

AGENDA BOOK

Board of Regents



**Board of Regents Meeting
Morehead State University**

Thursday, December 15, 2005

Schedule

10 a.m.

BOR Meeting

Riggle Room

Following Meeting

Tour of Library

Noon

Lunch

President's Home

Members, Morehead State University Board of Regents

James H. Booth (*Chair*)

Helen C. Pennington (*Vice Chair*)

Gene Caudill (*Staff Member*)

Jean Dorton

Dr. Terry L. Irons (*Faculty Member*)

Sylvia L. Lovely

Jason Marion (*Student Member*)

John C. Merchant

Dr. John D. O'Cull

Jill Hall Rose

Jerry W. Umberger

**Board of Regents Meeting
Morehead State University**
Riggie Room – Adron Doran University Center
10 a.m., Thursday, December 15, 2005

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Agenda

- I. **CALL TO ORDER**
- II. **ROLL CALL**
- III. **APPROVE MINUTES OF SEPTEMBER 15, 2005**
- IV. **SPOTLIGHT – *Library***
- V. **RECOMMENDATIONS AND REPORTS**
 - A. Recommendations
 - 1. Approve 2005 Winter Graduates..... 1
 - 2. Approve Revision to PAc-1; Definition of Academic Titles..... 2-5
 - 3. Accept 2004-05 Audit Report and Amend Operating Budget..... 6-10
 - 4. Accept First Quarter Financial Report and Amend Operating Budget..... 11-22
 - 5. Ratify Personnel Actions 23-42
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 - 7. Confirm New Members of Friends of Kentucky Folk Art Center, Inc..... 47
 - B. Reports
 - 1. Final Report on Fall 2005 Enrollment 48
 - 2. Report on 2006 Health Insurance 49-50
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 - C. President's Report
- VI. **OTHER BUSINESS**
 - A. Meetings for 2006 Calendar Year

Work Session	Wednesday, February 1
BOR Meeting	Thursday, March 2
Work Session	Thursday, May 11
BOR Meeting	Thursday, June 15
Work Session	Thursday, August 31
BOR Meeting	Thursday, September 21
Work Session	Thursday, November 16
BOR Meeting	Thursday, December 7
 - B. Executive Session
- VII. **ADJOURNMENT**

**BOARD OF REGENTS
MOREHEAD STATE UNIVERSITY
September 15, 2005**

The Board of Regents of Morehead State University met at 9 a.m. on Thursday, September 15, 2005, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky. Chair James H. Booth presided.

ROLL CALL

The following members were present: James H. Booth, Gene Caudill, Dr. Terry Irons, Sylvia Lovely, Jason Marion, Dr. John D. O'Cull, Helen Pennington, and Jerry Umberger.

Jean Dorton, John Merchant, and Jill Hall Rose were unable to attend.

Others present: President Wayne Andrews, Provost Michael Moore, Vice Presidents Michael Walters, Keith Kappes, Beth Patrick, Madonna Weathers and Barbara Ender, and other members of the administrative staff.

**INTRODUCTION
OF PRESS**

Pauline Young, Director of University Communications, introduced Ashley Sorrell from *The Trail Blazer*.

**JUNE 16, 2005,
MINUTES**

Ms. Pennington moved that the minutes of the quarterly meeting held on June 16, 2005, be approved as distributed. Dr. Irons seconded the motion. The motion carried.

**JULY 14, 2005,
MINUTES**

Dr. Irons moved that the minutes of the special meeting held on July 14, 2005, be approved as distributed. Ms. Pennington seconded the motion. The motion carried.

**OATH OF
OFFICE**

Jane Fitzpatrick, MSU's General Counsel, administered the oath of office to Sylvia Lovely, who was reappointed by Governor Ernie Fletcher for a six-year term ending June 30, 2011.

**SABBATICAL
LEAVE REPORTS**

Michael Moore, Provost, introduced Dr. Scott Davison, Associate Professor of Philosophy, and Dr. Vicente Cano, Professor of Romance Languages, who reported on their sabbatical leaves.

Dr. Davison reported that during his sabbatical leave, he completed work revising a book manuscript for publication that was based on his doctoral dissertation and incorporated material published previously in two very prestigious journals, *The American Philosophical Quarterly* and *Analysis*. In addition, he indicated that he had written a book review for a prestigious journal produced in Australia, an entry for an internationally recognized encyclopedia of philosophy, and several other papers.

Dr. Cano traveled to Spain, organized historical etchings, drawings, photographs, and poems collected during his travels, and finished an abstract that was presented at the 55th Mountain Interstate Foreign Language Conference.

**REPORT ON ACE
FELLOWSHIP**

President Andrews introduced Dr. Dayna Seelig, Special Assistant to the President for Assessment and Continuous Improvement. Dr. Seelig, who is a tenured associate professor in the Department of Health, Physical Education and Sports Science, recently spent a year on an American Council on Education Fellowship. An ACE Fellowship, which is one of the most prestigious fellowships in higher education, helps prepare individuals to assume senior leadership positions in higher education. During the past several years, Morehead State University has advanced a number of persons to ACE Fellowships. Dr. Seelig's first major project since assuming her role as Special Assistant to the President for Assessment and Continuous Improvement is the project to create a new unit called Enrollment Services. This new unit will include the Admissions Office, Financial Aid Office and components of the Registrar's Office and Accounting and Budgetary Control. By bringing these offices together, the University will be in a better position to identify, recruit, and admit students as well as better serve students through their time on campus.

Dr. Seelig talked briefly about her fellowship year, what she accomplished, and how that related to her new role with Enrollment Services.

Following Dr. Seelig's presentation, there was lengthy discussion about recruiting more students to the University through partnerships with KCTCS institutions and other innovative programs with high schools in MSU's service region.

Following a ten-minute break, the meeting continued.

**PRESIDENT'S
RECOMMENDA-
TIONS*****Emeritus Status***

The President recommended:

RECOMMENDATION: That the Board of Regents approve the granting of Emeritus Status to Richard Hunt, Associate Professor of Chemistry.

Dr. Moore said that Dr. Hunt's name was left off the list of individuals who were recommended earlier for emeritus status. Dr. Hunt retired at the end of the past school year.

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

VOTE: The motion carried.

The President recommended:

***2005-06 Eagle
Student Handbook***

RECOMMENDATION: That the Board of Regents approve the *2005-06 Eagle Student Handbook*.

(2005-06 Eagle Student Handbook attached to these minutes and marked VII-A-2)

**MSU Police
Department
Procedures Manual**

Chair Booth asked for a motion to adopt the *2005-06 Eagle Student Handbook* since there was extensive discussion on the handbook at the Board's recent work session. Kevin Koett, Dean of Students, advised that all the changes/corrections discussed at the meeting had been made.

MOTION: Ms. Pennington moved that the Board approve the President's recommendation. Dr. Irons seconded the motion.

VOTE: The motion carried.

The President recommended:

RECOMMENDATION: That the Board of Regents approve revisions to the Morehead State University Police Department Standard Operating Procedures Manual.

MOTION: Dr. Irons moved that the Board approve the President's recommendation. Mr. Caudill seconded the motion.

(Additional background information and the revised chapters of the Morehead State University Police Department Standard Operating Procedures Manual attached to these minutes and marked VII-A-3)

Madonna Weathers, Vice President for Student Life, advised that the change in procedure provides the following benefits for the Police Department:

- Maintenance of firearms will be conducted only by a trained officer to ensure that the weapons are kept in the best possible condition.
- The same ammunition will be used for all firearms to provide greater safety for officers in crisis situations where two or more officers may need to use their firearms.
- The Police Department will have the authority to collect the firearm from an officer who is suspended or terminated.

President Andrews said that he and Regent Irons had talked about the overall philosophy concerning police officers carrying firearms on the campus and when an officer should use deadly force. Joe Cline, Police Chief, said that according to the Kentucky Revised Statutes, an officer is authorized to use deadly force to protect his own life or that of another person.

VOTE: The motion carried.

**Student Tuition
2006-08**

The President recommended:

RECOMMENDATION: That the Board of Regents approve an increase in student tuition and fee rates in a range starting at 8 percent but not to exceed 13 percent each year of the 2006-2008 biennium.

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

Beth Patrick, Vice President for Planning, Budgets and Technology, presented information on the recommendation to increase student tuition and fee rates for each year of the 2006-08 biennium. Ms. Patrick stated that the University is required on a biennial basis to submit a budget request to the Council on Postsecondary Education, a part of which is a projection for our tuition and fee revenue. While this is basically a forecast, Ms. Patrick said that the University will bring back on an annual basis what the actual tuition will be. However, the recommended range provides a foundation on which the University can begin to build the annual budget with some flexibility to make changes based on economic conditions or institutional priorities over the next few months as staff begin to develop the first annual budget within the 2006-08 biennium.

Ms. Patrick said that the average tuition and fee increase over the past five years has been 11.5 percent. This trend has not been unique to Morehead State University and has paralleled increases at other Kentucky institutions. Currently, Morehead State University's tuition and fee rates are the lowest of all state public universities at \$4,320 annually for a full-time, instate undergraduate student. In response to public concern over the increasing cost of public higher education in the Commonwealth, CPE has completed an extensive affordability study to assess the impact that higher education has had on the state. Although the study determined that the cost of higher education in Kentucky remains affordable, CPE is implementing more comprehensive guidelines and policies on tuition-setting for the upcoming biennia to ensure affordability to public higher education is maintained throughout the Commonwealth.

Ms. Lovely said that while our tuition and fee rates are the lowest, our expenses may not necessarily be the lowest. The University needs assistance from somewhere because we serve a special population. Ms. Patrick said that another report that would be coming out of the CPE is on mandatory remediation, which shows that Morehead State and ECU are leading the state in our efforts on remediation.

Ms. Patrick stated that some of the concerns in preparing for the upcoming biennial budget include:

- Keeping faculty salaries competitive
- Rising energy costs

- Maintaining employee health benefits
- Funding strategic initiatives

Dr. O'Cull asked for comparative information on what percentage of MSU's budget goes to faculty salaries. Ms. Patrick said that approximately 60 percent of the E&G budget goes to faculty and staff salaries. She said that she would provide a breakdown at the next meeting.

Dr. Irons asked that in real dollars what it would take to get faculty salaries either to state averages or the averages of our benchmark institutions. Ms. Patrick said that while we can make the calculation, it is a moving target.

Ms. Lovely suggested that the Board mount a strong effort to get behind our legislators and that the administration provide "talking points" to the Board so they can help garner support for the institution for the upcoming legislative session.

President Andrews said that the University is going to need a lot of help with this issue and will develop some "talking points" to give to the Regents. He noted that he and Mr. Booth had recently met with Tom Layzell, President of CPE, and Ron Greenberg, Chair of CPE, to talk about trusteeship. They talked about how MSU compared with the other regional institutions. Dr. Layzell said being last in tuition in the state is not a good place for Morehead State University. Given the population MSU serves, Dr. Andrews asked for CPE's support for additional dollars.

Dr. Irons said that while he supports the recommendation, he suggested that it may be time to undertake a zero-based budget exercise evaluating every function using a performance-based model. Further, decisions to sustain, decrease, or increase funding levels should be made on the basis of clearly articulated performance indicators that include productivity, efficiency, quality and effectiveness measures. Dr. Irons said that development and implementation of such an approach to budgeting would enable Board members to be confident that they are using institutional dollars wisely and prudently each time students are asked to pay more for their education.

President Andrews said that while that was a noble idea, he would prefer to have a well developed strategic plan and then build in, as Regent Irons suggested, performance indicators on which the Board has agreed. The administration would then be held accountable to lead and manage within that set of parameters. He said that it is always prudent to ask tough questions on where we are spending our money, but a sweeping zero-based budget exercise would cause a tremendous amount of work that would yield limited results.

Mr. Marion said that the Student Government Association had extensive discussion about this issue and, although there were some naysayers, overall the students believe the increases are warranted for MSU to maintain its competitiveness. Given the nature of the

tuition increases MSU's peer institutions have faced over the last few years, the students are relatively pleased with the role the University has taken in regard to tuition increases.

President Andrews said that staff will pull together information showing the percentage of money going for administrative and teaching costs and comparing this data with the other public universities. He said that the real challenge for Morehead State University in the new CPE funding model is to work with the legislature to ensure that MSU receives its fair share so that we don't have to put it on the backs of the students.

Ms. Lovely cautioned the Board to not lose its focus on our responsibility of getting behind the president and our legislators in trying to solve this inequity problem.

MOTION: Dr. O'Cull moved that the Board approve the President's recommendation. Ms. Lovely seconded the motion.

VOTE: The motion carried.

The President recommended:

Personnel Actions

RECOMMENDATION: That the Board of Regents ratify the Personnel Actions for the period May 23, 2005, through August 19, 2005.

(Background information and list of personnel actions attached to these minutes and marked VII-A-5)

Mr. Caudill asked if a policy had been developed on release time and supplemental pay. Dr. Moore said that while a report had been prepared and submitted to the Board, he was not aware that a formal policy was to be developed. President Andrews said that he would work with Dr. Moore and Mr. Barker to review the issue and provide a report at the next meeting.

MOTION: Mr. Marion moved that the Board approve the President's recommendation. Ms. Pennington seconded the motion.

VOTE: The motion carried.

The President recommended:

Personnel Policies

RECOMMENDATION: That the Board of Regents approve the revision to PSNE-5 and adopt PG-60, Personnel Policy Revisions Requiring Administrative Changes Only.

(Additional background information, revised PSNE-5, and PG-60 attached to these minutes and marked VII-A-6)

**Renaming of
Streets**

MOTION: Dr. O'Cull moved that the Board approve the President's recommendation. Ms. Lovely seconded the motion.

VOTE: The motion carried.

The President recommended:

RECOMMENDATION: That the Board approve the renaming of Woodlawn Terrance to Satellite Drive, Lakewood Terrace to Evans Branch Drive and Tower Drive to Page Drive.

(Additional background information attached to these minutes and marked VII-A-7)

MOTION: Mr. Marion moved that the Board approve the President's recommendation. Ms. Pennington seconded the motion.

VOTE: The motion carried.

REPORTS**Enrollment Report**

Dr. Moore reported on preliminary enrollment for the 2005 Fall Semester. Preliminary numbers reflect:

- A decline in head-count enrollment for the 2005 Fall Semester. Projected final enrollment is 9,033 compared with 9,294 for the previous fall semester.
- An increase in full-time freshman enrollment with 1,303 students compared to 1,284 the previous year.
- A decrease in KCTCS transfers with 223 for Fall 2005 compared to 260 in 2004.
- An increase in mean ACT composite score from 19.7 to 20.3, which will place MSU above the national average in ACT scores.
- An increase in number of African American students by 13 percent.
- An increase in enrollment at regional campuses by 14 percent. Largest increases were at Ashland, Jackson and Mt. Sterling.
- An increase in housing occupancy by 4 percent exceeding the goal of 2,500.

Dr. Irons said that our Admissions staff and others should be complimented for the increase in African American students since UK and other institutions are seeing a decline in African American students. Dr. Irons asked that, since we did not meet some of the goals, what will the impact be on the budget? Were the goals unrealistic?

