

San Mateo County Community College District

2003-04 Mid-Year Budget Report



San Mateo County
Community College District

2003-04 Mid-Year Budget Report

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**San Mateo County Community College District
2003-2004 Mid-Year Budget Report**

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2003-04 MID-YEAR BUDGET REPORT

The Mid-Year Budget Report provides information about the status of the District's Unrestricted General Fund, as well as summary information about other District funds. It also provides an overview of the Governor's January budget proposal for 2004-05.

STATE BUDGET SUMMARY

The State Budget for 2003-04 was enacted in August under the shadow of an impending gubernatorial recall election, knowledge of an ongoing structural budget deficit of approximately \$10 billion, and speculation about potential mid-year budget reductions. While community colleges experienced a sense of relief that the magnitude of the 2003-04 reduction was reduced from \$530 million in Gray Davis' January budget proposal to \$87 million in the Final Budget, there was a tremendous lack of certainty and specificity about the future.

A clear sign that Californians desired significant change in the leadership of the State was delivered in October when Arnold Schwarzenegger was elected to replace Gray Davis as Governor. The uncertainty looming among community colleges about the future of the system's funding continued to exist. Although in his election campaign the new Governor indicated

strong support for education, the specifics regarding his support for community colleges was unclear.

With a revised \$14 billion estimated operating deficit for 2004-05 and accumulated debt of more than \$22 billion, it seemed likely that most State agencies, including community colleges, would face significant reductions despite indications of economic recovery in California. State revenues exceed the 2003-04 Budget Act estimate by \$1.7 billion, but the sharp rise in expenditures during the last five years continues to contribute significantly to the ongoing fiscal crisis.

In December, the Governor proposed and received support from the Legislature for an economic recovery plan containing the following key elements:

1. **Proposition 57** – To be placed before the voters on the March 2 ballot, this proposition proposes a \$15 billion economic recovery bond to refinance a portion of the \$22 billion deficit. This bond essentially replaces a \$10.7 billion recovery bond, currently under court challenge, that was approved as part of the 2003-04 Budget Act.

2. **Proposition 58** – Also slated for the March ballot, this proposition calls for a Constitutional Amendment requiring balanced budgets and the gradual building of a "rainy day" reserve fund. Propositions 57 and 58 are double joined and both must pass for either to become law.

3. The Governor proposes a budget plan for 2004-05 that would move the State toward structural balance.

4. The recovery plan proposes improvements in business that would help to revitalize the State's economy, such as Workers' Compensation reform.

Governor's 2004-05 Budget Proposal

On January 9, 2004, the Governor's position on community colleges was revealed in his budget proposal. Community colleges were relieved to learn that for 2003-04 there would be no mid-year reductions as had occurred in 2002-03. The Governor proposed increasing community college funding for 2004-05 by \$211 million (4.4% increase), thereby increasing the community college share of Proposition 98 from 9.51% in 2003-04 to 10.04% in 2004-05. Proposition 98 was a State constitutional amendment approved by the voters in 1988, which established minimum funding levels for K-12 and community colleges.

The Governor proposes to increase student enrollment fees from \$18 to \$26 per unit (a 44% increase) and to impose on baccalaureate and other advanced degree holders a \$50 per unit "differential fee" (a 178% increase from \$18 per unit). The fee increases come on the heels of a 65% increase in 2003-04 when fees were increased from \$11 to \$18 per unit, which resulted in a loss of 175,000 students systemwide. In his State of the State address held days before the budget was released, the Governor proposed to limit student fee increases to no more than 10% per year.

Unlike tuition fee increases for UC and CSU, which directly benefit the universities, community college fee increases simply reduce the State's apportionment burden. Community colleges do not actually receive additional revenues from the increased fees.

Despite the fee increase, the starting point that community colleges have been provided is improved from last year's Governor's Budget proposal, in which Gray Davis proposed to reduce community college funding by 10.6% (\$530 million) and increase enrollment fees 118% (\$11 to \$24 per unit).

The Governor's Budget Proposal cuts general fund support to the University of California by 6.9% and to California State Universities by 8.1%. It also provides for no enrollment growth. Fee increases are proposed to offset some of the UC and CSU funding cuts. The budget proposal is based on fee increases of 10% for undergraduate students, 40% for graduate students, and 20% for non-residents.

Following are additional details of the Governor's Budget Proposal as it relates to community colleges:

System Funding – The \$211 million proposed increase in funding includes \$120 million in Proposition 98 funds and \$91 million in new fee revenues. This increase is in addition to the \$200 million increase which is necessary to sustain the "deferral" of payments from June to July that was part of the 2003-04 Budget Act.

COLA – No COLA is provided in the community college budget proposal even though a

1.84% COLA is provided for the K-12 system. Since release of the budget proposal, the Governor's office has communicated that a 1.84% COLA was left out of the budget proposal for community colleges in error.

Growth – The proposed budget includes funded enrollment growth of 3% (\$125 million) to serve 32,000 additional students.

Equalization – The proposed budget includes \$80 million to begin to increase funding per FTES among low-funded districts. This funding is proposed to be ongoing. San Mateo County Community College District will be eligible for receiving an allocation; however, because the District is uniquely self-supporting, these funds will be provided from local property taxes rather than from the State.

Proposition 98 – “Rebasing” education funding (in lieu of total suspension) will reduce total K-14 funding by \$2 billion below the minimum funding level for 2004-05. By 2007-08 spending is estimated to be at the level that would have been required if no “rebasing” of the guarantee had taken place, but how quickly that restoration will take place is unknown. A refund to backfill for the suspension years is not being suggested. The “rebasing” agreement was reached with statewide education associations, but community colleges were not consulted.

“Folding in” – Several categorical programs, including Partnership for Excellence, Matriculation, Part-time Faculty Health Insurance, Part-time Faculty Compensation, Part-Time Faculty Office Hours, and a portion of

Telecommunications & Technology Infrastructure will be added to each district's base revenue limit. Adding categorical programs to the base revenue limit is not beneficial to this District. For the few self-supporting community college districts, the change transfers the burden of funding from the State to the local taxpayer. This topic is more thoroughly discussed on Page 4.

Categorical Consolidation – To return spending authority to local districts by removing expenditure restrictions formerly in place, several specially funded programs are proposed to be consolidated into a block grant. The programs include Extended Opportunities Programs & Services (EOPS), CARE, and Fund for Student Success, Scheduled Maintenance, Instructional Equipment, and the remaining balance of Telecommunications & Technology Infrastructure.

Financial Aid – The proposed budget preserves the funds provided in the 2003-04 Budget Act for financial aid services to students.

Redirection of Freshman from UC/CSU – Because of reductions at University of California and California State Universities, the budget assumes a 10% reduction of freshman admissions (approximately 8,000 students). The proposal provides incentives for these students to attend community colleges for their first two years as part of a new Dual Admissions Program. Successful completion of lower-division requirements at the community college would guarantee admission to CSU or UC, and enrollment fees will be waived during attendance at the community college.

Capital Outlay – The proposed budget includes \$618 million for new and previously approved capital outlay projects. Passage of Proposition 55 (School Facilities Bond) will provide \$920 million to community colleges. Of that amount, approximately \$40 million is proposed for San Mateo County Community College projects.

