

SUBJECT: 2016/17 APRIL REVISED BUDGET

SYNOPSIS:

The 2016/17 April Revised Budget is presented for Board of Trustees adoption.

RECOMMENDATION:

The Superintendent/President recommends the adoption of the 2016/17 April Revised Budget for the Mendocino-Lake Community College District Unrestricted General Fund, Restricted General Fund, Debt Service Fund, Child Care Fund, Capital Projects Fund, Special Reserve Fund, Health Fund, Student Representation Fee Fund, Student Center Fund, and Student Financial Aid Award Projections as shown in Attachments "A-1" through "I".

ANALYSIS:

On September 14, 2016, the Board of Trustees approved the 2016/17 Adopted Budget. All budgets presented here reflect information received and decisions made since the approval of the Adopted Budget. Highlights are discussed below:

UNRESTRICTED GENERAL FUND:

Beginning Balance: The beginning balance for the 2016/17 proposed April Revised Budget is \$4,971,004 based on the June 30, 2016 audited financial statements.

Revenue Highlights include:

1. General Apportionment Revenue: Based on the First Principal Apportionment documents and related information provided by the California Community Colleges Chancellor's Office (CCCCO), the proposed April Revised Budget includes an assumption that General Apportionment will remain at the same level assumed in the Adopted Budget. General Apportionment is based on the assumption the college will receive funding for 3,185 FTES and the State will deficit apportionment by 0.50%. The college received the final calculation for 2015/16 apportionment in February 2017. The final calculations resulted in \$14,801 in additional one-time revenue in 2016/17.
2. Growth/Decline/Restoration/Stability: This budget is based on the same FTES assumption as was included in the Adopted Budget, 3,185 FTES. This is a growth of 132 FTES over prior year, equivalent to approximately 4.3%. The growth rate for the college is 0.53%. Under normal circumstances this would have resulted in a large number of unfunded overcap FTES. However, the petition to transfer the coast territory from College of the Redwoods to Mendocino College included an agreement that up to 250 FTES would be transferred from Redwoods' base to Mendocino's base. First Principal Apportionment documents received from the Chancellor's Office reflect that agreement and include full funding for the 3,185 FTES reported.
3. One-time Revenues: The state budget included \$105.5 million in one-time funding to partially address the backlog in mandated cost reimbursements, of this the college will receive \$233,960. These are unrestricted one-time funds. These funds have been used to restore the General Fund reserves that have been used during the prolonged recession. This budget also includes \$14,801 in one time funds due to the 2015/16 recalculation on apportionment, as detailed previously in #1. This budget also includes \$61,303 in one time funds due to a property tax settlement involving Vehicle License Fees (VLF) which resulted in revenues returned from three community college

districts in Orange County being redistributed back to all of the districts. This very unique adjustment dates back to the 2011/12 and 2012/13 fiscal years.

4. Revisions to Existing Grants: Based on additional information received subsequent to the adoption of the Adopted Budget, the budgets for some grants and other restricted programs have been revised accordingly.

Expenditure Highlights include:

1. Salaries, Wages and Benefits:

Costs for all currently authorized positions are included in this budget based on projected actual costs for 2016/17. MCFT, SEIU, and MSC collective bargaining agreements have been settled for 2016/17 and all associated costs are included in this budget.

2. Contractual Services:

This budget includes a reduction to sign language interpreting costs of \$25,000 due to a fewer number of deaf or hard of hearing students requiring interpreting services. The college was recently approved to begin an International Student Program, this budget includes \$20,000 to begin to implement the program, up from \$10,000 at the Adopted Budget.

3. Other Transfers:

The net transfer to the Child Care Fund decreased \$16,911 from the Adopted budget. The transfer to the Debt Service Fund increased \$1,476.

Mendocino Coast Center: This budget includes an estimate of \$250,000 to be received from College of the Redwoods per our current Memorandum of Understanding (MOU). The MOU states the Redwoods will transfer all revenue received for the Coast Center and the Fine Woodworking Program, net of direct expenditures, to Mendocino College. Redwoods was unable to provide a mid-year update to expected revenues and expenditures, but did indicate no material changes were anticipated.

In addition, 129 FTES have been served by Mendocino College at the Coast Center in 2016/17.

