

SUBJECT: 2019/20 APRIL REVISED BUDGET

SYNOPSIS:

The 2019/20 April Revised Budget is presented for Board of Trustees adoption.

RECOMMENDATION:

The Interim Superintendent/President recommends the adoption of the 2019/20 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 Fee Fund, and Student Financial Aid Award Projections as shown in Attachments "A-1" through "I".

ANALYSIS:

On September 11, 2020 the Board of Trustees approved the 2019/20 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 2019/20 proposed April Revised Budget is \$6,754,373 based on the June 30, 2019 audited financial statements.

Revenue Highlights include:

1. General Apportionment Revenue: Based on the First Principal Apportionment (P-1) documents and related information provided by the California Community Colleges Chancellor's Office (CCCCO), the proposed April Revised Budget includes an assumption that our General Apportionment funding will decrease by (\$118,967) from the Adopted Budget. The decrease is the result of the CCCCCO estimating a \$250 million system wide revenue shortfall in the 2019/20 fiscal year. This shortfall is largely due to property tax revenue coming in lower than anticipated. However, the CCCCCO believes that this shortfall may be reduced by the time the fiscal year ends. Therefore, based on the CCCCCO recommendation, we will recognize a deficit factor of 0.5% in the Revised budget.
2. Prior Year Recalculations: The District received the final calculation for 2018/19 apportionment from the CCCCCO via the Recalculation Apportionment in February 2020. The Recalculation for 2018/19 was \$15,799 more than the amount estimated when the books were closed in August 2019. This \$15,799 difference is recorded as one-time revenue in the current fiscal year.
3. Revisions to Existing Grants: Based on additional information received after 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 2019/20. MCFT, SEIU and the Management Team collective bargaining agreements have been settled for 2019/20 and all associated costs are included in this budget.

2. Contractual Services:

This budget includes an increase to sign language interpreting costs of \$150,000 due to an increase in the number of deaf and hard of hearing students requiring interpreting services. Also, there is a one-time augment to purchase laptops and chromebooks in order to work and learn remotely during the COVID-19 pandemic of \$30,000. These expenses will likely increase as additional needs are known. Consulting services increased \$30,000 due to an increase in Instructional Service agreements (ISA).

3. Uncollected Student Receivables:

This budget includes a write off of \$86,000 in the student accounts receivable balance that has been determined uncollectible. This is debt incurred by students from 7/1/2014 to 6/30/2015 which remains unpaid to date and is largely due to financial aid due back to the college from students who dropped classes after receiving financial aid. The debt will remain on the student's account after being written off and the District intends to remain active in pursuing the uncollected student accounts receivable.

BOARD BUDGET PARAMETERS:

1. General Fund Budget Parameters

1.1 Unrestricted Ending Balance -The targeted ending fund balance in the General Fund shall be 15% of total unrestricted expenditures. At no time shall the ending balance go below a minimum of 5%. - **MET**

1.2 Balanced Budget

1.2.1 The General Fund shall have a balanced budget with total ongoing expenditures and transfers not exceeding total ongoing revenues.

NOT MET – The Unrestricted General Fund budget is out of balance by \$922,000 of which \$528,000 is due to one-time transactions. Therefore, this budget has an ongoing structural deficit of \$394,000.

1.2.2 One-time revenues and reserves shall not be used to fund ongoing expenditures but may be considered for current year expenditures that do not create obligations in future years.

NOT MET – The Unrestricted General Fund budget is out of balance by \$922,000 of which \$528,000 is due to one-time transactions. Therefore, this budget has an ongoing structural deficit of \$394,000.

2. Health Fund Budget Parameter

2.1 The Health Benefit contribution rate shall be set for the next fiscal year so that total annual contributions equal or exceed projected total health care costs as determined by an analysis of historical trends. -**MET**

Unrestricted Ending Balance:

The April Revised Budget as presented is unfavorable over the Adopted budget by \$961,220 to the ending fund balance. As stated above, this budget is not balanced and does not comply with all Board Budget Parameters. The budgeted ending fund balance is \$5,832,735, which is 21.87% 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. Therefore, \$525,000 has been set aside in the Unrestricted General Fund reserve, which results in a remaining fund balance of \$5,307,735 or 19.90%.

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 payment on the Solar Field 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 solar Field Project will be paid off 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 \$207,024, an increase of \$62,613, from the Adopted Budget. The increase is due to closing the CDV center and not fully earning the state contracts due to CODIV-19. However, if the State funds the contract as if it was fully earned, then the General Fund subsidy would be about \$70,000 less.

