

AGENDA BOOK
Board of Regents



**Board of Regents Meeting
Morehead State University
Thursday, December 6, 2007**

Schedule

8 a.m.	Audit Committee Meeting	Riggle Room
9 a.m.	BOR Meeting	Riggle Room
Noon	Lunch	Heritage Room

Members, Morehead State University Board of Regents

James H. Booth (*Chair*)

Jean M. Dorton (*Vice Chair*)

Brian N. Gay (*Student Member*)

Paul C. Goodpaster

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

Sylvia L. Lovely

John C. Merchant

Dr. John D. O'Cull

Lora L. Pace (*Staff Member*)

Helen C. Pennington

Jill Hall Rose

Wayne D. Andrews, President

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**Board of Regents Meeting
Morehead State University
Riggle Room – Adron Doran University Center
9 a.m., Thursday, December 6, 2007**

Agenda

- I. **CALL TO ORDER**
- II. **ROLL CALL**
- III. **APPROVE MINUTES OF SEPTEMBER 20, 2007**
- IV. **SABBATICAL LEAVE REPORT – *Dr. Yvonne Baldwin, Chair*
*Department of Geography, Government and History***
- V. **SPOTLIGHT – *Center for Health, Education, & Research***
- VI. **APPROVE BUSINESS PLAN**
- VII. **APPROVE CODE OF ETHICS – *PG-61***
- VIII. **PRESIDENT'S RECOMMENDATIONS AND REPORTS**
 - A. Recommendations
 - 1. Approve 2007 Winter Graduates.....18
 - 2. Ratify Personnel Actions.....19-35
 - 3. Accept 2006-07 Audit Report and Amend Operating Budget..36-40
 - 4. Accept First Quarter Financial Report and Amend
Operating Budget.....41-49
 - 5. Approve Revision of Policy for Disposition of
Surplus Personal Property.....50-52
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 - 7. Ratify 2008-2010 Executive Branch Budget Request54-56
 - B. Reports
 - 1. Final Report on 2007 Fall Enrollment.....57
 - 2. Report on Health Insurance for Plan Year 2008.....58-59
 - 3. Report on Personal Service Contracts60-61
 - 4. Report of New Endowments and Major Gifts.....62
 - C. President's Report
- IX. **OTHER BUSINESS**
 - A. President's Performance Evaluation
 - B. Executive Session

C. 2008 Meeting Dates

Work Session -- Thursday, February 21

Quarterly Meeting -- Thursday, March 13

Work Session -- Thursday, May 8

Quarterly Meeting -- Thursday, June 5

Work Session -- Thursday, August 28

Quarterly Meeting -- Thursday, September 11

Work Session -- Thursday, November 13

Quarterly Meeting -- Thursday, December 4

X. ADJOURNMENT

**BOARD OF REGENTS
MOREHEAD STATE UNIVERSITY
September 20, 2007**

The Board of Regents of Morehead State University met at 9 a.m. on Thursday, September 20, 2007, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky. Chair James H. Booth presided.

ROLL CALL

The following members were present: James H. Booth, Jean Dorton, Brian Gay, Paul Goodpaster, Dr. Terry Irons, Sylvia Lovely, John Merchant, Dr. John D. O'Cull, Lora Pace, and Jill Hall Rose.

NEWS MEDIA

Jason Blanton, Media Relations Director, introduced Sarah Perry, Editor of *The Trail Blazer*, and Dan Conti, Reporter from Morehead State Public Radio, who were present for the meeting.

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

Rowan Circuit Judge Beth Maze administered the oath of office to James H. Booth, who was reappointed by Governor Ernie Fletcher for a six-year term ending June 30, 2013, and to Brian Gay, who was reelected as the student representative on the Board for the 2007-08 school year.

**JUNE 15, 2007,
MINUTES**

Dr. Irons moved that the minutes of June 15, 2007, be approved as distributed. Ms. Pennington seconded the motion. The motion carried.

BUSINESS PLAN

Dr. Andrews reported that the draft Business Plan had been submitted to the Council on Postsecondary Education on September 10, 2007. In reviewing the draft of the Plan, Dr. Andrews asked that the Board members consider the following questions:

- Does the Plan effectively address the following questions identified as key foundations for building the business plan?
 - What level of total public funding is needed?
 - What does the balance between student and state cost share need to be to maintain affordability?
 - What strategies will be implemented to achieve necessary gains in productivity and efficiency with current and future resources?
 - How should current and future resources be allocated to drive these strategies?
 - What capital investments will be necessary to achieve long-term goals?
 - What will be the state's return on investment?
- Are the Basic Plan Assumptions documented in Appendix B of the Plan set appropriately for Morehead State University?

- Will the Business Plan effectively guide the University toward its vision “to become the best public university in the South” and also to meet the degree production targets set in the CPE Double the Numbers Plan?
- Are the targets for enrollment growth and improvements in degree production set at the right combination for MSU based on the data analysis?

Beth Patrick, Vice President for Planning, Budgets and Technology, led the discussion on the Plan. She showed a brief video on education reform, House Bill 1 – Postsecondary Education Improvement Act, passed by the General Assembly in 1997. The video provided a review of where the state is and where it needs to go to accomplish the goals of the Commonwealth by 2020.

Ms. Patrick indicated that the Business Plan was developed as a financial roadmap to guide Morehead State University in its vision to become the best public regional university in the South as defined in ASPIRE to Greatness: Morehead State University Strategic Plan 2006-2010. It also defines what the University must do to fulfill its part in reaching the 2020 goals.

Lengthy discussion ensued in response to the following questions from members of the Board:

- How will part-time students fare in helping MSU meet the Commonwealth’s 2020 numbers?
- What is the breakdown of the top performing benchmark institutions in terms of the public dollars these institutions receive? Is there a relationship between what these institutions receive and how well they perform?
- In addressing the need-based students and the affordability issue, what efforts have been made to move scholarships toward need-based as opposed to strictly merit? About 10 percent of E&G is directed toward financial aid and, historically, that has been merit-based.
- Is the intent of the Council on Postsecondary Education to use the institutions’ business plans as the basis for establishing CPE’s budget request to the General Assembly?
- As costs continue to escalate, how far do we go with the student/faculty ratio of 17 to one?

The Board also discussed strategies to support the Business Plan.

SPOTLIGHT PRESENTATION

Karla Hughes, Provost and Vice President for Academic Affairs, introduced the Spotlight presentation on the Space Science Center.

Gerald DeMoss, Dean of the College of Science and Technology, presented a historical overview from the conception of the idea to the groundbreaking that is scheduled today

for the new Space Science Center building. The idea for the Space Science Center program started with Dr. Ben Malphrus, who was hired to teach astronomy in the College of Science and Technology. One astronomy class started this initiative 17 years ago and today the University has a \$15.6 million Space Science Center facility that when completed will be a 45,000 square foot state-of-the-art facility that includes both academic and research components. It is a significant accomplishment for MSU, Eastern Kentucky, and the Commonwealth of Kentucky.

Ben Malphrus, Director of the Space Science Center, described the various components that would be located in the facility. The building will house a state-of-the-art control center for the 21 M Space Tracking Antenna, RF and electronics laboratories, an anechoic chamber that mimics the electromagnetic environment of space, an advanced computing facility, a rooftop antenna test range, a Class 100/1000 clean room (which will include a micro-nano laboratory and a space systems development laboratory), machine shop, offices and reception area, and a digital Star Theater. The facility will serve as an R&D facility for fundamental and applied research. The Center also will house space-related incubator businesses.

Following a ten-minute break, the Board reconvened at 10:55 a.m.

SABBATICAL LEAVE REPORT

Elizabeth Regan, Chair of the Department of Information Systems, presented a report on her sabbatical leave. She indicated that the purpose of her leave was to increase her international experience in the field of business and information technology. During the 2006-07 academic year, Dr. Regan visited universities and business enterprises in Europe and worked on a joint research project with international information systems faculty at the University of Paris – Dauphine, and at Rennes International Business School in Rennes, France. Outcomes of her sabbatical include:

- Jointly authoring and publishing with international faculty a journal article on knowledge management.
- Comparing Information Systems curriculum and approach to teaching global information systems and business transformation between the two French institutions and U.S. institutions and Morehead State specifically.
- Developing working papers on differences in the approach to IT-driven organizational business restructuring and transformation—especially related to the implementation of enterprise systems and supporting global business networks.
- Establishing relationships to support future exchanges for students and/or faculty in the College of Business
- Exploring the potential for online teaching collaboration in the offering of graduate courses in the MSIS program.

In conclusion, Dr. Regan suggested that the University look at the international perspective and resources to make the University a more global campus. She suggested promoting more international exchange, encouraging more international students to enroll at MSU, and creating a more supportive environment for international students.

**PRESIDENT'S
RECOMMENDATIONS**

Tenure

The President recommended:

RECOMMENDATION: That the Board approve the granting of tenure to Dr. Douglas Dennis, Professor of Biology.

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

VOTE: The motion carried.

The President recommended:

Emeritus Status

RECOMMENDATION: That the Board approve the granting of Librarian Emeritus Status to Carol A. Nutter, Assistant Dean and Librarian.

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

VOTE: The motion carried.

The President recommended:

Personnel Actions

RECOMMENDATION: That the Board ratify the Personnel Actions for the period of May 19, 2007, through August 24, 2007.

(Personnel Actions and additional background information attached to these minutes and marked VIII-A-3)

Phil Gniot, Director of Human Resources, stated that there were 172 reportable actions, 90 percent of which involve regular full-time employees, 4 percent temporary and part-time, and 6 percent restricted.

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

VOTE: The motion carried.

PG-50

The President recommended:

RECOMMENDATION: That the Board approve the revision of PG-50, Staff Performance Management System.

(Revised Personnel Policy PG-50, Staff Performance Management System and additional background information attached to these minutes and marked VIII-A-4)

Mr. Gniot said that the proposed revision decreases the minimum number of days a new staff employee must be in work status to be eligible for merit pay consideration from 270 to 180 days. Following discussion, it was suggested that the proposed policy be amended with the insertion of the word "alternatively" at the beginning of the next to last paragraph under Management Response. Ms. Pace noted that Staff Congress did not have an opportunity to review the policy.

MOTION: Dr. Irons moved that the proposed policy be approved as amended. Mr. Gay seconded the motion.

VOTE: The motion carried.

The President recommended:

Disposal of Real Property

RECOMMENDATION: That the Board approve the Written Request to Dispose of Real Property and authorize the razing and removal of the Senff Natatorium, Perkins Hall, Carter Hall, Holbrook Hall, Lakewood Duplexes (3), and the Lakewood Laundry Building.

(Additional background information attached to these minutes and marked VIII-A-5)

Mr. Walters noted that several buildings on campus have become surplus to the needs of the University. He said that renovation of the buildings is not economically feasible and it would be in the best interests of the University to raze the structures and use the land for future development in accordance with the University's Campus Master Plan. These buildings include: Senff Natatorium; Perkins, Carter, and Holbrook Halls; and three duplexes and the laundry facility in Lakewood.

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

VOTE: The motion carried.

Sale of General Receipts Bonds, Series A

The President recommended:

RECOMMENDATION: That the Board accept the report on the Sale of the General Receipts Bonds, Series A, and ratify the modification of the sale resolution to include the phrase "and the Wellness Center."

