

## **QUARTERLY FINANCIAL MANAGEMENT REPORT**

### **EXECUTIVE SUMMARY**

#### **Net Assets**

Net assets increased \$10.3 million or 116.49% over the third quarter of Fiscal Year 2006. Cash increased from \$16.9 million to \$19 million or 12.52%. Cash increased because an increased portion of the budget is funded by student fees that are collected at the beginning of each semester. In addition, cash was collected for rents from the new residence halls. Current liabilities increased 20.15% because construction related accounts payable increased.

#### **Revenues**

As of March 31, 2007, total operating revenues were 96.9% of the total Fiscal Year 2007 budgeted revenues. This is .6% more than the percent of budgeted revenues realized for the prior fiscal year. State grants and contracts increased \$440,000 or 14.6%. Privately funded financial aid revenues increased \$114,000 or 10.9% over the previous year's revenues.

Full time equivalent (FTE) enrollment increased 4.11% in the fall semester and 2.57% in the spring semester over the FTE enrollments for both semesters of the previous year.

#### **Expenditures**

Operating expenses were 70.1% of the total Fiscal Year 2007 budget as of March 31. This is 1.8% less than the percent of the budget expended for the prior fiscal year.

## **EXPLANATORY NOTES**

### **Net Assets**

#### **Assets**

1. Grants and Contracts Receivable: This amount increased \$310,000 because grants for financial aid and third party contracts increased.
2. Restricted Cash and Cash Equivalents: This amount decreased \$1.6 million and reflects the cash held in bond funds for construction and debt service. These funds declined as cash was spent for construction.
3. Investments decreased \$8.4 million over the third quarter of Fiscal Year 2006. Invested proceeds from the 2005 bond issue declined because expenditures have been made to complete the new apartment complex.
4. The \$19.1 million increase in capital assets compared to the previous year was caused by the construction of the new residence apartment complex, the east campus classroom building, the Center for Contemporary Arts, infrastructure and equipment purchases.

#### **Liabilities**

1. Accounts payable increased \$537,000 over the third quarter of Fiscal Year 2006. The accounts payable for construction projects increased over Fiscal Year 2006.
2. The noncurrent portion of compensated absences increased \$1 million over the third quarter of Fiscal Year 2006 because the insurance rates for retirees increased.

### **Operating Revenues**

1. State and Local Grants and Contracts: State and local grants and contracts increased \$440,000 or 14.6% because the number of students who are West Virginia Grant recipient increased and the dollar values of the West Virginia Grants and the Promise Scholarships increased.
2. Private Grants and Contracts increased \$114,000 or 10.9% because the scholarships paid by the Shepherd University Foundation increased.
3. Transfer from Blue Ridge Community and Technical College: The amount transferred decreased \$448,000 because the contract with Blue Ridge Community and Technical College decreased.

## **Operating Expenses**

1. Scholarships and fellowships decreased \$70,000 or 11.9% because the scholarship allowance increased more than scholarship expenditures. Scholarship allowances reduce the net tuition and fees revenues and the scholarship and fellowship expenses. The scholarship allowance increased \$721,000.
2. Auxiliary Enterprises: The amount expended for auxiliary enterprises increased \$399,000 over Fiscal Year 2006. Additional operating expenses were incurred for the new residence halls compared to the previous fiscal year.

## **Capital Grants and Gifts**

1. Capital Grants and Gifts: Capital grants and gifts increased \$5.9 million over the previous year as progress continued on the east campus academic building and the Center for Contemporary Arts.

