

## **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.