(Additional background information attached to these minutes and marked VIII-A-6)

Mr. Walters reported on the sale of the General Receipts Bonds, Series A, approved by the Board on June 15, 2007. At the time of the Board's adoption of the sale resolution on June 15, it was not anticipated that funding for the Wellness Center expansion would need to be included in the Series A bond sale. As a result, the sale resolution adopted by the Board was modified to include the phrase "and the Wellness Center" in order that the project could proceed in accordance with state regulations. All other language, terms and conditions of the sale resolution remain unchanged. Upon ratification of the language change, the modified sale resolution will become a part of the official minutes of the June 15, 2007, meeting.

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

VOTE: The motion carried with Mr. Merchant abstaining from voting.

Code of Ethics for BOR

Dr. Irons moved that the Board work with General Counsel to begin the process of developing a Code of Ethics and Conflict of Interest Policy for the Board. Ms. Dorton seconded the motion. The motion carried.

REPORTS

Enrollment

Dr. Hughes reported on preliminary enrollment for the 2007 Fall Semester and noted that enrollment is projected at 9,019. Incoming freshman enrollment is increasing.

Acquisition of Real Property

Mr. Walters reported on the acquisition of real property. The University acquired property located at 315 East Second Street on July 16, 2007 that joins two other University-owned properties.

Real Property Leases

Mr. Walters presented the annual report on real property leases in effect on July 1, 2007. *(Report attached to these minutes and marked VIII-B-3)*

Personal Service Contracts

Mr. Walters reported on personal service contracts which represent all such contracts issued with amounts greater than \$10,000 between June 1, 2007, and August 31, 2007. *(Report attached to these minutes and marked VIII-B-4)*

Gift Income

Dr. Michael Seelig, Interim Vice President for Development, presented a gift income report showing a three-year gift income comparison. He noted that in 2004-05, the income was bolstered by in-kind gifts from corporations as part of the state's matching program, "Bucks for Brains." Income during the 2005-06 year was increased in part by the President's efforts to acquire Eagle Trace Golf Course.

PRESIDENT'S REPORT**Emergency Preparedness Plan**

President Andrews reported:

- That staff are updating the Emergency Preparedness plans regarding evacuation and shelter in place in emergency situations. Evacuation postings are current in all residence halls and are being placed in all campus buildings. An Emergency Preparedness Guide is in production to be presented to all faculty and staff and have available in all classrooms, along with an Emergency Preparedness Web page. The University is in the process of obtaining quotes on an audible alert system for the campus, which is a combination tone and voice system. Police car systems are being updated to include voice systems to supplement the audible alert system for campus. The annual review and update of the Emergency Operations Plan has just been completed. He also noted that Joe Cline, MSU's Chief of Police, represented MSU as a member of the Minger Task Force and was one of two institutional representatives selected by Ms. Minger to accompany her to present the Task Force report to the Governor.

Terry Irons

- That Terry Irons has been reelected as chair of the statewide Coalition of Senate and Faculty Leadership group (COSFL), which represents the eight public institutions of higher education in the Commonwealth. It was formed in 1979 as a collective advocacy body of public higher education faculties. This organization was instrumental in supporting passage of an amendment to the 1997 Kentucky Higher Education Reform Bill to allow for faculty representation on the KY Council on Postsecondary Education.

Visits to School Systems in MSU Service Region

- That beginning last month, he is visiting school systems in MSU's service area to become more familiar with school personnel and to speak directly with high school students about postsecondary education opportunities.

Construction Projects

- Construction projects update:
 - Eagle Trace cart paths have been paved and the level of play and revenues is up from the 2006 season.
 - Nunn Hall Renovation contract has been awarded to Packs' Inc.
 - Wellness Center Expansion contract has been awarded to Trace Creek Construction.
 - Space Science Center construction is underway with the groundbreaking scheduled today at 1 p.m.

Sudan Exhibit

- Center for Health, Education and Research Phase A design is near completion.
- A meeting was held last night with Hasting and Chivetta, the design team selected to help us with design of the new Student Recreation Center.

Wellness Initiative

- That the Sudan Exhibit at the Kentucky Folk Art Center has been an overwhelming success. Hundreds of middle and high school students have viewed the exhibit. President and Mrs. Andrews hosted a dinner in honor of the former Ambassador to the Sudan, Timothy Carney, this past week. While on campus, the ambassador spoke to several high school and college classes. Board members are encouraged to stop by and view the exhibit, which will be on display through the end of the month.
- That the Martin County Wellness Initiative was very successful, with more than 600 middle school students being assessed during the day-long activity. The University appreciates Booth Energy's support of this activity.

Administrative Survey

- That as a result of the administrative survey, several action plans have been developed to address the concerns that were expressed by faculty and staff at the six forums held this past spring. Comments received at the forums have been summarized into basically two areas (communication issues and barriers to progress) and a number of strategies to address these issues are being developed. Some of the strategies have been implemented including:
 - Planning a faculty/staff professional development program that will include workshops on higher education and student retention.
 - Reviewing job classifications where career ladders could be successful during the next year.
 - Developing a daily e-newsletter that will replace the weekly hard copy newsletter and tremendously reduce the number of mass emails being sent to faculty, staff and students.
 - Using a recently completed faculty/staff benefits survey to review the benefits programs, refine where possible, and better communicate how to use benefit programs effectively.
 - Developing evacuation/escape plans that will be in place on each floor of each building in the next few weeks.
- That the transition announcement for the new MSU Regional Enterprise Center will be made during the Chamber meeting in West Liberty at noon on Thursday, October 11.

MSU Regional Enterprise Center

Capital Campaign

- That the consulting firm for the capital campaign is conducting both external and internal feasibility studies related to the prospects of launching the university's first comprehensive capital campaign to increase funding for scholarships and to support several new campus initiatives.

The external feasibility study involves the consultants traveling the country and meeting with more than 40 prospects who are in position to provide financial support and leadership to a campaign effort, as well as insight in developing a final case summary of campaign priorities.

The internal feasibility study involves the consultants reviewing several documents related to the MSU Foundation, Inc. and Division of Development, as well as conducting interviews with administrators, Development and Alumni Relations staff, and academic deans and department chairs in an effort to determine internal commitment and capacity to carry out a capital campaign.

ADJOURNMENT

There being no further business to conduct, Ms. Dorton moved that the meeting adjourn at 12:05 p.m. Ms. Pace seconded the motion. The motion carried.

Respectfully submitted,



Carol Johnson, Secretary
Board of Regents

APPROVE MSU BUSINESS PLAN

BOR (VI)
December 6, 2007

Recommendation:

That the Board of Regents approve the University's Business Plan framework.

Background:

The Business Plan was developed as a financial roadmap to guide Morehead State University in its vision to "become the best public regional university in the South" as defined in *ASPIRE to Greatness: Morehead State University Strategic Plan 2006-2010*. It also defines what the University must do to fulfill its part in reaching the 2020 goals of the Commonwealth as defined by the Council on Postsecondary Education's *Public Agenda* and *Double the Numbers Plan* and ultimately improve the quality of life for Kentuckians in our service region.

The Business Plan uses rational assumptions to model the aspirational goals for enrollment growth, bachelor's degree production, and quality enhancements. It articulates where the University is today in relation to its goals and clearly defines what must be achieved to reach those goals. Finally, it projects resources that will be needed to fund initiatives to drive the goals and from what sources those resources must be obtained. Like *ASPIRE to Greatness*, the Business Plan is recognized as a living document that will be reviewed and adjusted to shifts in the internal and external environments of the University. It is presented as a unique planning tool to guide the University in decision-making and allocation of resources.

Business Plan Development Process:

The following chart overviews the timeline and actions taken to gather input and collaborate on the development of the Business Plan draft.

Timeline	Action
Summer 2007	<ul style="list-style-type: none">• Analysis of data<ul style="list-style-type: none">○ Historical trends○ Peer comparison○ Best practice review• Draft framework for Business Plan was developed by President's Cabinet
August 2007	<ul style="list-style-type: none">• Initial review of Business Plan framework and discussion was held at the August 2007 Board workshop• Posted draft framework on the campus web site for faculty/staff review and feedback

September 2007	<ul style="list-style-type: none"> • Combined feedback from Board workshop discussion and campus feedback gathered via web posting and on-line survey to develop initial draft plan • Draft Business Plan presented as spotlight at September 20, 2007 Board Meeting
October 2007	<ul style="list-style-type: none"> • Draft Business Plan presented to Council on Postsecondary Education's Budget and Policy Subcommittee on October 3, 2007 • Continue to incorporate feedback from campus and CPE staff into draft plan document • Held discussions on Business Plan strategies with members of the President's Leadership Academy and the University Planning Committee. • Presented updated draft plan to faculty and staff at special convocation on October 31, 2007
November 2007	<ul style="list-style-type: none"> • Facilitated discussions on business plan strategies during retreat with campus leaders, administrators and Board members on November 8, 2007.
December 2007	<ul style="list-style-type: none"> • Recommend approval of Business Plan framework to the Board.
Spring 2008	<ul style="list-style-type: none"> • Continue to facilitate discussion groups that will identify, modify, and prioritize specific strategies that will effectively drive the business plan objectives for growth and increased productivity.

Recommendation:

That the Board of Regents approve the adoption of PG-61 Code of Ethics.

Background:

The Executive Branch of the Commonwealth of Kentucky is by statute covered by a code of ethics. The Ethics Commission attempted to amend that legislation to cover postsecondary institutions under the same code with oversight by the state's Ethics Commission. The Council on Postsecondary Education and the institutions opposed the legislation based on the difference in the structure of higher education as well as desire for oversight within the academe rather than an outside agency.

Therefore, CPE requested that each public postsecondary institution adopt a code of ethics. Best practices at other institutions and the needs of Morehead State University were considered in drafting the recommended policy. The code was shared with both the Faculty Senate and Staff Congress. An edited version was received from the Senate with most of those changes being incorporated into the policy recommended for approval.

Policy: PG-61

Subject
Ethical Principles and Code of Conduct

Approval Date:

PURPOSE:

The Morehead State University (MSU) Ethical Principles and Code of Conduct policy is intended to document expectations of responsibility and integrity. Exemplary ethical conduct is critically important in our relationships with colleagues, regents, students, volunteers, contractors and the public.

Each member of the University should endeavor to:

1. Understand and promote the vision, mission, and core values of the University
2. Exhibit integrity, honesty, and responsibility
3. Provide an environment of mutual respect and collaboration
4. Maintain confidentiality in all matters deemed confidential by either University regulation and/or state/federal law
5. Assure independence of judgment (refer to PG-12)
6. Avoid relationships that place the University in legally vulnerable positions or that constitute conflicts of interest
7. Comply with the policies and procedures of the University and applicable state and federal laws and regulations (such as PG-5, PG-6, PG-12)
8. Demonstrate responsible stewardship of University property and resources

DEFINITION:

The Code of Conduct is intended as a general guide to determine what conduct is expected and to help individuals to determine behaviors that should be avoided. Adherence to ethical standards and practices within individual disciplines should be observed. Employees are strongly encouraged to consult with their supervisors to discuss specific situations.

ELIGIBILITY:

Those acting on behalf of the University have a duty to conduct themselves in a manner that will maintain the public's trust in the integrity of the University and to meet their obligation to the University. The Code of Conduct establishes guidelines for professional conduct for University members, including executive officers, faculty, staff and other individuals employed by the University and volunteers acting as agents of the University (collectively, "University members"). The conduct of the students is addressed in the Student Code of Conduct (the Eagle Student Handbook.)

