

SUBJECT: 2011/12 APRIL REVISED BUDGETS

SYNOPSIS:

The 2011/12 April Revised Budgets are presented for Board of Trustees' consideration.

RECOMMENDATION:

The Superintendent/President recommends the adoption of the 2011/12 April Revised Budgets for the Mendocino-Lake Community College District General Fund, Debt Service Fund, Child Care Fund, Capital Projects Fund, Bond 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" through "J".

ANALYSIS:

On September 14, 2011, the Board of Trustees approved the 2011/12 Adopted Budgets. All Budgets presented here reflect information received and decisions made since the approval of the Adopted Budgets. Highlights are discussed below:

GENERAL FUND:

Beginning Balance: The beginning balance for the 2011/12 proposed April Revised Budget is \$3,619,575 based on the 2010/11 Audit Report. The unrestricted portion of the beginning balance is \$3,408,720. The remaining \$210,855 is funds restricted for the Student Health Fee Program.

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 our General Apportionment will decrease in 2011/12 by a total of \$627,189 due to an unexpected deficit factor because of lower enrollment fees and property taxes being received than what the State projected.
2. **Decline/Restoration/Budget Stability** – It is anticipated that the District will receive funding for its enrollment base of 3097 FTES for 2011/12 due to the fact that this is a stability year. In the event of enrollment decline, districts are protected under current regulations from a reduction to apportionment revenue in the year of the decline only. Any decline must be restored in the following year to avoid a loss of apportionment funding.
3. **Transfers in** – The proposed April Revised Budget reflects an additional transfer of \$150,000 from the Capital Projects Fund for a major computer and technology upgrade and replacement.
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 2011/12. This budget includes the cost of collective bargaining unit settlements, and step

and longevity changes. Due mainly to the negotiated salary increase of 4% for all employees effective January 1, 2012, net salary and benefit costs included herein are \$325,349 more than what was anticipated in the Adopted Budget.

2. Contractual Services:

Election costs were \$20,000 less than anticipated; we also realized a savings of \$70,000 in hard-of-hearing interpreting services.

3. Capital Outlay:

The proposed April Revised Budget includes a projected increase of \$161,441 in capital outlay which is mainly attributable to a major and long overdue replacement of computers and other technology equipment.

4. Other Transfers:

The net transfer to the Child Care Fund has been increased in this budget by \$13,729 for a total transfer from the General Fund of \$97,392. This reflects the 4% salary increase to staff and a reduction in the projected allocation of the director's time to the Foster Care program.

Unrestricted Ending Balance:

The proposed April Revised Budget includes a net decrease in revenue of \$257,837 and a net increase in expenditures of \$508,776 from what was approved in the Adopted Budget. Total expenditures now exceed total revenues by \$767,227 which does not comply with the Board of Trustees Budget Parameter regarding a balanced budget. Therefore the unrestricted ending balance is projected to decrease from \$3,404,783 as reflected in the adopted budget to \$2,670,455 (13.3% of expenditures). This is a considerable change in our financial situation but still leaves us with significant reserves to aid us in meeting the financial challenges that await us in the next three years.

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 project. This portion of the project was funded by eleven year municipal lease bonds. The debt service will be offset by the energy savings from the solar field and PG&E incentives. No significant changes from the adopted budget are anticipated.

The Child Care Fund Budget (Attachment C), was revised to reflect salary, benefit, supply, service expenditure revisions made since the adoption of the budget in September. The proposed April Revised Budget includes a general fund subsidy of \$97,392, an increase of \$13,729 from the Adopted Budget which reflects the 4% salary increase given to staff effective January 2012.

The Capital Projects Fund Budget (Attachment D), reflects \$600,000 in HVAC replacement and upgrades in our energy system which will be offset by PG&E rebate incentives and an interest free loan at the completion of the project. Transfers to the General Fund have been increased by \$150,000 to replace computers and other technology. \$465,552 of reserves is set aside for future projects.

The Bond Project Fund Budget (Attachment E), includes projected revenues and expenditures for all Measure "W" Bond Projects anticipated for this fiscal year from bond proceeds. This budget also reflects a downward adjustment in interest earnings to more accurately reflect current interest rates.

The Special Reserve Fund Budget (Attachment F), includes the reserves for accrued vacations, load banking and self-insurance needs (active/retiree health plans, property, liability, worker's compensation). Accrued vacation and load banking are both reserved at 25% of the total value projected as of June 30, 2011. 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 worker's compensation. The GASB 45 Reserve begins to address the need to fund the future liability of retiree health benefits; it was increased to reflect the Annual Required Contribution (ARC) as reflected in the actuarial study dated June 13, 2011.