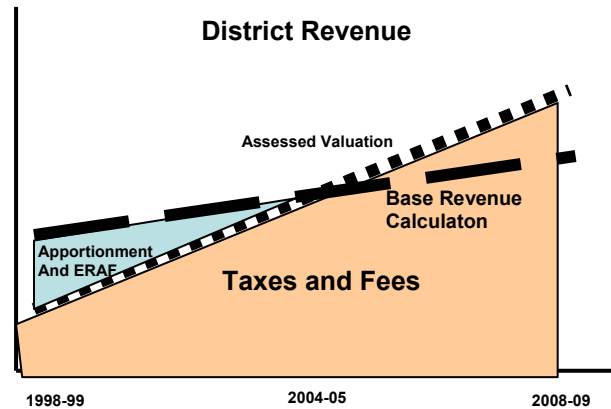
A chart comparing the 2004-05 Governor’s January Proposed Budget with the 2003-04 Final Budget can be found on Page 79.

SMCCCD 2004-05 BUDGET PLANNING

The District is currently self-supporting and will become a basic aid district when its property tax revenue and enrollment fee revenue exceed its base revenue limit. The District’s base revenue limit is currently met by a combination of student fees, property taxes, and ERAF (Educational Revenue Augmentation Fund) dollars. ERAF legislation allows a portion of local property tax allocated for counties, cities and other local agencies to be redirected to K-12 schools and community colleges within the county.

The graph which follows illustrates the District’s transition into basic aid status. The large dotted line represents the District’s base revenue calculation, and the small dotted line represents assessed valuation. As assessed valuation increases over the District’s base revenue calculation, the excess property tax revenue would

be considered extra for the purpose of augmenting the educational program of the District.



If the District’s revenue limit increases, as will be the case with the Governor’s proposal to “fold in” Partnership for Excellence and other categorically funded programs to base apportionments, the amount of ERAF funding needed to bridge the gap between the calculated revenue limit and local revenue (property taxes and student fees) would increase as well. The result would be a delay in attaining basic aid status for the District for several years and the use of local property taxes rather than previously provided special apportionments from the State. The District’s estimate of the amount of funds proposed to be folded into the base revenue limit, combined with proposed equalization funding exceeds \$7 million.

In the short-term, funding for the District may increase, but the long term effects could mean a potential loss of millions of dollars in future revenue. San Mateo County Community College District is the only district in the State that receives no State apportionment funding yet is not a basic aid district. Currently, four community

college districts in California are basic aid – Mira Costa, South Orange, Marin, and most recently, Sierra. Property tax and student fee revenue in these districts exceed their calculated revenue limit, and the difference is considered extra property tax revenue that is used to augment their educational program.

While the Governor’s budget proposal includes the “folding in” of 22 categorical programs for K-12 districts, the K-12 basic aid districts have been protected from losing local property taxes. The District Chancellor is leading an effort to persuade lawmakers to treat community colleges as they do K-12 self-supporting districts.

Until the San Mateo County Community College District is in basic aid status, enrollment growth will continue to be a significant factor in determining the District’s funding. In 2002-03, the District exceeded its enrollment funding cap by approximately 1,100 FTES. This means the District was funded up to its allowable base revenue cap, but it did not receive approximately \$4 million in funding for educating 1,100 full-time equivalent students.

In Fall 2003 the District experienced a decline in enrollment of approximately 2.5 percent; however, because of the prior year unfunded FTES, a small cushion still exists.

Projecting enrollment for 2004-05 is complicated by several factors:

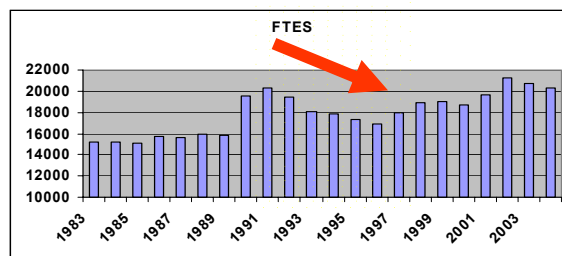
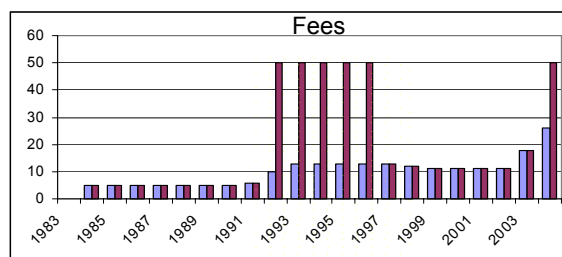
1. Potential enrollment fee increase from \$18 per unit to \$26 per unit.

History of Enrollment Fees

Prior to 1984	No Enrollment Fee
1984-91	\$5 per unit
1991-92	\$6 per unit
1992-93	\$10 per unit; \$50 per unit-BA
1993-96	\$13 per unit; \$50 per unit-BA
1996-98	\$13 per unit; Differential BA fee sunsets
1998-99	\$12 per unit
1999-03	\$11 per unit
2003-04	\$18 per unit
2004-?	\$24 per unit; \$50 per unit-BA

2. Differential fee of \$50 for students holding baccalaureate or higher level degrees. In 1993 a comparable differential fee caused an immediate 18% decline in enrollment in this District, which had an equally negative impact on funding.

Impact of Differential Fee



3. Potential increase in enrollment due to the Dual Admissions Program proposed by the Governor for CSU and UC freshman.

Finally, another factor that could have a significant impact on District funding will be the

outcome of the March 2, 2004 election. The consequences if both Proposition 57 and 58 are not approved by voters could be the total suspension of Proposition 98 and a potential 25% across-the-board reduction to State agencies. This could have a devastating impact on community college funding. In addition, passage of Proposition 55 (School Facilities Bond) is critical to the District's building improvement master plan.

Committee on Budget and Finance

In October 2003, The District Committee on Budget and Finance, a subcommittee of the District Shared Governance Committee, began discussing the potential impact of "folding in" Partnership for Excellence funds to base apportionments. Budget scenarios were prepared which illustrated how "folding in" \$4 million in PFE funds would affect the District's budget, as well as a projected 5% decline in enrollment during 2003-04 and a 2% revenue COLA. Presentations were made to various committees throughout the District, ranging from College Budget Committees to the District Shared Governance Committee.

Following announcement of the Governor's January Budget Proposal, revised scenarios were prepared which included a decline in projected revenue COLA from 2% to 1.84% and "folding in" Partnership for Excellence and five additional programs into the base revenue limit. The scenarios also included more favorable enrollment information based upon the actual results from Summer and Fall 2003.

The best case scenario, which is based on a 2.5% enrollment decline for 2003-04 and 1.84% revenue COLA, results in a marginal deficit of \$500,000. A worse case scenario based on no revenue COLA and a 5% enrollment decline results in a marginal deficit of \$5.8 million. A worst case scenario that could occur should the Governor's \$15 billion bond initiative not pass in March has yet to be developed.