**Shepherd University**  
**Statement of Net Assets**  
**As of March 31, 2007**  
(Dollars in Thousands)

	3/31/2007	3/31/2006	% Change
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	18,964	16,854	12.52%
Appropriations due from Primary Government	0	0	
Accounts receivable net	365	464	-21.34%
Grants and contracts receivable, net	662	310	113.55%
Due from the Commission	82	183	-55.19%
Inventories	422	381	10.76%
Loans Receivable	145	179	-18.99%
Other assets	29	13	123.08%
<b>Total Current assets</b>	<b>20,669</b>	<b>18,384</b>	<b>12.43%</b>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	431	2,005	-78.50%
Investments	757	9,228	-91.80%
Loans receivable, net	312	327	-4.59%
Capital assets net	90,701	71,566	26.74%
Other Noncurrent assets	604	633	-4.58%
<b>Total Noncurrent assets</b>	<b>92,805</b>	<b>83,759</b>	<b>10.80%</b>
<b>TOTAL ASSETS</b>	<b>113,474</b>	<b>102,143</b>	<b>11.09%</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	1,213	676	79.44%
Accrued liabilities	979	912	7.35%
Due to the Commission	0	0	0.00%
Due to other State agencies	0	0	
Deferred revenue	309	345	-10.43%
Long-term liabilities - current portion	1,410	1,322	6.66%
<b>Total Current liabilities</b>	<b>3,911</b>	<b>3,255</b>	<b>20.15%</b>
<b>Noncurrent liabilities:</b>			
Advances from federal sponsors	687	639	7.51%
Deposits	238	216	10.19%
Compensated absences	2,373	1,374	72.71%
Debt obligation due Commission	1,439	1,757	-18.10%
Leases Payable	101	164	-38.41%
Bonds Payable	32,228	32,505	-0.85%
<b>Total Noncurrent liabilities</b>	<b>37,066</b>	<b>36,655</b>	<b>1.12%</b>
<b>TOTAL LIABILITIES</b>	<b>40,977</b>	<b>39,910</b>	<b>2.67%</b>
<b>NET ASSETS</b>	<b>72,497</b>	<b>62,233</b>	<b>16.49%</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>113,474</b>	<b>102,143</b>	<b>11.09%</b>

**Shepherd University**  
**Statement of Cash Flows**  
**For the Period from July 1, 2006 - March 31, 2007**  
(Dollars in Thousands)

	3/31/2007	3/31/2006	% Change
<b>Cash Flows from Operating Activities</b>			
Tuition and fees	15,653	13,456	16.33%
Grants and contracts	5,396	5,730	5.83%
Payments to suppliers	-9,265	-8,192	13.10%
Payments to utilities	-1,245	-1,086	14.64%
Payments to employees	-17,463	-16,295	7.17%
Payments for scholarships & fellowships	-1,514	-1,658	8.69%
Fees retained by Board	-205	-204	0.49%
Loans issued to students	-105	-50	110.00%
Collection of loans to students & employees	100	45	122.22%
Auxiliary enterprise charges	11,812	10,652	10.89%
Sales and service of educational activities	36	36	0.00%
Other receipts (payments)	1,218	1,529	20.34%
<b>Net cash provided (used) by operating activities</b>	<b>4,418</b>	<b>3,963</b>	<b>11.48%</b>
<b>Cash Flows from Non-Capital Financing Activities</b>			
State appropriations	7,042	5,930	18.75%
		0	
<b>Net cash provided (used) by non-capital financing activities</b>	<b>7,042</b>	<b>5,930</b>	<b>18.75%</b>
<b>Cash Flows from Capital Financing Activities</b>			
Capital grants and gifts received	6,856	901	100.00%
Proceeds from Capital Debt	0	0	0.00%
Bond Issuance Costs	22	22	0.00%
Purchase of capital assets	-16,823	-17,290	2.70%
Principal paid on capital debt & leases	-557	-618	9.87%
Interest paid on capital debt & leases	-1,098	-536	104.85%
Increase in noncurrent cash and cash equivalents	1,070	2,477	56.80%
Interest and other expenses paid on system debt	-189	-138	36.96%
<b>Net cash provided (used) by capital financing activities</b>	<b>-10,719</b>	<b>-15,182</b>	<b>29.40%</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sales and maturities of investments	4,096	10,636	
Interest on investments	605	686	11.81%
Purchase of investments			
Investment in lease receipts			
<b>Net cash provided (used) by investing activities</b>	<b>4,701</b>	<b>11,322</b>	
<b>cash - beginning of year</b>	<b>13,522</b>	<b>10,821</b>	<b>24.96%</b>
<b>net increase in cash</b>	<b>5,442</b>	<b>6,033</b>	<b>9.80%</b>
<b>cash - end of period</b>	<b>18,964</b>	<b>16,854</b>	<b>12.52%</b>
<b>Reconciliation of net operating revenues (expenses) to net cash</b>			
net cash provided (used) by operating activities:			
operating income (loss)	3,492	1,831	90.72%
<b>Adjustments to reconcile net income (loss) to net cash</b>			
provided (used) by operating activities:			
depreciation expense	2,580	2,274	13.46%
Loss on Disposal of Assets	0	-41	
<b>Changes in assets and liabilities</b>			
Net receivables	-459	-329	39.51%
Prepaid expenses	-29	7	514.29%
Inventories	22	76	71.05%
Due from the Commission	118	830	85.78%
Due from other State agencies	26	11	136.36%
Accounts payable	-1,013	-591	71.40%
Due to the Commission	-7	-13	46.15%
Due to other State Agencies	-41	-19	115.79%
Accrued liabilities employees	45	248	81.85%
Deferred revenue	-499	-378	32.01%
Deposits	42	36	16.67%
compensated absences	94	26	261.54%
Loans receivable	-5	-5	0.00%
Advances from federal sponsors	52	0	0.00%
<b>Net cash provided (used) by operating activities</b>	<b>4,418</b>	<b>3,963</b>	<b>11.48%</b>

