



Business and Finance Committee Meeting

Agenda

Austin Peay State University

317 College Street

Clarksville, TN 37040

March 14, 2019

Call to Order

Roll Call/Declaration of Quorum

Action Items

- A. Consideration of Non-Mandatory Fees for the 2019-2020 Academic Year
- B. Consideration of Housing Rates for the 2019-2020 Academic Year

Information Items

- A. Review of Governor's Budget Recommendation
- B. Review of Fiscal Year 2017-2018 Financial Report

Adjourn



Agenda Item: A.

Date: March 14, 2019

Subject: Consideration of Non-Mandatory Fees for the 2019-2020 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 2019-2020 fee changes are for select non-mandatory fees.

Proposed Implementation Date: Fall 2019

Item Details:

See attachment for a list of proposed non-mandatory fees for 2019-2020 academic year.

**Austin Peay State University
Proposed Non-Mandatory Fees
Fiscal Year 2019 - 2020**

Fee Proposed	Current Rate	Proposed Rate
Aviation Training Device	\$0	\$70 per simulator hour
Business Course Fee	\$30	\$40 per credit hour
Boot Removal Fee	\$0	\$75 for first removal \$125 for additional removals in the same academic year



Agenda Item: B.

Date: March 14, 2019

Subject: Consideration of Housing Rates for the 2019-2020 Academic Year

Action Recommended: Approval by Roll Call Vote

Background Information:

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.” Proposed changes in student housing rates for 2019-2020 are presented for review.

Proposed Implementation Date: Fall 2019

Item Details:

	2018 - 2019	2019 - 2020
Residence Halls		
Sevier, Blount, Harvill Double Occupancy	\$2,900	\$3,040
Sevier, Blount, Harvill Single Occupancy	\$4,140	\$3,800
Castle, Governors Terrace North, Governors Terrace South, Eriksson Double Occupancy	\$3,450	\$3,600
Castle, Governors Terrace North, Governors Terrace South, Eriksson Single Occupancy	\$5,100	\$4,500
Apartment Style		
Meacham, Two Rivers Double Occupancy	\$2,900	\$3,040
Meacham, Two Rivers Single Occupancy	\$4,140	\$3,800
Hand Village	\$3,550	\$3,700

Residence Hall and Apartment Style rates are represented on a per semester basis. The revenue expected to be generated is roughly \$361,000 annually for an overall 3.5% increase in housing rates to cover an increase in utilities and operating costs.



Information Item: A.

Date: March 14, 2019

Subject: Review of Governor's Budget Recommendation

Action Recommended: Information Only

Background Information:

Recently, Governor Lee presented his fiscal year 2019-2020 budget recommendations to the General Assembly. Information pertinent to APSU will be shared with the Business and Finance Committee.

Proposed Implementation Date: Fiscal Year 2019-2020

Item Details:

The following information will be shared with the Committee:

- 2019-2020 State Appropriation Recommendations
- 2019-2020 Capital Maintenance Recommendations



Information Item: B.

Date: March 14, 2019

Subject: Review of the Financial Report for Fiscal Year 2017-2018

Action Recommended: Information Only

Background Information:

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

Item Details:

The University's audited financial report and Composite Financial Index (CFI) will be discussed.



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.

Composite Financial Index Comparison of the State Universities

Primary Reserve Ratio			
	FY 16	FY 17	FY 18
Expected	0.40	0.40	0.40
Watch	0.13	0.13	0.13
APSU	0.29	0.29	0.27
ETSU	0.32	0.33	0.34
MTSU	0.25	0.26	0.26
TSU	0.38	0.33	0.26
TTU	0.57	0.53	0.49
UM	0.36	0.39	0.35
UTK	0.46	0.54	0.54
UTC	0.28	0.28	0.28
UTM	0.32	0.30	0.25

Viability Ratio			
	FY 16	FY 17	FY 18
Expected	1.25	1.25	1.25
Watch	0.41	0.41	0.41
APSU	0.45	0.46	0.49
ETSU	0.74	0.78	0.84
MTSU	0.39	0.45	0.49
TSU	2.49	2.51	2.25
TTU	1.66	1.55	1.27
UM	0.99	1.15	1.10
UTK	0.78	0.92	0.82
UTC	1.07	1.21	0.46
UTM	0.50	0.52	0.45

CFI (Composite Financial Index)			
	FY 16	FY 17	FY 18
Expected	3.00	3.00	3.00
Watch	1.00	1.00	1.00
APSU	1.74	2.03	1.72
ETSU	2.05	2.57	3.05
MTSU	1.47	1.30	1.50
TSU	3.84	2.63	2.23
TTU	3.68	3.96	3.05
UM	2.07	2.59	1.90
UTK	2.58	3.48	3.07
UTC	2.42	2.38	1.62
UTM	1.16	0.77	0.44

Return on Net Assets Ratio			
	FY 16	FY 17	FY 18
Expected	3.5%	4.6%	5.9%
Watch	0.5%	1.6%	2.9%
APSU	3.8%	7.8%	4.0%
ETSU	3.7%	7.3%	11.0%
MTSU	4.2%	3.3%	3.1%
TSU	4.2%	0.5%	(0.8%)
TTU	6.9%	9.4%	5.0%
UM	2.6%	5.2%	1.8%
UTK	6.6%	8.4%	6.7%
UTC	4.8%	4.3%	5.4%
UTM	1.2%	(0.5%)	(1.3%)

Net Operating Revenues Ratio			
	FY 16	FY 17	FY 18
Expected	3.0%	3.0%	3.0%
Watch	0.0%	0.0%	0.0%
APSU	3.4%	1.6%	2.5%
ETSU	2.8%	4.0%	4.3%
MTSU	0.7%	(1.3%)	1.2%
TSU	4.2%	(5.1%)	(3.5%)
TTU	1.4%	4.2%	2.5%
UM	0.3%	1.1%	(1.6%)
UTK	0.8%	5.7%	3.9%
UTC	4.1%	2.7%	(0.6%)
UTM	(2.8%)	(5.4%)	(6.1%)