

SUBJECT: 2017-2018 APRIL REVISED BUDGET

SYNOPSIS:

The 2017-2018 April Revised Budget is presented for Board of Trustees adoption.

RECOMMENDATION:

The Superintendent/President recommends the adoption of the 2017/18 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 13, 2017, the Board of Trustees approved the 2017/18 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 2017/18 proposed April Revised Budget is \$5,749,761 based on the June 30, 2017 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 increase by 55.62 FTES over the Adopted Budget. The CCCCCO has agreed to add 55.62 FTES to the base 17/18 FTES as a result of the college operating the Fine Woodworking program at the Coast Center for the first time this year. This increase in 55.62 FTES will result in an increase of \$286,000 over the amount budgeted in the Adopted Budget. General Apportionment is based on the assumption the District will receive funding for 3,120 FTES. P-1 for 2017/18 included a deficit factor to apportionment of 0.485%, this assumption has been built into this budget which equates to a (\$109,000) reduction in revenue to the college. Final figures for 2017/18 apportionment will not be known until February 2019.
2. Prior Year Recalculations: The District received the final calculation for 2016/17 apportionment from the CCCCCO via the Recalculation Apportionment in February 2017. The Recalculation for 2016/17 was (\$35,620) less than the amount calculated when the books were closed in August 2017. Additionally, apportionment was reduced by (\$56,803) due to prior year property tax and Educational Protection Account (EPA) revisions. On the positive side, a recalculation of 2015/16 apportionment resulted in an increase of \$28,695. These

three prior year corrections net to a one-time revenue loss of (\$63,728) recorded in the 2017/18 fiscal year.

3. Decline/Restoration/Stability: Due to the stability mechanism in the current funding formula, the college will receive funding for 3,120 FTES regardless of the level of FTES reported in 2017/18.
4. One-time Revenues: The District received \$86,373 in one-time funding to partially address the statewide backlog in mandated cost reimbursements. These are unrestricted one-time funds.
5. 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 2017/18. MCFT, MPFA, and MSC collective bargaining agreements have been settled for 2017/18 and all associated costs are included in this budget. Elsewhere in this agenda is a Tentative Agreement with SEIU to settle 2017/18 negotiations. The Unrestricted General Fund costs associated with that TA are estimated to be \$50,000 and are not included in this budget.
2. Uncollected Student Receivables:
This budget includes writing off \$131,431 of the student accounts receivable balance that has been determined uncollectible. This is debt incurred by students prior to 6/30/2013 which remains unpaid to date and is largely due to financial aid due back from students who dropped classes after receiving financial aid. The debt will remain on the student's account even 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 \$566,000 of which \$440,000 is due to one-time expenditures. This budget also includes a net of \$23,000 in one-time revenues. Therefore, this budget has an ongoing structural deficit of \$149,000.

- 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 \$566,000 of which \$440,000 is due to one-time expenditures. This budget also includes a net of \$23,000 in one-time revenues. Therefore, this budget relies on the use of \$149,000 of one-time reserves to fund ongoing expenditures.

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 an improvement over the Adopted budget by \$382,456 to the ending fund balance. However, as stated above, this budget is not balanced and does not comply with all Board Budget Parameters. The budgeted ending fund balance is \$5,183,513 which is 20.92% 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. \$940,000 has been set aside in the Unrestricted General Fund reserve, which results in a remaining fund balance of \$4,243,513 or 17.12%.

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 \$131,258, a decrease of \$2,009, from the Adopted Budget.

The Capital Projects Fund Budget (Attachment D), reflects budgets similar to those presented in the Adopted Budget.

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, 2017. 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; reflecting a portion of the GASB 45 OPEB liability. The OPEB liability is calculated in the actuarial study dated December 27, 2016.

The Health Fund Budget (Attachment F), identifies those monies set aside for payment of plan participant health benefits during the 2017/18 fiscal year. Revenue is budgeted at \$1,600 per employee per month. Actual health benefit claims from July 1, 2017 through February 28, 2018 have averaged \$1,052 per employee 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. This budget includes \$35,120 in expenditures for improvements to student center areas at the Coast Center.

