

**BOARD OF REGENTS MEETING  
MOREHEAD STATE UNIVERSITY**  
Riggle Room, Adron Doran University Center  
9:00 a.m., Thursday, March 19, 2015

**Agenda**

- I. **CALL TO ORDER**
- II. **ROLL CALL**
- III. **AD HOC NOMINATING COMMITTEE REPORT – ELECT OFFICERS:  
CHAIR, VICE CHAIR, AND SECRETARY; APPOINT TREASURER**
- IV. **PRESIDENT’S RECOMMENDATIONS AND REPORTS**
  - A. **Consent Agenda (Action)**
    - 1. Approve Minutes of December 4, 2014, Meeting ..... 1-5
    - 2. Approve Personnel Actions ..... 6-10
    - 3. Approve Contracts for Banking Services ..... 11
  - B. **Recommendations (Action)**
    - 1. Approve Tenure with Promotion ..... 12
    - 2. Approve Sabbatical Leaves ..... 13
    - 3. Accept Second Quarter Financial Report and Amend  
Operating Budget ..... 14-23
    - 4. Approve Change in Classification of Building Endowment ..... 24
  - C. **Reports**
    - 1. Preliminary Spring Enrollment Report ..... 25
    - 2. Report on Capital Projects ..... 26-28
    - 3. Preliminary Report on the Six Year Capital Plan ..... 29-31
    - 4. Report on Personal Service Contracts ..... 32-33
  - D. **President’s Report**
- V. **OTHER BUSINESS**
  - A. **Future Meetings**
    - 1. Audit Committee, Thursday, May 7, 2015, 8 a.m.
    - 2. Work Session, Thursday, May 7, 2015, 9 a.m.
    - 3. Spring Commencement Programs, May 9, 2015, 10 a.m. and 2 p.m.
    - 4. Quarterly Meeting, Thursday, June 4, 2015, 9 a.m.
- VI. **ADJOURNMENT**

Agenda materials are available online at <http://www.moreheadstate.edu/bor>

**BOARD OF REGENTS MEETING  
MOREHEAD STATE UNIVERSITY  
December 4, 2014**

The Board of Regents of Morehead State University met at 9:00 a.m. on Thursday, December 4, 2014, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky.

**CALL TO ORDER**

Chair Goodpaster called the meeting to order.

**ROLL CALL**

The following Board members were present: Royal Berglee, Julie Butcher, Bradley Fyffe, Paul Goodpaster, Debbie Long, John Merchant, Craig Preece, Patrick Price, Todd Thacker, and Kathy Walker. Kevin Pugh was unable to attend the meeting.

**MEDIA**

Jason Blanton, Director of Media Relations, introduced Patrick Davis, student reporter for Morehead State Public Radio.

**CONSENT AGENDA**

Chair Goodpaster asked if the Board would like to discuss any item on the Consent Agenda as follows:

1. Minutes of September 25, 2014 (III-A-1)
2. 2014 Fall Graduates (III-A-2)
3. Administrator Tenure (III-A-3)
4. Personnel Actions (III-A-4)
5. 2013-14 Audit Report and Amend Operating Budget (III-A-5)

Mr. Goodpaster requested that the Audit Report be discussed prior to the vote for the Consent Agenda. Dr. Andrews said the Audit Committee met this morning. The audit report was clean. Ms. Patrick reviewed a recent policy change with regard to capital assets. The previous policy dictated that assets and improvements were depreciated over long periods, even if the asset or improvement had a very small dollar amount. The new policy is to capitalize only those assets with a value of over \$100,000.

Mr. Merchant moved that the items on the Consent Agenda be approved. Ms. Walker seconded the motion. The motion carried unanimously.

**PRESIDENT'S  
RECOMMENDATIONS**

The President recommended:

*First Quarter Financial  
Statements*

**RECOMMENDATION:** That the Board approve the financial statements and amend the operating budget for the first quarter of the fiscal year that will end June 30, 2015.

*(Financial Report and additional background information attached to these minutes and marked III-B-1)*

Beth Patrick, Chief Financial Officer and Vice President for Administration, introduced Kelli Owen, Director of Accounting and Financial Services, and Teresa Lindgren, Executive Director of Budgets and Financial Planning, who discussed the first quarter financial statements.

Ms. Owen reported that MSU's financial picture remained stable through the first quarter of the 2014-15 fiscal year. She said that the University operated with a surplus of revenues over expenditures and transfers of \$18.7M, which is common for this point in the year. She said that total revenues increased by \$1.3M due to an increase in tuition and housing rates, even though enrollment is down slightly. There was a total increase of \$3.4M in expenditures, which was budgeted and made up of increases in utilities, scholarships, planned technology purchases, and salaries and wages due to the employee compensation model and the buyout program.

Ms. Owen also noted a decline in cash of approximately \$15M. In the same period in 2013, the University had recently received a significant amount of cash from a bond sale for the Mignon residence hall project.

Ms. Lindgren said the total operating budget for the University has increased by \$1.9M in the first quarter. She discussed budget amendments and some of the significant adjustments to revenue and other additions. These included unbudgeted support from the MSU Foundation totaling \$442,901, and other miscellaneous revenue totaling \$167,516 allocated primarily to Academic Affairs. Budget allocations from fund balance for educational and general purposes totaled \$492,524. Ms. Lindgren stated that excess profit sharing revenue in the amount of \$203,343 from the food service contract with Aramark had been allocated to partially fund the second phase of zoysia grass installation at Eagle Trace Golf Course. Ms. Lindgren also noted that the Mignon Hall renovation project was completed in August 2014, and the McClure Pool renovation into the volleyball facility project scope decreased from \$3.8M to \$1.4M.

MOTION: Mr. Price moved that the Board approve the President's recommendation. Mr. Merchant seconded the motion.

VOTE: The motion carried unanimously.

