

**Shawnee State University Board of Trustees
Executive Committee Meeting**

**October 17, 2014
11:30 a.m.**

**The Capitol Club, 41 South High Street, Columbus, OH 43215
Wobst Meeting Room**

Agenda

A. Call to Order

Notice of this meeting has been given in accordance with Section 121.22(F) of the Ohio Revised Code.

B. Roll Call

C. Approval of October 17, 2014 Agenda

D. Resolution E09-14

The proposed modified FY2015 General Operating Fund Budget is presented for consideration and approval.

Action

E. Resolution E10-14

The proposed modified FY2015 Auxiliary Fund Budget is presented for consideration and approval.

Action

F. Update on Preliminary FY2014 University Financials

Re: Notice of Change in Accounting Principles (GASB 34/35)

Information

G. Executive Session, if necessary

H. Adjournment

RESOLUTION E09-14

APPROVAL OF MODIFIED FY2015 GENERAL FUND BUDGET

WHEREAS, the tuition and fee assumptions in the FY2015 General Fund Budget approved by the Shawnee State University Board of Trustees on May 2, 2014, are overstated due to a significant enrollment decline realized fall 2014; and

WHEREAS, planned expenditures in the FY2015 General Fund Budget approved by the Shawnee State University Board of Trustees on May 2, 2014, are greater than projected due to adjusted expected medical claims, increased scholarships for greater numbers of qualified students, increased allocations for locally-funded renovation/construction projects, and a budget correction; and

WHEREAS, these conditions have resulted in insufficient resources to support the FY2015 General Fund Budget previously adopted by the Board of Trustees by Resolution F19-14 (attached); and

WHEREAS, in order to ensure every effort is made to sustain financial stability in response to these conditions, the President directed that a Modified FY2015 General Fund Budget be submitted to the Board of Trustees for review and approval;

THEREFORE BE IT RESOLVED that the Executive Committee of the Board of Trustees of Shawnee State University approves the Modified FY2015 General Fund Budget as presented.

(October 17, 2014)

RESOLUTION F19-14

APPROVAL OF THE FY2015 GENERAL FUND BUDGET

WHEREAS, revenue projections have been developed based on estimated state share of instruction, state supplement, tuition, and other fees approved by the Board of Trustees and enrollment projections for the upcoming academic year; and

WHEREAS, planned expenditures have been estimated anticipating operational, personnel, and programmatic needs of the University that include known inflationary factors; and

WHEREAS, the President of the University recommends adoption of the proposed budget;

THEREFORE BE IT RESOLVED that the Board of Trustees of Shawnee State University approves the proposed General Fund Budget for fiscal year 2015 as summarized in the accompanying exhibit.

(May 2, 2014)

RESOLUTION E10-14

APPROVAL OF MODIFIED FY2015 AUXILIARY AND AGENCY FUND BUDGET

WHEREAS, the Modified FY2015 General Fund Budget adopted by the Board of Trustees by Resolution E09-14 impacts the previously approved FY2015 Auxiliary and Agency Budget approved by the Board of Trustees by Resolution F20-14 (attached) on May 2, 2014; and

WHEREAS, the Modified FY2015 General Fund Budget requires additional utilization of selected Auxiliary and Agency funds' balances beyond those in the previously approved FY2015 Auxiliary and Agency Fund Budget; and

WHEREAS, the additional utilization of Auxiliary and Agency funds' balances preserves the current year's allocation to the affected areas while reducing reliance upon the General Fund for these operations; and

WHEREAS, the President has directed the development of a Modified FY2015 Auxiliary and Agency Fund Budget to reflect the planned utilization of the selected funds' balances during the fiscal year;

THEREFORE BE IT RESOLVED that the Executive Committee of the Board of Trustees of Shawnee State University approves the Modified FY2015 Auxiliary and Agency Fund Budget as presented.

