

Kentucky State University

Board of Regents Meeting

Finance and Business Committee

July 26, 2013

Regent Lavaughn Henry, Chairperson
Regent David Guarnieri
Regent Syamala Reddy
Regent Charles Whitehead
Ms. Anita Lockridge, Staff

KENTUCKY STATE UNIVERSITY
Regular Meeting of the
Board of Regents
Finance and Business Committee
July 26, 2013
10:00 a.m.
Board Room – Academic Services Building
Frankfort, Kentucky

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Finance and Business Committee
July 26, 2013
10:00 a.m.
Board Room – Academic Services Building
Frankfort, Kentucky

AGENDA

- I. Call to Order** Regent Lavaughn Henry,
Chairperson
- II. Roll Call** Ms. Lillian Graham
- III. Opening Remarks** Regent Lavaughn Henry
- IV. Approval of Minutes** Regent Lavaughn Henry
April 26, 2013 Meeting
- V. Executive Summary Report** Ms. Anita Lockridge, Vice President
Finance Administration
- VI. Action Item:**
- **Approval of Personnel Policy Update**
 - **Approval of FY 2014 Budget Tuition and Fee Increase**
 - **Approval of Tuition Rates for Rosenwald Ctr. For Families and Children**
- VII. Informational Items:**
- **FY 2013 Budget vs. Actual**
 - **FY 2013 Financial Statements (unaudited)**
 - **Human Resource Services Report**
- VIII. Discussion**
- IX. Adjournment**

Agenda Item Background

To:	Board of Regents Finance and Business Affairs Committee	Date: July 26, 2013
From:	Ms. Anita Lockridge Vice President for Finance Administration	
Subject:	April 26, 2013 Committee Minutes	
Reason for Consideration:	Approval	Enclosures: Yes

Background:

The minutes of the Finance and Business Affairs Committee meeting for April 26, 2013, require approval in order to become an official part of the committee records.

Recommendation:

It is recommended that the Finance Administration Affairs Committee approve the minutes of the April 26, 2013 meeting.

Approval

Initiator:	Ms. Anita Lockridge Vice President for Finance Administration
Board Action Date:	July 26, 2013
Effective Date:	July 26, 2013

**Kentucky State University
Board of Regents
Finance and Business Committee
10:00a.m., April 26, 2013
Frankfort, Kentucky**

MINUTES

I. Call to Order

Regent Henry called the meeting to order at 10:17a.m. on April 26, 2013.

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, present
Regent Syamala Reddy, absent
Regent Chuck Whitehead, present
Mrs. Lockridge, present

A quorum was declared.

III. Approval of Minutes

Action: Motion to approve the minutes from the January 25, 2013 Finance and Business Committee meeting was made by Regent Guarnieri and seconded by Regent Whitehead. The minutes stand as approved as presented.

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

IV. Vice President's Report

Financial Overview

Vice President Lockridge gave an overview of the Executive Summary Narrative and reviewed the financial statements including the Budget vs Actual for the nine months ending March 31, 2013.

The committee was informed that the external auditors from Dean|Dorton|Allen|Ford were on campus during the week of April 15th to begin the year-end audit work.

Budgeting Process-Employee Benefits

Vice President Lockridge stated that leading up to the Financial Plan there is a lot of work and conversation that goes into budget planning. A short presentation was presented which included the Employee Benefits Advisory Committee's (EBAC) role in the budget process. Lockridge made note that Neace Lukens had meet with the staff to present information on the Affordable Health Care Act and Healthcare Claims Utilization for the past year. Vice President Lockridge presented an overview of the employee

benefits for FY14. An update was given on the Pay or Play which is part of the Affordable Health Plan and it was noted that the university has an affordable plan.

Resource Services

Mrs. Candace Raglin, Human Resource Manager, gave an update on several value added services that United Healthcare is providing; Wellness Program, Biometric Screening Fall of 2013, MyHealthcare Cost Estimator and Health 4 Me (App).

