

**Western Oregon University Board of Trustees:
Finance & Administration Committee (FAC)
Meeting No. 22 – February 4, 2021 | 1:00-4:00pm
Public Meeting: via WebEx
Phone: +1-415-655-0002 | Access Code: 177 993 1581**

MINUTES

I. CALL-TO MEETING / ROLL CALL

Chair Cec Koontz called the meeting to order at 1:01 PM.

Trustees present: Jim Baumgartner, David Foster, Cec Koontz, Leah Mitchell

Trustee absent: Jerry Ambris.

Others present include: Rebecca Chiles, Gabriel Dougherty, Kristin Diggs, Rex Fuller, Cara Groshong, Ana Karaman, Bill Kernan, Shadron Lehman, Dave McDonald, Camarie Moreno, Tad Shannon, Darin Silbernagel, Michael Smith, Michele Van Deusen, Dona Vasas, Barry Weber, Hunter Weeks

II. CONSENT AGENDA

1) Approval [October 26, 2020 Meeting Minutes](#)

Trustee Baumgartner moved to adopt the consent agenda, Trustee Mitchell seconded the motion, and the motion passed unanimously.

III. REPORTS & DISCUSSION ITEMS:

1) [University Budget Advisory Committee \(UBAC\)](#)

Chair Koontz introduced Dr. Tad Shannon, who serves as a Co-Chair to the University Budget Advisory Committee (UBAC). Shannon provided a brief overview of UBAC's report. Trustee Baumgartner raised a question regarding UBAC's outreach on campus, Shannon discussed how UBAC's role has changed from facilitating campus ideas in prior years to educating campus about how the budget works in the current year. Trustee Foster asked whether these meetings were recorded and available to campus; Shannon responded that presentations and materials are available, but the meetings are not recorded. Karaman noted that Camarie Moreno has a recorded educational presentation on University Budget available on the Budget Office's webpage.

2) [University Technology Advisory Committee \(UTAC\)](#)

Chair Koontz introduced Bill Kernan, Director of University Computing Solutions, who serves as a Co-Chair to the University Technology Advisory Committee (UTAC). Kernan summarized the written UTAC report and explained that a subcommittee has been established to evaluate institutional resources. Canvas continues to grow, with half of online courses utilizing Canvas Learning Management System and the other half using Moodle. Unicheck replaced Turn-it-in at a third of the annual cost and is used to detect plagiarism. Circle-in, an emerging solution, provides resources aimed at improving study habits, and was purchased using CARES funds.

3) [Finance & Administration Report](#)

Karaman began her report by introducing Darin Silbernagel, University Treasurer. Silbernagel stated that the University's cash position as of December 31, 2020 was \$35.243M. The projected ending cash for June 30, 2021 is \$32.044M; Silbernagel will continue to update the projected cash flow for fluctuations as more financial information is available. Silbernagel noted the impact of COVID-19 on reducing inflows as well as outflows, as well as the impact of not charging interest on student accounts for several months and extending the due date for student accounts.

Karaman introduced Michael Smith, Director of Facilities Services, to discuss the three capital projects that are currently underway. The Welcome Center, formerly the Oregon Military Academy, is open and nearly complete, with just small punch list items left to be completed. Admissions and Financial Aid are already operating out of the building. The third phase of the Instructional Technology Center (ITC) project, which is a \$10M project with major seismic upgrades, is about 80% complete with an expected completion by the end of March. The third project, WOU Salem, is about 75% complete. The majority of the work on this project is being completed in-house by facilities staff.

Karaman returned to Kernan to discuss the work University Computing Solutions (UCS) is doing with integration of Circle-In, Percipio, Campus Logic, and Canvas. Karaman highlighted that these integrations will help the University transition into a post-COVID world, where elements of the remote environment will continue.

Karaman next highlighted the Public Safety section of her report, which details the partnership with West Valley Hospital to have a vaccination clinic that is now open on campus. Trustee Mitchell shared that she was the Incident Commander of the project and was very pleased with the change of the vaccine clinic site from Polk County Fairgrounds to WOU due to internet connectivity issues. President Fuller shared that as of now, the clinic will run through June 30th. Fuller also shared that leftover vaccines from the clinic at the end of the day will be offered to WOU employees via a randomized list. Karaman also highlighted an upcoming cybersecurity tabletop exercise.

Karaman next discussed additional federal funds of approximately \$7M that WOU will be receiving, known as CARES II money. Of that \$7M, no less than \$2.14M will be

used as student aid. The university is still receiving guidance on what these one-time funds can be spent on. President Fuller highlighted that these funds allow students to apply any funds they receive to their outstanding debt. President Fuller again highlights that these are one-time funds that can help bridge financial gaps. A prioritization for use of funds is still being considered, with counseling services, digital cadavers, and COVID testing being given as examples. Trustee Foster asked if the student aid portion of funds must be used for currently enrolled students or if it could be used to encourage prospective students. Fuller answered that guidance is still being rolled out, and we are currently inquiring if it could be used for stopped-out students to return and finish their degree.

