

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
September 30, 2019

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 – Ed Nagle called the meeting to order at 11:01 a.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: Ed Nagle, Jason Johnson and Rich Rowe (3).

Approval of Minutes – The minutes of the May 21, 2019 meeting were sent in advance and hearing no corrections, Mr. Nagle declared the minutes approved.

TREASURER'S REPORTS

PRELIMINARY JUNE NON-GASB FISCAL YEAR 2019 FINANCIAL STATEMENTS

Jeff Ganues, Vice President of Business Affairs, Chief Financial Officer and Treasurer, commented that the final audited financial statements for FY 2019 are due from the auditors to the State of Ohio by October 15. He presented preliminary FY 2019 non-GASB financial statements. Mr. Johnson asked if there may be an auditor comment such as in the prior year with respect to proper encumbering, which Mr. Ganues commented, possible; however, the issue was resolved with the Board's June 4 approval of the "then and now" certification for FY 2019. Mr. Ganues commented that the Controller continues to provide the "then and now" certification for FY 2020 items for Board approval, and she does follow up with the budget authorities. Mr. Johnson commented on the balance of changing the culture and administering the policy/requirements.

Mr. Ganues reviewed the financial statements (page 2), and he noted the requested breakdown of other expenses into outside services, contracted services and other expenditures. He also commented on workforce contracted charges, which were also reviewed in the financial walkthrough (page 5) with respect to the net effect of the WCS check exchange process. He noted the Net Gain in Position, \$5,873,319.

Mr. Ganues reviewed the financial dashboard (page 3), which included the actual year-to-date FTE enrollment (end of term). He commented on the summer term percent difference, which was related to the separate processes for union apprenticeships and administrative drops. President Robinson commented on the union consortium process and compliance with the instructional process. In the review of the expense section of the dashboard, Mr. Ganues commented on the uptick in expenses due to benefits. He commented on the unspent departmental funds and that the departmental budget authorities were better with their budgeting and projected spending than the prior year. Mr. Ganues noted the Operating Gain After Depreciation was better than projected. All reserve targets were in compliance per the Financial Standards Policy and that the reserves for plant were getting close to the requirement. Noted that the plant reserves include capital appropriations and depreciation.

Mr. Ganues reviewed the financial dashboard (page 4), with YTD FY 2019 and FY 2018. He commented on the tuition revenue due to a change in the product mix of in-state and out-of-state students and the tuition increase. He commented that he will be meeting with Enrollment Management/Student Services to work on analyzing in/out-of-state student population shifts to improve the budget projections. Mr. Johnson commented on the tuition revenue and FTE enrollment with concern of how to detail it to be able to see the difference between when FTE's go down and a tuition/fee increase. Mr. Ganues will work on such detail, and Mr. Johnson commented that it would help with the long-term understanding of the College's fiscal health. Mr. Ganues noted the uptick in wages & fringes due to the self-funded health insurance increase of claim activity. He noted that the Findley consultants continue to advise self-funded health insurance is a more affordable option in the long term. Mr. Nagle asked about a ten-year average and suggested if the College could budget at the upper limit, similar to a stop-loss? Mr. Ganues commented it was included in the health insurance RFP and the Aetna proposal. Mr. Ganues also noted that Aetna has reporting tools, which will be utilized to help understand the data and impact on budget. Mr. Ganues noted the liabilities are down due to the payoff of debt.

Mr. Ganues reviewed the financial walkthrough (page 5). Mr. Nagle commented on the accuracy and improvement of the budget projections over time and how the discussions with the Finance Committee continue to help improve how the financial report is presented. Mr. Johnson suggested developing a YTD walkthrough for FY 2019 and FY 2018 – more high level, less detail, with continuing revenues and continuing expenses without the one-time items, in order to view ongoing operations and fiscal health year-over-year.

Mr. Ganues commented on compliance with the reserve requirements (page 6). Mr. Ganues noted that the plant may have an interfund transfer from general in FY 2020. In response to a question on deferred maintenance from Mr. Nagle, Mr. Ganues commented on the Facilities Analysis and Master Plan study by The Collaborative, which is in its final review phase. Mr. Ganues plans to be able to report out on the deferred maintenance with input from the study, and he hopes to share final study information to the Board at their spring retreat.

Mr. Ganues commented on the cash flow projection (page 6), and actual going below the projection due to \$1.8 million local funds used for capital projects.

In closing, Mr. Ganues commented on Senate Bill 6 score 4.5, as projected on page 8; the balance sheet (accounts receivable and accounts payable timing)(pre-paid expenses due to Federal Pell student disbursement in last week of June) on page 9.

AUGUST - FISCAL YEAR 2020 FINANCIAL STATEMENTS

Mr. Ganues briefly reviewed the monthly financial statements for the period ending August 31, 2019. Mr. Ganues closed the report by noting that the bank reconciliations (page 15) are available for review.

POLICY REVIEW

3358:11-4-12 Purchasing Policy – Draft Revisions – Mr. Ganues commented on proposed revisions to the policy language, as suggested from Mr. Johnson. Mr. Ganues referred to edits on page 4 from discussion with Mr. Johnson to identify purchases that would be at a certain threshold that are both non-recurring and non-routine for prior authorization from the President and the Board. Based on the proposed thresholds, Mr. Ganues noted from his analysis for FY 2019, there were 8 capital items at the \$100,000 threshold that would require board approval, under the proposed policy language. Mr. Ganues also confirmed with the members of the Finance Committee that when the Board provides prior authorization for a capital project, under the 3358:11-4-24 Construction Purchasing Policy, the one-time approval will satisfy approval when the actual purchase of capital items may be made under the revised 3358:11-4-12 Purchasing Policy. Mr. Ganues commented on communicating to the budget authorities (including revising the FY 2021 budget template) of the draft language (pending full board approval) for prior authorization from the President (@ \$50,000 threshold) and the Board (@ \$100,000 threshold), and need to plan accordingly with the Board meeting schedule. Mr. Nagle commented that the threshold for approvals is about accountability.

3358:11-1-12 Financial Standards Policy – Draft Revisions – Mr. Ganues commented on proposed revisions to the policy language, as suggested from the May 21 Finance Committee discussion.

- Page 1 – meetings up to five times (which would also cover quarterly) a year.
- Page 3 – adjustment of report of purchases/expenditures between the amounts of \$50,000 to \$100,000; the amounts were determined in this meeting's discussion.
- Page 3 – a report of budget transfers only when there is a change to the net gain/loss in position from the board-adopted budget.

(The Board Secretary will move the draft policy recommendations forward in the review process.)

Delegation of Authority Chart – Mr. Ganues commented on updates to the chart to reflect proposed revisions to the policy language. This will be posted on the Intranet, Business Affairs, and it will also be sent to the budget authorities for their reference and communication when Board approvals would be needed.

Proposed Meeting Schedule for 2020 – Mr. Nagle commented on the proposed schedule, and he asked if the meeting time still works or is over the lunch hour preferred? The members discussed that they preferred over-the-lunch time, 11:00-12:30 p.m. Pat Jezak will post the meetings on the members' Outlook calendars.

Adjournment – As there was no further business, Mr. Nagle declared the meeting adjourned at 12:34 p.m.

ATTEST

Patricia M. Jezak

Secretary to the Board of Trustees

Approved 12-2-19