

TABLE OF CONTENTS

\*\*\*\*\*

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> . . . . .	2
 <b>FINANCIAL STATEMENTS</b>	
BALANCE SHEETS . . . . .	3-4
STATEMENTS OF CHANGES IN FUND BALANCES . . . . .	5-7
STATEMENTS OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES . . . . .	8-9
NOTES TO FINANCIAL STATEMENTS . . . . .	10-16
 <b>SUPPLEMENTAL INFORMATION</b>	
SCHEDULES OF CURRENT FUNDS REVENUES . . . . .	17
SCHEDULES OF CURRENT FUNDS EXPENDITURES AND MANDATORY TRANSFERS . . . . .	18-20
SCHEDULES OF CHANGES IN FUND BALANCES - LOAN FUNDS . . . . .	21
SCHEDULES OF HOUSING SYSTEM REVENUES AND EXPENDITURES . . . . .	22
SUMMARY SCHEDULE OF BONDS, NOTE AND LEASES PAYABLE . . . . .	23
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES - SINKING FUNDS . . . . .	24
SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS HOUSING AND DINING SYSTEM REVENUE BONDS . . . . .	25-27
SCHEDULE OF BOND RETIREMENT AND INTEREST PAYMENTS CONSOLIDATED EDUCATIONAL BUILDING REVENUE BONDS . . . . .	28-29
SCHEDULE OF PRINCIPAL RETIREMENT AND INTEREST PAYMENTS PROJECT 48, 50, 52, 54 AND 55 BONDS AND OTHER LONG-TERM PAYABLES . . . . .	30-31
 <b>FEDERAL PROGRAM REPORTS</b>	
INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS . . . . .	32
SCHEDULE OF FEDERAL AWARDS . . . . .	33-36
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS . . . . .	37
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS . . . . .	38-39
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARDS PROGRAMS . . . . .	40
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS . . . . .	41
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR PROGRAM TRANSACTIONS . . . . .	42
SCHEDULE OF FINDINGS AND QUESTIONED COSTS . . . . .	43
SINGLE AUDIT REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS . . . . .	44-46

\*\*\*\*\*



Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of Morehead State University as of June 30, 1994 and 1993, 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, 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 Institutions". 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, 1994 and 1993, 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 17 through 31 of this report is presented for purposes of additional analysis and is 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 9, 1994

MOREHEAD STATE UNIVERSITY

BALANCE SHEETS

JUNE 30, 1994 AND 1993

ASSETS

	<u>1994</u>	<u>1993</u>
<b>CURRENT FUNDS:</b>		
<b>Unrestricted:</b>		
Cash (Note 4)	\$11,918,998	\$ 9,455,410
Accounts receivable, less allowance for doubtful accounts of \$72,939 at 1994 and \$121,000 at 1993 (Note 1)	201,492	337,068
Inventories (Note 1)	2,082,261	1,788,596
Due from restricted current funds	544,179	698,943
Due from agency funds	16,926	-
Due from plant funds	265,000	-
Due from loan funds	<u>21,800</u>	<u>4,750</u>
Total unrestricted	<u>15,050,656</u>	<u>12,284,767</u>
<b>Restricted:</b>		
Cash (Note 4)	245,653	395,113
Federal and state grants receivable	974,138	912,273
Due from agency funds	<u>-</u>	<u>372</u>
Total restricted	<u>1,219,791</u>	<u>1,307,758</u>
Total current funds	<u>\$16,270,447</u>	<u>\$13,592,525</u>
<b>LOAN FUNDS:</b>		
Cash (Note 4)	\$ 125,396	\$ 215,004
Loans to students, less allowance for doubtful accounts of \$159,605 at 1994 and \$134,382 at 1993 (Note 1)	3,301,623	3,186,969
Accounts receivable	<u>96,188</u>	<u>93,659</u>
Total loan funds	<u>\$ 3,523,207</u>	<u>\$ 3,495,632</u>
<b>ENDOWMENT FUNDS:</b>		
Cash	\$ 22,669	-
Investments - at cost (Notes 1, 4 and 6)	<u>124,151</u>	<u>\$ 124,951</u>
Total endowment funds	<u>\$ 146,820</u>	<u>\$ 124,951</u>



LIABILITIES AND FUND BALANCES

	<u>1994</u>	<u>1993</u>
CURRENT FUNDS:		
Unrestricted:		
Accounts payable	\$ 922,507	\$ 755,300
Accrued vacation pay (Note 1)	960,299	967,332
Accrued salaries and related liabilities	2,699,074	1,896,278
Due to agency funds	<u>-</u>	<u>26,024</u>
	<u>4,581,880</u>	<u>3,644,934</u>
Fund balance -		
Allocated	10,123,171	7,221,372
Unallocated	<u>345,605</u>	<u>1,418,461</u>
	<u>10,468,776</u>	<u>8,639,833</u>
Total unrestricted	<u>15,050,656</u>	<u>12,284,767</u>
Restricted:		
Accounts payable	135,046	70,311
Accrued wages	37,601	42,738
Due to unrestricted current funds	544,179	698,943
Due to agency funds	200	-
Unearned revenue for Federal and state grants	466,758	467,099
Fund balance	<u>36,007</u>	<u>28,667</u>
Total restricted	<u>1,219,791</u>	<u>1,307,758</u>
Total current funds	<u>\$16,270,447</u>	<u>\$13,592,525</u>
LOAN FUNDS:		
Accounts payable	\$ 2,482	\$ 8,301
Loan awards payable	500	300
Due to unrestricted current funds	<u>21,800</u>	<u>4,750</u>
	<u>24,782</u>	<u>13,351</u>
Fund balance -		
U.S. Government contributions	4,808,284	4,807,343
Institutional contributions	543,737	543,136
Deficit	<u>(1,853,596)</u>	<u>(1,868,198)</u>
	<u>3,498,425</u>	<u>3,482,281</u>
Total loan funds	<u>\$ 3,523,207</u>	<u>\$ 3,495,632</u>
ENDOWMENT FUNDS--fund balance	<u>\$ 146,820</u>	<u>\$ 124,951</u>

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

MOREHEAD STATE UNIVERSITY

BALANCE SHEETS (CONCLUDED)

JUNE 30, 1994 AND 1993

ASSETS

	<u>1994</u>	<u>1993</u>
PLANT FUNDS:		
Unexpended:		
Cash (Note 4)	\$ 4,147,685	\$ 5,690,525
Total unexpended	<u>4,147,685</u>	<u>5,690,525</u>
Renewals and Replacements:		
Cash and certificates of deposit (Notes 1 and 4)	95,245	160,972
Investments - at cost (Notes 1, 4 and 6)	442,892	235,119
Accrued interest receivable	<u>2,958</u>	<u>1,656</u>
Total renewals and replacements	<u>541,095</u>	<u>397,747</u>
Retirement of Indebtedness:		
Cash and certificates of deposit (Notes 1 and 4)	2,658,757	317,665
Investments - at cost (Notes 1, 4 and 6)	1,806,210	4,296,998
Accounts receivable	<u>18,523</u>	<u>12,824</u>
Total retirement of indebtedness	<u>4,483,490</u>	<u>4,627,487</u>
Investment in Plant (Notes 1 and 2):		
Bond proceeds receivable	265,000	-
Land and improvements	6,309,895	5,910,989
Buildings	100,330,166	94,968,500
Library - books and periodicals	8,735,741	8,265,770
Charles M. Derrickson Agricultural Complex - livestock	21,550	185,206
Vehicles	1,015,893	975,290
Equipment	20,613,157	19,969,650
Construction in progress	1,633,219	4,322,435
Accumulated depreciation (Note 1)	<u>(62,111,437)</u>	<u>(58,880,390)</u>
Total investment in plant	<u>76,813,184</u>	<u>75,717,450</u>
Total plant funds	<u>\$ 85,985,454</u>	<u>\$ 86,433,209</u>
AGENCY FUNDS:		
Cash (Note 4)	\$ 915,973	\$ 876,915
Accounts receivable	2,871	1,877
Due from restricted current funds	200	-
Due from unrestricted current funds	<u>-</u>	<u>26,024</u>
Total agency funds	<u>\$ 919,044</u>	<u>\$ 904,816</u>

LIABILITIES AND FUND BALANCES

	<u>1994</u>	<u>1993</u>
PLANT FUNDS:		
Unexpended--restricted fund balance	\$ 4,147,685	\$ 5,690,525
Renewals and Replacements--fund balance	<u>541,095</u>	<u>397,747</u>
Retirement of Indebtedness--restricted fund balance	<u>4,483,490</u>	<u>4,627,487</u>
Investment in Plant:		
Due to unrestricted	265,000	-
Bonds and note payable and capital lease obligations (Note 2)	49,378,154	51,829,218
Net investment in plant	<u>27,170,030</u>	<u>23,888,232</u>
Total investment in plant	<u>76,813,184</u>	<u>75,717,450</u>
Total plant funds	<u>\$ 85,985,454</u>	<u>\$ 86,433,209</u>
AGENCY FUNDS:		
Accounts payable	\$ 29,322	\$ 14,615
Due to unrestricted current funds	16,926	-
Due to restricted current funds	-	372
Deposits held in custody for others	<u>872,796</u>	<u>889,829</u>
Total agency funds	<u>\$ 919,044</u>	<u>\$ 904,816</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, 1994 AND 1993

	1994	
	<u>Unrestricted</u>	<u>Restricted</u>
CURRENT FUNDS:		
BALANCE, beginning of year	\$ 8,639,833	\$ 28,667
REVENUES AND OTHER ADDITIONS:		
Unrestricted current funds revenues	60,383,117	-
Federal and state grants and contracts	-	<u>13,107,920</u>
	<u>60,383,117</u>	<u>13,107,920</u>
EXPENDITURES AND OTHER DEDUCTIONS:		
Educational and general expenditures	45,919,078	13,153,547
Auxiliary enterprises expenditures	<u>6,127,549</u>	<u>288,339</u>
	<u>52,046,627</u>	<u>13,441,886</u>
TRANSFERS AMONG FUNDS -		
ADDITIONS (DEDUCTIONS):		
Mandatory -		
Transfers to plant funds-retirement of indebtedness and renewals and replacements (Note 2)	(5,670,581)	-
Transfers to loan funds and restricted current funds	(341,907)	341,306
Transfers from plant funds	1,422,893	-
Transfers to plant funds	(1,917,952)	-
Transfer from endowment funds	-	-
	<u>(6,507,547)</u>	<u>341,306</u>
NET INCREASE (DECREASE) FOR THE YEAR	<u>1,828,943</u>	<u>7,340</u>
BALANCE, end of year	<u>\$10,468,776</u>	<u>\$ 36,007</u>



1993	
<u>Unrestricted</u>	<u>Restricted</u>
<u>\$ 6,889,507</u>	<u>\$ 73,031</u>
58,716,767	-
<u>-</u>	<u>13,038,167</u>
<u>58,716,767</u>	<u>13,038,167</u>
44,499,938	13,166,447
<u>6,598,760</u>	<u>295,286</u>
<u>51,098,698</u>	<u>13,461,733</u>
(5,510,174)	-
(379,472)	379,202
737,790	-
(766,669)	-
<u>50,782</u>	<u>-</u>
<u>(5,867,743)</u>	<u>379,202</u>
<u>1,750,326</u>	<u>(44,364)</u>
<u>\$ 8,639,833</u>	<u>\$ 28,667</u>

