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MINUTES OF THE MEETING
OF THE SPECIAL COMMITTEE ON FINANCE
OF THE BOARD OF TRUSTEES

October 19, 1953

Hartford Club

The meeting was called to order at 10 a.m. by Chairman R. C. Brock. President Jorgensen, Comptroller L. C. Riccio, and Assistant Comptroller J. M. Trail met with the Committee.

A number of accumulated items were discussed during the meeting.

1. The annual budget summary (1953-54) was reviewed. This summary was prepared to detail the allotment of funds appropriated by the General Assembly and indicated the changes in allotment for the current year as compared with the fiscal year which closed June 30, 1953. This summary was prepared at the request of the Special Finance Committee to provide somewhat more detailed information on the operating budget which was adopted by the Board of Trustees on June 8, 1953.

The Committee requested the President to forward copies of this summary to the Trustees.

2. The Committee reviewed the recommended merit increases for the professional staff effective October 1, 1953. As a matter of information, all classified employees receive mandatory increases on the anniversary of their appointments.

The following policy and procedures were followed in awarding merit increases.

Among those not receiving increases were:

- (a) Part-time and temporary employees.
- (b) Graduate Assistants.
- (c) Staff members on special grants of short duration.
- (d) Staff members appointed within the year.
- (e) Staff members who received increases along with promotions during the year.
- (f) Staff members who have reached the maximum for their ranks.

The Special Finance Committee approved of the merit increases as indicated in the report and requested the President to mail copies of the mimeographed report to all members of the Board.

3. The President presented to the Committee members, copies of the Annual Report to the Governor as required by Section 84i and 85i, Chapter 10, of the 1947 Supplement.

The Committee requested the President to send copies of this report to all Trustees.

4. Mr. Riccio and Mr. Trail reviewed the status of the "Ten Year Budget Summary" prepared by them. Mr. Brock is making a study of several charts to be made a part of the summary report. It was the sense of the meeting that copies of this report should be mailed to all Trustees one week in advance of the next regular meeting and that it should include budget allotments for the current year.
5. The State Auditors' Reports for the fiscal year ending June 30, 1952 had been received by the members of the Committee and by the University less than a week prior to the meeting of the Committee. It was decided that Mr. Riccio and Mr. Trail would review the reports with the State Auditors and then forward to the members of the Committee their analysis of the Auditors' recommendations and such comments as might prove helpful following the conference with the Auditors.

The Auditors' Reports are, on the whole, favorable to the University.

It was also the sense of the meeting that the Committee would report on the Auditors' statements at the next regular meeting of the Board.

6. In line with Board policy, Mr. Riccio recommended the following adjustments in the Self-Supporting Activities Fund:

ADJUSTMENTS IN SELF SUPPORTING ACTIVITIES
FUND 6.4
DURING THE FISCAL YEAR 1952-53

| | | |
|---|-----------------|--------------|
| Transfer from | | |
| Dining Hall Unit 1C | \$ 2,051.54 | |
| " " " 2C | 2,395.32 | |
| " " " 3B | 4,180.30 | |
| " " " 3C | 2,082.55 | |
| " " " 3D | 3,364.30 | |
| " " " 4C | 2,395.84 | |
| " " " 3A | 3,531.14 | |
| " " " 5A | 6,126.70 | |
| " " " 6A | 8,211.23 | |
| " " " 7A | <u>7,866.30</u> | |
| To Reserve for Dining Hall Requirements | | \$ 42,205.22 |

Transfer of \$24,489.62 from Reserve for Dining Hall Requirements to the following operating accounts:

| | | |
|--------------------------|-----------------|--------------|
| Main Dining Hall | \$15,248.55 | |
| Whitney Hall Cafeteria | 7,489.00 | |
| North Campus Dining Hall | <u>1,752.07</u> | |
| Total | | \$ 24,489.62 |