(October 17, 2014)

RESOLUTION F20-14

APPROVAL OF THE FY2015 AUXILIARY AND AGENCY BUDGET

WHEREAS, revenue projections have been developed based on estimated general fee income, predicted housing occupancy, and approved housing and meal plan rates; and

WHEREAS, planned expenditures have been estimated anticipating operational and personnel needs, student academic support, psychological support services, student athletic and campus enrichment activities, and quality residential life programs; and

WHEREAS, the President of the University recommends adoption of the proposed budget;

THEREFORE BE IT RESOLVED that the Board of Trustees of Shawnee State University adopts the proposed Auxiliary and Agency Budget for fiscal year 2015 as summarized in the accompanying exhibit.

(May 2, 2014)

INFORMATION

CHANGE IN ACCOUNTING PRINCIPLES (FINANCIAL RESTATEMENT)

During fiscal year 2014, the University implemented a *change in accounting principles* and recorded a prior period adjustment to recognize depreciation expense related to the University's library book collection.

The University has reported its library books as a capitalized asset in its financial statements since the late 1990's. In 2002 with the adoption of GASB 34/35, the University recorded its library book collection as a non-depreciable collection. This accounting interpretation was examined and deemed acceptable by external auditors. Since that time, the more common interpretation of the applicable rules is for library books to be recorded as a depreciable asset.

Under this new method, which has been applied retrospectively in the financial statements, the University will depreciate library books over 10 years to better reflect the library book collection's usage and to be comparable with other public universities in Ohio.

For the University's FY2014 financials, the restatement must be reflected beginning with FY2012 through FY2014 (3-year period reflected in the Financials). For FY2012 and FY2014, the reduction had the following effect:

	FY2012	FY2014
Invested in Capital Assets, Net of Related Debt:		
Prior to Adjustment	\$72,423,417	\$72,893,299
Restated Balance after adjustment	<u>\$68,186,665</u>	<u>\$68,650,729</u>
Effect of Adjustment	<u>\$ 4,236,752</u>	<u>\$ 4,242,570</u>
Net Capital Assets:		
Prior to Adjustment	\$88,305,166	\$88,703,050
Restated Balance after adjustment	<u>\$84,068,414</u>	<u>\$84,460,480</u>
Effect of Adjustment	<u>\$ 4,236,752</u>	<u>\$ 4,242,570</u>

October 17, 2014)

