

**FINANCE COMMITTEE
TRUSTEES OF METROPOLITAN STATE COLLEGE OF DENVER**

**Friday, October 10, 2008
8:00 a.m. – 10:30 a.m.
Administration Building, Room 570/575
Auraria Campus**

I. CALL TO ORDER

Trustee Robinson called the Finance Committee meeting to order at approximately 8:00 a.m.

PRESENT: Trustee Ellen Robinson; Trustee Mark Martinez; Trustee Antonio Esquibel; Trustee Dawn Bookhardt; President, Stephen Jordan; Vice President for Administration and Finance, Natalie Lutes; Internal Auditor, Steve Gonzales; Associate Vice President for Administration and Controller, George Middlemist; Director of Accounting Services, Liza Larson; Budget Director, Stephanie Moran; Associate Vice President for Retirement Plan Administration, Tim Greene; and Vice President for Information Technology, Carl Powell.

APPROVAL OF MINUTES

A motion was made to approve the minutes from the May 21, 2008 Trustee Finance Committee meeting. The motion was seconded and approved. Trustee Esquibel noted that according to these minutes the following discussion items were to be on the next Finance Committee agenda. It was decided that due to the full agenda these items will be discussed at a later meeting.

- Key measures for evaluating programs
- Net discount tuition rates/financial aid impact
- Peers
- Separate audit committee
- Issue of base funding capital improvement projects from tuition

II. DISCUSSION ITEMS

A. 403B Plan Document Revision –

The Internal Revenue Service (IRS) recently completed a comprehensive rewrite of the IRS Code concerning Section 403(b) voluntary retirement plans. The new regulations require that colleges and universities that maintain 403(b) plans revise their current Plan Documents to include all provisions of past federal statutes pertaining to this type of retirement plan as spelled out in the final 403(b) regulations. The IRS provided suggested language for adoption to assure that a school's plan would be in full compliance. The majority of the changes will have little impact on the plan participants or college staff. However, the new regulations no longer allow for self certification when a person requests a loan. This change will require the vendors and college Human Resource office staff to be more involved in loans taken by the 403(b) participants. Additionally, the college will become more involved with the day-to-day administration of the 403(b) plan.

A motion was made and seconded to recommend approval of the Plan document revisions to the full Board.

B. Budget

- FY2007-08 Final Budget Report

Staff presented the FY2007-08 Final Budget Report. The college ended the year with approximately \$300,000 more in tuition revenue than anticipated. There was also a net zero transfer made by the state between stipend and fee-for-service to keep our total stipend and fee-for-service revenue at the same amount as appropriated in the Long Bill. The other than tuition revenue category shows revenue higher than budget by \$700,000, which is mainly due to a change in the reporting of tuition forfeiture. Previously, the college was reporting tuition forfeiture in the tuition revenue; the college will now be including tuition forfeiture in the other than tuition category. Overall, expenditures were \$5.4 million less than budget. There were several expenditures that were not able to make it into FY2008 and were pushed into the next fiscal year. The college ended the year with a fund balance of \$8.3 million.

- FY2008-09 Budget Report

The FY2008-09 Budget Report for the general fund shows the base changes that have occurred since July 1, as well as the distribution of one-time fund balance. In the revenue area, there is a \$400,000 budgetary move from tuition to other than tuition, which is reflective of the tuition forfeiture reporting change. ICRs are anticipated to be \$67,000 less than last year, therefore there are both revenue and expense reductions to reflect this change. Currently, the college is estimating ending the year \$377,000 down in overall revenues. At this time, the college is earmarking what is available in institutional reserves, but if there is truly a reduction in revenues, the VP areas would be asked to see where they could reduce their budgets to makeup the shortfall. The final section of the spreadsheet shows the distribution of the full fund balance of \$8.3 million. The FY2008-09 Budget Report for the auxiliary funds shows the actuals for FY2007 and FY2008 and initial budgets for FY2009. The auxiliary areas took into account fee increases and expected enrollments for their initial revenue budgets. Expense budgets were based on expectations of expenses from the auxiliary fund managers.

- 5 Year Budget Model

The committee reviewed the detail behind the 5 Year Budget Model received at the Board retreat.

- Cost Containment Measures

The committee was provided with a copy of the cost containment measures memo sent out to the campus community.

- Debt Capacity

The college has contracted with a financial advisor, Ms. Stephanie Chichester, to help determine funding options and debt capacity. Ms. Chichester is in the process of analyzing critical ratios and performing

other analysis. Staff anticipates receiving options and recommendations in the near future.

C. FY2007-08 Unaudited Financial Statements

The committee reviewed the year end FY2007-08 unaudited financial statements. The year end financial audit was recently completed. The auditing firm will likely present their findings to the committee in an executive session at the November or December meeting.

D. Internal Audit Update

The IT Budget & Procurement Report, IT Storage Area Network, and the FY2008-09 Audit Plan were reviewed. Due to time constraints, the SIP Update, eMERGE Update, and Science Building Activity items were tabled and will be discussed at the next Finance Committee meeting.

E. IT Update – Tabled until the next Finance Committee Meeting

F. FY2008-09 Finance Committee Meeting Schedule

In the past, the Finance Committee meeting was scheduled two weeks before the Board meeting so the committee could impact the Board agenda. Natalie will send out an email of dates and times for everyone to check their schedules.

III. ADJOURNMENT

At approximately 10:30 a.m. a motion was made and seconded to adjourn the Finance Committee Meeting. The motion passed unanimously