

Executive Summary

MPC 2008-2009 Final Budget

Introduction

The District maintains accounts in seven (7) major funds. The following is a summary indicating the projected beginning balances, 2008-2009 budgets, and projected ending balances for each fund:

Funds	Beginning Fund Balance 7/1/2008	Budgets 2008-2009		Ending Fund Balance 6/30/2009
		Revenue	Expense	
General				
Unrestricted	\$4,079,114	\$40,806,074	\$40,798,479	\$4,086,709
Restricted	\$0	\$6,113,946	\$6,113,946	\$0
Special Revenue				
Child Development - Unrestricted	\$0	\$514,607	\$514,607	\$0
Child Development - Restricted	\$0	\$219,018	\$219,018	\$0
Student Center	\$32,967	\$278,200	\$235,732	\$75,435
Parking	<u>\$120,414</u>	<u>\$385,000</u>	<u>\$384,822</u>	<u>\$120,592</u>
Sub Total - Operating Funds	<u>\$4,232,495</u>	<u>\$48,316,845</u>	<u>\$48,266,604</u>	<u>\$4,282,736</u>
Debt Service				
Student Center	\$443	\$20,325	\$20,325	\$443
Lease Payments	\$171,814	\$345,249	\$517,063	\$0
Capital Projects	\$937,330	\$1,052,799	\$1,907,979	\$82,150
Building	\$100,000,000	\$3,150,000	\$20,865,373	\$82,284,627
Self Insurance	\$6,460,883	\$6,555,923	\$6,555,923	\$6,460,883
Fiduciary				
Financial Aid	\$0	\$2,000,000	\$2,000,000	\$0
Associated Students	\$69,067	\$80,000	\$80,000	\$69,067
Scholarship and Loans	\$253,948	\$1,900,000	\$1,900,000	\$253,948
Trust Funds	\$162,143	\$800,000	\$600,000	\$362,143
Orr Scholarship	<u>\$42,245</u>	<u>\$40,000</u>	<u>\$40,000</u>	<u>\$42,245</u>
Total	<u>\$112,330,368</u>	<u>\$64,261,141</u>	<u>\$82,753,267</u>	<u>\$93,838,242</u>

Notes: Beginning Balance is prior to audit of 2007-2008 fiscal year end.

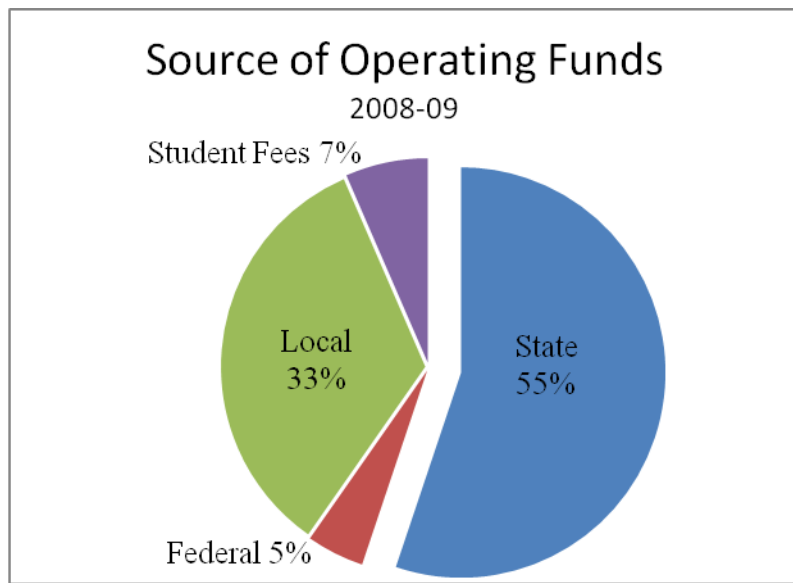
Ending Balance is calculated based on Beginning Balance and Budgets

Balanced budgets are presented for all funds of the District. The State Budget has not been approved as of the date of this document; therefore, this Final Budget is basically the same as the district's Tentative Budget with only minor changes to update amounts with current projections. This budget was constructed using the state's May Revise numbers which are believed to be conservative.

Positive beginning balances are projected for all funds. Revenues and expenses budgeted for the fiscal year result in positive year-end balances for all funds. The ending fund balance for the Unrestricted General Fund is projected to equal the board requirement for a contingency reserve of 10% (\$4.1 million) of General Fund expenditures.

State Funding

The State is now in its second month of the new fiscal year without a budget and a quick resolution to the impasse is not apparent. Fifty five percent (55%) of the district's operating funds come from state and community colleges will not receive any payments from the State until a budget is approved.