Unrestricted Ending Balance:

The April Revise Budget as presented is a balanced budget. This budget complies with all Board Budget Parameters. The budgeted ending fund balance is \$5,289,929 which is 22.65% of expenditures. The Board has directed Administration to set aside the amount estimated to cover future year increases to PERS/STRS rates through 2020/21. \$693,000 has been set aside in the unrestricted general fund reserve, which results in a remaining fund balance of \$4,596,929 or 19.68%. This does not include estimates of the costs resulting from the recent action by the PERS and STRS investment boards to reduce the assumed rate of return on investments.

These figures assume that all revenues and expenditures will materialize at 100% of budgeted amounts. Past experience suggests that some budgeted expenditures could be unspent at year end which would increase the ending balance.

**OTHER FUNDS:**

The Debt Services Fund Budget (Attachment B), includes the debt service payments on the Solar Field Project and the Energy Project. A portion of the Solar Field Project was funded by municipal lease bonds. The debt service will be offset by the energy savings from the solar field and PG&E incentives, both of which are highly dependent upon weather conditions. The Energy

Project was funded with a five year, \$500,000 interest free loan from PG&E. The energy loan will be paid off in 2018 and the solar debt service will end in 2021.

The Child Care Fund Budget (Attachment C), was revised to reflect salary, benefit, supply, and service expenditure revisions made since the adoption of the budget in September. The proposed April Revised Budget includes a General Fund subsidy of \$112,217, a decrease of \$16,911, from the Adopted Budget.

The Capital Projects Fund Budget (Attachment D), reflects budgets similar to those presented in the Adopted Budget. \$100,000 was allocated for Coast Center Improvements and the budget for Disabled Access Improvements was increased by \$40,000 to \$90,000 for the year.

The Special Reserve Fund Budget (Attachment E), includes the reserves for accrued vacations, load banking and self-insurance needs (active/retiree health plans, property, liability, workers' compensation). Accrued vacation and load banking are both reserved at 25% of the total value projected as of June 30, 2016. The Health Fund Reserve is intended to set aside funds for possible transfer to the Health Benefits Fund if necessary and to recognize that at the end of each year there are Incurred But Not Recorded (IBNR) health benefit claims. The Self Insurance Reserve is set aside to address other unforeseen costs associated with the District being self-insured for property, liability, and workers' compensation. The GASB 45 Reserve begins to address the need to fund the future liability of retiree health benefits; it reflects the Annual Required Contribution (ARC) as calculated in the actuarial study dated December 27, 2016. The proposed April Revised Budget includes the GASB 45 Reserve of \$348,486, a decrease of \$251,504, from the Adopted Budget. The decrease in ARC is a result of the new 2016 study, which estimated the overall liability to be \$4,419,247 as compared to \$6,342,577 in 2013.

The Health Fund Budget (Attachment F), identifies those monies set aside for payment of plan participant health benefits during the 2016/17 fiscal year. Revenue is budgeted at \$1,600 per plan participant per month. Actual health benefit claims from July 1, 2016 through February 28, 2017 have averaged \$1,569 per month.

The Student Representation Fee Fund Budget (Attachment G), was included to reflect the \$1 per semester that each student pays to support student government here at the college.

The Student Center Fund Budget (Attachment H), was included to reflect the \$1 per unit per semester to a maximum of \$5 that each student pays for equipment and improvements in the Student Centers.

The Student Financial Aid Award Projections (Attachment I), includes projected 2016/17 revenues and expenditures based on the latest information regarding utilization and program funding.

**MOTION/ACTION:**

RESOLVED, That the Board of Trustees of the Mendocino-Lake Community College District does hereby adopt the proposed 2016/17 April Revised Budget as presented and shown on Attachments A-1 through I:

Attachment A-1	April Revised Unrestricted General Fund Budget, 2016/17
Attachment A-2	April Revised Restricted General Fund Budget, 2016/17
Attachment B	April Revised Debt Service Fund Budget, 2016/17
Attachment C	April Revised Child Care Fund Budget, 2016/17
Attachment D	April Revised Capital Projects Fund Budget, 2016/17

Attachment E April Revised Special Reserve Fund Budget, 2016/17  
Attachment F April Revised Health Fund Budget, 2016/17  
Attachment G April Revised Student Representation Fee Fund Budget, 2016/17  
Attachment H April Revised Student Center Fund Budget, 2016/17  
Attachment I April Revised Student Financial Aid Award Projections, 2016/17

