with updating the College definition of Regular and Substantive Interaction to align with federal guidelines and changes to Title 5 in late 2022 [REF: COOL Definition of RSI]. The revised definition was approved by the Academic Senate and serves as a guideline to faculty in online course management. Additionally, COOL developed an equity-centered rubric to guide the use of adoption of technology tools by the College [REF: COOL Rubric].

Analysis and Evaluation
Foothill College meets the Standard. The institution has policies, procedures, and committees that guide the appropriate use of technology in teaching and learning processes. Several Board Policies and Administrative Procedures outline expectations for technology use and accessibility, and ETAC oversees and assesses policies on appropriate technology use. Students are informed of appropriate use policies through multiple channels, such as the College Catalog, Student Handbook, and website pages. The Committee on Online Learning collaborates with governance to develop and publicize policies and procedures for the College, such as a definition of Regular and Substantive Interaction and an equity-centered rubric for technology adoption.

Conclusions on Standard III.C: Technology Resources
Foothill College demonstrates a strong commitment to effectively utilizing technology in achieving its educational mission. The institution follows comprehensive policies, procedures, and standards for technology use, including information security, accessibility, and disaster recovery, guided by the annually updated District Technology Plan. The Foothill College Technology Task Force, Educational Technology Advisory Committee (ETAC), and Committee on Online Learning (COOL) collaboratively ensure secure, reliable, and inclusive technology resources for stakeholders. The College provides training and professional development for faculty and staff, while also addressing student technology needs through the Student Technology Support Hub and Virtual Campus page. Foothill College's ongoing efforts to enhance infrastructure, security, and accessibility contribute to an equitable and effective learning environment.

Improvement Plan(s)
None needed.

Evidence List
[Provide list of all evidence cited within Standard III.C.]
[Will be listed later.]

D. Financial Resources

Planning

1. **Financial resources are sufficient to support and sustain student learning programs and services and improve institutional effectiveness. The distribution of resources supports the development, maintenance, allocation and reallocation, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. (ER 18)**

Evidence of Meeting the Standard
Foothill College has sufficient resources to both support its programs and services, and consistently maintain a positive carryover balance each year. Detailed information about financial resources is provided in Standards III.D.4, III.D.9, and III.D.11. The allocation of resources starts at the district–level with the development of an operating budget that takes into account existing fund balance, projected revenues and expenses, and provisions for contingencies [REF: BP 3100]. This budget is adopted by the Board of Trustees following a public hearing [REF: BP 3110]. Foothill College's budget is developed from the District's allocated budget, in alignment with institutional goals and principles of financial stability. The budget is shared with the College Participatory Governance Council, MIPC [REF: Budget Presentation]. The processes for budget development and allocation of resources are further described in Standards III.D.3 and III.D.6.

Annual Budget Requests are part of the Program Review Process, which plays a vital role in maintaining institutional effectiveness. This process confirms that approved funding requests align with Program and College objectives, the College's Strategic Equity Plan, and the overall budget planning process [REF: Budget Request Form]. The College Finance Division provides support and consultation to the Instructional and Student Services VP's, AVP's, and Deans to help assess requests and identify the most appropriate and beneficial funding sources. To promote transparency in the Annual Budget Request Process, the status and outcomes of budget requests are communicated to the college community through the College's primary governance council (MIP–C) [REF: 21-22 Budget Requests Presentation]. The annual budget request process is 'outlined' in detail in Standard III.D.2.

In Fall 2022, MIPC created a subcommittee to review the resource allocation model for Foothill College and develop guiding principles for resource allocation [REF: Oct 7 MIPC Minutes]. The Foothill College Resource Allocation Guidelines for Human Resources, Physical Resources, Financial Resources, and Resource Reduction are currently in development by this committee. A draft was shared with MIP-C in March 2023 [REF: Guiding Principles Draft]. This model aligns with the College's Mission and Goals, the Educational Master Plan, and the Strategic Vision for Equity. The allocation of resources to support student learning programs and services is described in Standard III.D.6.

Monthly College financial reports, as described in Standard III.D.4, demonstrate the adequacy of resources for day-to-day requirements and show that resource allocation supports instruction and student services. The campus provides monthly financial reports for the Unrestricted GF, Self-Sustaining Fund, and Restricted funds, including Lottery, Library Materials, and Perkins allocations [REF: October 22 B Balance Report; REF: October 22 Lottery Funds Report]. All Deans, Coordinators, and Division administrative assistants receive training to access Banner, Argos, and monthly financial reports. Deans meet at least quarterly to review their resources.

The Board of Trustees, through Board Policy 3000, acknowledges that the District should conduct its financial affairs with integrity and it aims to achieve fiscal stability by implementing effective internal controls [REF: BP 3000]. The District maintains transparency to ensure financial integrity by providing annual and quarterly budget and financial reports, as well as annual audited financial statements to its constituents and the public [REF: Quarterly Budget

Report; REF: 21-22 Audit]. Further information regarding District quarterly financial reports is available in Standard III.D.5, and further information regarding audited financial statements is available in Standards III.D.6, III.D.7 and III.D.8.

