

**MARIN COMMUNITY COLLEGE DISTRICT**  
**Novato, California**

**FINANCIAL STATEMENTS**  
**June 30, 2011**

**MARIN COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2011**

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**MARIN COMMUNITY COLLEGE DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2011**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Marin Community College District  
Novato, California

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Marin Community College District (the "District") as of and for the year ended June 30, 2011, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of College of Marin Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements listed in the aforementioned table of contents present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Marin Community College District as of June 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITORS' REPORT

(Continued)

Management's Discussion and Analysis (MD&A) and the Required Supplementary Information, such as the Schedule of Other Postemployment Benefits Funding Progress, are not required parts of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 5, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ending June 30, 2011

Marin Community College District (the District) is now in its ninth year of complying with and preparing 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, 2011 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 11, and the notes to the basic financial statements beginning on page 19.

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

#### Financial Highlights

- Marin County property values have declined. The District continues to maintain its "Basic Aid" status because the receipts of local property taxes and enrollment fees exceeded the State's computational revenues under SB 361 for 2010-11 by about \$9.6 million. SB 361, enacted as part of the 2006 Budget Act, implemented major reforms to improve the equity and transparency of the California Community Colleges funding model. SB 361 further established a funding model that would provide growth funding for credit courses at a uniform rate across the CCC system, thereby ensuring that funding remained equalized in the future. The funding model starts with a college/district's base allocation but its primary basis for calculating the revenue limit remains the Full-Time Equivalent Students (FTES).
- Fiscal year 2010-11 ended better than originally budgeted due to lower spending and higher than anticipated revenues. Unrestricted revenues were about \$286,000 higher, principally from higher state revenues; expenditures were approximately \$889,000 lower than budgeted primarily due to lower benefits and other operating expenses, thus resulting in actual results exceeded budget by \$1.2 million. Expenditure savings were attributable to lower contract services and legal fees. The year ended with reserve levels at 14.4%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

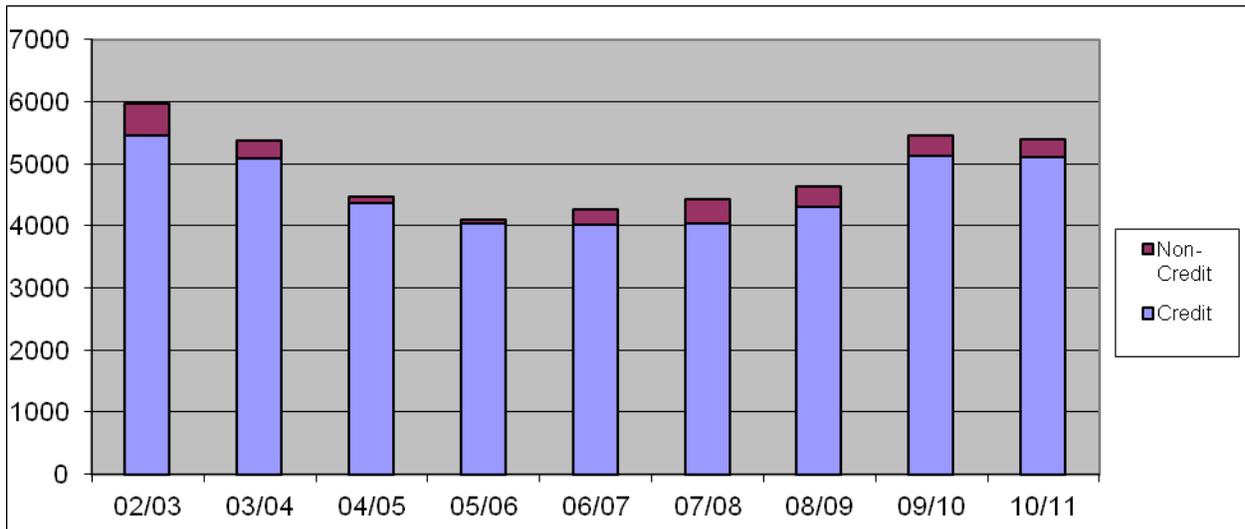
(Continued)

Fiscal Year Ending June 30, 2011

### Financial Highlights (Continued)

- FTES totaled 5,315 representing a 0.7% decrease over the prior fiscal year. This slight decrease in enrollment is attributable to the reduced 2011 summer schedule. Several years prior, the District instituted a comprehensive enrollment management program to improve student access, strengthen outreach, expand marketing efforts, and broaden class offerings.

FTES Statistics  
2002/03 – 2010/11



- Net costs for employee compensation increased about 0.3% compared to the prior year actual expenditures. The increase was primarily attributable to benefit costs increasing about 4.1%, offset by a reduction in salary expense. The benefits increase was driven by increases in costs of medical benefits. The decline in salaries was attributable primarily to a reduction in faculty salaries resulting from a reduced summer schedule. Classified salaries increased 0.3% due to step increases partially offset by vacant positions. Administrators salaries increased 5.9% due to interim positions in 2009-10 that were permanently filled for 2010-11. The interim positions in 2009-10 were contract services rather than salaries.
- During Fiscal Year 2005-06, the District allocated \$1 million toward its approximately \$6.9 million unfunded liability (fourth Actuarial Study updated September 2010) in an early application under Government Accounting Standards Board Cod. Sec. P50.108-109, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, and transferred the monies into a separate fund. In fiscal year 2007-08, the District allocated an additional \$500,000 of its unfunded liability and allocated an additional \$500,000 toward fiscal year 2009-10, for a total of \$2 million. However, since the District has not placed the funds in an irrevocable trust, the assets accumulated cannot offset the net other postemployment benefits obligation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2011

### Financial Highlights (Continued)

- The District provided Financial Aid to over 5,000 qualifying students this year translating to about \$16 million in aid. This aid is provided through grants, loans, and work study from the Federal Government, the State Chancellor's Office and local funding.

### Capital Asset and Debt Administration

- On November 2, 2004 the voters of Marin County overwhelmingly passed Measure C, a \$249.5 million bond for facilities maintenance, job training and safety, passing with more than 60 percent of the vote, easily surpassing the required 55 percent. With the bond, the District will be able to modernize science labs, classrooms, and libraries; provide modern computer technology; upgrade fire safety, campus security, disabled access, energy conservation systems and electrical wiring for computer technology; and repair, construct, acquire, and/or equip classrooms, labs, sites and facilities. To that end, the District has retained the services of Swinerton Management & Consulting, Inc. as its Measure C Program Management/Construction Management firm. Swinerton has worked with the District's faculty, staff and students on reviewing facilities assessment documents, and the educational master plan which has formed the basis for the development of the Facilities Development and Master Plan.
- In April 2005, \$75 million in bonds were sold pursuant to the terms of a public sale. An additional \$75 million in bonds were sold in February 2009, and another \$52.5 million in bonds were sold in June 2011. All proceeds were delivered to the Marin County Treasury for credit of the District into its building fund.
- Major milestones achieved in the District's Capital Improvement and Modernization Program (2010/2011) included:
  - New Academic Center (formerly Gateway) completed conceptual design.
  - Science Math Central Plant Complex construction reached 50% completion.
  - Performing Arts Modernization Project started construction and reached 10% completion.
  - New Fine Arts Building Project completed construction and opened for the Spring Semester 2011.
  - IVC Main Building Project completed construction and opened for the Spring Semester 2011.
  - IVC Utilities Project reached 99% completion.
  - PE Track Renovation project was initiated and designed.
  - The Child Study Center was initiated and designed.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2011

### Capital Asset and Debt Administration (Continued)

- The 2011-12 budget outlines approximately \$66.5 million in facilities renewal and modernization costs, including construction, architectural and civil, geotechnical and MEP engineering services, plus landscape architect, industrial hygienist, CEQA and energy consultants. Two modernization projects have been completed as well as various site improvement projects at both the Kentfield and Indian Valley campuses. Construction and modernization plans outlined for the upcoming fiscal year consist of the completion of the Power Plant 2 project at the Indian Valley campus, the PE Track Renovation, the near completion of the new Science Math Central Plan building, plus the commencement of construction for the New Academic Center, the Child Study Center, and the Performing Arts Modernization at Kentfield.
- Based on the 2011-12 planned construction and modernization projects of \$66.5 million, the District will need to plan the sale of another bond issue during 2011-12. The District continues to work closely with the County Treasury, providing cash flows and construction schedules, to optimize investment income.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(Continued)

**Fiscal Year Ending June 30, 2011**

**Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net assets – the difference between assets and liabilities – are one way to measure the financial health of the District. Net assets were reported as "Fund Balance" in our previous reporting model.

