

Executive Summary

2010-2011 Tentative Budget

Introduction

The Tentative Budget is the District's spending plan from July 1 through September 15. On or before September 15, the Board is required to hold a public hearing and adopt a Final Budget for the fiscal year.

Following is a summary indicating the projected beginning balances (based on the current 2009-10 adjusted budgets), 2010-11 tentative budgets, and projected ending balances for all funds maintained by the District:

Funds	Beginning Fund Bal 7/1/2010	Budgets 2010-2011		Ending Fund Bal 6/30/2011
		Revenue	Expense	
General				
Unrestricted	\$4,264,428	\$39,387,956	\$39,385,944	\$4,266,440
Restricted	\$0	\$5,703,301	\$5,703,301	\$0
Special Revenue				
Child Development - Unrestricted	\$0	\$528,330	\$528,330	\$0
Child Development - Restricted	\$0	\$247,412	\$247,412	\$0
Student Center	\$199,444	\$275,200	\$266,273	\$208,371
Parking	\$63,928	\$460,000	\$430,510	\$93,418
Subtotal Operating Funds	\$4,527,800	\$46,602,199	\$46,561,770	\$4,568,229
Debt Service				
Student Center	\$20,905	\$19,425	\$19,425	\$20,905
Lease Payments	\$103,491	\$275,324	\$275,324	\$103,491
Capital Projects				
Building	\$72,793,221	\$220,000	\$66,341,480	\$6,671,741
Self Insurance	\$8,479,076	\$6,777,696	\$6,777,696	\$8,479,076
Fiduciary				
Financial Aid	\$12,881	\$4,300,000	\$4,300,000	\$12,881
Associated Students	\$90,600	\$114,000	\$114,000	\$90,600
Scholarship and Loans	\$272,948	\$3,000,000	\$3,000,000	\$272,948
Trust Funds	\$148,917	\$300,000	\$300,000	\$148,917
Orr Scholarship	\$71,624	\$6,000	\$15,000	\$62,624
Totals	<u>\$86,874,409</u>	<u>\$61,859,849</u>	<u>\$128,207,823</u>	<u>\$20,526,435</u>
<p>Notes: Beginning Balance is prior to audit of 2009-2010 fiscal year end. Ending Balance is calculated based on Beginning Balance and Budgets</p>				

Projections show positive beginning balances for all funds of the district, and revenues and expenses budgeted for the 2010-11 result in positive year end balances for all funds.

Significant portions of the District's operating budgets are dependent on funding from the state. Considering the economic issues facing the state, the Governor has recommended a very favorable budget for community colleges. The Governor's May Revise includes:

- 2.21% growth
- 0.39% negative cost of living allowance (COLA)
- Cuts of \$10 million each to EOP&S and part-time faculty compensation
- Increase \$20 million for career technical education
- Projection of additional deferrals

A final approved state budget is not anticipated until late August/September and the debates currently taking place in the legislature would indicate many features of the Governor's May Revise are not probable. The District's Tentative Budget was constructed assuming income from the state would be basically the same as 2009-10 (i.e. no growth, no negative COLA, and EOP&S and part-time faculty compensation would not change).

Without a COLA, all increased costs for the District needed to be absorbed by cutting current budgets. The District is currently dealing with deferrals of state payments totaling \$4 million and it is probable that the state will experience additional cash flow issues that will further negatively impact the District. The District maintains adequate reserves that should provide sufficient cash to continue operations without external borrowing; however, the deferrals do result in reduced interest income for the District.

The major financial issue facing the District this year is the projected 25% increase in costs for medical benefits. The District has been working with employee groups to implement cost containment measures to offset the increase and this Tentative Budget projects expenses to be the same as last year under the assumption that employees would agree to the cost containment measures. The measures were accepted and will be implemented for the faculty and management groups; however, on June 8th the classified group rejected the cost containment measures. Classified employees represent approximately half the benefited employees at the District. Their rejection results in an increase of \$846,858 (12.5%) of projected expenses shown in this Tentative Budget for the Self Insurance Fund. Additional cuts will need to be identified for the Final Budget to offset this.