In addition to this Code of Conduct, University members are subject to all applicable University codes, regulations, and policies as well as state and federal law.

In addition to the general rules provided in this Code of Conduct, further guidance is found in other official University policy documents, such as the MSU Personnel Policy Manual; Board of Regents By-laws, University Administrative Regulations, and the Eagle Student Handbook.

PROCEDURE:

Nondiscrimination Policy

Equal opportunity shall be provided for all persons throughout the University in recruitment, appointment, promotion, payment, training, and other employment practices. All University members are expected to comply with the institution's nondiscrimination policy contained in PG-5.

Confidentiality of Information

University members are entrusted with personal and institutional information that must be treated with confidentiality and used only for conducting University business. Respect for individual and institutional privacy requires exercise of care and judgment. Unless required or permitted by law or University regulations, personal and official information provided by and about faculty, staff, and students must not be given to third parties without the consent of the individuals concerned. When doubt exists regarding the confidentiality of information, University members should assume that information is to be treated as confidential.

Use of the University's Name

University members have a public association with the University, but are also private citizens, thus care must be taken to appropriately differentiate between the two roles. University members must avoid giving the appearance of University endorsement in the public promotion or advertising of commercial products without prior written approval.

Individuals writing or speaking publicly in a professional or expert capacity may identify themselves by their relationship with the University, but must avoid giving the appearance of speaking on behalf of the University. University members are encouraged to contribute to public debate as citizens.

In doing so, employees should clarify they are speaking or writing on behalf of themselves and not the University.

University Resources

University members should be responsible stewards of University resources. University members are entrusted with responsibly protecting the property, equipment, and other assets of the University. University assets are intended for University activities. Limited personal use of fixed University resources, such as computers and telephones (cell phones and land lines) is permitted as long as the use does not interfere with the assigned job duties and responsibilities. In no instance should University resources be used to conduct personal business for profit. Personal use of cell phones and land lines requires reimbursement to the University in accordance with UAR 401.01.

Personal Relationships

The quality of one's decisions can be adversely affected when they concern those with whom one has a personal relationship. Conflicts of interest may arise when people are involved in making decisions that affect members of their families, relatives, those with whom they have (or have had) private personal relationships, or those with whom they have (or have had) business partnerships. Individuals facing such decisions should recuse themselves from the decision-making process. In many cases, potential conflicts of interest can be managed by the candid but discreet disclosure of those relationships.

The University strongly urges those individuals in positions of authority not to have sexual or romantic relationships with those over whom they exercise authority. The existence of a power difference may compromise the freedom to consent freely to participate in such a relationship. If such a relationship exists, then the party with greater authority must request that his or her supervisor find a suitable arrangement for the objective evaluation of the student, employee, or other person involved.

To foster an environment of respect for the dignity and worth of all members of the University community, the University prohibits the sexual harassment of students, faculty and staff and requires that complaints of sexual harassment be investigated in accordance with the University's due process requirements. The University's policies and procedures related to sexual harassment are contained in PG-6.

Employment of Relatives

University employment of relatives is governed by state law, and the University may only employ relatives of a member of the Board of Regents pursuant to state law and PG-22. Members of the Board of Regents, except those elected to the Board as faculty, staff or student representatives, are ineligible for employment at the University.

Intellectual Property

All members of the University community are expected to be responsible stewards of University resources and comply with the University's intellectual property policies (PG-18).

Conflict of Commitment

Conflicts of commitment relate to an individual's distribution of effort between University appointment and outside activities. Faculty and professional administrative employees are expected to devote their primary professional commitment, time, and energy to their positions at MSU; other activities must not detract from these primary commitments. If conflicts become apparent in regular performance reviews, then they must be addressed by the appropriate supervisor. The University's policy and procedures regarding outside consulting are located in PAC-5.

A staff employee may be employed outside the University when the employment does not constitute a conflict with University interests and when the hours of outside employment do not conflict with hours of scheduled work or affect the employee's ability to perform satisfactorily. It is recommended that staff employees notify their supervisor concerning outside employment.

Conflict of Interest

University members are expected to avoid the appearance of benefiting from employment at the University in ways that do not result from the normal performance of one's regular duties. University members are expected to make full disclosure in situations of possible conflict of interest, and to withdraw from such situations as soon as they become apparent (refer to PG-12).

Financial Advantage

Members of the University community should endeavor to exhibit, honesty and responsibility. Official position or office in the University shall not be used to obtain financial gain or benefits for oneself or members of one's family or business associates that would not have occurred as a result of the normal performance of one's duties as a professional. Actions that create the appearance of impropriety should be avoided.

Reporting Responsibilities

The University will not tolerate any retaliation against a University member who makes a good faith report of a violation. Violations of this code may result in disciplinary action.

2007 WINTER GRADUATES

**BOR (VIII-A-1)
December 6, 2007**

Recommendation:

That the awarding of degrees to all candidates who successfully complete all degree requirements as approved by the faculty of the University at the 2007 Winter Commencement on December 15, 2007, be approved.

Background:

Five hundred forty-seven (547) students have applied for graduation at the December 15, 2007, Winter Commencement. This includes 51 associate degrees, 371 bachelor degrees, 124 master degrees and 1 education specialist degree.

RATIFY PERSONNEL ACTIONS

**BOR (VIII-A-2)
December 6, 2007**

Recommendation:

That the Board ratify the Personnel Actions for the period August 25, 2007, through November 9, 2007.

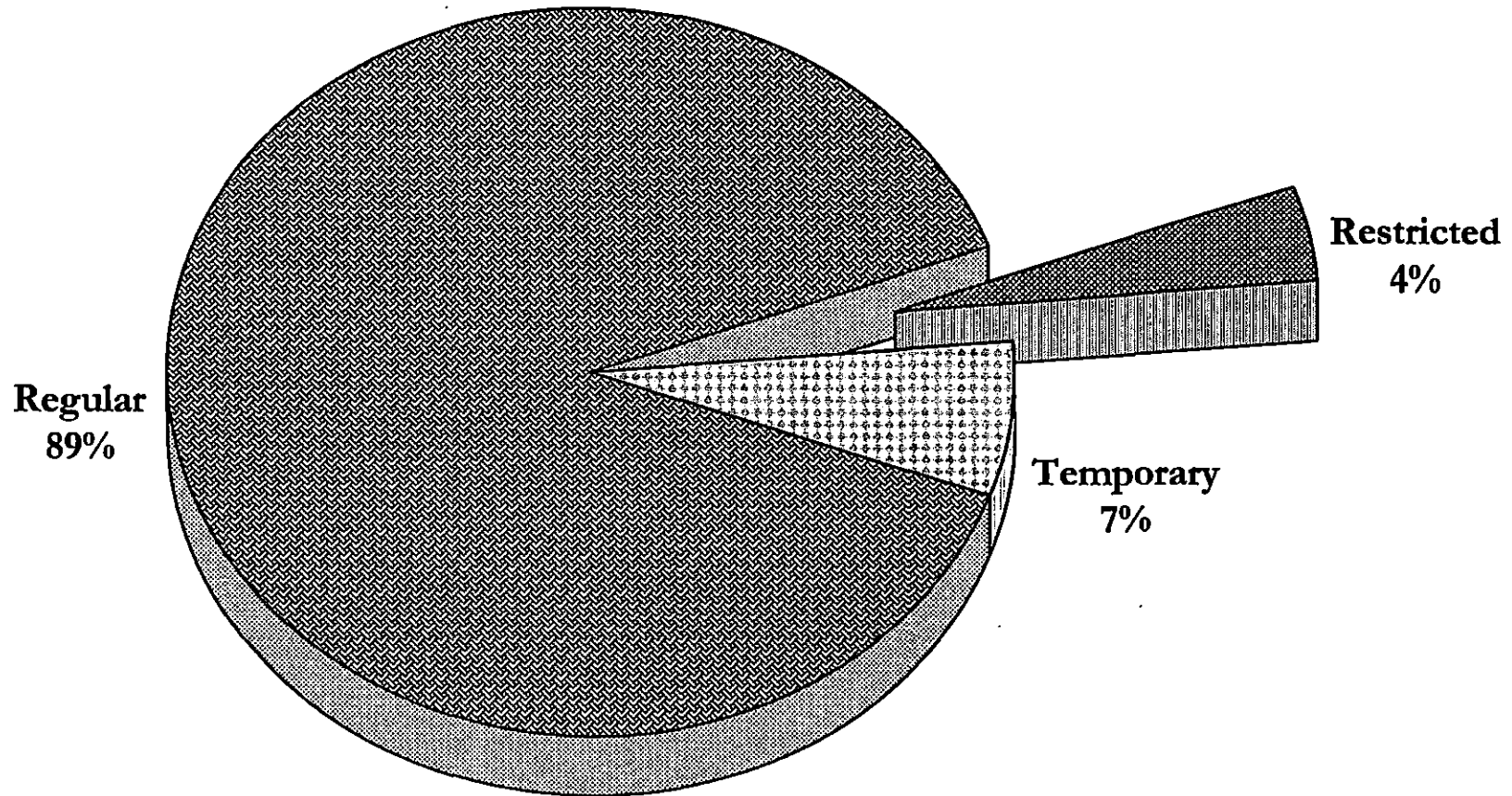
Background:

The Personnel Action Request Report includes actions related to:

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

PERSONNEL ACTION REQUEST

8/25/07 thru 11/9/07



Total Number of PARs = 28

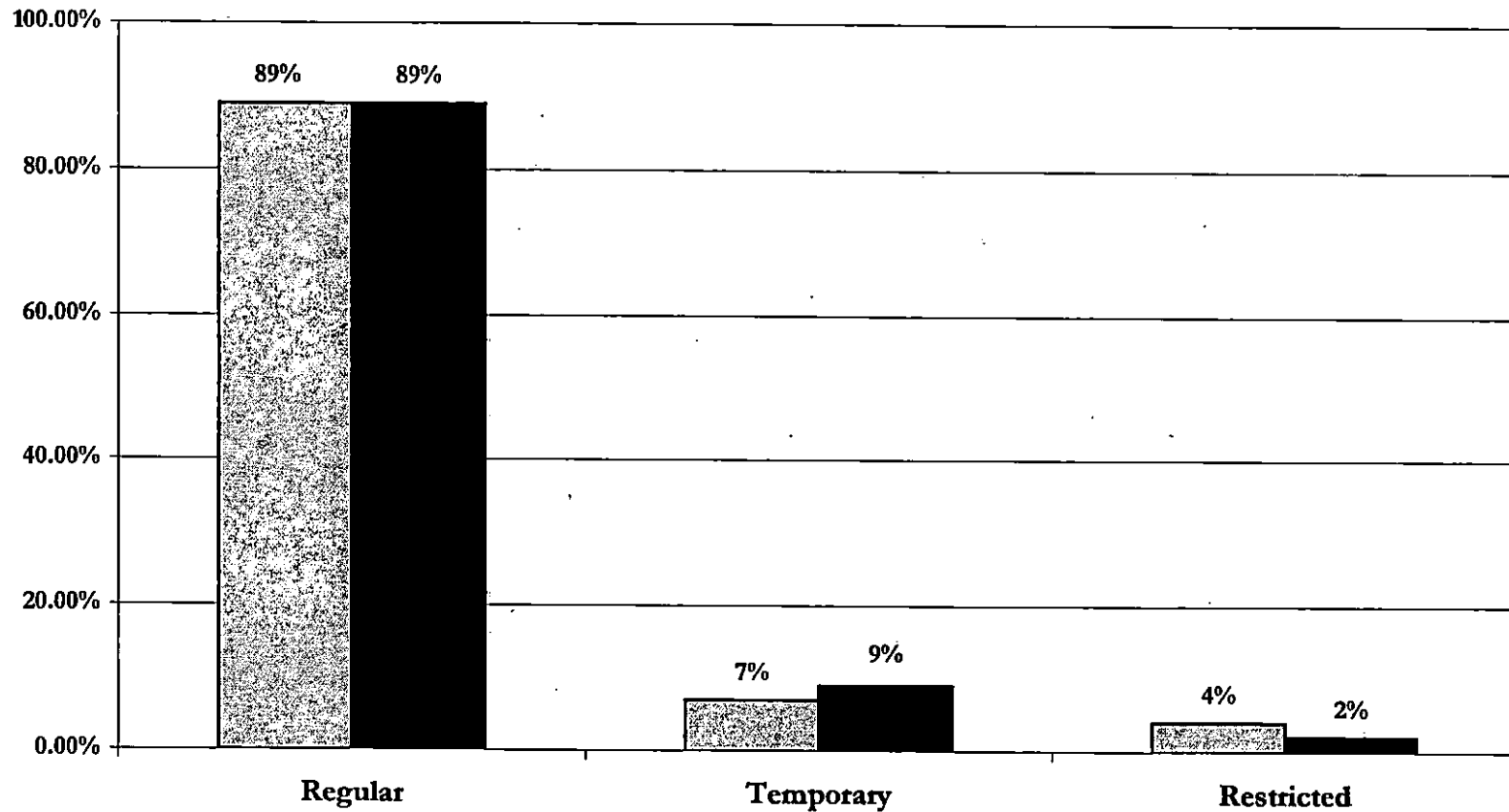
COMPARISON CHART FOR PERSONNEL ACTION REQUEST

☐ Current Quarter

(8/25/07 thru 11/9/07)

■ Same Quarter Last Year

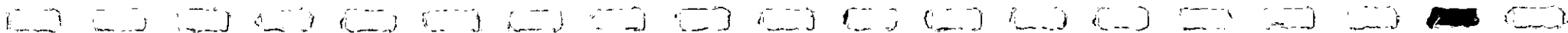
(8/28/06 thru 11/10/06)



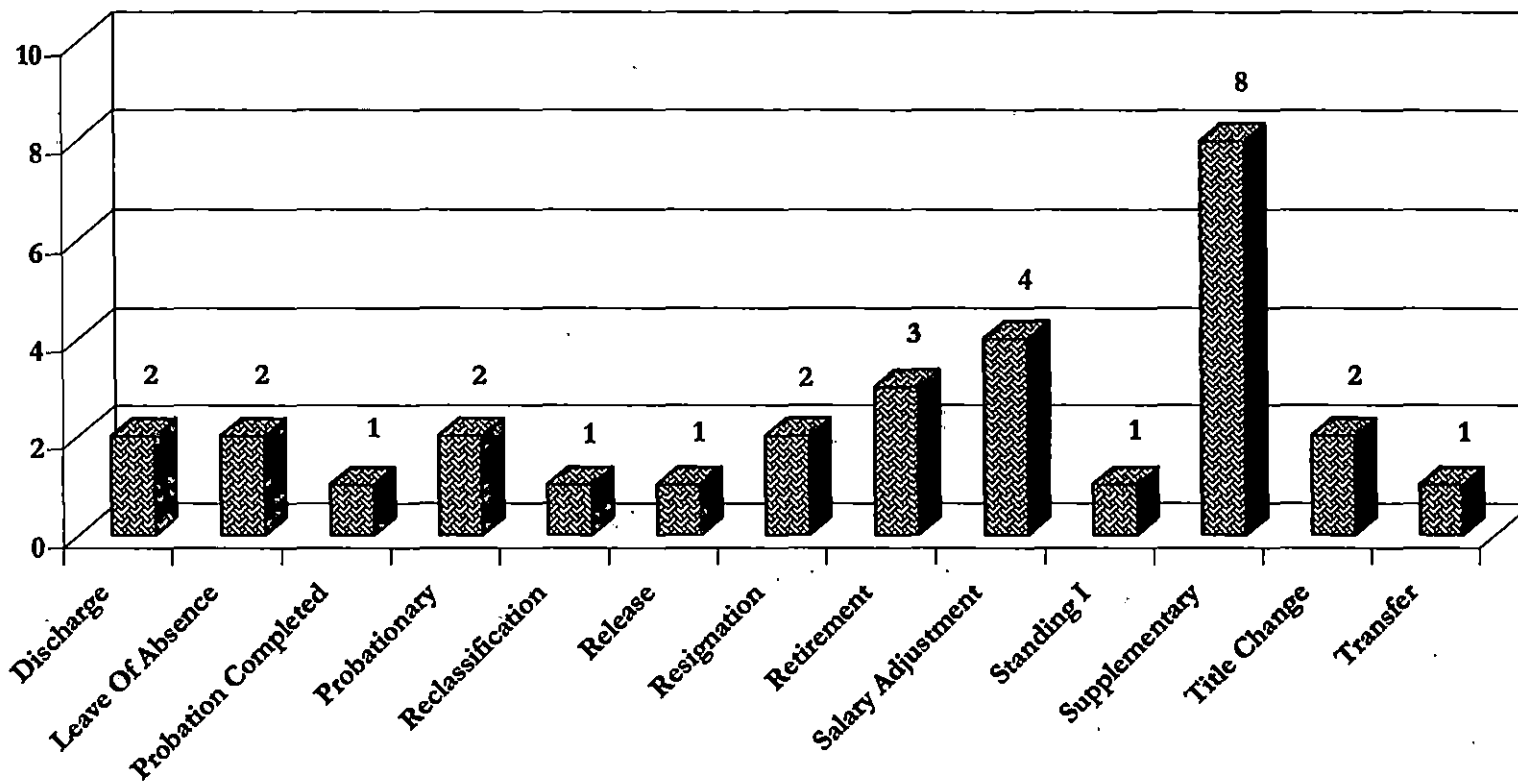
Total Number of PARs

Current Quarter = 28

Same Quarter Last Year = 47



PERSONNEL ACTIONS FOR COVERED ROSTER APPOINTMENTS 8/25/07 thru 11/9/07



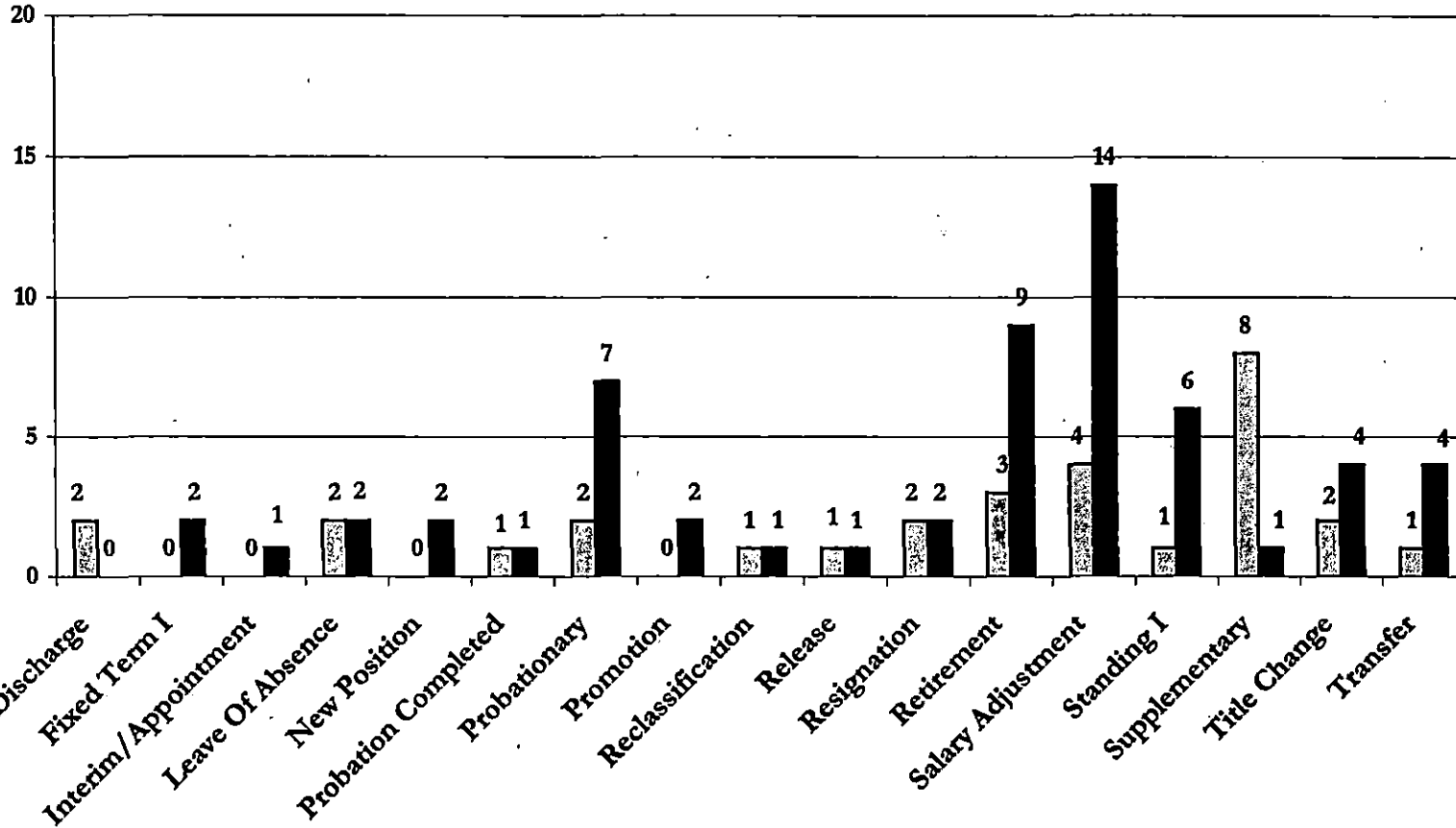
Total Number of PARs = 25

Total Number of Actions = 30

COMPARISON CHART FOR COVERED ROSTER APPOINTMENTS

Current Quarter
 (8/25/07 thru 11/9/07)

Same Quarter Last Year
 (8/28/06 thru 11/10/06)