For the district's budget, this results in the uncertainty of the specifics of state monies, and adversely affects cash flow and investment income. District reserves, inter-fund transfers, and other sources of income should allow the District to remain in a positive cash flow through the end of the calendar year without state funds.

Full Time Equivalent Students

The district's primary source of revenue for day to day operations is derived from enrollments reported as full time equivalent students (FTES). The same instate FTES (8,370) as reported in 2007-08 (at P2) is being used for the 2008-09 Final Budget.

Enrollment declines were reported in 2003-04 through 2005-06. Partial restoration of these declines was reported in 2006-07 and 2007-08. The restoration was in credit FTES which now exceeds the 2003-04 level. The District is eligible for approximately \$1 million in additional FTES funding from restoration in 2008-09. Although many efforts are being made to grow, no income for growth and/or restoration has been included in this budget.

Employee Salaries

Budgets are included for all approved permanent positions including required step and longevity increases. Employment contracts for most employees call for raises based on a formula that basically calculates the net percentage increase in apportionment income for the year and allocates the same percentage to pay for total compensation increases for employees. This ties increases in salaries and fringe benefits with the district's ability to pay. Because no increase in apportionment revenue is being budgeted, no budget is included for salary increases above last year's levels. If the district's enrollments increase, compensation increases will be adjusted based on the actual increase in apportionment revenue.

Employee Benefits

The total cost of employee benefits represents the second largest object expense for the District. The fund balance in the Self Insurance Fund is currently \$6.5 million including \$2.25 million designated for retiree benefits (GASB 45 liability). Total expenses for the year are estimated at \$6.6 million using the same cost per employee as budgeted last year.

Contingency Reserves

An Unrestricted General Fund balance reserve of 10% (\$4.1 million) is projected. In addition, general contingency budgets totaling \$77,860 are included in the Unrestricted General Fund.

Capital Projects

Capital projects are accounted for in two funds: Capital Outlay and Building (bond projects).

Expenses in the Capital Outlay Fund are budgeted at \$1.9 million which include \$1.5 million in state funded projects (balances for the old library renovation and prior year scheduled maintenance projects), in addition to donations for the Library & Technology Center and PE, district funds for IPP/FPP processing, a transfer for sabbaticals, and Fort Ord environmental insurance.

Expenses in the Building Fund (Prop 39 bonds) are budgeted at \$20.9 million for projects currently approved by the board and in process. The amounts budgeted represent the balances in the bond project accounts currently in process. It is anticipated that adjustments will be made pending notification of state capital outlay funding.

Institutional Goals

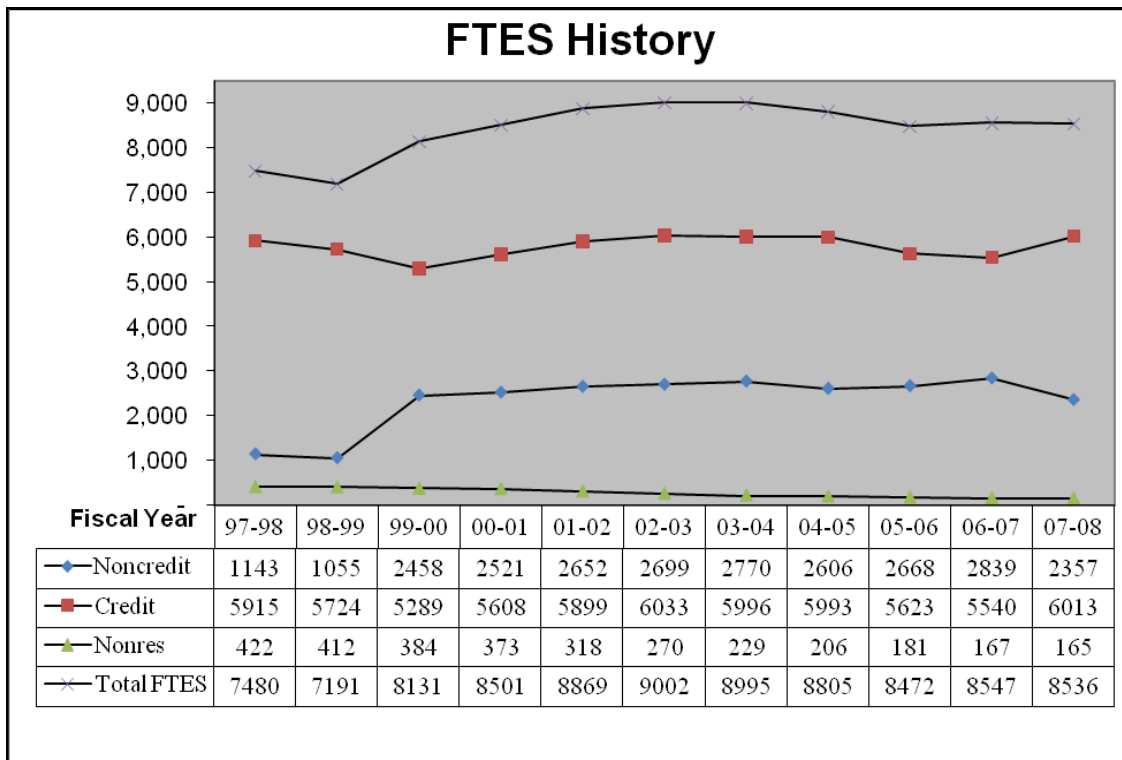
Significant progress on Institutional Goals requiring additional resources continues to be accomplished through the use of new funds and reallocation of existing budgets, despite the projections of limited new budgets. Additional needs are identified through the Budget Development and Planning and Resource Allocation processes whereby Institutional Goals drive planning and resource allocation. A primary emphasis has been to grow enrollments (Goal 3), which will in turn generate additional funds to support other goals. Improvements in this year's budget include increasing marketing budgets \$129,573, additional support for a new soccer program \$37,596, and the creation of two (2) new academic positions (PE Instructor/Coach, and Math Learning Ctr. Dir.) \$195,728. To support the new Education Center in Marina (Goal 5), budgets have been increased \$111,429 for new staffing and other needs for the Center to grow. To maintain and improve district facilities (Goal 7), the district's facility upgrades using Prop 39 bond funds continues with a budget of \$20,865,373 for the new-year.