The Bachelor's Program in Dental Hygiene has stable financial resources to fully support the program, with differential fee funding expected to reach $1.4M by the end of the 22-23 Fiscal Year. Baccalaureate programs also receive resource allocations from funding sources such as Lottery, Perkins, and Strong Workforce through the Program Review Process, as outlined in Standard III.D.2.

Analysis and Evaluation
Foothill College meets the Standard. The institution maintains sufficient resources to support its programs and services and ensures financial stability by developing a budget in alignment with institutional goals. Annual Budget Requests are part of the Program Review Process, which aligns approved funding requests with the College's objectives. As part of an ongoing improvement process, resource allocation guidelines are currently being developed to align with the College's Mission, Goals, and Strategic Vision. Monthly financial reports ensure the adequacy of resources for day-to-day requirements and demonstrate support for instruction and student services. The Board of Trustees ensures fiscal stability by implementing effective internal controls, maintaining transparency, and providing annual and quarterly District financial reports, as well as audited financial statements.

2. **The institution's mission and goals are the foundation for financial planning, and financial planning is integrated with and supports all institutional planning. The institution has policies and procedures to ensure sound financial practices and financial stability. Appropriate financial information is disseminated throughout the institution in a timely manner.**

Evidence of Meeting the Standard
The majority of Foothill College's allocated unrestricted budget goes directly to supporting the institution's mission and goals in the form of instructional salaries and benefits. In the 22-23 budget, 95.9% of the College's General Fund was allocated to salaries and benefits [REF: Budget Presentation- Slide 11]. The remaining discretionary budget is divided between College programs through Program Review in accordance with the Guiding Principles developed by MIP–C [REF: Guiding Principles Draft]. The annual Budget Request form is directly connected to the Program Review Process, and contains specific questions to ensure that funding requests are aligned with the Program and College objectives, the College's Strategic Vision for Equity Plan, and the overall budget planning process [REF: Budget Request Form]. All budget requests are reviewed in meetings that involve all stakeholders, including the following: the program's Division Dean; leadership/faculty from the requesting program; leadership from the offices of Finance & Administrative Services, Instruction & Institutional Research, and Student Services. In these meetings, requests are prioritized based on whether they meet institutional learning outcomes and core mission objectives, and funding sources for approved items are identified [REF: 22-23 Annual Budget Requests]. Information about all budget requests is presented to Foothill College's Participatory Governance, Mission Informed Planning Council (MIPC), and is approved by the College President. [REF: 21-22 Annual Budget Requests Presentation (*may*

want to update)]. Budget updates and plans are regularly shared with the College Academic Senate and Governance Council and through monthly fund balance reports, as described in Standard III.D6. [REF: Academic Senate Agenda- 3/13/23 REF:MIPC Minutes 1/20/23].

The District Budget Advisory Committee and the Audit and Finance Committee (further described in III.D.3) provide input on oversight and ensure that budget planning is in alignment with the District Strategic Plan [REF: District Strategic Plan]. Information and timely updates about District fiscal planning and its links to institutional planning are presented at all regular meetings of the Board of Trustees. Quarterly Reports (further described in III.D.4) are presented to all constituents and provide timely updates.

Analysis and Evaluation
Foothill College meets the Standard. The district and institution's mission and goals serve as the foundation for financial planning. The budget planning process is integrated with the Program Review Process and follows Guiding Principles developed by MIPC to ensure alignment with institutional objectives. Financial information is disseminated throughout the College in a timely manner through presentations to Participatory Governance Councils, monthly fund balance reports, and updates at Board of Trustees meetings. The District Budget Advisory Committee and the Audit and Finance Committee provide input and oversight to ensure budget planning aligns with the District Strategic Plan. Quarterly District budget reports are presented to all constituents, offering timely updates on the institution's financial status.

3. The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

Evidence of Meeting the Standard
The financial planning and budget processes for the District are outlined in the Board of Trustees' Board Policies. These policies include BP 3000, which focuses on responsible stewardship of available resources and fiscal planning that involves constituency input [REF BP 3000]. BP 3100 requires that the tentative budget provide sufficient detail to allow for comparisons between the proposed and actual revenues and expenses of the current year, in accordance with Title 5 regulations [REF: BP 3100]. BP 3110 requires that the Board of Trustees adopt a final budget reflecting all relevant provisions of the state budget act, closing balances from the previous year, and changes identified following approval of the tentative budget by September 15 each year [REF: BP 3110].

The Board of Trustees holds public hearings prior to adopting the annual budget [REF: Board Meeting Minutes-(Adoption of 22-23 budget)].

Foothill College also has processes in place to ensure constituent participation in financial planning and budget development, as outlined in BP 3000. The District Budget Advisory Committee (DBAC) is an advisory body to the Chancellor's Advisory Council (CAC) whose mission is to share timely and accurate local and state budget information with constituency representatives and provide a forum for participation in the budget process [REF: DBAC

Website]. The DBAC reviews and discusses the annual adopted budget, quarterly budget updates, and supplemental financial information [REF: Nov 22 DBAC Meeting Minutes].