	2011	2010	% Change
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 14,477	\$ 12,910	12.14%
Other Current Assets	2,614	3,020	-13.44%
<b>Total Current Assets</b>	<u>17,091</u>	<u>15,930</u>	7.29%
<b>Non-Current Assets</b>			
Restricted Cash and Cash Equivalents	79,075	61,978	27.59%
Prepaid Expenses	1,744	1,536	13.54%
Capital Assets, Net of Depreciation	151,641	121,591	24.71%
<b>Total Non-Current Assets</b>	<u>232,460</u>	<u>185,105</u>	25.58%
<b>Total Assets</b>	<u>249,551</u>	<u>201,035</u>	24.13%
<b>Current Liabilities</b>			
Accounts Payable and Accrued Liabilities	10,749	9,907	8.50%
Deferred Revenues	4,389	4,218	4.05%
Claims Liability	82	83	-1.20%
Long-Term Liabilities - Current Portion	2,760	4,181	-33.99%
<b>Total Current Liabilities</b>	<u>17,980</u>	<u>18,389</u>	-2.22%
<b>Non-Current Liabilities</b>			
Long-Term Liabilities	186,667	136,229	37.02%
<b>Total Liabilities</b>	<u>204,647</u>	<u>154,618</u>	32.36%
<b>Net Assets</b>			
Invested in Capital Assets	35,581	35,311	0.76%
Restricted for Expendable Purposes	2,813	4,825	-41.70%
Unrestricted	6,510	6,281	3.65%
<b>Total Net Assets</b>	<u>\$ 44,904</u>	<u>\$ 46,417</u>	-3.26%

- The \$1.2 million net increase in "Total Current Assets" is due to increases primarily in general fund unrestricted cash and receivables.
- The net increase in restricted cash of \$17.1 million relates primarily to the Measure C bond issue of \$52.5 million offset by construction spending and repayment of long-term debt obligations.
- The net increase in capital assets of over \$30 million represents additions to depreciable assets, net of actual depreciation of \$4.5 million for 2010-11. Included in this category are the net values of buildings, land and equipment. The capitalization threshold was established at \$5,000 or higher (original acquisition cost).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2011

### Statement of Net Assets (Continued)

- The \$0.8 million net increase in Accounts Payable and Accrued Liabilities principally relates to an increase in trade payables resulting from bond spending.
- A decrease in the current portion of long-term liabilities relates to lower upcoming debt repayments of the underlying bond indenture; the increase in long-term liabilities reflects the additional debt owed from the 2010-11 bond issue.
- Net assets, previously reported as "fund balance" under the old reporting model, includes the value of all capital assets (net of accumulated depreciation).
- Restricted and/or reserved amounts include reserves for capital projects and debt service.
- "Unrestricted net assets" reflects the uncommitted balance for all funds.

### Statement of Revenues, Expenses and Change in Net Assets

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

#### For the Years Ended June 30, 2011 and 2010 (In Thousands)

	2011	2010	% Change
<b>Operating Revenues</b>			
Tuition and fees	\$ 5,467	\$ 5,266	3.82%
Grants and contracts	8,416	4,235	98.73%
<b>Total Operating Revenues</b>	<u>13,883</u>	<u>9,501</u>	46.12%
<b>Operating Expense</b>			
Salaries and benefits	42,955	42,831	0.29%
Supplies and maintenance	6,361	8,254	-22.93%
Student Financial Aid	11,955	5,477	118.28%
Depreciation	4,492	3,130	43.51%
<b>Total Operating Expenses</b>	<u>65,763</u>	<u>59,692</u>	10.17%
<b>Loss from Operations</b>	<u>(51,880)</u>	<u>(50,191)</u>	3.37%
<b>Nonoperating Revenues and (Expenses)</b>			
State apportionment	1,340	1,283	4.44%
Property taxes	38,743	39,288	-1.39%
State revenues	1,044	669	56.05%
Pell grants and direct loans	6,673	5,008	33.25%
Investment income	492	1,007	-51.14%
Interest expense on capital asset related debt	(6,506)	(7,519)	13.47%
Other nonoperating revenues	697	2,152	-67.61%
<b>Total Nonoperating Revenues</b>	<u>42,483</u>	<u>41,888</u>	1.42%
<b>Other Revenues</b>			
State and local capital income	41	40	2.50%
Property taxes	7,843	10,687	-26.61%
<b>Net (Decrease)/Increase in Net Assets</b>	<u>\$ (1,513)</u>	<u>\$ 2,424</u>	-162.42%

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2011

### Statement of Revenues, Expenses and Change in Net Assets (Continued)

- Tuition and enrollment fees remained at \$26 per unit. The increase in Grants and contracts is the result of a change in accounting for the U.S. Department of Education Direct Loan Program as the District providing financial aid loans directly to students. In 2010, Direct Loans were provided via financial institutions and were not reflected in the District's financial position in 2011. The District receiving lower non student financial aid federal revenue and less State funding. Lower Federal funding was driven by reduced American Reinvestment and Recovery Act funds combined with decreased Carl Perkins VTEA IV funding. State funding decreases occurred largely in DSPS, Allied Health and BFAP.
- As reported in the Statement of Revenues, Expenses and Change in Net Assets on page x of this report, the cost of all the District's operational activities this year was \$65,763,000, an increase of approximately 10.2% compared to that of the prior year.
- Expenses for 2010-11 include depreciation of the District's plant and equipment of approximately \$4,492,000.
- About 65% of all operating funds were directed to salary and benefit costs, lower than the previous year.
- General Fund property tax revenues declined slightly from the prior year as a result of the real estate market and lower assessed valuations. The ad valorem taxes collected in the bond redemption fund was \$7.8 million. The ad valorem taxes fluctuate because they are collected based on the need to repay the bond principal.

### 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.

#### For the Years Ended June 30, 2011 and 2010 (In Thousands)

	2011	2010
Cash (used in) provided by:		
Operating activities	(\$48,262)	(\$47,576)
Non-capital financing activities	48,858	48,477
Capital and related financing activities	16,695	(28,925)
Investing activities	492	1,007
Net increase in cash	17,783	(27,017)
Cash – beginning of fiscal year	75,769	102,786
Cash – end of fiscal year	\$93,552	\$75,769

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fiscal Year Ending June 30, 2011

### Statement of Cash Flows (Continued)

Operating activities includes tuition and fees, grants, and operating payments. The increase in cash used for operating activities is primarily due to the bond modernization program that has been ramping up as well as the new student Direct Loan Program.

- Representing the largest cash in-flow, non-capital financing activities, includes property taxes, enrollment fees, State apportionments, and local revenues.
- Construction projects and capital debt are reported in capital and related financing activities. Capital related financing activities correlate to bond issuances and redemptions. In 2010-11, an additional \$52.5 million in bonds were sold.
- 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.

