



Business and Finance Committee Meeting Agenda

Austin Peay State University

Education Building 203

203 Bastogne Ave

Fort Campbell, KY 42223

March 8, 2018

2:00 p.m.

Call to Order

Roll Call/Declaration of Quorum

Action Items

- A. Consideration of Non-Mandatory Fees for the 2018-2019 Academic Year
- B. Consideration of Housing Rates for the 2018-2019 Academic Year
- C. Consideration of Campus Property Acquisitions

Information Items

- A. Review of Governor's Budget Recommendation
- B. Review of Fiscal Year 2016-2017 Financial Report

Adjourn

Agenda Item: A.

Date: March 8, 2018

Subject: Consideration of Non-Mandatory Fees for the 2018-2019 Academic Year

Action Recommended: Approval by Roll Call Vote

Background Information:

Under Board Policy 1:021 (*Fees, Charges, Refunds, and Fee Adjustments*), the Board of Trustees must approve all University fees. The proposed 2018-2019 fee changes are for select non-mandatory fees.

Proposed Implementation Date: Fall 2018

Item Details:

See attachment for a list of proposed non-mandatory fees for 2018-2019 academic year.

**Austin Peay State University
Proposed Non-Mandatory Fees
Fiscal Year 2018 - 2019**

Fee Proposed	Current Per Credit Hour Rate	Proposed Per Credit Hour Rate
Art and Design - Studio and Graphic Design Courses	\$0	\$30 per credit hour
Aviation Science	\$0	\$300 one-time fee
Culinary Arts	\$0	\$60 per credit hour
Graduate Counseling	\$0	\$25 per credit hour
Nursing, BSN Degree	\$25 per credit hour	\$40 per credit hour
Nursing, BSN Degree - Clinical Skills Fee	\$90 per semester	\$0 per semester
Nursing, MSN Degree	\$25 per credit hour	\$30 per credit hour

Agenda Item: B.

Date: March 8, 2018

Subject: Consideration of Housing Rates for the 2018-2019 Academic Year

Action Recommended: Approval by Roll Call Vote

Background Information:

APSU Policy 1:021 “Fees, Charges, Refund and Fee Adjustments” requires that “all regular and special rental rates for student residence halls and student apartments will be approved by the Board of Trustees upon the recommendation of the University.” The Business and Finance Committee will review and consider for approval the changes in student housing rates, which will become effective fall 2018.

Proposed Implementation Date: Fall 2018

Item Details:

The University proposes to increase student housing rates as follows:

	2017 - 2018	2018 - 2019
Residence Halls		
Double Occupancy	\$2,760 - \$3,400	\$2,900 - \$3,450
Single Occupancy	\$3,550 - \$5,100	\$3,550 - \$5,100
Apartments (Emerald Hill)	\$3,750 - \$3,900	\$3,750 - \$3,900
Family Apartments	\$670 - \$870	\$670 - \$870

Residence Hall rates are represented on a “per semester” basis and family apartments are “monthly.” The revenue expected to be generated is \$224,860 annually. This is an overall 1% increase in housing rates to cover inflationary increases for salaries and operations.

Agenda Item: C.

Date: March 8, 2018

Subject: Consideration of Campus Property Acquisition

Action Recommended: Approval by Roll Call Vote

Background Information:

The Business and Finance Committee is responsible for recommending the approval of the lease, purchase, and disposal of real estate to the Board of Trustees. APSU seeks to acquire property that is within close proximity of campus and that is part of the Campus Facility Master Plan.

Proposed Implementation Date: Spring 2018

Item Details:

APSU is seeking Board approval to acquire property that is in close proximity of campus, which is consistent with the Master Plan.



221 FORBES AVE

Information Item: A.

Date: March 8, 2018

Subject: Review Governor's Budget Recommendation

Action Recommended: Information Only

Background Information:

On January 29, 2018, Governor Haslam presented his fiscal year 2018 – 2019 budget recommendations to the General Assembly. Information pertinent to APSU will be shared with the Business and Finance Committee.

Proposed Implementation Date: Fiscal Year 2018-2019

Item Details:

The following information will be shared with the Committee:

- 2018-2019 State Appropriation Recommendations
- 2018-2019 Capital Maintenance Recommendations

<u>Actual 2016-2017</u>	<u>Estimated 2017-2018</u>	<u>Base 2018-2019</u>	<u>Cost Increase 2018-2019</u>	<u>Recommended 2018-2019</u>
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Locally Governed Institutions

The Locally Governed Institutions (LGIs) of the State University and Community College System are four-year universities operating under independent governing boards and offer undergraduate, graduate, and professional studies to the citizens of Tennessee. Located throughout the state, the LGIs operate comprehensive programs in subjects as diverse as occupational training, the arts and sciences, law, and health.