**Shepherd University**  
**For the Period from July 1, 2006 - March 31, 2007**  
**Statement of Revenues Expenses and Other Changes**  
(Dollars in Thousands)

	Budget Current	Actual YTD	Prior Actual YTD	Prior Budget Total
<b>OPERATING REVENUES</b>				
Tuition and Fees	\$16,816	\$15,994	\$13,700	\$14,279
Federal Grants and Contracts	2,479	2,315	2,334	2,438
State and Local Grants and Contracts	2,374	2,710	2,270	2,280
Private Grants and Contracts	775	778	664	742
Sales and Services of Educational Activities	42	36	36	42
Auxiliary Enterprises	12,204	11,865	10,711	11,010
Transfer from Blue Ridge Community and Technical College	483	408	856	1,141
Other Operating Revenues	779	732	662	681
<b>TOTAL OPERATING REVENUES</b>	<b>35,952</b>	<b>34,838</b>	<b>31,233</b>	<b>32,613</b>
<b>OPERATING EXPENSES</b>				
<b>Education and General (E&amp;G)</b>				
<b>Primary Mission Costs</b>				
Instruction	12,447	8,652	8,207	11,641
Academic Support	2,567	1,856	1,672	2,344
Student Services	3,618	2,633	2,445	3,444
Scholarships & Fellowships	1,441	1,514	1,584	1,700
<b>Subtotal Primary Mission Costs</b>	<b>20,073</b>	<b>14,655</b>	<b>13,908</b>	<b>19,129</b>
<b>Other Education and General Costs</b>				
Operations and Maintenance	4,374	2,814	2,645	3,908
Institutional Support	4,081	2,885	2,720	3,757
Research	18	20	0	28
Public Service	236	159	141	232
<b>Subtotal Other Education and General Costs</b>	<b>8,709</b>	<b>5,878</b>	<b>5,506</b>	<b>7,925</b>
<b>Total Education and General Expenses</b>	<b>28,782</b>	<b>20,533</b>	<b>19,414</b>	<b>27,054</b>
<b>Auxiliary Expenses</b>	<b>11,626</b>	<b>7,993</b>	<b>7,524</b>	<b>10,058</b>
<b>Depreciation Expense</b>	<b>3,963</b>	<b>2,580</b>	<b>2,274</b>	<b>3,427</b>
<b>Transfers and Other (Additions) Subtractions</b>	<b>264</b>	<b>199</b>	<b>190</b>	<b>254</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>44,635</b>	<b>31,305</b>	<b>29,402</b>	<b>40,793</b>
<b>NONOPERATING REVENUES AND EXPENSES</b>				
State Appropriations	10,335	6,958	5,930	8,821
Investment Income	309	678	726	1,106
Interest on capital asset related debt	(1,491)	(1,120)	(557)	(845)
Loss on disposal of equipment	(50)	(41)	(41)	(49)
Fees assessed by the Commission for interest and reserves	(140)	(189)	(138)	(206)
<b>Income Before Other Revenues, Expenses, Gains or Losses</b>	<b>330</b>	<b>9,819</b>	<b>7,751</b>	<b>647</b>
<b>OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>				
Capital Grants and Gifts	17,435	6,856	901	1,595
			0	
<b>Increase (Decrease) in Net Assets</b>	<b>\$17,765</b>	<b>\$16,675</b>	<b>\$8,652</b>	<b>\$2,242</b>