### Factors That May Affect the Future

- The State is still in the midst of a fiscal crisis. The 2011-12 enacted State budget is based on many favorable assumptions and one-time solutions and fails to provide any meaningful long-term solutions to the structural imbalance. Forecasts for 2012-13 anticipate another very challenging budget year and it is expected that the Department of Finance is preparing a range of budget tightening options for the Governor to consider in building the 2012-13 budget proposal.
- For 2011-12, student enrollment fees were increased from \$26/unit to \$36/unit which has the potential to negatively impact enrollment. An additional increase from \$36/unit to \$46/unit is anticipated for Summer 2012. It is difficult to assess the impact of these enrollment fee increases for the District. The state budget crisis has caused UC's, CSU's and other community colleges to reduce enrollment and class offerings and those actions have tended to increase enrollment for the District. The slight decrease in enrollment in 2010-11 at the District was caused by reduced summer class offerings. The current economy and high unemployment may also increase enrollment in community colleges as unemployed workers go back to school for training in a new vocation or to upgrade their skills. The increase in enrollment fees may increase BOG waivers provided to students in financial need, which will be an added cost to the district.
- Reserves were budgeted at 12.4% of General Fund Unrestricted expenditures in the 2011-12 Adoption Budget and the District will strive to align reserve levels in accordance with Board goals to increase reserve levels to 17%.

MARIN COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

**ASSETS**

Current assets:	
Cash and investments (Note 2)	\$ 14,477,479
Receivables (Note 3)	2,550,187
Prepaid expenses	<u>63,833</u>
Total current assets	<u>17,091,499</u>
Noncurrent assets:	
Restricted cash and investments (Note 2)	79,074,559
Debt issuance costs, net (Note 7)	1,743,935
Non-depreciable capital assets (Note 4)	42,256,268
Depreciable capital assets, net (Note 4)	<u>109,385,216</u>
Total noncurrent assets	<u>232,459,978</u>
Total assets	<u>\$ 249,551,477</u>

**LIABILITIES**

Current liabilities:	
Accounts payable	\$ 10,748,979
Deferred revenue (Note 5)	4,389,531
Claims liability (Note 9)	81,754
Compensated absences payable - current portion (Note 7)	101,259
Premium on General Obligation Bonds (Note 7)	253,390
Long-term debt - current portion (Note 7)	<u>2,405,000</u>
Total current liabilities	<u>17,979,913</u>
Noncurrent liabilities:	
Compensated absences payable - noncurrent portion (Note 7)	1,056,820
Premium on General Obligation Bonds (Note 7)	4,568,795
Long-term debt - noncurrent portion (Note 7)	<u>181,041,547</u>
Total noncurrent liabilities	<u>186,667,162</u>
Total liabilities	<u>204,647,075</u>

Commitments and contingencies (Note 12)

**NET ASSETS**

Invested in capital assets, net of related debt	35,580,852
Restricted for debt service	2,813,295
Unrestricted	<u>6,510,255</u>
Total net assets	<u>44,904,402</u>
Total liabilities and net assets	<u>\$ 249,551,477</u>

The accompanying notes are an integral part of these financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**DISCRETELY PRESENTED COMPONENT UNIT -**  
**COLLEGE OF MARIN FOUNDATION**  
**(A Nonprofit Organization)**

**STATEMENT OF NET ASSETS**

**June 30, 2011**

**ASSETS**

Cash (Note 2)	\$ 597,234
Investments (Note 2)	3,986,587
Receivables	600
Prepaid expenses	<u>1,486</u>
Total assets	<u>\$ 4,585,907</u>

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 17,123
Grants payable	<u>60,000</u>
Total liabilities	<u>77,123</u>

**NET ASSETS**

Net assets:	
Unrestricted	5,916
Temporarily restricted	4,309,087
Permanently restricted	<u>193,781</u>
Total net assets	<u>4,508,784</u>
Total liabilities and net assets	<u>\$ 4,585,907</u>

The accompanying notes are an integral part of these financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS**

**For the Year Ended June 30, 2011**

Operating revenues:	
Tuition and fees	\$ 6,868,985
Less: Scholarship discounts and allowances	<u>(1,402,085)</u>
Net tuition and fees	<u>5,466,900</u>
Grants and contracts, non-capital:	
Federal	5,474,013
State	<u>2,942,733</u>
Total operating revenues	<u>13,883,646</u>
Operating expenses (Note 14):	
Salaries and benefits (Notes 9, 10 and 11)	42,954,667
Supplies, materials, and other operating expenses and services	6,209,828
Equipment, maintenance and repairs	151,312
Student financial aid	11,954,994
Depreciation (Note 4)	<u>4,492,361</u>
Total operating expenses	<u>65,763,162</u>
Loss from operations	<u>(51,879,516)</u>
Non-operating revenues (expenses):	
State apportionment, non-capital	1,340,794
Local property taxes (Note 8)	38,742,636
State taxes and other revenues	1,043,650
Pell grants	6,673,005
Investment income, noncapital	492,197
Interest expense on capital asset-related debt, net	(6,506,135)
Other non-operating revenues	<u>696,652</u>
Total non-operating revenues (expenses)	<u>42,482,799</u>
Loss before capital revenues	<u>(9,396,717)</u>
Capital revenues:	
Grants and gifts, capital	40,950
Property taxes (Note 8)	<u>7,843,019</u>
Total capital revenues	<u>7,883,969</u>
Change in net assets	(1,512,748)
Net assets, July 1, 2010	<u>46,417,150</u>
Net assets, June 30, 2011	<u><u>\$ 44,904,402</u></u>

The accompanying notes are an integral part of these financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**DISCRETELY PRESENTED COMPONENT -**  
**COLLEGE OF MARIN FOUNDATION**  
**(A Nonprofit Organization)**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, gains and other support:				
Contributions	\$ 68,998	\$ 573,414		\$ 642,412
Interest and dividend income	2,330	136,272		138,602
Net unrealized gain on investments		572,490		572,490
Other operating income		3,453		3,453
Operating transfers	(392)	392		
Net assets released from restrictions	<u>692,270</u>	<u>(692,270)</u>		
Total revenues	<u>763,206</u>	<u>593,751</u>		<u>1,356,957</u>
Expenses:				
Grants and related activities	461,832			461,832
Salaries and benefits	96,327			96,327
Fundraising expense	80,647			80,647
Professional services	61,766			61,766
Operating expenses	<u>9,918</u>			<u>9,918</u>
Total expenses	<u>710,490</u>			<u>710,490</u>
Increase in net assets	52,716	593,751		646,467
Net assets, July 1, 2010	<u>(46,800)</u>	<u>3,715,336</u>	<u>\$ 193,781</u>	<u>3,862,317</u>
Net assets, June 30, 2011	<u>\$ 5,916</u>	<u>\$ 4,309,087</u>	<u>\$ 193,781</u>	<u>\$ 4,508,784</u>

The accompanying notes are an integral  
part of these financial statements.

