

Nevada System of Higher Education

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Date: June 8, 2017

TO: Members, Board of Regents

FROM: Fred Egenberger, NSHE Budget Director

SUBJECT: All Funds Report – Third 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 third quarter of fiscal year 2016-17 ending March 30, 2017. For comparison purposes the unaudited Operating Fund's revenues and expenditures for the previous fiscal year ended June 30, 2016 and for the third quarter of last fiscal year 2015-16 ending March 30, 2016 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 \$1.46 billion for the third quarter of fiscal year 2016-17 (30-Mar-17) were 85.4% of fiscal year-end 2015-16 revenue collections of \$1.7 billion and 104.2% of fiscal year 2015-16 third quarter (30-Mar-16) revenue collections of \$1.40 billion. In general, total revenue collections for the third quarter of fiscal year 2016-17 are on par with revenue collections for the same period of time last fiscal year and are on track to exceed fiscal year-end 2015-16 revenue collections.

- Tuition and Fees revenues for the 3rd quarter of FY 2016-17 were approximately 4.6% 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 3rd quarter of FY 2016-17 exceeded collections for the same period of time last fiscal year by 10.7% because the April 2017 state appropriation draw being deposited prior to the April closing.

- Investment Income revenues for the 3rd quarter of FY 2016-17 includes a one-time operating reserve distribution.
- Sales and Services revenues for the 3rd quarter of FY 2016-17 were approximately 89.1% of revenues collected for the same period of time last fiscal year due in part to a reclassification of Desert Research Institute sales revenue. The Dental Facility Practice Program increased revenues during the period as well.
- Other revenue sources for the 3rd quarter of FY 2016-17 were approximately 112.3% 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 3rd quarter of FY 2016-17 were approximately 2.2% greater than revenues collected through the 3rd quarter of FY 2015-16 due in part to a decrease in residential housing and food service revenue with lower occupancy rates for University of Nevada, Reno and higher than expected University of Nevada, Las Vegas auxiliary revenues.

Total System Expenditures and Transfers of \$1.3 billion for the 3rd quarter of fiscal year 2016-17 were approximately 103.3% of the 3rd quarter fiscal year 2015-16 expenditures and transfers of \$1.3 billion. Educational and General Expenditures by function for the 3rd quarter of FY 2016-17 were greater than expenditures by function for the same period of time last fiscal year by approximately 3.3%.

- Instructional expenditures for the 3rd 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 Service expenditures for the 3rd quarter of fiscal year 2016-17 were approximately 18.9% greater than expenditures for the same period of time last fiscal year due in part to UNLV's creation of the International Center of Excellence for Gaming (\$336K); an increase in funding for the Ackerman Autism Center (\$278K); increase in the number of lectures offered for Barrick Lecture series (\$135 K); an increase in the UNR Health Sciences expenditures (\$644K); and Cooperative Extension programs in Clark and Washoe county (\$1.3 million).
- Institutional Support expenditures for the 3rd quarter of fiscal year 2016-17 were approximately 7.9% greater than expenditures for the same period of time last fiscal year due in part to University of Nevada, Las Vegas increase in Presidential Debate related costs (\$3.2 million); the telecommunication voicemail system and Asset Works projects (\$284K); increases in salaries and benefits due to iNtegrate 2 support (\$455K) and new police officers in Public Safety (\$291K) and Foundation separation payments (\$500K), and Medical School staffing (\$960K).

Net Transfers In (Out)

Net Transfers of (\$43.0) million for the 3rd quarter of fiscal year 2016-17 were on par with the Net Transfers of (\$42.6) 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 125.2 million through the 3rd 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 3rd quarter of FY 2016-17 of 33.5% followed by State Appropriation at 30.4% and Grants & Contracts at 29.0%. Instructional expenditures were the highest percentage of total System functional expenditures through the 3rd quarter at approximately 32.0% followed by scholarship expenditures at 22.4%.

The All Institution's summary schedule (page 5) shows a comparison of each NSHE institution's revenue collections by source through the 3rd quarter of FY 17 and as a percentage of the total System revenues collected by source of revenue.