

BOARD OF REGENTS MOREHEAD STATE UNIVERSITY

Morehead, Kentucky

June 4, 1999

The Board of Regents of Morehead State University met on Friday, June 4, 1999, in the Riggle Room of the Adron Doran University Center.

Present: Regents Madge Baird, Gene Caudill, James Finch, Lynne Fitzgerald, Michelle Francis, Buckner Hinkle, Jr., L. M. Jones, Juanita Mills, Helen Pennington, and William Seaton. Charles Rhodes was absent.

In attendance: President Ronald G. Eaglin; Vice Presidents Michael Moore, Porter Dailey, Michael Mincey, and Keith Kappes; Foundation Board Chair B. Proctor Caudill; and Legal Counsel Jon Woodall. Also, other members of the faculty, staff, and administration were present.

Members of Press: Mr. Kevin Eigelbach, *The Daily Independent*; Mr. Charles Compton, WMKY Radio; and Ms. Kim Hamilton, *The Morehead News*.

Chairman Jones introduced his son, Mitchell, who was attending the Board meeting.

Chairman Jones convened the meeting at 10:35 a.m.

1. EXECUTIVE SESSION

Chairman Jones stated that the Board would go into executive session for the purpose of discussing the President's contract and that no action would be taken until the Board reconvenes in open session. Ms. Mills moved, seconded by Ms. Francis, that the Board go into executive session. The motion carried.

2. MINUTES OF FEBRUARY 26, 1999, MEETING

Mr. Seaton moved, seconded by Ms. Francis, to approve the minutes as distributed of the February 26, 1999, meeting. The motion carried.

3. RESOLUTIONS OF COMMENDATION

Chairman Jones read the following resolutions of commendation, on behalf of the Board of Regents, for Ms. Michelle Francis and Dr. Ronald Mitchelson:

4. **FOUNDERS DAY AWARD FOR UNIVERSITY SERVICE**

The President recommended:

That the Board ratify the selection of Carolyn S. Flatt as the recipient of the 1999 Founders Day Award for University Service.

MOTION: Mr. Seaton moved, seconded by Mr. Hinkle, to approve the President's recommendation.

VOTE: The motion carried.

5. **HONORARY DOCTORAL DEGREES**

The president recommended:

That the Board ratify the awarding of an honorary degree of DOCTOR OF PUBLIC SERVICE to ALPHA M. HUTCHINSON of Morehead, Kentucky, and an honorary degree of DOCTOR OF HUMANITIES to VIRGINIA G. FOX of Frankfort, Kentucky, both during the Spring Commencement ceremony on May 8, 1999.

MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the President's recommendation.

VOTE: The motion carried.

6. **REPORT OF THE COMMITTEE ON ACADEMIC AFFAIRS**

Ms. Pennington, chair of the Academic Affairs Committee, presented the report of the committee meeting held earlier in the day.

A. ***1999 Spring Graduates***

The committee recommended:

That the awarding of degrees to all candidates who successfully completed all degree requirements as approved by the faculty of the University at the 1999 Spring Commencement on May 8 be ratified.

MOTION: Ms. Pennington moved, seconded by Mr. Seaton, to approve the committee's recommendation.

VOTE: The motion carried.

B. *Promotions, 1999*

The committee recommended:

That the Board approve the granting of promotions to the following faculty members with the issuance of their contracts for the 1999-00 year:

Professor

Charles Patrick, IET

Associate Professor

Terry Elliott, Accounting

L. Curtis Hammond, Music

Joyce Saxon, Mathematics

(Additional background information attached to these minutes and marked VII-A-2)

MOTION: Ms. Pennington moved, seconded by Mr. Seaton, that the Board approve the committee's recommendation.

VOTE: The motion carried.

C. *Tenure*

The committee recommended:

That the Board approve the granting of tenure to Dr. Donna Kizzier, Associate Professor of Information Systems.

(Additional background information attached to these minutes and marked VII-A-3)

MOTION: Ms. Pennington moved, seconded by Mr. Caudill, to approve the committee's recommendation.

VOTE: The motion carried.

D. *Emeritus Status, 1999*

The committee recommended:

That the Board approve the granting of Emeritus Status to the following:

*Mr. Jack Henson, Business Education
Dr. Jack Peters, Management
Mr. John Osborne, Accounting
Mr. Robert Wolfe, Agriculture
Mrs. Helen Williams, Librarian IV*

(Additional background information attached to these minutes and marked VII-A-4)

Ms. Pennington stated that Dr. Robert Lorenz, whose name was inadvertently left off the list, should be added to receive emeritus status.

MOTION: Ms. Pennington moved, seconded by Ms. Baird, that the Board approve the committee's recommendation as amended.

VOTE: The motion carried.

E. *Final Report on Spring Enrollment, 1999*

Dr. Michael Moore, Executive Vice President for Academic Affairs, stated that the University had experienced a general decline in enrollment with the exception of the previous fall semester when the University had an increase in enrollment. He attributed this increase to a number of efforts, primarily the University's admissions and retention efforts. Enrollment would have been higher; however, the University implemented a policy affecting academic standards, which reduced the number of semesters a student can remain on academic probation from three to two semesters. This impacted fall 1998 enrollment.

In addition to the past retention efforts, each semester the University will contact all students who have qualified for enrollment but have not registered.

7. **REPORT OF THE COMMITTEE ON ADMINISTRATION AND FISCAL SERVICES**

Mr. Hinkle, chair of the Administration and Fiscal Services Committee, reported on the committee meeting held earlier in the day.

A. *Personnel Actions*

The committee recommended:

That the Board ratify the Personnel Actions for the period February 8, 1999, through May 7, 1999.

(List of Personnel Actions and additional background information attached to these minutes and marked VII-B-1)

MOTION: Mr. Hinkle moved, seconded by Ms. Mills, to approve the committee's recommendation.

VOTE: The motion carried.

B. *Operating Agreement with MSU Foundation, Inc.*

The committee recommended:

That the Board approve the new operating agreement with the Morehead State University Foundation, Inc., and seek concurrence from the Foundation Board.

That the Board approve the transfer of the funds from the Regional University Excellence Trust Fund and the University's matching funds to the Foundation for the Foundation's administration and investment.

(Operating Agreement and additional background information attached to these minutes and marked VII-B-2)

Mr. Hinkle stated that the operating agreement relates to the discharge of fiduciary obligations and is simply a modification to allow for the Foundation to accept public funds. This change was precipitated in large measure by the funds becoming available from the Regional University Excellence Trust Fund and will provide the University with another opportunity to improve its fund raising. The endowment for the University has risen from approximately \$400,000 in 1992 when Dr. Eaglin became president to \$8 million today. The goal is to reach an endowment of \$20 million. The committee recommended the adoption of the revised operating agreement.

MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the committee's recommendation.

VOTE: The motion carried.

C. *Memorandum of Understanding with KFAC, Inc.*

The committee recommended:

That the Board approve the revised Memorandum of Understanding between the University and the Kentucky Folk Art Center, Inc.

(Memorandum of Understanding and additional background information attached to these minutes and marked VII-B-3)

Mr. Hinkle stated that the revised Memorandum of Understanding between the University and the Kentucky Folk Art Center, Inc. was prompted by the change in the Folk Art Center's status from a non-affiliated to an affiliated corporation which in turn necessitated a change in the operating policies and procedures between the University and the KFAC. As an affiliate, the KFAC will be included within the scope of the annual audit performed by the University's external auditors. In conjunction with that audit report, the committee requested that a report be made annually on the performance of the Center.

MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the committee's recommendation as amended to include an annual report on the operation of the KFAC.

VOTE: The motion carried.

D. *Third Quarter Financial Report and 1998-99 Operating Budget*

The committee recommended:

That the Board accept the Third Quarter Financial report as presented and amend the institution's 1998-99 Operating Budget to reflect a revised budget of \$74,650,887 in accordance with the information provided herein.

(Third Quarter Financial Report and additional background information attached to these minutes and marked VII-B-4)

Mr. Hinkle reported that total unrestricted operating revenues and expenditures are budgeted at \$74,650,887, an increase of \$2,623,691 from the

MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the committee's recommendation.

VOTE: The motion carried.

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MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the committee's recommendation as amended to include an annual report on the operation of the KFAC.

VOTE: The motion carried.

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priorities are life safety projects, mandatory compliance projects, and capital renewal projects. Since this was a report, the committee took no action.

G. *Financing for Microcomputer Purchase Program*

The committee recommended:

That the Board authorize the University staff to secure financing for the continuation of the microcomputer acquisition program from GE Capital Public Finance in an amount not to exceed \$850,000 per fiscal year nor a total of \$3,400,000 over a four-year period commencing July 1, 1999, and ending June 30, 2003, and that the Board adopt the following resolution:

Section I. Recitals.

- (a) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the Regulations) dealing with the issuance of obligations, all or a portion of the proceeds of which are to be used to reimburse Morehead State University (the University) for project expenditures made by the University prior to the date of the issuance of the obligations.*
- (b) The Regulations generally require that the University make a declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued borrowing, that the borrowing occur and the reimbursement allocation be made from the proceeds of such borrowing within 18 months of the payment of the expenditure or, if longer, within 18 months of the date the project is placed in service if abandoned but in no event more than three years after the expenditure is paid, and that the expenditure be a capital expenditure.*
- (c) The University has determined that it is necessary and in the best interests of the University to acquire certain microcomputers described on Schedule A hereto (the Equipment). The University intends to finance all or a portion of such Equipment cost through the entering into of a lease-purchase agreement the interest on which is intended to be excludable from the gross income of the recipient for federal income tax purposes (the Lease). The University expects to make expenditures for costs relating to the Equipment after the date of this resolution (or has*

made such expenditure no longer than 60 days prior to the date of this resolution) and prior to the entering into of such Lease.

Section 2. Official Intent Declaration.

The University reasonably expects to reimburse the expenditures it will make or has made in the last 60 days for costs of the acquisition of Equipment out of the proceeds of the Lease to be incurred by the University in a maximum principal amount of \$850,000 after the date of payment of all or a portion of such acquisition costs. All reimbursed expenditures shall be capital expenditures as defined in Section 1.150-1 of the Regulations.

Section 3. Reimbursement Allocations.

The University's financial officer shall be responsible for making a written reimbursement allocation described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Lease to reimburse the source of temporary financing used by the University to make payment of the prior costs of the Equipment. Each allocation shall be evidenced by an entry on the official books and records of the University maintained for the Lease, shall specifically identify the actual prior expenditure being reimbursed or, in the case of reimbursement of a fund or account in accordance with Section 1.150-2, the fund or account from which the expenditure was paid. Such allocation shall be made within 30 days of the issuance of the Lease.

Mr. Hinkle stated that as a result of technological advancements and pricing considerations in the microcomputer market, the University is recommending that the microcomputer lease/purchase program move from a five-year to a four-year replacement cycle. Budgetary resources to shorten the replacement cycle are provided in the 1999-2000 operating budget. Financing for the continuation of the program has been secured from GE Capital Public Finance in an amount not to exceed \$850,000 per fiscal year nor a total of \$3,400,000 over the four-year period commencing July 1, 1999, and ending June 30, 2003. The committee recommended approval of the program.

(Additional background information attached to these minutes and marked VII-B-9)

MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the committee's recommendation.

VOTE: The motion carried.

H. *Hazardous Duty Retirement Program*

The committee recommended:

That the Board approve the Hazardous Duty Retirement Program for the sworn officers of the Morehead State University Office of Public Safety.

(Additional background information attached to these minutes and marked VII-B-10)

Mr. Hinkle stated that the University proposes to initiate a Hazardous Duty Retirement Program for qualified Public Safety employees. MSU's contribution, which has been included in the 1999-2000 budget, for the Hazardous Duty Retirement Program will result in an additional cost of approximately \$32,000 per year. The University believes, however, that by offering this supplementary benefit the retention rate of its sworn officers will increase. The committee recommended that the Hazardous Duty Retirement Program be approved.

MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the committee's recommendation.

VOTE: The motion carried.

I. *Report on Personal Service Contracts*

(List of Personal Service Contracts attached to these minutes and marked VII-B-11)

Chair Jones stated that the 1999-2000 Operating Budget and Personnel Roster would be discussed later in the meeting.

8. **REPORT OF THE COMMITTEE ON STUDENT LIFE AND EXTERNAL RELATIONS**

In the absence of Chair Rhodes, Mr. Caudill reported on the committee meeting held earlier in the day.

A. *Alcohol and Other Drugs Intervention Program*

Mr. Caudill stated that Mr. Myron Doan, Dean of Students, and Mrs. Madonna Weathers, Director of Student Development, reported on the Alcohol and Other Drugs Intervention Program at the committee meeting. A draft copy of a program outlining the disciplinary procedure for the first offense, second offense, and third offense was distributed. An important part of the program with each offense is the notification, in cases of dependent students, of the parent/guardian.

B. *Report on NCAA Certification Visit*

Mr. Mike Mincey, Vice President for Student Life and Director of Athletics, reported on the NCAA Certification Visit. He informed the Board that the University received a favorable report from the review team that visited the campus in April. The committee indicated that the University was in substantial compliance with the four major categories: academic integrity, fiscal integrity, governance, and equity. The University has responded to the report, addressing many of the recommendations, and returned the report to the peer review committee. It will then go to the NCAA for final review. The University anticipates certification without any problems.

C. *Report of Major Gifts Since February 26, 1999*

Mr. Caudill reported that the University has received the largest gift in its history from the Thomas R. Curtis Estate. While the total gift exceeds \$1.2 million, the institution has received the first installment of \$900,000.

9. **REPORT OF THE AUDIT COMMITTEE**

A. *Extension of Contract with Kelley, Galloway and Company for Fiscal Year 1998-99 Audit*

Mr. Hinkle reported on the Audit Committee meeting held on April 2, 1999.

The committee recommended:

That the Board appoint Kelley, Galloway and Company, CPA's, to perform audit services for the 1998-99 fiscal year.

(Additional background information attached to these minutes and marked VII-D-1)

Mr. Hinkle stated that Kelley, Galloway and Company has been the external auditor for several consecutive years. The firm is under a contract that was

approved in 1996 that included four one-year extensions. The committee recommended that the one-year extension be approved for Kelley, Galloway and Company to perform the audit services for the 1998-99 fiscal year.

MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the committee's recommendation.

VOTE: The motion carried.

A. *Minimum Scope of the Annual Audit*

The committee recommended:

That the Board approve the minimum scope of the University's audit for the year ending June 30, 1999.

(Minimum Scope of the Annual Audit and additional background information attached to these minutes and marked VII-D-2)

Mr. Hinkle stated that the committee recommended approval of the Minimum Scope of the Annual Audit, which is very similar to last year.

MOTION: Mr. Hinkle moved, seconded by Mr. Seaton, to approve the committee's recommendation.

VOTE: The motion carried.

J. *1999-2000 Operating Budget and Fee Schedule*

The president recommended:

That the Board approve the recommended 1999-2000 Operating Budget, which totals \$76,916,800 and the 1999-2000 Fee Schedule.

(1999-2000 Operating Budget and additional background information attached to these minutes and marked VII-B-6)

President Eaglin and Mrs. Angela Martin, Director of Budgets and Management Information, presented the 1999-2000 Operating Budget.

The proposed budget reflects the University's Strategic Plan for 1996-2000 as it continues to address the priorities of faculty and staff compensation, the library, technology infrastructure, and physical plant maintenance. A budget workshop was held with the Board of Regents on April 11, 1999. Moreover, the preliminary budget was presented and discussed with an ad hoc Budget

Committee composed of the president, vice presidents, deans, chairs of the Fiscal Affairs Committees of the Faculty Senate and Staff Congress, a representative of the Student Government Association, chair of the Planning Committee, and director of Budgets and Management Information.

Totaling \$76.9 million, the budget is based on a projected fall enrollment of 8,400 students, a 1.65 percent increase from the previous fall. Occupancy in the residence halls is projected at 2,950 students, an increase of 3.51 percent from last fall. The proposed budget reflects an 8.09 percent increase from the 1998-99 opening budget.

Direct state appropriations will increase by \$860,700. In addition, the University will continue to receive \$200,000 from the Cabinet for Education, Arts, and Humanities for the operation of the Folk Art Center and \$120,000 from the Cabinet for Health Services for a regional health and drug education program.

The 1999-2000 budget also includes matching \$229,000 of trust funds with University reserves and increasing the endowment for the Program of Distinction by a total of \$458,000. MSU will receive \$2,700,400 from the state for debt service on Consolidated Educational Bonds. This appropriation includes \$572,000 for debt service for the new Licking Valley Extended Campus Center facility.

MSU also will receive \$882,000 from the Regional University Excellence Trust Fund through the Council on Postsecondary Education (CPE) to be used for the University's Program of Distinction, the Institute for Regional Analysis and Public Policy (IRAPP). In accordance with CPE guidelines, the University must match these funds one-to-one from either the reallocation of existing funds or with external grants and contracts.

The proposed operating budget for intercollegiate athletics is in compliance with the Board's 1989 resolution, which stipulates that athletic revenues must equal at least 33 1/3 percent of athletic expenditures. The coming year is the fourth year of the MSU Athletics Ad Hoc Long-Range Planning Committee's five-year plan to distribute available football scholarship funds to other athletic programs.

In the coming year, three new programs will be fully funded in the operating budget: the Virtual MBA Program, the English Language Center, and the Child Care Center.

Fee increases established by the CPE include a 4.78 to 5.2 percent increase in tuition rates which equals a \$50 per semester increase for full-time, in-state undergraduate students. There will be a \$35 per semester increase in the base

student activity and services fee that will generate approximately \$499,300 in annual revenue. Dr. Eaglin stated that he had made a commitment over the next three fiscal years to allocate \$25,000 per year to the Student Government Association with the caveat that these dollars be used for projects that will help increase the success of students.

To install sprinkler systems and upgrade other fire safety systems in student residence halls, a \$35 surcharge has been assessed for funding the first phase of the project. To fund other improvement projects totaling \$1,500,000, a 5 percent or \$39 per semester charge has been added to aid in the funding of the debt service associated with these projects which include roof replacements, structural repairs, and elevator repairs and upgrades.

A \$30 per credit hour Internet course fee has been established to assist with the increased costs associated with Internet courses. The new course fee should generate approximately \$80,800 in annual revenue.

The operating budget includes a 4.6 percent salary increase for faculty and librarians; a 5.84 percent increase for non-exempt staff; and a 3.61 percent increase for exempt staff. This is the beginning of a five-year plan to bring the faculty salaries more in line with salaries at regional benchmark institutions. President Eaglin said he was especially proud that the entry-level wage scale for hourly workers was being increased by approximately 24 percent.

MOTION: Mr. Seaton moved, seconded by Ms. Mills, to approve the President's recommendation.

VOTE: The motion carried.

Ms. Francis stated that many of the students have been against the increase in the student activity fee over the past four years, and the only reason she can support the approval of the budget today is because of the \$25,000 that the SGA will receive annually over the next three years.

Mr. Caudill stated that he believed the Board passed a resolution that established a procedure on awarding equity pay. He said he recalled it was the Board's intent that any exempt staff member could request Human Resources to review his/her salary for equity pay without supervisor approval and asked that this procedure be followed next year.

Mr. Dailey stated that while he recalled the discussion concerning equity pay, he was unaware of a Board mandate as described by Mr. Caudill.

Mr. Hinkle stated that the minutes should be reviewed in this regard.

President Eaglin stated that he agreed with the procedure outlined by Mr. Caudill that would permit an exempt staff member to request a review of his/her salary for equity pay without supervisor approval.

K. 1999-2000 Personnel Roster

The president recommended:

That the Board approve the 1999-2000 Personnel Roster.

(1999-2000 Personnel Roster and additional background information attached to these minutes and marked VII-B-7)

MOTION: Mr. Finch moved, seconded by Mr. Seaton, to approve the President's recommendation.

VOTE: The motion carried with Mr. Caudill voting nay.

10. PRESIDENT'S CONTRACT

Mr. Hinkle moved, seconded by Mr. Seaton, that the President's contract be extended by one year [through June 30, 2003] and increase his salary by four percent [to \$156,000]. The motion unanimously carried.

11. REPORT OF THE PRESIDENT

President Eaglin requested that the Board observe a moment of silence in memory of John "Sonny" Allen, former basketball coach, who passed away recently.

President Eaglin reported:

- ◆ That he was pleased with the feedback received from faculty members on the recent "Teaching the Teachers for the 21st Century" teacher education symposium series.
- ◆ That the \$14 million renovation of Breckinridge Hall is underway and will soon house not only the Department of Communications but also WMKY radio.
- ◆ That the University has received a gift of land on KY 460 from a private party and the Kentucky Department of Highways for the Licking Valley Extended Campus Center in West Liberty. The building, measuring 33,000 square feet, will serve as a community and educational facility.
- ◆ That the annual spring gala raised \$46,000, with proceeds going directly to academic programs.

President Eaglin also informed the Board about the University's new web site, which will be demonstrated at the administrative retreat on August 11-12, 1999.

President Eaglin thanked the Board for the vote of confidence and for increasing his salary and contract.

12. **OTHER BUSINESS**

Chair Jones announced that the next meeting will be Friday, September 17, 1999.

13. **ADJOURNMENT**

There being no further business to conduct, Ms. Francis moved, seconded by Mr. Hinkle, to adjourn at 12:25 p.m. The motion carried.

Secretary

Chair

HONORARY DOCTORAL DEGREES

BOR (VI)
June 4, 1999

Background:

In 1988 the Board of Regents reinstated the practice of awarding honorary doctoral degrees to outstanding individuals. Consequently, the ad hoc Honorary Degree Advisory Committee was established to screen nominations for such recognition and to make appropriate recommendations to the President and Board of Regents. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

Two outstanding persons – Alpha M. Hutchinson of Morehead and Virginia G. Fox of Frankfort – were nominated for honorary doctoral degrees in conjunction with spring commencement. The Honorary Degree Advisory Committee reviewed the personal and professional qualifications of both persons and unanimously recommended that Mr. Hutchinson be awarded the honorary degree of DOCTOR OF PUBLIC SERVICE and that Ms. Fox be awarded the honorary degree of DOCTOR OF HUMANITIES at the Spring Commencement ceremony on May 8, 1999.

Alpha M. Hutchinson, chairman of the Board of Citizens Bank of Morehead, has been a local, state, and national leader for more than 50 years. Active in numerous civic, religious, professional, political, and business organizations, he was among the founders of St. Claire Medical Center in Morehead. He serves on the Board of the Kentucky Department of Financial Institutions and spent 11 years on the National Advisory Board of the U. S. Small Business Administration in Washington. He has been recognized for a half-century of service to community banking in Kentucky.

Virginia G. Fox, executive director and chief executive officer of Kentucky Educational Television, joined KET in 1968 but left in 1980 to become president of Southern Educational Communications Association where she pioneered the development of satellite-based distance learning. Returning to KET in 1988 as chief operating officer, she was named head of the network in 1991. A former public school teacher, she is active in several civic, professional, and educational organizations and was named Appalachian woman of the year in 1995. Mrs. Fox holds a bachelor's degree from MSU and is a member of the Alumni Hall of Fame.

Recommendation:

That the Board ratify the awarding an honorary degree of DOCTOR OF PUBLIC SERVICE to ALPHA M. HUTCHINSON of Morehead, Kentucky, and an honorary degree of DOCTOR OF HUMANITIES to VIRGINIA G. FOX of Frankfort, Kentucky, both during the Spring Commencement ceremony on May 8, 1999.

RESOLUTION HONORING MICHELLE FRANCIS

**BOR (IV)
June 4, 1999**

WHEREAS, Miss Michelle Francis has served as the President of the Student Government Association and as the Student Member of the Board of Regents of Morehead State University for the 1998-99 school year; and

WHEREAS, Miss Francis has demonstrated her leadership abilities through her service on various University committees and by articulating important issues and concerns affecting all students; and

WHEREAS, Miss Francis has served the University with distinction and has honorably performed her duties as prescribed by the Kentucky Revised Statutes and policies of the Board of Regents,

THEREFORE, BE IT RESOLVED by the Morehead State University Board of Regents that Miss Michelle Francis be and hereby is commended for the time, energy, and dedication given as the Student Member of the Board of Regents of Morehead State University.