The President recommended:

RECOMMENDATION: That the Board approve the development of a 2015-2016 Tuition and Mandatory Fee Schedule based on a 3 percent increase in the rate for resident undergraduates and also complies with all other tuition parameters identified in the Council on Postsecondary Education's Tuition Policy for 2014-2016.

*(Additional background information attached to these minutes and marked III-B-2)*

On April 29, 2014, the Council on Postsecondary Education (CPE) approved tuition rate parameters for the 2014-16 biennium. The approved CPE tuition parameters set a limit for resident, undergraduate tuition and mandatory fees that equates to a maximum base rate increase of no more than 8 percent across both years of the biennium. At the June 2014 meeting, the Board approved a 5 percent increase effective in 2014-15, leaving a maximum rate increase of 3 percent available for 2015-16. The Board is being asked to approve the tuition rate earlier than in the past so rates can be communicated to prospective students to assist with recruitment.

If approved, the resident undergraduate tuition and special use fee (student recreation fee) would total \$4,049 in Fall 2015. A detailed tuition and mandatory fee schedule will be provided to the Board for consideration along with the recommended 2015-16 Operating Budget prior to June 30, 2015.

MOTION: Mr. Thacker moved that the Board approve the President's recommendation. Mr. Merchant seconded the motion.

VOTE: The motion carried unanimously.

#### RECESS

Chair Goodpaster declared a 10 minute break. The meeting resumed at 10:10 a.m.

#### REPORTS

##### *Fall 2014 Enrollment*

Jeffrey Liles, Assistant Vice President for Enrollment Services, presented the final enrollment report for Fall 2014. He reported that final headcount enrollment is 11,053, a 2.7% decrease from fall 2013. Also, first time freshmen numbered 1,516, and the average ACT was 22.2. There are 2,508 students enrolled in the Early College (high school dual-credit) Program. Mr. Liles also noted that retention of first-time freshmen from fall 2013 to fall 2014 was 68.9%, an improvement from the previous year.

*(Final Enrollment Report for Fall 2014 attached to these minutes and marked III-C-1)*

##### *Health Insurance & Benefits for 2015*

Phil Gniot, Director of Human Resources, reported on health insurance and benefits for the plan year 2015. He said the overall objective of MSU's plan is to provide the best possible health insurance and benefits at the best possible cost. The University will remain fully insured for 2015 in partnership with MSU's health insurance provider, Anthem Blue Cross Blue Shield of Kentucky.

Mr. Gniot indicated that the 2015 outcome based wellness incentives will continue to include the covered employee and spouse. Both the employee and a covered spouse can participate in two passive wellness incentives and a "well point" program that can further reduce employee premiums up to \$400 for single and \$600 annually for a two person/family plan. Health premiums will increase 8.43% in 2015. Costs for dental and life insurance remain the same as last year.

*Personal Service Contracts*

*(Report attached to these minutes and marked III-C-2)*

Ms. Patrick reported on personal service contracts, which represent all such contracts issued with amounts greater than \$10,000 between September 1, 2014 and November 15, 2014. Ms. Patrick noted that the contract for interior design and space planning consultant was to develop standards for furniture and design, which will be particularly needed as capital construction projects are completed.

*(Report attached to these minutes and marked III-C-3)*

**PRESIDENT'S REPORT**

Dr. Andrews reported on the following:

- **Craft Academy** – Interviews for the Craft Academy for Excellence in Science and Mathematics will be held in February, and the renovation to Grote-Thompson, where the students will be housed, will be completed during the summer. The Craft Academy is a dual-credit residential high school for academically exceptional Kentucky students. Sixty juniors will be admitted this fall. The University will receive its first appropriation from the Commonwealth for the Craft Academy in July 2015.
- **Academic Affairs Self-Study** – Dr. Andrews prepared a video for faculty and staff at Thanksgiving, and the Provost has held two open forums to discuss the self-study. A draft of the self-study will be submitted to the President by the end of the calendar year. There will be more forums held in the spring, and a final report will be submitted to the President by the end of the spring semester.

**ANNOUNCEMENTS**

*Upcoming Meetings and Events*

Chair Goodpaster reminded the Board that the 2014 Fall Commencement is scheduled for Saturday, December 13, at 10:30 a.m. He also announced the Board meeting dates for 2015:

Work Session	February 26
Quarterly Meeting	March 19
Work Session	May 7
Quarterly Meeting	June 4
Work Session	August 27
Quarterly Meeting	September 24
Work Session	November 5
Quarterly Meeting	December 3

**ADJOURNMENT**

There being no further business to conduct, Ms. Walker moved that the meeting adjourn at 11:53 a.m. Mr. Preece seconded the motion. The motion carried.

Respectfully submitted,

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Sharon S. Reynolds, Secretary  
Board of Regents

## **RATIFY PERSONNEL ACTIONS**

**BOR (IV-A-2)  
March 19, 2015**

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### **Recommendation:**

That the Board ratify the Personnel Actions for the period November 12, 2014, through February 25, 2015.

### **Background:**

The Personnel Action Request Report includes actions related to:

- 1) full-time and continuing part-time faculty, librarians and Executive, Administrative and Managerial employees, excluding supplemental actions not listed under Item 3, below;
- 2) full-time and continuing part-time non-classified Executive, Administrative and Managerial and Professional Staff positions (including supplemental actions);
- 3) supplemental actions for faculty acquiring managerial duties, excluding normal grant activities;
- 4) discipline;
- 5) leave of absences;
- 6) sabbaticals; and
- 7) retirements.

