

Fiscal Health Risk Analysis for Community Colleges

The Fiscal Crisis and Management Assistance Team (FCMAT) has developed the Fiscal Health Risk Analysis (FHRA) as a tool to help evaluate a community college's fiscal health and risk of insolvency in the current and two subsequent fiscal years.

The FHRA includes 18 sections, each containing specific questions. In this Excel file, every question in every section must be answered with a "Yes," "No," or "N/A" for the scoring at the end to be accurate. Unanswered questions will be counted as "no" answers and thus will raise a district's risk score.

Each section and specific question is included based on FCMAT's work since the inception; they are the common indicators of risk or potential insolvency for districts that have neared insolvency and needed assistance from outside agencies. Each section of this analysis is critical to an organization, and lack of attention to these critical areas will eventually lead to a district's failure.

The greater the number of "no" answers to the questions in the analysis, the higher the score, which points to a greater potential risk of insolvency or fiscal issues for the district. Not all sections in the analysis, and not all questions within each section, carry equal weight; some are deemed more important and thus count more heavily toward or against a district's fiscal stability percentage. For this tool, 100% is the highest total risk that can be scored, thus a low total percentage score is desirable. A "yes" or "n/a" answer is assigned score of 0, so the risk percentage increases only with a "no" answer or with an unanswered question.

A score of 40% or more is considered high risk. A score of 20% or less is considered low risk.

District

informational purposes only.

Annual Independent Audit Report	0.0%
Budget Development and Adoption	1.9%
Budget Monitoring and Updates	1.0%
Cash Management	0.0%
Collective Bargaining Agreements	1.2%
Intrafund and Interfund Transfers	1.0%
Deficit Spending	0.0%
Employee Benefits	0.0%
Enrollment and Attendance	1.2%
Facilities	0.2%
Fund Balance and Reserve for Economic Uncertainty	0.0%
General Fund - Current Year	1.0%
Information Systems and Data Management	0.2%
Internal Controls and Fraud Prevention	0.4%
Leadership and Stability	1.0%
Multiyear Projections	0.0%
Non-Voter-Approved Debt and Risk Management	0.6%
Position Control	2.7%

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District:
West Valley-Mission CCD

Annual Independent Audit Report	Response
1.1 Has the independent audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline?	Yes
1.2 Was the district's most recent independent audit report free of material findings?	Yes
1.3 Has the district corrected all audit findings from the current and past two audits?	Yes
1.4 Can the district correct prior year audit findings without affecting its fiscal health (e.g., material apportionment or internal control findings)?	Yes
1.5 Has the district had the same audit firm for at least the last three years?	No
Self-assessment notes:	

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District:

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Response

Budget Development and Adoption

2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, clearly articulated, and aligned with the signed state budget and the Student-Centered Funding Formula (SCFF)?	Yes
2.2 Does the district use a budget development method other than a prior-year rollover budget, and if so, does that method include tasks such as review of prior year estimated actuals by major object code and removal of one-time revenues and expenses?	Yes
2.3 Does the district use position control data for budget development?	Yes
2.4 Are clear budget development processes codified in Board Policies and Administrative Procedures?	Yes
2.5 Does the budget development process include input from faculty/staff, administrators, the governing board, and the budget advisory committee in accordance with the district's documented planning model?	Yes
2.6 Does the budget development process include a calculation of the SCFF with reasonable assumptions?	Yes
2.7 Does the district budget and expend restricted funds as authorized by the funding source before expending unrestricted funds?	Yes
2.8 Does the district have a documented policy and/or procedure for evaluating the proposed acceptance of grants and other types of restricted funds to assess their congruency with the institution's strategic plan and the potential multiyear impact on the district's unrestricted general fund?	No
2.9 Are expected revenues more than or equal to expected expenditures in the district's adopted budget (budget is not dependent on carryover funds to be balanced)?	No
2.10 Has the district refrained from using negative or contra expenditure accounts (excluding appropriate abatements in accordance with the Budget and Accounting Manual (BAM)) in its budget?	No
2.11 Does the district adhere to a board-adopted budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff member/department responsible for completing them?	Yes

