



COLLEGE OF MICRONESIA-FSM

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July 17, 2015

MEMORANDUM:

TO : President, COM-FSM

FROM : Vice President for Administrative Services

SUBJECT : Board of Regents Update August 2015

This report covers the Human Resources Office, Maintenance & Security, Business Office and the Office of Vice President for Administrative Services for the period ending July 2015.

Office of the VPAS:

1. The college 2014 Annual Financial Audit was submitted electronically to the college administration on June 26, 2015. The college received a good audit outcome with an expressed opinion of unmodified as expressed by the report from Deloitte & Touche LLP.
2. The department submitted its non academic program review as scheduled to identify status of programs and services within its units. From the reviews, action plans will be formulated for improvements of services within each area of oversight.
3. FSM Congress received the request from the FSM President's Office regarding funding for tuition for students in the SDSU Masters and Bachelors Programs cohorts. The two programs were being placed on hold until students got caught up with payments for their tuition.
4. The Campus Security & Safety Manual being developed and updated by Tim Fenlon has been completed and submitted to the Office of VPAS. Trainings for the use of the manual were conducted by Tim Fenlon and the college Chief of Security during the past two months. Final presentation of the findings and outcomes was presented to the college administration on July 24, 2015.
5. HR, Business Office, and Security and Safety Accreditation Self Study write up were turned in before July 15, 2015 to David Adams and Frankie Harriss, VPIEQA. Further work on each standards continues to ensure all standards within each unit were met. (to be continued)

Security:

1. The Office of Security conducted fire drill at the male and female residence halls and determined need for training of residence staff in operation of fire alarm system. The Chief of Security will be coordinating the training with the residence staff.
2. Fire drills were conducted at the National Campus Learning Resources Center building and Administration building following the completion of the fire alarm system rehabilitation.
3. Security service consultant Tim Fenlon and Chief of Security Warren Ching conducted security officer training at Chuuk Campus. Training of officers at other campuses will follow.
4. Of the 41 US DOE Clery Act compliance requirements the COM-FSM is currently complying compliance with 27 items, partially complying with 10 and 4 items of none compliance. Security service consultant Tim Fenlon generated the report in August 2014. These items are being reviewed and are being worked on.
5. Fire drills were conducted following the completion of the fire alarm system rehabilitation for the LRC and the administration building.
6. The Security Van has been replaced by the Postal & Cargo delivery Van and the recently purchased van is too small for security operations.

Maintenance:

1. The blue flat bed and the security van have been surveyed from the college national vehicle fleet. Four more vehicles and a boat will be surveyed soon.
2. A new 4" main waterline gate valve have been installed to replace a broken main line valve.
3. Cleaning and servicing of AC units at the Classrooms and faculty offices completed during the spring semester break.
4. Painting and floor waxing of residence hall rooms are on going.
5. Departing apprentice trainees whom have completed their work training hours will cause shortage of manpower for the AC and Electrical section of the Maintenance Office. These trainees have not only provided free labor to the college in exchange of on the job training but also provide extra manpower to that have allowed the unit to accommodate their work load.
6. Analysis of power consumption at the National Campus is being reviewed for further conservation actions.

HUMAN RESOURCES DIVISION:

Recruitment

Six (6) full time personnel were hired during the reporting period filling these positions.

- Accountant IV – National Campus
- Director of Gear Up – Pohnpei Campus
- 3 English Instructors- National Campus
- Executive Director for Center for Entrepreneurship – National Campus

Policy Development and Implementation

Personnel Policy Manual (April 2015) was approved and updated on the website; hard copies have been issued to personnel on all campuses.

Accreditation –Standard III Human Resources

Writing group is meeting regularly; second meeting with consultant is scheduled for August 7, 2015

Professional Development Program

July 13 to 17, 2015 Short Term Training

A team of 13 management and professional staff traveled to Honolulu to attend these at Kapi' olani Community College.

1. ACCJC/WASC Self Evaluation of Educational Quality and Institutional Effectiveness Workshop
2. Institutional Internal Quality Assurance and Student Learning Outcomes Assessment: A Regional Workshop sponsored by ACCJC

Online Degree Programs

1. Two staff under Information Technology Unit were funded; one to continue and another to begin bachelor's degree in the field of assignment.
2. Two campus deans continue with BA and Master's degree online.
3. One instructor continues with master's degree online.

Retirement Award

Dr. Richard Womack has worked at the college for twenty-nine (29) years and is retiring July 31, 2015. He will be issued the certificate and cash in lieu of a gold watch.

- a. Employee Retirement: All retiring employees, with a minimum of twenty (20) years of service, will be recognized with an all-college luncheon or dinner, given an introduction by the supervisor or the COM-FSM President, and presented with a certificate and a gold watch. Those retiring with less than twenty years will be presented with a certificate. Awards issued by the Office of the President.

