




Department of
Higher Education

John R. Kasich, Governor
John Carey, Chancellor

Memorandum

To: Senator Scott Oelslager, Chairman, Senate Finance Committee
Representative Ryan Smith, Chairman, House Finance Committee
Senator Michael Skindell, Ranking Minority Member, Senate Finance Committee
Representative Jack Cera, Ranking Minority Member, House Finance Committee
Mr. Tim Keen, Director, Office of Budget & Management
Mr. Mark Flanders, Director, Legislative Service Commission

From: John Carey 
Chancellor

Date: February 20, 2018

Subject: Second Quarter Financial Reports for FY 2018

Please find enclosed the quarterly financial reports for the second quarter of fiscal year 2018, which were submitted by Ohio's 37 public institutions of higher education. Pursuant to Ohio Revised Code §3345.72, these reports are to be distributed to you.

The report contains twelve questions to be answered by the campus fiscal officer or an appropriate designee. The questions are designed to probe for any serious cash flow problems and to provide early warnings of significant problems with the current year budget. The desirable answer to each question is *No*.

Shawnee State University responded to the following questions in the affirmative:

- Relative to its original budget for the fiscal year, [has your institution] experienced any actual or anticipate any projected financial changes that will result in a substantially reduced fund balance or larger deficit this fiscal year?
- [Do you have knowledge] that an unanticipated decrease in operating cash and investments this fiscal year will negatively impact your institution's annual SB 6 composite score?

Shawnee State is projecting FY2018 tuition revenue will be down by 4.75% compared to the initial FY2018 general fund tuition revenue assumptions. Attached is Shawnee State's action plan to resolve the event and avoid reoccurrence, which includes an immediate 10% university-wide reduction in non-compensation expenditures to offset the revenue shortfall.

Columbus State Community College responded affirmative to the following question:

- [Did or will the institution have] an increase in liabilities that do not occur during normal business operations (including new debt issues)?

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Columbus State plans to issue \$23 million in new debt during FY2018. The funding will be used for a new building on campus for their hospitality and tourism center. The project will be supported by \$10 million from the State and \$10 million raised via a fundraising campaign.

Eastern Gateway Community College responded affirmative to the following question:

- [Did or will the institution have] an increase in liabilities that do not occur during normal business operations (including new debt issues)?

Eastern Gateway issued a Tax Anticipation Note for \$2 million to provide general purpose working capital for the College's District. The Notes were authorized by resolution prepared by Bond Counsel and approved by the College's Board on January 17, 2018. The Note is scheduled to post on Friday, February 23, 2018.

Hocking College responded affirmative to the following question:

- [Did or will the institution have] an increase in liabilities that do not occur during normal business operations (including new debt issues)?

Hocking College is pursuing a \$10 million Bond issue for capital improvements and program enhancements.

Rio Grande Community College responded affirmative to the following question:

- [Relative to its original budget for the fiscal year, did your institution experience any actual or anticipate any projected financial changes that will result in a substantially reduced fund balance or larger deficit this fiscal year?

Since the first quarter, the College's Board of Trustees approved an additional one-time expenditure of \$430,000 that was not included in the original budget for FY18. A portion of the expenditure was reimbursement to Rio Grande University for various small capital projects. The remaining amount was for services rendered and not originally budgeted at the beginning of the fiscal year.

I am pleased to report that there were no additional instances of a campus affirmatively responding to any of the six questions.

Additionally, and as is done each year, our staff is conducting an analysis of the fiscal year 2017 audited financial statements for all public institutions of higher education which were submitted at the end of the 2017 calendar year.

The results of this annual analysis (Financial Ratio Reports) will be shared publicly and are the basis for declaring a public institution of higher education in fiscal watch if the institution's composite score is below a certain threshold for a defined period of time.

Should you have any questions concerning the content of the enclosed reports, please contact me at 466-6000.

Enclosures

Date: February 20, 2018

RECOMMENDATION

The Office of the Vice Chancellor of Finance and Data Management has reviewed and analyzed the second quarter fiscal year 2018 Senate Bill 6 quarterly reports. The attached memo is ready for the Chancellor's signature.



Signature

2/20/18

Date

CERTIFICATION

Each institution's fiscal officer, or an appropriate designee, is required to complete and sign the following certification form.

