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June 10, 2010

**Board of Regents Meeting
Morehead State University
Thursday, June 10, 2010**

Schedule

9 a.m.	BOR Meeting	Riggle Room
Noon	Lunch	Heritage Room

Members, Morehead State University Board of Regents

John C. Merchant (*Chair*)
Dr. John D. O'Cull (*Vice Chair*)
James H. Booth
Julie A. Butcher
Paul C. Goodpaster
Cheryl U. Lewis
Sylvia L. Lovely
Dr. Ronald D. Morrison
Jill Hall Rose
Terry E. White
Kyle A. Yarawsky

Wayne D. Andrews, President

**Board of Regents Meeting
Morehead State University
Riggle Room, Adron Doran University Center
9 a.m., Thursday, June 10, 2010**

Agenda

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. ADOPT RESOLUTION OF COMMENDATION FOR KYLE YARAWSKY**
- IV. REPORT ON STUDENT GOVERNMENT ASSOCIATION – *Kyle Yarawsky***
- V. AD HOC COMMITTEE REPORT ON FACULTY SENATE CONSTITUTION**
- VI. PRESIDENT’S RECOMMENDATIONS AND REPORTS**
 - A. Consent Agenda (Action)**
 - 1. Ratify Awarding of 2010 Spring Graduates..... 1
 - 2. Ratify the Posthumous Awarding of an Honorary Doctor’s Degree to
E. L. Shannon, Jr. at the 2010 Spring Commencement..... 2
 - 3. Approve Minutes of March 11, 2010.....3-9
 - 4. Approve Promotions, 2010-2011 10
 - 5. Approve Emeritus Status, 2010..... 11
 - 6. Approve Personnel Actions.....12-16
 - 7. Accept Third Quarter Financial Report and
Amend Operating Budget.....17-26
 - 8. Approve Reappointment of Auditing Firm..... 27
 - 9. Approve Minimum Scope of Annual Audit.....28-32
 - B. Consent Agenda (Reports)**
 - 1. Final Spring Enrollment Report..... 33
 - 2. Report on Personal Service Contracts.....34-35
 - C. Recommendations (Action)**
 - 1. Approve Disposal of Real Property.....36-37
 - 2. Approve Audit Committee Charter38-43
 - 3. Approve ASPIRE Strategic Plan, 2010-2014.....44-45
 - 4. Approve 2010-2011 Operating Budget, Fee Schedule, and
Personnel Roster.....46-51
 - D. President’s Report**

VII. OTHER BUSINESS

A. President's Contract

B. Executive Session

C. Future Meetings

1. Opening of School Convocation, Wednesday, August 18, 10 a.m.
2. BOR Work Session, Friday, August 27, 9 a.m. (Ribbon Cutting for CHER)
3. Governor's Trusteeship Conference, September 13 (Cincinnati Airport Marriott)
4. BOR Quarterly Meeting, Thursday, September 16, 9 a.m.

VIII. ADJOURNMENT

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

RESOLUTION HONORING KYLE A. YARAWSKY

**BOR (III)
June 10, 2010**

WHEREAS, Mr. Kyle A. Yarawsky of Burlington, Kentucky., has served with distinction as the student member of the Board of Regents of Morehead State University since July 1, 2009; and

WHEREAS, Mr. Yarawsky also served in superior fashion during this period as president of the University's Student Government Association;

WHEREAS, Mr. Yarawsky's efforts resulted in improved student relationships with the Morehead community; and

WHEREAS, Mr. Yarawsky's personal example inspired his fellow students to become more involved in the legislative budget process; and

WHEREAS, Mr. Yarawsky's leadership skills led to his recognition as Delta Tau Delta Fraternity's President of the Year in the South and as Greek Man of the Year on the MSU campus; and

WHEREAS, Mr. Yarawsky's active engagement with the Board of Regents and his stewardship of the Student Government Association consistently have reflected his high ethical standards and his abiding commitment to student and institutional success;

THEREFORE, be it resolved by the Board of Regents of Morehead State University that Mr. Kyle A. Yarawsky be and hereby is commended for his year of honorable and outstanding service on the Board of Regents and for his leadership of the Student Government Association.

Done this tenth day of June 2010.

John C. Merchant, Chair

ATTEST:

Carol Johnson, Secretary

Wayne D. Andrews, President

2010 SPRING GRADUATES

BOR (VI-A-1)
June 10, 2010

Recommendation:

That the Board ratify the awarding of degrees to the candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2010 Spring Commencement on May 8, 2010.

Background:

At the May 8, 2010, Spring Commencement, 981 students were awarded degrees from Morehead State University. This included 102 associate degrees, 643 bachelor's degrees, and 236 master's degrees.

HONORARY DOCTORAL DEGREE

**(BOR VI-A-2)
June 10, 2010**

Recommendation:

That the Board of Regents ratify the posthumous awarding of the honorary degree of Doctor of Public Service to E. L. (Ed) Shannon, Jr., at the Spring Commencement ceremony on May 8, 2010.

Background:

Since 1988, the Board of Regents has awarded honorary doctoral degrees to outstanding individuals to recognize personal achievement and/or exemplary public service. The Ad Hoc Honorary Degree Advisory Committee screens nominations for such recognition and makes appropriate recommendations to the President and Board of Regents. The committee is composed of active and retired faculty and staff members and a representative of the MSU Alumni Association, Inc.

Mr. Shannon, a former global business leader, was nominated for an honorary doctoral degree in conjunction with Spring Commencement. The Honorary Degree Advisory Committee reviewed his qualifications and unanimously recommended that he receive the honorary degree of Doctor of Public Service at the Spring Commencement ceremony on May 8, 2010.

A native of Durant, Oklahoma, Mr. Shannon was the son of a former Morehead State University professor and a graduate of Breckinridge Training School. A petroleum engineering graduate of the University of California at Berkeley, he was the longtime chief executive of the oil exploration firm, Santa Fe International.

He gained international fame in 1981 by brokering the sale of his company to Kuwait's national petroleum company for \$2.5 billion. It was the single largest business deal in the world up to that time.

Throughout his life and especially so after his retirement in 1992, Mr. Shannon and his wife, Ruth, a Kentucky native and MSU alumnus, were actively involved in the civic life of Whittier and Southern California. Their generous philanthropy has benefitted numerous religious, healthcare, youth, cultural and educational organizations, including Morehead State University. Mr. Shannon died in 2008 at the age of 82.

In recognition of his extraordinary achievements and his unbounded love of family and community, Mr. Shannon would become the first person to be awarded an MSU honorary doctoral degree posthumously. Mrs. Ruth Shannon represented her late husband at the ceremony.

**BOARD OF REGENTS MEETING
MOREHEAD STATE UNIVERSITY**

March 11, 2010

The Board of Regents of Morehead State University met at 9 a.m. on Thursday, March 11, 2010, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky. In the absence of Chair Lovely, Vice Chair Merchant presided.

CALL TO ORDER

Vice Chair Merchant called the meeting to order.

ROLL CALL

On roll call, the following Board members were present: James H. Booth, Julie A. Butcher, Paul C. Goodpaster, John C. Merchant, Ronald D. Morrison, John D. O'Cull, Jill Hall Rose, Terry E. White, and Kyle A. Yarawsky. Cheryl U. Lewis and Sylvia L. Lovely were unable to attend.

**INTRODUCTION
OF PRESS**

Jason Blanton, Director of Media Relations, introduced Dan Conti from Morehead State Public Radio.

**ELECTION OF
OFFICERS**

Vice Chair Merchant opened the floor for the election of officers. Dr. O'Cull, chair of the Nominating Committee, moved that John Merchant be elected chair. Mr. Booth seconded the motion. The motion carried.

Mr. Booth moved that John O'Cull be elected vice chair. Ms. Rose seconded the motion. The motion carried.

Dr. O'Cull moved that Carol Johnson be reelected secretary and that Michael Walters be reappointed treasurer. Mr. Booth seconded the motion. The motion carried.

**SABBATICAL
LEAVE REPORT**

Dayna Seelig, Associate Vice President for Academic Affairs, introduced Dr. Elizabeth Mesa-Gaido, Professor of Art, who presented a sabbatical leave report.

Dr. Mesa-Gaido thanked the Board for the opportunity to be granted a sabbatical leave to work on her creative productions. She said that in preparation for the sabbatical, she traveled to New York City's fashion district to locate and purchase supplies (unique and tactile fabrics) to be used for constructing the sculptures during her sabbatical. She reported that she had:

- Completed six sculptures with three additional pieces in progress
- Applied to two residency programs, three fellowship organizations, and four exhibition venues
- Documented completed work digitally
- Presented work at the Huntington Museum of Art's *Slide Jam!*
- Traveled to Spain, Italy, Michigan, and Alaska

**CONSENT
AGENDA**

Chair Merchant discussed and presented the Consent Agenda. Dr. Morrison asked that the item on Sabbatical Leaves for 2010-2011 be removed from the Consent Agenda for further discussion and moved that the Minutes of December 3, 2009; Tenure with Promotion, 2010; Personnel Actions; Contracts for Banking Services; and the Second Quarter Financial Report and Amended Operating Budget be approved as recommended. Mr. Goodpaster seconded the motion. The motion carried with Mr. White recusing himself from voting on the Contracts for Banking Services.

Sabbatical Leaves

Dr. Morrison thanked the Board for continuing to fund the sabbaticals. He asked that President Andrews provide background on how the University was able to fund sabbaticals and challenged the University to continue to fund sabbaticals in subsequent years.

Dr. Andrews stated that the sabbatical leave process is guided by institutional policy. Sabbatical leave applications go through an internal review process, starting with the department leave committee, then the department chair, the college dean, the University Professional Development Committee, and the Provost. Because of the fiscal constraints that the University was facing last year, the Provost worked with the Professional Development Committee to present the proposals in rank order. This process was followed to ensure that departments understand that the University will not hire replacement faculty and will fund sabbaticals only if resources are available within their units. That same process has continued this year. He said that nine proposals were submitted, and that he and the Provost agreed that funding three would be a reasonable number given the fiscal conditions faced by the University. This year two of the faculty came from the English Department and one from the History Department. In terms of funding, Dr. Andrews said that the University has never set aside a certain amount of money for sabbatical leaves. On an annual basis, priorities of the institution are evaluated to determine what is reasonable. The most important consideration is what value do sabbaticals bring to the scholars and then back to the institution.

Dr. Morrison said that the English Department has more flexibility than some departments in terms of covering the load of a professor on sabbatical leave. That is why the University needs to provide some ongoing fiscal support for sabbaticals as conditions improve.