MOREHEAD STATE UNIVERSITY  
 ROSTER POSITIONS SUMMARY  
 02/25/15

	<u>July 1 Authorized Positions</u>	<u>Current Authorized Positions</u>	<u>+/- Position Adjustments</u>	<u>Current Position Strength</u>	<u>% Current Strength</u>
Office of the President	5.25	5.25	0.00	5.25	100.00
Division of University Advancement	48.00	44.00	-4.00	41.00	93.18
Division of Administration and Fiscal Services	116.58	112.75	-3.83	105.75	93.79
Facilities Management	155.00	159.00	4.00	153.00	96.23
Division of Student Life	121.86	118.66	-3.20	112.66	94.94
Division of Academic Affairs	41.00	41.33	0.33	36.33	87.90
Caudill College of Arts, Humanities & Social Sciences	159.50	154.75	-4.75	137.75	89.01
College of Business and Public Affairs	58.50	57.50	-1.00	53.50	93.04
College of Education	88.02	82.86	-5.16	72.03	86.93
College of Science and Technology	179.66	179.66	0.00	169.66	94.43
Academic Programs and University Outreach	86.92	30.00	-56.92	27.00	90.00
Student Success	0.00	56.00	56.00	53.00	94.64
Camden-Carroll Library	37.00	33.00	-4.00	33.00	100.00
	<u>1097.29</u>	<u>1074.76</u>	<u>-22.53</u>	<u>999.93</u>	<u>93.04</u>

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



**APPROVE CONTRACTS FOR  
BANKING SERVICES**

**BOR (IV-A-3)  
March 19, 2015**

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**Recommendation:**

That the Board exercise the option to renew the banking services contracts for the period July 1, 2015 to June 30, 2016 with US Bank of Morehead for the main campus banking, and with Citizens National Bank in Ashland, Citizens National Bank in Prestonsburg, Traditional Bank in Mt. Sterling, and Commercial Bank in West Liberty to continue to serve as depositories for funds collected at those respective regional campus centers.

**Background:**

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

Using the guidelines for competitive bidding of contracts in KRS Chapter 45A, proposals for banking services were requested in 2012 from the four banks having a presence in Morehead. At the close of that process, a contract was awarded to US Bank for the period beginning July 1, 2012 and ending on June 30, 2013. The contract contained options for four additional one-year renewal periods.

Contracts were also awarded to banks in Ashland, Prestonsburg, West Liberty, and Mt. Sterling for banking services for the regional campus centers. These accounts function as clearing accounts for regional campus business transactions. Receipts deposited into the accounts are transferred to the main campus account on a frequent basis. The contracts are with Citizens National Bank for Ashland and Prestonsburg, Traditional Bank for Mt. Sterling, and Commercial Bank in West Liberty.

All contracts will be effective from July 1, 2015 to June 30, 2016.

**Recommendation:**

That the Board of Regents approve the granting of tenure and promotion to those who are assistant professors to the associate professor rank for the following faculty members with the issuance of their contracts for the 2015-2016 year:

Dr. Jennifer McCain, assistant professor of education (ECESE)  
Dr. John Curry, assistant professor of education (FGSE)  
Dr. Sandra Riegle, assistant professor of education (MGSE)  
Dr. Murray Bessette, assistant professor of education (MGSE)  
Dr. Jeanne Petsch, assistant professor of art  
Dr. Lisa Shannon, assistant professor of social work  
Dr. James Masterson, assistant professor of government (IIS)  
Dr. Hans Chapman, assistant professor of applied engineering and technology  
Ms. Lisa McDavid, assistant professor of nursing (ADN)  
Ms. Mary Suzanne White, assistant professor of nursing (ADN)

**Background:**

Assistant professors who successfully gain tenure are automatically promoted to the rank of associate professor without further review by the University Promotion Committee. Faculty members are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees, as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents.

**Recommendation:**

That the Board of Regents approve the granting of sabbatical leaves for the following faculty:

- Dr. Philip Krummrich, professor of literature and chair of international & interdisciplinary studies, Fall 2015 semester
- Dr. Martha Decker, associate professor of education (ECESE), Fall 2015 semester
- Dr. Shari Kidwell, associate professor of psychology, Fall 2015 semester
- Dr. Cynthia Faulkner, professor of social work, Spring 2016 semester
- Dr. Michael Hail, professor of government and assistant dean/director masters of public administration program, Spring & Summer 2016 semesters

**Background:**

Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Provost who recommends to the President for his recommendation to the Board of Regents.

**ACCEPT SECOND QUARTER  
FINANCIAL REPORT AND  
AMEND OPERATING BUDGET**

**BOR (IV-B-3)  
March 19, 2015**

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**Recommendation:**

That the Board accept the financial statements and amend the operating budget for the second quarter of the fiscal year that will end June 30, 2015.

**Background:**

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of December 31, 2014, the second quarter of the fiscal year ending June 30, 2015. The statements, along with management's discussion and analysis and budget amendment information are attached.

**Morehead State University**  
**Management's Discussion and Analysis**  
**Second Quarter Financial Statements**  
**December 31, 2014**

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the six months that ended on December 31, 2014. The statements and this discussion and analysis have been prepared by Accounting and Financial Services staff.

**Using These Financial Statements**

This report consists of two basic financial statements. The Statements of Net Position include information about the assets, liabilities, deferred inflows, and net position, of the entire University. The Statements of Revenues, Expenditures and Changes in Net Position provide information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University. These financial statements have not been prepared in full accordance with *Government Accounting Standards Board Statement 35 (GASB 35)*. Interim statements are prepared using a fund approach to facilitate budget comparisons and management decisions. Year-end statements are prepared in the GASB 35 format.

**Financial Highlights**

Morehead State University's financial picture remains stable through the second quarter of the 2014-2015 fiscal year. During the period July 1, 2014 through December 31, 2014, the University operated with a surplus of revenues over expenditures and transfers in the amount of \$35,882,075. This level of operating surplus is expected at this time, since most of the billings for the Spring 2015 semester are reflected in the tuition and fees revenue and only expenditures through December 31, 2014 are reflected. As the fiscal year proceeds, the variance between revenues and expenditures will continue to decrease and should reflect a more appropriate operating surplus or deficit.