FY2014 Financial Plan

Vice President Lockridge showcased the participants that assisted in the building of the budget under the leadership of President Sias. Lockridge presented the Budget proposal for Fiscal Year 2013-2014. A recommendation was made to increase tuition and mandatory fees, board plan fees and other fees.

Action: Motion to approve the FY2014 budget as presented was made by Regent Whitehead and seconded by Regents Banks. The motion passed.

V. Adjournment

The Finance and Business committee meeting was adjourned at 10:58am.

Submitted by:

Approved by:

Anita Lockridge, Vice President for Finance and Business Affairs

Lavaughn Henry, Chairperson
Finance and Business Affairs
Committee

_____ Approved with no corrections

_____ Approved with corrections

Finance and Business Committee
July 26, 2013
10:00 a.m.
Board Room – Academic Services Building
Frankfort, Kentucky
Agenda Item Background

To:	Board of Regents Finance and Business	Date: July 26, 2013
From:	Ms. Anita Lockridge, Vice President for Finance Administration	
Subject:	Executive Summary	
Reason for Consideration:	Informational	Enclosures: Yes

Background:**Recommendation:****Informational**

Initiator:	Ms. Anita Lockridge Vice President for Finance Administration
Board Action Date:	July 26, 2013
Effective Date:	July 26, 2013

**KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS**

**Report to the
Finance and Business Committee**

**Anita Lockridge
Vice President for Finance Administration**

July 26, 2013

Kentucky State University
Finance and Business Committee Meeting
July 26, 2013

Fiscal 2013 Budget vs. Actual

For Fiscal 2013, planned budget results are presented in item B5 as of May 31, 2013.

Fiscal 2013 Financial Statements (unaudited)

For Fiscal 2013, unaudited comparative financials are presented in item B6 as of May 31, 2013.

Fiscal 2013 Audit

Dean|Dorton|Allen|Ford began the interim audit work the week of April 15th; returned June 17th for additional testing and will return August 5th to complete the field work.

NCAA Report

Dean|Dorton|Allen|Ford issued the final report for the agreed upon procedures.

Internal Audit

Tronconi Segarra & Associates was on-site the week of June 10th to perform general controls reviews in the areas of Purchasing, Accounts Payable Human Resources and Student Financial Aid.

Perkins Loan Program

As of June 30, 2013, the cohort default rate is 13.5%. The rate is below the 15% threshold.

Insurance Renewal

The renewal of insurance coverage for the university with an effective date of July 1 was completed. In addition, a policy was secured for the newly acquired research vessel referred to as Kentucky River Thorbred.

TouchNet Project

The university acquired additional use of rights from TouchNet for the Payment Gateway Suite and Payment Plan. Implementation is currently underway.

Other

Ellucian was engaged to provide training for the Finance team. The Vice-President of Finance Administration has partnered with the School of Business to implement an Accounting internship program.

Agenda Item Background

To:	Board of Regents Finance and Business Committee	Date: July 26, 2013
From:	Ms. Anita Lockridge Vice President for Finance Administration	
Subject:	Revision to Staff Personnel Policy and Procedure Number 6.0	
Reason for Consideration:	Action Item	Enclosures: Yes

Background:

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

1. A revision to the Grievance Policy and Procedure is presented for consideration of the Board of Regents. The following changes are proposed: remove Section 6.2.4.1.1 which provides an employee the opportunity to request a formal hearing before a Grievance Hearing Committee based upon "A charge of unfair employment termination." While this is the only substantive change, if approved the removal of section 6.2.4.1.1 will necessitate the renumbering of items currently numbered 6.2.4.1.2 and 6.2.4.1.3. The policy is provided as an attachment with the proposed changes indicated.