Dr. Morrison moved that the Board approve the President's recommendation on Sabbatical Leaves, 2010-2011. Mr. White seconded the motion. The motion carried.

**PRESIDENT'S
RECOMMENDATIONS &
REPORTS*****Sale of General
Receipts
Obligations***

The President recommended:

RECOMMENDATION: That the Board adopt the following resolution relating to the sale of the University's General Receipts Obligations:

SERIES RESOLUTION

A RESOLUTION PROVIDING FOR THE AUTHORIZATION, ISSUANCE AND SALE OF APPROXIMATELY \$5,790,000 GENERAL RECEIPTS OBLIGATIONS (RENOVATE MIGNON TOWER RESIDENCE HALL PROJECT), 2010 SERIES A OF MOREHEAD STATE UNIVERSITY, PURSUANT TO THE TRUST AGREEMENT DATED AS JULY 1, 2007.

Mr. Walters said that the University has completed a Comprehensive Housing Master Plan. This plan outlines a ten-year phased approach for enhancing and expanding the University's student housing facilities by renovating existing residence halls and constructing a new apartment style residence facility. Nunn Hall was the first project that was completed and placed back online for student occupancy in the fall semester 2009. The second project is Alumni Tower, which is under construction and is scheduled to be online in the fall of 2010. The third project, Mignon Tower, has an estimated scope of \$5.682 million and will be financed through the issuance of University General Receipts Obligations, 2010 Series A, which will be sold in early June 2010. In order to proceed with the sale of the General Receipts Obligations, Mr. Walters said that the Board is being asked to adopt the resolution.

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

VOTE: The motion carried with Chair Merchant recusing himself from voting.

***Introduction of
Kelli Owen***

Mr. Walters introduced Kelli Owen, who was hired following a national search as Director of Accounting and Financial Services. Ms. Owen replaces James Fluty who retired in December.

The President recommended:

***Campus Master
Plan***

RECOMMENDATION: That the Board approve an exception to the University's Campus Master Plan and authorize the President to negotiate with the Rowan County Library District Board of Trustees for the acquisition of property located on East First Street in Morehead.

Chair Merchant stated that action on this recommendation will be delayed until after Executive Session.

**Preliminary Report
on 2010 Spring
Enrollment**

Beth Patrick, Chief of Staff and Vice President for Planning and Budgets, presented a preliminary report on enrollment for the 2010 spring semester. Ms. Patrick said that the total head count of 8,258 and credit hours generated of 90,754 are relatively consistent for the fall to spring ratio. *(2010 Spring Enrollment report attached to these minutes and marked V-C-1)*

**Report on Personal
Service Contracts**

Mr. Walters reported on Personnel Service Contracts, which represent all such contracts issued with amounts greater than \$10,000 between November 15, 2009, and February 28, 2010. Mr. Walters said that two such contracts were issued. One contract was with the firm of McBrayer, McGinnis, Leslie & Kirkland in the amount of \$53,790 beginning July 1, 2009, through June 30, 2010. The second contract is with STAMATS, an enrollment management firm, in the amount of \$223,960 beginning December 7, 2009, and ending June 30, 2011. *(Personal Service Contracts Report attached to these minutes and marked V-C-2)*

In response to a question about enrollment management, Dr. Andrews said that in 2007 the University contracted with STAMATS to determine awareness and perceptions of Morehead State University among prospective traditional-aged students in four markets: MSU's 22-county service area, outside the service area in Kentucky, and cities in Ohio. This study was intended to look at the way the University was being presented to the world. Specifically, prospective students and their parents were asked how they viewed Morehead State University and how it has been characterized in public. Dr. Andrews said that this study was very helpful because we were marketing the University as being cheap. The study revealed that parents and students in the traditional service area, Lexington, Louisville, and target areas said that what was most important was academic quality, second was the relationship students had with the faculty, third was the campus experience, fourth was safety, and fifth or sixth was cost. Based on this information, the University changed its marketing approach. However, there are still concerns about enrollment. As a result, an RFP was developed and the University contracted with STAMATS to come back and look at the success of the marketing program and all of MSU's materials, e.g., the University's Web site, the materials we send to students, SOAR programs, Open House, etc. Extensive discussion followed on the University's marketing efforts.

Gift Income Report

Jim Shaw, Vice President for University Advancement, reported on gift income for the 2009-2010 fiscal year. He noted that the University is entering the quiet phase of the Comprehensive Capital Campaign, and one large lead gift of \$1.5 million is on the table. *(Gift Report attached to these minutes and marked VI-C-3)*

**President's
Progress Report**

Dr. Andrews presented an update on progress related to the ASPIRE goals:

Strategic Goal No. 1 – Academic Excellence**1. Campus Diversity –**

- Charles Holloway was hired as MSU's Chief Diversity Officer
- President's Diversity Council currently updating the University's Diversity Plan

- All units are reviewing staffing opportunities to hire qualified minorities. Since July 1, 2009, the University has hired 7 minority staff members (1 American Alaskan, 5 African Americans, 1 Hispanic); 4 minority faculty members (1 Asian, 2 African Americans, 1 Hispanic).
- 2. Phase I of the Academic Review process completed and have begun Phase II with Data Strategies. Basically, Data Strategies is a framework for looking at institutional information at the program level in order to make better decisions about whether programs are being successful as opposed to department and college success.
- 3. First draft of the SACS compliance report is nearly complete and represents the work of a dozen committees involving more than 150 MSU faculty, staff, students, administrators, and others. A final version of the report will be shared with the University community in late July. The off-site review of our compliance report by SACS will occur in November and the on-site visit will be in late March 2011.
- 4. Quality Enhancement Plan (QEP) is well underway with critical thinking and communication selected for MSU's topic. Currently, three teams of faculty are separately writing 25-page white papers on the topic. Once these are completed in late March, the white papers will be combined by the QEP committee into the heart of the QEP report. The report will be shared with the University community for feedback in November with the final version going to SACS in January 2011 in preparation for the site visit in March 2011.
- 5. Improved profile of the freshman class:

	<u>2008</u>	<u>2009</u>
• Average ACT of FTFR	21.5	21.5
• Fall-to-Fall Retention of FTFR	66%	70%
• Online Enrollment	2,864	3,387
• KCTCS Transfers	276	301

Strategic Goal No. 2 – Student Success

1. General Education is on-track and the First Year Seminar will be offered in Fall 2010. Transitional courses will bridge the academic year 2010-2011 until programs can develop courses and submit them to the curriculum committee for approval.
2. Reorganized Developmental Education to support professional development, interaction of faculty from all disciplines in meeting the needs of our students and provided improved facilities for tutoring and academic assistance.
3. Reorganization in advising and retention is continuing. The probation process has been revamped and has provided needed structure to students with academic problems. In addition, the study area for provisional students has been redesigned and the assistance given students has been improved.
4. Fully implemented the Retention Alert system.

Strategic Goal No. 3 – Productive Partnerships

1. Established Office of University Outreach.
2. Designed and facilitated strategic planning process with wide participation as well as external consultants. The Strategic Plan will be presented to the Board for approval at its June 2010 meeting.
3. Completed Regional Engagement House, which has been significant in providing focus for faculty and staff involved in Regional Engagement.
4. Conducting a feasibility study on a Kentucky Rural Dental Education Collaborative with UK.
5. Establishing a relationship with the Rowan County School System to offer dual credit courses to high school students and provide additional support as needed and requested.

Strategic Goal No. 4 – Improved Infrastructure

1. Construction of Student Recreation Center is progressing on schedule. The Student Recreation Center and Alumni Tower projects were financed with MSU General Receipts Bonds. The bonds were sold under the Build American Bond program and qualify for a 35 percent interest subsidy from the federal government. MSU's net interest cost for the BAB bonds is approximately 3.5 percent. The combination of the favorable bids and low interest rate has brought the debt service for the two projects considerably under budget projections.
2. Renovation of Support Services/Central Receiving Warehouse project is progressing and is scheduled for occupancy in April 2010.

Strategic Goal No. 5 – Resource Enhancement

1. The University is closely monitoring the development of the state budget. At this point, the University has no capital projects in the budget bill. In addition, it does not appear that M&O will be included in the budget, which is equivalent to a loss of \$2.9 million over two years.
2. The House of Representatives voted last night on the budget, which includes a 1.5 percent budget cut the first year of the biennium and 1 percent the second year.

In the interest of time, Dr. Andrews did not report on all strategic goals.

Vice Chair O'Cull initiated discussion on enrollment and the University's new Ed.D. program and its impact on enrollment.

Future Meetings/Events

Chair Merchant announced the following schedule of meetings/events:

- Spring Gala – April 24
- Commencement – May 8
- Work Session – May 20
- Quarterly Meeting – June 10

Executive Session

Dr. Andrews reminded the Board that the University will hold two commencement programs on May 8 – one at 10 a.m. and another at 2:30 p.m.

Chair Merchant announced that the Board would now retire into Executive Session pursuant to KRS 61-810 (f) for discussions that may lead to the discipline of a specific employee. Furthermore, the Board will also retire into Executive Session pursuant to KRS 61-810 (b) for deliberations on the future acquisition of a particular piece of real property that may be acquired by the University. Public discussions of land acquisitions would likely affect the value of the specific piece of property. The Board will take no action in Executive Session. Mr. Goodpaster moved that the Board go into Executive Session. Dr. O'Cull seconded the motion. The motion carried.

Following a five-minute break, the Board retired to Executive Session at 10:30 a.m.

Public Session

At 11:40 a.m., Ms. Butcher moved that the Board return to public session. Mr. Goodpaster seconded the motion. The motion carried.

Chair Merchant announced that no action was taken during Executive Session and discussion involved only those items mentioned.

Campus Master Plan

Mr. White moved that the Board approve an exception to the University's Campus Master Plan and authorize the President to negotiate with the Rowan County Library District Board of Trustees for the acquisition of property located on East First Street in Morehead. Ms. Rose seconded the motion. The motion carried with Mr. Goodpaster recusing himself from voting.

Adjournment

There being no further business to conduct, Mr. Booth moved that the meeting adjourn at 11:50 a.m. Mr. Goodpaster seconded the motion. The motion carried.

