

SUBJECT: 2018-2019 APRIL REVISED BUDGET

SYNOPSIS:

The 2018/19 April Revised Budget is presented for Board of Trustees adoption.

RECOMMENDATION:

The Superintendent/President recommends the adoption of the 2018/19 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 12, 2018, the Board of Trustees approved the 2018/19 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 2018/19 proposed April Revised Budget is \$6,559,593 based on the June 30, 2018 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 (\$144,847) from the Adopted Budget. The decrease is the result of the CCCCCO estimating a \$321 million system wide revenue shortfall in the 2018/19 fiscal year. If the shortfall materializes, this would be a 5% deficit factor, which would result in a \$1.2 million revenue loss for Mendocino College. However, the CCCCCO agreed to insure all Districts will receive 2017/18 Total Calculated Revenue (TCR) plus Cola which is \$23,042,131 for Mendocino College.
2. Prior Year Recalculations: The District received the final calculation for 2017/18 apportionment from the CCCCCO via the Recalculation Apportionment in February 2019. The Recalculation for 2016/17 was (\$11,442) less than the amount calculated when the books were closed in August 2018. Additionally, Part-Time Faculty Compensation was reduced by (\$14,217) due to a prior year adjustment. These two prior year corrections net to a one-time revenue loss of (\$25,659) recorded in the 2018/19 fiscal year.
3. 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 2018/19. MCFT, SEIU and MSC collective bargaining agreements have been settled for 2018/19 and all associated costs are included in this budget.

2. Contractual Services:

This budget includes an increase to sign language interpreting costs of \$75,000 due to an increase in the number of deaf or hard of hearing students requiring interpreting services. Also, minor adjustments were made to utilities, consulting services, and service maintenance agreements.

3. Capital Outlay:

The General Fund Capital Outlay budget was increased by \$82,000. This one-time augment is primarily made up of \$39,000 to fund the purchase of a new stage for commencement, and \$26,000 to fund the purchase of a vehicle for the Dean of Centers.

4. Uncollected Student Receivables:

This budget includes writing off \$75,000 of the student accounts receivable balance that has been determined uncollectible. This is debt incurred by students from 7/1/2013 to 6/30/2014 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 \$642,000 of which \$372,000 is due to one-time transactions. Therefore, this budget has an ongoing structural deficit of \$270,000.

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 \$642,000 of which \$372,000 is due to one-time transactions. Therefore, this budget has an ongoing structural deficit of \$270,000.

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 \$46,435 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 \$5,918,004, which is 23.33% 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, \$699,000 has been set aside in the Unrestricted General Fund reserve, which results in a remaining fund balance of \$5,219,004 or 20.57%.

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 \$107,344, a decrease of \$10,896, 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, 2018. 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 November 26, 2018.

The Health Fund Budget (Attachment F), identifies those monies set aside for payment of plan participant health benefits during the 2018/19 fiscal year. Revenue is budgeted at \$1,400 per

employee per month. Actual health benefit claims from July 1, 2018 through February 28, 2019 have averaged \$1,389 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 Fee 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 2018/19 revenues and expenditures based on the latest information regarding utilization and program funding.

Reference Board Policy 6200, Budget Preparation

MOTION/ACTION:

RESOLVED, That the Board of Trustees of the Mendocino-Lake Community College District does hereby adopt the proposed 2018/19 April Revised Budget as presented and shown on Attachments A-1 through I:

Attachment A-1	April Revised Unrestricted General Fund Budget, 2018/19
Attachment A-2	April Revised Restricted General Fund Budget, 2018/19
Attachment B	April Revised Debt Service Fund Budget, 2018/19
Attachment C	April Revised Child Care Fund Budget, 2018/19
Attachment D	April Revised Capital Projects Fund Budget, 2018/19
Attachment E	April Revised Special Reserve Fund Budget, 2018/19
Attachment F	April Revised Health Fund Budget, 2018/19
Attachment G	April Revised Student Representation Fee Fund Budget, 2018/19
Attachment H	April Revised Student Center Fee Fund Budget, 2018/19
Attachment I	April Revised Student Financial Aid Award Projections, 2018/19

