 11/05/13
TOTAL ADMINISTRATIVE SERVICES										79,120	38,640	117,760	
TOTAL NEW AND REINSTATED POSITIONS										345,812	110,850	456,662	
GRAND TOTAL FOR ALL NEW POSITIONS										687,367	203,887	891,254	

Mt. San Antonio CCD
OPEB GASB 45 Disclosure - History

Actuarial Reports as of:	April 1, 2007	April 1, 2007	May 1, 2009	May 1, 2009	May 1, 2011	March 1, 2012	March 1, 2012	March 1, 2014	March 1, 2014
Audit Report as of	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	2013-14	6/30/2014	2014-15 Preliminary Tentative Budget
	Actual	Actual	Actual	Actual	Actual	Actual	Adopted Budget	Projected	
Normal Cost	2,534,224	2,610,251	2,343,669	2,413,979	2,587,394	3,179,413	3,179,413	4,156,438.00	4,156,438.00
Unfunded Actuarial Accrued Liability UAAL (Amortization 24 years left)	2,785,118	2,785,118	2,785,118	2,785,118	2,785,118	2,785,118	2,785,118	2,785,118.00	2,785,118.00
Residual UAAL Amortization	-	-	(569,961)	(587,060)	532,599	619,139	619,139	(148,651.00)	(148,651.00)
Annual Required Contribution	\$ 5,319,342	\$ 5,395,369	\$ 4,558,826	\$ 4,612,037	\$ 5,905,111	\$ 6,583,670	\$ 6,583,670	\$ 6,792,905	\$ 6,792,905
Interest on net OPEB obligation	-	(61,343)	20,419	(4,739)	(69,488)	(6,222)	(6,222)	323,055	323,055
Adjustment to annual required contribution	-	76,761	(17,566)	4,077	59,774	8,095	8,095	(420,305)	(420,305)
Annual OPEB cost (expense)	5,319,342	5,410,787	4,561,679	4,611,375	5,895,397	6,585,543	6,585,543	6,695,655	6,695,655
Contributions made:									
Retirees Health Premiums	(3,696,980)	(3,251,370)	(3,230,930)	(3,940,456)	(4,358,719)	-	-	-	(3)
District Contributions from Unrestricted General Fund	(2,737,698)	(672,833)	(1,788,169)	(1,848,157)	(184,163)	-	-	-	(4)
District Contributions from the JPA May 22, 2012	-	-	-	-	(213,549)	-	-	-	-
Total Contributions	(6,434,678)	(3,924,203)	(5,019,099)	(5,788,613)	(4,756,431)	-	-	-	-
Contributions (Over/Assets) or Under/Liabilities	(1,115,336)	1,486,584	(457,420)	(1,177,238)	1,138,966	6,585,543	6,585,543	6,695,655	6,695,655
From previous year	-	(1,115,336)	371,248	(86,172)	(1,263,410)	(124,444)	6,461,099	6,461,099	13,046,642
Net OPEB obligation(asset)/liability - end of year	(1,115,336)	371,248	(86,172)	(1,263,410)	(124,444)	6,461,099	13,046,642 (2)	13,156,754	19,742,297
Percentage of Annual OPEB Cost Contributed	120.97%	72.53%	110.03%	125.53%	80.68%	0.00%	0.00%	0.00%	0.00%

Notes:

- (1) Health Premiums for the fiscal year total \$4,431,678. These premiums were paid from the OPEB Trust.
- (2) Increased liabilities in the audited financial statements may have adverse effect in bond ratings as they reduce the net assets of the College.
- (3) As per Preliminary Tentative Budget 2014-15, the estimated Retirees Benefit Premiums for 2013-14 is \$4,272,474.
- (4) As per Adopted Budget 2013-14, the estimated District Contribution from the Unrestricted General Fund is \$2,423,181
- (5) Accreditation reviews now include making sure there is an institutional plan for funding the OPEB liability.

Actuarial Present Value of Total Projected Benefits	116,833,138	107,253,647	135,465,518	147,623,061	141,515,678	107,412,110	107,412,110	107,412,110	107,412,110
Actuarial Accrued Liability (AAL)	93,378,693	87,651,507	114,656,841	120,114,689	114,656,841	120,114,689	120,114,689	120,114,689	120,114,689
Unamortized Initial Unfunded Actuarial Accrued Liability	(40,478,188)	(39,329,818)	(38,051,653)	(39,253,299)	(38,051,653)	(39,253,299)	(39,253,299)	(39,253,299)	(39,253,299)
OPEB Trust Market Value (Plan Assets)	(52,900,505)	(60,367,776)	(65,348,742)	(71,343,707)	(71,343,707)	(71,343,707)	(71,343,707)	(71,343,707)	(71,343,707)
Residual Accrued Actuarial Liability	-	(12,046,087)	11,256,446	9,517,683	11,256,446	9,517,683	9,517,683	9,517,683	9,517,683
Residual UAAL Amortization at 5.5% over 30 years	-	(569,961)	532,599	619,139	532,599	619,139	619,139	619,139	619,139
Funding Ratio	56.7%	68.9%	57.0%	59.4%	57.0%	59.4%	59.4%	67.2%	67.2%
Unfunded Actuarial Liability	40,478,188	27,283,731	49,308,099	48,770,982	49,308,099	48,770,982	48,770,982	48,770,982	48,770,982

**Mount San Antonio Community College District
Actuarial Study of
Retiree Health Liabilities
As of March 1, 2014**

*Prepared by:
Total Compensation Systems, Inc.*

Date: April 14, 2014

Total Compensation Systems, Inc.

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**Mount San Antonio Community College District
Actuarial Study of Retiree Health Liabilities**

PART I: EXECUTIVE SUMMARY

A. Introduction

Mount San Antonio Community College District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of March 1, 2014 (the valuation date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2014. If the report will first be used for a different fiscal year, the numbers will need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under Governmental Accounting Standards Board (GASB) Standards 25/27.

This actuarial study is intended to serve the following purposes:

- To provide information to enable Mount San Antonio CCD to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Mount San Antonio CCD to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 43 and 45 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 43 and 45, as appropriate, Mount San Antonio CCD should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 43 and 45 compliance.

This actuarial report includes several estimates for Mount San Antonio CCD's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to Mount San Antonio CCD in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: Certificated, Classified and Management. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefits or APVTPB)
- the ten year "pay-as-you-go" cost to provide these benefits.
- the "actuarial accrued liability (AAL)." (The AAL is the portion of the APVTPB attributable to employees' service prior to the valuation date.)