**Significant trends and variances for the six months are summarized as follows:**

- ▶ Total revenues increased \$1.7 million over last year to \$110.7 million. The majority of this increase was due to a 4.9% increase in student tuition and fee rates and a 5.1% increase in residence hall rates.
- ▶ The percent of actual total revenue to budget was 71.22% at December 31, 2014 and 74.33% at December 31, 2013. This percentage would be expected at this time, since most of the billings for the Spring 2015 semester are reflected in revenue.
- ▶ Total expenses were approximately \$74.9 million at December 31, 2014 and \$72.5 million at December 31, 2013. The \$2.4 million increase in actual expenses is related to budgeted increases in fixed costs such as scholarship commitments, health insurance premiums, and employee retirement benefits. Expenses related to the implementation of the employee compensation model also impacted the increase in actual expenses.
- ▶ Net change in net position decreased \$734 thousand to \$35.9 million as compared to \$36.6 million at December 31, 2013. This is primarily related to the increase in total expenses.

Morehead State University  
 Unrestricted Current Funds  
 Statements of Revenues, Expenditures & Changes in Net Position  
 For the Six Months Ended December 31, 2014 and 2013

	2014-2015			2013-2014		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
<b>Revenues</b>						
<b>Educational and General</b>						
Tuition and Fees	\$74,796,350	\$66,661,105	89.12%	\$71,922,958	\$65,613,305	91.23%
Govt Appropriations	41,545,925	22,601,509	54.40%	41,560,200	23,137,687	55.67%
Indirect Cost Reimbursement	585,000	406,660	69.51%	585,000	467,433	79.90%
Sales & Services Ed Activities	1,957,183	1,509,224	77.11%	1,694,852	1,152,085	67.98%
Other Sources	3,167,310	2,617,803	82.65%	2,531,301	2,337,804	92.36%
Budgeted Fund Balance-E&G	13,428,640	-	0.00%	9,199,700	-	0.00%
<b>Total Educational and General</b>	<b>\$135,480,408</b>	<b>\$93,796,301</b>	<b>69.23%</b>	<b>\$127,494,011</b>	<b>\$92,708,314</b>	<b>72.72%</b>
<b>Auxiliary Enterprises</b>						
Housing	\$12,553,400	\$12,686,898	101.06%	\$11,391,300	\$12,250,735	107.54%
University Store	4,877,432	2,845,909	58.35%	4,871,593	2,845,622	58.41%
Food Services	966,343	940,538	97.33%	814,500	864,540	106.14%
Other	1,069,300	464,694	43.46%	1,309,288	413,785	31.60%
Budgeted Fund Balance - Auxiliary	527,263	-	0.00%	876,168	-	0.00%
<b>Total Auxiliary Enterprises</b>	<b>\$19,993,738</b>	<b>\$16,938,039</b>	<b>84.72%</b>	<b>\$19,262,849</b>	<b>\$16,374,682</b>	<b>85.01%</b>
<b>Total Revenues</b>	<b>\$155,474,146</b>	<b>\$110,734,340</b>	<b>71.22%</b>	<b>\$146,756,860</b>	<b>\$109,082,996</b>	<b>74.33%</b>

Morehead State University  
 Unrestricted Current Funds  
 Statements of Revenues, Expenditures & Changes in Net Position  
 For the Six Months Ended December 31, 2014 and 2013

	2014-2015			2013-2014		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
<b>Expenditures and Transfers by Division</b>						
<b>Educational &amp; General</b>						
President & Administration	\$1,122,331	\$512,609	45.67%	\$996,057	\$471,065	47.29%
University Advancement	5,060,791	2,693,157	53.22%	5,012,380	2,500,271	49.88%
Administration & Fiscal Services	21,985,620	13,607,671	61.89%	20,711,422	11,566,302	55.85%
Student Life	13,994,754	7,447,503	53.22%	13,061,202	6,994,654	53.55%
Academic Affairs	83,126,456	37,844,362	45.53%	79,912,510	37,358,426	46.75%
Other	12,138,323	4,436,980	36.55%	9,384,973	4,880,786	52.01%
<b>Total Educational &amp; General</b>	<b>\$137,428,275</b>	<b>\$66,542,282</b>	<b>48.42%</b>	<b>\$129,078,544</b>	<b>\$63,771,504</b>	<b>49.41%</b>
<b>Auxiliary Enterprises</b>						
Housing	\$11,697,240	\$4,339,283	37.10%	\$11,288,228	\$4,814,311	42.65%
University Store	4,450,135	3,016,767	67.79%	4,369,203	2,954,258	67.62%
Food Services	484,446	218,966	45.20%	521,334	216,357	41.50%
Other	1,414,050	734,967	51.98%	1,499,551	710,285	47.37%
<b>Total Auxiliary Enterprises</b>	<b>\$18,045,871</b>	<b>\$8,309,983</b>	<b>46.05%</b>	<b>\$17,678,316</b>	<b>\$8,695,211</b>	<b>49.19%</b>
<b>Total Expenditures and Transfers by Division</b>	<b>\$155,474,146</b>	<b>\$74,852,265</b>	<b>48.14%</b>	<b>\$146,756,860</b>	<b>\$72,466,715</b>	<b>49.38%</b>
<b>Net Change in Net Position</b>		<b>\$35,882,075</b>			<b>\$36,616,281</b>	

Morehead State University  
Statements of Net Position  
December 31, 2014 and 2013