The Health Fund Budget (Attachment G), identifies those monies set aside for payment of plan participant health benefits during the 2011/12 fiscal year. Revenue is budgeted at \$1,936 per plan participant per month. It won't be known until the close of this fiscal year whether this level of contributions was sufficient to cover health costs.

The Student Representation Fee Fund Budget (Attachment H), 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 I), 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 J), includes projected 2011/12 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 2011/12 April Revised Budgets as presented and shown on Attachments A through J:

Attachment A	April Revised General Fund Budget, 2011/12
Attachment B	April Revised Debt Service Fund Budget, 2011/12
Attachment C	April Revised Child Care Fund Budget, 2011/12
Attachment D	April Revised Capital Projects Fund Budget, 2011/12
Attachment E	April Revised Bond Projects Fund Budget, 2011/12
Attachment F	April Revised Special Reserve Fund Budget, 2011/12
Attachment G	April Revised Health Fund Budget, 2011/12
Attachment H	April Revised Student Representation Fee Fund Budget, 2011/12
Attachment I	April Revised Student Center Fund Budget, 2011/12
Attachment J	April Revised Student Financial Aid Award Projections, 2011/12

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
GENERAL FUND
2011/2012**

	2011/12 ADOPTED BUDGET			2011/12 PROPOSED REVISED BUDGET		
	Unrestricted Subfund 11	Restricted Subfund 12	Total General Fund Fund 10	Unrestricted Subfund 11	Restricted Subfund 12	Total General Fund Fund 10
BEGINNING FUND BALANCE						
Restricted - Student Health Fee Program		\$212,784	\$212,784		\$210,855	\$210,855
Unrestricted	<u>\$3,403,861</u>		<u>3,403,861</u>	<u>\$3,408,720</u>		<u>3,408,720</u>
TOTAL BEGINNING FUND BALANCE	<u>\$3,403,861</u>	<u>\$212,784</u>	<u>\$3,616,645</u>	<u>\$3,408,720</u>	<u>\$210,855</u>	<u>\$3,619,575</u>
REVENUE:						
A. Federal	\$57,500	\$814,421	\$871,921	\$54,856	\$871,590	\$926,446
B. State	12,386,966	2,187,771	14,574,737	12,170,090	2,213,977	14,384,067
C. Local	7,199,176	121,075	7,320,251	6,924,945	101,089	7,026,034
D. Transfers In	<u>40,000</u>		<u>40,000</u>	<u>212,524</u>		<u>212,524</u>
TOTAL REVENUE	<u>\$19,683,642</u>	<u>\$3,123,267</u>	<u>\$22,806,909</u>	<u>\$19,362,415</u>	<u>\$3,186,657</u>	<u>\$22,549,072</u>
EXPENDITURES:						
A. Certificated Salaries and Wages	\$7,970,467	\$577,264	\$8,547,731	\$8,055,353	\$564,521	\$8,619,874
Classified Salaries and Wages	<u>3,965,333</u>	<u>896,085</u>	<u>4,861,418</u>	<u>4,141,216</u>	<u>933,348</u>	<u>5,074,564</u>
Subtotal Salaries and Wages	\$11,935,800	\$1,473,349	\$13,409,149	\$12,196,569	\$1,497,868	\$13,694,438
Fringe Benefits	<u>\$5,010,475</u>	<u>\$629,055</u>	<u>\$5,639,530</u>	<u>\$5,055,656</u>	<u>\$623,934</u>	<u>\$5,679,590</u>
Total Personnel Costs	\$16,946,275	\$2,102,404	\$19,048,679	\$17,252,226	\$2,121,802	\$19,374,028
B. Supplies	\$559,018	\$230,461	\$789,479	\$621,449	\$220,943	\$842,392
C. Contractual Services	1,805,707	430,258	2,235,965	1,673,386	476,306	2,149,693
D. Capital Outlay	88,056	152,360	240,416	256,225	145,631	401,857
E. Transfers to Student Financial Aid Fund and Other Payments To/For Students		209,320	209,320		250,936	250,936
F. Other Transfers						
Categorical Programs Backfill						
To Health Fund						
To Child Care Fund	83,663		83,663	97,392		97,392
To Debt Service Fund	<u>200,000</u>		<u>200,000</u>	<u>200,000</u>		<u>200,000</u>
	\$283,663	\$0	\$283,663	\$297,392	\$0	\$297,392
TOTAL EXPENDITURES AND TRANSFERS	<u>\$19,682,720</u>	<u>\$3,124,803</u>	<u>\$22,807,522</u>	<u>\$20,100,680</u>	<u>\$3,215,619</u>	<u>\$23,316,298</u>
ENDING FUND BALANCE						
Restricted - Student Health Fee Program		\$211,248	\$211,248		\$181,893	\$181,893
Unrestricted	<u>3,404,783</u> 17.3%		<u>3,404,783</u>	<u>2,670,455</u> 13.3%		<u>2,670,455</u>
TOTAL ENDING FUND BALANCE	<u>\$3,404,783</u>	<u>\$211,248</u>	<u>\$3,616,031</u>	<u>\$2,670,455</u>	<u>\$181,893</u>	<u>\$2,852,348</u>
CHANGE IN RESERVES						
Restricted - Student Health Fee Program		(\$1,536)	(\$1,536)		(\$28,962)	(\$28,962)
Unrestricted	<u>\$922</u>		<u>922</u>	<u>(\$738,265)</u>		<u>(738,265)</u>
TOTAL CHANGE IN RESERVES	<u>\$922</u>	<u>(\$1,536)</u>	<u>(\$614)</u>	<u>(\$738,265)</u>	<u>(\$28,962)</u>	<u>(\$767,227)</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
DEBT SERVICE FUND
2011/2012**

