

## QUARTERLY FINANCIAL MANAGEMENT REPORT

### EXECUTIVE SUMMARY

#### **Net Assets**

*Net Assets* increased \$21.7 million or 173.11% over the first quarter of Fiscal Year 2007. *Cash* increased from \$20.6 million to \$24 million or 16.34%. *Cash* increased because an increased portion of the budget is funded by student fees that are collected at the beginning of each semester. *Current Cash* increased \$3.5 million in Fiscal Year 2007. The University realized cash savings from vacant positions and the conservation of resources for future expenditures. In addition, capitalized interest proceeds from the 2005 bonds were used to pay part of the related interest expense. *Capital Assets* increased \$18.2 million or 22.5% because construction of the Erma Ora Byrd Hall was completed. In addition, the Center for Contemporary Arts is nearing completion.

The *Compensated Absence* liability decreased \$1.9 million from the first quarter of Fiscal Year 2007. This decrease is a result of changes in rules for post-employment benefits. The West Virginia Public Employees Insurance Agency (PEIA) established the West Virginia Retiree Health Benefits Trust Fund (WVHBTF) in response to the rule changes. The liability for post-employment benefits previously accrued by the University has been eliminated. The University will be billed approximately \$256,000 per year for its share of contributions to the WVHBTF. Because no penalties will be assessed for nonpayment of the amount owed, it is in the best interests of the West Virginia state colleges and universities to withhold payments. All of these institutions have decided not to make payments. If payments are not made, the institutions can earn interest on the cash not remitted to the PEIA. The magnitude of the unfunded liability may prompt the State to find solutions to reduce it. The first quarter's billing is included in the *Compensated Absences* liability.

#### **Revenues**

As of September 30, 2007, total *Operating Revenues* were 47.8% of the total Fiscal Year 2008 budgeted revenues. This is .4% less than the percent of budgeted revenues realized for the prior fiscal year.

The increase in full time equivalent (FTE) number of students was 45 for the Fall semester. In-state student FTE increased .4% and out-of-state student FTE increased 2.57%. The tuition and fee budgets were adjusted for these increases.

## **Expenditures**

*Operating Expenses* were 20.3% of the total Fiscal Year 2007 budget as of September 30. This is 1.4% less than the percentage of the total annual expenses paid during the first quarter of Fiscal Year 2007.

## **EXPLANATORY NOTES**

### **Net Assets**

#### **Assets**

1. *Accounts Receivable* declined \$434,000 from the first quarter of Fiscal Year 2007. The due date for student installment payments was September 28 in this fiscal year and October 3 in Fiscal Year 2007.
2. *Investments* decreased \$2.3 million over the first quarter of Fiscal Year 2007. Invested proceeds from the Fiscal Year 2006 bond issue declined as expenditures were made to complete the residence apartment complex.
3. The \$18.2 million increase in *Capital Assets* compared to the previous year was caused by the construction of the Erma Ora Byrd Hall and the Center for Contemporary Arts as well as equipment purchases.

#### **Liabilities**

1. *Accounts Payable* decreased \$448,000. The accounts payable for construction projects decreased over Fiscal Year 2007.
2. The current portion of *Long-term Liabilities* increased because the first principal payment on the residence apartment complex will be made during Fiscal Year 2008.