The Board extends its best wishes to Miss Francis in her future endeavors.

ADOPTED, this fourth day of June, 1999.

ATTEST:

Chair, Board of Regents

Secretary, Board of Regents

President

**1999 FOUNDERS DAY AWARD
FOR UNIVERSITY SERVICE**

**BOR (V)
June 4, 1999**

Background:

The Founders Day Award for University Service was established by the Board of Regents in 1978 and has been presented each year to individuals with records of outstanding service to the University over a sustained period. The presentation is part of the annual Founders Day observance.

Previous recipients have included W. E. Crutcher, 1978; Linus A. Fair, 1979; Carl D. Perkins, 1980; Dr. Warren C. Lappin, 1981; Dr. Ted L. Crosthwait, 1982; Monroe Wicker, 1983; Lloyd Cassity, 1984; Grace Crosthwaite, 1985; Boone Logan, 1986; Dr. Rondal D. Hart, 1987; George T. Young, 1988; John E. Collis, 1989; Dr. Wilhelm Exelbirt, 1990; Dr. R. H. Playforth, 1991; Dr. Mary Northcutt Powell, 1992; Sen. Woody May, 1993; Dr. J. E. Duncan, 1994; Sherman R. Arnett and Harlen L. Hamm, 1995; Dr. Adron Doran, 1996; Robert S. Bishop and K. Martin Huffman, 1997; and Dr. Charles J. Pelfrey, 1998.

The Founders Day Committee recommended that the 1999 award be presented to Carolyn S. Flatt, former director of the University's Personal Development Institute and a 27-year member of the faculty and staff who retired in 1998. Mrs. Flatt wrote the PDI textbook, "A Guide to Personal Development," and is highly respected as an editor and proofreader. Active in several campus, community, and professional organizations, Mrs. Flatt served more than 20 years as faculty advisor to Sigma Sigma Sigma social sorority. A native of Parkersburg, West Virginia, she also taught in the public schools of Carter and Fleming counties in Kentucky and Wood County in West Virginia. Mrs. Flatt holds bachelor's and master's degrees from MSU and an associate degree from Freed-Hardeman College. She is the third woman to receive the award.

The Founders Day Award for University Service was presented to Mrs. Flatt on April 9 by Board Chair L. M. (Sonny) Jones.

Recommendation:

That the Board ratify the selection of Carolyn S. Flatt as the recipient of the 1999 Founders Day Award for University Service.

1999 SPRING GRADUATES

**BOR (VII-A-1)
June 4, 1999**

Recommendation:

That the awarding of degrees to all candidates who successfully completed all degree requirements as approved by the faculty of the University at the 1999 spring Commencement on May 8, 1999, be ratified.

PROMOTION, 1999

BOR (VII-A-2)

June 4, 1999

Background:

In accordance with personnel policies, faculty members desiring promotion are responsible for developing their portfolios for submission to their peers and administrative supervisors for analysis and review. Recommendations from these peer groups and administrators are forwarded to the Executive Vice President for Academic Affairs and Dean of Faculty. The President, based upon recommendations from the Executive Vice President for Academic Affairs and Dean of Faculty, submits his recommendations to the Board of Regents.

Recommendation:

That the Board of Regents approve the granting of promotions to the following with the issuance of their contracts for the 1999-00 year:

Professor

Charles Patrick, IET

Associate Professor

Terry Elliott, accounting
L. Curtis Hammond, music
Joyce Saxon, mathematics

TENURE

**BOR (VII-A-3)
June 4, 1999**

Background:

Morehead State University's personnel policies do not provide a procedure for employing a faculty member with tenure. However, based on Dr. Donna Kizzier's well-established track record of excellence in teaching, reputation in research activities, and scope of service activities, the Department of Information Systems Tenure Committee voted to recommend Dr. Kizzier for employment as an Associate Professor of Information Systems with tenure. The Department Chair and the College Dean have supported this recommendation.

Recommendation:

That the Board of Regents approve the granting of tenure to Dr. Donna Kizzier, associate professor of information systems.

1999 EMERITUS STATUS

**BOR (VII-A-4)
June 4, 1999**

Background:

In accordance with PAc-3, the faculty members and professional librarian listed below were recommended for emeritus status by their peers and immediate supervisors to the Executive Vice President for Academic Affairs and Dean of Faculty. The President, based upon recommendations from the Executive Vice President for Academic Affairs and Dean of Faculty, submits his recommendations to the Board of Regents.

Recommendation:

That the Board of Regents approve the granting of Emeritus Status to the following:

Mr. Jack Henson, business education
Dr. Jack Peters, management
Mr. John Osborne, accounting
Mr. Robert Wolfe, agriculture
Mrs. Helen Williams, librarian IV

FINAL REPORT
SPRING ENROLLMENT, 1999

BOR (VII-A-5)
June 4, 1999

HEAD-COUNT ENROLLMENT

	Spring	% Increase/Decrease
1995	7993	-5.8
1996	7737	-3.2
1997	7748	0.1
1998	7787	0.5
1999	7679	-1.4

FULL-TIME EQUIVALENCY

	Spring	% Increase/Decrease
1995	6140	-5.1
1996	5893	-4.0
1997	5930	0.6
1998	5901	-0.5
1999	5791	-1.9

CREDIT-HOUR PRODUCTION

	Spring	% Increase/Decrease
1995	95,518	-5.1
1996	91,639	-4.1
1997	92,192	0.6
1998	91,597	-0.6
1999	89,895	-1.9

PERSONNEL ACTIONS

BOR (VII-B-1)

June 4, 1999

Background:

The Personnel Action Request Report includes actions related to:

- 1) full-time and continuing part-time faculty, librarians and Executive, Administrative and Managerial employees, except supplemental actions which shall be reported in the Quarterly PAR Informational Report;
- 2) full-time and continuing part-time non-classified Executive, Administrative and Managerial and Professional Staff positions (including supplemental actions);
- 3) discipline;
- 4) leave of absences;
- 5) sabbaticals; and
- 6) retirements.

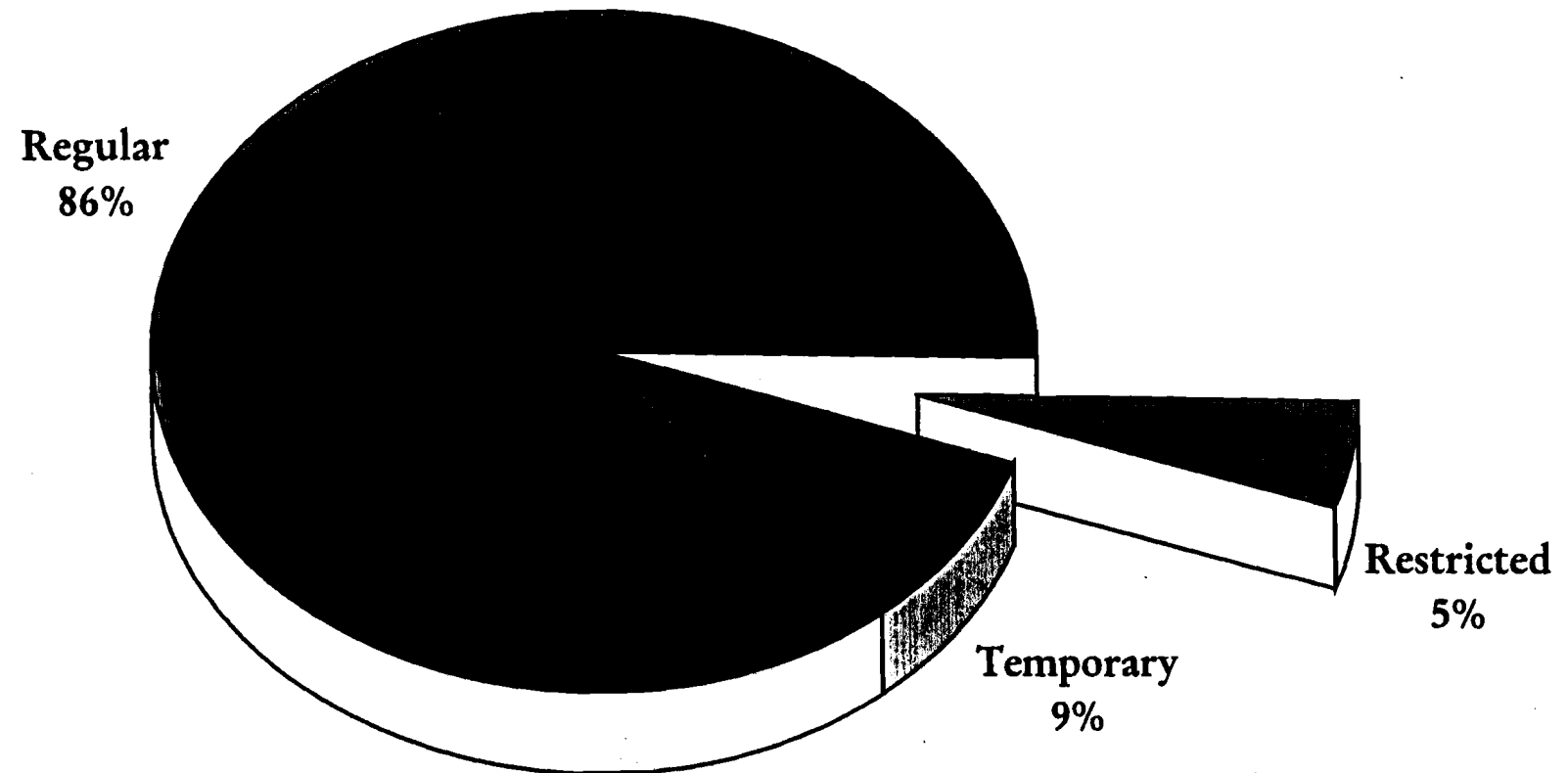
Part-time and temporary appointments are reported in the Quarterly PAR Informational Report.

Recommendation:

That the Board ratify the Personnel Actions for the period February 8, 1999, through May 7, 1999.

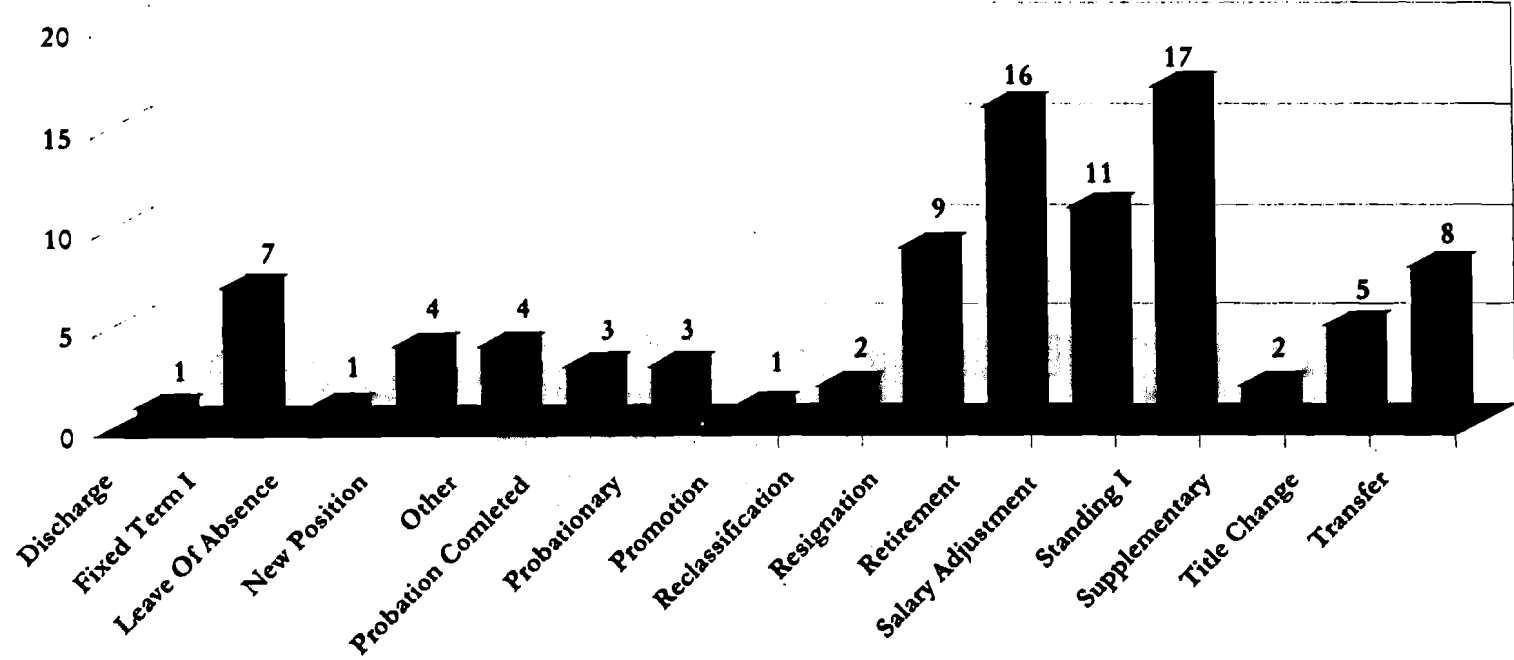
PERSONNEL ACTION REQUEST

2/8/99 thru 5/7/99



Total Number of PARs = 80

PERSONNEL ACTIONS FOR STANDING I & II POSITIONS
2/8/99 thru 5/7/99

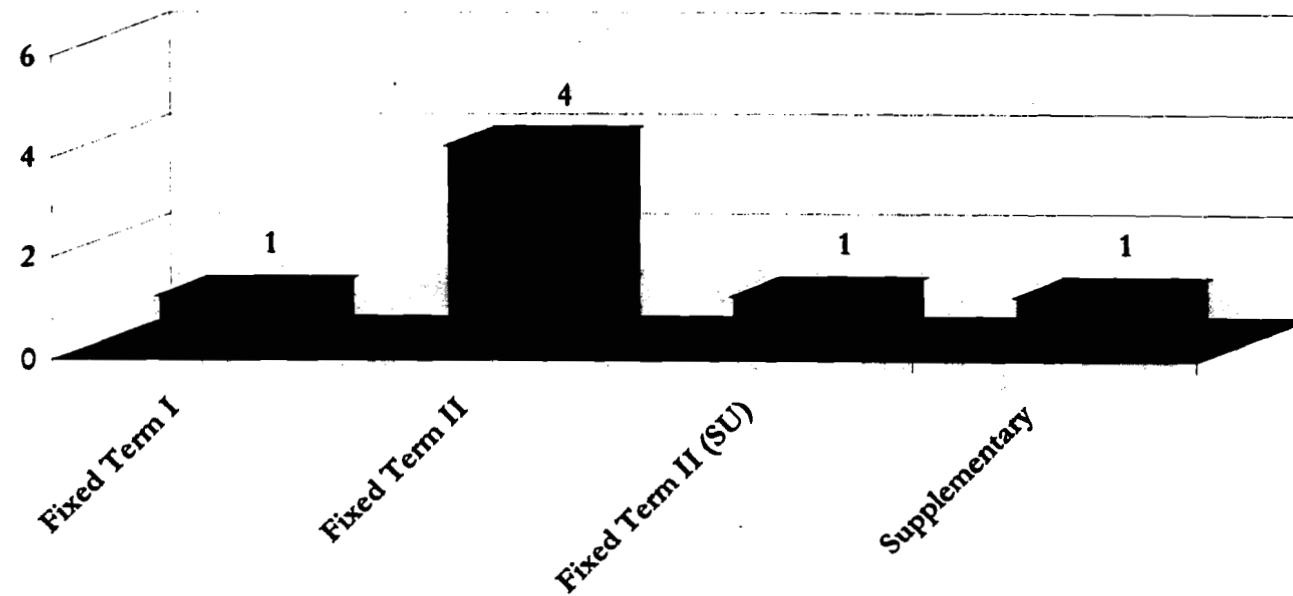


Total Number of PARs = 69

Total Number of Actions = 94

PERSONNEL ACTIONS FOR TERM APPOINTMENTS

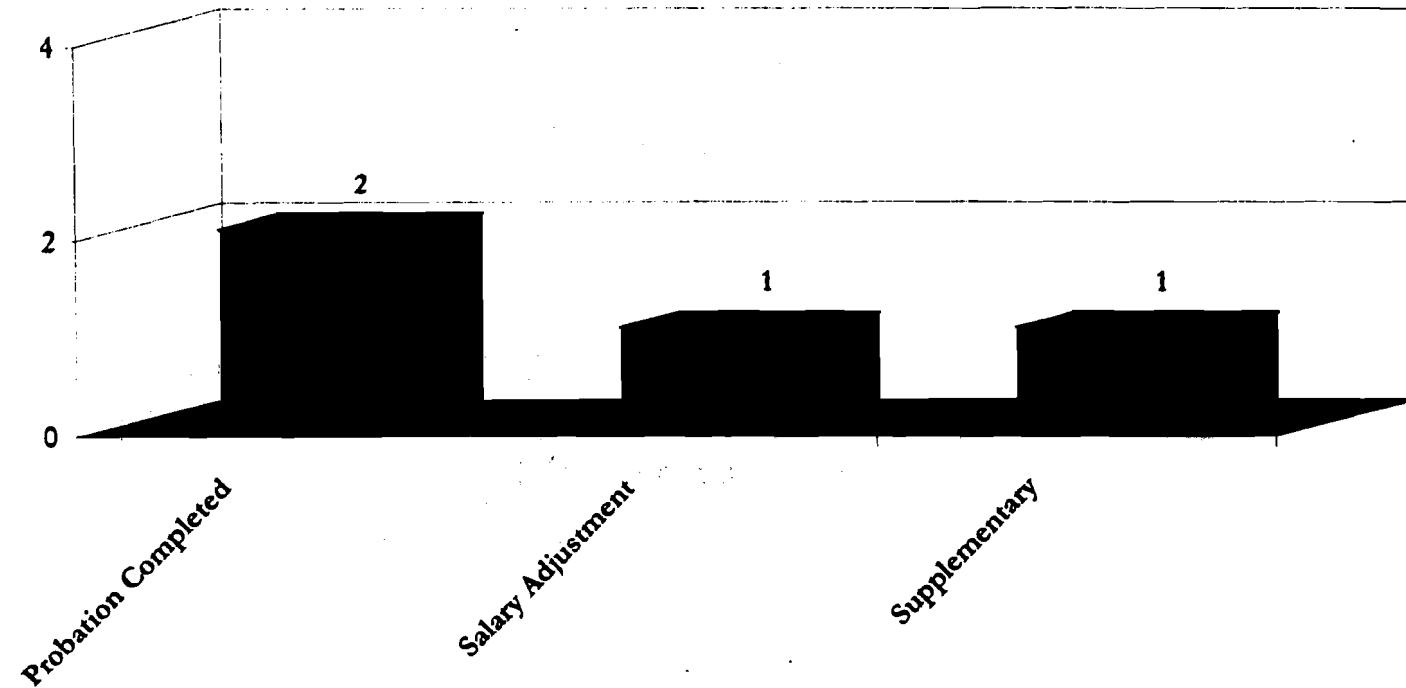
2/8/99 thru 5/7/99



Total Number of PARs = 7

Total Number of Actions = 7

PERSONNEL ACTIONS FOR RESTRICTED APPOINTMENTS
2/8/99 thru 5/7/99



Total Number of PARs = 4

Total Number of Actions = 4

MOREHEAD STATE UNIVERSITY
STANDING I AND STANDING II POSITIONS SUMMARY
05/07/1999

<u>DEPARTMENT NAME</u>	<u>July 1 Authorized Positions</u>	<u>Current Authorized Positions</u>	<u>+/- Position Adjustments</u>	<u>Current Position Strength</u>	<u>% Current Strength</u>
OFFICE OF THE PRESIDENT	16.75	19.75	3.00	15.75	79.74
DIVISION OF UNIVERSITY RELATIONS	26.00	25.50	-0.50	24.50	96.07
DIVISION OF ADMINISTRATION AND FISCAL SERVICES	104.00	107.00	3.00	97.00	90.65
PHYSICAL PLANT	153.70	153.70	0.00	142.70	92.84
DIVISION OF STUDENT LIFE	101.80	114.80	13.00	110.80	96.51
DIVISION OF ACADEMIC AFFAIRS	38.50	33.50	-5.00	31.50	94.03
CAUDILL COLLEGE OF HUMANITIES	126.75	127.75	1.00	126.75	99.23
COLLEGE OF BUSINESS	57.00	50.50	-6.50	44.50	88.11
COLLEGE OF EDUCATION & BEHAVIORAL SCIENCE	111.75	111.75	0.00	100.25	89.71
COLLEGE OF SCIENCE AND TECHNOLOGY	140.02	140.02	0.00	134.02	95.71
INSTITUTE FOR REGIONAL ANALYSIS & PUBLIC POLICY	0.00	6.00	6.00	3.50	58.33
GRADUATE AND UNDERGRADUATE PROGRAMS	33.75	36.92	3.17	35.92	97.29
CAMDEN-CARROLL LIBRARY	41.00	40.00	-1.00	39.50	98.75
	951.02	967.19	16.17	906.69	93.74

NOTE: Positions are expressed in terms of full-time equivalency.

DEFINITIONS OF THE DIFFERENT KINDS OF APPOINTMENTS

Standing I:	Appointment to a continuing full-time faculty, administrative or staff (exempt or non-exempt) position. *Regular status. No ending date. Appointment may be terminated, if for cause.
Standing II:	Appointment to a continuing part-time faculty, administrative or staff (exempt or non-exempt) position. **Non-Regular status. No ending date. Appointment may be terminated, if for cause.
Fixed Term I:	Appointment to a full-time faculty, administrative or staff (exempt or non-exempt) position for at least six calendar months but not to exceed one year. Non-faculty appointments may be renewed from year to year. Faculty appointments may be renewed from year to year but cannot exceed five academic years. *Regular status. Terminable on specified ending date of appointment, or earlier, if for cause.
Fixed Term II:	Appointment to a full-time (up to six calendar months) or part-time (up to one year) faculty, administrative or staff exempt position. **Non-Regular status. Terminable on specified ending date of appointment, or earlier, if for cause.
Supplementary:	Supplementary appointment to original employment agreement. For example, Summer I & II faculty appointments or 9 month appointment extended to 10, 11, or 12 month appointment. Also used for additional responsibilities as supplement to Standing or Fixed Term appointments. For example, an administrator teaching a class or compensation for over-the-road pay. Not to be used for regular overtime pay. A supplemental appointment does not change an employee's base pay or employment status.

* Regular status denotes an appointment of a faculty, administrative, or staff member to a full-time position, with benefits fully covered, that will exist for at least six calendar months.

** Non-Regular status denotes an appointment of a faculty, administrative, or staff member to a position that is less than full-time or is full-time for a period not to exceed six calendar months.

