



January 17, 2020

USHE – Auxiliary Enterprise Operations Report

Regents Policy R550, *Auxiliary Enterprises Operation and Accountability*, requires the Commissioner's Office to prepare an analysis of the financial condition of auxiliary enterprises at each USHE institution. The following information has been reviewed by independent auditors as part of the institutional financial statement audits, and has been consolidated by OCHE staff for the purpose of Regent review and monitoring.

Auxiliary enterprises are business activities or other essential self-supporting activities (as distinguished from primary programs of instruction, research, and public service), the principal purpose of which is to provide specific services to students, faculty, staff, or guests of the institution.

Auxiliary enterprise operational revenue is important to an institution, where net income from operations is often used for various campus projects: such as, meeting revenue bond obligations, funding facilities repair and replacement needs, building reserves, and meeting other campus needs.

All institutional housing, food service, campus store, and student centers are classified and managed as auxiliary enterprises. These four auxiliaries are common amongst most of the campuses. The revenues and expenses for each of these auxiliaries are reported in the attachments. For the purpose of this report, it should be noted that institutions have other auxiliary services that are reported in the aggregate.

At the aggregate level, ending FY 2019 auxiliary fund balances appear healthy. Utah State University has recovered from the previous year's deficit with a \$217,046 ending fund balance. Aggregate budgeted FY 2020 fund balances are all projected to be positive.

Housing – all institutions have positive net incomes, with four of six reporting FY2019 revenue increases above FY2018. Utah Valley University and Salt Lake Community College do not own campus housing which is reflected in the related attachments.

Campus Stores – net income declined at four of eight institutions due to the competitive textbook market. Institutions continue to explore other revenue sources and new methods of competitively offering textbooks to students. Snow College's significant increase in revenues and expenditures between FY2018 and FY2019 is due to a newly established Ephraim store.

Food Service - net income at six of eight institutions is positive, with Snow College and Dixie State University experiencing small negative net income amounts.

Student Center – net income at four of seven institutions was positive, with the University of Utah, Dixie State University, and Salt Lake Community College showing negative incomes for FY2019.

Commissioner’s Recommendation

Information item only; no action is required.

Attachment

UTAH SYSTEM OF HIGHER EDUCATION
Report of Total Auxiliary Enterprise Operations (2018-19 Actuals)

	<u>UU</u>	<u>USU</u>	<u>WSU</u>	<u>SUU</u>	<u>SNOW</u>	<u>DSU</u>	<u>UVU</u>	<u>SLCC</u>
Beg Fund Balance ¹	\$ 3,234,108	\$ (318,015)	\$ 4,628,346	\$ 1,881,926	\$ 398,446	\$ 2,148,661	\$ 3,055,596	\$ 1,078,126
Revenues	149,949,078	47,556,341	18,638,202	8,745,837	3,974,782	8,619,491	18,716,825	4,905,401
Expenditures	<u>(141,513,474)</u>	<u>(35,694,352)</u>	<u>(16,360,084)</u>	<u>(5,527,094)</u>	<u>(3,012,245)</u>	<u>(7,096,422)</u>	<u>(17,722,762)</u>	<u>(4,629,505)</u>
Net Income	8,435,604	11,861,989	2,278,118	3,218,743	962,537	1,523,069	994,063	275,896
Transfers	<u>(7,849,864)</u>	<u>(11,326,928)</u>	<u>(1,737,422)</u>	<u>(3,335,450)</u>	<u>(1,167,923)</u>	<u>(1,522,910)</u>	<u>(994,063)</u>	<u>(276,102)</u>
Change in Fund Balance	<u>585,740</u>	<u>535,061</u>	<u>540,696</u>	<u>(116,707)</u>	<u>(205,386)</u>	<u>159</u>	<u>-</u>	<u>(206)</u>
End Fund Balance	<u>\$ 3,819,848</u>	<u>\$ 217,046</u>	<u>\$ 5,169,042</u>	<u>\$ 1,765,219</u>	<u>\$ 193,060</u>	<u>\$ 2,148,820</u>	<u>\$ 3,055,596</u>	<u>\$ 1,077,920</u>

¹ It should be noted that the Fund Balance includes cash, inventories, etc. related to running/maintaining Auxiliary Enterprise Operations.