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- the amount necessary to amortize the UAAL over a period of 30 years.
- the annual contribution required to fund retiree benefits over the working lifetime of eligible employees (the "normal cost").
- The Annual Required Contribution (ARC) which is the basis of calculating the annual OPEB cost and net OPEB obligation under GASB 43 and 45.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Normal costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning March 1, 2014 to be \$3,904,611 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning March 1, 2014 (the normal cost) is \$4,156,438. This normal cost would increase each year based on covered payroll. Had Mount San Antonio CCD begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$107,412,110. This amount is called the "actuarial accrued liability" (AAL). The remaining unamortized balance of the initial unfunded AAL (UAAL) is \$37,567,270. This leaves a "residual" AAL of \$69,844,840.

Mount San Antonio CCD has established a GASB 43 trust for future OPEB benefits. The actuarial value of plan assets at February 28, 2014 was \$72,129,965. This leaves a residual unfunded actuarial accrued liability (UAAL) of *negative* \$2,285,125. We calculated the annual cost to amortize the residual unfunded actuarial accrued liability using a 5% discount rate. We used an open 30 year amortization period. The current year cost to amortize the residual unfunded actuarial accrued liability is *negative* \$148,651.

Combining the normal cost with both the initial and residual UAAL amortization costs produces an annual required contribution (ARC) of \$6,792,905. The ARC is used as the basis for determining expenses and liabilities under GASB 43/45. The ARC is used in lieu of (rather than in addition to) the "pay-as-you-go" cost.

We based all of the above estimates on employees as of February, 2014. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

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	<u>Faculty</u>	<u>Classified</u>	<u>Management</u>
Benefit types provided	Medical only	Medical only	Medical only
Duration of Benefits	Lifetime	Lifetime	Lifetime
Required Service	10 years	10 years	10 years
Minimum Age	55	50	Depends on retirement system
Dependent Coverage	Yes*	Yes*	Yes*
College Contribution %	100%	100%	100%
College Cap	None	None	None

*Spouse coverage only for those hired prior to January 1, 1996

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Mount San Antonio CCD should take to manage the substantial liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Mount San Antonio CCD's practices, it is possible that Mount San Antonio CCD is already complying with some or all of our recommendations.

- We recommend that Mount San Antonio CCD inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Mount San Antonio CCD should determine whether the benefit is material and subject to GASB 43 and/or 45.
- We recommend that Mount San Antonio CCD conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two years, as required under GASB 43/45.
- We recommend that the District communicate the magnitude of these costs to employees and include employees in discussions of options to control the costs.
- Under GASB 45, it is important to isolate the cost of retiree health benefits. Mount San Antonio CCD should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Mount San Antonio CCD should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Mount San Antonio CCD should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.
- Several assumptions were made in estimating costs and liabilities under Mount San Antonio CCD's retiree health program. Further studies may be desired to validate any

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assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Mount San Antonio CCD should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Mount San Antonio CCD to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,

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Total Compensation Systems, Inc.

PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in 2004 Accounting Standards 43 and 45 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees).

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method.”

Under most actuarial cost methods, there are two components of actuarial cost - a “normal cost” and amortization of something called the “unfunded actuarial accrued liability.” Both accounting standards and actuarial standards usually address these two components separately (though alternative terminology is sometimes used).

The normal cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. This report will not discuss differences between actuarial cost methods or their application. Instead, following is a description of a commonly used, generally accepted actuarial cost method that will be permitted under GASB 43 and 45. This actuarial cost method is called the “entry age normal” method.

Under the entry age normal cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the normal cost. Under GASB 43 and 45, normal cost can be expressed either as a level dollar amount or a level percentage of payroll.

The normal cost is determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the normal cost.
- The ***“trend” rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the normal cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing normal costs.
- ***Mortality rates*** varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce normal costs, the mortality assumption is not likely to vary from employer to employer.
- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce normal costs. Employment termination can vary considerably between public agencies.
- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits.

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While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase normal costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets. For example, employer funds earning money market rates in the county treasury are likely to earn far less than an irrevocable trust containing a diversified asset portfolio including stocks, bonds, etc. A higher discount rate can dramatically lower normal costs. GASB 43 and 45 require the interest assumption to reflect likely *long term* investment return.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. The actuary selects the assumptions which - taken together - will yield reasonable results. It's not necessary (or even possible) to predict individual assumptions with complete accuracy.

If all actuarial assumptions are exactly met and an employer expensed the normal cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the actuarial accrued liability or AAL. The excess of AAL over the **actuarial value of plan assets** is called the *unfunded* actuarial accrued liability (or UAAL). Under GASB 43 and 45, in order for assets to count toward offsetting the AAL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The actuarial accrued liability (AAL) can arise in several ways. At inception of GASB 43 and 45, there is usually a substantial UAAL. Some portion of this amount can be established as the "transition obligation" subject to certain constraints. UAAL can also increase as the result of operation of a retiree health plan - e.g., as a result of plan changes or changes in actuarial assumptions. Finally, AAL can arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 43 and 45, employers have several options on how the UAAL can be amortized as follows:

- The employer can select an amortization period of 1 to 30 years. (For certain situations that result in a reduction of the AAL, the amortization period must be at least 10 years.)
- The employer may apply the same amortization period to the total combined UAAL or can apply different periods to different components of the UAAL.
- The employer may elect a "closed" or "open" amortization period.
- The employer may choose to amortize on a level dollar or level percentage of payroll method.

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefits (APVPB) separately for each employee. We determined eligibility for retiree benefits based on information supplied by Mount San Antonio CCD. We then selected assumptions for the factors discussed in the above Section that, based on plan experience and our training and experience, represent our best prediction of future plan experience. For each employee, we applied the appropriate factors based on the employee's age, sex and length of service.

We summarized actuarial assumptions used for this study in Appendix C.

B. Medicare

The extent of Medicare coverage can affect projections of retiree health costs. The method of coordinating Medicare benefits with the retiree health plan's benefits can have a substantial impact on retiree health costs. We will be happy to provide more information about Medicare integration methods if requested.

C. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C).

We multiplied each year's projected cost by the probability that premium will be paid; i.e. based on the probability that the employee is living, has not terminated employment and has retired. The probability that premium will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's premium cost and the probability that premium will be paid equals the expected cost for that year. We discounted the expected cost for each year to the valuation date March 1, 2014 at 5% interest.

Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any current retirees, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the APVPB for all employees to get the actuarial present value of total projected benefits (APVTPB). The APVTPB is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVTPB is the amount on March 1, 2014 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

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Actuarial Present Value of Total Projected Benefits at March 1, 2014

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
Active: Pre-65	\$25,650,203	\$12,241,760	\$10,257,323	\$3,151,120
Post-65	\$68,440,164	\$34,912,009	\$26,124,840	\$7,403,315
Subtotal	\$94,090,367	\$47,153,769	\$36,382,163	\$10,554,435
Retiree: Pre-65	\$3,421,180	\$706,991	\$2,633,588	\$80,601
Post-65	\$44,004,131	\$21,692,268	\$19,204,460	\$3,107,403
Subtotal	\$47,425,311	\$22,399,259	\$21,838,048	\$3,188,004
Grand Total	\$141,515,678	\$69,553,028	\$58,220,211	\$13,742,439
Subtotal Pre-65	\$29,071,383	\$12,948,751	\$12,890,911	\$3,231,721
Subtotal Post-65	\$112,444,295	\$56,604,277	\$45,329,300	\$10,510,718

The APVTPB should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVTPB is used to develop expense and liability figures. To do so, the APVTFB is divided into two parts: the portions attributable to service rendered prior to the valuation date (the past service liability or actuarial accrued liability under GASB 43 and 45) and to service after the valuation date but prior to retirement (the future service liability).

The past service and future service liabilities are each funded in a different way. We will start with the future service liability which is funded by the normal cost.

D. Cost to Prefund Retiree Benefits

1. Normal Cost

The average hire age for eligible employees is 35. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 25 years (assuming an average retirement age of 60). We applied an "entry age normal" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated normal cost.

Normal Cost Year Beginning March 1, 2014

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
# of Employees	935	382	441	112
Per Capita Normal Cost				
Pre-65 Benefit	N/A	\$1,636	\$1,144	\$1,926
Post-65 Benefit	N/A	\$3,689	\$2,312	\$3,415
First Year Normal Cost				
Pre-65 Benefit	\$1,345,168	\$624,952	\$504,504	\$215,712
Post-65 Benefit	\$2,811,270	\$1,409,198	\$1,019,592	\$382,480
Total	\$4,156,438	\$2,034,150	\$1,524,096	\$598,192

Accruing retiree health benefit costs using normal costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This normal cost would increase each year based on covered payroll.

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2. Amortization of Unfunded Actuarial Accrued Liability (UAAL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the normal cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the actuarial accrued liability (AAL). We calculated the AAL as the APVTPB minus the present value of future normal costs.

The initial UAAL was amortized using a closed amortization period of 30 years. The District can amortize the remaining or residual UAAL over many years. The table below shows the annual amount necessary to amortize the UAAL over a period of 30 years at 5% interest. (Thirty years is the longest amortization period allowable under GASB 43 and 45.) GASB 43 and 45 will allow amortizing the UAAL using either payments that stay the same as a dollar amount, or payments that are a flat percentage of covered payroll over time. The figures below reflect the level percentage of payroll method.

Actuarial Accrued Liability as of March 1, 2014

	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
Active: Pre-65	\$14,644,826	\$6,976,064	\$6,031,109	\$1,637,653
Post-65	\$45,341,973	\$23,038,444	\$17,583,750	\$4,719,779
Subtotal	\$59,986,799	\$30,014,508	\$23,614,859	\$6,357,432
Retiree: Pre-65	\$3,421,180	\$706,991	\$2,633,588	\$80,601
Post-65	\$44,004,131	\$21,692,268	\$19,204,460	\$3,107,403
Subtotal	\$47,425,311	\$22,399,259	\$21,838,048	\$3,188,004
Subtot Pre-65	\$18,066,006	\$7,683,055	\$8,664,697	\$1,718,254
Subtot Post-65	\$89,346,104	\$44,730,712	\$36,788,210	\$7,827,182
Grand Total	\$107,412,110	\$52,413,767	\$45,452,907	\$9,545,436
Unamortized Initial UAAL	\$37,567,270			
Plan assets at 2/28/14	\$72,129,965			
Residual UAAL	(\$2,285,125)			
Residual UAAL Amortization at 5% over 30 Years	(\$148,651)			

3. Annual Required Contributions (ARC)

If the District determines retiree health plan expenses in accordance with GASB 43 and 45, costs will include both normal cost and one or more components of UAAL amortization costs. The sum of normal cost and UAAL amortization costs is called the Annual Required Contribution (ARC) and is shown below.

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Annual Required Contribution (ARC) Year Beginning March 1, 2014

	<i>Total</i>
Normal Cost	\$4,156,438
Initial UAAL Amortization	\$2,785,118
Residual UAAL Amortization	(\$148,651)
ARC	\$6,792,905

The normal cost remains as long as there are active employees who may some day qualify for District-paid retiree health benefits. This normal cost would increase each year based on covered payroll.

4. Other Components of Annual OPEB Cost (AOC)

Expense and liability amounts may include more components of cost than the normal cost plus amortization of the UAAL. This will apply to employers that don't fully fund the Annual Required Cost (ARC) through an irrevocable trust.

- The annual OPEB cost (AOC) will include assumed interest on the net OPEB obligation (NOO). The annual OPEB cost will also include an amortization adjustment for the net OPEB obligation. (It should be noted that there is no NOO if the ARC is fully funded through a qualifying "plan".)
- The net OPEB obligation will equal the accumulated differences between the (AOC) and qualifying "plan" contributions.

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PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project ten year cash flow under the retiree health program. Because these cash flow estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are **certain** to be **inaccurate**. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District share of retiree health premiums.

<i>Year Beginning March 1</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
2014	\$3,904,611	\$1,849,823	\$1,697,169	\$357,619
2015	\$4,030,546	\$1,913,262	\$1,743,944	\$373,340
2016	\$4,323,101	\$2,068,931	\$1,844,796	\$409,374
2017	\$4,646,232	\$2,221,164	\$1,980,416	\$444,652
2018	\$4,961,001	\$2,379,087	\$2,103,060	\$478,854
2019	\$5,278,120	\$2,520,774	\$2,227,726	\$529,620
2020	\$5,580,894	\$2,676,777	\$2,351,700	\$552,417
2021	\$5,898,793	\$2,814,228	\$2,488,429	\$596,136
2022	\$6,189,691	\$2,939,269	\$2,618,190	\$632,232
2023	\$6,514,932	\$3,100,923	\$2,754,300	\$659,709

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 43/45 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.

We recommend Mount San Antonio CCD take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation. Following is a brief summary of the impact of some of the more critical assumptions.

1. Where actuarial assumptions differ from expected experience, our estimates could be overstated or understated. One of the most critical assumptions is the medical trend rate. The District may want to commission further study to assess the sensitivity of liability estimates to our medical trend assumptions. For example, it may be helpful to know how liabilities would be affected by using a trend factor 1% higher than what was used in this study. There is an additional fee required to calculate the impact of alternative trend assumptions.
2. We used an "entry age normal" actuarial cost method to estimate the actuarial accrued liability and normal cost. GASB allows this as one of several permissible methods under GASB45. Using a different cost method could result in a somewhat different recognition pattern of costs and liabilities.