**THE FOLLOWING ARE TYPES OF APPOINTMENTS & PERSONNEL ACTIONS
REPORTED IN THE APPOINTMENT STATUS ACTIONS SECTION:**

DISCHARGE

PROMOTION

FIXED TERM I

RECLASSIFICATION

FIXED TERM II

RESIGNATION

FIXED TERM II (SU)

RETIREMENT

LEAVE OF ABSENCE

SALARY ADJUSTMENT

NEW POSITION

STANDING I

OTHER

TITLE CHANGE

PROBATIONARY

TRANSFER

PROBATION COMPLETED

Appoin..... Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
ANDERSEN, MARK G. Instructor of Marketing Management & Marketing	\$16,000.00	Fixed Term II	08/16/1999 - 12/17/1999	Roster ID # 001178
BALDWIN, ALAN ROMANS Asst. to EVPAA & IPA Officer Off., Exec. VP Acad. Affairs 003166 \$45,000.00	\$45,000.00	Probation Completed	12/28/1998	
BARNETT, MARK ANTHONY Pest Controller Pest Control 000821 \$9.23/hr.	\$9.23/hr.	Retirement	03/31/1999	
BLACK, JAMES IRVING Asst. Women's Basketball Coach Women's Basketball 000650 \$29,611.00	\$29,611.00/11 mo.	Fixed Term I	04/01/1999 - 03/31/2000	
BOWLING, EDGAR E Maint. Technician II Building Maintenance 000707 \$12.36/hr.	\$12.36/hr.	Retirement	02/26/1999	
BREEDEN, WAYNE T. Assistant Basketball Coach Men's Basketball 002219 \$41,126.00	\$41,126.00/11 mo.	Fixed Term I	04/01/1999 - 03/31/2000	

Appointment Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
BROWN, RICHARD RAY Maint. Tech. III, Carpentry Building Maintenance 000706 \$12.63/hr.	\$12.63/hr.	Retirement	02/26/1999	
CARTER, LARRY EUGENE Inst. Region. Analy. Pub. Pol. Asst. Professor of Government 003282 \$39,500.00	\$39,500.00	Standing I New Position	08/16/1999	Roster ID # 002996
COGSWELL, CAROLYN Asst. Prof. Child Development Elem. Read. & Spec. Education 003236 \$33,354.00	\$34,654.00 (\$1,300.00 incr.)	Transfer Salary Adjustment (From Human Sciences to ERSE)	08/17/1999	Roster ID # 002996
COMBS, BRIGETTE Institutional Marketing Dir. Off., V.P. for Univ. Relations 003241 \$39,000.00	\$39,000.00	Probation Completed (Director of Institutional Marketing)	11/07/1998	
CONLEY, ALENE M Building Services Technician Residence Hall-Bldg. Services 000785 \$8.39/hr.	\$8.39/hr.	Retirement	03/31/1999	
CORLEY, DONNA JEAN Assoc. Professor of Nursing Nursing & All. Health-BSN Prog 000976 \$40,911.00	\$40,911.00	Leave of Absence (Educational Leave without pay)	08/16/1999 - 05/12/2000	

Appoin..... Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
DEVORE, NIKOLOS R. Head Tennis Coach Tennis 001207 \$25,000.00	\$25,000.00	Probation Completed	02/06/1999	
DIALS, DENISE LEVONNE JTPA Trainer Job Training Part. Act Prog.	\$23,322.00	Probation Completed	02/14/1999	Restricted
DIALS, DENISE LEVONNE JTPA Trainer Job Training Part. Act Prog.	\$24,403.00/annual	Salary Adjustment (From \$23,322 to \$24,403 \$1,081 incr.)	02/16/1999 - 06/30/1999	Restricted
DUNN, GARY W. Offensive Coordinator Football 001141 \$38,600.00	\$30,600.00/annual	Fixed Term I Probation	03/29/1999 - 12/31/1999	
DURDEN, JEFFERY LEE Offensive Coordinator Football 001141 \$38,600.00	\$38,600.00	Resignation	02/21/1999	
ELLINGTON, JANE C. Assoc. Prof. Human Sciences Agricultural Sciences-Agricul. 000279 \$39,357.00	\$40,800.00 (\$1,443.00 incr.)	Transfer Salary Adjustment (From Human Sciences to Agricultural Sciences)	08/17/1999	Roster ID # 002996

Appointment Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
FENTON, M. DEAN Assistant Professor of CIS Information Systems 003147 \$55,337.00	\$58,000.00	Standing I	08/16/1999	Roster ID # 002996
GLENDENING, ANDREW R. Assoc. Professor of Music Music 000524 \$38,931.00	\$38,931.00	Resignation	05/07/1999	
GRAHAM, NANCY K. Dir., Inst. Foods Lab Agricultural Sciences-Agricul. 000280 \$37,800.00	\$39,186.00 (\$1,386.00 incr.)	Transfer Salary Adjustment (From Human Sciences to Agricultural Sciences)	08/17/1999	Roster ID # 002996
GOTSICK, PRISCILLA Auto. & Micro. Lab. Coord. Off. Dean Coll. Science & Tech 000302 \$28,427.00	\$28,427.00	Retirement	05/14/1999	
GRAVES, MARK ALAN Instructor of English English, Foreign Lang. & Phil.	\$23,400.00	Fixed Term I	08/16/1999 - 05/11/2000	Roster ID # 002996
GRIGSBY, CORBETT Assoc. Women Basketball Coach Women's Basketball 003127 \$37,014.00	\$37,014.00/11 mo.	Fixed Term I	04/01/1999 - 03/31/2000	

Appoi Status Actions
02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
HARTY, HAROLD Professor of Education Inst. Region. Analy. Pub. Pol. 003281 \$46,639.00	\$93,280.00	Title Change Transfer Salary Adjustment (From Dean, Coll. Ed. & Beh. Sci. to Prof. Of Ed, IRAPP. From \$91,450 to \$93,280. \$1,830 incr.)	07/01/1999	Roster ID # 002996
HEBBLE, ROBERT L. Visiting Assistant Professor Mathematics 000573 \$63,911.00	\$36,000.00	Standing I	08/16/1999	
HENDERSON, KENNETH V. Asst. Professor of Marketing Management & Marketing 001178 \$57,132.00	\$58,500.00	Standing I	01/05/2000	Roster ID # 002996
HENSLEY, CHRISTOPHER LEE Dir., Inst. Correct. Training Correct. Research & Training 002986 \$46,083.00	\$46,740.00	Standing I	07/01/1999	Roster ID # 002996
HORN, DARRIN M Assistant Basketball Coach Men's Basketball 002218 \$24,676.00	\$24,676.00/11 mo.	Fixed Term I	04/01/1999 - 03/31/2000	

Appointment Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
HORN, DARRIN M Assistant Basketball Coach Men's Basketball 002218 \$24,676.00	\$24,676.00	Resignation	05/05/1999	
HOWARD, JENNIFER LEE Instructor of HPER Health, P.E. & Recreation	\$685.00	Fixed Term II (SU) (Over the Road)	01/11/1999 - 05/07/1999	Over The Road Acct.
HU, XIAOBO Asst. Professor of Government Geog., Government & History 002823 \$37,233.00	\$37,233.00	Resignation	05/11/1999	
HUNT, RICHARD L Assoc. Professor of Chemistry Physical Sciences 000592 \$55,239.00	\$55,239.00	Other (75% time with Physical Sciences and 20% time with IRAPP)	01/04/1999 - 05/10/1999	
HUNTER, PAULINE L. Instructor of Human Sciences Human Sciences	\$14,000.00	Fixed Term II	01/11/1999 - 05/07/1999	Roster ID # 000551
JONES, TAMI B. Director of Alumni Relations Off. Develop. & Alum. Relations 000149 \$57,336.00	\$40,000.00	Standing I Probationary Promotion Salary Adjustment Title Change Transfer (From Coord., Alum. Act. & Licens. To Dir. Alum. Rel. From \$31,544 to \$40,000)	05/17/1999	

Appoin Status Actions
02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
KEARNS, GROVER S. Assistant Professor of CIS Information Systems 002816 \$55,872.00	\$62,000.00	Standing I	08/16/1999	Roster ID # 002996
KIZZIER, DONNA L. Assoc. Prof. Inf. Sys./Bus. Ed Information Systems 003213 \$30,777.00	\$65,000.00	Standing I	08/16/1999	Roster ID # 002996
KUNZ, MICHELLE B. Assoc. Prof. Human Sciences Human Sciences 003110 \$49,500.00	\$47,063.00	Transfer Salary Adjustment Title Change (From Assoc. Prof. of Human Sci. to Asst. Prof of Marketing, From \$43,033 to \$47,063)	08/16/1999	
LESTER, DEANNA LYNN Access Serv. Materials Spec. Camden Carroll Library 000691 \$11.74/hr.	\$11.74/hr.	Retirement	07/30/1999	
LEWIS, KATHRYN MARIE Asst. Professor of Mathematics Mathematics 000580 \$34,825.00	\$35,000.00	Standing I	08/16/1999	Roster ID # 002996

Appointment Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
MACY, KYLE ROBERT Head Basketball Coach Men's Basketball 000636 \$66,830.00	\$66,830.00/11 mo.	Fixed Term I	04/01/2001 - 03/31/2003	
MAINGI, JOHN KAUNDA Asst. Professor of Geography Inst. Region. Anal. Pub. Pol. 003274 \$41,000.00	\$41,000.00	Standing I New Position	08/16/1999	Unbudgeted Revenues
MALINAUSKAS, BRENDA M. Asst. Prof. Of Nutrition/Diet. Agricultural Sciences-Agricul. 000278 \$37,439.00	\$38,812.00 (\$1,373.00 incr.)	Transfer Salary Adjustment (From Human Sciences to Agricultural Sciences)	08/17/1999	Roster ID # 002996
MAYS, GEORGE ALPHA Assistant Professor of English English, Foreign Lang. & Phil. 000499 \$36,818.00	\$36,818.00	Retirement	05/15/1999	
MITCHELSON, RONALD LEON Professor of Geography Geog., Government & History 003048 \$64,094.00	\$64,094.00/9 mo.	Other (50% time with Geography and 50% time with IRAPP)	01/04/1999 - 06/30/1999	
MITCHELSON, RONALD LEON Professor of Geography Geog., Government & History 003048 \$64,094.00	\$64,094.00	Resignation	05/11/1999	

Appoi..... Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
NEWSOME, JOHN ANTHONY Asst. Prof. of Phy. Education Health, P.E. & Recreation 000425 \$33,273.00	\$36,000.00	Standing I	08/16/1999	Roster ID # 002996
OFFUTT, CHRISTOPHER JOHN Assistant Professor of English English, Foreign Lang. & Phil. 003238 \$20,000.00	\$20,000.00	Resignation	05/10/1999	
OYEN, DAVID W. Assistant Professor of Music Music 000527 \$29,311.00	\$32,725.00	Standing I	08/16/1999	Roster ID # 002996
PERRY, RHONDA GAYLE Administrative Secretary Off. Develop. & Alum. Relation 003243 \$9.13/hr.	\$9.13/hr.	Discharge	04/19/1999	
PHILLIPS, CLARENDA MICHELLE Asst. Professor of Sociology Sociology, Soc. Work, Crim. 003265 \$34,000.00	\$36,000.00	Standing I	01/05/2000	Roster ID # 002996
PRICE, DEREK V. Asst. Professor of Sociology Sociology, Soc. Work, Crim. 003267 \$35,000.00	\$35,000.00	Standing I	08/16/1999	

Appointment Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
REEDER, BRIAN C. Professor of Biology Biological & Environmental Sci 000561 \$50,909.00	\$50,909.00	Other (50% time with Biology and 50% time with IRAPP)	01/04/1999	
REEVES, EDWARD B. Dept. Chair, Socio., Soc. Work Sociology, Soc. Work, Crim. 000626 \$62,500.00	\$62,500.00	Other (80% time with Sociology and 20% time with IRAPP)	01/04/1999	
RHODES, TIMOTHY P. Asst. V. P., Adm. Fin. Aid & Hou. Office of Financial Aid 000922 \$61,347.00	\$67,920.00	Title Change Salary Adjustment (From Dir. Adm./Fin. Aid to Asst. VP Adm. Fin. Aid & Housing. From \$66,147 to \$67,920. \$1,773 incr.)	07/01/1999	Opening Bud-Undist.
RIGGS, JANE L. Instructor of English English, Foreign Lang. & Phil. 000499 \$36,818.00	\$25,000.00	Fixed Term I	08/16/1999 - 05/11/2000	
ROBINSON, RUTH ANN Administrative Secretary Camden Carroll Library 000695 \$12.33/hr.	\$12.33/hr.	Retirement	07/30/1999	

Appoi..... Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
SAMPLEY, MARILYN Y. Asst. Dean, Science & Tech. Off. Dean Coll. Science & Tech. 001786 \$67,923.00	\$70,015.00 (\$2,092.00 incr.)	Transfer Title Change Salary Adjustment (From Dept. Chair, Human Sci. to Asst. Dean, Science & Tech.)	08/01/1999	Roster ID # 002996
SCANLON, GEORGE EDWARD Bus Driver Motor Pool 000761 \$9.87/hr.	\$9.87/hr.	Retirement	04/30/1999	
SCOTT, YOLANDA MARIA Asst. Professor of Sociology Sociology, Soc. Work, Crim. 003210 \$31,726.00	\$31,726.00	Resignation	05/07/1999	
SHELTON, CYNTHIA MAUDINE Instructor of Mathematics Mathematics	\$13,500.00	Fixed Term II (Supersedes previous PAR for \$12,000)	01/11/1999 - 05/07/1999	Roster ID # 000580
SNIDER, PERRY L Farm Laborer Agricultural Sciences-Farm 000254 \$8.68/hr.	\$8.68/hr.	Retirement	03/31/1999	
SPRADLING, JEFF ALAN Director of Marketing Support Off. of Marketing Support 000195 \$30,972.00	\$34,797.00	Reclassification Salary Adjustment (From \$31,220 to \$34,797. \$3,557 incr.)	02/08/1999	Roster ID # 001261

Appointment Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
STAMPER, JERRY L Groundskeeper Landscaping & Grounds Maint. 000742 \$9.69/hr.	\$9.69/hr.	Retirement	03/31/1999	
STONE, IRIS JEANETTE Senior Periodicals Technician Camden Carroll Library 000696 \$10.08/hr.	\$10.08/hr.	Retirement	07/30/1999	
TAMME, RONDA C Instructor of Education Elem. Read. & Spec. Education	\$9,000.00	Fixed Term II	01/11/1999 - 05/07/1999	Roster ID # 002892
TAYLOR-ROWE, LATONYA KAY Child Care Instructor CDPCRC	\$28,000.00	Probation Completed	02/06/1999	Restricted
TESCH, DEBORAH BLOXOM Associate Professor of CIS Information Systems 002816 \$55,872.00	\$55,872.00	Resignation	05/10/1999	
TESCH, ROBERT CRAIG Associate Professor of CIS Information Systems 003108 \$56,183.00	\$56,183.00	Retirement	05/10/1999	

Appointment Status Actions

02/08/1999 - 05/07/1999

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
TREMPER, FRED W. Keyboard Technician Music 002468 \$33,231.00	\$33,231.00	Retirement	06/30/1999	
WASHER, KENNETH M. Asst. Professor of Finance Accounting & Economics 003266 \$65,000.00	\$65,000.00	Standing I	08/16/1999	Roster ID # 002996
WHEELER, ALBAN LEWIS Professor of Sociology Sociology, Soc. Work, Crim. 001225 \$68,100.00	\$68,100.00	Retirement	12/20/1999	
WILLIAMS, HELEN SANDRA Asst. Director of Libraries Camden Carroll Library 000681 \$53,482.00	\$53,482.00	Retirement	07/30/1999	
WYMER, SCOTT A. Ctr. on Virt. Appal. Dir. & CC Inst. Region. Analy. Pub. Pol. 003262 \$35,000.00	\$35,000.00	Standing I Probation New Position	03/08/1999	Unbudgeted Revenues
YOUNG, ALICE L. Assistant Professor Education Elem. Read. & Spec. Education 000269 \$36,608.00	\$36,608.00	Resignation	05/07/1999	

Appointment Status Actions

02/08/1999 - 05/07/1999

Name

Title

Department

Roster ID

Position Base Salary

Salary

Description

Effective Date

Fund Source

YOUNG, PAULINE HOLBROOK

\$34,797.00

Reclassification

02/08/1999

Roster ID # 001286

Dir. of Univ. Communications

(\$1,941.00 incr.)

Salary Adjustment

Roster ID # 000547

Off. of Univ. Communications

000180

\$32,856.00

**THE FOLLOWING IS THE TYPE OF PERSONNEL ACTION REPORT
IN THE SUPPLEMENTAL ACTIONS SECTION:**

SUPPLEMENTARY

Total for this report = \$2,207.00

Teaching	\$400.00
Other	\$1,807.00

Supplemental Actions

02/08/1999 - 05/07/1999

Name Title Current Salary	Supplement	Description	Effective Date	Fund Source
<u>Elem. Read. & Spec. Education</u>				
MCGHEE, CONNIE LOU	\$750.00	IECE grant	08/17/1998 - 09/01/1998	Restricted
Regional Monitoring Specialist	\$375.00	IECE grant	09/01/1998 - 11/03/1998	Restricted
\$28,244.00	\$625.00	IECE grant	01/11/1999 - 05/07/1999	Restricted
TIERNEY, LELANA GRAVES	\$375.00	IECE grant	09/01/1998 - 11/03/1998	Restricted
Program Consultant	\$750.00	IECE grant	01/11/1999 - 05/07/1999	Restricted
\$31,676.00				
<u>Camden Carroll Library</u>				
KEYES, CLARA BARTON	\$400.00	Teach 1 hr.	03/22/1999 - 05/07/1999	Roster ID # 000173
Librarian IV				
\$46,391.00				
<u>Job Training Part. Act Prog.</u>				
DIALS, DENISE LEVONNE	\$432.00	Super. PAR/Superv. Instr.	11/02/1998 - 02/15/1999	Restricted
JTPA Trainer				
\$24,403.00				

**OPERATING AGREEMENT WITH
MSU FOUNDATION, INC.**

**BOR (VII-B-2)
June 4, 1999**

Background:

MSU Foundation, Inc., Recognized by MSU Board of Regents as Fiduciary

Since 1993, the Board of Regents has recognized the Morehead State University Foundation, Inc., as the fiduciary for private gifts to the University. The Board further specified that the obligations of that relationship be set forth in an operating agreement between the University and Foundation.

The initial operating agreement was developed and signed on October 28, 1993, amended in March 1994 and July 1996. The operating agreement has been a very useful and functional management tool and the relationship between the Foundation and University has been and remains excellent. Recent changes by the 1998 General Assembly, however, are prompting an amendment to the agreement that will allow the University to take advantage of the investment strategies and flexibilities offered by the Foundation. Other amendments to the agreement are also being recommended to strengthen and clarify communications and reporting to the University.

Regional University Trust Fund Established by 1997 Higher Education Reform Act

The 1997 Higher Education Reform Act created the Regional University Excellence Trust Fund for the purpose of establishing Programs of Distinctions, Endowed Chairs, Professorships, Graduate Fellowships and Comprehensive Mission Support at the regional universities. The 1998 General Assembly authorized the Council on Postsecondary Education (CPE) "to transfer endowment funds from the trust fund account to the respective universities for management and investment by the university foundations if the foundations have been previously created to manage and invest private gifts and donations on behalf of the universities over time."

Approved Program of Distinction and Creation of Two Endowments

On September 18, 1998, the Board of Regents approved the Institute for Regional Analysis and Public Policy as the University's planned Program of Distinction. On January 25, 1999, the CPE approved the Institute.

Two endowments, requiring University matching funds, were approved by the CPE as part of the proposed fiscal plan related to the Program of Distinction. The Institutional Building Endowment is a \$1.73 million endowment that will provide a source of annual financial support to assist the University build and improve on various academic

and classroom initiatives. The second endowment will provide direct support to the approved Program of Distinction and will have a corpus of \$1.42 million at the end of the current biennium. Both endowments required a 1:1 match of institutional or private funds.

The University utilized its \$1.1 million "Fund for Excellence" endowment and budgeted university fund balances to comply with the matching requirements. The Fund for Excellence endowment was created by the Board of Regents in 1985 and had grown to \$1.1 million at the time of its use as a match for the Regional University Excellence Trust Funds. The primary fund source to the Fund for Excellence has been the proceeds from the sale of surplus real property. On February 24, the CPE and the Finance and Administration Cabinet authorized the transfer of the Trust Funds to the University. The University subsequently transferred the endowment funds to the MSU foundation for investment.

Due to the significance of the legislative authorized investment of public funds by institutional foundations related to the Programs of Distinction and Endowed Professorships, it is recommended that the Board approve this and any future amendments to the operating agreement with the MSU Foundation. Much of the current operating agreement has been incorporated into the new agreement. The current agreement (Attachment 1) is attached.

MSU Foundation, Inc.

The MSU Foundation was incorporated in 1979 as a non-affiliated corporation under the provisions of Chapter 273, Kentucky Revised Statutes. The Foundation's Corporate articles define its purpose as "to do and perform all things necessary for the development, growth, expansion, progress, the accomplishment of educational objectives, the development of the physical plant, the improvement of the faculty, and aid the student body and alumni of Morehead State University." The Foundation's current Board members are listed in Attachment 2. Board members shall be alumni or other friends, regardless of state of residence, who are recognized as major benefactors of the University through membership in The Society of MSU Fellows.

The President of the University, the Chief Fiscal Officer of the University, the President of the MSU Alumni Association and the Chief Development Officer of the University (who shall also serve as the Chief Executive Officer of the Foundation) are ex-officio members of the Foundation Board.

The MSU Foundation, Inc.'s investments are managed by Solomon Smith Barney, Lexington. The Foundation's approved Investment Policy Statement, Attachment 3, is reviewed annually by its Finance Committee. Last reviewed and approved by the Finance Committee on February 11, 1999, the Foundation's general investment objectives *are characterized to emphasize total return and that the conservation of present capital is of primary importance. Accordingly, the risk level of the entire fund should be low, although it is appropriate for some components to be subject to market fluctuations.* Last year the Foundation's return on investment was significantly higher than the rate of return the Commonwealth of Kentucky

obtained for the Fund for Excellence. Last year the Foundation's rate of return, including growth, was 12.2% (less management fee) and the state's interest return was 6.5%.

Sufficient Foundation management controls exist to allow for the continued successful administration and investment of the funds entrusted thereto, thus we are recommending that the Board of Regents approve the new operating agreement and approve the investment and administration of the endowments created from the Regional University Excellence Trust Fund.

Recommendations:

That the Board of Regents approve the new operating agreement with the Morehead State University Foundation, Inc., and seek concurrence from the Foundation Board.

That the Board of Regents approve the transfer of the funds from the Regional University Trust Fund and the University's matching funds to the Foundation for the Foundation's administration and investment.

**Operating Agreement
between
Morehead State University and
Morehead State University Foundation, Inc.**

Morehead State University (University) and Morehead State University Foundation, Inc. (Foundation), hereby agree to the following provisions:

1. Recognition of Foundation's Fiduciary Relationship

The Morehead State University Board of Regents recognizes the Morehead State University Foundation, Inc., as its fiduciary to solicit, receive and administer all private gifts to the University.

Upon approval by the Board of Regents, the Foundation may receive and administer public funds of the University under the provisions of House Bill 321, enacted by the 1998 General Assembly, related to the investment of funds from the Regional University Excellence Trust Fund.

The President of the University shall, in advance, approve the acceptance of a private gift that is to be matched with funds from the Regional University Excellence Trust Fund, to insure compliance with state matching guidelines.

The University recognizes and affirms a fiduciary relationship with the Foundation for the identification, receipt, acknowledgement and administration of all private gifts, regardless of check payee designation. Every reasonable effort shall be exercised by both the Foundation and the University to ensure that the intent of private donors (individuals, businesses or foundations) is followed with respect to their gifts, subject to compliance with sections 273.510 through 273.590 of the Kentucky Revised Statutes (Uniform Management of Institutional Funds Act).

2. Communications

The Chief Executive Officer of the Foundation shall regularly communicate with the University President in regard to the Foundation's support to the University, its fund raising plans and activities, and the general condition of the Foundation.

The President of the University shall be responsible for ensuring that the resource needs of the University are effectively communicated to the Foundation, through the Chief Executive Officer of the Foundation.

The Chief Executive Officer of the Foundation will promptly advise the President and Treasurer of the University if major gifts can affect the funds available for University use during the fiscal period.

The Chief Executive Officer of the Foundation will likewise advise the University President, and Treasurer in a timely manner of any gift of at least \$10,000; and provide

a quarterly report of all unrestricted and restricted gifts received during the previous quarter. Restricted gifts shall be identified as to their purpose.

The Chief Executive Officer of the Foundation shall also provide semi-annual reports of all gifts received to the President and University Board of Regents.

Within 30 days of approval, the Foundation will make its meeting minutes available to the University.

The Chair of the Board of Trustees of the MSU Foundation may meet with the Morehead State University Board of Regents during its regular meetings as he or she deems appropriate.

3. **University Support Services**

The University shall provide office space, support equipment and professional accounting and business services to the Foundation. The Foundation shall reimburse the University for these services at a rate determined annually by the University in consultation with the Foundation. The reimbursement amount effective July 1, 1999 shall be \$30,000.