FY2015 General Fund Budget - Modified

REVENUE	FY2014 PRELIMINARY ACTUAL	FY2015 APPROVED BUDGET	FY2015 MODIFIED BUDGET	Variance from APPROVED BUDGET
STATE FUNDING				
Capital Component	\$64,520	\$38,688	\$38,688	\$0
State Share of Instruction (SSI)	\$13,524,638	\$13,300,000	\$13,300,000	\$0
Student Support Services (Disabilities)	\$1,047	\$0	\$0	\$0
Supplement	\$2,326,097	\$2,326,097	\$2,326,097	\$0
SUBTOTAL	\$15,916,302	\$15,664,785	\$15,664,785	\$0
TUITION & STUDENT FEES				
Course Fees	\$1,180,749	\$1,120,818	\$1,120,818	\$0
General Fee	\$2,740,658	\$2,817,310	\$2,636,335	(\$180,975)
Instructional Fee	\$25,505,939	\$26,141,575	\$24,837,725	(\$1,303,850)
Miscellaneous Fees	\$527,908	\$439,400	\$439,400	\$0
Non-Resident Surcharge	\$909,236	\$934,165	\$1,061,886	\$127,721
Technology Fee	\$496,337	\$513,246	\$482,359	(\$30,887)
University Center Bond Fee	\$1,134,143	\$1,133,090	\$1,070,213	(\$62,877)
SUBTOTAL	\$32,494,970	\$33,099,604	\$31,648,736	(\$1,450,868)
OTHER INCOME				
Indirect Cost Recovery	\$197,357	\$200,000	\$200,000	\$0
Miscellaneous Income	\$756,379	\$550,000	\$550,000	\$0
SUBTOTAL	\$953,736	\$750,000	\$750,000	\$0
TRANSFERS FROM OTHER FUNDS	\$457,769	\$156,721	\$618,574	\$461,853
TOTAL REVENUE	\$49,822,778	\$49,671,110	\$48,682,095	(\$989,015)
EXPENDITURES				
COMPENSATION				
Benefits	\$9,906,765	\$10,692,793	\$11,248,045	\$555,252
Salaries	\$24,924,865	\$24,523,949	\$24,100,457	(\$423,492)
SUBTOTAL	\$34,831,630	\$35,216,742	\$35,348,502	\$131,760
NON-COMPENSATION				
Equipment, Buildings, Property	\$1,347,579	\$1,592,497	\$1,180,014	(\$412,483)
External Professional Services	\$138,242	\$250,895	\$311,198	\$60,303
Information, Communication, Shipping	\$898,476	\$1,117,892	\$1,204,507	\$86,615
Maintenance, Rentals, Service Contracts	\$1,805,153	\$2,146,346	\$1,722,571	(\$423,775)
Miscellaneous	\$1,074,704	\$1,412,636	\$1,251,162	(\$161,474)
Scholarships	\$2,822,031	\$2,668,000	\$2,968,000	\$300,000
Supplies	\$943,507	\$1,003,083	\$973,969	(\$29,114)
Travel, Entertainment	\$484,412	\$447,524	\$463,798	\$16,274
Utilities	\$1,478,533	\$1,521,297	\$1,521,297	\$0
SUBTOTAL	\$10,992,636	\$12,160,170	\$11,596,516	(\$563,654)
TOTAL EXPENDITURES	\$45,824,266	\$47,376,912	\$46,945,018	(\$431,894)
TRANSFERS				
BOND FEE				
Bond Debt Repayment	\$1,134,143	\$1,133,090	\$1,070,213	(\$62,877)
SUBTOTAL	\$1,134,143	\$1,133,090	\$1,070,213	(\$62,877)
GENERAL FEE				
Agencies	\$132,195	\$139,530	\$139,530	\$0
Athletics	\$1,860,727	\$1,746,121	\$1,736,391	(\$9,730)
Other Auxiliaries	\$239,025	\$70,706	\$70,706	\$0
Plant Funds	\$259,751	\$259,751	\$259,751	\$0
SUBTOTAL	\$2,491,698	\$2,216,108	\$2,206,378	(\$9,730)
GENERAL FUND				
Center for the Arts	\$198,000	\$195,000	\$95,000	(\$100,000)
SUBTOTAL	\$198,000	\$195,000	\$95,000	(\$100,000)
TOTAL TRANSFERS	\$3,823,841	\$3,544,198	\$3,371,591	(\$172,607)
TOTAL EXPENDITURES AND TRANSFERS	\$49,648,107	\$50,921,110	\$50,316,609	(\$604,501)
OPERATING SURPLUS (DEFICIT)	\$174,671	(\$1,250,000)	(\$1,634,515)	(\$384,515)

Highlights of the Modified General Fund Budget

Revenue

- Reduced tuition and student fees by \$1,450,868 in response to a projected decline of 7.9% in billable undergraduate student credit hours for FY2015.
- Increased transfers into the General Fund from other funds. \$410,306 will be transferred from Auxiliary fund balances, and \$51,547 from Agency fund balances for a transfer increase of \$461,853.
- The net result of lower tuition and increased transfers into the General Fund is a revenue reduction of \$989,015 relative to the approved FY2015 budget.

