

EXECUTIVE SUMMARY

TO: Members of the Board of Regents

FROM: Larry Eardley, VC for Budget and Finance, NSHE

SUBJECT: All Funds Report – First Quarter Fiscal Year 2013-14

The All Funds Report presented for your information is an unaudited statement of the current Operating Fund's revenues and expenditures of the NSHE for the first quarter of fiscal year 2013-14 ending September 30, 2013. For comparison purposes the unaudited Operating Fund's revenues and expenditures for the previous fiscal year ended June 30, 2013 and for the first quarter of last fiscal year 2012-13 ending September 30, 2012 are included. The report also presents the current fiscal year revenues and expenditures as a percentage of the previous fiscal year's revenues and expenditures, by category, for each period of time reported.

This report excludes student loans, endowment and plant funds which are not available to provide a product or service that supports the primary or support objectives of the institutions, i.e., Instruction, Academic Support, Student Services, Public Service, Institutional Support, Operations and Maintenance of Plant, Scholarships, and are not classified as "current operating funds".

The purpose of this report is to inform the Board on the status of the NSHE fund sources by institution, on a quarterly basis, as approved by the Board in the Chancellor's action plan responding to the Legislative Counsel Bureau's audit findings.

This report contains three "All Institutions" summary schedules, pages 3-5, followed by each reporting institution's report. Reporting institutions include the universities, colleges, Desert Research Institute and System Administration.

Following is an overview of the System summary schedule on page 3:

System Summary Totals

Total System Revenue collections of \$530.52 million for the first quarter of fiscal year 2013-14 (30-Sep-13) were 34.9% of fiscal year-end 2012-13 revenue collections of \$1.52 million and 106.4% of fiscal year 2012-13 first quarter (30-Sep-12) revenue collections of \$498.5 million. In general, total revenue collections for the first quarter of fiscal year 2013-14 were greater than revenue collections for the same period of time last fiscal year by approximately 6.4% and are on track to equal or exceed revenue collections in total for last fiscal year.

- Investment income revenues for the 1st quarter of FY 2013-14 were significantly greater than revenue collections for the same period of time last fiscal year due in

part due to higher investment returns and a one-time distribution of \$15M to the institutions from the NSHE Operating Pool Reserve approved by the Board of Regents in September 2013. Investment income distributions to the NSHE institutions from the Investment Income Reserve account were resumed effective July 1, 2011 per Board of Regents action after having been suspended by the Board of Regents effective August 2008, due to declining earnings and values. The current distribution rate is 2% of each institution's average daily cash balance.

- Other revenue sources for the 1st quarter of FY 2013-14 were approximately 168% of revenues collected for the 1st quarter or last fiscal year and approximately 83% of revenues collected for last fiscal year. Other revenue sources represent income from all other sources including rent & lease income, loan repayments, workman's compensation funds for employee injury claims and Environmental Health and Safety programs, indirect cost recovery, bond proceeds, or any other income not properly accounted for in one of the other revenue categories. The increase in revenues for the 1st quarter of FY 2013-14 over revenue collections for the same period of time last year is due in part to UNR, CSN, GBC, and WNC posting their share of the Board approved one-time \$15M distribution from the NSHE Operating Pool Reserve and to the posting of the WNC and GBC distribution of the Board of Regents approved funding to help mitigate budget reductions.

Total System Expenditures and Transfers of \$407 million for the 1st quarter of fiscal year 2013-14 (30-Sep-13) were 27.44% of fiscal year-end 2012-13 expenditures and transfers of \$1.48 billion, and approximately 98% of the 1st quarter fiscal year 2012-13 (30-Sep-12) expenditures and transfers of \$415.6 million. Educational and General Expenditures by function for the 1st quarter of FY 2013-14 were relatively close to expenditures by function for the 1st quarter of last fiscal year.

- Scholarship expenditures for the 1st quarter of fiscal year 2013-14 were approximately 2% greater than the 1st quarter expenditures for fiscal year 2012-2013 due in part to an increase in Pell grants awarded at UNLV and an increase in the average amount of the award; an increase in Millennium scholarships at UNLV and NSC due to increased enrollments; and higher activity in the federal direct student loans and Pell grants at UNR.
- Student Services expenditures for the 1st quarter of fiscal year 2013-14 were approximately 7% greater than expenditures for the same period of time last fiscal year and approximately 28% of total fiscal year-end 2013 expenditures. UNR expenditures were higher due to increased student access fees and increased number of credit hours and higher athletics expense.

Net Transfers In (Out)

Net Transfers of \$9.5 million for the 1st quarter of fiscal year 2013-14 were approximately 51% of the Net Transfers of \$18.5 million for the same period of time last

fiscal year. Transfers are mandatory and voluntary transactions among funds and include transfers to non-operating funds, for such activities as retirement of indebtedness, student loan matching funds, and plant funds.

- Net transfers out activity at UNLV decreased \$13.8 million for the 1st quarter of FY 2013-14 compared to the same period of time last fiscal year due to a decrease in transfers from unrestricted funds to plant funds in FY 2013.

The Net Increase (Decrease) in Fund Balance shows that the beginning fund balance for fiscal year 2013-14, was increased by \$123.49 million through the 1st quarter ending September 30, 2013 due to revenue collections exceeding expenditures.

Auxiliary Enterprises revenues and expenditures are displayed separately in the summary schedule and the net amount of revenues over expenditures is posted as a positive against all expenditures for revenues greater than expenditures and as a negative against all expenditures for revenues less than expenditures. Auxiliary Enterprises support activities that perform a service to students, faculty, staff or public, e.g., book stores, student unions, food services, resident halls, event centers, married housing, etc..

The All Funds Summary Report (page 4) groups the revenue sources into four categories that represent the main sources of current operating funds (State Appropriations, Student Fees, Self Supporting and Grants & Contracts). The report presents each of the four revenue groups as a percentage of the total revenues collected for each of the reported time periods. Expenditure objects remain unchanged from the summary display on page 3. The report displays the dollars associated with each of the expenditure objects, and the percentage of each to the total expenditures realized for each of the reported time periods.

- Student Fees reflect the highest percentage of total System revenues for the 1st quarter of FY 2013-14 of approximately 40% followed by Grants and Contracts revenues of approximately 30%, and State Appropriations of approximately 24%. Scholarship expenditures were the highest percentage of total System functional expenditures at approximately 29% for the 1st quarter, followed by Instruction expenditures at approximately 27%.

The All Institution's summary schedule (page5) shows a comparison of each NSHE institution's revenue collections by source for the 1st quarter of FY 14 and as a percentage of the total System revenues collected by source of revenue.