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**BROWARD
COLLEGE**

Define yourself.

To: Members of the Board of Trustees

From: J. David Armstrong Jr., President

Date: February 24, 2009

Place: Regular Meeting of the Board of Trustees
Broward College
Bldg. 81/Multi-Purpose Room
7200 Pines Boulevard
Pembroke Pines, Florida

Subject: Agenda Item IX-B-1 - Financial Statements

Enclosure contains the quarterly financial report for the second quarter of the 2008-2009 budget year. In addition to the charts and graphs included in the report Mr. Pennell has provided some summative observations about our financial position.

Board member comments or questions about our fiscal status are always welcome.

INFORMATION ONLY

Board Agenda Approved: _____
Date: _____

Agenda Item IX-B
Enclosure 1

**BOARD OF TRUSTEES
AGENDA TRANSMITTAL SHEET**

To: David Armstrong, President

Date: February 12, 2008

From: Jayson Iroff, Controller

Subj: Quarterly Financial Statements

Issue: N/A

Background/Analysis: N/A

Fiscal Impact: N/A

Jayson Iroff

Jayson Iroff
Controller

William D. Pennell

William D. Pennell
Chief Financial Officer

Staff Position: Information only.

THIS RECOMMENDED ACTION MEETS THE FOLLOWING ELEMENT(S) OF THE COLLEGE'S MISSION STATEMENT:

- | | |
|--|--|
| ___ Providing high quality educational programs | <u>X</u> Providing high quality services |
| ___ Providing for affordability to a diverse community of learners | ___ Providing for accessibility to a diverse community of learners |
| ___ Commitment to student achievement | ___ Commitment to lifelong learning |
| ___ Commitment to academic excellence | ___ Providing use of current technology |

BRIEFLY DESCRIBE HOW THIS RECOMMENDATION ACHIEVES THE ABOVE ELEMENT(S) IN THE COLLEGE'S MISSION STATEMENT:

Provide relevant information to the Board to support the decision making process.

Minority Firm: Yes ___ No ___ N/A X

Broward Firm: Yes ___ No ___ N/A X

Overview of the College's Quarterly Financial Statements

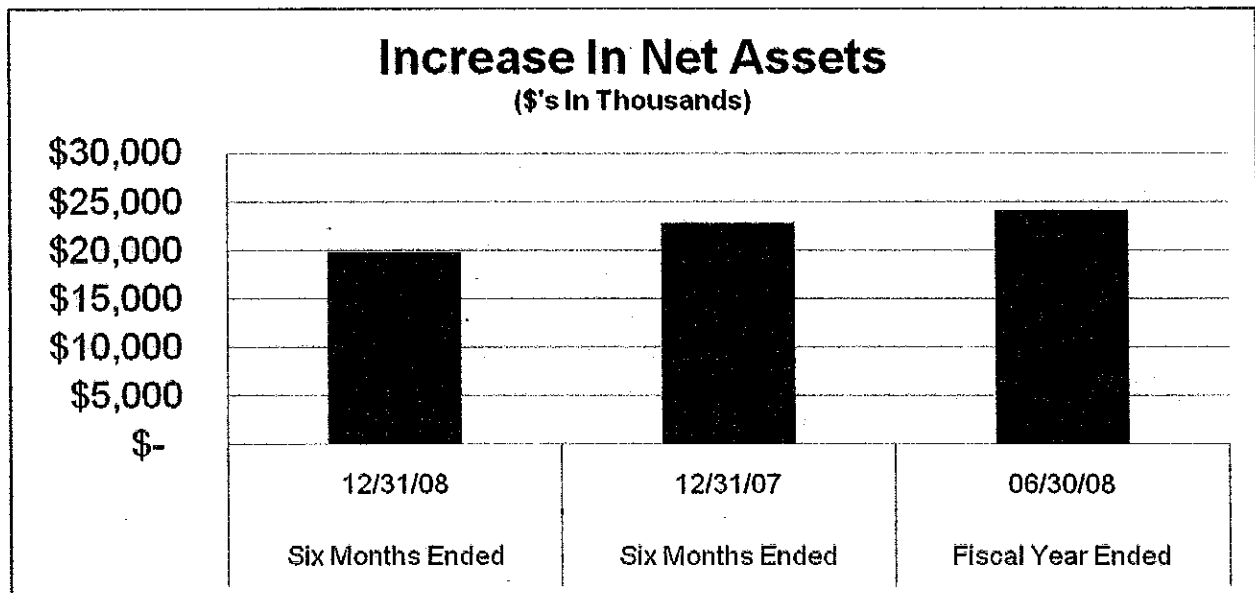
Management has prepared these interim Financial Statements, Financial Highlights analysis, and a related footnote disclosure for the period ended December 2008.

