



**ACCREDITING  
COMMISSION  
for COMMUNITY and  
JUNIOR COLLEGES**

10 COMMERCIAL BOULEVARD  
SUITE 204  
NOVATO, CA 94949  
TELEPHONE: (415) 506-0234  
FAX: (415) 506-0238  
E-MAIL: [accjc@accjc.org](mailto:accjc@accjc.org)  
[www.accjc.org](http://www.accjc.org)

Chairperson  
LURELEAN B. GAINES  
East Los Angeles College

Vice Chairperson  
FLOYD K. TAKEUCHI  
Public Member

President  
BARBARA A. BENO

Vice President  
SUSAN B. CLIFFORD

Vice President  
STEVE MARADIAN

Vice President  
GARMAN JACK POND

Associate Vice President  
LILY OWYANG

**January 15, 2009**

**Memo to: Chancellors, Superintendents, and Presidents**

**From: Barbara Beno, President**

**Subject: Institutional fiscal data and documents to be used in comprehensive institutional evaluations for accreditation**

The purpose of this memo is to inform you of a Commission practice with regard to evaluating institutional compliance with standards on fiscal resources and fiscal management.

Over the past several years the Commission has recognized a need to monitor institutional fiscal stability more carefully and consistently. Two years ago, the Commission created a Fiscal Review Task Force comprised of auditors, chief financial officers and college executives to identify the fiscal data and documents that should be used to address Standard III D, Financial Resources, during comprehensive evaluations. The Commission then developed a set of documents that are given to colleges undergoing review and used by visiting teams to evaluate the institution's ability to meet the accreditation standards. These documents are as follows:

- The "Required Evidentiary Documents for Financial Review" form lists the minimum evidentiary documents that an institution should provide the visiting team before or during the team visit. The form has been customized to the Commission's institutional membership and the institutional fiscal documents available. There are distinct forms for California public, Hawai'i public, private and Pacific institutions.
- The "Explanatory Matrix of Auditor's Opinions" is provided to insure that team members can interpret fully the annual external audits that are required of each institution accredited by the ACCJC.
- The "Sample Schedule of Financial Trends and Analysis" form is used as an example of how an institution might present the required three-year fiscal trends analysis to the team.

The Commission will train chief financial officers and business officers who serve on accreditation teams to complete these forms correctly. The Commission hopes that the standardized format for fiscal review during comprehensive evaluation visits will help institutions be better prepared for the team's visit.

I am sending you these forms in advance to help you familiarize yourself with the Commission's requirements. The college will receive the forms when it attends the Self Study Workshop (approximately two years before the comprehensive visit is scheduled to take place).

BAB

## AUDITOR'S OPINION MATRIX

TYPE OF REPORT		
<b>UNQUALIFIED OPINION (Standard Report)</b>	In our opinion, the financials statements referred to above present fairly, in all material respects, the financial position of XXXXX as of June 30, 20, and the related results of its operations and cash flows for the year then ended in conformity with accounting principals generally accepted in the United States of America	
	<b>Circumstance</b>	<b>Examples</b>
<b>QUALIFIED OPINION</b>	<b>1. Departure from GAAP</b>	<b>Land and buildings maintained at appraised value rather than acquisition cost.</b>
<b>Effect on Report</b>	A separate explanatory paragraph preceding the opinion and an <i>'Except for'</i> qualification within the opinion paragraph: (Except for the effects of valuing land and buildings at appraised value, the financial statements referred to above ...)	
	<b>2. Scope Limitation</b>	<b>Inadequate Accounting Records.</b>
<b>Effect on Report</b>	A separate explanatory paragraph preceding the opinion and an <i>'Except for'</i> qualification within the opinion paragraph: (Except for the effects, if any, as might have been determined to be necessary if transaction or account balance records had adequate, the financial statements referred to above .. )	
<b>ADVERSE OPINION</b>	<b>Pervasive Departure from GAAP</b>	<b>Financial statements presented on a modified accrual basis or other Non-GAAP measurement basis</b>
<b>Effect on Report</b>	A separate explanatory paragraph preceding the opinion and <i>'Because of'</i> notation within the opinion paragraph: (Because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly.)	
<b>DISCLAIMER OF OPINION</b>	<b>Pervasive Scope Limitation</b>	<b>Unable to perform adequate audit procedures on material transactions or accounts</b>
<b>Effect on Report</b>	A separate explanatory paragraph preceding the opinion describing the accounts or transactions that could not be audited and <i>'Since'</i> notation within the last paragraph: (Since the accounts and transactions as of xx/xx/xx materially affect the determination of financial position, results of operations and cash flows, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.)	
<b>UNQUALIFIED OPINION WITH REQUIRED EXPLANATORY LANGUAGE</b>	<b>Going Concern</b>	<b>Entity's financial condition is such that there is a doubt as to the ability to continue in the future.</b>
<b>Effect on Report</b>	A separate explanatory paragraph after the opinion. <i>'The accompanying financial statements have been prepared assuming that the Entity will continue as a going concern. As discussed in the Notes to the Financial Statements, the Entity has incurred losses in the past three years and has a negative Net Asset Balance at xx/xx/xx. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in the Notes. These financial statements do not include any adjustments that might result from the outcome of that uncertainty.'</i>	

**Sample**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	(Budget) 2005/06	2004/05	2003/04	2002/03
<b>UNRESTRICTED GENERAL FUND</b>				
Revenues	\$ 54,521,032	\$ 53,191,251	\$ 51,900,542	\$ 52,732,232
Other sources	320,000	300,000	300,000	500,000
Total Revenues and Other Sources	54,841,032	53,491,251	52,200,542	53,232,232
Expenditures	54,699,785	53,106,587	52,500,156	52,932,232
Other uses and transfers out	135,000	175,500	200,500	335,900
Total Expenditures and Other Uses	54,834,785	53,282,087	52,700,656	53,268,132
INCREASE (DECREASE) IN FUND BALANCE	\$ 6,247	\$ 209,164	\$ (500,114)	\$ (35,900)
ENDING FUND BALANCE	\$ 3,527,743	\$ 3,521,495	\$ 3,312,331	\$ 3,812,445
AVAILABLE RESERVES	\$ 2,741,539	\$ 2,765,978	\$ 2,601,438	\$ 2,880,325
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	5.00%	5.19%	4.94%	3.64%
 ANNUAL FUNDED FTES	 9,900	 9,956	 9,667	 9,236

The District's Unrestricted Fund Ending Fund Balance has decreased by \$326,850 over the past three years. The fiscal year 2005-06 budget projects an increase of \$6,247. The State Chancellor's Office and the District Board Policies recommend a reserve level of at least 5% of Unrestricted Expenditures be set aside as a reserve for economic uncertainties. The District has met this requirement during the 2004-05 fiscal year.

The primary unrestricted funding source for the District is State Apportionment which is calculated primarily based upon Full Time Equivalent Students (FTES). The ability to fund the FTES is based upon the State legislature. While funded FTES has been increased over the past several years, student enrollment continues to increase and unfunded FTES for the 2005-06 fiscal year were 376.

The 2005-06 Budget is included for purposes of additional analysis and has not been audited.

LONG-TERM DEBT	\$ 65,910,350	\$ 31,645,945	\$ 35,423,810
----------------	---------------	---------------	---------------

The District's long term obligations consist primarily of general obligation bonds which are repaid through the assessment of local property taxes, and lease purchases for operating equipment. The second series of bonds were issued to fund construction of the new library during the 2004-05 fiscal year.