Long Term Outlook

Looking at major factors that affect community college budgets can provide an indication of a positive or negative outlook for the District. Major factors would include the economy in California, growth in the local community, enrollments at the MPC, employee compensation, and cost trends for expenses.

- The majority of the district's operating income (95.8%) is dependent on enrollments (FTES). Total enrollments have increased over the past 10 years primarily through noncredit contract classes. Enrollment declines were reported in 2003-4 through 2005-6 primarily in credit enrollments. In 2007-08, credit enrollments increased 473 FTES to their highest level. Noncredit enrollments decreased 482 FTES primarily in PFIT classes. Nonresident enrollments at 165 FTES continue to decline.

The District has been working to reduce its dependence on noncredit PFIT enrollments and increase credit enrollments. The District received \$4,564.83 per credit FTES as opposed to \$2,744.96 per noncredit FTES in 2007-08; therefore, the total income potential is greater with credit FTES. Continued growth in credit enrollments is possible through improved retention and outreach, schedule improvements, and new and expanded programs. To this end, numerous improvements have been implemented for the new-year including increased advertising budgets, 2 new faculty positions, and an additional classroom at the Marina Educational Center. Significant future population growth is projected on



the Peninsula; however, new housing developments have all but stopped probably making growth in the outlying areas more gradual than originally anticipated. The addition of the Education Center should provide the college the opportunity to capture the growth when it materializes and must be paired with continued efforts to increase growth on the main campus. The District is also working to construct the Public Safety Training Center at Seaside which should also enhance enrollments.

- Fifty five percent (55%) of the district’s operating income is from the State, making the State Budget a major concern for the District. The State is working on how to deal with a \$15.2 billion structural deficit and a quick resolution to the current budget impasse is not anticipated. Although this results in significant uncertainties for the district’s finances, all information in the legislative budget debates would indicate the final budget should provide improved funding for community colleges. With FTES growth, the district should be able to receive additional income from state restoration and growth funding sources.
- District labor contracts require new apportionment income funding be allocated proportionately for increases to employee compensation (above step and column increases). Employee compensation includes salaries and fringe benefits which accounts for over 80% of the district’s Unrestricted General Fund expenses. With apportionment making up 92% of the district’s Unrestricted General Fund income, this should significantly help balancing future changes in revenues and expenses.

- Costs for operating expenses are expected to continue to increase faster than inflation.
 - The District is self-insured for medical. Although medical expenses nationwide continue to see double digit increases with no end in sight, the District was able to reduce the cost per employee last year primarily by changing claims administration. Current year expenses should continue to see the benefits of this. However, without further cost containment measures, it is probable that the district trends will soon return to industry trends and will also see double digit increases.
 - The district's practice of providing medical coverage continuation after retirement at district expense and new accounting rules requiring the recording of the retiree medical liability (GASB 45) will continue to take a larger portion of the district's budget.
 - Expenses for energy are expected to increase beyond normal inflation. The District has implemented numerous energy conservation measures which will reduce consumption and help at least partially offset these increases. Additional measures should be pursued.

Conclusion

All funds are balanced and positive year-end fund balances (reserves) are projected; the Unrestricted General Fund includes a 10% general reserve and small contingency budgets to cover unanticipated expenses. Overall funding continues to provide adequate resources to continue current levels of services to students.

