



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Regents of
Morehead State University
Morehead, Kentucky
and
Secretary of Finance and
Administration Cabinet
Commonwealth of Kentucky

We have audited the financial statements of Morehead State University (the University) for the year ended June 30, 1991, and have issued our report thereon dated September 24, 1991. As a part of our audit, we made a study and evaluation of the University's internal control structure to the extent we considered necessary to evaluate the structure as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the University's financial statements.

Effective January 1, 1983, the Board of Regents of Morehead State University elected to adopt the provisions under KRS164A.550 to KRS164A.630, except for authority related to capital construction. Therefore, we also made a study of those internal accounting controls and administrative control procedures (see Addendum attached) of the University that we considered relevant to the criteria established by the Commonwealth of Kentucky Finance and Administration Cabinet and as set forth in the Minimum Audit Scope for Compliance with KRS164A.550 to KRS164A.630, excluding capital construction provisions. Our study also included tests of compliance with such procedures during the year ended June 30, 1991.

We understand that internal accounting and administrative control procedures in conformity with the criteria referred to in the second paragraph of this report (Minimum Audit Scope for Compliance with KRS164A.550 to KRS164A.630) are considered adequate by the Finance and Administration Cabinet for the purpose of determining compliance with the provisions of KRS164A.550 to KRS164A.630, and that procedures not in conformity therewith indicate some inadequacy for such purposes. Our audit of the financial statements made in accordance with generally accepted auditing standards, including the study and evaluation of the University's internal control structure for the year ended June 30, 1991, that was made for the purposes set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the structure because it was based on selective tests of accounting records and related data. Based on the understanding set forth in the first sentence of this paragraph and on our study and evaluation, we believe Morehead State University's procedures and controls were adequate for complying with KRS164A.550 to KRS164A.630.

This report is intended for use in connection with demonstrating compliance with KRS164A.550 to KRS164A.630 to the Commonwealth of Kentucky Finance and Administration Cabinet and is not to be used for any other purpose.

September 24, 1991

Kelley, Galloway & Company, PSC

Internal Control Structure

The objective of an internal control structure is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We understand that the objective of those administrative control procedures in the criteria set out in the Minimum Audit Scope for Compliance with KRS164A.550 to KRS164A.630, is to provide similar assurance as to compliance with its related requirements. The concept of reasonable assurance recognizes that the cost of the internal control structure should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any internal control structure. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution or recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of the internal control structure to future periods is subject to a risk that the procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

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Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Regents and
Dr. C. Nelson Grote, President
Morehead State University
Morehead, Kentucky
and
The Commissioner of Finance
Commonwealth of Kentucky
Frankfort, Kentucky

We have audited the accompanying balance sheets of Morehead State University as of June 30, 1991 and 1990, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Morehead State University at June 30, 1991 and 1990, and the changes in its fund balances, and current funds revenues, expenditures and other changes for the years then ended, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The data contained in pages subsequent to page 13 of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kelley, Galloway & Company, PSC

September 24, 1991

MOREHEAD STATE UNIVERSITY

BALANCE SHEETS

JUNE 30, 1991 AND 1990

ASSETS

	<u>1991</u>	<u>1990</u>
CURRENT FUNDS:		
Unrestricted:		
Cash (Note 4)	\$ 6,933,264	\$ 7,264,608
Investments - at cost (Notes 1 and 4)	149,756	139,581
Accounts receivable, less allowance for doubtful accounts of \$246,458 at 1991 and \$251,590 at 1990	926,658	1,108,330
Inventories (Note 1)	1,729,726	1,562,086
Due from restricted Current Funds	525,274	638,110
Due from Agency Funds	1,583	188,492
Due from Loan Funds	<u>13,926</u>	<u>50,400</u>
Total unrestricted	<u>10,280,187</u>	<u>10,951,607</u>
Restricted:		
Cash (Note 4)	360,894	196,124
Federal and State grants receivable	745,109	933,275
Due from Agency Funds	<u>17,386</u>	<u>36,374</u>
Total restricted	<u>1,123,389</u>	<u>1,165,773</u>
Total current funds	<u>\$11,403,576</u>	<u>\$12,117,380</u>
LOAN FUNDS:		
Cash (Note 4)	\$ 145,259	\$ 149,030
Loans to students, less allowance for doubtful accounts of \$213,066 at 1991 and \$291,863 at 1990	3,138,084	3,131,051
Accounts receivable	<u>75,975</u>	<u>82,598</u>
Total loan funds	<u>\$ 3,359,318</u>	<u>\$ 3,362,679</u>
ENDOWMENT FUNDS:		
Investments - at cost (Notes 1 and 4)	\$ 161,703	\$ 152,356
Total endowment funds	<u>\$ 161,703</u>	<u>\$ 152,356</u>

LIABILITIES AND FUND BALANCES

	<u>1991</u>	<u>1990</u>
CURRENT FUNDS:		
Unrestricted:		
Accounts payable	\$ 685,147	\$ 1,047,787
Accrued vacation pay	940,295	812,372
Accrued salaries and related liabilities	<u>1,560,429</u>	<u>2,316,418</u>
	<u>3,185,871</u>	<u>4,176,577</u>
Fund balance -		
Allocated	6,330,399	5,569,268
Unallocated	<u>763,917</u>	<u>1,205,762</u>
	<u>7,094,316</u>	<u>6,775,030</u>
Total unrestricted	<u>10,280,187</u>	<u>10,951,607</u>
Restricted:		
Accounts payable	63,225	39,762
Accrued wages	43,916	75,263
Due to unrestricted Current Funds	525,274	638,110
Unearned revenue for Federal and State grants	439,793	366,145
Fund balance	<u>51,181</u>	<u>46,493</u>
Total restricted	<u>1,123,389</u>	<u>1,165,773</u>
Total current funds	<u>\$11,403,576</u>	<u>\$12,117,380</u>
LOAN FUNDS:		
Accounts payable	\$ 3,887	\$ 5,659
Loan awards payable	1,350	500
Due to unrestricted Current Funds	<u>13,926</u>	<u>50,400</u>
	<u>19,163</u>	<u>56,559</u>
Fund balance -		
U.S. Government contributions	4,812,236	4,818,062
Institutional contributions	542,406	542,176
Deficit	<u>(2,014,487)</u>	<u>(2,054,118)</u>
	<u>3,340,155</u>	<u>3,306,120</u>
Total loan funds	<u>\$ 3,359,318</u>	<u>\$ 3,362,679</u>
ENDOWMENT FUNDS--fund balance	<u>\$ 161,703</u>	<u>\$ 152,356</u>

The accompanying notes to financial statements
are an integral part of these balance sheets.

MOREHEAD STATE UNIVERSITY

BALANCE SHEETS (CONCLUDED)

JUNE 30, 1991 AND 1990

ASSETS

	<u>1991</u>	<u>1990</u>
PLANT FUNDS:		
Unexpended:		
Cash (Note 4)	\$ 8,001,513	\$ 2,516,262
Investments - at cost (Notes 1 and 4)	395,047	3,642,962
Accounts receivable	<u>1,775</u>	<u>38,765</u>
Total unexpended	<u>8,398,335</u>	<u>6,197,989</u>
Renewal and Replacement:		
Cash and certificates of deposit (Notes 1 and 4)	287,401	292,887
Investments - at cost (Notes 1 and 4)	58,510	29,572
Accounts receivable	<u>1,274</u>	<u>1,553</u>
Total renewal and replacement	<u>347,185</u>	<u>324,012</u>
Retirement of Indebtedness:		
Cash and certificates of deposit (Notes 1 and 4)	1,634,693	983,519
Investments - at cost (Notes 1 and 4)	1,934,413	2,622,108
Accounts receivable	<u>18,070</u>	<u>28,396</u>
Total retirement of indebtedness	<u>3,587,176</u>	<u>3,634,023</u>
Investment in Plant (Notes 1 and 2):		
Land and improvements	5,317,050	4,876,746
Buildings	74,695,932	73,656,594
Library - books and periodicals	7,393,276	7,026,600
Charles M. Derrickson Agricultural Complex - livestock	150,880	180,490
Vehicles	891,903	739,760
Equipment	14,689,555	14,303,657
Construction in progress	13,139,738	8,686,308
Accumulated depreciation (Note 6)	<u>(52,767,439)</u>	<u>(50,234,432)</u>
Total investment in plant	<u>63,510,895</u>	<u>59,235,723</u>
Total plant funds	<u>\$ 75,843,591</u>	<u>\$ 69,391,747</u>
AGENCY FUNDS:		
Cash (Note 4)	\$ 904,157	\$ 797,197
Certificates of deposit (Notes 1 and 4)	110,000	100,000
Accounts receivable	<u>1,156</u>	<u>39,007</u>
Total agency funds	<u>\$ 1,015,313</u>	<u>\$ 936,204</u>

LIABILITIES AND FUND BALANCES

	<u>1991</u>	<u>1990</u>
PLANT FUNDS:		
Unexpended--restricted fund balance	\$ <u>8,398,335</u>	\$ <u>6,197,989</u>
Renewal and Replacement--fund balance	<u>347,185</u>	<u>324,012</u>
Retirement of Indebtedness--restricted fund balance	<u>3,587,176</u>	<u>3,634,023</u>
Investment in Plant:		
Bonds and note payable (Note 2)	40,030,394	34,672,722
Net investment in plant (Notes 5 and 6)	<u>23,480,501</u>	<u>24,563,001</u>
Total investment in plant	<u>63,510,895</u>	<u>59,235,723</u>
Total plant funds	<u>\$ 75,843,591</u>	<u>\$ 69,391,747</u>
AGENCY FUNDS:		
Accounts payable	\$ 47,167	\$ 38,123
Due to unrestricted Current Funds	1,583	188,492
Due to restricted Current Funds	17,386	36,374
Deposits held in custody for others	<u>949,177</u>	<u>673,215</u>
Total agency funds	<u>\$ 1,015,313</u>	<u>\$ 936,204</u>

