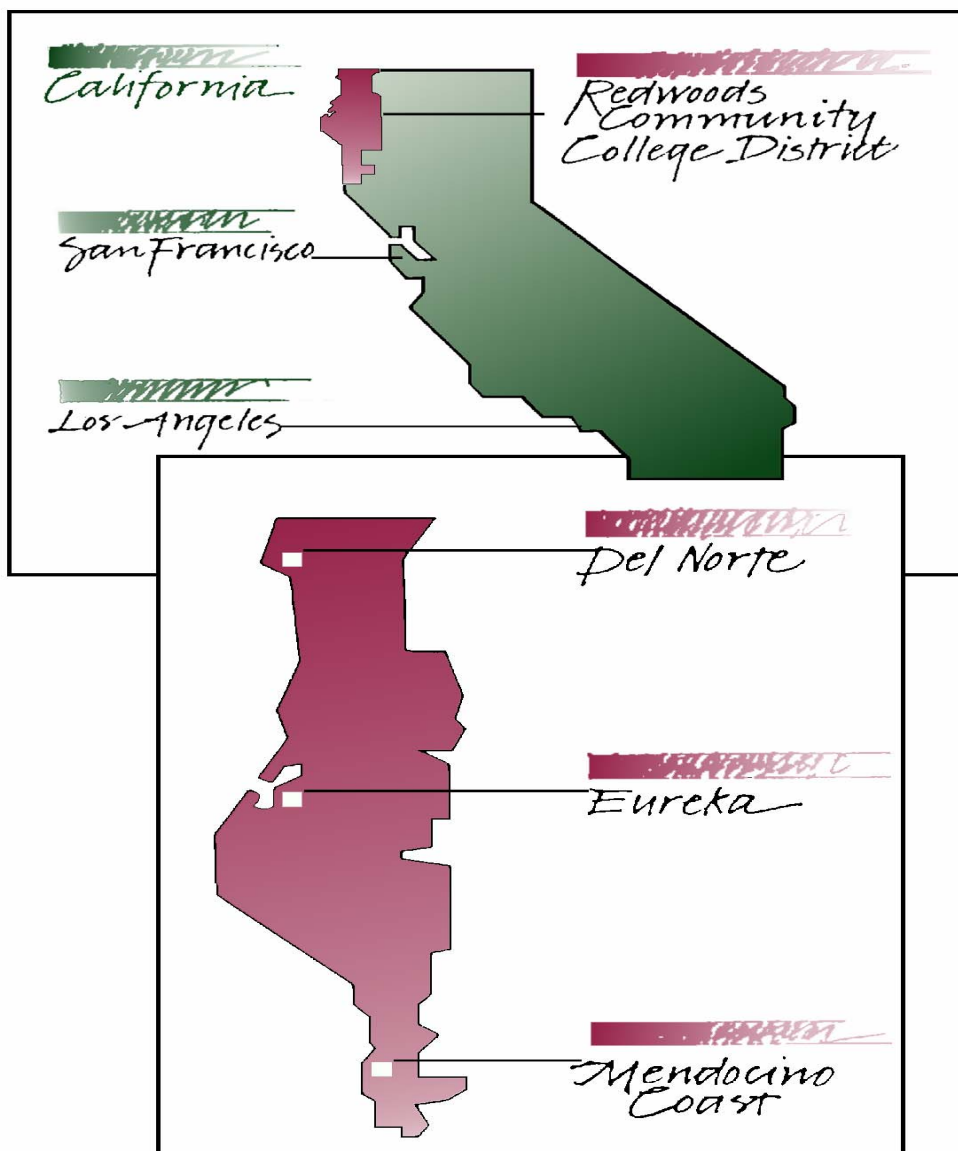


## THE DISTRICT

The Redwoods Community College District, founded in 1964, is located in Northern California on the Pacific Coast. It covers a geographic area from 190 miles north of San Francisco to the Oregon border. The main campus is in Eureka, with additional campuses in Crescent City (Del Norte) and in Fort Bragg (Mendocino Coast). In addition, instructional sites have been established to serve the needs of students in the Northern Humboldt and Klamath/Trinity areas. The College offers Associate in Arts and Associate in Science degrees, as well as lower division general education classes, including academic major prerequisites needed to transfer to four-year colleges and universities. Classes are also offered that qualify students for certificates in over 40 vocational fields. The District is a public agency governed by an elected nine-member Board of Trustees, which represent defined geographical areas. The 2005-06 Final Budget is included as Exhibit A.



***DR. KATHLEEN E.  
CRABILL***

***PRESIDENT/  
SUPERINTENDENT***



***PRESIDENT'S  
MESSAGE*** The District serves a number of diverse communities, each of which looks to College of the Redwoods to meet a variety of post-secondary needs. The District is tackling the activities of its strategic plan for 2004-2007. This plan was developed through a broad-based process. Our analysis produced five powerful focal points for the District as a whole, and these are reflected in our strategic plan:

***Access*** Ensuring access is a matter not only of removing roadblocks and/or providing services that facilitate participation but also of adding new programs. These roadblocks fall into four main categories. These categories include the need for flexible scheduling, transportation, childcare/family support, and cultural support.

Increasing access achieves a number of benefits including an increase in enrollment and diversity as well as a focus for marketing, outreach, and curriculum. The College has focused specifically on working with Humboldt State University and regional K-12 school districts to increase access for recent high school graduates. Increasing access also helps to ensure that the College meets the region's need for education and enhances the preparation of the region's workforce.

