QUARTERLY FINANCIAL MANAGEMENT REPORT

EXECUTIVE SUMMARY

Net Assets
Total Assets increased 16.07% over the previous year. Accounts Receivable and Deferred Revenues increased as the revenues from students increased. Construction activity and equipment purchases contributed to the increase in Capital Assets.

State Budget Reduction
The Governor ordered a 1.4% percent reduction in the College’s State Appropriations. The total decrease is $155,000. Other budget adjustments were required to accommodate additional utility costs and other cost increases that exceeded the revenue realized from enrollment growth. The College cut departmental operating budgets $323,000 to balance the budget. Much of the reduction will be absorbed through unfilled vacancies.

Revenues
As of December 31, 2003, total operating revenues were 52.8% of the total fiscal year 2004 budgeted revenues. This is .2% more than the percent of budgeted revenues collected for the prior fiscal year. Investment income declined 29% or $117,000 over the previous year. The amount of the state appropriations decreased $744,000.

Expenditures
Operating expenditures were 47.8% of the total fiscal year 2004 budget as of December 31 versus 46.5% for the prior year. Depreciation expense increased 13.3% compared to the budget because newly built or renovated buildings were depreciated.

EXPLANATORY NOTES

Net Assets

Assets
1. Appropriations due from Primary Government: This receivable decreased $453,000 compared to the previous year as funds allocated for capital projects were expended.
2. Accounts Receivable: Student revenues increased, resulting in a $1.3 million increase in Accounts Receivable over the previous year.
3. Grants and Contracts receivable increased $192,000. State scholarship support
increased over the previous year, increasing the amount due from these programs.

4. Inventories: Inventories increased $138,000. During fiscal year 2003, the bookstore reduced its inventory considerably while its space was renovated.

5. Capital Assets: The $6.1 million increase in Capital Assets compared to the previous year was caused by equipment purchases and building construction.

Liabilities
1. Accounts Payable: Accounts Payable increased $222,000 as work progressed on the construction projects funded by the bond issue.
2. Accrued Liabilities: The Accrued Liabilities were $237,000 more than the previous year. The number of salaried employees who were paid in arrears increased.
3. Deferred Revenues: Deferred Revenues increased $1.3 million as student revenues increased.
4. Long-Term Liabilities Current Portion: The current portion of the compensated absences liability increased $126,000 over the previous year.
5. Compensated absences: The Compensated absences liability decreased $401,000 compared to the previous year as the number of employees who were eligible for the insurance retirement benefits declined.

Operating Revenues
1. Federal Revenues: Library HUD grant revenues totaling $171,000 that were expended for furniture that did not exceed the $1,000 capitalization threshold were recorded as operating revenues. The Federal Grants budget was increased $171,000. Federal Pell Grants increased from last year.

Operating Expenses
1. Operations and Maintenance: Library HUD grant revenues that did not exceed the $1,000 capitalization threshold were recorded as operating expenses. The Operations and Maintenance budget was increased $171,000.

Nonoperating Revenues and Expenses
1. State Appropriations: The Department of Administration decreased the allotment available for the second quarter of fiscal year 2004. The revenue will be received in the fourth quarter.
2. Investment Income: Investment income declined because the College expended interest-earning funds to cover the shortfall in the quarterly allotment of appropriations. Investment pool earnings were lower than they were during fiscal year 2003.

Other Revenue, Expenses, Gains or Losses
1. The College received $1.3 million from the Department of Housing and Urban Development for renovations to the Ruth Scarborough Library during the first half of fiscal year 2004.