I certify that I believe the above information provided in Schedules QF-1 and QF-2 for the

1st ___ 2nd X 3rd ___ 4th ___ quarter, FY _____

is correct as of the date indicated below, and that

SHAWNEE STATE UNIVERSITY

[name of college or university]

has a functioning accounting system that captures assets, liabilities, revenues, and expenditures on a timely basis, and that the Board of Trustees is informed at least quarterly of any significant actual or projected variances from annual revenues or expenditures that were approved in the annual budget.

Signed:

Clinda C. Bayles

Title:

Vice President for Finance and Administration

Date:

1-31-18

Schedule QF-2: Quarterly Report of Financial Actions

Name of Institution
Quarterly Report to the Ohio Department of Higher Education
Reportable Events and Additional Questions
as of December 31, 2017

Shawnee State University

Reportable Events -- During the time period covered by this report, did your institution:

	Yes	No
1 Request an advance of state subsidy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2 Fail to make its required payments, as scheduled, to appropriate retirement systems (e.g. OPERS or STRS-Ohio)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Fail to make its required payroll payments, as scheduled?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Fail to make its scheduled debt service payments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 Fail to make payments to vendors, as scheduled, due to a cash deficiency or a substantial deficiency in the payment processing system?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Relative to its original budget for the fiscal year, experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Additional Questions:

	Current Year	Prior Year	Prior Year
What was the total student FTE enrollment for Fall semester?	3167	3400	3376
What is the expected total student enrollment for Spring semester as budgeted for the fiscal year?	Current Year	Prior Year	Prior Year
	2842	3016	3059

	Yes	No
Do you have knowledge that any of the following circumstances have or may occur during the fiscal year in a significant way that will negatively impact your institution's annual SB 6 composite score?	<input type="checkbox"/>	<input type="checkbox"/>
1 An unanticipated decrease in operating cash and investments?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 An increase in uncollectible accounts receivable?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Any unanticipated capital purchases?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Any unanticipated losses (e.g. casualty or investment)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 An increase in liabilities that do not occur during normal business operations (including new debt issues)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Any other facts or circumstances that could negatively impact the SB 6 composite score?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If the answer is "Yes" to any of the above questions, please describe in a separate document the anticipated impact on your institution's year-end financial position, the reason(s) for the event, the action(s) taken by the institution to resolve the event, and the action(s) taken by the institution to prevent a reoccurrence of the event.

Schedule QF-1: Statement of Revenues, Expenditures, and Other Changes

Name of Institution
 Quarterly Report to the Ohio Department of Higher Education
 Projection of Year-end SB 6 Ratios and Composite Scores
 as of December 31, 2017

Shawnee State University

Prepared by:
 Email Address:

Greg A. Ballengee
 gballengee@shawnee.edu

Balances for SB 6 Ratios and Scores (\$ In 1000s):

	Projected FY2018	Actual 2017	Actual FY2016
Expendable net assets (A)	10,855	14,164	16,204
Plant debt (B)	20,542	21,478	14,810
Revenues, operating + nonoperating (C)	58,890	61,903	58,010
Operating expenses (including interest expense) (D)	62,164	62,136	62,055
Increase (decrease) in total net assets (E)	(3,279)	-233	-4,050
Ratios:			
Viability Ratio (A/B)	0.528	0.659	1.094
Primary Reserve Ratio (A/D)	0.175	0.228	0.261
Net Income Ratio (E/C)	(0.056)	(0.004)	(0.070)
Composite Score:			
Viability Ratio (30%)	0.6	0.9	1.2
Primary Reserve Ratio (50%)	1.5	1.5	2.0
Net Income Ratio (20%)	0.0	0.2	0.0
SB 6 Composite Score (Excluding GASB68)	2.1	2.6	3.2

