

**MARIN COMMUNITY COLLEGE DISTRICT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2020**



**MARIN COMMUNITY COLLEGE DISTRICT**  
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**JUNE 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Marin Community College District  
Kentfield, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Marin Community College District (District), as of and for the year ended June 30, 2020; and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2019-2020 Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of June 30, 2020; and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, schedule of changes in the Net OPEB liability, schedule of contributions – OPEB, schedule of the proportionate share of the net pension liability, and schedule of contributions - pensions as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information and the schedule of expenditures of federal awards is the responsibility of management and was derived from, and relates directly, to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The District organizational structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*CWDL, Certified Public Accountants*

San Diego, California  
November 5, 2020

**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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**Governmental Accounting Standards Board (GASB) Statement 34/35**

Marin Community College District (the District) prepares financial reports in accordance with GASB statements No. 34/35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," issued in November 1999. The following discussion and analysis provides an overview of the District's financial activities for the fiscal year ended June 30, 2020 and the intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial standing, this analysis should be read in conjunction with the entire Independent Auditor's Report, particularly the District's financial statements beginning on page 15, and the notes to the basic financial statements beginning on page 21.

The California Community College Chancellor's Office, through its Fiscal and Accountability Standards Committee, has recommended the Business Type Activity (BTA) model for financial reporting and the District has adopted the BTA reporting model for these financial statements.

As required, the annual report consists of three basic financial statements that provide information on the District as a whole:

- Statement of Net Position
- Statement of Revenues, Expenses and Change in Net Position
- Statement of Cash Flows

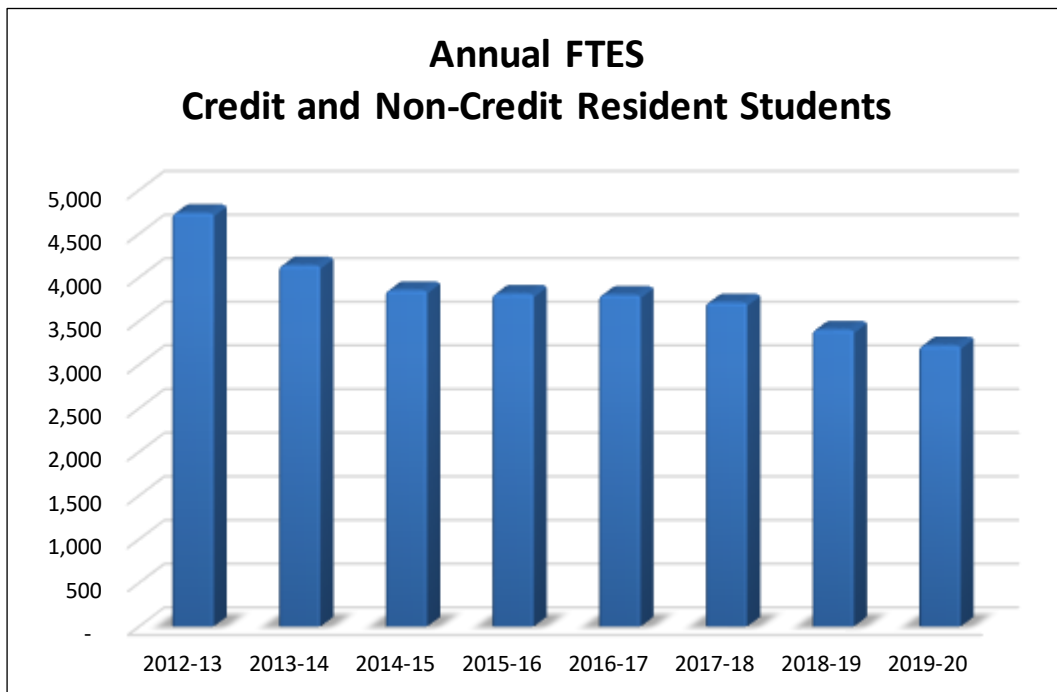
**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
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**Financial Highlights**

- The District continues to maintain its “Basic Aid” (also known as community supported) status because the receipts from local property taxes and enrollment fees exceeded the State’s funding formula known as apportionment for 2019-20 by about \$34.7 million. The state of California changed the funding formula for community college districts during 2019-20 to a more student-centered formula that rewards on equity and success in addition to enrollment. The District does not anticipate the new funding formula will impact revenue since the District will continue to be basic aid (also known as community supported) where revenues are received from local property taxes and enrollment fees rather than the state.
- FTES totaled 3,222 representing a 5.4% decrease over the prior fiscal year. The decline in enrollment over the last several years was attributable to a convergence of factors including changes in student enrollment patterns and near record low county unemployment.

Creating strong future enrollment remains a strategic priority for the District. Outreach and marketing efforts are well underway in an attempt to stabilize the declining trend in enrollment. The District has been collaborating with K-12 and business partners to develop new career technical education programs in high-demand fields such as biotechnology, agri-tourism, and information and communication technology. The District’s K-12 connections also include expansion of concurrent enrollment opportunities for high school students, including offering select courses at high school sites; the Summer Bridge program which is dramatically reducing the remedial needs of incoming students; and COMPASS (College of Marin Providing Access and Supporting Success).





**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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**Financial Highlights, continued**

- Fiscal year 2019-20 fund-level net position ended higher than originally budgeted. Unrestricted revenues were about \$531 thousand higher principally from higher than budgeted state on-behalf payments. Unrestricted expenditures were approximately \$252 thousand lower than budget primarily due to lower salaries and benefits offset by higher other outgo. The year ended with the unrestricted fund reserve level at 10.6%.
- Academic salaries increased 0.7% and classified salaries increased 0.8% in 2019-20. The slight increases were primarily due to overall staff reductions offset by negotiated salary increases and step and column increases. Benefits decreased by 6.3% due to the final payment of a five-year Supplemental Early Retirement Plan (SERP) in 2018-19 and a reduction in state on-behalf STRS and PERS payments in 2019-20.
- The Board directed funding the retiree healthcare obligation (other post-employment benefits or "OPEB") in advance rather than on the prior "pay as you go" basis. Between Fiscal Years 2005-06 and 2009-10, the District pre-funded the obligation transferring \$2,000,000 out of the General Fund into the Retiree Unfunded Medical Benefits Liability Fund. This pre-funding accumulated interest earnings in the amount of \$164,078. In June 2013, the District established an irrevocable OPEB trust fund with CalPERS, formally named the California Employers' Retiree Benefit Trust (CERBT) fund, and transferred the \$2,164,078 fund balance from the previous Retiree Unfunded Medical Benefits Liability Fund to the irrevocable OPEB Trust fund.

Subsequently, the District's Board of Trustees approved additional contributions of \$250,000 and \$850,000 to the irrevocable trust fund. In FY 2016-17 the District began receiving "pay-as-you-go" disbursements from the trust fund for its retiree medical and dental premium payments.

The District's most recent actuarial report is dated May 21, 2020 with a valuation date of June 30, 2019 and measurement date of June 30, 2019. At June 30, 2019, the District's Total OPEB Liability was \$2.0 million and the Fiduciary Net Position of the trust was \$3.1 million, leaving a Net OPEB Liability (Asset) of (\$1.1) million.

- The District provided Financial Aid to more than 2,260 qualifying students in FY 2019-20 translating to about \$6.8 million in paid aid. This aid is provided through grants, loans, institutional and outside scholarships, work study from the Federal government, the State, and local funding.

**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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**Capital Asset and Debt Administration**

- On June 7, 2016, the voters of Marin County overwhelmingly passed Measure B, a \$265 million bond. To provide modern, well-maintained educational facilities for our students, Measure B will:
  - Repair and upgrade classrooms, science labs, vocational education facilities and job training centers for 21st-century careers in technology, computer and engineering
  - Repair or replace leaking roofs
  - Modernize and update science classrooms and labs
  - Update classrooms and educational facilities to meet current earthquake, fire and safety codes
  - Update campus facilities to provide access for disabled students.
- The College retained the services of Gilbane Management & Consulting, Inc. as its Measure B program and construction management provider, and Ann Kennedy Group to provide financial reporting and bond compliance services.
- In December 2016, \$60 million in tax exempt bonds were sold, netted against \$280 thousand in issuance and underwriting costs, and \$37.5 million in federally-taxable bonds were sold, netted against \$287.5 thousand in issuance and underwriting costs. Issuances were sold pursuant to the terms of a public sale. All proceeds were delivered to the Marin County Treasury for credit of College of Marin into its Measure B, Series A Building Fund and Series A-1 Fund, respectively.
- In January 2019, \$70 million in tax exempt bonds were issued, netted against \$172 thousand in issuance and underwriting costs, and \$97.5 million in federally-taxable bonds were issued, netted against \$230 thousand in issuance and underwriting costs. Issuances were sold pursuant to the terms of a public sale. All proceeds were delivered to the Marin County Treasury for credit of College of Marin into its Measure B, Series B Building Fund and Series B-1 Fund, respectively.
- The District's 2019-20 Measure B Capital Improvement and Modernization Program included the beginning, continuation and/or completion of projects as follows:
  - Athletic Synthetic Turf Fields (Phase I & II)
  - ADA Barrier Removal Site Improvements
  - Administrative Cluster Upgrades (Building 11) at the Indian Valley Campus
  - Organic Farm & Garden
  - Pomo Cluster (Phase I & II)
  - Fine Arts Building: Audio Visual Upgrades
  - Performing Arts Building: Ticket Booth Improvements
  - Building 27: Exterior Painting
  - Admin Cluster: Buildings 8, 9, 10, and 12 Roof Replacement
  - Admin Cluster: Buildings 9 & 12 Exterior Window Replacements
  - STEM Center
  - New Miwok Center
  - Jonas Center & Building 18
  - Maintenance & Operations Building and District Warehouse

**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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**Capital Asset and Debt Administration, continued**

- The District's 2019-20 Measure B Capital Improvement and Modernization Program includes projects that have been initiated during this period and newly added projects:
  - Admin Cluster: Building 12 Interior Abatement and Renovation
  - 941 Sir Francis Drake: New Home of Reprographics
  - Swing Space: Temporary Offices and Classrooms
  - Swing Space: Modernization of Existing Maintenance & Operations Building for Campus Bookstore
  - Learning Resource Center Project
  - Fusselman Hall: Structural & Waterproofing Improvements
- In March 2018 the District issued \$7.37 million of lease revenue bonds to finance solar energy facilities on the Kentfield and Indian Valley campuses.
- In February 2019 the District issued \$3.98 million of Certificates of Participation to finance acquisition and construction of District facilities and workforce housing units.

**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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**Statement of Net Position**

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net position – the difference between assets and liabilities – is one way to measure the financial health of the District.