The Capital Projects Fund Budget (Attachment D), reflects budgets like those presented in the Adopted Budget, with the addition of \$140,000 budgeted to replace the chiller that serves MacMillan Hall.

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, 2019. 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 75 Reserve begins to address the need to fund the future liability of retiree health benefits; reflecting a portion of the GASB 75 OPEB liability. The OPEB liability is calculated in the actuarial study dated August 9, 2019.

The Health Fund Budget (Attachment F), identifies those monies set aside for payment of plan participant health benefits during the 2019/20 fiscal year. Revenue is budgeted at \$1,800 per employee per month. Actual health benefit claims from July 1, 2019 through February 29, 2020 have averaged \$1,947 per employee per month. Should this trend continue, it is likely that the entire reserve in the Health Fund will be expended this fiscal year.

The Student Representation Fee Fund Budget (Attachment G), reflects the \$2 per semester that each student pays to support student government at the College and State-wide.

The Student Center Fee Fund Budget (Attachment H), reflects 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 2019/20 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 2019/20 April Revised Budget as presented and shown on Attachments A-1 through I:

Attachment A-1	April Revised Unrestricted General Fund Budget, 2019/20
Attachment A-2	April Revised Restricted General Fund Budget, 2019/20
Attachment B	April Revised Debt Service Fund Budget, 2019/20
Attachment C	April Revised Child Care Fund Budget, 2019/20
Attachment D	April Revised Capital Projects Fund Budget, 2019/20
Attachment E	April Revised Special Reserve Fund Budget, 2019/20
Attachment F	April Revised Health Fund Budget, 2019/20
Attachment G	April Revised Student Representation Fee Fund Budget, 2019/20
Attachment H	April Revised Student Center Fee Fund Budget, 2019/20
Attachment I	April Revised Student Financial Aid Award Projections, 2019/20

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2019/20**

	2019/20 ADOPTED BUDGET FUND 11		2019/20 REVISED BUDGET FUND 11
BEGINNING FUND BALANCE	\$ 6,755,399		\$ 6,754,373
REVENUE:			
A. Federal	37,500		37,500
B. State	13,299,434		13,125,945
C. Local	12,279,550		12,582,404
TOTAL REVENUE	<u>\$ 25,616,484</u>		<u>\$ 25,745,849</u>
EXPENDITURES:			
A. Certificated Salaries and Wages	\$ 10,143,193		\$ 10,490,635
Classified Salaries and Wages	4,914,633		5,028,161
Subtotal Salaries and Wages	<u>15,057,826</u>		<u>15,518,796</u>
Fringe Benefits	6,473,106		6,719,430
Total Personnel Costs	<u>21,530,932</u>		<u>22,238,226</u>
B. Supplies	651,431		759,099
C. Contractual Services	2,749,813		2,960,931
D. Capital Outlay	73,754		82,098
E. Transfers			
To Child Care Fund	164,411		220,572
To Debt Service Fund	406,561		406,561
	<u>570,972</u>		<u>627,133</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 25,576,902</u>		<u>\$ 26,667,487</u>
FUND BALANCE:			
A. Designated (PERS/STRS)	525,000		525,000
B. Undesignated	<u>6,269,981</u>	24.51%	<u>5,307,735</u> 19.90%
TOTAL ENDING FUND BALANCE	6,794,981	26.57%	5,832,735 21.87%
CHANGE IN RESERVES	<u>\$ 39,582</u>		<u>\$ (921,638)</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
RESTRICTED GENERAL FUND
2019/20**

	2019/20 ADOPTED BUDGET FUND 12	2019/20 REVISED BUDGET FUND 12
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE	\$ 245,888	\$ 245,888
<u>REVENUE:</u>		
A. Federal	1,609,599	1,654,487
B. State	8,474,351	10,671,010
C. Local	116,000	118,000
TOTAL REVENUE	<u>\$ 10,199,950</u>	<u>\$ 12,443,497</u>
<u>EXPENDITURES:</u>		
A. Certificated Salaries and Wages	\$ 1,464,196	\$ 1,986,876
Classified Salaries and Wages	1,619,315	1,764,858
Subtotal Salaries and Wages	<u>3,083,511</u>	<u>3,751,734</u>
Fringe Benefits	1,302,573	1,464,298
Total Personnel Costs	<u>4,386,084</u>	<u>5,216,032</u>
B. Supplies	722,324	716,125
C. Contractual Services	3,366,784	4,118,593
D. Capital Outlay	292,155	802,308
E. Transfers to Student Financial Aid Fund and Other Payments To/For Students and Payments Directly to AEBG Consortium Members	<u>1,436,426</u>	<u>1,581,696</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 10,203,773</u>	<u>\$ 12,434,754</u>
ENDING FUND BALANCE	242,065	254,631
CHANGE IN RESERVES	<u>\$ (3,823)</u>	<u>\$ 8,743</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
DEBT SERVICE FUND
2019/20**