The accompanying notes to financial statements
are an integral part of these balance sheets.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	1991	
	<u>Unrestricted</u>	<u>Restricted</u>
CURRENT FUNDS:		
BALANCE, beginning of year	\$ 6,775,030	\$ 46,493
REVENUES AND OTHER ADDITIONS:		
Unrestricted Current Funds revenues	55,796,582	-
Federal and State grants and contracts	-	<u>10,785,448</u>
	<u>55,796,582</u>	<u>10,785,448</u>
EXPENDITURES AND OTHER DEDUCTIONS:		
Educational and general expenditures	44,067,858	10,536,680
Auxiliary enterprises expenditures	<u>6,324,623</u>	<u>244,080</u>
	<u>50,392,481</u>	<u>10,780,760</u>
TRANSFERS AMONG FUNDS -		
ADDITIONS (DEDUCTIONS):		
Mandatory -		
Transfers to Plant Funds-retirement		
of indebtedness (Note 2)	(3,419,342)	-
Transfers to Loan Funds and		
restricted Current Funds	(341,663)	-
Transfers from Plant Funds	385,615	-
Transfers to Plant Funds	<u>(1,709,425)</u>	<u>-</u>
	<u>(5,084,815)</u>	<u>-</u>
NET INCREASE FOR THE YEAR	<u>319,286</u>	<u>4,688</u>
BALANCE, end of year	<u>\$ 7,094,316</u>	<u>\$ 51,181</u>

1990	
<u>Unrestricted</u>	<u>Restricted</u>
\$ 5,625,707	\$ 46,082
50,206,021	-
-	9,397,725
50,206,021	9,397,725
40,245,136	9,148,069
5,194,568	249,245
45,439,704	9,397,314
(3,614,723)	-
(278,889)	-
1,101,929	-
(825,311)	-
(3,616,994)	-
1,149,323	411
\$ 6,775,030	\$ 46,493

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
LOAN FUNDS:		
BALANCE, beginning of year	<u>\$3,306,120</u>	<u>\$3,322,695</u>
REVENUES AND OTHER ADDITIONS:		
Interest on loans receivable	72,834	70,521
Cancellation reimbursement	30,329	31,161
Miscellaneous interest income	6,037	6,347
Federal contributions	2,068	4,140
Institutional contributions	230	460
Recovery of doubtful accounts previously written off	1,693	9,806
Other	<u>1,464</u>	<u>6</u>
	<u>114,655</u>	<u>122,441</u>
EXPENDITURES AND OTHER DEDUCTIONS:		
Loan principal and interest cancelled	55,904	48,503
Administrative and collection expense	16,739	77,929
Return of excess funds	7,894	12,529
Other	<u>83</u>	<u>55</u>
	<u>80,620</u>	<u>139,016</u>
NET (INCREASE) DECREASE FOR THE YEAR	<u>34,035</u>	<u>(16,575)</u>
BALANCE, end of year	<u>\$3,340,155</u>	<u>\$3,306,120</u>
ENDOWMENT FUNDS:		
BALANCE, beginning of year	<u>\$ 152,356</u>	<u>\$ 146,401</u>
INVESTMENT INCOME	<u>9,347</u>	<u>5,955</u>
NET INCREASE IN FUND BALANCE	<u>9,347</u>	<u>5,955</u>
BALANCE, end of year	<u>\$ 161,703</u>	<u>\$ 152,356</u>

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CHANGES IN FUND BALANCES (CONCLUDED)

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>		
	<u>Unexpended</u>	<u>Renewal and Replacement</u>	<u>Retirement of Indebtedness</u>
PLANT FUNDS:			
BALANCE, beginning of year -- as previously reported	\$6,197,989	\$ 324,012	\$3,634,023
RESTATEMENT ADJUSTMENT, to reflect issuance of State Project 48 Bonds (Note 5)	-	-	-
RESTATEMENT ADJUSTMENT, to record accumulated depreci- ation (Note 6)	-	-	-
BALANCE, beginning of year as restated	<u>6,197,989</u>	<u>324,012</u>	<u>3,634,023</u>
REVENUES AND OTHER ADDITIONS:			
Interest income	198,622	23,673	243,147
Proceeds from bond issuance	-	-	-
Retirement of indebtedness	-	-	-
Expended for plant fund facilities	-	-	-
Appropriations for plant funds	6,627,429	-	-
Private gifts	-	-	-
	<u>6,826,051</u>	<u>23,673</u>	<u>243,147</u>
EXPENDITURES AND OTHER DEDUCTIONS:			
Retirement of indebtedness	-	-	2,042,829
Interest on indebtedness	-	-	1,869,342
Expenditures for plant additions	5,745,994	-	-
Bond issuance and note payable	-	-	-
Depreciation	-	-	-
Miscellaneous	-	500	686
	<u>5,745,994</u>	<u>500</u>	<u>3,912,857</u>
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):			
Transfers from unrestricted Current Funds for debt service (Note 2)	-	-	3,419,342
Transfer (to) from unrestricted Current Funds	1,323,810	-	-
Transfer (to) from Unexpended	<u>(203,521)</u>	<u>-</u>	<u>203,521</u>
	<u>1,120,289</u>	<u>-</u>	<u>3,622,863</u>
NET INCREASE (DECREASE) FOR THE YEAR	<u>2,200,346</u>	<u>23,173</u>	<u>(46,847)</u>
BALANCE, end of year	<u>\$8,398,335</u>	<u>\$ 347,185</u>	<u>\$3,587,176</u>

<u>1991</u>	<u>1990</u>			
<u>Investment in Plant</u>	<u>Unexpended</u>	<u>Renewal and Replacement</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>
\$74,797,433	\$6,388,455	\$446,895	\$2,947,074	\$76,008,824
-	-	-	-	(5,667,000)
<u>(50,234,432)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,814,312)</u>
<u>24,563,001</u>	<u>6,388,455</u>	<u>446,895</u>	<u>2,947,074</u>	<u>22,527,512</u>
-	418,711	27,117	257,430	-
-	70,065	-	349,687	-
2,042,829	-	-	-	1,806,171
6,712,599	-	-	-	10,106,331
-	7,813,226	-	-	-
<u>95,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,851,008</u>	<u>8,302,002</u>	<u>27,117</u>	<u>607,117</u>	<u>11,912,502</u>
-	-	-	1,806,171	-
-	-	-	1,973,797	-
-	8,055,718	-	-	-
7,400,501	-	-	-	7,456,893
2,533,007	-	-	-	2,420,120
-	<u>60,802</u>	<u>-</u>	<u>4,253</u>	<u>-</u>
<u>9,933,508</u>	<u>8,116,520</u>	<u>-</u>	<u>3,784,221</u>	<u>9,877,013</u>
-	-	-	3,614,723	-
-	(126,618)	(150,000)	-	-
-	<u>(249,330)</u>	<u>-</u>	<u>249,330</u>	<u>-</u>
-	<u>(375,948)</u>	<u>(150,000)</u>	<u>3,864,053</u>	<u>-</u>
<u>(1,082,500)</u>	<u>(190,466)</u>	<u>(122,883)</u>	<u>686,949</u>	<u>2,035,489</u>
<u>\$23,480,501</u>	<u>\$6,197,989</u>	<u>\$324,012</u>	<u>\$3,634,023</u>	<u>\$24,563,001</u>

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CURRENT FUNDS REVENUES,
EXPENDITURES AND OTHER CHANGES

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
REVENUES:		
Tuition and fees	\$13,894,278	\$ -
State appropriations	30,984,300	-
Governmental grants and contracts	-	10,444,015
College Work Study and SEOG matching funds	-	341,433
Indirect cost reimbursement	130,743	-
Sales and services of educational activities	1,013,373	-
Sales and services of auxiliary enterprises	8,505,495	-
Other sources	1,162,893	-
Private gifts	<u>105,500</u>	<u>-</u>
Total current revenues	<u>55,796,582</u>	<u>10,785,448</u>
EXPENDITURES AND MANDATORY TRANSFERS:		
Educational and general -		
Instruction	20,645,295	1,118,813
Research	74,467	20,583
Public service	949,884	1,593,744
Library	1,642,186	75,838
Academic support	3,048,704	41,812
Student services	4,689,286	333,074
Institutional support	5,829,581	202,428
Operation and maintenance of plant	4,437,198	7,562
Student financial aid	<u>2,751,257</u>	<u>7,142,826</u>
Educational and general expenditures	<u>44,067,858</u>	<u>10,536,680</u>
Mandatory transfers for -		
Principal and interest	2,127,003	-
College Work Study, SEOG and Loan Fund matching funds	<u>341,663</u>	<u>-</u>
	<u>2,468,666</u>	<u>-</u>
Total educational and general	<u>46,536,524</u>	<u>10,536,680</u>
Auxiliary enterprises -		
Expenditures	6,324,623	244,080
Mandatory transfers for principal and interest	<u>1,292,339</u>	<u>-</u>
Total auxiliary enterprises	<u>7,616,962</u>	<u>244,080</u>
Total expenditures and mandatory transfers	<u>54,153,486</u>	<u>10,780,760</u>

<u>1991</u>	<u>1990</u>
<u>Totals</u>	<u>Totals</u>
\$13,894,278	\$11,586,701
30,984,300	28,719,000
10,444,015	9,126,395
341,433	271,330
130,743	150,991
1,013,373	893,070
8,505,495	7,787,378
1,162,893	1,039,781
<u>105,500</u>	<u>29,100</u>
<u>66,582,030</u>	<u>59,603,746</u>
21,764,108	19,173,854
95,050	89,151
2,543,628	2,436,231
1,718,024	1,635,406
3,090,516	2,576,690
5,022,360	4,923,050
6,032,009	5,372,545
4,444,760	4,583,347
<u>9,894,083</u>	<u>8,602,931</u>
<u>54,604,538</u>	<u>49,393,205</u>
2,127,003	2,900,121
<u>341,663</u>	<u>278,889</u>
<u>2,468,666</u>	<u>3,179,010</u>
<u>57,073,204</u>	<u>52,572,215</u>
6,568,703	5,443,813
<u>1,292,339</u>	<u>714,602</u>
<u>7,861,042</u>	<u>6,158,415</u>
<u>64,934,246</u>	<u>58,730,630</u>