Recommendation:

Approval of revision to Staff Personnel Policy and Procedure Number 6.0

Approval

Initiator:	Ms. Anita Lockridge Vice President for Finance Administration
Board Action Date:	July 26, 2013
Effective Date:	July 26, 2013

Agenda Item Background

To:	Board of Regents Finance and Business	Date: July 26, 2013
From:	Ms. Anita Lockridge, Vice President for Finance Administration	
Subject:	FY2014 Budget-Tuition & Fees Increase	
Reason for Consideration:	Action Item	Enclosures: Yes

Background:

Technical Correction – At the Board of Regents April 26, 2013 meeting, the stated increase in tuition and mandatory fees was noted as 2.9% instead of 2.95%.

Recommendation:

Amend the motion for the Board of Regents to approve the FY2014 budget with a 2.95% increase in tuition and mandatory fees.

Informational

Initiator:	Ms. Anita Lockridge Vice President for Finance Administration
Board Action Date:	July 26, 2013
Effective Date:	July 26, 2013

Agenda Item Background

To:	Board of Regents Finance and Business	Date: July 26, 2013
From:	Ms. Anita Lockridge, Vice President for Finance Administration	
Subject:	Rosenwald Center for Families and Children Tuition Rate Chart	
Reason for Consideration:	Action Item	Enclosures: Yes

Background:

Tuition Rate Chart for Rosenwald Center for Families and Children

Recommendation:

Approval of the FY2014 Tuition Rate Chart for Rosenwald Center for Families and Children.

Informational

Initiator:	Ms. Anita Lockridge Vice President for Finance Administration
Board Action Date:	July 26, 2013
Effective Date:	July 26, 2013

Kentucky State University
Tuition Rate Chart - Rosenwald Center for Families and Children
FY 2014

Full Tuition Price	Infants	\$180
	Toddlers	\$160
	Preschool	\$160
	After school	\$65
	Summer Program	\$140
Student Rate	Infants	\$120
	Toddlers	\$120
	Preschool	\$105
	After school	\$60
	Summer Program	\$100

Agenda Item Background

To:	Board of Regents Finance and Business	Date: July 26, 2013
From:	Ms. Anita Lockridge, Vice President for Finance Administration	
Subject:	Preliminary Unaudited Budget vs. Actual Report for the 11 months ending May 31, 2013	
Reason for Consideration:	Informational	Enclosures: Yes

Background:

The Budget vs. Actual Report presents the revenue and expenses for the Educational and General Fund (E&G), Auxiliary Fund, as well as Land Grant and Action Agenda Funds. Grants and contract revenue and expenses are excluded from this report.

Overview:

After the student enrollment count was obtained for the Fall and Spring semesters, management adjusted the E&G budget to reflect the decline in enrollment.

Overall all budgeted revenue was decreased by 7.9% for anticipated revenue of \$56.9 million, and budgeted expenses were decreased by 9% for projected expenses of \$53.1 million. For the eleven months ending May 31, 2013, actual results are within acceptable parameters.

Revenue:

There was a decline in Auxiliary actual revenues due to less than expected occupancy.

Expenses:

Salaries and associated expenses are in line with the reduction in student enrollment. When vacancies have occurred, positions have been evaluated to determine if the position should be filled.

Costs for all but two categories are below budget for the eleven month period ending May 31st. The two areas that exceeded budget are Fixed Costs, which are not driven by student enrollment, and Student Aid, which is a result of the current overall economic environment.

Informational

Initiator:	Vickie Dornbusch
Board Action Date:	July 26, 2013
Effective Date:	July 26, 2013

