

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS**

Finance and Business Committee

October 26, 2012

**Regent Lavaughn Henry, Chairperson
Regent Ron Banks
Regent David Guarnieri
Regent Syamala Reddy
Regent Chuck Whitehead**

KENTUCKY STATE UNIVERSITY

BOARD OF REGENTS

October 26, 2012

FINANCE AND BUSINESS MEETING INDEX

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KENTUCKY STATE UNIVERSITY
Regular Meeting of the
Finance and Business Committee
Board of Regents
10 am, October 26, 2012
Board Room, Academic Service Building
Frankfort, Kentucky

Regent Henry, Presiding

AGENDA

- | | | |
|-------|---|---------------------|
| I. | Call to Order | Chairperson |
| II. | Roll Call | Mrs. Lillian Graham |
| III. | Opening Remarks | Chairperson |
| IV. | Approval of July 27, 2012 Minutes | Chairperson |
| V. | Executive Summary Report | Mrs. Alice Johnson |
| VI. | Action Items | |
| | - 2012 Audit Report | |
| VII. | Informational Items | |
| | - 2012 Budget vs Actual | |
| | - 2012 Financial Statements (unaudited) | |
| | - Human Resources Services Report | |
| VIII. | Discussion | Chairperson |
| XI. | Adjourn | Chairperson |

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS
AGENDA ITEM BACKGROUND**

To:	Board of Regents Finance and Business Committee	Date:	October 26, 2012
From:	Alice B. Johnson Vice President for Finance and Business Affairs		
Subject:	Finance and Business Committee Meeting Minutes July 27, 2012		
Reason for Consideration:	Action Item	Enclosures:	Yes

Background:

The minutes of the July 27, 2012 meeting must be approved.

Recommendation:

Approval of the minutes of the meeting on July 27, 2012

Initiator:	Alice B. Johnson Vice President for Finance and Business Affairs
Board Action Date:	October 26, 2012
Effective Date:	October 26, 2012

**Kentucky State University
Board of Regents
Finance and Business Committee
9:45a.m., July 27, 2012
Frankfort, Kentucky**

MINUTES

I. Call to Order

Regent Henry called the meeting to order at 9:50 a.m. on July 27, 2012.

II. Roll Call

Regent Henry asked for the roll call, which was recorded as follows:

Regent Lavaughn Henry, present
Regent Ron Banks, present
Regent David Guarnieri, absent
Regent Syamala Reddy, present
Regent Chuck Whitehead, present
Mrs. Johnson, present

A quorum was declared.

III. Approval of Minutes

Action: Motion to approve the minutes from the June 4, 2012 Finance and Business Committee meeting was made by Regent Reddy and seconded by Regent Whitehead. The minutes stand as approved.

Regent Henry recognized Mrs. Johnson to carry the discussion forward.

IV. Vice President's Report

Personnel Changes

Vice President Johnson informed the committee that there have been several personnel changes in Finance and Business with the resignation of Claudine Gee, Director of Budget Policy & Planning on April 27, 2012 and Douglas Allen, Director of Accounting on June 1, 2012. Mr. Delandual Conwell was introduced as the new Compliance Coordinator & Operations Database Specialist. Mrs. Johnson stated that Yolanda Spooney, Director of Accounting will start September 4, 2012.

Fiscal 2012 Audit

Vice President Johnson stated that the FY2012 audit activities began in May and the auditors will return for field work in August. A draft of the audit report will be submitted in September and will be available by the October Board meeting.

Executive Summary Narrative

Vice President Johnson gave an overview of the Executive Summary Narrative. She stated that the FY2012 Budget vs Actual results were achieved meeting targeted spending goals. She also stated that the unaudited financial statements indicate a reduction in net assets of \$2.5 million which reflects unaudited changes in net assets after accruals are recorded.

Perkins Loan

Mrs. Napier, Associate Vice President Business Operations informed the committee that the Perkins Loan default rate has been reduced significantly. She stated that a Strategic Plan was developed to work with the students before they get into default. She stated that the default rate last year was 38% and this year the default rate is 10.5%.

V. Adjournment

Motion for adjournment of the Finance and Business meeting was made by Regent Henry. The meeting adjourned at 10:37am.