The Student Financial Aid Award Projections (Attachment I), includes projected 2017/18 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 2017/18 April Revised Budget as presented and shown on Attachments A-1 through I:

- Attachment A-1 April Revised Unrestricted General Fund Budget, 2017/18
- Attachment A-2 April Revised Restricted General Fund Budget, 2017/18
- Attachment B April Revised Debt Service Fund Budget, 2017/18
- Attachment C April Revised Child Care Fund Budget, 2017/18
- Attachment D April Revised Capital Projects Fund Budget, 2017/18
- Attachment E April Revised Special Reserve Fund Budget, 2017/18
- Attachment F April Revised Health Fund Budget, 2017/18
- Attachment G April Revised Student Representation Fee Fund Budget, 2017/18
- Attachment H April Revised Student Center Fund Budget, 2017/18
- Attachment I April Revised Student Financial Aid Award Projections, 2017/18

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2017/18**

	2017/18 ADOPTED BUDGET FUND 11		2017/18 REVISED BUDGET FUND 11	
BEGINNING FUND BALANCE	\$ 5,749,761		\$ 5,749,761	
<u>REVENUE:</u>				
A. Federal	24,500		24,500	
B. State	14,440,005		14,880,956	
C. Local	9,406,380		9,311,967	
TOTAL REVENUE	<u>\$ 23,870,885</u>		<u>\$ 24,217,423</u>	
<u>EXPENDITURES:</u>				
A. Certificated Salaries and Wages	\$ 10,201,186		\$ 10,112,912	
Classified Salaries and Wages	4,852,987		4,746,347	
Subtotal Salaries and Wages	<u>15,054,173</u>		<u>14,859,259</u>	
Fringe Benefits	5,932,194		5,781,822	
Total Personnel Costs	<u>20,986,367</u>		<u>20,641,081</u>	
B. Supplies	759,969		816,510	
C. Contractual Services	2,245,894		2,493,441	
D. Capital Outlay	218,707		225,496	
E. Transfers				
To Child Care Fund	153,267		151,258	
To Debt Service Fund	455,385		455,385	
Other Outgo	-		500	
	<u>608,652</u>		<u>607,143</u>	
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 24,819,589</u>		<u>\$ 24,783,671</u>	
<u>FUND BALANCE:</u>				
A. Designated (PERS/STRS)	940,000	3.78%	940,000	3.80%
B. Undesignated	<u>3,861,057</u>	15.56%	<u>4,243,513</u>	17.12%
TOTAL ENDING FUND BALANCE	4,801,057	19.34%	5,183,513	20.92%
CHANGE IN RESERVES	<u>\$ (948,704)</u>		<u>\$ (566,248)</u>	

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
RESTRICTED GENERAL FUND
2017/18**

	<u>2017/18 ADOPTED BUDGET FUND 12</u>	<u>2017/18 REVISED BUDGET FUND 12</u>
BEGINNING FUND BALANCE	\$ 231,661	\$ 231,661
<u>REVENUE:</u>		
A. Federal	2,275,452	2,300,451
B. State	8,988,686	9,465,443
C. Local	157,643	157,643
TOTAL REVENUE	<u>\$ 11,421,781</u>	<u>\$ 11,923,537</u>
<u>EXPENDITURES:</u>		
A. Certificated Salaries and Wages	\$ 1,532,877	\$ 1,706,453
Classified Salaries and Wages	2,055,770	2,093,147
Subtotal Salaries and Wages	<u>3,588,647</u>	<u>3,799,600</u>
Fringe Benefits	1,318,175	1,271,822
Total Personnel Costs	<u>4,906,822</u>	<u>5,071,422</u>
B. Supplies	550,107	767,485
C. Contractual Services	4,739,045	2,937,271
D. Capital Outlay	899,906	1,133,280
E. Transfers to Student Financial Aid Fund and Other Payments To/For Students and Payments Directly to AEBG Consortium Members	<u>360,021</u>	<u>2,048,199</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 11,455,901</u>	<u>\$ 11,957,657</u>
ENDING FUND BALANCE	197,541	197,541
CHANGE IN RESERVES	<u>\$ (34,120)</u>	<u>\$ (34,120)</u>

