

## 1.0 Recognition and Establishment

- 1.1 Recognition of the establishment of an auxiliary organization by the Los Rios Community College District Board of Trustees pursuant to Education Code, section 72672(c) and California Code of Regulations, Title 5, sections 59255 et seq. shall require:
  - 1.1.1 That a recommendation is submitted to the Board of Trustees by the Chancellor;
  - 1.1.2 A public hearing on the recommendation;
  - 1.1.3 Approval of the establishment of the auxiliary organization by the Board of Trustees, including a designation of the recognized services, programs and functions, and an identification of the number and categories of members of the Board of Directors of the organization; and
  - 1.1.4 A written agreement between the Los Rios Community College District and the organization specifying which functions described in California Code of Regulations, Title 5, section 59259 are to be performed.

## 2.0 Recognized Services, Programs, and Functions

- 2.1 Organizations may be established for provision of support services and specialized programs for the benefit of the District or any of the programs of the District. Services, programs, and functions which may be undertaken by auxiliary organizations include:
  - 2.1.1 Student association or organization activities;
  - 2.1.2 Alumni activities;
  - 2.1.3 Gifts, bequests, devises, endowments, and trusts;
  - 2.1.4 Public relations programs.
- 2.2 No organization shall be authorized to engage in any other function unless the Board of Governors amends section 59259 of Title 5 by adding said function to the list of approved functions of auxiliary organizations; or unless said function is essential to satisfy the nonprofit corporation or tax laws of the State of California or the Federal tax laws.
  - 2.2.1 In accordance with Education Code, section 72671, functions may be performed by an auxiliary organization as part of a joint powers agreement with any Federal, State, or local government entity pursuant to Article 1 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code.

### 3.0 Composition of Board of Directors

3.1 The Board of Directors of each auxiliary organization shall have the following composition:

3.1.1 Student Associations or Organizations.

The Board of Directors shall consist of students. The District Chancellor may attend and participate in meetings of the Board of Directors in order to advise on policy and to provide for the control and regulation required by Education Code, section 76060.

3.1.2 Other Auxiliary Organizations

Any other organization established pursuant to section 72670 et seq of the Education Code shall have a Board of Directors as specified by the organization's Articles of Incorporation or Bylaws and consisting of voting membership from at least one of the following categories:

- a. Administration and staff;
- b. Faculty;
- c. Members of the community;
- d. Students.

3.1.3 Size of Board of Directors.

The size of the Board of Directors shall be determined by the Bylaws or Articles of Incorporation of the organization.

3.1.4 Professional Assistance.

Each organization formed pursuant to section 72670 et seq of the Education Code shall have the benefit of the advice and counsel of at least one attorney admitted to practice in this State and at least one licensed certified public accountant; however, neither the attorney nor the certified public accountant need be a member of the Board of Directors.

### 4.0 Business Meetings

4.1 The Board of Directors of each auxiliary organization shall conduct business in public meetings in accordance with Section 54950 et seq of the Government Code; and shall, during each fiscal year, hold at least one business meeting each quarter.

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## 5.0 Salaries, Working Conditions, and Benefits of Full-time Employees

- 5.1 Except as otherwise provided in this section 5, the Board of Directors of each organization shall, pursuant to Education Code, section 72672(c), provide salaries, working conditions, and benefits for its full-time employees comparable to those provided District employees performing similar services. For full-time employees whose duties are not comparable to classes in the District, salaries shall be at least equal to salaries prevailing in other area educational institutions or commercial operations of like nature. The organization may withhold retirement benefits or permanent status benefits or both from temporary employees. For the purposes of this section, a temporary employee is:
- a. An employee for a research project, workshop, institute, or other special project funded by any grant, contract, or gift;
  - b. An employee whose contract is for a fixed term not exceeding three years.
- 5.2 The Board of Directors of each organization may withhold permanent status and benefits from executive employees. For the purposes of this section, an executive employee is any management employee with responsibility for the development and execution of auxiliary organization policy and includes, but is not limited to, general managers, managers, directors, etc., as determined by the Board of Directors of each organization.
- 5.3 Should retirement benefits be provided, they may but need not be provided by the Public Employees' Retirement System. A newly created organization is exempted from the requirement of providing retirement benefits for three years from the date on which the Board of Trustees recognizes the establishment of such organization.

## 6.0 Expenditures and Appropriations

- 6.1 The Board of Directors of an auxiliary organization shall approve expenditure authorizations. Appropriations of funds for use outside of normal business operations of the organization shall be approved in accordance with regulations and policies of the State Chancellor and District Board of Trustees.