Using the state's May Revise to develop the budget, total revenues in the district's operating funds should be sufficient to cover projected expenses. California's economic climate continues to be shaky and the state's budget balancing problems may come to a head this year. It is not known how this might affect community colleges but, adjustments to the district's Final Budget will probably be needed after the State Budget is approved. In the future, additional revenue will be needed to continue providing services at existing levels and enrollment growth should be possible to generate the needed income.

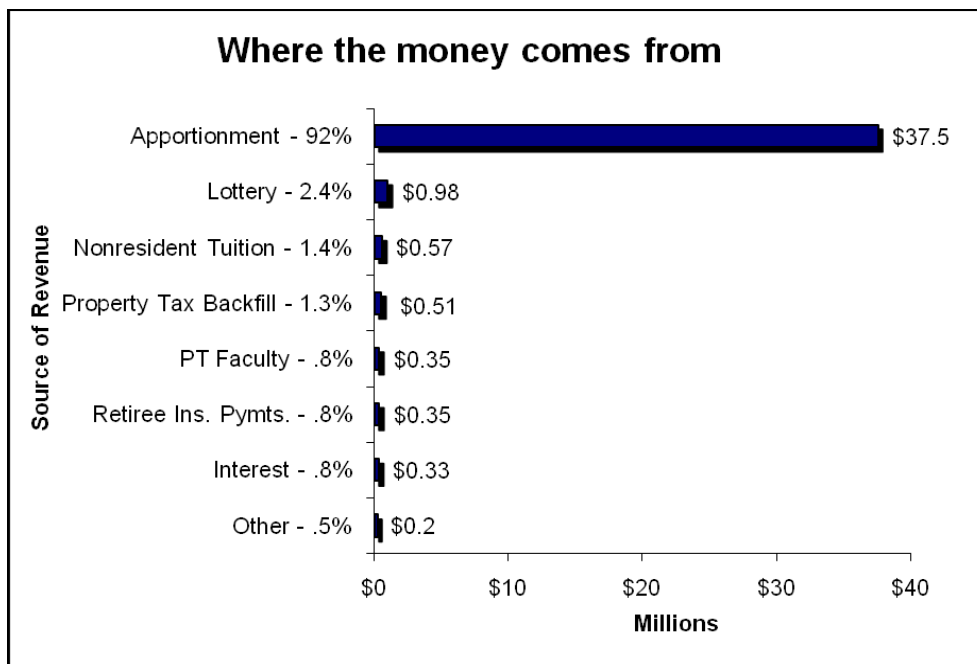
Summaries by Fund

General Fund

The General Fund includes the general operating budgets for the District. Some monies in the General Fund are restricted as to their use and the fund is therefore separated by unrestricted and restricted.

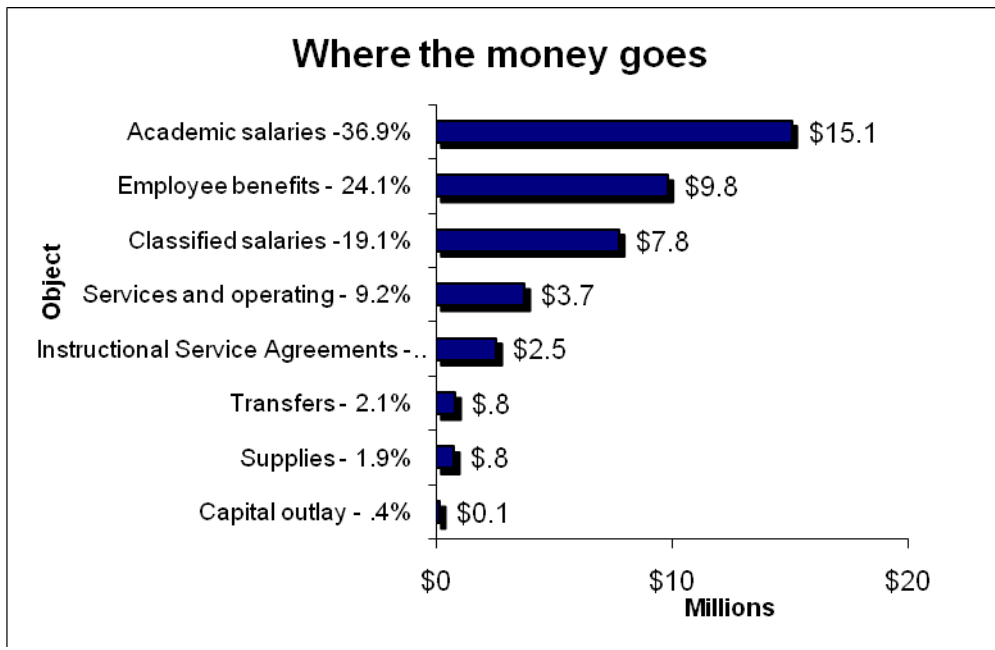
Unrestricted General Fund

The college's primary financial activities for day-to-day operating revenues and expenses occur in the Unrestricted General Fund. Total is budgeted at \$40.8 million, a 1.9% (\$760 thousand) increase over last year (primarily from a \$511 thousand 1-time projected backfill for last year's property tax shortfall).