**Budget vs. Actual
Eleven Months Ending May 31,
2013
Amounts shown in dollars**

	YTD ACTUAL BY FUND GROUP									
	Approved Budget	Revised Budget	Budget after Reduction	YTD Actual Activity	YTD Actual % of Budget after Reduction	% Expired	Variance	Education & General	Auxiliary	Land Grant & Action Agenda
Revenues										
State Appropriations	23,537,400	23,537,400	23,537,400	23,537,402	100.00%	91.67%	0.00%	18,552,590	0	4,984,812
Student Tuition & Mandatory Fees	25,975,156	25,975,156	21,108,797	20,536,258	97.29%	91.67%	-2.71%	20,536,258	0	0
Auxiliaries	7,203,860	7,203,860	7,203,860	6,015,080	83.50%	91.67%	-16.50%	(18,893)	6,015,080	18,893
Other	5,129,900	5,129,900	5,129,900	3,273,938	63.82%	91.67%	-36.18%	3,248,199	0	25,739
Revenues Total	61,846,316	61,846,316	56,979,957	53,362,678	93.65%	91.67%	-6.35%	42,318,155	6,015,080	5,029,443
Expenditures										
Salaries/Wages/Benefits	35,985,693	36,492,435	32,440,440	25,626,461	79.00%	91.67%	-21.00%	22,136,297	1,049,267	2,440,897
Supplies & Other	2,488,004	2,580,284	2,492,224	1,373,340	55.11%	91.67%	-44.89%	996,024	112,532	264,784
Travel	1,667,343	1,536,841	1,588,220	1,126,028	70.90%	91.67%	-29.10%	984,067	764	141,197
Communications	581,478	820,324	607,862	321,212	52.84%	91.67%	-47.16%	311,658	7,378	2,176
Services	9,367,556	9,033,542	8,478,382	6,892,035	81.29%	91.67%	-18.71%	3,600,500	3,014,207	277,327
Interdepartmental	383,919	387,048	394,420	(9,973)	-2.53%	91.67%	-102.53%	85,710	(129,396)	33,713
Fixed Costs	2,894,908	4,288,722	3,133,446	3,235,001	103.24%	91.67%	3.24%	2,145,112	985,711	104,179
Student Aid	4,890,510	4,857,877	4,890,310	5,068,780	103.65%	91.67%	3.65%	4,767,231	301,549	0
Capital	96,612	(881,618)	(904,310)	489,800	-54.16%	91.67%	-154.16%	186,636	1,408	301,755
Expenditures Total	58,356,023	59,115,455	53,120,994	44,122,683	83.06%	91.67%	-16.94%	35,213,235	5,343,419	3,566,028
Surplus (Deficit) before Transfers Mandatory & Nonmandatory transfers	3,490,293	2,730,861	3,858,963	9,239,995				7,104,920	671,660	1,463,415
	3,490,293	2,730,864	3,330,864	2,016,233	60.53%	91.67%	-39.47%	525,297	789,031	701,905
Surplus (Deficit)	0	0	528,099	7,223,762				6,579,623	(117,371)	761,510

Finance and Business Committee
July 26, 2013
10:00 a.m.
Board Room – Academic Services Building
Frankfort, Kentucky
Agenda Item Background

To:	Board of Regents Finance and Business	Date: July 26, 2013
From:	Ms. Anita Lockridge, Vice President for Finance Administration	
Subject:	Preliminary Unaudited Financial Statements- for 11 months ending May 31, 2013	
Reason for Consideration:	Informational	Enclosures: Yes

Background:

The comparative Interim Financial Statements are included as of May 31, 2013 and June 30, 2012. A brief summary explanation of certain current assets and plant items follows:

1. Cash and cash equivalents total \$26.1 million and \$23.8 million for May 2013 and June 2012 respectively. This amount for May 31, 2013 includes \$18.5 million that is restricted for Land Grant and Action Agenda programs and \$2.7 million that is restricted for plant purposes. The remainder is current operating cash that will be available for current operations during the year.
2. Accounts receivable totaling \$14.9 million and \$13.9 million for May 2013 and June 2012, respectively, includes the receivables from students, grants and loans. As of May 31, 2013, this amount includes \$6.3 million in student accounts receivables, and \$8.6 million that is grants and other accounts receivables.
3. Current liabilities for May 31, 2013 and June 30, 2012 amounts to \$5.5 million and \$8.8 million respectively consisting of accounts payable and accrued payroll liabilities. Accrued compensated absences total \$1.9 million and Deferred Revenue totals \$1.3 million as of May 31, 2013.
4. As of May 2013, net assets reflect a \$7.2 million increase primarily due to an increase in a gain in market value of endowment investment income, increase in net capital assets, decrease in bonds and capital lease obligations, a decrease in accounts payable and accrued liabilities.