***Curriculum*** In this context, curriculum refers to the subject matter that is taught in academic and transfer programs, professional and technical programs, and community and fee-based educational venues. Programming in these areas reflects employment and academic needs and interests of the communities we serve. With respect to the College's curricula, the CR faculty has the responsibility to create, review, and, when necessary, revise curricula so that courses, classes, and full programs of study continue to meet the needs and serve the interests of the regional community.

***Economic Vitality*** Economic Vitality is a part of the mission of College of the Redwoods. It includes the potential to shape and change lives by adding essential opportunities and incentives to individuals and businesses in all segments of our economy. Economic vitality provides a proven method of attracting new business and industry to our region.

Working in this arena, the College has the potential to increase our tax base by advancing a better trained workforce. In addition, by enhancing the economic vitality of the area, the College can help to decrease expenditures for crime, welfare, unemployment, and health care through a better educated, informed, and employed community.

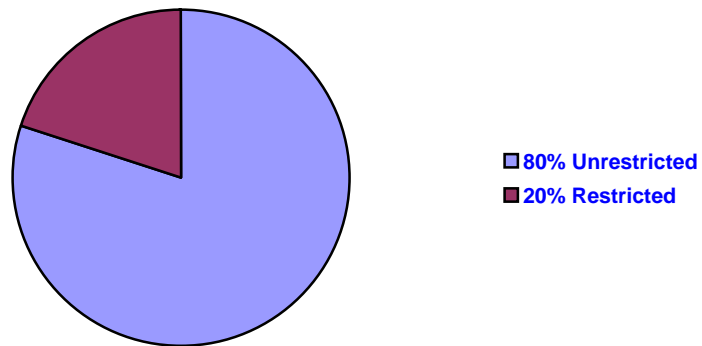
***Inclusiveness and Diversity*** Campus inclusiveness and diversity is a College value reflected in all aspects of our services, programs, activities, and curricula. Involving far more than annual events or a campus diversity statement, campus inclusiveness and diversity centers on raising the awareness and sensitivity of the campus community in the hope that CR reflect and respect the wide-ranging diversity of our region and State populations. A commitment to campus inclusiveness and diversity also involves a commitment to honoring a diversity of good-faith opinions and views. Rather than being a peripheral component of campus life, campus inclusiveness and diversity needs to be woven into the fabric of everyday life at CR.