Expenditures

- In addition to utilizing fund balances to offset a portion of the shortfall, a goal of \$1,000,000 in cuts from current-year expenditures was identified.
- \$367,000 was achieved through de-funding one vacant administrative position in the Library, reducing contracted services in Government Relations, allocating an appropriate proportion of the bad debt write-off to the Housing (Auxiliary) account, reducing the university insurance budget, and reducing the allocation for workers' compensation expenses.
- \$633,000 was divided proportionally among the divisions, based on their shares of the budget.
 - Academic Affairs identified \$321,000 in cuts, including a reduction in the full-service faculty pay pool for summer semester courses and the delay for further study of a software purchase to support student advising efforts.
 - Executive Affairs identified \$34,000 in cuts, including travel, equipment, supplies, and reduced General Fee support to Athletics.
 - Finance & Administration identified \$197,000 in cuts, including equipment, supplies, and service agreements.
 - Student Affairs identified \$13,000 in cuts, including student employment, supplies, and travel.
 - The remaining \$68,000 represents a reduction to the allocation for unemployment expenses.
- Transfers out of the General Fund to other funds were reduced by the following:
 - \$9,730 reduced support to Athletics (Auxiliary).
 - \$100,000 reduced support to the Vern Riffe Center for the Arts (will use Auxiliary fund balances instead).
 - Bond Fees collected from students are transferred to the Plant Fund for payment of debt service. This transfer is equal to the amount collected, so with reduced Bond Fee revenue, this transfer out of the General Fund is reduced accordingly.

Result

- The planned use of General Fund balance for FY2015 will increase from \$1,250,000 to \$1,634,515.