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Mount San Antonio CCD to understand that the appropriateness of all selected actuarial assumptions and methods are Mount San Antonio CCD's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 43 and 45, applicable actuarial standards of practice, Mount San Antonio CCD's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: Entry age normal. The allocation of OPEB cost is based on years of service. We used the level percentage of payroll method to allocate OPEB cost over years of service.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

AMORTIZATION METHODS: We used a level dollar, closed 30 year amortization period for the initial UAAL. We used a level dollar, open 30 year amortization period for any residual UAAL.

SUBSTANTIVE PLAN: As required under GASB 43 and 45, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Mount San Antonio CCD regarding practices with respect to employer and employee contributions and other relevant factors.

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ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 5% per year. This is based on assumed long-term return on plan assets in the District's Trust. We used the "Building Block Method" as described in ASOP 27 Paragraph 3.6.2. Our assessment of long-term returns for employer assets is based on long-term historical returns for surplus funds invested pursuant to California Government Code Sections 53601 et seq.

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. This assumption applies only to the extent that either or both of the normal cost and/or UAAL amortization use the level percentage of payroll method. For purposes of applying the level percentage of payroll method, payroll increase must not assume any increases in staff or merit increases.

ACTUARIAL VALUE OF PLAN ASSETS (AVA): Because plan assets are primarily fixed, we did not use a smoothing formula.

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NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35).

MORTALITY

<i>Employee Type</i>	<i>Mortality Tables</i>
Certificated	2009 CalSTRS Mortality
Miscellaneous	2009 CalPERS Mortality for Miscellaneous Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
Certificated	2009 CalSTRS Retirement Rates
Miscellaneous	2009 CalPERS Retirement Rates for School Employees

VESTING RATES

<i>Employee Type</i>	<i>Vesting Rate Tables</i>
Certificated	100% at 5 Years of Service
Miscellaneous	100% at 5 Years of Service

COSTS FOR RETIREE COVERAGE

Retiree liabilities are based on actual retiree costs. Liabilities for active participants are based on the first year costs shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

<i>Employee Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
Certificated	\$10,289	\$6,505
Classified	\$8,710	\$5,343
Management	\$11,750	\$5,801

PARTICIPATION RATES

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Certificated	100%	100%
Miscellaneous	100%	100%

TURNOVER

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Certificated	2009 CalSTRS Termination Rates
Miscellaneous	2009 CalPERS Turnover for Miscellaneous Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

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APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

<i>Age</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
Under 25	4	0	4	0
25-29	22	2	19	1
30-34	72	23	46	3
35-39	114	41	55	18
40-44	144	64	64	16
45-49	164	68	79	17
50-54	149	63	69	17
55-59	140	55	64	21
60-64	93	51	29	13
65 and older	33	15	12	6
Total	935	382	441	112

ELIGIBLE RETIREES

<i>Age</i>	<i>Total</i>	<i>Certificated</i>	<i>Classified</i>	<i>Management</i>
Under 50	3	0	3	0
50-54	4	1	3	0
55-59	19	0	19	0
60-64	87	35	49	3
65-69	105	52	47	6
70-74	105	54	43	8
75-79	92	41	41	10
80-84	66	23	34	9
85-89	61	32	18	11
90 and older	27	13	6	8
Total	569	251	263	55

APPENDIX E: CALCULATION OF GASB 43/45 ACCOUNTING ENTRIES

This report is to be used to calculate accounting entries rather than to provide the dollar amount of accounting entries. How the report is to be used to calculate accounting entries depends on several factors. Among them are:

- 1) The amount of prior accounting entries;
- 2) Whether individual components of the ARC are calculated as a level dollar amount or as a level percentage of payroll;
- 3) Whether the employer using a level percentage of payroll method elects to use for this purpose projected payroll, budgeted payroll or actual payroll;
- 4) Whether the employer chooses to adjust the numbers in the report to reflect the difference between the valuation date and the first fiscal year for which the numbers will be used.

To the extent the level percentage of payroll method is used, the employer should adjust the numbers in this report as appropriate to reflect the change in OPEB covered payroll. It should be noted that OPEB covered payroll should only reflect types of pay generating pension credits for plan participants. Please note that plan participants do not necessarily include all active employees eligible for health benefits for several reasons. Following are examples.

- 1) The number of hours worked or other eligibility criteria may differ for OPEB compared to active health benefits;
- 2) There may be active employees over the maximum age OPEB are paid through. For example, if an OPEB plan pays benefits only to Medicare age, any active employees currently over Medicare age are not plan participants;
- 3) Employees hired at an age where they will exceed the maximum age for benefits when the service requirement is met are also not plan participants.

Finally, GASB 43 and 45 require reporting covered payroll in RSI schedules regardless of whether any ARC component is based on the level percentage of payroll method. This report does not provide, nor should the actuary be relied on to report covered payroll.

GASB 45 Paragraph 26 specifies that the items presented as RSI "should be calculated in accordance with the parameters." The RSI items refer to Paragraph 25.c which includes annual covered payroll. Footnote 3 provides that when the ARC is based on covered payroll, the payroll measure may be the projected payroll, budgeted payroll or actual payroll. Footnote 3 further provides that comparisons between the ARC and contributions should be based on the same measure of covered payroll.

At the time the valuation is being done, the actuary may not know which payroll method will be used for reporting purposes. The actuary may not even know for which period the valuation will be used to determine the ARC. Furthermore, the actuary doesn't know if the client will make adjustments to the ARC in order to use it for the first year of the biennial or triennial period. (GASB 45 is silent on this.) Even if the actuary were to know all of these things, it would be a rare situation that would result in me knowing the appropriate covered payroll

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number to report. For example, if the employer uses actual payroll, that number would not be known at the time the valuation is done.

As a result, we believe the proper approach is to report the ARC components as a dollar amount. It is the client's responsibility to turn this number into a percentage of payroll factor by using the dollar amount of the ARC (adjusted, if desired) as a numerator and then calculating the appropriate amount of the denominator based on the payroll determination method elected by the client for the appropriate fiscal year.

If we have been provided with payroll information, we are happy to use that information to help the employer develop an estimate of covered payroll for reporting purposes. However, the validity of the covered payroll remains the employer's responsibility even if TCS assists the employer in calculating it.

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APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non*-actuary understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

Actuarial Accrued Liability: The amount of the actuarial present value of total projected benefits attributable to employees' past service based on the actuarial cost method used.