***Outreach and Marketing*** Outreach is the process of taking information, and sometimes programs, to a variety of locations within our service area in order to make community members and potential students aware of what the College has to offer. It involves not only sharing information with our communities but also making people feel that they will be welcome at the College when they arrive. Outreach is also a means of listening to community members and providing the College with on-going feedback about needs that are not being addressed or programs that are particularly effective.

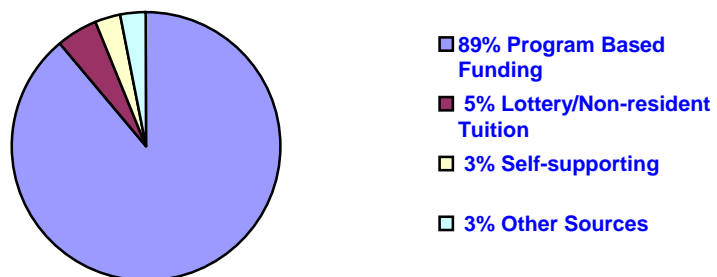
***Summary*** These five focal areas continue to provide us with the opportunity to move the District forward while allowing individual sites to be locally responsive. To ensure our ability to accomplish this important work, we will align our planning and budget allocation processes.

Serving a large area with diverse needs provides significant fiscal and educational challenges. Our commitment to quality programs and services, the excellence of our faculty and staff, and the care and attention with which we maintain our systems and facilities all will enable us to meet this challenge.

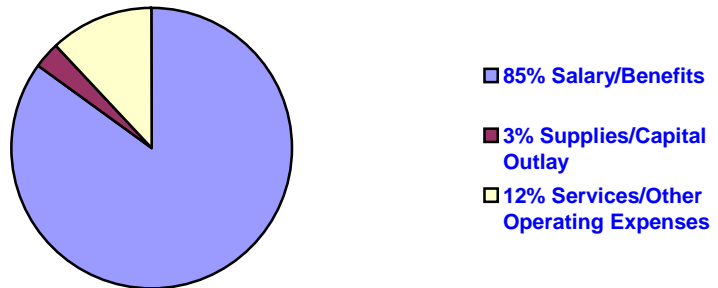
***THE GENERAL FUND (FUND #10)*** The General Fund accounts for all activities not required to be recorded in a separate fund and represents 73% of the District's revenues. There are two main segments of the General Fund: unrestricted and restricted programs (see Exhibit B).



***Unrestricted*** The largest segment of the fund is the *unrestricted portion*, approximately \$27.5 million (80% of the activity); it accounts for revenues for the general-purpose programs of the District. Of these revenues, 89% comes from a State-developed Program Based Funding formula, which includes State apportionment, local property taxes, and student fees. The total amount received from Program Based Funding is determined by the State Budget Act and is distributed to the 72 community college districts by formulas developed by the California Community College Chancellor's Office. The Program Based Funding formula recognizes changes in the cost-of-living (COLA) and student enrollment growth and/or decline. The State apportionment is the balancing amount that makes up the difference between the Program Based Funding calculation less local property taxes and student enrollment fees. Therefore, variances in local property taxes and student fees do not affect overall revenue; the State merely adjusts its apportionment up or down accordingly. The remaining part of the unrestricted revenue comes from Lottery/Non-resident Fees (5%), Self-supporting programs (3%), and other sources (3%).



Most of the expenditures in the unrestricted portion are for employee salaries and benefits (85%); the remainder is spent on supplies/capital outlay (3%), and services/other operating expenses (12%).



