

**EXHIBIT I**

**MINUTES OF THE FINANCE COMMITTEE  
OF THE BOARD OF REGENTS  
WESTERN KENTUCKY UNIVERSITY**

January 26, 1996

**AGENDA ITEM 1 - Call to Order**

Required statutory notice having been given, a meeting of the Finance Committee of the Board of Regents of Western Kentucky University was held in the Regents Conference Room of the Wetherby Administration Building. The meeting was called to order by Chairman Burns Mercer at approximately 9 a.m., CDT. The committee met as a committee of the whole board with the following members present:

Ms. Kristen Bale  
Mr. Earl Fischer  
Ms. N. Joy Gramling  
Mr. C.C. Howard Gray  
Ms. Tara D. Higdon  
Mrs. Peggy Loafman  
Mr. Cornelius A. Martin  
Dr. Raymond Mendel  
Mr. Burns Mercer  
Mr. Fred N. Mudge

Also present were Dr. Thomas C. Meredith, President; Mrs. Liz Esters, Staff Assistant for Special Projects and Secretary to the Board of Regents; Dr. Robert Haynes, Vice President for Academic Affairs; Dr. James R. Ramsey, Vice President for Finance and Administration; Dr. Jerry Wilder, Vice President for Student Affairs; Dr. Randall Capps, Parliamentarian; Mr. Fred Hensley, Interim Vice President for Institutional Advancement and Director of University Relations, and Ms. Deborah Wilkins, University Counsel.

**In keeping with the policy of the Board, the agenda for the meeting and information and materials pertinent to items thereon had been mailed in advance of the**

**meeting by the President to members of the Board.**

**AGENDA ITEM 1 - Review of Second Quarter Financial Statement for**

**1995-96**

Board members received the statement which provided a comparison by percentages for end of the second quarter for 1994-95. The report reflected no dramatic changes. (Note: A copy is attached to these minutes as Attachment A.)

**AGENDA ITEM 2 - Recommendation for approval of the revised budget for the Second Quarter Fiscal Report for 1995-96**

Motion for approval of the revised budget for the second quarter fiscal report for 1995-96 was made by Mr. Mudge, seconded by Ms. Bale, and carried.

**AGENDA ITEM 3 - Report on the status and preparation of the 1996-97 Budget**

Dr. Cecile Garmon noted that the Governor announced that the increase in the state appropriation for next year might be \$95,000 and the estimated tuition revenue of \$1,000,000, for an estimated increase in revenue of \$2,555,600.

President Meredith reported that the Governor has put together a 4 percent pool for higher education; had earlier talked about a 3% percent for higher education with every entity getting three percent. That has now been changed. The 4 percent, instead of being given equally across to each institution, then kicks into Council formula once it moved above 3 percent. The Council formula is driven by an inequity piece that shifts a lot of the money to community colleges. As a result, Western, along with UK and UL, and some others will get about 3.2 percent instead of 4 percent. The community colleges will get 9.5 percent. A lot of the money has shifted to the community colleges. The Governor has challenged higher education again to work together as institutions and to develop some innovative approaches to providing higher education for the State, and if this is done and there are costs involved, the Governor's intention is to fund those costs.

The Governor has included \$4 million in the capital budget for finishing the Institute for Economic Development which will allow the move of the community college to the Institute.

There is a life safety pool, total pool of \$11.5 million, of which Western is being recommended to receive almost \$3 million for life safety. This will allow the University to replace the fume hoods that have been a problem in the Science College.

Chairman Mercer asked about the possibility of getting a forum with the

Governor and the area legislators to update them on innovative things that Western has already done.

Dr. Garmon reviewed the Timetable for development of the 1996-97 with the Budget Recommendation coming to the Board of Regents for approval on May 1, 1996. This would permit the mailing of salary letters before the end of the school year.

Mr. Mercer asked if the Board could be plugged in earlier than April 17 in the process when the recommendation is mailed. He felt more time was needed to be better informed in order to make better decisions. President Meredith indicated that this should not be a problem; Board members will receive copies of policy guidelines and be informed of what goes into the budget process.

**AGENDA ITEM 4 - Recommendation for acceptance of the audit of financial statements of WKYU-FM Radio and WKYU-TV for year ended June 30, 1995**

**RECOMMENDATION:**

President Thomas C. Meredith recommends the acceptance of the Accountants' Report on Subsequent Events for the period from September 15, 1995, to December 15, 1995, prepared by Baird, Kurtz & Dobson (BKD).