**Shepherd University**  
**Statement of Net Assets**  
**As of September 30, 2007**  
(Dollars in Thousands)

	9/30/2007	9/30/2006	% Change
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	23,993	20,624	16.34%
Appropriations due from Primary Government	0	0	
Accounts receivable net	1,012	1,446	-30.01%
Grants and contracts receivable, net	850	980	-13.27%
Due from the Commission	70	47	48.94%
Inventories	494	386	27.98%
Loans Receivable	135	170	-20.59%
Other assets	0	27	-100.00%
<b>Total Current assets</b>	<b>26,554</b>	<b>23,680</b>	<b>12.14%</b>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	259	451	-42.57%
Investments	390	2,714	-85.63%
Loans receivable, net	360	295	22.03%
Capital assets net	99,047	80,864	22.49%
Other Noncurrent assets	601	619	-2.91%
<b>Total Noncurrent assets</b>	<b>100,657</b>	<b>84,943</b>	<b>18.50%</b>
<b>TOTAL ASSETS</b>	<b>127,211</b>	<b>108,623</b>	<b>17.11%</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	834	1,282	-34.95%
Accrued liabilities	1,038	963	7.79%
Due to the Commission	0	0	0.00%
Due to other State agencies	0	0	
Deferred revenue	62	124	-50.00%
Long-term liabilities - current portion	1,769	1,358	30.27%
<b>Total Current liabilities</b>	<b>3,703</b>	<b>3,727</b>	<b>-0.64%</b>
<b>Noncurrent liabilities:</b>			
Advances from federal sponsors	573	635	-9.76%
Deposits	331	339	-2.36%
Compensated absences	425	2,267	-81.25%
Debt obligation due Commission	1,244	1,630	-23.68%
Leases Payable	69	133	-48.12%
Bonds Payable	31,650	32,356	-2.18%
<b>Total Noncurrent liabilities</b>	<b>34,292</b>	<b>37,360</b>	<b>-8.21%</b>
<b>TOTAL LIABILITIES</b>	<b>37,995</b>	<b>41,087</b>	<b>-7.53%</b>
<b>NET ASSETS</b>	<b>89,216</b>	<b>67,536</b>	<b>32.10%</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>127,211</b>	<b>108,623</b>	<b>17.11%</b>

**Shepherd University**  
**For the Period from July 1, 2007 - September, 2008**  
**Statement of Revenues Expenses and Other Changes**  
(Dollars in Thousands)

	<b>Budget Current</b>	<b>Actual YTD</b>	<b>Prior Actual YTD</b>	<b>Prior Actual Total</b>
<b>OPERATING REVENUES</b>				
Tuition and Fees	\$16,428	\$7,851	\$8,058	\$16,759
Federal Grants and Contracts	2,730	1,205	1,182	2,700
State and Local Grants and Contracts	2,744	1,483	1,496	2,716
Private Grants and Contracts	77	6	31	357
Sales and Services of Educational Activities	45	6	7	44
Auxiliary Enterprises	14,423	6,942	6,103	12,229
Transfer from Blue Ridge Community and Technical College	0	0	121	483
Other Operating Revenues	889	344	300	805
<b>TOTAL OPERATING REVENUES</b>	<b>37,336</b>	<b>17,837</b>	<b>17,298</b>	<b>36,093</b>
<b>OPERATING EXPENSES</b>				
<b>Education and General (E&amp;G)</b>				
<b>Primary Mission Costs</b>				
Instruction	12,817	1,803	1,782	11,770
Academic Support	2,740	615	587	2,568
Student Services	3,964	842	837	3,577
Scholarships & Fellowships	1,191	546	778	1,744
<b>Subtotal Primary Mission Costs</b>	<b>20,712</b>	<b>3,806</b>	<b>3,984</b>	<b>19,659</b>
<b>Other Education and General Costs</b>				
Operations and Maintenance	4,657	815	899	4,966
Institutional Support	4,579	920	773	3,788
Research	18	2	14	22
Public Service	244	38	63	235
<b>Subtotal Other Education and General Costs</b>	<b>9,498</b>	<b>1,775</b>	<b>1,749</b>	<b>9,011</b>
<b>Total Education and General Expenses</b>	<b>30,210</b>	<b>5,581</b>	<b>5,733</b>	<b>28,670</b>
<b>Auxiliary Expenses</b>	<b>11,725</b>	<b>2,725</b>	<b>2,199</b>	<b>10,251</b>
<b>Depreciation Expense</b>	<b>4,825</b>	<b>1,175</b>	<b>917</b>	<b>3,820</b>
<b>Transfers and Other (Additions) Subtractions</b>	<b>289</b>	<b>72</b>	<b>66</b>	<b>265</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>47,049</b>	<b>9,553</b>	<b>8,915</b>	<b>43,006</b>
<b>NONOPERATING REVENUES AND EXPENSES</b>				
State Appropriations	10,709	2,142	2,067	10,335
Investment Income	669	143	157	1,011
Interest on capital asset related debt	(1,485)	(373)	(374)	(1,473)
Loss on disposal of equipment	(50)	0	0	(51)
Gifts		280	255	679
Fees assessed by the Commission for interest and reserves	(180)	(90)	(70)	(189)
<b>Income Before Other Revenues, Expenses, Gains or Losses</b>	<b>0</b>	<b>10,386</b>	<b>10,418</b>	<b>3,399</b>
<b>OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>				
Capital Grants and Gifts	4,439	1,497	1,296	16,312
Temporary Reduction to Compensated Absences Liability	1,799	1,799		
<b>Increase (Decrease) in Net Assets</b>	<b>\$6,238</b>	<b>\$13,682</b>	<b>\$11,714</b>	<b>\$19,711</b>