Respectfully submitted,



Carol Johnson, Secretary
Board of Regents

PROMOTIONS, 2010-2011

BOR (VI-A-4)

June 10, 2010

Recommendation:

That the Board of Regents approve the granting of promotions to the following faculty and librarian with the issuance of their contracts for the 2010-2011 year:

Professor

Victor Ballesterio, education (FGSE)

Sylvia Henneberg, English

Librarian III

Mykie Howard

Background:

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

EMERITUS STATUS, 2010

**BOR (VI-A-5)
June 10, 2010**

Recommendation:

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

Yvonne Baldwin, professor of history
Larry Keenan, professor of music
Michael Moore, professor of speech
Michael Seelig, professor of social work
Roland Buck, professor of economics
Rosemary Carlson, professor of finance
Ishappa Hullur, associate professor of finance
Green Miller, professor of economics
David Rudy, professor of sociology
Gerald DeMoss, professor of biology
Clara Potter, librarian IV

Background:

In accordance with PAc-3 and UAR 116.04, the faculty members and librarian listed above were recommended for emeritus status by their peers and immediate supervisors to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents. The emeritus status will become effective upon the date of retirement.

RATIFY PERSONNEL ACTIONS

**BOR (VI-A-6)
June 10, 2010**

Recommendation:

That the Board ratify the Personnel Actions for the period February 17, 2010, through May 18, 2010.

Background:

The Personnel Action Request Report includes actions related to:

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

MOREHEAD STATE UNIVERSITY
STANDING I AND STANDING II POSITIONS SUMMARY
5/18/10

	<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	4.50	4.50	0.00	4.50	100.00
Division of University Advancement	44.00	46.00	2.00	43.00	93.48
Division of Planning, Budgets and Technology	58.00	61.00	3.00	59.00	96.72
Division of Administration and Fiscal Services	67.00	67.75	0.75	64.00	94.46
Facilities Management	154.70	154.70	0.00	147.70	95.48
Division of Student Life	153.55	112.55	-41.00	106.55	94.67
Division of Academic Affairs	49.00	12.00	-37.00	11.50	95.83
Caudill College of Arts, Humanities & Social Sciences	152.25	142.25	-10.00	133.25	93.67
College of Business and Public Affairs	44.00	72.50	28.50	69.50	95.86
College of Education	106.50	92.50	-14.00	84.50	91.35
College of Science and Technology	154.00	172.00	18.00	164.00	95.35
Institute for Regional Analysis & Public Policy	16.50	0.00	-16.50	0.00	0.00
Academic Programs and University Outreach	26.00	101.00	75.00	97.00	96.04
Camden-Carroll Library	38.00	38.00	0.00	34.00	89.47
	<u>1068.00</u>	<u>1076.75</u>	<u>8.75</u>	<u>1018.50</u>	<u>94.59</u>

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

DEFINITIONS OF THE DIFFERENT KINDS OF APPOINTMENTS

- Full-Time Standing:** A Full-Time Standing Appointment designates an appointment that is full-time and for which no ending date is specified. Such appointments are terminable in accordance with the appropriate University policy. Full-time Standing Appointments must be backed with budgeted funds. Full-Time Standing Appointments may be used for all four payroll classification categories namely 1) Academic; 2) Administrative; 3) Staff Exempt; and 4) Staff Nonexempt (see PG-2). Full-Time Standing Appointments may be specified for nine, ten, eleven, or twelve months per fiscal year. This type of appointment is provided all regular University benefits.
- Full-Time Fixed:** A Full-Time Fixed Appointment designates an appointment that is full-time for a fixed period of time and for which an ending date is specified. Such appointments may be specified for nine, ten, eleven, or twelve months. The appointments do not have to be backed by permanent funds. Full-Time Fixed Appointments may be used for all four payroll classification categories namely 1) Academic; 2) Administrative; 3) Staff Exempt; and 4) Staff Nonexempt (see PG-2). This includes instructors and any other individuals in a classification covered by the tenure regulations. Such appointments are discontinued automatically at the specified ending date. Appointments may be terminated before the ending date for cause or business necessity. Full-Time Fixed Appointments may be renewed. Persons appointed to Full-Time Fixed Appointments are not converted to Full-Time Standing Appointments without an appropriate search or search waiver. This type of appointment is provided all regular University benefits.
- Supplemental:** A Supplemental Appointment designates an appointment which is supplementary to a Full-Time Standing or Full-Time Fixed Appointment and has the effect of providing an additional contractual provision beyond the term of the Full-Time Standing or Full-Time Fixed Appointments. For example, a Supplemental Appointment may be used if an individual whose regular appointment is for nine months but whose appointment is extended for one to three additional months. Supplemental Appointments will also be used to designate those appointments which are supplementary to Full-Time Standing or Full-Time Fixed Appointments to compensate for approved additional services normally outside the scope of regular duties. For example, A Supplemental Appointment can be used when an eligible employee is employed to teach a course for additional compensation. Regular University benefits, except sick leave and vacation accrual, continue with a Supplemental Appointment.

APPOINTMENT STATUS ACTIONS
2/17/2010 - 5/18/2010

Department/Office	Name	Effective Date	Ending Date	Title	Contract Months	Salary	Employment Status	Employment Action
Hires								
Athletics-Women's Basketball	Hodges, G. Thomas	05/18/10	03/31/11	Head Women's Basketball Coach	12	\$92,500.00	Full-Time Fixed	New
English	Chisholm, James	08/18/10		Asst. Prof. of English Education	9	\$47,000.00	Full-Time Standing	New
History, Philosophy, Relig. & Legal	Conroy, Christina	08/18/10		Asst. Prof. of Philosophy	9	\$45,000.00	Full-Time Standing	New
History, Philosophy, Relig. & Legal	Fitzpatrick, Ben	08/18/10		Asst. Prof. of History	9	\$45,000.00	Full-Time Standing	New
Sociology, Social Work & Criminology	Bleibel, Elizabeth	08/18/10		Asst. Prof. of Criminology	9	\$48,000.00	Full-Time Standing	New
Athletics-Men's Basketball	Grady, Matthew	04/01/10	03/31/11	Assistant Basketball Coach	12	\$60,000.00	Full-Time Fixed	Renewal
Athletics-Men's Basketball	Moore, Charles	04/01/10	03/31/11	Assistant Basketball Coach	12	\$47,000.00	Full-Time Fixed	Renewal
Athletics-Men's Basketball	Tyndall, Donald	04/01/10	03/31/11	Head Men's Basketball Coach	12	\$155,000.00	Full-Time Fixed	Renewal
Athletics-Men's Basketball	Zimmerman, Joel	04/01/10	03/31/11	Assistant Basketball Coach	12	\$42,000.00	Full-Time Fixed	Renewal
Athletics-Women's Basketball	Bradbury, Michael	04/01/10	03/31/11	Head Women's Basketball Coach	12	\$97,500.00	Full-Time Fixed	Renewal
Athletics-Women's Basketball	Brown, Tomeka	04/01/10	03/31/11	Assistant Basketball Coach	12	\$32,000.00	Full-Time Fixed	Renewal
Athletics-Women's Basketball	Elifson, Harold	04/01/10	03/31/11	Assistant Basketball Coach	12	\$52,000.00	Full-Time Fixed	Renewal
Athletics-Women's Basketball	King, Valerie	04/01/10	03/31/11	Assistant Basketball Coach	12	\$41,000.00	Full-Time Fixed	Renewal
Athletics-Women's Soccer	Kellogg, Matt	01/01/10	12/31/10	Assistant Soccer Coach	12	\$28,375.00	Full-Time Fixed	Renewal
Athletics-Women's Soccer	Upka Warren	01/01/10	12/31/10	Head Soccer Coach	12	\$46,000.00	Full-Time Fixed	Renewal
Leaves								
MSU Police	Jones, Shawn	05/28/10	05/28/10	Police Officer	12	\$15.08	Leave of Absence, Without Pay	Suspension
Promotions								
Accounting & Financial Services	Owen, Kelli	03/10/10		Director of Accounting & Financial Services	12	\$75,053.00	Full-Time Standing, Probationary	Promotion
Reclassifications								
Vice President for Student Life	Koett, Kevin	04/01/10		Asst. Vice President/Dean of Students	12	\$83,190.00		Salary Adjustment
Terminations								
Enrollment Services	Butter, Anita	05/14/10		Credential Specialist	12	\$12.13		Discharge
Facilities Mngt.-Building Services	Cassidy, James	05/08/10		Building Services Technician	12	\$9.89		Discharge
Facilities Mngt.-Building Services	Hall, Belinda	02/19/10		Building Services Technician	12	\$8.34		Discharge
Facilities Mngt.-Building Services	Ingle, William	05/08/10		Building Services Technician	12	\$9.08		Discharge
Facilities Mngt.-Building Services	Martinez, David	05/08/10		Building Services Technician	12	\$8.42		Discharge
MSU Police	Gilliland, Phyllis	03/29/10		Police Officer	12	\$17.58		Discharge
Athletics-Women's Basketball	Brown, Tomeka	06/04/10		Assistant Basketball Coach	12	\$32,000.00		Release
Art & Design	Campbell, Kira	05/08/10		Asst. Prof. of Art & Design	9	\$43,000.00		Resignation
Art & Design	Campbell, Robert	05/08/10		Asst. Prof. of Art & Design	9	\$44,000.00		Resignation
Athletics-Men's Basketball	Moore, Charles	05/17/10		Assistant Basketball Coach	12	\$47,000.00		Resignation
Athletics-Women's Basketball	Bradbury, Michael	04/20/10		Head Women's Basketball Coach	12	\$97,500.00		Resignation
Athletics-Women's Basketball	Elifson, Harold	05/05/10		Assistant Basketball Coach	12	\$52,000.00		Resignation
Athletics-Women's Basketball	King, Valerie	05/03/10		Assistant Basketball Coach	12	\$41,000.00		Resignation
Nursing-ADN Program	Hutchinson, Camellia	05/08/10		Asst. Prof. of Nursing	9	\$45,000.00		Resignation
Communication, Media, & Leadership Studies	Moore, Michael	05/08/10		Professor of Speech	9	\$116,021.00		Retirement
Primary-P18 Program	Duvall, Ardith	06/30/10		Special Assistant to the President	12	\$84,134.00		Retirement
University Outreach	Seelig, John Michael	06/30/10		Assoc. VP for Academic Affairs/University Outreach	12	\$129,863.00		Retirement
Other								
Imaging Services	Applegate, Jason	01/01/10		Asst. Prof. of Imaging Sciences	9	\$46,500.00		Advanced Degree Increase
Athletics-Women's Softball	McKinney, Tyron	02/08/10	05/08/10	Assistant Softball Coach	12	\$25,000.00		Probation Extended
MSU Police	Caesar, David	04/01/10	07/01/10	Police Telecommunicator	12	\$10.23		Probation Extended
MSU Police	Isen, Joshua	04/01/10	07/01/10	Police Telecommunicator	12	\$10.23		Probation Extended
Earth & Space Science Center	Jerde, Eric	08/16/10		Assoc. Prof. of Geology	9	\$55,622.00	Full-Time Standing	Transfer
School of Business Administration	Pierce, Karen	08/16/10		Asst. Prof. of Accounting	9	\$99,000.00	Full-Time Standing	Transfer
Total Number of PARs = 41								

