

Finance/Audit Committee
March 5, 2020
Burns Hall 3rd Floor Board Room
Meeting Minutes

Members Present: Ron Branscum - Chair, Dr. Grant Fowler

Members Absent: Mark Lundy, Laura Favorite, Chris Rogers

Guests: Dr. Evelyn E. Jorgenson, Gulizar Baggson, Al Massri, Rai Starr, Kevin Faught

Mr. Branscum called the meeting to order at 3:02 p.m.

Informational Items

FY2020 Reports

- Cash Flow

Ms. Starr shared cash flow information with the committee. The college's cash flow position is looking well and is in line with expectations. In October, the college received \$1.6M for Workday. In November, the college received a \$1M from the Foundation. This increased the college's cash position. For the month of January, revenues are higher. The College is making monthly payments to the Workday implementation partner. Ms. Starr reported that the college has an available cash balance of \$4.7M which includes savings from previous years. Some of these funds are restricted. The college is looking at different ways that the funds can be put to use. Mr. Branscum requested that the Controller begin tracking the amount of available cash and that the information be graphed.

- Student Accounts Receivables

Ms. Baggson reported that Lindsay Robinson is now the Executive Director of the Project Management Office. The new Accounts Receivable manager is Theresa Collins. Ms. Baggson will provide monthly reports. Compared to January 2019, the college's 2020 accounts receivable are almost identical.

Ms. Baggson will research answers to the question about the length of time after NWACC collection activities begin that student receivables are turned over to the State of Arkansas. The college has a policy that state students cannot enroll if they have overdue balances. The college does offer payment plans for students to provide options that help prevent them to go deeply into debt. In 2019, the college wrote off approximately \$175K in accounts receivable.

- Budget Status Reports

Ms. Baggson reported the credit fund budget status. The credit fund status is in alignment with the budget. The college is showing an increase because millage revenue was reported earlier this year. The college's expenditures are up 17% due to capital spending. Funds have been spent for the Integrated Design Lab. Overall, the college is in good financial condition with the credit fund budget.

Ms. Baggson reported on non-credit workforce budget status. The revenue was \$384k. The division has a new director of contracted training. The division is in a positive fund operating balance.

The Food Studies program also has \$43k in revenue. Expenditures are \$23k. The division is staying within their budget. The director of the division is working to continuing developing the program.

Ms. Baggson discussed Designated Funds. There are \$3.5M in revenue with the budget at \$3.8M. The actual 2020 revenue to date is \$3.592M.

Ms. Baggson also discussed auxiliary funds, which include bookstore and vending commissions. The revenue is \$267K with a budget of \$505K. The differences between 2019 and 2020 revenue is due to decreasing commissions from the bookstore. Revenues also decreased due to the college no longer providing security at the Jones Center. Vending machine revenues have also decreased.

FY2021 Budget Development

Ms. Baggson presented information about the FY2021 Budget Development process. The objective of budgeting is to develop a balanced budget that provides fiscal sustainability. The college is budgeting a 0% increase over the FY2020 budget. The current fiscal year budget and objectives for FY2021 will be shared with the Board of Trustees. Selected fee rates and the affordability of classes will be discussed. F 2020 budgeted revenue sources are \$43,647,322. FY2020 budget expenditures are \$43,647.32, reflecting a balanced budget. There is a 1.4% increase over FY2019 actual SSCH and a 0% increase over the FY2020 budget. The budgeted FY 2020 budgeted SSCH is 151,516. High school headcount was 11.4% of the total full-time enrollment of 8,383. 47% of SSCH are out of district and 44.1% are in district. Out of state SSCH is 8.9% including contiguous county and international. Budgetary challenges include a competitive employment market, low unemployment rates, state ongoing funding and tuition rates, professional and technical program costs, new facilities and aging facilities, equipment, fixtures and inflation. The college keeps tuition rates affordable for students. The 2013-2020 cumulative rate of inflation is 10.7%. The college's in district tuition rate is unchanged since 2013. An Arkansas 2-year colleges funding analysis chart was shared with the group. Analysis reflects that even with high local revenue because our funding per FTE student is lower, the college is near the bottom in terms of state funding received for the number of full time students served. Mr. Massri discussed how the cost of students receiving an education at NWACC is very affordable compared to other 2 year colleges in Arkansas. State revenue was shown for the group. The expectation for FY2020 was \$11.931M. The college's current employment turnover rate is 10.5%. FY2021 budget (funding requests) college-wide requests are \$6,052,465. FY2021 requests that are pending approval to receive ongoing funding were shared with the group. FY2021 fee rates include a library fee rate increase of \$1 per credit hour and a \$5 per credit increase for health technology. Currently in district tuition and supplies cost \$4,558 in district and \$5,158 out of district. The maximum Pell grant has increased to \$6,345.

Action Items

Fee Rate Increases Recommendation

The fee increase will be shared with the Board of Trustees at the group's next meeting for their approval. Mr. Fowler made a motion to recommend that the Board of Trustees approve the Fee Increases Recommendation. Mr. Branscum seconded the motion.

Bond Refinancing

Mr. Faught presented information about the bond refinancing proposal. The college has an opportunity to refinance two bond issues. The current rate has decreased approximately 0.5% in the last week. The potential savings could be approximately \$2M or more. The proposal could be presented to the Board of Trustees in April. The college's bond counsel will prepare the required documents. Closing would be at the end of May. Mr. Faught discussed level savings, which provides approximately equal amount of savings per year. Accelerated savings pushes most savings to the first years. The net present value savings is typically the same. The term of the bonds remains unchanged.

Mr. Branscum asked that we present both resolutions via email for a vote again to ensure other BOT Finance Committee members are well informed.

Additional Information

None

The meeting was adjourned at 4:24 p.m.
Recorded by Todd Glass