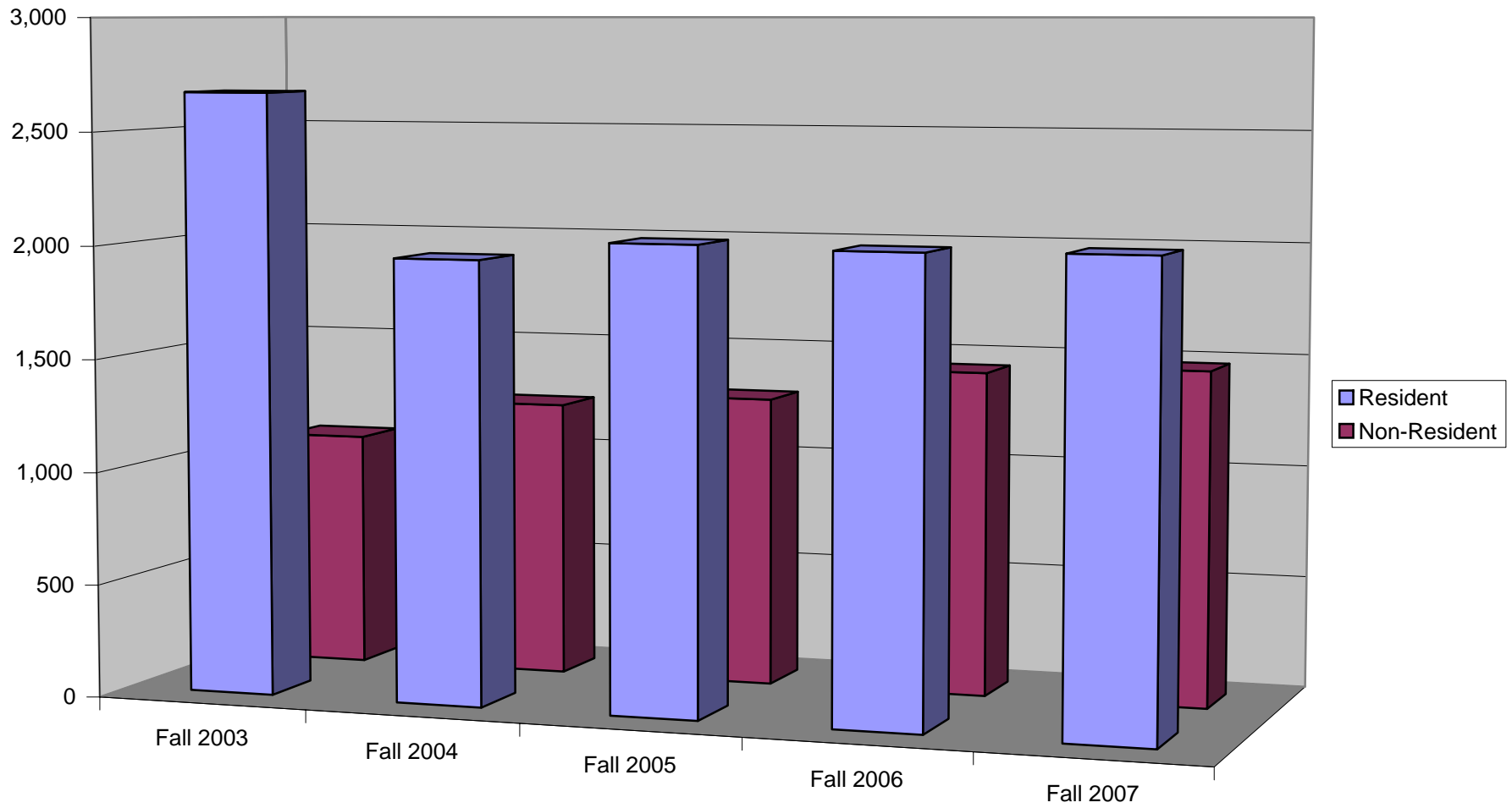
**Shepherd University**  
**For the Period from July 1, 2007 - September, 2008**  
(Dollars in Thousands)  
**Statement of Revenues Expenses and Other Changes**