SUPPLEMENTAL ACTIONS
2/17/2010 - 5/18/2010

Name	Title	Department/Office	Effective Date	Ending Date	Salary	Description
Barker, Stephanie	Women's Golf Coach	Athletics-Women's Golf	06/06/10	06/11/10	\$500.00	Golf Camp Instructions
Bradbury, Michael	Women's Head Basketball Coach	Athletics-Women's Basketball	04/15/10	05/15/10	\$12,500.00	Eagle Sports Network
Bylund, Robert	Professor of Sociology	Sociology, Social Work & Criminology	07/01/10	05/30/11	\$21,872.00	Interim Chair
Couch, Laurie	Assoc. Prof. of Psychology	Psychology	08/01/10	06/30/11	\$37,587.00	Interim Chair
Faulkner, Cynthia	Assoc. Prof. of Social Work	Sociology, Social Work & Criminology	03/01/10	05/15/10	\$4,500.00	Director of PCWCP
Faulkner, Samuel	Assoc. Prof. of Social Work	Research & Sponsored Programs	05/17/10	06/30/10	\$2,500.00	Administrative duties for IRB
Magner, Monica	Assoc. Prof. of HWHP	Health, Wellness & Human Performance	07/01/10	06/30/11	\$34,929.00	Interim Chair
Mattingly, Bruce	Assoc. VP for Research	Research & Sponsored Programs	05/01/10	06/30/10	\$4,540.00	Prog. Coord./Chair/Director
Mesa-Galdo, Gary	Professor of Art & Design	Art & Design	01/18/10	05/07/10	\$1,192.00	Purchase leave time for Sabbatical
Peterson, Kimberly	Asst. Prof. of Veterinary Technology	Research & Sponsored Programs	05/17/10	06/30/10	\$2,500.00	Administrative duties for IACUC
Stafford, Judy	Assoc. Prof. of Social Work	Sociology, Social Work & Criminology	08/18/10	06/15/11	\$7,009.00	Coordinator of Social Work Program
Tyndall, Donald	Head Men's Basketball Coach	Athletics-Men's Basketball	04/15/10	05/15/10	\$7,500.00	Eagle Sports Network
TOTAL NUMBER OF SUPPLEMENTALS = 12						

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

**BOR (VI-A-7)
June 10, 2010**

Recommendation:

That the Board accept the financial statements and amend the operating budget for the third quarter of the fiscal year that will end June 30, 2010, 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 March 31, 2010, the third quarter of the fiscal year ending June 30, 2010. The statements, along with management's discussion and analysis and budget amendment information are attached.

MOREHEAD STATE UNIVERSITY
Management's Discussion and Analysis
Third Quarter Financial Statements
March 31, 2010

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the nine months that ended on March 31, 2010. The statements and this discussion and analysis have been prepared by Accounting and Financial Services staff.

Using These Financial Statements

This report consists of two basic financial statements. The Statements of Net Assets include 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 third quarter of the 2009-2010 fiscal year. During the period July 1, 2009 through March 31, 2010 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$20,012,540. This level of operating surplus is expected at this time, since most of the billings for the Spring 2010 semester are reflected in the tuition and fees revenue and only expenditures through March 31, 2010 are reflected. As the fiscal year proceeds, the variance between revenues and expenditures will continue to decrease and should reflect a more appropriate operating surplus or deficit.

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

- Total revenues increased \$3.3 million over last year to \$110.1 million. Tuition & fees increased \$2.9 million, primarily due to a 4% increase in the undergraduate resident per credit hour tuition rate and a slight increase in enrollment. Housing revenue also increased approximately \$304,000 due to housing rate increases.
- The percent of actual total revenue to budget was 85% at March 31, 2010 and March 31, 2009. This percentage would be expected at this time, since most of the billings for the Spring 2010 semester are reflected in revenue.
- Total Expenses were approximately \$90 million at March 31, 2010 and March 31, 2009. Enrollment Services and Institutional Financial Aid accounts were moved from Student Life to Academic Affairs as part of a reorganization in academic affairs.
- Net change in fund balance increased \$3.4 million to \$20.0 million as compared to \$16.6 million at March 31, 2009. This is directly related to the increase in tuition & fees.

Prepared by: Accounting & Financial Services Staff

Morehead State University
Statements of Net Assets
March 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$50,289,473	\$27,676,409
Accounts, grants and loans receivable, net	9,861,648	10,933,345
Prepaid interest	124,649	124,649
Inventories	<u>1,352,497</u>	<u>1,674,861</u>
Total current assets	<u>61,628,267</u>	<u>40,409,264</u>
Noncurrent Assets:		
Accounts, grants and loans receivable, net	3,861,979	3,641,891
Prepaid interest	476,137	600,786
Investments	13,063,670	13,056,909
Capital assets, net	<u>165,916,369</u>	<u>145,623,097</u>
Total noncurrent assets	<u>183,318,155</u>	<u>162,922,683</u>
TOTAL ASSETS	<u>\$244,946,422</u>	<u>\$203,331,947</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$4,657,923	\$5,195,292
Deferred revenue	1,487,342	1,259,343
Bonds, notes and capital lease obligations, current portion	<u>3,259,128</u>	<u>3,054,982</u>
Total current liabilities	<u>9,404,393</u>	<u>9,509,617</u>
Long-term liabilities:		
Bonds, notes and capital lease obligations, noncurrent portion	50,590,665	25,137,190
Advances from federal government for student loans	<u>3,848,297</u>	<u>3,856,503</u>
Total long-term liabilities	<u>54,438,962</u>	<u>28,993,693</u>
TOTAL LIABILITIES	<u>63,843,355</u>	<u>38,503,310</u>
NET ASSETS		
Invested in capital assets, net of related debt	112,667,362	118,156,360
Restricted:		
Expendable	21,919,918	762,674
Nonexpendable	11,720,431	11,713,271
Unrestricted	<u>34,795,356</u>	<u>34,196,332</u>
TOTAL NET ASSETS	<u>181,103,067</u>	<u>164,828,637</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$244,946,422</u>	<u>\$203,331,947</u>

See Attached Notes To Statement of Net Assets

MOREHEAD STATE UNIVERSITY
Notes to the Statements of Net Assets
March 31, 2010 and 2009

1. The Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, loan funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts, grants, and loans receivable are shown net of allowance for uncollectible student accounts of \$396,021 at March 31, 2010 and \$1,863,780 at March 31, 2009. The allowance account decreased due to a substantial amount of accounts being submitted for collections during the 2009/2010 fiscal year. Also, included in this category is \$2,569,702 receivable from federal and state grant agencies at March 31, 2010 and \$1,830,061 at March 31, 2009.
3. Noncurrent accounts, grants and loans receivable represent balances owed the University from borrowers who have participated in the Federal Perkins Loan Program. The balance is presented net of allowance for uncollectible accounts in the amount of \$91,574 at March 31, 2010 and \$70,564 at March 31, 2009.
4. Prepaid interest represents interest paid to advance refund the University's Housing and Dining System Revenue Bonds.
5. Capital Assets, net increased approximately \$20 million from the previous year. This increase was primarily due to the addition of the Space Science Center building and the renovations to Nunn Hall. Accumulated depreciation on buildings and equipment was \$124,764,160 at March 31, 2010 and \$118,768,823 at March 31, 2009.
6. Accounts payable and accrued liabilities include amounts due to vendors and amounts due for withheld and matching portions of payroll taxes and estimated claims payable, but not paid until after the Statements of Net Assets date.
7. Deferred revenue from federal and state grants represent amounts received but not expended at the Statements of Net Assets date.
8. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets. The University issued 2009 Series A Build America Bonds in the amount of \$28.9 million on July 15, 2009. This increased Bonds, notes and capital lease obligations and Cash and cash equivalents.
9. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
10. 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 & Changes in Fund Balance
For the Nine Months Ending March 31, 2010 and 2009

	2009-2010			2008-2009		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
REVENUES						
Educational and General						
Tuition and Fees	\$55,576,545	\$53,737,645	96.69%	\$52,858,502	\$50,835,422	96.17%
Govt Appropriations	45,351,653	37,647,004	83.01%	46,682,100	37,391,321	80.10%
Indirect Cost Reimbursement	365,000	531,939	145.74%	365,000	455,043	124.67%
Sales & Services Ed Activities	2,407,130	2,251,303	93.53%	2,631,140	2,196,996	83.50%
Other Sources	2,717,305	2,860,332	105.26%	3,680,649	3,292,132	89.44%
Budgeted Fund Balance-E&G	8,785,623	0	0.00%	5,640,894	0	0.00%
Total Educational and General	\$115,203,256	\$97,028,223	84.22%	\$111,858,285	\$94,170,914	84.19%
Auxiliary Enterprises						
Housing	\$8,190,319	\$8,134,523	99.32%	\$7,584,117	\$7,830,517	103.25%
University Store	3,992,628	4,074,709	102.06%	3,890,046	4,039,205	103.83%
Food Services	750,000	629,265	83.90%	706,000	555,297	78.65%
Other	469,500	274,179	58.40%	496,615	257,329	51.82%
Budgeted Fund Balance-Aux	1,087,552	0	0.00%	424,288	0	0.00%
Total Auxiliary Enterprises	\$14,489,999	\$13,112,676	90.49%	\$13,101,066	\$12,682,348	96.80%
TOTAL REVENUES	\$129,693,255	\$110,140,899	84.92%	\$124,959,351	\$106,853,262	85.51%

Morehead State University
Unrestricted Current Funds
Statements of Revenues, Expenditures & Changes in Fund Balance
For the Nine Months Ending March 31, 2010 and 2009