**Restricted** The restricted (categorical aid) portion of the General Fund budget represents approximately \$6.7 million (20% of the General Fund activity) and accounts for Federal, State, and local money that must be spent for a specific purpose by law and agreement. Examples of these programs, which mostly are services targeted for specific population groups, are: Vocational-Technical Education Act (VTEA), Matriculation, Staff Diversity, Extended Opportunity Programs and Services (EOPS), Disabled Students Programs and Services (DSPS), and Cooperative Agencies Resources for Education (CARE). Beginning October 1, 2005, the District will begin a 5-year grant under the Federal Higher Education Act, Title III (Strengthening Institutions Programs), for the purpose of strengthening decision-making by integrating data and research.

**Other Financing Sources (Uses)** Additional financial sources for the General Fund in 2005-06 include transfer of \$200,000 from Other Special Revenue Funds and the Capital Outlay Fund as well as \$415,000 representing a portion of the proceeds on the sale of land and a building located in downtown Eureka (Rick's House). Other financial uses include transfers out in support of other funds, student financial aid such as child care and books, and reserve for contingencies for possible additional expenditures and targeted savings.

**2005-06 State Budget Act** Following meetings of the Governor and the Legislative Leaders (the "Big 5"), the budget bill was passed on July 11 thus avoiding a protracted budget impasse. There still remains the possibility of a special election in November to consider initiatives that would have an effect on Community College funding. The State's economy continues its recovery, but a structural imbalance continues to create fiscal challenges. Even so, the Budget Act contains ongoing and one-time funding provisions for restoring vetoed base funding, COLA, growth, equalization, mandated claims, property tax backfill for 2004-05, and miscellaneous other augmentations totaling \$465 million.

It is estimated that these augmentations will provide the District with an additional \$1,723,839 in unrestricted revenue for the budget year.

***Apportionment Deficits*** A reduction in funding for Community Colleges' regular programs occurred in 2004-05 as a result of the 2004-05 State Budget Act provision not being sufficient to pay 100% of the State's portion of the Program Based Funding calculation for each district. It is estimated that a special provision in the 2005-06 Budget Act will be sufficient to restore these funds. Restoration funding for the District will be approximately \$147,926 and is reflected in the estimated beginning balance of the General Fund.

At this time, it is projected that there will be sufficient funds to avoid this situation from reoccurring for 2005-06. Therefore, no deficit factor was applied to the estimated State revenue in the District budget for 2005-06.

***Major General Fund Assumptions*** The following describes the assumptions that were used to prepare the Final Budget.

***Revenues*** Program Based Funding

COLA (cost of living adjustment) – included at \$958,958 (4.23%).

Restoration (from prior year decline in FTES) – included at \$457,886 (restore to 5,100 FTES from 4,964 FTES in 2004-05).

Growth – no growth funding is included.

Additions to Base Funding – the following augmentations representing on-going funding are included:

Equalization	\$81,010
Reinstated from Prior Year Veto	\$175,985

Other On-going State Support

Scheduled Maintenance – no approved projects for 2005-06.

Instructional Equipment Allowance – included at \$125,353.

Forest Reserve and Lottery

Forest Reserve is expected to continue at a reduced level from the prior year.

Lottery has been projected at \$125 and \$29 per FTES for regular and Proposition 20 Lottery allocations, respectively.

Non-Resident Tuition

Included at projected FTES based on new approved rates.

Categorically Funded Programs

Estimates were included (by reference to prior year funding levels) for on-going revenues for State funded programs. Adjustments will be made for growth/decline and COLA as program entitlements are adjusted by the State later in the year.

***Expenditures and*** Staffing

***Other Outgo***

Staffing for regular academic employees is included at an increased level from the prior fiscal year with reductions in part-time instructional staff to reflect reductions in class offerings.

Full-time equivalent students	5,100
Full-time equivalent classroom faculty	158
Student/Faculty Ratio	32

Staffing for administrative and other support staff is included at a reduced level consistent with declining enrollments.

Salary Schedules

Staff Movement – The cost of step and column movement is included.

Salary Increases – Salary budgets are sufficient to pay wage increases according to board policy and existing agreements with employee groups.

