

MINUTES
Board of Trustees
Finance and Facilities Committee
January 20, 2023, 1:15 pm

MEMBERS PRESENT: Senator Arthur Orr, Dr. Sandra Sims-deGraffenried (zoom), Mike McCoy, Russell Johnson, Jonathan Craft, Kerry Warren, and Barbara Ferguson, reporting.

MEMBERS ABSENT: Representative Mac McCutcheon, Dr. Wanda Humphrey, Debbie McGee, and Kayla Kohanek-Tankersley

Senator Orr called the meeting to order at 1:16 pm. After roll call, the committee reviewed and accepted the minutes from October 21, 2022. With no old business to address, the committee moved to new business.

The first item of new business was the presentation of the FY2022 audit by Stephanie Blair and Jeremy Blackburn from Mauldin and Jenkins, CPAs. The PDF of the audit was emailed to the full board earlier this week. Ms. Blair informed the committee that her firm had completed the financial statement audit earlier this year to be in compliance with the state comptroller's deadline. She indicated that the federal financial aid compliance audit will be completed at a later time. She presented a summary handout to the committee along with a copy of the University's representation letter. She indicated that no internal control issues were identified, there were no disagreements on policies, and no unusual transactions or alternative treatments. She covered new pronouncements for FY2022 that factored into the financial statements such as leases (mostly copier leases). She indicated that they had no issues with any of the University's accounting estimates. She informed the committee that there was one adjustment for fall scholarship deferral. She and Mr. Blackburn indicated how rare it is to only have one recommended adjustment. She also briefly covered 2 uncorrected, immaterial misstatements relating to depreciation expense and construction in progress. She informed the committee that Mauldin and Jenkins have issued an unmodified opinion. Ms. Blair informed the committee that the University's net position increased approximately \$5.0M. Ms. Blair and Mr. Blackburn indicated that this was a very smooth audit and they commended Mr. Craft and the Financial Affairs staff on a job well done. The committee recommended to accept the financial statement audit for presentation to the full board at today's meeting.

The second item of new business was the financial summary for the quarter ended 12/31/2022. Mr. McCoy informed the committee that as of 12/31/22 there were approximately \$8.4M excess revenues over expenditures. This is \$684,402 better than at 12/31/21. He attributes this increase to the 7% tuition increase for academic year 2023 and the 18% state appropriation increase for fiscal year 2023. He did point out that expenses were up over 2021. He indicated this is mostly due to the increase in personnel costs and reminded the committee that a COLA was approved for fiscal year 2023.

Mr. McCoy next discussed the third item of new business; the Budget Amendment #1 for FY2023. He explained that this amendment is mostly due to a shortfall in tuition revenue for Fall 2022 and Spring 2023 totaling \$951,565. He explained that this shortfall can be covered by vacant positions including 5 faculty and 4 staff positions that will be vacant at least through the Spring 2023 semester. He also indicated that 3 staff positions and 1 faculty position will continue to be vacant through the rest of FY2023. This budget amendment reflects the revenue shortfall and the offsetting expense savings of the unfilled positions as well as a saving of \$25,000 in professional service contracts. The committee recommended to accept this budget amendment for presentation to the full board at today's meeting.

Finally, Mr. McCoy provided an update on upcoming campus construction projects. He reminded the committee that the University was awarded approximately \$4.6M in PSCA funds. The University has already committed approximately \$3.7M for the new maintenance facility. The University recently asked the PSCA to allocate the remaining funds for the following projects:

- Founders Hall elevator replacement - \$325,000
- CLL roof replacement - \$150,000
- Chasteen Hall roof replacement - \$150,000
- Powers Hall window replacement - \$150,000
- Sandridge Hall HVAC Chiller - \$225,000
- Kares Library HVAC Chiller - \$225,000

He indicated that these amounts total a little more than the remaining balance due to the fact that there are some anticipated savings with the new maintenance facility project. Mr. McCoy indicated that he is expecting these bids to be done in March and contracts to be ready to sign in May.

With no further business, the meeting was adjourned at 2:04 p.m.