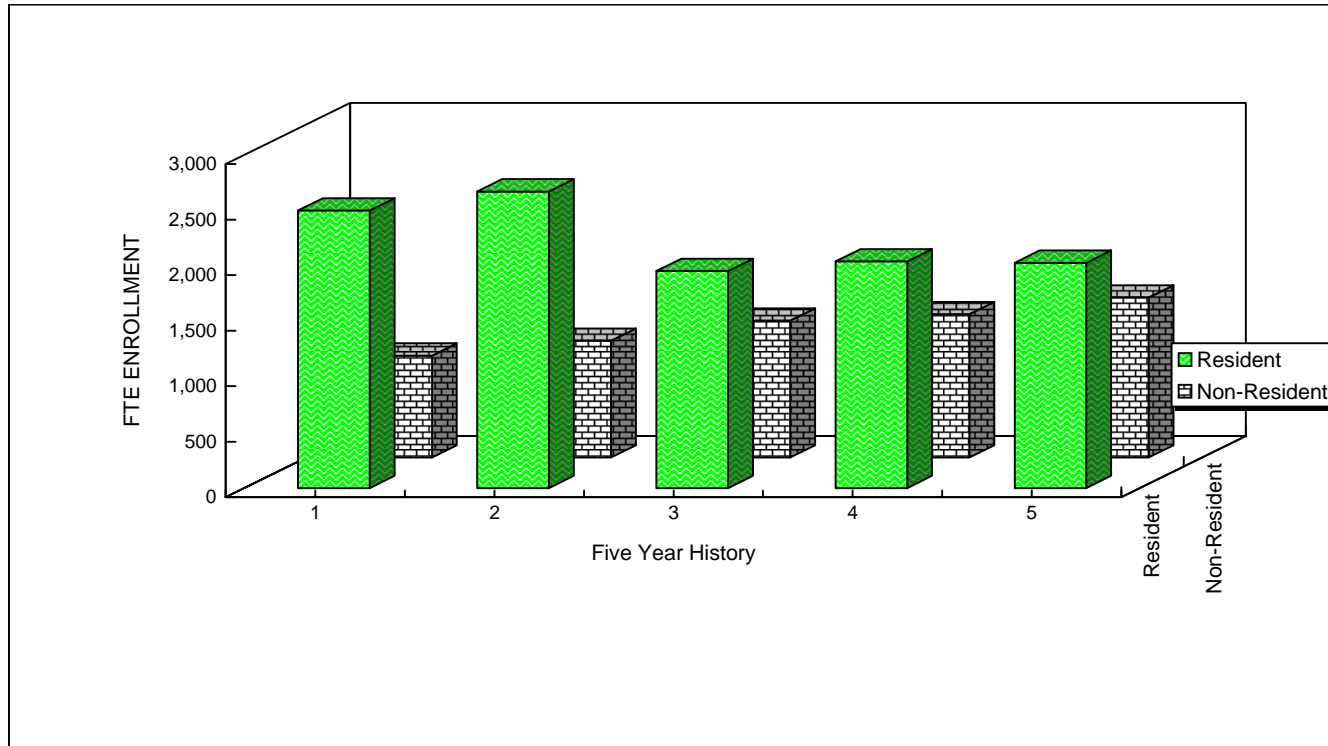
**Shepherd University**  
**For the Period from July 1, 2006 - March 31, 2007**  
(Dollars in Thousands)  
**Statement of Revenues Expenses and Other Changes**