	2011/12 ADOPTED BUDGET FUND 29	2011/12 PROPOSED REVISED BUDGET FUND 29
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE	\$233,136	\$233,136
<u>REVENUE:</u>		
A. Interest	\$200	\$600
B. PG&E Incentive	429,948	429,548
C. Transfer from General Fund	200,000	200,000
TOTAL FUNDS AVAILABLE	<u>\$863,284</u>	<u>\$863,284</u>
<u>EXPENDITURES:</u>		
A. Debt service payment	<u>\$863,284</u>	<u>\$863,284</u>
RESERVES	\$0	\$0
TOTAL EXPENDITURES AND RESERVES	<u>\$863,284</u>	<u>\$863,284</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CHILD CARE FUND
2011/2012**

	2011/12 ADOPTED BUDGET FUND 33	2011/12 PROPOSED REVISED BUDGET FUND 33
	<u> </u>	<u> </u>
<u>REVENUE:</u>		
Federal		
A. Food Program	\$28,050	\$31,000
State		
B. CA State Preschool Program	153,884	153,884
C. CalWORKS via North Coast Opportunities	10,500	19,000
D. Food Program	1,700	2,000
E. General Contract	133,856	133,856
F. Instructional Materials Grant	0	0
G. Renovation and Repair Grant	15,485	33,485
Local		
H. Parent Fees - Certified/Subsidized	100	9,000
I. Parent Fees - Non-Certified/Full Fee	31,459	21,500
J. Interest	(50)	(150)
K. NCO CAPP Program	11,000	5,500
L. Other Local Income	100	100
Transfers		
M. General Fund Subsidy	83,663	97,392
N. CalWORKS College Grant		
 TOTAL REVENUE	 <u><u>\$469,747</u></u>	 <u><u>\$506,567</u></u>
<u>EXPENDITURES:</u>		
A. Personnel Costs		
1. Salary and Wages		
Classified Regular	155,965	173,756
Classified Hourly	127,225	121,991
	<u>\$283,190</u>	<u>\$295,747</u>
2. Benefits	<u>\$133,937</u>	<u>\$140,200</u>
Total Personnel Costs	\$417,127	\$435,947
B. Supplies	\$17,927	\$17,744
C. Contractual Services	\$16,426	\$16,609
D. Capital Outlay	<u>\$18,267</u>	<u>\$36,267</u>
 TOTAL EXPENDITURES	 <u><u>\$469,747</u></u>	 <u><u>\$506,567</u></u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND
2011/2012**