Actuarial Cost Method: A mathematical model for allocating OPEB costs by year of service.

Actuarial Present Value of Total Projected Benefits: The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation date.

Actuarial Value of Assets: Market-related value of assets which may include an unbiased formula for smoothing cyclical fluctuations in asset values.

Annual OPEB Cost: This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Annual Required Contribution plus interest on the Net OPEB obligation minus an adjustment to reflect the amortization of the net OPEB obligation.

Annual Required Contribution: The sum of the normal cost and an amount to amortize the unfunded actuarial accrued liability. This is the basis of the annual OPEB cost and net OPEB obligation.

Closed Amortization Period: An amortization approach where the original ending date for the amortization period remains the same. This would be similar to a conventional, 30-year mortgage, for example.

Discount Rate: Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower normal costs and actuarial accrued liability.

Implicit Rate Subsidy: The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees.

Mortality Rate: Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.

Net OPEB Obligation: The accumulated difference between the annual OPEB cost and amounts contributed to an irrevocable trust exclusively providing retiree OPEB benefits and protected from creditors.

Normal Cost: The dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

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<u>OPEB Benefits:</u>	Other PostEmployment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>Open Amortization Period:</u>	Under an open amortization period, the remaining unamortized balance is subject to a new amortization schedule each valuation. This would be similar, for example, to a homeowner refinancing a mortgage with a new 30-year conventional mortgage every two or three years.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower normal cost and actuarial accrued liability. The participation rate often is related to retiree contributions.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with vesting rates to reflect both age and length of service). The more likely employees are to retire early, the higher normal costs and actuarial accrued liability will be.
<u>Transition Obligation:</u>	The amount of the unfunded actuarial accrued liability at the time actuarial accrual begins in accordance with an applicable accounting standard.
<u>Trend Rate:</u>	The rate at which the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher normal costs and actuarial accrued liability.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce normal costs and actuarial accrued liability.
<u>Unfunded Actuarial Accrued Liability:</u>	This is the excess of the actuarial accrued liability over assets irrevocably committed to provide retiree health benefits.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined. Under GASB 43 and 45, the valuation date does not have to coincide with the statement date.
<u>Vesting Rate:</u>	The proportion of retiree benefits earned, based on length of service and, sometimes, age. (Vesting rates are often set in conjunction with retirement rates.) More rapid vesting increases normal costs and actuarial accrued liability.

MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT

**BUDGET AND ACTUALS COMPARISON HISTORY
Unrestricted General Fund
2014-15 PRELIMINARY TENTATIVE BUDGET**

OPTION B - INCLUDES FUNDING FOR THE CONTRIBUTION TO THE OPEB TRUST

- | | |
|---|---|
| (1) Includes the \$1,379,317 Growth/Restoration received in the fiscal year 2012-13 | (11) Additional Growth Restoration earned in 2012-13 and received in 2013-14 |
| (2) Funded COLA at 1.57% | (12) The final statewide structural deficit was reduced from 3.74% to .22% with the Apportionment Recalculation in February 2014 |
| (3) Estimated Growth/Restoration for the fiscal year 2013-14. The College will need to increase courses to earn the growth. | (13) Includes \$324,000 board election expenses for 2013-14. Includes 1% salary increase and \$1,500 annually for health and welfare for Faculty, CSEA 262, CSEA 651, Managers, Supervisors, and Confidential. These increases will be considered one-time for the fiscal year 2013-14 if State Funded COLA for 2014-15 is less than 2%. Includes additional one-time expenses and immediate needs approved after the 2013-14 Adopted Budget. |
| (4) 2012-13 Redevelopment Revenues Deficit fully recovered | (14) Assumes a conservative ongoing expenditure of \$2,500,000 |
| (5) Apportionment Deficit estimated at 1% of total apportionment | (15) Increased by \$324,000 as there will be board election in 2015-16 |
| (6) District elected to participate in the Mandated Costs Block Grant for 2013-14 | (16) Estimated Funded COLA at 0.86% as per Governor's January Budget proposal |
| (7) Includes \$274,000 board election expenses for 2013-14. Includes 1% salary increase and \$1,500 annually for health and welfare for Faculty, CSEA 262, and CSEA 651. These increases will be considered one-time for the fiscal year 2013-14 if State Funded COLA for 2014-15 is less than 2% | (17) Estimated Growth/Restoration at 3% for the fiscal year 2014-15 as per Governor's January budget proposal. The College will need to increase courses to earn the growth |
| (8) Cost of course offerings. Estimated increase of 539 FTES for summer and fall 2013 to earn the 2013-14 Growth | (18) Cost of Course Offerings. Estimated with a proportional ratio of growth and cost for 2013-14. |
| (9) Estimated Assigned Fund Balance for New Resources Allocation Requests. Allocated \$1,236,846 in October and November 2014. | |
| (10) Includes 1.57% COLA salary increase for Managers, Confidential, and Supervisors | |

**Mt. San Antonio College
Budget Committee
Summary of May 7, 2014**

Committee Members:		
<input type="checkbox"/> Mike Gregoryk, Chair <input checked="" type="checkbox"/> Rosa Royce, Co-Chair <input checked="" type="checkbox"/> Irene Malmgren <input type="checkbox"/> Audrey Yamagata-Noji	<input checked="" type="checkbox"/> Michelle Sampat <input checked="" type="checkbox"/> Martin Ramey <input checked="" type="checkbox"/> Mark Fernandez <input checked="" type="checkbox"/> Richard McGowan	
<input checked="" type="checkbox"/> Edmond Xiong (Student) <input checked="" type="checkbox"/> Fernando Aguayo (Student) <input type="checkbox"/> Johnny Jauregui <input type="checkbox"/> Gary Nellesen	<input checked="" type="checkbox"/> Lance Heard <input type="checkbox"/> Bill Scroggins (Guest) <input type="checkbox"/> Marchelle Naime-Proulx (Guest) <input type="checkbox"/> Kerry Martinez (Notes)	
ITEM	DISCUSSION/COMMENTS	ACTION/OUTCOME
1. Agenda Check		Approved, as presented.
2. Review Budget Committee Meeting Summary of April 16, 2014	The Budget Committee Meeting Summary of April 16, 2014, was approved, as presented.	Approved, as presented.
3. Annual Review of College Committees	<p>Kerry addressed the Budget Committee regarding requests to add two new members. Richard McGowan addressed the request for the addition of a faculty Co-Chair. He will be meeting with Mike Gregoryk to discuss this request. Mark Fernandez explained the request to add another Classified member, to bring the total classified members to three. Mark stated he and Johnny Jauregui are representing the union point of view, and they would like to include a representative from Classified Senate to represent the constituents that are not informed through the unions. Mark said the Confidential vacancy is also an issue. Irene Malmgren stated she is curious about this request because the Academic Senate members of Budget Committee are here to represent all faculty, not just the Senate. She stated that we don't have at-large faculty and asked Mark why an at-large Classified person is needed when he is the Classified representative. Mark stated there is a lot of information that does not reach all Classified members. Richard McGowan stated the Senate appoints and there is no tight line on titles and who is representing the faculty. The faculty has a unique role in the Budget Development Process which is set up by AB1725. It makes sense that the faculty has a large representation based on what Ed Code says and the budget process. Richard stated the recommendation would go to President's Advisory Committee (PAC) from here. The Budget Committee needs to decide if they want to bring this request forward to PAC. Mark voiced a concern regarding the PIE process and how it is supposed to be a team effort and they have found when asking</p>	Tabled to Budget Committee meeting on June 4, 2014