	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 Actual	
<b>OPERATING REVENUES</b>										
Tuition and Fees	\$16,428	44.0%	\$7,899	48.1%	\$7,851	47.8%	(0.3)	\$8,058	48.1%	(0.3)
Federal Grants and Contracts	2,730	7.3%	\$1,195	43.8%	\$1,205	44.1%	0.4	1,182	43.8%	0.4
State and Local Grants and Contracts	2,744	7.3%	\$1,511	55.1%	\$1,483	54.0%	(1.0)	1,496	55.1%	(1.0)
Private Grants and Contracts	77	0.2%	\$7	8.7%	\$6	7.8%	(0.9)	31	8.7%	(0.9)
Sales and Services of Educational Activities	45	0.1%	\$7	15.9%	\$6	13.3%	(2.6)	7	15.9%	(2.6)
Transfer from Blue Ridge Community and Technical College	0	0.0%	\$0	0.0%	\$0	0.0%	0.0	121	25.1%	(25.1)
Auxiliary Enterprises	14,423	38.6%	\$7,198	49.9%	\$6,942	48.1%	(1.8)	6,103	49.9%	(1.8)
Other Operating Revenues	889	2.4%	\$331	37.3%	\$344	38.7%	1.4	300	37.3%	1.4
<b>TOTAL REVENUES</b>	<b>\$37,336</b>	<b>100.0%</b>	<b>18,149</b>	<b>48.6%</b>	<b>\$17,837</b>	<b>47.8%</b>	<b>(0.8)</b>	<b>\$17,298</b>	<b>47.9%</b>	<b>(0.2)</b>
<b>OPERATING EXPENSES</b>										
<b>Education and General (E&amp;G)</b>										
<b>Primary Mission Costs</b>										
Instruction	\$12,817	42.4%	\$1,940	15.1%	\$1,803	14.1%	(1.1)	\$1,782	15.1%	(1.1)
Academic Support	2,740	9.1%	\$626	22.9%	615	22.4%	(0.4)	587	22.9%	(0.4)
Student Services	3,964	13.1%	\$928	23.4%	842	21.2%	(2.2)	837	23.4%	(2.2)
Scholarships & Fellowships	1,191	3.9%	\$531	44.6%	546	45.8%	1.2	778	44.6%	1.2
<b>Subtotal Primary Mission Costs</b>	<b>\$20,712</b>	<b>68.6%</b>	<b>\$4,026</b>	<b>19.4%</b>	<b>\$3,806</b>	<b>18.4%</b>	<b>(1.1)</b>	<b>\$3,984</b>	<b>20.3%</b>	<b>(1.9)</b>
<b>Other Education and General Costs</b>										
Operations and Maintenance	\$4,657	15.4%	\$843	18.1%	\$815	17.5%	(0.6)	\$899	18.1%	(0.6)
Institutional Support	4,579	15.2%	\$934	20.4%	920	20.1%	(0.3)	773	20.4%	(0.3)
Research	18	0.1%	\$5	25.0%	2	11.1%	(13.9)	14	63.6%	(52.5)
Public Service	244	0.8%	\$65	26.8%	38	15.6%	(11.2)	63	26.8%	(11.2)
<b>Subtotal Other Education and General Costs</b>	<b>\$9,498</b>	<b>31.4%</b>	<b>\$1,847</b>	<b>19.5%</b>	<b>\$1,775</b>	<b>18.7%</b>	<b>(0.8)</b>	<b>\$1,749</b>	<b>19.4%</b>	<b>(0.7)</b>
<b>Total Education and General Expenses</b>	<b>\$30,210</b>	<b>100.0%</b>	<b>\$5,873</b>	<b>19.4%</b>	<b>\$5,581</b>	<b>18.5%</b>	<b>(1.0)</b>	<b>\$5,733</b>	<b>20.0%</b>	<b>(1.5)</b>
<b>Auxiliary Expenses</b>	<b>\$11,725</b>		<b>\$2,515</b>	<b>21.5%</b>	<b>\$2,725</b>	<b>23.2%</b>	<b>1.8</b>	<b>\$2,199</b>	<b>21.5%</b>	<b>1.8</b>
<b>Depreciation Expense</b>	<b>\$4,825</b>		<b>\$1,158</b>	<b>24.0%</b>	<b>\$1,175</b>	<b>24.4%</b>	<b>0.4</b>	<b>\$917</b>	<b>24.0%</b>	<b>0.4</b>
<b>Transfers and Other (Additions) Subtractions</b>	<b>\$289</b>		<b>\$72</b>	<b>24.9%</b>	<b>\$72</b>	<b>24.9%</b>	<b>0.0</b>	<b>\$66</b>	<b>24.9%</b>	<b>0.0</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$47,049</b>		<b>\$9,619</b>	<b>20.4%</b>	<b>\$9,553</b>	<b>20.3%</b>	<b>(0.1)</b>	<b>\$8,915</b>	<b>20.7%</b>	<b>(0.4)</b>
<b>NONOPERATING REVENUES AND EXPENSES</b>										
State Appropriations	\$10,709		\$2,142	20.0%	\$2,142	20.0%	0.0	\$2,067	20.0%	0.0
Investment Income	669		\$167	25.0%	\$225	33.6%	8.6	\$157	15.5%	18.1
Loss on disposal of equipment	0		\$0	0.0%	\$0	0.0%	0.0	\$0	0.0%	0.0
Interest on capital asset related debt	(1,665)		-\$416	25.0%	(\$463)	27.8%	2.8	(\$444)	26.7%	1.1
<b>OTHER REVENUES, EXPENSES, GAINS OR LOSSES</b>										
Capital Grants and Gifts	\$4,439		\$4,439	33.0%	\$1,497	33.7%	0.7	\$1,296	7.9%	25.8
Temporary Reduction in Compensated Absences liability	1,799		1,799	100	\$1,799	100.0%		\$0		