	2009-2010			2008-2009		
	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	\$760,863	\$563,513	74.06%	\$765,215	\$537,570	70.25%
University Relations	0	0	0.00%	180,919	157,980	87.32%
University Advancement	4,604,721	2,969,013	64.48%	4,116,294	3,198,685	77.71%
Administration & Fiscal Services	13,775,877	10,510,754	76.30%	13,767,301	10,887,611	79.08%
Planning, Budgets & Technology	7,018,097	5,158,861	73.51%	6,169,360	4,200,173	68.08%
Student Life	10,912,448	8,709,086	79.81%	24,699,551	24,742,412	100.17%
Academic Affairs	70,128,461	52,294,028	74.57%	54,993,330	36,256,614	65.93%
Other	7,413,853	2,236,230	30.16%	7,646,484	2,820,811	36.89%
Total Educational & General	\$114,614,320	\$82,441,485	71.93%	\$112,338,454	\$82,801,856	73.71%
Auxiliary Enterprises						
Housing	\$10,181,660	\$3,400,782	33.40%	\$7,730,320	\$3,533,704	45.71%
University Store	3,769,089	3,467,551	92.00%	3,712,908	3,104,151	83.60%
Food Services	456,484	333,029	72.96%	450,262	325,302	72.25%
Other	671,702	485,512	72.28%	727,407	448,358	61.64%
Total Auxiliary Enterprises	\$15,078,935	\$7,686,874	50.98%	\$12,620,897	\$7,411,515	58.72%
TOTAL EXPENDITURES AND TRANSFERS BY DIVISION	\$129,693,255	\$90,128,359	69.49%	\$124,959,351	\$90,213,371	72.19%
NET CHANGE IN FUND BALANCE		\$20,012,540			\$16,639,891	

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period January 1, 2010 to March 31, 2010

Description	Amended Budget As of 1/1/2010	Adjustments	Amended Budget As of 3/31/2010
Revenues and Other Additions			
Tuition and Fees	\$ 55,551,194	\$ 25,351	\$ 55,576,545
Government Appropriations	44,351,653	1,000,000	45,351,653
Indirect Cost Reimbursement	365,000	-	365,000
Sales and Services of Ed. Activities	2,211,020	196,110	2,407,130
Other Sources	2,541,330	175,975	2,717,305
Budgeted Fund Balance - E&G	5,884,332	2,901,291	8,785,623
Auxiliary Enterprises	13,386,524	15,923	13,402,447
Budgeted Fund Balance - AUX	1,087,552	-	1,087,552
Total Revenues and Other Additions	\$ 125,378,605	\$ 4,314,650	\$ 129,693,255
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 734,187	\$ 26,676	\$ 760,863
University Advancement	4,333,002	271,719	4,604,721
Planning, Budgets & Technology	5,633,184	1,384,913	7,018,097
Administration & Fiscal Services	13,661,121	114,756	13,775,877
Student Life	10,706,874	205,574	10,912,448
Academic Affairs	67,342,010	2,786,451	70,128,461
Debt Service & Mandatory Transfers	3,943,973	-	3,943,973
Other	3,961,745	(491,865)	3,469,880
Total Educational & General	\$ 110,316,096	\$ 4,298,224	\$ 114,614,320
Auxiliary Enterprises			
Planning, Budgets & Technology	\$ 2,341,700	\$ (500)	\$ 2,341,200
Administration & Fiscal Services	8,840,997	527,023	9,368,020
Student Life	845,607	436	846,043
Debt Service	2,448,570	-	2,448,570
Other	585,635	(510,533)	75,102
Total Auxiliary Enterprises	\$ 15,062,509	\$ 16,426	\$ 15,078,935
Total Expenditure Authorizations	\$ 125,378,605	\$ 4,314,650	\$ 129,693,255

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period January 1, 2010 to March 31, 2010
Notes of Significant Adjustments to Revenue and Other Additions

Government Appropriations

- \$1,000,000 allocation from state appropriations reduction reserve to contribute toward purchase of instructional equipment for CHER building

Sales & Services of Educational Activities

Unbudgeted revenue allocated during the third quarter totaled \$196,110

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$41,488
- Other athletic revenue totaled \$129,365
- Other miscellaneous revenue totaling \$24,357 was allocated to the division of Academic Affairs

Other Sources

Budget allocations from other sources increased by \$175,975

- Unbudgeted support from the MSU Foundation totaled \$49,923
 - \$ 7,375 Academic Affairs
 - \$41,669 University Advancement
 - \$ 879 Administration & Fiscal Services
- Miscellaneous other income totaling \$126,052 was received and allocated primarily to the division of Academic Affairs

Fund Balance – E&G

Budget allocations from fund balance for educational and general purposes totaled by \$2,901,291

- \$ 48,723 to E&G Facility Remodeling to purchase 2 large fans for AAC
- \$ 13,988 to First Year and Academic Services for fund new diversity position (Minority Academic Services Coordinator)
- \$1,444,818 to Nursing Department for instructional equipment for CHER building (to be reimbursed from construction project account in Frankfort)
- \$1,393,763 to Information Technology for technology equipment for CHER building (to be reimbursed from construction project account in Frankfort)

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period January 1, 2010 to March 31, 2010

From: Revenue and Other Additions	To: Division/ Budget Unit	Amount	Description
Government Appropriations State Appropriations Reduction Reserve	Academic Affairs Department of Nursing	\$ 1,000,000	At the time the 2009-2010 operating budget was being developed in June, the state had not finalized the budget reduction to be imposed on July 1, 2009. In preparation of the reduction, we set aside funds in a reduction reserve account. Approximately \$1.3 million of the reserve was in excess of the amount needed to cover the final state appropriation reduction. A total of \$1 million of the reserve funds were allocated to the Department of Nursing for instructional equipment needed for the Center for Health, Education & Research (CHER) building.
Fund Balance - E&G	Academic Affairs Department of Nursing	\$ 1,444,818	Fund balance allocation for instructional equipment at CHER building to be reimbursed from construction project funds in Frankfort account.
Fund Balance - E&G	Planning, Budgets & Technology Information Technology	\$ 1,393,763	Fund balance allocation for technology equipment at CHER building to be reimbursed from construction project funds in Frankfort account.

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of January 1, 2010 to March 31, 2010

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I. Equipment Purchases \$200,000 or Greater			
None			
II. Capital Construction Projects, Information Technology Systems or Land Acquisitions \$600,000 or Greater			
ERP Implementation Project	\$ 4,000,000		
Technical Setup and Training (June 2005)			Completed
Financial System (July 2006)			Completed
Human Resources (December 2006)			Completed
Student System (December 2007)			Completed
Auxiliary Modules			In Progress
Nunn Hall Renovation	\$ 5,000,000	Sept., 2009	Completed
Alumni Tower Renovation	\$ 4,600,000		In Progress

**APPROVE REAPPOINTMENT
OF AUDITING FIRM**

**BOR (VI-A-8)
June 10, 2010**

Recommendation:

That, based on the recommendation of the Audit Committee, the Board approve the extension of the auditing services contract with Dean, Dorton & Ford, PSC in Lexington to conduct the required annual audits for Morehead State University for the fiscal year that will end on June 30, 2010.

Background:

KRS 164A.570 requires an annual audit to be conducted for all universities in the state system. The bylaws of the Board of Regents provide that the Audit Committee will review, evaluate, and recommend to the full Board, an accounting firm to conduct the University's required annual audits. State statutes specify that the auditing firm must be selected through a request for proposal process, and that a personal services contract be issued to engage the firm.

On March 7, 2006, the University issued a request for proposals from qualified public accounting firms to perform the auditing services. As a result of that process, the Audit Committee recommended and the Board approved the appointment of Dean, Dorton & Ford, PSC to conduct the annual audits. The contract with the firm was for the fiscal year that ended on June 30, 2006 with the option to extend the contract for four additional one year periods. The audit fee adjustments for the extension periods will be based on the consumer price index.

The services rendered by Dean, Dorton & Ford, PSC for the 2008-2009 fiscal year were satisfactory and in compliance with the terms of the contract. The fee for the 2009-2010 fiscal year will not exceed \$76,500.

The Audit Committee met on May 20, 2010. The Committee approved the extension of the audit contract.

**APPROVE MINIMUM SCOPE
OF THE ANNUAL AUDIT**

**BOR (VI-A-9)
June 10, 2010**

Recommendation:

That, based on the recommendation of the Audit Committee, the Board approve the minimum scope of the University's audit for the year ending June 30, 2010.

Background:

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

The Director of Accounting and Financial Services and the Director of Internal Audits have outlined the scope of the audit that will comply with all local, state, and federal audit requirements. A summary of the audit scope is attached.

The Audit Committee met on May 20, 2010. The Committee approved the minimum scope of the audit.

**MOREHEAD STATE UNIVERSITY
MINIMUM SCOPE OF THE ANNUAL AUDIT
FOR THE YEAR ENDING JUNE 30, 2010**

June 10, 2010

This document outlines the minimum scope of the annual audit of Morehead State University (MSU), and any applicable related entities, to be conducted by the University's auditors (the Firm) for the year ending June 30, 2010. Additional audit requirements and procedures may be added as situations warrant.

Internal Controls

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

General Purpose Financial Statements

The Firm will perform an audit of and issue its independent auditor's report on the financial statements of MSU as of June 30, 2010 and the results of its operations for the fiscal year then ended. The audit will be performed in accordance with auditing standards generally accepted in the United States of America; the standards for financial and compliance audits contained in *Government Auditing Standards* (GAGAS), issued by the United States General Accounting Office; the Single Audit Act Amendments of 1996; and the provisions of Office of Management and Budgets (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The report will also include an independent auditor's report on supplemental information covering those supplemental schedules suggested to be reported on by the AICPA Audit Guide *Audits of Colleges and Universities*.

Federal Awards Programs

The audit will include a Schedule of Expenditures of Federal Awards, which will be subjected to the auditing procedures applied in the audit of the financial statements. An opinion will be rendered on whether the Schedule is presented fairly in all material respects in relation to the financial statements taken as a whole.

The audit will report on the internal controls over financial reporting and on compliance with laws, regulations, and provisions of contracts or grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts in accordance with *Government Auditing Standards*. A report will also be issued on compliance with requirements applicable to each major program and internal control over compliance with requirements of laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Kentucky Lease Law Compliance Audit

The Firm will issue a separate report on compliance with the Kentucky Lease Law. This report should include documentation of testing procedures performed, sample selection methods, and summary of the auditor's result in accordance with KRS 56.800 through 56.823, and KRS 48.190.

Intercollegiate Athletics Department:

The Firm will perform certain agreed-upon procedures and issue a separate report covering the limited examination of the Intercollegiate Athletics Department and its related booster organization, for the year ending June 30, 2010. These procedures will be performed in accordance with the latest version of the *NCAA Financial Audit Guidelines*.