## 7.0 Accounting and Reporting

- 7.1 The Board of Directors of an auxiliary organization except those exempted in section 72673 of the Education Code, shall:
- 7.1.1 Utilize standard accounting and reporting systems established by the State Chancellor.
  - 7.1.2 Implement financial standards to assure fiscal viability of auxiliary organizations. Standards shall include provisions for professional management, adequate working capital, adequate reserve funds for current

operations, capital replacements, contingencies and adequate provisions for new business requirements. Organizations shall submit programs and budgets for review by the District Chancellor. If the Chancellor determines that a program or appropriation planned by an organization violates District Policy, the program or appropriation shall not be implemented. Programs and appropriations shall be reviewed for compliance with policies of the Board of Governors and the District.

Non-complying programs or appropriations shall be discontinued at the direction of the Chancellor.

- 7.1.3 The District Chancellor shall submit organization programs and budgets to the State Chancellor.

## 8.0 Funds

### 8.1 Funds of Student Auxiliary Organizations.

8.1.1 Money collected by or on behalf of a student body auxiliary organization, except money collected from commercial services, shall be deposited in trust by the chief fiscal officer of the District. Funds of student auxiliary organizations shall, subject to the Chancellor's approval and approval of the organization's financial officer, be deposited or invested, pursuant to sections 76063 and 76064 of the Education Code.

8.1.2 The chief fiscal officer of the District shall be the custodian of unexpended funds and money collected by or on behalf of a student body auxiliary organization and shall provide accounting records and controls for such funds. Funds may be expended by the custodian upon the submission of any appropriate claim schedule by officers of the organization.

8.2 Trust funds shall be used for the purpose designated in the trust instrument.

8.3 An organization's funds shall be used for purposes consistent with District Policy, and shall not be used:

- a. To support or oppose candidates for public office, or to support or oppose any issue before the voters of this State or any subdivision thereof, except where the organization determines that an issue will have a direct benefit on education.
- b. To make personal loans for non-educationally related purposes, except when specifically authorized by a trust instrument under which the funds were received.

8.4 An indemnity bond shall be obtained by organizations for fiscal officers who are responsible for handling funds.

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- 8.5 Grants, bequests, trusts, donations and gifts accepted by an organization shall be maintained in accordance with the State Chancellor's policies and regulations.
- 8.6 Funds derived by an organization from indirect cost payments which are not needed to provide adequate working capital, reserve funds for current operations, capital replacements, contingencies and adequate provisions for new business requirements shall be appropriated according to District Policy; and regularly reported to the Board of Trustees by the District Chancellor.
- 8.7 No funds or resources, except those derived from gifts or bequests, shall be transferred by the District, or by any program within the District, to any organization for the purpose of either avoiding laws or regulations which constrain community college districts or providing the District with an unfair advantage with respect to the application of any State funding mechanism. State funding mechanisms include, but are not limited to, general apportionment funding, capital outlay funding, Extended Opportunity Programs and Services funding, and funding for programs and services for disabled students.

## 9.0 Authority and Responsibility of Auxiliary Organizations

- 9.1 Organizations shall not offer courses or programs for which State funding is received.
- 9.2 Services, programs and activities undertaken by organizations shall be maintained for the general benefit of the education program of the District. Upon Board of Trustees approval, an organization may assume any of the services, programs and activities listed in Section 2 of these regulations in order:
- a. To provide fiscal means and management procedures that allow the District to carry on educationally related activities not normally funded by the State;
  - b. To provide effective operation and to eliminate undue difficulty arising from governmental budgetary, purchasing and other fiscal controls;
  - c. To provide fiscal procedures allowing coordination of the auxiliary activities with the District in accordance with sound business practice.
- 9.3 The District Chancellor shall decide whether a donor's proposed unallocated gift to the District should be accepted by the District or referred to an auxiliary organization. Gifts to the District shall be accepted pursuant to Education Code, section 72205. Gifts to an organization shall be accepted as authorized by these regulations.
- 9.4 An organization may not enter into any contract or other business arrangement involving real property either by lease involving payments of more than \$25,000 per annum and duration terms of more than one year, or by purchase without prior

consultation with the District Chancellor.

- 9.5 Student loans, scholarships, stipends, and grants-in-aid to be awarded by an auxiliary organization shall only be given to currently admitted students. No scholarship, stipend, or grant-in-aid shall exceed the amount necessary to cover books, school fees, and living expenses, except as provided under Section 8.2 of these regulations. Records of financial assistance shall be sent to the campus financial aid's office and documented on student financial aid recipient records of that office. Financial assistance provided from student body organization funds shall be in accordance with District Policies and shall not exceed amounts provided under regulations of Federal and State financial aid programs.
- 9.6 The District shall maintain a list of all auxiliary organizations in good standing.
- 9.6.1 All auxiliary organizations which, after review as specified by Sections 10.2 and 10.3 of these policies, are found to be in compliance with applicable laws and regulations, shall be included.
- 9.6.2 When the District Chancellor believes that an organization should be removed from this list, he/she shall give the Board of Directors of the organization notice of a conference to examine grounds for removal. Representatives of the Board of Directors may be heard at the conference. The District Chancellor shall decide whether the organization should be removed from the list, and shall report any action to the Board of Trustees.