	2019/20 ADOPTED BUDGET FUND 29	2019/20 REVISED BUDGET FUND 29
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE	\$ -	\$ -
<u>REVENUE:</u>		
A. Interest	(3,000)	(3,000)
B. Transfer from General Fund - Solar	406,561	406,561
TOTAL FUNDS AVAILABLE	<u>\$ 403,561</u>	<u>\$ 403,561</u>
<u>EXPENDITURES:</u>		
A. Solar debt service payments	\$ 403,561	\$ 403,561
RESERVES	-	-
TOTAL EXPENDITURES AND RESERVES	<u>\$ 403,561</u>	<u>\$ 403,561</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CHILD CARE FUND
2019/20**

	2019/20 ADOPTED BUDGET FUND 33	2019/20 REVISED BUDGET FUND 33
	<u> </u>	<u> </u>
<u>REVENUE:</u>		
Federal		
A. Food Program	\$ 32,000	\$ 20,000
State		
B. CA State Preschool Program	228,604	197,593
C. Food Program	2,000	1,000
D. General Contract	195,889	203,099
Local		
E. Parent Fees - Certified/Subsidized	-	-
F. Parent Fees - Non-Certified/Full Fee	115,000	78,000
Transfers		
G. General Fund Subsidy	144,411	207,024
H. Employee Child Care Benefit	20,000	13,548
 TOTAL REVENUE	 <u><u>\$ 737,904</u></u>	 <u><u>\$ 720,264</u></u>
<u>EXPENDITURES:</u>		
A. Personnel Costs		
1. Salary and Wages		
Classified Regular	\$ 239,482	\$ 249,443
Classified Hourly	214,985	214,985
	<u>454,467</u>	<u>464,428</u>
2. Benefits	188,039	190,508
Total Personnel Costs	<u>642,506</u>	<u>654,936</u>
B. Supplies	73,774	42,942
C. Contractual Services	<u>21,624</u>	<u>22,386</u>
 TOTAL EXPENDITURES	 <u><u>\$ 737,904</u></u>	 <u><u>\$ 720,264</u></u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND
2019/20**

	2019/20 ADOPTED BUDGET FUND 41	2019/20 REVISED BUDGET FUND 41
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE		
Unrestricted	\$ 889,305	\$ 889,305
TOTAL BEGINNING FUND BALANCE	<u>889,305</u>	<u>889,305</u>
<u>REVENUE:</u>		
A. Interest	15,000	15,000
B. Proposition 39 Energy Projects	-	-
C. Physical Plant Block Grant	20,741	20,741
D. Redevelopment Agency On-going	150,000	150,000
E. NCCCSIA Return of Equity	30,000	30,000
F. NCCCSIA Safety Credit	17,000	17,000
G. Other Local Grants	-	17,500
TOTAL REVENUES	<u>232,741</u>	<u>250,241</u>
TOTAL FUNDS AVAILABLE	<u>\$ 1,122,046</u>	<u>\$ 1,139,546</u>
<u>EXPENDITURES AND TRANSFERS:</u>		
A. HVAC Upgrades	\$ -	\$ 140,000
B. Campus Signs	41,287	41,287
C. Disabled Access Improvements	50,000	50,000
D. Technology Master Planning	50,000	50,000
E. Traffic Light	270,000	270,000
F. Safety Improvements	30,000	40,000
G. Facilities Master Planning	25,000	17,395
H. Other Capital Projects	100,000	127,500
TOTAL EXPENDITURES	<u>566,287</u>	<u>736,182</u>
RESERVES	555,759	403,364
TOTAL EXPENDITURES AND RESERVES	<u>\$ 1,122,046</u>	<u>\$ 1,139,546</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
SPECIAL RESERVE FUND
2019/20**

	2019/20 ADOPTED BUDGET FUND 61	2019/20 REVISED BUDGET FUND 61
BEGINNING FUND BALANCE	\$ 2,297,748	\$ 2,297,748
<u>REVENUE:</u>		
A. Interest	40,000	45,000
B. Transfer from Health Fund	-	-
TOTAL FUNDS AVAILABLE	\$ 2,337,748	\$ 2,342,748
<u>EXPENDITURES AND TRANSFERS:</u>		
A. Self Insurance Claim	\$ -	\$ 33,333
<u>RESERVES:</u>		
A. Accrued Vacation Reserve	169,531	169,531
B. Load Banking Reserve	111,025	111,025
C. Health Fund Reserve	275,000	275,000
D. Incurred But Not Recorded (IBNR) Health Benefits	180,000	180,000
E. GASB 75 Reserve	1,500,218 *	1,500,218 *
F. Self Insurance Reserve	101,974	73,641
TOTAL RESERVES	2,337,748	2,309,415
TOTAL EXPENDITURES AND RESERVES	\$ 2,337,748	\$ 2,342,748

*Total GASB 75 liability per actuarial study dated August 9, 2019 is \$6,079,068.