Revenues are budgeted by source. Ninety seven point nine percent (97.9%) of the Unrestricted General Fund income (apportionment, lottery, nonresident tuition, property tax backfill, and PT faculty) is based on enrollments at the District. Income from resident enrollments is referred to as apportionment. Apportionment is the primary source of revenue and represents 92% of total unrestricted revenue. It is calculated based on full time equivalent students (FTES). Using the resident FTES reported by the District last year results in total apportionment income of \$37.5 million.

Although the State Budget includes funding for 1.67% statewide enrollment growth and \$1million for restoration for MPC, and the District is working to grow, no funds are included in this budget for growth or restoration.



Expenses are budgeted by function. Eighty six point one percent (86.4%) (\$35 million) of Unrestricted General Fund expenses are for people (salaries and corresponding fringe benefits and Instructional Service Agreements).

- Salaries are budgeted to increase 1.3% (\$284,282) including new positions, step and projected COLA increases.
- Benefits are budgeted for a 2.3% increase (\$224,310) (For purposes of this chart, transfers to self insurance are shown under benefits.)
- Instructional Service Agreements (contracts) are budgeted at basically the same level as last year (\$2,573,330).
- Supply and Capital Outlay budgets are basically the same as last year (\$778,865).
- Services and operating costs include travel, insurance, advertising, postage, utilities, rents, leases, and contingencies, which are basically the same as last year (\$3,762,597).
- General contingency funds of \$77,860 are budgeted, in addition to the 10% (\$4.1 million) fund balance reserve.

Restricted General Fund

Funds, including required district matching funds, used for the operation and support of the educational programs of the college that are specifically restricted by law, regulation, donor, or other outside agency are maintained in the Restricted General Fund. The majority of these funds must be expended within the fiscal year or returned to the funding

agency. The state’s May Revise budget calls for 10% cuts to most categorical programs which are reflected in the district’s Final Budget. The district’s restricted fund is budgeted for \$6,113,946 including:

Extended Opportunities Programs and Services (EOP&S)	\$1,022,011
Disabled Students Programs and Services (DSP&S)	\$1,268,161
Marine Advanced Technology Education (MATE)	\$388,214
National Oceanic Partnership Program	\$226,641
Upward Bound	\$369,994
Matriculation	\$528,683
Math Science Upward Bound (MSUB)	\$358,043
New Scholars	\$280,748
Student Financial Aid Allowance (SFAA/BFAP)	\$178,872
Health Services	\$338,010
Workability	\$106,957
Lottery	\$140,695
Federal Work Study	\$136,838
CalWorks/TANF	\$162,803
CARE	\$106,917

Special Revenue Fund

Child Development Center (CDC), Student Center, and Parking are accounted for in the Special Revenue Fund. Revenues generated by these programs normally pay for the cost of services provided. The College Center and Parking Funds are projected to generate sufficient revenue to cover expenses. The Unrestricted General Fund is budgeted to transfer \$413,990 to CDC to balance the CDC program budget (this represents 56.4% of the total cost of the CDC program).

Debt Service

Long-term debt principal, interest, and related costs are accounted for in the Debt Service Fund. The District has two long-term debts: the Student Center (\$185,000) which requires an annual payment of \$20,325 (covered by a transfer from the Student Center Fund), and the lease for the energy upgrades (\$2,442,000) which requires an annual payment of \$275,324 (covered by a transfer from the Unrestricted General Fund).

Capital Projects

The income and expense for all major acquisition, construction and maintenance projects for general fixed assets (other than bond) are accounted for in the Capital Projects Fund. Capital projects totaling \$1,907,979 are budgeted, including:

State Funds:	
Child Development Center	\$12,489
Old Library Renovation	\$968,973
Scheduled Maintenance (prior year)	\$494,440
District Funds:	
IPP/FPP processing	\$20,875
Fort Ord	\$173,446
Sabbatical (transfer)	\$50,000
Other	\$22,484
Other:	
PE Fundraising	\$93,934
Library & Technology Center (Foundation donations)	\$49,017

Building Fund

The Building Fund is used to account for all transactions associated with the Proposition 39 bond. Bond funds are budgeted at \$20,865,373 to correspond with the projected cash drawdown anticipated when series B & C bonds were issued. Because of the uncertainties with state matching funds for projects, it is anticipated this budget may need to be adjusted once state funding approvals are known.