	2011/12 ADOPTED BUDGET FUND 41	2011/12 PROPOSED REVISED BUDGET FUND 41
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE		
Restricted	\$0	\$0
Unrestricted	698,201	698,201
TOTAL BEGINNING FUND BALANCE	<u>\$698,201</u>	<u>\$698,201</u>
<u>REVENUE:</u>		
A. Interest	\$3,000	\$4,000
B. Energy System Upgrade Rebates/Loans	0	600,000
C. Redevelopment Agency	5,000	5,000
D. NCCCSIA Return of Equity	70,000	70,000
TOTAL REVENUES	<u>\$78,000</u>	<u>\$679,000</u>
TOTAL FUNDS AVAILABLE	<u><u>\$776,201</u></u>	<u><u>\$1,377,201</u></u>
<u>EXPENDITURES AND TRANSFERS:</u>		
A. Science Building	\$15,000	\$15,000
B. Energy System Upgrade	0	600,000
C. HVAC Upgrades	35,000	35,000
D. Lake Center	8,000	8,000
E. Security Systems	35,000	37,500
F. Other Capital Projects	15,000	26,149
G. Transfer to General Fund	40,000	190,000
TOTAL EXPENDITURES	<u>\$148,000</u>	<u>\$911,649</u>
<u>RESERVES:</u>		
A. Other Capital Projects	628,201	465,552
TOTAL RESERVES	<u>\$628,201</u>	<u>\$465,552</u>
TOTAL EXPENDITURES AND RESERVES	<u><u>\$776,201</u></u>	<u><u>\$1,377,201</u></u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
BOND PROJECTS FUND
2011/2012**

	2011/12 ADOPTED BUDGET FUND 43	2011/12 PROPOSED REVISED BUDGET FUND 43
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE	\$435,245	\$435,245
REVENUE:		
Series B bond proceeds	\$37,499,792	\$37,499,792
Interest	611,490	111,490
TOTAL REVENUES	<u>\$38,111,282</u>	<u>\$37,611,282</u>
TOTAL FUNDS AVAILABLE	<u>\$38,546,527</u>	<u>\$38,046,527</u>
Project #		
Bond Project Management		
717320 Salary and Benefits	\$237,819	\$245,876
717320 Consultants	25,000	25,000
717320 Supplies, Services, & Equipment	50,000	50,000
Subtotal, Bond Project Management	<u>\$312,819</u>	<u>\$320,876</u>
717000 Campus Lighting		
717010 Disabled Access Improvements	10,000	10,000
717020 Energy Projects	18,214	18,214
717030 Flooring Replacement	25,000	25,000
717050 Other Campus Infrastructure	332,418	367,418
717060 Point Arena Field Station	10,000	10,000
71707X Renovation for Instructional and Student Services	45,000	45,000
717170 Allied Health/ Nursing Facility	200,000	200,000
717190 Library/Learning Center	11,557,225	11,557,225
717200 Student Center Cafeteria (renovate current Library Bldg.)	2,660,091	2,660,091
717210 Maintenance/Warehouse	222,687	222,687
717240 Modernize Vocational Program Facilities and Equipment	100,000	140,000
717270 Integrated Information System	300,000	300,000
717300 Lake County Center	11,360,018	11,360,018
717310 Willits/Northern Mendocino County Center	2,508,348	2,508,348
000000 Other Bond Projects	500,000	500,000
Subtotal, Bond Projects	<u>\$29,849,001</u>	<u>\$29,924,001</u>
000000 Contingency	500,000	425,000
TOTAL EXPENDITURES	<u>\$30,661,820</u>	<u>\$30,669,877</u>
RESERVES:	<u>\$7,884,707</u>	<u>\$7,376,650</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$38,546,527</u>	<u>\$38,046,527</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
SPECIAL RESERVE FUND
2011/2012**

	<u>2011/12 ADOPTED BUDGET FUND 61</u>	<u>2011/12 PROPOSED REVISED BUDGET FUND 61</u>
BEGINNING FUND BALANCE	\$1,412,560	\$1,412,560
<u>REVENUE:</u>		
A. Interest	\$6,500	\$6,500
TOTAL FUNDS AVAILABLE	<u>\$1,419,060</u>	<u>\$1,419,060</u>
<u>EXPENDITURES AND TRANSFERS:</u>		
A. Transfer to Health Fund	<u>\$0</u>	<u>\$0</u>
<u>RESERVES:</u>		
A. Accrued Vacation Reserve	\$144,000	\$144,000
B. Load Banking Reserve	55,000	55,000
C. Health Fund Reserve	275,000	275,000
D. Incurred But Not Recorded (IBNR) Health Benefits	298,451 *	150,000 **
E. GASB 45 Reserve	640,341	640,341 ***
F. Self Insurance Reserve	6,268	154,719
TOTAL RESERVES	<u>\$1,419,060</u>	<u>\$1,419,060</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$1,419,060</u>	<u>\$1,419,060</u>

*Health benefit expenditures incurred but not paid at June 30, 2010.