President Andrews said that soon after his arrival on the campus, he realized what we were and were not doing concerning our recruitment efforts. Since enrollment drives revenue and revenue drives the budget, an enrollment task force was established to develop some short-term strategies for the 2005 Fall Semester and long-term strategies for the future. The group set some pretty aggressive enrollment targets for the 2005 Fall

Semester. The budget was built on 9,100 head count, but the announced goal was 9,300 because the mix of full- and part-time students shifted dramatically last year. In fact, that shift alone cost the University about \$1.5 million. Dr. Andrews said that while we have fallen short of the targets, what's important now is to analyze each of the strategies in terms of the money we put into it and whether the strategy yielded any kind of result. For example, one strategy was to increase the University's marketing efforts. The question now is did it make any difference. Preliminary data would indicate that it was marginal. The scholarship program was revamped and the University has the best freshman class it has ever had. That strategy paid some dividends; however, it changed the University's mix of students. The University has fewer students with 17, 18, and 19 ACTs. It's going to take awhile to examine the data and determine what the University's enrollment should be on the main campus and at the five regional campuses. Dr. Andrews said that the best prediction is through the strategic planning process, which will be finalized with the revised Strategic Plan being brought back to the Board in June 2006.

***American
Democracy
Program***

Dr. Moore reported that the University is in its third year of participating in the American Democracy Program. Federal legislation passed last year requires that all higher education institutions celebrate the Constitution on September 17 or the week prior to or following September 17 with some kind of ceremony or event. Since September 17 is on a Saturday, the University is planning the event as part of Septemberfest or celebration of the American community on September 22. During the day, approximately 400 middle and high school students will be on campus rotating through a number of activities that are being planned by faculty in the College of Education and the Caudill College of Humanities relating to various aspects of democracy and the Constitution. In the evening, a variety of school and church choirs will be performing from 5:30 to 7 o'clock followed by the main presentation. Dr. Moore said that this is an opportunity for Morehead State University to engage itself with the community as part of the University's effort to address stewardship of place.

***Hurricane Katrina
Cleanup Efforts***

Dr. Moore also reported that the University is engaged in a number of efforts to assist with Hurricane Katrina evacuees as are many institutions throughout the United States. Due to Morehead State University's location, the University is limited in terms of what it can do. However, MSU will provide housing and, where possible, some teaching assignments for two faculty members who are arranging to come to campus. In addition, one student will be coming from Xavier to finish her program here.

Dr. Moore stated that the Sloan consortium, consisting of public and private institutions, has created the Sloan Semester to allow students from the Gulf Coast area to be able to continue their coursework. They have asked institutions to identify courses that might be offered online to students who have been relocated. Arrangements have been made for these students to take these courses during the Sloan Semester from October 10 to December 19. MSU has identified 15 courses that would be available to students. The Sloan Foundation is covering the costs.

President Andrews' Challenge to Students, Faculty & Staff

President Andrews said that since MSU closes during spring break, he is challenging all of the University's students, faculty, and staff to be an army of one thousand to travel to the Gulf Coast area to assist with cleanup efforts. Madonna Weathers, Vice President for Student Life, is organizing this project.

Ms. Lovely said that the League of Cities is planning to adopt a city. Dr. Andrews suggested that the University may be able to link up through one of Ms. Lovely's agencies and take our army to that city.

Personal Service Contracts

Michael Walters, Vice President for Administration and Fiscal Services, reported on personal service contracts. The list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between May 26, 2005, and August 29, 2005. The only contract for a new service is with Brailsford & Dunlavey, a consulting firm the University has engaged to help develop a comprehensive housing master plan.

Real Property Leases

Mr. Walters reported on one significant lease that was not on the list of real property leases since it was not in effect July 1. This is the lease/purchase agreement with the MSU Foundation for the purchase of property that is referred to as the Blair property on University Street. The University received approval from the Capital Projects and Bond Oversight Committee at the end of August to execute that lease with the MSU Foundation. The Board approved that transaction at its June 2005 meeting. That lease will have a cost of just over \$40,500/yr.

In response to a question from Regent Pennington on Roll Call Strategies, Mr. Walters said that this firm will be helping the University with state and federal relations, development of grants and proposals, and identification of funding sources.

Gift Income Report

Barbara Ender, Vice President for Development, reported on gift income. She said that for the second consecutive year, gifts have exceeded \$3 million. Ms. Ender noted that more than 60 percent of MSU's faculty and staff contribute to the University.

Student Technology Center

Ms. Patrick reported on the Student Technology Center and, following lunch, took Regents and others on a tour of the center.

PRESIDENT'S REPORT

President Andrews reported on the following:

Strategic Plan

- That the Cabinet is in process of assembling and working on information generated at the administrative retreat on the draft strategic plan.

Housing Master Plan Consultant

- That the University has signed a contract with Brailsford & Dunlavey, a Washington-based consulting firm, to help develop a comprehensive housing master plan. They will be on campus September 20-22 to begin that process.

Admission to Professional Schools

- That in the last five-year period, Morehead State University has placed 82.4 percent of the students who have applied for professional schools, i.e., chiropractic, dentistry, medical technology, pharmacy, medicine, physician assistant, physical therapy, and podiatry. The state average in the same period was 69 percent of those who applied were accepted. The national average was 38 percent.

CPE Special Economic Development Initiative

- That the CPE allows us to submit supplemental or special initiatives for funding, and this year one of MSU's requests was for \$625,000 to develop and operate an entrepreneurial center in conjunction with the College of Business at our West Liberty campus and the Kentucky Small Business Development Center.

Meeting with Secretary McCarty

- That a group of local community leaders, including Dr. Andrews, traveled to Frankfort to meet with John McCarty, Secretary of Economic Development, to provide information about Morehead and Rowan County. Dr. Andrews said that the stars are all aligned in terms of the University working with community leaders to push the economic agenda.

Web-based Hotline for Superintendents

- That a Web-based hotline has been established for our superintendents to contact the University to get information that would be helpful to them as they do their business.

Development Trip to California

- That he and Barbara Ender recently traveled to California to meet with some donors and prospects. He said that across those miles these individuals have such high regard for Morehead State University because of their positive experience at the University.

President's Leadership Forums

- That two President's Leadership Academy forums are scheduled this week for interested individuals to learn more about the PLA. Nominations will be accepted through November 1, 2005.

EXECUTIVE SESSION

At 12:05 p.m., Chair Booth opened the floor for a motion to go into executive session to discuss pending litigation. No action will be taken in closed session. Mr. Marion moved that the Board go into executive session. Ms. Pennington seconded the motion. The motion carried.

The Board reconvened at 12:40 p.m. Chair Booth stated that no action was taken in closed session.

CPE TRUSTEESHIP CONFERENCE

Chair Booth announced that the CPE Trusteeship Conference would be held on September 18-19 and encouraged Board members to attend.

**SUBSCRIPTION
TO CHRONICLE
& MEMBERSHIP
IN AGB**

President Andrews said that subscriptions are being made for each Regent for *The Chronicle of Higher Education*. Also, the University will seek membership in the Association of Governing Boards.

**FUTURE
MEETINGS**

Chair Booth announced the following meetings:

- Thursday, November 17 – Work Session
- Thursday, December 15 – BOR Meeting

ADJOURNMENT

There being no further business to conduct, Mr. Umberger moved that the meeting adjourn. Dr. Irons seconded the motion. The motion carried.

Respectfully submitted,



Carol Johnson, Secretary
Board of Regents

2005 WINTER GRADUATES

**BOR (V-A-1)
December 15, 2005**

Recommendation:

That the awarding of degrees to all candidates who successfully complete all degree requirements as approved by the faculty of the University at the 2005 Winter Commencement on December 17, 2005, be approved.

Background:

601 students have applied for graduation at the December 18, 2004, Winter Commencement. This includes 43 associate degrees, 437 bachelor degrees and 121 master degrees.

PAC-1
DEFINITION OF ACADEMIC TITLES

BOR (V-A-2)
December 15, 2005

Recommendation:

That the Board of Regents approve the revision to PAC-1, Definition of Academic Titles.

Background:

PAC-1, Definition of Academic Titles, and PAC-2, Promotion Review, are inconsistent in the requirements for promotion to Professor. According to PAC-2 under "Time in Rank," "faculty appointment at the Associate Professor rank with tenure up to three years of service may be applied to the time in rank requirement for promotion outlined in PAC-1." Since faculty members at the rank of Associate Professor must have been at that rank for five years and can apply three years of service to time in rank, they then could apply for promotion after two years of service at Morehead State University. PAC-1 states that they must be at Morehead State University for a minimum of three years. To fix this inconsistency, the Professional Policies committee of the Faculty Senate recommended, and the Provost and President approved, that PAC-1 be revised to read that in order to be promoted to the rank of professor, a faculty member must have been an Associate Professor for a minimum of five years, two of which must have been at Morehead State University.

Policy: PAC-1

Subject: Definition of Academic Titles

Approval Date: 07/01/85

Revision Date: 05/12/95

Revision Date:

PURPOSE:

To describe the academic titles and the qualifications necessary for appointments or promotion to them.

EARNED DEGREES:

In assessing candidates' credentials for personnel actions, the University will accept only those degrees earned at institutions in the United States that have been accredited by regional higher education accrediting associations and professional accrediting associations in disciplines in which such accrediting takes place or foreign degrees that have been earned at institutions recognized by their respective governments. These earned degrees are the only ones that the University will acknowledge for appointment, determination of rank, or subsequent personnel decisions. Further, misrepresentation of such information by an individual can be cause for termination of employment.

**TERMINAL
DEGREE:**

The terminal degree will be considered an earned doctorate from an accredited institution in the individual's teaching field as recognized by the Southern Association of Colleges and Schools. Exceptions will be those degrees considered to be terminal degrees by discipline-specific accrediting bodies recognized by the Commission on Recognition of Postsecondary Accreditation (CORPA).

**REGARDING THE
CRITERIA FOR
RANKS:**

The minimal criteria set forth for these ranks should not be interpreted as an exclusive set of conditions to be met or so rigidly applied as to prevent the appointment or promotion when an individual submits an approved record of outstanding professional experiences and demonstrated contributions to the teaching field in lieu of formal academic preparation. These criteria may be supplemented by departmental and/or college requirements agreed upon by the faculty of the department and colleges. Deans and Department Chairs must inform faculty members and the University Faculty Promotion Committee of all supplemental requirements for promotion.

GENERAL ACADEMIC RANKS:

These following ranks are recognized by the University.

1. Lecturer. This title is used for appointments of nonregular faculty members who teach on a temporary or casual basis or if on a continuing basis for less than full-time. The minimum qualifications is the master's degree with 18 graduate semester hours in the teaching field or an approved record of outstanding professional experience and demonstrated contributions to the teaching field.

Individuals whose entire teaching assignment is composed of remedial courses can also qualify for the title with the baccalaureate degree in the teaching field as well as experience appropriate to this teaching assignment or graduate training in remedial education.

2. Instructor. This title is for an individual whose primary responsibility is teaching. The minimum qualification for this fixed-term, non-tenurable faculty rank is a master's degree with at least 18 graduate semester hours in the teaching field.

Other individuals whose entire teaching assignment is composed of remedial courses can also qualify for this fixed-term non-tenurable rank with the baccalaureate degree in the teaching field as well as with experience appropriate to this teaching assignment or graduate training in remedial education.

3. Assistant Professor. The terminal degree in the teaching field is expected for this rank.
4. Associate Professor. The Associate Professor shall possess the terminal degree in the teaching field, and if the rank is granted upon appointment, there must be evidence of scholarly, artistic, or professional achievements. Otherwise, a faculty member must have been an Assistant Professor for a minimum of four years, three of which must have been at Morehead and meet the criteria required in

PAc-2. Consistent with PAc-2, this rank will be awarded to assistant professors who successfully complete their probationary periods and achieve tenure.

5. Professor. The terminal degree in the teaching field is required, and if the rank is granted upon appointment, there must be evidence of scholarly, artistic, or professional achievements. This rank should be reserved for persons of proven stature in their fields. When considered for promotion to this rank, in addition to meeting the above requirements, a faculty member must have been an Associate Professor for a minimum of five years, ~~three~~ two of which must have been at Morehead State University, and must show evidence of outstanding teaching, professional achievement, and service to the University during that period, and meet the criteria required in PAc-2.

CLINICAL FACULTY APPOINTMENTS:

A Clinical Faculty Appointment is used for staff employees of external clinical affiliates associated with such programs of study at the University.

VISITING APPOINTMENTS:

Visiting appointment titles (see Types of appointments PG-3) are used to designate individuals from other institutions or employees who are employed either full-time or part-time for a limited period of time (usually no more than a year). The titles used for these visiting appointments will be determined by the academic unit and approved by the Provost.

**ACCEPT 2004-05 AUDIT REPORT
AND AMEND OPERATING BUDGET**

**BOR (V-A-3)
December 15, 2005**

Recommendation:

That the Board accept the audit report for the fiscal year ended June 30, 2005 as presented by Crowe, Chizek and Company, accept the reports related to the fourth quarter financial information and capital outlay, and amend the operating budget for the 2004-05 fiscal year.

Background:

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 16, 2005 meeting the Board of Regents approved the recommendation of the Audit Committee for the appointment of Crowe, Chizek and Company to conduct the 2004-05 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on December 15, 2005. Ms. Laurie Haun, a CPA with Crowe, Chizek and Company, presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements.

The information contained in the audited financial statements is reflective of all transactions for the fiscal year and serves as the University's fourth quarter financial report to the Board. Also presented as a part of the fourth quarter financial report are amendments to the operating budget and a capital outlay status report.

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period April 1, 2005 to June 30, 2005

Description	Amended Budget As Of 4/1/2005	Adjustments	Amended Budget As Of 6/30/2005
Revenues and Other Additions			
Tuition and Fees	\$ 36,000,173	\$ 8,302	\$ 36,008,475
Government Appropriations	42,040,385	637,905	42,678,290
Government Grants & Contracts	30,000	-	30,000
Indirect Cost Reimbursement	462,903	-	462,903
Sales and Services of Ed. Activities	1,274,551	155,675	1,430,226
Other Sources	1,830,043	93,289	1,923,332
Budgeted Fund Balance - E&G	7,942,302	111,898	8,054,200
Auxiliary Enterprises	11,840,863	4,443	11,845,306
Budgeted Fund Balance - AUX	150,193	-	150,193
Total Revenues and Other Additions	<u>\$ 100,092,122</u>	<u>\$ 1,011,512</u>	<u>\$ 102,582,925</u>
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 878,897	\$ 34,767	\$ 913,664
University Relations	2,493,923	109,400	2,603,323
Development	932,735	192	932,927
Planning & Technology	3,924,361	(231,376)	3,692,985
Administration & Fiscal Services	10,118,606	(171,585)	9,947,021
Student Life	14,972,364	79,899	15,052,263
Academic Affairs	46,548,670	936,897	47,485,567
Debt Service & Mandatory Transfers	2,580,069	1,390,314	3,970,383
Other	6,698,006	(1,588,630)	5,109,376
Total Educational & General	<u>\$ 87,996,281</u>	<u>\$ 559,878</u>	<u>\$ 89,707,509</u>
Auxiliary Enterprises			
Planning & Technology	\$ 282,757	\$ 3,411	\$ 286,168
Administration & Fiscal Services	8,225,185	358,674	8,583,859
Student Life	1,047,993	(11,601)	1,036,392
Debt Service	2,674,966	-	2,674,966
Other	192,881	101,150	294,031
Total Auxiliary Enterprises	<u>\$ 12,095,841</u>	<u>\$ 451,634</u>	<u>\$ 12,875,416</u>
Total Expenditure Authorizations	<u>\$ 100,092,122</u>	<u>\$ 1,011,512</u>	<u>\$ 102,582,925</u>

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period April 1, 2005 to June 30, 2005

From: Revenue and Other Additions	To: Division/ Budget Unit	Amount	Description
Government Appropriations State Appropriations - Operating Base	E&G - Other Non-Mandatory Transfers	\$ (798,700)	The state required MSU to pay \$1,501,300 from restricted funds (i.e. tuition & fee revenue and other University generated income) on a one-time basis in FY 2004-2005. This was deducted from the amount of state appropriations. However, this budget reduction was offset with an unanticipated increase in state appropriations of \$702,600 as enacted in HB 267 for 2004-2006. The University had reserved budgeted escrow funds from FY 2003-2004 in the transfer account to cover the loss in state appropriations.
Endowment Trust Fund	E&G - Other Non-Mandatory Transfers	\$ 1,390,315	State funds were received from the CPE Regional University Excellence Trust Fund Endowment Program during the fourth quarter and subsequently transferred to the MSU Foundation where endowment funds are managed.

