

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
May 25, 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 – Rich Rowe called the meeting to order at 9:00 a.m.

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

Approval of Minutes – The minutes of the April 27, 2021 meeting were sent in advance and hearing no corrections, Mr. Rowe declared the minutes accepted as submitted.

Then And Now Certification Appropriation Detail For Board Review –Jeff Ganues, Vice President of Business Affairs, Chief Financial Officer and Treasurer, commented that the listed item was due to a timing issue of the contract review process. He and the Controller verified with the auditors that if an invoice date precedes the date of the contract that the execution date of the contract will be used. Additionally, invoices will be requested to be reissued, as appropriate. Mr. Ganues noted that communication of the adjusted process has been shared with the budget authorities.

The review was concluded and the Then and Now Certification Listing will move forward to the next regular meeting agenda of the Board of Trustees.

TREASURER'S REPORT

Draft FY 2022 Budget Report – Mr. Ganues reviewed the updated Draft FY 2022 budget report, which included changes to the FY 2022 projections. He noted:

- State and federal grants were not included in the report.
- Federal HEERF funds for FY 2021 and FY 2022 were added. He noted that HEERF rounds II and III criteria allows the offset of revenue losses. Pages 3 and 4 show dashboards with and without HEERF funds.
- Page 4 Excludes HEERF dashboard demonstrated a clear picture of the budget without the one-time federal funds.
 - Total revenue (100.46%) and total budget expenses (99.32%) show better alignment. Net Gain in Position projection, \$2.5 million, which will be further offset by HEERF funds.
 - No changes made to the budget assumptions or to enrollment projections. Student Services is working hard to drive enrollment.
 - Fall and Spring tuition revenue included the allowable tuition increase, pending approval of the State legislature. Revenue projections slightly up; to be driven by “flat” enrollment.
 - Capital appropriations projections were a pick up due to the rollover of fiscal year funds for construction projects.
 - Wage projections were down by 1 percent due to the one-time stipend.
 - Operational expense projections were slightly up due to WCS/Union training; reverting to a more normal level after COVID.

- Page 3 Includes HEERF dashboard.
 - Total revenue (94.92%) and total budget expenses (97.33%). Net Gain in Position projection, \$10.3 million, is very strong with the one-time HEERF funds. HEERF funds now allowable to cover losses in enrollment and wages due to the pandemic.
 - No change to enrollment projections.
 - Total revenue, up.
 - Wages, up.
 - Profit margin, 14.22 percent.
 - SB 6 composite score projected at 5.0. The 5.0 score is driven by a high profit margin; however, a lower profit margin is preferred with the utilization of the one-time revenue for one-time investments in plant operations, technology and equipment. This would continue to move the physical plant forward; will plan to use the one-time funding to address the Deferred Maintenance Plan.
- Page 5, Financial Walkthrough. Mr. Ganues reviewed adjustments, based on FY 2021 financial updates. He noted:
 - FY 2022 SSI projection, ↓ 1.5%.
 - HEERF Funds revenue, added.
 - Fees, E-Learning fee aligned toward historical trend.
 - Revenue, Workforce Contractual Charges, SSI will increase with this change.
 - Expenses, Unused budgeted funds at year-end will be put toward year-end maintenance projects. Maintenance and outside services adjusted, as expenses will be in FY 2021 budget; not FY 2022 budget.
- Page 6, All Funds budget, includes a column for HEERF funds. Will use one-time revenue for Wireless Upgrade and Expansion Project and other capital projects. There are less pandemic-related expenses, as life returns to normal.
- Page 8, SB 6 Ratios were adjusted, based on the April Finance Committee discussion of the primary reserve ratio (Ohio Department of Higher Education's update of the calculation/language in Ohio Revised Code for debt). The projected 5.0 ratio was driven by a strong net income; the primary reserve has been restored, as 80% of the score comes from net income.
- Page 12, HEERF Funds, FY 2020 actual, FY 2021 budgeted/projected, and FY 2022 budgeted with comparison data.

Mr. Rowe asked the members of the Finance Committee if they were comfortable with the draft FY 2022 budget, as presented. **He asked for a motion for the Treasurer to finalize the budget recommendation for the June 1 regular meeting of the Board of Trustees, which was moved by Ms. Russell and seconded by Ms. Ohanian. Following a voice vote, the motion was carried.** Mr. Ganues acknowledged the work of his staff and the College's budget authorities for their assistance in the development of the FY 2022 budget recommendation.

April Financial Report – Mr. Ganues reviewed the April FY 2021 financial report:

- Page 1, projected year-end Net Gain, \$9 million, reflected HEERF funding in the revenue projection.
- Page 2 Dashboard, YTD wages and fringes, include the Board-approved April one-time lump sum payment to employees.
- Benefits, Mr. Ganues commented on his discussion with the Executive Director, Human Resources, of the shift in January-February-March with an increase in health insurance claims over the three-month period. Business Affairs and Human Resources are working with Aetna on analysis of the increase. (Questioning if the delay of elective surgeries were delayed longer than anticipated.) The Aetna prescription rebate will have a time delay for the full year. Timing delay on claim payments, and tried to account for it in the year-end projections. In

response to a question from Mr. Rowe, Mr. Ganues commented that there was a decline in health claims for May and June 2020, but in the months prior, there had been a higher number of claims; and, the net effect was not felt until FY 2021. Business Affairs and Human Resources will meet with Aetna to update processes for their budget projections and accruals based on the delay time of claim payouts. Mr. Ganues noted that Human Resources recently hired a Benefits Manager who is training with Aetna on running data reports. The data will help improve projections throughout the fiscal year, rather than at the end of a fiscal year.

- YTD Operating Expenses, 106.47%, do not reflect the HEERF student distribution that were in/out; such will be included in the May financial report.
- Page 5, Financial Walkthrough, reflects revenue, HEERF funds. Salaries/benefits expenses reflect the one-time lump sum payment to employees and increased health insurance claims.
- Page 6, Cash Flow, projection will move slightly up due to draw down of HEERF revenues for losses.
- Page 8, SB 6 Ratios were adjusted, per the April Finance Committee meeting discussion.
- Page 9, Balance Sheet. FY 2020 accounts receivable included a state capital receivable and offset for a state capital payable. April is in line for accounts receivable and accounts payable.

Statements and Comments – Depreciation. Mr. Ganues commented on the change of the capital assets thresholds, effective for FY 2020. The auditors suggested to review the listing of what no longer fits the new thresholds, and \$555,379.18 will be written off the books. The auditors encourage the annual review for potential write-offs of what no longer fits the thresholds. He noted that a one-time non-cash flow will be reflected in the income statement, due to the write-off.

Mr. Rowe asked about a tuition comparison with other Ohio colleges. Mr. Ganues will have it provided for the Board Secretary to email (*completed*). Mr. Rowe also asked about the class fill rate, which Dr. Denise Smith responded the minimum is 6 students, depending on the student completion status. She noted that class schedule development has improved to prevent sections with low enrollment.

Ms. Hammond acknowledged the projected perfect score and the hard work of the Finance and Budget team.

Adjournment – As there was no further business, Mr. Rowe declared the meeting adjourned at 9:47 a.m.

Approved 10-1-21