5. Tuition and fee revenue comparison for May 2013 and June 2012 represents a \$1.6 million decrease. Net student tuition and fees totals \$17.3 million and \$18.9 million in May 2013 and June 2012 respectively.
6. Auxiliary revenue comparison for May 2013 and June 2012 represents a decrease of \$898 thousand.
7. Operating expenses for May 2013 decreased by \$10.8 million compared to operating expenses in June 2012. The decrease was primarily due to decreases in salaries and benefits.
8. The Statement of Cash Flows reflects a net increase of \$2.3 million at May 31, 2013. Operations consumed \$24.8 million and \$32.2 million in May 2013 and June 2012, respectively.

Informational

Initiator:	Jessica Peete Senior Financial Analyst
Board Action Date:	July 26, 2013
Effective Date:	July 26, 2013

Kentucky State University
Statement of Net Assets
May 31, 2013
(Unaudited)

	<u>FY May 2013</u>	<u>FY June 2012</u>
ASSETS		
Current assets		
Cash and cash equivalents	26,170,913	23,842,721
Accounts, grants and loans receivable, net	14,893,773	13,941,173
Investments	-	-
Inventory and other current assets	118,975	511,899
Total current assets	41,183,660	38,295,793
Noncurrent assets		
Accounts, grants and loans receivable, net	458,019	744,925
Investments	13,803,652	11,169,649
Capital assets, net	82,592,744	84,512,241
Total noncurrent assets	96,854,415	96,426,815
Total assets	138,038,075	134,722,608
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,120,648	3,781,912
Accrued compensated absences	1,950,795	1,730,370
Deferred revenue	1,329,936	2,211,334
Deposits	203,114	120,991
Other current liabilities	47,873	122,183
Bonds and capital lease obligations	801,227	796,929
Total current liabilities	5,453,593	8,763,719
Noncurrent liabilities		
Bonds and capital lease obligations	7,277,520	7,875,689
Federal grants refundable	991,709	991,709
Total noncurrent liabilities	8,269,229	8,867,398
Total liabilities	13,722,822	17,631,117
NET ASSETS		
Invested in capital assets, net of related debt	74,513,997	75,839,623
Restricted		
Nonexpendable	12,340,278	8,657,506
Expendable	11,711,016	6,668,365
Unrestricted	25,749,962	25,925,997
Total net assets	124,315,253	117,091,491

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

	June 30 2012	Actual YTD Activity	May 31 2013
Invested in Capital Assets, net of related debt	<u>75,839,623</u>	<u>(1,325,626)</u>	<u>74,513,997</u>
Restricted -			
Nonexpendable:			
Endowments	<u>8,657,506</u>	<u>3,682,772</u>	<u>12,340,278</u>
Expendable:			
Grants & Contracts	(474,305)	1,102,530	628,226
Endowments	1,050,161	2,885,066	3,935,227
Plant Renewal & Replacement	5,232,852	1,243,081	6,475,933
Capital Renewal Reserves	<u>859,656</u>	<u>(188,026)</u>	<u>671,630</u>
	<u>6,668,364</u>	<u>5,042,651</u>	<u>11,711,016</u>
Unrestricted:			
Education & General	5,754,179	(245,537)	5,508,642
Auxiliary	2,865,998	(494,284)	2,371,714
Land Grant Match	<u>17,305,821</u>	<u>563,785</u>	<u>17,869,606</u>
	<u>25,925,998</u>	<u>(176,036)</u>	<u>25,749,962</u>
Total Net Assets	<u>117,091,491</u>	<u>7,223,761</u>	<u>124,315,253</u>

Kentucky State University
Statement of Revenues, Expenses and Changes in Net Assets (By Function)
Period Ending May 31, 2013
(Unaudited)