After considerable discussion, the Committee has recommended that the District base its budget planning efforts for 2004-05 on the best case scenario and develop a contingency plan based upon a worsening enrollment decline scenario. A worst case contingency plan would include identification of a temporary funding source that would give the District time to plan based on more catastrophic budget parameters, such as might be caused by the failure of Proposition 57 and 58.

Increased Costs

Included in the budget scenarios are increased expenditures in several areas, most notably in the area of employee benefits.

On January 1, 2004 health care premiums increased an average of 18%. The employee medical cap increased 3% as part of the three-year negotiated compensation agreement with employee groups. For the first time, all two-party and family health care premium rates exceed employee medical caps.

Another more substantial increase in employer-paid benefits is the PERS pension fund. The District has learned that the local school

employer contribution rate will increase from 10.42% to 12.2%.

The good news is that it appears that the State Teacher Retirement System (STRS) will not increase its employer contribution rate for 2004-05 as previously rumored.

Still, the increases in health care premiums and the PERS pension fund contributions will increase benefit expenditure projections by approximately \$1 million.

While the District will be entering into negotiations with three collective bargaining units to develop new contracts, there has been no budget speculation as to the outcome of those negotiations.

2004-05 Budget and Planning Calendar

On January 28, 2004, the Board of Trustees approved the 2004-05 Budget and Planning Calendar, which was developed by the Committee for Budget and Finance. The Budget & Planning Calendar can be found on pages 76-78.

2003-04 HIGHLIGHTS

Although the budget is the main focus of this report, it is important to mention the many activities that have taken place during the Fall semester, as well as plans for the near future.

Capital Improvement Program

Extensive capital improvements and construction projects are occurring at District sites. The District is one of three community college districts Statewide to receive authorization from the Legislature to pilot the design/build delivery method and is the only district currently moving forward with design/build projects. This innovative construction delivery method will enhance the project value by containing costs and schedule compression, while shifting some of the traditional owner's design risk burden to the design/build entity. Following is a summary of activities, including some using the design/build method.

Construction on **Cañada College's** Main and Flex Theaters is substantially complete. The new classroom building (Bldg. 22), as well as several classroom renovations, are also complete and in use.

The campus flagship project is the Library/Learning Resource Center. The Design process is well underway, and pending passage of Proposition 55, construction will commence in Summer 2005.

Currently, **College of San Mateo** is evaluating Design/Build Proposals for their campus flagship project, the \$22.6 million new Science Center. Contract Award is scheduled for February 2004, with design and construction commencing Summer 2004. Design of Seismic Renovation and Modernization projects in Buildings 18 and 1, 5 & 6 are well underway. With the support of the State Department of Finance, the distinct seismic and

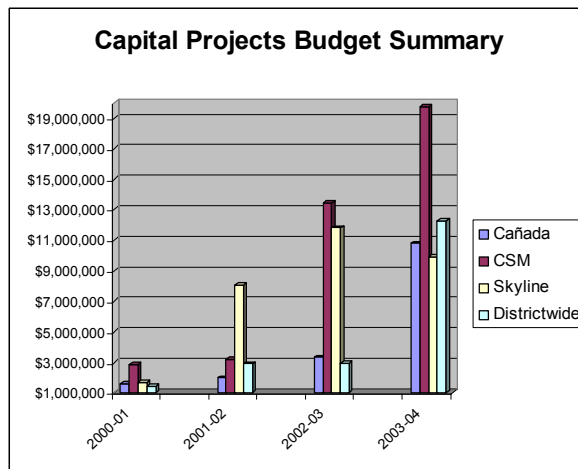
renovation project scopes are now being integrated into single projects. This will allow the District to take advantage of economies of scale, compress progress schedules, and minimize campus disruption.

Skyline College completed significant hazardous materials remediation in Buildings 1 and 2 over the Winter 2003 break while also completing infrastructure extension and repairs to the existing Pacific Heights facility. The Pacific Heights facility will be renovated Spring 2004, and renovation of Building 3 will commence. The Student Support & Community Service Center & Science Annex is the campus flagship project. The college is now prequalifying Design/Build entities for this project. The top three Design Build entities will be issued a Request for Proposal in February 2004. Final design and construction are scheduled to commence Fall 2004.

Districtwide, upgrading the 40-year old fire alarm systems at Cañada College and College of San Mateo is a top safety priority. The project is now out to bid, and construction will commence Spring 2004.

Contract Award for the Athletic Facilities Upgrades is scheduled for Spring 2004. The project includes synthetic turf installation, new tracks, and upgrades to tennis courts, team houses, seating and restrooms.

Following is a chart showing the recent history of capital improvement project budgets for each site and for Districtwide projects:



A calendar of major capital improvement projects showing timelines for design, construction and completion can be found on Page 49.

Energy Conservation

The District negotiated a performance-based energy savings agreement with Chevron Energy Services to repair, upgrade, and replace obsolete energy systems at the District’s three campuses with efficient and reliable systems. The work is currently 60% complete. Installation of co-generation facilities at Skyline and College of San Mateo are important energy projects that will account for a significant share of the District’s overall energy savings. The CSM unit will generate 46% of the campus’ annual electrical consumption and the Skyline College unit will generate 50% of the campus’ annual electrical consumption. Both units are installed and will be activated when PG&E finalizes their supply tie-in.

Although 40% of the total contract work remains to be done, and the co-generation facilities are not yet in service, the District has already

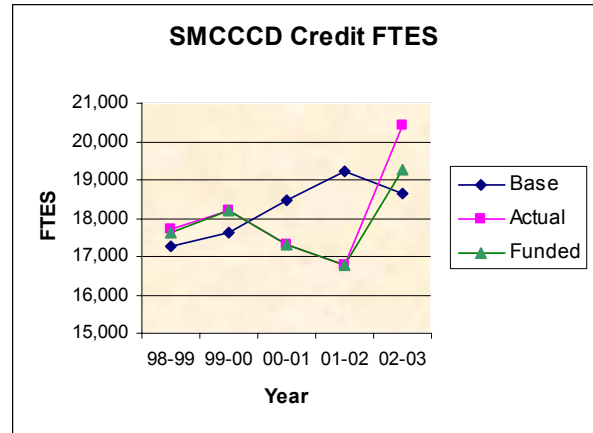
realized substantial energy savings as a result of the Chevron work in place:

- ❖ Water
 - 11,000 gallons of water per day (100% of target)
- ❖ Electricity
 - 1,942,300 kWh per year (82% of non-cogeneration target)
- ❖ Natural Gas
 - 48,840 therms per year (42% of non-cogeneration target)

Enrollment

First period FTES data for 2003-04 indicates a 2.5% enrollment decline. A detailed historical chart of FTES is located on page 74. The final column of the chart reflects FTES for Summer 2003, Fall 2003, and a projection for Spring 2004.

The table which follows illustrates a five-year FTES history for the District. “Base” represents the starting point that the State Chancellor’s Office uses to calculate whether a district’s FTES has grown or declined. “Actual” represents total credit FTES reported by the District, and “Funded” represents the total FTES used by the State Chancellor’s Office to calculate the computation revenue limit for the District. Although the District’s enrollment grew by 8% in 2002-03, State funding was deficiated due to lack of available growth funding. For the four prior years, the District was funded at its actual FTES.