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, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
LOAN FUNDS:		
BALANCE, beginning of year	\$3,482,281	\$3,420,879
REVENUES AND OTHER ADDITIONS:		
Interest on loans receivable	83,911	76,182
Cancellation reimbursement	44,818	37,639
Miscellaneous interest income	2,798	2,922
Federal contributions	3,406	2,422
Recovery of doubtful accounts previously written off	-	23,575
Other	<u>1,072</u>	<u>26</u>
	<u>136,005</u>	<u>142,766</u>
EXPENDITURES AND OTHER DEDUCTIONS:		
Loan principal and interest cancelled	75,597	53,178
Administrative and collection expense	13,908	23,292
Return of excess funds	2,465	4,988
Bad debt expense	26,047	-
Other	<u>2,445</u>	<u>176</u>
	<u>120,462</u>	<u>81,634</u>
TRANSFER AMONG FUNDS:		
Transfer from unrestricted current funds	<u>601</u>	<u>270</u>
NET INCREASE FOR THE YEAR	<u>16,144</u>	<u>61,402</u>
BALANCE, end of year	<u>\$3,498,425</u>	<u>\$3,482,281</u>
ENDOWMENT FUNDS:		
BALANCE, beginning of year	\$ 124,951	\$ 167,889
REVENUES AND OTHER ADDITIONS:		
Private gift	20,000	-
Investment income	<u>1,869</u>	<u>7,844</u>
	<u>21,869</u>	<u>7,844</u>
TRANSFER AMONG FUNDS:		
Transfer to unrestricted current funds	<u>-</u>	<u>(50,782)</u>
NET INCREASE (DECREASE) IN FUND BALANCE	<u>21,869</u>	<u>(42,938)</u>
BALANCE, end of year	<u>\$ 146,820</u>	<u>\$ 124,951</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, 1994 AND 1993

	1994		
	Unexpended	Renewals and Replacements	Retirement of Indebtedness
<b>PLANT FUNDS:</b>			
BALANCE, beginning of year	\$5,690,525	\$ 397,747	\$4,627,487
<b>REVENUES AND OTHER ADDITIONS:</b>			
Interest income	36,584	30,103	259,467
Proceeds from bond issuance	-	-	-
Retirement of indebtedness	-	-	-
Other financing sources	541,814	-	-
Expended for plant fund facilities (including \$1,567,691 in 1994 and \$1,663,335 in 1993 charged to current funds expenditures)	-	-	-
Appropriations for plant funds	-	-	488,971
Gain on sale of investments	-	-	-
	<u>578,398</u>	<u>30,103</u>	<u>748,438</u>
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>			
Retirement of indebtedness	-	-	3,259,159
Interest on indebtedness	-	-	2,736,114
Expenditures for plant additions	3,294,122	-	-
Bond issuance and note payable	-	-	-
Depreciation	-	-	-
Miscellaneous	-	1,879	19,365
Deletions from plant facilities net of depreciation	-	-	-
Bond issuance costs	-	-	-
Premium on bond refunding	-	-	-
Loss on sale of investments	-	1,869	53,560
	<u>3,294,122</u>	<u>3,748</u>	<u>6,068,198</u>
<b>TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS):</b>			
Transfers from unrestricted current funds for debt service and renewals and replacements (Note 2)	377,825	63,913	5,228,843
Transfer from unexpended to retirement of indebtedness	-	-	-
Transfer from unrestricted current funds	1,817,952	-	-
Transfer from renewals and replacements to retirement of indebtedness	-	-	-
Transfer from investment in plant to unexpended	400,000	-	-
Transfer from unexpended to unrestricted current funds	(1,422,893)	-	-
Transfer from retirement of indebtedness to renewals and replacements	-	53,080	(53,080)
	<u>1,172,884</u>	<u>116,993</u>	<u>5,175,763</u>
<b>NET INCREASE (DECREASE) FOR THE YEAR</b>	<u>(1,542,840)</u>	<u>143,348</u>	<u>(143,997)</u>
BALANCE, end of year	<u>\$4,147,685</u>	<u>\$ 541,095</u>	<u>\$4,483,490</u>

<u>1994</u>	<u>1993</u>			
<u>Investment in Plant</u>	<u>Unexpended</u>	<u>Renewals and Replacements</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>
<u>\$23,888,232</u>	<u>\$6,894,581</u>	<u>\$366,441</u>	<u>\$4,372,635</u>	<u>\$26,085,426</u>
-	780,506	20,201	293,518	-
-	-	-	4,372,558	-
3,623,574	-	-	-	10,646,810
-	-	-	-	-
4,861,813	-	-	-	5,629,671
265,000	5,362,774	-	-	-
-	-	272	-	-
<u>8,750,387</u>	<u>6,143,280</u>	<u>20,473</u>	<u>4,666,076</u>	<u>16,276,481</u>
365,000	-	-	6,895,633	-
-	-	-	2,939,087	-
541,814	7,293,006	-	-	-
52,605	-	-	-	14,775,114
3,851,519	-	-	-	3,691,393
178,092	-	-	11,681	-
179,559	-	-	-	7,168
-	-	-	70,494	-
-	-	-	36,700	-
-	-	-	40,179	-
<u>5,168,589</u>	<u>7,293,006</u>	<u>-</u>	<u>9,993,774</u>	<u>18,473,675</u>
-	-	63,913	5,446,261	-
-	(83,209)	-	83,209	-
100,000	28,879	-	-	-
-	-	(53,080)	53,080	-
(400,000)	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(300,000)</u>	<u>(54,330)</u>	<u>10,833</u>	<u>5,582,550</u>	<u>-</u>
3,281,798	(1,204,056)	31,306	254,852	(2,197,194)
<u>\$27,170,030</u>	<u>\$5,690,525</u>	<u>\$397,747</u>	<u>\$4,627,487</u>	<u>\$23,888,232</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, 1994 AND 1993

	1994	
	<u>Unrestricted</u>	<u>Restricted</u>
<b>REVENUES:</b>		
Tuition and fees	\$18,285,745	\$ -
State appropriations	31,229,490	-
Governmental grants and contracts	-	13,107,920
Indirect cost reimbursement	246,473	-
Sales and services of educational activities	774,601	-
Sales and services of auxiliary enterprises	8,838,944	-
Other sources	<u>1,007,864</u>	<u>-</u>
Total current revenues	<u>60,383,117</u>	<u>13,107,920</u>
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>		
Educational and general -		
Instruction	22,161,085	1,833,986
Research	55,133	257,190
Public service	826,730	2,002,279
Library	1,868,923	83,624
Academic support	3,247,637	278,590
Student services	4,902,945	710,594
Institutional support	5,798,193	225,329
Operation and maintenance of plant	4,305,538	1,732
Student financial aid	<u>2,752,894</u>	<u>7,760,223</u>
Educational and general expenditures	<u>45,919,078</u>	<u>13,153,547</u>
Mandatory transfers for -		
Principal and interest	3,614,922	-
College Work Study, SEOG, Loan, and Endowment Fund matching funds	<u>341,907</u>	<u>(341,306)</u>
	<u>3,956,829</u>	<u>(341,306)</u>
Total educational and general	<u>49,875,907</u>	<u>12,812,241</u>
Auxiliary enterprises -		
Expenditures	6,127,549	288,339
Mandatory transfers for principal and interest and renewal and replacement	<u>2,055,659</u>	<u>-</u>
Total auxiliary enterprises	<u>8,183,208</u>	<u>288,339</u>
Total expenditures and mandatory transfers	<u>58,059,115</u>	<u>13,100,580</u>



<u>1994</u>	<u>1993</u>		<u>1993</u>
<u>Totals</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Totals</u>
\$18,285,745	\$17,017,020	\$ -	\$17,017,020
31,229,490	30,760,047	-	30,760,047
13,107,920	-	13,038,167	13,038,167
246,473	235,372	-	235,372
774,601	754,506	-	754,506
8,838,944	8,984,548	-	8,984,548
<u>1,007,864</u>	<u>965,274</u>	<u>-</u>	<u>965,274</u>
<u>73,491,037</u>	<u>58,716,767</u>	<u>13,038,167</u>	<u>71,754,934</u>
23,995,071	21,053,571	1,743,483	22,797,054
312,323	51,627	477,538	529,165
2,829,009	736,507	1,762,146	2,498,653
1,952,547	1,755,294	81,334	1,836,628
3,526,227	3,249,370	68,567	3,317,937
5,613,539	4,790,962	602,950	5,393,912
6,023,522	5,652,812	188,761	5,841,573
4,307,270	3,983,946	1,261	3,985,207
<u>10,513,117</u>	<u>3,225,849</u>	<u>8,240,407</u>	<u>11,466,256</u>
<u>59,072,625</u>	<u>44,499,938</u>	<u>13,166,447</u>	<u>57,666,385</u>
3,614,922	3,965,401	-	3,965,401
<u>601</u>	<u>328,690</u>	<u>(379,202)</u>	<u>(50,512)</u>
<u>3,615,523</u>	<u>4,294,091</u>	<u>(379,202)</u>	<u>3,914,889</u>
<u>62,688,148</u>	<u>48,794,029</u>	<u>12,787,245</u>	<u>61,581,274</u>
6,415,888	6,598,760	295,286	6,894,046
<u>2,055,659</u>	<u>1,544,773</u>	<u>-</u>	<u>1,544,773</u>
<u>8,471,547</u>	<u>8,143,533</u>	<u>295,286</u>	<u>8,438,819</u>
<u>71,159,695</u>	<u>56,937,562</u>	<u>13,082,531</u>	<u>70,020,093</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, 1994 AND 1993

	<u>1994</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS) -		
Transfers from plant funds	\$ 1,422,893	\$ -
Transfers to plant funds	<u>(1,917,952)</u>	<u>-</u>
Total other transfers and additions (deductions)	<u>(495,059)</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 1,828,943</u>	<u>\$ 7,340</u>

<u>1994</u>	<u>1993</u>		<u>1993</u>
<u>Totals</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Totals</u>
\$1,422,893	\$ 737,790	\$ -	\$ 737,790
<u>(1,917,952)</u>	<u>(766,669)</u>	<u>-</u>	<u>(766,669)</u>
<u>(495,059)</u>	<u>(28,879)</u>	<u>-</u>	<u>(28,879)</u>
<u>\$1,836,283</u>	<u>\$ 1,750,326</u>	<u>\$ (44,364)</u>	<u>\$ 1,705,962</u>

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

MOREHEAD STATE UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1994 AND 1993

(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.

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, or 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.



Non-current funds of the University include:

Loan Funds - Such funds include monies available for loans to students. Additions to these funds are from governmental appropriations, interest on loans outstanding, and transfers from other University funds. Loans are normally made to students on an unsecured basis.

Endowment Funds - Endowment funds include funds subject to the restrictions of the gift instruments which require the principal be permanently invested and only the income be expended.

Plant Funds - Included in this group are funds to be used for the acquisition of physical properties for institutional purposes; funds expended for, and thus invested in, institutional properties; and funds set aside for debt service charges and for the retirement of indebtedness on institutional properties.

Sources of funds include appropriations of governmental bodies, proceeds from bond issues, income from investments, and transfers from other University funds.

Agency Funds - Included are funds received by the University as custodian or fiscal agent for others, and funds used for certain organized activities. Generally, these funds are disbursed on instructions and in behalf of those from whom received.

#### Investments

Investments are stated at cost.

#### 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 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 62% of total inventories at June 30, 1994 and 1993 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.

#### Accrued Vacation

Accrued vacation is included in the unrestricted current funds balance sheet and represents earned vacation available to employees at current compensation rates.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established through a provision for doubtful accounts charged to expenses. The allowance represents an amount which, in management's judgment, will be adequate to absorb probable losses on existing accounts that may become uncollectible.

