

University of Central Missouri
Board of Governors
Finance & Administration Committee of the Whole
November 15, 2012

The University of Central Missouri (UCM) Board of Governors Finance and Administration Committee convened as a Committee of the Whole on Thursday, November 15, 2012, at 3:15 p.m. in Union 237A on UCM's main campus in Warrensburg, Missouri. In attendance were Weldon Brady, Gus Wetzel II, Mary Long, Walter Hicklin, Edward Baker, Mary Dandurand, and Kyle Shell. Also present was University President Charles Ambrose; General Counsel Henry Setser; and Assistant Secretary to the Board Monica Huffman. Others present included Provost Deborah Curtis, John Merrigan, Patrick Bradley, Dennis Cryder, Rosemary Olas, Michael Smith, and RubinBrown Engagement Team members Kaleb Lilly, Chester Moyer and Katherine Girgis.

Call to Order

Mr. Wright called the meeting to order and determined that a quorum was present to conduct business. He then turned the meeting over to Committee Chair Weldon Brady.

Approval of the Minutes – Agenda Item No. 1

Mr. Brady recommended acceptance of the minutes. Committee member Ed Baker concurred with the recommendation and the minutes were accepted as submitted.

External Audit Report – Agenda Item No. 2

Mr. Merrigan noted that documents related to the external audit report were included with the Board meeting materials under Tab 14. Included were a (1) Management Letter; (2) Single Audit Report; and (3) Financial Statements (Attachment 1). He then introduced members of RubinBrown's Engagement Team -- Kaleb Lilly, Chester Moyer and Katherine Girgis.

Mr. Moyer reviewed pages 3 through 8 of a Year-End meeting document distributed to the Board that included Auditor Communications and Opportunities for Improvement (Attachment 2). He also reviewed New Accounting Pronouncements and Developments as outlined on pages 11 and 12 of the document. Mr. Moyer noted that these new accounting pronouncements and developments will affect future years' audits. Mr. Brady asked what the significance is of GASB Statement No. 68 which is intended to improve the accounting and financial reporting of public employee pensions by state and local governments. Mr. Merrigan stated he has not had the opportunity to fully evaluate what the impact will be for the University. This statement is tied to MOSERs and UCM will work with the State and RubinBrown to assess and determine what this means for the University.

Mr. Merrigan stated this is a new pronouncement and that he has not had the opportunity to fully evaluate what the impact will be for the University. GASB Statement No. 68 impacts

the State of Missouri MOSERs retirement plan which UCM is a member. This will impact not only UCM but all State of Missouri entities and Universities that participate with the MOSER's retirement plan. A certain percentage of the overall MOSER's unfunded liability will need to be shown as a liability on the University's financial statements. Mr. Merrigan stated UCM will work with the State of Missouri, MOSER's administration, and Rubin Brown to determine what portion of the MOSER's liability will need to be disclosed on the University's financial statements.

Mr. Lilly reviewed the Management Letter which requires that the firm report material weaknesses and/or significant deficiencies. While there were no material weaknesses to report, significant deficiencies were identified related to segregation of duties in different areas as outlined in pages 2 through 7 of the Management Letter. Mr. Lilly reviewed these with the Board.

Ms. Girgis reviewed the Single Audit OMB Report, noting that page 11 of the report provides a summary of the Auditor's Results. Mr. Lilly followed with a review of the Financial Statements noting that UCM received a clean opinion. Mr. Brady said he was pleased with the clean opinion, however, asked Mr. Merrigan to continue reviewing GASB Statement No. 68 and the implications it will have for UCM.

Mr. Merrigan commended Ms. Toni Kreke who worked hard to coordinate the audit and he thanked all of the Finance Division staff for their hard work throughout the audit.

Mr. Baker moved that the Committee accept the audit and move it forward for Board approval at the November 16, 2012, Plenary Session. Dr. Wetzel seconded the motion and it passed.

Residence Hall Furniture – Agenda Item No. 3

Mr. Merrigan reviewed information contained in a briefing paper under Tab 15 of the meeting materials related to the replacement of residence hall furniture in the Fraternity Complex, PanHellenic Hall, and Yeater Hall. Mr. Patrick Bradley noted that replacing the furniture should result in a positive perception by students of the residence halls and appeal to them. Items to be replaced include dressers, desks, chairs, and beds. Mr. Baker asked how many rooms will receive the replacement furnishings. Mr. Bradley answered 174 rooms. Mr. Brady asked if there are funds in the budget for this acquisition and Mr. Bradley answered yes.

Mr. Brady moved that the Committee accept the recommendation to purchase the replacement furniture from KLN Furniture in the amount of \$276,821.35 and forward it to the full Board for formal approval at the November 16, 2012, Plenary Session. The motion was seconded by Dr. Wetzel and passed.

USDA-RUS Rural Public Television Digital Transition – Agenda Item No. 4

Mr. Dennis Cryder and Ms. Rosemary Olas presented background information contained in a briefing paper under Tab 16 of the meeting materials related to the recommended purchase of grant-funded high definition field production equipment, accessories and editing equipment in the amount of \$659,982.26.

Dr. Long moved that the Committee accept the recommendation to purchase grant-funded high definition field production equipment, accessories and editing equipment from Alpha Video & Audio and forward it to the full Board for formal approval at the November 16, 2012, Plenary Session. The motion was seconded by Mr. Baker and passed.

Bids and Contracts Summary – Agenda Item No. 5

Mr. Michael Smith reviewed the Bids and Contracts Summary included under Tab 1 of the meeting materials (Attachment 2).

Other – Agenda Item No. 6

Purchase of Aircraft - Mr. Tony Monetti presented information contained in a briefing paper to support a recommendation to purchase a multi-engine Piper Seminole aircraft (Attachment 3). Following Mr. Monetti's presentation of information, the Board had an in depth discussion surrounding the cost of a used plane, which at the time was estimated to be \$300,000 or less, the funding source, and the need for a business plan for the Aviation Department. Mr. Merrigan noted that funding for the aircraft includes \$110,000 from the Harmon College of Business; \$50,000 from UCM's Reserve; and \$60,000 from the anticipated sale of the Duchess aircraft. There will be a six-year payback on the proforma. Mr. Merrigan also noted a preference to avoid future internal loans, but to instead invest carry-forward funds in those programs that are considered strategic. *Mr. Baker moved that the Committee recommend to the Board during its November 16, 2012, Plenary Session that it authorize the purchase of a multi-engine Piper Seminole aircraft at a cost not to exceed \$300,000. The motion was seconded by Mr. Brady and passed.*

Adjournment

There being no further business to discuss, the meeting adjourned at 4:45 p.m.

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Attachment Listing

<u>Attachment No.</u>	<u>Attachment Description</u>
1	RubinBrown Audit Documents – Management Letter, Single Audit Report, and Financial Statements
2	RubinBrown <i>ViewPoints</i> – Year-End Meeting
3	Briefing Paper – Purchase of Aircraft