

10-17-2013

## Finance minutes 10/17/2013

Finance Committee

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# UMM Finance Committee Minutes

## 10.17.2013

Members Present: Gwen Rudney, Michael Korth, Dennis Stewart, Sara Haugen, Pieranna Garavaso, Timna Wyckoff, Lowell Rasmussen, Ellery Wealot, Jayne Blodgett, Brad Deane, Laura Thielke

Members Absent: Mary Zosel, Sam Fettig

Guests: Colleen Miller, Melissa Wrobleski-Note Taker

### Agenda:

#### 1. Approval of minutes:

Corrections were requested to the minutes from 10-3-13. Committee approved the amended minutes.

#### 2. FY 13 Budget End – balances, deficits, carry forwards:

No one had any questions on the actual or budgeted amounts in FY13. Colleen moved on to discuss actuals from the year end and carry forward balances remaining. Due to this, Colleen provided two handouts:

The first was labeled 'FYE 2013 Available Balances as of June 30, 2013 (As of 8-6-13, Period 913)'. Colleen went on to explain each of the columns and what they were comprised of. As she moved from left to right, she began explaining how we get to the amount available to put into the contingency reserve for the year. The last column with a balance of \$244,149.25 is what is estimated to be the available balance for that transfer. \$200,000 of this balance was from the money that UMM received from central for cost pools. These funds were not received until late in the budget planning process for FY13.

The second handout was labeled 'Review of FY 2013 Year End Balances (as of Period 913)'. Here Colleen explained that this was a more detailed view of the first handout. It showed the individual departments and what their ending balances were. Colleen pointed out that if there is red in the last column there is an issue. It is a goal that no department ends in the red (negative) at the end of the year. Colleen and Lowell said they were both proud of all the departments for cleaning up their budget at the end of the year and managing their funds well.

Once the handouts were explained, Colleen added that no FY13 funds were moved to the contingency yet. She and Chancellor Jacquie need to sit down and discuss that issue. Questions were taken:

- Can you clarify the 1026, other unrestricted, fund and what "everything else that doesn't fit" means when explaining what kinds of items go into this account?
  - 1026 funds may include fees charged by departments to students. This was one example. It is simply an account that can be used where no constraints are imposed on the funds in the accounts by anyone. As long as your monies do not fall under any of the other fund definitions, this is the account to use.

- Where was the \$200,000 from cost pools absorbed in FY14 when it was not used in FY13?
  - In FY13 we subsidized the budget with contingency funds since the cost pools went up and UMM had not budgeted for that. In FY14, the additional funds were used to offset the increased cost of Cost Pools. UMM still needed to subsidize the FY14 budget from Contingency fund as we did not have a balanced budget without the subsidy.
- Why are funds in 1026 not available for the contingency account?
  - The former Campus Resource and Planning Committee members agreed that the only funds that would be looked at to be moved to the contingency reserve were fund 1000 monies.
- At one point departments were saving large carry forwards and they were told a few years ago this was not a good idea any longer. Now departments have to explain why they want to keep the funds they have remaining each year. Do you think there is room for more improvement in this area?
  - Yes, there is always room for improvement. If we all agree that the contingency fund is the best place to save money it may be better. Some departments are still saving their own funds because they are leery of this centralized savings account. Guidelines for the contingency need to be looked at and people need to come up with procedures on how some of those funds could be made available to departments.
- If a department needs more O&M what do they do?
  - Bart has been pretty good at working with the Division Chairs to redistribute funds.
  - Department heads should bring concerns to their Vice Chancellor.
- Currently the contingency fund is used for risk management. What role does the contingency play in investment? Can we use the contingency for strategic investment and risk management?
  - This is something to look at. This committee will get back to the contingency fund guidelines at some point. It may be better to consider carry forwards and investments as separate issues. In light of this, there may be a significant re-write of the guidelines the Finance Committee worked on last year.
- Are carry forwards growing? Is the money accumulating or staying low? If they are accumulating that would be a concern.
  - Carry forwards have been growing a bit just for the fact that we have been paying ourselves back by reducing the sequestered debt. Colleen and Lowell both thought that the carry forwards in general were shrinking since everyone is working together better. Also, there was a lot of money transferred for projects that haven't been started that will not be in our carry forwards any longer. There is a constant use of funds, but this was a very hard question to answer.
- It has been suggested that the committee could go to departments and ask about carry forward balances. Is that something committee members are interested in pursuing?

- It may be a better idea to talk to the respective Vice Chancellor for the departments. The VC's should know what is going on in the different departments also. At this time the committee does not seem interested in doing this.
  
- Do the VC's know why departments want to carry forward funds?
  - Yes. In April, when departments submit budgets, they identify why funds are needed as part of their ending balances. All budget submissions go through the respective VC. When it comes to the end of the year Vice Chancellors have to explain if they have a remaining balance, what the funds will be spent on. The VC's also have to answer questions (identify plans for resolving) negative balances every quarter.
  
- Additional questions and/or comments:
  - It would be nice to see a list of general reasons why departments have high carry forwards. You can say there is a story behind each of the dollar amounts but there should be some commonality between them.
    - We cannot do this for the past but maybe it is an option to start doing in the future if people are really interested in this.
    - Several department heads gave examples of what some of their departments carry forwards were/are used for.

Meeting adjourned.

Next meeting is October 31<sup>st</sup>, 2013 in the Moccasin Flower Room at 8am.