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 11		2018/19 REVISED BUDGET FUND 11
	<u> </u>		<u> </u>
BEGINNING FUND BALANCE	\$ 6,559,593		\$ 6,559,593
REVENUE:			
A. Federal	23,500		23,500
B. State	13,409,536		14,051,806
C. Local	11,440,729		10,654,131
TOTAL REVENUE	<u>\$ 24,873,765</u>		<u>\$ 24,729,437</u>
EXPENDITURES:			
A. Certificated Salaries and Wages	\$ 10,623,485		\$ 10,498,579
Classified Salaries and Wages	<u>5,022,245</u>		<u>5,001,531</u>
Subtotal Salaries and Wages	15,645,730		15,500,110
Fringe Benefits	<u>5,995,735</u>		<u>5,851,495</u>
Total Personnel Costs	21,641,465		21,351,605
B. Supplies	810,775		703,211
C. Contractual Services	2,393,602		2,622,617
D. Capital Outlay	93,734		176,146
E. Transfers			
To Child Care Fund	138,240		127,344
To Debt Service Fund	<u>391,103</u>		<u>390,103</u>
	529,343		517,447
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 25,468,919</u>		<u>\$ 25,371,026</u>
FUND BALANCE:			
A. Designated (PERS/STRS)	699,000		699,000
B. Undesignated	<u>5,265,439</u>	20.67%	<u>5,219,004</u>
			20.57%
TOTAL ENDING FUND BALANCE	5,964,439	23.42%	5,918,004
			23.33%
CHANGE IN RESERVES	<u>\$ (595,154)</u>		<u>\$ (641,589)</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
RESTRICTED GENERAL FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 12	2018/19 REVISED BUDGET FUND 12
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE	\$ 234,889	\$ 234,889
<u>REVENUE:</u>		
A. Federal	2,295,490	2,345,743
B. State	8,982,884	9,348,761
C. Local	107,000	118,000
TOTAL REVENUE	<u>\$ 11,385,374</u>	<u>\$ 11,812,504</u>
<u>EXPENDITURES:</u>		
A. Certificated Salaries and Wages	\$ 1,423,711	\$ 1,684,609
Classified Salaries and Wages	2,005,835	1,929,244
Subtotal Salaries and Wages	<u>3,429,546</u>	<u>3,613,853</u>
Fringe Benefits	1,235,490	1,243,249
Total Personnel Costs	<u>4,665,036</u>	<u>4,857,102</u>
B. Supplies	561,796	745,082
C. Contractual Services	3,773,585	3,190,004
D. Capital Outlay	940,330	1,524,316
E. Transfers to Student Financial Aid Fund and Other Payments To/For Students and Payments Directly to AEBG Consortium Members	<u>1,486,212</u>	<u>1,520,443</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 11,426,959</u>	<u>\$ 11,836,947</u>
ENDING FUND BALANCE	193,304	210,446
CHANGE IN RESERVES	<u>\$ (41,585)</u>	<u>\$ (24,443)</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
DEBT SERVICE FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 29	2018/19 REVISED BUDGET FUND 29
BEGINNING FUND BALANCE	\$ -	\$ -
<u>REVENUE:</u>		
A. Interest	(3,000)	(2,000)
B. Transfer from General Fund - Solar	391,103	390,103
TOTAL FUNDS AVAILABLE	<u>\$ 388,103</u>	<u>\$ 388,103</u>
<u>EXPENDITURES:</u>		
A. Solar debt service payments	\$ 388,103	\$ 388,103
RESERVES	-	-
TOTAL EXPENDITURES AND RESERVES	<u>\$ 388,103</u>	<u>\$ 388,103</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CHILD CARE FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 33	2018/19 REVISED BUDGET FUND 33
<u>REVENUE:</u>		
Federal		
A. Food Program	\$ 35,000	\$ 33,000
State		
B. CA State Preschool Program	228,605	240,724
C. Food Program	2,000	1,750
D. General Contract	165,856	180,889
Local		
E. Parent Fees - Certified/Subsidized	5,000	-
F. Parent Fees - Non-Certified/Full Fee	65,000	110,000
Transfers		
G. General Fund Subsidy	118,240	107,344
H. Employee Child Care Benefit	20,000	20,000
 TOTAL REVENUE	 \$ 639,701	 \$ 693,707
<u>EXPENDITURES:</u>		
A. Personnel Costs		
1. Salary and Wages		
Classified Regular	\$ 227,544	\$ 233,482
Classified Hourly	161,985	185,161
	389,529	418,643
2. Benefits	154,785	157,045
Total Personnel Costs	544,314	575,688
B. Supplies	73,263	94,895
C. Contractual Services	22,124	23,124
 TOTAL EXPENDITURES	 \$ 639,701	 \$ 693,707

