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Finance minutes 11/01/2011

Finance Committee

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UMM Finance Committee Minutes-11/1/11

Members Present: Roland Guyotte, Sara Haugen, Laura Thielke, Michael Korth, Mary Zosel, Reed Olmscheid, Gwen Rudney, Andrew Sharpe, Pieranna Garavaso

Members Absent: Janet Ericksen, Manjari Govada, Timna Wyckoff, Lowell Rasmussen

Guests: Colleen Miller, Jean Valnes, Sheila Windingstad, Note taker

Meeting was called to order by Committee Chair, Roland Guyotte.

Next meeting will be held Wednesday, November 16, 2011 with Bart Finzel & Roger Wareham to discuss Indirect Cost Recovery.

Roland read an announcement from Chancellor Johnson advising the establishment of a fund to hire temporary replacements during medical and family leaves of absence in the amount of \$30,000.

Colleen Miller presented FY2011 financial information (Actual and Budget) for UMM, along with handouts:

1. Handout #1 - She noted that the University's FY2011 financial numbers are not yet final. The University's fiscal year (FY) runs from July-June. Adjustments for FY2011 are still possible until the external auditors sign off on the financial statements. She explained the accounting periods, and noted that multiple periods may be open at the same time (i. e., October 2011 is open, November 2011 is open, and FY11 Period 14 is still open). We have 3 periods currently open at this time.
2. Information being presented is for periods that are no longer available for UMM to make adjustments.
3. Gwen Rudney asked about UMM's Carry Forwards – are they included in the information that is being shown? Yes, and Colleen will address in the second handout.
4. Chart of Accounts fund explanation was handed out. Fund tells where the money comes from and whether or not there are restrictions.
5. Handout #2 - Total UMM schedule includes money available in the Contingency fund. Reserve of \$2 million from FY2010 to help reduce volatility in budget process when resources fluctuate. Gwen commented that a portion of the Contingency fund was used to help balance the FY12 budget.
6. \$489,137 in Fund 1000 Carry Forward balances, theoretically, available for transfer to the Contingency fund.
7. FY12 Budget submitted for Compact meeting showed a surplus. When the departmental budget (official budget) was submitted, there was a (\$2.4 million) deficit because departments budget to "spend" Carry Forward balances in the budget year.
8. Michael Korth summarized his understanding by saying UMM continues to budget more expenses than they incur and the remaining Ending Balance is still growing. Isn't there a big scale disconnect? Colleen replied that each year for the past three years when we are told we have to make cuts to O&M, departments still budget to spend their entire Carry Forward. In Colleen's opinion, the perception is that we have to cut spending more than what we actually do

cut. The “loaded budget” is, in all probability, overstating expenses. It was valuable to see trends from real numbers. Prior to EFS, total UMM financial numbers weren’t presented. Colleen’s goal is to have departments budget more realistically, so that the disparity between the Compact budget and the Official budget is not as great. Michael asked how we make the two sets of budget numbers come closer together.

9. Andy Sharpe questioned if the Compact budget was a work compiled by UMM Finance and input from committees, whereas, the Official budget is submitted by combined efforts of departments. Colleen replied that, yes, the Compact budget is mostly Finance and committee work. There is a Budget Kick-off Meeting with departments, they are given the budget assumptions and then they submit their departmental budgets (600+), but this is two and a half months after the Compact meeting. Andy then asked how can this committee help get these numbers closer? Colleen quickly replied that she’d love to have the Finance Committee more involved in the Budget Kick-off Meetings that take place in early April.

Action: Sheila/Colleen to get absentees copies of handouts (including Timna)

Action: Sheila will confirm the Welcome Center meeting room with Mary Huebner for our next meeting.

Meeting Adjourned until Wednesday, November 16, 2011 with Bart Finzel & Roger Wareham as guests to discuss Indirect Cost Recovery in the Welcome Center Conference Room @ 1:00 p.m.