	CURRENT BUDGET		QUARTER BUDGET		CURRENT YEAR TO DATE			PRIOR YEAR TO DATE		Variance (Points)
	Current Amount	% of Total Current Budget	Current Amount	% of Total Current Budget	Current Amount	% of Current Budget	Qtr Variance (Points)	Prior Amount	% of Prior Year Budget	
<b>OPERATING REVENUES</b>										
Tuition and Fees	\$16,816	46.8%	\$16,134	95.9%	\$15,994	95.1%	(0.8)	\$13,700	95.9%	(0.8)
Federal Grants and Contracts	2,479	6.9%	\$2,373	95.7%	\$2,315	93.4%	(2.4)	2,334	95.7%	(2.4)
State and Local Grants and Contracts	2,374	6.6%	\$2,364	99.6%	\$2,710	114.2%	14.6	2,270	99.6%	14.6
Private Grants and Contracts	775	2.2%	\$694	89.5%	\$778	100.4%	10.9	664	89.5%	10.9
Sales and Services of Educational Activities	42	0.1%	\$36	85.7%	\$36	85.7%	0.0	36	85.7%	0.0
Transfer from Blue Ridge Community and Technical College	483	1.3%	\$408	84.5%	\$408	84.5%	0.0	856	75.0%	9.5
Auxiliary Enterprises	12,204	33.9%	\$11,873	97.3%	\$11,865	97.2%	(0.1)	10,711	97.3%	(0.1)
Other Operating Revenues	779	2.2%	\$757	97.2%	\$732	94.0%	(3.2)	662	97.2%	(3.2)
<b>TOTAL REVENUES</b>	<b>\$35,952</b>	<b>100.0%</b>	<b>\$34,638</b>	<b>96.3%</b>	<b>\$34,838</b>	<b>96.9%</b>	<b>0.6</b>	<b>\$31,233</b>	<b>95.8%</b>	<b>1.1</b>
<b>OPERATING EXPENSES</b>										
<b>Education and General (E&amp;G)</b>										
<b>Primary Mission Costs</b>										
Instruction	\$12,447	43.2%	\$8,775	70.5%	\$8,652	69.5%	(1.0)	\$8,207	70.5%	(1.0)
Academic Support	2,567	8.9%	\$1,831	71.3%	1,856	72.3%	1.0	1,672	71.3%	1.0
Student Services	3,618	12.6%	\$2,569	71.0%	2,633	72.8%	1.8	2,445	71.0%	1.8
Scholarships & Fellowships	1,441	5.0%	\$1,343	93.2%	1,514	105.1%	11.9	1,584	93.2%	11.9
<b>Subtotal Primary Mission Costs</b>	<b>\$20,073</b>	<b>69.7%</b>	<b>\$14,518</b>	<b>72.3%</b>	<b>\$14,655</b>	<b>73.0%</b>	<b>0.7</b>	<b>\$13,908</b>	<b>72.7%</b>	<b>0.3</b>
<b>Other Education and General Costs</b>										
Operations and Maintenance	\$4,374	15.2%	\$2,960	67.7%	\$2,814	64.3%	(3.4)	\$2,645	67.7%	(3.4)
Institutional Support	4,081	14.2%	\$2,955	72.4%	2,885	70.7%	(1.7)	2,720	72.4%	(1.7)
Research	18	0.1%	\$14	75.0%	20	111.1%	36.1	0	0.0%	111.1
Public Service	236	0.8%	\$143	60.8%	159	67.4%	6.6	141	60.8%	6.6
<b>Subtotal Other Education and General Costs</b>										
<b>Total Education and General Expenses</b>	<b>\$8,709</b>	<b>30.3%</b>	<b>\$6,072</b>	<b>69.7%</b>	<b>\$5,878</b>	<b>67.5%</b>	<b>(2.2)</b>	<b>\$5,506</b>	<b>69.5%</b>	<b>(2.0)</b>
<b>Total Education and General Expenses</b>	<b>\$28,782</b>	<b>100.0%</b>	<b>\$20,589</b>	<b>71.5%</b>	<b>\$20,533</b>	<b>71.3%</b>	<b>(0.2)</b>	<b>\$19,414</b>	<b>71.8%</b>	<b>(0.4)</b>
Auxiliary Expenses	\$11,626		\$8,697	74.8%	\$7,993	68.8%	(6.1)	\$7,524	74.8%	(6.1)
Depreciation Expense	\$3,963		\$2,630	66.4%	\$2,580	65.1%	(1.3)	\$2,274	66.4%	(1.3)
Transfers and Other (Additions) Subtractions	\$264		\$197	74.8%	\$199	75.4%	0.6	\$190	74.8%	0.6
<b>TOTAL OPERATING EXPENSES</b>	<b>\$44,635</b>		<b>\$32,113</b>	<b>71.9%</b>	<b>\$31,305</b>	<b>70.1%</b>	<b>(1.8)</b>	<b>\$29,402</b>	<b>72.1%</b>	<b>(1.9)</b>
<b>NONOPERATING REVENUES AND EXPENSES</b>										
State Appropriations	\$10,335		\$6,948	67.2%	\$6,958	67.3%	0.1	\$5,930	67.2%	0.1
Investment Income	603		\$452	75.0%	\$678	112.4%	37.4	\$726	65.6%	46.8
Loss on disposal of equipment	0		\$0	0.0%	(\$41)	0.0%	0.0	(\$41)	83.7%	(83.7)
Interest on capital asset related debt	(1,631)		-\$1,359	83.3%	(\$1,309)	80.3%	(3.1)	(\$695)	66.1%	14.1
<b>OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>										
Capital Grants and Gifts	\$17,435		\$17,435	75.0%	\$6,856	39.3%	(35.7)	\$901	56.5%	(17.2)