Submitted by:

Approved by:

Alice B. Johnson
Vice President for Finance and
Business
Kentucky State University

Lavaughn Henry, Chair
Finance and Business Committee
Board of Regents
Kentucky State University

___ Approved with no corrections

___ Approved with corrections

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS
AGENDA ITEM BACKGROUND**

To:	Board of Regents Finance and Business Committee	Date:	October 26, 2012
From:	Alice B. Johnson Vice President for Finance and Business Affairs		
Subject:	Executive Summary		
Reason for Consideration:	Informational Item	Enclosures:	Yes

Background:

Recommendation:

Initiator:	Alice B. Johnson Vice President for Finance and Business Affairs
Board Action Date:	October 26, 2012
Effective Date:	October 26, 2012

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS**

**Report to the
Finance and Business Committee**

**Alice B. Johnson
Vice President for Finance and Business Affairs**

October 26, 2012

Kentucky State University
Finance and Business Committee Meeting
October 26, 2012

Fiscal 2012 Audit

The audit report is being finalized. The initial timeline called for completion by October 5, 2012. However, the KSU Foundation Audit extended the timeline by one week. Final copies will be distributed.

Fiscal 2013 Budget vs Actual

For fiscal 2013, planned budget results are presented for July, August and September along with departmental budget changes by organization for each month.

Fiscal 2013 Financial Statements (unaudited)

For fiscal 2013, unaudited comparative financials are presented in item B4 for September 30, 2012.

Staffing Changes

The following professional staff changes have occurred in the Division of Finance and Business

Hired: Director, Accounting Services, Yolanda Spooney,
September 4, 2012

Planning & Support Specialist, Budget, Johnny Stevenson
October 1, 2012

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS
AGENDA ITEM BACKGROUND**

To:	Board of Regents Finance and Business Committee	Date: October 26, 2012
From:	Alice B. Johnson Vice President for Finance and Business Affairs	
Subject:	Budget vs. Actual July, August and September 2012	
Reason for Consideration:	Informational Item	Enclosures: Yes

Background: For September 2012, revenues and expenses are presented for the Educational and General Fund (E&G), Auxiliary Fund, Land Grant and Action Agenda Funds. Budget vs. Actual does not include restricted grants and contracts.

The summary of operations presented below is to assist in understanding the results reflected in the budget vs. actual report as of September 2012.

The state appropriates funds for Land Grant as required by the U.S. Department of Agriculture. Land Grant, Action Agenda and Auxiliary Funds are not available to the University for discretionary spending.

Revenue

- State appropriations are received in installments of 30% (July), 25% (October), 25% (January) and 20% (April) of each year. At September 2012, \$7.1 million of state appropriations and \$550,000 of Agriculture Grant have been received.
- Student Tuition and Fees will be posted for Fall 2012 and Spring 2013 enrollment. Auxiliary revenues represent housing and board for resident students enrolled for Fall 2012 and Spring 2013.
- Other revenue includes athletic income, indirect cost recovery, facility rentals, interest income, state funding for Regional Stewardship and fund balance revenue offset. As of September 2012, \$61,300 has been received for Regional Stewardship.

Expense

- Salaries and benefits expenses are at 14.39% of budget. This variance is considered normal.
- Supplies, Travel, Communications and Services were expended at a level appropriate for the percent of fiscal year expired. These expenses are incurred more heavily during the academic year. Services include utilities and other services used for fall semester preparation. This variance is considered normal.
- Interdepartmental Costs may reflect reductions in expenses which are due to timing in recording journal entries. Fixed Costs include maintenance agreements that require payment in full at the beginning of the service agreement; therefore, these expenses are not incurred evenly over the fiscal year. This variance is considered normal.
- Student Aid should be recorded consistent with Tuition and Fees. Student Aid is typically recorded as students complete the registration process and accepts aid awards. This variance is considered normal.
- Transfers include debt service obligations and internal reallocations. Transfers are typically recorded at the beginning of the fiscal year. This variance is considered normal.