Employee Benefits

Statutory benefit rates have declined slightly from the prior year.

Discretionary benefit levels and rates are unchanged from the prior budget year with the exception of the following:

Medical rates increased by 7%

Dental rates increased by 4%

Vision rates increased by 0%

Utilities and Insurance

Property and liability insurance plan rates have remained relatively constant with utility costs declining somewhat.

Department Discretionary Funds

In addition to funding the approved permanent positions, each operating unit has been provided operating funds to use at its discretion to purchase supplies, services, equipment, and other necessary resources to complete its mission. The amounts provided in this budget have been reduced by 9% from the prior year allocation.

Strategic Initiative Funding

Resources to address selected activities that accomplish the objectives in the District’s strategic plan have been specifically allocated in the budget and will be coordinated with other existing unrestricted and restricted program budgets directed to the common purpose.

Interfund Transfers to Other Funds

Support from the General Fund to special operations in other funds has increased slightly while debt service requirements have declined substantially from prior years causing a net reduction in transfers outs.

***Fiscal Stability and Fund Balance*** Based on the above assumptions, budgeted expenditures equal estimated revenues, resulting in the District maintaining its beginning unrestricted reserve balance at 3% of budgeted unrestricted expenditures. A continual review will be conducted during the year of potential revenue and expenditure budget improvements with the goal of maintaining or improving the ending reserve balance.

This reserve is an important safeguard for financial stability. It provides working capital to ensure that the District can pay its obligations timely regardless of the timing of revenue collections. Reserves can also assist in maintaining solvency when faced with unexpected financial needs such as State apportionment shortfalls, unexpected repairs, and unanticipated enrollment declines.

## ***OTHER FUNDS***

***Bond Interest and Redemption Fund (Fund #21)*** At its June 7, 2005 meeting, the Board of Trustees established a Bond Interest and Redemption Fund to account for revenues derived from property taxes levied for the payment of principal and interest on outstanding bonds of the District. Responsibility for the operation of this fund is vested with the Humboldt County Auditor in accordance with State law.

A successful district-wide General Obligation Bond election was conducted in November 2004 for \$40,320,000 in authorized bonds for acquisition and construction costs for District facilities and equipment. The first series of these bonds totaling \$18,000,000 was issued on May 19, 2005, with maturity dates of August 1, 2006 through 2029 at interest rates varying from 3.375% to 8% of par value.

***Other Debt Service Fund - COPS (Fund #29)*** In October 1988, the District formed the College of the Redwoods Financing Corporation (CRFC) for the purpose of issuing \$3 million in certificates of participation. Proceeds were used for acquisition of land and buildings, for rental of facilities, for remodeling and maintenance projects, and for debt service requirements. This 30-year obligation was refinanced in November 1998 over the remaining 20 years at savings of \$376,258. The District makes lease payments as assigned by CRFC for the retirement of the outstanding debt.

These activities are accounted for in a debt service fund. Semi-annual payments totaling \$100,454 are required for 2005-06. Funds are provided by an annual interfund transfer from General Fund unrestricted revenues.

***Child*** The District operates child development programs on the Eureka Campus



***Development Fund (Fund #33)*** for the benefit of children from infants to age 5. In addition to Federal and State support of approximately \$311,089, the District charges an hourly rate to parents for its instructional activities. The program is not charged for administration, operations, or maintenance costs.

***Student Farm Fund (Fund #34)*** This Fund was established in November 2000 to account for student agricultural production activities that are conducted on a farm in Shively, California. The farmland, buildings, equipment, and cash were a gift received from the estate of John Bianchi.

***Special Revenue Fund (Fund #39)*** The District Board established a special revenue fund to account for the rental income from District owned or leased buildings and the sale of student built homes from construction technology classes.

