

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
September 15, 2016

A meeting of the Finance Committee was held in the President's Office conference room, Administration Hall, on the Owens Community College Toledo Campus.

Call to Order – Trustee Tom Uhler called the meeting to order at 3:00 p.m., and directed the record to show the meeting of the Finance Committee was held in accordance with the Ohio Revised Code and the policies of the Board of Trustees.

Roll Call – Roll Call was taken, and the following committee members were present: Rich Rowe, Dee Talmage and Tom Uhler (3). Trustee Mary Beth Hammond was on the phone and Board Chair Ed Nagle was in attendance.

Approval of Minutes – The minutes of the August 25, 2016 meeting were sent in advance and hearing no corrections, Trustee Uhler declared the minutes approved.

REPORT OF THE TREASURER

Updated Preliminary FY 2016 Year-End – Dave Cannon, Vice President/CFO/Treasurer, commented on an update of the preliminary FY 2016 year-end position; now at about 99 percent of where the year-end position will be. The audit is in progress and one-month ahead of schedule.

On the updated preliminary Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended, June 30, 2016 and 2015, Mr. Cannon commented on three changes under the operating expenses, which resulted in a drop in the net assets. Mr. Uhler commented on the increase of net assets over the prior year (without GASB adjustment), which he felt was related to the effectiveness of the Financial Recovery Plan.

On the updated preliminary Statement of Net Position (balance sheet), Mr. Cannon commented on changes under current assets, which resulted in a decrease in investments and an adjustment to accounts receivable. Mr. Cannon commented that the accounts receivable is booked correctly, and it impacted deferred revenue, as he explained in the Finance Committee meeting, August 25, 2016. Mr. Cannon also commented on a change in deposits held, which are agency funds that were previously a reduction under assets in accounts receivable; however, he noted these are under liabilities in deposits held for others; the net change was zero. He noted the overall increase over the prior year amounted to \$4.8 million.

Mr. Cannon provided a reminder that the balance sheet and income statement were not final, until the College receives the auditor's sign off.

Monthly Financial Statements – Mr. Cannon commented on financial statements for the period ending August 31, 2016, and he noted the fiscal year has had a good beginning. He commented that the tuition revenue for summer semester and to-date for fall semester are better than as budgeted. He commented on the projected total FY 2017 net gain, \$2.9 million, for August, as compared to the budgeted FY 2017 net gain, \$2.4 million. He commented that under revenue, there are unknowns of adjustments to the State Share of Instruction (State Subsidy), and tuition revenue for spring semester. He noted the conservative position between the budget and the projections. He noted that \$4 million is anticipated for capital appropriations. He noted the projected operating gain (loss) after depreciation is (\$1,089 million.) Mr. Cannon noted that the Controller will again review depreciation for a potential update based on fixed assets. Mr. Cannon commented on budgeting for bad debt expense, as it rolls off after three years; it is conservatively kept at the level it is at with the anticipation it will come in lower.

Mr. Cannon commented that on Total YTD 2017, expenditures have increased, as compared to Total YTD 2016 expenditures, due to timing of payments for bills; all invoice payments are up to date. In response to a question from Mr. Uhler, Mr. Cannon commented that utilities for Total YTD 2017 reflect payments for July and August, as compared to a one month payment reflected for Total YTD 2016. In response to a question from Mr. Uhler, Mr. Cannon commented on timing of payments for maintenance services, which reflect computer maintenance contracts and for fire protection services.

On the FY 2017 Unrestricted General Fund, Mr. Cannon commented on the percentages for FY 2017 collected/expended ranges are still within budget and due to timing.

On the FY 2017 Statement of Net Position (balance sheet) for the period ending August 31, 2016, Mr. Cannon commented on the bottom line comparison of total liabilities and net position to June 30, 2016, which reflected a change of \$10 million, due to receivables. The net assets, unrestricted, is due to timing and the Controller's staff was concentrating on the FY 2016 audit in progress. Mr. Cannon commented that overall the College's condition is in good shape at this time. Mr. Nagle commented on looking at the projections every quarter; Mr. Cannon commented on beginning to develop projections for FY 2018.