4 **Endowment Management**

The Foundation shall be allowed fees for the management and financial advisory services related to the University's endowment(s). The fees shall be reviewed annually.

Each endowment shall be maintained and accounted for separately within the Foundation's investment and operating account structure. Foundation investment policies and general risk factors related to the endowments funded partially or in whole with public monies shall be specified.

5. **Annual Support Advisories**

The Chief Executive Officer of the Foundation shall advise the University's Treasurer and Assistant Vice President for Student Life (responsible for Financial Aid) no later than March 1 each year, regarding the available resources and specific eligibility requirements of each privately funded financial aid program for the ensuing school year. Financial aid supported by the Foundation shall be disbursed through the University and in consultation with the University's Scholarship Committee.

For programs other than financial aid, the Foundation's Chief Executive Officer shall provide a written advisory by March 1 each year to the University's Treasurer of the anticipated annual support for the upcoming fiscal year. This advisory will detail: (a) general or University unrestricted support; (b) support restricted to use, (c) support from institutional endowments and (d) support for athletics. The Foundation Board of Trustees will approve or ratify this forecast.

6. **Coordinated Fund Raising Activities**

The Chief Executive Office of the Foundation and the University President shall coordinate all major fund raising activities in advance of their initiation and shall keep each other fully informed in such matters.

7. **University Billing**

The University will prepare billing statements to the Foundation for the general categories of Foundation support detailed in Sections 3 and 5 of this Operating Agreement. Normally, the Foundation payment will be forthcoming in 30 days. The transmission of new or other Foundation income or support not anticipated nor identified in the Annual Support Advisories shall be coordinated with the Treasurer of the University.

8. **Private Gift Accounting**

The University, by both policy and practice, will facilitate the proper reporting of private fundraising by University budget units to the Foundation. This will enable the Foundation to properly record, acknowledge and report all private gifts to the University.

9. **Receipts and Deposits**

The Foundation will be responsible, to the best of its ability, for determining the source of all funds received and will promptly secure and deposit funds solely from fund raising and related activities. The Foundation shall also receive and promptly deposit public funds transmitted to it in accordance with Section 1 of this Operating Agreement.

The Foundation will not deposit funds resulting from the sale or rental of University assets.

The collection of University funds by the Foundation may be allowed with prior approval of the University. Funds collected by the Foundation on behalf of the University, e.g., athletic ticket sales, etc., will be appropriately secured and deposited with the University within five (5) business days following their collection.

10. **Gifts-in-Kind**

The Foundation will transfer any functional and/or useful gifts-in-kind to the University. If the appropriate University budget unit predetermines that the gift cannot be utilized, the Foundation will sell the gift and deposit the proceeds in the appropriate Foundation account.

If the gift-in-kind requires University support, i.e., livestock or computers, the gift will not be accepted without prior approval from the appropriate University unit. Gifts of livestock will specifically require the advance approval of the Dean of the College of Science and Technology. Likewise, University personnel will not accept gifts-in-kind requiring University support without advance approval from the Foundation. After acceptance, gifts-in-kind requiring University support will be transferred to the

University in a timely manner. Sale by the University of any gift-in-kind with an original fair market value of \$5,000 or more shall be reported promptly to the Foundation.

At a time to coincide with the transfer of a gift-in-kind, the Foundation will provide written confirmation of the transfer to the University's Director of Support Services and Director of Accounting and Budgetary Control. The confirmation shall contain the date, description, fair market value, and receiving budget unit of the gift. Once a gift has been transferred, any resulting funds from use or sale of the gift shall be University property.

11. **Account Establishment**

The Foundation, with the cooperation of University budget units, shall secure University prior approval to establish all University-related accounts. The Treasurer of the University and the appropriate University Vice President will approve the establishment of each account based on a written statement from the applicable University budget unit regarding the account's purpose and source of funds.

12. **University Unit Disbursements**

The disbursement of funds by the Foundation for direct support of University budget units shall be accomplished by a transfer of funds from the Foundation to the University. The transfer of funds must be approved by the University's Office of Budgets and Management Information.

Disbursements of this type include such expenses as payments to University personnel for services, travel, or reimbursement of expenses, unless specifically exempted by a prior and separate agreement. Fund raising expenses and Foundation administrative costs are not considered support items for this purpose.

13. **Record Review and External Audits**

The Foundation and University agree that access to Foundation records related to accounts maintained on behalf of a University budget unit will be available to any authorized party designated by the University's Vice President for Administration and Fiscal Services. An annual listing of all foundation accounts for University budget units and the account balances will be furnished to the Treasurer of the University and the University President by July 1 of each year.

The Foundation shall provide for an external audit of its financial records each year and shall furnish copies of said audits to the University.

14. **Duration of Agreement**

This agreement shall be effective upon approval, and shall remain in effect until such time as it is mutually amended or terminated by the parties.

IN WITNESS WHEREOF, we have hereunto affixed our signatures this _____
day of _____, 1999 .

Chief Executive Officer
MSU Foundation, Inc.

President
Morehead State University

OPERATING AGREEMENT

between Morehead State University and Morehead State University Foundation, Inc.

Morehead State University (University) and Morehead State University Foundation (Foundation), Inc., hereby agree to the following provisions:

1. **Facility Support**

The University shall provide office space for the Foundation and shall provide utilities, repair, maintenance and custodial services. The Foundation shall in return, pay \$2,400 annually to the University, payable on a quarterly basis.

2. **Personnel**

The University, in consultation with the Foundation, shall employ professionally-trained persons to serve as Chief Executive Officer, administrative assistant and accountant of the Foundation. The Foundation shall reimburse the University for such personal services at the rate of 10 percent of the salary of the chief executive officer, 10 percent of the salary of the administrative assistant and 50 percent of the salary of the accountant.

3. **Recognition of Foundation's Fiduciary Relationship**

The Foundation is recognized as the official organization designated by the University's Board of Regents to solicit, receive and administer all private gifts contributed to the University. Further, the University recognizes and affirms a fiduciary relationship with the Foundation for the identification, receipt, acknowledgement and administration of all private gifts, regardless of check payee designation. Every reasonable effort shall be exercised by both the Foundation and the University to insure that the intent of private donors (individuals, businesses or foundations) is followed with respect to their gifts, and in full compliance with sections 273.510 through 273.590 of the Kentucky Revised Statutes (Uniform Management of Institutional Funds Act).

4. **Annual Support Advisories**

The Foundation shall advise the University's Office of Student Financial Aid not later than February 15 regarding the available resources and specific eligibility requirements of each privately-funded financial aid program for the ensuing school year. Financial aid supported by the Foundation shall be disbursed through the University and in consultation with the University's Scholarship Committee.

For programs other than financial aid, the Foundation shall advise the University of an anticipated annual support level in writing by April 1. This document will advise the University of the expected minimum financial support available for the next July 1 to June 30 fiscal year. This advisory document will detail: (a) general or University support, (b) support restricted to use, and (c) athletics. The Foundation Board of Trustees will approve or ratify this forecast.

5. **Coordinated Fund Raising Activities**

The Foundation and University shall coordinate all fund raising activities in advance of their initiation and shall keep each other fully informed in such matters.

6. University Billing

The University will prepare quarterly billing statements to the Foundation for support services, salary costs, and authorized unrestricted general support payments. Normally, the Foundation payment will be forthcoming in 30 days, except in cases where a large gift is pending. In that situation, the Foundation will notify the University's Director of Accounting and Budgetary Control of the delay, provide an estimated date of payment, and remit payment to the University as soon as possible.

7. Private Gift Accounting

The University, by both policy and practice, will facilitate the proper reporting of private fundraising by University budget units to the Foundation. This will enable the Foundation to properly record, acknowledge and report all private gifts to the University.

8. Account Establishment

The Foundation, with the cooperation of University budget units, shall secure University approval to establish all University related accounts. Each account will be approved by the appropriate University Vice President based on a written statement from the applicable University budget unit regarding the account's purpose and source of funds.

9. Receipts and Deposits

The Foundation will be responsible to the best of its ability, for determining the source of funds received and will deposit funds solely from fund raising and related activities. The Foundation will not deposit funds resulting from the sale or rental of University assets. Funds collected by the Foundation on behalf of the University, e.g., athletic ticket sales, etc. will be appropriately secured and deposited with the University within five (5) business days following their collection.

10. Gifts-In-Kind

The Foundation will transfer any functional and/or useful gifts-in-kind to the University. If the appropriate University budget unit predetermines that the gift cannot be utilized, the Foundation will sell the gift and deposit the proceeds in the appropriate Foundation account. However, if the gift-in-kind requires University support, i.e., livestock or computers, the gift will be transferred to the University. Gifts of livestock shall not be accepted by University personnel without advance approval of the Foundation. Sale by the University of any gift-in-kind with an original fair market value of \$5,000 or more shall be reported promptly to the Foundation.

At a time to coincide with the transfer of a gift-in-kind, the Foundation will provide written confirmation of the transfer to the University's Properties Manager and the Director of Accounting and Budgetary Control. The confirmation shall contain the date, description, fair market value, and receiving budget unit for the gift. Once a gift has been transferred, any resulting funds from use or sale of the gift shall be University property.

11. University Unit Disbursements

Foundation disbursement of private funds designated for direct support of University budget units shall be accomplished by a transfer of funds from the Foundation to the University. The transfer of funds must be approved in advance by the University President or appropriate University Vice President or designee and must be accomplished in a manner prescribed by the University's Office of Budgets and Management Information.

Disbursements of this type include such expenses as payments to University personnel for services, travel, or reimbursement of expenses, unless specifically exempted by a prior and separate agreement. Fund raising expenses and Foundation administrative costs are not considered support items for this purpose.

Record Review and External Audits

The Foundation and University agree that access to Foundation records related to accounts maintained on behalf of a University budget unit will be available to any authorized party designated by the University's Vice President for Administration and Fiscal Services. An annual listing of all foundation accounts for University budget units will be furnished to the University by July 1 of each year. The Foundation shall provide for an external audit of its financial records each year and shall furnish copies of said audits to the University.

13. Major Gift Reporting

The Foundation will advise the University President and Board of Regents of any gift of at least \$10,000 in a timely fashion. Smaller gifts of unrestricted funds will be reported by means of the regular quarterly Foundation financial reports to University administration.

The Foundation will promptly advise the University President if major gifts can affect the increased unrestricted funds available for University use.

14. Communication

The President of the University shall be responsible for insuring that the resource needs of the University are effectively communicated to the Foundation. The Foundation will communicate its support to the University through its Chief Executive Officer. The Foundation will make its meeting minutes available to the University. The Chair of the Board of Trustees of the MSU Foundation may meet with the Morehead State University Board of Regents during its regular meetings as he or she deems appropriate.

15. Duration of Agreement

This agreement shall be effective on July 1, 1996, and shall remain in effect until such time as it is mutually amended or terminated by the parties.

IN WITNESS WHEREOF, we have hereunto affixed our signatures this 1st day of July, 1996.

For the Morehead State University
Foundation, Inc.:

Keith R. Kappas
Signature

Chief Executive Officer
Title

For Morehead State University:

Porter Bailey
Signature

Vice President Administration & Fiscal S
Title

**MSU Foundation, Inc.
Board of Trustees
Effective July 1, 1999**

<u>Name, Address, Phone</u>	<u>Committee(s)</u>	<u>Term Ends</u>	<u>Office</u>
Mrs. Merl F. Allen 126 College View Court Morehead, KY 40351 Home: (606) 784-5332	Executive	12-31-00	Secretary
Ms. Madge Walters Baird 130 Cedar Creek Road Pikeville, KY 41502 Home: (606) 437-9440	Finance	12-31-00	
Mr. B. Proctor Caudill, Jr. Peoples Bank PO Box 707 Sandy Hook, KY 41171 Home: (606) 784-8136 Office: (606) 784-6973 Fax: (606) 738-5803	Executive, Finance	12-31-01	Board Chair
Ms. Janet Coakley 10683 West Road Harrison, OH 45030-2037 Home: (513) 367-2254 Office: (513) 367-4169	Nominating	Ex-officio	
Mr. Porter Dailey 455 Hunters Lane Morehead, KY 40351 Home: (606) 784-4011 Office: (606) 783-2309 Fax: (606) 783-5011	Audit, Finance	Ex-officio	Treasurer
Ms. Arye Ellington Dethmers 3937 Forest Avenue Western Springs, IL 60558 Home: (708) 246-2108 E-Mail: ZNKE82A@prodigy.com	Communications	12-31-99	
Mr. Dennis T. Dorton 102 Twin Oaks Drive Paintsville, KY 41240 Home: (606) 789-8735 Office: (606) 789-4001 Fax: (606) 789-4440	Audit, Finance	12-31-99	

Dr. Ronald G. Eaglin
201 Howell-McDowell, MSU
Morehead, KY 40351
Office: (606) 783-2022
Fax: (606) 783-2216

Executive

Ex-officio

Mr. Terry W. Ensor
Morehead National Bank
Main Street at Carey Avenue
Morehead, KY 40351
Home: (606) 784-2749
Office: (606) 784-8966
Fax: (606) 784-2701

Finance, Executive

12-31-99

Mr. Larry H. Fannin
228 Kriapp Avenue
Morehead, KY 40351
Home: (606) 784-5839
Office: (606) 784-6411
Fax: (606) 784-3440

Finance

12-31-99

Dr. William J. Higginbotham
685 Wild Ridge Road
Morehead, KY 40351
Home: (606) 784-3958
Office: (606) 783-2788
Fax: (606) 783-5089

Executive

Ex-officio

CEO

Mr. Terry S. Jacobs
50 East RiverCenter Blvd.
Covington, KY 41011
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Fax: (606) 292-0352

Communications

12-31-99

Ms. Coleen F. Kegley
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Fax: (606) 743-2510

Communications

12-31-00

Dr. Paul F. Maddox
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Home: (606) 668-3259

Communications

12-31-00

Ms. Nancy D. Mangrum
3591 Michael's Cove
Lexington, KY 40509-2029
Home: (606) 263-4822
Office: (606) 323-6248

Communicatons

12-31-99

Mr. Wayne M. Martin 1703 Waterworks Road Winchester, KY 40391 Home: (606) 745-5935 Office: (606) 299-0411 Fax: (606) 299-2494	Executive	12-31-00
Mr. John H. Mays 2637 Central Parkway Ashland, KY 41102 Home: (606) 324-2357 Office: (606) 920-7300 Fax: (606) 920-7350	Finance	12-31-01
Dr. Gary B. North 46 Elmwood Place Athens, OH 45701 Home: (614) 592-5700 Office: (614) 593-2555	Communications	12-31-01
Ms. Lynne C. Pack PO Box 159 Morehead, KY 40351 Home: (606) 784-6483 Office: (606) 784-4108 Fax: (606) 784-9300	Finance	12-31-00
Mr. James P. Pruitt PO Box 339 Pikeville, KY 41501 Home: (606) 432-8879 Office: (606) 437-7366 Fax: (606) 432-2367	Nominating	12-31-00
Mr. Timothy P. Rhodes PO Box 454 Morehead, KY 40351 Home: (606) 784-8348 Office: (606) 783-2016 Fax: (606) 783-2293	Nominating	12-31-01
Vacancy	Nominating	12-31-01
Vacancy	Communications	12-31-99

STAFF

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Paul R. Stokes, Legal Counsel
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Fax: (606) 784-6478

**INVESTMENT POLICY STATEMENT
for
MOREHEAD STATE UNIVERSITY FOUNDATION, INC.**

We the Trustees of the Morehead State University Foundation, Inc. do hereby establish this Investment Policy Statement for the purpose of providing general guidelines for the prudent investment management of our scholarship and endowment fund assets. We recognize that changing economic and market conditions may make it impossible for our fund to precisely mirror all aspects of this investment policy at any point in time and, as such, we agree and understand that this policy is to serve primarily as a general framework within which the fund is to be managed.

I. Authority for Implementing the Investment Policy

The Trustees can elect to delegate the investment management duties for all or some part of the fund to one or more professional investment manager(s) who shall be guided by the overall investment policy guidelines established by this policy statement.

II. General Investment Objectives

To achieve the fund's investment objectives, generally its investment returns should be characterized to emphasize total return.

The fund's minimum annual rate of return objective shall be two (2) percentage points above 90-day Treasury Bill yields.

III. Liquidity

To meet the fund's anticipated short-term liquidity requirements a minimum of five (5) percent of the fund's total assets should be maintained in cash/cash equivalents.

Cash/cash equivalents can appropriately include cash, federally-insured certificates of deposit, money market mutual funds and/or individual money market instruments.

To meet the fund's intermediate to longer term liquidity requirements, the fund shall maintain no more than ten (10) percent of its total assets in non-marketable investments.

IV. General Risk Parameters

The Trustees recognize that virtually all investments entail some degree of risk, and also understand that defining risk for the fund's assets is not a precise science. However, to establish a general risk tolerance for the fund, the Trustees have determined

that the conservation of present capital is of primary importance. Accordingly, the risk level of the entire fund should be low, although it is appropriate for some components to be subject to market fluctuations.

To the extent the fund holds fixed income securities, these securities must be limited to obligations of the U.S. Government and its agencies or investment-grade corporate obligations.

To the extent the fund holds equity securities, risk is to be measured in terms of volatility relative to the S&P 500 Index. The Trustees desire that the average volatility of the fund's equity portfolio should approximate being equal to that of the S&P 500.

V. Asset Allocation Guidelines

Based on cost, the following are the allowable asset ranges:

<u>Asset Class</u>	<u>Allowable Range</u>
Equity	0 - 60%
Fixed Income	20 - 80%
Cash Equivalents	1 - 40%

VI. Diversification

In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed more than five (5) percent of the total fund, and no more than twenty-five (25) percent of the total fund should be invested in any one industry.

VII. Investment Restrictions/Prohibitions

The Trustees have determined that the general guidelines established by this Policy Statement are sufficient to clearly delineate the fund's overall investment direction, and, as such to maximize investment flexibility within these guidelines no additional specific investment prohibitions or restrictions are necessary.

VIII. Review and Evaluation

Unless more frequently necessitated by unusual changes in economic and investment cycles, or by material changes in the fund's basic underlying investment objectives, the Trustees shall formally review this Investment Policy Statement and shall obtain an independent performance evaluation of the fund at least annually.

(Revised May, 1994)
(Reviewed September, 1995)
(Reviewed October, 1996)
(Reviewed December, 1997)

**MEMORANDUM OF UNDERSTANDING
WITH KENTUCKY FOLK ART CENTER, INC.**

**BOR (VII-B-3)
June 4, 1999**

Background:

On July 19, 1994, the Kentucky Folk Art Center, Inc (KFAC) became a private, non-profit corporation under Section 501c(3) of the Internal Revenue Code. A Statement of Agreement between the University and the KFAC was entered into in March 1995 outlining the general responsibilities of the KFAC and the expectations of the University. That document was updated in May of 1996 with a Memorandum of Understanding that further defined the relationship between the University and the KFAC relating to facility support, personnel, administration and exhibition of the University's Folk Art Collection, and financial support.

On June 2, 1998, the Board adopted a Statement of Intent that the KFAC become an affiliated corporation of the University under the provisions of KRS 164A. The change in status from a non-affiliated entity to affiliated status was primarily the result of the public financial support provided to KFAC by the University.

The KFAC Executive Committee approved the change in status and that action was ratified by the full board of the KFAC on September 11, 1998. The University subsequently filed a proposal with the Kentucky General Assembly's Administrative Regulation Review Subcommittee for the adoption of a Kentucky Administrative Regulation (KAR) to establish the authority for the University to operate an affiliated corporation. The Administrative Regulation Review Subcommittee approved that KAR in December 1998.

The change in status from non-affiliated to affiliated, has necessitated a change in the operating policies and procedures between the University and the KFAC. A revised Memorandum of Understanding recognizing those changes and the affiliated status, has been generated to define the current relationship between the entities. The revised Memorandum of Understanding was approved by the board of the KFAC at its meeting on May 14th.

Recommendation:

That the Board approve the revised Memorandum of Understanding between the University and the Kentucky Folk Art Center, Inc.

**MEMORANDUM OF UNDERSTANDING
BETWEEN
MOREHEAD STATE UNIVERSITY
AND
THE KENTUCKY FOLK ART CENTER, INC.**

Morehead State University (University) and Kentucky Folk Art Center, Inc. (KFAC) hereby agree to the following revised memorandum of understanding reflecting the affiliate foundation status of KFAC.

KFAC Directors

Upon recommendation of the KFAC Board of Directors, the MSU Board of Regents will appoint the KFAC Directors.

Facility Support

The University shall provide space for KFAC and shall provide utilities, repairs, insurance, maintenance, security, and custodial services.

Permanent Collection

KFAC shall serve as steward of the Folk Art Collection (Collection) owned by the University. KFAC will provide storage, conservation, registration and cataloguing services for the Collection. KFAC may also exhibit the Collection and conduct educational programming relating to the Collection. Individual pieces of the Collection may be deaccessioned when agreed upon by both parties, by following approved policies and procedures. Appraisals for the purpose of obtaining insurance and the insurance for the Collection shall be provided by the KFAC.

Personnel

The University shall maintain, on its payroll, a Director and other professional and support personnel to manage and operate the KFAC. The employees assigned to KFAC will be subject to all University personnel and operating policies and regulations.

The Director of the KFAC shall maintain a reporting relationship to the KFAC Board of Directors and to the University's Vice President for Administration and Fiscal Services. The Board of Directors, or Committee thereof, shall serve as the search and screening committee for the selection of the Director. It shall prepare a list of qualified candidates and submit such list to the University (or appropriate individual) together with its recommendations. The Board of Directors or Committee thereof shall be given the opportunity to participate in the

interview process and make its recommendations to the University (or appropriate individual). The Chairman of the Board of Directors shall provide input regarding the Director's performance.

KFAC Financial Responsibility

As an affiliate agency of Morehead State University, KFAC will abide by all University fiduciary regulations regarding purchases, expenditures, and record keeping, and provide quarterly financial statements of operations through KFAC. The Museum Store sales and purchases, KFAC admissions, donations, grants, sponsorships, memberships, and other program and operating income and expenses will be administered through KFAC accounts, subject to University fiduciary regulations, and reported to the University. In addition, the University and KFAC shall comply with the annual audit and externally funded reimbursement provisions of KRS 164A.610(1) and (3).

Other Support Services

KFAC may purchase goods from the University and utilize support services including but not limited to, printing services, telecommunications, vehicle leasing, postage, computer purchases, and other purchases made through University price contracts or bidding processes. KFAC will reimburse the University, as appropriate, for the cost of the goods and services.

Record Review

KFAC and the University agree that access to all KFAC personnel and financial records will be available to any authorized party designated by the University's Vice President for Administration and Fiscal Services during the life of this agreement. Monthly activity and quarterly financial reports shall be provided by KFAC to individuals designated by the University.

Fund Raising and Gifts Management

KFAC will coordinate its fund raising activities with the University's Office of Development and Alumni Relations, and will make reasonable efforts to solicit contributions only from donors mutually agreeable to the University and the KFAC. Gifts to the KFAC through the University will be received and recorded by the MSU Foundation, Inc.

Duration of Agreement

This agreement shall be effective as of _____, 1999, and shall remain in effect until such time as it is mutually amended or terminated by the University.

IN WITNESS WHEREOF, we have hereunto affixed our signatures this _____ day of _____, 1999.

For Morehead State University

For Kentucky Folk Art Center, Inc.

Signature

Signature

Title

Title

**THIRD QUARTER FINANCIAL
REPORT AND THE 1998-99
OPERATING BUDGET**

**BOR (VII-B-4)
June 4, 1999**

Background:

Financial Statements

Financial statements have been prepared for the third quarter ended March 31, 1999. The financial statements presented herein include the Balance Sheet (based on an entity wide perspective), the Unrestricted Current Funds Statement of Changes in Fund Balance, the Unrestricted Current Funds Statement of Educational and General Revenues, and the Statement of Auxiliary Enterprises Revenues and Expenditures.

Operating Budgets

Pursuant to the 1998-99 Operating Budget Resolution, budget reports for revenues and expenditures are also included in the financial report. These reports include a schedule of unrestricted current funds budget amendments and a schedule of unrestricted current funds expenditure budgets. In addition, a schedule of budget transfers that exceed \$200,000 is presented herein.