## 10.0 Record Keeping

### 10.1 Records and Annual Audit.

- 10.1.1 An auxiliary organization shall maintain adequate records and prepare an annual report showing its operations and financial status.

### 10.2 Compliance Review by District Chancellor.

- 10.2.1 The District Chancellor shall inspect and review organization procedures, practices, and activities for compliance with policies, rules and regulations of the Board of Governors and the District, and make recommendations to the Board of Directors of the organization at the end of the first complete year and at least every three years thereafter. The District Chancellor shall determine compliance after comments from the Board of Directors of the organization.

### 10.3 Audit.

- 10.3.1 Each organization shall have an annual fiscal audit performed by a certified public accountant in accordance with procedures prescribed by the Board of Governors, as contained in the California Community College Auxiliary Organization Accounting Reporting Manual. The

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annual audit report shall be submitted to the Board of Trustees and the Board of Governor's office within 30 days after receipt by the organization, and shall be a public record, except as otherwise provided by law. Audits may be conducted as part of a fiscal audit of the District itself.

- 10.3.2 Organizations shall annually publish an audited statement of financial condition to be disseminated as widely as feasible and be available to any person on request. A reasonable fee may be charged to cover the costs of providing a copy. An organization that primarily serves the Board of Trustees shall comply by distributing the audited statements of its financial condition at regularly scheduled Board of Trustees meetings. An organization that primarily serves a single College of the District shall comply by:
- a. Publishing the statement in a campus newspaper; or
  - b. Publishing a notice in campus newspaper indicating the on-campus location where the financial statement may be obtained or reviewed; or
  - c. Publishing or noticing the statement in a campus bulletin or other appropriate medium if a campus newspaper is unavailable.

## 11.0 Written Agreement

- 11.1 A written agreement between the District and each auxiliary organization is required for performance of any of the functions listed in Section 2.
- 11.2 The written agreement shall provide for the following:
- 11.2.1 The services and activities of the organization.
  - 11.2.2 The reasons said services and activities will be performed by the organization rather than the District.
  - 11.2.3 Areas of authority and responsibility of the organization and the District.
  - 11.2.4 Facilities and services to be made available by the District to the organization.
  - 11.2.5 Rental to be paid to the District by the organization for the facilities used or services provided. The rental shall not require involved methods of computation, and should be determined in advance of the time it is incurred.
  - 11.2.6 Full reimbursement to the District for its services in support of the organization. Student body auxiliary organizations may be exempt from full reimbursement. Methods of proration shall be simple and equitable.

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- 11.2.7 A simple, equitable method of determining in advance the organization's liability for costs relating to federally-sponsored programs.
  - 11.2.8 Responsibility for maintenance and payment of operating expenses.
  - 11.2.9 Proposed expenditures for public relations. The organization may expend such funds as approved by its Board of Directors. The Board of Directors shall file with the District Chancellor a statement of policy on accumulation and use of public relations funds specifying procedures for solicitation of funds, sources of funds, amounts, purposes, allowable expenditures, and control procedures.
  - 11.2.10 Proposed disposition of new earnings derived from the operation of facilities owned or leased by the organization and provisions for reserves.
  - 11.2.11 Proposed disposition of new assets upon dissolution.
  - 11.2.12 The covenant of the organization to operate in accordance with sections 72670-72682 of the Education Code and with the regulations contained in Chapter 4 (commencing with Section 59250) of Chapter 10, Division 6 of Title 5 of the California Code.

## 12.0 Use of Program, College, or District Name

- 12.1 Except for student body associations organized and operating under Education Code, section 76060 *et seq.*, no organization may use the name of the District or a College of the District or otherwise represent a relationship with either unless it has been established as an auxiliary organization by the Board of Trustees and is in good standing.

## 13.0 Amendment

- 13.1 The District Chancellor shall provide and revise rules and procedures implementing these regulations.

## 14.0 Definitions

- 14.1 Board of Directors. The term "Board of Directors" means the governing board of an auxiliary organization.
- 14.2 Board of Trustees. The term "Board of Trustees" means the Board of Trustees of the Los Rios Community College District.
- 14.3 Board of Governors. The term "Board of Governors" means the Board of Governors of the California Community Colleges.
- 14.4 District Chancellor. The term "District Chancellor" means the Chancellor of the



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Los Rios Community College District or designee of the Chancellor.

14.5 State Chancellor. The term “State Chancellor” means the Chancellor of the California Community Colleges.

14.6 District. The term “District” means the Los Rios Community College District.

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