

**Required Evidentiary Documents for Financial Review**

**Supplemental Guidelines for Standard III.D for CALIFORNIA PUBLIC INSTITUTIONS**

**February 16, 2017**

NO.	ACCREDITATION QUESTIONS	EVIDENCE	Mt. SAC RESPONSE AND EVIDENCE
1.	Has the college received an unmodified opinion? Has the college received any qualified or adverse opinions or disclaimers of opinions in audit reports in the last 3 years from district, state or federal programs? Has an audit report included an emphasis-of-matter or other-matter paragraph?	Audit Reports (last 3 years)	<p>The College received unmodified opinions for the district, state and federal programs for the fiscal years 2013-14, 2014-15 and 2015-16, except for a qualified opinion in the fiscal year 2015-16 for the following state program: Section 424-State General Apportionment Funding System.</p> <p>The audit reports do not include an emphasis-of-matter or other-matter paragraphs.</p> <p>Please refer to the following files:  <a href="#">III.D.5-5 Audit 2013-14</a>   <a href="#">Audit 2015-16</a></p>
2.	Has the college implemented all audit findings and recommendations? What is the auditor's response to the management actions taken?	Management response to auditor's findings and recommendations (last 3 years) CCFS 311 (last 3 years)	<p>There were no findings in the audits for the 2013-14 and 2014-15 fiscal years. The College had two audit findings in the fiscal year 2015-16. For information regarding auditor's response to the management actions taken please refer to the 2015-16 audit.</p> <p>Please refer to the following file, pg. 104-107:  <a href="#">Audit 2015-16</a></p>
3.	What is the institution's unrestricted fund balance and reserves and how has it changed over the last three years?	CCFS 311Q (Most recent quarter) Fiscal Trend Analysis of 311 Data (Can be accessed online at CCCCCO website.)	<p>The latest projected unrestricted fund balance for the fiscal year 2016-17 is \$20.7 million or 10.3% as indicated in the CCFS 311-Q as of September 30, 2016. The latest actual</p>

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			<p>unrestricted general fund balances are \$40.9 million, \$34.5 million and \$30.2 million for the fiscal years 2015-16, 2014-15 and 2013-14 respectively.</p> <p>Please refer to the following files:  <a href="#">Mt. SAC Fiscal Trend Analysis 2015-16 Average Reserves 2011-12 to 2016-17 CCSF-311Q September 2016</a></p>
4.	Does the College maintain a minimum 5% unrestricted reserve of cash or cash equivalent?	Audit Report	<p>Yes. The College unrestricted general fund balance for the 2016-17 budget year is projected to be \$20.3 million, which meets the District's policy of 10% percent unrestricted general fund balance, and it exceeds the minimum 5%.</p> <p>Please refer to the following file, pg. 94:  <a href="#">Audit 2015-16</a></p>
5.	Has the State Chancellor's Office had to intervene regarding fiscal stability or compliance?	Letter of agreement between State Chancellor's Office and District, Chancellor's Office communication document, Fiscal Health Certificate	No.
6.	Does the college have long term debt financing?	Audit Report	<p>Yes. Refer to the pages 53 to 58 of the 2015-16 audit.</p> <p>Please refer to the following file, pg. 56-61:  <a href="#">Audit 2015-16</a></p>

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7.	Does the institution have an obligation for post-retirement health benefits (OPEB), compensated absences, and other employee related obligations? If it does, has it done the actuarial study and identified the liability? Is there a plan for funding them?	Actuarial study for post-retirement health benefits, collective bargaining agreements, board policies, actuarial report, reserve reports. Institutional Plan for funding the liability	<p>The College has an obligation for post-retirement health benefits (OPEB), compensated absences, and other employee related obligations. The College has done an actuarial report, which was included in the 2015-16 audit. The College has a plan to fund its obligation for post-retirement benefits. Please refer to the following files:</p> <p><a href="#">Actuarial Report 2016</a>  <a href="#">2014-17 CSEA262 CBA Year 3</a>  <a href="#">2014-17 CSEA 651 CBA Year 3</a>  <a href="#">2014-17 Faculty CBA Year 3</a>  <a href="#">STRS-PERS Trust Contract and Resolution</a>  <a href="#">BOT Agenda 2015-05-27</a>  <a href="#">OPEB December 2016</a>  <a href="#">STRS-PERS December 2016</a></p>
8.	Does the institution have limits on accrual of unused vacation time? Compensatory time? Is the institution enforcing its policy on limits?	Leave Accrual Policy in Contractual Agreement and Labor Agreements, Board Policies, Human Resources Records	<p>Yes. The College has limits on accrual of unused vacation and compensatory employees, and it is enforcing its policy limits. The College follows the Board Policies and employee collective bargaining agreements. Please refer to the following files:</p> <p><a href="#">2014-17 CSEA262 CBA Year 3</a>  <a href="#">2014-17 CSEA 651 CBA Year 3</a>  <a href="#">BP7340 Leaves</a></p>
9.	Is the fiscal entity self-insured for health benefits, workers compensation, and unemployment? How are reserve levels set?	District Self Certification	<p><b>District Self Certification:</b>  Yes. The College is self-insured for health benefits, workers compensation and unemployment. The College contracts with CalPERS major medical health plans for employee health benefits.</p>