The District's financial activities for day-to-day operating revenues and expenses are recorded in the General and Special Revenue Funds (aka Operating Funds).

General Fund

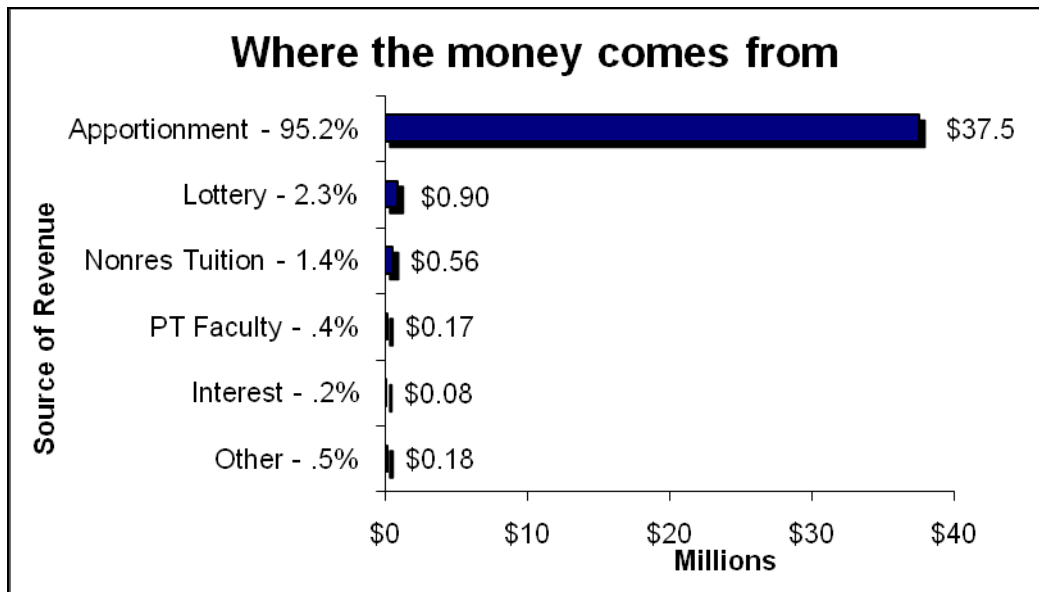
The General Fund includes the general operating budgets for the District. Some monies are restricted as to their use and the fund is therefore separated by unrestricted and restricted. The majority of employees are paid from the General Fund and the additional cuts needed to offset the increase for medical will result in significant changes to these budgets in preparing for the Final Budget.

Unrestricted General Fund

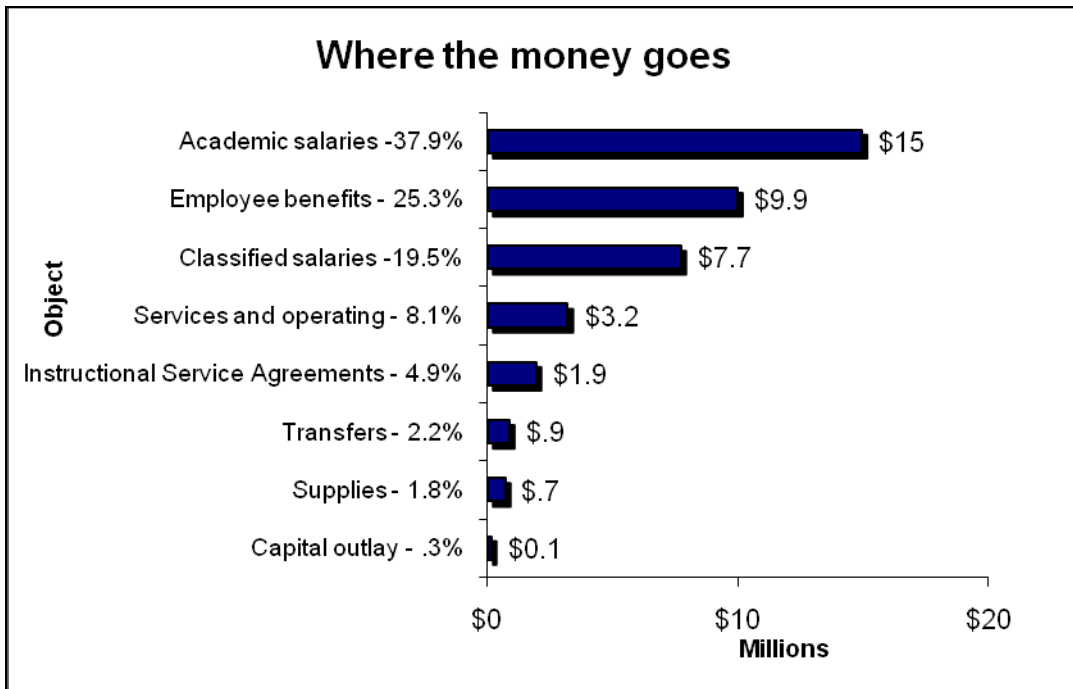
The District's primary financial activities for day-to-day operating revenues and expenses occur in the Unrestricted General Fund. Revenue is budgeted by the source of the funding and expenses are budgeted by their function. Amounts budgeted for revenue and expense in the Unrestricted General Fund show revenue to exceed expenses by \$2,013 and an ending balance of \$4,266,440, which maintains the Board's 10% target reserve.