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

STATEMENTS OF CURRENT FUNDS REVENUES,
EXPENDITURES AND OTHER CHANGES (CONCLUDED)

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	1991	
	<u>Unrestricted</u>	<u>Restricted</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS) -		
Transfers from Plant Funds	\$ 385,615	\$ -
Transfers to Plant Funds	<u>(1,709,425)</u>	<u>-</u>
Total other transfers and additions (deductions)	<u>(1,323,810)</u>	<u>-</u>
NET INCREASE IN FUND BALANCES	<u>\$ 319,286</u>	<u>\$ 4,688</u>

<u>1991</u>	<u>1990</u>
<u>Totals</u>	<u>Totals</u>
\$ 385,615	\$ 1,101,929
<u>(1,709,425)</u>	<u>(825,311)</u>
<u>(1,323,810)</u>	<u>276,618</u>
<u>\$ 323,974</u>	<u>\$ 1,149,734</u>

The accompanying notes to financial statements
are an integral part of these statements.

MOREHEAD STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1991 AND 1990

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by Morehead State University and the methods of applying those principles which materially affect the University's financial statements are summarized below.

Accrual Basis

The financial statements of Morehead State University (a Commonwealth of Kentucky (state) supported institution of higher education) have been prepared on the accrual basis of accounting. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts of the University are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, funds that have similar characteristics have been combined into fund groups in the accompanying financial statements. Accordingly, all financial transactions have been recorded and reported by fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the University's Board of Regents. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the University retains full control to use in achieving any of its institutional purposes.

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like, is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds, which income is accounted for in the fund to which it is restricted for, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current funds. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Investments

Investments are stated at cost, which does not exceed quoted market values.

Investment in Plant

Investment in plant is stated at cost for purchased assets and at fair value at date of donation in the case of gifts. Expenditures which increase values or extend useful lives of the respective assets are capitalized, whereas expenditures for maintenance and repairs are charged to expense as incurred. Depreciation of assets (see Note 6) is computed using the straight-line method over the assets estimated useful lives. Estimated lives used for depreciation purposes are as follows:

<u>Classification</u>	<u>Estimated Life</u>
Improvements	20 years
Buildings	50 years
Vehicles	5-9 years
Equipment	5-15 years

Inventories

Inventories representing approximately 58% and 57% respectively, of total inventories at June 30, 1991 and 1990 are stated at the lower of cost (first-in, first-out basis) or market. The remainder of the inventories are stated at the lower of moving-average-cost or market.

(2) BONDS AND NOTE PAYABLE

The following is a summary of bonds and note payable at June 30, 1991 and 1990:

	<u>1991</u>	<u>1990</u>
2.875 - 7.15% Housing and Dining System Bonds, Series A through L, repayable in annual installments with the final installment due on November 1, 2010	\$14,535,000	\$15,195,000
3 - 6.875% Consolidated Educational Building Revenue Bonds, Series C through H, repayable in annual installments with the final installment due on May 1, 2007	12,575,000	13,660,000
6.2 - 8% State Property and Buildings Commission Project 48 Bond Issue, repayable in semi-annual installments with the final installment due August 1, 2008	5,297,770	5,523,214

	<u>1991</u>	<u>1990</u>
Note payable to a company, repayable in monthly installments of \$6,032, plus interest at prime (currently 8.5%), to June, 1994	222,123	294,508
7.035% State Property and Buildings Commission Project 50 Bond Issue, repayable in semi-annual installments with the final installment due February, 2010	<u>7,400,501</u>	<u>-</u>
	<u>\$40,030,394</u>	<u>\$34,672,722</u>

In order to retire the revenue bonds, the University is required to make deposits to sinking funds in annual amounts sufficient to meet the principal and interest payments due within the next twelve months. During 1991, the University transferred \$1,195,874 to the Housing and Dining System Revenue Bonds Sinking Fund and \$1,571,212 to the Consolidated Educational Building Revenue Bonds Sinking Fund for payment of current year principal and interest. In addition, during 1991, the University transferred \$555,792 and \$96,464 in unrestricted Current funds for the payment of principal and interest on the Project 48 bond issue and the note payable, respectively.

The revenue bonds are collateralized by various buildings carried in the accounts at \$59,300,000. The revenues derived from student registration fees, residence hall rental fees, and commissions from food service are pledged as collateral on the revenue bond issues.

The principal and interest repayment requirements relating to the outstanding bonds and note payable at June 30, 1991, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Repayment Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1992	\$ 2,334,480	\$ 2,367,449	\$ 4,701,929
1993	2,481,346	2,226,286	4,707,632
1994	2,611,115	2,097,478	4,708,593
1995	2,670,787	1,965,881	4,636,668
1996	2,789,321	1,827,595	4,616,916
1997-2011	<u>27,143,345</u>	<u>12,016,794</u>	<u>39,160,139</u>
	<u>\$40,030,394</u>	<u>\$22,501,483</u>	<u>\$62,531,877</u>

(3) PENSION PLAN

Faculty and staff members of Morehead State University are members of the Kentucky Teachers' Retirement System and the Kentucky Employees' Retirement System. Under these plans, the participants make contributions to the retirement systems which are matched as discussed below.

The participants' Kentucky Teachers' Retirement System contributions are matched by Morehead State University. The matching contributions totalled \$2,104,659 and \$1,807,385 for the years ended June 30, 1991 and 1990, respectively. These amounts have been included as both revenues and expenditures on the various statements. In addition to the matching contributions for participant withholdings, the State provided an overmatch amounting to \$645,906 for 1991 and \$277,055 for 1990 in order to reduce the unfunded debt of the retirement system. These overmatch contributions do not accrue to participants' accounts and, accordingly, are not reflected in the financial statements.

The contributions of participants in the Kentucky Employees' Retirement System are matched by Morehead State University. The University's contributions to this plan for the years ended June 30, 1991 and 1990 were \$500,189 and \$473,557, respectively.

(4) DEPOSITS AND INVESTMENTS

The University currently uses commercial banks and the Commonwealth of Kentucky for its depositories. Deposits with commercial banks are covered by Federal depository insurance or collateral held by the bank in the University's name. At the state, the University's accounts are pooled with other agencies of the state. These state pooled deposits are substantially covered by Federal depository insurance or by collateral held by the state in the state's name. The investments of the University not held in the state investment pool are insured or registered, or are held by the University or by an agent in the University's name.

Below is a summary of the investments held by the University:

	<u>June 30, 1991</u>		<u>June 30, 1990</u>	
	<u>Carrying Amount (At Cost)</u>	<u>Approximate Market Value</u>	<u>Carrying Amount (At Cost)</u>	<u>Approximate Market Value</u>
U.S. Government				
Securities	\$1,993,626	\$1,993,626	\$2,652,383	\$2,652,383
Certificates of Deposit	<u>2,181,724</u>	<u>2,181,724</u>	<u>1,367,555</u>	<u>1,367,555</u>
	4,175,350	4,175,350	4,019,938	4,019,938
Investment in state investment pool	<u>556,047</u>	<u>556,047</u>	<u>3,794,615</u>	<u>3,794,615</u>
	<u>\$4,731,397</u>	<u>\$4,731,397</u>	<u>\$7,814,553</u>	<u>\$7,814,553</u>

(5) PREVIOUS YEAR RESTATEMENT ADJUSTMENT

Bonds payable and net investment in plant at June 30, 1989 have been restated to reflect the issuance of bonds by the State of Kentucky in December of 1988, totalling \$5,667,000. The issuance of the Project 48 Bonds by the State Property and Buildings Commission for life safety projects at the University requires the University to make semi-annual debt service payments as more fully explained in Note 2. The effect of the restatement adjustment was to increase bonds payable by \$5,667,000 and decrease net investment in plant by the same amount.

(6) RESTATEMENT ADJUSTMENT

Effective July 1, 1990, the University adopted Statement of Financial Accounting Standards No. 93, "Recognition of Depreciation by Not-for-Profit Organizations". In accordance with the requirements of this statement, the cost of using up long-lived tangible assets, depreciation, is recognized. Net investment in plant at June 30, 1990 and 1989 has been restated to recognize depreciation on tangible assets. The effects of the restatement are as follows:

	<u>Previously Reported</u>	<u>As Restated</u>	<u>Increase (Decrease)</u>
Accumulated depreciation-1989	\$ -	\$47,814,312	\$47,814,312
Net investment in plant-1989	70,341,824	22,527,512	(47,814,312)
Accumulated depreciation-1990	-	50,234,432	50,234,432
Net investment in plant-1990	74,797,433	24,563,001	(50,234,432)
Depreciation-1990	-	2,420,120	2,420,120

SUPPLEMENTAL INFORMATION

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS REVENUES

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
EDUCATIONAL AND GENERAL:		
Tuition and fees -		
Degree credit - Fall	\$ 6,081,500	\$ -
Degree credit - Spring	5,741,778	-
Degree credit - Summer and special sessions	1,407,023	-
Other student fees -		
Student activity and service fee	566,539	-
Music, lab and course fees	36,300	-
Extension and correspondence	61,138	-
State appropriations	30,984,300	-
Governmental grants and contracts -		
Supplemental Education Opportunity Grants	-	156,018
College Work Study	-	1,048,802
Other State and Federal grants	-	9,580,628
Indirect cost reimbursement	130,743	-
Sales and services of educational activities	1,013,373	-
Other sources	1,162,893	-
Private gifts	<u>105,500</u>	<u>-</u>
	<u>47,291,087</u>	<u>10,785,448</u>
SALES AND SERVICES OF AUXILIARY ENTERPRISES:		
Residence halls	4,385,579	-
Married student and faculty housing	534,534	-
Food service	560,510	-
University store	2,710,912	-
Other sources	<u>313,960</u>	<u>-</u>
	<u>8,505,495</u>	<u>-</u>
TOTAL CURRENT FUNDS REVENUES	<u>\$55,796,582</u>	<u>\$10,785,448</u>