UTAH SYSTEM OF HIGHER EDUCATION
Report of Total Auxiliary Enterprise Operations (2019-20 Budgets)

	<u>UU</u>	<u>USU</u>	<u>WSU</u>	<u>SUU</u>	<u>SNOW</u>	<u>DSU</u>	<u>UVU</u>	<u>SLCC</u>
Beg Fund Balance ¹	\$ 3,819,848	\$ 217,046	\$ 5,169,042	\$ 1,765,219	\$ 193,060	\$ 2,148,820	\$ 3,055,596	\$ 1,077,919
Revenues	154,500,747	47,904,718	17,385,573	8,170,237	4,096,500	9,135,000	19,185,741	3,270,000
Expenditures	<u>(150,498,624)</u>	<u>(36,346,266)</u>	<u>(17,334,470)</u>	<u>(5,459,436)</u>	<u>(2,687,000)</u>	<u>(7,425,000)</u>	<u>(18,718,166)</u>	<u>(3,169,121)</u>
Net Income	4,002,123	11,558,452	51,103	2,710,801	1,409,500	1,710,000	467,575	100,879
Transfers	<u>(3,615,337)</u>	<u>(11,241,192)</u>	-	<u>(2,710,801)</u>	<u>(1,148,000)</u>	<u>(1,475,000)</u>	<u>(467,575)</u>	<u>(250,000)</u>
Change in Fund Balance	<u>386,786</u>	<u>317,260</u>	<u>51,103</u>	-	<u>261,500</u>	<u>235,000</u>	-	<u>(149,121)</u>
End Fund Balance	<u>\$ 4,206,634</u>	<u>\$ 534,306</u>	<u>\$ 5,220,145</u>	<u>\$ 1,765,219</u>	<u>\$ 454,560</u>	<u>\$ 2,383,820</u>	<u>\$ 3,055,596</u>	<u>\$ 928,798</u>

¹ It should be noted that the Fund Balance includes cash, inventories, etc. related to running/maintaining Auxiliary Enterprise Operations.

UTAH SYSTEM OF HIGHER EDUCATION

Auxiliary Enterprise Operations Comparisons of Totals (FY 2018 to FY 2019)

	UU			
	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 146,191,431	\$ 149,949,078	\$ 3,757,647	3%
Expenditures	(139,684,962)	(141,513,474)	(1,828,512)	1%
Net Income	6,506,469	8,435,604	1,929,135	30%
End Fund Bal	\$ 5,085,108	\$ 3,819,848	\$ (1,265,260)	

	USU			
	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 44,111,681	\$ 47,556,341	\$ 3,444,660	8%
Expenditures	(35,691,396)	(35,694,352)	(2,956)	0%
Net Income	8,420,285	11,861,989	3,441,704	41%
End Fund Bal	\$ (318,013)	\$ 217,046	\$ 535,059	

	WSU			
	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 18,434,221	\$ 18,638,202	\$ 203,981	1%
Expenditures	(16,447,938)	(16,360,084)	87,854	-1%
Net Income	1,986,283	2,278,118	291,835	15%
End Fund Bal	\$ 4,628,346	\$ 5,169,042	\$ 540,696	

	SUU			
	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 8,738,816	\$ 8,745,837	\$ 7,021	0%
Expenditures	(5,818,224)	(5,527,094)	291,130	-5%
Net Income	2,920,592	3,218,743	298,151	10%
End Fund Bal	\$ 1,881,926	\$ 1,765,219	\$ (116,707)	

	SNOW			
	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 4,379,185	\$ 3,974,782	\$ (404,403)	-9%
Expenditures	(2,803,150)	(4,180,168)	(1,377,018)	49%
Net Income	1,576,035	(205,386)	(1,781,421)	113%
End Fund Bal	\$ 398,446	\$ 193,060	\$ (205,386)	