Assets	<u>2014</u>	<u>2013</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$30,716,126	\$35,469,187
Accounts, grants and loans receivable, net	49,352,244	49,955,008
Prepaid interest	-	102,192
Inventories	<u>1,673,116</u>	<u>1,625,433</u>
<b>Total current assets</b>	<b>\$81,741,486</b>	<b>\$87,151,820</b>
<b>Noncurrent assets:</b>		
Accounts, grants and loans receivable, net	\$3,803,772	\$3,685,577
Investments	12,906,087	13,703,244
Capital assets, net	<u>199,998,346</u>	<u>203,868,124</u>
<b>Total noncurrent assets</b>	<b>\$216,708,205</b>	<b>\$221,256,945</b>
<b>Total Assets</b>	<b><u>\$298,449,691</u></b>	<b><u>\$308,408,765</u></b>
<b>Liabilities, Deferred Inflows and Net Position</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$8,872,810	\$8,758,551
Unearned revenue	1,586,347	2,004,494
Bonds, notes and capital lease obligations, current portion	<u>4,850,549</u>	<u>4,826,040</u>
<b>Total current liabilities</b>	<b>\$15,309,706</b>	<b>\$15,589,085</b>
<b>Long-term liabilities:</b>		
Bonds, notes and capital lease obligations, noncurrent portion	\$59,884,364	\$66,344,318
Advances from federal government for student loans	3,507,148	3,416,142
Unearned revenue	<u>290,235</u>	<u>290,235</u>
<b>Total long-term liabilities</b>	<b>\$63,681,747</b>	<b>\$70,050,695</b>
<b>Total Liabilities</b>	<b><u>\$78,991,453</u></b>	<b><u>\$85,639,780</u></b>
<b>Deferred Inflows of Resources:</b>		
Deferred bond reoffering premium	<u>\$2,526,389</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<b><u>\$2,526,389</u></b>	<b><u>-</u></b>
<b>Net Position:</b>		
Net investment in capital assets	\$132,737,042	\$132,799,955
<b>Restricted:</b>		
Expendable	9,066,733	12,259,444
Nonexpendable	12,900,006	12,843,376
Unrestricted	<u>62,228,068</u>	<u>64,866,210</u>
<b>Total Net Position</b>	<b><u>\$216,931,849</u></b>	<b><u>\$222,768,985</u></b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b><u>\$298,449,691</u></b>	<b><u>\$308,408,765</u></b>

See Attached Notes To Statements of Net Position



**Morehead State University**  
**Notes to the Statements of Net Position**  
**December 31, 2014 and 2013**

1. The Statements of Net Position include the unrestricted current funds, restricted current funds, endowment funds, loan funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts, grants, and loans receivable are shown net of allowance for uncollectible student accounts of \$2,370,335 at December 31, 2014 and \$3,000,964 at December 31, 2013. Also, included in this category is \$5.9 million in receivables from federal and state grant agencies at December 31, 2014 and \$6 million at December 31, 2013.
3. Noncurrent accounts, grants and loans receivable represent balances owed to the University from borrowers who have participated in the Federal Perkins Loan Program. The balance is presented net of allowance for uncollectible accounts in the amount of \$83,897 at December 31, 2014 and \$80,786 at December 31, 2013.
4. Prepaid interest represents interest paid to advance refund the University's Housing and Dining System Revenue Bonds.
5. Capital assets, net decreased approximately \$3.9 million from the previous year. This decrease is primarily related to increases in accumulated depreciation and to a change in estimate regarding the remaining useful life of some previously recorded assets. This was based on a change to our capitalization policy, which increased the capitalization threshold for building improvements to be more consistent with other regional universities. This decrease was offset by the completion of the Mignon Residence Hall renovation, guaranteed energy savings project, and the acquisition of the Brass Eagle and Caudill properties. Accumulated depreciation on buildings and equipment was \$161,773,150 at December 31, 2014 and \$155,588,352 at December 31, 2013.
6. Accounts payable and accrued liabilities include amounts due to vendors and amounts due for withheld and matching portions of payroll taxes and estimated claims payable, but not paid until after the Statements of Net Position date.
7. Unearned revenue from federal and state grants represent amounts received but not expended at the Statements of Net Position date.
8. Bonds and notes payable include the current and long-term portions of amounts borrowed to finance the purchase of plant assets. The University issued 2014 Series A and 2014 Series B General Receipts Bonds in the amount of \$27.5 million on July 24, 2014. These bonds were issued to refund the University's outstanding Consolidated Educational Building Revenue Bonds and the University's outstanding Taxable Build America Bonds to achieve debt service savings. The University also made principal payments on outstanding debt in the amount of \$5.5 million and also reduced debt by an additional \$2.1 million through the issuance of the 2014 Series A and 2014 Series B General Receipts Refunding Bonds.
9. The capital portion of the net position balance is the equity the University has in land, buildings, equipment, and library holdings.
10. Restricted net position includes the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2014 to December 31, 2014**

Description	Opening Budget As of 10/1/2014	Adjustments	Amended Budget As of 12/31/2014
<b>Revenues and Other Additions</b>			
Tuition and Fees	\$ 74,796,350	\$ -	\$ 74,796,350
Government Appropriations	41,545,925	-	41,545,925
Indirect Cost Reimbursement	585,000	-	585,000
Sales and Services of Ed. Activities	1,858,479	98,704	1,957,183
Other Sources	2,878,685	288,625	3,167,310
Budgeted Fund Balance - E&G	13,477,454	(48,814)	13,428,640
Auxiliary Enterprises	19,447,667	18,807	19,466,474
Budgeted Fund Balance - AUX	517,263	10,000	527,263
<b>Total Revenues and Other Additions</b>	<b>\$ 155,106,823</b>	<b>\$ 367,322</b>	<b>\$ 155,474,145</b>
<b>Expenditure Authorizations by Division</b>			
<b>Educational &amp; General</b>			
President & Administration	\$ 1,123,472	\$ (1,141)	\$ 1,122,331
University Advancement	5,034,926	25,865	5,060,791
Administration & Fiscal Services	21,478,123	507,496	21,985,619
Student Life	14,005,939	(11,185)	13,994,754
Academic Affairs	82,622,255	504,201	83,126,456
Debt Service & Mandatory Transfers	4,043,554	-	4,043,554
Other	8,857,781	(763,012)	8,094,769
<b>Total Educational &amp; General</b>	<b>\$ 137,166,050</b>	<b>\$ 262,224</b>	<b>\$ 137,428,274</b>
<b>Auxiliary Enterprises</b>			
Administration & Fiscal Services	\$ 13,407,169	\$ 44,001	\$ 13,451,170
Student Life	869,978	61,097	931,075
Academic Affairs	13,296	-	13,296
Debt Service	3,650,330	-	3,650,330
Other	-	-	-
<b>Total Auxiliary Enterprises</b>	<b>\$ 17,940,773</b>	<b>\$ 105,098</b>	<b>\$ 18,045,871</b>
<b>Total Expenditure Authorizations</b>	<b>\$ 155,106,823</b>	<b>\$ 367,322</b>	<b>\$ 155,474,145</b>