332.70 Austin Peay State University

Austin Peay State University is a comprehensive liberal arts institution located in Clarksville. The university offers undergraduate and graduate degree programs in the liberal arts and sciences; and complements classroom work with team teaching, cooperative learning, community services, international programs, and collaborative research between faculty and students. Two centers of excellence are also provided in field biology and creative arts.

Full-Time Administrative	32	35	35	0	35
Professional	229	238	238	0	238
Faculty	386	389	389	0	389
Clerical/Support	267	265	265	0	265
Total	914	927	927	0	927
Headcount	10,023	10,195	10,195	0	10,195
State	40,393,800	44,621,700	44,820,600	2,582,600	47,403,200
Federal	142,700	150,000	150,000	0	150,000
Other	20,252,200	21,019,600	21,019,600	0	21,019,600
Tuition/Fees	79,181,600	82,399,400	82,399,400	0	82,399,400
Total	\$139,970,300	\$148,190,700	\$148,389,600	\$2,582,600	\$150,972,200

332.72 East Tennessee State University

East Tennessee State University (ETSU), located in Johnson City, offers degree programs in arts and sciences, business and technology, education, medicine, nursing, public and allied health, and graduate studies. ETSU houses two centers of excellence in Appalachian studies and early childhood studies. To help meet the health needs of the citizens of eastern Tennessee, East Tennessee State University (ETSU) provides comprehensive medical training and residency programs through the Quillen College of Medicine, the family medicine residency programs, and the College of Pharmacy.

Full-Time Administrative	45	49	49	0	49
Professional	456	479	479	0	479
Faculty	664	673	673	0	673
Clerical/Support	494	495	495	0	495
Total	1,659	1,696	1,696	0	1,696
Headcount	13,419	13,764	13,764	0	13,764
State	55,391,900	61,099,800	61,078,800	3,946,600	65,025,400
Federal	1,493,100	1,500,000	1,500,000	0	1,500,000
Other	40,485,600	42,907,500	42,907,500	0	42,907,500
Tuition/Fees	136,597,200	147,759,400	147,759,400	0	147,759,400
Total	\$233,967,800	\$253,266,700	\$253,245,700	\$3,946,600	\$257,192,300

Capital Maintenance Project Descriptions Fiscal Year 2018-2019

	<u>Total Project Cost</u>
New Tazewell Readiness Center Re-Roof and Facility Update Funds are provided for replacement of the roof system, multiple exterior and interior facility updates, site grading and drainage improvements, and all related work.	\$ 760,000
Berry Field Building 721 Re-Roof and Fire Alarm Repair Funds are provided for replacement of the roof system. Funds also support masonry repairs, interior finish upgrades, repair of the fire suppression and fire alarm systems, and all related work.	1,800,000
Sub-Total Military	<u>\$ 3,890,000</u>
Safety	
Redditt Training Center Re-Roof Funds are provided for replacement of the roof system, insulation, and all related work.	\$ 1,020,000
Locally Governed Higher Education Institutions:	
Austin Peay State University	
Kimbrough HVAC Replacement Funds are provided for replacement of the HVAC system, noise insulation, and all related work.	\$ 2,250,000
Fire Alarm Replacements Funds are provided for replacement of the fire alarm systems in three buildings and all related work.	1,420,000
Sub-Total Austin Peay State University	<u>\$ 3,670,000</u>
East Tennessee State University	
Campus HVAC Upgrades Funds are provided for repair and upgrade of the HVAC system in multiple buildings campus-wide and all related work. Project includes replacement of two water heaters.	\$ 2,740,000
Clinical Education Building HVAC Repairs Funds are provided for replacement of the HVAC system, controls, and all related work.	1,800,000
Campus Water Lines Repair and Replacement Phase I Funds are provided for repair and replacement of underground water lines, valves, and all related work.	1,500,000
Multiple Building Roof Replacements Funds are provided for replacement of roof systems campus-wide and all related work.	1,000,000
Memorial Center Code Corrections Funds are provided for updates to seating areas, handrails, risers, stair treads, and to perform other code repairs. Project includes all related work.	2,500,000
Sub-Total East Tennessee State University	<u>\$ 9,540,000</u>
Middle Tennessee State University	
Data and Communication Centers Building Systems Updates Funds are provided for replacement of the HVAC and electrical systems in multiple buildings and all related work.	\$ 1,212,000

Information Item: B.

Date: March 8, 2018

Subject: Review of the Financial Report for Fiscal Year 2016-2017

Action Recommended: Information Only

Background Information:

The University's financial report includes the Statement of Net Position (the Balance Sheet), the Statement of Revenues, Expenses, and Changes in Net Position (the Income Statement), and the Statement of Cash Flows. Management Discussion and Analysis and Notes to the financial statements are also presented to provide additional information that are essential to a full understanding of the financial statements.

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The financial statements include a discretely presented component unit, the Austin Peay State University Foundation. More detailed information about the foundation is in Note 21.

The financial statements have been audited by the State of Tennessee, Comptroller of the Treasury, Division of State Audit. The Independent Auditor's report is included and precedes the financial statements.