Self Insurance

The college is self-insured for health care benefits. Revenues (transfers from other funds) and expenses used to account for the district's self-insured benefit plans are accounted for in the Self Insurance Fund. Last year's final expenses for medical are projected to be less than budgeted; therefore, the composite rate used last year (\$1,213.83 per month per covered member) is being used for the current year and results in a total budget and (transfers) of \$6,555,923.

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.

3-Year Comparison for all funds

	2005-2006	2006-2007	2007-2008		2008-2009	% diff 2007-8
	<u>Actual</u>	<u>Actual</u>	<u>Actual*</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Unrestricted General Fund:						
Income						
Federal	\$3,344	\$3,792	\$9,620	\$2,000	\$2,000	0.0%
State	\$20,425,149	\$24,846,720	\$15,251,347	\$24,382,178	\$23,262,074	-4.6%
Local	\$17,184,814	\$14,872,885	\$27,362,614	\$15,661,176	\$17,542,000	12.0%
Total Income	<u>\$37,613,307</u>	<u>\$39,723,397</u>	<u>\$42,623,581</u>	<u>\$40,045,354</u>	<u>\$40,806,074</u>	1.9%
Expense						
Academic Salaries	\$12,575,613	\$14,352,686	\$14,383,584	\$14,735,027	\$15,080,004	2.3%
Classified Salaries	\$6,939,472	\$7,256,309	\$7,540,846	\$7,824,970	\$7,764,275	-0.8%
Fringe Benefits	\$3,778,524	\$4,000,279	\$4,001,117	\$4,181,177	\$4,225,427	1.1%
Books and Supplies	\$792,399	\$612,821	\$887,133	\$720,425	\$778,865	8.1%
Operating	\$5,431,710	\$5,544,205	\$6,436,517	\$6,165,923	\$6,335,927	2.8%
Capital Outlay	\$359,657	\$344,779	\$201,296	\$180,353	\$180,075	-0.2%
Transfers	\$7,606,829	\$7,445,262	\$6,003,883	\$6,125,454	\$6,433,906	5.0%
Total Expenses	<u>\$37,484,205</u>	<u>\$39,556,341</u>	<u>\$39,454,376</u>	<u>\$39,933,329</u>	<u>\$40,798,479</u>	2.2%
Restricted General Fund:						
Income						
Federal	\$2,157,023	\$2,516,341	\$1,524,286	\$2,369,807	\$2,149,690	-9.3%
State	\$2,950,549	\$3,953,425	\$3,778,637	\$3,736,636	\$3,224,309	-13.7%
Local	\$901,603	\$755,665	\$474,942	\$687,020	\$739,947	7.7%
Total Income	<u>\$6,009,175</u>	<u>\$7,225,431</u>	<u>\$5,777,865</u>	<u>\$6,793,463</u>	<u>\$6,113,946</u>	-10.0%
Expense						
Academic Salaries	\$1,437,085	\$1,301,515	\$1,505,894	\$1,457,080	\$1,399,562	-3.9%
Classified Salaries	\$1,334,471	\$1,478,237	\$1,241,470	\$1,393,356	\$1,199,936	-13.9%
Fringe Benefits	\$454,473	\$462,176	\$451,935	\$497,718	\$450,402	-9.5%
Books and Supplies	\$364,410	\$647,130	\$265,567	\$287,267	\$192,445	-33.0%
Operating	\$1,046,210	\$1,440,259	\$1,437,541	\$1,501,239	\$1,498,553	-0.2%
Capital Outlay	\$254,510	\$687,621	\$327,799	\$591,459	\$224,047	-62.1%
Transfers	\$1,118,065	\$1,208,491	\$1,145,243	\$1,065,343	\$1,149,001	7.9%
Total Expenses	<u>\$6,009,223</u>	<u>\$7,225,430</u>	<u>\$6,375,449</u>	<u>\$6,793,462</u>	<u>\$6,113,946</u>	-10.0%
Unrestricted Child Development						
Income	\$386,537	\$375,952	\$395,205	\$417,005	\$514,607	23.4%
Expense	\$386,537	\$375,952	\$412,753	\$417,005	\$514,607	23.4%
Restricted Child Development						
Income	\$115,202	\$193,174	\$218,032	\$252,834	\$219,018	-13.4%
Expense	\$115,202	\$193,174	\$246,050	\$252,834	\$219,018	-13.4%
Student Center						
Income	\$293,552	\$279,374	\$270,547	\$271,200	\$278,200	2.6%
Expense	\$293,552	\$246,122	\$214,256	\$271,200	\$235,732	-13.1%
Student Revenue Bond						
Income	\$26	\$21,520	\$42,054	\$20,775	\$20,325	-2.2%
Expense	\$21,797	\$21,225	\$20,775	\$20,775	\$20,325	-2.2%