	DSU			
	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 8,935,078	\$ 8,619,491	\$ (315,587)	-4%
Expenditures	(7,395,648)	(7,096,422)	299,226	-4%
Net Income	1,539,430	1,523,069	(16,361)	-1%
End Fund Bal	\$ 2,148,661	\$ 2,148,820	\$ 159	

	UVU			
	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 18,051,870	\$ 18,716,825	\$ 664,955	4%
Expenditures	(17,537,974)	(17,722,762)	(184,788)	1%
Net Income	513,896	994,063	480,167	93%
End Fund Bal	\$ 3,055,596	\$ 3,055,596	\$ -	

	SLCC			
	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 7,811,052	\$ 4,905,401	\$ (2,905,651)	-37%
Expenditures	(8,026,098)	(4,629,505)	3,396,593	-42%
Net Income	(215,046)	275,896	490,942	-228%
End Fund Bal	\$ 1,078,126	\$ 1,077,920	\$ (206)	

UTAH SYSTEM OF HIGHER EDUCATION

Campus Store Auxiliary Enterprise Operations Comparisons (FY 2018 to FY 2019)

	UU				USU				WSU			
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 24,128,805	\$ 23,439,428	\$ (689,377)	-3%	\$ 8,873,483	\$ 8,929,158	\$ 55,675	1%	\$ 8,995,264	\$ 9,288,882	\$ 293,618	3%
Expenditures	(24,345,048)	(23,761,399)	583,649	-2%	(8,959,036)	(8,650,587)	308,449	-3%	(9,361,871)	(9,243,576)	118,295	-1%
Net Income	\$ (216,243)	\$ (321,971)	(105,728)		\$ (85,553)	\$ 278,571	364,124		\$ (366,607)	\$ 45,306	411,913	

	SUU				SNOW				DSU			
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 3,255,536	\$ 2,902,998	\$ (352,538)	-11%	\$ 198,357	\$ 361,168	\$ 162,811	82%	\$ 3,710,582	\$ 3,549,179	\$ (161,403)	-4%
Expenditures	(3,230,985)	(3,000,568)	230,417	-7%	(190,481)	(442,398)	(251,917)	132%	(3,625,831)	(3,300,579)	325,252	-9%
Net Income	\$ 24,551	\$ (97,570)	(122,121)		\$ 7,876	\$ (81,230)	(89,106)		\$ 84,751	\$ 248,600	163,849	

	UVU				SLCC			
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 9,137,930	\$ 9,497,419	\$ 359,489	4%	\$ 5,036,892	\$ 2,101,328	\$ (2,935,564)	-58%
Expenditures	(9,236,833)	(9,540,595)	(303,762)	3%	(5,447,993)	(1,844,821)	3,603,172	-66%
Net Income	\$ (98,903)	\$ (43,176)	55,727		\$ (411,101)	\$ 256,507	667,608	

UTAH SYSTEM OF HIGHER EDUCATION

Housing Auxiliary Enterprise Operations Comparisons (FY 2018 to FY 2019)

		UU				USU				WSU			
		2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues		\$ 46,227,444	\$ 51,395,474	\$ 5,168,030	11%	\$ 15,962,310	\$ 16,335,715	\$ 373,405	2%	\$ 5,418,756	\$ 5,221,245	\$ (197,511)	-4%
Expenditures		(44,691,986)	(46,183,151)	(1,491,165)	3%	(9,946,702)	(8,141,574)	1,805,128	-18%	(3,140,017)	(3,209,064)	(69,047)	2%
Net Income		\$ 1,535,458	\$ 5,212,323	3,676,865		\$ 6,015,608	\$ 8,194,141	2,178,533		\$ 2,278,739	\$ 2,012,181	(266,558)	

		SUU				SNOW				DSU			
		2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues		\$ 2,453,861	\$ 2,571,056	\$ 117,195	5%	\$ 2,702,069	\$ 2,073,885	\$ (628,184)	-23%	\$ 2,229,578	\$ 2,345,817	\$ 116,239	5%
Expenditures		(1,000,963)	(1,013,167)	(12,204)	1%	(1,130,591)	(954,276)	176,315	-16%	(798,358)	(976,918)	(178,560)	22%
Net Income		\$ 1,452,898	\$ 1,557,889	104,991		\$ 1,571,478	\$ 1,119,609	(451,869)		\$ 1,431,220	\$ 1,368,899	(62,321)	