First Time Home Buyer’s Program

To assist regular employees with the purchase of a first home, the District, in conjunction with local cities, established a revolving affordable housing loan fund from the Reserve for Post-Retirement Benefits Fund. To date, \$600,000 has been transferred into this loan fund, and the District has funded seven second home loans for employees. Other employees have purchased homes using a city loan only or through funding from the California Housing Finance Agency or the State Teachers Retirement System (STRS).

Faculty/Staff Housing Project

The District is rapidly moving forward with preparations for a 44-unit multi-family rental housing development for faculty and staff. Groundbreaking for the project, which will be located on Lower Lot 17 adjacent to the District Office is scheduled for late Spring or early Summer with occupancy planned for Summer 2005. Rents are anticipated to be significantly below market rate, and it is planned that faculty

and staff will be able to live in these apartments while saving for a down payment on a home.

The District contracted with Thompson Residential Partners, LLC to develop conceptual and schematic designs for the housing project, and following a formal bidding process, Devcon has been selected as the general contractor for the project. The District is now in the final approval stages for the project with the City of San Mateo Planning Committee and City Council.

Bookstore Operations

With new and renovated Bookstore facilities being planned for the future, the District is taking the opportunity to examine how best to improve and update the Bookstores.

An Ad Hoc Committee was formed consisting of students and representatives from all employee groups. The Ad Hoc Committee has held open forums on the campuses and is surveying other bookstores in the State to learn more about their operations. An architectural review of the new CSM and Skyline facilities is also taking place.

Taxable TRAN

Property taxes to support the District's operation are received in December and April of each year. Each year, the District issues Tax Revenue Anticipation Notes (TRAN) to provide the necessary cash flow to fund District operations prior to the receipt of property tax revenues. In most years, the District issues \$10 to \$15 million in tax exempt notes to cover the District's needs. Due to the additional uncertainty of State

apportionment receipts, the District issued a \$20 million taxable TRAN this Fall. In the event that the State delays apportionment payments due to the fiscal crisis, the District could cover its expenses.

Financing Corporation

The District is in the process of forming the San Mateo County Community College District Financing Corporation, a nonprofit public benefit corporation, for the purpose of borrowing necessary funds to pay the cost of financing, refinancing, acquiring, constructing, and maintaining the properties and facilities. The District plans to issue Certificates of Participation in Summer or Fall of 2004 to finance the planned construction of the faculty/staff housing complex and the refurbishment and improvement of the District's athletic facilities. The notes will be paid back from rent proceeds and redevelopment funds received each year.

Labor Negotiations

Collective bargaining for all employee groups will occur in the Spring semester. The District contracted with Industrial Employers and Distributors Association (IEDA) for a three-year period to provide consultation and "at-table" collective bargaining representation on the District's behalf.

While the District is committed to providing fair and equitable compensation that is competitive with neighboring districts, the current fiscal situation makes it impossible to predict at this time

whether and how much revenue is available for compensation. For reference purposes, it is noted that each one-percent adjustment in compensation for all employees costs the district approximately \$750,000.

Museum of Tolerance

On May 29, 2002, the Board of Trustees approved an annual allocation of \$50,000 to continue Museum of Tolerance training and follow-up activities for District employees and trustees.

Since 2000, the San Mateo County Community College District has sent six groups of 20 employees to the Museum of Tolerance training in Los Angeles. A seventh group of 20 employees plan to visit the Museum of Tolerance on March 21, 22, & 23, 2004 and an eighth group will visit on May 9, 10, 11, 2004.

2003-04 MID-YEAR BUDGET STATUS

Revenues

The District's actual revenue to date in 2003-04, compared with the same quarter in 2002-03, is slightly higher due primarily to property tax payments and enrollment fees. It is important to note that although the District has received more ERAF revenue than budgeted, much of the amount received will have to be returned to the County after the State calculates the District's computational revenue limit for 2003-04.

The following chart provides a revenue summary for the Unrestricted General Fund:

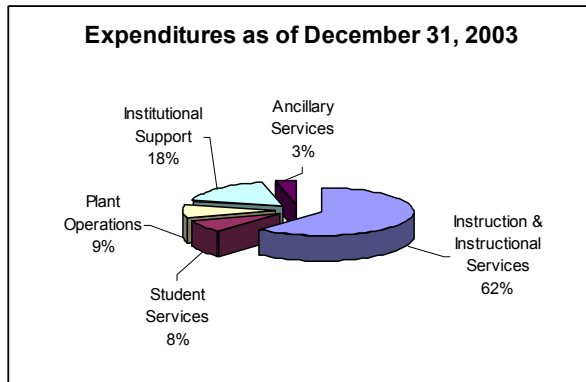
Unrestricted General Fund Revenue			
		2003-04 Budget	Actuals 12-31-03
Base Rev.		\$75,500,000	\$49,744,087
PFE		4,128,750	1,669,891
Lottery		2,310,000	0
PT Faculty Comp.		946,800	488,009
Apprenticeship		529,506	250,439
Non-Resident Tuition		2,000,000	1,703,875
Interest		868,000	544,694
Mandated Costs		124,900	0
Misc.		750,000	400,760
Total Projected Revenue		\$87,157,956	\$54,801,755

Revenue for nonresident tuition has decreased due to a 17% enrollment decline of nonresident students, which is attributed to several factors, including new regulations on student visas and a tuition fee increase from \$141 per unit in 2002-03 to \$174 per unit in 2003-04. The Education Code Section 76140 prescribes the basis for calculating the nonresident tuition fee. On January 28, 2004, the Board approved a rate reduction to \$167 per unit for 2004-05. It also reduced the capital outlay recovery fee assessed to foreign students from \$7 per unit to \$3 per unit.

Expenditures

Unrestricted general fund expenditures for the second quarter increased over second quarter 2002-03. This is due primarily to the increase in the cost of health care premiums and the PERS employer contribution rate increase. The financial statements included in this report include actual expenditures for each fund and location as of December 31, 2003.

The following pie chart shows the breakdown of expenditures as of December 31, 2003 by major budget activity:



The chart below includes a summary of expenditures and transfers by site for the Unrestricted General Fund. Note that in addition to Districtwide expenditures, Central Services also serves as a holding account for some allocations to be transferred to the sites at the end of the fiscal year (i.e. formula adjustments and salary commitments). In addition, the District 4% contingency reserve account, in the amount of \$3,502,540 is reflected in Central Services.

Unrestricted General Fund Expenditures			
	2003-04 Budget	Actuals 12-31-03	% of Total Budget
Cañada College	\$12,074,294	\$5,637,342	46.69%
College of San Mateo	\$28,551,566	14,011,224	49.07%
Skyline College	19,995,130	10,075,642	50.39%
District Office	12,451,642	5,738,730	46.11%
Central Services	23,717,792	7,223,696	30.46%
Total Expense Budget	\$96,790,424	\$42,686,634	44.10%

Transfer of Funds

Title 5 regulations require the Board to approve transfers between expenditure classifications made after final adoption of the budget. District Rules and Regulations, Section 8.11, specifies that budgetary transfers will be authorized only when expenditures in certain object accounting classifications are in excess of the amounts budgeted and when there are amounts in other object classifications that will not be required for expenditures in those classifications. In addition, District Rules and Regulations, Section 8.02, requires a report on funds accepted on behalf of the District. The resulting changes to the final adopted budget are submitted to the Board semi-annually.