Recommendation:

Initiator:	Tao-fen Bi Budget Analyst, Budget Policy & Planning
Board Action Date:	October 26, 2012
Effective Date:	October 26, 2012

**Budget vs. Actual
Month Ending July 31, 2012**

	YTD ACTUAL BY FUND GROUP									
	Approved Budget	Revised Budget	YTD Actual Activity	YTD Actual % of Revised Budget	% Expired	Variance	Education & General	Auxiliary	Land Grant & Action Agenda	
Revenues										
State Appropriations	23,537,400	23,537,400	7,061,220	30.00%	8.33%	-70.00%	5,565,776	-	1,495,444	
Student Tuition & Fees	25,975,156	25,975,156	6,446,226	24.82%	8.33%	-75.18%	6,446,226	-	-	
Auxiliaries	7,203,860	7,203,860	2,597,075	36.05%	8.33%	-63.95%	-	2,597,075	-	
Other	5,129,900	5,129,900	650,543	12.68%	8.33%	-87.32%	650,543	-	-	
Revenues Total	61,846,316	61,846,316	16,755,064	27.09%	8.33%	-72.91%	12,662,546	2,597,075	1,495,444	
Expenditures										
Salaries/Wages/Benefits	35,985,693	36,015,791	886,359	2.46%	8.33%	-97.54%	720,115	43,572	122,672	
Supplies & Other	2,488,004	2,761,088	84,523	3.06%	8.33%	-96.94%	82,667	-	1,856	
Travel	1,667,343	1,668,228	12,981	0.78%	8.33%	-99.22%	7,775	-	5,206	
Communications	581,478	681,478	13,138	1.93%	8.33%	-98.07%	12,593	545	-	
Services	9,367,556	9,151,711	134,368	1.47%	8.33%	-98.53%	48,596	81,553	4,220	
Interdepartmental	383,919	379,419	-	-	8.33%	-100.00%	-	-	-	
Fixed Costs	2,894,908	3,499,847	216,567	6.19%	8.33%	-93.81%	183,725	28,512	4,330	
Student Aid	4,890,510	4,890,510	20,155	0.41%	8.33%	-99.59%	20,341	(186)	-	
Capital	96,612	(532,927)	-	-	8.33%	-100.00%	-	-	-	
Expenditures Total	58,356,023	58,515,145	1,368,090	2.34%	8.33%	-97.66%	1,075,812	153,995	138,283	
Surplus (Deficit) before Transfers	3,490,293	3,331,171	15,386,974				11,586,733	2,443,080	1,357,161	
Mandatory & Non-mandatory Transfers	3,490,293	3,331,171	(188,026)	-5.64%	8.33%	-105.64%	(188,026)	-	-	
Surplus (Deficit)	-	-	15,575,000				11,774,759	2,443,080	1,357,161	

**Budget vs. Actual
Month Ending August 31, 2012**

	YTD ACTUAL BY FUND GROUP							Land Grant & Action Agenda	
	Approved Budget	Revised Budget	YTD Actual Activity	YTD Actual % of Revised Budget	% Expired	Variance	Education & General		Auxiliary
Revenues									
State Appropriations	23,537,400	23,537,400	7,061,220	30.00%	16.67%	-70.00%	5,504,476	0	1,556,744
Student Tuition & Fees	25,975,156	25,975,156	10,671,489	41.08%	16.67%	-58.92%	10,671,489	0	0
Auxiliaries	7,203,860	7,203,860	2,989,407	41.50%	16.67%	-58.50%	0	2,989,407	0
Other	5,129,900	5,129,900	809,597	15.78%	16.67%	-84.22%	809,597	0	0
Revenues Total	61,846,316	61,846,316	21,531,713	34.81%	16.67%	-65.19%	16,985,562	2,989,407	1,556,744
Expenditures									
Salaries/Wages/Benefits	35,985,693	36,192,471	2,620,865	7.24%	16.67%	-92.76%	2,119,125	142,141	359,599
Supplies & Other	2,488,004	2,753,464	177,281	6.44%	16.67%	-93.56%	133,770	4,180	39,331
Travel	1,667,343	1,619,285	86,582	5.35%	16.67%	-94.65%	77,272	0	9,311
Communications	581,478	881,888	46,482	5.27%	16.67%	-94.73%	45,158	1,323	0
Services	9,367,556	9,026,413	848,622	9.40%	16.67%	-90.60%	502,955	321,359	24,308
Interdepartmental	383,919	387,749	-	0.00%	16.67%	-100.00%	0	0	0
Fixed Costs	2,894,908	3,513,087	467,439	13.31%	16.67%	-86.69%	415,556	47,076	4,807
Student Aid	4,890,510	4,899,210	259,874	5.30%	16.67%	-94.70%	259,688	186	0
Capital	96,612	(758,421)	44,921	-5.92%	16.67%	-105.92%	(839)	0	45,760
Expenditures Total	58,356,023	58,515,145	4,552,067	7.78%	16.67%	-92.22%	3,552,685	516,265	483,117
Surplus (Deficit) before Transfers	3,490,293	3,331,171	16,979,646				13,432,877	2,473,142	1,073,627
Mandatory & Nonmandatory Transfers	3,490,293	3,331,171	981,017	29.45%	16.67%	-70.55%	276,172	695,031	9,814
Surplus (Deficit)	0	0	15,998,629				13,156,705	1,778,111	1,063,813