	<u>FY May 2013</u>	<u>FY June 2012</u>
REVENUES		
Operating Revenues		
Student tuition and fees (gross)	21,554,464	23,476,538
Less: Scholarship allowances	<u>(4,254,798)</u>	<u>(4,533,476)</u>
Student tuition and fees (net of scholarships)	17,299,666	18,943,062
Federal grants and contracts	8,028,365	10,720,989
Federal appropriations	6,089,063	3,796,394
State and local grants and contracts	1,262,581	1,547,004
Auxiliary enterprises		
Residence halls	2,775,211	3,278,362
Dining	2,786,133	3,261,069
Bookstore	140,000	152,500
Other auxiliaries	239,364	146,898
Other operating revenues	<u>1,044,497</u>	<u>1,653,909</u>
Total operating revenues	<u>39,664,881</u>	<u>43,500,187</u>
EXPENSES		
Operating expenses		
Educational and general		
Instruction	11,072,146	14,381,597
Research	5,259,171	7,668,990
Public service	6,351,878	6,113,245
Academic support	3,081,026	4,286,089
Student services	6,583,022	7,464,907
Institutional support	9,153,415	12,059,904
Operation and maintenance of plant	5,423,426	3,297,562
Student aid	8,666,019	3,297,562
Depreciation	3,827,630	4,122,855
Auxiliary enterprises		
Residence halls	1,776,749	2,426,878
Dining	2,464,980	2,896,641
Bookstore	-	-
Other auxiliaries	921,271	541,047
Depreciation	<u>309,442</u>	<u>343,800</u>
Total operating expenses	<u>64,890,177</u>	<u>75,702,373</u>
Operating income (loss)	(25,225,296)	(32,202,186)

Kentucky State University
Statement of Revenues, Expenses and Changes in Net Assets (By Function)
Period Ending May 31, 2013
(Unaudited)

NONOPERATING REVENUES (EXPENSES)	<u>FY May 2013</u>	<u>FY June 2012</u>
State appropriations	23,645,973	24,660,001
Federal Grants and Contracts	5,895,289	7,373,490
Gifts	6,612	251,309
Investment income (net of investment expense)	1,318,264	849,729
Interest on capital asset-related debt	(178,813)	(373,738)
Other nonoperating revenues (expenses)	<u>1,754,458</u>	<u>447,119</u>
Net nonoperating revenues	32,441,783	33,314,462
Income (loss) before other revenues, expenses, gains or losses	7,216,486	1,005,724
Endowment Gifts	7,276	106,552
Capital appropriations	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	7,223,762	1,112,276
Net assets, beginning of year	<u>117,091,491</u>	<u>115,979,215</u>
Net assets, end of year	<u>124,315,253</u>	<u>117,091,491</u>

Kentucky State University
Statement of Cash Flows
Period Ending May 31, 2013
(Unaudited)

	<u>FY May 2013</u>	<u>FY June 2012</u>
Cash flows from operating activities		
Tuition and fees	13,598,426	18,669,508
Grants and contracts	17,677,646	11,096,565
Payments to suppliers	(21,326,541)	(21,787,788)
Payments to employees	(32,286,332)	(38,395,403)
Student financial aid	(9,218,639)	(10,068,725)
Loans issued to students	126,543	(241,777)
Collection of loans issued to students	160,363	239,465
Auxiliary enterprises:		
Residence halls and dining	5,561,344	6,539,431
Bookstore	140,000	152,500
Other auxiliaries	239,364	146,898
Other receipts	1,039,351	1,428,163
Net cash from operating activities	<u>(24,757,540)</u>	<u>(32,221,163)</u>
Cash flows from noncapital financing activities		
State appropriations	23,645,973	24,660,001
Federal Grants and Contracts	5,895,289	7,373,490
Gifts for other than capital purposes	13,888	251,309
Student organization agency receipts	155,427	106,552
Student organization agency disbursements	(73,304)	84,619
Other receipts (payments)	1,754,458	447,119
Net cash from noncapital financing activities	<u>31,391,730</u>	<u>32,923,090</u>
Cash flows from capital financing activities		
Capital appropriations	-	-
Purchases of capital assets	(2,217,575)	(5,602,369)
Proceeds from capital debt	-	-
Principal paid on capital debt	(593,871)	(767,783)
Interest paid on capital debt	(178,813)	(373,738)
Net cash flows from capital financing activities	<u>(2,990,259)</u>	<u>(6,743,890)</u>
Cash flows from investing activities		
Interest received on investments	160,549	901,436
Investment expenses	(51,948)	(51,707)
Proceeds from sale of investments	2,873,512	3,977,271
Purchases of investments	(4,297,851)	(4,565,512)
Net cash flows from investing activities	<u>(1,315,739)</u>	<u>261,488</u>
Net increase (decrease) in cash and cash equivalents	2,328,192	(5,780,475)
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>26,170,913</u>	<u>23,842,721</u>