The following paragraphs summarize transfers submitted by the District units to realign individual line-item account classifications and to provide flexibility within budget allocations. All budget transfer detail is maintained on the Banner finance system, providing necessary documentation to support the summary report submitted to the Board for approval.

Increases and decreases in major line item object accounts are shown for both income and expenditures. Explanations for changes made in each fund after the adoption of the final budget, are provided.

General Fund (Unrestricted) – Fund 1

Adjust the **EXPENDITURE** amounts in the following classifications:

1000 Academic Salaries	\$1,475,448
2000 Classified Salaries	(698,957)
3000 Employee Benefits	13,199

4000 Materials & Supplies	(468,560)
5000 Operating Expenses	(472,814)
6000 Capital Outlay	143,988
7000 Other Outgo	<u>7,696</u>
Total	\$0

There were no revenue adjustments to the Unrestricted General Fund during the first two quarters of 2003-04.

General Fund (Restricted) – Fund 3

Adjust the **EXPENDITURE** amounts in the following classifications:

1000 Academic Salaries	\$156,610
2000 Classified Salaries	342,590
3000 Employee Benefits	34,798
4000 Materials & Supplies	(203,581)
5000 Operating Expenses	425,180
6000 Capital Outlay	89,773
7000 Other Outgo	<u>622,451</u>
Total	\$1,467,821

Adjust the **REVENUE** amounts in the following classifications:

8100 Federal Revenues	\$198,569
8600 State Revenues	651,829
8800 Local Revenues	561,837
8900 Other Sources	<u>55,586</u>
Total	\$1,467,821

Increases in the Restricted General Fund budget occurred as a result of new external programs and grants. A list of these revenue adjustments is shown on page 37.

Capital Outlay Projects Fund – Fund 4

Adjust the **EXPENDITURE** amounts in the following classifications:

2000 Classified Salaries	\$258
3000 Employee Benefits	57
4000 Materials & Supplies	17,392
5000 Operating Expenses	1,125,187
6000 Capital Outlay	10,868,958

7000 Other Outgo	<u>875,305</u>
Total	\$12,887,157

Adjust the **REVENUE** amounts in the following classifications:

8800 Local Revenues	\$11,938,396
8900 Other Sources	<u>948,761</u>
Total	\$12,887,157

The increase in revenue in the Capital Projects Outlay Fund is due primarily to startup of the general obligation bond activity. In addition, budgets were augmented for Scheduled Maintenance funding.

Child Development Fund – Fund 6

Adjust the **EXPENDITURE** amounts in the following classifications:

1000 Academic Salaries	\$(6,513)
2000 Classified Salaries	5,948
4000 Materials & Supplies	9,100
5000 Operating Expenses	<u>(8,535)</u>
Total	\$0

Student Aid Fund – Fund 7

Adjust the **EXPENDITURE** amounts in the following classifications:

7000 Other Outgo	<u>\$7,444</u>
Total	\$7,444

Adjust the **REVENUE** amounts in the following classifications:

8900 Other Sources	<u>\$7,444</u>
Total	\$7,444

Budget augmentations occurred to recognize incoming transfer from Skyline College's TRIO and CARE grants within Fund 3. Direct payments to students from Federal and State grants are shown within the Financial Aid Fund.

OTHER FUNDS

RESTRICTED GENERAL FUND

Parking

The current Parking Fee is \$30 for a full semester, \$20 for Summer, and \$1 for a daily pass. Parking fee revenue fluctuates with enrollment. Enrollment decreased Districtwide from Fall 2002, and, as a result, Parking Fee revenue decreased by approximately 4%.

Parking revenue does not currently cover all eligible parking-related expenses. Raising the parking fee to \$40, as permitted by the Education Code, would help the District to cover more of the related expenses. A fee increase proposal is being reviewed.

Health Fee

The Health Services Fee is \$12 per semester. As a result of decreased enrollment, Health Fee revenue has decreased over last year by approximately 4%.

Nevertheless, Health Services operational costs exceed revenues, and while the State should provide the difference through mandated cost reimbursements, the State has suspended all mandated cost reimbursements. Without mandated cost reimbursements, there is a deficit in this program of approximately \$500,000. Currently, there is no indication that the State will resume mandated cost reimbursements.

Furthermore, recent State audits have resulted in major reductions in refundable costs.

CAPITAL PROJECTS FUND

The Capital Projects fund consists of all capital improvement projects funded through a variety of sources. Included in this fund is a sub-account called the Bond Construction Fund, which was established for deposit of proceeds from the sale of bonds.

The adjusted budget for the total Capital Projects Fund is \$77,437,993. Of that amount, the Bond Construction Fund amounts to \$62,768,571, reflecting the remaining balance of the first issuance of the bond. Project expenditures for all capital projects funds as of December 31, 2003 was \$15,532,457.

A complete financial summary of Capital Outlay projects is located on Pages 45-48. The projected cash flow for the Bond Construction Fund is illustrated on Page 51.

ENTERPRISE FUND

Bookstore

Second quarter comparisons for Bookstore operations for the first six months of the fiscal year beginning June 1, 2003, (including Summer 2003 and Fall 2003 semester sales) are shown below:

<i>Bookstore Sales</i>	<i>2002-03</i>	<i>2003-04</i>	<i>Change</i>
Reg. Sales	\$4,322,004	\$4,045,607	\$-276,397
Computer Sales	182,035	48,472	-133,563
Total Sales	\$4,504,039	\$4,094,079	\$-409,960

Both regular merchandise sales and sales of computer products decreased, which is an effect of enrollment decline. Included in Computer Sales is the Bookstore-supported Computer Loan-to-Own Program. There are currently 79 participants in this program. Funds are available for additional loans, and there is currently no waiting list.

<i>Bookstore</i>	<i>2002-03</i>	<i>2003-04</i>	<i>Change</i>
Income	\$4,578,041	\$4,167,597	\$-410,444
Expenditures	4,400,020	4,028,096	-371,924
Net Income	178,021	139,501	-38,520
Cost of Goods Sold	3,422,297	3,070,685	-351,612
Operating Expenses	977,723	957,411	-20,312

While total income for this period decreased 9%, operating expenses decreased by 2.1% and merchandise purchases (cost of goods sold) decreased by approximately 10.3%. The lower total income and lower expenses resulted in a decrease of 21.6% in net income compared with last year. The normal business cycle of the Bookstores traditionally shows strong operations during the first and third quarters when the bulk of sales are made.

Bookstore financial statements are located on Page 55.

Cafeteria

Fresh & Natural continues to operate food services at the three District campuses. The College of San Mateo has both food services and a satellite food operation (kiosk) to serve the central campus. CSM’s Café International, formerly an

ASB operation, is also now managed and operated by Fresh & Natural. The District’s vending services contractors are Pepsi Bottling Group and Action Vending.