FY18 FINANCIAL PROJECTIONS/ASSUMPTIONS

DESCRIPTION	2016	% of Increase/ (Decrease) from Prior Yr.	2017	% of Increase/ (Decrease) from Prior Yr.	2018	% of Increase/ (Decrease) from Prior Yr.
Operating Revenue:						
Tuition & Fees (net of scholarship allowance)	\$22,579,836	-3.17%	\$22,116,470	-2.05%	\$20,988,530	-5.10%
Grant & Contracts	\$3,275,653	-8.66%	\$3,854,225	17.66%	\$3,969,852	3.00%
Sales and Services	\$1,815,460	-1.70%	\$1,969,224	8.47%	\$1,979,070	0.50%
Miscellaneous Income	\$302,857	-20.53%	\$331,241	9.37%	\$334,553	1.00%
TOTAL OPERATING REVENUE	\$27,973,806	-3.98%	\$28,271,160	1.06%	\$27,272,005	
Non-operating Revenue:						
State Appropriations	\$16,303,575	0.28%	\$15,811,534	-3.02%	\$15,811,534	0.00%
Other Grants	\$13,243,601	-5.54%	\$12,566,441	-5.11%	\$11,938,119	-5.00%
Investment Income	\$68,162	-80.11%	\$1,790,009	2526.11%	\$1,790,009	0.00%
Capital Appropriations	\$421,302	97.21%	\$3,463,679	722.14%	\$2,078,207	-40.00%
TOTAL NON-OPERATING REVENUE	\$30,036,640	2.59%	\$33,631,663	11.97%	\$31,617,869	
TOTAL REVENUES	\$58,010,446	-3.26%	\$61,902,823		\$58,889,875	
Operating Expenses (without GASB 68 Adj.)						
Educational & General Expenses	\$44,695,045	-1.31%	\$44,772,382	0.17%	\$45,220,106	1.00%
Scholarship Expenses	\$6,775,895	5.43%	\$6,083,506	-10.22%	\$6,144,341	1.00%
Depreciation	\$3,527,238	0.46%	\$3,607,092	2.26%	\$3,643,163	1.00%
Auxiliary Enterprises	\$6,361,373	3.79%	\$6,377,178	0.25%	\$6,440,950	1.00%
Interest on Capital Debt	\$695,915	-8.17%	\$1,081,197	55.36%	\$714,996	-33.87%
TOTAL OPERATING EXPENSES	\$62,055,466	-0.09%	\$61,921,355	-0.22%	\$62,163,555	0.39%
Non-operating Expenses:						
Loss on Disposal of Capital Assets	\$4,722	-29.18%	\$214,171	4435.60%	\$5,000	0.00%
TOTAL NON-OPERATING EXPENSES	\$4,722		\$214,171		\$5,000	
(DECREASE)/INCREASE IN NET POSITION	(\$4,049,742)		(\$232,703)		(\$3,278,680)	
ENDING NET POSITION	\$81,604,740		\$81,372,037		\$78,093,357	
ACTUAL EXPENDABLE NET POSITION	\$16,204,289		\$14,163,945		N/A	
CALCULATED EXPENDABLE NET POSITION	N/A		N/A		\$10,885,265	
TOTAL PLANT DEBT	\$14,810,234		\$21,478,259		\$20,541,617	

REPORTABLE EVENTS:

- ***Reason(s) for the event:***
 - The FY2018 billable hours were impacted by multiple factors including a new mandatory summer bridge program that is an initiative designed to improve student success, a stricter payment plan to reduce a pattern of student non-payments, and the impact of multiple years of lower high school graduation rates in the region.
 - The implementation of the mandatory Bridge Program was an intentional decision to improve underprepared students' chances for successful completion and eliminate the costs students' are incurring directly associated with developmental courses that do not count toward a degree. However, the impact to the University of fewer registered hours for developmental courses is a reduction of tuition revenue.
 - In recent years, the University has experienced a pattern of increased numbers of unpaid student accounts. The University has responded to this trend by strengthening the consequences for non-payment to mitigate this pattern and emphasize the importance of financial accountability.
- ***Anticipated impact on year-end financial position:***
 - Shawnee State is projecting FY2018 tuition revenue will be down by \$2,213,657 (-4.75%) compared to the initial FY2018 general fund tuition revenue assumptions.
- ***Action(s) taken to resolve the event:***
 - The projected tuition revenue shortfall and anticipated increase in the general fund deficit for FY2018 were reviewed in detail with the Board of Trustees at their October and December 2017 meetings.
 - The Board of Trustees was presented a liquidity plan at its December 2017 meeting to preserve investment gains for cash needs expected to peak in summer of 2018.
 - Continue austerity steps during FY2018 that include:
 - an immediate 10% university-wide reduction in non-compensation expenditures which offset the revenue shortfall by \$372,418,
 - continued staffing realignments including freezing or eliminating vacated positions when doing so does not impact critical service levels,
 - implementation of a winter break campus closure to capture immediate energy savings