Corporation for Public Broadcasting (CPB):

The Firm will issue its independent auditor's report on the financial statements of WMKY-FM for the year ending June 30, 2010. The audit will be performed in accordance with auditing standards generally accepted in the United States of America and the *Public Telecommunications Audit Guide and Requirements* as they relate to the CPB Annual Financial Report for the year ending June 30, 2010.

Compliance Report Under KRS 164A.555 to 164A.630 (House Bill 622):

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

Friends of Kentucky Folk Art Center, Inc:

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

Management Letter:

As required by generally accepted auditing standards (*Statement on Auditing Standards No. 60*), the Firm will prepare a letter of reportable conditions noted during the audit related to inherent weaknesses of controls, procedures, policies or noncompliance with governmental laws or regulations and suggest possible improvements. The Firm will comment and discuss those or other matters with the Director of Accounting and Financial Services, the Internal Auditor, the Vice President for Administration and Fiscal Services, the President and the University Board of Regents. The Firm also will submit ideas or observations that will help achieve the University's objectives or improve efficiency in operations. As required by the Commonwealth of Kentucky Auditor of Public Accounts, all such matters conveyed to management will be documented in writing to be forwarded to the Auditor of Public Accounts.

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

Closing Package:

In accordance with the directive from the Commonwealth of Kentucky Auditor of Public Accounts, the Firm will provide a copy of the comprehensive financial statements and

management letter to the Auditor of Public Accounts. In addition, a report issued under *Codification of Statements on Auditing Standards* AU 623.11 through 623.17 applicable to the "closing package" furnished by the University to the Finance and Administration Cabinet will be provided to the Auditor of Public Accounts by September 30, 2010 (or date specified by the Commonwealth). If requested by the Auditor of Public Accounts and approved by the University, all working papers prepared by the audit team will be made available for review.

Audit of Subsequent Events:

In accordance with the directive from the Auditor of Public Accounts, the Firm will update the audit procedures related to events subsequent to June 30, 2010 from the last day of field work (projected for late September 2010) to December 17, 2010. The Firm will report the results of these updated procedures in a separate letter, which shall be delivered to the Auditor of Public Accounts and to the University, no later than noon on December 20, 2010.

Other Reports:

The Firm will issue any other letter reports as may be required by the Finance and Administration Cabinet or the Auditor of Public Accounts of the Commonwealth of Kentucky.

Exit Conferences:

Separate exit conferences may be required to be held with the MSU Board of Regents, the Board of Regents Audit Committee, the MSU President and other members of the administration. Also, it is expected that exit conferences will be held with major unit heads as appropriate to the areas or functions audited.

Timing of Reports:

1. Two copies of the audited financial statements and management letter shall be furnished to the Auditor of Public Accounts no later than October 1 (or other such date as specified by the Commonwealth). If final reports are not available as of October 1 (or other such date as specified by the Commonwealth), drafts will be submitted by that date. The reports will contain the following items:
 - (a) Audited financial statements and an opinion thereon.
 - (b) A report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*. Where applicable, this report must refer to a separate schedule of findings and questioned costs.
 - (c) A report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133. Where applicable, this report must refer to a separate schedule of findings and questioned costs.
 - (d) A report on compliance in accordance with KRS 164A.555 through 164A.630 (House Bill 622) based on the audit of financial statements.

- (e) The audit of the closing package forms, as well as a reconciliation to the audited financial statements of the information reported on the forms, shall include a report expressing an opinion on the specified elements, accounts, or items audited, in accordance with *Codification of Statements on Auditing Standards*, AU 623.11 through 623.17.
 - (f) If applicable, the Firm shall also obtain and submit management's summary schedule of prior audit findings and corrective action plan for current year audit findings.
 - (g) The reports described above should be presented in a manner prescribed by the AICPA Audit and Accounting Guide and OMB A-133. Notwithstanding the provisions of the AICPA Audit Guide, any "other matter" conveyed to management should be in writing, and a copy of that correspondence forwarded to the Auditor of Public Accounts.
- 2. The report on the University's financial statements is required to be delivered to the University by October 1 (or other such date as specified by the Commonwealth).
- 3. The Firm will certify, on line, the CPB audit report to CPB by November 30 of each year.
- 4. The Firm will deliver the KFAC audit report and form 990 by November 30 of each year.
- 5. The Firm will provide a representation letter by October 1 (or other such date as specified by the Commonwealth) to the Auditor of Public Accounts stating that the Firm is in compliance with generally accepted auditing standards and *Government Auditing Standards* concerning continuing education requirements, independence and internal quality control system and peer review requirements. The representation letter should be prepared in accordance with the provisions of the Auditor of Public Accounts related to independence.
- 6. The Firm shall notify the Auditor of Public Accounts of matters which come to its attention which may have a significant impact on the Commonwealth's financial statements. The Firm shall be available to the Auditor of Public Accounts to address questions about the University's financial statements.
- 7. The Firm will provide, by the date requested, a letter to the Auditor of Public Accounts reporting the results of the application of subsequent events audit procedures.
- 8. The Firm will provide a copy, in Adobe (pdf) format, each of the audited financial statements to the University (both including and excluding the report on Federal Awards Program (A-133)), in electronic form to be used when required by outside agencies for reporting purposes.

Morehead State University Enrollment Report

Spring 2010

Headcount, Credit Hours, and FTE by Term

Term	Headcount	Spring as a % of Fall	Credit Hours Generated	Spring as a % of Fall	FTE	Spring as a % of Fall
Fall 2005	9,062		103,941		6,662	
Spring 2006	8,625	95.2%	97,198	93.5%	6,250	93.8%
Fall 2006	9,025		102,938		7,080	
Spring 2007	8,536	94.6%	95,801	93.1%	6,587	93.0%
Fall 2007	9,066		102,747		6,988	
Spring 2008	8,487	93.6%	94,299	91.8%	6,431	92.0%
Fall 2008	8,981		100,143		6,818	
Spring 2009	8,320	92.6%	92,228	92.1%	6,287	92.2%
Fall 2009	9,046		99,917		6,803	
Spring 2010	8,279	91.5%	90,950	91.0%	6,206	91.2%

Note: Prior to 2006, the Council on Postsecondary Education (CPE) calculation of full-time equivalent (FTE) for undergraduates was $FTE = (\text{total undergraduate credit hours})/16$ and for graduates was $FTE = (\text{total graduate credit hours})/12$. For the 2006-2007 academic year, the CPE calculation of FTE for both undergraduates and graduates was $FTE = (\text{total full-time students}) + 1/3 (\text{total part-time students})$. Beginning in Fall 2007, the CPE calculation of FTE is as follows: Undergraduate FTE = $(\text{total student credit hours})/15$; Graduate FTE = $(\text{total student credit hours})/12$.

REPORT ON PERSONAL SERVICE CONTRACTS

BOR (VI-B-2)
June 10, 2010

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between March 1, 2010 and June 1, 2010.

PERSONAL SERVICE CONTRACTS

March 1, 2010 through June 1, 2010

Individual/Firm	Contract Description	Contract Beginning Date	Contract Ending Date	Contract Amount	Method of Selection
St. Claire Regional Medical Center	Delivering healthcare to students	7/1/10	6/30/11	\$250,000.00	Request for Proposal
Dean Dorton Ford PSC	Auditing services	7/1/10	6/30/11	\$76,500.00	Request for Proposal
CG&B Marketing LLC	Media publication design and print	7/1/09 Amendment #2	6/30/10	\$40,770.00 (\$3,213.00 increase)	Request for Proposal

APPROVE DISPOSAL OF REAL PROPERTY

**BOR (VI-C-1)
June 10, 2010**

Recommendation:

That the Board approve the Order to Dispose of Property relating to the razing of the Reed Hall Greenhouse.

Background:

Written Request to Dispose of Property

Authorization is being requested from the Board to raze the greenhouse adjacent to Reed Hall on Fourth Street. The greenhouse is a steel frame and glass enclosed structure and contains approximately 7,000 square feet of space. The building was constructed in 1974. The infrastructure of the 36 year old building is not conducive to meeting the needs of a state-of-the art agricultural program. Renovation of the building to bring the HVAC, glass walls and roof, and technology to return the greenhouse to productivity is not economically feasible. The building site will be cleared and in the short term, converted to green space.

The greenhouse operation will be moved to the University Farm and housed in vinyl covered hoop-frame structures. The hoop-frame structures have become the industry standard, and are more economical to construct, more efficient in terms of the utilities and technology required to maintain production, and less labor intensive to manage.

Statutory Authority

KRS 164A.575 (7) provides that the governing board shall sell or otherwise dispose of all real or personal property of the institution that is not needed for the institution's use, or would be more suitable consistent with the public interest for some other use, as determined by the board. The determination of the board shall be set forth in an order, and shall be reached only after review of a written request by the institution desiring to dispose of the property. Such request shall describe the property and state the reasons why the institution believes disposal shall be effected.

ORDER TO DISPOSE OF PROPERTY

WHEREAS, upon the recommendation of the President on June 10, 2010, the Board of Regents has reviewed the Written Request to Dispose of Property in reference to the razing of the Reed Hall Greenhouse, and

WHEREAS, the President of Morehead State University declares that the referenced building has become surplus to the University's needs, and

WHEREAS, the removal of the building referenced above is consistent with the University's Campus Master Plan adopted by the Board, and is in the best interest of the University and the Commonwealth of Kentucky.

BE IT RESOLVED, that the President is authorized to proceed with the razing and removal of the Reed Hall Greenhouse.

RECOMMENDED:

Wayne D. Andrews, President

Date

APPROVED:

John C. Merchant, Chair
MSU Board of Regents

Date

ADOPT AUDIT COMMITTEE CHARTER

**BOR (VI-C-2)
June 10, 2010**

Recommendation:

That the Board adopt the Audit Committee Charter.

Background:

The Board of Regents approved a recommendation at its September 16, 1994 meeting to amend its *Bylaws* to establish an Audit Committee. The *Bylaws* provide general duties and responsibilities of the Audit Committee.

The Sarbanes-Oxley Act of 2002 (SOX), also known as the "Public Company Accounting Reform and Investor Protection Act of 2002," was enacted as a formal response to unprecedented corporate and accounting scandals. Although institutions of higher education are not subject to the Act's provisions, the concerns it covers are universal. The National Association of College and University Business Officers (NACUBO) has made recommendations of emerging best practices for three main areas: Independent Auditors, Senior Management, and Audit Committees. Among the best practices is the development and adoption of an Audit Committee Charter. The Charter further clarifies the role of the Audit Committee in the financial oversight of an organization.