Constituencies, including student representatives, are involved in the development of the campus General Fund discretionary budget through MIPC [REF: MIP-C Constituencies]. The Guiding Principles Subcommittee of MIPC is responsible for developing guidelines for resource allocation, with input from students, staff, and faculty [REF: MIPC Minutes Nov 2022]. The Resource Allocation Group (RAG) further ensures that these guidelines remain dynamic and adaptable over time [REF: MIPC Minutes Dec 2022].

When significant adjustments need to be made, they are communicated to all constituencies and decision-making is distributed among stakeholders. For example, due to an ongoing decrease in FTES, the decision to reduce 1320 budget for the 23-24 academic year was communicated to the Academic Senate [REF: Budget Presentation to Academic Senate]. Individual departments worked together with division deans to ensure that cuts were spread equitably across all programs.

Analysis and Evaluation
Foothill College meets the Standard. Board Policies BP 3000, BP 3100, and BP 3110 states guidelines and processes for financial planning and budget development. Constituent participation is ensured through various committees and subcommittees, including the District Budget Advisory Committee, the Mission Informed Planning Council, the Guiding Principles Subcommittee, and the Resource Allocation Group. When significant adjustments are needed, communication is maintained with all constituencies and decision-making is distributed among stakeholders to maintain transparency and inclusivity in financial planning.

Fiscal Responsibility and Stability

4. **Institutional planning reflects a realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.**

Evidence of Meeting the Standard
Foothill College places a high priority on sound financial planning and budgeting to meet the institution's plans and goals. Annual college budget planning begins with a review of past financial results [REF: Budget Planning 2024 Presentation] To ensure that individuals involved in institutional planning receive accurate information about available funds, as well as ongoing and anticipated fiscal commitments, the College presents tentative and adopted budgets to the Board of Trustees, Audit and Finance Committees, and District Budget Advisory Committee [REF: DBAC Meeting Minutes].

Quarterly reports assessing the actual expenses versus budgeted forecasts for the District are also prepared and presented to the College, District, and Board. These reports provide an analysis of operations and financial status and allow for periodic adjustments when necessary in order to stay on course [REF: First Quarter Report 22-23] REF: Board Resolution 1st Quarter Budget Revisions].

The College's financial information is accessible to appropriate personnel through Banner Self Service, which provides tools and materials to perform routine budget queries [REF: Banner Query Instructions for Categorical Funds]. Immediately after the monthly finance close, the campus Budget and Financial Analyst prepares a set of month-end financial reports and sends them out electronically to administrators and other users. These cumulative-balance reports reflect on-going budget surplus or deficits [REF: October 22 B Balance Report; REF: October 22 Lottery Funds Report]. The budget reports provide the data for the ongoing refining and adjustment of resources needed by the College.

Analysis and Evaluation
Foothill College meets the Standard. Institutional planning reflects a realistic assessment of financial resources through sound financial planning and budgeting. The College begins its annual budget planning with a review of past financial results and shares tentative and adopted budgets with key stakeholders. Quarterly reports assessing actual expenses versus budgeted forecasts allow for periodic adjustments to maintain financial stability. Financial information is made accessible to appropriate personnel through Banner Self Service, ensuring timely and accurate data for resource planning. The College's month-end financial reports and cumulative-balance reports enable ongoing refinement and adjustment of resources to support the institution's needs.

5. **To assure the financial integrity of the institution and responsible use of its financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making. The institution regularly evaluates its financial management practices and uses the results to improve internal control systems.**

Evidence of Meeting the Standard
Foothill College follows a Participatory Governance process ensuring that funds are allocated in a manner to realistically achieve the institution's stated goals for student learning. All members of the College's constituencies are represented on the Mission Informed Planning Council (MIP–C). [REF: MIPC Constituencies List] through representatives from their respective groups. The annual adopted budget and quarterly reports are posted publicly to the FHDA website for review [REF: Budget/Quarterly Reports Website].

The Foothill College Office of Finance and Administrative Services is responsible for the preparation and distribution of college financial reports [REF: Office of Finance Webpage]. In addition to the annual budget, this office conducts financial analyses and develops quarterly budget updates and monthly financial reports to ensure that dependable and timely information is available for financial planning [REF: Quarterly Report; REF: Oct 22 B Balance Report]. Financial reports are subjected to audit to validate the reliability and accuracy of the financial information presented to constituents [REF: 21-22 Audit]. Approval queues and signature authority requirements ensure that expenditures are reviewed and are in alignment with regulations and procedures [REF: Approval Queue Example; REF: Purchase and Payment Authority Grid].