		UVU				SLCC			
		2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues		No Housing				No Housing			
Expenditures		No Housing				No Housing			
Net Income		No Housing				No Housing			

UTAH SYSTEM OF HIGHER EDUCATION

Food Services Auxiliary Enterprise Operations Comparisons (FY 2018 to FY 2019)

UU					USU					WSU				
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change		
Revenues	\$ 16,529,000	\$ 16,181,000	\$ (348,000)	-2%	\$ 11,342,735	\$ 10,723,313	\$ (619,422)	-5%	\$ 173,066	\$ 209,832	\$ 36,766	21%		
Expenditures	(14,678,000)	(15,553,000)	(875,000)	6%	(10,757,274)	(10,369,686)	387,588	-4%	(95,224)	(183,223)	(87,999)	92%		
Net Income	\$ 1,851,000	\$ 628,000	(1,223,000)		\$ 585,461	\$ 353,627	(231,834)		\$ 77,842	\$ 26,609	(51,233)			

SUU					SNOW					DSU				
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change		
Revenues	\$ 328,795	\$ 381,589	\$ 52,794	16%	\$ 1,220,861	\$ 1,210,479	\$ (10,382)	-1%	\$ 2,566,006	\$ 2,322,979	\$ (243,027)	-9%		
Expenditures	(295,355)	(304,359)	(9,004)	3%	(1,240,580)	(1,263,082)	(22,502)	2%	(2,543,635)	(2,381,878)	161,757	-6%		
Net Income	\$ 33,440	\$ 77,230	43,790		\$ (19,719)	\$ (52,603)	(32,884)		\$ 22,371	\$ (58,899)	(81,270)			

UVU					SLCC				
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	
Revenues	\$ 3,570,416	\$ 3,843,823	\$ 273,407	8%	\$ 1,165,055	\$ 1,213,648	\$ 48,593	4%	
Expenditures	(3,380,587)	(3,421,968)	(41,381)	1%	(1,187,268)	(1,185,480)	1,788	0%	
Net Income	\$ 189,829	\$ 421,855	232,026		\$ (22,214)	\$ 28,168	50,382		

UTAH SYSTEM OF HIGHER EDUCATION

Student Center Auxiliary Enterprise Operations Comparisons (FY 2018 to FY 2019)

	UU				USU				WSU			
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 3,685,307	\$ 3,672,291	\$ (13,016)	0%	\$ 2,304,110	\$ 3,072,958	\$ 768,848	33%	\$ 2,896,531	\$ 2,940,619	\$ 44,088	2%
Expenditures	(3,901,342)	(4,018,215)	(116,873)	3%	(2,127,338)	(1,802,986)	324,352	-15%	(2,871,347)	(2,791,736)	79,611	-3%
Net Income	\$ (216,035)	\$ (345,924)	(129,889)		\$ 176,772	\$ 1,269,972	1,093,200		\$ 25,184	\$ 148,883	123,699	

	SUU				SNOW				DSU			
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 2,700,624	\$ 2,890,194	\$ 189,570	7%	No Student Center				\$ 428,912	\$ 401,516	\$ (27,396)	-6%
Expenditures	(1,290,921)	(1,209,000)	81,921	-6%					(427,824)	(437,047)	(9,223)	2%
Net Income	\$ 1,409,703	\$ 1,681,194	271,491						\$ 1,088	\$ (35,531)	(36,619)	

	UVU				SLCC			
	2017-18	2018-19	\$ Change	% Change	2017-18	2018-19	\$ Change	% Change
Revenues	\$ 2,208,254	\$ 2,136,518	\$ (71,736)	-3%	\$ 1,609,106	\$ 1,590,425	\$ (18,681)	-1%
Expenditures	(2,204,599)	(2,132,053)	72,546	-3%	(1,390,837)	(1,599,204)	(208,367)	15%
Net Income	\$ 3,655	\$ 4,465	810		\$ 218,269	\$ (8,779)	(227,048)	