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MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period April 1, 2005 to June 30, 2005
Notes of Significant Adjustments to Revenue and Other Additions

Government Appropriations

Increased adjustments totaling \$637,905 is reflected in the fourth quarter.

- State appropriation non-recurring budget reduction of (\$1,501,300) was offset with additional \$702,600 increase in appropriation as enacted in the state budget bill from the amount originally estimated. The net decrease in state appropriation was (\$798,700).
- Unbudgeted revenue totaling \$46,290 from Kentucky Law Enforcement Foundation Program Fund was allocated to Public Safety for incentive pay for police officers.
- Unbudgeted revenue totaling \$1,390,315 was received from the CPE Regional University Excellence Trust Fund Endowment Program during the fourth quarter and subsequently transferred to the MSU Foundation.

Sales & Services of Educational Activities

Unbudgeted revenue allocated during the fourth quarter totaled \$155,675.

- Athletic income allocated in the fourth quarter totaled \$110,337
- Farm income of \$20,000 was allocated to support operations at the University Farm.
- Other revenue totaled \$25,338 and was allocated to the division of Academic Affairs.

Other Sources

Budget allocations from other sources increased by \$93,289 in the fourth quarter.

- Unbudgeted support from the MSU Foundation totaled \$10,894 and was allocated primarily to the divisions of Academic Affairs and University Relations.
- Revenue totaling \$12,545 from the sale of surplus property was allocated to Industrial & Engineering Technology.
- Miscellaneous other income totaling \$69,850 was received and allocated primarily to the division of Academic Affairs.

Budgeted Fund Balance - Educational & General

Budget allocations from fund balance for educational and general purposes totaled \$111,898 in the fourth quarter.

- \$25,000 allocated for grants cash match for PT3 grant
- \$4,160 allocated for payment to WKU for Cost Control Mngt. course work (13 students at \$320 each)
- \$15,824 allocated for payment to Maysville Community & Technical College for Respiratory Care students (spring semester)
- \$25,000 allocated for investiture of President Andrews
- \$25,000 allocated for renovation of President's home
- \$9,714 allocated for transfer of Dr. Dayna Seelig from Dept. Chair of HPESS to Special Assistant to President
- \$7,200 allocated for Environmental Health & Safety for hazardous clean up

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of April 1, 2005 to June 30, 2005

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I Equipment Purchases Greater than \$100,000			
None			
II Capital Construction Projects/ Land Acquisitions Greater than \$400,000			
1998-00 Deferred Maintenance and Government Mandates Pool (Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Elevator Upgrades/Installation (RH, LC, CY)	\$ 350,000	March, 2001	Completed
Fire Alarm Upgrades/Replacement	150,000	October, 2000	Completed
Mechanical System Replacements (AA, ADUC)	250,000	January, 2001	Completed
Window Replacement (BM)	150,000	August, 2001	Completed
Window Replacement (CB)	300,000	July, 2000	Completed
Window Replacement (LC)	150,000	August, 2000	Completed
Dam Restoration	800,000	September, 2004	Completed
	<u>\$ 2,150,000</u>		
Wellness Center - Phase III	\$ 450,000		Holding
Bond Issue			
Button Auditorium Renovation	\$ 750,000		In progress
ERP Implementation Project	\$ 4,000,000		In progress
Technical Setup and Training (June 2005)			
Financial System (June 2006)			
Human Resources (December 2006)			
Student System (June 2007)			
Auxiliary Modules (December 2007)			

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

**BOR (V-A-4)
December 15, 2005**

Recommendation:

That the Board accept the financial statements and amend the operating budget for the first quarter of the fiscal year that will end June 30, 2006, and amend the operating budget.

Background:

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2005, the first quarter of the fiscal year ending June 30, 2006. The statements, along with management's discussion and analysis and budget amendment information are attached.

Management's Discussion and Analysis
First Quarter Financial Statements
Morehead State University
September 30, 2005

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the three months that ended on September 30, 2005. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

Using These Financial Statements

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance 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 first quarter of the 2005-2006 fiscal year. During the period July 1, 2005 through September 30, 2005 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$ 14,528,912. This level of operating surplus is expected at this time, since most of the billings for the Fall 2005 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2005 are reflected, and will continue to be more evenly reflected during the fiscal year. As the year concludes, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

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

- As can be seen from the Statements of Net Assets, cash and investments decreased approximately \$6.0 million from the first quarter of the previous year. The majority of the decrease in cash and investments consists of a \$5.0 million decrease in state cash investments, \$2.0 million decrease in state cash due to timing issues, a \$.7 million increase in restricted cash due to the increase in frequency of draw-downs of research, grant & contract funds, a \$.1 million increase in loan funds.
- Accounts receivable increased \$2.5 million as a whole compared to September 30, 2004, with the change due to:

- In unrestricted receivables, a decrease in internal transfers of \$.9 million due to timing issues, an increase of \$.7 million in Ford Loan and other aid receivables, due to timing issues, and
 - In restricted receivables, an increase of \$2.7 million due to an increase of \$1.4 million in unbilled grants and contracts, and an increase in financial aid receivables of \$1.3 million, mostly due to timing issues.
- Net capital assets has increased about \$7.6 million since September 30, 2004 but for this fiscal year, the net investment in capital assets, net of depreciation has decreased \$.4 million since the beginning of the year. This is due to increases in land, buildings, library, and construction in process of \$1.3 million, payments on long term debt of \$.1 million, a decrease in equipment of \$.2 million, new debt of \$.3 million less depreciation of \$1.3 million.
- Unearned revenues increased \$.9 million due to timing of research and grant projects sponsors funding being received prior to, and during startup phases of their related projects.
- Bond and notes payable decreased \$1.7 million compared to September 30, 2004 due to long term debt payments of \$7.7 million, and new debt of \$6.0 million.
- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the first quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of September 30, 2005. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

MOREHEAD STATE UNIVERSITY
Statements of Net Assets
September 30, 2005 and 2004

ASSETS	2005	2004
Cash	\$23,532,067	\$29,586,610
Investments in US government obligations - at cost	26,049,796	26,585,295
Accounts Receivable	14,369,206	11,873,599
Inventories	1,836,607	1,630,488
Notes Receivable	3,625,538	3,727,378
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>122,939,949</u>	<u>117,047,741</u>
TOTAL ASSETS	<u>\$192,353,163</u>	<u>\$190,451,111</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$315,894	\$591,534
Accrued salaries and other liabilities	1,136,265	1,429,360
Unearned revenues-state and federal grants	2,604,941	1,731,379
Deposits	1,496,850	1,561,049
Accrued vacation pay	2,070,552	2,383,889
Bonds and notes payable	<u>36,014,166</u>	<u>37,710,201</u>
Total Liabilities	<u>\$43,638,668</u>	<u>\$45,407,412</u>
 Net Assets		
Capital	\$86,925,783	\$79,337,540
Non-capital		
Restricted	33,984,733	34,384,919
Non-restricted	<u>27,803,979</u>	<u>31,321,240</u>
Total Net Assets	<u>\$148,714,495</u>	<u>\$145,043,699</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$192,353,163</u>	<u>\$190,451,111</u>

See Attached Notes To Statements of Net Assets

**NOTES TO STATEMENTS OF NET ASSETS
MOREHEAD STATE UNIVERSITY
SEPTEMBER 30, 2005 AND 2004**

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$487,998 at September 30, 2005, and \$484,677 at September 30, 2004. Also included in this category is the sum of \$7,890,246 receivable from federal and state grant agencies at September 30, 2005 and \$5,648,097 at September 30, 2004.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$121,640 at September 30, 2005, and \$127,344 at September 30, 2004.
4. Accumulated depreciation on buildings and equipment was \$117,256,334 at September 30, 2005, and \$112,417,467 at September 30, 2004.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Three Months Ended September 30, 2005 and 2004

	2005-2006			2004-2005		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
REVENUES						
Educational and General						
Tuition and Fees	\$ 40,224,950	\$ 19,678,070	48.92%	\$ 35,975,200	\$ 19,417,544	53.97%
Gov't Appropriations	44,839,600	13,470,563	30.04%	41,579,700	12,586,071	30.27%
City Grants	30,000	16,667	55.56%	30,000	0	0.00%
Unrestricted Gifts	0	0		0	0	
Indirect Cost Reimbursement	365,000	114,813	31.46%	361,000	154,766	42.87%
Sales & Services of Ed. Activities	1,181,060	618,586	52.38%	1,100,543	604,973	54.97%
Other Sources	2,116,653	888,221	41.96%	1,638,511	647,176	39.50%
Budgeted Fund Balance - E & G	4,588,304	0	0.00%	7,447,249	0	0.00%
Total Educational and General	<u>\$ 93,345,567</u>	<u>\$ 34,786,920</u>	<u>37.27%</u>	<u>\$ 88,132,203</u>	<u>\$ 33,410,530</u>	<u>37.91%</u>
Auxiliary Enterprises						
Housing	\$ 6,383,500	\$ 3,470,670	54.37%	\$ 7,463,200	\$ 3,557,413	47.67%
University Store	3,502,423	1,944,805	55.53%	3,442,385	1,898,528	55.15%
Food Services	702,500	157,456	22.41%	712,500	163,336	22.92%
Other	200,500	65,748	32.79%	341,834	63,441	18.56%
Total Auxiliary Enterprises	<u>\$ 10,788,923</u>	<u>\$ 5,638,679</u>	<u>52.26%</u>	<u>\$ 11,959,919</u>	<u>\$ 5,682,718</u>	<u>47.51%</u>
TOTAL REVENUES	<u>\$ 104,134,490</u>	<u>\$ 40,425,599</u>	<u>38.82%</u>	<u>\$ 100,092,122</u>	<u>\$ 39,093,248</u>	<u>39.06%</u>

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Three Months Ended September 30, 2005 and 2004

	2005-2006			2004-2005		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
EXPENDITURES AND TRANSFERS BY DIVISION						
Educational & General						
President & Administration	\$ 773,584	\$ 191,051	24.70%	\$ 709,972	\$ 164,092	23.11%
University Relations	2,635,484	578,649	21.96%	2,258,948	586,707	25.97%
Development	977,074	200,896	20.56%	922,488	239,976	26.01%
Administration & Fiscal Services	10,886,946	2,850,353	26.18%	9,866,919	2,685,449	27.22%
Planning & Technology	4,947,165	2,377,001	48.05%	3,758,553	1,314,565	34.98%
Student Life	16,263,871	6,061,342	37.27%	14,755,462	5,433,699	36.83%
Academic Affairs	49,199,558	9,988,016	20.30%	46,041,883	9,452,769	20.53%
Other	6,776,755	758,343	11.19%	9,682,056	1,573,520	16.25%
Total Educational & General	<u>\$ 92,460,437</u>	<u>\$ 23,005,651</u>	<u>24.88%</u>	<u>\$ 87,996,281</u>	<u>\$ 21,450,777</u>	<u>24.38%</u>
Auxiliary Enterprises						
Housing	\$ 7,834,399	\$ 1,035,871	13.22%	\$ 8,149,200	\$ 975,403	11.97%
University Store	3,050,443	1,688,175	55.34%	3,050,400	1,831,667	60.05%
Food Services	412,118	73,598	17.86%	408,022	66,738	16.36%
Other	377,093	93,392	24.77%	488,219	113,784	23.31%
Total Auxiliary Enterprises	<u>\$ 11,674,053</u>	<u>\$ 2,891,036</u>	<u>24.76%</u>	<u>\$ 12,095,841</u>	<u>\$ 2,987,592</u>	<u>24.70%</u>
TOTAL EXPENDITURES AND TRANSFERS BY DIVISION						
	<u>\$ 104,134,490</u>	<u>\$ 25,896,687</u>	<u>24.87%</u>	<u>\$ 100,092,122</u>	<u>\$ 24,438,369</u>	<u>24.42%</u>
NET CHANGE IN FUND BALANCE		<u>\$ 14,528,912</u>			<u>\$ 14,654,879</u>	

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period July 1, 2005 to September 30, 2005

Description	Amended Budget As Of 7/1/2005	Adjustments	Amended Budget As Of 9/30/2005
Revenues and Other Additions			
Tuition and Fees	\$ 40,224,950	\$ -	\$ 40,224,950
Government Appropriations	44,839,600	-	44,839,600
Government Grants & Contracts	30,000	-	30,000
Indirect Cost Reimbursement	365,000	-	365,000
Sales and Services of Ed. Activities	922,575	258,485	1,181,060
Other Sources	1,890,575	226,081	2,116,656
Budgeted Fund Balance - E&G	4,713,200	(124,899)	4,588,301
Auxiliary Enterprises	10,667,800	11,823	10,679,623
Budgeted Fund Balance - AUX	54,300	55,000	109,300
Total Revenues and Other Additions	\$ 103,708,000	\$ 426,490	\$ 104,134,490
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 749,599	\$ 23,985	\$ 773,584
University Relations	2,602,301	33,183	2,635,484
Development	961,145	15,929	977,074
Planning & Technology	4,740,903	206,261	4,947,164
Administration & Fiscal Services	9,737,026	1,149,920	10,886,946
Student Life	16,120,933	142,938	16,263,871
Academic Affairs	48,023,992	1,175,566	49,199,558
Debt Service & Mandatory Transfers	2,428,128	(83,836)	2,344,292
Other	6,649,890	(2,217,426)	4,432,464
Total Educational & General	\$ 92,013,917	\$ 446,520	\$ 92,460,437
Auxiliary Enterprises			
Planning & Technology	\$ 296,937	\$ -	\$ 296,937
Administration & Fiscal Services	7,461,996	236,115	7,698,111
Student Life	792,389	81,498	873,887
Debt Service	2,588,461	-	2,588,461
Other	554,300	(337,643)	216,657
Total Auxillary Enterprises	\$ 11,694,083	\$ (20,030)	\$ 11,674,053
Total Expenditure Authorizations	\$ 103,708,000	\$ 426,490	\$ 104,134,490

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period July 1, 2005 to September 30, 2005
Notes of Significant Adjustments to Revenue and Other Additions

Sales & Services of Educational Activities

Unbudgeted revenue allocated during the first quarter totaled \$258,485.