	<b>2020</b>	<b>2019</b>	<b>Change</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current assets	\$ 27,718,199	\$ 28,309,164	\$ (590,965)
Noncurrent assets	537,186,322	544,237,116	(7,050,794)
Deferred outflow of resources	30,388,186	33,418,041	(3,029,855)
<b>Total Assets and Deferred Outflows of Resources</b>	<b>595,292,707</b>	<b>605,964,321</b>	<b>(10,671,614)</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	36,080,806	44,594,983	(8,514,177)
Noncurrent liabilities	542,941,029	550,102,396	(7,161,367)
Deferred inflows of resources	4,065,615	3,418,532	647,083
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>583,087,450</b>	<b>598,115,911</b>	<b>(15,028,461)</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	34,751,396	12,860,250	21,891,146
Restricted	24,522,645	35,282,672	(10,760,027)
Unrestricted	(47,068,784)	(40,294,512)	(6,774,272)
<b>Total Net Position</b>	<b>\$ 12,205,257</b>	<b>\$ 7,848,410</b>	<b>\$ 4,356,847</b>

- The \$591 thousand net decrease in "Current Assets" is due primarily to the decrease in cash in the bond interest and redemption funds off set by an increase in prepaid expenses.
- The \$7.1 million net decrease in "Noncurrent Assets" is due to a decrease in restricted cash of \$44.3 million and an increase in capital assets of \$37.8 million that relates primarily to the construction of capital projects from the Measure B bonds.
- The \$8.5 million decrease in "Current Liabilities" is due to a decrease in Accounts Payable and Accrued Liabilities of \$2.3 million and Current Portion of Long-Term Debt of \$5.9 million relating to Measure B – accounts payable for projects getting underway.
- The \$7.2 million decrease in "Noncurrent Liabilities" is primarily attributable to payments made on the District's General Obligation Bonds.
- Net Position includes the value of all capital assets (net of accumulated depreciation).

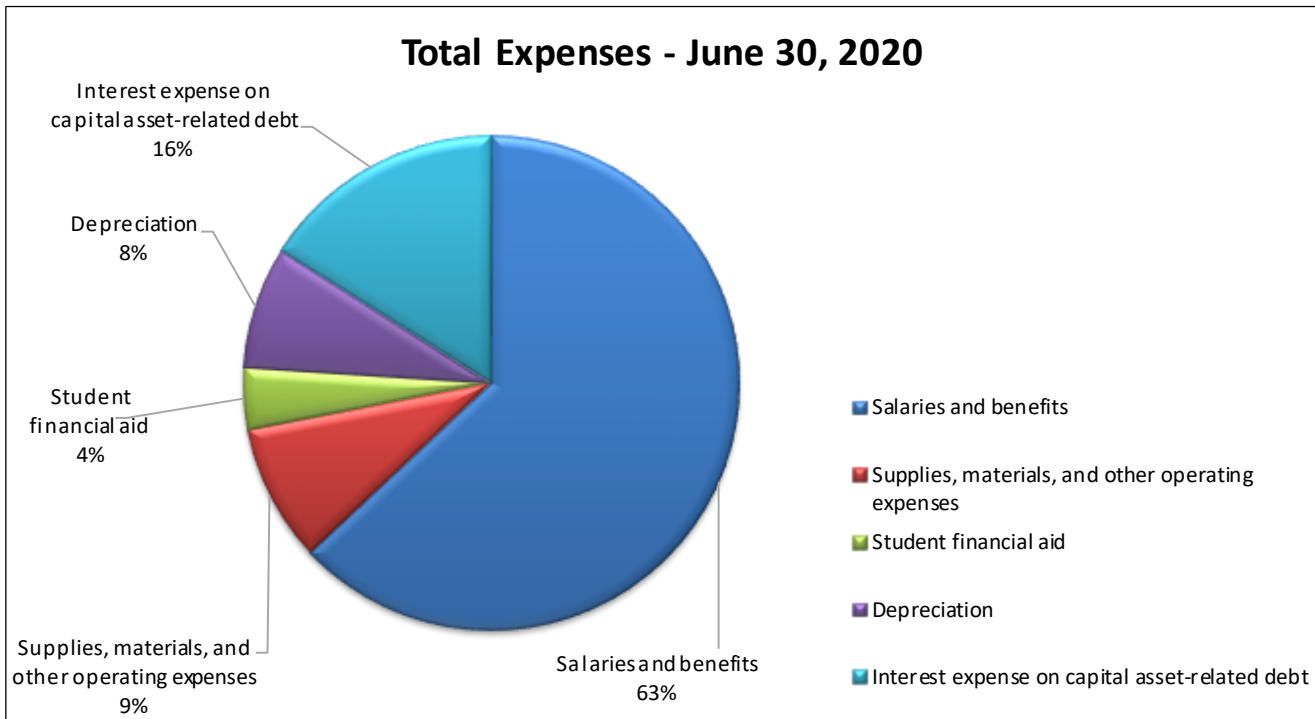
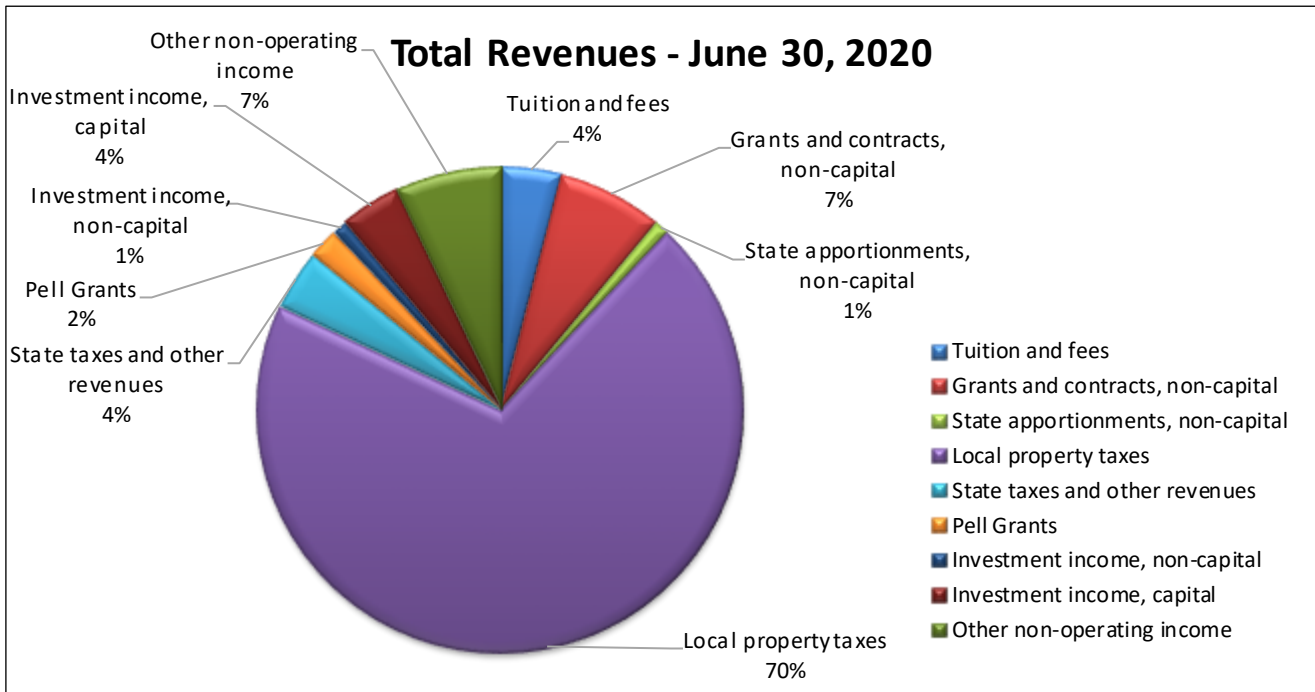
**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Statement of Revenues, Expenses and Change in Net Position**

The Statement of Revenues, Expenses and Change in Net Position presents the operating results of the District, as well as the non-operating revenues and expenses.

	<b>2020</b>	<b>2019</b>	<b>Change</b>
<b>OPERATING REVENUES</b>			
Tuition and fees	\$ 4,403,355	\$ 4,455,919	\$ (52,564)
Grants and contracts, non-capital	8,038,956	8,138,938	(99,982)
<b>Total Operating Revenues</b>	<b>12,442,311</b>	<b>12,594,857</b>	<b>(152,546)</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	70,357,561	66,038,487	4,319,074
Supplies, materials, and other operating expenses	10,573,177	9,991,340	581,837
Student financial aid	4,613,853	3,889,042	724,811
Depreciation	9,094,709	8,667,300	427,409
<b>Total Operating Expenses</b>	<b>94,639,300</b>	<b>88,586,169</b>	<b>6,053,131</b>
<b>Operating Loss</b>	<b>(82,196,989)</b>	<b>(75,991,312)</b>	<b>(6,205,677)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
State apportionments, non-capital	703,258	584,186	119,072
Local property taxes	59,556,182	57,712,768	1,843,414
State taxes and other revenues	4,279,695	5,299,133	(1,019,438)
Pell Grants	2,681,172	2,897,940	(216,768)
Investment income, non-capital	602,474	489,810	112,664
Investment income, capital	4,235,716	-	4,235,716
Interest expense on capital asset-related debt	(17,375,291)	(12,032,127)	(5,343,164)
Other non-operating income	8,373,782	1,599,033	6,774,749
<b>Total Non-Operating Revenues (Expenses)</b>	<b>63,056,988</b>	<b>56,550,743</b>	<b>6,506,245</b>
<b>OTHER REVENUES (EXPENSES)</b>			
Local property taxes, capital	23,496,848	28,437,516	(4,940,668)
<b>Change in Net Position</b>	<b>4,356,847</b>	<b>8,996,947</b>	<b>(4,640,100)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>7,848,410</b>	<b>(1,148,537)</b>	<b>8,996,947</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ 12,205,257</b>	<b>\$ 7,848,410</b>	<b>\$ 4,356,847</b>

**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**



**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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**Statement of Revenues, Expenses, and Change in Net Position**

- As reported in the Statement of Revenues, Expenses and Change in Net Position on page 16 of this report, the cost of all the District’s operational activities this year was \$94.6 million, an increase of approximately 6.8% compared to that of the prior year, primarily due to increased salaries and benefits.
- Expenses for 2019-20 included depreciation of the District’s plant and equipment of approximately \$9.1 million.
- About 74.3% of all operating expenses were directed to salary and benefit costs, compared to 74.5% last year. The STRS “On-Behalf” expenditures were approximately \$2.6 million during 2019-20.
- Non-operating revenue and expense increased about \$6.5 million primarily due to a \$4.2 million increase in investment income related to lease revenue bonds and \$6.8 million increase primarily related to rentals and leases offset by an increase in interest expense of \$5.3 million.
- The ad valorem taxes collected in the bond redemption funds was \$4.9 million less than 2018-19. The ad valorem taxes fluctuate because they are collected based on the need to repay the bond principal and interest.

