

LOCK HAVEN UNIVERSITY
UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE
(1:00 p.m., Sullivan 310)

AGENDA
January 22, 2009

- I. Approval of Agenda
- II. Approval of 12/04/2008 Minutes
- III. Old Business
 - a. Review of faculty and staff cost control recommendations
 - b. Middle States Self Study – Planning and Resources
- IV. New Business
 - a. Bill Hanelly – Financial Update

Next meeting: February 5, 2009 – Sullivan 310

UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE

Meeting Minutes

Thursday, January 22, 2009

1:00 p.m., Sullivan 310

Members Present: William Lloyd (chair), Cori Myers, Michael Heck, Thomas Justice, Donald Amoriello, Julie Kimball, William Hanelly (Ex-officio), Linda Koch (Ex-officio), James Theeuwes, Susan Birdsey.

William Lloyd called the meeting to order at 1:00 p.m.

Michael Heck moved that the agenda be approved and Tom Justice seconded the motion.

The minutes from the meeting of December 4th were approved; moved by DJ Amoriello and seconded by Susan Birdsey.

Old Business:

Summary of Cost Saving Suggestions – Bill Hanelly presented the modified Summary of Cost Savings document. Cori suggested that each member review the document and make comments to Bill Lloyd or Bill Hanelly.

Middle States Self Study – Bill Lloyd indicated that the report on Standards 2 and 3 was being written and that the draft report was due to Jim Meek no later than February 15th. Cori is drafting Standard 2 and Bill is drafting Standard 3 and an introduction.

New Business:

Bill Hanelly presented his Budget Summary that had been given during University Days. Bill indicated that 2009 – 2010 was going to be a difficult year. PASSHE requested that Vice-presidents of Finance run a worst case scenario assuming a 2% tuition increase and flat enrollments. Bill stated that there will be a significant deficit, but the exact amount is not known.

Bill discussed the current economic environment indicating that the current recession will affect LHU in two ways. First, the 2008-2009 budget deficit of \$1.7 billion resulted in an appropriation reduction of \$1,024,754. Secondly, rising unemployment and job uncertainty challenge families' ability to pay for college education.

Eighty eight percent of E & G revenue is based on student enrollment (tuition and appropriation) but enrollment only grew by 1% in fall 2008. After the mid-year reduction, Commonwealth appropriations for the current year are actually \$611,000 lower than the previous year. Seventy nine percent of E & G expense is in personnel cost and these costs are projected to increase by 5.1% in fiscal year 2008-2009. The end result is that we have an unsustainable model.

Several actions have been taken to address the current year challenge. Several positions have not been filled amounting to \$190,622. Of this amount, \$140,311 occurred in FA&T and \$50,311 in Academic Affairs. Overload and overtime have been reduced by \$350,000. Discretionary operating budgets were cut in the following amounts:

Reduction in out of state travel	\$185,000
Reduction in student employment	166,540
Reduction in President's budget	73,000
Reduction in technology obsolescence	125,000
Other	55,500

For the fiscal year 2008-2009 no transfers to plant funds have been budgeted.

In order to deal with 2009-2010 and beyond the following actions have been planned or implemented:

- Continue to review suggestions from the University community.
- Restrict hiring to essential positions that cannot be deferred.
- Improve student retention rates through
 - Foundations of Excellence
 - Structured Summer Program
- Increase enrollment through
 - Advertising campaign emphasizing LHU's affordability and quality
 - Revamped web site

The meeting was adjourned at 2:00.

LOCK HAVEN UNIVERSITY
UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE
(1:00 p.m., Sullivan 310)

AGENDA
February 5, 2009

- I. Approval of Agenda
- II. Approval of 1/22/2009 Minutes
- III. New Business
 - a. Parente Randolph – FYE 2008-2009 Financial Statements and Audit

Next meeting: February 19, 2009 – Sullivan 310

UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE
Meeting Minutes
Thursday, February 5, 2009
1:00 p.m., Sullivan 310

Members Present: William Lloyd (chair), Cori Myers, Michael Heck, Thomas Justice, Julie Kimball, William Hanelly (Ex-officio), Linda Koch (Ex-officio), James Theeuwes,.

William Lloyd called the meeting to order at 1:00 p.m.

New Business:

John Compton (Principal with ParenteRandolph) and Brion Watson (Senior Manager with ParenteRandolph) presented the audit findings for fiscal year ended 2008.