- Athletic guarantee income totaling \$107,000 was allocated as follows:
 - \$50,000 Football
 - \$50,000 Men's Basketball
 - \$ 7,000 Women's Basketball
- Eagle Athletic Fund (EAF) support from the MSU Foundation totaled \$50,746
- Unbudgeted revenue from NCAA proceeds of \$83,388 was allocated to various athletic programs.
- Other athletic revenue totaling \$16,886 was received and was also allocated to various athletic programs.

Other Sources

Budget allocations from other sources increased by \$226,081 in the first quarter.

- Unbudgeted support from the MSU Foundation totaled \$96,431
 - \$23,854 University Relations
 - \$10,375 Development
 - \$44,705 Academic Affairs
 - \$16,917 Administration & Fiscal Services
 - \$ 580 Student Life
- Unbudgeted endowment income totaling \$33,900 was allocated to the division of Academic Affairs.
- Miscellaneous other income totaling \$95,750 was received and allocated primarily to the division of Academic Affairs.

Budgeted Fund Balance – E&G

Net budget allocations for fund balance for educational and general purposes totaled (\$124,899).

- \$9,000 allocated for Space Science Center supplies (inadvertently omitted from budgeted fund balance)
- \$2,000 allocated for parking zone sign changes for faculty & staff
- \$1,968 allocated to athletics for meal plan increase
- \$10,000 allocated for Enrollment Services move to Admissions Center
- \$24,586 allocated for expenses related to traffic flow changes
- \$113,452 allocated for two new full-time positions and one half-time position in MAT program (funded from enrollment growth in the program)
- \$6,475 allocated for renovation of President's box at football stadium
- \$257,500 allocated for Battson-Oates Road project and construction of President's home garage
- \$8,757 allocated for Button Auditorium curtains
- \$16,300 allocated for razing of Huffman/Weathers houses

- \$30,000 allocated for legal services
- \$50,000 allocated for additional carry forward of FY 2004-2005 funds
- \$35,227 allocated for carry forward of endowment income funds remaining in FY 2004-2005
- \$32,579 allocated for purchase of document imaging equipment to be used in Enrollment Services
- (\$110,286) adjustment in IRAPP's fund balance to reflect actual fund balance. IRAPP's budgeted fund balance in the opening budget was based on an estimate prior to the close of the 2004-2005 fiscal year.
- (\$612,457) adjustments of previous allocations made in budgeted fund balance

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period July 1, 2005 to September 30, 2005

From:	To:		
<u>Revenue and Other Additions</u>	<u>Division/ Budget Unit</u>	<u>Amount</u>	<u>Description</u>
Budgeted Fund Balance - E&G	E&G Non-Mandatory Transfers		Fund balance allocations budgeted in the
	Transfer to Unexpended Plant		Opening Budget were reversed for the
		\$ (100,000)	following projects:
		(200,000)	Miscellaneous contingency
		(80,000)	Land acquisition
		(232,457)	Blair property renovation
		<u>(612,457)</u>	Physical Plant/construction contingency
		<u>\$ (612,457)</u>	Total Allocation Reversals

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of July 1, 2005 to September 30, 2005

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I Equipment Purchases Greater than \$100,000			
None			
II Capital Construction Projects/ Land Acquisitions Greater than \$400,000			
1998-00 Deferred Maintenance and Government Mandates Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Elevator Upgrades/Installation (RH, LC, CY)	\$ 350,000	March, 2001	Completed
Fire Alarm Upgrades/Replacement	150,000	October, 2000	Completed
Mechanical System Replacements (AA, ADUC)	250,000	January, 2001	Completed
Window Replacement (BM)	150,000	August, 2001	Completed
Window Replacement (CB)	300,000	July, 2000	Completed
Window Replacement (LC)	150,000	August, 2000	Completed
Dam Restoration	800,000	September, 2004	Completed
	<u>\$ 2,150,000</u>		
Wellness Center - Phase III	\$ 450,000		Holding
Bond Issue			
Button Auditorium Renovation	\$ 750,000		In progress
ERP Implementation Project	\$ 4,000,000		In progress
Technical Setup and Training (June 2005)			
Financial System (June 2006)			
Human Resources (December 2006)			
Student System (June 2007)			
Auxiliary Modules (December 2007)			

RATIFY PERSONNEL ACTIONS

**BOR (V-A-5)
December 15, 2005**

Recommendation:

That the Board ratify the Personnel Actions for the period August 22, 2005, through November 18, 2005.

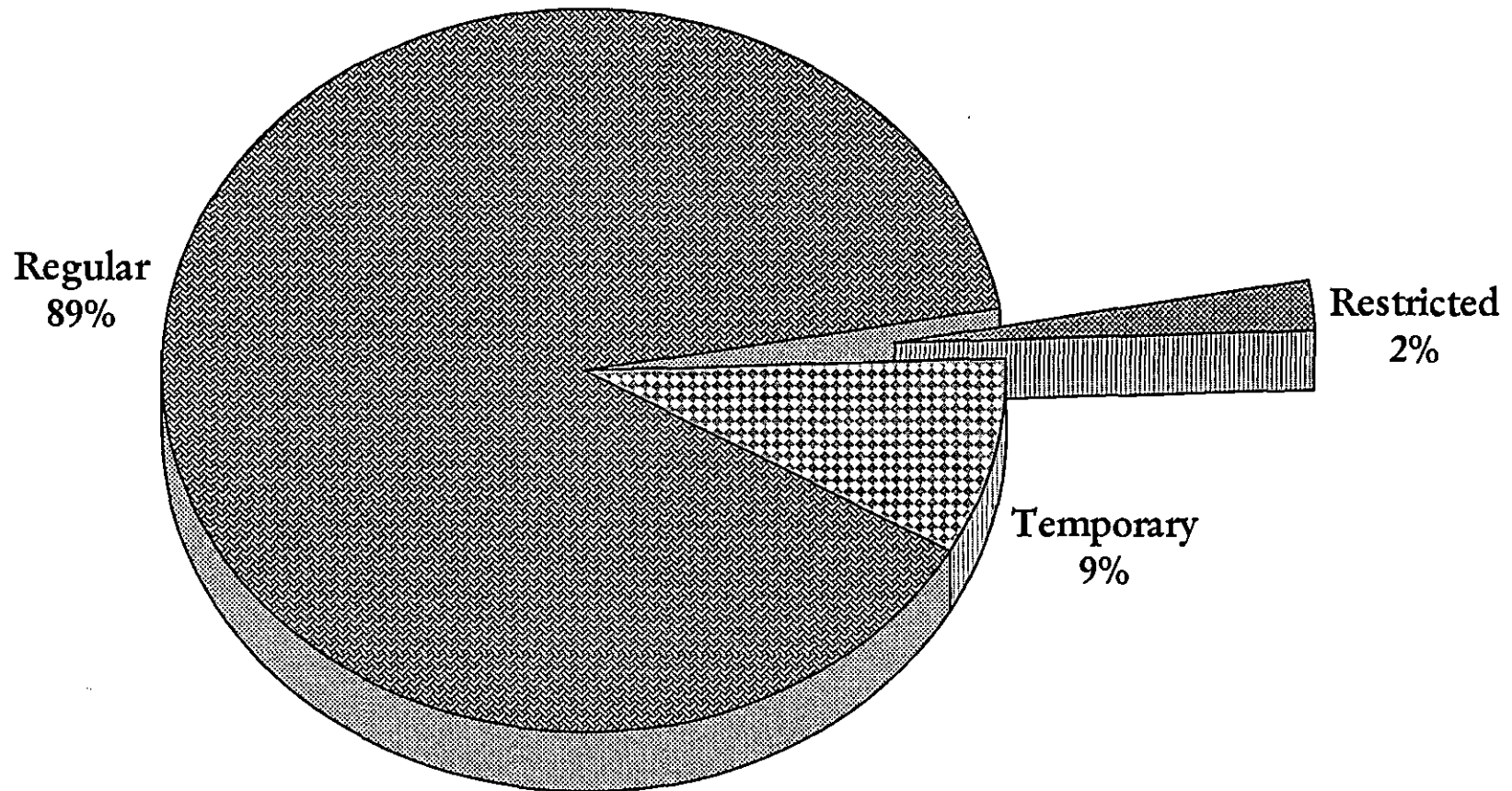
Background:

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.