**MOREHEAD STATE UNIVERSITY**  
**Unrestricted Current Funds**  
**Budget Amendments**  
**For the Period October 1, 2014 to December 31, 2014**  
**Notes of Significant Adjustments to Revenue and Other Additions**

**Sales and Services of Educational Activities**

Unbudgeted revenue allocated during the second quarter totaled \$98,704

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$9,874
- Men's Basketball Enrichment Fund allocations increased by \$26,804
- Other athletic revenue totaled \$14,953
- Other miscellaneous revenue allocated to Academic Affairs was \$47,073

**Other Sources**

Unbudgeted revenue allocated during the second quarter totaled \$288,625

- Unbudgeted support from the MSU Foundation totaled \$108,236
  - \$102,236 Academic Affairs (*includes \$76,013 allocated for Craft Academy*)
  - \$ 6,000 University Advancement (*KCTM*)
- Revenue from Governor Scholar's Program (GSP) totaling \$195,867 allocated to Regional Engagement for expenses of hosting the program in summer 2014
- Vehicle replacement revenue reduced by \$35,500 offset with reduction in Motor Pool vehicle expense
- Other miscellaneous revenue allocated primarily to Academic Affairs was \$20,022

**MOREHEAD STATE UNIVERSITY**  
**Budget Amendments Greater Than \$200,000**  
**For the Period October 1, 2014 to December 31, 2014**

<b>From:</b> <u>Revenue and Other Additions</u>	<b>To:</b> <u>Division/ Budget Unit</u>	<u>Amount</u>	<u>Description</u>
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None.

**MOREHEAD STATE UNIVERSITY**  
**Capital Outlay Status Report**  
**Agency Funds**  
**For the Period of October 1, 2014 to December 31, 2014**

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
<b>I. Equipment Purchases \$200,000 or Greater</b>			
None			
<b>II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater</b>			
Mignon Hall Renovation	\$ 9,268,000	August, 2014	Completed
East Parking Structure and Dining Commons	\$ 17,660,000		In Planning
McClure Pool Renovation/Volleyball Facility <i>(Decreased project scope from \$3,800,000 to \$1,400,000)</i>	\$ 1,400,000		In Planning
Residence Hall - Derrickson Agricultural Complex	\$ 2,735,000		In Planning
Residence Hall - On Campus	\$ 28,000,000		In Planning
West Campus Electrical Switchgear Replacement	\$ 970,000		In Planning

# APPROVE CHANGE IN CLASSIFICATION OF THE BUILDING ENDOWMENT

BOR (IV-B-4)  
March 19, 2015

## Recommendation:

That the Board approve a change of classification in the University's Building Endowment held by the Morehead State University Foundation to a quasi-endowment.

## Background:

The University established an endowment with the Morehead State University Foundation (MSUF) on June 29, 1999 to be invested with earnings to be used by MSU for building projects and improvements. The principal amount invested by the University was \$1,587,632 and the current value of the endowment is \$1,769,421. Earnings from the endowment have been used primarily as needed for renovations and upgrades to classroom facilities and technology equipment.

A capital project to construct a Parking Garage/Student Dining Commons facility was approved by the Board in the 2012-2018 Six Year Capital Plan and the 2012-2014 Capital Budget Request. Phase-A planning for the project has been completed and the estimated scope is \$17,600,000. Below are architectural renderings of the designed facility.



MSU requested authorization in the 2014-2016 Capital Budget Request to issue agency bonds to fund the facility cost. However, approval to issue agency bonds for capital projects was limited to one project for each university in the approved 2014-2016 Budget of the Commonwealth. For MSU, that project was the \$30 million Construction of Student Housing project. Due to the critical need for the housing project and the parking garage/dining commons project to be completed simultaneously, changing the classification of the endowment to a quasi-endowment would allow the University to expend the principal in addition to the earnings from the endowment to support building projects and improvements. Using principal resources from the Building Endowment combined with other budgeted cash reserves generated from parking, auxiliary and tuition revenues and a \$10 million contribution from the University's contracted dining services provider, ARAMARK, will enable the new Parking Garage/Dining Commons to be constructed without incurring debt.

**Morehead State University**  
**Preliminary Enrollment Report, Spring 2015**

**Table 1: Spring Enrollment, Credit Hours, and FTE as a Percentage of Fall Numbers**

Term	Headcount	Spring as a % of Fall	Credit Hours Generated	Spring as a % of Fall	FTE	Spring as a % of Fall
Fall 2010	8,842		97,492		6,641	
Spring 2011	8,167	92.4%	90,151	92.5%	6,150	92.6%
Fall 2011	10,971		106,315		7,241	
Spring 2012	9,424	85.9%	95,232	89.6%	6,498	89.7%
Fall 2012	11,172		110,859		7,537	
Spring 2013	9,516	85.2%	96,994	87.5%	6,603	87.6%
Fall 2013	11,358		114,224		7,741	
Spring 2014	9,728	85.6%	101,387	88.8%	6,876	88.8%
Fall 2014	11,053		113,494		7,678	
Spring 2015*	9,498	85.9%	99,664	87.8%	6,749	87.9%