**Statement of Cash Flows**

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps users assess the District’s ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

	<b>2020</b>	<b>2019</b>	<b>Change</b>
Cash Provided by (Used in)			
Operating activities	\$ (70,085,880)	\$ (65,589,279)	\$ (4,496,601)
Noncapital financing activities	75,060,387	68,093,060	6,967,327
Capital financing activities	(51,512,898)	145,674,607	(197,187,505)
Investing activities	602,474	489,810	112,664
Net Increase (Decrease) in Cash	<u>\$ (45,935,917)</u>	<u>\$ 148,668,198</u>	<u>\$ (194,604,115)</u>

- Operating activities includes tuition and fees, grants, and operating payments. The decrease in cash used for operating activities is primarily due to the increase in salaries and benefits.

**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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**Statement of Cash Flows, continued**

A consistent significant cash in-flow is in non-capital financing activities which includes property taxes, enrollment fees, State apportionments, and local revenues; property taxes being the largest contributor.

- Capital and related financing activities correlate to bond issuances and redemptions. The District's construction projects and capital debt are reported in capital and related financing activities, and spending is underway in 2019-20 with the issuance of Measure B in 2018-19.
- Cash flow is adequate for a small district; the District participates in Marin County Treasurer's Office investment pool to maximize interest earnings on excess cash.

**Economic Factors and Budgetary Highlights**

- Despite the negative impact COVID-19 has had on the economy, the District expects an increase in property taxes in 2020-21. The budget for 2020-21 anticipates a 2.0% increase in property taxes with the California Consumer Price Index at 2.980%. The budgeted revenue increase is offset by escalating salaries and pension costs as well as a \$1.2 million contribution to the Pension Rate Stabilization Fund, resulting in a slight decrease in fund balance.
- Because the District continues to be basic-aid (also known as community supported) where revenues are received from property taxes and enrollment fees, the state budget and changes in apportionment funding formulas have a relatively minimal impact on District funding. The District receives funding for categorical programs from the state but does not rely on state funding for general operations. In 2019-20 the District received almost \$35 million more in revenue from property taxes than it would have under the state funding formula, and it is anticipated to receive about \$37 million more in 2020-21. A decline in Marin County property values would cause a reduction in District revenues but that isn't anticipated in 2020-21. To be cautious, revenue assumptions for budget projections in outer years is conservative.
- Pension Reform may help control costs as employees new to the pension systems are required to pay their own share of pension expense. The District has negotiated with the bargaining units so classic CalPERS (California Public Employees' Retirement System) members for whom the District used to pay the employee share of CalPERS started to pay the full employee share in 2019. Although CalSTRS (California State Teachers' Retirement System) and CalPERS have both projected annual increases for several years into the future to help with the unfunded liability of those plans, the state budget provided some temporary relief in 2020-21 and 2021-22 by reducing the school employer pension contribution rates by about 2% each year. In 2022-23 and outer years, rates are anticipated to increase back to earlier projections which will increase costs to the District. The District has also been required to reflect the unfunded liability of STRS and PERS for its employees in the financial statements beginning with the fiscal year ending June 30, 2015 which had and will continue to have a negative impact.



**MARIN COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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**Economic Factors and Budgetary Highlights, continued**

- In 2017-18, the District established a Pension Rate Stabilization Fund to prefund pension obligations. Contributions to the trust fund are determined by the Board of Trustees. As of June 30, 2020, contributions of \$5.3 million were made to the trust fund. A contribution to the trust fund of \$1.2 million is in the 2020-21 Adoption Budget and has already been transmitted to the trust fund. Future contributions will be determined by the availability of resources and will likely fluctuate. Contributed funds may be withdrawn from the trust fund as needed to assist with paying STRS and PERS pension liabilities.
- In prior years, the District contributed funds into an irrevocable trust to fund its postemployment retirement benefits. That trust is fully funded and is now providing disbursements to the District for the "pay as you go" cost of medical benefits for retirees. These disbursements are providing another financing source to the District.
- In addition to the negative impact on the economy, COVID-19 has required a dramatic change in instructional methodology, moving from primarily in-class face-to-face instruction to online teaching. While it is difficult to assess the impact on future enrollment, current trends indicate a slight increase in enrollment. This may be the result of increased unemployment resulting from the COVID-19 crisis.
- In 2014 the District joined SISC (Self-Insured Schools of California) in an effort to control its health care costs. The District's medical premium has increased an average of less than 4.0% annually since joining SISC. The District's contribution to the medical premium is also capped at \$2,050 per month.
- 2020-21 reserves are budgeted at 10.3% of General Fund Unrestricted expenditures in the 2019-20 Annual Budget and Financial Report (CCFS 311). The District anticipates maintaining a reserve of 9.5% or higher in compliance with the Board's administrative procedure on reserve fund management.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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**ASSETS**

Current Assets:

Cash and investments	\$ 22,657,285
Accounts receivable, net	2,902,836
Prepaid expenses	2,158,078
Total Current Assets	27,718,199

Noncurrent Assets:

Restricted cash and investments	198,386,185
Net OPEB asset	1,075,536
Capital assets, net	337,724,601
Total Noncurrent Assets	537,186,322

**TOTAL ASSETS**

564,904,521

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to bond refundings	11,273,516
Deferred outflows related to OPEB	18,743
Deferred outflows related to pensions	19,095,927

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

30,388,186

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

\$ 595,292,707

**LIABILITIES**

Current Liabilities:

Accounts payable	\$ 18,201,297
Unearned revenue	7,007,973
Claims liability	61,062
Long-term debt, current portion	10,810,474
Total Current Liabilities	36,080,806

Noncurrent Liabilities:

Compensated absences	1,713,237
Net pension liability	67,773,813
Long-term debt, non-current portion	473,453,979
Total Noncurrent Liabilities	542,941,029

**TOTAL LIABILITIES**

579,021,835

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows related to OPEB	36,505
Deferred inflows related to pensions	4,029,110

**TOTAL DEFERRED INFLOWS OF RESOURCES**

4,065,615

**NET POSITION**

Net investment in capital assets	34,751,396
Restricted for:	
Debt service	24,918,219
Capital projects	(395,574)
Unrestricted	(47,068,784)

**TOTAL NET POSITION**

12,205,257

**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

\$ 595,292,707

**MARIN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

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<b>OPERATING REVENUES</b>	
Tuition and fees	\$ 5,809,963
Less: Scholarship discounts and allowances	(1,406,608)
Net tuition and fees	<u>4,403,355</u>
Grants and contracts, non-capital	
Federal	1,726,404
State	<u>6,312,552</u>
<b>TOTAL OPERATING REVENUES</b>	<u>12,442,311</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	70,357,561
Supplies, materials, and other operating expenses and services	10,573,177
Student aid	4,613,853
Depreciation	<u>9,094,709</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>94,639,300</u>
<b>OPERATING (LOSS)</b>	<u>(82,196,989)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State apportionments, non-capital	703,258
Local property taxes	59,556,182
State taxes and other revenues	4,279,695
Pell Grants	2,681,172
Investment income, non-capital	602,474
Investment income, capital	4,235,716
Interest expense on capital asset-related debt	(17,375,291)
Other non-operating income	<u>8,373,782</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>63,056,988</u>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>	(19,140,001)
Local property taxes, restricted for bonded debt repayment	<u>23,496,848</u>
<b>CHANGE IN NET POSITION</b>	4,356,847
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>7,848,410</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 12,205,257</u>

**MARIN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 4,611,810
Grants and contracts	8,342,256
Payments to vendors	(14,171,669)
Payments to employees	(68,868,277)
Net Cash Used by Operating Activities	<u>(70,085,880)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

State apportionments	703,258
Pell grants	2,681,172
Local property taxes	59,556,182
State taxes and other apportionments	4,279,695
Other receipts	7,840,080
Net Cash Provided by Non-capital Financing Activities	<u>75,060,387</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Purchase of capital assets	(46,836,268)
Local property taxes for capital purposes	23,496,848
Principal paid on capital debt	(14,643,874)
Interest received on capital debt	4,235,716
Interest paid on capital debt	(17,765,320)
Net Cash Used by Capital Financing Activities	<u>(51,512,898)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest received from investments	<u>602,474</u>
Net Cash Provided by Investing Activities	<u>602,474</u>

**NET DECREASE IN CASH & CASH EQUIVALENTS** (45,935,917)

<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>266,979,387</u>
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 221,043,470</u>

**MARIN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**RECONCILIATION OF OPERATING LOSS TO NET CASH**

**USED BY OPERATING ACTIVITIES**

Operating loss	\$ (82,196,989)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	9,094,709
Changes in Assets and Liabilities:	
Accounts receivables, net	264,443
Prepaid expenses	(1,268,988)
Net OPEB liability	451,946
Deferred outflows of resources	1,785,212
Accounts payable and accrued liabilities	(2,329,504)
Unearned revenue	271,568
Claims liability	(18,257)
Compensated absences	349,084
Net pension liability	2,863,813
Deferred inflows of resources	647,083
Total Adjustments	<u>12,111,109</u>
<b>Net Cash Flows From Operating Activities</b>	<u>\$ (70,085,880)</u>

**SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS**

Amortization of premiums on debt	\$ 1,244,643
Amortization of accreted interest	\$ 1,638,006

**MARIN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

	Trust Funds		Agency Funds		
	Scholarship and Loan Trust Fund	Private Purpose Trust Fund	Associated Students of College of Marin	Emeritus Students of College of Marin	Representation Fee Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 639,664	\$ 1,233,536	\$ 444,969	\$ 62,689	\$ 106,967
Accounts receivable, net	10,650	-	13,463	12,810	600
<b>Total Assets</b>	<b>\$ 650,314</b>	<b>\$ 1,233,536</b>	<b>\$ 458,432</b>	<b>\$ 75,499</b>	<b>\$ 107,567</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 10,697	\$ 117	\$ 125,102	\$ 441	\$ -
Due to student groups	-	-	333,330	75,058	107,567
<b>Total Liabilities</b>	<b>10,697</b>	<b>117</b>	<b>\$ 458,432</b>	<b>\$ 75,499</b>	<b>\$ 107,567</b>
<b>NET POSITION</b>					
Restricted	639,617	1,233,419			
<b>Total Net Position and Liabilities</b>	<b>\$ 650,314</b>	<b>\$ 1,233,536</b>			

**MARIN COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

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	Trust Funds	
	Scholarship and Loan Trust Fund	Private Purpose Trust Fund
<b>OPERATING REVENUES:</b>		
Student fees	\$ 250,442	\$ 76,999
Interest and investment income	13,196	27,187
<b>Total Operating Revenues</b>	<u>263,638</u>	<u>104,186</u>
<b>OPERATING EXPENSES:</b>		
Supplies and materials	-	5,592
Other operating expenses	115,176	-
<b>Total Operating Expenses</b>	<u>115,176</u>	<u>5,592</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers out	(42,594)	(24,751)
<b>Total Other Financing Sources (Uses)</b>	<u>(42,594)</u>	<u>(24,751)</u>
<b>Net Change in Net Position</b>	<u>105,868</u>	<u>73,843</u>
<b>Net Position - Beginning of Year</b>	<u>533,749</u>	<u>1,159,576</u>
<b>Net Position - End of Year</b>	<u>\$ 639,617</u>	<u>\$ 1,233,419</u>

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: Marin Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115 and is therefore exempt from federal taxes.