- A voluntary retirement incentive plan was adopted by the Board of Trustees at its October 2017 meeting to realize compensation savings beginning FY2019.
- ***Action(s) to avoid reoccurrence of the event:***
 - The University is fully committed to continuing the mandatory Bridge Program that offers at-risk students a greater chance of successful completion and reduces costs students incur to become college ready. The Program's first year results provide a baseline upon which future tuition revenue assumptions will be modeled.
 - Steps the University is taking to address student financial accountability and an unacceptable rate of non-payment include:
 - a communication campaign explaining the importance of making payments and consequences for not doing so,
 - continued personal phone calls to students who are delinquent offering advice and options for making such payments,
 - use of social media to encourage students to avoid being dropped from their courses
 - Targeted recruitment and marketing efforts are focused upon the University's signature programs.
 - Title III resources are available for enhanced, individualized advising dedicated to improved student retention.
 - To expand the University's reach, we are the first Ohio institution to join the Midwestern Higher Education Consortium (MHEC) enabling students from participating states to receive approved waivers of some or all out-of-state surcharges.
 - Actions related to academic program reviews are being implemented including addressing low-enrollment courses and eliminating underperforming academic programs.
 - Adoption of Shawnee State Advantage, a tuition guarantee program, beginning fall 2018.

CERTIFICATION

Each institution's fiscal officer, or an appropriate designee, is required to complete and sign the following certification form.

I certify that I believe the above information provided in Schedules QF-1 and QF-2 for the

1st ___ 2nd 3rd ___ 4th ___ quarter, FY 2018

is correct as of the date indicated below, and that

Columbus State Community College

[name of college or university]

has a functioning accounting system that captures assets, liabilities, revenues, and expenditures on a timely basis, and that the Board of Trustees is informed at least quarterly of any significant actual or projected variances from annual revenues or expenditures that were approved in the annual budget.

Signed:

Ann X. Heffernan

Title:

Supervisor, Financial Acct. & Reporting

Date:

11/30/2018

Schedule QF-1: Statement of Revenues, Expenditures, and Other Changes

Name of Institution
 Quarterly Report to the Ohio Department of Higher Education
 Projection of Year-end SB 6 Ratios and Composite Scores
 as of December 31, 2017

Columbus State Community College

Prepared by:
 Email Address:

Ann L. Helfrich
 ahelfric@csc.edu

Balances for SB 6 Ratios and Scores (\$ in 1000s):

	Projected FY2018	Actual FY2017	Actual FY2016
Expendable net assets (A)	126,500	128,058	132,543
Plant debt (B)	27,465	5,320	8,920
Revenues, operating + nonoperating (C)	181,360	186,226	182,113
Operating expenses (including interest expense) (D)	184,506	189,297	180,034
Increase (decrease) in total net assets (E)	(3,156)	(3,071)	2,079
Ratios:			
Viability Ratio (A/B)	4.606	24.071	19.154
Primary Reserve Ratio (A/D)	0.686	0.676	0.736
Net Income Ratio (E/C)	(0.017)	(0.016)	0.011
Composite Score:			
Viability Ratio (30%)	5.0	5.0	5.0
Primary Reserve Ratio (50%)	5.0	5.0	5.0
Net Income Ratio (20%)	1.0	1.0	3.0
SB 6 Composite Score (Excluding GASB68)	4.2	4.2	4.6

Schedule QF-2: Quarterly Report of Financial Actions

Name of Institution
Quarterly Report to the Ohio Department of Higher Education
Reportable Events and Additional Questions
as of December 31, 2017

Columbus State Community College

Reportable Events – During the time period covered by this report, did your institution:

	Yes	No
1 Request an advance of state subsidy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2 Fail to make its required payments, as scheduled, to appropriate retirement systems (e.g. OPERS or STRS-Ohio)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Fail to make its required payroll payments, as scheduled?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Fail to make its scheduled debt service payments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 Fail to make payments to vendors, as scheduled, due to a cash deficiency or a substantial deficiency in the payment processing system?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Relative to its original budget for the fiscal year, experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Additional Questions:

	Current Year	Prior Year	Prior Year
What was the total student FTE enrollment for Fall semester?	14471	14551	14537

	Current Year	Prior Year	Prior Year
What is the expected total student FTE enrollment for Spring semester as budgeted for the fiscal year?	13908	13566	14056