<i>Cafeteria</i>	<i>2002-03</i>	<i>2003-04</i>	<i>Change</i>
Food Service Commission	\$34,626	\$28,134	\$-6,492
Vending Commission	52,799	51,949	-850
Interest	9,900	9,132	-768
Expenditures	48,237	34,907	-13,330
College Support	52,479	48,632	-3,847
Net Income	\$-3,391	\$5,676	\$9,067

Food Service commissions and vending commissions have decreased since 2002-03, most likely due to the enrollment decline. Cafeteria expenses have decreased by 17.1% compared with the same period last year. This was due to higher costs the prior year for initial facility requirement upgrades.

Cafeteria financial statements are located on Pages 57.

CHILD DEVELOPMENT FUND

The two primary sources of revenue for the Child Development Fund are State funding for children who qualify for subsidized care and Board-approved fees assessed for non-subsidized children. College of San Mateo and Skyline Colleges operate under a single General Center Child Care agreement that serves toddlers and preschool children. For accounting purposes, this revenue is recorded centrally at College of San

Mateo and redistributed to Skyline during the fourth quarter based on number of children served.

TRUST FUND (Student Aid)

Awards for Fall 2003 are reflected in this report and total \$2,906,907, an increase of \$577,410 over the same period last year. Additional Fall 2003 awards, along with those for Spring 2004, will be processed during the second half of the year.

RETIREMENT RESERVE

With adoption of the 2003-04 budget, the Board approved a transfer of \$1,500,000 from the general fund into the retirement reserve account. It is expected that the fund balance will be approximately \$20.5 million at the end of the current fiscal year.

An actuarial analysis conducted by Milliman, Inc. revealed significant increases in the District's liability. The report indicated that an annual payment of approximately \$7 million would be needed to fully fund retiree benefits costs. Because the District cannot afford to fund the recommended amount, the annual contribution was set at \$1.5 million beginning in 2002-03.

Currently, all retirement medical premiums are funded from the Unrestricted General Fund. The benefits provided to the District's retirees are not affected by the balance in this account. The fund was established to meet future needs and to lessen the burden on the general fund.

ASSOCIATED STUDENTS

Total income and expense for the Associated Student Body at each College for the second quarter are listed below:

<i>Income</i>	<i>2002-03</i>	<i>2003-04</i>	<i>Change</i>
Cañada	\$54,699	\$ 45,224	\$ -9,475
CSM	113,200	96,222	-17,028
Skyline	76,004	66,468	-9,536

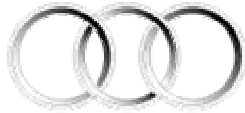
<i>Expense</i>	<i>2002-03</i>	<i>2003-04</i>	<i>Change</i>
Cañada	\$32,525	\$24,732	\$-7,793
CSM	64,071	46,430	-17,641
Skyline	20,651	20,810	159

Associated Student Body fees are impacted by enrollment fluctuation.

Below is a comparison of second quarter Net Income from ASB Operations:

<i>ASB Net Income</i>	<i>2002-03</i>	<i>2003-04</i>	<i>Change</i>
Cañada	\$22,174	\$20,492	\$-1,682
CSM	48,179	49,792	613
Skyline	55,353	45,658	-9,695

The ASB financial statements and summaries of College ASB activities, as submitted by the Colleges, are included on pages 80-91 of this report.



**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Budget Tables

Page 18 – **SMCCCD Funds Chart**

Page 19 – **2003-04 Adoption Budget**

Page 20 – **2003-04 2nd Quarter
Actuals**

San Mateo County Community College District
2003-2004 Mid-Year Report
Unrestricted General Fund (Fund 1) - Central Services*

	2nd Quarter 2000-01 Actuals	2nd Quarter 2001-02 Actuals	2nd Quarter 2002-03 Actuals	2003-2004 Adoption Budget	2003-2004 Adjusted Budget	Actual To Date	% To Date	
Revenue								
1 Federal Revenue	\$0	\$0	\$0	\$0	\$0	\$0	0%	1
2 State Revenue	2,978,242	3,245,175	3,856,931	8,906,456	8,906,456	2,860,499	32%	2
3 Local Revenue	37,041,160	42,283,030	42,946,473	70,534,881	70,534,881	45,042,133	64%	3
4 Total Revenue	\$40,019,402	\$45,528,204	\$46,803,404	\$79,441,337	\$79,441,337	\$47,902,632	60%	4
Expenses								
5 Certificated Salaries	\$7,738	\$20,815	\$3,646	\$1,639,367	\$1,144,402	\$39,001	3%	5
6 Classified Salaries	26,056	29,744	75,911	1,156,709	467,235	185,921	40%	6
7 Employee Benefits	1,487,579	2,037,903	2,382,160	5,734,709	5,747,335	2,934,799	51%	7
8 Materials & Supplies	4,501	9,306	10,760	1,570,894	1,111,375	2,300	0%	8
9 Operating Expenses	636,878	895,733	1,404,910	7,720,491	7,014,886	2,075,149	30%	9
10 Capital Outlay	48,114	158,679	59,954	30,302	176,524	126,525	72%	10
11 Total Expenses	\$2,210,866	\$3,152,180	\$3,937,341	\$17,852,472	\$15,661,758	\$5,363,696	34%	11
Transfers & Other								
12 Transfers In	\$0	\$0	\$0	\$0	\$0	\$0	0%	12
13 Other Sources	0	0	0	0	0	0	0%	13
14 Transfers out	(1,841,000)	(2,009,675)	(2,060,000)	(1,760,000)	(1,760,000)	(1,860,000)	106%	14
15 Contingency	0	0	0	(4,105,320)	(4,105,320)	0	0%	15
16 Other Out Go	0	0	0	0	0	0	0%	16
17 Total Transfers/Other	(\$1,841,000)	(\$2,009,675)	(\$2,060,000)	(\$5,865,320)	(\$5,865,320)	(\$1,860,000)	32%	17
Fund Balance								
18 Net Change in Fund Balance	\$35,967,536	\$40,366,350	\$40,806,063	\$55,723,546	\$57,914,260	\$40,678,936		18
19 Beginning Balance, July 1	0	0	0	0	0	0		19
20 Balance	0	0	0	0	0	0		20
21 Net Fund Balance, Dec. 31	\$35,967,536	\$40,366,350	\$40,806,063	\$55,723,546	\$57,914,260	\$40,678,936		21

**Central Services includes most of the general fund revenue, contingency, funds for transfer (e.g. capital outlay, reserve for retiree benefits), retiree benefits and special allocation holding accounts. It does not include the District Office.*

San Mateo County Community College District
2003-2004 Mid-Year Report
Unrestricted General Fund (Fund 1) - District Office