Several purchasing procedures, policies and laws have been written and published to safeguard assets, promote operational efficiency, and encourage compliance [REF: Purchasing policies Webpage]. Chapter 6 of the Foothill-De Anza District Board Policy Manual governs fiscal management practices, including the establishment of the Audit and Finance Committee, as outlined in Board Policy 6401 [REF: BP 6401]. Board Policy 3313 requires employees whose duties involve handling of funds be properly bonded to protect the District from loss [REF: BP 3313]. Accounting policies and administrative procedures are in place to safeguard assets and promote operational efficiency and are made public via the District website [REF: Accounting Policies webpage]. These include several policies related to purchasing and internal control mechanisms, such as Procard use, travel, and food purchase procedures [REF: Procard policy; REF: Travel policy; REF: Food purchase policy]. Assets that meet the standard for capitalization are subject to more rigid control to protect them from losses and misappropriation or misuse [REF: Capitalization Policy].

Analysis and Evaluation

Foothill College meets the Standard. The district and college implement appropriate control mechanisms and disseminating dependable and timely financial information for sound decision-making. The participatory governance process ensures responsible use of financial resources, while the Office of Finance and Administrative Services prepares and distributes financial reports, including annual budgets, quarterly updates, and monthly reports. The College's financial practices are subject to audits and include approval queues and signature authority requirements for expenditures. To further safeguard assets and promote compliance, additional protocols such as purchasing procedures, policies, and laws have been established, and several accounting policies and administrative procedures are publicly available on the District website. The institution's financial integrity is reinforced by proper bonding of employees handling funds and strengthened control over capitalized assets.

6. Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.

Evidence of Meeting the Standard

Foothill College is committed to maintaining high standards of financial management and reporting. The District-adopted annual budget clearly explains funding allocations and provides an accurate reflection of spending that prioritizes student learning [REF: 22-23 Adopted Budget]. District quarterly budget reports identify variances and actuals in revenues and expenditures [REF: Quarterly Report]. Monthly fund balance reports that show the variance between budget estimates and actual expenditures, as well as adjustments to budget allocations, are distributed to program leadership to provide accurate and timely information [REF: October 22 B Balance Report]. The Budget and Finance Analyst reviews all balance reports and works with programs to reconcile all balances on a quarterly basis.

In the 21-22 annual financial audit, independent auditors issued an unqualified or clean opinion of the District financial statements, attesting to the credibility and accuracy of financial reporting at Foothill College [REF: Auditor Report]. The auditors' report indicates that “the financial statements present fairly, in all material respects, the respective financial position of the

business-type activities, the aggregate discretely presented component unit of the District as of June 30, 2022, and the respective changes in the financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America".

The College discretionary budget is reflective of the institution's commitment to appropriate allocation and use of financial resources to support student learning programs and services. Over 75 percent of discretionary funds are allocated to instruction and student services [REF: Allocation of FH's B Budget]. Monthly lottery expenditure reports demonstrate the appropriate use of lottery funds for instructional purposes [REF: October 22 Lottery Fund Report]. The discretionary budget is aligned to institutional goals through the Program Review Process, as further described in III.D.2.

Analysis and Evaluation
Foothill College meets the Standard. Credibility, accuracy, and appropriate allocation of financial resources to support student learning programs and services are ensured. The discretionary budget is aligned with institutional goals through the program review process and reflects the College's commitment to prioritizing instruction and student services, with over 75 percent of funds allocated to these areas. Budget and monthly fund balance reports provide accurate and timely information about the allocation and use of resources. The independent auditors' clean opinion in the 21-22 annual financial audit attests to the reliability of the College's financial reporting.

7. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Evidence of Meeting the Standard
The College provides timely corrections to audit exceptions when they exist. In the 21-22 fiscal year, an independent audit of Foothill College did not identify any findings or questioned costs in regards to financial reporting. [REF: 21-22 Audit Report] However, two issues were identified related to enrollment reporting and census date calculations. The College responded to the audit findings with timely corrective action plans. [REF: 21-22 Audit Report (pgs. 89-96)]. An independent audit report of Bond Measures found that the District appropriately accounted for the expenditures of Measure C and Measure G bond funds, ensuring that the funds were spent on authorized projects [REF: Measures C and G Audit Report].

The results of the audit reports and corrective action plans are presented in public sessions of the Board of Trustees meetings. REF: Board Meeting Minutes 1/9].

Analysis and Evaluation
Foothill College meets the Standard. The College provides comprehensive and timely responses to external audit findings, and promptly implements corrective action plans for identified issues, such as those related to enrollment reporting and census date calculations. The results of audit reports and corrective action plans are communicated appropriately through public sessions of the Board of Trustees meetings.

8. **The institution's financial and internal control systems are evaluated and assessed for validity and effectiveness, and the results of this assessment are used for improvement.**

Evidence of Meeting the Standard
Foothill College and the FHDA District actively engage in evaluation and assessment processes to determine the validity and effectiveness of their financial and internal control systems. The District Budget Advisory Committee and the Audit and Finance Committee contribute to oversight, and guarantee consistency with the District Strategic Plan [REF: District Strategic Plan]. The Foothill College Office of Finance and Administrative Services is responsible for creating and sharing financial reports, which undergo auditing to confirm their dependability and precision [REF: Office of Finance Webpage]. Independent auditors issued a clean opinion for the District's financial statements for the 21-22 fiscal year, endorsing their trustworthiness and accuracy [REF: 21-22 Audit].

