

## EXECUTIVE SUMMARY

TO: Members of the Board of Regents

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

SUBJECT: All Funds Report – Second Quarter Fiscal Year 2015-16

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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 2015-16 ending December 31, 2015. For comparison purposes the unaudited Operating Fund's revenues and expenditures for the previous fiscal year ended June 30, 2015 and for the second quarter of last fiscal year 2013-14 ending December 31, 2014 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 \$925.6K for the second quarter of fiscal year 2015-16 (31-Dec-15) were 57.8% of fiscal year-end 2014-15 revenue collections of \$1.6 billion and 110.9% of fiscal year 2014-15 second quarter (31-Dec-14) revenue collections of \$834.7K. In general, total revenue collections for the second quarter of fiscal year 2015-16 exceeded revenue collections for the same period of time last fiscal year by approximately 10.9% and are on track to exceed fiscal year-end 2014-15 revenue collections.

- Tuition and Fees revenues for the 2<sup>nd</sup> quarter of FY 2015-16 were approximately 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 2<sup>nd</sup> quarter of FY 2015-16 exceeded collections for the same period of time last fiscal year by 18.4% due to an 8% increase approximately in state appropriations in FY 16 over FY 15 net of cost of living adjustments appropriated to the State Board of Examiners.
- Sales and Services revenues for the 2<sup>nd</sup> quarter of FY 2015-16 were approximately 135% of revenues collected for the same period of time last fiscal year due in part to an increase in revenues associated with the University of Nevada School of Medicine's change in accounting practice which now reports salary reimbursements as revenue rather than negative expenditures. In prior years, reimbursements from the Practice Plans for UNR expenses were netted against expenses. Correct accounting treatment requires these reimbursements to be recorded as revenues. The correct accounting treatment is being reflected in the fiscal year 2015 YTD amounts. The Practice Plan's Dean's Tax was approximately \$3.1 million higher as compared to the prior year and the Centers for Medicare & Medicaid Services (CMS) reimbursement was greater by \$373K over the same period of time last year.
- Other revenue sources for the 2<sup>nd</sup> quarter of FY 2015-16 were approximately 124% of revenues collected for the same period of time last fiscal year due in part to the State Attorney Generals' Office lawsuit settlement of approximately \$8 million against several pharmaceutical companies. The settlement amount needs to be spent of women health initiatives for which UNR submitted proposals and has received \$1.8 million through the 2<sup>nd</sup> quarter of FY 16 for the UNSOM. Also, for UNR, the royalties from the Marigold Mines increased by \$3.5 million. For the same period of time last fiscal year, royalties of approximately \$1.3 million were reported as Sales & Services of Educational Departments instead of Other revenues. In FY 16, UNLV's Other Revenue, in the 1<sup>st</sup> quarter, increased by approximately \$262K mainly due to a \$521K increase in Athletics due to the MWC changing their process for distributing Student Opportunity Funds in advance rather than through a reimbursement process, an increase in an annual distribution for NCAA grant-in-aid and a decrease of \$283K in food services revenue due to reclassifying from other revenue to auxiliary revenue to align with financial statement reporting. 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 system-wide, for the 2<sup>nd</sup> quarter of FY 2015-16, were approximately 1.6% less than revenues collected through the 2<sup>nd</sup> quarter of FY 2014-15, due in part to a decline in net Auxiliary activity at UNLV in the first half of FY 16 in comparison to FY 15, attributable primarily to the Thomas and Mack Center (\$4.8M) which in FY 15 included two very large conventions in the

first quarter. In addition, the facility is undergoing a major remodel project and this had a negative impact on scheduling several smaller events in FY 16.

Total System Expenditures and Transfers of \$796.5K for the 2<sup>nd</sup> quarter of fiscal year 2015-16 were approximately 107% of the 2<sup>nd</sup> quarter fiscal year 2014-15 expenditures and transfers of \$742.7K. Educational and General Expenditures by function for the 2<sup>nd</sup> quarter of FY 2015-16 were greater than expenditures by function for the same period of time last fiscal year by approximately 7%.

- Instructional expenditures for the 2<sup>nd</sup> quarter of fiscal year 2015-16 were approximately 12% greater than expenditures for the same period of time last year due primarily to system wide enrollment increases and increases in salary and wages due to elimination of furloughs and an employee cost of living increase of 1%. UNR reported increased instructional expenditures due, in part, to increased Medical School expenditures of \$8.2M.
- Academic Support expenditures for the 2<sup>nd</sup> quarter of fiscal year 2015-16 were approximately 9.5% greater than expenditures for the same period of time last fiscal year due in part to an increase in the UNR Library spending of \$1.39 million and UNSOM additional spending of approximately \$2.5 million (approximately \$1.0M on women health initiatives).
- Operation & Maintenance expenditures through the 2<sup>nd</sup> quarter of the fiscal year were approximately 6% greater than expenditures for the same period of time last fiscal year due in part to an increase in maintenance and renovations throughout the UNR campus (\$1.8M) and on student health center (\$519K) and an increase in construction costs for the TMCC Edison building remodel
- Scholarship expenditures through the 2<sup>nd</sup> quarter of fiscal year 2015-16 were approximately 3.4% higher than expenditures for the same period of time last fiscal year due in part to an increase in Pell grant awards at UNR and UNLV, an increase in the Millennium scholarships due to an increase in covered credits from 12 to 15 in addition to an increase in headcount, and an increase in student financial aid access awards.

#### Net Transfers In (Out)

Net Transfers of (\$26.2) million for the 2<sup>nd</sup> quarter of fiscal year 2015-16 were approximately 102% of the Net Transfers of (\$25.7) 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 2015-16, was increased by approximately \$129 million through the 2<sup>nd</sup> 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 2<sup>nd</sup> quarter of FY 2015-16 of 32.4% followed by State Appropriations at 31.5% and Grants & Contracts at 28.2%. Instructional expenditures were the highest percentage of total System functional expenditures through the 2<sup>nd</sup> quarter at 33.4% followed by Scholarships at 19.6%.

The All Institution's summary schedule (page5) shows a comparison of each NSHE institution's revenue collections by source through the 2<sup>nd</sup> quarter of FY 16 and as a percentage of the total System revenues collected by source of revenue.