The three basic financial statements that are presented in these financial statements are the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. These statements are presented to provide information on the College (excluding the College Foundation) and present both a short-term and long-term view of the college's finances.

Financial Highlights:

The Statement of Net Assets

Commonly referred to as the Balance Sheet, it indicates the College's financial position at a particular point in time. It is a good assessment of the overall "health" of an organization. After taking into consideration the "timing" issues and how those affect the Statement of Net Assets, we currently have \$19.8 million more in Net Assets as compared to June 30, 2008. The quarter ending December 31, 2007 had a \$22.8 million increase in Net Assets. We are in a good financial position at the end of the second quarter.



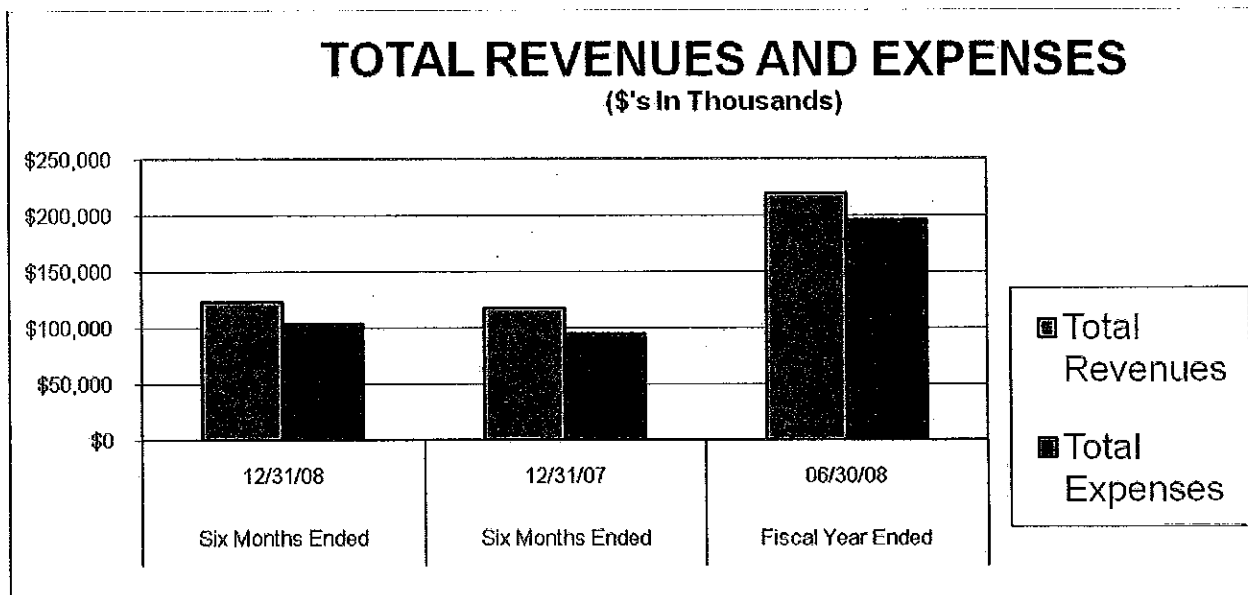
AGENDA ITEM IX-B

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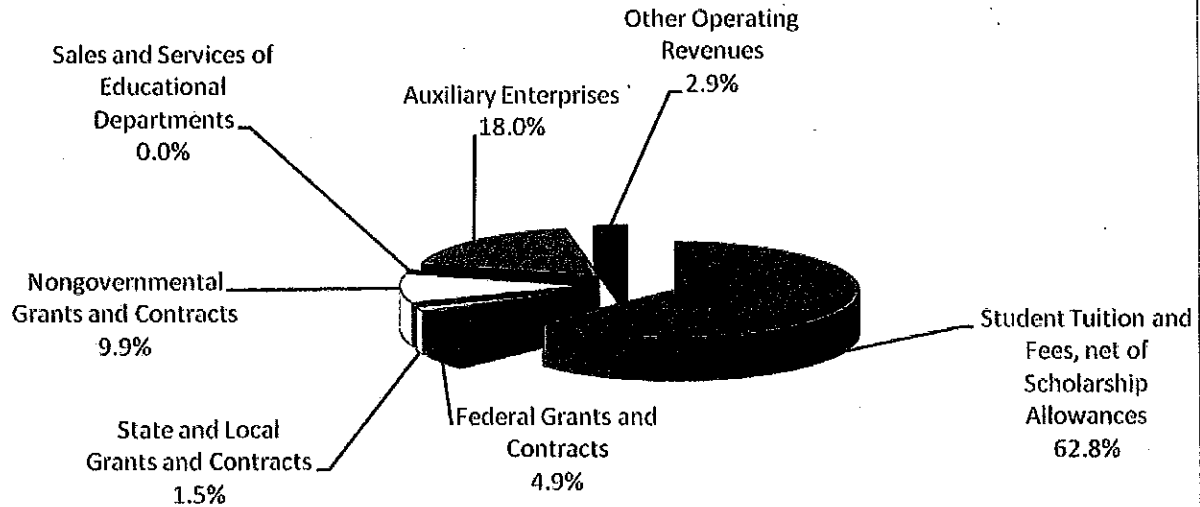
The Statement of Revenues, Expenses and Changes in Net Assets

Commonly referred to as the Income Statement, it indicates the College's operational performance for a period of time which is measured by the bottom line increase or decrease in Net Assets. The current statement indicates a bottom line increase of \$19 million through six months ended December 31, 2008 as compared to an increase of \$22.8 million for the six months ended December 31, 2007. Decreases in State Appropriations Revenues were offset by increases in Student Tuition and Fees, Auxiliary Operations (Bookstore) and Financial Aid/ Grants and Contracts Revenues as indicated in the Other Nonoperating Revenues line item. PECO dollars have decreased by \$3.1 million for this fiscal year as compared to last year. Operating Expenses for the quarter increased by \$8.6 million as compared to the same period, prior year. The increase was driven by a \$3.3 million dollar lease payment made to the City of Miramar, as indicated in the Other Services and Expense line item, and a \$3.2 million increase in Materials and Supplies (mostly as a result of a \$1.3 million increase in Cost of Goods needed for increased Bookstore sales and \$.9 million in equipment purchases. Scholarships and Waivers Expense also increased by \$1.7 million which is in line with the increase in Financial Aid awarded students.