**Budget vs. Actual
Month Ending September 30, 2012**

	YTD ACTUAL BY FUND GROUP									
	Approved Budget	Revised Budget	YTD Actual Activity	YTD Actual % of Revised Budget	% Expired	Variance	Education & General	Auxiliary	Land Grant & Action Agenda	
Revenues										
State Appropriations	23,537,400	23,526,400	7,061,222	30.01%	25.00%	-69.99%	5,504,478	0	1,556,744	
Student Tuition & Fees	25,975,156	25,975,156	10,671,489	41.08%	25.00%	-58.92%	10,671,489	0	0	
Auxiliaries	7,203,860	7,203,860	3,015,644	41.86%	25.00%	-58.14%	0	3,015,644	0	
Other	5,129,900	5,140,900	884,602	17.21%	25.00%	-82.79%	884,602	0	0	
Revenues Total	61,846,316	61,846,316	21,632,957	34.98%	25.00%	-65.02%	17,060,569	3,015,644	1,556,744	
Expenditures										
Salaries/Wages/Benefits	35,985,693	36,091,569	5,194,234	14.39%	25.00%	-85.61%	4,357,869	242,523	593,843	
Supplies & Other	2,488,004	2,683,819	340,475	12.69%	25.00%	-87.31%	236,481	8,111	95,884	
Travel	1,667,343	1,603,348	166,486	10.38%	25.00%	-89.62%	140,953	0	25,533	
Communications	581,478	875,888	72,863	8.32%	25.00%	-91.68%	70,863	2,001	0	
Services	9,367,556	8,951,234	1,518,883	16.97%	25.00%	-83.03%	793,162	667,254	58,467	
Interdepartmental	383,919	406,484	(10,576)	-2.60%	25.00%	-102.60%	(5,749)	(4,826)	0	
Fixed Costs	2,894,908	3,613,743	571,544	15.82%	25.00%	-84.18%	443,512	61,713	66,319	
Student Aid	4,890,510	4,890,310	1,465,427	29.97%	25.00%	-70.03%	1,441,378	24,049	0	
Capital	96,612	600,440)	74,420	-12.39%	25.00%	-112.39%	23,781	0	50,639	
Expenditures Total	58,356,023	58,515,954	9,393,756	16.05%	25.00%	-83.95%	7,502,248	1,000,824	890,684	
Surplus (Deficit) before Transfers	3,490,293	3,330,362	12,239,201				9,558,320	2,014,821	666,060	
Mandatory & Nonmandatory Transfers	3,490,293	3,330,362	981,017	29.46%	25.00%	-70.54%	276,172	695,031	9,814	
Surplus (Deficit)	0	0	11,258,184				9,282,149	1,319,789	656,246	

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS
AGENDA ITEM BACKGROUND**

To:	Board of Regents Finance and Business Committee	Date:	October 26, 2012
From:	Alice B. Johnson Vice President for Finance and Business Affairs		
Subject:	Unaudited Comparative Financial Statements- August 31, 2012 and 2011		
Reason for Consideration:	Informational Item	Enclosures:	Yes

Background:

The comparative Interim Financial Statements are included as of August 31, 2012 and August 31, 2011. A brief summary explanation of certain current assets and plant items follows:

1. Cash and cash equivalents total \$27.1 million and \$32.0 million for August 2012 and 2011 respectively. This amount for August 31, 2012 includes \$19.4 million that is restricted for Land Grant and Action Agenda programs and \$3.6 million that is restricted for plant purposes. The remainder is current operating cash that will be disbursed for current operations during the year.
2. Accounts receivable totaling \$14.9 million and \$20.9 million for August 2012 and 2011, respectively, includes the receivables from students, grants and loans. As of August 31, 2012, this amount includes \$11.9 million in student accounts receivables, and \$3.0 million that is grants and other accounts receivables. There is a variance of \$5.8 million from 2012 to 2011, which represents receipt of \$3.4 million in aid applied to student's accounts in 2012 which was applied in subsequent months during 2011.
3. Current liabilities for August 31, 2012 and August 31, 2011 amounts to \$3.9 million and \$7.6 million consisting of accounts payable and accrued payroll liabilities. Accrued compensated absences total \$1.7 million and Deferred Revenue totals \$367 thousand as of August 31, 2012. There is a variance of \$2.1 million in deferred revenue due to applying earned tuition from the summer semester August of 2012, clean-up that occurred at fiscal year-end, and posting of earned revenue.
4. As of August 2012, net assets reflect a \$9.4 million increase.
5. Tuition and fee revenue comparison for August 2012 and 2011 represents a \$3.2 million variance resulting from tuition assessment in 2012 of \$6.8 million and 2011 of \$9.8 million.
6. The comparison of expenditures for August 2012 and 2011 consist of Instruction variance of \$500k due to additional adjunct salaries; public service expense of

\$600k due to an increase in program expenses; a variance in operations and maintenance of \$600k due to expenses related to the Aquaculture Production Lab; a variance in student aid of \$1.6 million due primarily to an increase in Pell grants.

7. The Statement of Cash Flows reflects a net increase of \$3.3 million at August 31, 2012. Operations consumed \$4.0 million in August 2012 (FY13) and \$2.4 million in August 2011 (FY12).

Initiator:	Katherine Napier Associate Vice President for Business Operations
Board Action Date:	October 26, 2012
Effective Date:	October 26, 2012

Kentucky State University
Statement of Net Assets
August 31, 2012 and 2011
(Unaudited)

	<u>FY 2013</u>	<u>FY 2012</u>
ASSETS		
Current assets		
Cash and cash equivalents	27,137,025	32,046,924
Accounts, grants and loans receivable, net	14,959,428	20,894,191
Investments	-	-
Inventory and other current assets	869,220	359,500
Total current assets	42,965,673	53,300,615
Noncurrent assets		
Accounts, grants and loans receivable, net	730,169	739,635
Investments	11,302,001	10,178,132
Capital assets, net	84,108,304	82,802,298
Total noncurrent assets	96,140,474	93,720,065
Total assets	139,106,147	147,020,680
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	752,257	2,347,712
Accrued compensated absences	1,730,370	1,871,982
Deferred revenue	367,593	2,381,737
Deposits	141,718	59,988
Other current liabilities	142,967	199,428
Bonds and capital lease obligations	796,929	764,247
Total current liabilities	3,931,834	7,625,094
Noncurrent liabilities		
Bonds and capital lease obligations	7,875,689	8,676,154
Federal grants refundable	991,709	991,709
Total noncurrent liabilities	8,867,398	9,667,863
Total liabilities	12,799,232	17,292,957
NET ASSETS		
Invested in capital assets, net of related debt	83,545,516	73,361,896
Restricted		
Nonexpendable	8,675,921	8,401,352
Expendable	4,321,694	7,327,271
Unrestricted	29,763,782	40,637,204
Total net assets	126,306,913	129,727,723

Kentucky State University
Addendum to Statement of Net Assets
Components of Fund Balances - Disaggregated
(Unaudited)