The Tentative Budget indicates total General Fund revenue is budgeted to decrease \$284,216 (0.72%) from the current 2009-2010 Revised Budget. The largest single item accounting for the reduction is the projection of a reduction in budgeted interest income of \$255,000.

Apportionment is the largest source of revenue and represents 95% of total unrestricted income. Apportionment is calculated by the State Chancellor's office based on in-state enrollments referred to as full time equivalent students (FTES) at the District. This Tentative Budget uses the same in-state FTES as the District projects to generate for 2009-2010 (7910). No new apportionment funds are budgeted for growth or a COLA. The four largest sources of revenue (apportionment, lottery, nonresident fees, part-time faculty compensation) totaling 99% of the Unrestricted General Fund are dependent on enrollments, both in-state and nonresident.



Total expenses are projected to decrease \$204,789 (0.5%) from the current 2009-2010 Revised Budget. The largest portions of expenses are for people with salaries and corresponding fringe benefits for employees accounting for 83% of total expenses. Adding Instructional Service Agreements to employee expenses accounts for 88% of total expenses. The cost of employee benefits continues to be the second largest expense in the budget, currently representing over 25% of total expenses.



Labor contracts with the faculty and staff have been settled and increases for total compensation (salaries and benefits) are tied to increases in Apportionment revenue. Because no increases are included in this budget for Apportionment COLA or growth, no increases for compensation have been budgeted. Should a COLA or growth be realized, corresponding increases in compensation would also be realized.

The unsolved problem with medical will require \$648,140 in cuts to the Unrestricted General Fund.

Restricted General Fund

Funds used for the operation and support of educational programs that are specifically restricted by law, regulation, donor, or other outside agency are recorded in the Restricted General Fund. The majority of these funds must be expended within the fiscal year or returned to the funding agency. Budgets for state programs are based on the state's current approved budget. Funds budgeted for all programs are basically the same as 2009-2010 and total just over \$5.7 million including:

Disabled Students Programs and Services (DSP&S)	\$903,181
Extended Opportunities Programs and Services (EOP&S)	\$688,920
Marine Advanced Technology Education (MATE)	\$372,731
Upward Bound	\$369,995
Math Science Upward Bound (MSUB)	\$358,043
Health Services	\$350,600
Matriculation - CR/NCR	\$346,349

New Scholars	\$303,003
Student Financial Aid Allowance (SFAA/BFAP)	\$222,047
Enrollment Growth- Nursing	\$166,870
CalWorks/TANF	\$147,208
Perkins I-C Student Support Structure	\$144,360
Federal Work Study	\$136,838
Lottery	\$117,000
Workability	\$111,828
Tech Prep	\$69,708
CARE	\$63,517
Marine Tech Mentor/Intern	\$59,930

The unsolved problem with medical will require \$78,904 in cuts to the Restricted General Fund.