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			<p>The College is self-insured for workers compensation through the Protected Insurance Program for Schools (PIPS). It is the claim management philosophy of Keenan &amp; Associates to establish reserves based on the realistic estimate of the probable financial outcome or potential exposure according to the information or facts available of the case at that time. Reserves should be adjusted to accommodate the anticipated costs, whenever there is knowledge of circumstances that would alter the probable outcome of a case. The College adheres to this philosophy.</p> <p>The College also contributes to the California State Unemployment Insurance program to provide temporary financial assistance to unemployed workers who meet requirements of State law.</p> <p>Please refer the following file:  <a href="#">Mt. SAC PIPS 2016-17</a></p>
10.	Does this fiscal entity have obligations for future total compensation expenditures driven by collective bargaining agreements or other agreements (corporate-buy outs, management/employee agreements, etc.?) If so, what are they? Of what significance are they? What is the plan for funding these future obligations?	Current Bargaining Agreements District Funding Plan Executive Officer agreements regarding buy-outs and other conditions of employment.	The future obligations of the College for total compensation are included in the collective bargaining agreements and Board agendas. These increases to Faculty, Managers, Confidential and Classified employees mainly consists of a 1% increase in the salary schedule and an increases in the annual health and welfare contribution of \$100. Enclosed are the board agendas that describe the significance (fiscal impact) and the funding.

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			<p>The 1% salary increase is also included in the Adopted Budget 2016-17, page 17.</p> <p>Please refer to the following files:</p> <p><a href="#">2014-17 CSEA262 CBA Year 3</a>  <a href="#">2014-17 CSEA 651 CBA Year 3</a>  <a href="#">2014-17 Faculty CBA Year 3</a>  <a href="#">2016-17 Adopted Budget</a>  <a href="#">BOT Agenda Packet 2016-10-12</a>  <a href="#">BOT Agenda Packet 2016-11-9</a>  <a href="#">BOT Agenda Packet 2016-12-14</a></p>
11.	Does the institution and the foundation have an agreement/contract on the role of the foundation? Does it require that the foundation have an independent audit?	<p>Copy of the agreement</p> <p>Copy of the Foundation audited financial statements (last 3 years)</p> <p>Required Continuing Disclosure submittal</p>	<p>Yes. The agreement requires independent audit services funded by the College.</p> <p>Please see the following files:</p> <p><a href="#">Foundation Agreement 2015</a>  <a href="#">III.D.14-9 Foundation Audit 2013-14</a>  <a href="#">III.D.14-8 Foundation Audit 2014-15</a>  <a href="#">Foundation Audit 2015-16</a></p>
12.	Does the college or district have a Prop 39 bond fund?	<p>Copy of minutes from Bond Oversight Committee</p> <p>Copy of audit reports from the last 3 years</p>	<p>Yes. The District currently has Proposition 39, general obligation bonds as a result of the approval of Measure RR in November 2008.</p> <p>Please refer to the following files:</p> <p><a href="#">COC Minutes 2016-2-4</a>  <a href="#">COC Minutes 2016-5-5</a>  <a href="#">COC Minutes 2016-8-4</a>  <a href="#">3COC Minutes 2016-11-3</a>  <a href="#">2014 Financial Audit Measure R</a>  <a href="#">2014 Financial Audit Measure RR</a>  <a href="#">2014 Performance Audit</a>  <a href="#">III.D.1-14 Prop 39 Measure R Financial Audit 2014-15</a></p>