IV. ACTION ITEMS:

1) [WOU 2020 Annual External Audit Reports](#)

Kristin Diggs and Barry Weber, external auditors from Eide Bailly, present a summary of the audit. Diggs summarizes the obstacles overcome during the audit given the coronavirus and wildfires in Oregon that closed campus over the summer during scheduled fieldwork. Eide Bailly issued an unmodified opinion in the Independent Auditor's Report on the FY20 Financial Statements, as well as an unmodified opinion in the Independent Auditor's Report on Internal Control over Financial Reporting. The Single Audit report has not been completed yet due to Guidance for HEERF not coming out until December 22nd, so the testing was not able to be done until January. The audit approach was based upon risk, which involved reviewing the controls in place over significant processes and reviewing significant estimates. Diggs also highlighted that the financial statement report was brought in-house by WOU for the first time this year. Diggs also gave an update on the NCAA Agreed Upon Procedures, as required being a Division II school, that involves specific procedures being performed over operating revenues and expenses associated with Athletics; there were no significant issues. The Single Audit has not been issued yet due to the delay in the compliance supplement related to HEERF; the auditors hope to have the report wrapped up in the next few weeks. Lastly, Diggs reported that GASB has pushed back the implementation dates of new GASB standards. Baumgartner questions what needs to be done in relation to the uncompleted Single Audit, and Karaman clarifies that the plan is to bring the Single Audit to the next FAC meeting for acceptance. Chair Koontz and other trustees decided not to meet with the auditors privately.

Baumgartner moves to recommend to the Board of Trustees to accept the University's fiscal year 2020 audit of financial statements, Foster seconds, and the motion is approved unanimously.

Chair Koontz called for a break from 2:21-2:31 pm.



Karaman reminds the committee that this is the first year the financial statements were prepared in-house rather than by University Shared Service Enterprises (USSE); we previously had paid almost \$150K for this service. Gabe Dougherty, Controller, presents a summary of the financial statements, beginning with the total net position decreasing from FY19 to FY20 by about \$5.7M. Unrestricted net position decreased by about \$15M (to -\$3.6M). In FY20, there was an approximate 5% decline in FTEs. On the Condensed Statement of Net Position, Dougherty highlighted the decrease in Noncurrent Assets which is reflective of liquidated investments to keep a positive cash position. Dougherty also highlighted the increase in Net Investment in Capital Assets, which is a result of construction activity related to Natural Science, ITC, WOU Salem. Accounts receivable decreased due to writing off bad debt. The Condensed Statement of Revenues and Expenses, and Changes in Net Position show a decrease in student tuition and fee revenue due to the decline in enrollment, a decrease in auxiliary enterprises revenue as a result of serving fewer than 700 hundred students, and increases to PUSF and sports lottery recognized in government appropriations. Trustee Foster asked about the approximate increase of \$6M in compensation and benefits; Dougherty responded this encompasses increases in retirement and health care expense, with Karaman adding that it is due to an increase in positions as well.

Chair Koontz called for a motion to recommend to the Board of Trustees to accept the Independent Auditor's Report on Applying the Agreed Upon Procedures (related to NCAA), Baumgartner motioned, Mitchell seconded, and the motion approved unanimously.

2) [FY2021 Management Report \(as of Dec. 31, 2020\)](#)

Camarie Moreno, Director of Budget and Planning, presented the Management Report Period 6 Year-To-Date Actual to Actual Variance. Moreno highlighted the decrease in tuition of approximately \$1.6M due to a 7.5% decrease in fall and 9.6% in winter term enrollments. Fees have increased by approximately \$4.7M as a result of increased online course fee revenue due to approximately 95% of courses being delivered online. Fee remissions have also increased by about \$600K from the prior year. Altogether, this results in an increase in net student fees and tuition of approximately \$2.4M. Moreno also highlights the \$1.2M increase in Government Resources & Allocations due to being in the second year of the biennium. On the expense side, Moreno highlights personnel expense being \$3.6M less than the prior year due to furlough and LWOP savings, as well as approximately \$783K of a retirement window payment being made in FY20. Moreno then summarized the Period 6 Variance report for auxiliaries, which shows significant decreases in revenues and expenses due primarily to serving less students on campus as a result of COVID-19.

Karaman then presented on the year-end projections. We expect to continue to see a decline in enrollment; the adjusted budget was built with the decline in fall term



enrollment known and then assumed our typical attrition rate between terms of about 6%. However, winter term was approximately 10% down from fall, so the spring projection has been adjusted using that same level of attrition. Adjusted tuition remissions projected to be \$7.5M compared to the adjusted budget of \$7.05M in consultation with Financial Aid. Total revenues are projected to be \$346K above the adjusted budget primarily due to online course fee revenue; the adjusted budget was built with the assumption spring term would be returning to normal delivery (meaning less online course fee revenue), so although overall net tuition and fee revenues are projected to be over the budgeted amount, the tuition component is actually projected to be less than the budgeted amount due to the decline in enrollment.

Personnel expenses were projected assuming that the December payroll expense will continue over the next six months; savings resulting from furloughs, leave without pay, and position eliminations were already incorporated into the adjusted budget. Services and supplies are cautiously projected to be about \$1M less, but there is uncertainty surrounding this due to timing differences related to vendors not billing us at regular times due to COVID-19. Altogether, expenses are projected to be \$842K under the adjusted budget. Karaman noted that net transfers are detailed in the include transfer schedule, and primarily include the transfer to athletics. 'Other Activities' includes a \$3M subsidy to auxiliary support; \$2M in auxiliary support was included in the adjusted budget; the projection reflects \$1M of incidental fee support given for fall and an additional \$2M to support other auxiliaries. The primary concern of other auxiliaries needing support is their upcoming debt service payment on July 1st, which is about \$3.3M. Karaman notes that we will have a better update with the next management report for how much is needed in auxiliary support. Altogether, for the Education and General fund, total net revenues less expenses are about \$200K to the positive of the adjusted budget.

Mitchell motioned to accept the FY21 Projected Year-End Report and the overall Management Report as of December 31, 2020, Foster seconded, and the motion carried unanimously.

V. ADJOURNMENT

Chair Koontz adjourned the meeting at 3:44 pm.