

Western Illinois University
Board of Trustees
Finance Committee Meeting

June 2, 2006

Committee Members Present: Trustee Carolyn J. Ehlert (Chair), Trustee William L. Epperly, Trustee Steven L. Nelson, Board Treasurer and Vice President for Administrative Services Jacqueline K. Thompson, Vice President for Advancement and Public Services Daniel L. Hendricks

Also Present: Trustee Robert J. Cook, Trustee Donald W. "Bill" Griffin, President Alvin Goldfarb (*Ex-Officio*), Trustee J. Michael Houston (*Ex-Officio*), Trustee Christopher M. Thomas, Legal Counsel Bruce J. Biagini and Administrative Assistant to the Board Kerry L. Yadgar

Guest Speakers: Julie DeWees (Budget Director), Al Harris (Associate Vice President for Student Services), W. Garry Johnson (Vice President for Student Services), Joe Rives (Assistant to President for Planning and Budget), Ron Ward (Director of Business Services)

Trustee Carolyn Ehlert, Committee Chair, called the meeting of the Finance Committee to order at 8:45 A.M. in Conference Rooms A, B & C of Western Illinois University – Quad Cities. She welcomed everyone to the meeting.

Approval of March 10, 2006 Finance Committee Meeting Minutes

The March 10, 2006 Finance Committee Meeting minutes were approved as presented.

Purchases of \$500,000 or More

Vice President Jackie Thompson spoke regarding the purchase request before the Board. She noted that there were two items included and that information had been provided ahead of time to trustees. We are asking for approval for contracts for waste removal and recycling and for engineering/architectural services for the residence halls sprinkler project.

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Purchases of \$500,000 or More (Continued)

Trustee Houston asked in terms of the waste management, was the bidding national?

Vice President Thompson noted that it was national

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Budget and Financial Data for the Period Ended March 31, 2006 (Continued)

Dr. Rives said this status report is looking at three-year comparison and year-to-date totals. In appropriated funds, we have a \$31.5 million positive fund balance. As you compare that to the two previous fiscal years, you will note that it is significantly higher. As Vice President Thompson just indicated, we very much have engaged in conservative fiscal spending. As Mr. Harris indicated, within the University and within the residence hall structure our retention rate has improved. Fall to spring retention rate went from 89 percent to 89.7 percent which is about a one percent increase.

As you look at year-to-date on appropriated funds, you will note that the positive fund balance is significantly higher than what we reported to you last time. The reason is that we have spring

Repair Maintenance of Official Residence (Continued)

residents. We have come home twice from trips to find water problems in the basement.

In response to a question about the problem with copper water pipes in Macomb, Mr. Biagini added that it appears that sometime in the '70s, the copper tubing was either problematic or there was something in the water system that dissolved copper. No one knows for certain. Trustee Houston provided for new trustees some background information in terms of the backlog of maintenance at the residence

Report on Investment Activities

Mr. Ron Ward reported on the quarterly investment activities of the institution. The current portfolio is \$89 million with an average rate of 3.68 percent which tracks with our benchmark of 4.38 percent. This total is up from this same point last year due to some of the reasons we have already discussed and we have had a couple of bond revenue issuances since last year as well that is reflected in this larger number. We plan to ride along with the continued increase in interest rates and try to capture higher yields as this interest rate increase by the Federal Reserve Board plays out.

Trustee Nelson asked if it would be possible to show in the report investments by type for the year prior, a comparison so the Board would know what this same period last year was—September of 2005 with September of 2006, for example.

Report on Income Producing Grants and Contracts for the Third Quarter

Vice President Thompson noted the income producing grants and contracts are listed and she would be happy to answer any questions about the report.

Provost Rallo noted that many of the grants are on-going activities—the funding for the Entrepreneurship Center that allows us to give out competitive grants, for instance. The one from d

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Annual Audit Report (Continued)

are a low-risk auditee. By the nature of our business we are low risk. Universities are low risk to start with and Western over the years has had an excellent audit record. Auditors look at the financial systems that are producing the financial reports and then they look at the internal control systems—the checks and balances in place. We have had an excellent computerized accounting system and have developed audit trails that the auditors have confidence in. When they have confidence in the systems that produce the numbers, then they have confidence in the financial reports that are produced. We have continually over the years looked at and improved our internal controls and are cognizant about what can go wrong and deal with that positively.

We have had few findings over the years. Having a finding is not problematic as long as they are with reporting issues. The small findings that we've had, we have dealt with positively. The one that is still open has to do with positive time keeping and we are working with that to their satisfaction.

Trustee Ehlert stated that this audit report follows several years of fine audit reports. Carole Carter and her team have done an excellent job over the years in making certain that everything is done properly.

Mr. Ward stated the second booklet is the customary balance sheet, or income statement, cash flow statement. The cash flow statement is the most valuable. It has only come about in the last few years due to the Governmental Accounting Board who required all the bodies to revamp their financial statement forms. Up until a few years ago, governmental bodies did not include a cash flow statement—businesses like John Deere, for example, have always included a cash flow statement in their audits. You can see what we started with, what came in, what went out, assets we have purchased, and what is remaining.

In response to a question about the auditing firm, Mr. Ward replied that we are with BKD for the third year of a six-year cycle. These auditors are hired as contract auditors through the Auditor

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Report on Contributions (Continued)

be transparent to other development personnel. There will be transparency, accessibility and greater efficiency. We are developing that in-house with the aid of Jackie's staff.

Vice President Hendricks said that in terms of the redesign to the web site, it has taken us about twice as long as we originally anticipated. We are about seven months behind on the completion of that project. The staff feels it will be completed in about a month. The holdup has been content. The design is beautiful. You can actually see it now by contacting Assistant Vice President John Maguire. The content has taken more time than we anticipated. We're hoping it will be finished by July 1. It will be a very fine upgrade.

Trustee Epperly noted that they had asked for an update on the baseball stadium on how much of the funding came from donated sources, etc. That information has not been received. Vice President Johnson said he would supply that information to trustees.

Trustee Epperly also asked about our marketing efforts. Vice President Hendricks noted that Kristin Dunstan will be attending an upcoming conference—in fact taking a delegation of six people. This will be the first time in the history of the institution that all of the marketing personnel from the various colleges have attended together. She is very excited that everyone will be on the same page in terms of integrating marketing efforts.

Trustee Thomas asked about the on-line network for alumni. Vice President Hendricks said that to date we have over 700 signed up and hope that it will continue growing. By the fall, we hope to have several thousand. Amy and Amanda continue to work on this initiative.

General Comments by Vice Presidents