	Yes	No
Do you have knowledge that any of the following circumstances have or may occur during the fiscal year in a significant way that will negatively impact your institution's annual SB 6 composite score?	<input type="checkbox"/>	<input type="checkbox"/>
1 An unanticipated decrease in operating cash and investments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2 An increase in uncollectible accounts receivable?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Any unanticipated capital purchases?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Any unanticipated losses (e.g. casualty or investment)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 An increase in liabilities that do not occur during normal business operations (including new debt issues)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6 Any other facts or circumstances that could negatively impact the SB 6 composite score?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If the answer is "Yes" to any of the above questions, please describe in a separate document the anticipated impact on your institution's year-end financial position, the reason(s) for the event, the action(s) taken by the institution to resolve the event, and the action(s) taken by the institution to prevent a reoccurrence of the event.

Columbus State plans to issue approximately \$23M in new debt during FY 2018. This money will be used to help fund a new building on campus that will also be funded with \$10M from the state and \$10M from a fundraising campaign. The \$23M includes the \$10 from the fundraising campaign as pledges are expected to be up to 5 years in length. The debt issue should take place in the spring. At this point, we are not far enough along in the process to determine what impact this will have on our year-end financial position or the impact on our annual SB 6 composite score.

CERTIFICATION

Each institution's fiscal officer, or an appropriate designee, is required to complete and sign the following certification form.

I certify that I believe the above information provided in Schedules QF-1 and QF-2 for the

1st ____ 2nd X 3rd ____ 4th ____ quarter, FY 2018

is correct as of the date indicated below, and that

Eastern Gateway Community College

[name of college or university]

has a functioning accounting system that captures assets, liabilities, revenues, and expenditures on a timely basis, and that the Board of Trustees is informed at least quarterly of any significant actual or projected variances from annual revenues or expenditures that were approved in the annual budget.

Signed: Michael Geoghegan

Title: Chief Financial Officer

Date: 8-Feb-18

Schedule QF-1: Statement of Revenues, Expenditures, and Other Changes

Name of Institution
Quarterly Report to the Ohio Department of Higher Education
Projection of Year-end SB 6 Ratios and Composite Scores
as of December 31, 2017

Eastern Gateway Community College

Prepared by:
 Email Address:

Robert P. Semich
rsemich@egcc.edu

Balances for SB 6 Ratios and Scores (\$ in 1000s):

	Projected FY2018	Actual FY2017	Actual FY2016
Expendable net assets (A)	3,795	3,587	3,488
Plant debt (B)	1,602	1,728	1,721
Revenues, operating + nonoperating (C)	42,226	31,274	19,927
Operating expenses (including interest expense) (D)	42,208	30,236	19,090
Increase (decrease) in total net assets (E)	18	1,038	837
Ratios:			
Viability Ratio (A/B)	2.369	2.076	2.027
Primary Reserve Ratio (A/D)	0.090	0.119	0.183
Net Income Ratio (E/C)	0.000	0.033	0.042
Composite Score:			
Viability Ratio (30%)	4.0	4.0	4.0
Primary Reserve Ratio (50%)	2.0	3.0	3.0
Net Income Ratio (20%)	2.0	4.0	4.0
SB 6 Composite Score (Excluding GASB68)	2.6	3.5	3.5

Schedule QF-2: Quarterly Report of Financial Actions

Name of Institution
Quarterly Report to the Ohio Department of Higher Education
Reportable Events and Additional Questions
as of December 30, 2016

Eastern Gateway Community College

Reportable Events -- During the time period covered by this report, did your institution:

	Yes	No
1 Request an advance of state subsidy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2 Fail to make its required payments, as scheduled, to appropriate retirement systems (e.g. OPERS or STRS-Ohio)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Fail to make its required payroll payments, as scheduled?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Fail to make its scheduled debt service payments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 Fail to make payments to vendors, as scheduled, due to a cash deficiency or a substantial deficiency in the payment processing system?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Relative to its original budget for the fiscal year, experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Additional Questions:

	Current Year	Prior Year	Prior Year
What was the total student FTE enrollment for Fall semester?	4051.33	2248.13	1818.87

	Current Year	Prior Year	Prior Year
What is the expected total student FTE enrollment for Spring semester as budgeted for the fiscal year?	4367	3000.87	1837.73

	Yes	No
Do you have knowledge that any of the following circumstances have or may occur during the fiscal year in a significant way that will negatively impact your institution's annual SB 6 composite score?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
1 An unanticipated decrease in operating cash and investments?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2 An increase in uncollectible accounts receivable?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Any unanticipated capital purchases?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Any unanticipated losses (e.g. casualty or investment)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 An increase in liabilities that do not occur during normal business operations (including new debt issues)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6 Any other facts or circumstances that could negatively impact the SB 6 composite score?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If the answer is "Yes" to any of the above questions, please describe in a separate document the anticipated impact on your institution's year-end financial position, the reason(s) for the event, the action(s) taken by the institution to resolve the event, and the action(s) taken by the institution to prevent a reoccurrence of the event.