Special Revenue Fund:

Child Development Center (CDC), Student Center, and Parking are accounted for in the Special Revenue Fund. Revenues generated by these programs are intended to pay for the cost of services provided.

Revenues and expenses for child development services are recorded in the CDC fund. The CDC Fund includes monies that are restricted as to their use and the fund is therefore separated by unrestricted and restricted. The CDC Fund has a total budget of \$775,742 (unrestricted and restricted). The fund has no reserves and a transfer of \$460,632 (60% of their total budget) from the Unrestricted General Fund is budgeted to balance current year budgets. The unsolved problem with medical will require \$39,452 in cuts to the CDC.

The Student Center Fund is maintained to record financial transactions of the Student Center building that was partially constructed using lease revenue bonds. The Student Center Fund receives revenue primarily from student use fees and commissions from the bookstore and cafeteria. The bond requires income to be used to make debt payments and maintain the facility. The reserve in the fund, projected to be over \$208 thousand by year end, will be used for maintenance on the building. Half of the Student Activity Coordinator in the Student Center Fund is paid by the Unrestricted General Fund. The unsolved problem with medical will require \$2,818 in additional expenses to the Student Center Fund.

The Parking Fund is maintained to record financial transactions related to parking as required by the Education Code. Revenues are primarily from parking permit sales and parking citations. Expenses are for parking security and maintenance and improvements to the parking lots. The fund is projected to have a reserve of over \$93 thousand which will be used for future parking related repairs and improvements. The unsolved problem with medical will require \$22,544 in additional expenses to the Parking Fund.

Debt Service

Long-term debt principal, interest, and related costs of the District are accounted for in the Debt Service Fund. There are two obligations accounted for in this fund: the annual long-term debt payment for the Student Center and the capital lease for energy conservation projects (SunTrust lease) both requiring annual payments. Student Use Fees in the Student Center operating accounts pay the Student Center required payment of \$19,425. A transfer from the Unrestricted General Fund of \$275,324, representing projected energy savings, is budgeted to cover the required payments to SunTrust.

Capital Projects

Non-bond expenses for all major acquisition, construction and maintenance projects are accounted for in the Capital Projects Fund. State funded projects include the renovation of old Student Services and Humanities and demolition of Business/Humanities, and carry over state scheduled maintenance funds to rebuild art lockers. Local projects include IPP & FPP processing, donations for the Library & Technology Center and athletic facilities, and District expenses for Fort Ord including environmental insurance required by FORA. Current expenses budgeted total \$503,128; however, adjustments will be made to the Final Budget pending actual 2009-2010 year end expenses.

Building

Expenses associated with Measure I, the \$145 million Proposition 39 bond, are accounted for in the Building Fund. At this time, the budget balances for all currently active projects, \$66,341,480 are being included in the Tentative Budget. Adjustments will be made to the Final Budget pending actual 2009-2010 year end expenses.

Self Insurance

Expenses for the district's self insured medical benefits are budgeted and recorded in the Self Insurance Fund. Transfers are made from the various operating accounts to the Self Insurance Fund to cover the expenses. A total contribution of \$6,777,696 is currently being budgeted, the same amount as budgeted in 2009-2010. The major financial issue facing the District this year is the projected 25% increase in costs for medical benefits. The District has been working with employee groups to implement cost containment measures to offset the increase and this Tentative Budget projects expenses to be the same as last year under the assumption that employees would agree to the cost containment measures. The measures were accepted and will be implemented for the faculty and management groups; however, on June 8th the classified group rejected the cost containment measures. Classified employees represent approximately half the benefited employees at the District. Their rejection results in an increase of \$846,858 (12.5%) of projected expenses shown in this Tentative Budget for the Self Insurance Fund. The following indicates the increases for each fund of the District for which additional cuts will need to be identified for the Final Budget:

CDC	\$39,452
Parking	\$22,544
Student Center	\$2,818

Restricted General Fund	\$78,904
Unrestricted General Fund	<u>\$648,140</u>
Total District Funds	\$791,858
Classified retirees & COBRA	<u>\$55,000</u>
Total	\$846,858

The 2009-10 Approved Budget indicates a projected June 30, 2010 fund balance of \$8.5 million for the Self Insurance Fund, including \$3.05 million designated for GASB 45 liability. The actuarial study completed in February 2009 calculates the actuarial accrued liability as of November 1, 2008 to be \$11,082,229. Year to date expenses through May 30, 2009 indicate 2009-2010 expenses will exceed budget by approximately \$1 million which will reduce the total fund balance to approximately \$7.5 million. In addition, the fund balance is also projected to be reduced further because the cost containment measures to be implemented in 2010-2011 for faculty and management employees will be implemented in three (3) phases.

Fiduciary Fund

The Fiduciary Fund is used to account for assets held by the District as trustee. These funds include Student Financial Aid, Associated Students, Scholarships and Loans, Trust Funds, and Orr Scholarship funds.

<i>Conclusion</i>

All funds are balanced and positive year-end balances (reserves) are projected.

The Tentative Budgets in the General Fund of the District were constructed using the same state funding as received in the current year (2009-2010). The final budget approved by the state could alter District assumptions which would require adjustments to the District's budgets.

The major financial issue for the District is dealing with a projected 25% increase in costs for medical. This Tentative Budget was constructed assuming all employees would accept cost containment measures designed to offset the projected increase. Faculty and management employees have agreed to the measures but classified employees have rejected them. This, in effect means that the increase is cut in half which leaves the District with a net 12.5% increase, an \$846,858 problem. Additional cuts will need to be identified for the Final Budget to offset this. These adjustments will affect all operating funds of the District and will have a negative impact on current levels of services. The District is working to identify solutions and significant cuts will be needed to develop the District's Final Budget.

Monterey Peninsula College

3-Year Comparison

	2007-2008	2008-2009	2009-2010		2010-2011	% >
			<u>Act thru</u>	<u>Revised</u>		Budget
	<u>Actual</u>	<u>Actual</u>	<u>May*</u>	<u>Budget</u>	<u>Budget</u>	<u>to Final Bud</u>
Unrestricted General Fund:						
Income						
Federal	\$7,819	\$8,977	\$11,043	\$2,000	\$10,500	425.0%
State	\$13,764,900	\$24,453,661	\$17,602,965	\$22,071,672	\$21,092,956	-4.4%
Local	\$26,857,026	\$17,697,841	\$17,515,153	\$17,598,500	\$18,284,500	3.9%
Total Income	\$40,629,745	\$42,160,479	\$35,129,161	\$39,672,172	\$39,387,956	-0.7%
Expense						
Academic Salaries	\$14,634,195	\$15,745,978	\$14,093,449	\$14,848,843	\$14,931,135	0.6%
Classified Salaries	\$7,593,262	\$7,740,028	\$7,027,227	\$7,671,667	\$7,699,417	0.4%
Fringe Benefits	\$3,976,687	\$4,159,078	\$3,995,371	\$4,327,204	\$4,455,567	3.0%
Books and Supplies	\$745,873	\$820,607	\$628,369	\$719,461	\$694,408	-3.5%
Operating	\$6,819,468	\$6,330,251	\$3,805,466	\$5,603,735	\$5,114,966	-8.7%
Capital Outlay	\$218,216	\$232,857	\$162,121	\$136,235	\$130,212	-4.4%
Transfers	\$6,615,124	\$7,142,698	\$5,447,567	\$6,283,588	\$6,360,239	1.2%
Total Expenses	\$40,602,825	\$42,171,497	\$35,159,570	\$39,590,733	\$39,385,944	-0.5%
Restricted General Fund:						
Income						
Federal	\$2,110,556	\$2,137,247	\$1,352,165	\$2,523,576	\$2,703,207	7.1%
State	\$4,044,886	\$3,667,509	\$3,221,334	\$3,048,372	\$2,311,965	-24.2%
Local	\$504,277	\$474,331	\$528,560	\$669,250	\$688,129	2.8%
Total Income	\$6,659,719	\$6,279,087	\$5,102,059	\$6,241,198	\$5,703,301	-8.6%
Expense						
Academic Salaries	\$1,526,755	\$1,484,864	\$1,134,698	\$1,453,427	\$1,290,902	-11.2%
Classified Salaries	\$1,264,448	\$1,192,471	\$1,006,327	\$1,137,810	\$1,255,815	10.4%
Fringe Benefits	\$452,924	\$401,826	\$348,561	\$414,467	\$424,040	2.3%
Books and Supplies	\$462,522	\$345,857	\$168,649	\$289,839	\$112,545	-61.2%
Operating	\$1,446,868	\$1,628,262	\$1,493,248	\$1,668,971	\$1,719,498	3.0%
Capital Outlay	\$330,272	\$152,007	\$94,277	\$389,705	\$178,400	-54.2%
Transfers	\$1,396,525	\$1,073,800	\$675,367	\$886,977	\$722,102	-18.6%
Total Expenses	\$6,880,313	\$6,279,087	\$4,921,127	\$6,241,196	\$5,703,302	-8.6%
Unrestricted Child Development						
Income	\$424,246	\$528,288	\$410,073	\$514,302	\$528,330	2.7%
Expense	\$424,246	\$528,288	\$453,184	\$514,302	\$528,330	2.7%
Restricted Child Development						
Income	\$253,338	\$216,594	\$231,857	\$265,567	\$247,412	-6.8%
Expense	\$253,338	\$216,594	\$251,492	\$265,567	\$247,412	-6.8%
Student Center						
Income	\$287,083	\$293,645	\$274,300	\$279,200	\$275,200	-1.4%