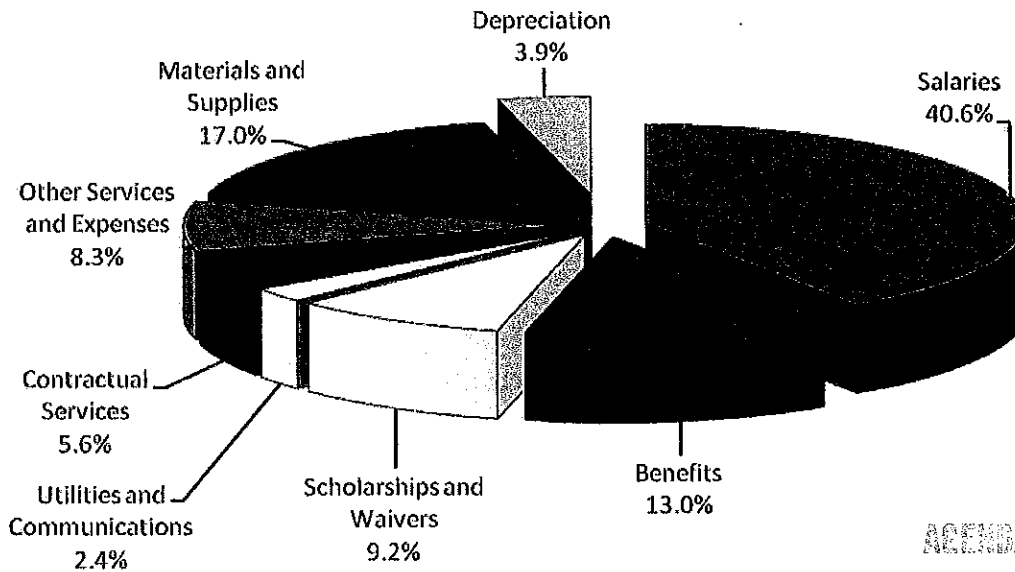


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Operating Revenues As of December 31, 2008



Operating Expenses As of December 31, 2008



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The Statement of Cash Flows

Commonly referred to as the Cash Flow Statement, it is another way to look at the financial health of the College. It provides relevant information about the cash receipts and cash payments over a period of time. As of December 31, 2008 our cash or cash equivalents were \$79.1 million which was an increase of \$21.7 million over our prior fiscal year-end. This large increase was due primarily to an increase in Capital and Related Financing Activities which includes the \$19.2 million bond issue for the new parking garage.

A Note to the Financial Statements:

In order to make these Quarterly Financial Statements relevant and comparable to the financial statements contained within the Annual Financial Report, certain accounting adjustments must be represented within these statements. These adjustments, which were made for this presentation, are normally recorded at year-end such as depreciation expense of fixed assets, netting of scholarship expense to tuition revenue, etc.) when complete information is available to do so. In order to make these adjustments, certain assumptions are made based on prior year's financial reports, using historical data and as much "up to date" relevant information available to us at the time of this printing.

ADDITIONAL PAGES IX-B

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REPLACEMENT 1

BROWARD COLLEGE

Statement of Net Assets

For Periods Ended December 31, 2008, December 31, 2007 and June 30, 2008

(\$'s In Thousands)

	Six Months Ended <u>12/31/08</u>	Six Months Ended <u>12/31/07</u>	Fiscal Year Ended <u>06/30/08</u>
Assets			
Current Assets	\$ 145,464	\$ 105,830	\$ 104,915
Noncurrent Assets	9,043	8,459	11,728
Capital Assets, Net	142,407	141,527	142,291
Total Assets	<u>296,914</u>	<u>255,816</u>	<u>258,934</u>
Liabilities			
Current Liabilities	13,960	13,964	15,579
Noncurrent Liabilities	36,141	16,140	16,317
Total Liabilities	<u>50,101</u>	<u>30,104</u>	<u>31,896</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	133,723	131,503	133,072
Restricted	73,467	61,984	62,462
Unrestricted	39,623	32,225	31,504
Total Net Assets	<u>\$ 246,813</u>	<u>\$ 225,712</u>	<u>\$ 227,038</u>
Increase in Net Assets	<u>\$ 19,775</u>	<u>\$ 22,790</u>	<u>\$ 24,116</u>

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BROWARD COLLEGE
Statement of Revenue, Expenses and Changes in Net Assets
For Periods Ended December 31, 2008, December 31, 2007 and June 30, 2008
(\$'s In Thousands)