ParenteRandolph is the largest regional CPA firm in Pennsylvania with approximately 500 professional staff and 18 offices through PA, NJ, &DE. The firm primarily focused on audits of educational institutions. ParenteRandolph audits PASSHE and all 14 schools in the system.

John indicated that it was a mixed year with an increase of \$3.5 million in net assets compared to an \$8.2 million increase in the prior year. The current year increase was primarily due to \$3.5 million in capital gifts related to the Alumni Center. A year-to-year comparison shows net tuition and fee income increased by \$780,000, mainly attributable to increased tuition and fess with minimal change in scholarship discounts and allowances.

However, there was a deficit in unrestricted net assets of \$3.3 million driven by a \$3.8 million increase in operating losses. ParenteRandolph was able to issue an unqualified (clean) opinion on the financial statements and noted no significant deficiencies or material weaknesses.

John discussed ParenteRandolph's responsibility under generally accepted auditing standards as an expression of an opinion on the financial statements based on their audit. Audit procedures were designed to gain reasonable, but not absolute assurance regarding the financial statements. The firm's review of internal control was limited to gaining a basic understanding of internal control in order to design an effective audit approach, not for the purpose of providing assurance on internal control.

John also stated that there were significant accounting estimates used in the generation of the financial statements prepared by management and actual results may differ significantly from management's current judgments. The most significant estimates were made for:

- Allowance for doubtful student accounts receivable
- Allowance for doubtful student loans receivable and
- OPEB, workers' compensation, and compensated absence liabilities

John also stated that certain significant financial statement disclosures were made concerning bonds payable and compensated absences and postretirement benefits. No material audit adjustments were proposed by the firm which is a reflection of how well Julie Kimball and her direct reports are doing their respective jobs.

The audit firm had nothing to report with regard to:

- Difficulties encountered in performing the audit
- Disagreements with management
- Consultations of management with other accountants
- Major issues discussed prior to our retention.

Brion Watson presented the following 2008 points of interest:

- The new Alumni Center was completed at a final cost of \$9.1 million which was paid for through a non-refundable cash gift from the Lock Haven University Foundation.
- Bentley Hall was expanded at a cost of \$1.3 million.
- McCollum Field was renovated at a cost of \$2 million.
- The Health Professions building was improved at a cost of \$1.1 million.
- Statement of Auditing Standards (SAS) 99 – Consideration of Fraud in a Financial Statement Audit – Under this SAS, the auditor is required to assess fraud risk factors, perform additional audit procedures were appropriate, and perform interviews with LHUP employees to discuss fraud related matters. Those conversations included discussions with the Chair of Trustees, University President, VP of Finance, Comptroller, Director of Financial Aid and other key employees.

Key financial data:

The University ended FYE 2008 with total assets of \$100.5 million compared to \$94.9 million for FYE 2007. Of the \$100.5 million, \$33.9 million was held in cash and cash equivalents and \$61.3 million was invested in capital assets. The increase of \$5.6 million from FYE 2007 to FYE 2008 was primarily due to an increase in capital assets of \$7.8 million.

The University ended FYE 2008 with total liabilities of \$58.1 million compared to \$56 million in FYE 2007. The increase of \$2.1 million was primarily due from an increase in compensated absences and OPEB of \$3.2. Bonds payable was reduced by \$800,000 during the year.

The difference between total assets and total liabilities represents net assets, which increased from \$38.9 million in FYE 2007 to \$42.4 million in FYE 2008. This \$3.5 million change was primarily due to a \$7.4 million increase in investments in capital and \$3.3 million decrease in unrestricted funds.

The meeting was adjourned at 2:00.

LOCK HAVEN UNIVERSITY
UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE
(1:00 p.m., Sullivan 310)

AGENDA
February 19, 2009

- I. Approval of Agenda
- II. Approval of 1/22/2009 and 2/05/2009 Minutes
- III. Old Business
 - a. Middle States Report
 - b. Cost Reduction Suggestions
- IV. New Business
 - a. Committee Agenda for Remainder of Semester
 - b. Changes to charge and committee makeup

Next meeting: March 12, 2009 – Sullivan 310

UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE

Meeting Minutes

Thursday, February 19, 2009

1:00 p.m., Sullivan 310

Members Present: William Lloyd (chair), Cori Myers, Thomas Justice, Julie Kimball, James Theeuwes, Susan Birdsey, Donald Amoriello

William Lloyd called the meeting to order at 1:00 p.m.