Expense	\$214,256	\$214,201	\$178,172	\$279,200	\$266,273	-4.6%
Student Revenue Bond						
Income	\$42,077	\$19,484	\$20,093	\$19,875	\$19,425	-2.3%
Expense	\$20,776	\$20,325	\$19,875	\$19,875	\$19,425	-2.3%
Debt Service						
Income	\$440,413	\$356,607	\$168,492	\$275,324	\$275,324	0.0%
Expense	\$416,105	\$517,063	\$68,831	\$275,324	\$275,324	0.0%
Parking						
Income	\$304,314	\$325,351	\$587,685	\$446,000	\$460,000	3.1%
Expense	\$304,314	\$327,926	\$356,196	\$443,853	\$430,510	-3.0%
Capital Projects						
Income	\$3,062,696	\$1,005,509	\$18,274	\$245,705	\$245,205	-0.2%
Expense	\$2,989,101	\$1,605,493	\$319,381	\$554,721	\$503,128	-9.3%
Self Insurance						
Income	\$6,721,550	\$6,598,751	\$6,314,593	\$6,777,696	\$6,777,696	0.0%
Expense	\$5,291,292	\$6,010,816	\$7,376,645	\$6,777,696	\$6,777,696	0.0%
Financial Aid						
Income	\$2,036,953	\$2,779,674	\$4,321,887	\$3,834,800	\$4,300,000	12.1%
Expense	\$2,071,067	\$2,779,674	\$4,321,887	\$3,834,800	\$4,300,000	12.1%
Associated Students						
Income	\$96,487	\$117,593	\$101,586	\$114,000	\$114,000	0.0%
Expense	\$96,487	\$84,065	\$154,812	\$114,000	\$114,000	0.0%
Scholarship and Loans						
Income	\$2,072,886	\$2,336,062	\$2,891,407	\$2,000,000	\$3,000,000	50.0%
Expense	\$2,032,290	\$1,622,512	\$2,862,387	\$2,000,000	\$3,000,000	50.0%
Trust Funds						
Income	\$778,677	\$444,575	\$330,550	\$400,000	\$300,000	-25.0%
Expense	\$855,694	\$392,038	\$296,113	\$400,000	\$300,000	-25.0%
Orr Scholarship						
Income	\$36,929		\$5,058	\$30,000	\$6,000	-80.0%
Expense	\$25,675		\$24,469	\$30,000	\$15,000	-50.0%
Building Fund						
Income	\$109,937,250	\$198,008	\$219,486	\$1,700,000	\$220,000	-87.1%
Expense	\$22,925,031	\$16,162,764	\$10,285,900	\$14,029,511	\$66,341,480	372.9%

*Actual through May 31, 2010.