The objective of developing an Audit Committee Charter will be to incorporate the NACUBO recommendations into a document that outlines the duties and responsibilities of the Audit Committee. These duties include items such as:

- Be directly responsible for the appointment, compensation, and retention of the University's independent auditor.
- Approve the minimum scope of the annual audit.
- Evaluate annually the qualifications and performance of the independent auditor.
- Review and approve the annual financial statements of the University and the audit report on Federal Awards received by the University as required by OMB Circular A-133.
- Pre-approve all audit and non-audit services provided by the independent auditors.
- Inquiring of management, the internal auditor, and the independent auditor about significant financial, operational, compliance, and reputational risks facing the University.

A draft of the Charter was previously distributed with the May 20, 2010 Audit Committee meeting materials for Board review and comments. The Audit Committee Charter can be found in Attachment A.

**Morehead State University
Board of Regents
Audit Committee Charter**

Purpose

The primary function of the Audit Committee (the "Committee" is to assist the Board of Regents in fulfilling its oversight responsibilities relating to: the integrity of the University's financial statements, the systems of internal control, the performance of the University's independent auditors and internal audit function, the independent auditors' qualifications and independence, and the University's compliance with legal and regulatory requirements. In so doing, it is the responsibility of the Committee to maintain free and open communication among the Committee members, independent auditors, the internal auditor, and management of the University. The Committee shall take all appropriate actions to set the overall University tone for quality financial reporting, sound business risk practices, and ethical behavior.

Membership

The Committee shall consist of members who are independent of management and the University in fact and appearance. Members of the Committee shall be considered independent as long as they do not accept any consulting, advisory, or other compensatory fee from the University and are not affiliated persons of the University, its affiliated corporations, or management.

Committee members should be "financially literate," and at least one member should be a "financial expert." Financial literacy is defined as being able to read and understand fundamental financial statements. Financial expert means a person who has: an understanding of generally accepted accounting principles and financial statements, experience applying such principles, experience preparing, auditing, analyzing or evaluating financial statements, experience with internal controls, and an understanding of audit committee functions.

Duties and Responsibilities

While the Committee has the responsibilities and powers set forth in this Charter, it is not the Committee's duty to plan or conduct audits or to determine that the University's financial statements are complete, accurate and in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation, and integrity of the University's financial statements and for the appropriateness of the accounting principles and reporting policies used by the University. The independent auditors are responsible for auditing the University's financial statements.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may modify or supplement them as appropriate:

- Be directly responsible for the appointment, compensation, and retention of the University's independent auditor. Approve the minimum scope of the annual audit. Evaluate annually the qualifications and performance of the independent auditor. Ensure that the independent auditor assigns the appropriate experts to the audit engagement. The independent auditor shall have direct access to the Committee.
- Review with management, the independent auditor, and the internal auditor their judgments about: the quality, not just the acceptability, of the University's accounting principles, the reasonableness of significant judgments, the degree of aggressiveness or conservatism in applying the accounting principles, and the clarity and completeness of the financial statements and related disclosures.
- Review and approve the annual financial statements of the University and the audit report on Federal Awards received by the University as required by OMB Circular A-133.
- On an annual basis, obtain a report from the independent auditor regarding required communication under Statement of Auditing Standards No. 114, as amended. Review with the independent auditor:
 - Any significant difficulties encountered during the course of the audit, any restrictions on the scope of work or access to required information, and any disagreements among management and the independent auditor in connection with the preparation of the financial statements.
 - Any formal communications between the audit team and the auditor's home office regarding auditing or account issues encountered during the engagement.
 - Any letters issued addressing internal controls, business process improvements, or other recommendations, and the schedule of unadjusted differences (if any) prepared by the independent auditor.
 - Important accounting policies and practices used by the University, all alternative treatments of financial information within generally accepted accounting principles, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - Developments and emerging issues in the higher education industry including ways to improve operations or business practices.

- The Committee shall pre-approve all audit and non-audit services provided by the independent auditors. The independent auditor is prohibited from performing the following non-audit services:
 - Bookkeeping
 - Financial information systems design, implementation, or operation.
 - Appraisal or valuation services, fairness opinions, or contribution-in-kind reports
 - Actuarial services
 - Internal audit outsourcing services
 - Management functions or human resources
 - Broker or dealer, investment advisor, or investment banking services
 - Legal services and expert services unrelated to the audit
 - Preparing the indirect cost proposal or cost allocation plan
 - Other services that would violate the U.S. General Accounting Office Independence Standard.
- The Committee shall ensure proper rotation of the lead and concurring audit partners on the University's engagement. The Committee shall ensure rotation of the lead and concurring audit partners every five years with a time out of two years.
- Review new and significant accounting pronouncements, and understand their impact on the University's financial statements.
- Review compliance with governmental laws and regulations.
- Obtain and review the annual internal control certification letter signed by appropriate management personnel.
- Review and appraise the organizational structure, adequacy of resources, qualifications, independence, and activities of the University's Office of Internal Audits.

- Review and concur with the appointment, reassignment, or termination of the Director of Internal Audits.
- Periodically review the University's Internal Audit charter for necessary changes.
- Receive a summary of findings from completed internal audits, the status of implementing related recommendations, and future audit activities planned by the University's Office of Internal Audits.
- Approve procedures for the receipt, retention, and treatment of complaints received by the University regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- Inquire of management, the internal auditor, and the independent auditor about significant financial, operational, compliance, and reputational risks facing the University. These risks are defined as follows:
 - Financial – Loss of assets or resources. Also includes the reliability of the University's internal and external reporting.
 - Operational – Effectiveness and efficiency of the University's operations and use of resources.
 - Compliance – Compliance with all applicable laws and regulations as well as compliance with University policies and procedures.
 - Reputational – Risks that affect the University's reputation or brand.
- Assess the steps management has taken to mitigate such risks or exposures.
- Obtain reports concerning any financial fraud resulting in losses to the University or involving University employees.
- Provide oversight regarding the University's conflict of interest and code of ethics policies.
- Review and assess the adequacy of this Charter on a three-year basis or more frequently if deemed necessary.

Resources and Authority

The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the University and with the

authority to engage independent counsel and other advisors if deemed necessary to carry out its duties at University expense.

Meetings

The Committee shall meet at least two times per year. A majority of the members of the Committee will constitute a quorum for the transaction of business. The Committee shall maintain written minutes of its meetings. Reports of all meetings will be made to the Board of Regents.

The Committee may request any regent, officer, employee, outside counsel, or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

As part of its responsibility to foster open communication, the Committee shall provide sufficient opportunity for the internal and independent auditors to meet privately with the Committee. At least annually, the Committee shall meet with the independent auditor, the internal auditor and management.

APPROVE THE UNIVERSITY STRATEGIC PLAN

BOR (VI-C-3)

June 10, 2010

Recommendation:

That the Board approve *ASPIRE to Greatness: Morehead State University Strategic Plan 2010-2014*.

Background:

The current strategic plan, *ASPIRE to Greatness: Morehead State University Strategic Plan 2006-2010*, was adopted by the Board of Regents in June 2006. It aligned MSU's planning process with the strategic plan developed by the Council on Postsecondary Education in support of House Bill 1 – Higher Education Improvement Act of 1997. *ASPIRE* has effectively served to guide leadership in making decisions and prioritizing resources to ensure focus and efforts remain on course toward our vision of becoming the best public regional university in the South.

Updating the current plan was the primary focus of a University Administrative Retreat held on September 17, 2009. Over 100 participants, including members of the Board of Regents, administrators, faculty, staff and students, attended the retreat which focused on a review of the strategies, measures and assessments, and challenges related to each of the six goals in the current *ASPIRE* plan. Working from the discussion notes and input gathered during the planning retreat, members of the President's Cabinet led workgroups inclusive of members of the University Planning Committee to develop an initial draft revision to the *ASPIRE* plan for the period 2010-2014. In February-March 2010, the initial draft plan was shared with campus leadership groups including the Diversity Council, President's Council, Faculty Senate, Staff Congress, Student Government Association, the Provost Council and the Chairs' Council. The plan was also distributed campus-wide along with an online survey developed to receive feedback on the initial draft plan. The President's Cabinet developed the final draft plan with consideration given to the campus feedback received on the initial draft.

Analysis:

The plan includes revisions to the University mission statement, core values and objectives that define the six strategic goals. The vision statement and the six goals from the current plan were maintained without revision. The *ASPIRE* plan sets a foundation for institutional resource allocation and management decisions through academic year 2014. Supporting the strategic plan are several functional plans which further detail how the University will align personnel, operating and capital resources in support of activities to advance the goals of the strategic plan. These functional plans include:

- Enrollment Management Plan
- Diversity Plan
- Six-Year Capital Plan

- University Campus Master Plan
- Housing Facility Master Plan
- Athletic Facility Master Plan
- University Marketing Plan
- University Business Plan

In addition to the functional plans noted, all instructional and non-instructional programs and departments maintain unit plans that align the detail work objectives across the University with the *ASPIRE* goals and identify annual assessment strategies and outcomes to ensure continuous improvement. These unit plans are maintained electronically using the WEAVE system to facilitate comprehensive analysis of planning and assessment activities that support the University's strategic plan.

Accountability:

Implementing the *ASPIRE* plan will require a deliberate and renewed investment of time energy, creativity, and resources. A listing of key performance indicators (KPI's) and selected metrics are included in the plan. These KPI's will be monitored and assessed on an annual basis to evaluate institutional progress toward reaching each of the six *ASPIRE* goals. Annual progress reports with updated KPI targets to drive future performance will help ensure that the University maintains course toward its vision of becoming the best public regional university in the South and also effectively contributes to the statewide goals set by the CPE for achieving the goals of House Bill 1 – Higher Education Improvement Act of 1997.

**APPROVE THE 2010-2011 OPERATING BUDGET,
FEE SCHEDULE AND PERSONNEL ROSTER**

**BOR (VI-C-4)
June 10, 2010**

Recommendation:

That the Board approve the recommended 2010-2011 Operating Budget, which totals \$129,205,000, the 2010-2011 Personnel Roster, and the 2010-2011 Fee Schedule.

Background:

The proposed budget reflects the continued commitment to advancement of the University's mission by focusing on the goals and objectives as defined in *ASPIRE to Greatness: Morehead State University Strategic Plan*. The budget preparation process was inclusive of campus input and representation and resulted in the proposed \$129.2 million budget.