Capital Outlay

As required by the 1998-99 Operating Budget Resolution, a report on University-funded equipment purchases with an estimated cost of more than \$50,000 and University-funded capital construction projects with an estimated cost of more than \$100,000 is presented herein.

Analysis:

As of March 31, 1999, total unrestricted operating revenues and expenditures are budgeted at \$74,650,887, an increase of \$2,623,691 from the amended budget of \$72,027,196 approved by the Board on February 26, 1999. The majority of the increase is from the Regional Excellence Trust Fund, university reserves (i.e., budgeted fund balance), interest income and the MSU Foundation, Inc.

During the third quarter, the University received \$1,528,750 towards the 1997/98 and 1998/99 allocations from the Regional Excellence Trust Fund. The University matched \$1,345,800 of the allocations and transferred \$2,691,600 to the MSUF, Inc. for the management of two new endowments. The remaining Trust Funds have been dedicated to the University's Institute for Regional Analysis and Public Policy.

The University allocated \$200,000 from reserves during the third quarter for the realignment of space project at Waterfield Hall. This project is related to the renovation of Breckinridge Hall, which begins this summer. In addition, the University advanced \$270,900 from the health insurance reserve towards the payment of the Wellness Center Phase II project. The budget for interest income was increased by \$250,000 and allocated to the required match for the Deferred Maintenance and Government Mandates Pool for deferred maintenance projects.

Recommendation:

That the Board accept the third quarter financial report as presented and amend the institution's 1998-99 Operating Budget to reflect a revised budget of 74,650,887 in accordance with the information provided herein.



OFFICE OF ACCOUNTING AND BUDGETARY CONTROL

202 HOWELL-MCDOWELL AD. BLDG.
MOREHEAD, KENTUCKY 40351-1689
TELEPHONE: 606-783-2019
FAX: 606-783-5011

March 31, 1999

Dr. Ronald G. Eaglin, President
Members of the Board of Regents
Morehead State University
Morehead, Kentucky 40351

Dear Dr. Eaglin and Members of the Board:

I am submitting to you the Balance Sheets - Entity Wide Perspective, for Morehead State University as of March 31, 1999 and 1998, the Unrestricted Current Funds Statement of Changes in Fund Balance, the Unrestricted Current Funds Statement of Educational and General Revenues, and the Auxiliary Enterprises Statement of Revenues and Expenditures for the nine months ended March 31, 1999.

These statements are presented on the accrual basis and are designed for internal reporting to management. They differ from the presentation required for external purposes. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Respectfully submitted,

James A. Fluty, CPA
Director of Accounting And Budgetary Control

Enclosures



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MOREHEAD STATE UNIVERSITY
Balance Sheets - Entity Wide Perspective
March 31, 1999 And 1998

ASSETS	1999	1998
Cash	\$22,860,555	\$20,935,166
Investments in US government obligations-at cost	7,684,028	4,682,073
Accounts Receivable	3,218,921	5,409,659
Inventories	1,740,973	1,975,365
Notes Receivable	3,363,967	3,461,317
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>84,760,426</u>	<u>83,463,626</u>
TOTAL ASSETS	<u>\$123,628,870</u>	<u>\$119,927,206</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$2,132,095	\$1,647,039
Accrued salaries and other liabilities	436,126	462,722
Unearned revenues-state and federal grants	681,226	443,695
Deposits	353,567	298,599
Accrued vacation pay	1,715,516	1,554,009
Bonds and notes payable	<u>42,266,560</u>	<u>45,144,640</u>
Total Liabilities	<u>\$47,585,090</u>	<u>\$49,550,705</u>
Net Assets		
Capital	\$42,493,866	\$38,318,986
Non-capital		
Restricted	14,232,259	13,615,168
Non-restricted	<u>19,317,655</u>	<u>18,442,348</u>
Total Net Assets	<u>\$76,043,780</u>	<u>\$70,376,502</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$123,628,870</u>	<u>\$119,927,206</u>

ANALYSIS OF NON-RESTRICTED FUND BALANCE

Allocations		
Working Capital		
Accounts Receivable	\$2,198,282	\$3,668,064
Inventories	1,740,973	1,975,365
Cashier's Operating Funds	105,000	103,000
Budgeted Fund Balance-Capital Projects	2,005,500	1,209,200
Budgeted Fund Balance-Non-capital Projects	<u>2,282,800</u>	<u>1,032,600</u>
Total Working Capital	<u>\$8,332,555</u>	<u>\$7,988,229</u>
Funded Reserves	<u>\$1,648,200</u>	<u>\$1,234,000</u>
Total Allocated Fund Balance	\$9,980,755	\$9,222,229
Unallocated Fund Balance	<u>9,336,900</u>	<u>9,220,119</u>
Total Unrestricted Fund Balance	<u>\$19,317,655</u>	<u>\$18,442,348</u>

See Attached Notes To Balance Sheets - Entity Wide Perspective

NOTES TO BALANCE SHEETS - ENTITY WIDE PERSPECTIVE
MOREHEAD STATE UNIVERSITY
MARCH 31, 1999 AND 1998

1. These Balance Sheets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$151,933 at March 31, 1999 and \$233,755 at March 31, 1998. Also included in this category is the sum of \$1,029,262 receivable from federal and state grant agencies at March 31, 1999 and \$1,112,932 at March 31, 1998.
3. Notes receivable represent balances owed the University from borrowers who have participated in the Federal Perkins Loan Program. The balance is presented net of allowance for uncollectible accounts in the amount of \$134,811 at March 31, 1999 and \$144,269 at March 31, 1998.
4. Accumulated depreciation on buildings and equipment was \$79,634,803 at March 31, 1999 and \$76,294,559 at March 31, 1998.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statement of Changes in Fund Balance
For the Nine Months Ended March 31, 1999

	Opening Budget	Actual	Over (Under) Budget
REVENUES AND OTHER ADDITIONS			
Revenues			
Education and General			
Tuition and Fees	\$20,010,000	\$19,472,321	(\$537,679)
Gov't Appropriations	37,012,700	30,970,839	(6,041,861)
Unrestricted Gifts		96,968	96,968
Indirect Cost Reimbursement	240,000	201,205	(38,795)
Sales & Services of Ed. Activities	719,500	829,119	109,619
Other Sources	1,098,500	1,356,788	258,288
Total Education and General	\$59,080,700	\$52,927,240	(\$6,153,460)
Auxiliary Enterprises	\$8,890,100	\$8,579,020	(\$311,080)
Total Revenues	\$67,970,800	\$61,506,260	(\$6,464,540)
Other Additions			
Budgeted Fund Balance - E & G	\$3,186,300		
Budgeted Fund Balance - AUX	5,000		
Total Other Additions	\$3,191,300		
TOTAL FUNDS AVAILABLE	\$71,162,100	\$61,506,260	(\$6,464,540)
EXPENDITURES BY DIVISION			
Educational & General			
President & Administration	\$1,208,883	\$1,001,039	(\$207,844)
University Relations	1,157,140	868,522	(288,618)
Administration & Fiscal Services	11,240,490	8,533,412	(2,707,078)
Student Life	9,944,959	8,720,275	(1,224,684)
Academic Affairs	32,449,788	22,037,817	(10,411,971)
Other	5,993,640	5,018,676	(974,964)
Total Educational & General	\$61,994,900	\$46,179,741	(\$15,815,159)
Auxiliary Enterprises			
Administration & Fiscal Services	\$6,530,204	\$4,024,375	(\$2,505,829)
Student Life	701,123	509,816	(191,307)
Other	1,935,873	1,065,827	(870,046)
Total Auxiliary Enterprises	\$9,167,200	\$5,600,018	(\$3,567,182)
TOTAL EXPENDITURES	\$71,162,100	\$51,779,759	(\$19,382,341)
NET CHANGE IN FUND BALANCE			
REVENUES	\$67,970,800	\$61,506,260	
LESS EXPENDITURES	71,162,100	51,779,759	
	<u>80 (\$3,191,300)</u>	<u>\$9,726,501</u>	

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statement of Educational and General Revenues
For the Nine Months Ended March 31, 1999

	Opening Budget	Actual	Over (Under) Budget
EDUCATIONAL AND GENERAL REVENUES			
Tuition and Fees			
Undergraduate Instate	\$12,717,500	\$12,296,265	(\$421,235)
Undergraduate Out-of-State	4,750,700	4,644,200	(106,500)
Graduate Instate	2,068,800	1,963,581	(105,219)
Graduate Out-of-State	377,900	483,952	106,052
Fees	95,100	84,323	(10,777)
Total Tuition and Fees	\$20,010,000	\$19,472,321	(\$537,679)
Government Appropriations			
State Appropriations	\$37,012,700	\$30,970,839	(\$6,041,861)
Unrestricted Gifts			
Private Gifts		\$96,968	\$96,968
Indirect Cost Reimbursement			
Admin. cost Reimb. - Financial Aid	\$110,000	\$65,795	(\$44,205)
Grants & Contracts - Indirect Reimb.	130,000	135,410	5,410
Total Indirect Cost Reimbursement	\$240,000	\$201,205	(\$38,795)
Sales & Services of Ed. Activities			
Athletics	\$263,000	\$295,095	\$32,095
EAF Support	50,000	157,130	107,130
Farm Income	80,000	46,850	(33,150)
Fees	285,500	288,086	2,586
Horse Sale Revenue	6,000	13,020	7,020
Institutional Foods Lab	35,000	28,938	(6,062)
Total Sales & Services of Ed. Activities	\$719,500	\$829,119	\$109,619
Other Sources			
Auto Registration & Parking Fines	\$207,000	\$183,497	(\$23,503)
Bulk Postage Revenue	50,000	24,408	(25,592)
Continuing Education	80,000	64,700	(15,300)
Facilities Rentals	30,000	27,407	(2,593)
Foundation Support	80,000	164,293	84,293
Interest Income	400,000	511,732	111,732
Library Fees	60,000	49,397	(10,603)
Long Distance Direct Commissions	35,000	33,788	(1,212)
Sale of Surplus Property	18,000	25,914	7,914
Trail Blazer Advertising	20,000	24,480	4,480
Vehicle Replacement Revenue	32,000	26,917	(5,083)
Water Analysis	30,000	23,750	(6,250)
Other	56,500	196,505	140,005
Total Other Sources	\$1,098,500	\$1,356,788	\$258,288
TOTAL EDUCATIONAL & GENERAL REVENUES	\$59,080,700	\$52,927,240	(\$6,153,460)

MOREHEAD STATE UNIVERSITY
Auxiliary Enterprises
Statement of Revenues and Expenditures
For the Nine Months Ended March 31, 1999

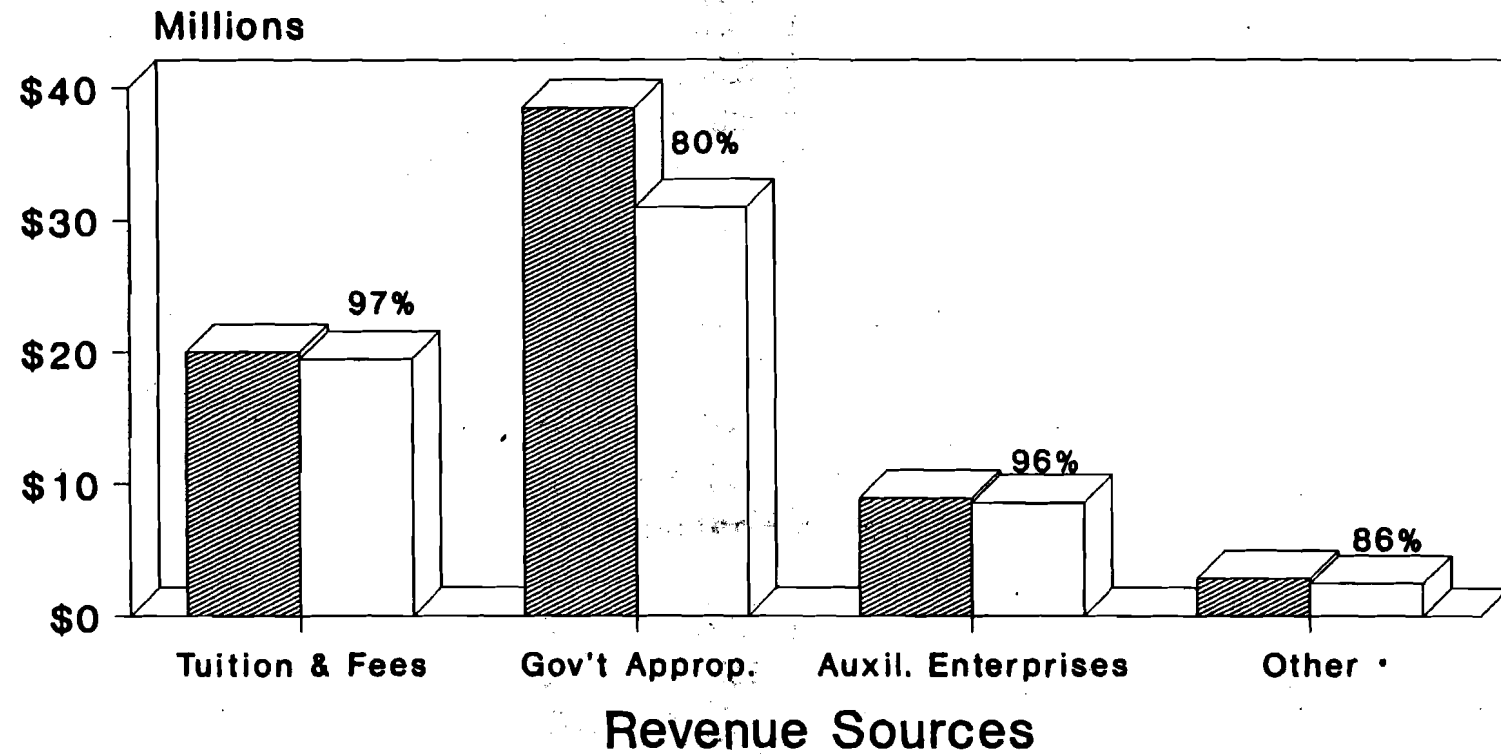
	Opening Budget	Actual
Auxiliary Enterprises:		
Revenues	\$8,895,100	\$8,579,020
Expenditures	<u>9,167,200</u>	<u>5,600,018</u>
Net Profit (Loss)	<u>(\$272,100)</u>	<u>\$2,979,002</u>
<hr/>		
Housing		
Revenues	\$5,341,500	\$5,222,358
Expenditures	<u>5,749,904</u>	<u>2,778,245</u>
Net Profit (Loss)	<u>(\$408,404)</u>	<u>\$2,444,113</u>
University Store		
Revenues	\$2,825,000	\$2,742,254
Expenditures	<u>2,551,256</u>	<u>2,292,697</u>
Net Profit (Loss)	<u>\$273,744</u>	<u>\$449,557</u>
Food Services		
Revenues	\$590,000	\$487,754
Expenditures	<u>502,516</u>	<u>305,226</u>
Net Profit (Loss)	<u>\$87,484</u>	<u>\$182,528</u>
Golf Course		
Revenues	\$110,000	\$116,157
Expenditures	<u>148,972</u>	<u>103,083</u>
Net Profit (Loss)	<u>(\$38,972)</u>	<u>\$13,074</u>
Other		
Revenues	\$28,600	\$10,497
Expenditures	<u>214,552</u>	<u>120,767</u>
Net Profit (Loss)	<u>82 (\$185,952)</u>	<u>(\$110,270)</u>

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period January 1, 1999 to March 31, 1999

Description	Opening Budget	As Of 1/1/99	Adjustments	Amended Budget As Of 3/31/99
Revenues and Other Additions				
Tuition and Fees	\$ 20,010,000	\$20,010,000	\$ 3,230	\$ 20,013,230
Government Appropriations	37,012,700	37,046,942	1,476,916	38,523,858
Indirect Cost Reimbursement	240,000	240,000		240,000
Sales and Services of Ed. Activities	719,500	891,066	49,298	940,364
Other Sources	1,098,500	1,242,688	453,866	1,696,554
Budgeted Fund Balance - E&G	3,186,300	3,683,700	620,700	4,304,400
Auxiliary Enterprises	8,890,100	8,890,100	19,681	8,909,781
Budgeted Fund Balance - AUX	5,000	22,700		22,700
Total Revenues and Other Additions	\$ 71,162,100	\$72,027,196	\$ 2,623,691	\$ 74,650,887
Expenditure Authorizations by Division				
Educational & General				
President & Administration	\$ 1,108,509	\$ 1,372,861	\$ 30,693	\$ 1,403,554
University Relations	1,157,140	1,298,371	10,023	1,308,394
Administration & Fiscal Services	11,240,490	11,322,182	460,940	11,783,122
Student Life	9,138,457	9,946,590	(49,639)	9,896,951
Academic Affairs	33,356,664	32,818,571	317,426	33,135,997
Other	5,993,640	6,016,182	1,845,133	7,861,315
Total Educational & General	\$ 61,994,900	\$62,774,757	\$ 2,614,576	\$ 65,389,333
Auxiliary Enterprises				
Administration & Fiscal Services	\$ 6,530,204	\$ 6,545,078	\$ 435	\$ 6,545,513
Student Life	701,123	753,788	2,280	756,068
Other	1,935,873	1,953,573	6,400	1,959,973
Total Auxiliary Enterprises	\$ 9,167,200	\$ 9,252,439	\$ 9,115	\$ 9,261,554
Total Expenditure Authorizations	\$ 71,162,100	\$72,027,196	\$ 2,623,691	\$ 74,650,887