Eugene Edmund Administrative Specialist for National Office attended the Sport Facilities and Administration training in China last month June, sponsored by the month China Aid training program.

Two apprentice trainees namely Tylor Adino and Naynard David assigned to National Campus for on the job training have completed their term after four years with the college.

Business Office:

Endowment Fund

- The market value of endowment fund has increased by \$192k unrealized gain or 4.20%, from \$4.376 Million as of September 30, 2014 to \$4.568 Million as of May 31, 2015.
- The breakdown of the market value of \$4.399 Million per money manager are as follows:

	<u>Market Value</u>	<u>Allocation</u>
– Aristotle (LC Value)	-\$ 1.142M	25.00%
– Renaissance (LC Growth)	- 670k	14.67%
– Atlantic (S/M Cap Growth)	- 251k	5.49%
– SEIX (Fixed Income)	- 751k	16.44%
– Templeton	- 281k	6.15%
– Brandes (Mature market)	- 900k	19.70%
– Lazard (Emerging market)	- 390k	8.54%
– iShares ETF (Nat. Resources)	<u>- 183k</u>	<u>4.01%</u>
	<u>\$4.568M</u>	<u>100.0%</u>

The above asset allocations are in accordance with the investment policy.
(See Attached "[20150531 Endowment Investment Report](#)" for details)

Fund Balance Cash Reserve

- The Value of the investment transferred from the Cash reserves decreased by \$900 or - 0.03% from \$2,334,799 as of March transfer to \$2,333,867 as of May 31, 2015.
- The breakdown of the Cash invested and the Cash reserve are as follows:

	<u>Amount</u>	<u>Allocation</u>
– Cash	\$ 581,003.00	20%
– SEIX	1,452,332.00	50%
– Renaissance	290,515.00	10%
– Boston Partners	294,101.00	10%
– Brandes	<u>296,919.00</u>	<u>10%</u>
	<u>\$ 2,914,870.00</u>	<u>100%</u>

(See attached "20150531 FB Reserves" for details)

Revenue & Expense

Projected Results of operation of FY2015 is shown below:

Projected Results of Operations		
Revenue		
Tuition and Fees		7,900,571.00
FSM General fund		2,100,000.00
ESG		1,700,000.00
Recovery form IC		100,000.00
		11,800,571.00
Expenditures		
Encumbrance & Exp as of June 30, 2015		8,357,142.99
Unused Budget as of June 30, 2015		2,905,522.05
Allowance for Doubful Accounts		588,762.00
		11,851,427.04
Projected Budget Shortfall		(50,856.04)

The analysis shows a shortfall of -\$51k after considering the estimated allowance for doubtful accounts.

A Memo from President to freeze reprogramming, conserve on budget expenditures and restrict travel except for essential college business and required accreditation purposes was issued to counter the projected shortfall.

Other Financial Reports:

Primary Reserve Ratio

Below is an analysis for the Primary Reserve Ratio for the past 6 years.

Fiscal Year	Fund Balance	% inc/-dec	Annual Exp	Ratio
2014	9,674,813.15	0%	20,544,356	47%
2013	9,649,520.51	5%	21,624,351	45%
2012	9,186,660.08	-6%	22,580,161	41%
2011	9,787,511.76	6%	22,566,591	43%
2010	9,255,572.55	28%	23,128,155	40%
2009	7,228,827.46	30%	22,158,484	33%

The ACCJC threshold is 5% and the table show that the college have a higher rate.

The ratios indicate the ability of the College to support current level of operations from expendable resources, without considering revenues generated from operations. Although the threshold is 5% the

benchmark of 40% or better is considered an advisable reserve to give an institution the flexibility to manage the enterprise.

Net Operating Revenue Ratio

Below is the operating revenue ratio for the past six years. A positive ratio indicates that the institution experienced an operating surplus for the year.

Fiscal Year	Net Operating Rev	Operating Income	Ratio
2014	21,025,490	-143,866	-1%
2013	21,952,866	328,515	1%
2012	22,438,380	-141,781	-1%
2011	22,854,493	76,386	0%
2010	24,855,533	1,727,378	7%
2009	23,222,426	1,063,942	5%

Generally, the larger the surplus, the stronger the institution's financial performance as result of the current year's activity. ACCJC threshold is 0 to 4%. Nacubo recommended benchmark is a goal of 2-4%.

% Change in Unrestricted Cash Balance

Below is the table of unrestricted cash balance for the past six fiscal years.

Fiscal Year	Cash Balance	Change	Ratio
2014	5,538,735	-1,034,014	-16%
2013	6,572,749	187,182	3%
2012	6,385,567	-782,122	-11%
2011	7,167,689	-480,879	-6%
2010	7,648,568	707,131	10%
2009	6,941,437	2,366,745	52%

ACCJC threshold is negative 5 percent or higher. If the ratio is higher than -5%, that would subject an institution for monitoring. A negative change means more cash was used during the year thereby decreasing cash balance.

END OF REPORT