Cori made a motion to approve the agenda and a second was made by Tom. The agenda was approved.

Susan made a motion to approve the minutes from February 5th and January 22nd, Donald seconded the motion. The minutes for February 5th and January 22nd were approved.

New Business:

William opened the discussion on changes to the committee charge. William suggested that rather than “assist in the preparation of the University’s budget” the wording should be changed to “review the preparation of the University’s budget.” Rather than “guide the preparation of the University’s financial plans” the wording should be changed to “consult and advise on the University’s financial plans.”

William suggested that “assess and identify potential for financial fraud and abuse” be rolled into “meet with external auditors regarding the scope and outcomes of financial audits” and restated as “meet with external auditors regarding the scope and outcomes of financial audits and assess and identify potential for financial fraud and abuse.”

It was suggested that the charge incorporate the work the committee has done on communicating findings to the University community and on cost reduction strategies. The following two items were added to the charge:

- Communicate findings of the committee in conjunction with the Vice-President of FA&T to campus community via website
- Conduct ongoing cost reduction strategies survey

Discussion was held on the work to be completed by the committee for the remainder of the semester. The following recommendations were made:

- Benchmarking – what is aspiration
- 2009-2010 Budget
- Budget Revisions and Budget Report
- Common Cost
- Middle States Report

The meeting was adjourned at 1:45 p.m.

LOCK HAVEN UNIVERSITY
UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE
(1:00 p.m., Sullivan 310)

AGENDA

March 26, 2009

- I. Approval of Agenda
- II. Approval of 2/19/2009 Minutes and Revised Committee Charge
- III. New Business
 - a. Common Cost – Brian Cygan

Next meeting: April 9, 2009 – Sullivan 310

UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE

Meeting Minutes

Thursday, March 26, 2009

1:00 p.m., Sullivan 310

Members Present: William Lloyd (Chair), Thomas Justice, Julie Kimball, James Theeuwes, Susan Birdsey, Michael Heck, Bill Hanelly (Ex-Officio), Linda Koch (Ex-Officio)

William Lloyd called the meeting to order at 1:00 p.m.

Susan made a motion to approve the agenda and Tom seconded the motion. The agenda was approved.

Susan made a motion to approve the minutes from February 19th and Julie seconded the motion. The minutes were approved.

Mike made a motion to approve the changes to the Committee Charge and Julie seconded the motion. Changes to the Committee Charge were approved.

New Business:

Bryan Cygan opened the meeting with a presentation on the Common Cost report for 2007-2008. Bryan indicated that the PASSHE Common Cost Accounting system is designed to do two things:

1. Show the true program costs (as distinct from departmental costs) at universities in the system and
2. Provide truly comparable expense data for the universities across the system.

The data maybe useful to the University in suggesting further investigation:

1. Based on comparisons of instructional costs relative to other programs and universities. CCA reports instructional data in two ways: by the subject of each course and by the major of the students taking the course. For several intriguing reasons, totals from these two reports do not agree.
2. Based on comparisons of institutional costs relative to other universities.

The Program Cost Report indicated that 149,932.5 credit hours were completed at a cost of \$25,887,308 resulting in a direct cost per credit of \$173. The FTE student cost based on this was \$5,114.

The Program Statistics Report indicated that the University had 977 graduates, enrolled 5,061.6 FTEs, and retained 276.9 faculty FTEs resulting in a student/faculty ratio of 18.3.

The Discipline Cost Report indicated that total credit hours were 149,932.5, direct costs amounted to \$26,022,533, and direct cost per credit was \$174 resulting in an FTE student cost of \$5,148.

The Department/Discipline Statistics Report indicated that Instructional FTE Staff was 17, Student FTEs were 5,054.9, and Faculty FTEs were 279.1 resulting in a student/faculty ratio of 18.1.

The Faculty Type Analysis indicated that during 2007-2008 the University retained 60 Professors, 85 Associate Professors, 114 Assistant Professors, and 54 Instructors.

The meeting was adjourned at 1:30 p.m.

LOCK HAVEN UNIVERSITY
UNIVERSITY-WIDE FISCAL MANAGEMENT COMMITTEE
(1:00 p.m., Sullivan 310)

AGENDA

April 9, 2009

- I. Approval of Agenda
- II. Approval of 3/26/2009 Minutes
- III. New Business
 - a. 2008-2009 Financial Status and 2010 preliminary budget
 - b. Breakout of Personnel Costs by function

Next meeting: April 23, 2009 – Sullivan 310