Members Present:    Mike Lee, Chair
                    Larry Cook
                    Randy Sater

Absent:           Lisa Bates

Staff Present:    Jim Reinhart, Executive Director
                 Craig Barth, Chief Financial Officer

The Budget & Finance Committee meeting was called to order by Chair Mike Lee at 2:01 p.m.

Craig Barth reviewed the 1st quarter financial statements for the period ended September 30, 2014, beginning with the balance sheet. Short-term investments (which include LAIF) and receivables was $2.86 million higher than at the same point during the prior year due to the purchase of the University House in November 2013. There is a corresponding increase in capital assets. Prepaid expenses are always high at September 30 as UEI prepays its entire $1.14 million insurance premium during the 1st quarter.

Barth noted that accounts payable has decreased significantly since the beginning of the fiscal year as payments on previously accrued capital project obligations were made. Unearned board revenue is at a peak due to monies collected from meal plans sales owing to high enrollment. UEI’s Enterprise Fund OPEB (post-retirement obligation) balance stands at $2.10 million, pursuant to a recalculation following the recent issuance of a new actuarial report. UEI’s net position totals $35.94 million, against $33.98 million in the prior year.

Barth began his review of the Statement of Operations by noting that the Office of Water Programs had generated a total of $1.41 million in revenue during the quarter, $718 thousand higher than last year. Focusing solely on Enterprise operations, UEI incurred a $1.40 million deficit during the 1st quarter, against a $1.18 million budgeted deficit. The actual deficit is largely attributable to two factors: an unrealized/realized investment loss of $390 thousand and seasonally slow overall campus activity as a portion of the reporting period covers the summer months. Revenue is higher against the prior year in the areas of food sales revenue and administrative fees and lower in rental income and investment returns. Operating expenses and depreciation are also trending higher than last year.
Barth noted the success of both Sponsored Programs Administration (SPA) and the California Intern Network (CAIN), with administrative fee (indirect recovery) revenue totals $138 thousand and $168 thousand higher, respectively, than the prior year. The two programs are also ahead of budget in that area by $61 thousand and $167 thousand, respectively. The SPA gains have been offset by high operating costs, mostly in the form of share back expenses to the University. However, CAIN’s $75 thousand surplus is $177 thousand over budget. The total State student population employed by CAIN at September 30 was 679, an increase of 101 students since the start of the fiscal year.

Sales revenue was $412 thousand over budget due to University Union dining operations ($91K), Catering ($48K), Starbucks sales ($100K) and Summer Conference revenue ($183K) being a combined $422 thousand over budget. Cost of sales was correspondingly $187 thousand over budget. Rental income is $69 thousand under budget as a result of the unanticipated vacation of the US Geological Survey (USGS) from Modoc Hall. Total expenses are $243 thousand over budget due mostly to the aforementioned high operating expenses.

The Dining Services deficit is $145 thousand less than forecast as a result of the positive food sales variances. The reduced Modoc Hall rental income has resulted in an overall Property Services surplus $156 thousand less than budget. UEI has contributed $40 thousand to the Faculty Grant program, a Board-approved increase of $15 thousand over budget.

Under “Other business”, Director Reinhart previewed a December 5 board agenda item seeking approval for UEI contributions to the Green & Gold Gala and student scholarships.

Reinhart informed the Committee that an offer of $399,000 has been made on a house located at 3701 T Street in Sacramento, near the Julia Morgan House and adjacent to another property UEI owns.

Reinhart informed the Committee that the University House has been listed for sale. He concluded by updating the Committee on UEI’s intent to lease/purchase the property at the intersection of State University Drive and College Town Drive. The City of Sacramento is the owner and it is reviewing transaction terms.

The meeting was adjourned at 2:46 p.m.

Respectfully Submitted,

Craig Barth
Chief Financial Officer