

Finance/Audit Committee
September 12, 2019
Burns Hall 3rd Floor Board Room
Meeting Minutes

Members Present: Mr. Ron Branscum - Chair, Ms. Laura Favorite, Dr. Grant Fowler, Mr. Mark Lundy, Mr. Chris Rogers

Members Absent: None

Guests: Ms. Gulizar Baggson, Ms. Lindsay Robinson, Ms. Rai Starr

Mr. Branscum called the meeting to order at 3:03 p.m.

Informational Items

Standard Reports

- **Cash Flow Status**

Ms. Starr shared a graph of cash flows and projections for fiscal years 2015-2020.

- Cash flow position is strong and improving each year.
- Cash flow is improving due to increased enrollment.
- Numbers are net of the Board of Trustees reserve.

- **Summary of Accounts Receivable**

Ms. Robinson received the accounts receivable report with the group.

- Receivables are higher this year compared to June 2018, primarily due to increased tuition rates.
- The accounts receivable rate is 38%.
- Recoveries are improving.

- **FY 2019 year-end**

Ms. Robinson shared information about the status of funds at the end of the fiscal year.

- Credit expenditures increased by 26.7% and revenues increased 13.6%.
- Non-credit expenditures decreased by 19.7% and revenues decreased 7.9%.
- Non-credit Food Studies expenditures increased by 47.1% and revenues decreased 10%.
- Auxiliaries fund expenditures decreased 21.1% and revenues decreased 3.1%.
- Designated fund expenditures decreased by 19.7% and revenues increased 6.9%.

Updates

- **FY 2020 Financial Outlook**

- Ms. Baggson shared information about the FY 2020 outlook. She discussed higher education trends and how they could impact NWACC. Trends include changing instruction delivery methods and providing customized degree programs. NWACC reported positive enrollment gains for the fall 2019 semester. Declining enrollment numbers for the USA are due in part to population decreases. Prospective students and their families consider the value of higher education degrees, especially for certain majors. Some states are promoting and requesting Workforce Education programs, while other states are pulling funding from higher education institutions. A few states

have even moved to a zero-funding model for colleges and universities in their respective states. Political and social issues affecting higher education includes guns on campus, medical marijuana, free speech, and social justice movements. NWACC may experience some of these issues. Ms. Baggson explained that increased enrollment puts NWACC in a good financial position going forward. As of the 11th day, enrollment is up approximately 4%. This will positively impact the college's performance funding. 78% of NWACC's budget is tied to salary and benefits, primarily because the college is a service institution. College millage receipts are projected to increase due to increasing property values in the area. The only reduction on the revenue side is non-credit classes, mainly due to conservative estimates from Workforce Education leadership. Facilities at NWACC that are new include the Washington County Building, which is scheduled to open for the spring 2020 semester. The Integrated Design Lab building is open. NWACC is discussing relocation of the Physical Plant building and working to purchase the railroad located on campus. The City of Bentonville has continued to update NWACC about the Watertower Road project. Surveyors were recently on campus. The college is considering providing a residence hall for students. Dr. Jorgenson sent a faculty and staff opinion survey this week and requested thoughts on the possibility of residence halls on the NWACC Bentonville campus.

- **Workday Financing**

- Ms. Starr shared information about the financing for Workday, the platform chosen as the college's enterprise resource planning tool. When the Finance/Audit Committee last met in May 2019, the group voted to move forward with recommending a financing proposal for the Board of Trustees. The Board voted to approve the proposal. The college extended invitations to bid for financing a \$4.4M direct placement loan. The winning bid was awarded to Regions Bank, which provided a 2.69% interest rate. The loan documents are being reviewed by legal counsel and addendums are being created. Signatures for loan documents will then be requested. The first draw will soon take place for \$1.6M. The funds will be disbursed per a set schedule throughout the year. Mr. Branscum requested that the college explore possibilities to reduce interest costs. The committee discussed the percentage of revenue set aside for the Board of Trustees reserve. Ms. Baggson explained that the college's cash is obtained from salary savings (positions that are unfilled and the salary funds are not spent).

- **Workday Implementation**

- Ms. Robinson provided the group with an update about the implementation of Workday. She and Mr. Jason Degn, CIO, are collaborating with a Steering Committee comprised of subject matter experts. On 9/20/19, the Arkansas Legislative Committee is scheduled to review and vote on approving the statement of work for the entire platform. College partners are working with Collaborative Solutions (an enterprise cloud consulting service) to increase communications outreach. The group will help design business processes and decide on communication outreach to those who are indirectly affected at this time, including Student Services. Organizational change and training, communication timelines, methods of sharing information, and discovery sessions are being discussed and planned. Ms. Robinson expressed the importance of functional users providing feedback on how to build the platform. The Steering Committee is also developing goals and guiding principles, and ensuring that the project is connected to the college's strategic plan. The Steering Committee will have a small scope to commit resources and help keep the project on schedule and on budget. The committee includes Ms. Rai Starr, Controller; Ms. Gulizar Baggson, VP of Finance and Administration/CFO; Ms. Lindsay Robinson, Executive Director of Budget & Treasury Services; Mr. Travis Bowman, Executive Director of Human Resources; Mr. Jason

Degn, Associate Vice-President and CIO; and Ms. Jennifer Lewis, Purchasing Manager.

Action Items

None

Additional Information

None

The meeting was adjourned at 3:53 p.m.
Recorded by Todd Glass