The College promptly addresses audit discrepancies, and the outcomes of audit reports and corrective action plans are shared during public Board of Trustees meetings [REF: Board Meeting Minutes 1/9]. Moreover, the District Grants Office oversees grant expenditures, ensuring adherence to grant agreements and District policies [REF: Grants Office Website].

Bond programs receive assistance from external agencies and an annual independent audit is conducted for these programs [REF: 21-22 Bond Audit]. The Citizen's Bond Oversight Committee (CBOC) plays a crucial role in supervising bond expenditures and aligning them with community expectations [REF: CBOC Minutes Dec 2022] .

The Foothill-De Anza Community Colleges Foundation manages fundraising activities and supports the District. The Foundation's finances are audited yearly and an annual report is shared with donors, promoting transparency and responsibility [REF: Foundation Audit].

Analysis and Evaluation
Foothill College meets the Standard. The District and College actively evaluates and assesses its financial and internal control systems for validity and effectiveness under the oversight of the District Budget Advisory Committee and the Audit and Finance Committee. The College utilizes the outcomes of audit reports and corrective action plans shared during public Board of Trustees meetings for continuous improvement of its financial management practices.

9. **The institution has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.**

Evidence of Meeting the Standard
The FHDA District consistently exceeds the 5 percent minimum cash reserve as required by the California Community Colleges Chancellor's Office (CCCCO) and as outlined in Board Policy 3115 [REF: BP 3115]. Despite decreases in revenue due to reduced FTES, the District has maintained a positive carryover balance each year for over a decade. As of June 30, 2022, the District's unrestricted ending cash balance was $68,293,693. This, combined with a $30,235,809 restricted balance, results in $98,529,502 in cash in the County Treasury. [REF: Annual

Financial and Budget Report]. The District's unrestricted reserve balance was $29,052,910, which far exceeds the required 5percent cash reserve of $10,242,577 and is sufficient to meet the District's ongoing needs and any emergencies.

As noted in the 21-22 Audit Report, the State Chancellor's Office recently recommended, "districts maintain two months of average operating expenses as a reserve in lieu of the traditional 5%. For the District, this would change the district's current 5% reserve from approximately $10 million to closer to $34 million. While this total would include the balances in the carryforwards and the stability fund, it is still a significant increase." The District is in the process of developing plans to meet this updated recommendation.

Out of a $54.8 million unrestricted expense budget, Foothill College maintained a $7.5 million discretionary carryover balance from 2021-22. This is approximately 13.7 percent of the expense budget [REF: Budget Overview MIPC Presentation]. These resources enable the College to support issues that are unplanned.

The District Risk Management Unit analyzes potential risks, identifies strategies to mitigate them, and ensures that the District has adequate liability coverage [REF: Risk Management Unit Website]. The District maintains a $50 million general liability insurance coverage and an additional $50 million excess liability insurance coverage, as well as a separate $2M cyber insurance coverage to protect against unexpected risks [REF: Risk Management Report].

Analysis and Evaluation

Foothill College meets the Standard. The institution consistently maintains cash reserves and carryover balances. The District's cash reserves continually exceed the 5 percent minimum requirement set by the California Community Colleges Chancellor's Office. In the 21-22 fiscal year, the College maintained a $7.5 million discretionary carryover balance. These reserves–combined with contingency plans, adequate insurance coverage, and risk management strategies–allow the institution to maintain stability, support risk management, and address financial emergencies or unforeseen occurrences.

10. The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

Evidence of Meeting the Standard

The District Grants Office monitors expenditures to ensure expenses are in accordance with guidelines outlined in the grant agreement; verifies adherence to District policies and procedures; prepares ad-hoc financial reports; coordinates budget revisions, expense transfers and other adjustments;, creates invoices, reviews; facilitates quarterly and annual grant reports, and budget and expenditure report certifications; coordinates with external auditors on issues related to the grant; and communicates with the granting agency, if needed [REF: Grants Office Website]. An established grant application process is followed to ensure that grants align with the College and District goals and are in compliance with District administrative policies and procedures [REF: Grant Application Process]. Grant agreements include implementation plans, milestones, and schedules for disbursement of grant funds [REF: i3 Grant Agreement]. All grant expenditures go

through an approval queue that includes the Project Director/Principal Investigator, Financial Manager/Division Dean, Area Vice President, VP of Finance/ Administration, Grants Office, and Vice Chancellor of Business Services [REF: Grant Routing Sheet]. Grant agreements and contracts in excess of $20,000 must be approved by the Board of Trustees.

All contractual relationships are managed in accordance with established processes and procedures described in Administrative Procedure 3143 [REF: AP 3143]. Bond programs are managed with the support of an external agency which provides oversight and regular financial reporting [REF: AKG Contract]. An annual independent audit is also completed for Bond Programs [REF: Prop 39 Bond Audit].