	2005-2006	2006-2007	2007-2008		2008-2009	% diff
	<u>Actual</u>	<u>Actual</u>	<u>Actual*</u>	<u>Budget</u>	<u>Budget</u>	2007-8
						<u>Budget</u>
Debt Service						
Income	\$2,498	\$140,123	\$440,331	\$280,000	\$345,249	23.3%
Expense	\$96,194	\$123	\$416,105	\$280,000	\$517,063	84.7%
Parking						
Income	\$301,286	\$543,659	\$374,162	\$397,000	\$385,000	-3.0%
Expense	\$301,286	\$641,455	\$296,169	\$340,942	\$384,822	12.9%
Capital Projects						
Income	\$1,731,635	\$5,064,644	\$1,448,469	\$4,109,015	\$1,052,799	-74.4%
Expense	\$1,122,010	\$5,416,096	\$1,193,892	\$4,670,481	\$1,907,979	-59.1%
Self Insurance						
Income	\$7,235,735	\$7,281,989	\$6,669,211	\$6,445,000	\$6,555,923	1.7%
Expense	\$6,123,904	\$5,495,612	\$4,469,577	\$6,445,000	\$6,555,923	1.7%
Financial Aid						
Income	\$1,676,509	\$1,782,602	\$2,015,667	\$1,700,000	\$2,000,000	17.6%
Expense	\$1,676,509	\$1,782,602	\$2,015,667	\$1,700,000	\$2,000,000	17.6%
Associated Students						
Income	\$85,520	\$86,728	\$87,771	\$80,000	\$80,000	0.0%
Expense	\$69,032	\$86,728	\$100,306	\$80,000	\$80,000	0.0%
Scholarship and Loans						
Income	\$944,188	\$1,401,661	\$1,954,351	\$1,300,000	\$1,900,000	46.2%
Expense	\$940,825	\$1,374,398	\$1,814,695	\$1,300,000	\$1,900,000	46.2%
Trust Funds						
Income	\$486,168	\$325,382	\$779,865	\$400,000	\$800,000	100.0%
Expense	\$415,167	\$492,107	\$439,695	\$400,000	\$600,000	50.0%
Orr Scholarship						
Income	\$62,685	\$38,879	\$36,929	\$40,000	\$40,000	0.0%
Expense	\$42,516	\$98,037	\$25,675	\$40,000	\$40,000	0.0%
Building Fund						
Income	\$5,769,193	\$1,441,914	\$106,010,107	\$35,800,000	\$3,150,000	-91.2%
Expense	\$7,641,016	\$20,713,266	\$20,303,941	\$20,648,503	\$20,865,373	1.1%

*Actual through June 30, 2008
prior to closing the books.

Unrestricted General Fund Highlights

Revenues:

Total Unrestricted General Fund income budgeted for 2007-08 is \$40,806,074 and is \$760,720 (1.9%) more than the 2007-08 revised budget. The primary increase is for an anticipated 2007-08 property tax backfill (1-time) of \$511,555 included in the Governor's May Revise.

- **Apportionment** - The largest source of unrestricted revenue, \$37,518,108 (92%) is based on actual instate enrollments at the District. These funds are referred to as apportionment. Apportionment is calculated based on credit and non-credit full time equivalent students (FTES). In addition, there is a base allocation for a single campus district and each satellite campus. Actual funds for apportionment are paid through, local taxes (\$13.47 million), student registration fees (\$1.65 million), with the State making up the balance (\$22,398,108).

The district's budget for apportionment has been calculated using last year's FTES reported at P2: 6,013 credit and 2,357 noncredit FTES.

The State Budget (May Revise) includes 1.67% for community college growth funding. The Chancellor's Office calculates growth rate caps for each community college with growth being paid up to the funds available from the State. The district's blended growth rate for 2008-9 is 1.19%, using the growth appropriation in the Governor's May Revision. In addition, the District is eligible for approximately \$1 million in additional FTES funding from restoration in 2008-09. Although many efforts are being made to grow, no income for growth or restoration has been included in this budget.

