

**MARIN COMMUNITY COLLEGE DISTRICT
TENTATIVE BUDGET 2012 – 2013**

General Fund Highlights

Overview

Discussion of the Proposed Budget for Fiscal Year 2012-13

The purpose of the Tentative Budget is to establish spending authorization for the District effective July 1, 2012. Therefore, the 2012-13 Tentative Budgets for the unrestricted general fund is the 2011-12 Adoption Budget rolled into the following year. The 2012-13 Tentative Budget document is abbreviated and will not address comparisons to the prior year.

Discussion of Year-end Results for Fiscal Year 2011-12

Unrestricted revenues were about \$1.106 million lower than budgeted, principally from lower secured and prior year property taxes and enrollment fees; higher state revenues were offset by lower local revenues. Unrestricted expenditures were approximately \$480 thousand lower than budgeted, primarily due to lower other operating expenses, partially offset by higher capital outlay and other outgo to subsidize categorical funds.

Short-Term Borrowing

The District relies on property taxes for its core funding. Property taxes are collected by the County and distributed to local agencies in December and April. The period from July through December is very difficult from a cash flow perspective and extensive borrowing occurs during that period. The District may use the County of Marin as authorized by Article XVI, Section 6, of the Constitution of California, or the District may use the Community College League Cash Flow Borrowing Program for arranging this financing. For 2012-13 the County of Marin will provide short-term funding **not to exceed \$14 million.**

Special Fund Highlights

Investment Trust Fund

Previously "Foundation Trust Fund", the name of this fund was changed in accordance with the accounting and financial statement guidelines of the California Community Colleges Chancellor's Office. The interest earned on the donations in this fund is used to support scholarships and other direct financial aid to students, and other instructional improvement activities.

This fund was established as a result of a very generous donation made in December 1982. The purpose of the donation was to establish two permanent endowment funds of

**MARIN COMMUNITY COLLEGE DISTRICT
TENTATIVE BUDGET 2012 – 2013**

\$50,000 each. One of the endowments is to be used for scholarships and other direct financial aid to students, while the other is to be used for instructional improvement activities. There have been additional gifts made since that time.

One grant was shifted to the College of Marin Foundation in 1996-97, and the R. A. Brown Journalism Chair endowment was shifted to the Foundation in 1997-98 at the donor's request. Of the original thirteen endowments and grants five Financial Aid/Scholarship endowments, in 2004-05 the District moved five endowments to the College of Marin Foundation. All endowments are for student scholarships/aid and the Foundation already administers an extensive scholarship program. The principal portions of the endowments are: Irwin P. Diamond Outstanding Graduate Award (\$7,444), the Florence Gastonguay Financial Aid Fund (\$6,175), Frank D. Gomez Scholarship Fund (\$50,000), Charles and Aida McLeran Student Loan Fund (\$2,000) and Kim R. Cortright Scholarship Fund (\$50,000). The total endowment principal transferred was \$115,619.

Since the 1992-93 Fiscal Year, the College became a residuary beneficiary of the Carolyn DeBorba Trust, receiving \$465,147. One-fourth of this amount was transferred to the COM Foundation and the remainder was deposited into this Fund. The intended expenditures of the revenues from these funds are: one quarter Scholarships, one quarter Facilities & Grounds, and one half at Board discretion.

There are nine endowments and grants coordinated through this fund. The value of the principal in the Investment Trust Fund as of June 30, 2012 is projected at \$873 thousand. The remainder of the fund balance is interest earned on these funds.

Child Development Fund

This fund supports the operation of the Child Study Centers on both campuses. Funding primarily continues to be provided by the State Chancellor's Office, California Community Colleges, and the State Department of Education.

Results of 2011-12 operations expenditures are estimated to exceed revenues by approximately \$239. Additionally, the 2012-13 Tentative Budget has a \$227 thousand operating deficit that will require funding from the General Fund. 2012-13 results are being driven by relatively flat operating revenue versus increased personnel-related expenses. The 2012-13 Tentative Budget includes a General Fund transfer of \$227 thousand that continues to

MARIN COMMUNITY COLLEGE DISTRICT TENTATIVE BUDGET 2012 – 2013

result in a \$0 year-end fund balance. State and local (parent fee) income is expected to increase over 2011-12 levels to partially offset increased expenditures over current year estimated actuals. 2012-13 expenses are budgeted to increase as a result of full year staffing of all positions and increased benefit costs.

Capital Outlay Fund – Hamilton Redevelopment and State Scheduled Maintenance

State support for facilities scheduled maintenance has diminished significantly over the last several years. The balance in this fund is mainly from the proceeds of the Hamilton Redevelopment lease revenue bond. Future miscellaneous facilities renewal projects may be funded using these proceeds.

Capital Outlay Fund – Measure C Building Fund

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 College 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 College has retained the services of Swinerton Management & Consulting, Inc. as its Measure C Program Management/Construction Management firm. Swinerton has worked with COM's faculty, staff and students on reviewing facilities assessment documents, and the educational master plan, which 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, both pursuant to the terms of a public sale. All proceeds were delivered to the Marin County Treasury for credit of College of Marin into its building fund. Based on the 2012-13 planned construction and modernization projects of \$38.6 million, the District will need to plan the sale of another issue during 2012-13.

Hamilton Redevelopment Bond Redemption Fund

In 2003/04 the District approved the issuance of a lease revenue bonds which generated a total of \$3.1 million of bond funds. After financing and placement costs, the District had \$2.7 million available to fund capital facilities renewal projects and capital equipment purchases, and \$213 thousand held in the required debt service reserve. The bonds are repaid by the

MARIN COMMUNITY COLLEGE DISTRICT TENTATIVE BUDGET 2012 – 2013

stream of revenues due to the District from the Hamilton Redevelopment Projects. Debt service for 2011-12 amounted to \$92 thousand and is projected to be \$94 thousand for 2012-13.