The Foothill-De Anza Community Colleges Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students, and support to employees, programs, and departments of the District. The 20-member board of the Foundation consists of community members, alumni, and other supporters of the Foundation. The Foundation acts in accordance with established policies and procedures regarding gifts, assessment, endowments, investments, and operating reserves. Foundation financials are audited annually and an annual report is provided to donors [REF: Foundation Annual Report; REF: Foundation Audit].

Foothill College effectively oversees and manages its finances through established processes. Financial Aid is managed by the College Financial Aid Office. Annual audits of financial statements, which include federal awards, ensure compliance with all Federal and State regulations and provide analysis of any issues so that they can be quickly remedied. The 21-22 Audit noted a discrepancy in enrollment records between the College and the National Student Loan Database [REF: 21-22 Audit- (Page 88)]. This resulted in a finding of noncompliance with Title IV regulations. The College took immediate action to rectify the discrepancy, requesting a comprehensive review from the National Student Clearinghouse Audit. This subsequent review did not find any discrepancies, so no direct action could be taken. In order to prevent potential future issues and better engage with auditors, the Dean of Enrollment will receive additional training on enrollment reporting from the National Student Clearinghouse and will subsequently train staff in Admissions & Records as well as in Financial Aid.

The Associated Students of Foothill College (ASFC) develops and shares an annual budget with the College and the Board of Trustees in accordance with the established processes in its constitution and bylaws [REF: ASFC Bylaws]. The annual ASFC Budget includes financial reports from the previous fiscal year as well as established processes for financial management and oversight [REF: ASFC Budget].

Analysis and Evaluation

Foothill College meets the Standard. Effective oversight of finances for managing contractual relationships follow established processes and procedures. The Grants Office, Citizens Bond Oversight Committee, and Foundation operate in accordance with established policies and procedures and engage in annual independent audits, ensuring financial transparency and accountability. The institution also manages its Financial Aid Office effectively, ensuring compliance with federal and state regulations, and promptly addressing discrepancies. The

Associated Students of Foothill College adhere to their constitution and bylaws for financial management and oversight.

Liabilities

11. The level of financial resources provides a reasonable expectation of both short- term and long-term financial solvency. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.

Evidence of Meeting the Standard

The District carefully considers its long-range financial priorities and commitments when developing short-range financial plans to assure financial stability. Adopted budgets and budget planning documents contain previous years' data, current year information, and future projections. This information is presented to the Board of Trustees, the DBAC, and the Audit and Finance Committees [REF: 22-23 Budget Slides].

The Board of Trustees, aware of the importance of fiscal stability, establishes and maintains an adequate reserve level as required by Title 5 to address emergencies or unexpected catastrophic issues that may arise during the year [REF: BP 3115]. The District's annual Adopted Budget includes an undesignated reserve fund to ensure a positive cash position at the end of the fiscal year, providing a reasonable expectation of both short-term and long-term financial solvency [REF: 22-23 Budget]. This stability fund helps offset fluctuations in funding due to external economic trends and other factors and has maintained a positive balance since 2016. Foothill College has also maintained a positive carryover fund for the past several years, further ensuring financial stability [REF: Budget Overview- Slide 13].

The District plans and allocates resources for the repayment of long-term liabilities, including bonds, notes payable, compensated absences, claims payable, and capital lease obligations with maturities exceeding one year. The adopted budget document addresses any long-term liabilities where the general fund services the debt, including payments of Certificates of Participation and capital lease obligations[REF: 22-23 Budget-Pages 55-58]. Further details about the repayment of liabilities can be found in Standard III.D.13.

The District participates in the CalPERS health care plan, which offers predictable and stable plan rates [REF: JLMBC MOU 2022]. Employees participate in an annual contribution based on the health care plan they select, with the District determining the contribution amounts to enable predictable budgeting of health benefits cost estimates and ensure that resources are allocated for future obligations. Other employee obligations are detailed in Standard III.D.12.

Analysis and Evaluation

Foothill College meets the Standard. The District considers long-range financial priorities when developing short-range financial plans. The Board of Trustees maintains an adequate reserve level to ensure financial stability and solvency in both short-term and long-term, and the College's positive carryover fund also contributes to financial stability. The District budgeting process plans and allocates resources for repayment of long-term liabilities, ensuring resources

are available for future obligations. Participation in the CalPERS health care plan and the annual contribution system allows for predictable budgeting and allocation of resources for future health benefits obligations.

12. The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is current and prepared as required by appropriate accounting standards.

Evidence of Meeting the Standard
The Foothill-De Anza Community College District continues to be committed to addressing long-term liabilities, specifically Other Postemployment Benefits (OPEB). Consistent with prior years, the adopted budget for fiscal year 2022- 23 planned for a $1.5 million contribution to the CalPERS California Employers' Retiree Benefit Trust (CERBT), an irrevocable trust to fund the OPEB liability [REF: 22-23 Adopted Budget].

