

## **QUARTERLY FINANCIAL MANAGEMENT REPORT**

### **EXECUTIVE SUMMARY**

#### **Net Assets**

The College issued \$6 million in bonds during January. This transaction increased restricted cash and bonds payable. Accrued liabilities increased because more employees are paid in arrears. Accounts payable increased because the Auditor's Office cut off the year end accounts payable processing earlier than in fiscal year 2002. Cash and cash equivalents increased because of the timing changes for payments to employees and vendors.

#### **Revenues**

As of June 30, 2003, total operating revenues were 104% of the total fiscal year 2003 budgeted revenues. Federal, State and private grants exceeded the amount budgeted. The College received \$3.2 million from the Department of Housing and Urban Development for the renovation of the library. The Higher Education Policy Commission distributed \$500,000 to the College for capital repairs and alterations and building and campus renewal. Investment income decreased 21%.

#### **Expenditures**

Operating expenditures were 101% of the total fiscal year 2003 budget. Depreciation expense increased during the year because capital assets constructed or purchased for \$15.5 million were added.

## **EXPLANATORY NOTES**

### **Net Assets**

#### **Assets**

1. The College issued \$6 million in bonds during January. This transaction increased restricted cash and bonds payable.
2. Operating cash: Operating cash increased 11.77 % compared to the fourth quarter of fiscal year 2002. This increase was caused by a change in the timing of payments for payroll and vendors. More full-time employees were paid in arrears than in fiscal year 2002. The Auditor's Office cut off the year end accounts payable processing earlier than in fiscal year 2002.
3. Appropriations due from Primary Government: This line declined 89.64% because funds allocated for capital projects were expended.
4. Accounts Receivable: The 11% increase in accounts receivable corresponds to the increase in student tuition and fee revenues.
5. Grants and contracts receivable: The amount due from the Department of Housing and Urban Development increased \$88,000. Collections on other grants and contracts were received earlier than in previous years.
6. Restricted cash: Restricted cash increased because the College received proceeds from the bond issuance in January.
7. Capital assets: Capital assets increased as the Library addition was completed and other construction projects continued. Operating equipment was purchased.
8. The Other Noncurrent Assets increased because the College recorded bond issuance costs.

#### **Liabilities**

1. Accounts Payable: Accounts payable increased 12.38% because the Auditor's Office cut off the year end accounts payable processing earlier than in fiscal year 2002.
2. Accrued liabilities: Accrued liabilities increased 96% because more salaried employees are paid in arrears. The College must pay salaried employees hired after July 1, 2002 in arrears. An entry was made for \$24,000 to record accrued interest expense for the bonds.
3. Deferred revenues: Deferred revenues decreased 19.65% because no HUD grant revenue was received in advance for fiscal year 2003.
4. Compensated absences declined because employees hired after July 1, 2001 are not eligible for the retirement sick leave benefits.
5. Bonds Payable: The College issued bonds in January.

## **Operating Revenues**

1. Federal revenues: Library HUD grant revenues totaling \$281,000 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 \$281,000.
2. State grants and contracts: State grants and contracts revenues increased because the funding from student aid programs increased and the Community and Technical College received more state grants.
3. Private grants and contracts: The Community & Technical College received \$150,000 from its funds held by the Shepherd College Foundation. The United Auto Workers provided \$111,000 to the Community and Technical College for a technology grant.

## **Operating Expenses**

1. Academic Support: The College received several grants during the year in areas related to academic support.
2. Operations and maintenance: The Operations and Maintenance budget was increased \$281,000. Utilities costs increased 22% because of the cold winter.

## **Nonoperating Revenues and Expenses**

1. Investment income: Investment income declined because the College expended interest-earning funds to cover the shortfall in the quarterly allotment of appropriations. Interest rates were lower than they were during fiscal year 2002.