MARIN COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2011

Cash flows from operating activities:	
Tuition and fees	\$ 5,761,724
Federal grants and contracts	5,761,662
State and local grants and contracts	2,534,539
Payments to employees	(42,679,557)
Payments to students, suppliers and vendors	(18,758,901)
Other payments	<u>(881,205)</u>
Net cash used in operating activities	<u>(48,261,738)</u>
Cash flows from noncapital financing activities:	
State appropriations	1,340,794
Local property taxes	38,742,636
State taxes and other revenues	867,903
Pell grants	6,673,005
Other non-operating revenues	<u>1,233,264</u>
Net cash provided by noncapital financing activities	<u>48,857,602</u>
Cash flows from capital and related financing activities:	
Local revenue for capital purposes	40,950
Local property taxes, capital purposes	7,843,019
Principal paid on capital debt	(4,119,705)
Proceeds from capital debt	52,505,000
Purchase of capital assets	(33,593,142)
Premium on capital debt	546,991
Issuance costs on capital debt	(207,745)
Interest paid on capital debt, net	<u>(6,320,288)</u>
Net cash provided by capital and related financing activities	<u>16,695,080</u>
Cash flows provided by investing activities:	
Interest income	<u>492,197</u>
Net increase in cash and investments	17,783,141
Cash and investments, beginning of year	<u>75,768,897</u>
Cash and investments, end of year	<u>\$ 93,552,038</u>

(Continued)

MARIN COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS  
(Continued)  
For the Year Ended June 30, 2011

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	\$ (51,879,516)
Adjustments to reconcile loss from operations to net cash used in operating activities:	
Depreciation expense	4,492,361
Changes in assets and liabilities:	
Receivables, net	(28,869)
Prepaid expenses	42,142
Accounts payable	(294,160)
Deferred revenue	203,148
Amounts held in trust	(881,205)
Compensated absences	(7,175)
Other postemployment benefits	<u>91,536</u>
Net cash used in operating activities	<u>\$ (48,261,738)</u>
Noncash capital and related financing activities:	
Amortization of bond issuance costs	\$ (77,974)
Amortization of premiums on capital debt	<u>220,041</u>
Total noncash capital and related financing activities	<u>\$ 142,067</u>

The accompanying notes are an integral part of these financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT**

**STATEMENT OF FIDUCIARY NET ASSETS**

**June 30, 2011**

	<b>Associated Students of Marin College</b>	<b>Investment Trust Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments (Note 2)	\$ 328,804	\$ 962,178
Receivables	<u>70,445</u>	<u>7,170</u>
Total assets	<u>399,249</u>	<u>969,348</u>
<b>LIABILITIES</b>		
Accounts payable	18,565	
Amount held for others	<u>380,684</u>	<u>                    </u>
Total liabilities	<u>399,249</u>	<u>                    </u>
<b>NET ASSETS</b>		
Net assets	<u><u>\$ -</u></u>	<u><u>\$ 969,348</u></u>

The accompanying notes are an integral part of these financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS**  
**For the Year Ended June 30, 2011**

	<u>Investment Trust Fund</u>
Revenues:	
Contributions and grants	\$ 286,069
Interest income	3,892
Other local sources	<u>3,000</u>
Total revenues	292,961
Expenditures:	
Capital outlay	<u>2,398</u>
Excess of revenues over expenditures	290,563
Net assets, July 1, 2010	<u>678,785</u>
Net assets, June 30, 2011	<u><u>\$ 969,348</u></u>

The accompanying notes are an integral  
part of these financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**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.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and GASB Cod. Sec. 2100.101 as amended by GASB Cod. Sec. 2100.138. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District identified the College of Marin Foundation (Foundation) as a potential component unit.

The Foundation is a nonprofit, tax-exempt organization dedicated to providing financial benefits generated from fundraising efforts and investments earnings to the District. The funds contributed by the Foundation to the District are significant to the District's financial statements. The District applied the criteria for identifying component units in accordance with GASB Cod. Sec. 2100.138 and, therefore, the District has classified the Foundation as a component unit that will be discretely presented in the District's financial statements.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. 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 expenditures are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated.

The Foundation's financial statements are prepared on the accrual basis of accounting. Recognition of contributions is dependent upon whether the contribution is restricted or unrestricted. Net assets are classified on the Statement of Net Assets as unrestricted or temporarily restricted net assets based on the absence or existence of donor-imposed restrictions.

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*.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting (Continued)

The District has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The District has elected to not apply FASB pronouncements issued after that date.

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 assets.

Fair Value of Investments

The District records its investment in Marin County Treasury at fair value. Changes in fair value are reported as revenue in the Statement of Revenues, Expenses and Change in Net Assets. The fair value of investments, including the Marin County Treasury external investment pool, at June 30, 2011 approximated their carrying value.

The Foundation's investments are valued at fair value based upon quoted market prices, when available, or estimates of fair value in the Statement of Net Assets and unrealized and realized gains and losses are included in the Statement of Activities. Fair values of investments in County and State investment pools are determined by the pool sponsor.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. 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 fair value at the date of donation in the case of gifts. 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 BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 - 50 years depending on asset type.

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 STRS and PERS employees, when the employee retires.

Deferred 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 deferred revenue until earned.

Net Assets

The District's net assets are classified as follows:

*Invested in capital assets, net of related debt:* 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 invested in capital assets, net of related debt.

*Restricted net assets:* Restricted expendable net assets 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 assets 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.

*Unrestricted net assets:* Unrestricted net assets 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.

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Assets (Continued)

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.

The Foundation's net assets are classified as follows:

*Unrestricted:* Unrestricted net assets consist of all resources of the Foundation, which have not been specifically restricted by a donor.

*Temporarily restricted:* Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction.

*Permanently restricted:* Permanently restricted net assets are nonexpendable net assets consisting of endowment and similar type funds in which the donor has stipulated as condition of the gift, that the principal be maintained in perpetuity.

The Foundation's endowment currently consists of one individual fund established for the purpose of supporting education at the District. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard prudence prescribed by UPMIFA.

The Foundation follows the Foundation's adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specific period(s) as well as board-designated funds.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Assets (Continued)

The investment objective is to optimize earnings on all invested funds, while maintaining the preservation of capital. Risk will be minimized by investing in high quality fixed income and equity instruments with the objective of maintaining a balanced portfolio in accordance with the Foundation's investment policy.

Risk Management

As more fully described in Note 9, 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, 2011 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 Assets.

State Apportionments

Certain current year apportionments from the state are based on various financial and statistical information of the previous year. Prior year corrections due to the recalculation in February 2011 will be recorded in the year completed by the state.

On Behalf Payments

GASB Cod. Sec. 2300.120 requires that direct on-behalf payments for benefits and salaries made by one entity to a third party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits of the State Teachers on behalf of all Community Colleges in California. However, a fiscal advisory issued by the California Department of Education instructed districts not to record revenue and expenditures for these on-behalf payments. These payments consist of state general fund contributions to CalSTRS in the amount of \$340,382 (2.017% of salaries subject to CalSTRS).

Classification of Revenue

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. 2200.190-.191 including State appropriations, local property taxes, Pell grants and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) most Federal, State and local grants and contracts and Federal appropriations, and (3) interest on institutional student loans.

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Classification of Revenue (Continued)

*Nonoperating revenues:* 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. 2200.190-.191, such as State appropriations, Pell grants and investment income.

All contributions received by the Foundation are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as temporarily restricted net assets.

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 assets. 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, such as Pell grants and other federal, state and nongovernmental programs, are recorded as 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.

Tax Status

The Foundation is a nonprofit public benefit corporation exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization. Contributions to the Foundation are deductible under Section 170(c)(2). The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Interest and penalties on tax assessments are classified as an expense when incurred. For the year ended June 30, 2011, the Foundation did not incur any interest or penalties.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Tax Status (Continued)

Income tax returns for the Foundation are filed in U.S. federal and state of California jurisdictions. Tax returns remain subject to examination by the U.S. federal jurisdiction for three years after the return is filed and for four years by the California jurisdiction. There are currently no tax years under examination.

**2. CASH AND INVESTMENTS**

District cash and investments at June 30, 2011, consisted of the following:

	<u>District</u>	<u>Agency Funds</u>	<u>Trust Fund</u>	<u>Foundation</u>
Pooled Funds:				
Cash in County Treasury	\$ 90,531,751		\$ 962,178	
Cash awaiting deposits	48,042			
Deposits:				
Cash on hand and in banks	1,575,628	\$ 328,804		\$ 597,234
Revolving fund	19,963			
Cash held by Fiscal Agent	1,376,654			
Investments				<u>3,986,587</u>
 Total cash and investments	 <u>93,552,038</u>	 <u>328,804</u>	 <u>962,178</u>	 <u>4,583,821</u>
Less: restricted cash and investments:				
Cash held in County Treasury	(77,697,905)			
Cash held by Fiscal Agent	<u>(1,376,654)</u>			
 Total restricted cash and investments	 <u>(79,074,559)</u>			
 Net cash and investments	 <u>\$ 14,477,479</u>	 <u>\$ 328,804</u>	 <u>\$ 962,178</u>	 <u>\$ 4,583,821</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Marin County Treasury. The County pools and invests the cash. Those pooled funds are carried at fair value, which approximates cost.