During the 2021-22 fiscal year, a full actuarial study was prepared under the GASB 74/75 accounting standard to revise the liability. The report, dated February 18, 2022, with a valuation date of June 30, 2021, and measurement date of June 30, 2021, calculated the District's Total OPEB Liability at $101,774,285. Per CalPERS CERBT, the market value of the asset funds held within the irrevocable trust as of June 30, 2022 was $30,245,035 [REF: Actuarial Study].

Analysis and Evaluation
Foothill College meets the Standard. The District's demonstrated commitment to addressing long-term liabilities, specifically Other Postemployment Benefits, with an ongoing planned $1.5 million contribution to the CalPERS California Employers' Retiree Benefit Trust. Appropriate accounting standards are ensured by conducting actuarial studies to calculate liability.

13. On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.

Evidence of Meeting the Standard
The District allocates resources annually for repaying its locally incurred debt. General obligation bond liabilities are liquidated through property tax collections as administered by the County Auditor-Controller's Office through the Bond Interest and Redemption Fund. Payments on the certificates of participation and capital leases are paid through the Debt Service Fund. As of June 30, 2022, the District had a balance of $883,479,600 for total bonds payable. All obligations are budgeted at the district–level and reported in the notes to audited financial statements [REF: 21-22 Audit (Pages 44-53)].

Long-term debt service is budgeted as a District priority. A debt-service summary is included in the District's annual budget [REF: 22-23 Adopted Budget (Pages 40-43)]. This summary identifies all major debt instruments issued, their interest rates, payment dates, and information regarding refinancing and refunding obligations.

In 2021, the District defeased its outstanding certificates of participation related to the Foothill and De Anza College Campus Centers, the Foothill College Bookstore, and the Flint Center Parking Garage with Measure G Bond Funds [REF: Campus Center Debt Schedule]. Proceeds associated with the refunding were deposited into an irrevocable escrow account for future repayments. The outstanding balance of the defeased debt, to be paid by the escrow agent, of $22.0 million, has various expected redemption dates of August 1, 2023 to August 1, 2040. The refunded bonds are considered fully defeased.

Analysis and Evaluation
Foothill College meets the Standard. There is an annual allocation of resources for repaying locally incurred debt, including general obligation bond liabilities and payments on certificates of participation and capital leases. The District also includes a debt-service summary in its annual budget, detailing all major debt instruments, their interest rates, payment dates, and information on refinancing and refunding obligations. Additionally, the District demonstrates proactive debt management by defeasing outstanding certificates of participation.

14. All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.

Evidence of Meeting the Standard
The District has established and implemented various oversight mechanisms, policies, and procedures to ensure that resources are used according to their intended purpose and in compliance with relevant regulations.

The Citizen's Bond Oversight Committee (CBOC) plays a vital role in overseeing bond spending and ensuring alignment with community needs. The committee meets quarterly to review bond-related projects, advise on public engagement strategies, and communicate with stakeholders. Through regular meetings with district staff, as well as reviews of annual independent performance and financial audits, the CBOC ensures that bond expenditures are made in accordance with the bond project list approved by voters and in compliance with Proposition 39 requirements [REF: CBOC Minutes June 7 2022 (May want to update)].

Bond audit reports are conducted to ensure the proper use of bond funds. These audits have found that the financial statements of bond funds present a fair representation of the financial position and changes in the respective financial positions. In addition, the audits confirm that the District expended bond funds only for specific projects developed by the District's Board of Trustees and approved by the voters in accordance with Proposition 39 requirements [REF: 21-22 Bond Audit].

To encourage transparency and maintain alignment with program goals, quarterly summary reports for Bond Measures are regularly presented to District and College constituents. This practice allows for input and feedback from all stakeholders involved [REF: Measure C Quarterly Summary Report; REF: Measure G Quarterly Summary Report].

The District Grants Office oversees grant expenditures, ensuring that expenses are in accordance with guidelines outlined in the grant agreement and adhere to District policies and procedures. Grant agreements include implementation plans, milestones, and schedules for disbursement of grant funds, and all grant expenditures go through an approval process. The annual audit evaluates grant expenditures for compliance and adherence to the intended purpose [REF: 21-22 Audit].

The Foothill-De Anza Community Colleges Foundation is responsible for coordinating and promoting fundraising efforts, providing grants and scholarships to students, and supporting employees, programs, and departments of the District. The Foundation's financials are audited annually, and an annual report is provided to donors, ensuring transparency and accountability. [REF: Foundation Audit].

Board Policy 3122 outlines the responsibilities of the Foundation and the District in the acceptance and management of private gifts. The policy ensures that gifts are handled expeditiously, legally, and appropriately, and that the Foundation and the District conform to the donor's wishes. Special acceptance criteria and declination of gifts are also outlined in the policy to ensure compliance with District regulations and the mission of the institution [REF: BP 3122].

