

CUIBO-Minutes for Feb 19, 2009

Financial Update-

The meeting began with a financial update. This update allowed the group to see where the University is financially, as of the end of December. In the past couple years the committee has discussed how healthy fund balances were offsetting the University's declining revenues and increasing expenditures. However, these fund balances are being used up, creating a financial situation that needs to be addressed.

In order to address this, the University will have to start budgeting for a reserve from general fund money. Previously there has not been a reserve, so centrally there has been no flexibility. A reserve needs to be in place in case there is some unforeseen event that needs to be funded. Also, if the State has another holdback we would like to take it from the reserve, rather than having to collect money from different departments. If situations get worse Jana would recommend placing a hold on reserve and replacement funds.

Ratio Analysis:

- Return on Net Assets Ratio: Indicates whether the University is financially better or worse than previous years. From 2006 we have lost 10.59%.
- Primary Reserve Ratio: This ratio measures the number of years an entity could pay its expenses without relying on additional net assets. Budgeting for a reserve would help to increase this ratio.
- Net Operating Revenues Ratio: This ratio indicates whether total operating activities resulted in a surplus or deficit. We are now at a -2%, so last year we lost money. This is a result of depreciation, greater expenses than revenues, and significant losses in our investments.
- Viability Ratio: This ratio measures the availability of expendable net assets to cover debt. Between 2007 and 2008 our debt increased. This decline was planned.
- Consolidated Financial Index (CFI): A composite score of the four ratios. We have come down a third each year. Right now we are at a 1.3 and a score less than a three indicates the need for serious attention to the institute's financial condition.

Often we look at only the individual budgets, and miss the overall picture. Looking at these ratios allows us to be aware of our financial situation from the perspective of external entities.

General Education Budget: This worksheet is a very conservative look at the budget. In prior years there has been a carry forward of 16 million, but this year a conservative projection of our carry forward will be 6 million. However, a less conservative and more accurate projection would probably be around 9 million.

Central Allocation of Funds- We budgeted 16 million dollars of U2 funds in revenues and expenses.

Update on the budget-

The additional 2% holdback is in the final steps of approval. The impact of the holdback on individual units should be little or nothing. We receive one-time funding from the state every year which we had to return, and that return of \$1.4 million will be credited to the \$1.9 million holdback. As a result we only have to come up with .5 million which should be possible without affecting the individual colleges and departments.

Access2Banner:

This demonstration showed how to use some of the basics of Access2Banner. This program will allow certain financial reports to be run more easily and efficiently. Jana said that she would be available for one-on-one training, and video conferences outside of Moscow.

Flowchart Project-

This project will be finished by the end of February, and the completed flowcharts will be returned for final review. Once they have been completed areas with significant segregation of duty issues will be identified and corrected.

Payment in “Operating Funds” for instruction-

If a faculty member teaches a class for outreach or some other purpose they need to be paid. Funds cannot be transferred into an operating account as payment. If the employee wants to put the money into an operating account they need to give that money to the foundation and have that designated for an area. Transfers to operating accounts have been practiced in the past, but should no longer be used as a form of payment. The University has to pay payroll taxes to the federal government for salaries, and likewise the employees need to claim their wages. This conversation prompted the discussion of other specific cases that were similar to the example given. It was determined that these cases need additional investigation. The policies for this issue and similar issues need to be made consistent across the University. We need to be in compliance with the IRS to avoid penalties to the University or to employees.

Encumbering Service Agreements

The University is planning to encumber all service agreements and use PO's rather than Claim Vouchers. CV's should be an exception not the rule. The primary reason for this change is that when we are paying using CV's there is a lot of manual work done by AP as a result of incomplete documentation. Also, it is unclear what liabilities there are because there are many unencumbered service agreements. This process is still being worked out. There may be some exceptions, for example, Jazz Festival. Feedback on this issue should be sent to Jana.

Automatically Terminating Employees-

The automatic termination of employees in Banner was discussed. The question was asked if there a way we can add the date of termination to the initial EPAF, to avoid terminating employees hired for a semester or other designated timeline.

HR Banner Reboot-

HR is doing major reboot to Banner. This will affect salary encumbering, position control, benefits, and time web entry, along with other areas. The committee will remain updated as this process continues.

Credit Card Receipts-

Ron Town updated the group on adding credit card receipts to the imaging system, letting the group know that it will move forward. There are still some issues to work out, and updates will come in the future.