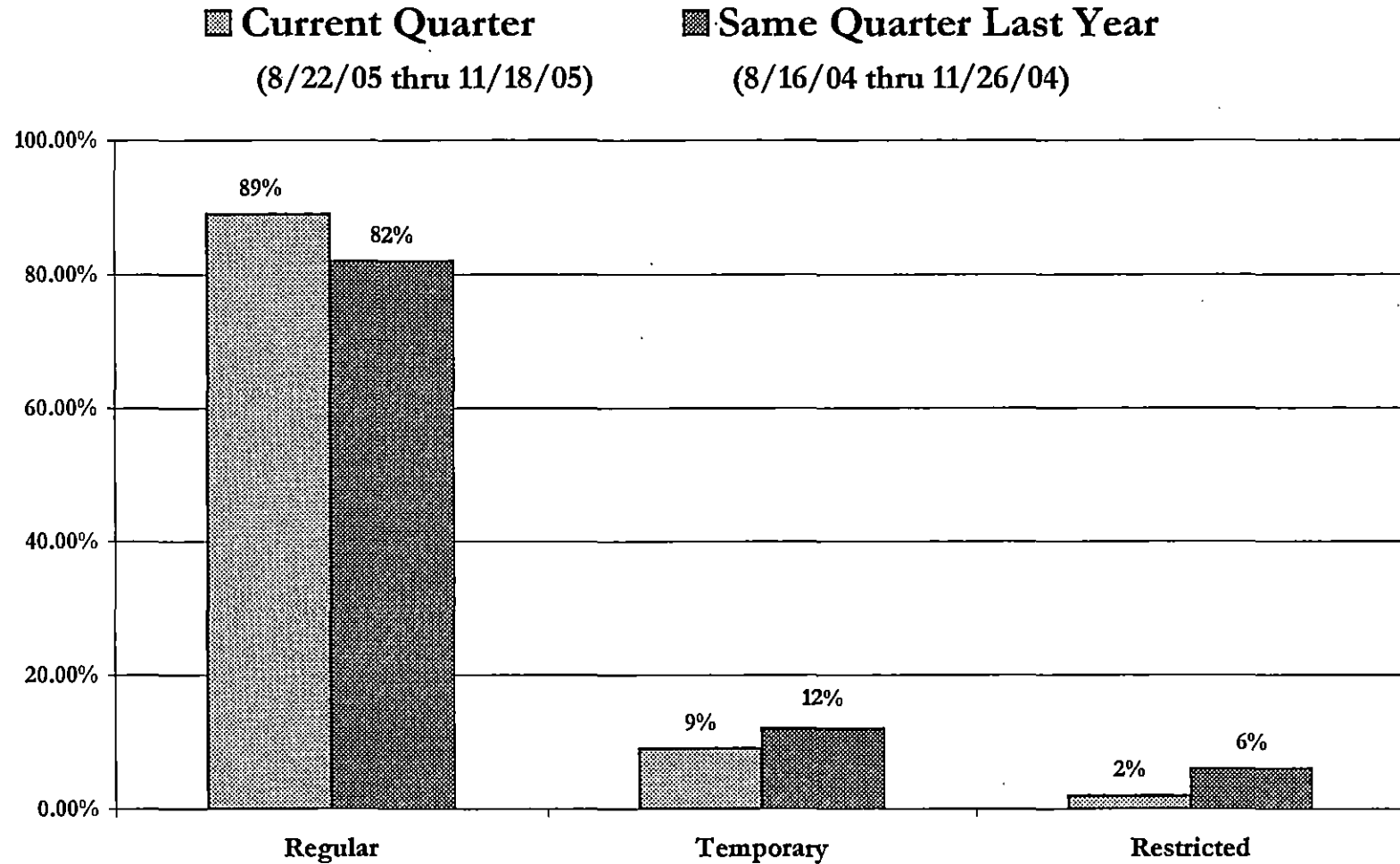
PERSONNEL ACTION REQUEST

8/22/05 thru 11/18/05



Total Number of PARs = 45

COMPARISON CHART FOR PERSONNEL ACTION REQUEST



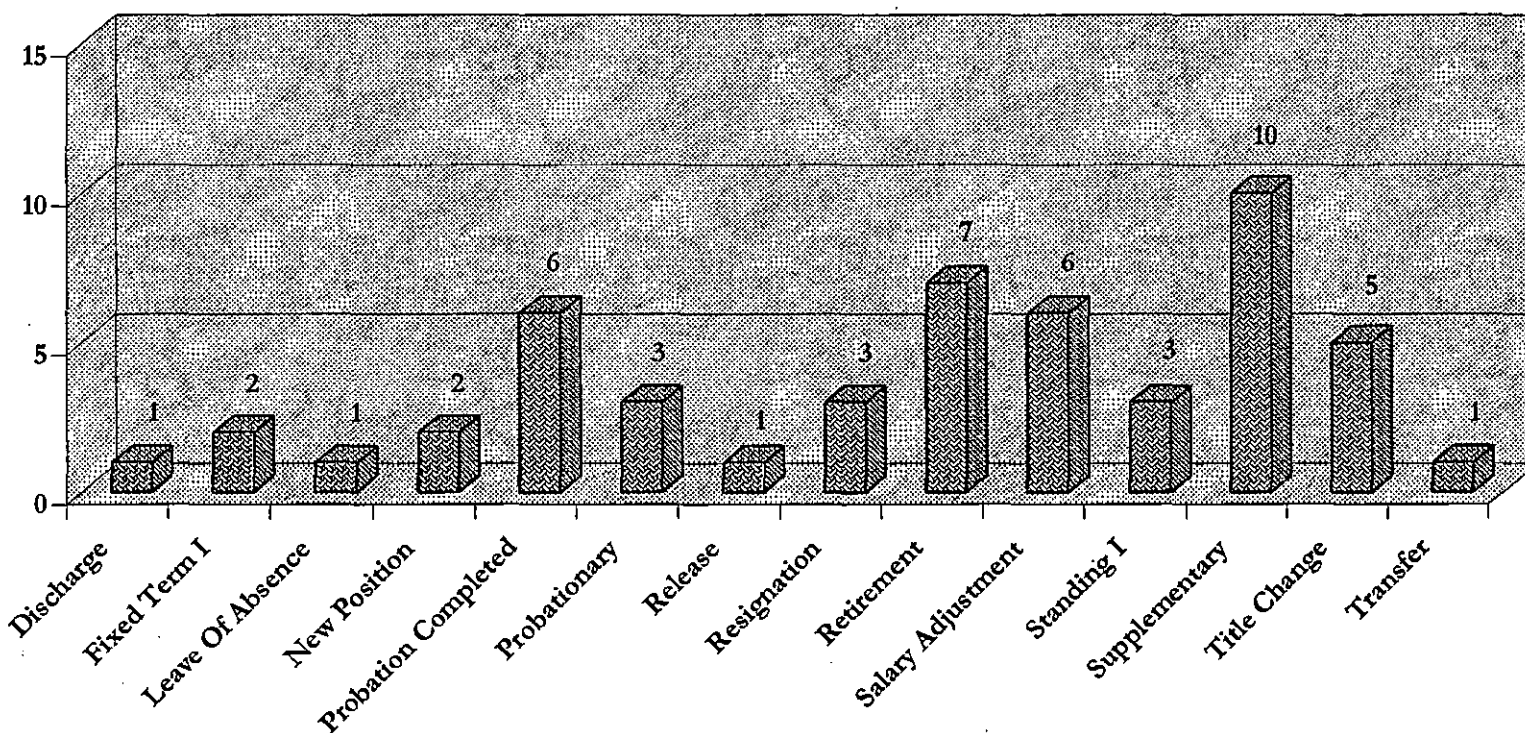
Total Number of PARs

Current Quarter = 45

Same Quarter Last Year = 77

PERSONNEL ACTIONS FOR COVERED ROSTER APPOINTMENTS

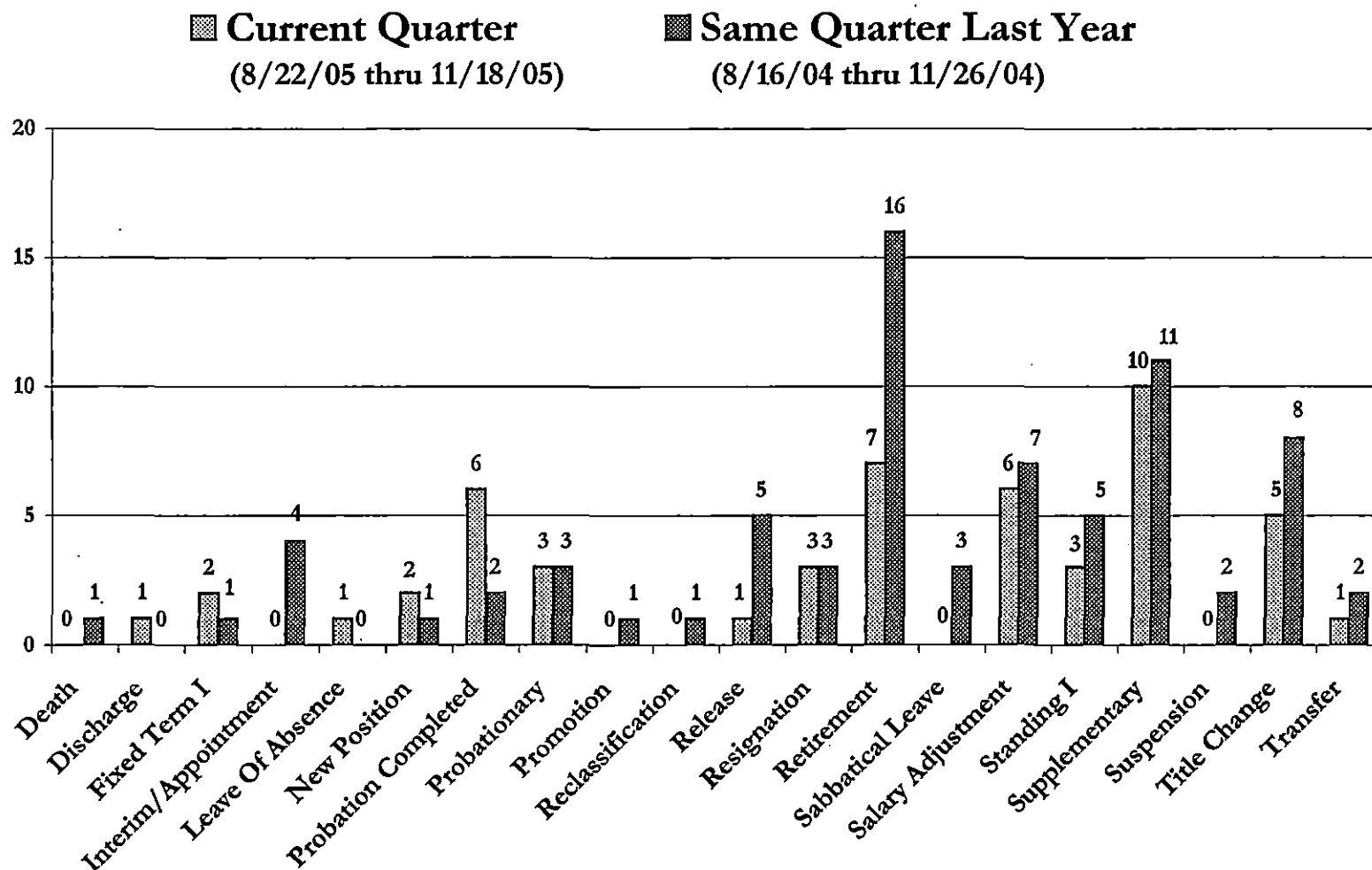
8/22/05 thru 11/18/05



Total Number of PARs = 40

Total Number of Actions = 51

COMPARISON CHART FOR COVERED ROSTER APPOINTMENTS



Total Number of PARs

Current Quarter = 40

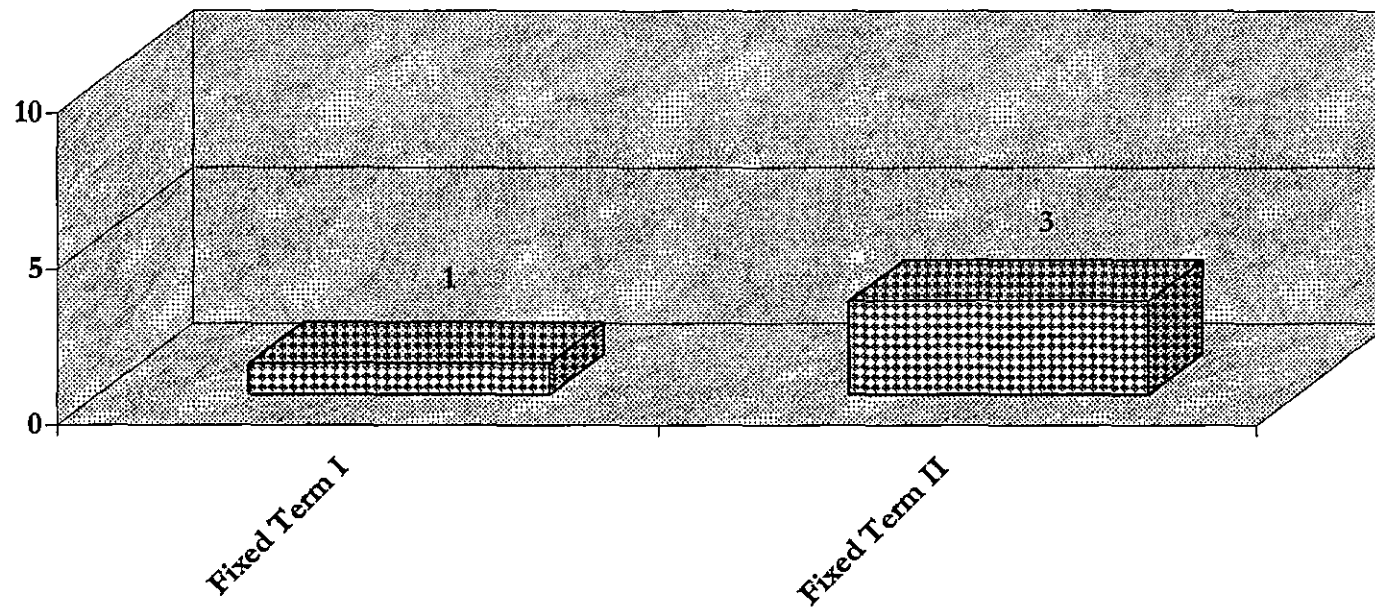
Same Quarter Last Year = 63

Total Number of Actions

Current Quarter = 51

Same Quarter Last Year = 76

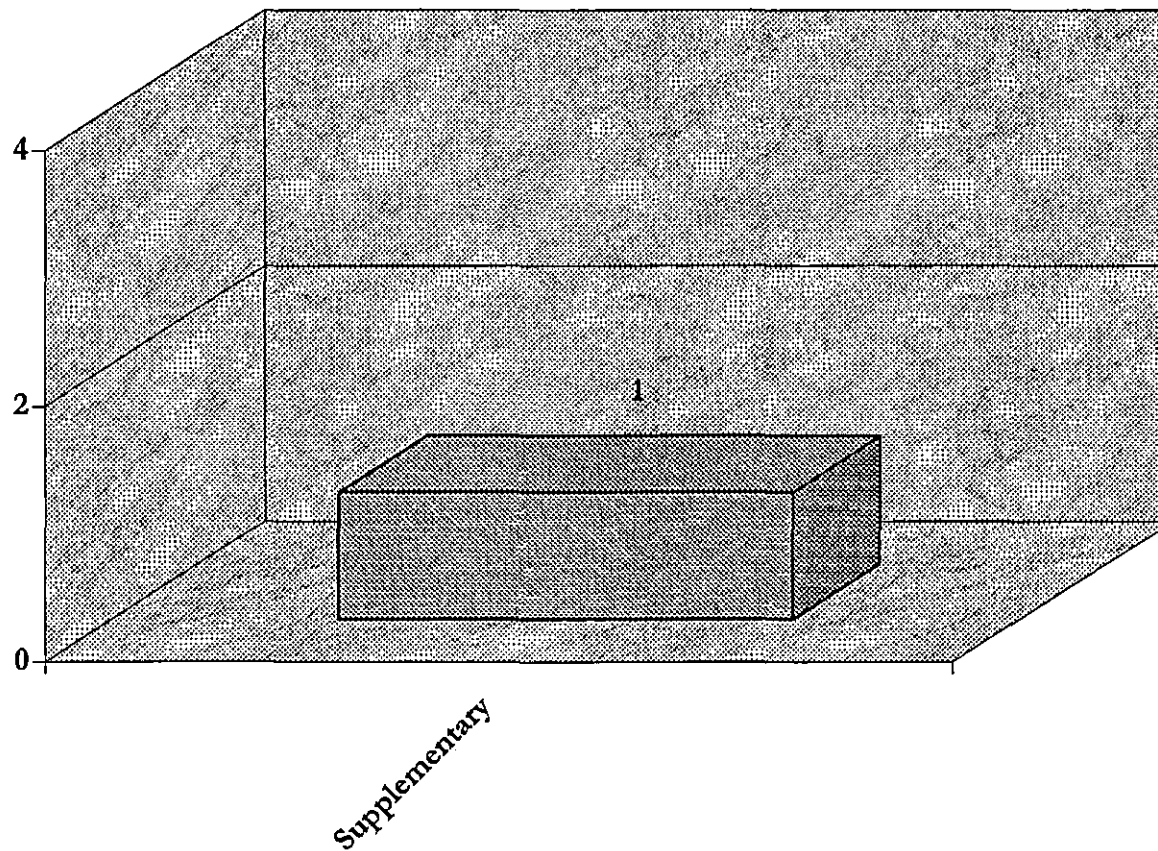
**PERSONNEL ACTIONS FOR NON-ROSTERED
TEMPORARY APPOINTMENTS**
8/22/05 thru 11/18/05



Total Number of PARs = 4

Total Number of Actions = 4

PERSONNEL ACTIONS FOR RESTRICTED APPOINTMENTS
8/22/05 thru 11/18/05



Total Number of PARs = 1

Total Number of Actions = 1

MOREHEAD STATE UNIVERSITY
STANDING I AND STANDING II POSITIONS SUMMARY
11/18/05

<u>DEPARTMENT NAME</u>	<u>July 1 Authorized Positions</u>	<u>Current Authorized Positions</u>	<u>+/- Position Adjustments</u>	<u>Current Position Strength</u>	<u>% Current Strength</u>
OFFICE OF THE PRESIDENT	6.25	6.25	0.00	6.25	100.00
DIVISION OF UNIVERSITY RELATIONS	35.00	35.00	0.00	34.00	97.14
DIVISION OF DEVELOPMENT	14.00	15.00	1.00	13.00	86.67
DIVISION OF PLANNING, BUDGETS AND TECHNOLOGY	42.75	42.75	0.00	39.75	92.98
DIVISION OF ADMINISTRATION AND FISCAL SERVICES	67.00	67.00	0.00	66.00	98.51
PHYSICAL PLANT	154.70	154.70	0.00	146.70	94.83
DIVISION OF STUDENT LIFE	137.49	139.49	2.00	134.49	96.42
DIVISION OF ACADEMIC AFFAIRS	27.50	24.50	-3.00	25.50	104.08
CAUDILL COLLEGE OF HUMANITIES	161.61	163.61	2.00	158.61	96.94
30 COLLEGE OF BUSINESS	54.50	54.50	0.00	52.50	96.33
COLLEGE OF EDUCATION	104.00	110.00	6.00	94.00	85.45
COLLEGE OF SCIENCE AND TECHNOLOGY	153.60	154.60	1.00	148.60	96.12
INSTITUTE FOR REGIONAL ANALYSIS & PUBLIC POLICY	19.00	19.00	0.00	18.00	94.74
GRADUATE AND UNDERGRADUATE PROGRAMS	49.64	49.64	0.00	45.64	91.94
CAMDEN-CARROLL LIBRARY	38.00	38.00	0.00	36.00	94.74
	1065.04	1074.04	9.00	1019.04	94.88

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

DEFINITIONS OF THE DIFFERENT KINDS OF APPOINTMENTS

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

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

DISCHARGE

RELEASE

FIXED TERM I

RESIGNATION

FIXED TERM II

RETIREMENT

LEAVE OF ABSENCE

SALARY ADJUSTMENT

NEW POSITION

STANDING I

PROBATION COMPLETED

TITLE CHANGE

PROBATIONARY

TRANSFER

Appointment Status Actions
08/22/2005 - 11/18/2005

Name
Title
Department
Roster ID

Position Base Salary	Salary	Description	Effective Date	Fund Source
----------------------	--------	-------------	----------------	-------------

AL-HOURANI, FAROUQ A.
 Asst. Prof., Ind. & Eng. Tech.
 Industrial & Engineering Tech.
 1248
 \$49,770.00

\$49,770.00

Title Change
 (From Asst. Prof.,
 Industrial Ed. & Tech.
 to Asst. Prof.,
 Industrial & Eng. Tech.)

9/5/2005

AUBRY, ERIN REBECCA
 Women's Head Soccer Coach
 Women's Soccer
 3194
 \$40,000.00

\$41,200.00/annual
 (\$1,200.00 incr.)

Probation Completed
 Salary Adjustment

09/10/2005 - 12/31/2005

Opening Bud-Undist.

BAKER, DONNA JO
 Librarian I
 Camden Carroll Library
 680
 \$35,000.00

\$37,500.00

Standing I
 Probation

1/9/2006

Roster ID # 000673

BROWN, DARLENE W.
 Building Services Technician
 Building Services
 775
 \$10.40/hr.

\$10.40/hr.

Retirement

10/31/2005

FAIRCHILD, ALMA LEE
 Manuscript & Photograph Spec.
 Camden Carroll Library
 669
 \$13.39/hr.

\$13.39/hr.