Analysis and Evaluation
Foothill College meets the Standard. The District and College uses its financial resources with integrity and according to their intended purpose. The Citizen's Bond Oversight Committee and bond audits ensure that bond funds are used in compliance with Proposition 39 requirements. The District Grants Office and the Foothill-De Anza Community Colleges Foundation oversee grant and fundraising efforts, respectively, and adhere to policies and procedures to ensure appropriate use of funds and compliance with donor intentions.

15. The institution monitors and manages student loan default rates, revenue streams, and assets to ensure compliance with federal requirements, including Title IV of the Higher Education Act, and comes into compliance when the federal government identifies deficiencies.

Evidence of Meeting the Standard
Foothill College diligently monitors and manages student loan default rates to ensure compliance with federal requirements. The College submits the ACCJC Annual Fiscal Report, which includes default rates and shows a declining trend over three years [REF: ACCJC Annual Fiscal Report 20-21]. Foothill College's Cohort Default Rate has decreased from 13.8 percent in 2017, to 11.2 percent in 2018, and to 3.7 percent in 2019 [REF: Default Rate Report]. This consistent decline places the College in the "low" category (below 15 percent) for official default rates and confirms its compliance with Title IV federal regulations (below 30 percent).

The College uses a product called "Student Connections" to track and manage student loan default rates. This tool allows for in-house default management, as well as mail, email and phone campaigns. It is user-friendly and provides visual chart displays, projections for relevant cohort years, and streamlined record-keeping and tracking of student borrowers. This service has been

beneficial in helping Foothill College to reduce its Cohort Default Rate. By investing about one hour per month in email and letter campaigns, the College has been able to further reduce its rate by approximately six percent. Phone campaigns for defaulted or near-default populations are a more recent addition to further improve the default rate [REF: Email About Student Connections].

Analysis and Evaluation
Foothill College meets the Standard. The institution actively monitors and manages student loan default rates to ensure compliance with federal requirements, including Title IV of the Higher Education Act. The ACCJC Annual Fiscal Report shows a declining trend in default rates over three years, with the Cohort Default Rate falling below the 15 percent threshold for low risk. The College utilizes Student Connections to track and manage default rates, employing email, letter, and phone campaigns to further reduce the default rate.

Contractual Agreements

16. Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution and the quality of its programs, services, and operations.

Evidence of Meeting the Standard
Foothill College applies District policies and procedures to ensure that external contracts align with its mission, adhere to requirements, and maintain integrity and quality in programs, services, and operations. Administrative Policy 3140 outlines purchasing procedures and provides guidance on independent contracts, contract duration, and required records and audits [REF: AP 3140]. To ensure appropriate oversight and maintain institutional integrity, Board Policy 3140 requires that all contracts and purchasing transactions are in writing and reviewed by the Board within 60 days or as otherwise provided by law [REF: BP 3140].

A Board Approved Purchasing and Payment Grid outlines quotation, bid, and authorization requirements for contracts. It also identifies purchasing limitations, quote or solicitation requirements, relevant board policies or administrative procedures, types of contracts, documentation of payment, and signature authority [REF: Purchasing and Payment Grid].

Administrative Policy 3143 provides a detailed overview of all contractual agreement policies and procedures and ensures that contracts are in line with the California Education Code, relevant Board Policies, and other applicable laws [REF: AP 3143]. Contracts are only considered valid and enforceable obligations against the District when approved or ratified by the Board of Trustees. Contract duration is limited to three years for materials or supplies and five years for equipment, work, or services. Any changes to contracts must be made through written amendments, and if the total dollar amount of an amended contract exceeds the original amount by more than 10 percent, Board authorization is required. Officials exercising contractual authority must maintain records for a minimum of three years, and these records are subject to audit. Additionally, employees, officials, or consultants who substantially influence the award of contracts must file an annual Statement of Economic Interests Form 730 and comply with conflict-of-interest regulations.

Analysis and Evaluation
Foothill College meets the Standard. External contracts align with District and College mission and goals and adhere to District policies and procedures. Administrative Procedures 3140 and 3143, along with Board Policy 3140, provide a comprehensive overview of purchasing and contracting policies, procedures and requirements. These policies and procedures ensure compliance with the California Education Code and other applicable laws.

Conclusions on Standard III.D: Financial Resources
Foothill College demonstrates effective use of financial resources to support its institutional mission and goals, prioritizing student learning and program enhancement. The budget allocation process is aligned with the College's objectives, Strategic Equity Plan, and financial stability principles. Through a Participatory Governance model, the College engages constituent groups in financial planning and decision-making. Foothill College maintains transparency and financial integrity through regular audits, public hearings, and accessible financial reporting. The Foothill-De Anza Community Colleges Foundation supports the District with fundraising efforts, ensuring transparency and accountability. The College consistently exceeds minimum cash reserve requirements and maintains a positive carryover balance. Additionally, the District addresses long-term liabilities and manages contracts in accordance with established policies and procedures to ensure compliance and alignment with institutional priorities.

Improvement Plan(s)
None needed.

Evidence List
[Provide list of all evidence cited within Standard III.D.]
[Will be listed later.]