	<p>Classified staff if they participated in PIE, they say "what's that." The lack of communication and participation is one of the big concerns. There is no voice from the different departments. Irene suggested that this issue be brought to the Institutional Effectiveness Committee (IEC). This is the committee charged with looking at the planning process, and maybe the oversight isn't strong enough and an assessment should be done to make sure the Classified voice is in the process. The committee members agreed to table this subject to the Budget Committee meeting on June 4, 2014.</p>	
<p>4. 2014-15 Preliminary Tentative Budget</p>	<p>Rosa Royce explained a handout document titled Changes to Fund Balance from 2013-14 Adopted Budget to 20174-15 Preliminary Tentative Budget (March 25, 2014), and a spreadsheet titled Budget and Actuals Comparison History. Rosa explained there were two options, A and B; Option B was chosen which has an estimated 2014-15 fund balance for the Preliminary Tentative Budget in the amount of \$12,017,264 or 7.91%. Rosa explained handout documents titled 2014-15 Preliminary Tentative Budget; Unrestricted General Fund, Ongoing Expenditure Budget Assumptions, One-time Revenue and Expenditure Budget Assumptions, and Unrestricted General Fund 13 – Revenue-Generated Accounts. Rosa stated these numbers are very preliminary and the projected ending balance should be completed around May 15, 2014. These numbers will be updated as information is received. Richard asked why the estimated Growth and Restoration amount for 2014-15 is included in the Preliminary Tentative Budget when the Budget Committee agreed that this should not be included in the budget until it is received. This practice is included in our budget process. Richard asked if we have moved away from this practice and where was this decision made; this was never discussed in Budget Committee. Rosa stated the decision was made in President's Cabinet. Richard recommended that this subject be placed on the top of the Agenda at our next meeting to have a discussion about this.</p>	<p>Agenda item for next meeting: Budgeting of Estimated Growth and Restoration</p>
<p>5. 2014-15 Budget Committee Calendar</p> <ul style="list-style-type: none"> • Proposed changes to Align Calendar to Planning and Institutional Effectiveness Timelines and New 	<p>Rosa explained the need to align the Budget Development calendar with the Institutional Effectiveness Committee (IEC) calendar. Rosa reviewed a document titled Proposed Changes to Appendix C - Budget Committee Calendar to Align with PIE. Rosa stated this is part of the Budget Development Process. The proposed changes are minor. Rosa and Irene met and developed and agreed to the proposed changes. The Budget Committee agreed to the proposed changes. Rosa will bring an updated calendar to the next meeting.</p>	<p>Rosa will bring updated calendar to next Budget Committee meeting.</p>

Strategic Plan		Rosa to send campus communication to Budget Committee via e-mail for review.
6. 2014-15 New Resources Allocation Process – Campus Communication	Rosa explained she is proposing an announcement of the 2014-15 New Resources Allocation Process to the campus to let them know when one-time funds are received. It is important that this communication informs the campus that if there are one-time funds available; the College's first commitment will be to contribute \$2.5 million to the OPEB Trust in an attempt to reduce the accumulating liability. The remaining funds, if any, will be used in the New Resources Allocation Process. Rosa stated she will explain the changes made in the process, the use of the template she developed, and the fact that the process for Immediate Needs is a year-round process. It was agreed that Rosa will send the communication document via e-mail to the Budget Committee for review. She asked that everyone reply to her with their comments by tomorrow at noon. She would like to send this out by Friday. Rosa suggested a task force be formed to review and update the Budget Development Process manual and the forms attached to it.	
7. Positions Funded with One-time Funds in the 2013-14 Fiscal Year – Communication from President's Cabinet Requesting Justification for 2014-15 Funding	Rosa stated she will be sending a communication to the Department Budget Managers that have positions funded with one-time money. She will ask them to provide a justification for the funding of these positions for consideration in the 2014-15 fiscal year.	
8. GASB 68 – Accounting and Financial Reporting for Pensions PERS and STRS	Rosa explained GASB 68 - Accounting and Financial Reporting for Pensions PERS and STRS. This will begin in the 2014-15 fiscal year and will increase Mt. SAC's unfunded liability, and will be included in the financial statements. The concern is that this will potentially affect bond ratings and accreditation in the same way our OPEB Trust does, but on a larger scale.	
9. OPEB – District Actuarial Report (Draft)	Rosa explained the Draft copy of the OPEB Trust Actuarial Report as of March 1, 2014.	
10. 2014-15 New Resources Allocation	Rosa explained the handout titled 2014-15 New Resources Allocation Requests - Prioritized Summary Template. Rosa asked for everyone for their input and requested that they send their suggestions to her by Friday, May 9, 2014.	

<p>Requests – Prioritized Summary – Template</p> <ul style="list-style-type: none">• Feedback due May 9, 2014	
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FUTURE AGENDA ITEMS:

- **Discussion - Budgeting of Growth and Restoration Amount**
- **Continue Review of the Budget Review and Development Process**
- **Budget Committee Web Page – Documents to be Posted**

FUTURE MEETING DATES:

- **May 21, 2014**
- **June 4, 2014**

CHANGES TO THE FUND BALANCE
FROM 2013-14 ADOPTED BUDGET TO 2014-15 PRELIMINARY TENTATIVE BUDGET
(March 25, 2014)