Total Number of PARs

Current Quarter = 25

Same Quarter Last Year = 47

Total Number of Actions

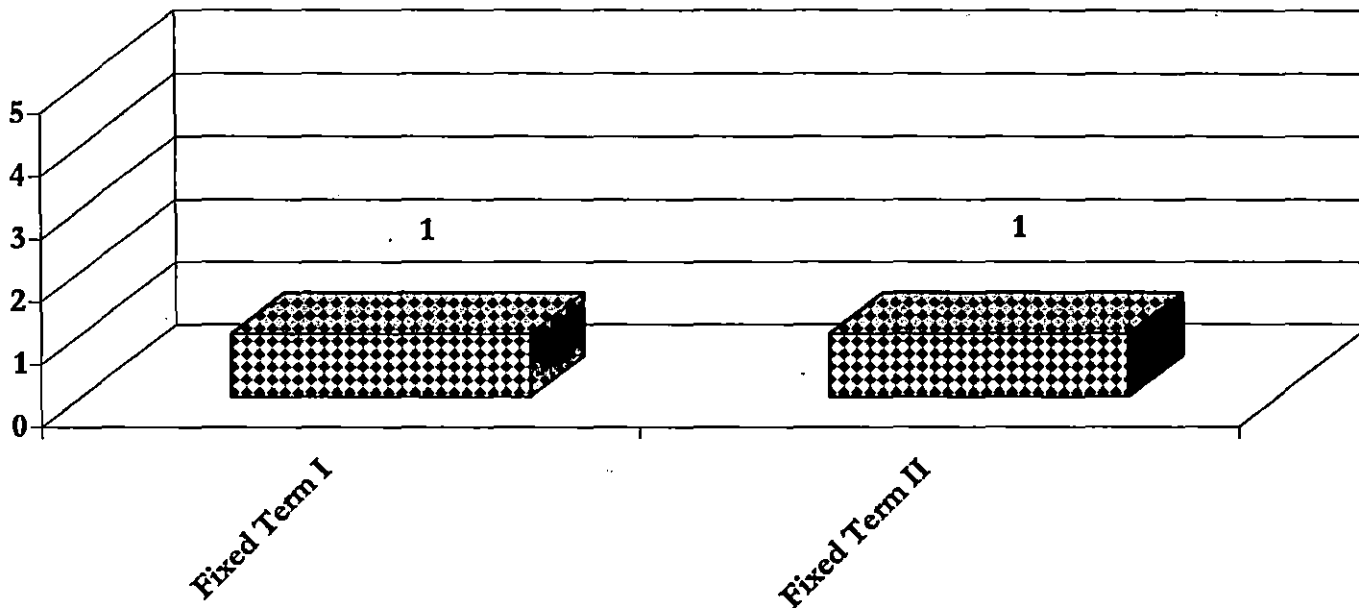
Current Quarter = 30

Same Quarter Last Year = 59



PERSONNEL ACTIONS FOR NON-ROSTERED TEMPORARY APPOINTMENTS

8/25/07 thru 11/9/07

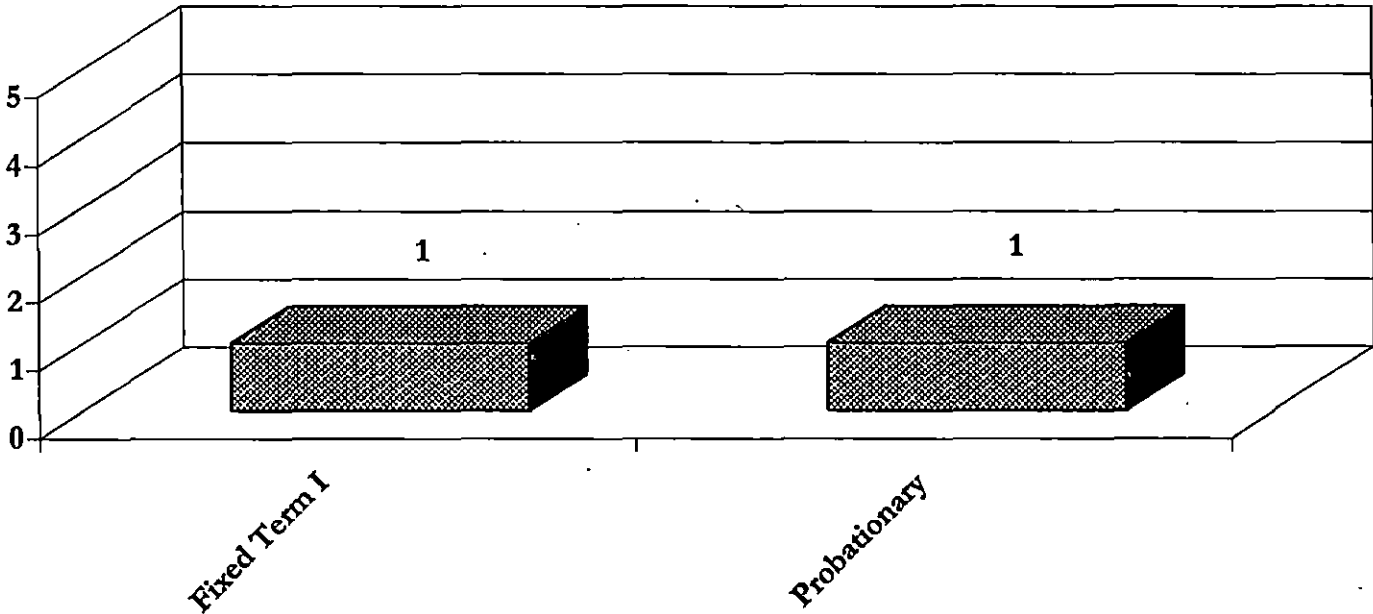


Total Number of PARs = 2

Total Number of Actions = 2

PERSONNEL ACTIONS FOR RESTRICTED APPOINTMENTS

8/25/07 thru 11/9/07



Total Number of PARs = 2

Total Number of Actions = 2

MOREHEAD STATE UNIVERSITY
STANDING I AND STANDING II POSITIONS SUMMARY
11/09/07

<u>DEPARTMENT NAME</u>	<u>July 1 Authorized Positions</u>	<u>Current Authorized Positions</u>	<u>+/- Position Adjustments</u>	<u>Current Position Strength</u>	<u>% Current Strength</u>
OFFICE OF THE PRESIDENT	5.25	5.25	0.00	5.25	100.00
DIVISION OF UNIVERSITY RELATIONS	33.00	33.00	0.00	32.00	96.97
DIVISION OF DEVELOPMENT	16.00	16.00	0.00	14.00	87.50
DIVISION OF PLANNING, BUDGETS AND TECHNOLOGY	48.75	52.75	4.00	51.75	98.10
DIVISION OF ADMINISTRATION AND FISCAL SERVICES	72.00	73.00	1.00	70.00	95.89
FACILITIES MANAGEMENT	158.70	158.70	0.00	150.70	94.96
DIVISION OF STUDENT LIFE	152.49	154.49	2.00	145.49	94.17
DIVISION OF ACADEMIC AFFAIRS	27.50	27.50	0.00	25.00	90.91
CAUDILL COLLEGE OF HUMANITIES	167.25	167.25	0.00	165.25	98.80
COLLEGE OF BUSINESS	52.50	52.50	0.00	49.50	94.29
COLLEGE OF EDUCATION	119.00	118.00	-1.00	112.00	94.92
COLLEGE OF SCIENCE AND TECHNOLOGY	161.80	161.80	0.00	153.30	94.75
INSTITUTE FOR REGIONAL ANALYSIS & PUBLIC POLICY	16.50	16.50	0.00	16.50	100.00
GRADUATE AND UNDERGRADUATE PROGRAMS	47.00	47.00	0.00	45.00	95.74
CAMDEN-CARROLL LIBRARY	38.00	38.00	0.00	36.00	94.74
	<u>1115.74</u>	<u>1121.74</u>	<u>6.00</u>	<u>1071.74</u>	<u>95.54</u>

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

Appointment Status Actions
8/25/2007 - 11/9/2007

Name	Title	Department	Roster ID	Position Base Salary	Salary	Description	Effective Date	Fund Source
MCLAREN, ELIZABETH	Asst. Professor of Education	Curriculum & Instruction	2892	\$44,824.00	\$45,824.00 (\$1,000.00 incr.)	Salary Adjustment (Received doctoral degree)	08/13/2007	Faculty Escrow
MOORE, CHARLES CHRISTOPHER	Assistant Basketball Coach	Men's Basketball	2218	\$36,540.00	\$36,540.00	Probation Completed	07/15/2007	
OLDHAM, MYRA LYNN	Instructor of English	English, Foreign Lang. & Philosophy	3459	\$33,482.00	\$33,482.00	Resignation	12/14/2007	
RANDALL, DEEBRA	Instructional Support Specialist	CDPVTC			\$38,000.00	Fixed Term I Probationary	10/08/2007 – 06/30/2008	Restricted
RHODES, ANDREA M.	Business Cashier		33	\$9.00/hr.	\$9.00/hr.	Probationary (Extension of probationary period)	10/22/2007 – 01/20/2008	

Appointment Status Actions
8/25/2007 - 11/9/2007

Name	Title	Department	Roster ID	Position Base Salary	Salary	Description	Effective Date	Fund Source
SHOEMAKER, MARY T.	Asst. Professor of Nursing	Nursing – BSN Program	1057	\$47,432.00	\$47,432.00	Leave Of Absence (Without pay)	10/10/2007 – 05/10/2008	
SLOAN, DONNA	Building Services Technician	Building Services	798	\$9.41/hr.	\$9.41/hr.	Discharge	10/18/2007	
VANCE, JASON	Assistant Dean, Research & Inst. Serv.	Camden Carroll Library	679	\$82,348.00	\$57,009.00	Standing I Salary Adjustment Title Change Transfer (From Librarian III to Asst. Dean, Research & Inst. Serv. From \$46,009 to \$57,009. \$11,000 incr.)	11/01/2007	
WALLACE, JOSEPH F.	Instructor of Education	Prof. Programs in Education			\$36,000.00	Fixed Term I	09/01/2007 – 05/09/2008	Roster ID #000402
WALLACE, MICHAEL L.	Asst. Professor of Science	Physical Sciences	136	\$49,133.00	\$49,133.00	Resignation	05/10/2008	

Supplemental Actions
8/25/2007 - 11/9/2007

Name	Title	Supplement	Description	Effective Date	Fund Source
Physical Sciences					
CHAPMAN, MARSHALL	Assoc. Professor of Geology	\$5,000.00	Dir., Honors Program	08/20/2007 – 12/14/2007	Lecturer Acct.
\$52,330.00					
IRAPP					
LINDELL, CALVIN O.	Asst. Professor of Speech	\$6,051.00	Dir., Learn. Leader. Comm.	08/20/2007 – 12/14/2007	Restricted
\$49,460.00					

**ACCEPT 2006-07 AUDIT REPORT
AND AMEND OPERATING BUDGET**

**BOR (VIII-A-3)
December 6, 2007**

Recommendation:

That the Board accept the audit report for the fiscal year ended June 30, 2007 as presented by Dean, Dorton & Ford, PSC, accept the reports related to the fourth quarter financial information and capital outlay, and amend the operating budget for the 2006-07 fiscal year.

Background:

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. At the June 15, 2007 meeting the Board of Regents approved the recommendation of the Audit Committee for the appointment of Dean, Dorton & Ford, PSC to conduct the 2006-07 fiscal year audit. The Board also approved the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

The Audit Committee met on December 6, 2007. Representatives from Dean, Dorton & Ford presented the University's audited financial statements to the Committee for acceptance. The audit report was issued with an unqualified opinion on the financial statements.

