QUARTERLY FINANCIAL MANAGEMENT REPORT

EXECUTIVE SUMMARY

Net Assets
Net Assets increased $1.7 million or 2.82% over the second quarter of fiscal year 2004. Unrestricted cash increased from $9.5 million to $14.1 million or 48% because an increased portion of the budget is funded by student fees that are collected at the beginning of each semester. In addition, restricted cash held in certain capital funds are now classified as unrestricted. The 37% increase in total liabilities reflects the additional debt issues in the first quarter.

Revenues
As of March 31, 2005, operating revenues were 93.9% of the total fiscal year 2005 budgeted revenues for both institutions. This is 1% less than the percent of budgeted revenues collected for the prior fiscal year. For the University, the operating revenues were 96.5% of the total fiscal year 2005 budget. The Community and Technical College’s revenues were 79.4% of the total fiscal year 2005 budget.

Expenditures
Operating expenses were 72.6% of the total fiscal year 2005 budget at mid year. This is .4% less than the percent of the budget expended for the prior fiscal year. The University’s operating expenses were 68.8% of the total fiscal year 2005 budget. The Community and Technical College’s revenues were 74.2% of the total fiscal year 2005 budget.

EXPLANATORY NOTES

Net Assets

Assets

1. Accounts receivable increased $140,000. Accounts receivable increased as student tuition and fee revenues increased.
2. Grants and contracts receivable increased $210,000. The amount receivable from financial aid programs increased over the second quarter of fiscal year 2004.
3. Restricted cash and cash equivalents decreased $568,000 over the second quarter of fiscal year 2004. $2.1 million in cash held in capital funds that was previously recorded in restricted cash and cash equivalents was changed to unrestricted at the end of fiscal year 2004. The University received $5.3 million in bond proceeds during the first quarter. The rest of the difference is attributable to reimbursements.
made to the University for construction expenditures funded by the bonds.
4. Capital assets: The $2.2 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 $120,000 because the University recorded bond issuance costs associated with the new debt issues.

Liabilities
1. Accounts payable declined $201,000 as construction activity decreased.
2. Accrued Liabilities: The $119,000 increase in accrued interest was associated with the long-term debt increase. Accrued payroll increased $78,000 as the number of full time staff paid in arrears increased. All staff hired after July 1, 2001 are paid in arrears.
3. Deferred revenues increased $299,000 from the second quarter of fiscal year 2004. This increase is associated with the increases in grant revenues received in advance of expenditures.
4. Long term liabilities: The current portion of noncurrent liabilities increased $2 million because new debt was issued. The short term portion of leases payable increased $56,000 because the Department of Information Technology Services purchased networking equipment. The current portion of the compensated absences liability decreased $62,000 because the number of employees eligible for retirement sick leave benefits declined.
5. Advances from federal sponsors decreased $123,000 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.
6. Compensated absences decreased $168,000 because there are fewer employees who are eligible for the retirement sick leave benefits.
7. The long term portion of leases payable increased $223,000 because the Department of Information Technology Services purchased networking equipment in the first quarter.

Operating Revenues
1. Tuition and fee revenues: The percentage of tuition and fee revenues collected as a percent of the budget decreased 5% compared with the prior year. The University’s tuition and fee paying enrollment increased 3.28%, while the Community and Technical College’s enrollment declined 8.85%. These increases were offset by the University’s tuition discount, which increased $911,000. The tuition discount increased as additional revenues were received for financial aid.
2. Federal grants and contracts decreased $78,000 because capital funds from the Department of Housing and Urban Development were not received this year.
3. State and local grants and contracts increased $319,000 because the University received $256,000 more in state scholarship revenues.

Operating Expenses

1. Scholarships and fellowships: Expenditures for scholarships decreased 34.4% over the first quarter of 2004. Increased payments to students for Pell Grants, SEOG Grants and state funded scholarships increased over fiscal year 2004. The payments for these sources of financial aid are included in the scholarship discount and decrease the scholarship expenses.

2. Expenditures for operations and maintenance decreased 4.1%. Operating expenses totaling $179,000 for the renovation of the Ruth Scarborough Library were paid in the first quarter of fiscal year 2004. Expenditures for major repairs declined over the previous year. Renovation funds will be used for the McMurry Hall project this summer.

Non-Operating Revenues and Expenses

1. Depreciation increased $142,000 over the third quarter of fiscal year 2004. The library renovations, field house and music addition were added during fiscal year 2004.

2. Interest expenses increased $258,000 over the third quarter of fiscal year 2004 because the University issued new debt in September.

3. The University received $1.27 million from capital gifts and grants in fiscal year 2004. The West Virginia Higher Education Policy Commission reimbursed the University $196,000 for expenditures related to the capital projects to be funded by the $12.5 million allocation of proceeds from the West Virginia Higher Education Policy Commission’s 2004 debt issuance.