

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 22

DATE:
February 19, 2013

RECOMMENDATION

FINANCE, AUDIT & INVESTMENT COMMITTEE

ACTION REQUESTED

It is recommended that the Board of Regents receive and place on file the minutes from the December 6, 2012 Finance, Audit, and Investment Committee meeting, the Working Agenda for the February 19, 2013 meeting, and the Informational Reports and Financial Updates.

STAFF SUMMARY

December 6, 2012

Agenda items discussed at the December 6, 2012 Finance, Audit, and Investment Committee meeting included financial updates on general fund revenue and expenses through November 30, 2012, auxiliary fund operating budget through November 30, 2012, grants and contracts through September 30, 2012, fundraising through November 30, 2012, and cash and investments through November 30, 2012. In addition, one staff member was awarded Emeritus Staff Status. The committee also reviewed recommendations to the Board for:

- OMB Circular A-133 Supplementary Financial Reports for Year Ending June 30, 2012
- Fiscal Year 2012-13 Amended Capital Budget

February 19, 2013 Meeting Agenda

Agenda items will include an informational report and financial updates as of December 31, 2012. The committee also will review recommendations to the Board for:

- FY14 Room, Board and Apartment Rates
- EMU Foundation Annual Report
- WEMU Financial Report

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
December 6, 2012

The meeting was called to order by Regent Morris at 11:01 a.m.

Section 14 Recommendation: Monthly Reports – Finance, Audit, and Investment Committee, Information Reports and Financial Updates

A motion was made, seconded and approved to accept the minutes from the October 30, 2012 Board of Regents meeting.

John Lumm presented a financial update.

General Fund Revenues and Expenditures (Slide 1)

The FY13 budget is balanced at \$290.6M for the year. As of November 30, 2012, the first 5 months of the fiscal year, we are on track to budget with the revenues at \$180.8M and expenditures of \$127.5M. Regent Morris would like to have the reports show a year to date budget forecast.

Regent Morris thanked the President and Provost for significant changes to the admissions process. Regent Fitzsimmons confirmed the success of the new system.

Auxiliaries Fund Revenues and Expenditures (Slide 2)

Our Auxiliaries are on track to meet the \$42.1M balanced budget for the full year. Through November 30, 2012, we are at \$16.8M revenue and \$14.7M of expenses.

Grants and Contracts Awarded (Slide 3)

Last year we were awarded \$10.4M. The target for this year is \$11.3M. Comparing this year to last year, we are roughly the same with \$3.4M or 30% through September 30, 2012 compared to \$3.5M or 34% through September 30, 2011.

Fundraising (Slide 4)

As of November 30, 2012, we have received \$2M or 24% of our FY13 target compared to \$7M or 61% through November 30, 2011. The donors were up about 3.5% with 4,225 donors through November 30th in 2012 compared to 4,083 in 2011. The fundraising goal for the full year is \$8.5M. We will have a full Foundation report on fundraising at the February 19, 2013 Board meeting.

Cash and Investments (excl. Bond Proceeds) (Slide 5)

As of November 30, 2012, Eastern has \$56.4M in cash and investments. This relates to 61 days of cash on hand. This is broken down into \$14.5M or 26% in cash and short-term investments, \$1.1M or 2% in intermediate-term investments, and \$40.8M or 72% in long-term investments. In addition, the long-term pool is dispersed into - \$28.6M or 70% fixed income, \$10.1M or

24.8% domestic equities, and \$2.1M or 5.2% international equities. This is all consistent with the University's investment policy.

The portfolio was budgeted to earn \$1.3M through November 30, 2012 and actually earned \$1.7M.

Information Technology (Slide 6)

We have three major projects in process:

Wireless Upgrades

- Installation of enhanced wireless systems in the science complex and Rynearson are complete.
- Additional installation scheduled for early 2013 include Marshall, Porter, Quirk, and Roosevelt.

Voice over (VoIP) Telephone Conversion is a multi-year project

- Conversion of phone services to the new Cisco VoIP system is underway for Pierce, Sill, and Strong

Admissions Process Improvement Project

- Undergraduate auto-admit process is operational.
- Development of streamlined online graduate application continues with implementation of scheduled for January.
- Testing of electronic transcripts to/from WCC is underway, with implementation scheduled for January.

Section 15 Recommendation: OMB Circular A-133 Supplementary Financial Reports for Year Ending June 30, 2012

It is recommended that the Board of Regents receive and place on file the OMB Circular A-133 Supplementary Financial Reports for the year ended June 30, 2012. The report contains the opinion of Plante & Moran, PLLC (EMU independent auditor) on compliance with requirements applicable to the University's Federal Awards programs. The report states that the University complied, in all materials respects, with the requirements governing its major Federal Award Programs for the year ended June 30, 2012. Plante Moran reported there were no internal control material weaknesses or significant deficiencies identified in this Federal Program audit.

Section 16: Recommendation: Fiscal Year 2012-2013 Amended Capital Budget

It is recommended that the Board approve an amended fiscal year 2012-13 capital expenditure budget by \$6.9 million to \$28.6 million. On October 30, 2012, the Board approved a direct placement loan with JPM Chase Bank primarily for the purpose of refinancing existing debt at lower cost to the University, but also to provide additional funding for high priority campus capital projects which include: \$3.0 million for interior renovations at Rackham to support the Physician's Assistant program and enrollment growth in the School of Health and Human Services and \$1.7 million to fund necessary improvements at Halle Library. The balance of the increase reflects a number of smaller, high priority capital investments campus-wide including academic advising at the Student Center, residence hall capacity and enhancements, and improvements at the Convocation Center, McKenny, Warner, Snow Health Clinic and for club

sports.

Emeritus Staff Status was awarded to Karen Hansen for 25 years of service and retired on November 30, 2012 as administrative secretary to the director of athletics.

The meeting was adjourned at 11:25 a.m.

Respectfully submitted,