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

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period April 1, 2007 to June 30, 2007

Description	Amended Budget As Of 4/1/2007	Adjustments	Amended Budget As Of 6/30/2007
Revenues and Other Additions			
Tuition and Fees	\$ 44,704,116	\$ 26,223	\$ 44,730,339
Government Appropriations	45,462,600	68,890	45,531,490
Indirect Cost Reimbursement	365,000	-	365,000
Sales and Services of Ed. Activities	1,717,351	102,042	1,819,393
Other Sources	2,906,600	106,184	3,012,784
Budgeted Fund Balance - E&G	4,922,203	12,000	4,934,203
Auxiliary Enterprises	11,373,882	427,620	11,801,502
Budgeted Fund Balance - AUX	3,931	-	3,931
Total Revenues and Other Additions	<u>\$ 111,455,683</u>	<u>\$ 742,959</u>	<u>\$ 112,198,642</u>
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 939,106	\$ 25,293	\$ 964,399
University Relations	2,949,918	9,926	2,959,844
Development	1,096,446	9,508	1,105,954
Planning & Technology	5,433,799	(1,588,985)	3,844,814
Administration & Fiscal Services	11,398,203	(61,985)	11,336,218
Student Life	19,539,141	132,786	19,671,927
Academic Affairs	51,121,182	481,654	51,602,836
Debt Service & Mandatory Transfers	2,497,330	-	2,497,330
Other	4,242,806	298,669	4,541,475
Total Educational & General	<u>\$ 99,217,931</u>	<u>\$ (693,134)</u>	<u>\$ 98,524,797</u>
Auxiliary Enterprises			
Planning & Technology	\$ 774,949	\$ 650,159	\$ 1,425,108
Administration & Fiscal Services	8,196,968	767,292	8,964,260
Student Life	748,525	18,642	767,167
Debt Service	2,353,679	-	2,353,679
Other	163,631	-	163,631
Total Auxiliary Enterprises	<u>\$ 12,237,752</u>	<u>\$ 1,436,093</u>	<u>\$ 13,673,845</u>
Total Expenditure Authorizations	<u>\$ 111,455,683</u>	<u>\$ 742,959</u>	<u>\$ 112,198,642</u>

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period April 1, 2007 to June 30, 2007
Notes of Significant Adjustments to Revenue and Other Additions

Sales & Services of Educational Activities

Unbudgeted revenue allocated during the fourth quarter totaled \$102,042.

- Eagle Excellence Fund (EEF) support from the MSU Foundation totaled \$35,766
- Other Athletic Income totaled \$2,416
- Theatre Ensemble revenue totaling \$22,646 was allocated to Communication & Theatre
- Pool Pass revenue totaling \$10,652 was allocated to Swimming Pool
- Special Farm Projects revenue totaling \$8,200 was allocated to the University Farm
- Horse Sale revenue totaling \$6,199 was allocated the Equestrian Program
- Veterinary Services Fee revenue totaling \$4,144 was allocated to the Vet Tech Program
- GED-Licking Valley ECC revenue totaling \$5,446 was allocated to MSU at West Liberty
- Career/Placement revenue totaling \$2,192 was allocated to Academic and Career Services
- International Education revenue totaling \$1,815 was allocated to International Education
- Educational Services revenue totaling \$1,109 was allocated to Educational Services Unit
- Student Recreation Center Fee revenue totaling \$1,270 was allocated to the Bowling Lane refurbishment project, \$680 was returned to this revenue account from unused funds previously allocated to Student Activities for travel expenses.

Other Sources

Budget allocations from other sources increased by \$106,184 in the fourth quarter.

- Unbudgeted support from the MSU Foundation totaled \$33,913
 - \$ 205 President
 - \$11,840 Development
 - \$ 6,450 University Relations (Public Radio)
 - \$ 300 Student Life
 - \$13,517 Academic Affairs
 - \$ 1,600 Reclassified as EEF support
- Unbudgeted endowment income totaled \$10,575 and was allocated to Academic Affairs
- Auto registration income totaling \$25,627 was allocated to cover expenses of the University Police

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period April 1, 2007 to June 30, 2007

From: Revenue and Other Additions	To: Division/ Budget Unit	Amount	Description
Auxiliary Enterprises Bookstore Revenue	Administration & Fiscal Services University Store	\$ 263,527	University Store revenue is budgeted to support the overall operation of the University Store including the purchase of items for sale. During the 2006-2007 budget clean-up process, revenue in the Used Book Sales account that exceeded the budgeted projection was allocated to the Used Book Purchases account.

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of April 1, 2007 to June 30, 2007

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I Equipment Purchases Greater than \$100,000			
None			
II Capital Construction Projects/ Land Acquisitions Greater than \$400,000			
Wellness Center - Phase III	\$ 450,000		In Progress
Bond Issue			
Button Auditorium Renovation	\$ 750,000		In Progress
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)			In Progress
Auxiliary Modules (December 2007)			In Progress
Nunn Hall Renovation	\$ 5,000,000		In Progress

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

**BOR (VIII-A-4)
December 6, 2007**

Recommendation:

That the Board accept the financial statements and amend the operating budget for the first quarter of the fiscal year that will end June 30, 2008, and amend the operating budget.

Background:

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of September 30, 2007, the first quarter of the fiscal year ending June 30, 2008. The statements, along with management's discussion and analysis and budget amendment information are attached.

Management's Discussion and Analysis
First Quarter Financial Statements
Morehead State University
September 30, 2007

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the three months that ended on September 30, 2007. The statements and this discussion and analysis have been prepared by Accounting and Budgetary Control staff.

Using These Financial Statements

This report contains the Statements of Revenues, Expenditures and Changes in Fund Balance and provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University. These financial statements have not been prepared in full accordance with *Government Accounting Standards Board Statement 35* (GASB 35). Interim statements are prepared using a fund approach to facilitate budget comparisons and management decisions. Year-end statements are prepared in the GASB 35 format.

Financial Highlights

Morehead State University's financial picture remains stable through the first quarter of the 2007-2008 fiscal year. During the period July 1, 2007 through September 30, 2007 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$18,086,308. This level of operating surplus is expected at this time, since most of the billings for the Fall 2007 semester are reflected in the tuition and fees revenue and only expenditures through September 30, 2007 are reflected. As the fiscal year proceeds, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

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

- ▶ Total revenues increased \$4.6 million over last year to \$47.1 million. Tuition & fees increased \$3.2 million, auxiliary enterprises increased \$.6 million, and other categories increased \$.8 million (net).
- ▶ The total actual revenue percent to budget increased .8% to 39.4% versus 38.6% at 09/30/2006. Housing revenue increased 1.3%, other auxiliary and other revenue increased .3%, and educational and general revenue increased .8%, compared to the previous year.
- ▶ Total Expenses increased \$2.5 million over last year to \$29.1 million. Total E & G expenses increased \$3.0 million and auxiliary enterprises decreased \$.5 million.

- ▶ Net change in fund balance increased \$2.1 million to \$18.1 million as compared to \$16.0 million at 09/30/06. This is 12.9% increase over the previous year.

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Three Months Ended September 30, 2007 and 2006

	2007-2008			2006-2007		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
REVENUES						
Educational and General						
Tuition and Fees	\$ 47,898,031	\$ 24,001,420	50.11%	\$ 44,692,750	\$ 20,762,218	46.46%
Gov't Appropriations	49,297,600	14,618,901	29.65%	45,462,600	13,653,498	30.03%
City Grants	0	0	0.00%	0	0	0.00%
Unrestricted Gifts	0	0	0.00%	0	0	0.00%
Indirect Cost Reimbursement	365,000	38,258	10.48%	365,000	43,418	11.90%
Sales & Services of Ed. Activities	1,350,641	683,623	50.61%	1,257,886	839,643	66.75%
Other Sources	2,955,681	1,241,128	41.99%	2,474,139	1,278,213	51.66%
Budgeted Fund Balance - E & G	5,550,419	0	0.00%	4,719,443	0	0.00%
Total Educational and General	\$ 107,417,372	\$ 40,583,330	37.78%	\$ 98,971,818	\$ 36,576,990	36.96%
Auxiliary Enterprises						
Housing	\$ 7,113,699	\$ 4,113,907	57.83%	\$ 6,796,800	\$ 3,840,470	56.50%
University Store	3,752,748	2,117,946	56.44%	3,685,087	1,917,082	52.02%
Food Services	707,500	167,674	23.70%	687,500	155,227	22.58%
Other	552,328	166,790	30.20%	187,500	54,528	29.08%
Total Auxiliary Enterprises	\$ 12,126,275	\$ 6,566,317	54.15%	\$ 11,356,887	\$ 5,967,307	52.54%
TOTAL REVENUES	\$ 119,543,647	\$ 47,149,647	39.44%	\$ 110,328,705	\$ 42,544,297	38.56%

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Three Months Ended September 30, 2007 and 2006

	2007-2008			2006-2007		
	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	\$ 808,443	\$ 206,219	25.51%	\$ 863,788	\$ 210,599	24.38%
University Relations	3,081,297	786,816	25.54%	2,880,773	753,460	26.15%
Development	1,078,789	216,832	20.10%	1,062,560	264,587	24.90%
Administration & Fiscal Services	12,251,791	3,743,585	30.56%	10,741,096	2,851,906	26.55%
Planning & Technology	6,577,163	1,953,446	29.70%	4,792,793	1,681,741	35.09%
Student Life	21,788,580	8,184,095	37.56%	19,223,356	7,217,808	37.55%
Academic Affairs	53,481,827	10,830,533	20.25%	51,015,302	10,173,915	19.94%
Other	7,568,444	858,050	11.34%	7,634,727	619,574	8.12%
Total Educational & General	<u>\$ 106,636,334</u>	<u>\$ 26,779,576</u>	<u>25.11%</u>	<u>\$ 98,214,395</u>	<u>\$ 23,773,590</u>	<u>24.21%</u>
Auxiliary Enterprises						
Housing	\$ 8,022,958	\$ 641,628	8.00%	\$ 7,980,550	\$ 857,247	10.74%
University Store	3,487,439	1,374,540	39.41%	3,316,307	1,712,061	51.63%
Food Services	467,854	95,303	20.37%	435,956	92,276	21.17%
Other	929,062	172,292	18.54%	381,497	85,413	22.39%
Total Auxiliary Enterprises	<u>\$ 12,907,313</u>	<u>\$ 2,283,763</u>	<u>17.69%</u>	<u>\$ 12,114,310</u>	<u>\$ 2,746,997</u>	<u>22.68%</u>
TOTAL EXPENDITURES AND TRANSFERS BY DIVISION	<u>\$ 119,543,647</u>	<u>\$ 29,063,339</u>	<u>24.31%</u>	<u>\$ 110,328,705</u>	<u>\$ 26,520,587</u>	<u>24.04%</u>
NET CHANGE IN FUND BALANCE		<u>\$ 18,086,308</u>			<u>\$ 16,023,710</u>	

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period July 1, 2007 to September 30, 2007