Retirement

10/31/2005

Appointment Status Actions
08/22/2005 - 11/18/2005

Name
 Title
 Department
 Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
GROSS, JANET J. Coord. Baccalaureate Nur. Pro. Nursing - BSN Program 2890 \$74,243.00		\$82,492.00	Salary Adjustment Transfer Title Change (From Prof. of Nursing to Coord. Baccalaureate Nur. Prog. and Prof. of Nur. From 9 to 10 months)	8/1/2005	Faculty Escrow
GRUNWALD, KRISTOPHER A. Assistant Volleyball Coach Women's Volleyball 3441 \$31,000.00		\$31,930.00/annual (\$930.00 incr.)	Probation Completed Salary Adjustment	09/13/2005 - 12/31/2005	Opening Bud-Undist.
HOLBROOK, JENNIFER LYNN Building Services Technician Building Services 811 \$7.15/hr.		\$7.15/hr.	Discharge	9/19/2005	
HUNSUCKER, SHARON C. Asst. Professor of Nursing Nursing - BSN Program 2864 \$44,863.00		\$44,863.00	Resignation	12/16/2005	

Appointment Status Actions
08/22/2005 - 11/18/2005

Name
Title
Department
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
----------	-------------	--------	-------------	----------------	-------------

HUTCHINSON, BRIAN ALLEN
 Director of Athletics
 Office of Athletics
 3374
 \$103,315.00

\$103,315.00

Probation Completed

8/28/2005

HYATT, SUSAN GAYLE
 Adm. Asst. to Dean (IRAPP)
 IRAPP
 3255
 \$14.29/hr.

\$14.29/hr.

Retirement

8/31/2005

JOHNSON, HOWARD RANDOLPH
 Maint. Supervisor/Carpentry
 Building Maintenance
 706
 \$17.89/hr.

\$17.89/hr.

Leave of Absence
 (Military leave without
 pay)

09/26/2005 - 10/31/2005

LAYNE, WILLIAM JOSEPH
 Professor of Theatre
 Communication and Theatre
 477
 \$67,567.00

\$67,567.00

Retirement

5/13/2006

LITTLEPAGE, ROBERT STUART
 Applied Physicist
 Space Science Center
 3486
 \$60,000.00

\$60,000.00

Standing I
 Probation
 New Position

1/3/2006

Opening Bud-Undist.

Appointment Status Actions
08/22/2005 - 11/18/2005

Name
 Title
 Department
 Roster ID

Position Base Salary	Salary	Description	Effective Date	Fund Source
MCCLEESE, LINDA RILEY Continuing Education Coord. Office of Continuing Education 3184 \$32,769.00	\$32,769.00	Retirement	10/31/2005	
MCDONALD, SHERIE ROBIN AMSP Regional Coordinator Off. Dean Coll. Science & Tech	\$54,075.00	Fixed Term I	10/01/2005 - 09/30/2006	Restricted
MITCHELL, MATTHEW L. Head Women's Basketball Coach Women's Basketball 651 \$83,000.00	\$85,490.00/11 mo. (\$2,490.00 incr.)	Probation Completed Salary Adjustment	10/23/2005 - 03/31/2006	Opening Bud-Undist.
MORGAN, BILLY RAY Instructor of Education MAT Program - Secondary Educ.	\$20,000.00	Fixed Term II	09/07/2005 - 05/12/2006	Unbudgeted Revenues
PATRICK, WILLIAM CHARLES Professor, Ind. & Eng. Tech. Industrial & Engineering Tech. 307 \$76,654.00	\$76,654.00	Title Change (From Prof., Industrial Tech. to Prof., Industrial & Eng. Tech.)	9/5/2005	

Appointment Status Actions
08/22/2005 - 11/18/2005

Name
Title
Department
Roster ID

Position Base Salary	Salary	Description	Effective Date	Fund Source
PETERSON, KIMBERLY MILLIKEN Asst. Prof. Veterinary Tech. Agricultural Sciences-Vet Tech 311 \$44,178.00	\$48,000.00	Standing I	1/11/2006	Faculty Escrow
ROGERS, DONNA VEE Instructor of Education Curriculum & Instruction	\$14,000.00	Fixed Term II	08/22/2005 - 12/16/2005	Faculty Escrow
SAMMONS, DALLAS FAY Director of Housing Office of Student Housing 924 \$48,843.00	\$48,843.00	Probation Completed	5/30/2005	
SIN, MYOUNGSU Asst. Prof., Ind. & Eng. Tech. Industrial & Engineering Tech. 260 \$45,956.00	\$45,956.00	Title Change (From Asst. Prof., Industrial Tech. to Asst. Prof., Industrial & Eng. Technology)	9/5/2005	
SLOAN, BONNIE LOU Asst. Director of Purchasing Office of Support Services 41 \$45,135.00	\$45,135.00	Retirement	11/30/2005	

Appointment Status Actions
08/22/2005 - 11/18/2005

Name
 Title
 Department
 Roster ID

Position Base Salary	Salary	Description	Effective Date	Fund Source
SNYDER, SHONNA LYNN Asst. Prof. Health Education Health, P.E. & Sport Science 424 \$43,000.00	\$44,000.00 (\$1,000.00 incr.)	Salary Adjustment (Received doctoral degree)	8/22/2005	Faculty Escrow
SYKES, MARQUIS LAVAR Assistant Basketball Coach Men's Basketball 3487 \$26,000.00	\$26,000.00/annual	Fixed Term I Probation	11/07/2005 - 03/31/2006	Operating Expenses
VEST, DAVID ASHLEY Head Tennis Coach Tennis 1207 \$35,982.00	\$35,982.00	Resignation	9/16/2005	
WASHBURN, JULIE L. Head Strength & Cond. Coach Office of Athletics 3442 \$30,900.00	\$30,900.00	Probation Completed Salary Adjustment (From \$30,000 to \$30,900. \$900 incr.)	9/13/2005	Opening Bud-Undist.
WASHBURN, JULIE L. Head Strength & Cond. Coach Office of Athletics 3442 \$30,900.00	\$30,900.00	Resignation	9/30/2005	

Appointment Status Actions
08/22/2005 - 11/18/2005

Name Title Department Roster ID Position Base Salary	Salary	Description	Effective Date	Fund Source
WEBB, VANESSA R. Sec. Specialist (ADN Program) Nursing - ADN Program 2765 \$8.77/hr.	\$8.77/hr.	Release	9/2/2005	
WILKINSON, CRYSTAL E. Visting Asst Prof/Writer Res. English,Foreign Lang. & Phil. 3485 \$60,000.00	\$60,000.00	Fixed Term I New Position	08/10/2006 - 05/12/2007	Opening Bud-Undist.
WRIGHT, DAVID MICHAEL Printer III Off. of Document Services 189 \$14.71/hr.	\$14.71/hr.	Retirement	11/30/2005	
YANG, YANYA Instructor of Art Art	\$15,000.00	Fixed Term II	01/11/2006 - 05/12/2006	Faculty Escrow
YOU, YUQIU Asst. Prof., Ind. & Eng. Tech. Industrial & Engineering Tech. 268 \$49,000.00	\$49,000.00	Title Change (From Asst. Prof., Industrial Ed. & Tech. to Asst. Prof., Industrial & Eng. Tech.)	9/5/2005	

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

SUPPLEMENTARY

Total for this report = \$35,485.00

Managerial Duties	\$25,275.00
Teaching	\$2,100.00
Other	\$8,110.00

Supplemental Actions
08/22/2005 - 11/18/2005

Name	Title	Current Salary	Supplement	Description	Effective Date	Fund Source
<u>Communication and Theatre</u>						
ALBERT, LAWRENCE S.	Professor of Speech	\$70,315.00	\$10,000.00	Dir., Teaching & Learning	08/22/2005 - 05/12/2006	Operating Expenses
<u>English, Foreign Lang. & Phil.</u>						
MORRISON, RONALD D.	Professor of English	\$66,117.00	\$4,000.00	Assistant to the Dean	09/26/2005 - 05/12/2006	Operating Expenses
<u>College of Education</u>						
MORIARTY, ADELE F.	Assoc. Professor of Education	\$53,068.00	\$10,000.00	Assistant to the Dean	08/15/2005 - 05/12/2006	Faculty Escrow
			\$5,000.00	Supersedes previous PAR	08/15/2005 - 12/16/2005	Faculty Escrow
<u>Educational Service Unit</u>						
RATLIFF, JILL COREY	Dir., Educational Service Unit	\$68,650.00	\$1,905.00	Additional duties	08/22/2005 - 09/23/2005	Roster ID # 000397
			\$300.00	Teacher Work Samp. Train.	09/06/2005 - 09/06/2005	Restricted
			\$1,905.00	Additional duties	09/26/2005 - 10/28/2005	Roster ID # 000397
<u>Biological & Environmental Sci</u>						
REEDER, BRIAN C.	Professor of Biology	\$69,788.00	\$1,275.00	Dir., Envir. Ed. Center	08/15/2005 - 12/16/2005	Restricted
<u>IRAPP</u>						
RUDY, DAVID R.	Dean Inst Reg Anal & Pub Pol	\$120,320.00	\$4,000.00	Intergovernmental grant	07/01/2005 - 08/31/2005	Restricted

Supplemental Actions
08/22/2005 - 11/18/2005

Name Title Current Salary	Supplement	Description	Effective Date	Fund Source
<u>Off., Undergraduate Programs</u>				
BARNETT, MYRON DAVID Assistant Professor Education \$56,641.00	\$10,000.00	Assistant to the Dean	09/01/2005 - 05/12/2006	Unbudgeted Revenues
<u>First Year Prog. & Retention</u>				
KAPPES, KEITH R. V. P. for University Relations \$117,000.00	\$700.00	Teach MSU 101	08/22/2005 - 11/11/2005	Lecturer Acct.
MCCORMICK, BEVERLY JOYCE Assistant Provost \$88,328.00	\$1,400.00	Teach MSU 101	08/22/2005 - 11/11/2005	Lecturer Acct.

**2006-2008 EXECUTIVE BRANCH
BUDGET REQUEST**

**BOR (V-A-6)
December 15, 2005**

Recommendation:

That the Board of Regents ratify the University's 2006-2008 Executive Branch Budget Request.

Background:

On November 7, 2005, the Council on Postsecondary Education approved a 2006-2008 Operating and Capital Budget recommendation for the public postsecondary education institutions to the Governor and General Assembly. Morehead State University, as well as the other public postsecondary institutions, was required to submit a 2006-2008 Executive Branch Budget Request by November 15, 2005 to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Council. This submission was made in accordance with the Council's recommendation regarding the state appropriation and capital project request approved on November 7, 2005.

A summary of Morehead State University's 2006-2008 Executive Branch Budget Request is attached hereto.

**Summary of the Council on Postsecondary Education
2004-2006 Biennial Budget Request for
Morehead State University**

	<u>2006-07</u>	<u>2007-08</u>	<u>Total Biennium</u>
Institutional Benchmark Funding			
Base Funding Increase	\$ 2,171,400	\$ 2,171,400	\$ 4,342,800
Performance Funding		\$ 3,500,000	\$ 3,500,000 ⁽¹⁾
Trust Funds/Incentive Funding Programs			
Regional Stewardship (Potential)	\$ 3,000,000	\$ 15,000,000	\$ 18,000,000 ⁽¹⁾
Special Initiatives/Pass Through			
Improved Student Services at Regional Campuses		\$ 300,000	\$ 300,000
Kentucky Early College (with KCTCS)		\$ 100,000	\$ 100,000
University Center of the Mountains (with KCTCS)		\$ 900,000	\$ 900,000
Retention and Affordability		\$ 1,008,400	\$ 1,008,400
Capital			
Heath, Education and Research Facility			\$ 15,000,000 ⁽²⁾
Capital Renewal and Maintenance (with match)			\$ 750,000
Information Technology Equipment Purchases			\$ 691,824
Agency Bond Authority			\$ 40,000,000

(1) Indicates amount allocated system-wide. Morehead State University's allocation from the total pool is to be determined.

(2) Total project scope recommended at \$20,000,000 with \$15,000,000 state support and \$5,000,000 federal support.

Summary of 2006-2008 Capital Project Authorization Request Morehead State University Projects

Recommended State-Funded Projects

Construct Center for Health, Education, and Research (scope includes \$5,000,000 in federal funding)	\$20,000,000
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Capital Renewal, Replacement and Maintenance Project Pool

Expand Life Safety: Claypool – Young Building	\$ 600,000
Comply with ADA –E&G	\$ 1,700,000
Capital Renewal & Maintenance Pool –E&G	\$ 3,480,000
Replace Boiler Tubes	\$ 800,000
Replace Power Plant Pollution Control System	\$ 3,540,000

Agency Bond Authority Project Pool

Construct Student Recreation Center	\$17,000,000
Construct Apartment Housing Complexes-Phase II	\$ 6,000,000
Construct Parking Structure	\$ 7,000,000
Renovate Student Housing Facilities	\$10,000,000

Agency-Funded Projects

Construct Law Enforcement Complex	\$ 5,215,000
Capital Renewal, Replacement and Maintenance – Auxiliary	\$ 1,618,000
Comply with ADA – Auxiliary	\$ 1,200,000
Acquire Land Related to Campus Master Plan	\$ 2,000,000
Construct East KY Animal Science Center	\$ 8,000,000
Purchase Space Science Equipment and Furnishings	\$ 3,400,000
Renovate Button Auditorium	\$ 3,000,000
Construct Molecular Biology Student Lab	\$ 474,000
Construct KY Mountain Crafts Center	\$ 5,434,000
Expand Student Wellness Center	\$ 1,200,000
Renovate John Sonny Allen Field	\$ 4,165,778
Construct Softball Facility/Lighting	\$ 1,700,000
Renovate McClure Pool Area	\$ 4,714,800
Reconstruct Central Campus	\$ 780,000
Purchase Bus	\$ 400,000
Renovate Jayne Stadium	\$ 8,400,000

Information Technology/Equipment Purchase Pool

Upgrade and Expand Distance Learning	\$ 1,500,000
Purchase Instructional Tech Initiatives	\$ 1,621,600
Upgrade Instruct. PCs/LANs/Peripherals	\$ 5,000,000
Upgrade Administrative Office Systems	\$ 2,500,000
Enhance Network/Infrastructure Resources	\$ 4,750,000
Purchase Instructional and Support Equipment	\$ 620,000
Enhance Library Automation Resources	\$ 670,000
Purchase ICP-OES	\$ 110,000

Capital Projects included in MSU's Six-Year Capital Plan 2006-2010 but not recommended by the Council for authorization in 2006-2008:

Renovate Combs Classroom Building	\$ 6,000,000
Renovate and Expand Baird Music Hall	\$ 10,200,000
Renovate & Expand Camden-Carroll Library-Phase I	\$ 6,000,000
Construct Plant Facilities	\$ 5,400,000
Construct Indoor Practice Facility	\$ 5,490,000

**CONFIRM APPOINTMENT OF BOARD
MEMBERS, FRIENDS OF KFAC, INC.**

**BOR (V-A-7)
December 15, 2005**

Recommendation:

That the Board of Regents confirm the appointment of five new and four returning members of the Board of Directors of the Friends of the Kentucky Folk Art Center, Inc., as identified herein.