**Table 2: Enrollment by Classification**

Classification	Fall 2014	Spring 2015*	Spring as a % of Fall
High School	2,508	1,778	70.9%
Freshman	2,046	1,267	61.9%
Sophomore	1,593	1,523	95.6%
Junior	1,506	1,547	102.7%
Senior	1,971	2,044	103.7%
UnderGrad-Nondegree	231	180	77.9%
PostBacc UG Degree Seeking	96	81	84.4%
Auditor	1	3	300.0%
<b>Undergraduate Total</b>	<b>9,952</b>	<b>8,423</b>	<b>84.6%</b>
Masters	830	813	98.0%
Specialist	75	87	116.0%
Doctor's Degree Prof. Practice	73	69	94.5%
Graduate Certificate	0	3	N/A
Graduate-Nondegree	123	103	83.7%
<b>Graduate Total</b>	<b>1,101</b>	<b>1,075</b>	<b>97.6%</b>
<b>Grand Total</b>	<b>11,053</b>	<b>9,498</b>	<b>85.9%</b>

\*All Spring 2015 data is preliminary.

## STATUS REPORT ON CURRENT CAPITAL PROJECTS

**BOR (IV-C-2)  
March 19, 2015**

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The Kentucky General Assembly and the Council on Postsecondary Education require an approved Campus Master Plan for use in the Commonwealth's capital planning process. The Campus Master Plan is used as the basis for the formulation of the institution's Six-Year Capital Plan and Biennial Capital Budget Request, serving as the short and intermediate planning document for the campus's decision making related to real property acquisitions and campus development. The Board approved a recent comprehensive update to the MSU Campus Master Plan at the regular meeting on March 13, 2014.

Projects identified in the approved plan were categorized for implementation by priority level (low, medium, high and highest). The following list includes projects that were identified with a "high" and "highest" priority and progress made on those projects one year following the Board's approval of the Campus Master Plan.

### Central Campus

- Create green space and paths for pedestrian/bike traffic through the closure of Battson-Oates Drive between ADUC and Lappin Hall and University Boulevard starting at Elizabeth Avenue and traveling through central campus

*STATUS: CMTA of Lexington, Kentucky was selected through a competitive bid process as the project architect to complete the planning and design work for the new "Eagle Walk" project. Completion of full planning and design is estimated by the end of May 2015. Construction is pending project funding.*

- Replace campus main electrical switchgear

*STATUS: Engineering has been completed and construction is in progress. Completion is estimated by end of May 2015.*

- Phase II renovation and addition to the Adron Doran University Center

*STATUS: State bonds were approved in the 2014-16 biennial budget. Sherman Carter Barnhart of Lexington was selected through a competitive bid process as the project architect. Phase A planning work is nearing completion with design and construction drawings to follow. Estimated construction start date is December 2015.*

- Acquire strategic properties and expand parking along Second Street

*STATUS: Acquired Charles Caudill property as it became available in 2014. Continue to monitor availability of other private properties along 2<sup>nd</sup> Street and within the defined boundaries of the Campus Master Plan.*



- Soften Bell Tower courtyard and begin formation of great lawn space

*STATUS: Improvements to the Little Bell Tower are being included in the “Eagle Walk” project reported above.*

#### Residential Campus

- Construct new 600 bed residence hall on main campus and 50 beds hall at the University farm

*STATUS: Sherman Carter Barnhart of Lexington was selected as the project architect through a competitive bid process. Planning and design work has been completed and bids are out to select a construction contractor. Estimated completion date is fall 2015 for the first 24-bed facility at DAC and fall 2016 for the 550-bed facility on campus. Agency bonds were sold in March 2015 to fund the project.*

- Raze Waterfield Hall and construct student parking garage with dining commons

*STATUS: Waterfield Hall was razed in the summer 2014. EOP was selected as the project architect through a competitive bid process. Planning and design work has been completed and bids are out to select a construction contractor. Estimated completion of the parking garage/ dining commons is estimated for fall 2016.*

#### Performing Arts/Main Entrance

- Demolish Brass Eagle Apartment property and convert to parking until Alumni/Welcome Center construction begins

*STATUS: Completed in summer 2014*

- Construct Main Campus gateway with landscaping

*STATUS: No Progress*

#### Athletic Complex

- Relocate high voltage electric service lines from steam tunnel to underground

*STATUS: Complete*

- Renovate McClure Pool area for Volleyball venue

*STATUS: Bransetter-Carroll was selected as the project architect through a competitive bid process. Planning and design phases have been completed and phase 1 construction is in progress with completion of phase 1 scheduled for fall 2015.*

- Construct new tennis courts on former Downing Hall location

*STATUS: No Progress*

- Expand baseball field and construct new stadium facility

*STATUS: No Progress*

- Construct softball field on former site of tennis courts

*STATUS: No Progress*

- Fourth Street Campus Access Improvements

*STATUS: No Progress*

Additional capital projects not included in the “high” or “highest” priority list identified in the Campus Master Plan that have been completed or in-progress include the following:

#### In-Progress/Scheduled

- Information Technology Infrastructure and Security Project
- Craft Academy for Excellence in Science and Mathematics – Grote-Thompson Hall
- KCTM Phase II Addition – Planning and design
- Rader Hall HVAC rooftop unit replacement

#### Completed

- Jayne Stadium feasibility study
- Intramural/Soccer Field storage pavilion
- DAC Pavilion model kitchen facility

The University is required to submit a 2016-2022 Six-Year Capital Plan (Plan) to the Capital Planning Advisory Board (CPAB) and the Council on Postsecondary Education (CPE) by April 15, 2015. The plan will include proposed capital projects with an estimated scope of \$600,000 or more and equipment purchases with an estimated scope of \$200,000 or more. Projects included in the first biennia of the plan will be used as the basis for the development of the 2016-2018 Executive Budget Capital Request which will be presented to the Board for approval in the fall of this year.