	Six Months Ended 12/31/08	Six Months Ended 12/31/07	Fiscal Year Ended 6/30/08	12/31/08 % of 12/31/07	12/31/08 % of PFY*
Operating Revenues					
Student Tuition and Fees, net of Scholarship Allowances	\$ 28,091	\$ 26,497	\$ 38,060	106%	74%
Federal Grants and Contracts	2,186	1,597	8,183	137%	27%
State and Local Grants and Contracts	657	640	2,957	103%	22%
Nongovernmental Grants and Contracts	4,416	5,130	8,546	88%	52%
Sales and Services of Educational Departments	19	478	158	4%	12%
Auxiliary Enterprises	8,073	5,454	13,891	148%	58%
Other Operating Revenues	1,298	1,043	1,259	124%	103%
Total Operating Revenues	44,738	40,839	73,054	110%	61%
Operating Expenses					
Salaries	41,943	40,858	88,333	103%	47%
Benefits	13,426	12,535	26,344	107%	51%
Scholarships and Waivers	9,486	7,769	21,181	122%	45%
Utilities and Communications	2,438	2,287	4,972	107%	49%
Contractual Services	5,760	6,720	12,664	88%	45%
Other Services and Expenses	8,509	5,670	9,171	150%	93%
Materials and Supplies	17,483	14,319	24,702	122%	71%
Depreciation	4,029	4,293	8,210	94%	49%
Total Operating Expenses	103,074	94,451	195,577	109%	53%
Net Operating Income (Loss)	(58,336)	(53,612)	(122,523)	109%	48%
Nonoperating Revenues					
State appropriations	32,594	36,513	81,501	89%	40%
Other nonoperating revenues	24,806	16,660	37,559	149%	66%
Total Nonoperating Revenues	57,400	53,173	119,060	108%	48%
Income Before Other Revenues, Expenses, Gains or Losses	(936)	(439)	(3,463)		
Capital Appropriations	17,832	22,910	22,916	78%	76%
Capital Grants and Contracts	0	299	999	0%	0%
Capital Gifts and Fees	2,873	0	3,636		
Additions to Permanent Endowments	6	20	28	N/A	21%
Increase in Net Assets	19,776	22,790	24,116	87%	82%
Net Assets:					
Net Assets - Beginning of Period	227,038	202,922	202,922		
Net Assets - End of Period	<u>\$ 246,813</u>	<u>\$ 225,712</u>	<u>\$ 227,038</u>		

*PFY = PRIOR FISCAL YEAR

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BROWARD COLLEGE

Statement of Cash Flows

For Periods Ended December 31, 2008, December 31, 2007 and June 30, 2008

(\$'s in Thousands)

	Six Months Ended 12/31/08	Six Months Ended 12/31/07	Fiscal Year Ended 6/30/08
Cash Provided (used) by:			
Operating Activities	\$ (66,197)	\$ (54,281)	\$ (112,127)
Noncapital Financing Activities	58,736	52,899	116,979
Capital and Related Financing Activities	28,482	285	1,916
Investing Activities	716	1,162	139
Net increase (decrease) in cash	21,737	65	6,907
Cash, Beginning of Period	57,348	50,441	50,441
Cash, End of Period	\$ 79,085	\$ 50,506	\$ 57,348

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Fiscal Year 2008-09 – Six Months (10/1/08 – 12/31/08)

Fund 1 Unrestricted Current Fund

Budget vs Actual Analysis

Overall the College's fiscal 2009 revenue and spending is in line with the six months' results of 2008. There is an increase in Student Fee revenue over last quarter but the shortfall in State revenue and increased spending keep the bottom line consistent with last quarter.

Revenue

Student Revenue:

For the six months' 2008-2009 fiscal year, Student Tuition and Out of State actual revenue is greater than the six months of fiscal 2008 by approximately 25% which reflects the current enrollment growth trend.

Other Student Fees (lab fees, testing fees, etc..) is at 51% of budget which is in line with the prior year collections. Credit lab fees, open college fees, degree application fees, student insurance fees and student drug testing fees are higher when compared to last year's six months' actual. Continuing Education non-credit fees are 13% lower when compared to last year's six months.

State Government Revenue:

The College continues to recognize a decrease in state appropriations in the six months' 2008-2009 fiscal year from the prior year. The State currently expects to hold back 4% of State appropriations this year (\$3M). Lottery revenue is normally received towards year end.

Other Revenues:

Interest and dividends is at 38% of budget. A comparison to last year indicates a substantial decrease of 45% compared to last year's six months' actual.

Other Revenues (misc. revenue, testing services, etc...) is 49% of budget. Student Testing Service actual revenue has increased by 76% while the budget remains relatively the same as last year.

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Expenses

Salaries

Salary expenditures are at 45% of budget which is in line with prior year actual.