	2nd Quarter 2000-01 Actuals	2nd Quarter 2001-02 Actuals	2nd Quarter 2002-03 Actuals	2003-2004 Adoption Budget	2003-2004 Adjusted Budget	Actual To Date	% To Date	
Revenue								
1 Federal Revenue	\$0	\$0	\$0	\$0	\$0	\$0	0%	1
2 State Revenue	322,570	559,828	0	0	0	0	0%	2
3 Local Revenue	54,208	26,707	45,394	7,400	7,400	2,314	31%	3
4 Total Revenue	\$376,778	\$586,535	\$45,394	\$7,400	\$7,400	\$2,314	31%	4
Expenses								
5 Certificated Salaries	\$168,472	\$104,438	\$153,361	\$355,659	\$355,659	\$155,448	44%	5
6 Classified Salaries	2,955,504	3,051,528	3,560,210	7,680,289	7,676,289	3,660,789	48%	6
7 Employee Benefits	629,830	662,910	860,922	2,667,513	2,667,513	1,242,180	47%	7
8 Materials & Supplies	230,931	210,484	215,796	518,501	507,608	233,504	46%	8
9 Operating Expenses	1,436,501	1,501,699	502,394	1,147,471	1,287,945	438,815	34%	9
10 Capital Outlay	235,965	288,098	34,070	82,210	53,538	7,995	15%	10
11 Total Expenses	\$5,657,203	\$5,819,158	\$5,326,753	\$12,451,643	\$12,548,552	\$5,738,730	46%	11
Transfers & Other								
12 Transfers In	\$0	\$0	\$0	\$0	\$0	\$0	0%	12
13 Other Sources	10,500	0	0	0	0	0	0%	13
14 Transfers out	0	0	0	0	0	0	0%	14
15 Contingency	0	0	0	0	0	0	0%	15
16 Other Out Go	0	0	0	0	0	0	0%	16
17 Total Transfers/Other	\$10,500	\$0	\$0	\$0	\$0	\$0	0%	17
Fund Balance								
18 Net Change in Fund Balance	(\$5,269,925)	(\$5,232,623)	(\$5,281,359)	(\$12,444,243)	(\$12,541,152)	(\$5,736,416)		18
19 Beginning Balance, July 1	0	0	0	0	0	0		19
20 Adjustments to Beginning Balance	0	0	0	0	0	0		20
21 Net Fund Balance, Dec. 31	(\$5,269,925)	(\$5,232,623)	(\$5,281,359)	(\$12,444,243)	(\$12,541,152)	(\$5,736,416)		21

Net Fund Balances totals do not include all State and Local revenue, most of which is located in the Central Services budget.

San Mateo County Community College District
2003-2004 Mid-Year Report
Unrestricted General Fund (Fund 1) - Cañada College



	2nd Quarter 2000-01 Actuals	2nd Quarter 2001-02 Actuals	2nd Quarter 2002-03 Actuals	2003-2004 Adoption Budget	2003-2004 Adjusted Budget	Actual To Date	% To Date	
Revenue								
1 Federal Revenue	\$0	\$0	\$0	\$0	\$0	\$0	0%	1
2 State Revenue	0	0	0	0	0	0	0%	2
3 Local Revenue	841,242	920,972	1,004,097	1,575,936	1,575,936	1,059,914	67%	3
4 Total Revenue	\$841,242	\$920,972	\$1,004,097	\$1,575,936	\$1,575,936	\$1,059,914	67%	4

Expenses								
5 Certificated Salaries	\$3,416,425	\$3,554,634	\$4,192,718	\$7,310,665	\$7,610,492	\$3,388,396	45%	5
6 Classified Salaries	1,086,970	1,047,473	1,188,485	2,148,210	\$2,142,267	1,001,782	47%	6
7 Employee Benefits	692,998	744,999	919,102	2,007,421	\$2,007,994	931,653	46%	7
8 Materials & Supplies	59,225	55,842	62,695	168,294	\$171,427	100,271	58%	8
9 Operating Expenses	285,929	218,929	229,279	416,313	\$466,455	186,465	40%	9
10 Capital Outlay	11,008	24,460	14,368	23,391	\$24,613	21,079	86%	10
11 Total Expenses	\$5,552,555	\$5,646,336	\$6,606,647	\$12,074,294	\$12,423,247	\$5,629,646	45%	11

Transfers & Other								
12 Transfers In	\$0	\$0	\$0	\$0	\$0	\$0	0%	12
13 Other Sources	0	0	0	0	0	0	0%	13
14 Transfers out	0	0	(95,700)	0	(7,696)	(7,696)	100%	14
15 Contingency	0	0	0	0	0	0	0%	15
16 Other Out Go	0	0	(55)	0	0	0	0%	16
17 Total Transfers/Other	\$0	\$0	(\$95,755)	\$0	(\$7,696)	(\$7,696)	100%	17

Fund Balance								
18 Net Change in Fund Balance	(\$4,711,313)	(\$4,725,364)	(\$5,698,305)	(\$10,498,358)	(\$10,855,007)	(\$4,577,428)		18
19 Beginning Balance, July 1	0	0	0	0	0	0		19
20 Adjustments to Beginning Balance	0	0	0	0	0	0		20
21 Net Fund Balance, Dec. 31	(\$4,711,313)	(\$4,725,364)	(\$5,698,305)	(\$10,498,358)	(\$10,855,007)	(\$4,577,428)		21

Net Fund Balances totals do not include all State and Local revenue, most of which is located in the Central Services budget.

San Mateo County Community College District
2003-2004 Mid-Year Report
Unrestricted General Fund (Fund 1) - College of San Mateo



	2nd Quarter 2000-01 Actuals	2nd Quarter 2001-02 Actuals	2nd Quarter 2002-03 Actuals	2003-2004 Adoption Budget	2003-2004 Adjusted Budget	Actual To Date	% To Date	
Revenue								
1 Federal Revenue	\$0	\$0	\$343	\$0	\$0	\$343	0%	1
2 State Revenue	0	0	0	0	0	0	0%	2
3 Local Revenue	2,509,830	2,450,583	2,528,072	3,603,934	3,603,934	3,498,851	97%	3
4 Total Revenue	\$2,509,830	\$2,450,583	\$2,528,415	\$3,603,934	\$3,603,934	\$3,499,194	97%	4
Expenses								
5 Certificated Salaries	\$7,966,402	\$8,380,582	\$9,391,133	\$17,019,632	\$17,868,495	\$8,628,310	48%	5
6 Classified Salaries	2,352,215	2,491,595	2,902,089	5,236,509	\$5,236,969	2,577,708	49%	6
7 Employee Benefits	1,564,607	1,712,923	2,125,438	4,701,414	\$4,701,414	2,350,399	50%	7
8 Materials & Supplies	147,557	128,434	134,047	305,276	\$314,516	71,415	23%	8
9 Operating Expenses	488,401	495,301	491,234	1,189,790	\$1,198,633	368,058	31%	9
10 Capital Outlay	75,282	35,201	45,791	58,597	\$82,226	15,334	19%	10
11 Total Expenses	\$12,594,464	\$13,244,035	\$15,089,732	\$28,511,218	\$29,402,253	\$14,011,224	48%	11
Transfers & Other								
12 Transfers In	\$0	\$0	\$0	\$0	\$0	\$0	0%	12
13 Other Sources	0	0	0	0	0	0	0%	13
14 Transfers out	(35,000)	0	0	(40,348)	(40,348)	0	0%	14
15 Contingency	0	0	0	0	0	0	0%	15
16 Other Out Go	(130)			0	0		0%	16
17 Total Transfers/Other	(\$35,130)	\$0	\$0	(\$40,348)	(\$40,348)	\$0	0%	17
Fund Balance								
18 Net Change in Fund Balance	(\$10,119,764)	(\$10,793,452)	(\$12,561,317)	(\$24,947,632)	(\$25,838,667)	(\$10,512,031)		18
19 Beginning Balance, July 1	0	0	0	0	0	0		19
20 Balance	0	0	0	0	0	0		20
21 Net Fund Balance, Dec. 31	(\$10,119,764)	(\$10,793,452)	(\$12,561,317)	(\$24,947,632)	(\$25,838,667)	(\$10,512,031)		21
					(\$891,035)			

Net Fund Balances totals do not include all State and Local revenue, most of which is located in the Central Services budget.