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, 2011.

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**2. CASH AND INVESTMENTS (Continued)**

Cash with Fiscal Agent

Cash with Fiscal Agent of \$79,074,559 represents amounts held in the District's name with third party custodians for future construction projects and repayment of long-term liabilities.

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.

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Under Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, interest-bearing cash balances held in banks are insured up to \$250,000 and noninterest-bearing cash balances held in banks are fully insured by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2011, the carrying amount of the District's accounts was \$1,924,395 and the bank balance was \$2,026,749. \$266,350 of the bank balance was FDIC insured and \$1,760,399 remained uninsured.

The Foundation maintains substantially all of its cash in banks and are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2011, the carrying amount of the Foundation's cash in banks was \$597,234 and the bank balance was \$630,648. The bank balance amount insured by the FDIC was \$380,648 and \$242,660 remained uninsured.

Credit Risk

Under provision of the District and Foundation's policies and in accordance with Sections 53601 and 53602 of the California Government code, the District and Foundation 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 and Foundation'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, 2011, the District and Foundation had no significant interest rate risk related to cash and investments held.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**2. CASH AND INVESTMENTS (Continued)**

Concentration of Credit Risk

The District and Foundation do not place limits on the amount they may invest in any one issuer. At June 30, 2011, the District and Foundation had no concentration of credit risk.

Foundation Investments

The following presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of June 30, 2011, and indicates the fair value hierarchy of the valuation techniques utilized by the Foundation to determine such fair value based on the hierarchy:

Level 1 - Quoted market prices of 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.

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

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	<u>\$ 3,986,587</u>	<u>\$ 3,986,587</u>	<u>\$ -</u>	<u>\$ -</u>

There were no changes in the valuation techniques used during the year ended June 30, 2011.

The Foundation had no non recurring assets and no liabilities at June 30, 2011, which were required to be disclosed using the fair value hierarchy.

**3. RECEIVABLES**

Receivables at June 30, 2011 are summarized as follows:

Federal	\$ 259,435
State	121,388
Local and other	<u>2,169,364</u>
	<u>\$ 2,550,187</u>

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**4. CAPITAL ASSETS**

Capital asset activity consists of the following:

	Balance July 1, 2010	Additions	Deductions	Transfers	Balance June 30, 2011
Non-depreciable:					
Land	\$ 3,119,170				\$ 3,119,170
Construction in progress	63,207,520	\$ 16,134,114		\$ (40,204,536)	39,137,098
Depreciable:					
Land improvements	10,827,940	2,990,966		10,205,524	24,024,430
Building improvements	62,501,737	13,198,950		29,999,012	105,699,699
Machinery and equipment	10,643,496	2,218,290			12,861,786
<b>Total</b>	<u>150,299,863</u>	<u>34,542,320</u>			<u>184,842,183</u>
Less accumulated depreciation:					
Land improvements	2,266,103	1,151,742			3,417,845
Building improvements	20,114,522	1,823,016			21,937,538
Machinery and equipment	6,327,713	1,517,603			7,845,316
<b>Total</b>	<u>28,708,338</u>	<u>4,492,361</u>			<u>33,200,699</u>
Capital assets, net	<u>\$ 121,591,525</u>	<u>\$ 30,049,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,641,484</u>

**5. DEFERRED REVENUE**

Deferred revenue for the District consisted of the following:

Deferred Federal and State revenue	\$ 829,203
Deferred tuition and student fees	1,167,876
Deferred local grant revenue and other	<u>2,392,452</u>
<b>Total deferred revenue</b>	<u>\$ 4,389,531</u>

**6. TAX REVENUE ANTICIPATION NOTES (TRANS)**

Tax Revenue Anticipation Notes (TRANS) are short-term debt instruments. They are issued to eliminate cash flow deficiencies that result from fluctuations in revenue receipts and expenditure disbursements. A summary of the District's TRANS activity for the year ended June 30, 2011 is as follows:

	Outstanding July 1, 2010	Additions	Deletions	Outstanding June 30, 2011
Series 2009 - 2.0% Tax Revenue Anticipation Note	<u>\$ -</u>	<u>\$ 9,200,000</u>	<u>\$ 9,200,000</u>	<u>\$ -</u>

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. LONG-TERM LIABILITIES**

General Obligation Bonds

In April 2005, the District issued Series A, 2004 General Obligation Bonds aggregating \$75,000,000. The bonds mature through 2030 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 \$3,015,265 and paid issuance costs of \$559,158. The premium and issuance costs are amortized over the life of the bond repayment. At June 30, 2011, the District has unamortized premiums and issuance costs of \$2,261,450 and \$419,370, respectively.

The annual payments required to amortize the Series A, 2004 General Obligation Bonds outstanding as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 600,000	\$ 2,715,738	\$ 3,315,738
2013	860,000	2,673,821	3,533,821
2014	850,000	2,631,279	3,481,279
2015	1,135,000	2,575,717	3,710,717
2016	1,345,000	2,509,342	3,854,342
2017-2021	10,400,000	11,188,440	21,588,440
2022-2026	18,460,000	7,540,949	26,000,949
2027-2031	<u>22,745,000</u>	<u>1,831,043</u>	<u>24,576,043</u>
	<u>\$ 56,395,000</u>	<u>\$ 33,666,329</u>	<u>\$ 90,061,329</u>

In March 2009, the District issued Series B, 2004 General Obligation Bonds aggregating \$75,000,000. The bonds mature through 2038 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 \$1,180,240. The premium and issuance costs are amortized over the life of the bond repayment. At June 30, 2011, the District has unamortized premiums and issuance costs of \$1,793,703 and \$1,038,846, respectively.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

General Obligation Bonds (Continued)

The annual payments required to amortize the Series B, 2004 General Obligation Bonds outstanding as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 850,000	\$ 3,387,738	\$ 4,237,738
2013	5,000	3,374,913	3,379,913
2014	830,000	3,362,388	4,192,388
2015	915,000	3,336,213	4,251,213
2016	1,000,000	3,307,488	4,307,488
2017-2021	6,465,000	15,887,863	22,352,863
2022-2026	9,615,000	14,021,413	23,636,413
2027-2031	14,320,000	11,087,188	25,407,188
2032-2036	21,035,000	6,782,306	27,817,306
2037-2039	<u>16,465,000</u>	<u>1,273,625</u>	<u>17,738,625</u>
	<u>\$ 71,500,000</u>	<u>\$ 65,821,135</u>	<u>\$ 137,321,135</u>

In May 2011, the District issued Series C, 2004 General Obligation Bonds aggregating \$52,505,000. The bonds mature through 2034 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 and issuance costs are amortized over the life of the bond repayment. At June 30, 2011, the District has unamortized premiums and issuance costs of \$767,032 and \$285,719, respectively.