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 41	2018/19 REVISED BUDGET FUND 41
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE		
Unrestricted	\$ 927,846	\$ 927,846
TOTAL BEGINNING FUND BALANCE	<u>927,846</u>	<u>927,846</u>
<u>REVENUE:</u>		
A. Interest	15,000	15,000
B. Proposition 39 Energy Projects	4,483	4,483
C. Physical Plant Block Grant	94,387	94,387
D. Redevelopment Agency On-going	100,000	150,000
E. NCCCSIA Return of Equity	34,000	-
F. NCCCSIA Safety Credit	15,000	15,000
TOTAL REVENUES	<u>262,870</u>	<u>278,870</u>
TOTAL FUNDS AVAILABLE	<u>\$ 1,190,716</u>	<u>\$ 1,206,716</u>
<u>EXPENDITURES AND TRANSFERS:</u>		
A. Energy Projects	\$ 4,483	\$ 4,483
B. Physical Plant Block Grant	9,387	94,387
C. Campus Signs	41,287	41,287
D. Disabled Access Improvements	100,000	50,000
E. Traffic Light	300,000	300,000
F. Safety Improvements	75,000	75,000
G. Housing Study	50,000	50,000
H. Facilities Master Planning	25,000	25,000
I. Other Capital Projects	100,000	100,000
TOTAL EXPENDITURES	<u>705,157</u>	<u>740,157</u>
RESERVES	485,559	466,559
TOTAL EXPENDITURES AND RESERVES	<u>\$ 1,190,716</u>	<u>\$ 1,206,716</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
SPECIAL RESERVE FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 61	2018/19 REVISED BUDGET FUND 61
	<u> </u>	<u> </u>
BEGINNING FUND BALANCE	\$ 2,370,838	\$ 2,370,838
<u>REVENUE:</u>		
A. Interest	16,000	36,000
B. Transfer from Health Fund	768,890	768,890
TOTAL FUNDS AVAILABLE	<u>\$ 3,155,728</u>	<u>\$ 3,175,728</u>
<u>EXPENDITURES AND TRANSFERS:</u>		
A. Self Insurance Claim	<u>\$ -</u>	<u>\$ -</u>
<u>RESERVES:</u>		
A. Accrued Vacation Reserve	171,562	171,562
B. Load Banking Reserve	115,089	115,089
C. Health Fund Reserve	275,000	275,000
D. Incurred But Not Recorded (IBNR) Health Benefits	180,000	180,000
E. GASB 75 Reserve	2,269,108 *	2,269,108 *
F. Self Insurance Reserve	144,969	164,969
TOTAL RESERVES	<u>3,155,728</u>	<u>3,175,728</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 3,155,728</u>	<u>\$ 3,175,728</u>

*Total GASB 75 liability per actuarial study dated November 26, 2018 is \$5,856,986.