	June 30 2012	Actual YTD Activity	August 31 2012
Invested in Capital Assets, net of related debt	<u>75,839,623</u>	<u>7,705,893</u>	<u>83,545,516</u>
Restricted - Nonexpendable:			
Endowments	<u>8,657,506</u>	<u>18,415</u>	<u>8,675,921</u>
Expendable:			
Grants & Contracts	(474,305)	(3,101,556)	(3,575,861)
Endowments	1,050,161	1,564,298	2,614,459
Plant Renewal & Replacement	5,232,852	238,270	5,471,122
Capital Renewal Reserves	<u>859,656</u>	<u>(1,047,682)</u>	<u>(188,026)</u>
	<u>6,668,365</u>	<u>(2,346,671)</u>	<u>4,321,694</u>
Unrestricted:			
Education & General	5,606,550	1,326,931	6,933,481
Auxiliary	2,865,998	1,785,633	4,651,631
Land Grant Match	<u>17,305,821</u>	<u>872,849</u>	<u>18,178,670</u>
	<u>25,778,369</u>	<u>3,985,414</u>	<u>29,763,782</u>
Total Net Assets	<u>116,943,862</u>	<u>9,363,051</u>	<u>126,306,913</u>

Kentucky State University
Statement of Revenues, Expenses and Changes in Net Assets (By Function)
Period Ending August 31, 2012 and 2011
(Unaudited)

	<u>FY 2013</u>	<u>FY 2012</u>
REVENUES		
Operating Revenues		
Student tuition and fees (gross)	8,579,879	11,765,722
Less: Scholarship allowances	(985,283)	(19,766)
Student tuition and fees (net of scholarships)	7,594,596	11,745,956
Federal grants and contracts	452,676	4,274
Federal appropriations	120,627	-
State and local grants and contracts	50,392	-
Nongovernmental grants and contracts	-	-
Auxiliary enterprises		
Residence halls	1,543,950	1,712,480
Dining	1,413,810	1,582,067
Bookstore	25,000	-
Other auxiliaries	7,000	-
Other operating revenues	132,151	177,039
Total operating revenues	<u>11,340,202</u>	<u>15,221,816</u>
EXPENSES		
Operating expenses		
Educational and general		
Instruction	647,294	1,178,226
Research	960,439	727,354
Public service	1,216,507	677,202
Academic support	372,375	424,497
Student services	753,305	867,976
Institutional support	1,532,339	1,407,147
Operation and maintenance of plant	434,686	1,052,355
Student aid	2,428,640	807,147
Depreciation	644,105	622,441
Auxiliary enterprises		
Residence halls	240,903	172,457
Dining	264,790	-
Bookstore	-	-
Other auxiliaries	105,376	33,276
Depreciation	113,666	109,842
Total operating expenses	<u>9,714,425</u>	<u>8,079,920</u>
Operating income (loss)	1,625,777	7,141,896

Kentucky State University
Statement of Revenues, Expenses and Changes in Net Assets (By Function)
Period Ending August 31, 2012 and 2011
(Unaudited)

NONOPERATING REVENUES (EXPENSES)		
State appropriations	7,061,222	7,544,041
Federal Grants and Contracts	-	-
Gifts	2,000	16,825
Investment income (net of investment expense)	132,390	(429,943)
Interest on capital asset-related debt	-	-
Other nonoperating revenues (expenses)	<u>541,662</u>	<u>(500,836)</u>
Net nonoperating revenues	7,737,274	6,630,087
Income (loss) before other revenues, expenses, gains or losses	9,363,051	13,771,983
Endowment Gifts	-	-
Capital appropriations	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	9,363,051	13,771,982
Net assets, beginning of year	<u>116,943,862</u>	<u>115,955,740</u>
Net assets, end of year	<u>126,306,913</u>	<u>129,727,723</u>

Kentucky State University
Statement of Cash Flows
Period Ending August 31, 2012 and 2011
(Unaudited)