<u>Description</u>	<u>Amended Budget As Of 7/1/2007</u>	<u>Adjustments</u>	<u>Amended Budget As Of 9/30/2007</u>
Revenues and Other Additions			
Tuition and Fees	\$ 47,860,450	\$ 37,581	\$ 47,898,031
Government Appropriations	49,297,600	-	49,297,600
Indirect Cost Reimbursement	365,000	-	365,000
Sales and Services of Ed. Activities	1,336,625	14,016	1,350,641
Other Sources	2,800,200	155,481	2,955,681
Budgeted Fund Balance - E&G	5,416,425	133,994	5,550,419
Auxiliary Enterprises	11,753,700	232,748	11,986,448
Budgeted Fund Balance - AUX	120,000	19,828	139,828
Total Revenues and Other Additions	<u>\$ 118,950,000</u>	<u>\$ 593,648</u>	<u>\$ 119,543,648</u>
Expenditure Authorizations by Division			
Educational & General			
President & Administration	\$ 766,911	\$ 41,532	\$ 808,443
University Relations	2,950,328	130,969	3,081,297
Development	1,041,488	37,301	1,078,789
Planning & Technology	6,123,022	454,141	6,577,163
Administration & Fiscal Services	11,208,815	1,042,976	12,251,791
Student Life	21,765,118	23,462	21,788,580
Academic Affairs	52,558,164	923,663	53,481,827
Debt Service & Mandatory Transfers	2,088,985	-	2,088,985
Other	7,815,454	(2,335,995)	5,479,459
Total Educational & General	<u>\$ 106,318,285</u>	<u>\$ 318,049</u>	<u>\$ 106,636,334</u>
Auxiliary Enterprises			
Planning & Technology	\$ 732,268	\$ (22,184)	\$ 710,084
Administration & Fiscal Services	7,966,453	240,167	8,206,620
Student Life	702,780	95,833	798,613
Debt Service	3,029,583	-	3,029,583
Other	200,631	(38,217)	162,414
Total Auxiliary Enterprises	<u>\$ 12,631,715</u>	<u>\$ 275,599</u>	<u>\$ 12,907,314</u>
Total Expenditure Authorizations	<u>\$ 118,950,000</u>	<u>\$ 593,648</u>	<u>\$ 119,543,648</u>

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period July 1, 2007 to September 30, 2007

<u>From:</u> <u>Revenue and Other Additions</u>	<u>To:</u> <u>Division/ Budget Unit</u>	<u>Amount</u>	<u>Description</u>
Auxiliary Enterprises Golf Course Revenue	Administration & Fiscal Services Eagle Trace Golf Course	\$ 225,000	With the addition of Eagle Trace Golf Course to MSU owned and managed property, the projection from golf course revenue was increased from \$175,000 to \$400,000. This revenue budget adjustment of \$225,000 was processed in the first quarter of the current fiscal year. The total revenue is projected as follows:
		\$ 225,000	Greens Fees
		20,000	Soft Goods Sales
		10,000	Hard Goods Sales
		35,000	Concessions
		10,000	Driving Range
		<u>100,000</u>	Memberships
		\$ 400,000	

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period July 1, 2007 to September 30, 2007
Notes of Significant Adjustments to Revenue and Other Additions

Other Sources

Budget allocations from other sources increased by \$155,481 in the first quarter.

- Unbudgeted support from the MSU Foundation totaled \$60,694
 - \$ 500 President
 - \$10,680 Development
 - \$32,274 University Relations (primarily Public Radio)
 - \$ 690 Administration & Fiscal Services
 - \$ 3,040 Student Life
 - \$13,510 Academic Affairs

- Unbudgeted revenue totaling \$70,000 from the sale of surplus property was allocated to the Space Science Center
- Miscellaneous other income totaling \$24,786 was allocated primarily to the division of Academic Affairs

Fund Balance – E&G

Net budget allocations from fund balance for educational and general purposes totaled \$133,994.

- \$ 5,850 Heritage Room carpet
- \$ 4,100 President's Home
- \$36,500 Button Auditorium Stage project
- \$69,018 Enrollment Services fixed term position for STEM Recruiter (including fringe benefits)
- \$12,526 Additional allocation for F&A cost reimbursement distribution to colleges & academic departments
- \$ 6,000 Replacement of bike racks

Auxiliary Enterprises

Unbudgeted revenue from auxiliary enterprises totaled \$232,748 in the first quarter

- Revenue budget for Eagle Trace Golf Course was increased by \$225,000 bringing the total to \$400,000.
- University Bookstore commission revenue totaling \$7,748 was allocated to the University Bookstore

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of July 1, 2007 to September 30, 2007

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I Equipment Purchases Greater than \$100,000			
None			
II Capital Construction Projects/ Land Acquisitions Greater than \$400,000			
Wellness Center - Phase III	\$ 450,000		In Progress
Bond Issue			
Button Auditorium Renovation	\$ 750,000		In Progress
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)			In Progress
Auxiliary Modules (December 2007)			In Progress
Nunn Hall Renovation	\$ 5,000,000		In Progress

REVISION OF POLICY FOR DISPOSITION OF SURPLUS PERSONAL PROPERTY

BOR (VIII-A-5)
December 6, 2007

Recommendation:

That the Board approve the proposed revision to the policy for the disposition of surplus personal property.

Background:

KRS 164A.575 (7) provides that the Board may dispose of surplus personal property that is not needed, has become unsuitable for use, or would be more suitable with the public interest for some other use. At its meeting on November 14, 1986, the Board approved a policy for the disposition of surplus personal property, including farm animals, surplus plants and other farm laboratory by-products. That policy has been followed since that time. A copy of the current policy is presented in Attachment 1.

The policy has been revised to reflect changes in the methods available for disposition and updates in the state's surplus personal property policy. The most significant change in the proposed policy is the provision and procedures for the transfer of surplus personal property to organizations exempt from taxation under Internal Revenue Code Section 501 (c) (3). The proposed policy is as follows:

Proposed Policy for the Disposal of Surplus Personal Property December 6, 2007

In accordance with KRS 164A.575 (7), the following methods of disposal may be used by the Office of Support Services to dispose of university-owned surplus personal property, farm animals, produce, plants and other agricultural laboratory by-products:

1. Transfer to another department of the university.
2. Trade in on replacement item(s).
3. Transfer, at a price determined by mutual consent and in the University's best interest, to another state agency, unit of local government or a nonprofit organization exempt from taxation under Internal Revenue Code Section 501 (c) (3), excluding religious organizations, and organized under the laws of the Commonwealth, another state, or the District of Columbia, or chartered under an Act of Congress, lawfully doing business in the Commonwealth of Kentucky, and serving a public purpose of an essentially governmental, civic, educational, or charitable nature. The nonprofit organization must provide certification and evidence of nonprofit status.
4. Personal property may be transferred to a nonprofit entity described in section 3 above upon receipt of a signed acknowledgement including the items to be received by description, inventory number, serial number, quantity and transfer charge, and containing a statement that the recipient entity:
 - Is a nonprofit organization exempt from taxation under Internal Revenue Code Section 501 (c) (3).
 - Will use the property for public purposes or to further its nonprofit mission, and that the property is not being acquired for other purposes or for sale.

- Will use the property received for at least one (1) year from the date of receipt unless prior approval is granted for an alternate minimum use requirement by the University.
 - Will pay to the University the proceeds of disposal, or the fair market value or fair rental value of the property, if the property is put into personal or other ineligible use, or is sold, traded, leased or otherwise disposed of within twelve (12) months of receipt without prior written approval from the University. The amount of the payment shall be determined as of the time of the disposal or ineligible use, and shall be the option of and determined by the University. Payment shall not preclude any other legal action that the University may pursue if criminal violation is suspected.
 - Will if requested by the University during the twelve (12) months after receipt, report to the University the condition, use, and location of, answer any question about, and allow inspection of the property.
 - Accepts the property "as is" and "where is" without warranty of any kind.
 - Holds the University harmless from any and all losses, claims, expenditures, actions, causes of actions, costs, damages, and obligations arising from this transaction and from the use of the property and the acts of the donee recipient, its agents, employees, and licensees that may result in injury to persons, damage to property, or loss of any sort, and to indemnify the University from any and all liability, loss or damage that it may suffer resulting there from or any other claims or judgments resulting there from.
 - Will make payment for transferred property by nonprofit agency check only. Personal checks shall not be accepted.
 - Accepts title to the transferred property in the name of the recipient nonprofit agency.
5. Sale to the general public by any of the following methods:
- Sealed bid or public auction, including internet and consignment auctions.
 - Pricing for surplus personal property not disposed of by sealed bid or public auction shall be determined by a pricing committee established by the President. The committee shall be comprised of the Director of Support Services and at least two other disinterested individuals knowledgeable in the value of the property. The surplus property may be sold at the established price on a first come, first served basis at a public surplus property sale.
 - Pricing for farm animals not sold at public auction or sealed bid shall be determined by a pricing committee established by the President. At least one member of the committee shall be from the College of Science and Technology and at least two members shall be disinterested individuals knowledgeable in the value of animals. The animals may be sold at the established value on a first come, first served basis at a public sale.
 - Produce, plants and other agricultural laboratory by-products may be disposed of at the discretion of the Dean of the College of Science and Technology working in conjunction with the Director of Support Services through local sales.
 - Disposition by any of these methods shall be preceded by notice adequate to inform the general public of the sale.
6. Cannibalization, recycle or junk as trash with or without value.

Policy for the Disposal of Surplus Property

Section 1

Farm animals, produce, plants and other agricultural laboratory by-products declared surplus by the Dean of the College of Applied Sciences and Technology may be disposed of pursuant to KRS 164A.575 by:

1. Sale by public auction.
2. Sale by sealed bid.
3. The President may establish a committee, at least one of which shall be from the College of Applied Sciences and Technology and at least two members shall be disinterested persons knowledgeable in the value of animals. This committee shall establish a value for animals not sold by public auction or sealed bid; after which, they may be sold on a first come, first served basis to the first person or company offering the established price.
4. Produce (tomatoes, strawberries, grapes, corn, etc.), plants, and other agricultural laboratory by-products may be disposed of, at the discretion of the Dean of the College of Applied Sciences and Technology working in conjunction with the Purchasing Officer, through local sales.

Section 2

All other personal property declared surplus shall be disposed of by the Purchasing Officer in any one of the following methods which in the determination of the Purchasing Officer is in the best interests of the University:

1. Transfer to another department of the University.
2. Trade-in on replacement item.
3. Sealed bid.
4. Public auction.
5. Transfer to another university, state agency, local governmental unit or nonprofit/charitable organization.
6. Cannibalization and/or sell for junk.
7. Junk without value.
8. The President may establish a committee at least one of which shall be the Purchasing Officer and at least two members shall be disinterested persons knowledgeable in the value of the property. This committee shall establish a value for the property which is not sold by either public auction or sealed bid; after which, the property may be sold on a first come, first served basis to the first person or company offering the established price at a public surplus property sale. The University shall publicize the public surplus property sale at least one week in advance of the sale.

**CONFIRM APPOINTMENT OF
BOARD MEMBERS, FRIENDS OF
KENTUCKY FOLK ART CENTER, INC.**

**BOR (VIII-A-6)
December 6, 2007**

Recommendation:

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

Background:

1. Under provisions of state law, Friends of the Kentucky Folk Art Center, Inc. (FKFAC), was declared an affiliated corporation of Morehead State University by the Board of Regents on September 18, 1998. As such, the Board of Regents must confirm the appointment of members of the FKFAC Board of Directors. In addition, the relationship between the University and FKFAC is governed by an operating agreement approved by both boards.

2. Friends of the Kentucky Folk Art Center, Inc., is a volunteer organization of folk art enthusiasts which assists the K FAC staff in promotional, educational and revenue-generating activities.

3. The FKFAC Board of Directors met April 6, 2007, and recommended the appointment of two board members – Richard Mook of Lexington and Grant Alden of Morehead.

4. All appointed board members serve three-year terms.

Prepared by: Keith Kappes

**2008-2010 EXECUTIVE BRANCH
BUDGET REQUEST**

**BOR (VIII-A-7)
December 6, 2007**

Recommendation:

That the Board of Regents ratify the University's 2008-2010 Executive Branch Budget Request.