(2) BONDS AND NOTE PAYABLE AND CAPITAL LEASE OBLIGATIONS

The following is a summary of bonds and note payable and capital lease obligations at June 30, 1994 and 1993:

	<u>1994</u>	<u>1993</u>
2.875 - 7.15% Housing and Dining System Bonds, Series A through M, repayable in annual installments with the final installment due on November 1, 2012	\$18,585,000	\$19,620,000
3 - 6.875% Consolidated Educational Building Revenue Bonds, Series D, E, F, H, I and J, repayable in annual installments with the final installment due on May 1, 2012	14,440,000	15,860,000
6.9 - 7.3% State Property and Buildings Commission Project 48 Bond Issue, repayable in semi-annual installments with the final installment due August 1, 1998	998,138	1,181,009
5.1 - 6.1% State Property and Buildings Commission Project 52 Bond Issue, repayable in semi-annual installments with the final installment due August 1, 2001	1,710,000	1,875,000
Note payable to a <u>company</u> , repayable in monthly principal installments of \$7,005, plus interest at prime (currently 7.75%), to June, 1995	42,004	73,462
6.0 - 6.7% State Property and Buildings Commission Project 50 Bond Issue, repayable in semi-annual installments with the final installment due February 1, 2010	2,137,899	6,980,095
5.5% Capital lease obligation with a bank, repayable in annual installments with the final installment due July 31, 1995	697,586	1,062,586
2.4 - 5.9% State Property and Buildings Commission Project 54 Bond Issue, repayable in semi-annual installments with the final installment due September 1, 2008	4,984,748	5,108,066

2.7 - 7.2% State Property and Buildings Commission Project 55 Bond Issue, repay- able in semi-annual installments with the final installment due September 1, 2013	5,181,391	-
6.0% Capital lease obligation with MSU Foundation, repayable in annual install- ments with the final installment due January 28, 2000	59,574	69,000
4.81 % Capital lease obligation with a bank, repayable in annual installments with the final installment due January 15, 1999	<u>541,814</u>	<u>-</u>
	<u>\$49,378,154</u>	<u>\$51,829,218</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 1994 the University transferred \$2,055,659 to the Housing and Dining System Revenue Bonds Sinking Fund and \$2,151,706 to the Consolidated Educational Building Revenue Bonds Sinking Fund for payment of current year principal and interest; and \$63,913 to the Housing and Dining System Repair Fund. In addition, during 1994, the University transferred \$1,399,303 in unrestricted current funds for the payment of principal and interest on the Project 48, 50, 52, 54 and 55 bond issues, the capital lease obligations, and the note payable to a company.

The revenue bonds are collateralized by various buildings carried in the accounts at \$71,707,422. 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, capital lease obligations, and note payable at June 30, 1994, are as follows:

Year Ending <u>June 30,</u>	<u>Repayment Requirements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1995	\$ 3,931,127	\$ 2,546,530	\$ 6,477,657
1996	4,092,940	2,317,415	6,410,355
1997	3,158,668	2,200,992	5,359,660
1998	3,392,478	1,973,766	5,366,244
1999	3,105,579	1,900,308	5,005,887
2000-2012	<u>31,697,362</u>	<u>11,222,973</u>	<u>42,920,335</u>
	<u>\$49,378,154</u>	<u>\$22,161,984</u>	<u>\$71,540,138</u>

(3) PENSION PLAN

Faculty

All full-time employees occupying a position requiring certification by the Kentucky Department of Education or who have graduated from a four year college or university are covered under the defined benefit plan administered by Kentucky Teachers' Retirement System (KTRS). Benefits are subject to certain reductions if the employee retires before reaching age sixty, unless the employee has twenty-seven or more years of participation in the plan. All benefits vest after five years of service. The plan also provides for disability, retirement, death and survivors benefits and medical insurance. The payroll for employees covered by KTRS for the years ended June 30, 1994 and 1993 was \$21,279,987 and \$20,442,778, respectively. The University's total payroll was \$30,287,221 for 1994 and \$29,240,336 for 1993.



KTRS covered employees are required by Chapter 161 Section 540(1) of the Kentucky Revised Statutes (KRS) to contribute a fixed percentage of their gross earnings to the pension plan. The Commonwealth makes annual contributions to the pension equal to the amount required by state law. Contribution rates for the plan in 1994 and 1993 were 6.16% for employees and 13.84% for employer contributions.

For the years ended June 30, 1994 and 1993, the Commonwealth contributed a total of \$2,945,151 and \$2,829,282, respectively, to KTRS for benefit of participating employees through appropriations to the University. The obligation for pension benefits under KTRS is solely the responsibility of the Commonwealth of Kentucky, and not the University.

#### Other Employees

Substantially all other full-time University employees are required by law to participate in the Kentucky Employee Retirement System (KERS), a cost sharing, multiple-employer, public employee retirement system. KERS provides retirement benefits based on an employee's final compensation and number of years of service. Benefits are subject to reduction if the employee retires before reaching age sixty-five or less than twenty-seven years of service. Vesting begins immediately upon entry into the system and a fully vested interest occurs after sixty months of service, of which twelve months must be current service. The plan also provides for disability retirement, death and survivor benefits and medical insurance.

Funding for the plan is provided from eligible employees who contribute 5.00% of their salary through payroll deductions and the University, which contributes 7.65% of current eligible employee's salaries to the KERS. University police officers participate in the Hazardous Duty Division of KERS. The officers contribute 7% of their salary through payroll deductions while the University contributes 15.05% of current eligible employee's salaries. University contribution rates are determined by the Board of Trustees of the Kentucky Retirement Systems each biennium. The rates are intended to fund the plan's normal cost plus 1% of unfunded past service costs.

The amount shown below as "pension benefit obligation" is a standardized disclosure measuring the present value of pension benefits for the entire KERS, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess KERS' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and among employers. The measure is independent of the actuarial funding method used to determine contributions to the system.

The pension benefit obligation was obtained from a separately issued report on the KERS. That report also includes eight-year historical trend information which provides information about progress made in accumulating sufficient assets to pay benefits when due.

The unfunded pension benefit obligation was \$234,247,541 at June 30, 1993 as shown below:

Pension benefit obligation:

Retirees and beneficiaries currently receiving  
benefits and terminated employees not yet  
receiving benefits

\$ 1,032,182,911



Current members:	
Accumulated employee contributions and credited interest	485,652,787
Employer-financed portion	<u>967,784,849</u>
Total pension benefit obligation	2,485,620,547
Net assets available for benefits, at cost	<u>2,251,373,006</u>
Unfunded pension benefit obligation	<u>\$ 234,247,541</u>

Payroll for KERS participating employees during the years ended June 30, 1994 and 1993 was \$6,695,005 and \$6,608,787, respectively. Payroll for all University employees during the years ended June 30, 1994 and 1993 was \$30,287,221 and \$29,240,336, respectively. Contributions to KERS were as follows:

<u>Contributions From</u>	<u>Contribution Amount</u>		<u>Percentage of Payroll</u>
	<u>1994</u>	<u>1993</u>	
Employees through payroll deductions	<u>\$ 338,697</u>	<u>\$ 337,277</u>	<u>5.01 %</u>
University, as included in current year expenditures	<u>\$ 513,160</u>	<u>\$ 505,501</u>	<u>7.65 %</u>

(4) DEPOSITS AND INVESTMENTS

At June 30, 1994 the University had deposits as reflected by bank balances as follows:

Insured, commercial banks	\$ 300,000
Uninsured, commercial banks; collateral held by pledging institution's agent in the University's name	5,814,368
Maintained by Commonwealth of Kentucky	13,923,419
Uninsured, collateral held in Trust by the institution's agent	<u>2,554,002</u>
	<u>\$22,591,789</u>

At June 30, 1994 the University had investments as follows:

Uninsured, unregistered U.S. government obligations	\$ 703
Uninsured, unregistered U.S. government obligations, held by the institution's agent in the University's name	2,201,758
Corporate industrial bonds	47,344
Repurchase agreement; held by the Commonwealth of Kentucky in the University's name	<u>123,448</u>
	<u>\$ 2,373,253</u>

The University may legally invest in repurchase agreements, U.S. Treasury obligations and U.S. government agency obligations.

(5) INTERFUND BORROWINGS

All interfund borrowings have been made from unrestricted funds. The amounts due to current unrestricted funds from current restricted funds, agency funds and unexpended plant funds are payable on demand without interest.

(6) INVESTMENTS

Investments are recorded at cost. Quoted market values of investments (primarily repurchase agreements and U.S. Treasury and U.S. agency debt securities) of the funds indicated were as follows:

	June 30, <u>1994</u>	June 30, <u>1993</u>
Endowment funds	\$ 124,151	\$ 124,951
Renewals and replacements	403,491	239,554
Retirement of indebtedness	1,614,712	4,312,784

(7) LEASES

The University has operating lease agreements for use of equipment and various parcels of real estate cancelable annually with the option to renew. The University recognizes the expenditures related to those obligations in the current unrestricted funds as lease payments are made. Total rent expenditures under operating type leases were approximately \$342,000 in 1994 and \$365,000 in 1993.

(8) COMMITMENTS

Estimated cost to complete construction under contract at June 30, 1994 is approximately \$2,842,243. Such construction is principally financed by Commonwealth of Kentucky appropriations and long-term bonds payable.

(9) CONTINGENCIES

The University is defendant in several lawsuits; however, University management is of the opinion, based on advice of legal counsel, that the ultimate resolution of these litigation matters will not have a material effect on the future operations or financial position of the University.

(10) MOREHEAD STATE UNIVERSITY FOUNDATION, INC.

These financial statements do not include the assets, liabilities, fund balances and current revenues and expenditures relating to Morehead State University Foundation, Inc. (the Foundation). The financial statements of the Foundation are issued separately. The Foundation is a non-profit, non-affiliated Kentucky corporation formed for educational and charitable purposes in accordance with the provisions of KRS 273. Specifically, it was founded to assist in the development and progress of Morehead State University.

(11) RECLASSIFICATIONS

Certain previously reported accounts have been reclassified in the accompanying 1993 financial statements to reflect comparability with account classifications adopted for fiscal 1994.

SUPPLEMENTAL INFORMATION

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS REVENUES

FOR THE YEARS ENDED JUNE 30, 1994 AND 1993

	1994	
	<u>Unrestricted</u>	<u>Restricted</u>
EDUCATIONAL AND GENERAL:		
Tuition and fees -		
Degree credit - Fall	\$ 8,030,247	\$ -
Degree credit - Spring	7,471,967	-
Degree credit - Summer and special sessions	1,722,000	-
Other student fees -		
Student activity and service fee	962,764	-
Music, lab and course fees	34,556	-
Extension and correspondence	64,211	-
State appropriations	31,229,490	-
Governmental grants and contracts -		
College Work Study	-	820,757
Pell Grants	-	6,283,073
Supplemental Education Opportunity Grants	-	273,475
Other State and Federal grants	-	5,730,615
Indirect cost reimbursement	246,473	-
Sales and services of educational activities	774,601	-
Other sources	<u>1,007,864</u>	<u>-</u>
	<u>51,544,173</u>	<u>13,107,920</u>
SALES AND SERVICES OF AUXILIARY ENTERPRISES:		
Residence halls	4,178,434	-
Married student and faculty housing	705,534	-
Food service	450,758	-
University store	2,964,001	-
Other sources	<u>540,217</u>	<u>-</u>
	<u>8,838,944</u>	<u>-</u>
TOTAL CURRENT FUNDS REVENUES	<u>\$60,383,117</u>	<u>\$13,107,920</u>



<u>1994</u>	<u>1993</u>
<u>Totals</u>	<u>Totals</u>
\$ 8,030,247	\$ 7,459,958
7,471,967	6,930,350
1,722,000	1,565,101
962,764	949,347
34,556	36,186
64,211	76,078
31,229,490	30,760,047
820,757	736,492
6,283,073	6,766,400
273,475	231,848
5,730,615	5,303,427
246,473	235,372
774,601	754,506
<u>1,007,864</u>	<u>965,274</u>
<u>64,652,093</u>	<u>62,770,386</u>
4,178,434	4,221,279
705,534	718,082
450,758	477,195
2,964,001	3,011,907
<u>540,217</u>	<u>556,085</u>
<u>8,838,944</u>	<u>8,984,548</u>
<u>\$73,491,037</u>	<u>\$71,754,934</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS EXPENDITURES AND  
MANDATORY TRANSFERS

