

## EXECUTIVE SUMMARY

TO: Members of the Board of Regents

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

SUBJECT: All Funds Report – Second 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 second quarter of fiscal year 2013-14 ending December 31, 2013. For comparison purposes the unaudited Operating Fund's revenues and expenditures for the previous fiscal year ended June 30, 2013 and for the second quarter of last fiscal year 2012-13 ending December 31, 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 \$823.7 million for the second quarter of fiscal year 2013-14 (31-Dec-13) were 54.51% of fiscal year-end 2012-13 revenue collections of \$1.5 billion and 104.4% of fiscal year 2012-13 second quarter (31-Dec-12) revenue collections of \$789.3 million. In general, total revenue collections for the second quarter of fiscal year 2013-14 were greater than revenue collections for the same period of time last fiscal year by approximately 4.4% and are on track to equal or exceed revenue collections in total for last fiscal year.

- Investment income revenues for the 2<sup>nd</sup> quarter of FY 2013-14 were significantly greater than revenue collections for the same period of time last fiscal year due in

part 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 2<sup>nd</sup> quarter of FY 2013-14 were 137.7% of revenues collected for the 2<sup>nd</sup> quarter or last fiscal year and 94.7% 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 2<sup>nd</sup> quarter of FY 2013-14 over revenue collections for the same period of time last year is due in part to UNR, TMCC, and GBC posting their share of the Board approved one-time \$15M distribution from the NSHE Operating Pool Reserve, to the posting of the WNC and GBC distribution of the Board of Regents approved funding to help mitigate budget reductions and to an increase, for UNLV, in the workers compensation funding and ARAMARK food services commission due to the timing of receipts between FY 13 and FY 14 and to the food services commission refund for FY 12 paid in FY 13.

Total System Expenditures and Transfers of \$710.1 million for the 2<sup>nd</sup> quarter of fiscal year 2013-14 (31-Dec-13) were 48.% of fiscal year-end 2012-13 expenditures and transfers of \$1.48 billion, and 97.4% of the 2<sup>nd</sup> quarter fiscal year 2012-13 (31-Dec-12) expenditures and transfers of \$729.1 million. Educational and General Expenditures by function for the 2<sup>nd</sup> quarter of FY 2013-14 were less than expenditures by function for the same period of time last fiscal year by approximately 1.2%.

#### Net Transfers In (Out)

Net Transfers of \$19.8 million for the 2<sup>nd</sup> quarter of fiscal year 2013-14 were approximately 70.0% of the Net Transfers of \$28.4 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 \$9.9 million for the 2<sup>nd</sup> 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 pant funds in FY 2013 and a decrease in timing of transfers to fund long-term debt payments.

The Net Increase (Decrease) in Fund Balance shows that the beginning fund balance for fiscal year 2013-14, was increased by \$113.6 million through the 2<sup>nd</sup> quarter ending December 31, 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 2<sup>nd</sup> quarter of FY 2013-14 of approximately 35% followed by State Appropriation revenues of approximately 29%, and Grants & Contracts of approximately 28%. Instructional expenditures were the highest percentage of total System functional expenditures at approximately 32% for the 2<sup>nd</sup> quarter, followed by Scholarship expenditures at approximately 19%.

The All Institution's summary schedule (page5) shows a comparison of each NSHE institution's revenue collections by source for the 2<sup>nd</sup> quarter of FY 14 and as a percentage of the total System revenues collected by source of revenue.