



Peralta Community College District

333 East Eighth Street • Oakland, California 94606 • (510) 466-7200

Office of Finance and Administration

Memorandum

To: Dr. Wise Allen, Chancellor

From: Ronald Gerhard, Vice Chancellor

A handwritten signature in black ink, appearing to read 'Ronald Gerhard', written over the printed name.

Date: May 8, 2012

Subject: Budget Update

Budget Update

On May 1, 2012 the State Controller's Office reported that April 2012 income tax revenues came in \$1.96 billion below the January budget estimate. Combined with the shortfall through March 2012, the cumulative deficiency puts the State's General Fund revenues near \$3 billion below projections. The Governor's May Revision is scheduled to be released on Monday, May 14th, that will reassess and take into consideration these factors. It is likely that the projected budget deficit identified in January will increase from \$9.2 billion to potentially \$14 billion.

Specific to the District's 2011-12 budget, we continue to operate within budget constraints. With approximately two month remaining in the fiscal year, District-wide, we have approximately 20% of Unrestricted General Fund budget remaining unexpended.

2012-13 Tentative Budget

A final draft of the District's 2012-13 tentative budget has been compiled and is going through the District's Planning and Budget Integration Model process. In accordance with Board Policy and Administrative Procedure 6.02, the budget development process began late last fall when budget principles and assumptions were developed and vetted through the Planning and Budgeting Council (PBC). Based upon these principles and assumptions, budget development guidelines were distributed to the colleges and administrative service centers to be used in the development of the Tentative Budget. The Tentative Budget will be presented to the PBC at the next scheduled meeting on May 11th. Next, the Tentative Budget is scheduled to be presented to the Board of Trustees at the June 12th Board meeting. It will then come back to the Board of Trustees on June 26th for approval in accordance with California Code of Regulations Section 58305(a).

Audit Update

On Monday, May 21st, our external auditors (VTD) will be on site to begin the fiscal year end (June 30, 2012) audit. They will be on site for approximately two weeks testing internal controls and compliance requirements. In sum, they are scheduled to be on site for approximately 7 weeks

between May 21st and November 9th prior to completing the audit on December 20th. The complete audit calendar is attached.

COLA

Community Colleges have sustained significant revenue reductions in the last three years. In addition to these reductions, statutory cost-of-living adjustments (COLA) have been unfunded. The last year the State funded COLA was in fiscal year 2007-08. Below is a table of the statutory COLAs for every year since 2007-08:

Fiscal Year	Statutory COLA
2008-09	5.66%
2009-10	4.25%
2010-11	-.39%
2011-12	2.24%
Cumulative unfunded COLA	11.76%

Further, the Governor is expected to announce in his May Revise that the statutory COLA for fiscal year 2012-13 is estimated to be 3.243%. If unfunded, the cumulative unfunded COLA for the last 5 years will increase to over 15% or \$15 million.

PERALTA COMMUNITY COLLEGE AUDIT SCHEDULE PLANNER

2012

2011-2012 ANNUAL AUDIT

PERALTA COMMUNITY COLLEGE DISTRICT

In order to meet the timelines of the State Chancellor's Office and the directives of the Peralta Community College District and Board of Trustees, the following planning calendar is being developed. This calendar should be provided to all Departments, Colleges and other interested individuals to allow for information to be assembled and ready for the audit procedures.

Any changes to the dates and schedule will impact the ability of the audit to be concluded by November 9, 2012 and the report to be reviewed by the District by December 10, 2012 and due to the State Chancellor's Office by December 20, 2012.

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PROJECT PHASE	START DATE	END DATE
Interim Audit –College/District Assessment and testing	05/21/2012	05/25/2012
Interim Audit – District testing and federal planning	05/29/2012	06/01/2012
Financial Aid/Admissions/State Compliance (EOPS, DSPS, Preferences to Veterans, Cal Works)	07/09/2012	07/13/2012
Financial Aid/Admissions/State Compliance (EOPS, DSPS, Preferences to Veterans, Cal Works)	07/16/2012	07/19/2012
Financial Statement Audit/Single Audit Completion	10/29/2012	11/2/2012
Financial Statement Audit/Single Audit Completion	11/05/2012	11/09/2012
Review of Draft Audit Report	11/29/2012	11/29/2012
MD&A and Responses to Comments Due	12/03/2012	12/03/2012
Final Draft of Audit Report	12/10/2012	12/10/2012
Reports Provided to State Chancellor's Office	12/20/2012	12/20/2012