

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 19

DATE:
April 17, 2012

RECOMMENDATION

FINANCE, AUDIT & INVESTMENT COMMITTEE

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the February 21, 2012 Finance, Audit, and Investment Committee meeting, the Working Agenda for the April 17, 2012 meeting, and the Informational Reports and Financial Updates.

STAFF SUMMARY

February 21st, 2012

Agenda items discussed at the February 21st, 2012 Finance, Audit, and Investment Committee meeting included; financial updates on general fund revenue and expenses through February 15, 2012, auxiliary fund operating budget through February 15, 2012, grants and contracts through January 31, 2012, FY12 fundraising collected through February 15, 2012, and cash and investments through January 31, 2012. In addition, an update on Information Technology initiatives was reported. The Committee also reviewed recommendations to the Board regarding:

- WEMU Financial Statements as of June 30, 2011
- Banner ERP System Contract Renewal

April 17th, 2012 Meeting Agenda

Agenda items will include an Informational Report and Financial Updates as of March 31, 2012. The Committee also will review recommendations to the Board for:

- FY2012-13 Room, Board, and Apartment Rates
- OMB Circular A-133 Supplementary Financial Reports
- Modification of Board Policy on Red Flags Rule

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

BOARD OF REGENTS
Eastern Michigan University

201 Welch Hall
(734) 487-2410

Tuesday, April 17, 2012
3:00 PM

FINANCE, AUDIT & INVESTMENT COMMITTEE

REGULAR AGENDA

- Section: Recommendation: Informational Reports and Financial Updates
- Minutes from February 21, 2012
 - April 17, 2012 Finance and Audit Committee Agenda
- Section: Recommendation: FY2012-13 Room, Board, and Apartment Rates
- Section: Recommendation: OMB Circular A-133 Supplementary Financial Reports
- Section: Recommendation: Modification of Board Policy on Red Flags Rule

Eastern Michigan University
Finance, Audit, and Investment Committee
Meeting Minutes
February 21, 2012

The meeting was called to order by Regent Morris at 3:05 PM.

Section 16 Recommendation Monthly Reports – Finance, Audit, and Investment Committee, Informational Reports and Financial Updates

A motion was made and seconded to accept the minutes from the December 15, 2011 Board of Regents meeting.

CFO Lumm presented the financial updates in a power-point presentation format.

Total General Fund Revenue and Expenditures (Slide 1)

The FY12 total general fund revenue budget is \$283.1 million. The estimated general fund revenue budget through February 15, 2012 is \$181.9 million. The actual revenue received through February 15, 2012 is \$178.9 million. This \$3.0 shortfall will be contained within the expense side budget with savings from utilities, debt service, unfilled positions, less SS&M expenditures, and spending deferrals.

Total Auxiliaries Fund Operating Budget (Slide 2)

The FY12 total auxiliaries fund operating budget is \$40.7 million. Through February 15, 2012 revenues are \$29.9 million, while expenses are \$24.7 million. This \$5.2 surplus is expected because revenue should outpace expenses at this time in the academic calendar. The year-end surplus is projected to be between \$1 and \$2 million.

Grants and Contracts (Slide 3)

Through December 2011, \$6.1 million of grants and contracts have been awarded. \$8.4 million had been awarded through December 2010. We are \$2.3 million behind last year's pace, down \$2.7 million in Federal grants and contracts and up \$0.4 million in State and other grants and contracts. Regent Morris urged that the University set targets on how much grants and contracts it can expect to receive. Without targets, we are unable to know if we are doing well or not. CFO Lumm indicated that as part of the FY13 budget process, targets for grants and contracts would be set. The total awards for FY11 were \$12.5 million. Regent Parker indicated that we need to invest in this area to encourage and help out our faculty by creating more grant writing possibilities.

Fundraising (Cash and Gifts-in-kind) (Slide 4)

As of February 15, 2012, \$9 million has been received compared to \$3 million for the same time frame last year. \$4.7 million is from two large donations. Of the \$9 million fundraising received this year, \$8 million is cash. We are at 95% of our FY12 fundraising goal of \$9.5 million. Last year's fundraising total was \$5.1 million.

Cash and Investments (Slide 5)

As of January 31, 2012, Eastern has \$95.7 million in cash and investments. This is broken down into - \$39.6 million or 41% in cash & short-term investments, \$15 million or 16% in intermediate-term investments, and \$41.1 million or 43% in long-term investments. In addition, the long-term pool is

broken down into - \$28.7 million or 70% in fixed income, \$10.3 million or 25% in domestic equities, and \$2.1 million or 5% in international equities. This is all consistent with the University's Investment Policy. Investment income as of September 2011 month-end was (-\$1.9) million. As of February 15th, 2012, we are now at +\$1.8 million, a \$3.7 million recovery. This brings our investment income revenue through February 15th at slightly below (-\$0.3) our target at this date. Regent Morris commented that the Board would like to see greater detail on these investments.

Information Technology (Slide 6)

-IT Date Center in Pray-Harrold

- Construction continues.
- Conversion to the new electrical system is complete.
- Conversion to the new data cabling system is complete.

-Network Infrastructure Upgrades

- Installation of the new switch equipment in COB, Eagle Crest, and University House is complete.
- Wireless engineering analysis of key campus facilities is underway.

-Cell Phone Charging Kiosks

- IT is piloting two cell phone charging kiosks on campus. (Pray Harrold and Halle)
- Students are asked to complete surveys to measure satisfaction.

-EagleMail Upgrade

- The University's email system was upgraded in February.
- Many enhancements including; recovery of deleted messages, many calendar and scheduling upgrades, and future delivery date emails.

During the conversation of Network upgrades, Regent Stapleton asked CIO Powell how much money is needed to implement these upgrades.

During the Cell phone charging kiosks discussion, Regent Parker requested to see the student survey once completed.

Section 17: Recommendation WEMU-FM Financial Statements as of June 30, 2011

It is recommended that the Board of Regents receive and place on file the WEMU-FM Financial Report and Statements as of June 30, 2011

Regent Morris complemented the WEMU staff on an excellent year, indicating that even during difficult fundraising times, WEMU was able to increase contributions and lower its administrative support from the University.

Section 18: Recommendation Banner ERP System contract Renewal

It is recommended that the board of Regents approve a ten year renewal of the contract with Sungard Higher Education, Inc. for maintenance services and software upgrades for the Banner system.

Meeting was adjourned at 3:30 p.m.