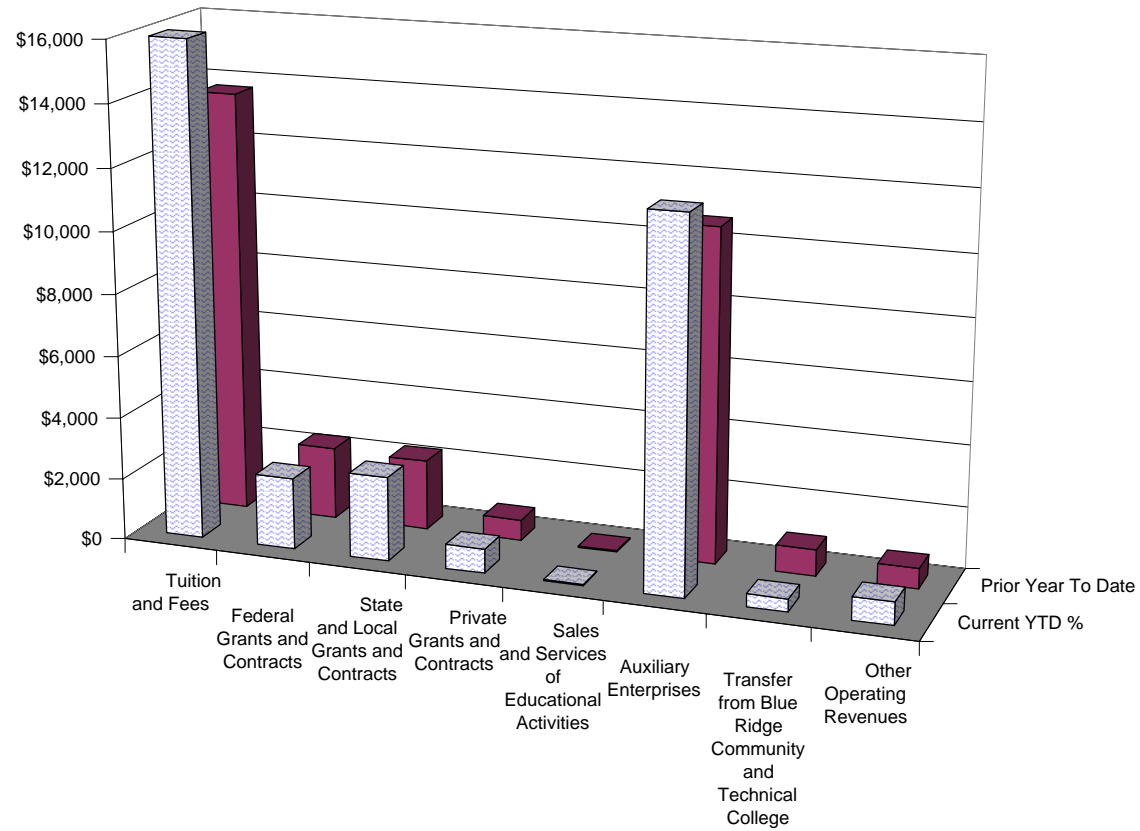
	Shepherd University				Indication
	FY 2007		FY 2006		
	Data	Ratio	Data	Ratio	
<b>Market Demand</b>					
<b>Net Tuition per Student (\$)</b>					
Sum of:					
Gross tuition and fees revenue	15,994		13,700		
Less Scholarship discount and allowances	-2,514		-2,157		
<u>Less Scholarship Expense</u>	-1,514		-1,584		
Total FTEs	3,467	\$ 3,451	3,330	\$ 2,990	Positive
<b>State Appropriation per student (\$)</b>					
<u>State appropriations</u>	6,948		5,930		
Total FTEs	3,467	\$ 2,004	3,330	\$ 1,781	Positive
<b>Educational expense per student (\$)</b>					
<u>Total operating expenses</u>	31,305		29,402		
Total FTEs	3,467	\$ 9,029	3,330	\$ 8,829	Positive
<b>Total Tuition Discount (%)</b>					
The sum of:					
Scholarship discount and allowance	2,514		2,157		
<u>Plus Scholarship expense</u>	1,514		1,584		
Gross tuition and fees revenue	15,994	25.18%	13,700	27.31%	Negative
<b>Capital</b>					
<b>Direct debt per student (\$)</b>					
<u>Direct Debt</u>	34,465		34,938		
Divided by Total FTEs	3,467	\$ 9,941	3,330	\$ 10,491	Positive
<b>Direct debt to cash flow (x)</b>					
The sum of:					
<u>Direct debt</u>	34,465		34,938		
The sum of:					
Operating surplus (deficit)	9,182		7,066		
Plus Depreciation expense	2,580		2,274		
Plus Interest expense	1,309	2.64	695	3.48	Positive
<b>Direct debt to capitalization (x)</b>					
<u>Direct debt</u>	34,465		34,938		
The sum of:					
Total net assets	72,497		62,233		
Plus Direct debt	34,465	0.32	34,938	0.36	Positive
<b>Actual debt service to operations (%)</b>					
<u>Actual annual debt service</u>	1,655		1,154		
Total operating expenses	31,305	5.29%	29,402	3.92%	Negative
<b>Capital expense to operations (%)</b>					
The sum of:					
Depreciation expense	2,580		2,274		
<u>Plus Interest expense</u>	1,309		695		
Total operating expenses	31,305	12.42%	29,402	10.10%	Negative



