

QUARTERLY FINANCIAL MANAGEMENT REPORT

EXECUTIVE SUMMARY

Net Assets

Cash and student accounts receivable increased compared to September 2002 as the revenues from tuition and fees changed. Purchases of equipment and building construction and renovations are reflected in the College's capital assets \$5.9 million increase. Proceeds totaling \$3.2 million from the January 2003 bond issue were held in short term investments. Loans receivable declined because collections have increased. There was an increase in the accounts payable related to construction. Most of the deferred revenue increase was related to HUD grant revenues received in advance of related invoice payments.

Revenues

As of September 30, 2003, total operating revenues were 47.8% of the total fiscal year 2004 budgeted revenues. This is 2.2% more than the percentage realized as of September 30, 2002.

Expenses

Operating expenditures were 21.9% of the total fiscal year 2004 budget. This is 1.8% more than the percentage expended as of September 30, 2002.

EXPLANATORY NOTES

Net Assets

Assets

1. Operating cash: Operating cash increased 21.05% compared to the first quarter of fiscal year 2003. The main source of this increase was an increase in the tuition and fee charges revenues. The beginning cash balance for fiscal year 2004 was \$747,000 more than the previous year's beginning balance.
2. Appropriations due from Primary Government: This line declined 91.55% because funds allocated for capital projects were expended.
3. Accounts Receivable: The 14.48% increase is related to the increase in student tuition and fee revenues.
4. Grants and contracts receivable: The City of Martinsburg Grant for \$90,000 was billed in September.
5. Restricted cash: Restricted cash increased because HUD revenues were received in advance of the related invoice payments.

6. Investments: The College invested the proceeds from the January 2003 bond issue in short term securities.
7. Loans Receivable: Loans receivable declined because collections have increased. More borrowers are consolidating their student loans.
8. Capital assets: Capital assets increased as the Library renovations and the field house were completed and other construction projects continued. Operating equipment was purchased.
9. The Other Noncurrent Assets increased because the College incurred bond issuance costs in the third quarter of fiscal year 2003.

Liabilities

1. Accounts Payable: Accounts payable increased 62.97% because there were more construction invoices outstanding than in the first quarter of fiscal year 2003.
2. Accrued liabilities: Part of the increase in accrued liabilities was attributable to the \$95,000 accrued interest expense for the bonds. An accrued liability for \$79,000 was booked in fiscal year 2003 to recognize a probable payment related to an employee grievance. Accrued liabilities also increased because more salaried employees are paid in arrears. The College must pay salaried employees hired after July 1, 2002 in arrears.
3. Deferred revenues: Deferred revenues increased 128% because HUD grant revenues were received in advance of the related invoice payments.

Operating Revenues

1. Tuition and fees: Tuition and fee revenues were 19.1% more than the first quarter of fiscal year 2003. Tuition and fee rates were increased for fiscal year 2004. Enrollment increased 5%.
2. Auxiliary enterprises revenues: Auxiliary enterprise revenues increased 10.31% because the room and board rates increased and bookstore sales increased.

Operating Expenses

1. Operations and Maintenance: The first quarter expenses were 26.7% of the budget compared to 19.5% of the ending budget for fiscal year 2003. The ending Operations and Maintenance budget for fiscal year 2003 was \$281,000 more than the budget for fiscal year 2004, because some of the expenses paid by the HUD grant for the library were for current operations. These expenses were not paid until the second quarter of fiscal year 2003.
2. Public Service: The College transferred several positions related to the Small Business Development Center to the West Virginia Development Office as of September 30. The College will not incur expenses related to these positions for the remaining quarters of fiscal year 2004.

Nonoperating Revenues and Expenses

1. Investment income: Investment income declined because the earnings on the State Treasurer's investment pool declined.

2. Capital grants and gifts: The College received \$1 million from the Department of Housing and Urban Development for the completion of the Center for the renovation of the Ruth Scarborough Library.