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
HEALTH FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 62	2018/19 REVISED BUDGET FUND 62
BEGINNING FUND BALANCE	\$ 1,518,890	\$ 1,518,890
<u>REVENUE:</u>		
A. Contribution from Other Funds	3,276,000	3,283,000
B. Employee Contributions	30,000	30,000
C. Interest	23,000	16,000
TOTAL REVENUE	<u>3,329,000</u>	<u>3,329,000</u>
TOTAL FUNDS AVAILABLE	<u>\$ 4,847,890</u>	<u>\$ 4,847,890</u>
<u>EXPENDITURES:</u>		
A. Health Care Services	\$ 3,329,000	\$ 3,329,000
B. Transfer to Special Reserve Fund	768,890	768,890
TOTAL EXPENDITURES	<u>4,097,890</u>	<u>4,097,890</u>
RESERVES	<u>750,000</u>	<u>750,000</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 4,847,890</u>	<u>\$ 4,847,890</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT REPRESENTATION FEE FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 72	2018/19 REVISED BUDGET FUND 72
BEGINNING FUND BALANCE	\$ 32,375	\$ 32,375
<u>REVENUE:</u>		
A. Student Representation Fees	11,000	10,000
B. Interest	350	400
TOTAL REVENUE	<u>11,350</u>	<u>10,400</u>
TOTAL FUNDS AVAILABLE	<u>\$ 43,725</u>	<u>\$ 42,775</u>
<u>EXPENDITURES:</u>		
A. Services (Travel)	\$ 11,350	\$ 8,850
TOTAL EXPENDITURES	<u>11,350</u>	<u>8,850</u>
RESERVES	<u>32,375</u>	<u>33,925</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 43,725</u>	<u>\$ 42,775</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT CENTER FEE FUND
2018/19**

	2018/19 ADOPTED BUDGET FUND 73	2018/19 REVISED BUDGET FUND 73
BEGINNING FUND BALANCE	\$ 327,691	\$ 327,691
<u>REVENUE:</u>		
A. Student Center Fees	33,000	31,000
B. Interest	4,000	4,000
TOTAL REVENUE	<u>37,000</u>	<u>35,000</u>
TOTAL FUNDS AVAILABLE	<u>\$ 364,691</u>	<u>\$ 362,691</u>
<u>EXPENDITURES:</u>		
A. Student Salary & Benefits	\$ 30,476	\$ 15,238
B. Supplies	4,500	6,700
C. Services	5,750	5,750
D. Equipment	21,000	24,631
TOTAL EXPENDITURES	<u>61,726</u>	<u>52,319</u>
RESERVES	<u>302,965</u>	<u>310,372</u>
TOTAL EXPENDITURES AND RESERVES	<u>\$ 364,691</u>	<u>\$ 362,691</u>

**MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
STUDENT FINANCIAL AID AWARD PROJECTIONS
2018/19**

	<u>2018/19 ESTIMATED AWARDS</u>	<u>2018/19 ESTIMATED AWARDS</u>
<u>SOURCE OF FUNDS:</u>		
FEDERAL SOURCES		
A. PELL GRANT	\$ 5,500,000	\$ 4,500,000
B. FSEOG	69,000	114,400
C. BUREAU OF INDIAN AFFAIRS	6,000	4,500
D. DIRECT LOANS	1,300,000	640,355
E. AMERICORPS	20,000	15,000
F. FEDERAL WORK STUDY	62,000	62,000
TOTAL FEDERAL SOURCES	<u>6,957,000</u>	<u>5,336,255</u>
STATE SOURCES		
A. CAL GRANT	480,000	420,000
B. EOPS GRANT	140,000	148,000
C. CHAFEE GRANT	40,000	40,000
D. FULL-TIME STUDENT SUCCESS GRANT	14,542	14,542
E. COMMUNITY COLLEGE COMPLETION GRANT	78,000	78,000
F. STUDENT SUCCESS COMPLETION	259,686	294,686
G. NONRESIDENT DREAMER EMERGENCY AID	7,353	7,353
TOTAL STATE SOURCES	<u>1,019,581</u>	<u>1,002,581</u>
LOCAL SOURCES		
A. SCHOLARSHIPS	250,000	297,717
TOTAL	<u>\$ 8,226,581</u>	<u>\$ 6,636,553</u>
<u>DISBURSEMENTS:</u>		
A. STUDENT FINANCIAL AID	<u>\$ 8,226,581</u>	<u>\$ 6,636,553</u>