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
UNRESTRICTED GENERAL FUND  
2016/17**

	<u>2016/17 ADOPTED BUDGET FUND 11</u>		<u>2016/17 REVISED BUDGET FUND 11</u>	
BEGINNING FUND BALANCE	\$ 4,829,069		\$ 4,971,004	
<b>REVENUE:</b>				
A. Federal	40,000		40,000	
B. State	14,422,319		14,397,652	
C. Local	9,059,085		9,240,782	
TOTAL REVENUE	<u>\$ 23,521,404</u>		<u>\$ 23,678,434</u>	
<b>EXPENDITURES:</b>				
A. Certificated Salaries and Wages	\$ 9,944,914		\$ 9,802,675	
Classified Salaries and Wages	4,528,542		4,546,540	
Subtotal Salaries and Wages	<u>14,473,456</u>		<u>14,349,215</u>	
Fringe Benefits	5,542,621		5,377,828	
Total Personnel Costs	<u>20,016,077</u>		<u>19,727,043</u>	
B. Supplies	697,257		776,430	
C. Contractual Services	2,172,689		2,187,258	
D. Capital Outlay	60,000		78,862	
E. Transfers				
To Child Care Fund	149,128		132,217	
To Debt Service Fund	456,223		457,699	
	<u>605,351</u>		<u>589,916</u>	
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 23,551,374</u>		<u>\$ 23,359,509</u>	
<b>FUND BALANCE:</b>				
A. Designated (PERS/STRS)	693,000	2.94%	693,000	2.97%
B. Undesignated	<u>4,106,099</u>	17.43%	<u>4,596,929</u>	19.68%
TOTAL ENDING FUND BALANCE	4,799,099	20.38%	5,289,929	22.65%
CHANGE IN RESERVES	<u>\$ (29,970)</u>		<u>\$ 318,925</u>	

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
RESTRICTED GENERAL FUND  
2016/17**

	2016/17 ADOPTED BUDGET FUND 12	2016/17 REVISED BUDGET FUND 12
	<u>                    </u>	<u>                    </u>
BEGINNING FUND BALANCE	\$ 223,106	\$ 233,106
<u>REVENUE:</u>		
A. Federal	1,758,254	1,826,804
B. State	6,522,075	7,715,854
C. Local	133,643	133,643
TOTAL REVENUE	<u>\$ 8,413,972</u>	<u>\$ 9,676,301</u>
<u>EXPENDITURES:</u>		
A. Certificated Salaries and Wages	\$ 1,165,007	\$ 1,403,631
Classified Salaries and Wages	1,763,076	1,799,093
Subtotal Salaries and Wages	<u>2,928,083</u>	<u>3,202,724</u>
Fringe Benefits	1,151,424	1,071,103
Total Personnel Costs	<u>4,079,507</u>	<u>4,273,827</u>
B. Supplies	574,317	765,017
C. Contractual Services	2,702,581	3,328,962
D. Capital Outlay	633,723	792,384
E. Transfers to Student Financial Aid Fund and Other Payments To/For Students	<u>461,393</u>	<u>555,160</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 8,451,521</u>	<u>\$ 9,715,350</u>
ENDING FUND BALANCE	185,557	194,057
CHANGE IN RESERVES	<u>\$ (37,549)</u>	<u>\$ (39,049)</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
DEBT SERVICE FUND  
2016/17**

	2016/17 ADOPTED BUDGET FUND 29	2016/17 REVISED BUDGET FUND 29
	<u>                    </u>	<u>                    </u>
BEGINNING FUND BALANCE	\$ -	\$ -
<u>REVENUE:</u>		
A. Interest	(500)	(500)
B. PG&E Incentive - Solar	-	-
C. Transfer from General Fund - Solar	359,449	360,925
D. Transfer from General Fund - Energy Projects	96,774	96,774
TOTAL FUNDS AVAILABLE	<u>\$ 455,723</u>	<u>\$ 457,199</u>
<u>EXPENDITURES:</u>		
A. Solar debt service payments	\$ 358,949	\$ 358,949
B. Energy projects debt service payments	96,774	96,774
C. Solar debt payment fee	-	1,476
RESERVES	-	-
TOTAL EXPENDITURES AND RESERVES	<u>\$ 455,723</u>	<u>\$ 457,199</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
CHILD CARE FUND  
2016/17**