FOR THE YEARS ENDED JUNE 30, 1994 AND 1993

	<u>1994</u>	
	<u>Unrestricted</u>	<u>Restricted</u>
EDUCATIONAL AND GENERAL:		
Instruction -		
Personal services	\$20,785,511	\$ 1,063,606
Operating expenses	1,129,082	589,834
Capital outlay	<u>246,492</u>	<u>180,546</u>
	<u>22,161,085</u>	<u>1,833,986</u>
Research -		
Personal services	13,407	97,915
Operating expenses	34,293	109,070
Capital outlay	<u>7,433</u>	<u>50,205</u>
	<u>55,133</u>	<u>257,190</u>
Public service -		
Personal services	604,197	1,255,409
Operating expenses	166,436	701,239
Capital outlay	<u>56,097</u>	<u>45,631</u>
	<u>826,730</u>	<u>2,002,279</u>
Library -		
Personal services	1,216,028	83,624
Operating expenses	159,152	-
Capital outlay	<u>493,743</u>	<u>-</u>
	<u>1,868,923</u>	<u>83,624</u>
Academic support -		
Personal services	1,631,045	46,575
Operating expenses	1,497,362	232,015
Capital outlay	<u>119,230</u>	<u>-</u>
	<u>3,247,637</u>	<u>278,590</u>
Student services -		
Personal services	2,905,037	521,836
Operating expenses	1,949,159	178,982
Capital outlay	<u>48,749</u>	<u>9,776</u>
	<u>4,902,945</u>	<u>710,594</u>
Institutional support -		
Personal services	4,771,086	117,060
Operating expenses	742,983	108,269
Capital outlay	<u>284,124</u>	<u>-</u>
	<u>5,798,193</u>	<u>225,329</u>

<u>1994</u>	<u>1993</u>
<u>Totals</u>	<u>Totals</u>
\$21,849,117	\$20,866,210
1,718,916	1,523,659
<u>427,038</u>	<u>407,185</u>
<u>23,995,071</u>	<u>22,797,054</u>
111,322	187,444
143,363	323,409
<u>57,638</u>	<u>18,312</u>
<u>312,323</u>	<u>529,165</u>
1,859,606	1,697,874
867,675	758,076
<u>101,728</u>	<u>42,703</u>
<u>2,829,009</u>	<u>2,498,653</u>
1,299,652	1,270,580
159,152	154,335
<u>493,743</u>	<u>411,713</u>
<u>1,952,547</u>	<u>1,836,628</u>
1,677,620	1,739,033
1,729,377	1,483,300
<u>119,230</u>	<u>95,604</u>
<u>3,526,227</u>	<u>3,317,937</u>
3,426,873	3,385,130
2,128,141	1,967,037
<u>58,525</u>	<u>41,745</u>
<u>5,613,539</u>	<u>5,393,912</u>
4,888,146	4,871,941
851,252	710,703
<u>284,124</u>	<u>258,929</u>
<u>6,023,522</u>	<u>5,841,573</u>



MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS EXPENDITURES AND  
MANDATORY TRANSFERS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 1994 AND 1993

	1994	
	<u>Unrestricted</u>	<u>Restricted</u>
EDUCATIONAL AND GENERAL (CONTINUED):		
Operation and maintenance of plant -		
Personal services	\$ 2,759,248	\$ 1,732
Operating expenses	619,741	-
Capital outlay	926,549	-
	<u>4,305,538</u>	<u>1,732</u>
Student financial aid -		
Personal services	112,537	-
Operating expenses	2,640,357	7,760,223
	<u>2,752,894</u>	<u>7,760,223</u>
Total educational and general expenditures -		
Personal services	34,798,096	3,187,757
Operating expenses	8,938,565	9,679,632
Capital outlay	2,182,417	286,158
	<u>45,919,078</u>	<u>13,153,547</u>
Mandatory transfers -		
Principal and interest	3,614,922	-
Loan and other matching funds	341,907	(341,306)
	<u>3,956,829</u>	<u>(341,306)</u>
TOTAL EDUCATIONAL AND GENERAL	<u>\$49,875,907</u>	<u>\$12,812,241</u>
AUXILIARY ENTERPRISES:		
Expenditures -		
Personal services	\$ 1,378,375	\$ 288,339
Operating expenses	4,659,349	-
Capital outlay	89,825	-
	<u>6,127,549</u>	<u>288,339</u>
Mandatory transfers -		
Principal and interest	2,055,659	-
TOTAL AUXILIARY ENTERPRISES	<u>\$ 8,183,208</u>	<u>\$ 288,339</u>

<u>1994</u>	<u>1993</u>
<u>Totals</u>	<u>Totals</u>
\$ 2,760,980	\$ 2,715,506
619,741	1,006,327
<u>926,549</u>	<u>263,374</u>
<u>4,307,270</u>	<u>3,985,207</u>
112,537	92,536
<u>10,400,580</u>	<u>11,373,720</u>
<u>10,513,117</u>	<u>11,466,256</u>
37,985,853	36,826,254
18,618,197	19,300,566
<u>2,468,575</u>	<u>1,539,565</u>
<u>59,072,625</u>	<u>57,666,385</u>
3,614,922	3,965,401
601	(50,512)
<u>3,615,523</u>	<u>3,914,889</u>
<u>\$62,688,148</u>	<u>\$61,581,274</u>
\$ 1,666,714	\$ 1,735,634
4,659,349	5,071,527
<u>89,825</u>	<u>86,885</u>
<u>6,415,888</u>	<u>6,894,046</u>
<u>2,055,659</u>	<u>1,544,773</u>
<u>\$ 8,471,547</u>	<u>\$ 8,438,819</u>

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CURRENT FUNDS EXPENDITURES AND  
MANDATORY TRANSFERS (CONCLUDED)

FOR THE YEARS ENDED JUNE 30, 1994 AND 1993

	1994	
	<u>Unrestricted</u>	<u>Restricted</u>
TOTAL EXPENDITURES AND MANDATORY TRANSFERS (CONCLUDED):		
Expenditures -		
Personal services	\$36,176,471	\$ 3,476,096
Operating expenses	13,597,914	9,679,632
Capital outlay	<u>2,272,242</u>	<u>286,158</u>
	<u>52,046,627</u>	<u>13,441,886</u>
Mandatory transfers -		
Principal and interest	5,670,581	-
Loan and other matching funds	<u>341,907</u>	<u>(341,306)</u>
	<u>6,012,488</u>	<u>(341,306)</u>
 TOTAL EXPENDITURES AND MANDATORY TRANSFERS	 <u>\$58,059,115</u>	 <u>\$13,100,580</u>



1994  
Totals

1993  
Totals

\$39,652,567  
23,277,546  
2,558,400  
65,488,513

\$38,561,889  
24,372,092  
1,626,450  
64,560,431

5,670,581  
601  
5,671,182

5,510,174  
(50,512)  
5,459,662

\$71,159,695

\$70,020,093

MOREHEAD STATE UNIVERSITY

SCHEDULES OF CHANGES IN FUND BALANCES - LOAN FUNDS

FOR THE YEARS ENDED JUNE 30, 1994 AND 1993

	1994	
	Perkins Loan Fund	Nursing Loan Fund
BALANCES, beginning of year	<u>\$ 3,472,205</u>	<u>\$10,076</u>
INCREASES:		
Reimbursement for cancellations	44,818	-
Interest income on loans	83,731	180
Miscellaneous interest income	2,784	14
Federal contributions	3,406	-
Other	-	1,072
Recovery of doubtful accounts previously written off	-	-
	<u>134,739</u>	<u>1,266</u>
DECREASES:		
Loan principal cancelled	67,863	-
Loan interest cancelled	7,734	-
Administrative and collection expenses	13,887	21
Return of excess funds	-	2,465
Bad debt expense	26,047	-
Other	-	2,445
	<u>115,531</u>	<u>4,931</u>
TRANSFER AMONG FUNDS:		
Transfer from unrestricted current funds	<u>601</u>	<u>-</u>
BALANCES, end of year	<u>\$ 3,492,014</u>	<u>\$ 6,411</u>

<u>1994</u>	<u>1993</u>
<u>Totals</u>	<u>Totals</u>
<u>\$ 3,482,281</u>	<u>\$ 3,420,879</u>
44,818	37,639
83,911	76,182
2,798	2,922
3,406	2,422
1,072	26
<u>-</u>	<u>23,575</u>
<u>136,005</u>	<u>142,766</u>
67,863	46,216
7,734	6,961
13,908	23,293
2,465	4,988
26,047	-
<u>2,445</u>	<u>176</u>
<u>120,462</u>	<u>81,634</u>
<u>601</u>	<u>270</u>
<u>\$ 3,498,425</u>	<u>\$ 3,482,281</u>



MOREHEAD STATE UNIVERSITY

SCHEDULES OF HOUSING SYSTEM  
REVENUES AND EXPENDITURES

FOR THE YEARS ENDED JUNE 30, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
REVENUES:		
Housing fees	<u>\$5,219,539</u>	<u>\$5,259,758</u>
OPERATING EXPENDITURES:		
Residence hall grants	100,800	212,035
Residence hall services	1,556,928	1,435,262
Student housing	730,104	675,338
Residence hall housing	575,960	600,999
Telephones	415,384	432,876
Faculty/staff housing	34,204	44,742
Married housing	<u>68,366</u>	<u>78,663</u>
	<u>3,481,746</u>	<u>3,479,915</u>
REVENUES IN EXCESS OF OPERATING EXPENDITURES	<u>1,737,793</u>	<u>1,779,843</u>
DEBT SERVICE EXPENDITURES:		
Principal	1,035,000	820,000
Interest	<u>1,080,526</u>	<u>1,124,508</u>
	<u>2,115,526</u>	<u>1,944,808</u>
EXPENDITURES IN EXCESS OF REVENUES	<u>\$ (377,733)</u>	<u>\$ (164,965)</u>

MOREHEAD STATE UNIVERSITY

SUMMARY SCHEDULE OF BONDS, NOTE AND LEASES PAYABLE

JUNE 30, 1994

	Original <u>Issue</u>	Outstanding <u>June 30, 1994</u>
HOUSING AND DINING SYSTEM		
REVENUE BONDS:		
Series A	\$1,040,000	\$ 250,000
Series B	735,000	180,000
Series C	525,000	130,000
Series D	1,050,000	360,000
Series E	200,000	65,000
Series F	390,000	230,000
Series G	1,340,000	605,000
Series H	1,840,000	795,000
Series I	3,920,000	1,830,000
Series J	5,800,000	1,190,000
Series K	3,530,000	3,175,000
Series L	3,560,000	3,275,000
Series M	6,675,000	6,500,000
CONSOLIDATED EDUCATIONAL BUILDING		
REVENUE BONDS:		
Series D	5,300,000	1,080,000
Series E	4,350,000	560,000
Series F	4,100,000	1,095,000
Series H	3,160,000	2,820,000
Series I	5,700,000	5,355,000
Series J	3,775,000	3,530,000
PROJECT 48 BONDS	5,667,000	998,138
PROJECT 50 BONDS	7,400,501	2,137,899
PROJECT 52 BONDS	2,030,000	1,710,000
PROJECT 54 BONDS	5,175,000	4,984,748
PROJECT 55 BONDS	5,181,391	5,181,391
NOTE PAYABLE	366,893	42,004
LEASE PURCHASE AGREEMENT WITH FIFTH THIRD	1,062,586	697,586
LEASE PURCHASE AGREEMENT WITH CITIZENS BANK	541,814	541,814
LEASE PURCHASE AGREEMENT WITH MSU FOUNDATION	69,000	<u>59,574</u>
TOTAL BONDS, NOTE AND LEASES PAYABLE		<u>\$49,378,154</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES

SINKING FUNDS

FOR THE YEAR ENDED JUNE 30, 1994

	<u>Sinking Fund</u>	<u>Housing and Dining System Debt Service Reserve Fund</u>
BALANCES, BEGINNING OF YEAR	\$ 9,332	\$ 2,217,505
RECEIPTS AND OTHER ADDITIONS:		
Transferred from debt service reserve fund	131,061	-
Transfer from unrestricted	1,991,746	-
Transfer from retirement of indebtedness	-	-
Income from investments	690	184,678
Redemption of investments	-	<u>1,955,041</u>
	<u>2,123,497</u>	<u>2,139,719</u>
Total available funds	<u>2,132,829</u>	<u>4,357,224</u>
DISBURSEMENTS AND OTHER DEDUCTIONS:		
Redemption of bonds	1,035,000	-
Payment of interest	1,082,416	-
Purchase of investments	-	2,003,450
Loss on sale of investments	-	-
Other	14,807	7,909
Transfer to sinking fund	-	131,061
Transfer to repair fund	-	<u>53,080</u>
	<u>2,132,223</u>	<u>2,195,500</u>
BALANCES, END OF YEAR	<u>\$ 606</u>	<u>\$ 2,161,724</u>

<u>Repair Fund</u>	Consolidated Educational Building <u>Bonds</u>	<u>Totals</u>
<u>\$ 397,747</u>	<u>\$2,400,650</u>	<u>\$ 5,025,234</u>
-	-	131,061
63,913	2,151,706	4,207,365
53,080	-	53,080
30,103	74,692	290,163
<u>-</u>	<u>-</u>	<u>1,955,041</u>
<u>147,096</u>	<u>2,226,398</u>	<u>6,636,710</u>
<u>544,843</u>	<u>4,627,048</u>	<u>11,661,944</u>
-	1,420,000	2,455,000
-	883,515	1,965,931
-	-	2,003,450
1,869	-	1,869
1,879	2,373	26,968
-	-	131,061
<u>-</u>	<u>-</u>	<u>53,080</u>
<u>3,748</u>	<u>2,305,888</u>	<u>6,637,359</u>
<u>\$ 541,095</u>	<u>\$2,321,160</u>	<u>\$ 5,024,585</u>



MOREHEAD STATE UNIVERSITY

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

SUBSEQUENT TO JUNE 30, 1994

Year Ending June 30,	SERIES A		SERIES B	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1995	\$ 45,000	\$ 6,825	\$ 30,000	\$ 4,744
1996	45,000	5,475	30,000	3,881
1997	45,000	4,125	30,000	3,019
1998	45,000	2,775	30,000	2,156
1999	45,000	1,425	30,000	1,294
2000-2011	<u>25,000</u>	<u>300</u>	<u>30,000</u>	<u>231</u>
TOTALS	<u>\$250,000</u>	<u>\$ 20,925</u>	<u>\$180,000</u>	<u>\$ 15,325</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$270,925</u>		<u>\$195,325</u>

<u>SERIES C</u>	
<u>Principal</u>	<u>Interest</u>
\$ 20,000	\$ 3,750
20,000	3,125
25,000	2,422
25,000	1,641
25,000	859
<u>15,000</u>	<u>234</u>
<u>\$130,000</u>	<u>\$ 12,031</u>
	<u>\$142,031</u>

<u>SERIES D</u>	
<u>Principal</u>	<u>Interest</u>
\$ 40,000	\$ 11,900
40,000	10,500
45,000	9,013
45,000	7,438
45,000	5,862
<u>145,000</u>	<u>7,787</u>
<u>\$360,000</u>	<u>\$ 52,500</u>
	<u>\$412,500</u>

MOREHEAD STATE UNIVERSITY

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

SUBSEQUENT TO JUNE 30, 1994

<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>
1995	\$ 5,000	\$ 2,109	\$ 25,000	\$ 7,341
1996	5,000	1,941	25,000	6,497
1997	10,000	1,688	30,000	5,569
1998	10,000	1,350	30,000	4,556
1999	10,000	1,012	30,000	3,544
2000-2011	<u>25,000</u>	<u>1,097</u>	<u>90,000</u>	<u>4,556</u>
TOTALS	<u>\$ 65,000</u>	<u>\$ 9,197</u>	<u>\$230,000</u>	<u>\$ 32,063</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$ 74,197</u>		<u>\$262,063</u>

<u>SERIES G</u>	
<u>Principal</u>	<u>Interest</u>
\$ 60,000	\$ 20,125
60,000	18,025
65,000	15,838
65,000	13,563
65,000	11,287
<u>290,000</u>	<u>20,650</u>
<u>\$605,000</u>	<u>\$ 99,488</u>
	<u>\$ 704,488</u>

<u>SERIES H</u>	
<u>Principal</u>	<u>Interest</u>
\$ 60,000	\$ 28,688
65,000	26,344
65,000	23,906
65,000	21,469
70,000	18,937
<u>470,000</u>	<u>54,938</u>
<u>\$ 795,000</u>	<u>\$ 174,282</u>
	<u>\$ 969,282</u>



MOREHEAD STATE UNIVERSITY

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

SUBSEQUENT TO JUNE 30, 1994

Year Ending June 30,	<u>SERIES I</u>		<u>SERIES J</u>		<u>SERIES K</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1995	\$ 125,000	\$ 53,025	\$ 280,000	\$ 56,700	\$ 105,000	\$ 213,821
1996	130,000	49,200	280,000	41,580	115,000	206,396
1997	135,000	45,225	305,000	25,785	125,000	198,296
1998	140,000	41,100	325,000	8,775	135,000	189,521
1999	145,000	36,825	-	-	145,000	180,071
2000-2011	<u>1,155,000</u>	<u>125,475</u>	<u>-</u>	<u>-</u>	<u>2,550,000</u>	<u>1,097,330</u>
TOTALS	<u>\$1,830,000</u>	<u>\$ 350,850</u>	<u>\$1,190,000</u>	<u>\$ 132,840</u>	<u>\$3,175,000</u>	<u>\$2,085,435</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$2,180,850</u>		<u>\$1,322,840</u>		<u>\$5,260,435</u>

<u>SERIES L</u>		<u>SERIES M</u>		<u>Total Requirements</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 110,000	\$ 225,215	\$ 185,000	\$ 394,115	\$ 1,090,000	\$ 1,028,358
115,000	217,958	195,000	382,715	1,125,000	973,637
120,000	210,260	205,000	370,715	1,205,000	915,861
130,000	201,945	220,000	357,965	1,265,000	854,254
140,000	192,865	230,000	344,465	980,000	798,446
<u>2,660,000</u>	<u>1,289,055</u>	<u>5,465,000</u>	<u>2,755,453</u>	<u>12,920,000</u>	<u>5,357,106</u>
<u>\$3,275,000</u>	<u>\$2,337,298</u>	<u>\$6,500,000</u>	<u>\$ 4,605,428</u>	<u>\$18,585,000</u>	<u>\$ 9,927,662</u>
	<u>\$5,612,298</u>		<u>\$11,105,428</u>		<u>\$28,512,662</u>

MOREHEAD STATE UNIVERSITY

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

SUBSEQUENT TO JUNE 30, 1994

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>SERIES D</u> <u>Interest</u>
1995	\$ 530,000	\$ 44,280
1996	550,000	22,550
1997	-	-
1998	-	-
1999	-	-
2000 - 2012	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 1,080,000</u>	<u>\$ 66,830</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$1,146,830</u>

<u>SERIES E</u>	
<u>Principal</u>	<u>Interest</u>
\$ 275,000	\$ 26,880
285,000	13,680
-	-
-	-
-	-
-	-
<u>\$ 560,000</u>	<u>\$ 40,560</u>
	<u>\$ 600,560</u>

<u>SERIES F</u>	
<u>Principal</u>	<u>Interest</u>
\$ 190,000	\$ 59,895
205,000	49,065
340,000	37,380
360,000	18,000
-	-
-	-
<u>\$1,095,000</u>	<u>\$ 164,340</u>
	<u>\$1,259,340</u>



MOREHEAD STATE UNIVERSITY

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

SUBSEQUENT TO JUNE 30, 1994

Year Ending June 30,	<u>SERIES H</u>		<u>SERIES I</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1995	\$ 70,000	\$ 187,489	\$ 170,000	\$ 317,725
1996	75,000	183,464	180,000	307,695
1997	120,000	179,039	185,000	297,075
1998	130,000	171,779	200,000	286,160
1999	140,000	163,719	210,000	274,360
2000-2012	<u>2,285,000</u>	<u>798,372</u>	<u>4,410,000</u>	<u>2,079,720</u>
TOTALS	<u>\$2,820,000</u>	<u>\$1,683,862</u>	<u>\$5,355,000</u>	<u>\$3,562,735</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$4,503,862</u>		<u>\$8,917,735</u>

<u>SERIES J</u>		<u>Total Requirements</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 290,000	\$ 145,750	\$ 1,525,000	\$ 782,019
300,000	134,150	1,595,000	710,604
325,000	122,150	970,000	635,644
340,000	109,150	1,030,000	585,089
730,000	95,550	1,080,000	533,629
<u>1,545,000</u>	<u>98,070</u>	<u>8,240,000</u>	<u>2,976,162</u>
<u>\$3,530,000</u>	<u>\$ 704,820</u>	<u>\$14,440,000</u>	<u>\$ 6,223,147</u>
	<u>\$4,234,820</u>		<u>\$ 20,663,147</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF PRINCIPAL RETIREMENT AND INTEREST PAYMENTS

PROJECT 48, 50, 52, 54 AND 55 BONDS AND OTHER LONG-TERM PAYABLES

SUBSEQUENT TO JUNE 30, 1994

Year Ending June 30,	<u>PROJECT 48</u>		<u>PROJECT 50</u>		<u>PROJECT 52</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1995	\$ 195,761	\$ 67,883	\$ 253,248	\$ 136,541	\$ 175,000	\$ 93,278
1996	209,456	53,989	268,313	121,346	185,000	83,913
1997	224,762	38,912	284,455	104,979	195,000	73,648
1998	240,874	22,494	302,391	87,343	205,000	62,443
1999	127,285	4,646	321,761	67,990	215,000	50,365
2000-2010	<u>-</u>	<u>-</u>	<u>707,731</u>	<u>71,541</u>	<u>735,000</u>	<u>68,485</u>
TOTALS	<u>\$ 998,138</u>	<u>\$ 187,924</u>	<u>\$2,137,899</u>	<u>\$ 589,740</u>	<u>\$1,710,000</u>	<u>\$ 432,132</u>
TOTAL PRINCIPAL AND INTEREST		<u>\$1,186,062</u>		<u>\$ 2,727,639</u>		<u>\$2,142,132</u>

<u>PROJECT 54</u>		<u>PROJECT 55</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
\$ 132,782	\$ 137,311	\$ 66,963	\$ 237,403
140,202	129,944	99,778	201,328
147,888	122,256	13,855	292,375
157,212	112,788	68,361	237,975
229,474	172,350	14,993	267,587
<u>4,177,190</u>	<u>861,125</u>	<u>4,917,441</u>	<u>1,888,554</u>
<u>\$4,984,748</u>	<u>\$1,535,774</u>	<u>\$5,181,391</u>	<u>\$3,125,222</u>
	<u>\$6,520,522</u>		<u>\$8,306,613</u>



MOREHEAD STATE UNIVERSITY

SCHEDULE OF PRINCIPAL RETIREMENT AND INTEREST PAYMENTS

PROJECT 48,50,52,54 AND 55 BONDS AND OTHER LONG-TERM PAYABLES (CONCLUDED)

SUBSEQUENT TO JUNE 30, 1994

<u>June 30,</u>	<u>NOTE PAYABLE</u>		<u>CAPITAL LEASE OBLIGATION WITH FIFTH THIRD</u>		<u>CAPITAL LEASE OBLIGATION WITH MSU FOUNDATION</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
1995	\$ 42,004	\$ 1,260	\$ 339,458	\$ 38,367	\$ 9,261	\$ 3,323
1996	-	-	358,128	19,697	9,832	2,751
1997	-	-	-	-	10,438	2,150
1998	-	-	-	-	11,082	1,501
1999	-	-	-	-	18,961	963
2000-2010	-	-	-	-	-	-
	<u>\$ 42,004</u>	<u>\$ 1,260</u>	<u>\$ 697,586</u>	<u>\$ 58,064</u>	<u>\$ 59,574</u>	<u>\$ 10,688</u>
		<u>\$ 43,264</u>		<u>\$ 755,650</u>		<u>\$ 70,262</u>

CAPITAL LEASE  
OBLIGATION WITH  
THE CITIZENS BANK

<u>Principal</u>	<u>Interest</u>
\$ 101,650	\$ 20,787
102,231	20,206
107,270	15,167
112,558	9,879
118,105	4,332
-	-
<u>\$ 541,814</u>	<u>\$ 70,371</u>

\$ 612,185



Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL AWARDS

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

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1994, and have issued our report thereon dated September 9, 1994. 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 Institutions". 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 awards 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.

