

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 23

DATE:

June 19, 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 April 17, 2012 Finance, Audit, and Investment Committee meeting, the Working Agenda for the June 19, 2012 meeting, and the Informational Reports and Financial Updates.

STAFF SUMMARY

April 17, 2012

Agenda items discussed at the April 17th, 2012 Finance, Audit, and Investment Committee meeting included; financial updates on general fund revenue and expenses through March 31, 2012, auxiliary fund revenue and expenses through March 31, 2012, grants and contracts through February 29, 2012, FY12 fundraising collected through April 15, 2012, and cash and investments through March 31, 2012. In addition, an update on Information Technology initiatives was reported. The Committee also reviewed recommendations to the Board regarding:

- 2012-13 Rates for Room, Board and Apartments
- OMB Circular A-133 Supplementary Financial Reports for the year ended June 30, 2011
- Modifications of Board Policy on Red Flags Rules

June 19th, 2012 Meeting Agenda

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

- 2012-13 Tuition and Fees
- 2012-13 General Fund Operating Budget
- 2012-13 Auxiliary Fund Operating Budget
- 2012-13 Capital Budget and 3 year Capital Plan
- Board Policy on Gramm-Leach-Bliley Act (New Business)
- Board Policy on Fraud (New Business)
- Board Policy on Policy and Procedures (New Business)

FISCAL IMPLICATIONS

None

ADMINISTRATIVE RECOMMENDATION

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

University Executive Officer

Date

Eastern Michigan University
Finance, Audit, and Investment Committee
Meeting Minutes
April 17, 2012

The meeting was called to order by Regent Morris at 3:00 PM.

Section 19 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 February 21, 2012 Board of Regents meeting.

John 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 actual revenue received through March 31, 2012 is \$222.0 million. The actual expenses through March 31, 2012 are \$219.9 million. This is right on track. CFO Lumm commented that this year's forecast is expected to be within 1% of budget. Although, it is expected that revenues will be down, in relation to budget, by \$4 -\$8 million; expenses will also be down \$4 - \$5 million.

General Fund – Full Year Forecast (Slide 2)

The two primary revenue variables are Spring Enrollment and Investment Income.

This year's expenditure under-runs include; Personnel Cost (delay in filling positions), lower energy usage, divisional under-runs, financial aid, select project spending deferrals, and one-time designated and parking actions.

The General Fund has had minimal surplus the past three years; FY11 - \$0.4M, FY10 - \$1.3M, and FY09 - \$1.6M

Total Auxiliaries Fund Operating Budget (Slide 3)

The FY12 total auxiliaries fund operating budget is \$40.7 million. Through March 31, 2012, revenues are \$34.8 million, while expenses are \$31.0 million. This is expected given the cycle of the spending patterns throughout a year. It is expected that the Auxiliary Fund will be on track to budget.

Grants and Contracts (Slide 4)

Through February 2012, \$7.5 million of grants and contracts have been awarded. \$9.3 million had been awarded through February 2011. The total awards for FY11 were \$12.5 million.

Fundraising (Cash and Gifts-in-kind) (Slide 5)

As of April 15, 2012, \$10.3 million has been received compared to \$4.0 million for the same time frame last year. This is partially due to two large donations. \$9.3 million of the \$10.3 million received this year is cash. Gift-in-kind make up the remaining \$1.0 million. The FY12 fundraising goal is \$9.5 million. This goal has already been exceeded by \$0.8 million with 2 ½ months remaining in the fiscal year. Last year's fundraising total was \$5.1million. Regent Parker mentioned she would like to see the number of donors along with a goal for the number of donors on this report.

Cash and Investments (Slide 6)

As of March 31, 2012, Eastern has \$76.2 million in cash and investments. This includes - \$19.0 million or 25% in cash & short-term investments, \$15.1 million or 20% in intermediate-term investments, and \$42.1 million or 55% in long-term investments. In addition, the long-term pool is dispersed into - \$28.8 million or 69% in fixed income, \$11.1 million or 26% in domestic equities, and \$2.2 million or 5% in international equities. This is all consistent with the University's investment policy.

The portfolio return as of March 31, 2012 was \$2.4M, same as the budget at that time. This turnaround is good compared to September 30, 2011, when actual returns were trailing budget by \$2.7 million.

Information Technology (Slide 7)

-Computer Security Audit

- Final report conducted by ANX eBusiness has been submitted.
- Significant improvement since 2007 especially, in data encryption and security awareness.
- Security processes exceed nationwide averages for Higher Ed. Institutions.

-Network Infrastructure Upgrades

- Installation of the new switch equipment in Pease, Quirk, Sill, 611 Cross, and Eagle Crest Clubhouse is complete.

-Wireless Update

- Design for expanded wireless is complete for Owen, Halle, Student Center, Alexander, Sill, and Strong

-Voice over Internet (VoIP)

- Scheduled FY12 conversion includes Halle and Porter.

-Programming to support single Summer term

- Extensive programming and testing has been completed.

-Staff return to Halle Library

- IT staff has returned to their Halle Library offices; student computer lab has reopened; student print center has re-opened.

Section 20: Recommendation 2012-13 Rates for Room, Board, and Apartments

It is recommended that the Board of Regents approve a 4.95% increase for all residence halls, meal plans, and apartments.

Section 21: Recommendation OMB Circular A-133 Supplementary Financial Reports for the year ended June 30, 2011

It is recommended that the Board of Regents receive and place on file the OMB Circular A-133 Supplementary Financial Reports for year ended June 30, 2011

Section 22: Recommendation Revisions to Red Flags Rules Policy

It is recommended that the Board of Regents approve revisions to the University's Red Flags Rules policy.

Meeting was adjourned at 3:35 p.m.

BOARD OF REGENTS
Eastern Michigan University
201 Welch Hall
(734) 487-2410

Tuesday, June 19, 2012
3:00 PM

FINANCE, AUDIT & INVESTMENT COMMITTEE

REGULAR AGENDA

- Section: 23 Recommendation: Informational Reports and Financial Updates
- Minutes from April 17, 2012
 - June 19, 2012 Finance and Audit Committee Agenda
- Section: 24 Recommendation: FY2012-13 Tuition and Fees
- Section: 25 Recommendation: FY2012-13 General Fund Operating Budget
- Section: 26 Recommendation: FY2012-13 Auxiliary Fund Operating Budget
- Section: 27 Recommendation: FY2012-13 Capital Budget and 3-year Capital Plan
- Section: 29 Recommendation: Board Policy on Gramm-Leach-Bliley Act (New Business)
- Section: 30 Recommendation: Board Policy on Fraud (New Business)
- Section: 31 Recommendation: Board Policy on Policy on Policies (New Business)