CERTIFICATION

Each institution's fiscal officer, or an appropriate designee, is required to complete and sign the following certification form.

I certify that I believe the above information provided in Schedules QF-1 and QF-2 for the

1st ___ 2nd XX 3rd ___ 4th ___ quarter, FY 18

is correct as of the date indicated below, and that

Hocking College

_____ [name of college or university]

has a functioning accounting system that captures assets, liabilities, revenues, and expenditures on a timely basis, and that the Board of Trustees is informed at least quarterly of any significant actual or projected variances from annual revenues or expenditures that were approved in the annual budget.

Signed:

J. William Hill

Title:

Senior Financial Analyst

Date:

12/29/2017

Schedule QF-1: Statement of Revenues, Expenditures, and Other Changes

Name of Institution
Hocking College

**Quarterly Report to the Ohio Department of Higher Education
Projection of Year-end SB 6 Ratios and Composite Scores
as of December 31, 2017**

Prepared by:
J. William Hill
Email Address:
hillj@hocking.edu

Balances for SB 6 Ratios and Scores (\$ in 1000s):

	Projected FY2018	Actual FY2017	Actual FY2016
Expendable net assets (A)	13,655,000	15,655,627	13,015,834
Plant debt (B)	29,244,127	19,830,065	20,394,485
Revenues, operating + nonoperating (C)	39,970,341	41,941,274	45,222,934
Operating expenses (including interest expense) (D)	39,532,264	40,188,817	40,278,070
Increase (decrease) in total net assets (E)	438,077	1,752,457	4,944,070

Ratios:

Viability Ratio (A/B)	0.467	0.789	0.638
Primary Reserve Ratio (A/D)	0.345	0.390	0.323
Net Income Ratio (E/C)	0.011	0.042	0.109

Composite Score:

Viability Ratio (30%)	0.6	0.9	0.9
Primary Reserve Ratio (50%)	2.0	2.0	2.0
Net Income Ratio (20%)	0.6	0.8	1.0

SB 6 Composite Score (Excluding GASB68)

3.2	3.7	3.9
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Schedule QF-2: Quarterly Report of Financial Actions

Hocking College

Name of Institution
Quarterly Report to the Ohio Department of Higher Education
Reportable Events and Additional Questions
as of December 31, 2017

Reportable Events -- During the time period covered by this report, did your institution:

	Yes	No
1 Request an advance of state subsidy?		XX
2 Fail to make its required payments, as scheduled, to appropriate retirement systems (e.g. OPERS or STRS-Ohio)?		XX
3 Fail to make its required payroll payments, as scheduled?		XX
4 Fail to make its scheduled debt service payments?		XX
5 Fail to make payments to vendors, as scheduled, due to a cash deficiency or a substantial deficiency in the payment processing system?		XX
6 Relative to its original budget for the fiscal year, experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?		XX

Additional Questions:

What was the total student FTE enrollment for Fall semester?	Current Year 2575.58	Prior Year 2828.55	Prior Year 3015.1
What is the expected total student enrollment for Spring semester as budgeted for the fiscal year?	Current Year 2910	Prior Year 3003	Prior Year 3652

Do you have knowledge that any of the following circumstances have or may occur during the fiscal year in a significant way that will negatively impact your institution's annual SB 6 composite score?

Yes No

- 1 An unanticipated decrease in operating cash and investments? XX
- 2 An increase in uncollectible accounts receivable? XX
- 3 Any unanticipated capital purchases? XX
- 4 Any unanticipated losses (e.g. casualty or investment)? XX
- 5 An increase in liabilities that do not occur during normal business operations (including new debt issues)? 10 million Bond Issue included in QF-1
- 6 Any other facts or circumstances that could negatively impact the SB 6 composite score? XX

CERTIFICATION

Each institution's fiscal officer, or an appropriate designee, is required to complete and sign the following certification form.

