

Nevada System of Higher Education

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EXECUTIVE SUMMARY

TO: Members, Board of Regents

FROM: Fred Egenberger, NSHE Budget Director

SUBJECT: All Funds Report – First Quarter Fiscal Year 2016-17

The All Funds Report presented for your approval is an unaudited statement of the current Operating Fund's revenues and expenditures of the NSHE for the first quarter of fiscal year 2016-17 ending September 30, 2016. For comparison purposes the unaudited Operating Fund's revenues and expenditures for the previous fiscal year ended June 30, 2016 and for the first quarter of last fiscal year 2015-16 ending September 30, 2015 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 \$640.5K for the first quarter of fiscal year 2016-17 (30-Sep-16) were 37.5% of fiscal year-end 2015-16 revenue collections of \$1.7 billion and 107.0% of fiscal year 2015-16 first quarter (30-Sep-15) revenue collections of \$598.9K. In general, total revenue collections for the first quarter of fiscal year 2016-17 exceeded revenue collections for the same period of time last fiscal year by approximately 7.0% and are on track to exceed fiscal year-end 2015-16 revenue collections.

- Tuition and Fees revenues for the 1st quarter of FY 2016-17 were approximately 5.6% higher than revenues collected for the same period of time last fiscal year due to an increase in the undergraduate registration fee and increased undergraduate and graduate enrollments system-wide.
- State General Fund Appropriations for the 1st quarter of FY 2016-17 exceeded collections for the same period of time last fiscal year by 25.52% due to an 8% increase approximately in state appropriations in FY 17 over FY 16 as a result of October 2016 state appropriation draw being deposited prior to the September closing.
- Investment Income revenues for the 1st quarter of FY 2016-17 includes a one-time operating reserve distribution.
- Sales and Services revenues for the 1st quarter of FY 2016-17 were approximately 83.7% of revenues collected for the same period of time last fiscal year due in part to a reclassification of University of Nevada, Reno from the Sales and Services classification to Auxiliary Services.
- Other revenue sources for the 1st quarter of FY 2016-17 were approximately 106.9% of revenues collected for the same period of time last fiscal year due in part to NSHE funding distribution to campuses for Integrate 2 expenditures. 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.
- Auxiliary Enterprise revenues for the 1st quarter of FY 2016-17 were approximately 9.1% greater than revenues collected through the 1st quarter of FY 2015-16 due in part to a reclassification of University of Nevada, Reno from the Sales and Services classification to Auxiliary Services.

Total System Expenditures and Transfers of \$470.8K for the 1st quarter of fiscal year 2016-17 were approximately 104.42% of the 1st quarter fiscal year 2015-16 expenditures and transfers of \$450.8K. Educational and General Expenditures by function for the 1st quarter of FY 2016-17 were greater than expenditures by function for the same period of time last fiscal year by approximately 3.7%.

- Instructional expenditures for the 1st quarter of fiscal year 2016-17 were approximately 4% greater than expenditures for the same period of time last year due primarily to system wide enrollment increases, new faculty positions and an employee cost of living increase of 2%
- Public Support expenditures for the 1st quarter of fiscal year 2016-17 were approximately 18.6% greater than expenditures for the same period of time last fiscal year due in part to an increase in the UNR Health Sciences and Cooperative Extension salary reimbursement spending.
- Institutional Support expenditures for the 1st quarter of fiscal year 2016-17 were approximately 17.6% greater than expenditures for the same period of time last fiscal year due in part to University of Nevada, Las Vegas timing differences between first quarter/second quarter timing of recharge transactions for OIT Network Services account (\$1 million), state personnel assessment (\$155K), AG Tort

Insurance, and campus administrative overhead (\$245K); increases in operating expenses due to presidential debate equipment expenses (\$620K) and a telecommunication voicemail system project (\$310K) and increases in salaries and benefits due to iNtegrate 2 support (\$266K) Foundation separation payments (\$500K), and Medical School staffing (\$251K).

Net Transfers In (Out)

Net Transfers of (\$18.2) million for the 1st quarter of fiscal year 2016-17 were approximately 135.9% of the Net Transfers of (\$13.4) 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.

The Net Increase (Decrease) in Fund Balance shows that the beginning fund balance for fiscal year 2016-17, was increased by approximately \$169.8 million through the 1st quarter 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 reported through the 1st quarter of FY 2016-17 of 39.6% followed by Grants & Contracts at 26.7% and State Appropriation at 25.9%. Scholarship expenditures were the highest percentage of total System functional expenditures through the 1st quarter at approximately 31.6% followed by Instructional expenditures at 27.3%.

The All Institution's summary schedule (page 5) shows a comparison of each NSHE institution's revenue collections by source through the 1st quarter of FY 17 and as a percentage of the total System revenues collected by source of revenue.