Measure C Bond Redemption Fund

This fund is used for the payment of principal and interest on the bonds. Original Issue Premiums of \$3.0 million on the sale of the bonds, netted against approximately \$559 thousand in issuance and underwriting costs, were deposited and future receipts from the underlying tax rolls as well as accrued interest will be deposited into the Measure C Bond Redemption Fund. For the February 2009 bond sale, \$2.0 million issue premiums netted against \$1.2 million cost of issuance were also deposited into the Measure C Bond Redemption Fund.

For the June 2011 bond sale, \$767 thousand issue premiums were deposited into the Measure C Bond Redemption Fund. Related issuance costs of \$260 thousand were charged against the bond issue of \$52.5 million in the Measure C Building Fund. Debt service for 2011-12 for amounted to \$9.2 million and is projected to be \$10.5 million for 2012-13. Expenditures are covered by proceeds of the ad valorem property tax which is billed and collected by the Marin County Tax Assessor's Office. The District continues to work closely with the County Treasury, providing cash flows and construction schedules, to optimize investment incomes.

Self-Insurance Fund

The District self-insures for vision and dental coverage, with stop-loss insurance on the dental coverage. The full funding burden is borne by the District and is classified as a part of Benefits. No funding rate increase was incorporated into the Tentative Budget for 2012-13.

Retiree Unfunded Medical Benefits Liability Fund

In 2004, the Government Accounting Standards Board issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, which requires public agencies, including school districts to report their costs and obligations for post-employment healthcare and other post employment benefits (called "OPEBs") much like they now report pension plan obligations. The philosophy behind the rule is that the costs of these post-employment benefits should be recognized as a current cost during the working years of an employee (like a CalPERS or STRS pension) rather than after they retire.

GASB 45 requires that Districts with annual revenue between \$10 million and \$100 million must comply in the fiscal year after December 15, 2007, thus for College of Marin mandated compliance began with Fiscal Year 2008-09.

MARIN COMMUNITY COLLEGE DISTRICT TENTATIVE BUDGET 2012 – 2013

The District's Board of Trustees elected early application of the GASB pronouncement and in the fall of 2004 commissioned Total Compensation System, Inc. to perform the OPEB actuarial study which was completed in the spring of 2005. The Board further directed funding the obligation in advance rather than on the prior "pay as you go" basis. The college has transferred out of the General Fund and set aside and into the Retiree Unfunded Medical Benefits Liability Fund; \$1.0 million in Fiscal Year 2005-06, \$500 thousand in 2007-08, and \$500 thousand in 2009-10. In 2010 Total Compensation System, Inc. updated the OPEB actuarial study (through September 1, 2010) which showed that the unfunded liability had diminished from about \$7.3 million down to \$6.6 million.

RESTRICTED PROGRAMS - GENERAL FUND **REVENUE AND EXPENDITURE BUDGET**

Actual expenditures are shown for 2009-10, 2010-11 and 2011-12. Revenue budgets are shown for 2012-13. The expenditure budgets for 2012-13 will generally be limited by the amount of revenue actually received, since every attempt is made to end the year with expenditures equal to revenue in every program. The continued State budget crisis makes all State funding extremely uncertain. In the 2012-13 Tentative Budget the non-Financial Aid State funded categorical programs have been budgeted at 95% of the 2011-12 allocations while most federally funded programs remain flat with the exception of financial aid. Federal financial aid is budgeted to continue to increase as the College continues to respond to increased student needs and federal support. For example, Q1 2012-13 financial aid applications are showing approximately a 32% increase over Q1 2011-12 figures, a 14% rate increase over prior year's change.

The General Fund of the Marin Community College District reflects most of the District's educational activities. There are other funds within the District that support related operations that are either legislatively mandated or directed by the Board. A brief review of each of these funds is provided along with a summary fiscal analysis of the operation for the 2009-10, 2010-11, 2011-12 Fiscal Years, and a proposed Tentative Budget for the 2012-13 Fiscal Year. The following funds or programs are included in this section:

- 1. Investment Trust Fund
(Formerly Foundation Trust Fund)**
- 2. Child Development Fund**

**MARIN COMMUNITY COLLEGE DISTRICT
TENTATIVE BUDGET 2012 – 2013**

- 3. Capital Outlay Fund – Hamilton Redevelopment and State Scheduled Maintenance**
- 4. Capital Outlay – Measure C Building Fund**
- 5. Hamilton Redevelopment Bond Redemption Fund**
- 6. Measure C Bond Interest and Redemption Fund**
- 7. Self-Insurance Fund**
- 8. Retiree Unfunded Medical Benefits Liability Fund**
- 9. Associated Student Organizations**

ASSOCIATED STUDENTS ORGANIZATIONS
REVENUE AND EXPENDITURE REPORT

Adoption Budget for Fiscal Year 2012-2013

The budgets of the Associated Students organizations reflect the financial translation of their major objectives, goals and priorities. The proposed budgets will fund projects to meet the needs of the respective student bodies, promote student activities on the campuses, and provide extended educational experiences for students.

Goals and objectives supported by these budgets include:

- Providing opportunities for students to participate in campus governance and decision-making activities and processes.
- Supporting students in initiating, developing and administering student-oriented and directed projects, programs and services.
- Offering student educational experiences through participation in student government, budget development, and organizational management.
- Promoting student leadership opportunities and contributions on campus.
- Broadening extra-curricular and educational opportunities on campus for students.
- Providing revenues to fund Associated Students' programs, activities and services.
- Scheduling various types of events, readings, extra-curricular activities and community lectures.