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

	2017/18 ADOPTED BUDGET FUND 29	2017/18 REVISED BUDGET FUND 29
BEGINNING FUND BALANCE	\$ -	\$ -
<u>REVENUE:</u>		
A. Interest	(1,500)	(1,500)
B. PG&E Incentive - Solar	-	-
C. Transfer from General Fund - Solar	374,740	374,740
D. Transfer from General Fund - Energy Projects	96,774	80,645
TOTAL FUNDS AVAILABLE	<u>\$ 470,014</u>	<u>\$ 453,885</u>
<u>EXPENDITURES:</u>		
A. Solar debt service payments	\$ 373,240	\$ 373,240
B. Energy projects debt service payments	80,645	80,645
C. Solar debt payment fee	-	-
RESERVES	-	-
TOTAL EXPENDITURES AND RESERVES	<u>\$ 453,885</u>	<u>\$ 453,885</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CHILD CARE FUND
2017/18**

	2017/18 ADOPTED BUDGET FUND 33	2017/18 REVISED BUDGET FUND 33
<u>REVENUE:</u>		
Federal		
A. Food Program	\$ 35,000	\$ 30,000
State		
B. CA State Preschool Program	202,228	228,604
C. Food Program	2,000	2,000
D. General Contract	146,732	165,856
Local		
E. Parent Fees - Non-Certified/Full Fee	65,000	80,000
F. Parent Fees - Certified/Subsidized	5,000	-
Transfers		
G. General Fund Subsidy	133,267	131,258
H. Employee Child Care Benefit	20,000	20,000
 TOTAL REVENUE	 <u>\$ 609,227</u>	 <u>\$ 657,718</u>
<u>EXPENDITURES:</u>		
A. Personnel Costs		
1. Salary and Wages		
Classified Regular	\$ 211,915	\$ 195,852
Classified Hourly	180,064	190,643
	<u>391,979</u>	<u>386,495</u>
2. Benefits	158,311	147,346
Total Personnel Costs	<u>550,290</u>	<u>533,841</u>
B. Supplies	40,593	88,672
C. Contractual Services	18,344	27,214
D. Capital Outlay	-	7,991
 TOTAL EXPENDITURES	 <u>\$ 609,227</u>	 <u>\$ 657,718</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND
2017/18**

	2017/18 ADOPTED BUDGET FUND 41	2017/18 REVISED BUDGET FUND 41
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BEGINNING FUND BALANCE		
Unrestricted	\$ 1,019,216	\$ 1,019,216
TOTAL BEGINNING FUND BALANCE	<u>1,019,216</u>	<u>1,019,216</u>
REVENUE:		
A. Interest	6,000	10,000
B. Proposition 39 Energy Projects	199,945	199,945
C. Physical Plant Block Grant	168,916	159,378
D. Redevelopment Agency On-going	100,000	100,000
E. NCCCSIA Return of Equity	34,000	34,000
TOTAL REVENUES	<u>508,861</u>	<u>503,323</u>
TOTAL FUNDS AVAILABLE	<u>\$ 1,528,077</u>	<u>\$ 1,522,539</u>
EXPENDITURES AND TRANSFERS:		
A. Energy Projects	\$ 199,945	\$ 199,945
B. Physical Plant Block Grant	168,916	159,378
C. Campus Signs	42,010	42,010
D. Disabled Access Improvements	50,000	50,000
E. Coast Center Improvements	115,000	115,000
F. Other Capital Projects	166,000	166,000
TOTAL EXPENDITURES	<u>741,871</u>	<u>732,333</u>
RESERVES	786,206	790,206
TOTAL EXPENDITURES AND RESERVES	<u>\$ 1,528,077</u>	<u>\$ 1,522,539</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
SPECIAL RESERVE FUND
2017/18**