Basis of Presentation and Accounting: For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. Under this model, the District's financial statements provide a comprehensive entity-wide perspective look at the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

Fiduciary funds for which the District acts only as an agent or trustee are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The District records revenues when earned and expenses when a liability is incurred regardless of the timing of the related cash flow. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

Cash and Cash Equivalents: For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Marin County Treasury are considered cash equivalents.

Restricted Cash, Cash Equivalents and Investments: Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as non current assets in the statement of net position.

Receivables: Receivables consist of tuition and fee charges to students. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District maintains an allowance for doubtful accounts at an amount which management considers sufficient to fully reserve and provide for the possible uncollectibility of other receivable balances.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or, if donated, at acquisition value at the date of donation. For equipment, the District's capitalization policy included all items with a unit cost of \$5,000 or higher, and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.



**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES , continued**

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 years for land improvements, and 5 years for most machinery and equipment.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported which is in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability and net OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability and the net OPEB liability reported which is in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

Compensated Absences: Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District.

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain California State Teachers Retirement System and California Public Employees' Retirement System, when the employee retires.

Unearned Revenue: Revenue from federal, state and local special projects and programs is recognized when qualified expenditures have been incurred. Other funds, including tuition and student fees, received but not earned are recorded as unearned revenue until earned

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Net Position: The District's net position are classified as follows:

*Net investment in capital assets:* This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted net position:* Restricted expendable net position include resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

The District's scholarship and loan trust fund and private purpose trust fund includes resources held in trust from contributions from various organizations or groups. Amounts held are restricted based on agreements with the various organizations, groups or donors. The funds are restricted primarily for Emeritus, nursing, and EOPS scholarships, however there are also general and performing arts scholarships.

*Unrestricted net position:* Unrestricted net position represent resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District typically first applies the expense toward restricted resources, then to unrestricted resources. This practice ensures fully utilizing restricted funding each fiscal year.

Risk Management: As more fully described in Note 8, the District is partially self-insured with regard to dental and vision claims and certain other risks. The amount of the outstanding liability at June 30, 2020 for dental and vision claims includes estimates of future claim payments for known cases as well as provisions for incurred but not reported claims and adverse development on known cases which occurred through that date. Outstanding claims which are expected to become due and payable within the subsequent fiscal year are reflected as a claims liability on the District's Statement of Net Position.

State Apportionments: Certain current year apportionments from the state are based on various financial and statistical information of the previous year. Any prior year corrections due to the recalculation will be recorded in the year completed by the State.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Classification of Revenues and Expenses: The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. C05.101 including State appropriations, local property taxes, Pell grants and investment income. Nearly all the District's expenses a change transactions. Revenues and expenses are classified according to the following criteria:

*Operating revenues and expenses:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, and (2) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital related debt.

*Nonoperating revenues and expenses -* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources described in GASB Cod. Sec. C05.101, such as State appropriations, Pell grants and investment income. Interest expense on capital related debt is the only nonoperating expense.

Scholarship Discounts and Allowances: Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses and change in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, and other federal, state and nongovernmental programs, are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements: In June 2015, the GASB issued GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The provisions in GASB Statement No. 89 are effective for fiscal years beginning after December 15, 2019. Earlier application is encouraged and the District early adopted the Statement for the year ended June 30, 2019. The implementation of this Statement did not have a material effect on amounts previously presented.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 2 - CASH AND INVESTMENTS**

District cash and investments at June 30, 2020, consisted of the following:

	District	Fiduciary
Pooled Funds:		
Cash in County Treasury	\$ 210,457,801	\$ 1,921,375
Deposits:		
Cash on hand and in banks	543,958	454,400
Revolving cash	20,000	-
Cash held by fiscal agent	4,153,419	-
Investments	5,868,292	112,050
Total cash and cash equivalents	221,043,470	2,487,825
Less: restricted cash and cash equivalents		
Cash in County Treasury	198,386,185	-
Net cash and cash equivalents	\$ 22,657,285	\$ 2,487,825

Cash in County Treasury: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Marin County Treasurer's Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial risk classifications is required.

The District's deposits in the fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Marin County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2020.

Restricted Cash and Investments: Restricted cash of \$198,386,185 represents amounts held in the District's name with third party custodians for future construction projects and repayment of long-term liabilities.

Restricted investments of \$5,868,292 represents amounts held in the District's name with third party custodians in a multiple employer trust arrangement to fund the District's pension obligation.

Custodial Credit Risk: The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The fair value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 2 - CASH AND INVESTMENTS, continued**

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2020, the carrying amount of the District's accounts was \$5,171,777. At June 30, 2020, \$510,069 of the bank balance was FDIC insured and \$4,661,708 remained uninsured.

Credit Risk: Under provision of the District's policies and in accordance with Sections 53601 and 53602 of the California Government code, the District may invest in the following types of investments:

- Local agency bonds, notes or warrants within the state
- Securities of the U.S. Government or its agencies
- Certificates of Deposit with commercial banks
- Commercial paper
- Repurchase Agreements

Interest Rate Risk: The District's investment policies do not limit cash and investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. At June 30, 2020, the District had no significant interest rate risk related to cash and investments held.

Concentration of Credit Risk: The District does not place limits on the amount they may invest in any one issuer. At June 30, 2020, the District and Trust had no concentration of credit risk.

Fair Value Measurements: The following presents information about the District's assets and liabilities measured at fair value on a recurring basis as of June 30, 2020, and indicates the fair value hierarchy of the valuation techniques utilized by the District to determine such fair value based on the hierarchy:

*Level 1* - Quoted market prices for identical instruments traded in active exchange markets.

*Level 2* - Significant other observable inputs such as quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

*Level 3* - Significant unobservable inputs that reflect a reporting entity's own assumptions about the methods that market participants would use in pricing an asset or liability.

There were no changes in the valuation techniques used during the year ended June 30, 2020. There were no transfers of assets between the fair value levels for the year ended June 30, 2020.

The District is required or permitted to record the following assets at fair value on a recurring basis:

	June 30, 2020			
	Fair Value	Level 1	Level 2	Level 3
Investment securities;				
Mutual funds	\$ 5,868,292	\$ 5,868,292	\$ -	\$ -

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 - RECEIVABLES**

Receivables at June 30, 2020 are summarized as follows:

Federal	\$	255,447
State		551,632
Local and other		3,129,544
Subtotal		<u>3,936,623</u>
Less: Allowance for doubtful accounts		<u>(1,033,787)</u>
Total	\$	<u>2,902,836</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity consists of the following:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets not being Depreciated				
Land	\$ 6,719,027	\$ -	\$ -	\$ 6,719,027
Construction in progress	56,534,593	44,859,169	9,791,049	91,602,713
Total Capital Assets Not Being Depreciated	<u>63,253,620</u>	<u>44,859,169</u>	<u>9,791,049</u>	<u>98,321,740</u>
Capital Assets Being Depreciated				
Land improvements	36,187,026	7,013,186	-	43,200,212
Building improvements	251,142,080	3,265,655	-	254,407,735
Machinery and equipment	24,967,222	1,511,803	29,995	26,449,030
Total Capital Assets Being Depreciated	<u>312,296,328</u>	<u>11,790,644</u>	<u>29,995</u>	<u>324,056,977</u>
Total Capital Assets	<u>375,549,948</u>	<u>56,649,813</u>	<u>9,821,044</u>	<u>422,378,717</u>
Less Accumulated Depreciation				
Land improvements	12,566,021	1,721,631	-	14,287,652
Building improvements	50,431,105	5,359,904	-	55,791,009
Machinery and equipment	12,569,780	2,013,174	7,499	14,575,455
Total Accumulated Depreciation	<u>75,566,906</u>	<u>9,094,709</u>	<u>7,499</u>	<u>84,654,116</u>
Net Capital Assets	<u>\$ 299,983,042</u>	<u>\$ 47,555,104</u>	<u>\$ 9,813,545</u>	<u>\$ 337,724,601</u>

At June 30, 2020, the District had capital assets acquired from capital leases with an original cost of \$486,733 and accumulated depreciation totaling \$286,582.

**NOTE 5 - UNEARNED REVENUE**

Unearned revenue for the District consisted of the following:

Unearned Federal and State revenues	\$	3,294,782
Unearned tuition and student fees		1,266,699
Unearned local revenues		2,446,492
Total unearned revenue	\$	<u>7,007,973</u>

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 6 - LONG-TERM LIABILITIES**

In March 2009, the District issued Series B, 2004 General Obligation Bonds aggregating \$75,000,000. The bonds mature through August 2019 and bear interest at rates ranging from 3% to 5%. The proceeds from the issuance will be used to finance the acquisition, construction and modernization of certain District property and facilities. Resulting from the bond issuance, the District received a premium of \$1,982,513 and paid issuance costs of \$1,148,198. The premium is amortized over the life of the bond repayment. The Series B, 2004 General Obligation Bonds were paid off during 2019-20.

In May 2011, the District issued Series C, 2004 General Obligation Bonds aggregating \$52,505,000. The bonds mature through August 2021 and bear interest at rates ranging from 3% to 5%. The proceeds from the issuance will be used to finance the acquisition, construction and modernization of certain District property and facilities. Resulting from the bond issuance, the District received a premium of \$767,032 and paid issuance costs of \$285,719. The premium is amortized over the life of the bond repayment. At June 30, 2020, the District has unamortized premiums of \$6,991.

The annual payments required to amortize the 2004, Series C General Obligation Bonds as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 410,000	\$ 35,450	\$ 445,450
2022	545,000	13,625	558,625
	<u>\$ 955,000</u>	<u>\$ 49,075</u>	<u>\$ 1,004,075</u>

In November 2012, the District issued Series D, 2004 General Obligation Bonds aggregating \$46,995,000. The bonds mature through August 2036 and bear interest at rates ranging from 3% to 3.25%. The proceeds from the issuance will be used to finance the acquisition, construction and modernization of certain District property and facilities and pay the costs of issuing Series D Bonds. Resulting from the bond issuance, the District received a premium of \$401,662 and paid issuance costs of \$120,809. The premium is amortized over the life of the bond repayment. At June 30, 2020, the District has unamortized premiums of \$308,637.

The annual payments required to amortize the 2004, Series D General Obligation Bonds as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ -	\$ 1,487,500	\$ 1,487,500
2022	-	1,487,500	1,487,500
2023	-	1,487,500	1,487,500
2024	-	1,487,500	1,487,500
2025	-	1,487,500	1,487,500
2026-2030	-	7,437,500	7,437,500
2031-2035	15,935,000	5,955,725	21,890,725
2036-2037	31,060,000	1,027,813	32,087,813
	<u>\$ 46,995,000</u>	<u>\$ 21,858,538</u>	<u>\$ 68,853,538</u>

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 6 - LONG-TERM LIABILITIES, continued**

In November 2012, the District issued 2012 General Obligation Refunding Bonds aggregating \$44,380,000. The bonds mature through August 2028 and bear interest at rates ranging from 2.5% to 4%. The proceeds from the issuance will be used to advance refund a portion of the District's outstanding Election 2004 General Obligation Bonds, Series A and pay the cost of issuing the Refunding Bonds. Resulting from the bond issuance, the District received a premium of \$7,445,473 and paid issuance costs of \$425,765. The premium is amortized over the life of the bond repayment. At June 30, 2020, the District has unamortized premiums of \$4,663,517.

