

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
August 25, 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 3:05 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: Mary Beth Hammond, Rich Rowe, Dee Talmage and Tom Uhler (4). Board Chair Ed Nagle was also in attendance.

Approval of Minutes – The minutes of the May 19, 2016 meeting were sent in advance and hearing no further corrections other than noted, Trustee Uhler declared the minutes approved.

REPORT OF THE TREASURER

Preliminary FY 2016 Year-End – Dave Cannon, Vice President/CFO/Treasurer, commented on the preliminary FY 2016 year-end position, and he noted the Clark Schaefer Hackett auditors will be on campus the week of August 29 and working with the Controller. He recognized the Controller for the reliability of the balance sheet. Mr. Cannon commented on anticipating the balance sheet and income statement to be the final numbers, pending the auditor's review.

On the preliminary Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended, June 30, 2016 and 2015, Mr. Cannon commented on its function of the income statement, and he noted the increase of \$3.88 million in net assets at the end of the year, which he said is phenomenal due to the contributions and work of the employees in following the Financial Recovery Plan and adhering to internal controls and procedures. In contrast, FY 2015 had a \$1.2 million decrease in net assets at the end of the year. The actual increase in net assets at year-end was higher than the originally projected. Mr. Cannon noted the changes from the preliminary June 2016 financial statements, which included a pick-up in depreciation expense, a variance in the benefits expense, and other miscellaneous year-end entries. In response to a question from Mr. Nagle, Jeff Ganues, Controller, commented that the depreciation schedules are spot-checked, analyzed and reviewed on what was dropped off, and he noted that some assets were on the books that depreciated quicker than what they should have, which combined with less capital coming on, caused a decrease in depreciation expense. Mr. Cannon commented that the capital appropriation in other revenue may increase when the State finalizes the amount. Mr. Cannon highlighted the gain before other revenues of \$289,559 for FY 2016, which is the line item the Board Chair has had a strong interest since the FY 2015 loss before other revenues of (\$5.3 million). In response to a question from Mr. Rowe, Mr. Cannon responded that donated capital gifts are depreciated; a value is provided and it depreciates like any other asset.

On the preliminary Statement of Net Position (balance sheet), Mr. Cannon commented the net assets, unrestricted, reflect a gain, \$4.3 million for FY 2016, in contrast to the loss (\$494,565) for FY 2015. He commented that the net accounts receivable are slightly inflated due to timing of the Fall 2015 billings; he anticipates these will be restated with cash paid for a billing going into deferred revenue. He commented on the \$8.2 million cash and investments for FY 2016, which is improved from the prior year and less liability (accounts payable, salaries). Mr. Cannon commented while great strides

have been made, the College is still not where it needs to be with respect to the reserves requirements of the Financial Standards Policy.

On the Total Cash by Accounts, Mr. Cannon noted the general fund has not met the target of the Financial Standards Policy; it is at 64 percent toward the target of \$11 million. Mr. Uhler commented on not expecting the target to be met in one year time, which Mr. Cannon commented that he anticipates it may take two years. Mr. Cannon commented that the auxiliary fund is at 86 percent toward the target. He noted that the plant fund, going back years, was not replenished after improvements were made. The fund has been cleaned up and a plan needs to be developed – for example, there should have been plant reserves for the emergency chiller for Heritage Hall. Mr. Cannon said that a transfer from the unrestricted fund to the plant fund will need to be made to have reserves on hand for emergency facilities projects; a future recommendation will be brought forward to the Finance Committee.

On the Investments, Mr. Cannon commented that since the Investment Policy was adopted, great strides have been made in having funds invested. Fifth Third Bank (operating account) has reviewed, and the College is on the right path with investments of certificates of deposit.

Mr. Cannon noted that there is no financial report/statements for the period ending July 31, 2016, as it is very difficult to develop projections with one month data of a new fiscal year. He anticipates will be able to develop projections with three months of financial data.