Kentucky State University
Statement of Cash Flows
Period Ending May 31, 2013
(Unaudited)

Reconciliation of net operating loss to net cash from operating activities	<u>FY May 2013</u>	<u>FY June 2012</u>
Operating loss	(25,225,296)	(32,202,186)
Adjustments to reconcile operating income to net cash from operating activities:	-	-
Depreciation expense	4,137,072	4,466,655
Bad debt expense	-	2,746,807
Loss on disposal of capital assets	-	-
Changes in assets and liabilities:		
Receivables, net	(240,446)	(8,281,565)
Inventory and prepaid expenses	(32,323)	(147,973)
Accounts payable and accrued liabilities	(2,661,265)	1,571,335
Accrued compensated absences	220,425	(400,649)
Other Liabilities	(74,310)	(38,914)
Deferred revenue	(881,397)	65,327
 Net cash from operating activities	 <u>(24,757,540)</u>	 <u>(32,221,163)</u>

Finance and Business Committee
July 26, 2013
10:00 a.m.
Board Room – Academic Services Building
Frankfort, Kentucky
Agenda Item Background

To:	Board of Regents Finance and Business Committee	Date: July 26, 2013
From:	Ms. Anita Lockridge, Vice President for Finance Administration	
Subject:	Human Resources Update	
Reason for Consideration:	Informational	Enclosures: Yes

Background:

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

1. Responses to the Request for Proposal for the review of the faculty and staff compensation and classification systems have been received and a representative review committee has been formed. The committee will review the responses and recommend which bidder(s) should be invited to campus for interview/discussion/questions and answer session(s).
2. The annual benefit renewal and open enrollment for fiscal year 2014 was completed in May for a July 1, 2013 effective date.
3. We continue to monitor the responsibilities and deadlines with which Kentucky State University must comply regarding the Affordable Health Care Act (ACA). The next milestone will be the mandatory issuance of a *Notice to Employees of Coverage Options* which must be issued to all employees no later than October 13, 2013.
4. Performance evaluations for the period of July 1, 2012 through June 30, 2013 are due in the Office of Human Resources by August 16, 2013.
5. Two payroll ghost audits are being planned to ensure that all individuals receiving a paycheck are active Kentucky State University employees. Staff will be audited during July 2013 while faculty and students will be audited during October 2013.

6. Direction and guidance has been received from the Ellucian "Action Line" in order to proceed with the pilot program for electronic timesheet reporting for the student employees.
7. The Kentucky State University change to the Kentucky Teachers' Retirement System (KTRS) sick leave service credit program will be implemented with an effective date of September 2, 2013.
8. A simplification process for Electronic Personnel Action Forms (EPAF) was approved by the Cabinet. The necessary forms are being revised for final implementation no later than August 1, 2013.

Recommendation:

Informational

Initiator:	Mr. Gary Meiseles, Director of Human Resources Services
Board Action Date:	July 26, 2013
Effective Date:	July 26, 2013