MOREHEAD STATE UNIVERSITY UNRESTRICTED CURRENT FUND REVENUES

For the Quarter Ended March 31, 1999



Projected FY 98-99



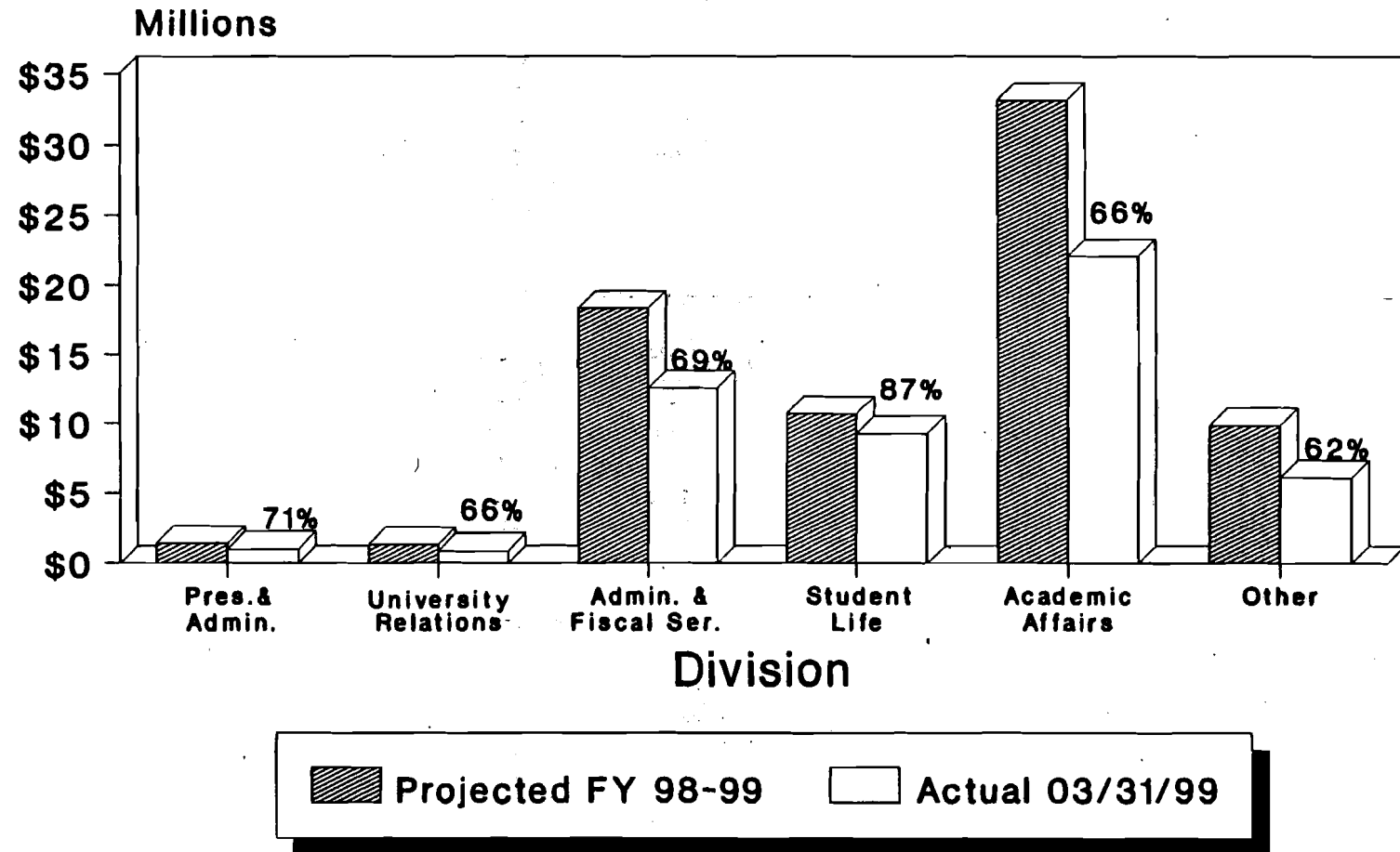
Actual 03/31/99

• Excludes Budgeted Fund Balance

MOREHEAD STATE UNIVERSITY

UNRESTRICTED CURRENT FUND EXPENDITURES

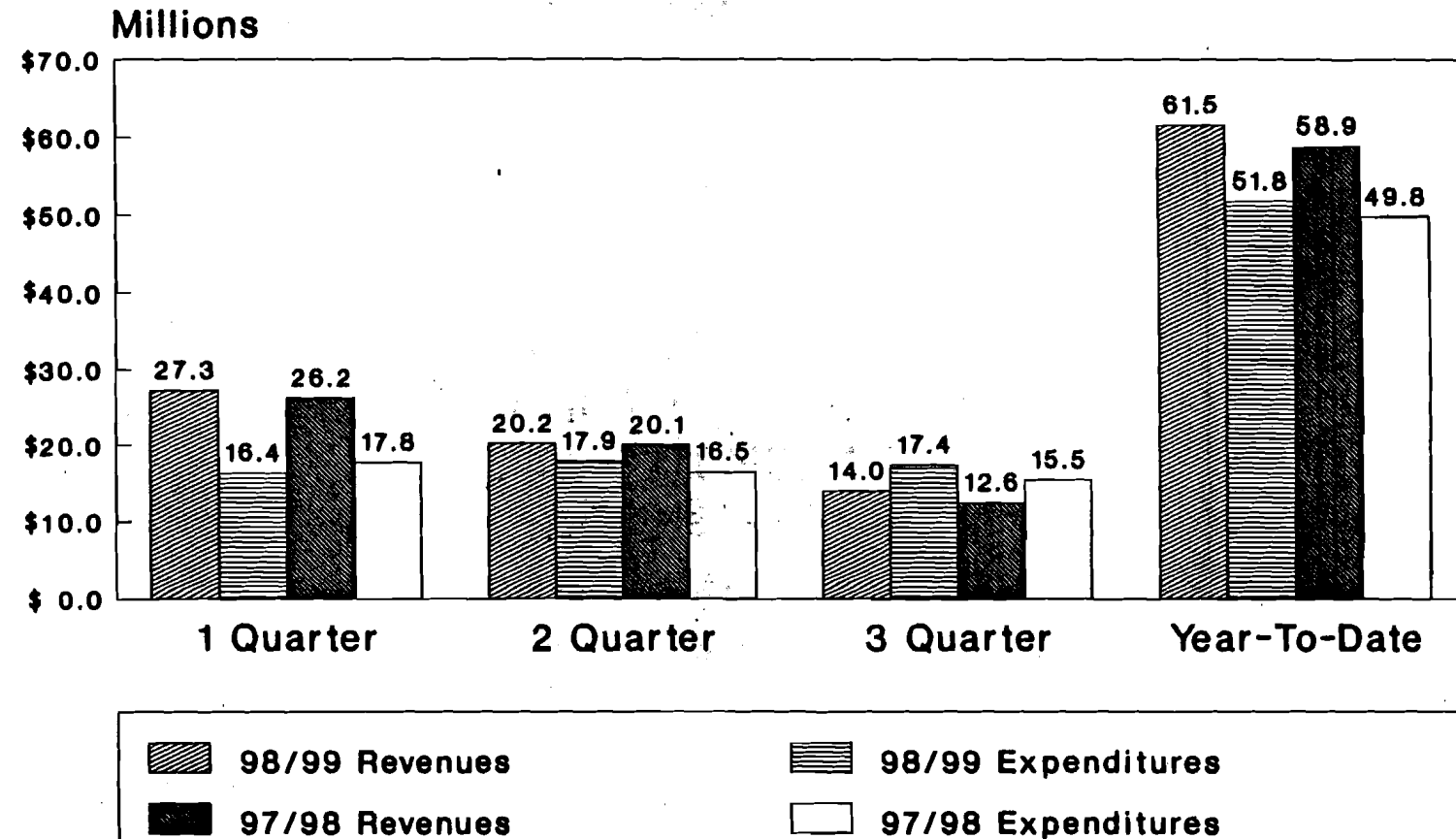
For the Quarter Ended March 31, 1999



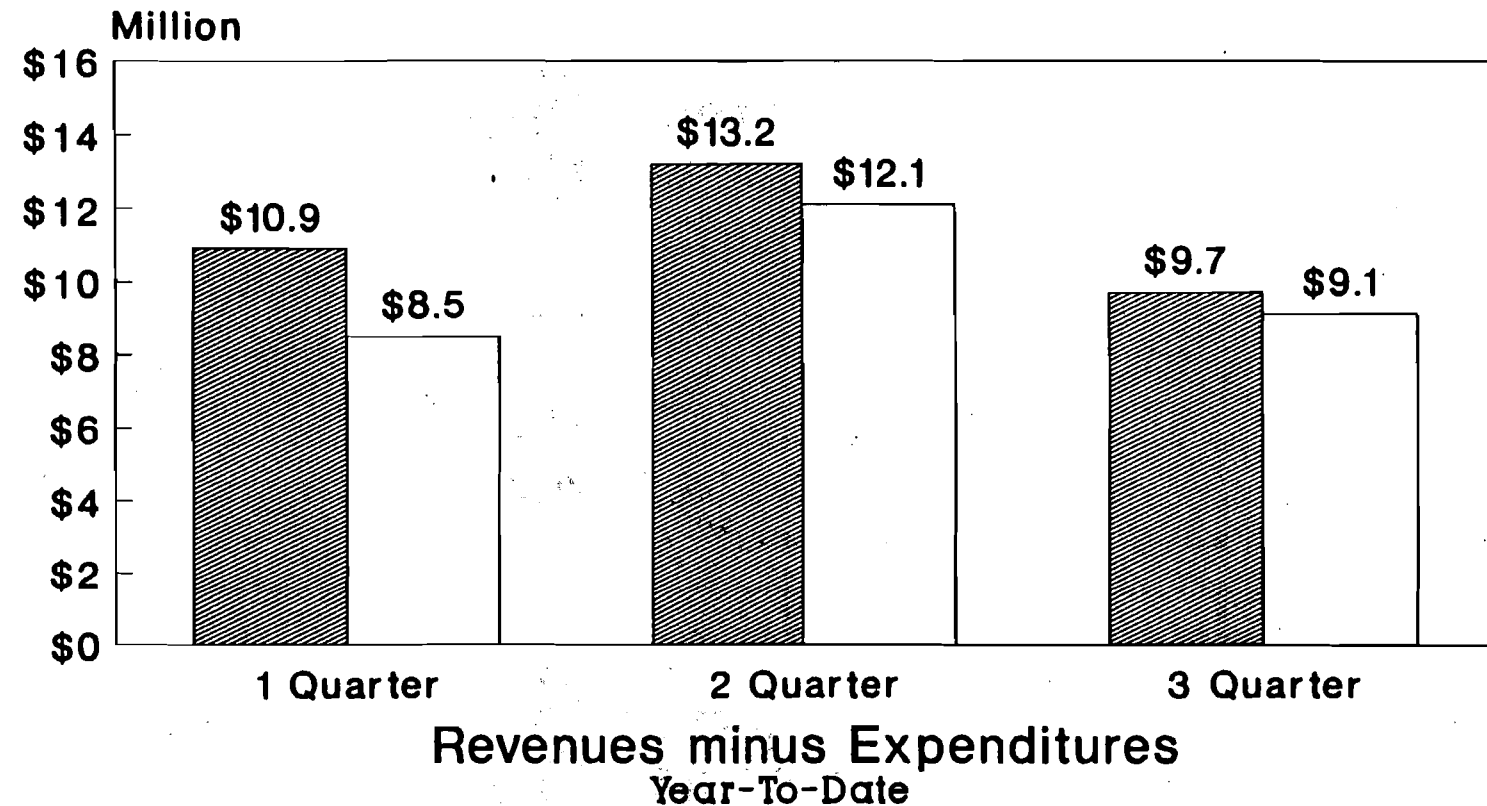
MOREHEAD STATE UNIVERSITY

REVENUES & EXPENDITURES BY QUARTER

1998/99 AND 1997/98



MOREHEAD STATE UNIVERSITY
CUMULATIVE NET CHANGE IN FUND BALANCE
1998/99 AND 1997/98



1998/99



1997/98

MOREHEAD STATE UNIVERSITY
FY 1998-99 Unrestricted Expenditure Report
For the Period 07/01/1998 to 03/31/1999

PAGE: 1

DESCRIPTION	OPENING BUDGET	ADJUSTMENTS	AMENDED BUDGET	PERCENT CHANGE	EXPENDITURES	ENCUMBRANCES	AVAILABLE BALANCE
PRESIDENT AND ADMINISTRATION - EDUCATIONAL AND GENERAL -----							
BOARD OF REGENTS	\$4,638.00	\$1,626.00	\$6,264.00	35.1%	\$2,267.64	\$0.00	\$3,996.36
 PRESIDENT	 \$371,712.00	 \$57,444.96	 \$429,156.96	 15.5%	 \$326,588.27	 \$24.00	 \$102,544.69
AFFIRMATIVE ACTION	18,225.00	1,300.00	19,525.00	7.1%	14,787.89	0.00	4,737.11
AMER. DISABILITY ACT	0.00	4,019.77	4,019.77	100.0%	1,800.41	0.00	2,219.36
CULTURAL DIVERSITY	0.00	15,000.00	15,000.00	100.0%	2,074.11	0.00	12,925.89
DEVELOP & ALUMNI REL	713,934.00	139,701.20	853,635.20	19.6%	595,399.92	3,336.60	254,898.68
COMM. DEVELOPMENT	100,374.00	-24,420.89	75,953.11	-24.3%	58,120.96	130.54	17,701.61
 Subtotal	 \$1,204,245.00	 \$193,045.04	 \$1,397,290.04	 16.0%	 \$998,771.56	 \$3,491.14	 \$395,027.34
 TOTAL PRESIDENT AND ADMINISTRATION	 \$1,208,883.00	 \$194,671.04	 \$1,403,554.04	 16.1%	 \$1,001,039.20	 \$3,491.14	 \$399,023.70

MOREHEAD STATE UNIVERSITY
FY 1998-99 Unrestricted Expenditure Report
For the Period 07/01/1998 to 03/31/1999

PAGE: 2

DESCRIPTION	OPENING BUDGET	ADJUSTMENTS	AMENDED BUDGET	PERCENT CHANGE	EXPENDITURES	ENCUMBRANCES	AVAILABLE BALANCE
DIVISION OF UNIVERSITY RELATIONS - EDUCATIONAL AND GENERAL							
V/P UNIV RELATIONS	\$336,622.00	\$22,827.76	\$359,449.76	6.8%	\$272,028.43	\$0.00	\$87,421.33
MARKETING SUPPORT	303,947.00	59,457.30	363,404.30	19.6%	216,791.15	105,205.12	41,408.03
UNIV COMMUNICATIONS	157,806.00	4,348.81	162,154.81	2.8%	89,711.68	440.00	72,003.13
WMKY RADIO	358,765.00	64,619.58	423,384.58	18.0%	289,990.96	15,580.78	117,812.84
 TOTAL DIVISION OF UNIVERSITY RELATIONS	 \$1,157,140.00	 \$151,253.45	 \$1,308,393.45	 13.1%	 \$868,522.22	 \$121,225.90	 \$318,645.33

MOREHEAD STATE UNIVERSITY
FY 1998-99 Unrestricted Expenditure Report
For the Period 07/01/1998 to 03/31/1999

PAGE: 3

DESCRIPTION	OPENING BUDGET	ADJUSTMENTS	AMENDED BUDGET	PERCENT CHANGE	EXPENDITURES	ENCUMBRANCES	AVAILABLE BALANCE
DIVISION OF ADMINISTRATION & FISCAL SERVICES - EDUCATIONAL AND GENERAL							
VP ADMIN-FISCAL SERV	\$174,617.00	\$627.63	\$175,244.63	0.4%	\$118,874.24	\$570.85	\$55,799.54
BUDGETS & MNGT INFO	169,724.00	873.00	170,597.00	0.5%	116,256.64	0.00	54,340.36
FISCAL SERVICES	180,318.00	45,194.13	225,512.13	25.1%	137,809.22	0.00	87,702.91
ACCESS CARD SERVICES	80,799.00	690.16	81,489.16	0.9%	56,228.03	0.00	25,261.13
ACCT & BUD CONTROL	644,379.00	18,788.43	663,167.43	2.9%	493,060.97	13,900.02	156,206.44
PAYROLL	103,351.00	5,937.12	109,288.12	5.7%	83,422.95	0.00	25,865.18
POST OFFICE	94,394.00	1,209.89	95,603.89	1.3%	101,235.18	13.50	-5,644.79
SUPPORT SERVICES	261,142.00	15,848.16	276,990.16	6.1%	199,826.78	1,548.81	75,614.57
FOLK ART CENTER	165,000.00	33,385.60	198,385.60	20.2%	129,070.10	2,057.28	67,258.22
HUMAN RESOURCES	476,133.00	5,329.24	481,462.24	1.1%	345,858.64	7,746.80	127,856.80
CHILD CARE	0.00	49,047.89	49,047.89	100.0%	22,148.74	0.00	26,899.15
INFO TECHNOLOGY	1,022,034.00	77,608.16	1,099,642.16	7.6%	715,504.14	1,779.50	382,358.52
ACADEMIC COMPUTING	471,214.00	-10,424.69	460,789.31	-2.2%	345,700.84	3,052.78	112,035.69
ACAD COMP - IT ALLOC	740,000.00	0.00	740,000.00	0.0%	0.00	0.00	740,000.00
INFO TECH ALLOCATION	-940,000.00	0.00	-940,000.00	0.0%	0.00	0.00	-940,000.00
TECHNOLOGY PROJECTS	1,471,130.00	-389,643.19	1,081,486.81	-26.5%	714,762.03	119,395.11	247,329.67
TELECOMMUNICATIONS	529,842.00	52,744.65	582,586.65	10.0%	280,831.14	4,888.00	296,867.51
INTERNAL AUDITS	61,404.00	594.73	61,998.73	1.0%	43,932.89	0.00	18,065.84
STAFF CONGRESS	11,619.00	173.14	11,792.14	1.5%	6,464.43	0.00	5,327.71
Subtotal	\$5,717,100.00	\$-92,015.95	\$5,625,084.05	-1.6%	\$3,910,986.96	\$154,952.65	\$1,559,144.45
PHYSICAL PLANT ADMIN	\$545,794.00	\$101,763.49	\$647,557.49	18.6%	\$447,097.23	\$38,575.62	\$161,884.64
ENGINEERING SERVICES	160,231.00	-1,677.24	158,553.76	-1.0%	108,786.06	0.00	49,767.70
BUILDING MAINTENANCE	1,417,229.00	-44,048.31	1,373,180.69	-3.1%	939,515.27	56,442.34	377,223.08
BUILDING SERVICES	1,014,213.00	10,370.08	1,024,583.08	1.0%	693,037.19	1,489.00	330,056.89
E&G FACILITY REMODEL	577,270.00	583,583.33	1,160,853.33	101.1%	474,513.32	206,340.00	480,000.01
E&G UTILITIES	940,600.00	-10,838.49	929,761.51	-1.2%	529,578.11	46,175.00	354,008.40
ENV.HEALTH & SAFETY	104,820.00	5,690.16	110,510.16	5.4%	79,340.19	596.00	30,573.97
GENERAL SERVICES	307,700.00	-2,041.27	305,658.73	-0.7%	181,715.33	0.00	123,943.40
LAND & GROUND MAINT	229,630.00	677.09	230,307.09	0.3%	168,189.27	0.00	62,117.82
MAINT ALLOCATIONS	-1,025,000.00	0.00	-1,025,000.00	0.0%	0.00	0.00	-1,025,000.00
MOTOR POOL	475,804.00	-37,833.36	437,970.64	-8.0%	367,471.37	5,407.45	65,091.82
PEST CONTROL	28,098.00	291.00	28,389.00	1.0%	8,611.58	0.00	19,777.42
POWER PLANT	685,131.00	29,308.63	714,439.63	4.3%	530,687.47	161,137.18	22,614.98
RECYCLING PROGRAM	44,870.00	4,402.99	49,272.99	9.8%	36,312.97	0.00	12,960.02
UPHOLSTERY SHOP	17,000.00	-5,000.00	12,000.00	-29.4%	0.00	0.00	12,000.00

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DESCRIPTION	OPENING BUDGET	ADJUSTMENTS	AMENDED BUDGET	PERCENT CHANGE	EXPENDITURES	ENCUMBRANCES	AVAILABLE BALANCE
DIVISION OF STUDENT LIFE - EDUCATIONAL AND GENERAL							
WAREHOUSE	0.00	0.00	0.00	0.0%	57,569.50	12,397.98	-69,967.48
Subtotal	\$5,523,390.00	\$634,648.10	\$6,158,038.10	11.5%	\$4,622,424.86	\$528,560.57	\$1,007,052.67
 TOTAL ADMINISTRATION & FISCAL SERVICES	 \$11,240,490.00	 \$542,632.15	 \$11,783,122.15	 4.8%	 \$8,533,411.81	 \$683,513.22	 \$2,566,197.12

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DESCRIPTION	OPENING BUDGET	ADJUSTMENTS	AMENDED BUDGET	PERCENT CHANGE	EXPENDITURES	ENCUMBRANCES	AVAILABLE BALANCE
VP STUDENT LIFE	\$246,140.00	\$56,377.87	\$302,517.87	22.9%	\$224,360.22	\$0.00	\$78,157.65
CHEERLEADERS	15,669.00	10,102.95	25,771.95	64.5%	23,011.47	0.00	2,760.48
COUN & HEALTH CENTER	386,031.00	9,293.50	395,324.50	2.4%	297,130.36	29,490.00	68,704.14
ADMISSIONS	806,502.00	-82,695.69	723,806.31	-10.3%	522,621.31	11,394.25	189,790.75
OFFICE OF FIN AID	432,388.00	38,744.94	471,132.94	9.0%	351,984.54	644.37	118,504.04
GRANTS & SCHOLARSHIP	2,706,492.00	0.00	2,706,492.00	0.0%	2,840,159.00	0.00	-133,667.00
GRANTS & S/S-HOUSING	117,400.00	0.00	117,400.00	0.0%	123,823.16	0.00	-6,423.16
INST WORKSTUDY	314,418.00	-300,496.00	13,922.00	-95.6%	0.00	0.00	13,922.00
TUITION WAIVER	770,000.00	0.00	770,000.00	0.0%	854,403.24	0.00	-84,403.24
MULTICULTURAL ST SER	210,097.00	-37,158.00	172,939.00	-17.7%	135,918.40	90.00	36,930.60
PUBLIC SAFETY	598,934.00	46,518.18	645,452.18	7.8%	466,998.69	383.40	178,070.09
STUDENT ACTIVITIES	610,806.00	-58,588.93	552,217.07	-9.6%	402,427.05	350.00	149,440.02
CONFERENCE SERVICES	0.00	74,754.04	74,754.04	100.0%	47,480.34	0.00	27,273.70
STUDENT DEVELOPMENT	101,667.00	694.77	102,361.77	0.7%	74,983.69	0.00	27,378.08
STUDENT WELLNESS	69,072.00	483.63	69,555.63	0.7%	50,802.58	138.30	18,614.75
DIR OF ATHLETICS	339,552.00	-14,014.85	325,537.15	-4.1%	263,083.39	663.79	61,789.97
SPORTS INFO DIRECTOR	116,092.00	12,068.11	128,160.11	10.4%	102,503.96	51.00	25,605.15
TRAINER	102,405.00	17,026.06	119,431.06	16.6%	92,902.29	0.00	26,528.77
CROSS COUNTRY	120,501.00	-4,300.00	116,201.00	-3.6%	100,146.14	2,817.00	13,237.86
FOOTBALL	440,132.00	48,134.78	488,266.78	10.9%	411,465.13	0.00	76,801.65
MENS BASEBALL	165,265.00	19,916.78	185,181.78	12.1%	151,049.78	5,692.19	28,439.81
MENS BASKETBALL	341,076.00	65,153.86	406,229.86	19.1%	348,784.77	235.96	57,209.13
GOLF-MEN'S	49,214.00	8,040.00	57,254.00	16.3%	43,179.85	2,531.60	11,542.55
TENNIS	111,964.00	2,624.18	114,588.18	2.3%	94,440.24	404.10	19,743.84
RIFLE	29,577.00	14,795.75	44,372.75	50.0%	40,169.04	0.00	4,203.71
BASKETBALL-WOMEN'S	359,240.00	8,482.69	367,722.69	2.4%	314,953.12	793.00	51,976.57
WOMEN'S SOCCER	66,790.00	10,083.40	76,873.40	15.1%	65,522.89	0.00	11,350.51
SOFTBALL-WOMEN'S	152,277.00	5,895.30	158,172.30	3.9%	126,877.06	194.99	31,100.25
VOLLEYBALL-WOMEN'S	165,258.00	54.94	165,312.94	0.0%	149,092.81	0.00	16,220.13
 TOTAL STUDENT LIFE	 \$9,944,959.00	 \$-48,007.74	 \$9,896,951.26	 -0.5%	 \$8,720,274.52	 \$55,873.95	 \$1,120,802.80

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DIVISION OF ACADEMIC AFFAIRS - EDUCATIONAL AND GENERAL							
EXEC VP ACAD AFFAIRS	\$316,836.00	\$29,934.41	\$346,770.41	9.4%	\$257,044.20	\$279.44	\$89,446.77
RETENTION	167,569.00	170,112.08	337,681.08	101.5%	246,833.35	386.25	90,461.48
FACULTY DEVELOPMENT	24,674.00	11,807.50	36,481.50	47.9%	28,840.67	3,678.00	3,962.83
FACULTY SENATE	15,275.00	291.00	15,566.00	1.9%	10,691.79	0.00	4,874.21
INST PLAN, RES & EFF	199,598.00	-47,754.59	151,843.41	-23.9%	110,017.23	0.00	41,826.18
LIBRARY	2,275,299.00	11,424.93	2,286,723.93	0.5%	1,702,408.06	2,876.38	581,439.49
REGISTRAR	337,323.00	2,835.32	340,158.32	0.8%	241,887.70	1,352.91	96,917.71
RES, GRANTS, CONTRACTS	261,484.00	3,272.16	264,756.16	1.3%	175,632.20	0.00	89,123.96
FACULTY RESEARCH	290,000.00	-26,142.51	263,857.49	-9.0%	63,708.37	14.26	200,134.86
SACS 2000	98,605.00	4,291.00	102,896.00	4.4%	59,532.37	0.00	43,363.63
SUMMER SCHOOLS	1,218,168.00	-539,490.48	678,677.52	-44.3%	5,631.00	0.00	673,046.52
UNDIST INSTRUC SUPP	1,173,673.00	-539,658.24	634,014.76	-46.0%	152,411.24	0.00	481,603.52
Subtotal	\$6,378,504.00	\$-919,077.42	\$5,459,426.58	-14.4%	\$3,054,638.18	\$8,587.24	\$2,396,201.16
CAUDIL C/HUMANITIES	\$203,838.00	\$-4,680.30	\$199,157.70	-2.3%	\$144,478.32	\$0.00	\$54,679.38
ART	612,425.00	127,649.52	740,074.52	20.8%	518,954.59	418.00	220,701.93
ART GALLERY	6,685.00	-2,053.50	4,631.50	-30.7%	3,217.31	0.00	1,414.19
STUDENT PUBLICATIONS	50,031.00	2,004.13	52,035.13	4.0%	35,679.30	0.00	16,355.83
COMMUNICATIONS	1,309,408.00	101,771.63	1,411,179.63	7.8%	970,118.29	1,226.28	439,835.06
DP ENG/FOR LANG/PHIL	1,825,605.00	222,643.88	2,048,248.88	12.2%	1,447,542.92	150.00	600,555.96
WRITING CENTER	0.00	3,874.00	3,874.00	100.0%	2,819.85	0.00	1,054.15
DEPT GEO/GOV/HISTORY	1,087,690.00	86,038.14	1,173,728.14	7.9%	819,830.34	186.00	353,711.80
MUSIC	1,363,565.00	108,020.57	1,471,585.57	7.9%	1,010,504.22	2,928.26	458,153.09
UNIVERSITY BAND	38,700.00	-310.10	38,389.90	-0.8%	20,239.80	132.95	18,017.15
Subtotal	\$6,497,947.00	\$644,957.97	\$7,142,904.97	9.9%	\$4,973,384.94	\$5,041.49	\$2,164,478.54
COL BUSINESS, DEAN	\$300,259.00	\$-21,782.49	\$278,476.51	-7.3%	\$189,974.49	\$0.00	\$88,502.02
ACCTG & ECONOMICS	1,092,997.00	79,886.37	1,172,883.37	7.3%	797,841.38	816.19	374,225.80
INFORMATION SYSTEMS	811,092.00	133,230.15	944,322.15	16.4%	695,627.92	132.00	248,562.23
MANAGEMENT & MARKET	888,099.00	35,257.13	923,356.13	4.0%	622,847.66	0.00	300,508.47
VIRTUAL MBA PROGRAM	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
CENT COM ECON DEV	50,879.00	-22,739.49	28,139.51	-44.7%	26,477.47	0.00	1,662.04
CONT ED & CONF SERV	247,516.00	-152,927.24	94,588.76	-61.8%	93,155.45	0.00	1,433.31

