

## **QUARTERLY FINANCIAL MANAGEMENT REPORT**

### **EXECUTIVE SUMMARY**

These statements reflect data available as of July 29, 2005. The audited financial data will be different because invoices have not been received from vendors and contractors for all work performed or items received before June 30, 2005.

#### **Net Assets**

Net assets increased \$4.3 million or 8% over fiscal year 2004. Unrestricted cash increased from \$9.7 million to \$12.5 million or 29%. Capital cash reserves increased because the Ikenberry Hall elevator project and the McMurrin Hall renovations were not started until the end of the fiscal year. Some residence hall renovations were postponed until fiscal year 2006 to replenish the reserves used to fund the fiscal year 2004 Shaw and Thacher Halls asbestos related problems. The University issued \$26.8 million in new debt during fiscal year 2005, causing increases in bonds payable, investments, restricted cash and other noncurrent assets. The 22.55% increase in total liabilities reflects the additional debt issues in the first quarter.

#### **Revenues**

Total operating revenues were 100.7% of the total fiscal year 2005 budgeted revenues for both Shepherd University and the Community and Technical College (CTC). For the University, the total operating revenues were 99.4% of the total fiscal year 2005 budget. The CTC's revenues were 96.2% of the total fiscal year 2005 budget.

#### **Expenditures**

Operating expenses were 89.1% of the total fiscal year 2005 budget. The University's total operating expenses were 92.9% of the total fiscal year 2005 budget. The CTC's expenses were 90.5% of the total fiscal year 2005 budget. The percentage for the combined institutions is lower than the separate figures because intra-institutional revenues and expenditures related to service agreements were eliminated.

## **EXPLANATORY NOTES**

### **Net Assets**

#### **Assets**

1. Accounts Receivable decreased \$154,000. The \$93,000 June payment from AMS, Inc., the student payment plan provider for the University, was received on June 30, rather than in July. The collection agency used by the University was more successful in its collection efforts.
2. Restricted Cash and Cash Equivalents: This amount increased \$5.3 million over 2004. The increase reflects the proceeds received from bond issues during the year minus project expenditures.
3. Investments increased \$17.7 million from fiscal year 2004. Proceeds from the 2005 issue were invested in a repurchase agreement.
4. The \$3.6 million increase in Capital Assets compared to the previous year was caused by equipment purchases and building construction less depreciation.
5. Other noncurrent assets increased \$500,000 because the University recorded bond issuance costs associated with the new debt issues.

#### **Liabilities**

1. Accounts payable declined \$404,000 as construction activity decreased.
2. Accrued Liabilities: Accrued interest payable increased \$103,000 because new debt was issued during the year. Accrued payroll increased \$56,000 as the number of full time staff paid in arrears increased. All staff hired after July, 1, 2001 are paid in arrears.
3. Long term liabilities: The current portion of noncurrent liabilities increased \$216 million. The current portion of bonds payable increased \$155,000 because new debt was issued. In addition, the short term portion of leases payable increased \$54,000 because the Department of Information Technology Services purchased networking equipment.
4. Advances from federal sponsors decreased \$149,000 because funds were returned to the Federal Government to comply with excess cash rules in the first quarter. The University had excess cash in its loan funds because collections have increased over the past several years. In addition, the rates for the Department of Health Resources Services Administration Nursing Loan program are not competitive with the Direct Loan program.
5. The long term portion of leases payable increased \$188,000 because the Department of Information Technology Services purchased networking equipment in the first quarter.

## **Operating Revenues**

1. Tuition and fee revenues increased 9.75% compared with the prior year. The University's tuition and fee paying enrollment increased 3.28%, while the CTC's enrollment declined 8.85%. Tuition rates increased 11.73% for in-state University students, 3.84% for in-state CTC students and 15% for out-of-state University and CTC students.
2. State and local grants and contracts increased \$721,000. Financial Aid related grants from state sources increased \$629,000.

## **Operating Expenses**

1. Scholarships and Fellowships: Expenditures for scholarships decreased 8.81% over fiscal year 2004. Increased payments to students for Pell Grants, SEOG grants and state funded scholarships increased over fiscal year 2004.
2. Academic Support expenditures declined 19.89%. Expenditures formerly reported Support in the CTC were moved to Instruction.
3. Auxiliary Services expenditures declined 4.93% because the University did not operating funds on the Shaw and Thacher asbestos problems in fiscal year 2005.

## **Non-Operating Revenues and Expenses**

1. State Appropriations: The University received \$550,000 in supplemental appropriations during the last quarter. The funds were appropriated to address the anticipated University revenue shortfall related to the separation of the CTC.
2. The University received \$1.21 million from capital gifts and grants in fiscal year 2005. These revenues reflect the distribution of proceeds from the HEPC Bond Issue expenditures made to date.