	Preliminary Tentative Budget Option A	Preliminary Tentative Budget Option B
UNRESTRICTED GENERAL FUND		
2013-14 Adopted Budget Fund Balance (Reserves)	\$ 19,694,989	\$ 19,694,989 (A)
Additional Growth Restoration (Restored 2011-12 Workload Reduction)	302,586	302,586
Additional COLA as result of the Additional Growth Restoration of the 2011-12 Workload Reduction	4,751	4,751
2012-13 Statewide Structural Deficit Improved with Apportionment Recalculation	1,025,815	1,025,815
Increase in One-Time Apportionment Structural Deficit Estimated at 1% ⁽¹⁾	(3,093)	(3,093)
Redevelopment Revenues Backfill (Was Offset by Property Taxes)	2,012,207	2,012,207
Estimated Changes in Revenues as of March 25, 2014	3,342,266	3,342,266
2013-14 Positive Budget Balances and Permanent Positions Salary Savings	2,000,000	2,000,000
Managers, Confidential and Supervisors Salary and Benefit Increases	(623,633)	(623,633)
2013-14 New Resources Allocation Requests	(1,236,846)	(1,236,846)
One-time Immediate Needs and Other One-time approved expenditures	(359,980)	(359,980)
Estimated Changes in Expenditures as of March 25, 2014	(220,459)	(220,459)
Total 2013-14 Estimated Variance - Unrestricted General Fund	3,121,807	3,121,807 (B)
Estimated Ending Balance as of June 30, 2014	22,816,796	22,816,796
	15.20%	15.20%
Estimated 2014-15 Ongoing Budget Deficit	(9,925,014)	(9,925,014)
Estimated 2014-15 One-Time Revenues and Expenditures	(2,426,288) (2)	1,846,186 (3)
Estimated 2014-15 Ongoing and One-Time Budget Deficit	(12,351,302)	(8,078,828)
Estimated 2014-15 Revenues, Revenue-Generated Accounts	1,585,602	1,585,602
Estimated 2014-15 Expenditures, Revenue-Generated Accounts	(4,306,306)	(4,306,306)
Estimated 2014-15 Ongoing, One-Time, and Revenue Generated Accounts Budget Deficit	(2,720,704)	(2,720,704)
Estimated 2014-15 Fund Balance for the Preliminary Tentative Budget	\$ 7,744,790	\$ 12,017,264 (I)
Fund Balance Percentage	4.96%	7.91%

(1) Estimated at \$1,295,780 in the 2013-14 Adopted Budget, which had slightly increased to \$1,298,873. In P1, this deficit is estimated at 4.36% or \$5,723,210. The deficit is the result of the volatility of the Redevelopment revenues and the Education Protection Account. The final 2012-13 apportionment deficit was known on February 2014, and it was reduced to only .22% or \$282,894. The final apportionment deficit will be known in February 2015.

(2) Includes funding for both the Annual Contribution to the OPEB Trust and Retiree Benefit Premiums.

(3) Includes funding for the Annual Contribution to the OPEB Trust.

**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
2014-15 PRELIMINARY TENTATIVE BUDGET
UNRESTRICTED GENERAL FUND**

UNRESTRICTED GENERAL FUND 11 AND 12:

ONGOING REVENUE BUDGET ASSUMPTIONS

	Fund 11/12	Fund 13	Total
Base Ongoing Revenue Budget	\$ 137,408,765	\$ -	\$ 137,408,765
2012-13 Growth/Restoration	302,586		302,586
2013-14 Growth/Restoration	1,842,576		1,842,576
2013-14 COLA	4,751		4,751
2014-15 COLA			
Lottery			
Interest			
Nonresident Tuition			
PT Faculty Office Hours/Health Insurance			
PT Faculty Parity			
Other Miscellaneous Revenue			
Total Revenue Increases/(Decreases)	\$ 2,149,913	\$ -	\$ 2,149,913
Total Ongoing Revenue Budget	\$ 139,558,678	\$ -	\$ 139,558,678

**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
2014-15 PRELIMINARY TENTATIVE BUDGET
UNRESTRICTED GENERAL FUND**

ONGOING EXPENDITURE BUDGET ASSUMPTIONS

		Fund 11/12	Fund 13	Total
Base Ongoing Expenditure Budget	Balance as of the 2013-14 Adopted Budget	\$ 146,853,655	\$ -	\$ 146,853,655
2013-14 Salary and Benefit Increase	Managers, Supervisors and Confidential (Includes COLA of 1.57%)	378,967	-	378,967
2014-15 Salary Schedule Progression	Estimated step/column and longevity changes	1,050,362	-	1,050,362
2014-15 Adjunct Salary Schedule Progression	Estimated step/column changes	128,000	-	128,000
2014-15 Noncredit Adjunct Step/Column	Estimated step/column changes	105,000	-	105,000
2013-14 Medical Coverage Opt-out	Faculty, CSEA 262, and CSEA 651	(39,210)	-	(39,210)
Misc. Personnel and Benefit Changes		(210,026)	-	(210,026)
New and Reinstated Positions	Approved by President's Cabinet (Refer to page ___ for details)	-	-	-
Personnel Restructures and Reorganizations	Approved by President's Cabinet (Refer to page ___ & ___ for details)	-	-	-
PERS Employer Rate Increase	Estimated increase from 11.442% to 11.700% (Rate for 2014-15 is pending approval)	83,570	-	83,570
Unemployment Insurance	No change. Rate remains at .05% for 2014-15	-	-	-
Retiree Health Premiums	Estimated premium increase	200,000	-	200,000
Contribution to OPEB Trust	To be determined with new valuation	-	-	-
Worker's Compensation Increase	Estimated increase based on 2013-14 (2013-14 Rate at 1.48%)	65,501	-	65,501
Reclassification	To be determined	-	-	-
Class Schedule Increase	Ongoing increase of XXX FTES in Summer 2013, fall 2013, winter 2014 and spring 2014 to earn the 2013-14 Growth - To be determined	1,105,014	-	1,105,014
Immediate Needs & Ongoing Budget Increases	Budget increases approved by President's Cabinet (Refer to pages ___ & ___ for details)	-	-	-
Rate-Driven Increases	Ongoing budget balance of \$509,590 pending allocation	-	-	-
Vacant Positions Eliminated	Ongoing expenditures savings - 3 faculty positions (Refer to page ___ for details)	(363,762)	-	(363,762)
Ongoing Backfill for Eliminated FT Faculty Positions	Hourly adjunct backfill for three full-time faculty positions (Refer to page ___ for details)	126,621	-	126,621
Scheduled Maintenance Match Reduction	Temporary use of Measure RR funds for Scheduled Maintenance, \$325,000 reduced in 2012-13	-	-	-
Computer Replacement Program Reduction	Temporary use of Measure RR funds for allowable equipment purchases, \$250,000 reduced in 2012-13	-	-	-
New Faculty Equipment and Computers Reduction	Temporary use of Measure RR funds for allowable equipment purchases, \$55,000 reduced in 2012-13	-	-	-
Travel and Conference Ongoing Budget Reductions	Reduced \$200,000 in 2012-13	-	-	-
Total Net Increase to Ongoing Expenditure Budget		\$ 2,630,037	\$ -	\$ 2,630,037
Total Ongoing Expenditure Budget		\$ 149,483,692	\$ -	\$ 149,483,692
Total Ongoing Budget Surplus/(Deficit)		\$ (9,925,014)	\$ -	\$ (9,925,014)

