

OWENS COMMUNITY COLLEGE
BOARD OF TRUSTEES
FINANCE COMMITTEE MEETING
April 25, 2023

A meeting of the Finance Committee was held in accordance with the policies of the Board of Trustees, and the Ohio Revised Code, Section 121.22 and Chapter 3358. The meeting format was hybrid in Administration Hall 224 and a videoconference public link 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: Sherina Ohanian (remote), Rich Rowe (remote), and Rita Russell. (3).

Approval of Minutes – The minutes of the January 31, 2023 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 on the listed items, and will continue to train and communicate with departmental budget authorities. He noted the one vendor would not align, and it was documented as such. In response to a question from Ms. Ohanian, Mr. Ganues noted that all items were budgeted for; however, still need to stress to new budget authorities about encumbering, even if the dollar amount is an estimate.

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

TREASURER'S REPORT

Monthly Financial Report – March Fiscal Year 2023 – Mr. Ganues reviewed the March financial report. He noted:

- Summary – Page 1. The projected shortfall of the bottom line.
- YTD compared to Budget Dashboard – Page 2.
 - Enrollment. Mr. Ganues commented that enrollment for Fall and Spring semesters were both down. He said the timing of the College Credit Plus (CCP) students does have a minimal impact on the comparison.
 - Wages and fringes. Mr. Ganues noted that the wages/fringes YTD are over budget, as noted in the last Finance Committee meeting in January, due to the 2021 health care claims from Aetna. Mr. Ganues said that he has spoken with MB consultants about the \$1 million reimbursement for being over on the proposal; it will come in this fiscal year. He noted that he will meet with MB about the reimbursement process; the stop-loss process; and, the prescription rebate that will go into liabilities. Mr. Ganues commented on a trend of 20 percent down to being over by 50 percent in a year.
 - Operating expenses. Mr. Ganues noted it was over by 8 percent due to timing. He has reviewed all departmental budgets to-date, none overspent.

- Net gain/(loss) in position. Mr. Rowe asked if the bottom line could be improved toward the end of the year, depending on the health care, which Mr. Ganues replied, yes. Mr. Ganues also commented on other areas of the budget he is monitoring as the end of the year is approaching: SEAP, vacancy factor, bad debt write off, and allowance for doubtful accounts.
- Financial Walkthrough – Page 6.
 - Revenue. Mr. Ganues noted that workforce community services revenue is down; however, the truck driving program is doing very well. Denise Smith, Vice President, Academic Affairs, noted that a new hire has been made in corporate training to help support that area.
 - Departmental budget sweep. Mr. Ganues noted that the return of operational funds from department budget was about \$273,000.
 - Other – Capital appropriations. Mr. Ganues noted that capital appropriations are down by \$1 million due to the timing from State funding and long lead times.
- Balance Sheet – Page 10. Mr. Ganues commented on the liabilities due to 3-pay payroll month. Mr. Rowe inquired about the deposits held for others, which Katie Feher, Controller, responded, direct student loans fluctuate. On investments, page 8, Jenny McVicker, Manager, Budget/Cash, clarified to Mr. Rowe that the US Treasury Securities are market value.

Capital Planning – Project Update ~ School of Nursing and Health Professions Renovations –
Mr. Ganues presented and discussion, as follows.

- Review of project costs. Mr. Ganues commented on the estimated construction costs from January to April, which the project overall estimated costs decrease by \$547,973. He commented that construction costs were estimated to increase but the contingency amount decreased. He noted that the expectation for the project estimate would change based on the design phase and the contingency to be finalized. They are still working to finalize estimated costs for furniture, audiovisual, networking. Project is estimated at \$31.3 million. Ms. Russell asked when the time for decisions would be made, which Mr. Ganues replied there will be one recommendation for the May 2 regular Board of Trustees meeting for prior authorization to purchase chillers due to the 40-week lead time. Danielle Tracy, Executive Director, Operations, commented, currently on schedule with the construction schedule; there is an escalation factor.
- Planning for financing. Mr. Ganues summarized: 15-year bond at \$25 million. He noted that they were working through two tracks and the first track will be followed: 1) For the College to receive a Moody rating with Ohio credit enhancement; or, 2) No Moody rating and the impact is a 30 pt.

Mr. Ganues commented on exploring the mixed/shorter call features from January's Finance Committee meeting discussion, and that the rates were 0.26% higher for 7-year call feature, and 0.48% higher for 5 year call feature. Mr. Ganues will stick with the 10-year call features.

- 15-year debt. Mr. Ganues reviewed the change in total net assets from \$1 million in FY 2023. The projection included the ERP project, also significant project and when the ERP is paid off, the SB 6 score is projected to increase again. He commented that the SB 6 score will only dip if the closing date is in June; current discussion is on timing for the financing, either in June or July. Mr. Rowe asked about another scenario if another

building would need to be repaired and how would it impact the SB 6 score, which Mr. Ganues replied that it would impact the ratio but the ratio for plant is minor in the formula.

- Next steps. Mr. Ganues noted that it is anticipated two recommendations for the regular May 2 Board of Trustees meeting, for the approval of: 1) General Bond and 2) Series 2023 Bonds.

FY 2024 Budget Development Update – Mr. Ganues reviewed the to-draft proposed budget for Fiscal Year 2024. He noted:

- Summary – Page 1. The proposed projected shortfall (\$2.8 million) to the bottom line; there is still more work to be done to improve the bottom line.
- Budget practices – Page 2. The vacancy factor reflects 8 percent based on the current year trend of vacancies.
- Fiscal year comparison – Page 4. The projection for enrollment is down 5 percent for summer; there is data at this time that the College is up year-over-year for summer enrollment. Mr. Ganues stated he is expecting summer enrollment to be flat. Dr. Renner commented on their review of historical trends, processes and have been seeing a 90 percent to forecast and there are 8 weeks to go before the census date. Dr. Renner continued that lead volume is up per market, application volume is up for adult learners and seeing 123 percent to forecasted goal; up over prior year. Dr. Renner noted that the continuing student population is on pace; FTE at 84.6 percent for summer; he is optimistic for flat summer enrollment from prior year. Dr. Renner commented that the continuing student population is trending closer to two prior years ago, but still early at 19 weeks before census date (currently at 38 percent to forecast goal, which is 12.9 percent up over prior year at comparable time. Dr. Renner commented on creating urgency, proactivity, and speeding up processes for student enrollment; slight adjustments may be made toward truer picture based on trends. Dr. Renner commented that the leading indicator for a spring semester is the new student population enrollment from the fall semester (new growth contributes to continuing student population).
- Tuition revenue. Mr. Ganues commented on building in a \$5.00 per credit hour increase to the tuition rate for the tuition revenue projection, per the pending State budget bill. If the State budget bill is finalized in June, that would impact the fall and spring semester revenue.
- Financial Walkthrough – Page 5. Mr. Ganues noted that the Revenue – State Share of Instruction is pending the estimate from Ohio Department of Higher Education (ODHE); the SB 6 score was reviewed and projected at 4.2. Mr. Rowe commented a declining high school population; Hancock County has declined from 700+ to about 340 high school graduates; it would be nice to see how small the (market) pie is now and how much is Owens market share. President Somerville commented that Institutional Research does a market share report and the College is pretty consistent in the market share; we are making investments and improvements, including significant programs, and very helpful for the beginning of long-term results. Mr. Rowe commented that he would like to see an established baseline to measuring improvements.

Adjournment – As there was no further business; nor any good of the order, Mr. Rowe declared the meeting adjourned at 10:00 a.m.

Accepted 5-23-23