Unrestricted General Fund Highlights

2010-2011 Tentative Budget

Revenues:

Total Unrestricted General Fund income budgeted for 2010-11 is \$39,395,956, \$284,216 less than the 2009-10 adjusted budget. The District's budget has been calculated using estimates based on a roll-over budget from the state. Although the Governor's May Revise calls for a negative cost of livings allowance (COLA) of 0.39% and 2.21% for growth, it is not believed that the state's final approved budget will provide any additional funding for community colleges.

- **Apportionment** - The largest source of unrestricted revenue, \$37,500,000 (92%) is received through the California Community College System and is based on actual enrollments of the College. These funds are referred to as apportionment and are received from student registration fees, local property taxes, and the state. Apportionment is calculated based on full time equivalent students (FTES): \$4,564.83 per credit FTES and \$2,744.96 per noncredit FTES plus a base allocation of \$3,321,545 for a single campus district and \$276,795 for a satellite campus. In state FTES as reported at P2 for 2009-10 (6710 credit, and 1200.14 noncredit) has been used in the calculation for this Tentative Budget. The state has included additional funding to avoid (hopefully) a property tax shortfall and no amount is included in the district's budget for a shortfall.
- **Part-Time Faculty Compensation** – The District has budgeted \$173,268, the same allocation as provided in 2009-10.
- **Lottery** – Funds received from the Lottery Commission are based on prior years FTES, including non-resident and apprenticeship. Assuming the total FTES of 8092 (7910 in-state, 156 non-resident, 26 apprenticeship) and School Services projection of \$111 per FTES results in a total of \$898,000, \$71,000 less than the 2009-10 Final Budget.
- **Nonresident Fees** – Non-resident enrollments are projected to be \$11,000 less than budgeted in 2009-10 because of a reduction in rates from \$190 to \$182 per unit. Using the same FTES as 2009-10 P2, 156 FTES results in income of \$564,000.
- **Interest** – Interest income is budgeted at \$75,000 (assuming an average monthly balance of \$15M at 0.5%), a reduction of \$255,000 from last year's budget. (Actual interest income for last year is projected to be significantly less than the \$330,000 budgeted.)
- **Apprenticeship** – Normally apprenticeship funding is received based on actual hours of apprenticeship; however, through 2011-2012 schools have been provided a set allocation. MPC is budgeted to receive \$68,674. Although these funds are unrestricted, they are being recorded in the Restricted Fund to support Supportive Services.

Expenses:

Total Unrestricted General Fund Expenses are budgeted at \$39,385,944, a decrease of \$204,789 from the 2009-10 adjusted budget. Projections are included for all known obligations including negotiated employee contracts.

- **Salaries** - Increases for required step and column movement, longevity, and classified equity have been budgeted, where appropriate.

Total academic salaries at \$14,931,135 are down \$54,274 from last year's adjusted budget primarily because of the elimination of \$100,000 contingency for adjunct salaries included in last year's budget and the transfer of \$54,512 from ISA's. \$4,716,524 is budgeted for adjuncts, overloads and other non regular instructional salaries, a decrease of \$45,488 from last year.

Classified salaries at \$7,699,417 are up \$33,258 from last year's adjusted budget. This is the net result of an equity increase for \$109,376 less savings from turnover and \$27,334 reduction in hourly budgets.

- **Fringe Benefits** – Fringe benefits are shown in two categories: salary roll-up costs and medical benefits.