San Mateo County Community College District
2003-2004 Mid-Year Report
Unrestricted General Fund (Fund 1) - Skyline College



	2nd Quarter 2000-01 Actuals	2nd Quarter 2001-02 Actuals	2nd Quarter 2002-03 Actuals	2003-2004 Adoption Budget	2003-2004 Adjusted Budget	Actual To Date	% To Date	
Revenue								
1 Federal Revenue	\$0	\$0	\$0	\$0	\$0	\$0	0%	1
2 State Revenue	0	0	0	0	0	0	0%	2
3 Local Revenue	1,691,371	1,658,828	1,767,656	2,529,349	2,529,349	2,338,043	92%	3
4 Total Revenue	\$1,691,371	\$1,658,828	\$1,767,656	\$2,529,349	\$2,529,349	\$2,338,043	92%	4
Expenses								
5 Certificated Salaries	\$5,784,351	\$5,995,863	\$6,823,520	\$11,193,475	\$12,015,197	\$6,085,824	51%	5
6 Classified Salaries	1,654,360	1,853,592	2,092,106	4,014,566	4,014,566	1,892,718	47%	6
7 Employee Benefits	1,142,012	1,252,219	1,509,615	3,329,942	3,329,942	1,681,471	50%	7
8 Materials & Supplies	195,794	173,513	172,307	377,493	366,973	135,778	37%	8
9 Operating Expenses	455,759	325,199	440,236	890,089	923,422	266,848	29%	9
10 Capital Outlay	330,428	136,769	72,226	189,565	191,151	13,003	7%	10
11 Total Expenses	\$9,562,704	\$9,737,156	\$11,110,010	\$19,995,130	\$20,841,251	\$10,075,642	48%	11
Transfers & Other								
12 Transfers In	\$0	\$0	\$0	\$0	\$0	\$0	0%	12
13 Other Sources	0	0	0	0	0	0	0%	13
14 Transfers out	0	0	0	0	0	0	0%	14
15 Contingency	0	0	0	0	0	0	0%	15
16 Other Out Go	0	0	0	0	0	0	0%	16
17 Total Transfers/Other	\$0	\$0	\$0	\$0	\$0	\$0	0%	17
Fund Balance								
18 Net Change in Fund Balance	(\$7,871,333)	(\$8,078,328)	(\$9,342,354)	(\$17,465,781)	(\$18,311,902)	(\$7,737,599)		18
19 Beginning Balance, July 1	0	0	0	0	0	0		19
20 Adjustments to Beginning Balance	0	0	0	0	0	0		20
21 Net Fund Balance, Dec. 31	(\$7,871,333)	(\$8,078,328)	(\$9,342,354)	(\$17,465,781)	(\$18,311,902)	(\$7,737,599)		21

Net Fund Balances totals do not include all State and Local revenue, most of which is located in the Central Services budget.

San Mateo County Community College District
2003-2004 Mid-Year Report
Unrestricted General Fund (Fund 1) - Districtwide



	2nd Quarter 2000-01 Actuals	2nd Quarter 2001-02 Actuals	2nd Quarter 2002-03 Actuals	2003-2004 Adoption Budget	2003-2004 Adjusted Budget	Actual To Date	% To Date	
Revenue								
1 Federal Revenue	\$0	\$0	\$343	\$0	\$0	\$0	0%	1
2 State Revenue	3,300,812	3,805,002	3,865,705	8,906,456	8,906,456	2,860,499	32%	2
3 Local Revenue	42,137,812	47,340,119	48,282,918	78,251,500	78,251,500	51,941,256	66%	3
4 Total Revenue	\$45,438,624	\$51,145,121	\$52,148,966	\$87,157,956	\$87,157,956	\$54,801,755	63%	4
Expenses								
5 Certificated Salaries	\$17,343,387	\$18,056,332	\$20,564,378	\$37,518,798	\$38,994,246	\$18,296,978	47%	5
6 Classified Salaries	8,075,105	8,473,933	9,818,801	20,236,283	\$19,537,326	9,318,918	48%	6
7 Employee Benefits	5,517,027	6,410,954	7,797,237	18,440,998	\$18,454,197	9,140,502	50%	7
8 Materials & Supplies	638,007	577,578	595,605	2,940,458	\$2,471,898	543,269	22%	8
9 Operating Expenses	3,303,467	3,436,861	3,068,053	11,364,154	\$10,891,341	3,335,335	31%	9
10 Capital Outlay	700,797	643,207	226,411	384,065	\$528,053	183,937	35%	10
11 Total Expenses	\$35,577,790	\$37,598,865	\$42,070,485	\$90,884,757	\$90,877,061	\$40,818,939	45%	11
Transfers & Other								
12 Transfers In	\$0	\$0	\$0	\$0	\$0	\$0	0%	12
13 Other Sources	10,500	0	0	0	0	0	0%	13
14 Transfers out	(1,876,000)	(2,009,675)	(2,155,700)	(1,800,348)	(1,808,044)	(1,867,696)	103%	14
15 Contingency	0	0	0	(4,105,320)	(4,105,320)	0	0%	15
16 Other Out Go	(130)	0	(55)	0	0	0	0%	16
17 Total Transfers/Other	(\$1,865,630)	(\$2,009,675)	(\$2,155,755)	(\$5,905,668)	(\$5,913,364)	(\$1,867,696)	32%	17
Fund Balance								
18 Net Change in Fund Balance	\$7,995,204	\$11,536,581	\$7,922,726	(\$9,632,469)	(\$9,632,469)	\$12,115,120		18
19 Beginning Balance, July 1	7,905,697	7,976,058	9,926,897	9,632,469	9,632,469	9,632,469		19
20 Balance	0	0	0	0	0	0		20
21 Net Fund Balance, Dec. 31	\$15,900,901	\$19,512,639	\$17,849,623	\$0	\$0	\$21,747,589		21

Includes combined total of Central Services, District Office, Cañada College, College of San Mateo, and Skyline College.

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**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Internal Service Fund

(Fund 2)

This fund is used to account for the financing of tangible goods provided by one department or agency to other departments or agencies on a cost-reimbursement basis. ~~The~~ Self-Insurance Fund is the fund designated to account for revenue and expense of the District's self-insurance programs. The District has a \$10,000 deductible obligation for each claim that is paid under its property and liability self-insurance program.

Because the District has a \$10,000 self-insured retention, an amount is transferred into this fund each year from the Unrestricted General Fund in anticipation of ~~estimated~~ losses. This is a reserve for current and future losses; it may or may not be depleted during the year.