| | | |
|---|------------------|--|
| Transfer from | | |
| Reserve for Dining Hall Requirements | 54,869.24 | |
| " " Depreciation Dining Halls | 47,351.07 | |
| " " " Dining Hall Unit 1C | 2,093.30 | |
| " " " " " 2C | 2,271.04 | |
| " " " " " 3A | 1,619.35 | |
| " " " " " 3B | 1,461.37 | |
| " " " " " 3C | 1,145.39 | |
| " " " " " 3D | 1,639.10 | |
| " " " " " 4C | 2,093.31 | |
| " " " " " 5A | 2,626.51 | |
| " " " " " 6A | 2,646.26 | |
| " " " " " 7A | 2,152.55 | |
| " to refinish 40 kitchens, dining rooms and lounges | 10,000.00 | |
| " for transportation equipment | 25,538.15 | |
| " " replacement of war surplus dormitory equipment | <u>90,000.00</u> | |

To Working Capital Requirements \$247,506.64

Transfers of \$320,000 from Working Capital

Requirements to the following Reserve accounts:

| | | |
|---------------------------------------|------------------|------------|
| Boys Dormitories - Construction | 100,000.00 | |
| " " - Bedroom furniture | 65,000.00 | |
| " " - Lounge furniture | 60,000.00 | |
| Garden Type Apartments - Construction | 75,000.00 | |
| " " " - Ranges and Refrigerators | <u>20,000.00</u> | |
| Total | | 320,000.00 |

Transfer of \$6607.33 from Pullorum Testing Account to Working Capital Requirements to cover annual amortization charges for construction advances to Agricultural buildings.

Transfer of \$200,000.00 from Dormitory operations to Working Capital Requirements.

Transfer of Income and Expenditures of Official Residence to Rental Properties Account.

Transfer of \$44,428.48 Reserve for Infirmary to Working Capital Requirements.

The Committee voted to recommend to the Board of Trustees at the next regular meeting that the above transfers and adjustments be approved.

7. Mr. Riccio reported on the meeting held on July 31, 1953 in the Office of the Attorney General. This meeting was attended by Mr. Riccio, Mr. Trail, Mr. Beers (at that time Deputy Attorney General), and Messrs. J. B. Downes and J. J. Connelly, Auditors of Public Accounts for the State of Connecticut.

During this conference, four questions were raised, as reported by Mr. Riccio:

"In making the audit of the University records for the year ended June 30, 1952, the auditors raised several questions regarding University operations. On a visit to Hartford recently, Mr. Joseph B. Downes, Auditor of Public Accounts, raised these questions with me. After our discussion of the questions, Mr. Downes indicated that he felt he should obtain an informal opinion from the office of the Attorney General. This opinion was for his guidance. At this meeting, Deputy Attorney General William L. Beers indicated that an informal meeting should be held on these four questions with the University being represented. On July 31st, I attended this meeting, at which Mr. Downes and Mr. Connelly represented the Auditors' Office, Mr. Beers the Attorney General's Office, and Mr. Trail and myself represented the University. I am listing below the advice of the Attorney General on the four questions raised.

"1. In Section 3293 of the General Statutes the words 'accounts payable' are used in the ordinary accounting sense in contrast to the words 'bills receivable', used in the same sentence.

Section 3293 contains the authority for the establishment of the University of Connecticut Educational Extension Fund. The auditors questioned whether an accounts payable for the remodeling of Hall Dorm could be carried as a project accounts payable or as a normal accounts payable. The Attorney General stated that all business transactions had to end as of June 30th, and the University was then required to make an accounting of all cash and bills receivable less all accounts payable. If then the balance in the fund exceeded \$75,000, the surplus should revert to the General Fund. This, in effect, makes it necessary for the University to plan its operations to be consummated within the fiscal year.

"2. The University has a number of activities, such as the maintenance of the dairy herd for educational purposes and also for the production of by-products and the realization of income. Whether such activities should be classed as auxiliary activities under Section 3292 of the General Statutes is primarily a question to be determined by the trustees of the University within the limits of reasonable discretion. This discretion may extend to changing the classification of any activity, due to developments in the activity itself or to shifts of emphasis in the University program.