Self-assessment notes:

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District:

West Valley-Mission CCD

Response

Budget Monitoring and Updates

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| 3.1 Are actual revenues and expenses consistent with the most current budget? | Yes |
| 3.2 Are budget revisions posted at least quarterly in the financial system? | Yes |
| 3.3 Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at least quarterly? | Yes |
| 3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs before the next financial reporting period? | Yes |
| 3.5 Does the district include the interim CCFS 311Q reports on board's agendas? | Yes |
| 3.6 Has the district addressed any budget-related deficiencies identified in the most recent ACCJC accreditation report? | N/A |
| 3.7 If a college in the district has been notified that it is on an enhanced monitoring or watch-list status based on the college's ACCJC Annual Fiscal Report, have the district and college(s) taken steps to address the issues of concern identified by the ACCJC? | N/A |
| 3.8 Does the district's enterprise software system include hard budget blocks that prevent the processing of requisitions or purchase orders when the budget is insufficient to support the expenditure? | Yes |
| 3.9 Does the district encumber and adjust encumbrances for salaries and benefits? | No |
| 3.10 Are all balance sheet accounts in the general ledger reconciled each quarter, at a minimum? | Yes |

Self-assessment notes:

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Response

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Response

Collective Bargaining Agreements

5.1 Does the district quantify the effects of collective bargaining agreements and include them in its budget and multiyear projections?

Yes



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Deficit Spending

7.1 Is the district avoiding a structural deficit in the current and two subsequent fiscal years? (A structural deficit is when ongoing unrestricted expenditures and contributions exceed ongoing unrestricted revenues.)

Yes

7.2 If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending?

N/A

7.3 Has the district decreased deficit spending over the past two fiscal years?

Yes

Self-assessment notes:

The District is intentionally spending down fund balance.

Employee Benefits

8.1 Has the district completed a recent actuarial valuation to determine its unfunded liability under Governmental Accounting Standards Board (GASB) other than post-employment benefits (OPEB) requirements?

Yes

8.2 Does the district have a plan to fund its liabilities for retiree health benefits?

Yes

8.3 Does the district have a multiyear plan to fund its projected employer contributions to CalSTRS and CalPERS?

Yes

8.4 Has the district followed a policy or negotiated a collectively bargained agreement to limit faculty banked hours?

Yes

8.5 Within the last three years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?

Yes

8.6 Does the district track, reconcile and report employees' compensated leave balances on the balance sheet?

Yes

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Enrollment and Attendance

9.1 Has the district's enrollment been increasing or remained stable for the current and two prior years?	No
9.2 Does the district monitor and analyze enrollment, weekly student contact hours (WSCH) and full-time equivalent students (FTES) data at least monthly through the second reporting period (P2)?	Yes
9.3 Does the district track historical WSCH and FTES data to establish future trends?	Yes
9.4 Do colleges within the district maintain a record of WSCH or FTES that is reconciled monthly at the college and district levels at least through the second reporting period?	Yes
9.5 Do the colleges within the district have and utilize an electronic enrollment management and class scheduling program?	Yes
9.6 Are the district's enrollment projections and assumptions based on historical data, demographic trend analysis, high school enrollments, community participation rates and other industry standards, in addition to any board policies that limit enrollment?	Yes
9.7 Do the institutional research staff and business/fiscal staff agree on enrollment and FTES predictions?	Yes
9.8 Has the district verified that the colleges' comprehensive enrollment plans address the funding elements of the SCFF?	No
9.9 Does the CEO annually approve academic productivity goals that correspond to the estimated SCFF resources?	Yes

Self-assessment notes:

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General Fund - Current Year

12.1 Does the district ensure that one-time revenues do not pay for ongoing expenditures?	Yes
12.2 Is the percentage of the district's general fund unrestricted budget that is allocated to salaries and benefits at or below the statewide average for the three prior years as reported by the CCCCO?	No
12.3 Is the district in compliance with the Fifty Percent Law (Education Code Section 84362)?	Yes
12.4 Is the district at or above its Full-Time Faculty Obligation Number?	Yes
12.5 Does the district either ensure that restricted dollars are sufficient to pay for staff assigned to restricted programs or have a plan to fund these positions with unrestricted funds?	Yes
12.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time?	Yes
12.7 Does the district consistently account for all program costs, including maximum allowable indirect costs, for each restricted resource?	Yes

Self-assessment notes:

12.3 50% Law continues to be a concern in future years. 12.5 No plan for future funding from unrestricted funds at this point.

Information Systems and Data Management

13.1 Does the district use a human resources system and position control system that is integrated with the financial reporting system?	Yes
13.2 Does the district have emergency electrical back-up and data recovery systems?	Yes
13.3 Are enrollment management and budget development systems integrated?	Yes
13.4 If the district is using a separate financial system from its county office of education and is not fiscally independent, is there an automated interface with the financial system used by the county office of education?	No
13.5 Does the district conduct regularly scheduled evaluations of the security measures that protect student and employee personal information?	Yes

Self-assessment notes:

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Leadership and Stability

15.1 Does the district have a chief business official who has been with the district more than two years?	Yes
15.2 Does the district have a chief executive officer (CEO) who has been with the district more than two years?	Yes
15.3 Does the CEO meet with all members of the administrative cabinet on a scheduled and regular basis?	Yes
15.4 Is training on financial management and budget provided to district, college and department administrators who are responsible for budget management?	Yes
15.5 Does the governing board review and revise policies and administrative regulations at least annually?	No
15.6 Are newly adopted or revised board policies and administrative regulations formally implemented, communicated and available to staff?	Yes
15.7 Is training on the budget and governance provided to board members at least every two years?	Yes
15.8 Is the CEO's evaluation performed according to the terms of the contract?	Yes

Self-assessment notes:

Multiyear Projections

16.1 Has the district developed multiyear projections that include detailed assumptions aligned with industry standards, including CCCC and ACCJC?	Yes
16.2 Did the district use the SCFF with multiyear considerations to help calculate its multiyear projections?	Yes
16.3 Does the district use its most current multiyear projection when making financial decisions?	Yes

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Non-Voter-Approved Debt and Risk Management

17.1 Are the sources of repayment for non-voter-approved debt (such as certificates of participation (COPs), bridge financing, and bond anticipation notes (BANS)) predictable and stable, and not from the unrestricted general fund? Yes

17.2 If the district has issued non-voter-approved debt, has its credit rating remained stable or improved? Yes

17.3 If the district is self-insured, does the district have a recent (every two years) actuarial study and a plan to pay for any unfunded liabilities? Yes

17.4 If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, TRANS and others), is the total of annual debt service payments no greater than 2% of the district's unrestricted general fund revenues? No

Self-assessment notes:

17.1 The District has outstanding LRB. The repayment is from the unrestricted general fund.

Position Control

18.1 Does the district account for all positions and costs (position control)? Yes

18.2 Does the district analyze and adjust staffing based on enrollment? No

18.3 Does the district reconcile budget, payroll and position control regularly, meaning at least at budget adoption and quarterly reporting periods? Yes

18.4 Does the district identify a budget source for each new position before the position is authorized by the governing board? Yes

18.5 Does the governing board approve all new positions and extra assignments before positions are posted? No

18.6 Is the approval of hiring staff using categorical or other restricted dollars subject to adequate program funding? Yes

18.7 Do managers and staff responsible for the district's human resources, payroll and budget functions meet regularly to discuss issues and improve processes? No

Self-assessment notes:

Total Risk Score, All Areas

12.7%