On the Total Cash by Fund Group for the period ending August 31, 2016, Mr. Cannon commented on the Financial Standards Policy targets and the actuals for August. The Unrestricted General Fund is below the target; the Auxiliary Fund is meeting the target due to the timing of the deposits for student book vouchers, which are a pass-through, and will be adjusted out. He commented that September is a high point for cash. Mr. Cannon commented that the Plant Fund is below target and a recommendation will be forwarded to transfer into the Plant Fund to have on hand for emergency circumstances. He commented that a starting amount would be about \$2 million.

On the Investment report for the period ending August 31, 2016, Mr. Cannon commented on the certificates of deposit due in September, and he will look at additional investments going forward. In response to a question from Mr. Uhler, Mr. Cannon commented that Star Ohio interest rates lag behind other interest rates.

On the Cash Flow Projections, Mr. Cannon commented on the initial projections for FY 2017 and the actual for August 31, 2016, and the updated projection for FY 2017, to end the fiscal year with more than \$12 million in cash.

Updated Senate Bill 6 Reporting Template – Mr. Cannon commented that the Ohio Department of Higher Education has updated the quarterly reporting template to a better forecast tool based on a statement of revenues, expenditures and other changes and where the College’s financial condition will be at the fiscal year end. Owens has been similarly projecting its own Senate Bill 6 ratios due to the Financial Recovery Plan.

Reports of Budget Transfers and Purchases/Expenditures – Mr. Cannon reviewed the reports of budget transfers and the purchases/expenditures for August and to-date September. Mr. Cannon commented on three additional payments made on the PCard for Oracle USA, Hancock Wood Electric Coop and for Buckeye Telesystem. Laurie Sabin, Director, Finance and Budgeting, commented on an annual savings of \$856,000 due to energy conservation, which pays for the debt service.

Mr. Rowe made a motion, which was seconded by Ms. Talmage, to recommend the reports of budget transfers and purchases/expenditures to the full Board of Trustees at the next regular meeting, November 1, 2016. Following a voice vote, the motion was adopted.

Non-General Fee Phase In – Mr. Cannon commented that he is working with College administration on the annual review of non-general fees for student-related costs for technology, registration, student activities and services, as planned to be phased in to ensure all student-related costs are covered. College administration is looking at actual costs for FY 2016. He commented on working proactively, so that approved rates will be included into the development of the FY 2018 budget. He anticipates this item will continue on the next agenda of the Finance Committee.

Schedule of Finance Committee Meetings – Mr. Uhler asked the committee members about continuing to meet monthly. Mr. Nagle commented on a meeting schedule that may accommodate the monthly financial reports. Mr. Cannon commented on holding the meetings set for October 20, 2016 and November 17, 2016, and he suggested an option not to meet on December 15, 2016. Mr. Uhler commented on removing the March meeting from the schedule. Mr. Cannon commented on having meetings for January, February, April, May and potentially for June. There was discussion of moving from the third Thursday of the month to the fourth Tuesday of the month. The Board Secretary will modify the Finance Committee meeting schedule for 2016-2017, and will request feedback on the dates from the committee members.

EXECUTIVE SESSION

Trustee Uhler announced an executive session for discussion of the sale of property. Mr. Rowe made a motion to adjourn to executive session as specified. Ms. Talmage seconded the motion, and Trustee Uhler called for a roll call vote. Roll Call: Rich Rowe, yea; Diana Talmage, yea; Thomas Uhler (3).

Upon return from executive session, roll call was taken and the following members were present: Rich Rowe, Diana Talmage and Thomas Uhler, (3).

Adjournment – As there was no further business to discuss, Mr. Uhler declared the meeting adjourned at 4:20 p.m.

ATTEST

Patricia Jezak

Secretary to the Board of Trustees

Approved 10-20-16