The auditors raised the question as to whether the University had the authority to change an agreement which had been in effect a number of years in connection with the method of financing livestock purchases and sales. You will recall that all receipts due from the sales of livestock were deposited in the General Fund appropriation made for Capital Outlay Equipment and all purchases were then made from this same account. No General Fund appropriations were ever used for livestock replacements; only receipts were used. The advice of the Attorney General indicates that the Board of Trustees has the authority to change such arrangements from time to time based on the developments in the various activities. In order that the Board authority may be more clearly defined, it is suggested that the vote taken by the Board in the meeting held May 16, 1951 be amended to read as follows:

'THE BOARD VOTED that "the live stock fund accounts" be changed to 6.4 Revolving Fund accounts beginning as of July 1, 1951'

Add: Any excess of receipts of expenditures shall be used for the development of the livestock program.

I feel that the addition of this sentence will cover the problem. The development of the livestock program can be interpreted to mean the purchase of additional land, purchase of feed, and other related transactions having to do with the livestock program.

"3. There is no prohibition in Section 3292 against capital expenditures, including purchases of land, when such expenditures are in fact made for activities within the scope of the statute.

The auditors raised the question as to whether monies in the self-supporting Activities Fund could actually be used for the purchase of land, such as the pasture land bought in December, 1951.

"4. The maintenance of the official residence of the President is not properly included among auxiliary activities. The residence is provided for the President for his use in discharging his official duties in much the same manner as the Governor's mansion is provided for the Governor in Hartford.

On several occasions the auditors have raised the question as to whether the official residence of the President provided by the State should not be financed out of General Fund appropriations. I explained that originally the President paid rent for his quarters, and therefore, it was decided that the official residence should be included in Rental Properties account which is included under the Self-Supporting Activities Fund. In 1946, the Board discussed this

problem informally and indicated that the cost of maintaining this residence should be retained in the Rental Properties account, and not transferred to the General Fund appropriation. Because of the advice given by the Attorney General, it is felt that the operating costs should be transferred to the Office of the President and financed from the General Fund appropriations. This will be done in the 1953-54 fiscal year.

The Deputy Attorney General indicated that his advice does not require the University to make adjustments of prior years where such adjustments are necessary because of his recent decision. I should like to point out that in presenting these questions, Mr. Downes, Auditor of Public Accounts, stated that he was not asking for a strict technical interpretation of the law, since he felt that such an interpretation would prohibit many agencies from carrying out their duties and functions, but that he would want a general interpretation for his guidance. Attached is a copy of the communication received from Mr. Beers, Deputy Attorney General."

8. At another meeting, the Attorney General ruled on another matter:

"At our conference today with Mr. Conkling and Mr. Riccio of the University, the question arose as to the use of the educational extension fund established by Section 3293 of the General Statutes for capital expenditures as well as current expenses.

"In my opinion no such distinction need be drawn. If, in fact, the purpose is for the 'conduct of said educational extension program' both capital expenditures and expenditures for current expenses may be made from the fund."

9. In reviewing the Special Acts passed by the 1951 session of the General Assembly, there is included an Act which appears to be in conflict with Sec. 3276 of the 1949 Supplement, relative to "Gifts to University."

"Special Act 375. AN ACT CONCERNING THE ACCEPTANCE OF PROPERTY BY THE UNIVERSITY OF CONNECTICUT. The University of Connecticut is empowered to receive, hold, invest or employ, as it may deem for the best interests of said institution, all money and all property, both real and personal, which may come to it by gift, bequest or devise or which it may acquire in any manner, but the general assembly may at any time limit the amount of property to be so held or acquired. Approved, June 21, 1951."

"Sec. 3276. GIFTS TO UNIVERSITY. The board of trustees is empowered to accept, on behalf of the state, any gifts of lands, money or other property donated to the university for the purpose of maintaining said university and said board shall direct the application, distribution or disbursement

of such lands, money or other donated property, or the income therefrom, for any purpose connected with said university consistent with the conditions, if any, upon which the gift was created, provided the state treasurer shall hold on behalf of the university any such gift of money or income therefrom."

No information is immediately available indicating why this Special Act was voted by the General Assembly in 1951.

10. It was pointed out at the meeting that the most recent edition of the University catalog had not yet been received by the Trustees. The President agreed that if the catalog had not yet been mailed out to the Trustees, he would see that they were mailed out.