Background:

1. Under provisions of state law, Friends of the Kentucky Folk Art Center, Inc. (FKFAC), was declared an affiliated corporation of Morehead State University by the Board of Regents on September 18, 1998. As such, the Board of Regents of the University must confirm the appointment of members of the FKFAC Board of Directors. In addition, the relationship between the University and FKFAC is governed by an operating agreement approved by both boards.
2. Friends of the Kentucky Folk Art Center, Inc., is a volunteer organization of folk art enthusiasts which assists the KFAC staff in promotional, educational and revenue-generating activities.
3. The FKFAC Board of Directors met Nov. 30, 2005, and appointed five new board members – Kay Freeland and Susan Andrews of Morehead, Steve Womack of Grayson, Josephine Richardson of Whitesburg and Larry Isenhour of Lexington. The Board of Directors also reappointed four members – Pamela Sexton of Lexington, Bobbi Caudill and Susan Neff of Morehead, and Pete McNeill of Flemingsburg. All appointed board members serve three-year terms.

Prepared by: Keith Kappes

FALL 2005 FINAL ENROLLMENT**BOR (V-B-1)
December 15, 2005****HEAD-COUNT ENROLLMENT**

		% Change
2001	9,027	+8.4
2002	9,390	+4.0
2003	9,509	+1.3
2004	9,294	-2.3
2005	9,062	-2.5

FULL-TIME EQUIVALENCY

		% Change
2001	6,888	+8.1
2002	7,243	+5.2
2003	7,242	-0.0
2004	7,028	-3.0
2005	6,688	-4.8

CREDIT-HOUR PRODUCTION

		% Change
2001	107,014	+7.9
2002	112,806	+5.4
2003	112,968	+0.1
2004	109,501	-3.1
2005	103,941	-5.1

REPORT ON HEALTH INSURANCE FOR PLAN YEAR 2006

**BOR (V-B-2)
December 15, 2005**

Morehead State University is committed to providing all employees the most cost-effective health insurance coverage possible. For Plan Year 2006, the University will continue to offer a Point of Service (POS) plan and a high-deductible Consumer-Driven Health Plan (CDHP) with a Healthcare Reimbursement Arrangement (HRA) component.

For the 2006 Plan Year, the University issued a Request for Proposals (RFP) to investigate the feasibility of transitioning from self-funded to a fully-funded healthcare insurance program. After reviewing all proposals and comparing them to our self-funded options, the decision was made by the University to make this transition. CHA Health was chosen as our fully-funded healthcare provider. By transitioning to a fully-funded plan, the University is able to provide enhanced healthcare coverage to its employees without increasing premiums. The fully-funded plan will utilize the same network of medical providers as the self-funded program.

For Plan Year 2004, the University initiated the CDHP in an effort to: 1) better contain overall plan costs; 2) provide an impetus for all University employees to become more informed and efficient consumers of health care services; and 3) provide first-dollar coverage for employees experiencing out-of-pocket costs. In its first year of existence, the CDHP was the plan chosen by nearly 60% of University employees. For Plan Year 2005, an additional 10% of employees opted for the CDHP plan. We expect the CDHP population to level out or decrease slightly for the 2006 Plan Year -- the third consecutive year without a premium increase in the CDHP Plan.

Sixty percent (60%) of the HRA amount contributed in 2004 was carried over into the 2005 Plan Year. We expect similar carry-over into the 2006 Plan Year.

The University's decision to transition to a fully-funded healthcare plan for 2006 has resulted in level premium costs for all plans (with the exception of one tier of the POS option) while the industry is experiencing between 9% and 14% increases over the same period. We expect the University's plans to continue to perform better than the national average.

The monthly employer/employee cost breakdown for each 2006 healthcare insurance plan is reflected in the following table:

**Morehead State University
2006 Health Insurance Rates**

Plan	Actual Costs	University Contribution	University HRA Contribution	Employee Cost
CHDP (Consumer Driven Health Plan)				
Single:	\$297	\$187	\$ 73	\$ 37
Two-person:	\$446	\$203	\$ 127	\$ 116
Family:	\$594	\$286	\$ 127	\$ 181
MSU Husband & Wife 2-Person*	\$446	\$374	\$ 146	\$ 0
MSU Husband & Wife Family**	\$594	\$374	\$ 146	\$ 74
POS (Point of Service)				
Single:	\$ 540	\$421	N/A	\$ 119
Two-person:	\$ 810	\$583	N/A	\$ 227
Family:	\$1,080	\$724	N/A	\$ 356
MSU Husband & Wife 2-Person*	\$ 810	\$810	N/A	\$ 38
MSU Husband & Wife Family**	\$1,080	\$842	N/A	\$ 238

* For the MSU husband and wife both employed by MSU who have no dependents on their plan, MSU will contribute two single contributions toward a 2-person plan.

** For the MSU husband and wife both employed by MSU who have dependents on their plan, MSU will contribute two single contributions toward a family plan.

GIFT INCOME REPORT**BOR (V-B-3)**
December 15, 2005**Morehead State University****Year-to-Date Gift Income***As of October 31, 2004 and 2005*

Description	Fiscal Year 2004-05	Fiscal Year 2005-06	Variance
Degreed Alumni	\$152,160.86	\$93,678.66	(\$58,482.20)
Non-degreed Alumni	2,332.50	15,714.00	\$13,381.50
Faculty/Staff	22,501.23	19,462.51	(\$3,038.72)
Retiree	7,550.00	3,329.00	(\$4,221.00)
Parent	11,974.49	58,372.00	\$46,397.51
Student	268.32	88.32	(\$180.00)
Leadership Board Members	3,020.00	1,124.00	(\$1,896.00)
Corporate Contributors	155,800.78	189,324.30	\$33,523.52
Foundations	5,373.78	4,345.60	(\$1,028.18)
Non-Profit Organizations	7,180.00	706.00	(\$6,474.00)
MSU and Student Organizations	3,700.00	550.00	(\$3,150.00)
Friend of MSU	53,904.50	95,222.08	\$41,317.58
GRAND TOTALS	\$425,766.46	\$481,916.47	\$56,150.01
 *Matching Gifts Received	 \$2,625.00	 \$1,785.00	
*Gifts-In-Kind	\$565,578.42	\$106,632.23	
*Stock Gifts	\$0.00	\$13,900.00	

Included in totals abovePrepared: 10/12/05*

Report of New Endowments and Major Gifts Since January 1, 2005

The following is a list of new endowments that have been established since January 1, 2005, on behalf of the University in accordance with terms of the memorandum of understanding between Morehead State University and the MSU Foundation, Inc. MSU Foundation policy stipulates a minimum commitment of \$20,000 to establish an endowment.

Name of Endowment	Established Value
MSU Public Administration and Policy Professorship Endowment	\$ 1,000,000
Richard A. Walls Geological Research Endowment	50,000
Minority Scholarship Endowment	46,000
USS Magoffin Veterans' Memorial Scholarship Endowment	25,000
Matthew K. Ballard Scholarship Endowment	20,000
Joyce Brown and James C. Lemaster Scholarship Endowment	20,000

The following is a list of gifts of \$10,000 or more that have been received and/or recorded in the first two quarters of the fiscal year in accordance with the memorandum of understanding.

Major Gifts	Purpose/Type	Amount
Allen Brothers Realty, Inc.	Endowment	\$ 40,000
Ashland Inc. Foundation	Endowment	30,000
Czar Coal Corporation	Endowment	25,000
Elmer R. Smith	Endowment	25,000
Estate Of Douglas Royse	Alumni Fund	15,000
Frieda C. Fulmer	Annuities	47,842
Mazak Corporation	Gift-in-kind (Equipment)	49,500
Mountain Telephone Corporation	Scholarship	64,068
Susan Goetzinger	Gift-in-kind (Livestock)	20,000
Twila S. Porter	Endowment	11,500

MOREHEAD STATE UNIVERSITY

AUDIT COMMITTEE MEETING

**THURSDAY, DECEMBER 15, 2005
9:00 A.M., RIGGLE ROOM
ADRON DORAN UNIVERSITY CENTER**



**MOREHEAD STATE UNIVERSITY
BOARD OF REGENTS
AUDIT COMMITTEE
December 15, 2005**

9:00 a.m. Adron Doran University Center, Riggle Room, Morehead, Kentucky

AGENDA

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVE MINUTES OF MAY 12, 2005 MEETING
- IV. RECOMMENDATIONS AND REPORTS
 - A. Accept 2004-2005 Audit Report
 - B. *Report on Status of Internal Audits*
 - Completed Projects
 - NCAA Special Assistance Fund
 - NCAA Student-Athlete Opportunity Fund
 - NCAA Student-Athlete Eligibility Audit
 - Purchasing Card Review for Regional Campus & Other Locations
 - Cash Counts
 - IRS Skiptrace Review
 - Current/Planned Projects
 - NCAA Special Assistance Fund
 - NCAA Student-Athlete Opportunity Fund
 - NCAA Student-Athlete Financial Aid
 - Federal Workstudy Program
- V. OTHER BUSINESS
- VI. ADJOURNMENT

**MOREHEAD STATE UNIVERSITY
AUDIT COMMITTEE MEETING
Thursday, May 12, 2005**

The Audit Committee met via conference call at 10 a.m. on Thursday, May 12, 2005. Mr. James Booth, Chair of the Audit Committee, presided.

The following Committee members participated:

Mr. James Booth, Chair
Mr. Jerry Umberger
Dr. Charles Morgan (representing Helen Pennington)

Regent Gene Caudill also was present.

Administrative staff members present: Dr. Wayne D. Andrews, President; Mr. Michael Walters, Vice President for Administration and Fiscal Services; Mr. Jim Fluty, Director of Accounting and Budgetary Control; Ms. Teresa Johnson, Director of Budgets; Mr. Joe Hunsucker, Internal Auditor; and other Accounting and Budgetary Control staff.

Mr. Umberger moved to approve the minutes of the December 16, 2004, meeting as distributed. Dr. Morgan seconded the motion. The motion carried.

RECOMMENDATION: That the Audit Committee approve the extension of the auditing services contract with Crowe, Chizek, and Company for the 2004-05 fiscal year audits.

Mr. Walters explained that the contract with Crowe, Chizek, and Company for the fiscal year that ended June 30, 2001, provided for options to renew the contract for four additional one-year periods. The audit fee for the extension periods will be the fixed fee quoted for the original contract adjusted by the annual increase in the consumer price index not to exceed four percent. The services rendered by Crowe, Chizek, and Company for the 2003-04 fiscal year audits were satisfactory and in compliance with the terms of the contract. The fee for the 2004-05 fiscal year audits will be \$57,500.

MOTION: Dr. Morgan moved that the Audit Committee approve the extension of the auditing services contract with Crowe, Chizek, and Company for the 2004-05 fiscal year audits at a fee of \$57,500. Mr. Umberger seconded the motion.

VOTE: The motion passed.

RECOMMENDATION: That the Audit Committee approve the minimum scope of the annual audit for the year ending June 30, 2005.

Mr. Walters informed the Board that the *Bylaws* of the Board of Regents specify that the Audit Committee will review, evaluate, advise and recommend to the full Board the minimum scope of the annual audit. He stated that the scope of the audit must comply with all local, state, and federal audit requirements.

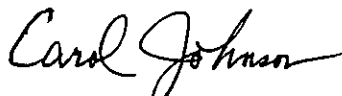
MOTION: Mr. Umberger moved to approve the minimum scope of the annual audit for the year ending June 30, 2005. Dr. Morgan seconded the motion.

VOTE: The motion passed.

The agenda book contained reports prepared by Joe Hunsucker, Director of Internal Audits, on projects he had completed related to purchasing cards, a follow-up report on the MSU Police Department Evidence Room, and NCAA Compliance Audit. Also, reports on current and/or planned projects were included on NCAA Compliance: Student-Athlete Eligibility, NCAA Special Assistance Fund, and Student-Athlete Opportunity Fund.

There being no further business to conduct, Mr. Umberger moved that the meeting adjourn at 10:15 a.m. Dr. Morgan seconded the motion. The motion carried.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Carol Johnson".

Carol Johnson, Secretary
Board of Regents

ACCEPT 2004-2005 AUDIT REPORT

December 15, 2005

Recommendation:

That the Audit Committee accept the audit report for the fiscal year ended June 30, 2005 as presented by Crowe, Chizek and Company.

Background:

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. On June 16, 2005, the Board approved the recommendation of the Audit Committee to appoint the accounting firm of Crowe, Chizek and Company, LLP to conduct the audit for the 2004-05 fiscal year. The Board also approved at that time, the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

Crowe, Chizek and Company has completed the audit for the June 30, 2005 fiscal year. The report was issued with an unqualified opinion on the financial statements. A copy of the audit report has been provided to each member of the Board of Regents.

Report to the Audit Committee
December 15, 2005
Joe Hunsucker, Director of Internal Audits

COMPLETED PROJECTS:

NCAA Special Assistance Fund

Objectives:

The objectives of the review were (1) to determine the adequacy of the Morehead State University Office of Athletics' internal controls over expenditures and disbursements related to the NCAA Special Assistance Fund, and (2) to determine if the University was in compliance with applicable policies and procedures related to the administration of the NCAA Special Assistance Fund.

Scope:

The scope of the review was limited to applications submitted by student-athletes to receive Special Assistance funds and disbursements made during the period July 1, 2004 through June 30, 2005. There were 73 disbursements totaling \$27,595.43 made during the period. 100% of the disbursements made to or on behalf of student-athletes during the period were reviewed. Student-athletes from the following teams received funding from the Special Assistance Fund during the period:

<u>MEN'S SPORTS:</u>	<u>Recipients</u>	<u>Disbursements</u>	<u>Amount</u>
Baseball	2	4	\$1,834.00
Basketball	3	5	1,407.00
CC/Track	7	7	4,100.00
Football	<u>28</u>	<u>35</u>	<u>12,149.99</u>
Total	40	51	\$19,490.99

WOMEN'S SPORTS:

Basketball	7	7	\$1,846.54
CC/Track	5	7	3,100.00
Soccer	3	4	1,700.00
Softball	<u>2</u>	<u>4</u>	<u>1,457.90</u>
Total	17	22	\$8,104.44

<u>TOTAL - ALL SPORTS</u>	57	73	\$27,595.43
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DISBURSEMENTS:

	<u>Men</u>	<u>Women</u>	<u>Total</u>
Category 1 – Shoes/Clothing	35	16	51
Category 2 – Course Supplies	0	1	1
Category 3 – Medical/Dental	<u>16</u>	<u>5</u>	<u>21</u>
Total	51	22	73

Results:

No exceptions to the test criteria were noted during the current review. During the course of my review, no significant audit issues were noted related to the administration of the NCAA Special Assistance Fund by the Morehead State University's Office of Athletics.

Opinion:

Based on the results of my review of applicable documentation and substantive tests performed, it is my opinion that the Morehead State University Office of Athletics' internal controls over expenditures and disbursements related to the NCAA Special Assistance Fund are adequate and that the University is in compliance with applicable policies and procedures related to the administration of the NCAA Special Assistance Fund.

The results of the audit were reported to President Andrews, Commissioner Steinbrecher of the Ohio Valley Conference, Vice President Weathers and Director of Athletics Hutchinson.

NCAA Student-Athlete Opportunity Fund

Objectives:

The objective of the review was to determine if the Morehead State University's Office of Athletics administered the Student-Athlete Opportunity Fund (SAOF) in compliance with NCAA and OVC guidelines.