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			<a href="#">III.D.1-15 Prop 39 Measure RR Financial Audit 2014-15</a> <a href="#">III.D.1-16 Prop 39 Performance Audit 2014-15</a> <a href="#">2016 Financial Audit Measure RR</a> <a href="#">2016 Performance Audit</a>
13.	Does the college have policies and procedures regarding purchasing? Are they being followed?	Self Certification Policies	<b>District Self Certification:</b> Yes. The College follows its purchasing policies and procedures. Please refer to the following files: <a href="#">III.D.16-2 AP6340 Bid and Contracts</a> <a href="#">III.D.16-3 AP6350 Construction Contracts</a> <a href="#">III.D.16-4 AP6360 Electronic Systems and Materials Contracts</a> <a href="#">III.D.16-5 AP6365 Accessibility of Information Technology</a> <a href="#">III.D.16-6 AP6370 Personal Services Contracts</a> <a href="#">III.D.16-1 BP6340 Contracts</a>
14.	Will additional buildings be opened in the next 2-3 years? Is there a plan to fund staff, utilities and operating expenses associated with the additional facilities coming online within the next 2-3 years?	Copy of the most current Facility Master Plan Funding Plan Educational Master Plan Total Cost of Ownership Plan Staffing/Human Resources Plan	The college plans to open several new major buildings within the next three years. They include the 100,000 square foot Business and Computer Technology facility, the new Athletics Complex, including a replacement of the 10,000 seat stadium and new supporting structures in excess of 60,000 square foot, a 7,000 square foot Equity Center, and a 4,000 square foot Testing Center. There will also be several obsolete facilities demolished. Staffing to operate and maintain the new space will be requested through the Planning for Institutional Effectiveness process in the year

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			<p>prior to expected occupancy and funded in subsequent annual budgets. Utility cost increases will be offset by savings generated through the construction of the central plant expansion, thermal energy storage, and the 2.2 MW photovoltaic power projects.</p> <p>Please refer to the following files:  <a href="#">I.A.1-26 Facilities Master Plan</a>  <a href="#">I.A.3-2 The Development of the Educational Master Plan</a></p>
15.	Is there evidence that planning integrates fiscal and other resources?	Internal documents	<p>Yes. The College mission and goals are the foundation for financial planning and are integrated with and support all College planning through the Planning for Institutional Effectiveness (PIE) process. PIE is used to ensure “ongoing, true program review and planning” and shows a “closer connection among planning, outcomes assessment, and resource requests”.</p> <p>Please refer to the following files:  <a href="#">I.A.2-9 Budget Review and Development Guide 2016</a>  <a href="#">I.A.3-1 Strategic Plan 2015-17</a>  <a href="#">I.B.1-58 PIE Summary College-wide 2014-15</a></p> <p>(Note: 2015-16 PIE Summary College-wide will be available in spring 2017)</p>
16.	Is there evidence that the institution monitors student financial aid obligations such as student loan default	Annual Financial Report, Financial Aid Compliance Reports	<p>Yes. There are several documents to ensure the institution monitors student financial aid obligations. These are:</p>

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	rates and compliance with federal regulations?		<ul style="list-style-type: none"> <li>- Annual Audit per Title 2 U.S. Code Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.</li> <li>- Annual Board of Trustees report</li> <li>- Established policy and procedures</li> <li>- Annual review of policy and procedures – internal committee review (i.e. Verification, Professional Judgment, SAP, etc.)</li> <li>- Staff training/review of policy and procedures (weekly staff meetings, bi-annual staff training days)</li> <li>- Training and conference attendance for managers/staff (FSA, CASFAA, CCCSFAA, NASFAA, Regional meetings)</li> <li>- Disclosures of policy and procedures on web site (Gainful Employment, SAP, FA process, BOG Loss, Crime Statistics)</li> <li>- Notification to students via email, student portal messaging, and text messaging.</li> </ul> <p>The College monitors the Cohort Default Rates (CDR) with notices received from the Department of Education. The California Community Colleges also monitors the CDR and will notify the school if action is needed. Please refer to the following files:</p> <p><a href="#">Audit 2015-16</a>  <a href="#">III.D.15-2 FISAP 2013-14</a>  <a href="#">III.D.15-3 FISAP 2014-15</a>  <a href="#">FISAP 2015-16</a>  <a href="#">Mt.SAC CDR</a></p>