

OHLONE COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: Board of Trustees

FROM: Doug Treadway

DATE: February 9, 2005

SUBJECT: Acceptance of the Second Quarter 2004-2005 Financial Report

In accordance with Education Code Section 72413(g), The District is required to submit to the County Superintendent of Schools and the State Chancellor's Office a quarterly financial report and the status of the employment contracts report.

BACKGROUND

The District is projecting a reduction in enrollment (FTES) for this fiscal year. In anticipation of a possible reduction in base funding for the 2005-06 fiscal year, there is a desire to increase the Rainy Day Reserve to help minimize the potential impact of lower base apportionment funding.

The 2nd Quarter Financial Report for 2004-05 includes the following:

- Review revenue
- Include Board approved salary adjustments
- Set budget targets for possible expenditure reductions

Our decline in enrollment has resulted in a reduction in health fee revenue. Because the Health Services Fund (26) is funded entirely from these fees, there may be a negative impact on Fund 10. Fund 10 may have to support the anticipated shortfall.

Included in this packet of information is the:

- Second Quarter Fund 10 Report
- 311Q consolidation report
- 311Q
- Budget changes for the General Unrestricted and Restricted Funds
- Fund 42 Budget Changes
- Investment Report

INFORMATION AND DISCUSSION.

DT:jss
Attachments

Variance Analysis of Fourth Quarter to Actuals
Fund 10

NET DECREASE IN FUND BALANCE \$ 801,379

TOTAL REVENUE NET DECREASE 95,886

- Estimated Lottery Revenue per FTES was reduced
- Completion of the Child Development Center was delayed reducing lease revenues from Kidango
- The Refund Fee was eliminated
- Some salary savings are recognized due to the inclusion of parity funds on the faculty schedule.

TOTAL EXPENDITURE INCREASE (decreases fund balance) 1,093,900

- Allocates salary settlement costs
- Recognizes additional salary and benefit savings
- Includes higher election expenses
- Includes higher Hazardous Material budget
- Includes additional interpreting costs
- Recognizes savings from grant indirect costs

Negotiations were not complete with our bargaining units until after September 30th so the results will be budgeted as part of the 2nd quarter. The amount that has been set aside for these tentative agreements is shown in the reserves.