<u>1991</u>	<u>1990</u>
<u>Totals</u>	<u>Totals</u>
\$ 6,081,500	\$ 5,144,613
5,741,778	4,825,895
1,407,023	1,136,232
566,539	404,224
36,300	24,477
61,138	51,260
30,984,300	28,719,000
156,018	164,482
1,048,802	1,056,820
9,580,628	8,176,423
130,743	150,991
1,013,373	893,070
1,162,893	1,039,781
<u>105,500</u>	<u>29,100</u>
<u>58,076,535</u>	<u>51,816,368</u>
4,385,579	3,963,783
534,534	505,064
560,510	538,236
2,710,912	2,540,297
<u>313,960</u>	<u>239,998</u>
<u>8,505,495</u>	<u>7,787,378</u>
<u>\$66,582,030</u>	<u>\$59,603,746</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS EXPENDITURES AND
MANDATORY TRANSFERS

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	1991	
	<u>Unrestricted</u>	<u>Restricted</u>
EDUCATIONAL AND GENERAL:		
Instruction -		
Personal services	\$19,383,342	\$ 796,746
Operating expenses	1,046,713	274,572
Capital outlay	<u>215,240</u>	<u>47,495</u>
	<u>20,645,295</u>	<u>1,118,813</u>
Research -		
Personal services	28,818	12,855
Operating expenses	36,867	5,539
Capital outlay	<u>8,782</u>	<u>2,189</u>
	<u>74,467</u>	<u>20,583</u>
Public service -		
Personal services	677,818	1,038,003
Operating expenses	219,634	497,917
Capital outlay	<u>52,432</u>	<u>57,824</u>
	<u>949,884</u>	<u>1,593,744</u>
Library -		
Personal services	1,092,802	75,838
Operating expenses	144,404	-
Capital outlay	<u>404,980</u>	<u>-</u>
	<u>1,642,186</u>	<u>75,838</u>
Academic support -		
Personal services	1,746,803	41,812
Operating expenses	1,148,720	-
Capital outlay	<u>153,181</u>	<u>-</u>
	<u>3,048,704</u>	<u>41,812</u>
Student services -		
Personal services	2,711,040	310,324
Operating expenses	1,921,681	20,130
Capital outlay	<u>56,565</u>	<u>2,620</u>
	<u>4,689,286</u>	<u>333,074</u>
Institutional support -		
Personal services	4,144,591	121,464
Operating expenses	1,327,538	80,964
Capital outlay	<u>357,452</u>	<u>-</u>
	<u>5,829,581</u>	<u>202,428</u>

<u>1991</u>	<u>1990</u>
<u>Totals</u>	<u>Totals</u>
\$20,180,088	\$17,015,843
1,321,285	1,349,132
<u>262,735</u>	<u>808,879</u>
<u>21,764,108</u>	<u>19,173,854</u>
41,673	24,422
42,406	42,243
<u>10,971</u>	<u>22,486</u>
<u>95,050</u>	<u>89,151</u>
1,715,821	1,608,003
717,551	805,064
<u>110,256</u>	<u>23,164</u>
<u>2,543,628</u>	<u>2,436,231</u>
1,168,640	1,074,335
144,404	141,965
<u>404,980</u>	<u>419,106</u>
<u>1,718,024</u>	<u>1,635,406</u>
1,788,615	1,471,412
1,148,720	1,032,563
<u>153,181</u>	<u>72,715</u>
<u>3,090,516</u>	<u>2,576,690</u>
3,021,364	2,836,462
1,941,811	1,870,987
<u>59,185</u>	<u>215,601</u>
<u>5,022,360</u>	<u>4,923,050</u>
4,266,055	3,837,050
1,408,502	1,220,064
<u>357,452</u>	<u>315,431</u>
<u>6,032,009</u>	<u>5,372,545</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS EXPENDITURES AND
MANDATORY TRANSFERS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
EDUCATIONAL AND GENERAL (CONTINUED):		
Operation and maintenance of plant -		
Personal services	\$ 2,183,713	\$ 7,562
Operating expenses	1,717,875	-
Capital outlay	<u>535,610</u>	<u>-</u>
	<u>4,437,198</u>	<u>7,562</u>
Student financial aid -		
Personal services	87,905	-
Operating expenses	<u>2,663,352</u>	<u>7,142,826</u>
	<u>2,751,257</u>	<u>7,142,826</u>
Total educational and general expenditures -		
Personal services	32,056,832	2,404,604
Operating expenses	10,226,784	8,021,948
Capital outlay	<u>1,784,242</u>	<u>110,128</u>
	<u>44,067,858</u>	<u>10,536,680</u>
Mandatory transfers -		
Principal and interest	2,127,003	-
Loan and other matching funds	<u>341,663</u>	<u>-</u>
	<u>2,468,666</u>	<u>-</u>
TOTAL EDUCATIONAL AND GENERAL	<u>\$46,536,524</u>	<u>\$10,536,680</u>
AUXILIARY ENTERPRISES:		
Expenditures -		
Personal services	\$ 2,047,518	\$ 244,080
Operating expenses	3,939,050	-
Capital outlay	<u>338,055</u>	<u>-</u>
	<u>6,324,623</u>	<u>244,080</u>
Mandatory transfers -		
Principal and interest	<u>1,292,339</u>	<u>-</u>
TOTAL AUXILIARY ENTERPRISES	<u>\$ 7,616,962</u>	<u>\$ 244,080</u>

<u>1991</u>	<u>1990</u>
<u>Totals</u>	<u>Totals</u>
\$ 2,191,275	\$ 2,566,553
1,717,875	1,627,030
<u>535,610</u>	<u>389,764</u>
<u>4,444,760</u>	<u>4,583,347</u>
87,905	85,895
<u>9,806,178</u>	<u>8,517,036</u>
<u>9,894,083</u>	<u>8,602,931</u>
34,461,436	30,519,975
18,248,732	16,606,084
<u>1,894,370</u>	<u>2,267,146</u>
<u>54,604,538</u>	<u>49,393,205</u>
2,127,003	2,900,121
<u>341,663</u>	<u>278,889</u>
<u>2,468,666</u>	<u>3,179,010</u>
<u>\$57,073,204</u>	<u>\$52,572,215</u>
\$ 2,291,598	\$ 1,563,670
3,939,050	3,574,282
<u>338,055</u>	<u>305,861</u>
<u>6,568,703</u>	<u>5,443,813</u>
1,292,339	714,602
<u>\$ 7,861,042</u>	<u>\$ 6,158,415</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS EXPENDITURES AND
MANDATORY TRANSFERS (CONCLUDED)

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	1991	
	<u>Unrestricted</u>	<u>Restricted</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS (CONCLUDED):		
Expenditures -		
Personal services	\$34,104,350	\$ 2,648,684
Operating expenses	14,165,834	8,021,948
Capital outlay	<u>2,122,297</u>	<u>110,128</u>
	<u>50,392,481</u>	<u>10,780,760</u>
Mandatory transfers -		
Principal and interest	3,419,342	-
Loan and other matching funds	<u>341,663</u>	<u>-</u>
	<u>3,761,005</u>	<u>-</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	<u>\$54,153,486</u>	<u>\$10,780,760</u>

1991
Totals

\$36,753,034
22,187,782
2,232,425
61,173,241

3,419,342
341,663
3,761,005

\$64,934,246

1990
Totals

\$32,083,645
20,180,366
2,573,007
54,837,018

3,614,723
278,889
3,893,612

\$58,730,630

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CHANGES IN FUND BALANCES - LOAN FUNDS

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	
	<u>Perkins Loan Fund</u>	<u>Nursing Loan Fund</u>
BALANCE, beginning of year	<u>\$ 3,277,220</u>	<u>\$28,900</u>
INCREASES:		
Reimbursement for cancellations	30,329	-
Interest income on loans	72,017	817
Miscellaneous interest income	5,952	85
Federal contributions	2,068	-
Institutional contributions	230	-
Other	1,455	9
Recovery of doubtful accounts previously written off	<u>1,693</u>	<u>-</u>
	<u>113,744</u>	<u>911</u>
DECREASES:		
Loan principal cancelled	48,153	-
Loan interest cancelled	7,751	-
Administrative and collection expenses	15,134	1,605
Return of excess funds	-	7,894
Other	<u>83</u>	<u>-</u>
	<u>71,121</u>	<u>9,499</u>
BALANCE, end of year	<u>\$ 3,319,843</u>	<u>\$20,312</u>

<u>1991</u>	<u>1990</u>
<u>Totals</u>	<u>Totals</u>
<u>\$ 3,306,120</u>	<u>\$ 3,322,695</u>
30,329	31,161
72,834	70,521
6,037	6,347
2,068	4,140
230	460
1,464	6
<u>1,693</u>	<u>9,806</u>
<u>114,655</u>	<u>122,441</u>
48,153	42,662
7,751	5,841
16,739	77,929
7,894	12,529
<u>83</u>	<u>55</u>
<u>80,620</u>	<u>139,016</u>
<u>\$ 3,340,155</u>	<u>\$ 3,306,120</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF HOUSING SYSTEM
REVENUES AND EXPENDITURES

FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
REVENUES:		
Housing fees	<u>\$4,952,522</u>	<u>\$4,503,559</u>
OPERATING EXPENDITURES:		
Residence hall grants	653,590	762,792
Residence hall services	733,968	830,968
Student housing	734,372	625,760
Residence hall housing	611,016	557,801
Telephones	68,326	67,192
Faculty/staff housing	60,673	55,364
Married housing	126,168	105,469
Cable	65,982	67,637
Laundry	38,268	41,554
Power plant	145,676	222,407
Mechanical	116,859	120,246
Carpentry	177,949	182,034
Land/grounds	65,056	71,288
General services	85,407	110,680
Pest control	9,817	9,695
Upholstery shop	18,853	17,610
Preventive maintenance	134,827	150,069
Repair projects	<u>91,755</u>	<u>160,443</u>
	<u>3,938,562</u>	<u>4,159,009</u>
REVENUES IN EXCESS OF OPERATING EXPENDITURES	<u>1,013,960</u>	<u>344,550</u>
DEBT SERVICE EXPENDITURES:		
Principal	660,000	555,000
Interest	<u>783,414</u>	<u>542,719</u>
	<u>1,443,414</u>	<u>1,097,719</u>
EXPENDITURES IN EXCESS OF REVENUES	<u>\$ (429,454)</u>	<u>\$ (753,169)</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF INVESTMENTS BY FUND GROUPS

JUNE 30, 1991

	<u>U.S. Government Securities</u>	<u>Certificates of Deposit</u>	<u>Investments in State Investment Pool</u>	<u>Total</u>
Current unrestricted funds	\$ -	\$ 149,756	\$ -	\$ 149,756
Agency funds	-	110,000	-	110,000
Endowment funds	703	-	161,000	161,703
Renewal and replacement	58,510	287,275	-	345,785
Retirement of indebtedness	1,934,413	1,634,693	-	3,569,106
Unexpended	<u>-</u>	<u>-</u>	<u>395,047</u>	<u>395,047</u>
Total investments	<u>\$1,993,626</u>	<u>\$2,181,724</u>	<u>\$ 556,047</u>	<u>\$4,731,397</u>

MOREHEAD STATE UNIVERSITY

SUMMARY SCHEDULE OF BONDS AND NOTE PAYABLE

JUNE 30, 1991

	<u>Original Issue</u>	<u>Outstanding June 30, 1991</u>
HOUSING AND DINING SYSTEM		
REVENUE BONDS:		
Series A	\$1,040,000	\$ 370,000
Series B	735,000	270,000
Series C	525,000	190,000
Series D	1,050,000	475,000
Series E	200,000	80,000
Series F	390,000	305,000
Series G	1,340,000	775,000
Series H	1,840,000	970,000
Series I	3,920,000	2,175,000
Series J	5,800,000	1,915,000
Series K	3,530,000	3,450,000
Series L	3,560,000	3,560,000
CONSOLIDATED EDUCATIONAL BUILDING		
REVENUE BONDS:		
Series C	1,950,000	645,000
Series D	5,300,000	1,890,000
Series E	4,350,000	1,295,000
Series F	4,100,000	1,645,000
Series G	6,300,000	4,105,000
Series H	3,160,000	2,995,000
PROJECT 48 BONDS	5,667,000	5,297,770
PROJECT 50 BONDS	7,400,501	7,400,501
NOTE PAYABLE	366,893	<u>222,123</u>
TOTAL BONDS AND NOTE PAYABLE		<u>\$40,030,394</u>

MOREHEAD STATE UNIVERSITY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES

SINKING FUNDS

FOR THE YEAR ENDED JUNE 30, 1991

	<u>Sinking Fund</u>	<u>Housing and Dining System Debt Service Reserve Fund</u>
FUND BALANCES, June 30, 1990	\$ 482,804	\$ 1,074,321
RECEIPTS AND OTHER ADDITIONS:		
Transferred from Housing System Revenue Fund	1,195,874	-
Transferred from Consolidated Educational Revenue Fund	-	-
Income from investments	19,956	88,720
Redemption of investments	852,101	1,861,409
Transfer from Debt Service Reserve Fund	486,323	-
Increase in investments	297,199	-
Transfer from unexpended Plant Funds	<u>203,521</u>	<u>-</u>
	<u>3,054,974</u>	<u>1,950,129</u>
Total available funds	<u>3,537,778</u>	<u>3,024,450</u>
DISBURSEMENTS AND OTHER DEDUCTIONS:		
Redemption of bonds	660,000	-
Payment of interest	749,364	-
Purchase of investments	1,149,300	1,660,913
Transfer to Sinking Fund	-	486,323
Decrease in investments	-	200,496
Other	<u>686</u>	<u>-</u>
	<u>2,559,350</u>	<u>2,347,732</u>
FUND BALANCES, June 30, 1991	<u>\$ 978,428</u>	<u>\$ 676,718</u>

<u>Repair Fund</u>	Consolidated Educational Building <u>Bonds</u>	<u>Totals</u>
<u>\$ 324,012</u>	<u>\$2,076,898</u>	<u>\$ 3,958,035</u>
-	-	1,195,874
-	1,571,212	1,571,212
23,673	134,471	266,820
574,550	-	3,288,060
-	-	486,323
29,438	-	326,637
<u>-</u>	<u>-</u>	<u>203,521</u>
<u>627,661</u>	<u>1,705,683</u>	<u>7,338,447</u>
<u>951,673</u>	<u>3,782,581</u>	<u>11,296,482</u>
-	1,085,000	1,745,000
-	765,551	1,514,915
603,988	-	3,414,201
-	-	486,323
-	-	200,496
<u>500</u>	<u>-</u>	<u>1,186</u>
<u>604,488</u>	<u>1,850,551</u>	<u>7,362,121</u>
<u>\$ 347,185</u>	<u>\$1,932,030</u>	<u>\$ 3,934,361</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
HOUSING AND DINING SYSTEM REVENUE BONDS

SUBSEQUENT TO JUNE 30, 1991

<u>Year Ending</u> <u>June 30,</u>	<u>SERIES A</u>		<u>SERIES B</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1992	\$ 40,000	\$ 10,500	\$ 30,000	\$ 7,331
1993	40,000	9,300	30,000	6,469
1994	40,000	8,100	30,000	5,606
1995	45,000	6,825	30,000	4,744
1996	45,000	5,475	30,000	3,881
1997-2011	<u>160,000</u>	<u>8,625</u>	<u>120,000</u>	<u>6,700</u>
TOTALS	<u>\$370,000</u>	<u>\$ 48,825</u>	<u>\$270,000</u>	<u>\$ 34,731</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$418,825</u>		<u>\$304,731</u>

<u>SERIES C</u>		<u>SERIES D</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 20,000	\$ 5,625	\$ 35,000	\$ 16,013
20,000	5,000	40,000	14,700
20,000	4,375	40,000	13,300
20,000	3,750	40,000	11,900
20,000	3,125	40,000	10,500
<u>90,000</u>	<u>5,156</u>	<u>280,000</u>	<u>30,100</u>
<u>\$190,000</u>	<u>\$ 27,031</u>	<u>\$475,000</u>	<u>\$ 96,513</u>
	<u>\$217,031</u>		<u>\$571,513</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
HOUSING AND DINING SYSTEM REVENUE BONDS (CONTINUED)

SUBSEQUENT TO JUNE 30, 1991

<u>Year Ending</u> <u>June 30,</u>	<u>SERIES E</u>		<u>SERIES F</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1992	\$ 5,000	\$ 2,616	\$ 25,000	\$ 9,872
1993	5,000	2,447	25,000	9,028
1994	5,000	2,278	25,000	8,184
1995	5,000	2,109	25,000	7,341
1996	5,000	1,941	25,000	6,497
1997-2011	<u>55,000</u>	<u>5,147</u>	<u>180,000</u>	<u>18,225</u>
TOTALS	<u>\$ 80,000</u>	<u>\$ 16,538</u>	<u>\$305,000</u>	<u>\$ 59,147</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$ 96,538</u>		<u>\$364,147</u>

<u>SERIES G</u>	
<u>Principal</u>	<u>Interest</u>
\$ 55,000	\$ 26,163
55,000	24,238
60,000	22,225
60,000	20,125
60,000	18,025
<u>485,000</u>	<u>61,338</u>
<u>\$775,000</u>	<u>\$ 172,114</u>
	<u>\$ 947,114</u>

<u>SERIES H</u>	
<u>Principal</u>	<u>Interest</u>
\$ 55,000	\$ 35,344
60,000	33,188
60,000	30,938
60,000	28,688
65,000	26,344
<u>670,000</u>	<u>119,250</u>
<u>\$ 970,000</u>	<u>\$ 273,752</u>
	<u>\$1,243,752</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
HOUSING AND DINING SYSTEM REVENUE BONDS (CONCLUDED)

SUBSEQUENT TO JUNE 30, 1991

Year Ending June 30,	<u>SERIES I</u>		<u>SERIES J</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1992	\$ 110,000	\$ 63,600	\$ 220,000	\$ 97,470
1993	115,000	60,225	245,000	84,915
1994	120,000	56,700	260,000	71,280
1995	125,000	53,025	280,000	56,700
1996	130,000	49,200	280,000	41,580
1997-2011	<u>1,575,000</u>	<u>248,625</u>	<u>630,000</u>	<u>34,560</u>
TOTALS	<u>\$2,175,000</u>	<u>\$ 531,375</u>	<u>\$1,915,000</u>	<u>\$ 386,505</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$2,706,375</u>		<u>\$2,301,505</u>