	2016/17 ADOPTED BUDGET FUND 33	2016/17 REVISED BUDGET FUND 33
<b>REVENUE:</b>		
Federal		
A. Food Program	\$ 35,000	\$ 35,000
State		
B. CA State Preschool Program	192,348	202,228
C. Food Program	2,000	2,000
D. General Contract	139,564	146,732
Local		
E. Parent Fees - Non-Certified/Full Fee	49,333	65,000
F. Other Income	1,000	2,244
Transfers		
G. General Fund Subsidy	129,128	112,217
H. Employee Child Care Benefit	20,000	20,000
<b>TOTAL REVENUE</b>	<b><u>\$ 568,373</u></b>	<b><u>\$ 585,421</u></b>
<b>EXPENDITURES:</b>		
A. Personnel Costs		
1. Salary and Wages		
Classified Regular	\$ 187,038	\$ 187,166
Classified Hourly	200,606	200,606
	<u>387,644</u>	<u>387,772</u>
2. Benefits	131,887	131,947
Total Personnel Costs	<u>519,531</u>	<u>519,719</u>
B. Supplies	29,532	44,380
C. Contractual Services	19,310	21,322
D. Capital Outlay	-	-
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 568,373</u></b>	<b><u>\$ 585,421</u></b>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
CAPITAL PROJECTS FUND  
2016/17**

	2016/17 ADOPTED BUDGET FUND 41	2016/17 REVISED BUDGET FUND 41
	<u>                    </u>	<u>                    </u>
BEGINNING FUND BALANCE		
Unrestricted	\$ 935,697	\$ 935,697
TOTAL BEGINNING FUND BALANCE	<u>935,697</u>	<u>935,697</u>
<u>REVENUE:</u>		
A. Interest	2,500	2,500
B. Proposition 39 Energy Projects	197,385	197,385
C. Physical Plant Block Grant	237,864	237,864
D. Redevelopment Agency On-going	100,000	100,000
E. NCCCSIA Return of Equity	38,000	38,000
TOTAL REVENUES	<u>575,749</u>	<u>575,749</u>
 TOTAL FUNDS AVAILABLE	 <u>\$ 1,511,446</u>	 <u>\$ 1,511,446</u>
<u>EXPENDITURES AND TRANSFERS:</u>		
A. Energy Projects	\$ 197,385	\$ 197,385
B. Physical Plant Block Grant	187,864	187,864
C. Campus Signs	52,983	52,983
D. Disabled Access Improvements	50,000	90,000
E. Coast Center Improvements	-	100,000
F. Other Capital Projects	100,000	105,143
TOTAL EXPENDITURES	<u>588,232</u>	<u>733,375</u>
 RESERVES	 923,214	 778,071
 TOTAL EXPENDITURES AND RESERVES	 <u>\$ 1,511,446</u>	 <u>\$ 1,511,446</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
SPECIAL RESERVE FUND  
2016/17**

	2016/17 ADOPTED BUDGET FUND 61	2016/17 REVISED BUDGET FUND 61
	<u>                    </u>	<u>                    </u>
BEGINNING FUND BALANCE	\$ 1,286,197	\$ 1,286,197
<u>REVENUE:</u>		
A. Interest	5,000	7,000
TOTAL FUNDS AVAILABLE	<u>\$ 1,291,197</u>	<u>\$ 1,293,197</u>
<u>EXPENDITURES AND TRANSFERS:</u>		
A. Transfer to General Fund	<u>\$ -</u>	<u>\$ -</u>
<u>RESERVES:</u>		
A. Accrued Vacation Reserve	141,622	141,622
B. Load Banking Reserve	87,000	87,000
C. Health Fund Reserve	275,000	275,000
D. Incurred But Not Recorded (IBNR) Health Benefits	180,000	180,000
E. GASB 45 Reserve	599,990 ^	348,486 *
F. Self Insurance Reserve	7,585	261,089
TOTAL RESERVES	<u>1,291,197</u>	<u>1,293,197</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 1,291,197</u>	<u>\$ 1,293,197</u>

^Total GASB 45 liability per actuarial study dated December 7, 2013 is \$6,342,577.

\*Total GASB 45 liability per actuarial study dated December 27, 2016 is \$4,419,247.