*Kelley, Galloway & Company, PSC*

September 9, 1994

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1994

<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:			
Direct Programs -			
Child Development 92-93	84.027	07/01/92-06/30/93	11,079
Child Development 93-94	84.027	07/01/93-06/30/94	146,653
Health Science Information 91-92	13.991	10/01/90-09/30/92	18,741
Drug Education 91-92	84.241A	07/01/91-06/30/92	63,238
Passed Through Eastern Kentucky Concentrated Employment Program Inc.-			
CNA Program 92	-	05/17/92-06/30/92	28,069
CNA Program 93	-	07/01/93-08/31/93	21,812
Passed Through Gateway Community Services, Inc. -			
Head Start Aide 93-94	13.600	08/01/93-07/31/94	3,749
Head Start Aide 92-93	13.600	08/01/92-07/31/93	3,294
Head Start 92-93	13.600	08/01/92-07/31/93	66,436
Head Start 92-93	13.600	08/01/92-07/31/93	96,459
Head Start 93-94	13.600	08/01/93-07/31/94	151,832
Passed through National Collegiate Athletics Association -			
NCAA Camp 1991	-	06/01/91-05/31/92	44,885
NCAA Camp 1992	-	06/01/92-05/31/93	42,500
NCAA Camp 1993	-	06/01/93-05/31/94	50,365
NCAA Camp 1994	-	06/01/94-5/31/95	47,000
NCAA Supplemental	-	06/01/90-Ongoing	2,345
Passed through Kentucky Cabinet for Human Resources -			
JOBS College Classes 91-92	93.021	07/01/91-06/30/92	4,372
Total United States Department of Health and Human Services			
United States Department of Education:			
Direct Programs -			
College Work-Study	SFA(1)	07/01/93-06/30/94	791,994
Pell Grant	SFA(1)	07/01/93-06/30/94	6,263,847
SEOG	SFA(1)	07/01/93-06/30/94	231,923
Perkins Loan Program	SFA(1)	Indefinite	2,411
Guaranteed Student Loans	SFA(1)	07/01/93-06/30/94	-
Upward Bound 92-93	84.047A(1)	06/01/92-05/31/93	370,231
Upward Bound 93-94	84.047A(1)	06/01/93-05/31/94	291,353
Upward Bound 94-95	84.047A(1)	06/01/94-05/31/95	380,227



Unearned Revenue (Revenue Receivable) as of <u>6/30/93</u>	Funds Received 7/1/93 to <u>6/30/94</u>	Funds Disbursed 7/1/93 to <u>6/30/94</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/94</u>
\$ 25,432	\$ 3,225	\$ 28,657	\$ -
-	176,374	126,751	49,623
8,345	5,402	13,747	-
8,966	(8,966)	-	-
<u>42,743</u>	<u>176,035</u>	<u>169,155</u>	<u>49,623</u>
(22,963)	24,436	157	1,316
-	21,812	21,812	-
<u>(22,963)</u>	<u>46,248</u>	<u>21,969</u>	<u>1,316</u>
-	-	3,749	(3,749)
(3,294)	3,294	-	-
4,842	-	4,842	-
(85,225)	96,459	11,171	63
-	68,967	143,923	(74,956)
<u>(83,677)</u>	<u>168,720</u>	<u>163,685</u>	<u>(78,642)</u>
(836)	-	-	(836)
871	86	-	957
32,764	5,838	39,643	(1,041)
-	-	7,392	(7,392)
(453)	-	-	(453)
<u>32,346</u>	<u>5,924</u>	<u>47,035</u>	<u>(8,765)</u>
(10)	10	-	-
<u>(31,561)</u>	<u>396,937</u>	<u>401,844</u>	<u>(36,468)</u>
36,498	754,706	820,417	(29,213)
(123,345)	6,116,493	6,141,748	(148,600)
-	231,923	231,923	-
(3,312,337)	4,784,199	4,928,012	(3,456,150)
-	8,840,163	8,840,163	-
(36,220)	36,762	541	1
(28,678)	320,655	291,176	801
-	-	97,194	(97,194)



MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1994

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
Talent Search 92-93	84.044A	07/01/92-06/30/93	253,432
Talent Search 93-94	84.044A	07/01/93-06/30/94	253,432
Cooperative Education 88-89	84.199	10/01/88-09/30/89	-
Special Services 91-92	84.042A	09/01/91-08/31/92	170,833
Special Services 92-93	84.042A	09/01/92-08/31/93	187,195
Special Services 93-94	84.042A	09/01/93-08/31/94	192,384
Veteran's Education 92	84.064	07/01/91-06/30/93	4,744
Veteran's Education 93	84.064	07/01/92-06/30/94	2,924
Health Education 92-93	84.215B	07/01/92-06/30/93	80,000
Health Education 91-92	84.215B	07/01/91-06/30/92	80,000
Educational Opportunity Center 92-93	84.066A	09/01/92-08/31/93	262,655
Educational Opportunity Center 93-94	84.066A	09/01/93-08/31/94	263,072
Wellness Education 92-93	84.048	10/01/92-09/30/93	58,751
Wellness Education 93-94	84.048	10/01/93-09/30/94	65,786
Title III Improvement 92-93	84.048	10/01/92-09/30/93	142,070
Title III Improvement 93-94	84.048	10/01/93-09/30/94	142,070
 Passed Through The Kentucky Council of Higher Education-			
Destination Graduation- Academic 93-94	84.204A	10/01/93-09/30/94	28,083
Destination Graduation- Summer 93-94	84.204A	10/01/93-09/30/94	57,531
Destination Graduation- Academic 92-93	84.204A	10/01/92-09/30/93	23,021
Destination Graduation- Summer 92-93	84.204A	10/01/92-09/30/93	41,391
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
Destination Graduation- Summer 91-92	84.204A	10/01/91-09/30/92	44,000
 Passed through State Department of Education -			
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
Title II Agriculture 93-94	84.048	07/01/93-06/30/94	36,000
Title II ATL 93-94	84.048	07/01/93-06/30/94	61,087
Title II INFO SC 93-94	84.048	07/01/93-06/30/94	16,475
Vocational Ed. Lab 91-92	84.048	07/01/91-06/30/92	67,214
Vocational Ed. - Chair	84.048	07/01/91-06/30/92	29,234
Field Base 91-92	84.048	07/01/91-06/30/92	16,000
Field Base 93-94	84.048	07/01/93-06/30/94	16,000
Home Economics 93-94	84.048	07/01/93-06/30/94	17,000
Home Economics 92-93	84.048	07/01/92-06/30/93	15,000
 Total United States Department of Education			

Unearned Revenue (Revenue Receivable) as of <u>6/30/93</u>	Funds Received 7/1/93 to <u>6/30/94</u>	Funds Disbursed 7/1/93 to <u>6/30/94</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/94</u>
(42,370)	33,432	2,247	(11,185)
-	225,000	251,739	(26,739)
1,206	-	1,206	-
(126)	-	-	(126)
(5,978)	47,195	37,124	4,093
-	157,805	159,299	(1,494)
4,590	-	4,577	13
(1,404)	-	911	(2,315)
6,054	-	6,054	-
2,067	-	2,067	-
(24,529)	82,665	58,135	1
-	220,000	220,858	(858)
(1,189)	20,000	2,705	16,106
-	49,600	42,669	6,931
4,569	47,070	40,028	11,611
-	67,930	81,434	(13,504)
<u>(3,521,192)</u>	<u>22,035,598</u>	<u>22,262,227</u>	<u>(3,747,821)</u>
-	15,923	22,919	(6,996)
-	8,327	14,259	(5,932)
(1,596)	4,521	2,925	-
(9,934)	38,989	29,055	-
(30)	30	-	-
(114)	114	-	-
10	-	-	10
<u>(11,664)</u>	<u>67,904</u>	<u>69,158</u>	<u>(12,918)</u>
(1,603)	1,603	-	-
(480)	480	-	-
-	-	23,069	(23,069)
-	22,133	55,564	(33,431)
-	14,408	16,711	(2,303)
(884)	884	-	-
(2,516)	2,516	-	-
2	-	2	-
-	14,525	15,936	(1,411)
-	772	16,298	(15,526)
6	-	6	-
<u>(5,475)</u>	<u>57,321</u>	<u>127,586</u>	<u>(75,740)</u>
<u>(3,538,331)</u>	<u>22,160,823</u>	<u>22,458,971</u>	<u>(3,836,479)</u>

MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1994

<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 Labor:			
Direct Programs-			
JTPA MSU Learning Center 93-94	17.246-17.251	07/01/93-06/30/94	8,034
JTPA MSU Learning Center 92-93	17.246-17.251	07/01/92-06/30/93	7,930
JTPA LV Learning Center 93-94	17.246-17.251	07/01/93-06/30/94	24,039
JTPA LV Learning Center 92-93	17.246-17.251	07/01/92-06/30/93	5,070
LV JOBS ABE/GED 92-93	93.021	07/01/92-06/30/93	34,216
LV JOBS ABE/GED 93-94	93.021	07/01/93-06/30/94	33,756
MSU JOBS ABE/GED 92-93	93.021	07/01/92-06/30/93	27,431
MSU JOBS ABE/GED 93-94	93.021	07/01/93-06/30/94	24,353
Passed through Tenco Private Industry Council-			
JTPA MOAR 90-91	17.246-17.251	04/01/90-08/31/90	70,150
JTPA MOAR 91-92	17.246-17.251	05/01/91-08/09/91	78,048
JTPA MOAR 93-94	17.246-17.251	05/01/93-08/09/93	87,685
JTPA MOAR 94-95	17.246-17.251	05/01/94-08/09/94	84,105
JTPA Associate Degree 93-94	17.246-17.251	07/01/93-06/30/94	11,859
JTPA Associate Degree 91-93	17.246-17.251	07/01/91-06/30/93	19,190
Total United States Department of Labor			
United States Department of Agriculture:			
MOAR Meals 92	17.246-17.251	06/25/92-07/22/92	4,888
MOAR Meals 93	17.246-17.251	06/25/93-07/27/93	4,583
Upward Bound Meals 93	-	06/30/93-08/01/93	5,872
Upward Bound Meals 92	-	07/01/92-06/30/93	10,000
Total United States Department of Agriculture			
Corporation for Public Broadcasting:			
CPB Grant 92-94	-	10/01/92-09/30/94	82,717
CPB Grant 93-95	-	10/01/93-09/30/95	88,392
CPB/NPAG 93-95	-	10/01/93-09/30/95	30,158
Total Corporation for Public Broadcasting			
Small Business Administration:			
SBDC 93-94	59.037	10/01/93-09/30/94	138,600
SBDC 92-93	59.037	10/01/92-09/30/93	138,600
SBDC 91-92	59.037	09/30/91-09/29/92	138,600
Small Business Mini-Grant	59.037	Ongoing	3,500
Small Business Mini-Grant 92-93	59.037	Ongoing	3,500
Small Business Mini-Grant 93-94	59.037	10/01/93-09/30/94	3,500
Total Small Business Administration			