The annual payments required to amortize the 2012 General Obligation Refunding Bonds as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 2,625,000	\$ 1,340,700	\$ 3,965,700
2022	2,995,000	1,228,300	4,223,300
2023	3,300,000	1,102,400	4,402,400
2024	3,620,000	964,000	4,584,000
2025	3,960,000	812,400	4,772,400
2026-2029	19,720,000	1,465,400	21,185,400
	<u>\$ 36,220,000</u>	<u>\$ 6,913,200</u>	<u>\$ 43,133,200</u>

During the year ended June 30, 2015, the District issued \$32,055,000 of 2015 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 2.00% to 5.00%, maturing August 1, 2030. Proceeds were used to advance refund a portion of the outstanding 2004 Series A and B General Obligation Bonds and to pay the costs of issuing the 2015 Refunding Bonds. At June 30, 2020, \$25,445,000 of bonds outstanding are considered defeased. At June 30, 2020, the District has unamortized premiums of \$3,154,980.

The annual payments required to amortize the 2015 General Obligation Refunding Bonds outstanding as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 1,510,000	\$ 1,362,450	\$ 2,872,450
2022	1,615,000	1,299,950	2,914,950
2023	1,745,000	1,224,025	2,969,025
2024	1,890,000	1,133,150	3,023,150
2025	2,050,000	1,034,650	3,084,650
2026-2030	19,225,000	3,470,675	22,695,675
2031	3,420,000	55,575	3,475,575
	<u>\$ 31,455,000</u>	<u>\$ 9,580,475</u>	<u>\$ 41,035,475</u>



**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 6 - LONG-TERM LIABILITIES, continued**

In February 2016, the District issued \$40,845,000 of 2016 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 2.00% to 5.00%, maturing August 1, 2038. At June 30, 2020, the District has unamortized premiums of \$1,794,288.

The annual payments required to amortize the 2016 General Obligation Refunding Bonds outstanding as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 155,000	\$ 1,410,600	\$ 1,565,600
2022	160,000	1,404,275	1,564,275
2023	165,000	1,398,625	1,563,625
2024	170,000	1,395,275	1,565,275
2025	175,000	1,391,825	1,566,825
2026-2030	980,000	6,832,375	7,812,375
2031-2035	17,215,000	5,494,850	22,709,850
2036-2039	21,005,000	1,522,588	22,527,588
	<u>\$ 40,025,000</u>	<u>\$ 20,850,413</u>	<u>\$ 60,875,413</u>

Defeasance of Debt: The District defeased certain General Obligation Bonds by placing proceeds of the new General Obligation Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2020, \$37,500,000 of bonds outstanding are considered defeased.

In November 2016, the District issued Election of 2016 General Obligation Bonds, Series A (Federally Tax-Exempt) aggregating \$60,000,000. The bonds mature through August 2041 and bear interest at rates ranging from 3% to 5%. The proceeds from the issuance will be used to finance the acquisition, strict sites and facilities and pay the costs of issuing Series A Bonds. At June 30, 2020, the District has unamortized premiums of \$3,301,261.

The annual payments required to amortize the Series A, 2016 General Obligation Bonds outstanding as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 170,000	\$ 2,219,238	\$ 2,389,238
2022	70,000	2,214,438	2,284,438
2023	140,000	2,210,238	2,350,238
2024	215,000	2,202,063	2,417,063
2025	300,000	2,189,188	2,489,188
2026-2030	2,970,000	10,591,188	13,561,188
2031-2035	14,640,000	8,805,388	23,445,388
2036-2040	21,745,000	5,275,694	27,020,694
2041-2042	11,335,000	565,375	11,900,375
	<u>\$ 51,585,000</u>	<u>\$ 36,272,806</u>	<u>\$ 87,857,806</u>

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 6 - LONG-TERM LIABILITIES, continued**

In November 2016, the District issued Election of 2016 General Obligation Bonds, Series A-1 (Federally Taxable) aggregating \$37,500,000. The bonds mature through August 2029 and bear interest at rates ranging from 1.296% to 3.472%. The proceeds from the issuance will be used to finance the acquisition, District sites and facilities and pay the costs of issuing Series A Bonds. At June 30, 2020, the District has unamortized premiums of \$468,689.

The annual payments required to amortize the Series A-1, 2016 General Obligation Bonds outstanding as of June 30, 2020, are as follows:

Year Ended				
June 30,	Principal	Interest	Total	
2021	\$ 1,840,000	\$ 717,825	\$ 2,557,825	
2022	1,955,000	677,104	2,632,104	
2023	2,080,000	628,492	2,708,492	
2024	2,215,000	571,172	2,786,172	
2025	2,360,000	505,941	2,865,941	
2026-2030	14,365,000	1,267,897	15,632,897	
	<u>\$ 24,815,000</u>	<u>\$ 4,368,432</u>	<u>\$ 29,183,432</u>	

During the year ended June 30, 2018, the District issued \$49,405,000 of 2017 General Obligation Refunding Bonds. The current interest bonds bear interest at rates of 2.00% to 5.00%, maturing August 1, 2034. Proceeds were used to advance refund a portion of the outstanding 2004 Series C General Obligation Bonds and to pay the costs of issuing the 2017 Refunding Bonds. At June 30, 2020, the District has unamortized premiums of \$5,006,883.

The annual payments required to amortize the 2017 General Obligation Refunding Bonds outstanding as of June 30, 2020, are as follows:

Year Ended				
June 30,	Principal	Interest	Total	
2021	\$ -	\$ 1,992,450	\$ 1,992,450	
2022	-	1,992,450	1,992,450	
2023	590,000	1,977,700	2,567,700	
2024	735,000	1,944,575	2,679,575	
2025	885,000	1,904,075	2,789,075	
2026-2030	6,985,000	8,664,925	15,649,925	
2031-2035	39,160,000	4,688,400	43,848,400	
	<u>\$ 48,355,000</u>	<u>\$ 23,164,575</u>	<u>\$ 71,519,575</u>	

Defeasance of Debt: The District defeased certain General Obligation Bonds by placing proceeds of the new General Obligation Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are the District's financial statements. At June 30, 2020, \$49,845,000 of bonds outstanding are considered defeased.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 6 - LONG-TERM LIABILITIES, continued**

During the year ended June 30, 2019, the District issued \$70,000,000 of 2016 General Obligation Bonds, Series B (Federally Tax-Exempt). The current interest bonds bear interest at rates of 3.125% to 5.00%, maturing August 1, 2041. Proceeds from the issuance will be used to finance the acquisition, of District sites and facilities and pay the costs of issuing the debt. At June 30, 2020, the District has unamortized premiums of \$1,967,380.

The annual payments required to amortize the Series B, 2016 General Obligation Refunding Bonds outstanding as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ -	\$ 2,846,063	\$ 2,846,063
2022	-	2,846,063	2,846,063
2023	-	2,846,063	2,846,063
2024	-	2,846,063	2,846,063
2025	-	2,846,063	2,846,063
2026-2030	1,825,000	14,076,938	15,901,938
2031-2035	9,395,000	12,732,828	22,127,828
2036-2040	26,295,000	10,100,322	36,395,322
2041-2042	32,485,000	1,322,100	33,807,100
	<u>\$ 70,000,000</u>	<u>\$ 52,462,500</u>	<u>\$ 122,462,500</u>

During the year ended June 30, 2019, the District issued \$97,500,000 of 2016 General Obligation Bonds, Series B-1 (Federally Taxable). The current interest bonds bear interest at rates of 2.662% to 5.00%, maturing August 1, 2039. Proceeds from the issuance will be used to finance the acquisition, of District sites and facilities and pay the costs of issuing the debt. At June 30, 2020, the District has unamortized premiums of \$1,612,381.

The annual payments required to amortize the Series B-1, 2016 General Obligation Refunding Bonds outstanding as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 1,420,000	\$ 3,652,459	\$ 5,072,459
2022	1,800,000	3,608,701	5,408,701
2023	2,095,000	3,554,376	5,649,376
2024	2,405,000	3,490,098	5,895,098
2025	2,730,000	3,413,721	6,143,721
2026-2030	16,895,000	15,362,013	32,257,013
2031-2035	33,180,000	10,866,329	44,046,329
2036-2040	36,975,000	3,115,022	40,090,022
	<u>\$ 97,500,000</u>	<u>\$ 47,062,720</u>	<u>\$ 144,562,720</u>

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 6 - LONG-TERM LIABILITIES, continued**

Lease Revenue Bonds: In June 2003, the District issued \$3,070,834 of Lease Revenue Bonds with effective interest rates ranging from 2.0% to 4.25% and maturing through May 2033. The bond proceeds are being used to fund various capital improvement projects throughout the District.

The annual payments required to amortize the 2003 Lease Revenue Bonds outstanding as of June 30, 2020, are as follows:

Year Ended				
June 30,	Principal	Interest	Total	
2021	\$ 135,000	\$ 5,738	\$ 140,738	
2022	177,655	278,770	456,425	
2023	174,282	296,374	470,656	
2024	172,033	316,308	488,341	
2025	169,784	336,820	506,604	
2026-2030	806,195	1,989,437	2,795,632	
2031-2033	450,885	1,458,144	1,909,029	
	<u>\$ 2,085,834</u>	<u>\$ 4,681,591</u>	<u>\$ 6,767,425</u>	

In March 2018, the District issued \$7,370,000 of Lease Revenue Bonds with effective interest rates ranging from 2.0% to 5.0% and maturing through May 2037. The bond proceeds are being used to fund various capital improvement projects throughout the District.

The annual payments required to amortize the Lease Revenue Bonds outstanding as of June 30, 2020, are as follows:

Year Ended				
June 30,	Principal	Interest	Total	
2021	\$ 285,000	\$ 260,556	\$ 545,556	
2022	295,000	249,156	544,156	
2023	310,000	237,356	547,356	
2024	325,000	221,856	546,856	
2025	340,000	205,606	545,606	
2026-2030	1,970,000	763,869	2,733,869	
2031-2035	2,330,000	400,070	2,730,070	
2036-2037	1,040,000	52,350	1,092,350	
	<u>\$ 6,895,000</u>	<u>\$ 2,390,819</u>	<u>\$ 9,285,819</u>	

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 6 - LONG-TERM LIABILITIES, continued**

Note Payable - PG&E: In July 2014, the District entered into an On Bill Financing Loan with PG&E with an effective interest rate of 0% and expiring in February 2022. The loan is used as financing for an energy efficiency retrofit.