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 900,000	\$ 1,413,074	\$ 2,313,074
2013	115,000	2,610,780	2,725,780
2014	210,000	2,393,688	2,603,688
2015	85,000	2,387,763	2,472,763
2016	35,000	2,381,863	2,416,863
2017-2021	1,315,000	11,860,113	13,175,113
2022-2026	4,860,000	11,336,063	16,196,063
2027-2031	15,030,000	10,046,131	25,076,131
2032-2036	<u>29,955,000</u>	<u>3,841,800</u>	<u>33,796,800</u>
	<u>\$ 52,505,000</u>	<u>\$ 48,271,275</u>	<u>\$ 100,776,275</u>

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**7. 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 Lease Revenue Bonds outstanding as of June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 55,000	\$ 34,876	\$ 89,876
2013	60,000	33,158	93,158
2014	65,000	31,133	96,133
2015	75,000	28,858	103,858
2016	85,000	26,139	111,139
2017-2021	565,000	74,170	639,170
2022-2026	860,165	1,583,791	2,443,956
2027-2031	789,329	2,086,241	2,875,570
2032-2036	<u>301,340</u>	<u>1,005,821</u>	<u>1,307,161</u>
	<u>\$ 2,855,834</u>	<u>\$ 4,904,187</u>	<u>\$ 7,760,021</u>

Total Long-Term Debt

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,405,000	\$ 7,551,426	\$ 9,956,426
2013	1,040,000	8,692,672	9,732,672
2014	1,955,000	8,418,488	10,373,488
2015	2,210,000	8,328,551	10,538,551
2016	2,465,000	8,224,832	10,689,832
2017-2021	18,745,000	39,010,586	57,755,586
2022-2026	33,795,165	34,482,216	68,277,381
2027-2031	52,884,329	25,050,603	77,934,932
2032-2036	51,291,340	11,629,927	62,921,267
2037-2041	<u>16,465,000</u>	<u>1,273,625</u>	<u>17,738,625</u>
	<u>\$ 183,255,834</u>	<u>\$ 152,662,926</u>	<u>\$ 335,918,760</u>

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

Changes in Long-Term Debt

A schedule of changes in long-term debt for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year
General Obligation Bonds	\$ 131,855,000	\$ 52,505,000	\$ 3,960,000	\$ 180,400,000	\$ 2,350,000
Lease Revenue Bonds	2,900,834		45,000	2,855,834	55,000
Bond Premium	4,275,194	767,032	220,041	4,822,185	253,390
Energy Efficiency Revenue Bonds	109,977		109,977		
Capitalized Lease Obligations	4,728		4,728		
Compensated Absences	1,165,254		7,175	1,158,079	101,259
Other Postemployment Benefits (Note 11)	99,177	871,731	780,195	190,713	
	<u>\$ 140,410,164</u>	<u>\$ 54,143,763</u>	<u>\$ 5,127,116</u>	<u>\$ 189,426,811</u>	<u>\$ 2,759,649</u>

**8. 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. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

**9. 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, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Liability balance, beginning of year	\$ 83,015	\$ 85,729
Claims and changes in estimates	667,192	662,348
Claims payments	<u>(668,453)</u>	<u>(665,062)</u>
Liability balance, end of year	<u>\$ 81,754</u>	<u>\$ 83,015</u>

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**10. EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System, and classified employees are members of the Public Employees' Retirement System.

State Teachers' Retirement System (STRS)

Plan Description

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges and employed 50 percent or more of a full-time equivalent position participate in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). The State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for STRS. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active members of the DB Plan are required to contribute 8% of their salary while the district is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-2011 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative STRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of 4% with the sum of the District and employee contribution always being equal or greater than 8%.

Annual Pension Cost

The District's total contributions to STRS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,395,441, \$1,458,640 and \$1,568,599, respectively, and equals 100% of the required contributions for each year. The State of California may make additional direct payments for retirement benefits to the STRS on behalf of all community colleges in the State. The revenue and expenditures associated with these payments, if any, have not been included in these financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

California Public Employees' Retirement System (CalPERS)

Plan Descriptions

The District contributes to the School Employer Pool under California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the district is required to contribute an actuarially determined rate. The required employer contribution rate for fiscal year 2010-2011 was 10.707% of annual payroll.

Annual Pension Cost

The District's contributions to CalPERS for the fiscal years ending June 30, 2011, 2010 and 2009 were \$1,260,206, \$1,134,695 and \$1,051,474, respectively, and equaled 100 percent of the required contributions for each year.

**11. OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 10, 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. 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.

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 866,772
Interest on net OPEB obligation	4,959
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	871,731
Contributions made	<u>(780,195)</u>
Increase in net OPEB obligation	91,536
Net OPEB obligation - beginning of year	<u>99,177</u>
Net OPEB obligation - end of year	<u><u>\$ 190,713</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 and the preceding two years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2009	\$ 891,186	97.3%	\$ 24,237
June 30, 2010	\$ 892,398	91.6%	\$ 99,177
June 30, 2011	\$ 871,731	89.5%	\$ 190,713

As of September 1, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$6,604,857, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,604,857. The covered payroll (annual payroll of active employees covered by the Plan) was \$4,058,179, and the ratio of the UAAL to the covered payroll was 163 percent. The OPEB plan is currently operated as a pay-as-you-go-plan.

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 1, 2010, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 4 percent. Both rates include a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 28 years.

**12. 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, 2011, the District has approximately \$33,773,000 in outstanding commitments on construction contracts.

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**13. JOINT POWERS AGREEMENTS**

Marin Community College District participates in Joint Power Agreements (JPAs), with Northern California Community College Self Insurance Authority (NCCCSIA), Schools Excess Liability Fund (SELF), Marin Schools Insurance Authority (MSIA) 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, SELF and SWACC provide property and liability insurance for its members. MSIA provides workers' compensation insurance for its members. Marin Community College District pays a premium commensurate with the level of coverage requested.

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:

	<u>NCCCSIA</u>	<u>SELF</u>	<u>MSIA</u>	<u>SWACC</u>
	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2010</u>
Total assets	\$ 12,061,101	\$ 174,774,000	\$ 22,195,906	\$ 46,019,292
Total liabilities	\$ 7,829,999	\$ 141,524,000	\$ 13,053,773	\$ 21,417,925
Net assets	\$ 4,231,102	\$ 33,250,000	\$ 9,142,133	\$ 24,601,367
Total revenues	\$ 8,198,761	\$ 9,165,000	\$ 9,784,137	\$ 9,338,400
Total expenses	\$ 10,053,574	\$ 12,425,000	\$ 9,195,773	\$ 12,547,315
Change in net assets	\$ (1,854,813)	\$ (3,260,000)	\$ 588,364	\$ (3,208,915)

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**14. OPERATING EXPENSES**

The following schedule details the functional classifications of the operating expenses reported in the statement of revenues, expenses and changes in net assets for the year ended June 30, 2011.

Functional Classifications	Salaries and Benefits	Supplies, Materials and Other Operating Expenses and Services	Equipment, Maintenance and Repairs	Student Financial Aid	Depreciation	Total
Instruction	\$ 22,188,631	\$ 399,008	\$ 28,551			\$ 22,616,190
Academic Support	3,708,055	133,252	43,011			3,884,318
Student Services	5,300,648	265,781	3,091			5,569,520
Operations and Maintenance of Plant	2,691,133	1,769,706	134,886			4,595,725
Institution Support	6,556,501	2,713,678	(61,743)			9,208,436
Community Support	1,917,980	790,898	509			2,709,387
Ancillary Services	591,973	137,505	3,007			732,485
Student Aid				\$ 11,954,994		11,954,994
Physical Property Depreciation	(254)					(254)
					\$ 4,492,361	4,492,361
	<u>\$ 42,954,667</u>	<u>\$ 6,209,828</u>	<u>\$ 151,312</u>	<u>\$ 11,954,994</u>	<u>\$ 4,492,361</u>	<u>\$ 65,763,162</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**MARIN COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**FUNDING PROGRESS**

For the Year Ended June 30, 2011

<b>Schedule of Funding Progress</b>							
<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
6/30/2009	September 1, 2008	\$ -	\$ 7,312,141	\$ 7,312,141	0%	\$ 7,412,365	99%
6/30/2010	September 1, 2008	\$ -	\$ 7,312,141	\$ 7,312,141	0%	\$ 5,974,919	122%
6/30/2011	September 1, 2010	\$ -	\$ 6,604,857	\$ 6,604,857	0%	\$ 4,058,179	163%

The accompanying notes are an integral part of these financial statements.