<u>SERIES K</u>		<u>SERIES L</u>		<u>Total Requirements</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 85,000	\$ 233,059	\$ 90,000	\$ 243,670	\$ 770,000	\$ 751,263
90,000	227,153	95,000	237,980	820,000	714,643
100,000	220,740	100,000	231,885	860,000	675,611
105,000	213,821	110,000	225,215	905,000	634,243
115,000	206,396	115,000	217,958	930,000	590,922
<u>2,955,000</u>	<u>1,665,218</u>	<u>3,050,000</u>	<u>1,894,125</u>	<u>10,250,000</u>	<u>4,097,069</u>
<u>\$3,450,000</u>	<u>\$2,766,387</u>	<u>\$3,560,000</u>	<u>\$3,050,833</u>	<u>\$14,535,000</u>	<u>\$ 7,463,751</u>
	<u>\$6,216,387</u>		<u>\$6,610,833</u>		<u>\$21,998,751</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
CONSOLIDATED EDUCATIONAL BUILDING REVENUE BONDS

SUBSEQUENT TO JUNE 30, 1991

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>SERIES C</u>	<u>Interest</u>
1992	\$205,000		\$ 23,025
1993	215,000		15,081
1994	225,000		6,750
1995	-		-
1996	-		-
1997 - 2007	<u>-</u>		<u>-</u>
TOTALS	<u>\$645,000</u>		<u>\$ 44,856</u>
TOTAL PRINCIPAL AND INTEREST			<u>\$689,856</u>

<u>SERIES D</u>		<u>SERIES E</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 260,000	\$ 77,490	\$ 230,000	\$ 62,160
270,000	66,830	245,000	51,120
280,000	55,760	260,000	39,360
530,000	44,280	275,000	26,880
550,000	22,550	285,000	13,680
-	-	-	-
<u>\$1,890,000</u>	<u>\$ 266,910</u>	<u>\$1,295,000</u>	<u>\$ 193,200</u>
	<u>\$2,156,910</u>		<u>\$1,488,200</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS
CONSOLIDATED EDUCATIONAL BUILDING REVENUE BONDS (CONCLUDED)

SUBSEQUENT TO JUNE 30, 1991

Year Ending <u>June 30,</u>	SERIES F		SERIES G	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1992	\$ 180,000	\$ 91,245	\$ 210,000	\$ 262,285
1993	180,000	80,985	225,000	249,055
1994	190,000	70,725	240,000	234,880
1995	190,000	59,895	255,000	219,520
1996	205,000	49,065	270,000	203,200
1997-2007	<u>700,000</u>	<u>55,380</u>	<u>2,905,000</u>	<u>651,200</u>
TOTALS	<u>\$1,645,000</u>	<u>\$ 407,295</u>	<u>\$4,105,000</u>	<u>\$1,820,140</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$2,052,295</u>		<u>\$5,925,140</u>

<u>SERIES H</u>		<u>Total Requirements</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 55,000	\$ 196,949	\$ 1,140,000	\$ 713,154
60,000	194,089	1,195,000	657,160
60,000	190,849	1,255,000	598,324
70,000	187,489	1,320,000	538,064
75,000	183,464	1,385,000	471,959
<u>2,675,000</u>	<u>1,312,909</u>	<u>6,280,000</u>	<u>2,019,489</u>
<u>\$2,995,000</u>	<u>\$2,265,749</u>	<u>\$12,575,000</u>	<u>\$ 4,998,150</u>
	<u>\$5,260,749</u>		<u>\$17,573,150</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF PRINCIPAL RETIREMENT AND INTEREST PAYMENTS

PROJECT 48 AND 50 BONDS AND NOTE PAYABLE

SUBSEQUENT TO JUNE 30, 1991

	<u>PROJECT 48</u>	
<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
1992	\$ 157,676	\$ 398,183
1993	167,976	387,485
1994	179,861	375,902
1995	192,539	363,317
1996	206,008	349,651
1997 - 2010	<u>4,393,710</u>	<u>2,553,051</u>
TOTALS	<u>\$5,297,770</u>	<u>\$ 4,427,589</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$ 9,725,359</u>

PROJECT 50

NOTE PAYABLE

<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 194,420	\$ 489,045	\$ 72,384	\$ 15,804
225,986	457,347	72,384	9,651
238,899	444,353	77,355	3,288
253,248	430,257	-	-
268,313	415,063	-	-
<u>6,219,635</u>	<u>3,347,185</u>	<u>-</u>	<u>-</u>
<u>\$7,400,501</u>	<u>\$ 5,583,250</u>	<u>\$ 222,123</u>	<u>\$ 28,743</u>
	<u>\$12,983,751</u>		<u>\$ 250,866</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 1991

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
United States Department of Health and Human Services:			
Child Development Handicapped 87-88	84.027	08/01/87-07/31/88	Closed
Head Start 90-91	13.600	08/01/90-07/31/91	76,514
Child Development 89-90	84.027	08/01/89-07/31/90	547
Supplementary Training 87-88	13.790	09/01/87-08/31/88	Closed
Supplementary Training 88-89	13.790	09/01/88-08/31/89	Closed
Supplementary Training 89-90	13.790	09/01/89-08/31/90	2,820
Child Development 90-91	84.027	09/01/90-08/31/91	75,754
Health Science Information 90-91	13.991	09/28/90-09/27/92	65,707
Passed through National Collegiate Athletics Association -			
NCAA Camp 1990	-	06/01/90-05/31/91	36,699
NYSP Extended 90-91	-	10/01/90-05/31/91	39,568
NCAA Camp 1991	-	06/01/91-05/31/92	45,293
Passed through Kentucky Cabinet for Human Resources -			
JOBS Service Instruction 1991	93.021	07/01/90-06/30/91	20,401
JOBS Service Contract 1991	93.021	07/01/90-06/30/91	3,159
JOBS Family Support Services 1991	93.021	03/01/91-06/30/91	17,486
Total United States Department of Health and Human Services			
United States Department of Education:			
College Work-Study	SFA(1)	07/01/90-06/30/91	784,634
Perkins Loan Program	SFA(1)	Indefinite	882,807
Supplemental Educational Opportunity Grant	SFA(1)	07/01/90-06/30/91	141,857
Pell Grant	SFA(1)	07/01/90-06/30/91	5,863,219
Guaranteed Student Loans	SFA(1)	07/01/90-06/30/91	-
Upward Bound 88-89	84.047A	06/01/88-05/31/89	264,179
Upward Bound 89-90	84.047A	06/01/89-05/31/90	Closed
Upward Bound 90-91	84.047A	06/01/90-05/31/91	226,048
Upward Bound 91-92	84.047A	06/01/91-05/30/92	300,023
Talent Search 89-90	84.044A	07/01/89-06/30/90	Closed
Talent Search 90-91	84.044A	07/01/90-06/30/91	171,903
Cooperative Education 88-89	84.199	10/01/88-09/30/89	Closed
Special Services 89-90	84.042A	09/01/89-08/31/90	25,303
Special Services 90-91	84.042A	09/01/90-08/31/91	145,494
Veteran's Education Outreach 89-90	84.064	07/01/89-06/30/91	198
Veteran's Education Outreach 90-91	84.064	07/01/90-06/30/91	1,691
Dropout Prevention 88-89 (summer)	84.204A	10/01/88-09/30/89	Closed

Unearned Revenue
(Revenue
Receivable)
as of
6/30/90

Funds Received
7/1/90 to
6/30/91

Funds Disbursed
7/1/90 to
6/30/91

Unearned Revenue
(Revenue
Receivable)
as of
6/30/91

\$ 300
-
(24,930)
2,324
3,668
(1,672)
-
-
(20,310)

\$ -
42,760
25,471
-
-
72,443
1,773
142,447

\$ -
80,628
541
-
-
435
63,606
45,191
190,401

\$ 300
(37,868)
-
2,324
3,668
(2,107)
8,837
(43,418)
(68,264)

23,357
-
-
23,357

10,895
26,600
30,820
68,315

34,252
2,504
408
37,164

-
24,096
30,412
54,508

-
-
-
3,047

27,200
4,336
-
31,536
242,298

17,742
2,014
22,114
41,870
269,435

9,458
2,322
(22,114)
(10,334)
(24,090)

(30,000)
(3,396,629)

729,485
503,880

746,610
439,973

(47,125)
(3,332,722)

-
(536,376)

141,857
5,787,027
4,086,571

141,857
5,370,023
4,086,571

-
(119,372)

(34,343)
(59,688)

115,001
210,000
63,000

613
210,536
59,859

80,045
(60,224)
3,141

(5,415)

-
172,000

4,528
158,151

(9,943)
13,849

1,206

-
20,000

-
26,109

1,206
7,360

13,469

117,000

108,764

8,236

198

-

198

-

-

1,691

-

1,691

424

-

424

-

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1991

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
Destination Graduation - Academic 89-90	84.204A	10/01/89-09/30/90	1,962
Destination Graduation - Summer 89-90	84.204A	10/01/89-09/30/90	21,145
Destination Graduation - Academic 90-91	84.204A	10/01/90-09/30/91	24,703
Destination Graduation - Summer 90-91	84.204A	10/01/90-09/30/91	42,338
 Passed through State Department of Education -			
DOE-Jefferson Partnership 88-89	84.151	07/01/88-09/30/90	2,742
Student Recruitment Training 1991	84.002	07/01/90-06/30/91	17,441
Service Delivery System 1991	84.002	07/01/90-06/30/91	5,000
Elementary Science	84.164	07/01/90-06/30/91	9,444
Agriculture Teacher	84.164	07/01/90-06/30/91	3,400
 Passed Through State Department of Adult and Technical Education -			
Home Economics Enrichment 89-90	84.049	07/01/89-06/30/90	Closed
Field Based 89-90	84.048	07/01/89-06/30/90	Closed
Problems Guide 89-90	84.048	07/01/89-06/30/90	Closed
Administration & Coordination 89-90	84.048	07/01/89-06/30/90	Closed
Vocational Agriculture Enrichment 89-90	84.048	07/01/89-06/30/90	Closed
Title II-D Micro 89-90	84.048	07/01/89-06/30/90	Closed
Title II-R Micro 89-90	84.048	07/01/89-06/30/90	Closed
Title II-B RTPI 89-90	84.048	07/01/89-06/30/90	Closed
Title II-A A&M 89-90	84.048	07/01/89-06/30/90	Closed
Title II IETB 89-90	84.048	07/01/89-06/30/90	Closed
Agriculture Teacher 1990	84.048	06/01/90-07/31/90	2,000
Business Teacher Education 90-91	84.048	07/01/90-06/30/91	4,900
Field Base Teacher Education 90-91	84.048	07/01/90-06/30/91	20,600
Administration and Coordination 90-91	84.048	07/01/90-06/30/91	1,000
Agribusiness Education 90-91	84.049	07/01/90-06/30/91	4,000
Home Economics 90-91	84.048	07/01/90-06/30/91	7,000
Nursing Part A-Disadvantaged 90-91	84.048	07/01/90-06/30/91	11,534
Nursing Part A-Regular 90-91	84.048	07/01/90-06/30/91	4,556
Radiologic Tech Part B 90-91	84.048	07/01/90-06/30/91	4,554
Industrial Ed Part A-Handicapped 90-91	84.049	07/01/90-06/30/91	4,260
Industrial Ed Part A-Regular 90-91	84.048	07/01/90-06/30/91	4,555
Industrial Ed Part B-Regular 90-91	84.048	07/01/90-06/30/91	4,554
Technology Education 90-91	84.048	07/01/90-06/30/91	3,000
 Total United States Department of Education			