**FTE ENROLLMENT**  
**Five Year History**  
**Level and Residency**

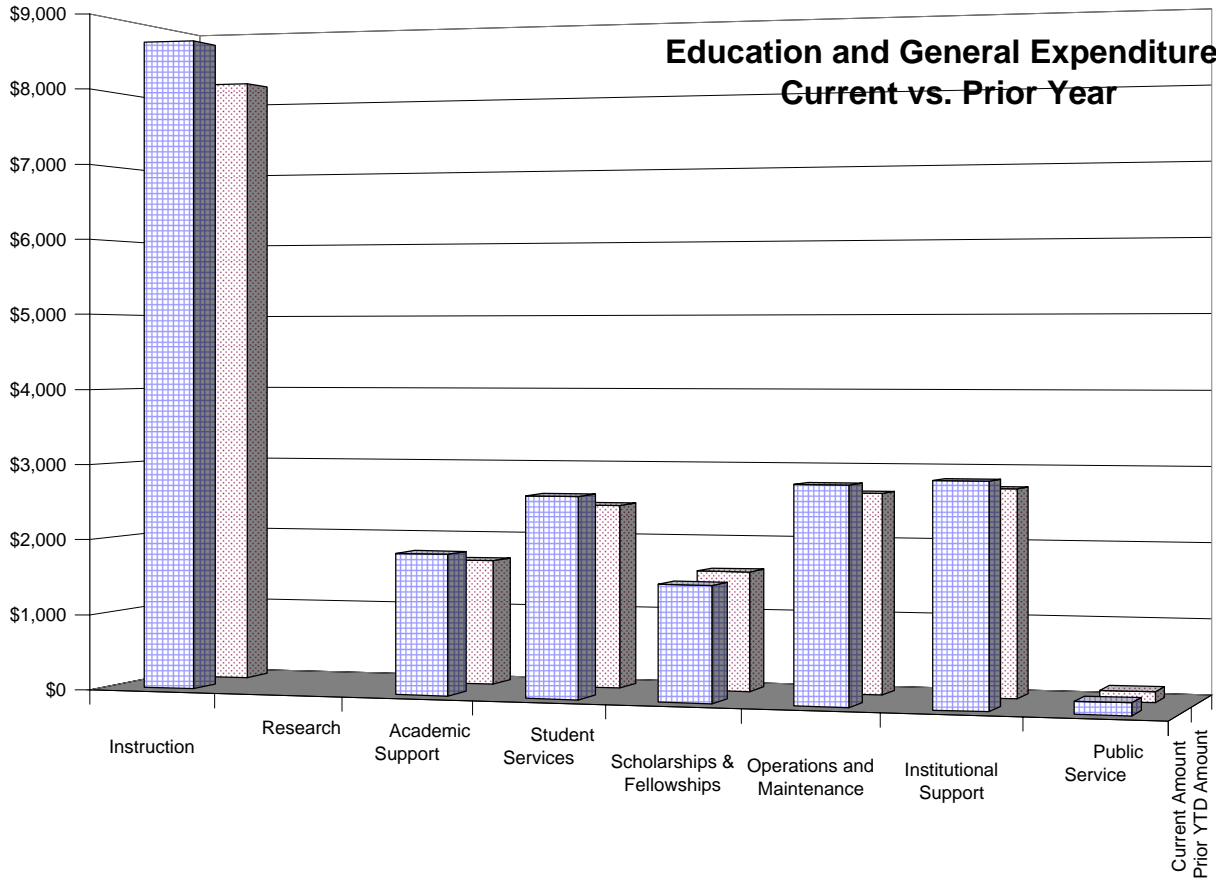


## Operating Revenues Current vs. Prior Year



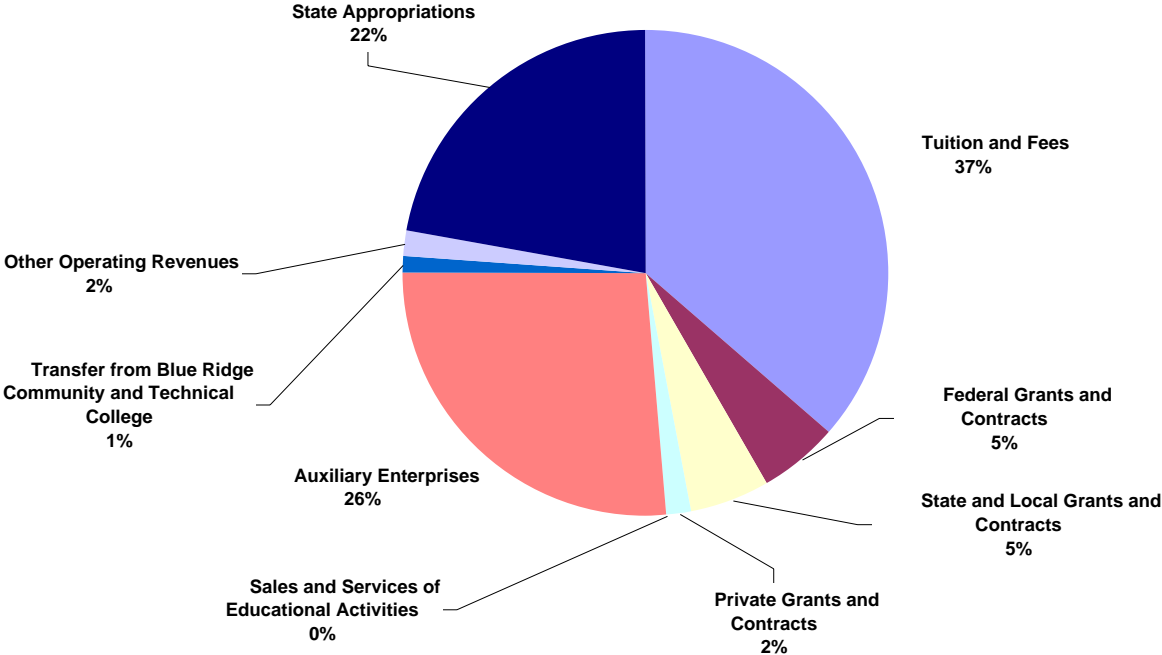
	Tuition and Fees	Federal Grants and Contracts	State and Local Grants and Contracts	Private Grants and Contracts	Sales and Services of Educational Activities	Auxiliary Enterprises	Transfer from Blue Ridge Community and Technical College	Other Operating Revenues
□ Current YTD %	\$15,994	2,315	2,710	778	36	11,865	408	732
■ Prior Year To Date	\$13,700	2,334	2,270	664	36	10,711	856	662

### Education and General Expenditures Current vs. Prior Year



	Instruction	Research	Academic Support	Student Services	Scholarships & Fellowships	Operations and Maintenance	Institutional Support	Public Service
Current Amount	\$8,652		\$1,856	\$2,633	\$1,514	\$2,814	\$2,885	\$159
Prior YTD Amount	\$8,207		\$1,672	\$2,445	\$1,584	\$2,645	\$2,720	\$141

**Operating Revenues and State Appropriations**



**Education and General Expenses**