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
HEALTH FUND  
2016/17**

	<u>2016/17 ADOPTED BUDGET FUND 62</u>	<u>2016/17 REVISED BUDGET FUND 62</u>
BEGINNING FUND BALANCE	\$ 1,854,703	\$ 1,854,703
 <u>REVENUE:</u>		
A. Contribution from Other Funds	3,552,000	3,548,000
B. Employee Contributions	17,000	17,000
C. Interest	4,000	8,000
TOTAL REVENUE	<u>3,573,000</u>	<u>3,573,000</u>
 TOTAL FUNDS AVAILABLE	 <u><u>\$ 5,427,703</u></u>	 <u><u>\$ 5,427,703</u></u>
 <u>EXPENDITURES:</u>		
A. Health Care Services	\$ 3,573,000	\$ 3,573,000
B. Transfer to General Fund	-	-
TOTAL EXPENDITURES	<u>3,573,000</u>	<u>3,573,000</u>
 RESERVES	 <u>1,854,703</u>	 <u>1,854,703</u>
 TOTAL EXPENDITURES AND RESERVES	 <u><u>\$ 5,427,703</u></u>	 <u><u>\$ 5,427,703</u></u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
STUDENT REPRESENTATION FEE FUND  
2016/17**

	2016/17 ADOPTED BUDGET FUND 72	2016/17 REVISED BUDGET FUND 72
BEGINNING FUND BALANCE	\$ 24,480	\$ 24,480
<u>REVENUE:</u>		
A. Student Representation Fees	11,000	11,000
B. Interest	100	100
TOTAL REVENUE	<u>11,100</u>	<u>11,100</u>
TOTAL FUNDS AVAILABLE	<u>\$ 35,580</u>	<u>\$ 35,580</u>
<u>EXPENDITURES:</u>		
A. Services (Travel)	\$ 11,000	\$ 11,000
TOTAL EXPENDITURES	<u>11,000</u>	<u>11,000</u>
RESERVES	<u>24,580</u>	<u>24,580</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 35,580</u>	<u>\$ 35,580</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
STUDENT CENTER FUND  
2016/17**

	2016/17 ADOPTED BUDGET FUND 73	2016/17 REVISED BUDGET FUND 73
BEGINNING FUND BALANCE	\$ 325,690	\$ 325,690
<u>REVENUE:</u>		
A. Student Center Fees	36,000	36,000
B. Interest	500	1,500
TOTAL REVENUE	<u>36,500</u>	<u>37,500</u>
TOTAL FUNDS AVAILABLE	<u>\$ 362,190</u>	<u>\$ 363,190</u>
<u>EXPENDITURES:</u>		
A. Student Salary & Benefits	\$ -	\$ 16,268
B. Supplies	7,000	7,000
C. Services	4,500	5,300
D. Equipment	1,000	-
TOTAL EXPENDITURES	<u>12,500</u>	<u>28,568</u>
RESERVES	<u>349,690</u>	<u>334,622</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 362,190</u>	<u>\$ 363,190</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT  
STUDENT FINANCIAL AID AWARD PROJECTIONS  
2016/17**

	<u>2016/17 ESTIMATED AWARDS</u>	<u>2016/17 ESTIMATED AWARDS</u>
<u>SOURCE OF FUNDS:</u>		
FEDERAL SOURCES		
A. PELL GRANT	\$ 5,500,000	\$ 5,500,000
B. FSEOG	69,000	69,000
C. BUREAU OF INDIAN AFFAIRS	6,000	6,000
D. DIRECT LOANS	1,300,000	1,300,000
E. AMERICORPS	45,000	20,000
F. FEDERAL WORK STUDY	62,000	62,000
TOTAL FEDERAL SOURCES	<u>6,982,000</u>	<u>6,957,000</u>
STATE SOURCES		
A. CAL GRANT	370,000	395,000
B. EOPS GRANT	90,000	127,000
C. CHAFEE GRANT	40,000	40,000
D. FULL TIME STUDENT SUCCESS GRANT	115,000	115,000
TOTAL STATE SOURCES	<u>615,000</u>	<u>677,000</u>
LOCAL SOURCES		
A. SCHOLARSHIPS	250,000	250,000
TOTAL LOCAL SOURCES	<u>\$ 7,847,000</u>	<u>\$ 7,884,000</u>
<u>DISBURSEMENTS:</u>		
STUDENT FINANCIAL AID	<u>\$ 7,847,000</u>	<u>\$ 7,884,000</u>