**MARIN COMMUNITY COLLEGE DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. PURPOSE OF SCHEDULE**

A - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

## **SUPPLEMENTARY INFORMATION**

**MARIN COMMUNITY COLLEGE DISTRICT**

**ORGANIZATION**

**June 30, 2011**

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, 2011 were composed of the following members:

**BOARD OF TRUSTEES**

<u>Members</u>	<u>Office</u>	<u>Term Expires</u>
Diana Conti	President	2013
Eva Long, Ph.D.	Vice President	2011
James Namnath, Ph.D.	Clerk	2011
Philip Kranenburg	Trustee	2011
Carole Hayashino	Trustee	2011
Barbara Dolan	Trustee	2013
Wanden Treanor	Trustee	2013
Raemond Bergstrom-Wood	Student Trustee	2012

**DISTRICT ADMINISTRATION**

David Wain Coon Ed.D.  
Superintendent/President

Mr. Albert J. Harrison, II  
Vice President, College Operations

**MARIN COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2011**

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Education</u>		
Direct Programs:		
Student Financial Aid Cluster:		
Federal Supplementary Educational Opportunity Program (FSEOG)	84.007	\$ 127,700
Federal College Work Study (FWS)	84.033	242,883
Federal Direct Loan Program	84.268	4,814,022
Federal Pell Grants (PELL)	84.063	6,673,005
Academic Competitiveness Grant	84.375	<u>10,913</u>
Subtotal Financial Aid Cluster		<u>11,868,523</u>
Passed through California Community College Chancellor's Office:		
Vocational and Applied Technology Educational Act - Title IC	84.048	92,771
Vocational and Applied Technology Educational Act - Title II - Tech Prep	84.048	69,708
American Recovery and Reinvestment Act - State Fiscal Stabilization Fund	84.394	24,326
Passed through California Department of Education: Early Childhood Mentor Program	84.405A	<u>3,972</u>
Total U.S. Department of Education		<u>12,059,300</u>
<u>U.S. Department of Health and Human Services</u>		
Passed through California Community College Chancellor's Office:		
Temporary Assistant to Needy Families (TANF)	93.558	15,100
Passed through California Department of Education:		
Child Development Training Consortium	93.575	9,653
Foster Care Education	93.658	<u>39,751</u>
Total U.S. Department of Health and Human Services		<u>64,504</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>		
Child Care Food Program	10.558	<u>23,214</u>
Total Federal Programs		<u>\$ 12,147,018</u>

See accompanying notes to  
supplemental information.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF STATE FINANCIAL AWARDS**  
For the Year Ended June 30, 2011

	<u>Program Entitlements</u>			<u>Program Revenues</u>			<u>Program Expenditures</u>	
	<u>Prior Year Carry-forward</u>	<u>Current Entitlement</u>	<u>Total Entitlement</u>	<u>Cash Received</u>	<u>Accounts Receivable</u>	<u>Deferred Revenue/Accounts Payable</u>		<u>Total</u>
Administrative 2% Enrollment Fee Waivers		\$ 16,910	\$ 16,910	\$ 16,190			\$ 16,190	\$ 16,190
Allied Health - EDD	\$ (14,967)	39,315	24,348	24,348			24,348	24,348
Basic Skills	194,907	90,000	284,907	284,907		\$ 159,698	125,209	125,209
BFAP Administrative		135,228	135,228	135,228			135,228	135,228
Cal Grants		254,549	254,549	250,067	\$ 4,482		254,549	254,549
CalWORKs	4,994	122,461	127,455	127,455		1,994	125,461	125,461
CARE	16,055	37,254	53,309	53,309		859	52,450	52,450
Child Care Food Program - Preschool		1,440	1,440	1,440			1,440	1,440
Child Development Bailout Tax		75,862	75,862	75,862			75,862	75,862
Facilities Renovation and Repair	(9,329)	15,185	5,856		5,856		5,856	5,856
Child Development - State Preschool		187,339	187,339	187,339			187,339	187,339
DSPS	1,621	767,752	769,373	769,373			769,373	769,373
EOPS	19,425	357,690	377,115	377,115		3,650	373,465	373,465
Faculty/Staff Development	11,325		11,325	11,325		11,325		
Faculty/Staff Diversity		4,497	4,497	4,497		2,953	1,544	1,544
Foster Care Education		36,841	36,841	31,322	5,519		36,841	36,841
Hazardous Substance	34,238		34,238	34,238		34,238		
Instructional Equipment & Library Materials	40,001		40,001	40,001		590	39,411	39,411
Lottery - Proposition 20	169,126	89,417	258,543	175,623	82,920	190,144	68,399	68,399
Matriculation - Credit	18,356	174,867	193,223	193,223		10,431	182,792	182,792
Matriculation - Noncredit		62,526	62,526	62,526			62,526	62,526
Nursing Capacity	64,114	146,687	210,801	189,910	20,891	77,345	133,456	133,456
Peace Officers Training	2,365	1,720	4,085	2,365	1,720	3,285	800	800
Scheduled Maintenance and Repair	200,000		200,000	200,000		200,000		
TANF	152	14,949	15,101	15,101			15,101	15,101
Transfers & Articulation	2,117		2,117	2,117		1,178	939	939
OTF Scheduled Maintenance	101,117		101,117	101,117		101,117		
<b>Total State Programs</b>	<b>\$ 855,617</b>	<b>\$ 2,632,489</b>	<b>\$ 3,488,106</b>	<b>\$ 3,365,998</b>	<b>\$ 121,388</b>	<b>\$ 798,807</b>	<b>\$ 2,688,579</b>	<b>\$ 2,688,579</b>

See accompanying notes to supplemental information.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF WORKLOAD MEASURES FOR**  
**STATE GENERAL APPORTIONMENT**

**Annual Attendance as of June 30, 2011**

<u>Categories</u>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Revised Data</u>
A. Summer Intersession (Summer 2010 only)			
1. Noncredit	-		-
2. Credit	-		-
B. Summer Intersession (Summer 2011 - Prior to July 1, 2011)			
1. Noncredit	20		20
2. Credit	235		235
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
a. Weekly Census Contact Hours	4,078		4,078
b. Daily Census Contact Hours	367	(65)	302
2. Actual Hours of Attendance Procedure Courses			
a. Noncredit	284		284
b. Credit	151		151
3. Independent Study/Work Experience			
a. Weekly Census Contact Hours	227		227
b. Daily Census Contact Hours	18		18
c. Noncredit Independent Study/ Distance Education Courses	-		-
D. Total FTES	<u>5,380</u>	<u>(65)</u>	<u>5,315</u>
Supplementary Information:			
E. In-Service Training Courses (FTES)	-		-
H. Basic Skills Courses and Immigrant Education			
a. Noncredit	289		289
b. Credit	463		463
<u>CCFS 320 Addendum</u>			
CDCP	-		-
Centers FTES			
a. Noncredit	-		-
b. Credit	-		-

See accompanying notes to  
supplemental information.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**  
**(CCFS-311) WITH AUDITED BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2011**

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

See accompanying notes to  
supplemental information.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**

**1. PURPOSE OF SCHEDULES**

A - Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B - 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 State Chancellor's System's Office.

C - 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.

D - 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.

**INDEPENDENT AUDITORS' REPORT  
ON STATE COMPLIANCE REQUIREMENTS**

Board of Trustees  
Marin Community College District  
Novato, California

We have audited the compliance of Marin Community College District with the types of compliance requirements described in Section 400 of the *California State Chancellor's Office's California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California for the year ended June 30, 2011. Compliance with the requirements of state laws and regulations is the responsibility of Marin Community College District's management. Our responsibility is to express an opinion on Marin Community College District's compliance based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Marin Community College 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. Our audit does not provide legal determination of Marin Community College District's compliance with those requirements.