Rented facilities include residence halls, a food works complex, and a student center on the Eureka campus. Rentals are expected to generate \$934,574 in revenues to cover the cost of ownership. A reserve account has been established in this fund for repairs and replacement of equipment and furnishings.

Students typically design, estimate, and construct one house each fiscal year through the District's instructional programs. For 2005-06 students will be participating in a project in conjunction with Habitat for Humanity to construct a house in McKinleyville.

***Capital Outlay Projects Fund (Fund #41)*** The District maintains the Capital Outlay Projects Fund to account for the expenditure of capital outlay and scheduled maintenance projects. This fund is further divided by funding source into subfunds for State apportionments for new construction, State scheduled maintenance, State hazardous materials, local redevelopment agencies, general obligation bonds, and District funded projects. Exhibit C is a report of projects currently planned.

***Associated Student Trust Fund (Fund #71)*** Regulations adopted by the Board of Governors of the California Community Colleges require the establishment of a fund to account for moneys held in trust by the District for the organized student body association. This fund was established in November 2000. The budget represents revenue and expenditure estimates of activities managed by student government on the Eureka campus.

***Student Financial Aid Trust Fund (Fund #74)*** Costs for assisting students in qualifying for and receiving Federal and California State funded grants in aid are accounted for in the General Fund. A separate checking account has been set up in the Student Financial Aid Trust Fund to deposit receipts of grant funds held in trust for disbursement to students. The District participates in Federal PELL, SEOG, BIA, Loans, and State Cal Grants.

***Employee Benefit Trust*** The District holds trust funds to pay for medical expenses for specified employees and retirees of the District. The District pays \$10 per month

***Fund*** per employee for members of the Faculty Organization for the medical  
***(Fund #78)*** hardware needs of these employees, both active and retired.

In addition, the District pays health care costs for retirees according to Board adopted policies and contract agreements with employee groups. In 2004, an actuary estimated that the percentage of the debt obligation that has been funded for retired and current employees' prior service increased from 33% to 66% over the preceding 3 years. The District plans to continue to improve the funding percentage until fully funded. A transfer from the General Fund of \$152,866 is included in the budget for this purpose.

The cost for services of current employees is charged to expense in the appropriate fund and is reflected as revenue in the Employee Benefit Trust Fund. Revenue of \$577,872 is included in the Retiree Benefit Trust Fund to cover the current year cost for future retirement benefits for current employees.

It is projected that \$634,688 will be needed for actual payments for retirees in 2005-06 to pay contributions for health care benefits.