The Composite Financial Index (CFI) consists of four ratios that are weighted and scored on a scale to create a single score of financial health. The four ratios are the primary reserve ratio, viability ratio, return on new assets ratio, and net operating revenues ratio. The four calculated ratios are weighted and added together to produce the CFI. Examining the trend of the University's CFI score over an extended period offers a more stable long-term view of the University's overall financial performance.

Item Details:

The University's audited financial report and CFI will be discussed.

Composite Financial Index Comparison of the State Universities

Primary Reserve Ratio			
	FY 15	FY 16	FY 17
Expected	0.40	0.40	0.40
Watch	0.13	0.13	0.13
APSU	0.27	0.29	0.29
ETSU	0.30	0.32	0.33
MTSU	0.25	0.25	0.26
TSU	0.37	0.38	0.33
TTU	0.61	0.57	0.53
UofM	0.36	0.36	0.39
UTK	0.46	0.46	0.54
UTC	0.26	0.28	0.28
UTM	0.34	0.32	0.30

Viability Ratio			
	FY 15	FY 16	FY 17
Expected	1.25	1.25	1.25
Watch	0.41	0.41	0.41
APSU	0.39	0.45	0.46
ETSU	0.65	0.74	0.78
MTSU	0.36	0.39	0.45
TSU	2.19	2.49	2.51
TTU	1.78	1.66	1.55
UofM	1.02	0.99	1.15
UTK	0.87	0.78	0.92
UTC	0.97	1.07	1.21
UTM	0.52	0.50	0.52

CFI (Composite Financial Index)			
	FY 15	FY 16	FY 17
Expected	3.00	3.00	3.00
Watch	1.00	1.00	1.00
APSU	1.65	1.74	2.03
ETSU	2.06	2.05	2.57
MTSU	1.17	1.47	1.30
TSU	3.85	3.84	2.63
TTU	4.39	3.68	3.96
UofM	2.83	2.07	2.59
UTK	2.52	2.58	3.48
UTC	2.53	2.42	2.38
UTM	1.95	1.16	0.77

Return on Net Assets Ratio			
	FY 15	FY 16	FY 17
Expected	3.1%	3.5%	4.6%
Watch	0.1%	0.5%	1.6%
APSU	4.5%	3.8%	7.8%
ETSU	5.4%	3.7%	7.3%
MTSU	3.0%	4.2%	3.3%
TSU	7.4%	4.2%	0.5%
TTU	7.8%	6.9%	9.4%
UofM	9.4%	2.6%	5.2%
UTK	4.6%	6.6%	8.4%
UTC	7.0%	4.8%	4.3%
UTM	4.8%	1.2%	-0.5%

Net Operating Revenues Ratio			
	FY 15	FY 16	FY 17
Expected	3.0%	3.0%	3.0%
Watch	0.0%	0.0%	0.0%
APSU	2.2%	3.4%	1.6%
ETSU	2.4%	2.8%	4.0%
MTSU	-1.0%	0.7%	-1.3%
TSU	3.8%	4.2%	-5.1%
TTU	6.7%	1.4%	4.2%
UofM	1.2%	0.3%	1.1%
UTK	1.8%	0.8%	5.7%
UTC	4.2%	4.1%	2.7%
UTM	1.9%	-2.8%	-5.4%

Composite Financial Index Terms

- **Composite Financial Index (CFI):** The CFI includes four commonly used financial ratios: Primary Reserve Ratio, Viability Ratio, Return on Net Assets Ratio, and Net Operating Revenues Ratio. The four calculated ratios are weighted and added together to produce the CFI. Examining the trend of an institution's CFI score over an extended period offers a more stable long-term view of an institution's overall financial performance.
- **Primary Reserve Ratio:** The primary reserve ratio compares the level of assets that an organization can quickly access and spend to satisfy its fiscal obligations. In describing the organization's ability to support current operations from available expendable resources, the ratio measures the financial strength of the organization.
- **Viability Ratio:** In measuring the availability of sufficient cash, or other convertible assets, to pay institutional obligations as of the date of the Statement of Net Assets, this ratio indicates the relative liquidity of the organization. APSU's downward trend is due to capital infrastructure growth using debt financing paid primarily from student fee revenues. This ratio has stabilized.
- **Return on Net Assets Ratio:** This ratio measures economic return in order to determine whether an institution generated or used up net assets in a given year. In a Not-for-Profit company, this ratio is critical to demonstrate a return on invested capital (net assets). Major changes are generally due to major gifts or appropriations for capital investment.
- **Net Operating Revenues Ratio:** The Net Operating Revenues Ratio is used to measure the operational efficiency of management and indicates whether the institution is living within available resources. Universities modify the calculation by including state appropriations as revenue even though accounting principles define appropriations as non-operating. This is standard in the industry and appropriate because expenditures depend on the use of this source of funding.