The annual payments required to amortize the PG&E loan outstanding as of June 30, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 70,379	\$ -	\$ 70,379
2022	46,919	-	46,919
	<u>\$ 117,298</u>	<u>\$ -</u>	<u>\$ 117,298</u>

Certificates of Participation: In January 2019, the District issued \$3,980,000 of Certificates of Participation (2019 Workforce Housing Project) with effective interest rates ranging from 3.00% to 5.00% and maturing through June 2039. The proceeds are being used to finance the construction of District facilities, including workforce housing, and pay the costs related to execution and delivery of the Certificates.

Year Ended June 30,	Principal	Interest	Total
2021	\$ -	\$ 149,794	\$ 149,794
2022	155,000	149,794	304,794
2023	160,000	143,594	303,594
2024	165,000	137,194	302,194
2025	175,000	128,944	303,944
2026-2030	1,000,000	505,969	1,505,969
2031-2035	1,210,000	302,006	1,512,006
2036-2039	1,115,000	96,631	1,211,631
	<u>\$ 3,980,000</u>	<u>\$ 1,613,925</u>	<u>\$ 5,593,925</u>

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 6 - LONG-TERM LIABILITIES, continued**

Supplemental Employee Retirement Plan: During the fiscal year ended June 30, 2017 and 2016, the District provided the option of a Supplemental Employee Retirement Plan to the District employees. Employees under the SERP will receive monthly annuity benefits. The District is obligated to pay annual installments for the calculated benefits for employees under the SERP and for the administration of the plan. As of June 30, 2020 there was no SERP liability outstanding.

Changes in Long-Term Debt: A schedule of changes in long-term debt for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
General obligation (GO) bonds	\$ 462,100,000	\$ -	\$ 14,195,000	\$ 447,905,000	\$ 8,130,000
Lease revenue (LR) bonds	9,380,834	-	400,000	8,980,834	420,000
Bond premium - GO bonds	23,901,377	-	1,616,369	22,285,008	1,664,400
Bond premium - LR bonds	323,781	-	15,079	308,702	15,414
Certificates of participation	3,980,000	-	-	3,980,000	-
Certificates of participation - premium	190,717	-	6,558	184,159	6,829
Net pension liability	64,910,000	2,863,813	-	67,773,813	-
Compensated absences	1,721,664	445,370	-	2,167,034	453,797
Note payable - PG&E	212,800	-	95,502	117,298	70,379
Capital lease obligations	99,313	-	49,658	49,655	49,655
Total	\$ 566,820,486	\$ 3,309,183	\$ 16,378,166	\$ 553,751,503	\$ 10,810,474

**NOTE 7 - PROPERTY TAXES**

All property taxes are levied and collected by the Tax Assessor of the County of Marin and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively, property taxes is March 1 of the preceding fiscal year.

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 8 - RISK MANAGEMENT**

The District administers dental and vision insurance programs on behalf of the District's eligible employees on a cost-reimbursement basis. The District records an estimated liability for dental and vision claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience. A formal actuarial study has not been performed, however, the District calculated the estimated amount based on historical experience.

The dental and vision claims reserve activity for the years ended June 30, 2020 and 2019 is as follows:

	2020	2019
Liability balance, beginning of year	\$ 79,319	\$ 79,464
Claims and changes in estimates	704,040	711,247
Claims payments	(722,297)	(711,392)
Liability balance, end of year	<u>\$ 61,062</u>	<u>\$ 79,319</u>

**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2020, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 34,013,818	\$ 9,932,489	\$ 3,271,245	\$ 4,508,891
CalPERS	33,759,995	9,163,438	757,865	7,697,198
Total	<u>\$ 67,773,813</u>	<u>\$ 19,095,927</u>	<u>\$ 4,029,110</u>	<u>\$ 12,206,089</u>

**California State Teachers' Retirement System (CalSTRS)**

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at <http://www.calstrs.com>.

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

Benefits Provided: The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	18.13%	18.13%
Required state contribution rate	10.328%	10.328%

\*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.



**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

Contributions: Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the District's total contributions were \$3,447,051.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 34,013,818
State's proportionate share of the net pension liability associated with the District	<u>18,556,959</u>
Total	<u>\$ 52,570,777</u>

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.038 percent and 0.036 percent, respectively, resulting in a net increase in the proportionate share of 0.002 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$4,508,891. In addition, the District recognized pension expense and revenue of \$507,709 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 1,309,922
Differences between expected and actual experience	85,868	957,823
Changes in assumptions	4,301,520	-
Net changes in proportionate share of net pension liability	2,098,050	1,003,500
District contributions subsequent to the measurement date	3,447,051	-
Total	<u>\$ 9,932,489</u>	<u>\$ 3,271,245</u>

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 1,008,173
2022	99,867
2023	994,550
2024	1,315,402
2025	(104,428)
Thereafter	(99,371)
	\$ 3,214,193

Actuarial Methods and Assumptions: Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

**MARIN COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

Actuarial Methods and Assumptions, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns.

The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

\*20-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California State Teachers' Retirement System (CalSTRS), continued**

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 50,649,391	\$ 34,013,818	\$ 20,219,761

**California Public Employees' Retirement System (CalPERS) Plan Description**

Plan Description: Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These report(s) and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:

<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS), continued**

Plan Description, continued

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	19.721%	19.721%

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above, and the total District contributions were \$3,492,276.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$33,759,995. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2019 and June 30, 2018, was 0.116 percent and 0.110 percent, respectively, resulting in a net increase in the proportionate share of 0.006 percent.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS), continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the year ended June 30, 2020, the District recognized pension expense of \$7,697,198. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 313,130
Differences between expected and actual experience	2,452,331	-
Changes in assumptions	1,607,081	-
Net changes in proportionate share of net pension liability	1,611,750	444,735
District contributions subsequent to the measurement date	3,492,276	-
Total	\$ 9,163,438	\$ 757,865

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 3,260,660
2022	833,727
2023	690,648
2024	128,262
	\$ 4,913,297

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS), continued**

Actuarial Methods and Assumptions: Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997, through June 30, 2011
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns.

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**

**California Public Employees' Retirement System (CalPERS), continued**

Actuarial Methods and Assumptions, continued

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class*</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10**</b>	<b>Real Return Years 11+***</b>
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

\*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

\*\*An expected inflation of 2.0% used for this period

\*\*\*An expected inflation of 2.92% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 48,662,814	\$ 33,759,995	\$ 21,397,078



**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS**

Plan Description: In addition to the pension benefits described in Note 9, the District provides post-retirement health care benefits to employees hired prior to 1988 and who retire from the District and meet the specific eligibility requirements set forth in their prospective employment contracts under a single employer defined benefit OPEB plan. The plan does not issue separate financial statements. The District pays medical and dental insurance premiums to maintain the level of coverage enjoyed by the retiree immediately preceding retirement up until the age of 70 or death of the retiree.

The District established an irrevocable trust under the California Employer's Retiree Benefit Trust Program (CERBT) to prefund the costs of other postemployment benefits. The funds in the CERBT are held in trust and will be administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. Benefit provisions are established and may be amended by District labor agreements which are approved by the Board of Education. The District's contributions to the irrevocable trust is included in the CERBT, which is included in the CalPERS CAFR. Copies of the CalPERS' CAFR may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

The CERBT fund, which is an Internal Revenue Code (IRC) Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other post-employment benefits for retirees and their beneficiaries, (ii) invest contributed amounts and income therein, and (iii) disburse contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other post-employment benefits in accordance with the terms of the District's OPEB plan.

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued**

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2020:

	Number of Participants
Inactive Employees Receiving Benefits	34
Active Employees	7
	<u>41</u>

Benefits Provided: The following is a description of the current retiree benefit plan:

	Faculty	Classified	Management
Benefit types provided	Medical and dental	Medical and dental	Medical and dental
Duration of Benefits	To age 70	To age 70	To age 70
Required Service	15 years	10 years	10 years
Minimum Age	55	50	50/55*
Dependent Coverage	Yes	Yes**	Yes
District Contribution %	100%	100%	100%
District Cap	Active rates	Active rates	Active rates

\*Depending on retirement system

\*\*SEIU employees are not eligible for District-paid dependent benefits

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board.

The District did not make any contributions to the Plan for the year ended June 30, 2020.

Actuarial Assumptions: The net OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.75%
Investment rate of return	6.00%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued**

Discount Rate: The actuary assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. Historical 30 year real rates of return for each asset class along with assumed long-term inflation assumption was used to set the discount rate. A discount rate of 6.0% was determined using the following asset allocation and assumed rate of return:

CERBT - Strategy 2

Asset Class	Percentage of Portfolio	Rate of Return
All Equities	22%	7.8%
All Fixed Income	49%	4.5%
Real Estate Investment Trusts	8%	7.5%
All Commodities	5%	7.8%
Treasury Inflation Protected Securities (TIPS)	16%	3.3%

The actuary looked at rolling periods of time for all asset classes in combination to reflect the correlation between asset classes. The average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Geometric means were used.

Changes in the Net OPEB Liability (Asset):

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance July 1, 2018	\$ 1,736,141	\$ 3,263,623	\$ (1,527,482)
Changes for the year:			
Service cost	12,654	-	12,654
Interest on TOL	90,874	-	90,874
Employer contributions	-	33,842	(33,842)
Assumption changes	259,253	-	259,253
Expected investment income	-	184,330	(184,330)
Experience gains/losses	376,512	-	376,512
Investment gains/losses	-	30,134	(30,134)
Administrative expense	-	(696)	696
Benefit payments	(455,801)	(416,064)	(39,737)
Net change	283,492	(168,454)	451,946
Balance June 30, 2019	\$ 2,019,633	\$ 3,095,169	\$ (1,075,536)

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS, continued**

Sensitivity of the Net Pension OPEB to Assumptions: The following presents the net OPEB liability (asset) calculated using the discount rate of 6.0 percent. The schedule also shows what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percent lower (5.0 percent) and 1 percent higher (7.0):

	Discount Rate		Discount Rate	
	1% Lower	Discount Rate	Discount Rate	1% Higher
	(5.0%)	(6.0%)	(6.0%)	(7.0%)
Net OPEB liability	\$ (1,021,413)	\$ (1,075,536)	\$ (1,075,536)	\$ (1,127,193)

The following table presents the net OPEB liability (asset) calculated using the health care cost trend rate of 4.0 percent. The schedule also shows what the net OPEB liability (asset) would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.0 percent) and 1 percent higher (5.0 percent):

	Health Care Trend Rate		Health Care Trend Rate	
	1% Lower	Health Care Trend Rate	Health Care Trend Rate	1% Higher
	(3.0%)	(4.0%)	(4.0%)	(5.0%)
Net OPEB liability	\$ (1,127,789)	\$ (1,075,536)	\$ (1,075,536)	\$ (1,022,659)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$481,292. At June 30, 2020, the District reported deferred outflows or resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between projected and actual earnings on plan investments	\$	18,743	\$	36,505

Amounts reported as deferred outflows of resources related to the net difference between projected and actual earnings of OPEB plan investments will be amortized over five years and recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (788)
2022	(791)
2023	(10,157)
2024	(6,026)
	<u>\$ (17,762)</u>

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 11 - COMMITMENTS AND CONTINGENCIES**

Contingent Liabilities: There are various claims and legal actions pending against the District for which no provision has been made in the general purpose financial statements. In the opinion of the District, any liabilities arising from these claims and legal actions are not considered significant.