Salary roll-up costs include retirement, Medicare, FICA, unemployment, and workers comp and total 28.57% for classified employees and 13.42% for academic employees. Roll-up costs associated with salary increases for required step and column movement, longevity, and equity increases have been budgeted. Net salary roll-up costs are projected to increase by \$111,397 primarily due to an increase in unemployment from 0.3% to 0.72%.

Expenses for the District's self insured medical benefits are budgeted and recorded in the Self Insurance Fund. Transfers are made from the various operating accounts to the Self Insurance Fund to cover the expenses. This Tentative Budget shows transfers to be the same as last year, although a 25% increase is projected. The District worked with employee groups on approval to implement cost containment measures to offset the increase. The measures were accepted and will be implemented for the faculty and management groups; however, the classified group has rejected the proposal. Classified employees represent approximately half of all employees. Their rejection results in a projected increase of 12.5% (\$648,140 for the UGF). Additional cuts will need to be identified for the Final Budget to offset this.

- **Books and Supplies** – At \$694,408, this budget category is \$27,266 less than last year, primarily from a \$20,000 reduction in printing schedules and catalogs.

- **Services and Operating** – At \$5,114,966, this budget category is \$381,735 less than last year:
 1. **Utilities** – Total utility expenses are budgeted at \$1,169,055 (\$1,256,932 for all funds of the District), an increase of \$52,440 over last year. Electricity is budgeted at \$685,000, natural gas at \$191,330, water at \$215,000, waste disposal at \$33,602, sewage at \$38,000 and telephone at \$94,000.

(A transfer to the Debt Services Fund of \$275,324 is also budgeted to make lease payments for the energy conservation projects completed by Siemens.)
 2. **Risk Management (insurance)** – Budgeted at the same level as last year. The District is in a pool with other community colleges and is self insured for property and liability coverage. Property and liability is budgeted at \$257,400 plus \$30,000 for deductibles. Student accident insurance for athletes is budgeted at \$69,313. (A budget for student accident insurance is also included in the Restricted General Fund at \$44,815, and a transfer of \$51,205 is budgeted as a transfer in the Unrestricted General Fund to the Capital Outlay Fund for insurance required for Fort Ord properties).
 3. **Instructional Service Agreements** – \$2,346,753 is budgeted for Instructional Service Agreements (ISA), a decrease of \$344,738 from last year primarily reflecting the elimination of off campus non-credit PFIT. (Additional funds are budgeted in adjunct salaries to maintain the same level of FTES).
 4. **Travel** – This category remains the same as last year with a budget of \$176,324.
 5. **Legal Expenses** - This category remains the same as last year with a budget of \$80,000.
 6. **Election Expenses** – No funds are budgeted for election expenses, a reduction of \$95,000 from last year.
 7. **Building Maintenance** – Minor capital improvements remains the same as last year with a budget of \$73,285.
 8. **Other Services & Expenses** – The total budgets here were reduced \$47,309 including a \$30,000 reduction in advertising to \$142,586 and reduction in accreditation expenses of \$12,650.
 9. **Contingencies** – Total general contingencies remain basically the same as last year, \$79,537: \$50,000 for unanticipated institutional expenditures (utilities, postage, telephone, etc.), \$7,740 for the Superintendent, \$10,500 total for VPs, \$5,200 total for deans, and \$6,097 for athletics.

- **Capital Outlay** – This category remains the same as last year with a budget of \$130,212.
- **Transfers** - Transfers to other funds are budgeted at \$6,360,239, an increase of \$79,642 from last year, primarily from a \$54,803 increase in the transfer for CDC. The following are transfers to other funds:

Self Insurance Fund	\$5,505,324
Child Development Fund	460,632
Debt Service (energy conservation)	275,324
EOP&S	67,256
Capital Outlay (insurance for Fort Ord)	51,205

- **Other** - The District records the mandatory allocation of revenue generated by DSPS classes by covering direct expenses totaling \$325,354 in the Unrestricted General Fund.

Fund Balance:

Revenues are budgeted to exceed expenses by \$2,012 and an ending Unrestricted General Fund balance of \$4,266,440 is projected which is 10.8% of expenditures.