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
HEALTH FUND
2019/20**

	2019/20 ADOPTED BUDGET FUND 62	2019/20 REVISED BUDGET FUND 62
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE	\$ 810,497	\$ 810,497
<u>REVENUE:</u>		
A. Contribution from Other Funds	3,840,000	4,251,770
B. Employee Contributions	30,000	40,000
C. Interest	16,000	1,500
TOTAL REVENUE	<u>3,886,000</u>	<u>4,293,270</u>
TOTAL FUNDS AVAILABLE	<u>\$ 4,696,497</u>	<u>\$ 5,103,767</u>
<u>EXPENDITURES:</u>		
A. Health Care Services	\$ 3,886,000	\$ 4,293,270
B. Transfer to Special Reserve Fund	-	-
TOTAL EXPENDITURES	<u>3,886,000</u>	<u>4,293,270</u>
RESERVES	<u>810,497</u>	<u>810,497</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 4,696,497</u>	<u>\$ 5,103,767</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT REPRESENTATION FEE FUND
2019/20**

	<u>2019/20 ADOPTED BUDGET FUND 72</u>	<u>2019/20 REVISED BUDGET FUND 72</u>
BEGINNING FUND BALANCE	\$ 39,088	\$ 39,088
<u>REVENUE:</u>		
A. Student Representation Fees	11,000	16,000
B. Interest	500	600
TOTAL REVENUE	<u>11,500</u>	<u>16,600</u>
TOTAL FUNDS AVAILABLE	<u>\$ 50,588</u>	<u>\$ 55,688</u>
<u>EXPENDITURES:</u>		
A. Services (Travel)	\$ 11,500	\$ 14,000
TOTAL EXPENDITURES	<u>11,500</u>	<u>14,000</u>
RESERVES	<u>39,088</u>	<u>41,688</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 50,588</u>	<u>\$ 55,688</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT CENTER FEE FUND
2019/20**

	2019/20 ADOPTED BUDGET FUND 73	2019/20 REVISED BUDGET FUND 73
BEGINNING FUND BALANCE	\$ 326,684	\$ 326,684
<u>REVENUE:</u>		
A. Student Center Fees	32,000	32,000
B. Interest	4,000	5,000
TOTAL REVENUE	<u>36,000</u>	<u>37,000</u>
TOTAL FUNDS AVAILABLE	<u>\$ 362,684</u>	<u>\$ 363,684</u>
<u>EXPENDITURES:</u>		
A. Student Salary & Benefits	\$ 19,500	\$ 10,250
B. Supplies	6,000	4,500
C. Services	4,500	3,000
D. Equipment	-	-
TOTAL EXPENDITURES	<u>30,000</u>	<u>17,750</u>
RESERVES	<u>332,684</u>	<u>345,934</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 362,684</u>	<u>\$ 363,684</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT FINANCIAL AID AWARD PROJECTIONS
2019/20**

	2019/20 ESTIMATED AWARDS	2019/20 ESTIMATED AWARDS
<u>SOURCE OF FUNDS:</u>		
FEDERAL SOURCES		
A. PELL GRANT	\$ 4,500,000	\$ 4,900,000
B. FSEOG	105,000	105,000
C. BUREAU OF INDIAN AFFAIRS	4,500	4,500
D. DIRECT LOANS	640,355	640,355
E. AMERICORPS	15,000	15,000
F. FEDERAL WORK STUDY	62,000	97,910
TOTAL FEDERAL SOURCES	5,326,855	5,762,765
STATE SOURCES		
A. CAL GRANT	420,000	590,000
B. EOPS GRANT	148,000	148,000
C. CHAFEE GRANT	40,000	40,000
D. STUDENT SUCCESS COMPLETION	341,124	341,124
TOTAL STATE SOURCES	949,124	1,119,124
LOCAL SOURCES		
A. SCHOLARSHIPS	250,000	250,000
TOTAL	\$ 6,525,979	\$ 7,131,889
<u>DISBURSEMENTS:</u>		
A. STUDENT FINANCIAL AID	\$ 6,525,979	\$ 7,131,889