**Health benefit expenditures incurred but not paid at June 30, 2011.

***Total GASB 45 liability per actuarial study dated June 13, 2011 is \$6,236,313.

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
HEALTH FUND
2011/2012**

	<u>2011/12 ADOPTED BUDGET FUND 62</u>	<u>2011/12 PROPOSED REVISED BUDGET FUND 62</u>
BEGINNING FUND BALANCE	\$49,189	\$49,189
 <u>REVENUE:</u>		
A. Contribution from Other Funds	\$3,635,000	\$3,635,000
B. Employee Contributions	15,000	15,000
C. Transfer from Special Reserve	0	0
D. Transfer from General Fund	0	0
E. Interest	(2,000)	(2,000)
TOTAL REVENUE	<u>\$3,648,000</u>	<u>\$3,648,000</u>
 TOTAL FUNDS AVAILABLE	 <u><u>\$3,697,189</u></u>	 <u><u>\$3,697,189</u></u>
 <u>EXPENDITURES:</u>		
A. Health Care Services	<u>\$3,648,000</u>	<u>\$3,648,000</u>
TOTAL EXPENDITURES	<u>\$3,648,000</u>	<u>\$3,648,000</u>
 B. Reserve for Future Expenditures	 <u>\$49,189</u>	 <u>\$49,189</u>
 TOTAL EXPENDITURES AND RESERVES	 <u><u>\$3,697,189</u></u>	 <u><u>\$3,697,189</u></u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT REPRESENTATION FEE FUND
2011/2012**

	2011/12 ADOPTED BUDGET FUND 72	2011/12 PROPOSED REVISED BUDGET FUND 72
BEGINNING FUND BALANCE	\$32,886	\$32,886
<u>REVENUE:</u>		
A. Student Representation Fees	\$10,500	\$10,500
B. Interest	100	200
TOTAL REVENUE	<u>\$10,600</u>	<u>\$10,700</u>
TOTAL FUNDS AVAILABLE	<u><u>\$43,486</u></u>	<u><u>\$43,586</u></u>
<u>EXPENDITURES:</u>		
A. Services (Travel)	\$15,000	\$28,000
TOTAL EXPENDITURES	<u>\$15,000</u>	<u>\$28,000</u>
RESERVES	<u>\$28,486</u>	<u>\$15,586</u>
TOTAL EXPENDITURES AND RESERVES	<u><u>\$43,486</u></u>	<u><u>\$43,586</u></u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT CENTER FUND
2011/2012**

	2011/12 ADOPTED BUDGET FUND 73	2011/12 PROPOSED REVISED BUDGET FUND 73
BEGINNING FUND BALANCE	\$260,080	\$260,080
<u>REVENUE:</u>		
A. Student Center Fees	\$30,000	\$30,000
B. Interest	1,000	1,800
TOTAL REVENUE	<u>\$31,000</u>	<u>\$31,800</u>
TOTAL FUNDS AVAILABLE	<u><u>\$291,080</u></u>	<u><u>\$291,880</u></u>
<u>EXPENDITURES:</u>		
A. Supplies	\$1,000	\$1,000
B. Equipment	3,000	3,000
TOTAL EXPENDITURES	<u>\$4,000</u>	<u>\$4,000</u>
RESERVES	<u>\$287,080</u>	<u>\$287,880</u>
TOTAL EXPENDITURES AND RESERVES	<u><u>\$291,080</u></u>	<u><u>\$291,880</u></u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT FINANCIAL AID AWARD PROJECTIONS
2011/2012**

	<u>2011/12 ESTIMATED AWARDS</u>	<u>2011/12 ESTIMATED AWARDS</u>
<u>SOURCE OF FUNDS:</u>		
FEDERAL SOURCES		
A. PELL GRANT	\$5,000,000	\$5,750,000
B. FSEOG	50,000	50,000
C. BUREAU OF INDIAN AFFAIRS	5,000	15,000
D. DIRECT LOANS	900,000	950,000
E. AMERICORPS	15,000	15,000
F. FEDERAL WORK STUDY	50,000	35,000
TOTAL FEDERAL SOURCES	<u>6,020,000</u>	<u>6,815,000</u>
STATE SOURCES		
A. CAL GRANT	\$195,000	\$225,000
B. EOPS GRANT	45,000	45,000
C. CHAFEE GRANT	8,000	25,000
TOTAL STATE SOURCES	<u>\$248,000</u>	<u>\$295,000</u>
C. LOCAL SOURCES		
1. SCHOLARSHIPS	\$240,000	\$240,000
TOTAL	<u><u>\$6,508,000</u></u>	<u><u>\$7,350,000</u></u>
<u>DISBURSEMENTS:</u>		
A. STUDENT FINANCIAL AID	<u><u>\$6,508,000</u></u>	<u><u>\$7,350,000</u></u>