- **Part-Time Faculty Allocation** – The District has budgeted a 10.89% (\$43,112) decrease from the amount received in 2007-8 (\$352,411).
- **Lottery** – Funds received from the Lottery Commission are based on prior years FTES, including non-resident. Using 8,536 FTES reported for P2 last year (6,013.22 credit, 2,357.22 non-credit, & 165.15 non-resident) and funding of \$121.50 per FTES, results in total estimated funds of \$1,037,000. (Lottery revenue in the Restricted General Fund is budgeted at \$185,000.)
- **Apprenticeship** – Funds are received from the State based on actual apprenticeship hours and total funds available. A maximum of \$4.86 per hour could be funded. Last year all apprenticeship hours were funded from Parks and Recreation. Because of the uncertainty with their budget, no apprenticeship revenue is being budgeted.
- **Nonresident Fees** – Non-resident enrollments continue to decline. Year end for 2007-08 indicate 165.16 FTES, down from 166.76 in 2006-07. Using 165 FTES

and considering the nonresident fee increase to \$181, non-resident fees are budgeted at \$565,000, basically the same as last year.

- **Interest** – Interest income is budgeted at \$330,000, the same as last year.
- **Transfers In** - A \$50,000 transfer in from the Capital Outlay Fund is budgeted (an Unrestricted General Fund year end transfer from the prior year) and is earmarked for sabbatical replacements.

Expenses:

- **Salaries** - Total net salaries are budgeted at \$22,844,279, an increase of \$284,282 (1.3%) over last year's adjusted budget. Two (2) new faculty teaching positions are included in this year's budget. Increases for required step and column movement, and longevity have been budgeted, where appropriate. Salaries for adjunct teaching faculty and overloads are budgeted at basically the same level as last year (\$4,218,121).

With the salary formula, because no increase is budgeted for increased apportionment, no increase has been budgeted for salary raises. Should apportionment increase, the salary formula would take effect and future budget adjustments would be needed.

- **Fringe Benefits** - Net benefits are projected to increase 2.3% (\$224,310) primarily to coincide with the roll-up costs for new positions and other salary increases. (For purposes of this chart, transfers to self insurance are shown under benefits.)

This year's budget includes an increase of .122% in the Public Employees Retirement System (PERS) contribution, an increase of .25% for state unemployment insurance, and a 6% increase for dental. (As provided for in the salary formula, the net increase for these benefits will be a deduction from any apportionment increase in the calculation for possible to employee salary increases.)

- **Books and Supplies** – At \$778,865 this budget category is \$54,441 more than last year, primarily the result of the projected loss of \$44,305 in restricted Lottery funding. Actual expenses for books and supplies in the unrestricted and restricted general funds are basically the same as last year.
- **Services and Operating:**
 1. **Utilities** – Total utility expenses are budgeted at \$961,676 (\$1,033,075 for all funds of the District). Electricity is budgeted at \$525,000, natural gas

at \$210,000, water at \$124,667, waste disposal at \$30,000, sewage at \$37,100, and telephone at \$106,308.

(In addition, \$275,324 is budgeted to allow for a transfer to the Debt Services Fund to make lease payments for the energy conservation projects completed by Siemens.)

2. Risk Management (insurance) - The District is in a pool with other community colleges and is self insured for most property and liability issues. Property and liability is budgeted at \$258,150 plus \$30,000 for potential deductibles. (Student accident insurance is budgeted in the Restricted General Fund at \$105,031).
 3. Instructional Service Agreements – Budgets for contract instruction total \$2,573,330.
 4. Travel – This \$227,131 budget has increased \$54,056 from last years’ Final Budget to cover the additional expenses for the new soccer program, travel to and from the Ed Center, and general increased expenses for fuel.
 5. Legal Expenses- This category remains the same as last year with a budget of \$80,000.
 6. Building Maintenance – Minor capital improvements remains the same as last year with a budget of \$73,285. At this time, no amounts are budgeted for State Scheduled Maintenance expenditures, income, or required district matching funds.
 7. Contingencies – Total general contingencies remain the same as last year, \$77,860: \$50,000 for unanticipated institutional expenditures (utilities, postage, telephone, etc.), \$10,940 for the Superintendent, \$6,520 total for VPs, \$2,200 total for deans, and \$8,200 for athletics.
- Capital Outlay – Total for books and equipment of \$180,075 is basically the same as last year.

- Transfers - Transfers to other funds are budgeted at \$6,433,906 including:

Self Insurance Fund	\$5,603,090
Child Development Fund	413,990
Debt Service (energy conservation)	275,324
Health Services	53,407
EOP&S	62,476
Financial Aid	25,000

Transfers for EOP&S, and Financial Aid (SEOG) are mandatory.

In past years, the District recorded the mandatory allocation of revenue generated by DSPS classes as a transfer to the Restricted General Fund. This year, expenses for DSPS instructors totaling \$338,071 are being recorded in the Unrestricted General.

Fund Balance: An ending Unrestricted General Fund balance of \$4,086,709 is projected which is slightly over the Board required contingency reserve of 10% of expenditures.