**Background:**

BKD applied certain agreed-upon procedures to selected accounting records of Western Kentucky University, solely to report on subsequent events for the period September 15, 1995, to December 15, 1995, upon request by the Commonwealth of Kentucky Auditor of Public Accounts. This report is intended for the information of the governing body, management, the cognizant federal audit agency and other audit agencies.

Sheri Stokes from Baird, Kurtz and Dobson was available to summarize and answer questions pertaining to the audit. Ms. Stokes noted that it was a very clean audit with no management issues or management recommendations. Revenues exceeded expenditures.

Ms. Stokes thanked and commended the staff for their cooperation and for the good job that they do.

**AGENDA ITEM 5 - Recommendation for acceptance of the Accountant's Report on Subsequent Events for the period from September 15, 1995, to December 15, 1995**

## RECOMMENDATION:

President Thomas C. Meredith recommends the acceptance of the Accountants' Report on Subsequent Events for the period from September 15, 1995, to December 15, 1995, prepared by Baird, Kurtz & Dobson (BKD).

### Background:

BKD applied certain agreed-upon procedures to selected accounting records of Western Kentucky University, solely to report on subsequent events for the period September 15, 1995, to December 15, 1995, upon request by the Commonwealth of Kentucky Auditor of Public Accounts. This report is intended for the information of the governing body, management, the cognizant federal audit agency and other audit agencies.

A letter from Baird, Kurtz & Dobson to President Meredith dated December 18, 1995, states:

President Thomas C. Meredith and  
Board of Regents  
Western Kentucky University  
Bowling Green, Kentucky

We have applied certain agreed-upon procedures, as discussed below, so selected accounting records of WESTERN KENTUCKY UNIVERSITY, solely to report on subsequent events for the period from September 15, 1995, to December 15, 1995, upon request by the Commonwealth of Kentucky Auditor of Public Accounts. This report is intended for the information of the governing body, management, the cognizant federal audit agency and other audit agencies. However, this report is a matter of public record and its distribution is not limited. Our procedures and findings are as follows:

- (a) We examined invoices in support of cash disbursements over \$350,000 for the period September 15, 1995, to December 15, 1995.
- (b) We examined support for cash receipts over \$350,000 for the period September 15, 1995, to December 15, 1995.
- (c) We scanned journal entries for unusual transactions during the period from September 15, 1995, to December 15, 1995. Debt of \$1,530,000 was incurred by the University for the allocated proceeds from bonds issued by the state for project 57.
- (d) We inquired of and discussed with executives having responsibility for financial and accounting matters as to:
  - (1) Whether any substantial contingent liabilities or commitments existed as of June 30, 1995, or at December 15, 1995.
  - (2) Whether there was any significant change in long-term debt or working capital through December 15, 1995.
  - (3) The current status of items in the financial statements being reported on that were accounted for on the basis of tentative, preliminary or inconclusive data.
  - (4) Whether any unusual adjustments had been made during the period from September 15, 1995, to December 15, 1995.
- (e) We read the minutes of the meetings of the Board of Regents through December 15, 1995.
- (f) We inquired of the University's legal counsel concerning litigation, claims, and assessments as of December 15, 1995.
- (g) We obtained a letter of representation dated December 18, 1995, from appropriate officials as to whether any events occurred subsequent to June 30, 1995, that in the official's opinion would require adjustment or disclosure in the financial statements.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above except as discussed in item (c) above, no matters came to our attention that caused us to believe that any specific account or item should be adjusted or that additional matters should be disclosed. This report relates only to the items specified above and does not extend to any financial statements of WESTERN KENTUCKY UNIVERSITY taken as a whole.

/s/ Baird, Kurtz & Dobson

December 18, 1995

Dr. Ramsey noted that the only thing reported is the increased liability for Western with regard to the State Property and Building's Commission Bond issue of \$1.5 million. The State sold those bonds, and the monies will help finance the life-safety projects that were approved in the 1994 session.

Motion for acceptance of the audit and the review of subsequent events was made by Mr. Fischer, seconded by Mr. Martin, and carried.

With nothing further to come before the Finance Committee, motion for adjournment was made by Ms. Bale, seconded by Mr. Gray and carried.