Unearned Revenue (Revenue Receivable) as of <u>6/30/90</u>	Funds Received 7/1/90 to <u>6/30/91</u>	Funds Disbursed 7/1/90 to <u>6/30/91</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/91</u>
\$ (4,326)	\$ 6,023	\$ 1,697	\$ -
(15,855)	34,543	18,688	-
-	11,991	24,733	(12,742)
-	-	10,753	(10,753)
<u>(4,067,335)</u>	<u>12,000,069</u>	<u>11,410,087</u>	<u>(3,477,353)</u>
2,742	-	2,697	45
-	15,697	17,200	(1,503)
-	4,500	4,980	(480)
9,444	584	10,028	-
-	3,400	647	2,753
<u>12,186</u>	<u>24,181</u>	<u>35,552</u>	<u>815</u>
(1,154)	1,150	-	(4)
(754)	754	-	-
(2,000)	2,000	-	-
(155)	155	-	-
(298)	298	-	-
(5,637)	5,637	-	-
(1,729)	1,729	-	-
(497)	497	-	-
(2,182)	2,634	452	-
(2,322)	2,322	-	-
-	2,000	2,000	-
-	2,058	3,775	(1,717)
-	15,579	20,230	(4,651)
-	282	946	(664)
-	1,419	3,512	(2,093)
-	4,210	6,730	(2,520)
-	7,746	11,123	(3,377)
-	671	4,426	(3,755)
-	844	4,444	(3,600)
-	-	3,467	(3,467)
-	1,795	4,085	(2,290)
-	-	4,515	(4,515)
-	486	2,910	(2,424)
<u>(16,728)</u>	<u>54,266</u>	<u>72,615</u>	<u>(35,077)</u>
<u>(4,071,877)</u>	<u>12,078,516</u>	<u>11,518,254</u>	<u>(3,511,615)</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1991

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
United States Department of Employment Services:			
JTPA MSU Learning Center 90-91	17.246-17.251	07/01/90-06/30/91	15,960
ABE Food Stamp 89-90	17.246-17.251	10/01/89-09/30/90	15,930
ABE Food Stamp 1989	17.246-17.251	03/01/89-09/30/89	Closed
JTPA Morgan County 90-91	17.246-17.251	07/01/90-06/30/91	10,710
JTPA MOAR	17.246-17.251	04/01/89 - Spent	3,114
JTPA MOAR 90-91	17.246-17.251	04/01/90-07/31/91	52,888
JTPA MOAR 91-92	17.246-17.251	05/01/91-08/09/91	78,048
JTPA Associate Degree 90-91	17.246-17.251	07/01/90-06/30/91	26,230
JTPA Medical/Clerical/Retail 90-91	17.246-17.251	07/01/90-06/30/91	56,383
JTPA Pharmacy 90-91	17.246-17.251	07/01/90-06/30/91	22,655
JTPA Pharmacy 89-90	17.246-17.251	08/28/89-06/30/90	Closed
JTPA Medical Aid 89-90	17.246-17.251	08/28/89-06/30/90	Closed
JTPA Pharmacy 88-89	17.246-17.251	07/01/88-06/30/89	Closed
JTPA Medical Aid 88-89	17.246-17.251	07/01/88-06/30/89	Closed
JTPA Contingency	17.246-17.251	Ongoing	767
Youth Education Services 89	17.246-17.251	03/27/89 - Spent	79
Pre-Employment Work Training 89	17.246-17.251	01/16/89-04/14/89	Closed
Correctional Officer 3/90	17.246-17.251	03/01/90-06/30/90	Closed
Total United States Department of Employment Services			
Corporation for Public Broadcasting:			
CPB Grant 90-92	-	10/01/90-09/30/92	83,121
CPB Grant 86-88	-	10/01/86-09/30/88	Closed
CPB/NPPAG 90-92	-	10/01/90-09/30/92	31,074
Radio Tune-In 88	-	10/01/87-09/30/88	Closed
CPB/CSG 89-91	-	10/01/89-09/30/91	23,260
Total Corporation for Public Broadcasting			
Small Business Administration:			
SBDC Federal 90-91	59.037	09/30/91-09/29/91	126,600
SBDC Federal 89-90	59.037	09/30/89-09/29/90	32,147
Small Business Mini-Grant	59.037	Ongoing	5,591
Total Small Business Administration			
OTHER FEDERALLY-SPONSORED PROJECTS:			
Appalachian Regional Commission:			
Forestry Technology 90-91	23.012	10/01/90-06/15/91	32,946
Forestry Technology 89-90	23.012	10/01/89-09/30/90	49,774
Forestry Technology 88-89	23.012	10/01/88-09/30/89	14,914

Unearned Revenue
(Revenue
Receivable)
as of
6/30/90

Funds Received
7/1/90 to
6/30/91

Funds Disbursed
7/1/90 to
6/30/91

Unearned Revenue
(Revenue
Receivable)
as of
6/30/91

\$ -	\$ 8,379	\$ 20	\$ 8,359
6,560	6,916	5,906	7,570
(2,170)	-	-	(2,170)
-	-	433	(433)
3,114	-	3,114	-
(17,262)	70,150	47,221	5,667
-	-	20,044	(20,044)
-	20,515	29,443	(8,928)
-	49,059	58,502	(9,443)
-	22,160	25,071	(2,911)
(3,847)	3,826	-	(21)
(7,116)	10,329	3,213	-
(5,698)	-	-	(5,698)
(5,262)	-	-	(5,262)
632	-	-	632
485	-	-	485
-	-	-	-
<u>(4,909)</u>	<u>5,062</u>	<u>153</u>	<u>-</u>
<u>(35,473)</u>	<u>196,396</u>	<u>193,120</u>	<u>(32,197)</u>
-	83,212	63,441	19,771
(67)	-	-	(67)
-	31,074	31,074	-
(11)	-	-	(11)
<u>23,260</u>	<u>-</u>	<u>23,260</u>	<u>-</u>
<u>23,182</u>	<u>114,286</u>	<u>117,775</u>	<u>19,693</u>
-	37,502	95,524	(58,022)
(32,375)	64,523	32,148	-
<u>3,991</u>	<u>1,600</u>	<u>1,875</u>	<u>3,716</u>
<u>(28,384)</u>	<u>103,625</u>	<u>129,547</u>	<u>(54,306)</u>
-	30,805	43,543	(12,738)
(35,437)	25,596	11,676	(21,517)
(783)	-	-	(783)

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 1991

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
Action:			
RSVP 1990	72.002	03/01/90-06/30/90	13,720
RSVP Action 91-92	72.002	03/01/91-06/30/92	
RSVP Action 90-91	72.002	07/01/90-06/30/91	35,850
Vista-Travel 89-90	72.002	06/26/89-06/25/90	Closed
Vista-Travel 90-91	72.002	06/26/90-06/25/91	2,900
National Science Foundation			
Math Teachers 90-91	47.066	05/01/90-04/30/91	16,508
Math Teachers 91-92	47.066	01/01/91-12/31/91	35,579
Sediment Water 91-92	47.066	04/01/91-03/31/92	6,480
United States Department of Agriculture:			
NCAA Camp Food 91	10.599	07/01/91-08/02/91	20,912
NCAA Camp Food 90	10.599	06/25/90-07/27/90	18,861
U.S. Environmental Protection Agency:			
Micro Lab 91-92	-	04/09/91-06/30/91	3,050
Total Other Federally-Sponsored Projects			
Total Federal Financial Assistance			

Unearned Revenue (Revenue Receivable) as of <u>6/30/90</u>	Funds Received 7/1/90 to <u>6/30/91</u>	Funds Disbursed 7/1/90 to <u>6/30/91</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/91</u>
\$ 431	\$ 8	\$ -	\$ 439
-	-	32	(32)
-	25,333	35,837	(10,504)
(1,076)	1,076	-	-
-	2,242	2,900	(658)
(4,277)	15,358	14,024	(2,943)
-	-	-	-
-	-	518	(518)
-	-	-	-
(3,854)	16,482	12,657	(29)
<u>-</u>	<u>3,050</u>	<u>-</u>	<u>3,050</u>
<u>(44,996)</u>	<u>119,950</u>	<u>121,187</u>	<u>(46,233)</u>
<u><u>\$(4,154,501)</u></u>	<u><u>\$12,855,071</u></u>	<u><u>\$12,349,318</u></u>	<u><u>\$(3,648,748)</u></u>

(1) Major Federal Financial Assistance Program.



