

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
January 26, 2021

A meeting of the Finance Committee was held by videoconference, in accordance with the policies of the Board of Trustees, Ohio Revised Code, Section 121.22 and Chapter 3358, and, Section 1 of the Am. Sub. House Bill 404. A public link to the videoconference was provided on the public meeting notice on the College's website.

Call to Order – Jason Johnson called the meeting to order at 9:00 a.m.

Roll Call – Roll Call was taken, and the following committee members were present: Jason Johnson, Rich Rowe, and Rita Russell (3).

Approval of Minutes – The minutes of the December 8, 2020 meeting were sent in advance and hearing no corrections, Mr. Johnson declared the minutes accepted as submitted.

TREASURER'S REPORT

December Financial Report – Mr. Ganues reviewed the December FY 2021 financial report. He reviewed the changes from the prior report. He commented on the YTD/budget dashboard (page 2) that reflected the recent announcement of the restoration of the State Share of Instruction allocation; he noted Spring enrollment projections were being monitored, and the position vacancy factor is anticipated to be met. He noted that the year-to-date wages were up due to timing issues and how the budget was built for December. In response to a question on timing of alignment from Mr. Johnson and Ms. Russell, Mr. Ganues commented that he is checking in with the budget authorities; it is improving month-over-month, and he estimated the timing for alignment should occur in two months. Mr. Ganues will plan to provide a follow up on the YTD/budget dashboard wages/fringes at the next meeting. He commented that the jump in the operating gain was due to the \$3 million SSI restoration, and the Senate Bill 6 score moved from 4.1 to 4.8 due to the updated budget projections.

Mr. Ganues commented on the YTD/FY 2021/FY 2020 dashboard (page 3) that the year-to-date wages/fringes were down due to the timing of three payrolls in October, and it is now smoothed out. He commented on the capital appropriation projection that was adjusted down (from \$3 million to \$950,000) due to the late approval of the State capital bill, which caused a delay of starting construction in FY 2021; the capital appropriation will be rolled over to FY 2022. He noted that the total liability went from red to green, relief of timing issue. He said that the unrestricted net assets is being monitored, as there was an investment in plants, operations and maintenance that went from unrestricted to plant. This will be part of the calculation for the Senate Bill 6 projection.

Mr. Ganues reviewed the financial statement (page 4) and the financial walkthrough (page 5), and he again noted the increase in SSI of \$3 million and \$1 million into contingency – just to make sure the College will be over the hurdle of the State's income tax collection. He also noted that the Spring enrollment projection was decreased; will watch it over time for any potential updates. There were savings provided from Fall in areas of adjunct faculty, overload and tutors. Mr. Ganues will be reviewing non-wage expenses with the budget authorities to identify additional savings from Fall semester. Mr. Johnson commented on the need to find savings and the expenses to offset the drop in tuition revenue; there is a need to manage the expenses with revenues. Mr. Ganues agreed and said there is still room to improve the bottom line. In response to a question from Mr. Johnson on adjunct faculty expenses, Mr. Ganues commented that he has talked with Denise Smith, Provost/Vice President, Academic Affairs, on the need to project the faculty load, overload and adjunct faculty

expenses in advance—potentially by reviewing the class schedule, rather than waiting for the employment recommendation approval process. Mr. Johnson commented on the need to improve the prediction of cash flow, and he encouraged Mr. Ganues and Dr. Smith to have an earlier projection of payroll for instructional employees. Mr. Rowe commented in support of developing a process for instructional payroll in advance of a semester, as payroll is the largest expense on the financial statements.

Mr. Ganues commented on the investments (page 7) and that the funds formerly in the Fifth Third Money Market account were now invested in commercial paper for better rates than either Star Ohio or the money market account. Mr. Ganues completed the required investment training (per Ohio Revised Code) for commercial paper. He noted the commercial paper strategy for the College is capped at \$10 million. Mr. Ganues commented that he did not feel comfortable with the ORC allowance of up to 40 percent of an institution's cash position for commercial paper investment due to the College using the cash position to address deferred maintenance and other investments in the College.

Mr. Ganues commented on the Senate Bill 6 ratio projections (page 8), which he noted the primary reserve ratio went from 4 to 5, due to SSI and payroll. It will continue to be monitored as more data comes in.

Mr. Ganues briefly commented on the statement of net position (page 9) regarding cash, investment, decrease in accounts receivable and unearned revenue, which included the deferred CARES funding, expected to zero out with the December expenses. He closed the report by noting that the bank reconciliations (page 10) were available for review upon request.

Deferred Maintenance Plan Update – As a follow up from 12-8-20 Finance Committee meeting, Mr. Ganues shared his screen for the phase I projects of the deferred maintenance plan. He commented on a recommendation planned for the full Board consideration: *not to exceed an estimate of \$2.8 million in local funds for phase I deferred maintenance*. He also noted as a follow up from the last Finance Committee meeting discussion an estimated \$568,000 in deferred maintenance projects planned, which meet the thresholds of the Purchasing Policy. Mr. Johnson asked if there were any unique items in the phase I listing that may warrant review, which Dr. Balzer replied that he was comfortable with the listed items and how the phase I plan was organized. In response to a question from Ms. Russell, Mr. Ganues confirmed that it will be locally funded through the general operating fund. As there was no further discussion, Mr. Ganues will finalize the recommendation for the full Board of Trustees regular meeting, February 2, 2021.

CARES/HEERF Funding Round II Update – Dr. Balzer commented on the \$22 billion national allocation for the higher education sector, and he noted the College is expected to receive about \$9.3 million. The funding will be for student aid and for defraying expenses or loss of revenue due to the pandemic. The effective date is about 45 days after approval – about mid-February. Dr. Balzer commented that the federal funding acknowledges the impact of the pandemic on higher education enrollment across the country.

Good of the Order – Mr. Johnson thanked Mr. Ganues, the budget/finance and IT staff for their support provided for the meeting.

Adjournment – As there was no further business, Mr. Johnson declared the meeting adjourned at 9:31 a.m.

Approved 4-27-21