The parameters outlining the administration's management responsibilities related to the 2010-2011 Operating Budget and periodic reporting requirements to the Board of Regents are specified in the Budget Adoption Resolution on pages A-7 and A-8 of the separately bound 2010-2011 Operating Budget.

Analysis – Operating Budget:

The 2010-2011 Operating Budget includes reallocation of existing resources and an increase in projected tuition and fee revenue to offset a reduction in state appropriated revenue and to cover increases in the University's fixed and unavoidable costs. Student tuition and fees and state appropriations represent the two primary sources of operating revenue in the Educational and General budget at 51.2 percent and 38.6 percent respectively. Over \$2.5 million of the \$44.3 million state appropriation revenue allocated to operating is supported by federal stimulus relief funds. Auxiliary revenue is budgeted at a \$366,796 increase over the prior year.

Changes in Revenue Sources

The proposed 2010-2011 Operating Budget reflects a total net increase of \$5.1 million (4.1 percent) over the 2009/2010 Operating Budget. Changes in the operating budget revenue sources include:

State Appropriations - Operating	\$ (1,722,700)
State Appropriations – Internal Reduction Reserve	\$ 2,650,347
Tuition and Mandatory Fees	\$ 3,262,652
Fund Balance	\$ 858,297
Auxiliary Enterprises	\$ 366,796

The 2009/2010 Operating Budget included an Internal Reduction Reserve for State Appropriations as a contingency to cover additional cuts anticipated in state support over the initial 2009/2010 enacted appropriation amount. The Internal Reduction Reserve was budgeted at \$2.6 million which was the maximum pro-rated amount that the state could

reduce support to postsecondary education in 2009/2010 and qualify to receive federal stimulus payments. In total, cuts to state appropriations over the 2009/2010 enacted appropriation have totaled \$1.7 million from a 2 percent reduction authorized at the start of the 2009/2010 fiscal period and an additional 1.5 percent reduction included in the 2010-2011 Executive Budget. The remaining \$927,640 in the reduction reserve was used to cover fixed and unavoidable cost increases for 2010-2011.

Analysis – Fee Schedule:

A comprehensive review of the University fee schedule is conducted annually and recommended changes are presented to the Board for approval. The recommended 2010-2011 Fee Schedule is presented on pages C-1 through C-22 of the Operating Budget. A summary of the recommended rate changes for tuition and residence hall occupancy follows:

Tuition & Fees and Residence Hall Rates:	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Increase</u>
Resident Undergraduate Tuition & Fees (15 hours)	\$3,018	\$3,247	\$229
Average Residence Hall Rate	\$1,636	\$1,741	\$105

Housing:

Recommendations made by Brailsford & Dunlavey in the Comprehensive Housing Master Plan completed for Morehead State University in April 2006 included a 5 percent increase for residence halls and apartment housing for the 2010-2011 academic year. However, due to actual construction costs for housing renovation consistently exceeding projected costs, the rate increase is recommended at 6 percent. A 9 percent increase is recommended for the newly renovated Alumni Tower bringing the average weighted cost of a residence hall in 2010-2011 to \$1,741 per semester—an increase of 6.4 percent. Revenue generated from the increase in housing rates included in the 2010-2011 Operating Budget will fund debt service expense associated with the renovation of Mignon Tower scheduled to begin in the summer of 2010.

Tuition and Mandatory Fees:

The recommended 2010-2011 tuition rate schedule includes a 5 percent increase in the undergraduate resident per-credit-hour rate with a 60 percent discount on undergraduate hours enrolled above 12. The tuition increase amount for a resident undergraduate enrolled in 15 credit hours would be \$229 or 7.6 percent. The weighted average for all students is estimated at 5.6 percent increase. Graduate rates are to be billed at 1.5 times the undergraduate per-credit-hour rate. Non-residents are to be billed at 2.5 times the appropriate undergraduate or graduate resident rate, and Internet courses are to be billed at 1.35 times the appropriate undergraduate or graduate resident rate. This rate schedule is within the tuition increase parameters set by the Council on Postsecondary Education for Kentucky Comprehensive Universities for 2010-2011. The following is the recommended 2010-2011 tuition rate schedule.

**Morehead State University
2010-2011 Tuition and Mandatory Fee Schedule
Effective Fall Semester 2010**

Tuition & Mandatory Fees	Rate	Per-Credit-Hour Rate	Full-Time Comparison Rate¹
Undergraduate		Hours 1-12	Hours 13+ 15 Credit Hours
Resident and Reciprocity	\$ 246	\$ 246	\$ 98 3,247
Non-Resident	\$ 615	\$ 615	\$ 246 8,118
Non-Resident Scholarship (Net Rate) ⁴	\$ 332	\$ 332	\$ 133 4,384
Internet or Hybrid Delivery ²	\$ 332	\$ 332	\$ 133 4,384
Graduate			
Resident	\$ 369		
Internet or Hybrid Delivery ²	\$ 498		
Non-Resident	\$ 923		

- 1. Full-time status is achieved for undergraduate students when enrolled for 12 hours. Full-Time comparison rates are shown for an undergraduate at 15 credit hours which is the average hours needed each fall/ spring semester to complete a baccalaureate degree program in four years.*
- 2. Internet or Hybrid Delivery rates are assessed for courses delivered with at least 50 percent of the instruction online. Internet and hybrid courses will be assessed prior to non-Internet courses for identifying the first 12 hours.*
- 3. Non-resident students enrolled exclusively at a regional campus center will be assessed tuition and fees at the applicable in-state rate.*
- 4. Non-resident students who qualify for the Non-Resident Scholarship program will be billed at the full Non-Resident Rate. Rates shown on this schedule are net of applied scholarship which equates to 1.35 times the resident rate.*

Analysis – Personnel Roster:

Due to the budget challenges facing the University with continued reductions in state appropriations, no annual salary increase is recommended for faculty and staff in the 2010-2011 Operating Budget. Contractual obligations for salary increases associated with faculty promotion and tenure policies, staff reclassifications, educational attainment policies, career ladders or other policy or employment agreements have been honored and are included in the 2010-2011 Operating Budget recommendation at a cost of \$219,247.

The increase in employee benefit expenses are estimated to exceed \$1.5 million in 2010-2011 primarily due to rising premiums for employee health insurance, workers' compensation, and an increase in the mandatory retirement match for Kentucky Employee

Retirement System and the Kentucky Teacher Retirement System. It is anticipated that it will be necessary for MSU employees to share in a portion of the increase in employee health benefit rates starting in January 2011 as a step toward returning to a 75:25 cost share ratio.

The 2010-2011 Personnel Roster contains a listing of the recommended authorized positions as of July 1, 2010. Funding for each position listed in the roster has been included in the proposed 2010-2011 Operating Budget. A total of 1,095 positions are recommended for 2010-2011 with an estimated 1,035 positions contracted to be filled as of July 1, 2010. Total personnel expenditures represent 58.3 percent of the total expenditures budgeted for 2010-2011.

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

Position ID number
Employee currently holding the position
Position title
Appointment status if not a regular, full-time appointment
Recommended salary at the start of the 2010-2011 contract period
Contract months for exempt employees

Analysis – Student Financial Aid:

The 2010-2011 Operating Budget maintains the University's commitment to student financial aid with an \$860,000 budget increase. Student Financial Aid represents 12.4 percent of the total Educational and General budget in 2010-2011.

2010-2011 Budget Highlights

The following list highlights several areas where new funding has been allocated in the 2010-2011 Operating Budget. The items are grouped by the primary strategic goal they support from *ASPIRE to Greatness, Morehead State University Strategic Plan*.

Goal 1: Academic Excellence

- Funding for implementation of recommendations resulting from Phase I of the Academic Curriculum Audit as supported by Data Strategies analysis of program productivity
- Investments in faculty/staff salaries as defined by policy or contract (i.e. promotion and tenure, educational attainment, reclassification, etc.)
- Increased recruitment funding available for faculty searches
- Funding to support SACS reaffirmation project and Quality Enhancement Plan and other academic department accreditation work

- Reallocation of funds for construction of phase II of the Instructional Support Center and Student Commons in the Camden-Carroll Library
- Funding to support maintenance and operating expenses for the Center for Health, Education and Research facility
- Funding to support classroom renovations in Ginger Hall
- Funding to support renovation work in Reed Hall to retrofit space for Psychology

Goal 2: Student Success

- Reallocation of resources to improve and enhance academic advising and retention services
- Created a new position for diversity of Minority Academic Services Coordinator
- Debt Service reserve increase for new student recreation center
- Debt Service for renovation of Mignon Tower
- Operating Support for the new Student Recreation Center
- Funding to support increase in student health services contract
- Funding to extend Cross County/Track Position to full-time
- Funding to support replacement of athletic uniforms and supplement athletic travel expenditure
- Increases in student wages to support swimming pool operations
- Funding for mattress replacements in housing and re-upholstery in student commons areas in ADUC

Goal 3: Productive Partnerships

- Funding for Grants Cash Match obligations to facilitate external grant proposals
- Funding for continued partnership with Jesse Stuart Foundation
- Funding to host 16th Regional High School Basketball Tournament
- Support for implementation of Senate Bill 1 related to developmental education
- Funding for software to support continuation of College Algebra Program (CAP)

Goal 4: Improved Infrastructure

- Funding to cover increases in employee health, life and retirement benefits
- Funding support for the employee Wellness Incentive Program
- Maintained recurring resources for capital renewal and maintenance
- Fixed cost increases (utilities and service contracts)
- Funding for fixed term support position in Payroll
- Multiple reorganizations throughout the institution to facilitate more efficient processes and operations to accommodate a reduced work force
- Funding for renovations to lighting and sound equipment including re-mic requirements to meet FCC requirements in Button Auditorium

- Upgraded multimedia equipment in meeting rooms in ADUC and in Button Drill Room
- Restoration of full-time custodial position in ADUC

Goal 5: Resource Enhancement

- Funding to implement student payment plan service – Touchnet
- Funding for investment in marketing improvements
- Funding for implementation of Data Strategy model to increase productivity and improve efficiency

Goal 6: Enrollment and Retention

- Continued funding for a targeted recruiter for the STEM disciplines (Science, Technology, Engineering and Mathematics)
- Continued support for an English as a Second Language Program to increase international enrollment
- Increases in institutional scholarships and waivers to offset tuition and housing rate increases
- Maintained funding for pilot programs to increase high school student enrollments
- Funding to address increases in mandated tuition waiver programs