Scope:

The scope of the review was limited to disbursements made on behalf of student-athletes from the SAOF during the period July 1, 2004 through June 30, 2005. There were \$18,432 in educational related expenditures for 16 student-athletes during the period. 100% of the disbursements made during the period were reviewed. Student-athletes from the following teams received funding from the SAOF during the period:

	<u>Recipients</u>	<u>Amount</u>
<u>Men's Sports</u>		
Baseball	4	\$2,693
Basketball	2	4,503
CC/Track	1	427
Total - Men's Sports	7	\$7,623
<u>Women's Sports</u>		
Basketball	4	\$7,068
CC/Track	1	960
Soccer	4	2,781
Total - Women's Sports	9	\$10,809
<u>Total - All Sports</u>	16	\$18,432

Results:

The University received \$18,432.00 from the Ohio Valley Conference which was deposited into an Office of Athletics' agency account established for the Student-Athlete Opportunity Fund. The entire amount was used to pay for education related expenses for 16 student-athletes during the summer term beginning June 6, 2005. All expenditures were determined to meet the guidelines established by the NCAA. All recipients were determined to meet the eligibility requirements established by the NCAA. No exceptions were noted during my review.

Opinion:

Based on the results of my review of applicable documentation and substantive tests performed, it is my opinion that the Morehead State University's Office of Athletics was in compliance with applicable NCAA and OVC guidelines for administering the Student-Athlete Opportunity Fund.

During the course of my review, no significant audit issues were noted related to the administration of the NCAA Student-Athlete Opportunity Fund by the Morehead State University's Office of Athletics.

The results of the audit were reported to President Andrews, Commissioner Steinbrecher of the Ohio Valley Conference, Vice President Weathers and Director of Athletics Hutchinson.

NCAA Student-Athlete Eligibility Audit

Objectives:

The objectives of the audit were to review internal controls in the Office of Athletics related to monitoring student-athlete eligibility based on NCAA legislation, and to determine if the basic components of an effective institutional compliance program are being undertaken by the University.

Scope:

The scope of the review was limited to determining eligibility for student-athletes listed on squad lists for the 2004-05 academic year.

Sport	Participants	Number on Scholarship (Full or Partial)	Athletic Grant Amount	Total Countable Aid (a)	Equivalent Award (Athletes)	Maximum Grants Permitted
Men's Sports:						
Baseball	40	24	63,424	156,900	11.50	11.70
Basketball	15	12	150,818	169,298	12.00	13.00
CC/Track	30	23	51,000	78,477	6.83	12.60
Football	119	-	-	199,921	13.88	63.00
Golf	15	10	32,868	46,448	4.38	4.50
Rifle	4	4	9,200	12,632	1.10	3.60

Tennis	<u>10</u>	<u>10</u>	<u>47,108</u>	<u>65,788</u>	<u>4.31</u>	<u>4.50</u>
Total	233	83	354,418	729,464	54.00	112.90
Women's Sports						
Basketball	16	15	160,711	166,964	12.71	15.00
CC/Track	19	13	45,500	84,950	6.75	18.00
Rifle	5	5	9,000	25,820	1.88	3.60
Soccer	26	26	95,337	132,257	9.06	12.00
Softball	19	14	110,414	161,034	10.77	12.00
Tennis	9	9	76,218	86,718	4.57	8.00
Volleyball	<u>11</u>	<u>11</u>	<u>118,007</u>	<u>143,671</u>	<u>10.04</u>	<u>12.00</u>
Total	105	93	615,188	801,415	55.78	80.60

(a) - includes tuition reduction (contiguous counties rate and out-of-state waivers)
as well as other grants/scholarships awarded to the student-athlete

Results:

During the 2003-2004 academic year, one student-athlete did not earn the minimum number of hours required by NCAA Bylaw 14.4 to remain eligible for athletic competition for the 2004-2005 academic year. Pursuant to the University's Intercollegiate Athletics' Policy and Procedure Manual, this student-athlete's athletic scholarship should not have been renewed for the 2004-2005 academic year. During the 2004-2005 academic year, this student-athlete was awarded \$2,000 in athletic aid. It should be pointed out that this student-athlete did not participate in any athletic competition during the 2004-2005 academic year and no NCAA violations occurred.

Additionally, I noted 15 instances in which incorrect or no information was entered into the NCAA's Compliance Assistance internet (CAi) program in determining whether the student-athlete met the minimum GPA requirement and 9 instances in which incorrect or no information was entered into the CAi program in determining whether the student-athlete met the percentage of degree requirements. While nothing came to my attention to indicate that any of the student-athletes tested had been determined to be eligible when they should have been ineligible, incorrect data entered into the CAi program could have resulted in such a situation.

Except as noted above, no significant audit issues were noted during the review related to the University's compliance program for athletics. Corrective actions have already been implemented by the Office of Athletics to correct these deficiencies.

Opinion:

While some deficiencies were noted during the review, overall, based on the results of audit procedures performed, it is my opinion that internal controls related to NCAA compliance were adequate and that the basic components of an effective institutional compliance program are being undertaken by the University's Athletic Department.

The results of the audit were reported to President Andrews, Vice President Weathers and Director of Athletics Hutchinson.

Purchasing Card Review for Regional Campus & Other Locations

Objectives:

The objectives of the audit were to review internal controls related to the use of purchasing cards and to determine if University cardholders were in compliance with the purchasing procedures of the MSU Purchasing Card Service *User Manual* developed by the Office of Support Services and the Office of Accounting and Budgetary Control.

Scope:

The scope of the audit included testing the purchases and recordkeeping of cardholders from the Ashland, Prestonsburg, West Liberty and Mt. Sterling Campuses, the Gear-Up Program - IRAPP in Allen and the Small Business Development Center in Pikeville for the period July 1, 2004 through October 31, 2005.

Location	Transactions
Ashland Regional Campus	52
Prestonsburg Regional Campus	56
West Liberty Regional Campus	53
Mt. Sterling Regional Campus	102
Small Business Development Center	60
Gear-Up – IRAPP	23

Results:

No significant deficiencies were noted during the review. Overall, the recordkeeping was excellent at each of the locations visited.

Opinion:

Based on the results of my review of applicable documentation and substantive tests performed, it is my opinion that internal controls related to the use of purchasing cards were adequate and the University cardholders were in compliance with the purchasing procedures of the MSU Purchasing Card Service *User Manual*.

Applicable reports were sent to President Andrews, Provost Moore, Associate Provost Connell, College of Business Dean Albert, IRAPP Dean Rudy and the Directors of the Regional Campuses or Programs.

Cash Counts

A cash count was conducted at the close of business, Friday, June 24, 2005, to verify the \$100,000 Cashier Operating account in the Office of Accounting & Budgetary Control. Cash and cash equivalents on hand for the three Cashiers totaled \$100,071.23. The year-to-date cumulative overage

was \$71.23 and the daily overage was \$1.75. The results of the count were reported to Michael Walters, Vice President for Administration and Fiscal Services, and James Fluty, Director of Accounting & Budgetary Control.

A cash count was conducted Monday, June 27, 2005 for the University Store's \$2,500.00 permanent petty cash fund and for the \$3,000.00 wholesale book buy-back fund. Cash on hand for the permanent petty cash hold totaled \$2,333.17, a cumulative year-to-date shortage of \$166.83. Cash and cash equivalents on hand for the wholesale book buy-back fund totaled \$3,000.00. The results of the count were reported to Mr. Walters, Mr. Fluty and William Redwine, Director of Auxiliary Services.

IRS Skiptrace Review

Background:

The U.S. Department of Education's FFELP/Federal Perkins Loan Program IRS Skiptracing Service requires that an internal inspection of the University's safeguard procedures for IRS skiptrace reports be conducted. University procedures require skiptrace reports to be maintained in a secured location with limited employee access. These procedures require adequate records to be maintained, indicating the request dates, the IRS skiptrace report dates, and the dates the reports were destroyed. Additionally, the skiptrace reports must be disposed of in accordance with Section 8.3, IRS Publication 1075, Disposal of Federal Tax Information.

Results:

University records indicate that Tina McWain, Perkins Loan Accountant, submitted a request to the IRS for skip tracing on March 8, 2005. The report, dated June 9, was received by Ms. McWain on June 16. I witnessed the shredding of the IRS skiptrace reports on June 22, 2005 by Ms. McWain and verified that the process was carried out in accordance with the provisions of Section 8.3, Internal Revenue Service Publication 1075, Disposal of Federal Tax Information.

Opinion:

Based upon my review, I am of the opinion that Morehead State University is in compliance with the approved safeguard procedures.

A letter was sent to the U.S. Department of Education's FFELP/Federal Perkins Loan Program IRS Skiptracing Service.

CURRENT/PLANNED PROJECTS:

NCAA Special Assistance Fund

As required by the Presidents and the Commissioner's Office of the Ohio Valley Conference, an institutional review of the NCAA Special Assistance Fund will be conducted for the fiscal year ending June 30, 2006.

Objectives:

The objectives of the review will be (1) to determine the adequacy of the University's Office of Athletics internal controls over expenditures and disbursements related to the NCAA Special Assistance Fund, and (2) to determine if the University was in compliance with applicable policies and procedures related to the administration of the fund.

Scope

The scope of the review will be limited to applications submitted by student athletes to receive Special Assistance funds and disbursements made during the period July 1, 2005 through June 30, 2006. The University received \$32,903 for the 2005-06 academic year and there have been 33 disbursements totaling \$13,403 made through November 29, 2005. 100% of the disbursements made to or on behalf of student-athletes during the period will be reviewed.

Results:

The results of the audit will be reported to President Andrews, Commissioner Steinbrecher of the Ohio Valley Conference, Vice President Weathers and Director of Athletics Hutchinson.

Student-Athlete Opportunity Fund

As required by the Ohio Valley Commissioner's Office, as directed by the Board of Presidents of the conference's member schools, an institutional review of the NCAA Student-Athlete Opportunity Fund will be conducted for the fiscal year ending June 30, 2006.

Objective:

The objective of the review will be to determine if the Student-Athlete Opportunity Fund is being administered in compliance with applicable NCAA and OVC guidelines.

Scope:

The scope of the review will be limited to disbursements made on behalf of student-athletes from the SAOF during the period July 1, 2005 through June 30, 2006. The University has received \$17,231 from the Ohio Valley Conference for the 2005-06 academic year. 100% of the disbursements made during the period will be reviewed.

Results:

The results of the audit will be reported to President Andrews, Commissioner Steinbrecher of the Ohio Valley Conference, Vice President Weathers and Director of Athletics Hutchinson.

NCAA Student-Athlete Financial Aid

Background:

NCAA Bylaw 15 regulates who may receive financial aid, the amount of team and individual financial aid that may be awarded, the amount of financial aid to be included in the limits, and the use of financial aid. A student-athlete may receive financial aid from the University or from certain sources outside the institution. The institutional financial aid would include those funds based upon the athlete's athletics ability, the athlete's financial aid need, or other programs administered by the

institution. Effective August 1, 2004, a student-athlete's maximum financial aid limit is the amount of the institution's cost of attendance. The cost of attendance for an athlete to attend the university is calculated by the institutional financial aid office per federal guidelines and generally includes tuition and fees, room and board, books and supplies, transportation and several other expenses. A student-athlete may receive any other financial aid unrelated to athletic ability up to the cost of attendance or the value of a full grant-in-aid plus a Pell grant, whichever is greater.

Objective:

The objective of the audit will be to determine whether the University has policies and procedures in place to determine and monitor the awarding of financial aid to student-athletes in accordance with NCAA legislation.

Scope:

The scope of the audit will include all student-athletes receiving financial aid from the University for the 2005-06 academic year.

Results:

The results of the audit will be reported to President Andrews, Vice President Weathers and Director of Athletics Hutchinson.

EXTERNAL ASSISTANCE:

Assistance to Crowe, Chizek and Company was provided in the following areas:

- University Store inventory
- Plant inventory
- KFAC inventory
- A-133 audit – Compliance/eligibility testing for Talent Search, Upward Bound, Student Support Services, Educational Opportunity Center. Compliance testing for Gear Up – IRAPP and Kentucky Gear Up.
- KFAC audit
- NCAA Agreed Upon Procedures

Assistance was provided to the Post Audit Group of the U.S. Department of Education.

Assistance was provided to the Kentucky Auditor of Public Accounts' Division of Examination and Information Technology.

PROFESSIONAL DEVELOPMENT:

Association of College & University Auditors (ACUA) annual conference, Portland, Oregon, September 18 - 22

"Intercollegiate Athletics Financial Reporting Resources" telecast, sponsored by the National Association of College and University Business Officers (NACUBO), Morehead State University, September 27

"Projects Accounting" program, presented by Datatel, Morehead State University, October 19

Kentucky Public University Business Officers (KyPUBO) Fall Meeting, Eastern Kentucky University, November 16

OTHER:

Assisted in the development of University Administrative Regulation (UAR) 401.01, Cellular Telephone and Other Wireless Communications

Co-presenter with Donna King, Assistant Director, Office of Financial Aid, and Elizabeth Williams, Payroll Specialist, Payroll Office, in a workstudy supervisor training workshop, July 19 and 20

Co-presenter with Jim Fluty, Director, Office of Accounting & Budgetary Control, and Paige McDaniel, Support Services Specialist, Office of Support Services, "MSU Purchasing Card Guidelines," sponsored by the Morehead State University's Office of Human Resources, September 7

Serving as Administration and Fiscal Services' Unit Development Officer for the 2005 Campus Giving Campaign

Respectfully Submitted,

Joe Hunsucker, MA, CPA
Director of Internal Audits

Board of Regents Meeting
Morehead State University
Riggle Room – Adron Doran University Center
10 a.m., Thursday, December 15, 2005

Agenda

- I. **CALL TO ORDER**
- II. **ROLL CALL**
- III. **APPROVE MINUTES OF SEPTEMBER 15, 2005**
- IV. **SPOTLIGHT – *Library***
- V. **RECOMMENDATIONS AND REPORTS**
 - A. **Recommendations**
 - 1. Approve 2005 Winter Graduates..... 1
 - 2. Approve Revision to PAc-1, Definition of Academic Titles2-5
 - 3. Accept 2004-05 Audit Report and Amend Operating Budget.....6-10
 - 4. Accept First Quarter Financial Report and Amend Operating Budget11-22
 - 5. Ratify Personnel Actions23-42
 - 6. Approve 2006-08 Executive Branch Budget Request.....43-46
 - 7. Confirm New Members of Friends of Kentucky Folk Art Center, Inc..... 47
 - B. **Reports**
 - 1. Final Report on Fall 2005 Enrollment..... 48
 - 2. Report on 2006 Health Insurance49-50
 - 4. Gift Income Report.....51-52
 - C. **President's Report**
- VI. **OTHER BUSINESS**
 - A. **Meetings for 2006 Calendar Year**

Work Session	Wednesday, February 1
BOR Meeting	Thursday, March 2
Work Session	Thursday, May 11
BOR Meeting	Thursday, June 15
Work Session	Thursday, August 31
BOR Meeting	Thursday, September 21
Work Session	Thursday, November 16
BOR Meeting	Thursday, December 7
 - B. **Executive Session**
- VII. **ADJOURNMENT**