Scott Thomason  
Vice President, Chief Business Officer

Ron Cox  
Director, Fiscal Services



**REDWOODS COMMUNITY COLLEGE DISTRICT  
GENERAL FUND FINAL BUDGET  
FISCAL YEAR 2005-06**

**Exhibit B**

<b>REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE</b>		<b>Unrestricted Programs</b>	<b>Self- Supporting Programs</b>	<b>Total Unrestricted</b>	<b>Restricted Programs</b>	<b>Total Gen Fund Budget</b>
<b>REVENUES:</b>						
State General Apportionment	<i>Various</i>	\$ 24,407,121	\$ 0	\$ 24,407,121	\$ 0	\$ 24,407,121
Federal Sources	<i>8100-8199</i>	226,777	0	226,777	2,114,566	2,341,343
Other State Sources	<i>8600-8699</i>	1,136,960	0	1,136,960	3,946,745	5,083,705
Other Local Sources	<i>8800-8899</i>	810,411	948,848	1,759,259	668,145	2,427,404
Total Revenue		26,581,269	948,848	27,530,117	6,729,456	34,259,573
<b>EXPENDITURES:</b>						
Academic Salaries	<i>1000-1999</i>	11,444,921	5,000	11,449,921	767,356	12,217,277
Other Staff Salaries	<i>2000-2999</i>	5,863,508	408,492	6,272,000	2,115,231	8,387,231
Employee Benefits	<i>3000-3999</i>	5,866,325	99,752	5,966,077	913,440	6,879,517
Supplies & Materials	<i>4000-4999</i>	341,064	108,850	449,914	431,461	881,375
Services & Other Operating	<i>5000-5999</i>	3,354,761	217,679	3,572,440	885,516	4,457,956
Capital Outlay	<i>6000-6999</i>	186,540	41,228	227,768	179,029	406,797
Total Expenditures		27,057,119	881,001	27,938,120	5,292,033	33,230,153
<b>EXCESS REVENUES (EXPENDITURES)</b>		(475,850)	67,847	(408,003)	1,437,423	1,029,420
<b>OTHER FINANCING SOURCES/(USES):</b>						
Sale of Land & Buildings	<i>8913</i>	415,000	0	415,000	0	415,000
Interfund Transfers In	<i>8980-8988</i>	200,000	0	200,000	0	200,000
Intrafund Transfers In	<i>8989</i>	0	0	0	65,775	65,775
Debt Service	<i>7100-7199</i>	0	0	0	0	0
Intrafund Transfers Out	<i>7200-7299</i>	(65,775)	0	(65,775)	0	(65,775)
Interfund Transfers Out	<i>7300-7399</i>	(537,931)	(12,000)	(549,931)	0	(549,931)
Student Financial Aid	<i>7500-7699</i>	(72,100)	(4,800)	(76,900)	(578,156)	(655,056)
Reserve for Contingencies	<i>7900-7999</i>	441,656	43,953	485,609	(925,042)	(439,433)
Other Sources (Uses)	<i>8999</i>	95,000	(95,000)	0	0	0
Total Other Sources (Uses)		475,850	(67,847)	408,003	(1,437,423)	(1,029,420)
<b>FUND BALANCE INCREASE (DECREASE)</b>		0	0	0	0	0
<b>BEGINNING FUND BALANCE:</b>						
Beginning Balance	<i>9790</i>	500,882	325,000	825,882	0	825,882
Prior Year Adjustments	<i>9791-9792</i>	0	0	0	0	0
Adjusted Beginning Balance		500,882	325,000	825,882	0	825,882
<b>ENDING FUND BALANCE</b>		<u>\$ 500,882</u>	<u>\$ 325,000</u>	<u>\$ 825,882</u>	<u>\$ 0</u>	<u>\$ 825,882</u>

**Exhibit C**

REDWOODS COMMUNITY COLLEGE DISTRICT  
CAPITAL OUTLAY PROJECT FUND 41  
SCHEDULE OF PROJECTS FOR 2005-06

	<u>Fiscal Year</u> <u>Funds First</u> <u>Authorized</u>	<u>State or</u> <u>Local</u> <u>Funding</u>	<u>Total</u> <u>Project</u> <u>Cost</u>	<u>Prior Year</u> <u>Expenses</u>	<u>2005-06</u> <u>Expenses</u>	<u>State/Local</u> <u>Revenue</u>
<b>STATE PROJECTS</b>						
Hazardous Substance						
Replace Ceiling Tiles & Insulation	2002-03	100%	\$ 227,601	\$ 18,211	\$ 209,390	\$ 209,390
Removal & Retrofit Storage Areas	2003-04	100%	78,500	0	78,500	78,500
<b>BOND PROJECTS</b>	Nov 2004	100%	40,320,000	1,109,911	2,955,664	541,324
<b>DISTRICT PROJECTS</b>						
Lease-purchase Payments						
Energy Management System (10 years, monthly, ends 5/1/06)			1,248,739	1,166,404	82,335	
Information Technology System (5 years, semi-annual, ends 8/4/05)			1,625,769	1,463,192	<u>162,577</u>	
Subtotal					244,912	
Scheduled Maintenance, Repairs, Remodeling, Replacements					<u>42,000</u>	<u>16,000</u>
					<u>\$ 3,530,466</u>	<u>\$ 845,214</u>