I certify that I believe the above information provided in Schedules QF-1 and QF-2 for the

1st ____ 2nd x 3rd ____ 4th ____ quarter, FY 2018

is correct as of the date indicated below, and that

Rio Grande Community College

[name of college or university]

has a functioning accounting system that captures assets, liabilities, revenues, and expenditures on a timely basis, and that the Board of Trustees is informed at least quarterly of any significant actual or projected variances from annual revenues or expenditures that were approved in the annual budget.

Signed:



Title:

Chief Financial Officer

Date:

1/30/2018

Schedule QF-1: Statement of Revenues, Expenditures, and Other Changes

Name of Institution
 Quarterly Report to the Ohio Department of Higher Education
 Projection of Year-end SB 6 Ratios and Composite Scores
 as of June 30, 2018

Rio Grande Community College

Prepared by: Kent Haley
 Email Address: khaley@rio.edu

Kent Haley
khaley@rio.edu

Balances for SB 6 Ratios and Scores (\$ in 1000s):

	Projected FY2018	Actual FY2017	Actual FY2016
Expendable net assets (A)	4,476	6,283	4,960
Plant debt (B)	-	-	-
Revenues, operating + nonoperating (C)	17,306	19,121	18,330
Operating expenses (including interest expense) (D)	17,714	17,002	17,504
Increase (decrease) in total net assets (E)	(408)	2,119	827

Ratios:

Viability Ratio (A/B)	N/a	n/a	n/a
Primary Reserve Ratio (A/D)	0.253	0.370	0.283
Net Income Ratio (E/C)	(0.024)	0.111	0.045

Composite Score:

Viability Ratio (30%)	5.0	5.0	5.0
Primary Reserve Ratio (50%)	4.0	4.0	4.0
Net Income Ratio (20%)	1.0	5.0	4.0

SB 6 Composite Score (Excluding GASB68)

3.7	4.5	4.3
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Schedule QF-2: Quarterly Report of Financial Actions

Name of Institution
 Quarterly Report to the Ohio Department of Higher Education
 Reportable Events and Additional Questions
 as of June 30, 2018

Rio Grande Community College

Reportable Events -- During the time period covered by this report, did your institution:

	Yes	No
1 Request an advance of state subsidy?		X
2 Fail to make its required payments, as scheduled, to appropriate retirement systems (e.g. OPERS or STRS-Ohio)?		X
3 Fail to make its required payroll payments, as scheduled?		X
4 Fail to make its scheduled debt service payments?		X
5 Fail to make payments to vendors, as scheduled, due to a cash deficiency or a substantial deficiency in the payment processing system?		X
6 Relative to its original budget for the fiscal year, experience any actual or anticipate any projected financial changes (such as unbudgeted decreases in revenues or unbudgeted increases in expenditures) that will result in a substantially reduced fund balance or larger deficit this fiscal year?	X	

Additional Questions:

	Current Year	Prior Year	Prior Year
What was the total student FTE enrollment for Fall semester?	1103	1166	1306
What is the expected total student FTE enrollment for Spring semester as budgeted for the fiscal year?	1007	1014	1202

Do you have knowledge that any of the following circumstances have or may occur during the fiscal year in a significant way that will negatively impact your institution's annual SB 6 composite score?

	Yes	No
1 An unanticipated decrease in operating cash and investments?		X
2 An increase in uncollectible accounts receivable?		X
3 Any unanticipated capital purchases?		X
4 Any unanticipated losses (e.g. casualty or investment)?		X
5 An increase in liabilities that do not occur during normal business operations (including new debt issues)?		X
6 Any other facts or circumstances that could negatively impact the SB 6 composite score?		X

Rio Grande Community College
Senate Bill 6 Report
Reportable Events and Additional Questions
Fiscal Year 2018
2nd Quarter Report

Question #6 – “Yes” Response Explanation:

On the first quarter report, RGCC reported an expected \$22,000 increase in net assets for the year. Since then, the College board has approved additional expenditures of \$430,000 that were not included in the original budget for FY 18. It is expected that these additional expenditures will result in a decline in net assets of up to \$421,000 for fiscal year 2018. This deficit will be funded through the college’s operating reserves. The college does not expect these types of expenditures to occur in the future.

Submitted by Kent Haley, CFO