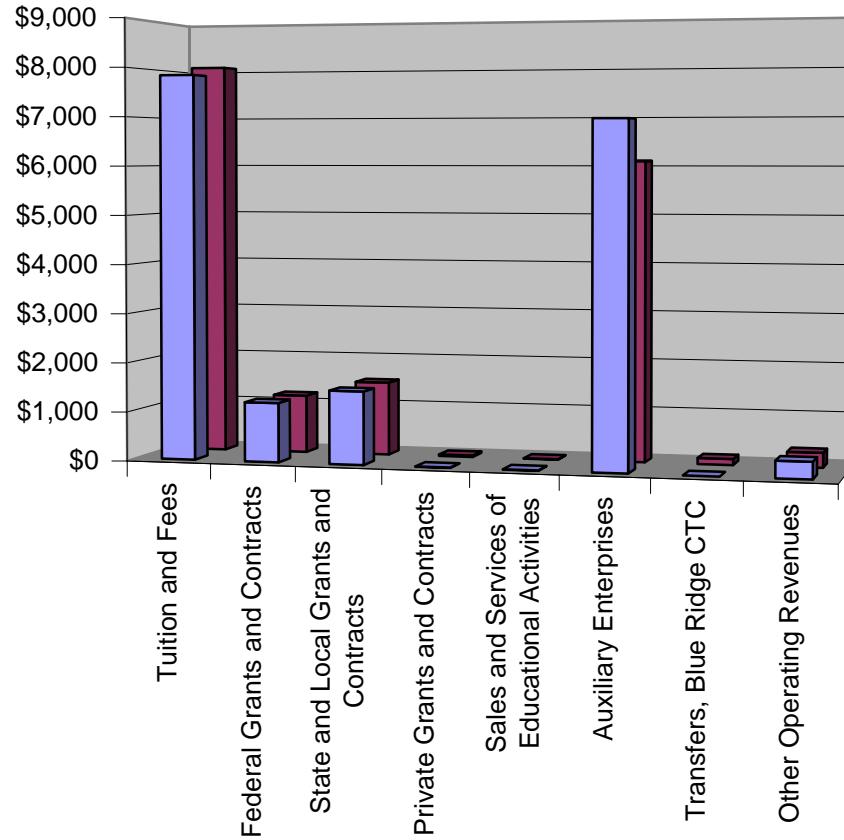
	Shepherd University				Indication
	FY 2008		FY 2007		
	Data	Ratio	Data	Ratio	
<b>Market Demand</b>					
<b>Net Tuition per Student (\$)</b>					
Sum of:					
Gross tuition and fees revenue	7,851		8,058		
Less Scholarship discount and allowances	-2,514		-2,157		
<u>Less Scholarship Expense</u>	<u>-546</u>		<u>-778</u>		
Total FTEs	3,512	\$ 1,364	3,467	\$ 1,478	Negative
<b>State Appropriation per student (\$)</b>					
State appropriations	2,142		2,067		
Total FTEs	3,512	\$ 610	3,467	\$ 596	Positive
<b>Educational expense per student (\$)</b>					
Total operating expenses	9,553		8,915		
Total FTEs	3,512	\$ 2,720	3,467	\$ 2,571	Positive
<b>Total Tuition Discount (%)</b>					
The sum of:					
Scholarship discount and allowance	2,514		2,157		
Plus Scholarship expense	546		778		
Gross tuition and fees revenue	7,851	38.98%	8,058	36.42%	Positive
<b>Capital</b>					
<b>Direct debt per student (\$)</b>					
Direct Debt	33,660		34,631		
Divided by Total FTEs	3,512	\$ 9,584	3,467	\$ 9,988	Positive
<b>Direct debt to cash flow (x)</b>					
The sum of:					
Direct debt	33,660		34,631		
The sum of:					
Operating surplus (deficit)	9,963		10,006		
Plus Depreciation expense	1,175		917		
Plus Interest expense	463	2.90	444	3.05	Positive
<b>Direct debt to capitalization (x)</b>					
Direct debt	33,660		34,631		
The sum of:					
Total net assets	89,216		67,536		
Plus Direct debt	33,660	0.27	34,631	0.34	Positive
<b>Actual debt service to operations (%)</b>					
Actual annual debt service	2,726		2,303		
Total operating expenses	9,553	28.54%	8,915	25.83%	Negative
<b>Capital expense to operations (%)</b>					
The sum of:					
Depreciation expense	1,175		917		
Plus Interest expense	463		444		
Total operating expenses	9,553	17.15%	8,915	15.27%	Negative