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SMALL BUSINESS ADM	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
Subtotal	\$3,390,842.00	\$50,924.43	\$3,441,766.43	1.5%	\$2,425,924.37	\$948.19	\$1,014,893.87
COL ED & BE SCI, DEAN	\$207,758.00	\$-1,458.74	\$206,299.26	-0.7%	\$131,029.87	\$100.00	\$75,169.39
CLEARHOUSE SCH SERV	98,447.00	-550.92	97,896.08	-0.6%	71,525.02	555.58	25,815.48
ELEM READ & SPEC ED	1,668,897.00	65,780.38	1,734,677.38	3.9%	1,153,078.89	2,158.92	579,439.57
HPER	883,261.00	75,335.77	958,596.77	8.5%	639,114.74	25.00	319,457.03
INTRAMURALS	110,262.00	13,245.63	123,507.63	12.0%	83,588.42	359.75	39,559.46
SWIMMING POOL	44,832.00	6,989.43	51,821.43	15.6%	35,271.78	0.00	16,549.65
UNIV WELLNESS CENTER	71,024.00	32,854.98	103,878.98	46.3%	58,561.01	0.00	45,317.97
IN-SERVICE TEACH ED	40,536.00	-5,328.08	35,207.92	-13.1%	15,444.27	245.52	19,518.13
KEDC	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
KERA	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
LEAD. & SECOND. EDUC	921,934.00	175,251.19	1,097,185.19	19.0%	778,862.04	277.60	318,045.55
MILITARY SCIENCE	21,062.00	1,402.00	22,464.00	6.7%	14,064.08	754.00	7,645.92
PSYCHOLOGY	720,592.00	92,085.53	812,677.53	12.8%	583,039.18	1,177.50	228,460.85
SOCIOLOGY	1,050,180.00	148,624.86	1,198,804.86	14.2%	852,550.52	135.00	346,119.34
STUDENT TEACH/CLINCL	245,853.00	-3,685.47	242,167.53	-1.5%	159,479.87	1,560.56	81,127.10
Subtotal	\$6,084,638.00	\$600,546.56	\$6,685,184.56	9.9%	\$4,575,609.69	\$7,349.43	\$2,102,225.44
COLL OF SCI & TECH	\$364,354.00	\$4,131.89	\$368,485.89	1.1%	\$249,019.28	\$4,503.55	\$114,963.06
AGRICULTURAL SCIENCE	560,547.00	48,917.91	609,464.91	8.7%	429,762.66	510.35	179,191.90
VET TECH PROGRAM	314,440.00	11,886.90	326,326.90	3.8%	170,958.20	10,836.52	144,532.18
EQUESTRIAN PROGRAM	46,350.00	6,294.51	52,644.51	13.6%	37,149.76	200.00	15,294.75
UNIVERSITY FARM	229,911.00	10,226.41	240,137.41	4.4%	172,221.96	2,654.00	65,261.45
FARM MAINTENANCE	144,618.00	-10,419.29	134,198.71	-7.2%	97,994.73	708.00	35,495.98
BIOLOGY & ENV SCI	1,012,964.00	142,608.21	1,155,572.21	14.1%	805,672.86	1,587.84	348,311.51
WATER ANALYSIS LAB	20,008.00	3,610.00	23,618.00	18.0%	18,544.18	0.00	5,073.82
CST-MULTI MEDIA CTR	0.00	2,975.50	2,975.50	100.0%	2,039.17	0.00	936.33
HUMAN SCIENCES	524,318.00	23,834.98	548,152.98	4.5%	371,669.97	4,464.92	172,018.09
IET	741,365.00	41,546.48	782,911.48	5.6%	531,649.28	237.95	251,024.25
MATHEMATICAL SCI	1,115,817.00	-9,534.12	1,106,282.88	-0.9%	807,285.54	298.50	298,698.84
NURSING-BSN	723,418.00	6,331.30	729,749.30	0.9%	436,935.96	172.80	292,640.54
NURSING-ADN	358,910.00	8,365.88	367,275.88	2.3%	253,259.86	0.00	114,016.02
RAD TECH PROGRAM	275,327.00	30,710.66	306,037.66	11.2%	205,849.53	281.20	99,906.93
PHYSICAL SCIENCES	1,217,379.00	9,676.67	1,227,055.67	0.8%	861,639.65	1,084.80	364,331.22
INST REG ANL PUB POL	0.00	161,503.44	161,503.44	100.0%	41,205.16	2,597.10	117,701.18

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IRAPP SCHOLARSHIPS	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
CORR, RES, TRAINING	94,884.00	-66,325.75	28,558.25	-69.9%	19,610.05	0.00	8,948.20
IRAPP E KY WOMEN LEA	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
R&D CTR ST, SC & COM	0.00	12,100.00	12,100.00	100.0%	1,236.67	0.00	10,863.33
Subtotal	\$7,744,610.00	\$438,441.58	\$8,183,051.58	5.7%	\$5,513,704.47	\$30,137.53	\$2,639,209.58
UG PROGRAMS	\$217,634.00	\$13,876.11	\$231,510.11	6.4%	\$150,366.62	\$2,721.48	\$78,422.01
GRADUATE PROGRAMS	476,448.00	-346,287.75	130,160.25	-72.7%	99,803.03	0.00	30,357.22
ACAD SUPPORT & ECC	432,912.00	58,862.27	491,774.27	13.6%	362,306.56	905.00	128,562.71
ASHLAND EXT CAM CTR	143,248.00	3,400.63	146,648.63	2.4%	101,748.90	129.60	44,770.13
BIG SANDY EX CAM CTR	157,419.00	15,209.20	172,628.20	9.7%	127,435.22	400.00	44,792.98
CONTINUING EDUCATION	0.00	128,365.62	128,365.62	100.0%	55,942.73	1,358.00	71,064.89
ENGLISH LANGUAGE CTR	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
DISTANCE LEARNING ED	226,310.00	70,260.04	296,570.04	31.0%	190,226.54	0.00	106,343.50
INTERNATIONAL EDUCAT	2,882.00	0.00	2,882.00	0.0%	1,484.60	143.60	1,253.80
HINDMAN DLS	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
LEES DLS	35,208.00	4,120.00	39,328.00	11.7%	22,885.89	0.00	16,442.11
LICKING VAL EX CNTR	138,687.00	6,498.58	145,185.58	4.7%	98,192.92	612.38	46,380.28
REGIONAL CAMPUS	294,379.00	-114,762.46	179,616.54	-39.0%	107,308.22	7,000.00	65,308.32
WHITESBURG DLS	8,400.00	0.00	8,400.00	0.0%	6,164.55	0.00	2,235.45
CAREER SERVICES	79,470.00	12,470.04	91,940.04	15.7%	64,359.87	0.00	27,580.17
TESTING CENTER	93,422.00	6,065.50	99,487.50	6.5%	73,955.89	1,365.50	24,166.11
AREA HLTH ED SYSTEM	14,645.00	0.00	14,645.00	0.0%	0.00	0.00	14,645.00
CRITICAL THINK CTR	15,218.00	-323.16	14,894.84	-2.1%	9,747.06	100.00	5,047.78
HONORS PROGRAM	16,965.00	12,661.54	29,626.54	74.6%	22,626.39	556.44	6,443.71
Subtotal	\$2,353,247.00	\$-129,583.84	\$2,223,663.16	-5.5%	\$1,494,554.99	\$15,292.00	\$713,816.17
TOTAL ACADEMIC AFFAIRS	\$32,449,788.00	\$686,209.28	\$33,135,997.28	2.1%	\$22,037,816.64	\$67,355.88	\$11,030,824.76

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OTHER - EDUCATIONAL AND GENERAL							

ACCRUED LEAVE ADJUST	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00
ASHLAND CTR FACILITY	150,200.00	-3,300.00	146,900.00	-2.2%	135,270.80	0.00	11,629.20
BIG SANDY CTR FAC.	203,938.00	-3,050.00	200,888.00	-1.5%	115,299.39	0.00	85,588.61
LICKING VAL CTR FAC	55,331.00	3,050.00	58,381.00	5.5%	55,549.40	0.00	2,831.60
CREDIT UNION	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
FAC/STAFF BENEFITS	926,523.00	-21,313.43	905,209.57	-2.3%	353,859.00	240.00	551,110.57
UNDIS ACAD SUPPORT	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
UNDIS INSTITU SUPP	691,008.00	-145,485.30	545,522.70	-21.1%	277,987.70	31,647.88	235,887.12
E & G DEBT SERVICE	2,129,000.00	0.00	2,129,000.00	0.0%	1,060,596.15	0.00	1,068,403.85
MANDATORY TRANSFERS	1,200,056.00	-54,922.00	1,145,134.00	-4.6%	1,005,058.54	0.00	140,075.46
NON-MANDATORY TRANS	637,584.00	2,092,695.51	2,730,279.51	328.2%	2,015,055.27	0.00	715,224.24
 TOTAL OTHER	 \$5,993,640.00	 \$1,867,674.78	 \$7,861,314.78	 31.2%	 \$5,018,676.25	 \$31,887.88	 \$2,810,750.65
TOTAL EDUCATIONAL & GENERAL	\$61,994,900.00	\$3,394,432.96	\$65,389,332.96	5.5%	\$46,179,740.64	\$963,347.97	\$18,246,244.35

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DIVISION OF ADMINISTRATION & FISCAL SERVICES - AUXILIARY ENTERPRISES							
AUX FACILITY REMODEL	\$5,000.00	\$0.00	\$5,000.00	0.0%	\$756.98	\$0.00	\$4,243.02
HOUSING LAUNDRY	12,000.00	0.00	12,000.00	0.0%	0.00	0.00	12,000.00
HOUSING TELECOMM	457,922.00	772.63	458,694.63	0.2%	327,924.42	2,200.00	128,570.21
RES HALL-BLDG SRVS	704,804.00	10,382.32	715,186.32	1.5%	410,950.39	475.00	303,760.93
RESIDENCE HALL-O&M	2,038,050.00	0.00	2,038,050.00	0.0%	537,309.43	171,309.41	1,329,431.16
AUX MAINT & IT ALLOC	0.00	0.00	0.00	0.0%	0.00	0.00	0.00
STUDENT FAM HOU-O&M	136,140.00	0.00	136,140.00	0.0%	74,436.86	0.00	61,703.14
FOOD SERVICES	59,900.00	803.00	60,703.00	1.3%	15,838.27	0.00	44,864.73
VENDING & CONCESSION	223,892.00	964.26	224,856.26	0.4%	151,496.79	378.00	72,981.47
SNACK VENDING	98,518.00	336.63	98,854.63	0.3%	65,924.40	0.00	32,930.23
GOLF COURSE	148,972.00	5,690.16	154,662.16	3.8%	103,082.73	4,182.38	47,397.05
UNIV CTR-O&M	93,750.00	-5,000.00	88,750.00	-5.3%	43,958.73	0.00	44,791.27
UNIVERSITY STORE	2,551,256.00	1,360.57	2,552,616.57	0.1%	2,292,696.08	1,309.38	258,611.11
 TOTAL ADMINISTRATION & FISCAL SERVICES	 \$6,530,204.00	 \$15,309.57	 \$6,545,513.57	 0.2%	 \$4,024,375.08	 \$179,854.17	 \$2,341,284.32

MOREHEAD STATE UNIVERSITY
 FY 1998-99 Unrestricted Expenditure Report
 For the Period 07/01/1998 to 03/31/1999

PAGE: 11

DESCRIPTION	OPENING BUDGET	ADJUSTMENTS	AMENDED BUDGET	PERCENT CHANGE	EXPENDITURES	ENCUMBRANCES	AVAILABLE BALANCE
DIVISION OF STUDENT LIFE - AUXILIARY ENTERPRISES							
STUDENT HOUSING ADM	\$580,321.00	\$70,451.56	\$650,772.56	12.1%	\$433,008.07	\$1,905.70	\$215,858.79
UNIV CTR-BLDG SRVS	91,802.00	-304.11	91,497.89	-0.3%	67,412.02	233.31	23,852.56
RECREATION ROOM	29,000.00	-15,202.55	13,797.45	-52.4%	9,395.86	1,655.00	2,746.59
 TOTAL STUDENT LIFE	 \$701,123.00	 \$54,944.90	 \$756,067.90	 7.8%	 \$509,815.95	 \$3,794.01	 \$242,457.94

MOREHEAD STATE UNIVERSITY
FY 1998-99 Unrestricted Expenditure Report
For the Period 07/01/1998 to 03/31/1999

PAGE: 12

DESCRIPTION	OPENING BUDGET	ADJUSTMENTS	AMENDED BUDGET	PERCENT CHANGE	EXPENDITURES	ENCUMBRANCES	AVAILABLE BALANCE
OTHER - AUXILIARY ENTERPRISES							

ACCRUED LEAVE ADJUST	\$0.00	\$0.00	\$0.00	0.0%	\$0.00	\$0.00	\$0.00
HOUSING DEBT SERVICE	1,815,667.00	0.00	1,815,667.00	0.0%	976,159.61	0.00	839,507.39
AUXILIARY DEBT SER.	120,206.00	6,400.00	126,606.00	5.3%	71,967.26	0.00	54,638.74
HOUSING TRANSFERS	0.00	17,700.00	17,700.00	100.0%	17,700.00	0.00	0.00
 TOTAL OTHER	 \$1,935,873.00	 \$24,100.00	 \$1,959,973.00	 1.2%	 \$1,065,826.87	 \$0.00	 \$894,146.13
TOTAL AUXILIARY ENTERPRISES	\$9,167,200.00	\$94,354.47	\$9,261,554.47	1.0%	\$5,600,017.90	\$183,648.18	\$3,477,888.39
TOTAL UNIVERSITY	\$71,162,100.00	\$3,488,787.43	\$74,650,887.43	4.9%	\$51,779,758.54	\$1,146,996.15	\$21,724,132.74

MOREHEAD STATE UNIVERSITY
Budget Transfers Greater Than \$200,000
For the Period January 1, 1999 to March 31, 1999

From: Division/ Budget Unit	To: Division/ Budget Unit	Amount	Description
BUDGETED FUND BALANCE	ADMINISTRATION & FISCAL SERVICES E&G Facility Remodeling	\$ 200,000	Transfer of reserves for the realignment of space project at Waterfield Hall. This project is related to the renovation of Breckinridge Hall.
REVENUES Other Income	OTHER Transfers to Unexpended Plant	\$ 250,000	Allocation of revenue towards the required match for the Deferred Maintenance and Government Mandates Pool.
REVENUES Regional Excellence Trust Fund	OTHER Transfers to Endowments	\$ 1,345,800	Recognition of the 97/98 and 98/99 revenue received from the Trust Fund to establish endowments.
STUDENT LIFE Student Activities	OTHER Transfers to Unexpended Plant	\$ 350,065	Transfer of allocated student activity fees and \$270,900 advance from the health insurance reserve fund for the Wellness Center Phase II.
BUDGETED FUND BALANCE			

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period January 1, 1999 to March 31, 1999

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I Equipment Purchases Greater than \$50,000			
Document Imaging Systems	\$ 110,000		In Progress
Microcomputer Acquisition Program	850,000		Scheduled
	<u>\$ 960,000</u>		
II Capital Construction Projects/ Land Acquisitions Greater than \$100,000			
MSU Network Project:			
Phase III (FY 98/99)	\$ 813,000	March, 1999	Completed
Phase IV (FY 99/00)	463,900		Scheduled
Allen Field - Lighting (\$95,000 Private Funds)	130,000		In Progress
Chiller Replacements (AY, CO, MH, MT & ADUC)	800,000		In Progress
Deferred Maintenance and Government Mandates Pool (\$1,400,000 State Matching Funds)			
Roof Replacements (LB, RA, HM, SSC)	\$ 650,000		In Design
Elevator Upgrades/Installation (RH, LC, CY)	350,000		In Design
Fire Alarm Upgrades/Replacement	150,000		In Design
Window Replacement (CB, BM, LC)	600,000		Scheduled
Mechanical System Replacements (AA, ADUC)	250,000		Scheduled
Dam Restoration	800,000		Scheduled
	<u>\$ 2,800,000</u>		
Equine Teaching Facility (Higher Education Equine Trust and Revolving Fund)	\$ 720,000		In Progress
Protect Investment in Plant - Auxiliary Facilities			
Roof Replacements (MW, MH)	\$ 230,000		In Design
Structural Repairs - Floor & Ceiling Tile, Doors/Locks, Wall Repairs (AT, CH)	801,000		Scheduled
Elevator Repairs/Upgrades (ME, MW, AT)	249,000		In Design
Mechanical Repairs/Replacements - Cooling Tower, Fan Coils (MT, CO)	220,000		In Design
	<u>\$ 1,500,000</u>		
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project I - 1999	\$ 1,490,000		In Design
Project II - 2000	1,160,000		Scheduled
Project III - 2001	1,566,000		Scheduled
Project IV - 2002	464,000		Scheduled
Project V - 2003	812,000		
	<u>\$ 5,492,000</u>		
Waterfield Hall - Realignment of space (related to the renovation of Breckinridge Hall)	200,000		In Progress
Wellness Facility Phase II (\$900,000 State Appropriation)	1,750,000		In Progress
	<u>\$ 14,668,900</u>		

CONTRACTS FOR BANKING SERVICES

BOR (VII-B-5)
June 4, 1999

Background:

The University is required by KRS Chapters 41 and 164A to designate depository banks for all funds collected. The method of selection of the banks is set forth in the Kentucky Model Procurement Code, KRS Chapter 45A.

Using the guidelines for competitive bidding of contracts in KRS Chapter 45A, bids for banking services were requested. As a result of that process, contracts were issued to Firststar Bank (formerly Trans Financial Bank) in Morehead for the main campus banking services, to Firststar Bank in Prestonsburg for the banking services of the Big Sandy Extended Campus Center, and to the Commercial Bank in West Liberty for the Licking Valley Extended Campus Center.

These contracts covered the period from July 1, 1997 to June 30, 1998 with options to renew the contracts for four additional one-year periods. The services rendered have been in compliance with the terms of the contracts.

Bids were also requested for banking services for the Ashland Extended Campus Center. However, no bids were received from the Ashland banks. In the absence of the ability to establish a contract, the University requested bids for establishing a money market account for the Ashland Extended Campus Center. An account was established at the National City Bank for a one-year period beginning July 1, 1998 with the option to extend the account for three additional one-year periods.

Recommendation:

That the Board exercise the option to renew the banking services contracts for the period July 1, 1999 - June 30, 2000, with Firststar Bank of Morehead for the main campus banking, Firststar Bank of Prestonsburg for the Big Sandy Extended Campus Center banking, and the Commercial Bank of West Liberty for the Licking Valley Extended Campus Center, and that the Board exercise the option to continue the money market account at National City Bank for the Ashland Extended Campus Center.

1999/2000 OPERATING BUDGET AND FEE SCHEDULE

BOR (VII-B-6)
June 4, 1999

Background:

The proposed 1999/2000 Operating Budget reflects the University's Strategic Plan for 1996-2000 as it continues to address the priorities of faculty and staff compensation, the library, technology infrastructure, and maintenance of plant. A budget workshop with the Board of Regents was held on April 11, 1999. In addition, the preliminary budget was presented and discussed with an ad hoc Budget Committee. The Budget Committee members included the President and his direct staff, Vice Presidents, Deans, Chairs of the Fiscal Affairs Committees of the Faculty Senate and Staff Congress, a representative from the Student Government Association, the Chair of the Planning Committee, and the Director of Budgets and Management Information.

The parameters for management of the 1999/2000 Operating Budget and the related reporting requirements are specified in the Budget Adoption Resolution on pages A-2 and A-3 of the separately bound Operating Budget.

Analysis - Operating Budget:

The proposed 1999/2000 Operating Budget totals \$76,916,800 and reflects an increase of \$5,754,700, or 8.09 percent, from the 1998/99 opening budget. The proposed net operating revenue increases are summarized below:

Tuition and Fees	\$2,033,700
State Appropriations (Operating & Debt Service)	2,314,100
Indirect & Administrative Cost Recovery	12,500
Sales & Services of Ed. Activities	76,700
Other Sources	327,500
Fund Balance - E & G	419,400
Auxiliary Enterprises	<u>570,800</u>
Total Proposed Increase	<u>\$5,754,700</u>

The recommended operating budget is based on a headcount enrollment of 8,400 students for Fall 1999, a 1.65 percent increase from the previous Fall. Occupancy in the residence halls is projected at 2,950 students, an increase of 3.51 percent from the Fall 1998.

State Appropriations

The direct State operating appropriation for Morehead State University (MSU) will increase by \$860,700. In addition, the University will continue to receive \$200,000 from the Cabinet for Education, Arts, and Humanities for the operation of the Folk Art Center and \$120,000 from the Cabinet for Health Services for a regional health and drug education program.

MSU will also receive \$882,000 from the Regional Excellence Trust Fund through the Council on Postsecondary Education (CPE). These funds are designated for the University's approved program of distinction, the Institute for Regional Analysis and Public Policy (IRAPP). Pursuant to the CPE's guidelines, the University must match these funds 1:1 from either the reallocation of existing funds or with external grants and contracts.

In accordance with the financial plan for IRAPP, as approved by the CPE, this budget reflects the recurring reallocation of \$403,300 of existing funds. The reallocation is comprised primarily of personnel and scholarships funds.

In addition, the 1999/2000 plan includes matching \$229,000 of Trust Funds with university reserves and increasing the Endowment for the Program of Distinction by a total of \$458,000. The Institutional Building Endowment and the Endowment for the Program of Distinction were originally created during the current fiscal year. As of June 30, 2000, the University will have invested a minimum of \$3,149,600 of Trust Funds and university funds in these endowments. Per the financial plan, the remaining 1999/2000 Trust Fund appropriation of \$249,700 will be matched with external grants and contracts and institutional reserves.

MSU will also receive \$2,700,400 from the State for debt service on Consolidated Educational Bonds. This appropriation includes \$572,000 for debt service for the new Licking Valley Extended Campus Center facility.

Salary Increase Pool

As in the past, the President established the enhancement of faculty and staff compensation as a budget priority. The equivalent of a 4.58 percent salary increase pool, which totals approximately \$877,100, was established for faculty and librarians.

The equivalent of a 5.84 percent salary increase pool was created for non-exempt staff. The cost of this pool totals approximately \$385,500 and includes a substantial increase in the entry-level wage rates for the lower pay grades.

Exempt staff will receive the equivalent of a 3.61 percent salary increase pool, which totals approximately \$387,900. These funds include increasing the entry-level salary rates for classified exempt staff positions by 2 percent. Additional information regarding the 1999/2000 authorized personnel positions is presented in the 1999/2000 Personnel Roster Agenda Item.

Other Strategic Initiatives

Due to fiscal constraints, a limited number of new strategic initiatives, which were submitted through the University's Planning Committee, are recommended to be funded at this time. The strategic initiatives that have been funded with the allocation of new revenues and / or institutional reserves include: additional operating funds for Americans with Disabilities Act related issues, reducing the microcomputer replacement cycle from five years to four years; additional operating funds for Affirmative Action programming; and a secretary position for the Office of Admissions.

In addition to the new initiatives, the Library's books and periodicals budget has been increased by \$103,450 based on a commitment to a prior strategic initiative. This increase includes \$53,450 inflationary increase and a \$50,000 base increase.

Athletics

The proposed operating budget for intercollegiate athletics is in compliance with the Board's May 5, 1989 Resolution on Intercollegiate Athletics which stipulates that athletic revenues must equal at least 33 1/3 percent of athletic expenditures. In addition, the proposed operating budget also adheres to the resolution's requirement that general fund contributions to athletics not exceed 3.6 percent of the educational and general budget.

1999/2000 is the fourth year of the MSU Athletics Ad Hoc Long Range Planning Committee's 5-year plan to distribute available football scholarship funds to other athletic programs. Approximately \$41,800 of the \$93,800 1998/99 football scholarship budget has been reallocated in the proposed 1999/2000 Operating Budget. The 5-year plan aggressively moves the University's athletic programs toward compliance with Title IX Federal Regulations.

New Programs

In addition to the aforementioned strategic initiatives, the 1999/2000 Operating Budget includes three new programs: the Virtual MBA Program, the English Language Center, and the Child Care Center. The Virtual MBA Program includes two new faculty positions and related operating funds. The English Language Center and the Child Care Center are expected to generate sufficient revenues to cover all direct costs.

Fund Balance

As shown below, \$3,605,700 has been budgeted from unrestricted fund balance to fund capital projects and operating expenditures:

Capital Projects / Investments

Academic Affairs Projects	\$100,000
Capital Construction Projects	735,000
(Includes \$400,000 carry forward for current projects)	
Deferred Maintenance & Gov't Mandates Pool	341,000
Land Acquisitions	150,000
Regional Excellence Trust Fund Match	246,700

Technology Projects	300,000
(Includes \$200,000 carry forward for current projects)	
Other	<u>62,500</u>
	\$1,935,200
Operating:	
Accreditation - SACS, NASM	\$81,200
Carry Forward of Operating Funds	250,000
Development & Alumni Relations	40,000
Grants - Cash Match	100,000
IRAPP	570,000
(Carry forward of 98/99 Trust Funds & matching funds)	
KTRS Sick Leave Credit (Retirees)	100,000
Vacancy Savings	220,000
Year 2000 Programmers	58,800
Other	<u>250,500</u>
	\$1,670,500
Total Budgeted Fund Balance	<u>\$3,605,700</u>

Analysis - Fee Schedule:

KRS Section 164 empowers the CPE to establish tuition rates for public institutions in the Commonwealth of Kentucky and further stipulates that the Board of Regents of each institution may establish incidental fees necessary to the operation of each institution. Accordingly, a comprehensive review of University fees is conducted annually and recommended changes are presented to the Board for approval. The proposed 1999/2000 Fee Schedule is presented on pages C-1 through C-17 of the Operating Budget. A summary of the significant recommended changes follows:

Tuition and Mandatory Fees

The CPE has established a 4.7 to 5.2 percent increase in tuition rates for 1999/2000, which equates to a \$50 per semester increase for full-time, in-state undergraduate students. The mandatory Student Activity and Services Fee is comprised of various components. The base fee has not been increased in many years. The most recent increases included a dedicated \$10 Wellness Center Fee effective Fall 1994 and a dedicated \$15 Technology Fee effective Fall 1996.