In connection with our audit referred to above, we selected and tested transactions and records to determine the District's compliance with the following State laws and regulations in accordance with Section 400 of the *Chancellor's Office's California Community Colleges Contracted District Audit Manual (CDAM)*:

- Salaries of Classroom Instructors (50 Percent Law)
- Apportionment for Instructional Service Agreements/Contracts
- State General Apportionment Funding System
- Residency Determination for Credit Courses
- Students Actively Enrolled
- Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Gann Limit Calculation
- Enrollment Fee
- California Work Opportunity and Responsibility to Kids (CalWORKs)
- Open Enrollment
- Student Fees-Instructional Materials and Health Fees
- Economic and Workforce Development (EWD)
- Extended Opportunity Programs and Services (EOPS)
- Disabled Student Programs and Services (DSPS)
- Cooperative Agencies Resources for Education (CARE)
- Preference for Veterans and Qualified Spouse for Federally Funded Qualified Training Programs
- To Be Arranged Hours (TBA)

**INDEPENDENT AUDITORS' REPORT  
ON STATE COMPLIANCE REQUIREMENTS**

(Continued)

As described in Findings 2011-01 and 2011-02 in the accompanying Schedule of Audit Findings and Questioned Costs, Marin Community College District did not comply with the requirements regarding documentation of Student Education Contracts and attendance reporting. Compliance with such requirements is necessary, in our opinion, for Marin Community College District to comply with state laws and regulations applicable to Disabled Student Programs and Services and State General Apportionment Funding System.

In our opinion, except for the noncompliance with Disabled Student Programs and Services and State General Funding Apportionment Funding System identified in the Schedule of Audit Findings and Questioned Costs as Findings 2011-01 and 2011-02, Marin Community College District complied, with the aforementioned requirements for the year ended June 30, 2011.

Marin Community College District's responses to the findings identified in our audit are included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's responses and, accordingly, express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees, District management, the California Community Colleges Chancellor's Office and the Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 5, 2011

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

Board of Trustees  
Marin Community College District  
Novato, California

We have audited the business-type activities and discretely presented component unit of Marin Community College District as of and for the year ended June 30, 2011 which collectively comprises basic financial statements, and have issued our report thereon dated December 5, 2011. 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. The financial statements of College of Marin Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of Marin Community College District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Marin Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marin Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Marin Community College District's internal control over financial reporting.

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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

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(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marin Community College District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, 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*.

This report is intended for the information of the Board of Trustees, District management, and the Federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

  
Crowe Horwath LLP

Sacramento, California  
December 5, 2011

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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Board of Trustees  
Marin Community College District  
Novato, California

Compliance

We have audited Marin Community College District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Marin Community College District's major Federal programs for the year ended June 30, 2011. Marin Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Marin Community College District's management. Our responsibility is to express an opinion on Marin Community College District's compliance based on our audit.

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 obtained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133*. Those standards and OMB Circular A-133 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 Marin Community College 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. Our audit does not provide a legal determination on Marin Community College District's compliance with those requirements.

In our opinion, Marin Community College District complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of Marin Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Marin Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Marin Community College District's internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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(Continued)

Internal Control Over Compliance (Continued)

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.

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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of District management, the Board of Trustees, and the federal and state awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Crowe Horwath LLP*

Crowe Horwath LLP

Sacramento, California  
December 5, 2011

## **FINDINGS AND RECOMMENDATIONS**

**MARIN COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2011**

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

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified not considered to be material weakness(es)? \_\_\_\_\_ Yes     X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes     X  No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified not considered to be material weakness(es)? \_\_\_\_\_ Yes     X  None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_\_\_ Yes     X  No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268, 84.375	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  X  Yes    \_\_\_\_\_ No

**STATE AWARDS**

Internal control over state programs:

Material weakness(es) identified? \_\_\_\_\_ Yes     X  No

Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_\_\_ Yes     X  None reported

Type of auditors' report issued on compliance for state programs: Qualified

**MARIN COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
Year Ended June 30, 2011

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**MARIN COMMUNITY COLLEGE DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2011**

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

No matters were reported.

**MARIN COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

(Continued)

**Year Ended June 30, 2011**

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

**2011-01 STATE COMPLIANCE - DISABLED STUDENT PROGRAMS AND SERVICES**

Criteria

Title 5 Section 56022 states: "An up-to-date SEC (Student Educational Contract) for the current year, signed by the student and the DSPS professional staff person, should be available in the file of each student receiving services paid through the DSPS office. Also, students in noncredit special classes should have included in their SEC a detailed description of the criteria used to evaluate the student's measurable progress."

Condition

The DSPS program did not formally document updated Student Education Contracts for fourteen student files tested, resulting in an error rate of 56 percent. Based on a population of 868 students served in 2010-2011, the extrapolated error is approximately 480 students.

Effect

Documentation to support student's eligibility is not adequately maintained.

Cause

The District did not enforce a consistent policy of having an up-to-date Student Education Contract in each student's file.

Fiscal Impact

Not determinable.

Recommendation

The District should implement a formal policy to ensure records are appropriately updated and signed by DSPS personnel as well as the student as evidence of consent.

Corrective Action Plan

The Disabled Students Program maintains comprehensive and confidential files on every student in the program. Each new student has a signed 'Student Educational Contract' confirming their consent to fulfill the terms of the contract; some of the subsequent semester contracts have not been signed by students. The Program staff have developed and implemented a new procedure to ensure that continuing students sign the 'Student Educational Contract' at the start of every semester. These contracts will be maintained in the student's confidential file. A policy will be developed and added to the appropriate Student Service Policies which will clearly identify the requirement to have the contract fully completed and subsequently signed by both the student and professional staff. The policy will be completed by the end of the 2011-12 academic year.

**MARIN COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

(Continued)

**Year Ended June 30, 2011**

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

(Continued)

**2011-02 STATE COMPLIANCE - STATE GENERAL APPORTIONMENT FUNDING SYSTEM**

Criteria

CCR, title 5, sections 58003.1. Full-time Equivalent Student; Computation. (a) Pursuant to the provisions of section 58051, the units of full-time equivalent student for apportionment purposes shall be computed for courses, including those delivered by distance education under article 3 (commencing with section 55205) of subchapter 1 of chapter 6, based on the type of course, the way the course is scheduled, and the length of the course.

Condition

We noted the following issue in the 2010-11 attendance calculations.

Two daily contact hour courses selected were scheduled to meet for less than 5 days.

Effect

The District generated a system report listing daily contact hour courses scheduled less than 5 days. Based on the inaccurate scheduling of daily contact hour courses, the effect is 65.09 questioned FTES.

Cause

The cause of the error is due to incorrect scheduling of Daily Contact Hour courses.

Fiscal Impact

Not determinable.

Recommendation

The District should review course scheduling to ensure courses are appropriately scheduled. Additionally, the District should implement controls to test a sample of the system's calculation of contact hours to ensure system reports are accurate.

Corrective Action Plan

The District has implemented procedures to ensure that correct attendance accounting codes are applied to courses in Banner. These procedures include a review of the attendance accounting methods so errors can be detected and corrected before the end of each term. Additional training and information have also been provided to staff who are responsible for entering the attendance accounting methods into Banner.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

MARIN COMMUNITY COLLEGE DISTRICT

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Year Ended June 30, 2011

Findings	Recommendations	Current Status	District Explanation If Not Fully Implemented
<b>2010-01 Internal Controls - Payroll</b>	The documentation of the secondary review should be maintained by the Payroll Department. All Tutoring Center time cards should be prepared by student workers and reviewed/approved by a supervisor.	Implemented.	
<p>Payroll technicians receive hourly employee time cards as well as information related to overtime and payroll related adjustments which is input into the Banner financial system and reviewed by a second Payroll Technician. However, documentation of the independent review by a second employee is not maintained. Also, payroll timecards submitted from the Tutoring Center related to students on Federal Work Study are completed by the Center's Supervisor and not reviewed by the student workers.</p>			