Following the submission of the plan to the CPAB and CPE on April 15, it will be reviewed by staff in those two entities, and the CPAB will conduct meetings to review agency plans from May to September. During this time, the Plan may be amended based on subsequent information that has become available.

Since the Plan will be submitted between regular meetings of the Board, this project listing is presented for the Board's information and comments. The Plan as submitted in April will be presented for the Board's ratification at the June 2015 meeting.

The projects listed in this report and the priorities in which they are presented are not anticipated to change significantly. The cost estimates presented for the projects, however, will continue to be reviewed by Facilities Management and other University staff to ensure that the most complete and accurate information available for the projects is contained in the report that is submitted on April 15.

Projects are identified by anticipated fund source including:

- State Bonds – Bonded indebtedness issues by the State for which the debt service payments will be managed by the State.
- State General Funds – Direct state appropriations designated in the Budget of the Commonwealth for a specific line item.
- Agency Bonds – Bonded indebtedness issued by the University for which debt service payments will be made by the University from institutional revenues.
- Agency Funds – University funds generated from institutional revenue sources.
- Other Funds – External funds granted to the University for a specific capital project.

## Six Year Capital Plan 2016-2022

<u>2016-2018</u>	<u>Project Title</u>	<u>Estimated Scope</u>
	<b><u>Projects Funded with State Bonds or State General Funds</u></b>	
	Construct Center for Excellence in Education for Performing Arts	\$60,747,000
	Renovate Combs Classroom Building	45,050,000
	Enhance Network/Infrastructure Resources - Additional	3,000,000
	Upgrade Campus Fire & Security Systems	2,670,000
	Construct Vet Tech Clinical Services Center	13,809,000
	Construct New Volleyball Facility - Phase 2	3,300,000
	Replace Electrical Switchgear-East Campus	1,800,000
	Capital Renewal & Maintenance Pool-University Farm	1,209,000
	Construct Classroom Lab Building at Browning Orchard	1,942,000
	Water Plant Sediment Basin	1,500,000
	Renovate Howell-McDowell	1,269,000
	Acquire Land Related to Master Plan	4,000,000
	Construct Honors College Facility	3,590,000
	Purchase Equipment for Biochemistry Lab	548,000
	Enhance Library Automation Resources	1,539,000
	Comply with ADA – E&G	3,767,000
	Upgrade and Expand Distance Learning	1,700,000
	Purchase Instructional Tech Initiatives	3,021,000
	Upgrade Administrative Office Systems	4,864,000
	Upgrade Instruct. PCs/LANs/Peripherals	6,080,000
	Renovate Jayne Stadium	39,761,000
	Reconstruct Central Campus	2,500,000
	Construct University Welcome Center/Alumni House	10,433,000
	<b><i>Subtotal State Bonds/State General Funds</i></b>	<b>\$218,099,000</b>
	<b><u>Projects Funded with Agency Bonds or Agency Funds</u></b>	
	Renovate Cartmell Residence Hall	\$15,200,000
	Comply with ADA – Auxiliary	2,153,000
	Replace Exterior Precast Panels-Nunn Hall	4,432,000
	Capital Renewal and Maintenance Pool-Aux	2,668,000
	<b><i>Subtotal Agency Bonds/Funds</i></b>	<b>\$24,453,000</b>
	<b><i>TOTAL 2016-2018 CAPITAL PROJECTS</i></b>	<b><i>\$242,552,000</i></b>

## 2018-2020

### Projects Funded with State Bonds or State General Funds

Acquire Land Related to Master Plan	\$4,000,000
Campus Drainage Project	15,792,000
Capital Renewal and Maintenance Pool-E&G	1,317,000
Comply with ADA - E&G	4,884,000
Construct General Office Building	11,911,000
Renovate Button Auditorium	15,999,000
Construct New Baseball/Softball Facility	15,393,000
Plan and Design New Library Facility	2,158,000
Renovate Lloyd Cassity Building	29,051,000

***Subtotal State Bonds/State General Funds*** **\$100,505,000**

### Projects Funded with Agency Bonds or Agency Funds

Comply with ADA - Auxiliary	\$2,020,000
Construct New Parking Garage - West Campus	8,000,000

***Subtotal Agency Bonds/Funds*** **\$10,020,000**

***TOTAL 2018-2020 CAPITAL PROJECTS*** **\$110,525,000**

## 2020-2022

### Projects Funded with State Bonds or State General Funds

Acquire Land Related to Master Plan	\$4,000,000
Capital Renewal and Maintenance Pool-E&G	2,207,000
Comply with ADA - E&G	4,293,000
Construct Facilities Management Office Complex	11,065,000
Construct Indoor Practice Facility	20,055,000
Construct New Library Facility	77,846,000
Expand Claypool-Young Building	4,580,000
Expand Life Safety: E&G Facilities	986,000
Renovate Academic Athletic Center	38,271,000
Renovate Allie-Young	26,620,000
Renovate Ginger Hall Classroom Building	61,610,000
Renovate Reed Hall	33,168,000

***Subtotal State Bonds/State General Funds*** **\$284,701,000**

### Projects Funded with Agency Bonds or Agency Funds

Comply with ADA - Auxiliary	\$1,783,000
Construct New Parking Garage - East Campus	8,400,000

***Subtotal Agency Bonds/Funds*** **\$10,183,000**

***TOTAL 2020-2022 CAPITAL PROJECTS*** **\$294,884,000**

**REPORT ON PERSONAL SERVICE CONTRACTS**

**BOR (IV-C-4)  
March 19, 2015**

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The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between November 16, 2014 and February 28, 2015.

**PERSONAL SERVICE CONTRACTS**  
**November 16, 2014 through February 28, 2015**

Individual/Firm	Contract Description	Contract Beginning Date	Contract Ending Date	Contract Amount	Method of Selection
Meryl Beck Prezocki	Implementation of coaching service for Standards Base Implementation (KY Adult Education Academy)	1/12/15	6/30/15	\$10,000	Negotiation