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect.

Construction Commitments: As of June 30, 2020, the District has \$40,950,629 in outstanding commitments on construction contracts.

**NOTE 12 - JOINT POWERS AGREEMENTS**

Marin Community College District participates in Joint Power Agreements (JPAs), with Northern California Community College Self Insurance Authority (NCCCSIA), Schools Association for Excess Risk (SAFER), the Protected Insurance Program for Schools (PIPS) and Statewide Association of Community Colleges (SWACC). The relationship between Marin Community College District and the JPAs is such that the JPAs are not component units of Marin Community College District for financial reporting purposes.

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. NCCCSIA, SAFER and SWACC provide property and liability insurance for its members. PIPS provides workers' compensation insurance for its members. Marin Community College District pays a premium commensurate with the level of coverage requested. Settled claims resulting from these risks have not exceeded insurance coverage on any of the past three years.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Condensed financial information of the JPAs for the most current year for which audited information is available, is as follows:

	NCCCSIA	SAFER	PIPS	SWACC
	June 30, 2019	June 30, 2019	June 30, 2019	June 30, 2019
Total assets and deferred outflows of resources	\$ 3,012,681	\$ 43,494,593	\$ 133,474,239	\$ 53,983,748
Total liabilities and deferred inflows of resources	\$ 984,365	\$ 52,232,601	\$ 99,564,236	\$ 36,138,632
Net position	\$ 2,028,316	\$ (8,738,008)	\$ 33,910,003	\$ 17,845,116
Total revenues	\$ 9,005,600	\$ 67,971,132	\$ 315,861,808	\$ 25,464,876
Total expenses	\$ 9,227,125	\$ 77,854,967	\$ 306,086,109	\$ 25,634,995
Change in net position	\$ (221,525)	\$ (9,883,835)	\$ 9,775,699	\$ (170,119)

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 12,654	\$ -	\$ -
Interest	90,874	112,809	143,562
Assumption changes	259,253	(24,276)	-
Experience gains/losses	376,512	-	-
Investment gains/losses	-	(34,022)	-
Benefit payments	(455,801)	(431,055)	(479,042)
Net change in total OPEB liability	283,492	(376,544)	(335,480)
Total OPEB liability, beginning of year	1,736,141	2,112,685	2,448,165
Total OPEB liability, end of year (a)	\$ 2,019,633	\$ 1,736,141	\$ 2,112,685
Plan fiduciary net position			
Employer contributions	\$ 33,842	\$ -	\$ -
Expected investment income	184,330	195,841	271,379
Investment gains/losses	30,134	22,503	-
Administrative expense	(696)	(6,427)	(3,198)
Expected benefit payments	(416,064)	(431,055)	(479,042)
Change in plan fiduciary net position	(168,454)	(219,138)	(210,861)
Fiduciary trust net position, beginning of year	3,263,623	3,482,761	3,693,622
Fiduciary trust net position, end of year (b)	\$ 3,095,169	\$ 3,263,623	\$ 3,482,761
Net OPEB liability (asset), ending (a) - (b)	\$ (1,075,536)	\$ (1,527,482)	\$ (1,370,076)
Covered payroll	\$ 783,679	\$ 869,945	\$ 1,315,977
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	153%	188%	165%
Net OPEB asset as a percentage of covered payroll	-124%	-176%	-104%

*This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.*

**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS – OPEB  
FOR THE YEAR ENDED JUNE 30, 2020**

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	2020	2019	2018
Actuarially determined contribution	\$ 479,102	\$ 455,801	\$ 465,077
Contributions in relations to the actuarially determined contribution	368,114	382,222	431,055
Contribution deficiency (excess)	\$ 110,988	\$ 73,579	\$ 34,022
Covered-employee payroll	\$ 783,679	\$ 869,945	\$ 1,315,977
Contribution as a percentage of covered-employee payroll	61.13%	52.39%	35.34%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.



**MARIN COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2020**

<b>CalSTRS</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.038%	0.036%	0.036%	0.041%	0.039%	0.036%
District's proportionate share of the net pension liability	\$ 34,013,818	\$ 33,431,000	\$ 33,024,000	\$ 33,449,000	\$ 26,052,000	\$ 20,662,000
State's proportionate share of the net pension liability associated with the District	18,556,959	19,141,000	19,537,000	19,044,000	13,779,000	12,477,000
Total	\$ 52,570,777	\$ 52,572,000	\$ 52,561,000	\$ 52,493,000	\$ 39,831,000	\$ 33,139,000
District's covered - employee payroll	\$ 21,267,000	\$ 19,363,000	\$ 19,784,000	\$ 20,611,000	\$ 17,961,111	\$ 15,748,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	160%	173%	167%	162%	145%	131%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
<b>CalPERS</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.116%	0.110%	0.105%	0.108%	0.121%	0.133%
District's proportionate share of the net pension liability	\$ 33,759,995	\$ 31,479,000	\$ 26,284,000	\$ 23,362,000	\$ 19,671,000	\$ 15,387,250
District's covered - employee payroll	\$ 16,470,000	\$ 14,986,000	\$ 13,723,000	\$ 14,443,000	\$ 14,898,000	\$ 15,342,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	205%	210%	192%	162%	132%	100%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%

*Note: In the future, as data becomes available, ten years of information will be presented.*

**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS – PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>CaSTRS</b>	<b>Reporting Fiscal Year</b>					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,447,051	\$ 3,462,266	\$ 2,940,921	\$ 2,488,796	\$ 2,211,544	\$ 1,594,920
District's contributions in relation to the statutorily required contribution	3,447,051	3,462,266	2,940,921	2,488,796	2,211,544	1,594,920
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,012,967	\$ 21,267,000	\$ 19,363,000	\$ 19,784,000	\$ 20,611,000	\$ 17,961,000
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	15.19%	12.58%	10.73%	8.88%
<b>CaPERS</b>	<b>Reporting Fiscal Year</b>					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,492,276	\$ 3,063,500	\$ 2,351,656	\$ 1,905,803	\$ 1,711,105	\$ 1,753,636
District's contributions in relation to the statutorily required contribution	3,492,276	3,063,500	2,351,656	1,905,803	1,711,105	1,753,636
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 17,708,412	\$ 16,470,000	\$ 14,986,000	\$ 13,923,000	\$ 14,443,000	\$ 14,898,000
District's contributions as a percentage of covered-employee payroll	19.72%	18.60%	15.69%	13.69%	11.85%	11.77%

*Note: In the future, as data becomes available, ten years of information will be presented.*

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2020**

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**NOTE 1 - PURPOSE OF SCHEDULE**

**Schedule of Changes in Net OPEB Liability and Related Ratios**

The Schedule of Changes in Net OPEB asset is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**Schedule of Contributions – OPEB**

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

**Schedule of Proportionate Share of the Net Pension Liability**

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**Schedule of Contributions – Pensions**

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available.

**Changes of Benefit Terms**

There are no changes in benefit terms reported in the Required Supplementary Information.

**Changes of Assumptions**

There are no changes in assumptions reported in the Required Supplementary Information.

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## **SUPPLEMENTARY INFORMATION**

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**MARIN COMMUNITY COLLEGE DISTRICT  
DISTRICT ORGANIZATION  
JUNE 30, 2020**

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Marin Community College District was established in 1926, and is comprised of two campuses, Kentfield and Indian Valley. There were no changes in the boundaries of the District during the current year.

The Governing Board and District Administration for the fiscal year ended June 30, 2020 were composed of the following members:

**GOVERNING BOARD**

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<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Stuart Tanenberg	President	2020
Wanden P. Treanor	Vice President	2022
Stephanie O'Brien	Clerk	2020
Philip Kranenburg	Trustee	2020
Diana Conti	Trustee	2022
Suzanne Brown Crow	Trustee	2022
Eva Long, Ph.D.	Trustee	2020
Khadija Nakhuda	Student Trustee	2021

**DISTRICT ADMINISTRATION**

David Wain Coon, Ed.D.  
*Superintendent/President*

Gregory W. Nelson  
*Assistant Superintendent/Vice President of Administrative Services*

Jonathan Eldridge  
*Assistant Superintendent/Vice President of Student Learning and Success*

**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Direct Programs:</i>		
Student Financial Aid Programs:		
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	84.007	\$ 164,700
Federal Direct Loans	84.268	412,584
Federal Work Study (FWS)	84.033	172,666
Federal Pell Grants (PELL)	84.063	2,681,172
PELL Admin Allowance	84.063	1,538
Subtotal Financial Aid Programs		3,432,660
Higher Education Emergency Relief Fund - Institutional Portion	84.425F	117,168
Higher Education Emergency Relief Fund - Student Aid Portion	84.425E	661,500
<i>Passed through the California Department of Education:</i>		
Early Childhood Mentor Program	84.405A	5,138
<i>Passed through the California Community Colleges Chancellor's Office:</i>		
Vocation and Applied Technology Education - Act Program:		
Vocational and Applied Technology Educational Act		
Title I, Part C	84.048A	87,072
Title II, Tech Prep	84.048A	46,195
Subtotal Perkins Program		133,267
Total U.S. Department of Education		4,349,733
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
<i>Passed through the California Community Colleges Chancellor's Office:</i>		
Temporary Assistance for Needy Families (TANF)	93.558	14,924
<i>Passed through the California Department of Education:</i>		
Child Development Training Consortium - CCDF Cluster	93.575	11,214
Foster Care Education	93.658	25,709
Total U.S. Department of Health and Human Services		51,847
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed through the California Department of Education:</i>		
Child Care Food Program	10.558	5,050
<b>Total Federal Programs</b>		<b>\$ 4,406,630</b>