### FTE ENROLLMENT BY RESIDENCY

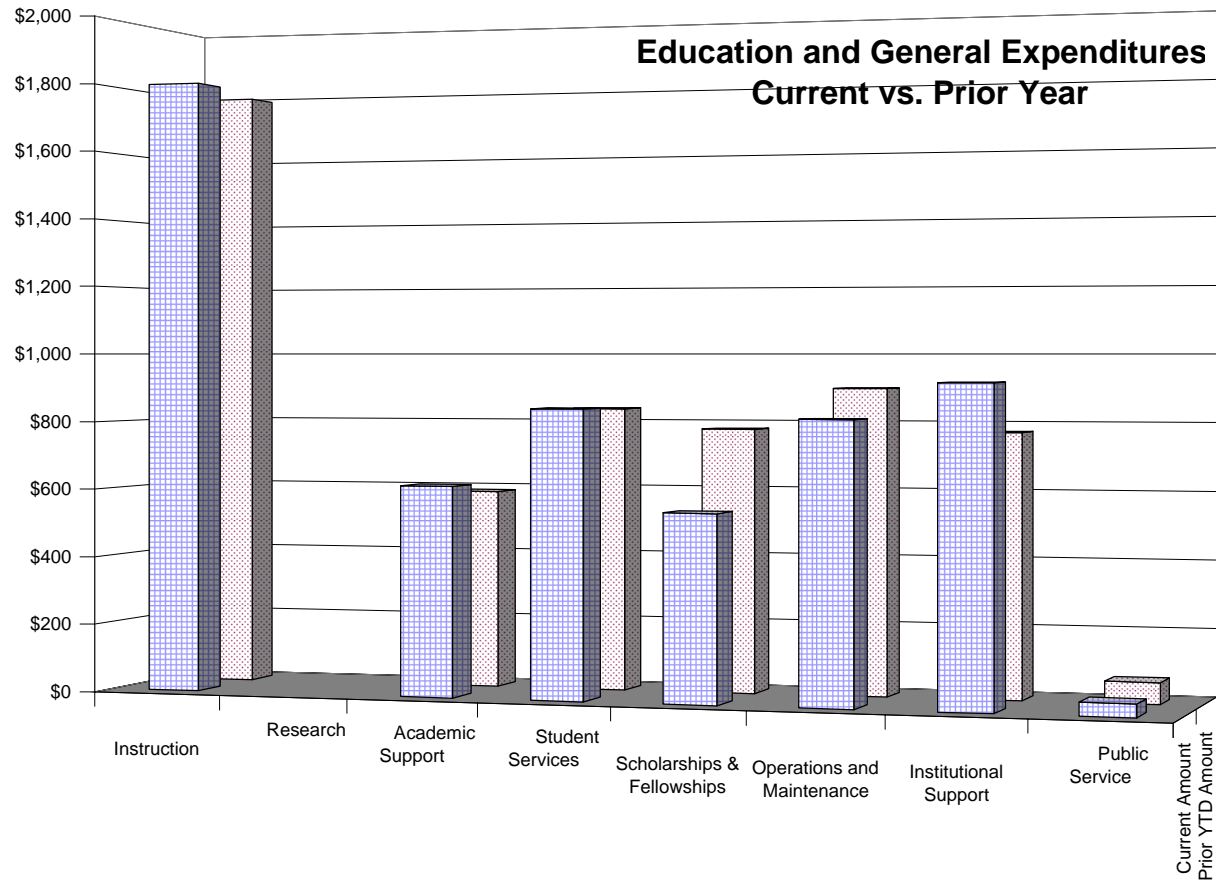


### OPERATING REVENUES, CURRENT AND PRIOR YEAR



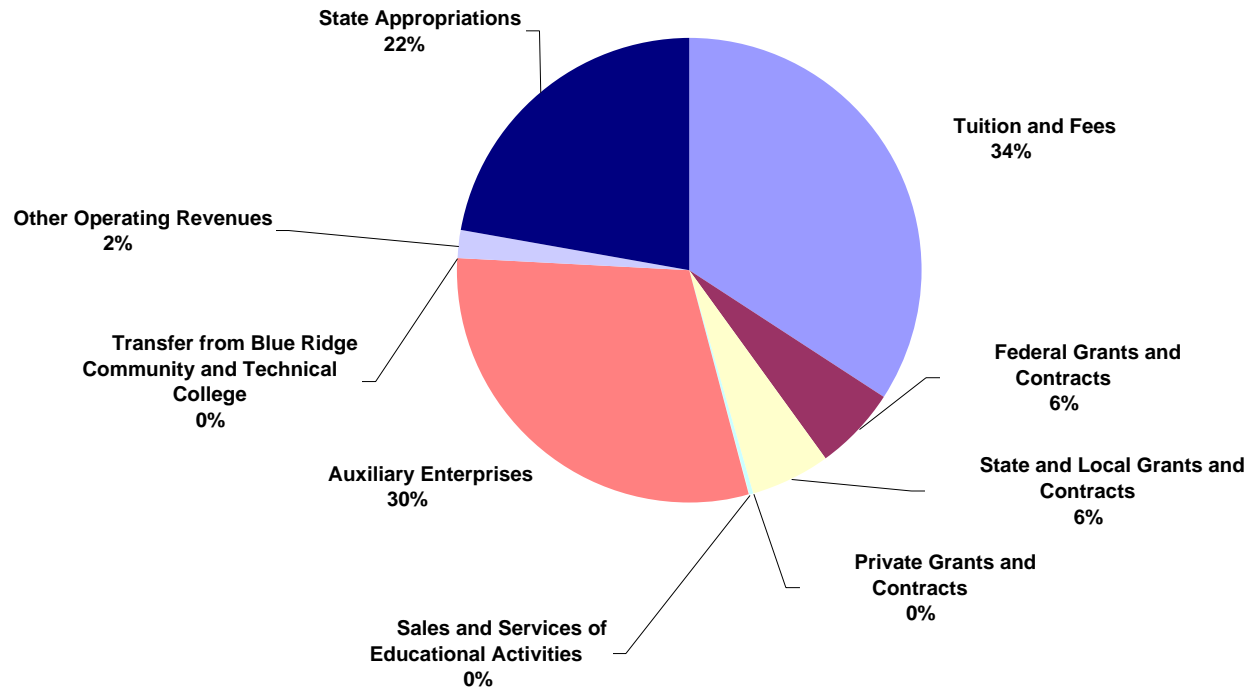
	Tuition and Fees	Federal Grants and Contracts	State and Local Grants and Contracts	Private Grants and Contracts	Sales and Services of Educational	Auxiliary Enterprises	Transfers, Blue Ridge CTC	Other Operating Revenues
Actual YTD	\$7,851	1,205	1,483	6	6	6,942	0	344
Prior Actual YTD	\$8,058	1,182	1,496	31	7	6,103	121	300

### 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	\$1,803		\$615	\$842	\$546	\$815	\$920	\$38
Prior YTD Amount	\$1,782		\$587	\$837	\$778	\$899	\$773	\$63

### Operating Revenues and State Appropriations



### Education and General Expenses