FY 2017 Enrollment Projections – Mr. Cannon commented that FY 2017 enrollment targets were developed with Academic Affairs, Student Services, Institutional Research and Business Affairs. Business Affairs then developed a tuition and fee revenue estimate for FY 2017 and will continue to analyze how the revenue will be impacted. The FY 2017 budget was built conservatively, on end of term enrollment projections. Mr. Cannon commented that summer actual revenue came in higher than the summer projected revenue; fall revenue is anticipated to exceed the fall projected revenue budgeted; and, spring revenue is not known. President Bower commented on the importance of full-time equivalent (FTE) enrollment, and Steve Robinson, Provost/Vice President, Academic Affairs, commented on the Ohio Association of Community College Innovation Grant award for the: AdAstra's Pathways to Careers – Leveraging Data Analytics to Improve Efficiency and Increase Student Success. This information will allow the College to use class schedule analytics on building credit hours per semester. When more students take more credit hours in a semester, it makes a significant impact on the state share of instruction funding formula.

Planning for 2018 – Mr. Cannon commented on continuing to review the costs of services to students for technology, student activities, labs and courses. He reminded the Finance Committee of the strategy for non-general fee increase phase-in to provide the flexibility needed for covering the College's costs, and of the stance to "catch-up" since these fees were not increased for many, many years. He invited input, as the College begins to review costs of services and to be proactive in transferring the costs of services to students so that the students have what they need in the classroom and in the laboratories in terms of equipment and technology. In response to a question from Mr. Uhler, Mr. Cannon commented that a total of 625 new computers were ordered for students. Mr. Cannon commented on the nursing and sonography areas needing updated equipment and lab and course fees will be reviewed to cover such costs. An August 9, 2016 Columbus Dispatch article was shared on Ohio State University business and engineering schools proposal for higher fees.

Mr. Cannon closed his treasurer's report by noting the Audit Conference is scheduled for the November 17, 2016 Finance Committee meeting.

Reports of Budget Transfers and Purchases/Expenditures – Mr. Cannon reviewed the reports of budget transfers and the purchases/expenditures, which will be recommended for the regular meeting, September 6, 2016. He noted there was a significant number of budget transfers due to clean up and tying the account streams and coding together.

Express Card Policy Review – Mr. Cannon proposed amending the 3358:11-3-23 Express Card Policy and Procedures, as follows:

- Separate the procedures from the policy.
- Correction that it is a stored-value card; not a debit card, and is used as the student's identification card. The Express cards are issued through the Department of Public Safety. Students can load money on the account either online with a credit card or through the secured drop box location with cash applied to the student's account.
- The procedures will amend the 12-month period of inactivity to a 36-month period of inactivity.

There was discussion that the inactive accounts have stayed on the College's general ledger, if students do not request a refund from the Express card account. It is important that students know they may request a refund from the Express card account and that the College begins closing the inactive accounts to remove the liability from the general ledger.

Mr. Rowe made a motion, which was seconded by Ms. Talmage, to move the draft-revisions of the Express Card Policy forward for a recommendation to the full Board of Trustees at the next regular meeting. Following a voice vote, the motion was adopted.

FY 2016 4th Quarter Campus Financial Accountability Report – Mr. Cannon commented that the report was timely filed and noted that the report doesn't reflect the end of the year accounting, as the form is not clear if a cash or accrual basis.

Good of the Order – Mr. Uhler commended the Treasurer and the staff with respect to FY 2016 year-end and holding accountability toward financial stability; and he commented on the successful guidance of the Financial Standards Policy and the Financial Recovery Plan. Mr. Cannon commented on the help from the Vice Presidents and the budget authorities.

Adjournment – As there was no further business to discuss, Mr. Uhler declared the meeting adjourned at 4:17 p.m.

ATTEST

Patricia Jezak

Secretary to the Board of Trustees

Approved 9-15-16