**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF STATE FINANCIAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues				Total Program Expenditures
	Accounts			Total	
	Cash Received	Receivable	Deferred Income		
AEBG - Adult Ed Block Grant - FY16/17, FY17/18	\$ 269,250	\$ -	\$ 83,007	\$ 186,243	\$ 186,243
Administrative 2% Enrollment Fee Waivers	28,686	-	-	28,686	28,686
BFAP Administration	160,119	-	-	160,119	160,119
CA College Promise	511,913	-	333,633	178,280	178,280
CalWORKs	171,087	-	-	171,087	171,087
Cooperative Agencies Resources for Education	79,199	-	-	79,199	79,199
Disabled Students Program	808,547	-	-	808,547	808,547
Extended Opportunity Programs and Services	530,825	-	-	530,825	530,825
Extended Opportunity Programs and Services PY	1,263	-	-	1,263	1,263
Faculty/Staff Development	11,325	-	123	11,202	11,202
Faculty/Staff Diversity	74,527	-	50,557	23,970	23,970
Financial Aid Technology	206,162	-	162,539	43,623	43,623
Foster Care Education	40,541	-	-	40,541	40,541
Hazardous Substance	4,880	-	4,880	-	-
SSSP - Credit	1,594,636	-	-	1,594,636	1,594,636
SSSP - Credit PY	1,226	-	-	1,226	1,226
Nursing Enrollment Growth	114,368	-	17,419	96,949	96,949
Nursing Enrollment Growth PY	5,090	-	-	5,090	5,090
Peace Officers Training	4,505	-	4,016	489	489
Physical Plant and Instructional Support 14/15,15/16	54,089	-	-	54,089	54,089
Prop. 20, Lottery-Instructional Supplies	1,239,502	77,847	1,144,306	173,043	173,043
Scheduled Maintenance & Repair Ongoing 0809, 13/14	27,900	-	27,900	-	-
Scheduled Maintenance & Repair Ongoing	98,087	-	98,087	-	-
Strong Workforce (Local)	1,348,687	-	875,502	473,185	473,185
Strong Workforce (Regional)	260,669	65,833	48,385	278,117	278,117
Transitional Assistance to Needy Families	7,581	7,965	-	15,546	15,546
Veterans Resource Center	44,724	-	42,037	2,687	2,687
CA Planning & Research STEM Thinkers & Learning	132,016	94,841	-	226,857	226,857
Guided Pathways	345,196	-	176,926	168,270	168,270
Hunger Free Campus	46,212	-	32,866	13,346	13,346
OTF - Improving Online CTE Pathways	25,124	80,348	-	105,472	105,472
Mental Health Support	30,936	-	10,197	20,739	20,739
North Bay Trades Internship Program	-	210,098	-	210,098	210,098
OTF - Certified Nurse Assistant (CNA)	57,500	-	57,500	-	-
OTF - Other State Grant, Classified Professional Development	32,697	-	32,697	-	-
OTF - Other State Grant, Institutional Effectiveness & Leadership Grant	8,301	-	4,848	3,453	3,453
OTF - Other State Grant, Textbooks Affordability	27,774	7,350	4,094	31,030	31,030
OTF - Other State Grants (ZCT,Leadership,Campus Safety,GIG,Class Prof, other)	68,772	7,350	41,639	34,483	34,483
OTF - Scheduled Maintenance 07 & 08	24,884	-	24,884	-	-
Child Care Food Program-Preschool	221	-	-	221	221
OTF - Child Development Bailout Funds	86,034	-	-	86,034	86,034
Child Development Contract Funds (State Preschool) - CSPP9286	80,540	(59,149)	-	21,391	21,391
Cal Grants	410,520	3,446	-	413,966	413,966
Full Time Student Success Grant	10,566	-	10,566	-	-
Student Success Completion	226,075	-	-	226,075	226,075
	<u>\$ 9,312,756</u>	<u>\$ 495,929</u>	<u>\$ 3,288,608</u>	<u>\$ 6,520,077</u>	<u>\$ 6,520,077</u>

**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>CATEGORIES</b>	Reported Data	Audit Adjustments	Audited Data
<b>A. Summer Intersession (Summer 2019 only)</b>			
1. Noncredit	-	-	-
2. Credit	-	-	-
<b>B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)</b>			
1. Noncredit	8.57	-	8.57
2. Credit	185.64	-	185.64
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,293.21	-	2,293.21
(b) Daily Census Contact Hours	127.87	-	127.87
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	225.94	-	225.94
(b) Credit	87.30	-	87.30
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	287.70	-	287.70
(b) Daily Census Contact Hours	5.37	-	5.37
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	3,221.60	-	3,221.60
<b>Supplemental Information (subset of above information)</b>			
<b>E. In-service Training Courses</b>	-	-	-
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Credit	76.59	-	76.59
2. Noncredit	81.91	-	81.91
Total Basic Skills FTES	158.50	-	158.50
<b><u>CCFS 320 Addendum</u></b>			
<b>CDCP Noncredit FTES</b>	-	-	-
<b>Centers FTES</b>			
1. Credit	347.08	-	347.08
2. Noncredit	19.85	-	19.85
Total Centers FTES	366.93	-	366.93



**MARIN COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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There were no audit adjustments proposed to any funds of the District.

**MARIN COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

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**Total Fund Equity - District Funds Included in the Reporting Entity**

General Fund	\$	7,394,612	
Bond Interest and Redemption Fund		20,040,650	
Revenue Bond Interest and Redemption Fund		4,673,922	
Other Debt Service Fund		203,647	
Other Special Revenue Fund		295,797	
Capital Outlay Fund		7,326,621	
Revenue Bond Construction Fund		161,724,442	
Self-Insurance Fund		628,375	
PARS Trust Fund		<u>5,868,292</u>	\$ 208,156,358
Assets recorded within the statements of net position not included in the fund financial statements:			
Capital assets	\$	422,378,717	
Accumulated depreciation		<u>(84,654,116)</u>	337,724,601
Unmatured Interest			(7,322,306)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred outflows related to bond refundings			11,273,516
Deferred outflows related to OPEB			18,743
Deferred outflows related to pensions			19,095,927
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:			
General obligation (GO) bonds	\$	447,905,000	
Lease revenue (LR) bonds		8,980,834	
Bond premium - GO bonds		22,285,008	
Bond premium - LR bonds		308,702	
Certificates of participation		3,980,000	
Certificates of participation - premium		184,159	
Net pension liability		67,773,813	
Compensated absences		2,167,034	
Note payable - PG&E		117,298	
Capital lease obligations		<u>49,655</u>	(553,751,503)
Deferred inflows recorded within the statement of net position not included in the District fund financial statements:			
Deferred inflows related to OPEB			(36,505)
Deferred inflows related to pensions			<u>(4,029,110)</u>
<b>Net Assets Reported Within the Statement of Net Position</b>			<u>\$ 12,205,257</u>

**MARIN COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2020**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 9,842,233	\$ -	\$ 9,842,233	\$ 9,842,233	\$ -	\$ 9,842,233
Other	1300	8,291,487	-	8,291,487	8,291,487	-	8,291,487
Total Instructional Salaries		18,133,720	-	18,133,720	18,133,720	-	18,133,720
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,640,805	-	3,640,805
Other	1400	-	-	-	1,079,391	-	1,079,391
Total Non-Instructional Salaries		-	-	-	4,720,196	-	4,720,196
Total Academic Salaries		18,133,720	-	18,133,720	22,853,916	-	22,853,916
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	11,056,786	-	11,056,786
Other	2300	-	-	-	210,292	-	210,292
Total Non-Instructional Salaries		-	-	-	11,267,078	-	11,267,078
Instructional Aides							
Regular Status	2200	960,363	-	960,363	960,363	-	960,363
Other	2400	278,476	-	278,476	278,476	-	278,476
Total Instructional Aides		1,238,839	-	1,238,839	1,238,839	-	1,238,839
Total Classified Salaries		1,238,839	-	1,238,839	12,505,917	-	12,505,917
Employee Benefits	3000	8,178,823	-	8,178,823	15,850,088	-	15,850,088
Supplies and Materials	4000	-	-	-	473,722	-	473,722
Other Operating Expenses	5000	-	-	-	4,531,529	-	4,531,529
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		27,551,382	-	27,551,382	56,215,172	-	56,215,172
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	82,409	-	82,409	82,409	-	82,409
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	263,598	-	263,598
Object to Exclude							
Rents and Leases	5060	-	-	-	234,067	-	234,067
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	547,448	-	547,448
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	88,674	-	88,674
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	190,103	-	190,103
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	190,103	-	190,103
Total Capital Outlay		-	-	-	278,777	-	278,777
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 82,409	\$ -	\$ 82,409	\$ 1,406,299	\$ -	\$ 1,406,299
Total for ECS 84362, 50% Law		\$ 27,468,973	\$ -	\$ 27,468,973	\$ 54,808,873	\$ -	\$ 54,808,873
Percent of CEE (Instructional Salary Cost/Total CEE)		50.12%	0.00%	50.12%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 27,404,437	\$ -	\$ 27,404,437

See accompanying note to supplementary information.

**MARIN COMMUNITY COLLEGE DISTRICT  
 EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT  
 FOR THE YEAR ENDED JUNE 30, 2020**

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EPA Revenue	248,136
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	248,136	-	-	248,136
Total		248,136	-	-	248,136

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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**NOTE 1 - PURPOSE OF SCHEDULES**

**Schedule of Expenditure of Federal Awards**

The Schedule of Expenditure of Federal Awards includes the federal award activity of Marin Community College District under programs of the federal government for the year ended June 30, 2020, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Marin Community College District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Marin Community College District. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Schedule of State Financial Awards**

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The information in this schedule is presented to comply with reporting requirements of the California Community Colleges Chancellor's Office.

**Schedule of Workload Measures for State General Apportionment**

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

**Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Basic Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the CCFS-311 to the audited basic financial statements.

**Reconciliation of Governmental funds to the Statement of Net Position**

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT  
NOTE TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

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**NOTE 1 - PURPOSE OF SCHEDULES, continued**

**Reconciliation of ECS 84362 (50 Percent Law) Calculation**

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

**Education Protection Account Expenditure Report**

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

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**OTHER INDEPENDENT AUDITORS' REPORTS**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees  
Marin Community College District  
Kentfield, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the business-type activities and the aggregate remaining fund information of Marin Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 5, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
November 5, 2020



## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Trustees  
Marin Community College District  
Kentfield, California

### **Report on Compliance for Each Major Federal Program**

We have audited Marin Community College District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2020. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
November 5, 2020



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees  
Marin Community College District  
Kentfield, California

### Compliance

We have audited the Marin Community College District's (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2019-20*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2020. The applicable state compliance requirements are identified in the table below.

### Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

### Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance with the state laws and regulations based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *California Community Colleges Contracted District Audit Manual 2019-20*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2019-20* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

### Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2020.

## Other Matters

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

- Section 411 – SCFF Data Management Control Environment
- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 – Apportionment for Instructional Service Agreements/Contracts
- Section 424 – Student Centered Funding Formula Base Allocation: FTES
- Section 425 – Residency Determination for Credit Courses
- Section 426 – Students Actively Enrolled
- Section 427 – Dual Enrollment (CCAP and Non-CCAP)
- Section 428 – Student Equity
- Section 429 – Student Success and Support Program (SSSP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 435 – Open Enrollment
- Section 439 – Proposition 39 Clean Energy
- Section 440 – Intersession Extension Programs
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 479 – To Be Arranged Hours (TBA)
- Section 490 – Proposition 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*. Accordingly, this report is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
November 5, 2020

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## **FINDINGS AND RECOMMENDATIONS**

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**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.425E, 84.425F</u>	<u>CARES Act</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

**There were no financial statement audit findings or questioned costs identified during 2019-20**



**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

**There were no financial statement audit findings or questioned costs identified during 2019-20.**

**MARIN COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION IV – STATE AWARD FINDINGS AND QUESTIONED COSTS**

**There were no state award findings or questioned costs identified during 2019-20.**

**MARIN COMMUNITY COLLEGE DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2020**

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**There were no prior year findings and recommendations identified during 2018-19.**