FY2015 Auxiliary and Agency Fund Budget - Modified

REVENUE	FY2014 PRELIMINARY ACTUAL	FY2015 APPROVED BUDGET	FY2015 MODIFIED BUDGET	Variance from APPROVED BUDGET
AUXILIARY REVENUE				
Athletics	\$78,252	\$13,000	\$13,000	\$0
Bookstore Commission	\$204,240	\$235,000	\$235,000	\$0
Center for the Arts	\$409,539	\$482,018	\$482,018	\$0
Children's Learning Center	\$260,643	\$243,000	\$243,000	\$0
Housing	\$4,169,824	\$4,230,182	\$4,230,182	\$0
Senior Citizen Grant	\$34,450	\$28,900	\$28,900	\$0
Sports Center	\$16,310	\$15,163	\$15,163	\$0
University Center	\$157,012	\$148,000	\$148,000	\$0
SUBTOTAL	\$5,330,270	\$5,395,263	\$5,395,263	\$0
AGENCY REVENUE				
Pouring Rights Contract	\$20,000	\$20,000	\$20,000	\$0
Student Programming Board	\$18,621	\$15,000	\$15,000	\$0
SUBTOTAL	\$38,621	\$35,000	\$35,000	\$0
TRANSFERS FROM OTHER FUNDS				
General Fee Support	\$2,220,465	\$1,956,357	\$1,946,627	(\$9,730)
General Fund Support	\$198,000	\$195,000	\$95,000	(\$100,000)
SUBTOTAL	\$2,418,465	\$2,151,357	\$2,041,627	(\$109,730)
TOTAL REVENUE	\$7,787,355	\$7,581,620	\$7,471,890	(\$109,730)
EXPENDITURES	FY2014 PRELIMINARY ACTUAL	FY2015 APPROVED BUDGET	FY2015 MODIFIED BUDGET	Variance from APPROVED BUDGET
ATHLETICS				
Athletic Contingency	\$0	\$0	\$0	\$0
Athletic Director	\$542,286	\$529,790	\$524,790	(\$5,000)
Athletic Scholarships	\$623,592	\$534,000	\$534,000	\$0
Athletic Trainers	\$83,536	\$107,988	\$103,258	(\$4,730)
Cheerleading & Dance Team	\$9,640	\$500	\$500	\$0
Men's Baseball	\$98,242	\$60,007	\$60,007	\$0
Men's Basketball	\$92,846	\$83,515	\$83,515	\$0
Men's Cross Country	\$43,575	\$31,093	\$31,093	\$0
Men's Golf	\$27,522	\$24,064	\$24,064	\$0
Men's Soccer	\$41,389	\$34,035	\$34,035	\$0
Sports Center/Natorium	\$149,475	\$140,105	\$140,105	\$0
Women's Basketball	\$85,662	\$82,381	\$82,381	\$0
Women's Cross Country	\$44,524	\$29,775	\$29,775	\$0
Women's Soccer	\$39,036	\$33,835	\$33,835	\$0
Women's Softball	\$73,585	\$50,007	\$50,007	\$0
Women's Tennis	\$15,490	\$19,107	\$19,107	\$0
Women's Volleyball	\$53,953	\$42,982	\$42,982	\$0
SUBTOTAL	\$2,024,354	\$1,803,184	\$1,793,454	(\$9,730)
OTHER AUXILIARIES				
Bookstore Utilities	\$10,019	\$10,000	\$10,000	\$0
Center for the Arts	\$595,369	\$682,911	\$682,911	\$0
Children's Learning Center	\$477,316	\$445,246	\$445,246	\$0
Event & Conference Services/University Center	\$395,799	\$627,154	\$627,154	\$0
Health Clinic	\$90,778	\$99,468	\$117,468	\$18,000
Housing	\$2,611,462	\$2,585,086	\$2,585,086	\$0
Residence Life	\$697,361	\$845,955	\$845,955	\$0
Student Engagement*	\$178,284	\$0	\$0	\$0
SUBTOTAL	\$5,056,390	\$5,295,820	\$5,313,820	\$18,000
AGENCIES				
Chronicle	\$12,658	\$15,000	\$15,000	\$0
Intramural Sports	\$17,423	\$23,635	\$23,635	\$0
Silhouette	\$5,607	\$6,210	\$6,210	\$0
Student Government	\$27,791	\$34,685	\$34,685	\$0
Student Programming Board	\$90,522	\$95,000	\$95,000	\$0
SUBTOTAL	\$154,000	\$174,530	\$174,530	\$0
TOTAL EXPENDITURES	\$7,234,744	\$7,273,534	\$7,281,804	\$8,270
TRANSFERS TO OTHER FUNDS				
Agency Fund Balance Support to General Fund	\$0	\$0	\$51,547	\$51,547
Auxiliary Fund Balance Support to General Fund	\$301,048	\$0	\$410,306	\$410,306
Housing to General Fund	\$143,721	\$143,721	\$143,721	\$0
Housing to Plant Funds	\$176,000	\$151,365	\$151,365	\$0
University Center to General Fund	\$13,000	\$13,000	\$13,000	\$0
SUBTOTAL	\$332,721	\$308,086	\$769,939	\$461,853
TOTAL EXPENDITURES AND TRANSFERS	\$7,567,465	\$7,581,620	\$8,051,743	\$470,123
SURPLUS (DEFICIT)	\$219,890	\$0	(\$579,853)	(\$579,853)

Highlights of the Modified Auxiliary and Agency Fund Budget

Revenue

- Reduced transfers from the General Fund by \$9,730 for Athletics and \$100,000 for the Vern Riffe Center for the Arts.

Expenditures

- Reduced the Athletics budget by \$9,730 in the Athletic Director and Athletic Training accounts to offset the reduced support transfer.
- Increased the Health Clinic budget by \$18,000 to cover increased hours for the contracted Psychiatrist.
- Transferred \$51,547 in Agency fund balances to provide support to the General Fund.
- Transferred \$410,306 in Auxiliary fund balances to provide support to the General Fund.

Result

- The planned use of Auxiliary and Agency fund balances for FY2015 will increase from \$0 to \$579,853.

Impact on University Net Position

Use of Fund Balances

- In addition to the use of \$1,634,515 in General fund balance, and \$579,853 in Auxiliary and Agency Fund balances, \$950,113 will be charged against the Plant Fund balance to cover Phase 1 of the Nursing building renovation project and the FY2015 technology infrastructure debt service.

Result

- The planned FY2015 overall impact on University Net Position will increase from \$1,700,113 (\$1,250,000 from General Fund, \$450,113 from Plant Fund) to \$3,164,481.