

BOARD OF TRUSTEES OF THE NEBRASKA STATE COLLEGES

ITEMS FOR DISCUSSION AND ACTION\FISCAL, FACILITIES AND AUDIT

ACTION: **Approve Acceptance of Revenue Bond Audit Report for the Fiscal Year Ending June 30, 2022**

FORVIS, formerly known as BKD, has completed the audit report for the revenue bond programs at the colleges for years ending June 30, 2022 and June 30, 2021. The 2002 Master Resolution calls for an annual audit of the records of the revenue bond program to show revenues, fees, and earnings credited to the program, the financial condition at the close of the fiscal year, transactions during the year, a review of insurance carried on the facilities, the percentage of occupancy and use of the facilities, and any other matters deemed relevant and necessary to make the audit informative. The audit is a system wide report, with information for each of the colleges provided, along with system summaries. The audit incorporates information for the 2012, 2013, 2014, 2015, 2016, 2016B, and 2016C bond issues. The audit is completed on an accrual basis.

FORVIS has issued an unqualified opinion for the Nebraska State Colleges Student Fees and Facilities Revenue and Refunding Bond Program (the Program): *" In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America."*

The financial position of the Program remained favorable during the year ended June 30, 2022, with operating income that provided debt service coverage ratios of 229% for Chadron State College, 192% for Peru State College and 421% for Wayne State College. Debt service coverage ratios were 207% for Chadron State College, 186% for Peru State College and 340% for Wayne State College in 2021. This performance is above expectations for all the colleges. The debt service coverage ratio required by the Master Resolution is 110%; however, Board policy requires Chadron State College and Wayne State College maintain a minimum 125% debt service coverage and Peru State College maintain a 135% debt service coverage ratio.

The operations in the Program increased in fiscal year 2022 with operating income posting a 42% increase over 2021. The increase in operations of the Program in fiscal year 2022 is mainly due to increased rental income and decreased repair and maintenance expenses. This compares with an increase of 311% from fiscal year 2020 to 2021, when the Colleges didn't experience the lost revenue in 2021 compared to 2020 when room and board refunds were issued for students who chose to leave campus when the COVID-19 pandemic began.

The student fee portion of the Program is dictated by a per credit hour fee. For fiscal years 2022 and 2021 the revenue bond portion of the facilities fee was \$16.75 per credit hour at Chadron State College, \$28 per credit hour at Peru State College and \$19.05 per credit hour (\$255 maximum per semester) at Wayne State College. Student fee revenue generated through this per credit facilities fee was \$3,651,687, \$3,612,595, and \$3,511,518 for fiscal years 2022, 2021 and 2020, respectively. The overall increase in facilities fee revenue from 2020 to 2022 was \$140,169 or 3.99%.

Overall Program occupancy of residence halls for fiscal year 2022 increased with a 74.3% combined occupancy rate for the fall semester and a 65.6% combined occupancy rate for the spring semester. In 2021 and 2020, respectively, the combined occupancy rates for the fall semester were 72.8% and 72.5% and for the spring semester were 63.3% and 63.6%.

The full audit report is available at: <https://www.nscs.edu/resources/e30d:rkgumw-21f/files/76934244z9b1b1092/fn/NSCS-2022-RB-Financial-Statements-FINAL.pdf>

The System Office recommends approval of the Acceptance of Revenue Bond Audit Report for the Fiscal Year Ending June 30, 2022.