A \$35 per semester increase in the base Student Activity and Services Fee is recommended, which should generate approximately \$499,300 in annual revenue. This

additional revenue is included in the proposed 1999/2000 Operating Budget. The proposed Student Activity and Services Fee for a full-time student follows:

Student Activity Fee	\$82.50
Athletics	47.50
Student Health Services	35.00
Computer Fee	20.00
Technology Fee	15.00
Wellness Center	<u>10.00</u>
	<u>\$210.00</u>

Student Housing

Morehead State University and other public postsecondary institutions have initiated a multi-year plan to install sprinkler systems and upgrade other fire safety systems in student residence halls. These initiatives are primarily the result of the tragic fire at Murray State University in September last year. As presented on page C-2 of the Fee Schedule, a \$35 surcharge is recommended to partially fund the first phase of the Fire Safety projects.

The University has also identified other residence hall improvement projects totaling \$1,500,000. These projects include roof replacements, structural repairs, elevator repairs or upgrades, and mechanical repairs and replacements. In addition to the Fire Safety Surcharge, a 5 percent increase, or approximately \$39 per semester, is recommended for all residence halls to aid in the funding of the debt service associated with these projects.

Internet Course Fee

As shown on page C-1 of the Fee Schedule, a \$30 per credit hour Internet Course Fee is recommended to partially assist with the increased costs associated with Internet courses. The new course fee should generate approximately \$80,800 in annual revenue. This revenue is included in the proposed 1999/2000 Operating Budget revenues.

Recommendation:

That the Board approve the recommended 1999/2000 Operating Budget, which totals \$76,916,800, and the 1999/2000 Fee Schedule.

1999/2000 PERSONNEL ROSTER

BOR (VII-B-7)
June 4, 1999

Background:

The 1999/2000 Personnel Roster, presented with this agenda as a separately bound document, contains a listing of the recommended authorized positions as of July 1, 1999. Funding for each position listed in the roster has been provided for in the proposed 1999/2000 Operating Budget.

The personnel roster is organized by division, with exempt (salary) and non-exempt (hourly) positions listed separately. The following information is shown for each position:

- Position ID number
- Employee currently holding the position
- Position title
- Appointment status if not a regular, full-time appointment
- Recommended 1999/2000 salary for the position
- Current salary for the position
- Contract months for exempt employees

Analysis:

A total of 968.19 full-time equivalent (FTE) positions are recommended for fiscal year ended June 30, 2000. A comparison of the recommended 1999/2000 position strength by employee classification to the 1998/1999 opening and amended authorizations follows:

	Opening 1998/1999	Amended 1998/1999	Recommended 1999/2000
Faculty	343.25	350.75	345.25
Exempt Staff	271.97	277.97	281.97
Non-Exempt Staff	<u>335.80</u>	<u>338.47</u>	<u>340.97</u>
	<u>951.02</u>	<u>967.19</u>	<u>968.19</u>

Faculty and Librarians

A 3 percent general salary increase pool was distributed to faculty and librarians based on performance. Pursuant to the faculty merit system, faculty and librarians must meet minimum expectations to receive any salary increase.

In Fall 1998, the President appointed an Ad Hoc Committee on Faculty Compensation to develop recommendations to improve faculty salaries. The Committee was charged with developing recommendations to serve as the basis for a five-year plan for future faculty compensation. The committee determined that median faculty salaries at MSU are approximately 13 percent below the benchmark median of the other Kentucky regional universities. The committee issued several recommendations including the following:

1. Entry level salaries should be determined at the program level and based upon CUPA (College and University Personnel Association) data. To limit the effect of salary compression with existing employees, the benchmark entry-level salaries should be phased-in over a multi-year period.
2. Equity adjustments to address salary compression from competitive entry-level salaries should be dealt with in a fair and effective manner.
3. The minimum annual salary increase pool should be greater than 3.2 percent (the average annual faculty salary increase at the other Kentucky regional universities over the past 5 years).
4. The Committee reaffirmed the University's commitment to a merit based system of salary enhancement.

In addition to the 3 percent general salary increase pool, \$300,000 was distributed to faculty and librarians pursuant to the recommendations made by the Ad Hoc Committee on Faculty Compensation. The additional funding equates to an additional 1.58 percent pool for equity adjustments and promotions. A total of 6 faculty members are recommended for promotion in this agenda.

Exempt Staff

A 3 percent general salary increase pool for exempt staff is included in the proposed 1999/2000 Operating Budget. Exempt staff members are eligible for a 2 percent across-the-board salary increase and additional salary increases from a 1 percent merit pool.

In addition to the general salary increase pool, staff is eligible for salary increments through reclassifications and, in limited circumstances, career ladder programs. It is recommended that 4 exempt staff members receive salary adjustments as a result of reclassifications and 1 exempt staff member receive a salary adjustment as a result of fulfilling career ladder requirements.

The proposed budget also includes \$70,200 for exempt staff equity adjustments. Requests for equity adjustments were submitted by the Vice Presidents to the Office of Human Resources for review and recommendation to the President.

In the prior year, William M. Mercer, Incorporated was contracted to perform a review of the staff classification and compensation plans. Based on Mercer's recommendations, the entry-level salary amounts for classified exempt staff positions will increase by 2 percent effective July 1, 1999. The revised exempt and non-exempt compensation scales are presented in the 1999/2000 Personnel Roster.

Non-Exempt Staff

A 3.5 percent general salary increase pool for non-exempt staff is included in the proposed 1999/2000 Operating Budget. The increase for non-exempt staff was distributed entirely on an across-the-board basis. In addition to the general salary increase pool, it is recommended that 9 non-exempt staff members receive salary adjustments as a result of reclassifications.

The 1999/2000 Operating Budget reflects the University's commitment to increase the classified hourly wage rates. The primary goal for these positions is that they should pay no less than \$14,000 annually. Therefore, the entry-level wage scale for non-exempt full-time staff positions has been increased accordingly. This resulted in the non-exempt grade 1 rate being increased by approximately 24% to \$6.74 per hour. A comparison of the recommended non-exempt staff compensation scale to the currently authorized scale follows:

<u>Grade</u>	<u>Authorized Entry Level</u>	<u>Recommended Entry Level</u>	<u>Increase</u>	
			<u>Amount</u>	<u>%</u>
6	\$10.10	\$10.28	\$.18	1.78%
5	\$ 9.13	\$ 9.29	\$.16	1.75%
4	\$ 8.16	\$ 8.32	\$.16	1.96%
3	\$ 7.19	\$ 7.73	\$.54	7.51%
2	\$ 6.22	\$ 7.20	\$.98	15.76%
1	\$ 5.45	\$ 6.74	\$1.29	23.67%

Recommendation:

That the Board approve the 1999/2000 Personnel Roster.

1998-2004 SIX-YEAR CAPITAL PLAN

**BOR (VII-B-8)
June 4, 1999**

Background:

The University's 1998-2004 Six-year Capital Plan, which details capital projects with an estimated scope of \$400,000 or more and equipment purchases with an estimated scope of \$100,000 or more, was submitted to the Capital Planning Advisory Board and the Council on Postsecondary Education on April 15, 1999. This plan will be used as the basis for the development of the 2000-2002 Executive Budget Capital Request. The Executive Budget Capital Request will be presented to the Board for approval later this year.

The Six-Year Capital Plan includes numerous capital and equipment projects, which would require approximately \$149 million from various fund sources during the next two biennia (2000-2004). The University's foremost priorities are life safety projects related to auxiliary and educational and general facilities.

The Six-Year Capital Plan is presented with this agenda book as a separately bound document. The plan includes the following sections:

1. Capital Projects Summary Listing

The Capital Projects Summary Listing includes all capital projects and equipment items in priority order. The estimated cost and proposed fund source are provided for each project. Definitions for the various fund sources follow:

- State Bonds - Bonded indebtedness issued by the State for which the debt service payments are funded from designated state appropriations.
- State General Funds - Direct state appropriation designated in the Budget of the Commonwealth for a specific line item.
- Agency Bonds - Bonded indebtedness issued by the University for which debt service payments will be made by the University from institutional revenues.
- Agency Funds - University funds.
- Federal Funds - Federal grants or contracts.

2. Overview

The Six-Year Capital Plan Overview provides a general description of the condition of the University facilities, an assessment of capital needs, and the institution's capital planning priorities.

3. Project Descriptions

A general description for each project in the Six-Year Capital Plan is provided including a brief narrative, the estimated cost, the proposed fund source, and the priority ranking.

FINANCING FOR THE MICROCOMPUTER PURCHASE PROGRAM

**BOR (VII-B-9)
June 4, 1999**

Background:

On September 17, 1993, the Board authorized the issuance of debt to support the University's microcomputer acquisition program. The authorization covered the five-year period ending June 30, 1998. The debt level for the program was not to exceed \$600,000 per fiscal year or a total of \$3,000,000 for the five-year period.

On June 2, 1998, the Board authorized the issuance of debt to begin the second, five-year acquisition cycle for the program. The debt authorization remained at the same level as the first five-year cycle and was for the period of July 1, 1998 - June 30, 2003.

Analysis:

The microcomputer lease/purchase program has been very successful. However, given the status of technological advancements and pricing considerations in the microcomputer market, the University has been exploring moving to a four-year replacement cycle. Budgetary resources necessary to shorten the replacement cycle have been provided in the 1999-2000 operating budget.

The University has financing available at attractive interest rates through the Commonwealth of Kentucky Master Lease Program. The Master Lease Program was used to finance the microcomputer acquisitions for year six of the program and also to refinance the principal balances of the notes for years three, four and five at lower interest rates. Funds acquired through the Master Lease Program are provided by GE Capital Public Finance.

In addition to the computers acquired in the replacement program, the University has seen an increase in the number of initial placement computers requested. An initial placement computer is one that was not included in the original replacement program, and has been acquired by reallocation of funds within a budgetary unit. In order to fund the replacement computers on a four-year cycle and to provide funds for initial placement computers, a debt authorization not to exceed \$850,000 per fiscal year or a total of \$3,400,000 for a four-year period, is needed.

Reimbursement Resolution:

The microcomputer lease/purchase notes cannot be closed until all units have been received from the vendor. Historically, the vendor has shipped the computers as they

have been manufactured. Invoices for earlier shipments may therefore become due for payment before all units ordered have been received. To comply with prompt payment regulations, the University may have to pay those invoices and obtain reimbursement from the lease/purchase notes when the loan is closed. Arbitrage rebate regulations require that the Board declare its intent to obtain a reimbursement from loan proceeds by adopting a reimbursement resolution.

Recommendation:

That the Board authorize the University staff to secure financing for the continuation of the microcomputer acquisition program from GE Capital Public Finance in an amount not to exceed \$850,000 per fiscal year nor a total of \$3,400,000 over a four-year period commencing July 1, 1999, and ending June 30, 2003, and that the Board adopt the following resolution:

Section 1. Recitals.

(a) The Internal Revenue Service has issued Section 1.150-2 of the Income Tax Regulations (the Regulations) dealing with the issuance of obligations, all or a portion of the proceeds of which are to be used to reimburse Morehead State University (the University) for project expenditures made by the University prior to the date of the issuance of the obligations.

(b) The Regulations generally require that the University make a declaration of its official intent to reimburse itself for such prior expenditures out of the proceeds of a subsequently issued borrowing, that the borrowing occur and the reimbursement allocation be made from the proceeds of such borrowing within 18 months of the payment of the expenditure or, if longer, within 18 months of the date the project is placed in service or abandoned but in no event more than three years after the expenditure is paid, and that the expenditure be a capital expenditure.

(c) The University has determined that it is necessary and in the best interests of the University to acquire certain microcomputers described on Schedule A hereto (the Equipment). The University intends to finance all or a portion of such Equipment cost through the entering into of a lease-purchase agreement the interest on which is intended to be excludable from the gross income of the recipient for federal income tax purposes (the Lease). The University expects to make expenditures for costs relating to the Equipment after the date of this resolution (or has made such expenditure no longer than 60 days prior to the date of this resolution) and prior to the entering into of such Lease.

Section 2. Official Intent Declaration.

The University reasonably expects to reimburse the expenditures it will make or has made in the last 60 days for costs of the acquisition of Equipment out of the proceeds of the Lease to be incurred by the University in a maximum principal amount of \$850,000.00

after the date of payment of all or a portion of such acquisition costs. All reimbursed expenditures shall be capital expenditures as defined in Section 1.150-1 of the Regulations.

Section 3. Reimbursement Allocations.

The University's financial officer shall be responsible for making a written reimbursement allocation described in the Regulations, being generally the transfer of the appropriate amount of proceeds of the Lease to reimburse the source of temporary financing used by the University to make payment of the prior costs of the Equipment. Each allocation shall be evidenced by an entry on the official books and records of the University maintained for the Lease, shall specifically identify the actual prior expenditure being reimbursed or, in the case of reimbursement of a fund or account in accordance with Section 1.150-2, the fund or account from which the expenditure was paid. Such allocation shall be made within 30 days of the issuance of the Lease.

HAZARDOUS DUTY RETIREMENT PROGRAM

**BOR (VII-B-10)
June 4, 1999**

Background:

Morehead State University (MSU) proposes to initiate a Hazardous Duty Retirement Program for qualified employees of the Office of Public Safety effective September 1, 1999. Pending final approval of the Kentucky Employees Retirement System Board of Directors, all sworn police officers, including the Director of Public Safety and the Assistant Director of Public Safety will be eligible to participate.

Some additional benefits of the Hazardous Duty Retirement Program (as compared to the non-hazardous Kentucky Employees Retirement System (KERS)) include:

- ▶ Higher retirement factor of 2.5% versus 1.97% - 2.20% (depending upon time of retirement);
- ▶ Full retirement at 55 years of age versus 65; and
- ▶ Full retirement after 20 years of service versus 27.

At 18.91%, the MSU contribution rate for the Hazardous Duty Retirement Program is higher than the non-hazardous KERS contribution rate. This difference in contribution rates will result in additional costs to the University of \$32,000 per year. The 1999-2000 operating budget includes the funds for this new program.

Morehead State University has lost thirteen sworn officers over the past three years, many of whom resigned to accept employment with other law enforcement agencies. Of those officers resigning from Morehead State University, most listed the absence of hazardous duty retirement benefits as the number one reason for their resignations. By offering hazardous duty retirement benefits to supplement the incentive pay program initiated in 1998, the university expects to increase retention rates for its sworn officers.

Recommendation:

That the Board of Regents approve the Hazardous Duty Retirement Program for the sworn officers of the Morehead State University Office of Public Safety.

PERSONAL SERVICE CONTRACTS

BOR (VII-B-11)
June 4, 1999

Background:

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between March 1, 1999 and April 30, 1999.

PERSONAL SERVICE CONTRACTS
March 1, 1999 through April 30, 1999

Individual/Firm	Contract Description	Contract Beginning Date	Contract Ending Date	Contract Amount	Method of Selection
Morehead Clinic Morehead, KY	Deliver health care to students of MSU through the Caudill Health Clinic.	July 1, 1999	June 30, 1000	\$ 180,300.00	Proposal
Comprehensive Computer Services, Inc. Melville, NY	On-site instruction of Universe for MSU programmers.	May 24, 1999	May 28, 1999	\$ 16,872.50	Reference

**REPORT OF MAJOR GIFTS
SINCE FEBRUARY 26, 1999**

**BOR (VI-C-3)
JUNE 4, 1999**

The following is a list of gifts of \$10,000 or more that have been received and/or recorded since February 26, 1999, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.

<u>Amount</u>	<u>Donor(s)</u>	<u>Type or Purpose</u>
\$ 10,000	E. O. Robinson Mountain Fund	Operaworks
900,000	Thomas R. Curtis Estate	Scholarships
10,000	The Honorable Order of Ky. Colonels	KY Folk Art Center
<u>\$920,000.00</u>		

**EXTENSION OF CONTRACT WITH
KELLEY, GALLOWAY AND COMPANY
FOR FISCAL YEAR 1998-99 AUDIT**

**BOR (VII-D-1)
June 4, 1999**

Background:

KRS 164A.570 requires an annual audit to be conducted for all Universities in the state system. The bylaws of the Morehead State University Board of Regents provide that the Audit Committee will review, evaluate, and recommend to the full Board a public accounting firm be selected through a request for proposal (RFP) process and that a personal services contract be issued to engage the firm.

In February 1996, the University requested proposals from qualified public accounting firms to conduct the required audits. As a result of that process, the Audit Committee recommended and the Board appointed the firm of Kelley, Galloway, and Company, CPA's of Ashland, Kentucky to provide the audit services. The contract that was negotiated with the firm was for the fiscal year ended June 30, 1996, with options to extend the contract for four additional one-year periods. The audit fee for any extension period will be the fee quoted for the original contract adjusted by the Consumer Price Index.

The services rendered by Kelley, Galloway, and Company for the 1997-98 fiscal year audit were satisfactory and in compliance with the terms of the contract. The contract amount for the 1998-99 fiscal year audit contract will be \$43,700. This represents a 3.2% increase from the 1997-98 contract.

Recommendation:

That the Board appoint Kelley, Galloway and Company, CPA's, to perform audit services for the 1998-99 fiscal year.

MINIMUM SCOPE OF THE ANNUAL AUDIT

June 4, 1999

Background:

The University is required to have an annual audit conducted of its financial activities. The bylaws of the Board of Regents specify that the Audit Committee will review, evaluate, advise and recommend to the full Board the minimum scope of the annual audit.

The Associate Vice President for Fiscal Services, the Director of Accounting and Budgetary Control, and the Director of Internal Audits have outlined the scope of the audit that will comply with all local, state, and federal audit requirements. A summary of the audit scope is attached.

Recommendation:

That the Board approve the minimum scope of the University's audit for the year ending June 30, 1999.

Morehead State University
Minimum Scope of the Annual Audit
For the Year Ending June 30, 1999

This document outlines the minimum scope of the annual audit of Morehead State University (MSU), and any applicable related entities, to be conducted by the University's auditors (the Firm) for the year ending June 30, 1999. Additional audit requirements and procedures may be added as situations warrant.

Internal Controls

The audit will include a review and evaluation of the existing internal control structure. The evaluation will provide a basis for reliance thereon in determining the nature, timing and extent of selective audit tests to be applied to recorded transactions and data for certain periods of the year.

General Purpose Financial Statements

The Firm will perform an audit of and issue its independent auditor's report on the balance sheet of MSU as of June 30, 1999 and the statements of changes in fund balances and current funds revenues, expenditures and other changes for the year then ending. The audit will be performed in accordance with generally accepted auditing standards and those principles and compliance requirements of the various accounting and auditing agencies, prescribed industry standards and governmental laws and regulations. The report will also include an independent auditor's report on supplemental information covering those supplemental schedules suggested to be reported on by the AICPA Audit Guide *Audits of Colleges and Universities*.

Federal Awards Programs

The audit will include reporting on MSU's compliance with laws and regulations and the provisions of contracts and grant agreements and its internal controls as required by the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The audit of MSU's Federal Awards Programs will be performed in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, the Single Audit Act Amendments of 1996, and OMB Circular A-133.

The audit will include a review and evaluation of the internal control structure to provide a basis for reliance thereon in determining the nature, timing and extent of selective audit tests to be applied to recorded transactions and data for certain periods of the year. The

audit will include tests of the accounting records of MSU and other procedures considered necessary by the Firm to enable the expression of an opinion and to render the required Single Audit Act reports.

Intercollegiate Athletics Department

The Firm will perform certain agreed-upon procedures and issue a separate report covering the limited examination of the Intercollegiate Athletics Department and its related booster organization, for the year ending June 30, 1999. These procedures will be performed in accordance with the *NCAA Financial Audit Guidelines*, dated April 1989, or any subsequent revisions.

Corporation for Public Broadcasting (CPB)

The Firm will issue its independent auditor's report on the financial statements of WMKY for the year ending June 30, 1999. The audit will be performed in accordance with generally accepted auditing standards and the *Public Telecommunications Audit Guide and Requirements* as they relate to the CPB Annual Financial Report for the year ending June 30, 1999.

Compliance Report Under KRS 164A.550 to 164A.630

The Firm will also issue a separate letter covering its study of MSU's internal accounting controls and administrative control procedures considered relevant to the criteria established by the Commonwealth of Kentucky Finance and Administration Cabinet as set forth in the Cabinet's *Minimum Audit Scope for Compliance*, dated August, 1983, or any subsequent revisions.

KENTUCKY FOLK ART CENTER, INC

The Kentucky Folk Art Center, Inc. is a corporation affiliated with the University as defined in KRS 164A.610. As such, the financial statements of the Kentucky Folk Art Center, Inc. will be included in the scope of the audit, as appropriate.

Management Letter

As required by generally accepted auditing standards (*Statement on Auditing Standards No. 60*), the Firm will prepare a letter of reportable conditions noted during the audit related to inherent weaknesses of controls, procedures, policies or noncompliance with governmental laws or regulations and suggest possible improvements. The Firm will comment and discuss those or other matters with the Associate Vice President for Fiscal Services, the Director of Accounting and Budgetary Control, Internal Auditor, the Vice President for Administration and Fiscal Services, the President and the University Board of Regents. The Firm also will

submit ideas or observations that will help achieve the University's objectives or improve efficiency in operations. As required by the Commonwealth of Kentucky Auditor of Public Accounts, all such matters conveyed to management will be documented in writing to be forwarded to the Auditor of Public Accounts.

Recommendations to management will be in the format prescribed by the Auditor of Public Accounts. The Firm will document the resolution status of prior year recommendations.

Closing Package

In accordance with the directive from the Commonwealth of Kentucky Auditor of Public Accounts, the Firm will provide a copy of the comprehensive financial statements and management letter to the Auditor of Public Accounts. In addition, a report issued under *Codification of Statements on Auditing Standards* AU 623.11 through 623.17 applicable to the "closing package" furnished by the University to the Finance and Administration Cabinet will be provided to the Auditor of Public Accounts by September 30, 1999. If requested by the Auditor of Public Accounts and approved by the University, all working papers prepared by the audit team will be made available for review.

Audit of Subsequent Events

In accordance with the directive from the Auditor of Public Accounts, the Firm will update the audit procedures related to events subsequent to June 30, 1999 from the last day of field work (projected for late September, 1999) to a date to be directed by the Auditor of Public Accounts. The Firm will report the results of these updated procedures in a separate letter, which shall be delivered to the Auditor of Public Accounts no later than the date to be designated.

Timing of Reports

1. Two copies of the audit report and management letter will be forwarded to the Auditor of Public Accounts no later than September 30, 1999. If desired, the Auditor of Public Accounts will be allowed access to all working papers in connection with this audit.
2. The report on MSU's financial statements is required to be delivered to the University by September 30, 1999.
3. The Firm will provide to the Auditor of Public Accounts by September 30, 1999 a confirmation of whether Agency Revenue Fund Receipts (per FAC Report 2151) and expenditures and transfers out for the General Fund and Agency Revenue Fund (per FAC Report 2120), were included in populations considered in the June 30, 1999 audit.

- 4 The Firm will provide a representation letter by September 30, 1999 to the Auditor of Public Accounts stating that the Firm is in compliance with generally accepted auditing standards and *Government Auditing Standards* concerning continuing education requirements, independence and peer review.
5. The Firm will notify the Auditor of Public Accounts of matters which come to its attention which may have a significant impact on the Commonwealth's financial statements.