	<u>FY 2013</u>	<u>FY 2012</u>
Cash flows from operating activities		
Tuition and fees	(388,109)	(1,812,711)
Grants and contracts	5,612,800	975,568
Payments to suppliers	(8,396,366)	(2,519,811)
Payments to employees	(3,636,230)	(4,158,613)
Loans issued to students	(9,620)	(144,937)
Collection of loans issued to students	24,376	162,005
Auxiliary enterprises:		
Residence halls and dining	2,957,760	3,294,547
Bookstore	25,000	-
Other auxiliaries	7,000	-
Other receipts	(174,123)	484,513
Net cash from operating activities	<u>(3,977,512)</u>	<u>(3,719,439)</u>
Cash flows from noncapital financing activities		
State appropriations	7,061,222	7,544,040
Federal Grants and Contracts	-	-
Gifts for other than capital purposes	2,000	16,825
Student organization agency receipts	94,271	128,892
Student organization agency disbursements	(73,544)	(70,044)
Other receipts (payments)	541,662	-
Net cash from noncapital financing activities	<u>7,625,611</u>	<u>7,619,713</u>
Cash flows from capital financing activities		
Capital appropriations	-	-
Purchases of capital assets	(353,834)	(890,337)
Proceeds from capital debt	-	-
Principal paid on capital debt	-	-
Interest paid on capital debt	(132,390)	-
Net cash flows from capital financing activities	<u>(486,224)</u>	<u>(890,337)</u>
Cash flows from investing activities		
Interest received on investments	15,075	(429,942)
Investment expenses	(4,440)	-
Proceeds from sale of investments	710,634	527,794
Purchases of investments	(588,840)	(684,061)
Net cash flows from investing activities	<u>132,429</u>	<u>(586,209)</u>
Net increase (decrease) in cash and cash equivalents	3,294,304	2,423,728
Cash and cash equivalents at beginning of year	<u>23,842,721</u>	<u>29,623,196</u>
Cash and cash equivalents at end of year	<u>27,137,025</u>	<u>32,046,924</u>

Kentucky State University
Statement of Cash Flows
Period Ending August 31, 2012 and 2011
(Unaudited)

**Reconciliation of net operating loss to net cash
from operating activities**

Operating loss	1,625,777	7,874,179
Adjustments to reconcile operating income to net cash from operating activities:	-	-
Depreciation expense	757,771	732,283
Loss on disposal of capital assets	-	-
Changes in assets and liabilities:		
Receivables, net	(2,863,736)	(12,763,297)
Inventory and prepaid expenses	(13,941)	285,237
Accounts payable and accrued liabilities	(2,160,778)	137,135
Accrued compensated absences	-	(259,037)
Other Liabilities	(901,223)	38,331
Deferred revenue	(421,383)	235,730
Net cash from operating activities	<u>(3,977,513)</u>	<u>(3,719,439)</u>

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS
AGENDA ITEM BACKGROUND**

To:	Board of Regents Finance and Business Committee	Date: October 26, 2012
From:	Alice B. Johnson Vice President for Finance and Business Affairs	
Subject:	Human Resources Update	
Reason for Consideration:	Informational Item	Enclosures: Yes

Background: Human Resource Services has initiated and implemented several significant projects for the University as described below:

1. Met with faculty to explain the transition from nine month pay to twelve month pay.
2. Collection of annual staff performance evaluations underway.
3. Draft affirmative action plan received and under review.
4. Requests for Proposal for employee benefit broker services have been received and are under review by the selection committee.
5. KSU Learning Center is live with a "soft" roll out. Campus wide roll out is planned for late October.
6. The Human Resources newsletter continues publication. A copy of the September 2012 edition is enclosed.
7. Implementation of Benesolv continued with an early October targeted effective date. The following services will be among those available with the implementation:
 - Call center to provide employee assistance;
 - New hire enrollment;
 - Data export report for upload to ERP;
 - Monthly premium and contributions reconciliations.

Initiator:	Gary Meiseles Director of Human Resource Services
Board Action Date:	October 26, 2012
Effective Date:	October 26, 2012

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS
AGENDA ITEM BACKGROUND**

To:	Board of Regents Finance and Business Committee	Date:	October 26, 2012
From:	Alice B. Johnson Vice President for Finance and Business Affairs		
Subject:	Fiscal 2012 Audit		
Reason for Consideration:	Action Item	Enclosures:	Yes

Background:

The final audit report for 2012 will be presented at the meeting.

Initiator:	Alice Johnson Vice President
Board Action Date:	October 26, 2012
Effective Date:	October 26, 2012