	2017/18 ADOPTED BUDGET FUND 61	2017/18 REVISED BUDGET FUND 61
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BEGINNING FUND BALANCE	\$ 1,295,665	\$ 1,295,665
<u>REVENUE:</u>		
A. Interest	9,000	12,000
B. Transfer from Health Fund	1,151,732	1,151,732
TOTAL FUNDS AVAILABLE	<u>\$ 2,456,397</u>	<u>\$ 2,459,397</u>
<u>EXPENDITURES AND TRANSFERS:</u>		
A. Self Insurance Claim	<u>\$ 93,678</u>	<u>\$ 93,678</u>
<u>RESERVES:</u>		
A. Accrued Vacation Reserve	151,788	151,788
B. Load Banking Reserve	91,888	91,888
C. Health Fund Reserve	275,000	275,000
D. Incurred But Not Recorded (IBNR) Health Benefits	180,000	180,000
E. GASB 45 Reserve	1,500,218 *	1,500,218 *
F. Self Insurance Reserve	163,825	166,825
TOTAL RESERVES	<u>2,362,719</u>	<u>2,365,719</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 2,456,397</u>	<u>\$ 2,459,397</u>

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

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
HEALTH FUND
2017/18**

	2017/18 ADOPTED BUDGET FUND 62	2017/18 REVISED BUDGET FUND 62
BEGINNING FUND BALANCE	\$ 1,900,732	\$ 1,900,732
<u>REVENUE:</u>		
A. Contribution from Other Funds	3,808,000	3,801,000
B. Employee Contributions	24,000	24,000
C. Interest	9,000	16,000
TOTAL REVENUE	<u>3,841,000</u>	<u>3,841,000</u>
TOTAL FUNDS AVAILABLE	<u>\$ 5,741,732</u>	<u>\$ 5,741,732</u>
<u>EXPENDITURES:</u>		
A. Health Care Services	\$ 3,840,000	\$ 3,840,000
B. Transfer to Special Reserve Fund	1,151,732	1,151,732
TOTAL EXPENDITURES	<u>4,991,732</u>	<u>4,991,732</u>
RESERVES	<u>750,000</u>	<u>750,000</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 5,741,732</u>	<u>\$ 5,741,732</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT REPRESENTATION FEE FUND
2017/18**

	2017/18 ADOPTED BUDGET FUND 72	2017/18 REVISED BUDGET FUND 72
BEGINNING FUND BALANCE	\$ 26,888	\$ 26,888
<u>REVENUE:</u>		
A. Student Representation Fees	11,000	11,000
B. Interest	150	250
TOTAL REVENUE	<u>11,150</u>	<u>11,250</u>
TOTAL FUNDS AVAILABLE	<u>\$ 38,038</u>	<u>\$ 38,138</u>
<u>EXPENDITURES:</u>		
A. Services	\$ 11,100	\$ 12,100
TOTAL EXPENDITURES	<u>11,100</u>	<u>12,100</u>
RESERVES	<u>26,938</u>	<u>26,038</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 38,038</u>	<u>\$ 38,138</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT CENTER FUND
2017/18**

	2017/18 ADOPTED BUDGET FUND 73	2017/18 REVISED BUDGET FUND 73
BEGINNING FUND BALANCE	\$ 347,403	\$ 347,403
<u>REVENUE:</u>		
A. Student Center Fees	36,000	36,000
B. Interest	2,000	3,000
TOTAL REVENUE	<u>38,000</u>	<u>39,000</u>
TOTAL FUNDS AVAILABLE	<u>\$ 385,403</u>	<u>\$ 386,403</u>
<u>EXPENDITURES:</u>		
A. Student Salary & Benefits	\$ 30,502	\$ 25,405
B. Supplies	6,000	6,316
C. Services	5,300	7,300
D. Equipment	-	35,120
TOTAL EXPENDITURES	<u>41,802</u>	<u>74,141</u>
RESERVES	<u>343,601</u>	<u>312,262</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 385,403</u>	<u>\$ 386,403</u>