Unearned Revenue (Revenue Receivable) as of <u>6/30/93</u>	Funds Received 7/1/93 to <u>6/30/94</u>	Funds Disbursed 7/1/93 to <u>6/30/94</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/94</u>
-	4,347	6,979	(2,632)
2,256	3,229	892	4,593
-	7,568	20,911	(13,343)
(1,531)	439	-	(1,092)
1,765	-	1,765	-
-	24,945	25,443	(498)
3,336	-	882	2,454
-	<u>22,366</u>	<u>23,448</u>	<u>(1,082)</u>
<u>5,826</u>	<u>62,894</u>	<u>80,320</u>	<u>(11,600)</u>
1,013	-	1,013	-
7,260	4,812	-	12,072
(23,862)	81,571	57,540	169
-	-	25,223	(25,223)
-	7,350	8,669	(1,319)
<u>1,758</u>	<u>671</u>	<u>2,429</u>	<u>-</u>
<u>(13,831)</u>	<u>94,404</u>	<u>94,874</u>	<u>(14,301)</u>
<u>(8,005)</u>	<u>157,298</u>	<u>175,194</u>	<u>(25,901)</u>
4,888	-	4,888	-
-	4,583	-	4,583
-	5,872	-	5,872
<u>8,182</u>	<u>-</u>	<u>1,534</u>	<u>6,648</u>
<u>13,070</u>	<u>10,455</u>	<u>6,422</u>	<u>17,103</u>
8,234	-	8,234	-
-	88,392	83,449	4,943
-	<u>30,158</u>	<u>30,158</u>	<u>-</u>
<u>8,234</u>	<u>118,550</u>	<u>121,841</u>	<u>4,943</u>
-	60,161	91,678	(31,517)
(36,329)	77,310	40,981	-
1,707	-	1,707	-
(45)	2,500	504	1,951
3,500	2,500	6,000	-
-	<u>1,000</u>	<u>1,648</u>	<u>(648)</u>
<u>(31,167)</u>	<u>143,471</u>	<u>142,518</u>	<u>(30,214)</u>



MOREHEAD STATE UNIVERSITY

SCHEDULE OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1994

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Amount</u>
OTHER FEDERALLY-SPONSORED PROJECTS:			
Appalachian Regional Commission:			
Forestry Technology 91-92	23.012	10/01/91-09/30/92	58,069
Action:			
RSVP Action 93-94	72.002	07/01/93-06/30/94	38,032
RSVP Action 92-93	72.002	07/01/92-06/30/93	37,942
Vista 89-90	72.002	07/01/89-06/30/91	98
NASA:			
Elementary Science 93-94	47.073	07/01/93-06/30/94	8,000
JOVE	47.073	05/01/94-06/30/94	10,025
National Science Foundation:			
Ky Middle Grades 93-94	47.070	05/01/93-04/30/94	32,050
Ky Middle Grades 94-95	47.070	05/01/93-04/30/94	112,718
Math Teachers 92-93	47.066	04/01/92-03/31/93	19,369
Sediment Water 92-93	47.066	04/01/92-03/31/93	7,960
EPSCOR Reeder	-	05/01/93-04/30/94	12,521
EPSCOR Mattingly	-	05/01/92-04/30/93	15,000
EPSCOR Mattingly 93	-	05/01/93-04/30/94	15,000
EPSCOR Seth 94	-	05/01/94-04/30/95	10,800
NSF Ky Science	47.073	05/01/93-04/30/94	13,152
Science Travel	-	07/01/93-06/30/94	1,000
U.S. Environmental Protection Agency:			
Micro Lab 91-92	-	07/01/91-06/30/92	2,520
Micro Lab 92-93	-	07/01/92-06/30/93	7,366
Micro Lab 93-94	-	07/01/93-06/30/94	4,034
United States Department of Agriculture Forestry Service:			
Rural Development	-	06/01/94-09/30/95	14,800
Institute of Museum Services:			
Museum Assessment	-	04/04/94-04/03/95	1,975
Total Other Federally-Sponsored Projects			
 Total Federal Awards			

(1) Major Federal Awards Program.



Unearned Revenue (Revenue Receivable) as of <u>6/30/93</u>	Funds Received 7/1/93 to <u>6/30/94</u>	Funds Disbursed 7/1/93 to <u>6/30/94</u>	Unearned Revenue (Revenue Receivable) as of <u>6/30/94</u>
(2,886)	2,886	-	-
339	9,019	37,221	(27,863)
(10,351)	10,512	161	-
98	-	-	98
-	-	7,078	(7,078)
-	-	10,025	(10,025)
(19,686)	25,281	7,920	(2,325)
-	-	13,193	(13,193)
(23,129)	23,324	-	195
42	-	6	36
(12,454)	12,521	61	6
(4,890)	15,000	10,162	(52)
(4,176)	10,185	10,821	(4,812)
-	-	376	(376)
(1,081)	10,885	12,069	(2,265)
-	-	590	(590)
(2,520)	2,520	-	-
7,366	-	7,366	-
-	4,034	2,964	1,070
-	-	197	(197)
-	<u>1,975</u>	<u>1,150</u>	<u>825</u>
<u>(73,328)</u>	<u>128,142</u>	<u>121,360</u>	<u>(66,546)</u>
<u><u>\$(3,661,088)</u></u>	<u><u>\$23,115,676</u></u>	<u><u>\$23,428,150</u></u>	<u><u>\$(3,973,562)</u></u>



Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1994, and have issued our report thereon dated September 9, 1994.

We conducted our audit in accordance with generally accepted auditing standards and 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 Institutions". 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.

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. Accordingly, we do not express such an opinion.

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, the cognizant Federal audit agency and other audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Kelley, Galloway & Company, PSC*

September 9, 1994





Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1994 and have issued our report thereon dated September 9, 1994.

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 Institutions". Those standards 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, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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, and 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. Because of inherent limitations in any internal control structure, errors or irregularities 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. Payroll/personnel
  - 5. External financial reporting.
  
- B. Controls Used in Administering Compliance With Laws and Regulations
  - 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
    - g. Administrative requirements.
  
  - 2. Specific Requirements
    - a. Types of services allowed or disallowed
    - b. Eligibility
    - c. Matching, level of effort or earmarking
    - d. Reporting
    - e. Special requirements.
  
  - 3. Claims for Advances and Reimbursements.
  
  - 4. Amounts Claimed or Used for Matching.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the 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 may occur and not be detected within a timely period by employees in the normal course of performing their assigned function. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information and use of management, the Board of Regents, the cognizant Federal audit agency and other audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Kelley, Galloway + Company, PSC*

September 9, 1994





Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH THE GENERAL REQUIREMENTS APPLICABLE  
TO FEDERAL AWARDS PROGRAMS

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

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1994, and have issued our report thereon dated September 9, 1994.

We have applied procedures to test Morehead State University's compliance with the following requirements applicable to its federal programs, which are identified in the accompanying schedule of federal awards, for the year ended June 30, 1994:

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

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions". Our procedures 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 listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Morehead State University has not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information and use of management, the Board of Regents, the cognizant Federal audit agency and other audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Kelley, Galloway & Company, PSC*

September 9, 1994





Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS

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

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1993, and have issued our report thereon dated September 9, 1994.

We have also audited Morehead State University's compliance with the requirements governing types of services allowed or not allowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal programs, which are identified in the accompanying schedule of federal awards, for the year ended June 30, 1994. 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 of compliance with those requirements 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 Institutions". 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 no immaterial instances of noncompliance with the requirements referred to above.

In our opinion, Morehead State University complied, in all material respects, with the requirements governing types of services allowed or not allowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions; financial reports and claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal programs for the year ended June 30, 1994.

This report is intended for the information and use of management, the Board of Regents, the cognizant Federal audit agency and other audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Kelley, Galloway & Company, PSC*

September 9, 1994

1200 BATH AVENUE • P.O. BOX 990 • ASHLAND, KENTUCKY 41105-0990 • 606-329-1811 • FAX 606-329-8756

Member of SEC and Private Companies Practice Sections of American Institute of Certified Public Accountants and Associated Regional Accounting Firms



Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
NONMAJOR PROGRAM TRANSACTIONS

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

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1993, and have issued our report thereon dated September 9, 1994.

In connection with our audit of the financial statements of Morehead State University and with our consideration of the University's internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions", we selected certain transactions applicable to certain nonmajor federal programs for the year ended June 30, 1994. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or not allowed and eligibility requirements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the University's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed 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 requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information and use of management, the Board of Regents, the cognizant Federal audit agency and other audit agencies. However, this report is a matter of public record, and its distribution is not limited.

*Kelley, Galloway & Company, PSC*

September 9, 1994



MOREHEAD STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 1994

No questioned costs or findings were noted during our testing.



Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

SINGLE AUDIT REPORT ON THE INTERNAL CONTROL  
STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

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

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1994, and have issued our report thereon dated September 9, 1994. We have also audited the University's compliance with requirements applicable to major federal programs and have issued our report thereon dated September 9, 1994.

We conducted our audits 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 (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". 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 and about whether the University complied with laws and regulations, noncompliance with which would be material to a major federal program.

In planning and performing our audits for the year ended June 30, 1994, we considered Morehead State University's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the University's financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated September 9, 1994.

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 awards 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 used in administering federal programs in the following categories:

- A. Accounting Controls
  - 1. Treasury or financing
  - 2. Revenue/receipts
  - 3. Purchases/disbursements
  - 4. Payroll/personnel
  - 5. External financial reporting.
  
- B. Controls Used in Administering Federal Award 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
    - g. Administrative requirements.
  
  - 2. Specific Requirements
    - a. Types of services allowed or disallowed
    - b. Eligibility
    - c. Matching, level of effort or earmarking
    - d. Reporting
    - e. Special requirements.
  
  - 3. Claims for Advances and Reimbursements.
  
  - 4. Amounts Claimed or Used for Matching.

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

During the year ended June 30, 1994, Morehead State University expended 91% of its total federal awards under major programs.

We performed tests of controls, as required by OMB Circular A-133, 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 programs, which are identified in the accompanying schedule of federal awards. 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 an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.



This report is intended for the information of the Board of Regents, management, the cognizant federal audit agency and other audit agencies. However, this report is a matter of public record and its distribution is not limited.

*Kelley, Galloway + Company, PSC*

September 9, 1994

TABLE OF CONTENTS  
\*\*\*\*\*

PAGE

AGREED-UPON PROCEDURES FOR INTERCOLLEGIATE ATHLETICS DEPARTMENT:

INDEPENDENT AUDITOR'S REPORT ON AGREED-UPON PROCEDURES . . . . .	2-3
EXHIBIT I - STATEMENT OF REVENUES AND EXPENDITURES . . . . .	4

AGREED-UPON PROCEDURES FOR RELATED BOOSTER ORGANIZATION:

INDEPENDENT AUDITOR'S REPORT ON AGREED-UPON PROCEDURES . . . . .	5
EXHIBIT II - STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND CHANGES IN FUND BALANCE . . . . .	6

SUPPLEMENTAL INFORMATION:

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION . . . . .	7
EXHIBIT III - SCHEDULE OF REVENUES AND EXPENDITURES BY SPORT OF THE INTERCOLLEGIATE ATHLETICS DEPARTMENT . . . . .	8
EXHIBIT IV - SCHEDULE OF REVENUES GENERATED TO SUPPORT EXPENDITURES OF THE INTERCOLLEGIATE ATHLETICS DEPARTMENT . . . . .	9

\*\*\*\*\*



Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT  
ON AGREED-UPON PROCEDURES

Dr. Ronald G. Eaglin, President  
Morehead State University  
Morehead, Kentucky

We have audited the financial statements of Morehead State University as of and for the year ended June 30, 1993, and have issued our unqualified report thereon dated September 20, 1993. At your request, we have also applied certain agreed-upon procedures, as discussed below, to the accounting records and internal control structure of Morehead State University, as of June 30, 1993, solely to assist the University in complying with NCAA Bylaw 6.2.3.1. It is understood that this report is solely for your information and is not to be referred to or distributed for any purposes to anyone who is not a member of management or the Board of Regents of Morehead State University or an authorized representative of the National Collegiate Athletic Association. Our procedures and findings are as follows:

Statement of Revenues and Expenditures - Agreed-Upon Procedures

- a. We obtained the statement of revenues and expenditures for the year ended June 30, 1993, as prepared by management and shown in Exhibit I. We recalculated the addition of the amounts on the statement, traced the amounts on the statement to management's worksheets and agreed the amounts on management's worksheets to the University's general ledger. We noted no differences between the amounts on the general ledger and the amounts on the worksheets.
- b. We obtained an analysis of all revenue and certain expenditure accounts from management and (1) traced guaranteed gate amounts to copies of contracts with participating schools, (2) agreed revenue received from the Eagle Athletic Fund to the audited financial statements for the year ended June 30, 1993 of Morehead State University Foundation, Inc., (3) agreed amounts recorded on worksheets maintained by the University's Athletic Department for season ticket sales to the University's general ledger, (4) traced NCAA proceeds to cash receipts records, and (5) reviewed a sample of travel expenditures noting proper approval and classification.
- c. We applied analytical review techniques to revenues and expenditures accounts of the Intercollegiate Athletics Department in order to identify any unusual items by comparing the current year budgeted revenues and expenditures to the current year actual revenues and expenditures and discussing with management the significant variances and comparing the prior year actual revenues and expenditures to the current year actual equivalent accounts and discussing with management the significant fluctuations.
- d. We recomputed the ratio of the amount by which the Intercollegiate Athletics Department's expenditures exceeded its revenues, as a percent of the University's unrestricted educational and general expenditures. The 2.8%



ratio computed on Exhibit I was in compliance with the 3.6% cap established by the University's Board of Regents.