Benefits

The benefits expenditures are at 45% of budget which is in line with prior year actual.

Utilities

The utilities expenditures are at 33% of budget which is lower than 39% the prior year. The Utilities budget was increased by 31% due to anticipated electricity rate increases. However, energy conservation measures have resulted in FY2009 expenditures consistent with the prior year six months' results. Overall there is a 12% increase in spending for utilities compared to the prior year six months with water, sewer, and fuel being the primary drivers.

Current Expense

The rate of current expense spending continues to decrease this quarter. Current expense is at 22% of budget as compared to 29% last year. Local telephone/fax service has decreased by 40%, cellphone expense has decreased by 48%, Information Technology license fees have decreased by 27%, and advertising fees have decreased by 50% compared to last year's six months' actual.

Capital Expense

The rate of Capital Expense spending continues to increase this quarter. Areas where we see increased spending are in education and office furniture, repairs and maintenance, vehicle purchases, HVAC, and construction management services, in the Library, Planetarium and Bailey Hall.

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LIBRARY

Broward College
Fund 1 Unrestricted Current Fund
Fiscal Year 2008-2009 - 2nd Quarter
Budget vs. Actual Analysis

	12/31/08 FY 2008-2009 Actual	12/31/07 FY 2007-2008 Actual	12/31/08 FY 2008-2009 Total Year Budget	12/31/08 % of 12/31/07	FY 2008-2009 % Actual to Budget
Revenues					
Student Revenue:					
Tuition	\$ 28,386,200	\$ 22,443,423	\$ 42,418,499	126%	67%
Out-of-State Fees	\$ 4,200,802	\$ 3,466,480	\$ 6,904,325	121%	61%
Other Student Fees	\$ 3,933,619	\$ 3,572,518	\$ 7,720,774	110%	51%
Total Student Revenue	\$ 36,520,621	\$ 29,482,421	\$ 57,043,598	124%	64%
State Government Revenue:					
CCPF (includes 2+2)	\$ 26,912,513	\$ 29,148,813	\$ 67,049,353	92%	40%
Lottery			\$ 9,367,483	0%	0%
Performance Based Funding		\$ 692,543		0%	0%
Other (FAU and License tag)	\$ 850,945	\$ 1,320,597	\$ 1,485,249	64%	57%
Total State Government Revenue	\$ 27,763,458	\$ 31,161,953	\$ 77,902,085	89%	36%
Federal Indirect Cost Recovered	\$ 4,095	\$ 4,795	\$ 95,000	0%	4%
Gifts, Private Grants and Contracts	\$ 433,967	\$ 434,460	\$ 621,829	100%	70%
Sales & Services	\$ 217,720	\$ 224,929	\$ 245,967	97%	89%
Interest	\$ 480,282	\$ 876,665	\$ 1,253,814	55%	38%
Other Revenues (Fines and Misc Rev)	\$ 649,630	\$ 649,888	\$ 1,302,664	100%	50%
Mandatory and Non-Mandatory Trnsfrs	\$ 15,578	\$ 9,227	\$ 569,584	0%	3%
Non-Revenue Receipts	\$ 34,803	\$ (70,886)		-49%	n/a
Total Revenues	\$ 66,120,154	\$ 62,773,452	\$ 139,034,541	105%	48%
Fund Balance Contribution			\$ 23,984,511		
Total	\$ 66,120,154	\$ 62,773,452	\$ 163,019,052		
Expenses					
Salaries	\$ 37,188,188	\$ 36,021,586	\$ 82,718,390	103%	45%
Benefits	\$ 11,915,421	\$ 11,420,390	\$ 26,464,810	104%	45%
Utilities	\$ 2,081,457	\$ 1,857,344	\$ 6,221,429	112%	33%
Other Current Expenses	\$ 9,224,913	\$ 9,618,974	\$ 41,532,321	96%	22%
Capital Expenses	\$ 1,728,212	\$ 1,369,274	\$ 6,082,102	126%	28%
Total Expenses	\$ 62,138,191	\$ 60,287,568	\$ 163,019,052	103%	38%
Balance	\$ 3,981,963	\$ 2,485,884	\$ -		

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