**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
2014-15 PRELIMINARY TENTATIVE BUDGET
UNRESTRICTED GENERAL FUND**

ONE-TIME REVENUE AND EXPENDITURE BUDGET ASSUMPTIONS

One-Time Revenue Budget Increases/(Decreases)	Fund 11/12	Fund 13	Total
2014-15 Growth/Restoration	\$ -	\$ -	\$ -
Mandated Cost Block Grant	\$ -	\$ -	\$ -
Total One-Time Revenue Budget	\$ -	\$ -	\$ -

One-Time Expenditure Budget Increases/(Decreases)	Fund 11/12	Fund 13	Total
Purchases In Progress	\$ 601,802	\$ -	\$ 601,802
Various Carryover Budgets	816,356	-	816,356
One-Time Support	80,000	-	80,000
New Positions	891,254	-	891,254
Class Schedule Increase	-	-	-
Immediate Needs Requests - One-time	-	-	-
New Resources Allocation Requests	400,000	-	400,000
Election Cost	-	-	-
Contribution to OPEB Trust	-	-	-
Retiree Benefit Premiums	-	-	-
2013-14 One-time Savings from Vacant Positions	(363,124)	-	(363,124)
Total One-Time Expenditure Budget Increases/(Decreases) - Funded from the Unassigned Fund Balance	\$ 2,426,288	\$ -	\$ 2,426,288

**MT. SAN ANTONIO COMMUNITY COLLEGE DISTRICT
2014-15 PRELIMINARY TENTATIVE BUDGET
UNRESTRICTED GENERAL FUND**

UNRESTRICTED GENERAL FUND 13 - REVENUE-GENERATED ACCOUNTS:

REVENUE AND EXPENDITURE ASSUMPTIONS

One-Time Revenue Budget Increases/(Decreases)	Fund 11/12	Fund 13	Total
2014-15 Revenue Budgets	-	\$ 1,585,602	\$ 1,585,602
Total Revenue Budget	-	\$ 1,585,602	\$ 1,585,602

One-Time Expenditure Budget Increases/(Decreases) - Funded from the Unassigned Fund Balance	Fund 11	Fund 13	Total
2013-14 Carryover	-	\$ 2,720,704	\$ 2,720,704
2014-15 Expenditure Budgets	-	\$ 1,585,602	\$ 1,585,602
Total Expenditure Budget - Funded from the Assigned Fund Balance	-	\$ 4,306,306	\$ 4,306,306

Revenue-Generated Accounts - Fund Balance (Refer to page ___ for details) based on 2013-14			
2013-14 Carryover	-	\$ 139,558,678	\$ 139,558,678
2014-15 Expenditure Budgets	-	\$ 151,909,980	\$ 151,909,980
Total Unrestricted General Fund Revenue Budget - Ongoing, One-Time, and Revenue Gen. Accounts		\$ 1,585,602	\$ 141,144,280
Total Unrestricted General Fund Expenditure Budget - Ongoing, One-Time, and Revenue Gen. Accounts		\$ 4,306,306	\$ 156,216,286

Cost of 1% Salary Increase and Cost of \$1,500 Annually for Health and Welfare

(March 25, 2014)

Unrestricted General Fund:		Total
Cost Increase of 1% One-Time, Salaries and Benefits (Based on 2013-14 Estimates)	\$	1,097,439
Cost Increase of \$1,500 Health and Welfare (Based on 2013-14 Estimates)		1,187,380
Total 1% Salary and Increase and \$1,500 H&W	\$	<u>2,284,819</u>
 Other Funds:		
Cost Increase of 1% One-Time, Salaries and Benefits (Based on 2013-14 Estimates)	\$	98,847
Cost Increase of \$1,500 Health and Welfare (Based on 2013-14 Estimates)		155,946
Total 1% Salary and Increase and \$1,500 H&W	\$	<u>254,793</u>

PROPOSED CHANGES TO APPENDIX C – BUDGET COMMITTEE CALENDAR TO ALIGN WITH PIE – CHANGE IS REQUESTED BY STRATEGIC PLANNING TASK FORCE

The font has been colored to visualize the following changes in the Appendix C- Budget Committee Calendar:

Black Font – Existing language in Budget Development Process

Red Font – Proposed changes by Strategic Planning Task Force

Blue Font – Proposed changes to align with current practices and Planning for Institutional Effectiveness Timelines

Note - The Budget Committee members will need to review and agree with the proposed changes.

Appendix C - Budget Committee Calendar (*bold italic: proposed additions*)

Spring:

- Reviews Preliminary Tentative Budget (March);
- Determines new resources available for allocation (usually March);
- Communicates expected budget situation, resources, and process to campus community (usually March);
- Reviews one-time new resources allocation requests previously funded; (usually March); - Proposal is to add this bullet point.
- Reviews details of the previous year's actual expenses for selected departments/units (usually April);
- Reviews relationships across campus (e.g.: department costs per FTES) (usually April);
- ~~Reviews and comments on requests for new one-time resources (May); and~~ – Proposal is to move to September to align with PIE.
- Reviews Tentative Budget (June)
- ***Tentative Budget approved by Board prior to June 30 July 1st***

Summer:

- Meets only if an emergency arises

Fall:

- ***Adopted Budget approved by Board, including allocation for New Resources (on or before ~~prior to~~ September 15);***

- **Reviews prioritized one-time New Resource Requests (September);**
- Makes recommendations on changing one-time funding *New Resources* expenditures to ongoing (~~September~~ October);
- **Cabinet acts on New Resource Requests (September/October);**
- Meets jointly with the Institutional Effectiveness Committee to review PIE summaries and coordinate planning efforts (October);
- Reviews previous fiscal year's total actual expenditure summary from Fiscal Services (November);
- ~~Compares Adopted Budget to previous year's actual expenditures (November);~~ Proposal is to remove this bullet point and add the following two bullet points
- Compares previous year Adopted Budget to previous year's actual expenditures (November)
- Compares previous year's Adopted Budget to Current year's Adopted Budget (November)
- Evaluates Budget Allocation Process (November); and
- Makes recommendations on changing budgetary policies and procedures to PAC (December)

Winter:

- Meets only if needed to complete fall activities