- e. We recalculated the ratio of the University's Intercollegiate Athletics Department's revenue, expressed as a percentage of that Department's operating expenditures. The 45.9% computed on Exhibit IV exceeded the minimum requirement of 33.3% as established by the University's Board of Regents.

Because the above procedures "a" through "e" do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with procedures "a" through "e" referred to above, no matters came to our attention that caused us to believe that the specific accounts or items should be further adjusted. Had we performed additional procedures or had we made an audit of any financial statements of the Intercollegiate Athletics Department of Morehead State University in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report relates only to the accounts and items specified above and does not extend to the financial statements of Morehead State University or its Intercollegiate Athletics Department taken as a whole.

Internal Control Structure: Policies and Procedures Related to Intercollegiate Athletics - Agreed-Upon Procedures

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 control procedures. The objectives of a structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and 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.

Because of inherent limitations in any internal control structure, errors or irregularities may 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 degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- f. We reviewed an organization chart and job descriptions of key personnel as prepared by management. We reviewed the extent of documentation of accounting systems and procedures. We also made certain inquiries of management regarding control consciousness, competence of personnel and protection of records and equipment.

Agreed-upon procedure "f" applied to certain aspects of the University's internal control structure was more limited than would be necessary to express an opinion on the internal control structure taken as a whole. Because our study and evaluation was limited to applying agreed-upon procedure "f" to certain aspects of the internal control structure, we do not express an opinion on whether the internal control structure of Morehead State University in effect for the year ended June 30, 1992, taken as a whole, was sufficient to meet the objectives stated above.

*Kelley, Galloway + Company, PSC*

September 20, 1993



## MOREHEAD STATE UNIVERSITY

## INTERCOLLEGIATE ATHLETICS DEPARTMENT

## STATEMENT OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 1993

	<u>FOOTBALL</u>	<u>BASKETBALL</u>	<u>OTHER SPORTS</u>	<u>NONPROGRAM SPECIFIC</u>	<u>TOTAL</u>
REVENUES:					
Ticket sales (2)	\$ 34,011	\$ 40,861	\$ -	\$ -	\$ 74,872
Eagle Athletic Fund	24,313	34,434	42,936	17,741	119,424
Guaranteed gate amounts	40,000	47,000	-	-	87,000
Student activity fee	216,315	143,652	123,182	125,062	608,211
NCAA proceeds	13,735	70,672	38,815	25,000	148,222
Parking income	2,529	1,322	-	-	3,851
Total revenues (2)	<u>330,903</u>	<u>337,941</u>	<u>204,933</u>	<u>167,803</u>	<u>1,041,580</u>
OPERATING EXPENDITURES (1):					
Salaries	222,224	207,725	123,399	255,035	808,383
Fringe benefits	48,475	43,668	19,852	60,738	172,733
Financial Aid	384,238	142,207	202,537	2,000	730,982
Travel -					
Team and administrative	28,554	62,637	87,972	13,237	192,400
Recruiting	20,240	30,618	5,062	10,348	66,268
General and administrative	16,197	21,104	25,657	85,486	148,444
Uniforms	25,634	3,704	-	-	29,338
Promotion	-	-	1,796	17,930	19,726
Guarantees	10,000	4,900	-	-	14,900
Telephone	5,677	5,556	3,837	9,815	24,885
Equipment	5,505	235	1,756	8,183	15,679
Insurance	-	-	49	40,995	41,044
Game administration	-	-	2,716	596	3,312
Total operating expenditures (1)(2)	<u>766,744</u>	<u>522,354</u>	<u>474,633</u>	<u>504,363</u>	<u>2,268,094</u>
EXPENDITURES OVER REVENUES (1)(2)	<u>\$(435,841)</u>	<u>\$(184,413)</u>	<u>\$(269,700)</u>	<u>\$(336,560)</u>	<u>\$(1,226,514)X3</u>

## Notes:

- (1) The above expenditures of the Intercollegiate Athletics Department do not include any allocation of the University's Telecommunications, Land and Grounds Maintenance, Public Safety, Computer Services, Business Services, Custodial Services, Power Plant and General Services departmental costs. The allocation of these departmental costs would require a cost study of each area which was not included in the scope of this report.
- (2) The University includes in ticket sales revenues the value of athletic event tickets sold to other unrestricted budgetary departments of the University. These other departments purchase athletic tickets for use in fund raising, recruiting, etc. and charge their operating budget for the cost of such tickets.
- (3) The \$1,226,514 represents 2.8% of the \$44,499,938 unrestricted educational and general expenditures of the University for the year ended June 30, 1993. This percentage is less than the 3.6% cap established by the University's Board of Regents.





Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT  
ON AGREED-UPON PROCEDURES

Dr. Ronald G. Eaglin, President  
Morehead State University  
Morehead, Kentucky

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of Morehead State University and its related booster organization, the Eagle Athletic Fund (a separate fund of Morehead State University Foundation, Inc.), in connection with activities of the Intercollegiate Athletics Department of Morehead State University. It is understood that this report is solely for your information and is not to be referred to or distributed for any purpose to anyone who is not a member of management or the Board of Regents of Morehead State University or an authorized representative of the National Collegiate Athletic Association. Our procedures and findings are as follows:

- a. We obtained from the Eagle Athletic Fund a Statement of Support and Revenue, Expenses and Changes in Fund Balance for the year ended June 30, 1993, as shown in Exhibit II.
- b. We confirmed with management of the Eagle Athletic Fund all financial activities directly benefiting the Intercollegiate Athletics Department at Morehead State University.
- c. We traced all cash receipts received from the Eagle Athletic Fund to the accounting records of Morehead State University. Such transfers totalled \$119,424 and represented 51% of the Eagle Athletic Fund's total expenditures of \$236,880 during the year ended June 30, 1993.
- d. We obtained a listing of all expenditures made on behalf of the Intercollegiate Athletics Department from the Eagle Athletic Fund's management. We selected a sample of these expenditures and reviewed the supporting documents, noting all were properly approved and within NCAA Guidelines.
- e. The financial statements of the Morehead State University Foundation, Inc., (which includes the Eagle Athletic Fund) for the year ended June 30, 1993, were audited by us and our independent auditor's report of those statements was dated October 13, 1993.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. This report relates only to the accounts and items specified above and does not extend to any financial statements of Morehead State University or the related outside organization, taken as a whole.

*Kelley, Galloway & Company, PSC*

October 13, 1993

EAGLE ATHLETIC FUND(a separate fund of Morehead State University Foundation, Inc.)STATEMENT OF SUPPORT AND REVENUE, EXPENSES AND  
CHANGES IN FUND BALANCEFOR THE YEAR ENDED JUNE 30, 1993

## SUPPORT AND REVENUE:

Contributions	\$240,934
Interest and dividend income	16,792
Donated materials and property	63,509
Other income	<u>3,421</u>
Total support and revenue	<u>324,656</u>

## EXPENSES:

University Support -	
NCAA program support -	
Wages	6,384
Travel	51,694
Supplies	20,697
Other operating expenditures	<u>42,041</u>
	<u>120,816</u>

Non-NCAA program support	<u>21,964</u>
--------------------------	---------------

Supporting Services - Management and General -	
Materials and supplies	4,760
Banquets and outings	2,688
Depreciation expense	3,300
Other operating expenses	<u>24,151</u>
	<u>34,899</u>

Supporting Services - Other -	
In-kind gifts	56,709
Insurance premiums	<u>2,492</u>
	<u>59,201</u>
Total expenses	<u>236,880</u>

EXCESS OF SUPPORT AND REVENUE OVER EXPENSES	87,776
---------------------------------------------	--------

TRANSFERS TO OTHER FUNDS, NET	<u>(1,442)</u>
-------------------------------	----------------

INCREASE IN FUND BALANCE	86,334
--------------------------	--------

FUND BALANCE, beginning of year	<u>252,121</u>
---------------------------------	----------------

FUND BALANCE, end of year	<u>\$338,455</u>
---------------------------	------------------

SUPPLEMENTAL INFORMATION





Kelley, Galloway & Company, PSC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Dr. Ronald G. Eaglin, President  
Morehead State University  
Morehead, Kentucky

The agreed-upon procedures applied to the records of the Intercollegiate Athletics Department of Morehead State University and our independent auditor's report thereon are presented in the preceding section of this report. The financial information presented herein for the year ended June 30, 1993, was derived from the accounting records tested by us as part of our procedures followed in performing the aforementioned agreed-upon procedures. The supplemental information presented herein for the year ended June 30, 1993, was accumulated by management and reviewed by us for reasonableness. This report relates only to the accounts and items specified in the preceding section of this report and does not extend to the financial statements of Morehead State University taken as a whole.

*Kelley, Galloway & Company, PSC*

September 20, 1993

## MOREHEAD STATE UNIVERSITY

SCHEDULE OF REVENUES AND EXPENDITURES BY SPORT  
OF THE INTERCOLLEGIATE ATHLETICS DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 1993

<u>SPORT:</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expenditures Over Revenues</u>
Football	<u>\$330,903</u>	<u>\$766,744</u>	<u>\$ (435,841)</u>
Men's basketball	\$275,255	\$347,828	\$ (72,573)
Women's basketball	<u>62,686</u>	<u>174,526</u>	<u>(111,840)</u>
	<u>\$337,941</u>	<u>\$522,354</u>	<u>\$ (184,413)</u>
Baseball	\$ 71,057	\$146,044	\$ (74,987)
Golf	14,850	39,818	(24,968)
Men's tennis	13,286	30,338	(17,052)
Women's tennis	13,458	23,119	(9,661)
Swimming	14,745	20,422	(5,677)
Volleyball	39,106	127,554	(88,448)
Softball	24,956	60,469	(35,513)
Cross country	<u>13,475</u>	<u>26,869</u>	<u>(13,394)</u>
	<u>\$204,933</u>	<u>\$474,633</u>	<u>\$ (269,700)</u>

MOREHEAD STATE UNIVERSITYSCHEDULE OF REVENUES GENERATED TO SUPPORT EXPENDITURES  
OF THE INTERCOLLEGIATE ATHLETICS DEPARTMENTFOR THE YEAR ENDED JUNE 30, 1993

Funds available for expenditure	<u>\$1,041,580</u>
Operating expenditures	<u>\$2,268,094</u>
Funds available for expenditure as a percentage of operating expenditures	<u>45.9%</u> (1)

- (1) The 45.9% exceeds the minimum requirement established by the University's Board of Regents which stated that the ratio of the Intercollegiate Athletics Department's revenue must equal at least 33.3% of the annual expenditures of the Intercollegiate Athletics Department.