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE
OF FEDERAL FINANCIAL ASSISTANCE

Members of the Board of Regents and
Dr. C. Nelson Grote, President
Morehead State University
Morehead, Kentucky

We have audited the financial statements of Morehead State University for the year ended June 30, 1991, and have issued our report thereon dated September 24, 1991. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of Morehead State University taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

September 24, 1991

Kelley, Galloway & Company, PSC



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS
AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Regents and
Dr. C. Nelson Grote, President
Morehead State University
Morehead, Kentucky

We have audited the financial statements of Morehead State University for the year ended June 30, 1991, and have issued our report thereon dated September 24, 1991.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to Morehead State University is the responsibility of the University's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Morehead State University's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, Morehead State University complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Morehead State University had not complied, in all material respects, with those provisions.

This report is intended for the information and use of management, the Board of Regents and the cognizant agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

September 24, 1991

Kelley, Galloway & Company, PSC



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
SPECIFIC AND GENERAL REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS AND REQUIREMENTS
APPLICABLE TO NONMAJOR PROGRAM TRANSACTIONS

Members of the Board of Regents and
Dr. C. Nelson Grote, President
Morehead State University
Morehead, Kentucky

We have audited Morehead State University's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance, for the year ended June 30, 1991. The management of Morehead State University is responsible for the University's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings and questioned costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Morehead State University complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1991.

In connection with our audit of the financial statements of Morehead State University for the year ended June 30, 1991, and with our obtaining an understanding of the University's internal control structure elements related to administering federal financial assistance programs, as required by OMB Circular A-133, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1991. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the require-

ments governing types of services allowed or unallowed, and eligibility requirements that are applicable to those transactions. Also, we have applied procedures to test Morehead State University's compliance with the following requirements applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance for the year ended June 30, 1991:

- a. Political activity
- b. Civil rights
- c. Cash management
- d. Federal financial reports
- e. Allowable costs/cost principles
- f. Drug-Free Workplace Act.

Our procedures for testing the requirements applicable to major programs, which are listed in the preceding paragraph, were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures for testing compliance with the requirements applicable to the major programs and the requirements applicable to the nonmajor programs which are listed in the preceding paragraph were substantially less in scope than an audit, the objective of which is the expression of an opinion on Morehead State University's compliance with the requirements. Accordingly, we do not express such as opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the fifth paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Morehead State University had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information and use of management, the Board of Regents and the cognizant agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

September 24, 1991

Kelley, Galloway & Company, PSC

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 1991

GUARANTEED STUDENT LOAN (GSL) OVERAWARD

Finding -

Of fifty GSL borrowers tested, we noted one instance where the student was awarded \$757 more than allowed. The award totalled \$4,757 which exceeded the maximum award of \$4,000. Total GSL awards for the year ended June 30, 1991 approximated \$4,100,000.

Recommendation -

We recommend procedures be followed in reviewing aggregate GSL awards to ensure the proper limitations are observed. Management expects to implement a computer program in the near future which will track aggregate awards from all sources.

UNIVERSITY MATCHING FUNDS

Finding -

The University's matching contribution to the SEOG program for the year ended June 30, 1991 was computed based on the 1990 percentage of 5% instead of the 10% rate for 1991. This caused an untimely deposit of the matching funds in the amount due of \$6,955.

Recommendation -

Established Department of Education regulations should be followed in making institutional matching contributions.

INTEREST EARNED ON FEDERAL FUNDS

Finding -

During the period under audit, the University earned and remitted interest on Federal funds to the Department of Education. As a convenience to accommodate transfer procedures, the University draws down Federal funds through ACH Federal cash requests and deposits them into the University's Consolidated Agency account before transferring to the applicable program accounts. Interest earned on Federal funds while in the Consolidated Agency account is not tracked by program by the University and thus not remitted to the Department of Education. This interest approximated \$2,400 for the year ended June 30, 1991.

Recommendation -

Department of Education regulations require that all interest earned on other than Perkins loan funds be remitted to the Department of Education. Interest earned on these funds while in the Consolidated Agency account should be tracked and remitted along with the interest earned on funds while in the program accounts. The University may wish to deposit ACH requests directly into the Pell program account before transfer to the specific program accounts to ensure all interest is properly remitted.

CONTRACT REPORTING

Finding -

Morehead State University has both contract-imposed financial reporting deadlines and internal financial reporting deadlines as part of their internal control structure. Our audit of the reporting system controls, as related to other Federally-sponsored programs, discovered two reports which were not submitted in a timely manner and had not been reviewed for accuracy and completeness. Additionally, we noted one instance where information reported to the funding agency did not agree with the University's accounting records at that date. We noted the differences were caused by using estimates and including indirect costs in the report but not posting it to the general ledger. We noted the differences were not significant.

Recommendation -

We recommend the timely preparation and submission of all reports. A schedule of all reports to be submitted including report description, sponsoring agency, due date, preparer and reviewer would facilitate the review process and keep the Federal Programs Accountant informed on the status of each report. Additionally, the basis for information reported should be the University's accounting records and general ledger. Timeliness of supplying all necessary documentation to the Federal Programs Accountant should be stressed to each Program Administrator. This would facilitate accurate and timely reports.

ADMINISTRATIVE COST ALLOWANCE

Finding -

In the calculation of the administrative cost allowance, we noted Perkins loan reimbursements were used instead of loans awarded. This caused an overcharge of \$1,260. The overcharge amount has been recorded as a payable and will be returned to the Department of Education.

Recommendation -

An independent review of the administrative cost allowance calculation should be performed in order to ensure its accuracy.

REFUND/REPAYMENT CALCULATIONS

Finding -

Of twenty-five refund/repayment calculations tested from those performed by University personnel, it was determined that twenty-one had been miscalculated resulting in improper refund amounts being returned to Title IV programs and students, or improper repayment amounts were requested from students. The findings resulted in overallocation (underallocation) of refunds/repayments as summarized below:

<u>Pell Grant</u>	<u>GSL</u>	<u>SEOG</u>	<u>Perkins</u>
\$717	\$(377)	\$90	\$346

Recommendation -

Established regulations of the Department of Education should be followed with respect to refund/repayment calculations and their allocation to Title IV programs. These regulations should be monitored for changes through periodic review of authoritative literature by the University's management personnel responsible for these calculations. The University has written refund/repayment allocation policies and procedures which should be followed in all refund/repayment calculations. These calculations must be performed carefully and accurately as Department of Education regulations relating to refunds/repayments are very complex and detailed. The University's Internal Auditor continues to follow-up with periodic reviews. We recommend this continue in order to monitor progress and adherence to regulations.

REFUND/REPAYMENT RETURN FUNDS TO PROGRAM/LENDER

Finding -

Of twenty-three refund/repayment calculations tested, it was determined that allocated funds were not returned to the proper program accounts within the required period in all except one instance.

Recommendation -

Established regulations of the Department of Education should be followed with respect to the return of funds to the proper program accounts or lenders as a result of refunds/repayments. The University's employees responsible for returning the calculated amounts to the program accounts or lenders should be familiar with the time periods established by Department of Education regulations and coordinate with other University departments to ensure timely return of program funds. The University recently hired an accountant who will be responsible for overseeing the refunds/repayments calculations and ensuring the timely return of funds.



Kelley, Galloway & Company, PSC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
AND THE ADDITIONAL TESTS REQUIRED BY THE SINGLE AUDIT ACT

Members of the Board of Regents and
Dr. C. Nelson Grote, President
Morehead State University
Morehead, Kentucky

We have audited the financial statements of Morehead State University for the year ended June 30, 1991, and have issued our report thereon dated September 24, 1991.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Morehead State University for the year ended June 30, 1991, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During the year ended June 30, 1991, Morehead State University expended 87% of its total federal financial assistance under major federal financial assistance programs. As required by OMB Circular A-133, our consideration of the internal control structure also included:

1. Tests of controls to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the University's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such as opinion.
2. Obtaining an understanding of (a) the design of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the University's nonmajor federal financial assistance programs and (b) whether they have been placed in operation.

The management of Morehead State University is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- A. Accounting Controls
 - 1. Treasury or financing
 - 2. Revenue/receipts
 - 3. Purchases/disbursements
 - 4. External financial reporting.

- B. Controls Used in Administering Federal Programs
 - 1. General Requirements
 - a. Political activity
 - b. Civil rights
 - c. Cash management
 - d. Federal financial reports
 - e. Allowable costs/cost principles
 - f. Drug-Free Workplace Act.

 - 2. Specific Requirements
 - a. Types of services
 - b. Eligibility
 - c. Matching level of effort
 - d. Reporting
 - e. Special requirements, if any.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the University's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or to administer Federal financial assistance programs in accordance with applicable laws and regulations.

Reconciliations

During the course of our procedures, we noted reconciliations of certain general ledger accounts to the subsidiary records were not being performed as frequently as necessary. These included accounts receivable, accounts payable, accrued salaries and related liabilities and plant fund accounts. We recommend a reconciliation of accounts payable be performed on a monthly basis and the others performed on at least a quarterly basis.

Additionally, we noted reconciliations were not being performed between grant funds received and grant funds disbursed as related to the Pell grant program and other Federally-sponsored programs. We recommend these also be performed on at least a quarterly basis.

These reconciliations should be reviewed by the appropriate level of management and such review documented by initialing and dating the reconciliation.

Electronic Data Processing

In prior years we had recommended that programmers not have access to live data files and source programs. Management responded to this by requiring that program development and updating be performed in a developmental system outside the live data files. Also movement of any code from the development system to the live system is logged for reference and follow-up. At a minimum, we continue to recommend that procedures be initiated to require documentation of this follow-up and that the Internal Auditor periodically review for compliance.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of management, the Board of Regents and the cognizant agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Kelley, Galloway & Company, PSC

September 24, 1991