Background:

On November 5, 2007, the Council on Postsecondary Education approved a 2008-2010 Operating and Capital Budget recommendation for the public postsecondary education institutions to the Governor and General Assembly. Morehead State University, as well as the other public postsecondary institutions, was required to submit a 2008-2010 Executive Branch Budget Request by November 15, 2007 to the Governor's Office for Policy and Management, the Legislative Research Commission, and the Council. This submission was made in accordance with the Council's recommendation regarding the state appropriation and capital project request approved on November 5, 2007.

The following is a summary of Council on Postsecondary Education's 2008-2010 Biennial Budget Request for Morehead State University:

Funds requested for Morehead State University	2008-09	2009-10
Operating funds		
Prior Year Gross Appropriation – Operating and Debt Service	\$48,697,600	52,768,200
Prior year Debt Service	\$495,500	\$1,140,600
Base operating from prior year	\$48,202,100	\$51,627,600
Recommended Increases		
Inflationary adjustment (3.3%)	\$1,597,300	\$1,699,300
Base support for capital renewal	\$274,100	--
Maintenance & operation of new facilities	\$334,600	\$420,800
Developmental education	\$500,000	\$202,700
Statewide priorities	\$719,500	\$479,600
Net Recommended Increase - Operating	\$3,425,500	\$2,802,400
Requested General Fund appropriation - Operating	\$51,627,600	\$54,430,000
Percentage increase in State Appropriation - Operating	7.1%	5.4%
Debt Service Adjustment	\$1,140,600	\$1,015,800
Gross Appropriation – Operating and Debt Service	\$52,768,200	\$54,445,800
Additional funds		
Degree Production Fund ¹	\$210,000	\$772,500
Bucks for Brains / Endowment Match Program ² (non-recurring)	\$5,557,500	
<i>1: Estimate based upon achieving levels of performance needed to keep pace with 2020 projections.</i>		
<i>2: Reflects institution's distribution of overall \$200 million request.</i>		

Capital Request:

The chart on the following page details capital projects that were included in Morehead State University's 2008-2010 biennial budget request. Projects included were based on the University's 2008-2014 Six Year Capital Plan approved by the Board in June 2007 and capital funding recommendations made for MoSU in the CPE 2008-2010 biennial budget request.

Allocations for state funding of capital projects for MoSU in the CPE 2008-2010 Capital Budget recommendations include:

Construct Space Science Center Star Theatre/Clean Room	\$ 9,641,000
Renovate & Expand Student Center, Phase II (Note: full project scope is requested at \$49,092,000)	\$26,000,000
Capital Renewal, Maintenance, and Infrastructure Pool	\$ 4,677,300
Information Technology Initiatives/Equipment Pool	\$ 2,516,200

**MOREHEAD STATE UNIVERSITY
CAPITAL PROJECTS REQUEST
2008-2010**

Priority	Project Title	Total Scope	General Fund	Restricted Fund	Federal Fund	Agency Bond	Other
1	Construct Space Science Ctr Star Theatre / Clean Room	\$ 9,641,000	\$ 9,641,000				
2	Renovate & Expand Student Center Phase II	49,092,000	26,000,000	23,092,000			
3	Purchase Equip for Ctr for Health, Education & Research	3,666,000		3,666,000			
4	Renovate Combs Classroom Building	24,448,300		24,448,300			
5	Plan and Design Library Facility	1,350,000		1,350,000			
6	Renovate Button Auditorium	3,350,000		3,350,000			
7	Capital Renewal & Maintenance Pool-E&G	4,586,500		4,586,500			
8	Acquire Land Related to Master Plan	2,000,000		2,000,000			
9	Replace Power Plant Control System & Boiler Tube	5,700,000		5,700,000			
10	Comply with ADA - E&G	3,322,000		3,322,000			
11	Construct Athletic Admin & Sports Performance Bldg	23,589,000		19,201,000			4,388,000
12	Construct Center for the Performing Arts	32,536,000		27,536,000			5,000,000
13	Construct Honors College Facility	1,733,000		1,733,000			
14	Construct KY Mountain Heritage Center	5,434,000		5,434,000			
15	Construct New Music Building	88,800,000		84,400,000			4,400,000
16	Construct Plant Facilities	6,750,000		6,750,000			
17	Construct Vet Tech Clinical Services Center	21,586,000		21,586,000			
18	Enhance Library Automation Resources	1,000,000		1,000,000			
19	Enhance Network/Infrastructure Resources	4,750,000		4,750,000			
20	Expand Life Safety: Claypool-Young Bldg	1,000,000		1,000,000			
21	Purchase Bus	500,000		500,000			
22	Purchase Equipment for Molecular Biology Lab	430,000		430,000			
23	Purchase Instructional Tech Initiatives	2,177,100		2,177,100			
24	Reconstruct Central Campus	2,500,000		2,500,000			
25	Renovate Academic Center & Tennis Team Facilities	4,578,000		4,578,000			
26	Upgrade Administrative Office Systems	2,500,000		2,500,000			
27	Upgrade and Expand Distance Learning	750,000		750,000			
28	Upgrade Instruct. PCs/LANs/Peripherals	5,000,000		5,000,000			
29	Capital Renewal & Maintenance Pool-Auxiliary	1,383,000				1,383,000	
30	Construct Campus Recreation Center	39,000,000				39,000,000	
31	Renovate Alumni Tower Residence Hall	4,631,000				4,631,000	
32	Construct Food Services Facility in Housing Complex	8,251,000				8,251,000	
33	Comply with ADA - Auxiliary	2,727,000				2,727,000	
34	Renovate Mignon Tower Residence Hall	5,682,000				5,682,000	
35	Construct Parking Structure	7,000,000				7,000,000	
36	Construct Morehead/Ro Co Public Safety Complex	10,853,000			10,853,000		
TOTAL 2008-2010 CAPITAL PROJECTS		\$ 392,295,900	\$ 35,641,000	\$ 263,339,900	\$ 10,853,000	\$ 68,674,000	\$ 13,788,000

FALL 2007 FINAL ENROLLMENT**BOR (VIII-B-1)
December 6, 2007****HEAD-COUNT ENROLLMENT**

		% Change
2003	9,509	+1.3
2004	9,294	-2.3
2005	9,062	-2.5
2006	9,025	-0.4
2007	9,066	+5

FULL-TIME EQUIVALENCY

		% Change
2003	7,242	-0.0
2004	7,028	-3.0
2005	6,688	-4.8
2006	6,634	-0.8
2007	6,591	-0.6

CREDIT-HOUR PRODUCTION

		% Change
2003	112,968	+0.1
2004	109,501	-3.1
2005	103,941	-5.1
2006	102,971	-0.9
2007	102,747	-0.2

**REPORT ON HEALTH INSURANCE
FOR PLAN YEAR 2008**

**BOR (VIII-B-2)
December 6, 2007**

Morehead State University remains committed to providing affordable health benefits to employees and their families and to also provide resources and tools to help and encourage employees to be in the best health possible. MSU will remain fully insured for 2008 and we have partnered with our health insurance provider, Humana, to provide high quality health care coverage at affordable premiums and to also provide tools to assist employees in improving their health.

The four primary objectives of this year's health plan negotiations were to:

- Make the transition from CHA to Humana as seamless as possible
- Aggressively negotiate/partner with Humana for lowest price while maintaining high quality healthcare
- Enhance Consumer Driven Philosophy and related programs
- Incorporate employee suggestions into plan design/philosophy

MSU's 2007 health insurance carrier, CHA, was purchased by Humana who will take over as our health insurance carrier beginning January 1, 2008. We have worked with Humana to make this transition as seamless as possible and as a result, the health plans for next year will be very similar to those in place this year.

MSU's health insurance increase for 2008 is 5.1%; however, the University is pleased to offer a new wellness incentive program that may allow employees to maintain their current 2007 health insurance premiums for the 2008 plan year. Two wellness incentives have been offered and half of the health insurance premium will be waived for each incentive for which the employee qualifies. The first incentive is to complete an online health questionnaire called a Humana Health Assessment (HHA), which is a brief online questionnaire about medical history and current lifestyle that immediately provides the employee with tailored steps to improve their health. In addition to the immediate employee feedback, MSU will receive a summary of the results of this survey which will be used to establish additional wellness programs for our employees. Employees will be eligible for a second incentive if they and their spouse, if covered by the health plan, are non-tobacco users. Both of the wellness incentives were derived from suggestions made in a spring 2007 employee benefit survey.

We are pleased to report that 77% of employees completed the online Humana Health Assessment and 69% of employees have participated in the non-tobacco use incentive.

The monthly employer/employee cost breakdown for each 2008 health insurance plan is reflected in the following table:

**Monthly Health Insurance Rates
January 1 through December 31, 2008**

PLAN	2008 University Contribution	2008	2008	2008
		Employee Premium No Incentives	Employee Premium Eligible for One Incentive	Employee Cost Eligible for Two Incentives

CDHP

Single	\$ 326	\$ 56	\$ 54.50	\$ 53.00
2-Person	\$ 409	\$ 164	\$ 156.00	\$ 148.00
Family	\$ 513	\$ 250	\$ 240.50	\$ 231.00
2-Person-H/W	\$ 573	\$ -	\$ -	\$ -
Family-H/W	\$ 654	\$ 111	\$ 102.50	\$ 94.00

POS

Single	\$ 338	\$ 146	\$ 141.50	\$ 137.00
2-person	\$ 444	\$ 282	\$ 271.50	\$ 261.00
Family	\$ 522	\$ 445	\$ 427.00	\$ 409.00
2-Person-H/W	\$ 676	\$ 50	\$ 46.50	\$ 43.00
Family-H/W	\$ 676	\$ 291	\$ 282.00	\$ 273.00

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

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

PERSONAL SERVICE CONTRACTS

**BOR (VIII-B-3)
December 6, 2007**

The attached list of personal service contracts represents all such contracts issued with amounts greater than \$10,000 between September 1, 2007 and November 15, 2007.

PERSONAL SERVICE CONTRACTS
September 1, 2007 through November 15, 2007

Individual/Firm	Contract Description	Contract Beginning Date	Contract Ending Date	Contract Amount	Method of Selection
McCarthy & Speaks Strategic Solutions	Funding development consultant	July 1, 2007	June 30, 2008	\$6,000.00 (Amendment filed) New contract total for fiscal year \$86,004.00	Request for Proposal

**REPORT OF NEW ENDOWMENTS AND
MAJOR GIFTS SINCE JULY 1, 2007**

**BOR (VIII-B-4)
December 6, 2007**

The following is a list of new endowments that have been established since July 1, 2007, on behalf of the University in accordance with terms of the memorandum of understanding between Morehead State University and the MSU Foundation, Inc. MSU Foundation policy stipulates a minimum commitment of \$20,000 to establish an endowment.

Name of Endowment

IET Advisory Board Scholarship Endowment
Molecular Biology Core Facility Endowment
Larry Wilson Bowling Endowment

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

Major Gifts	Purpose/Type		Amount
Congress of the United States	Endowment	\$	54,655
James W. Bell	Annuity	\$	52,359
Beulah P. Stanley Estate	Endowment	\$	35,931
Czar Coal Corporation	Endowment	\$	25,000
Fred Caudill	Scholarship	\$	10,000
Hinkle Contracting Corporation	Eagle Trace Golf Course	\$	10,000
Morehead Rowan County Economic Development Council, Inc.	Eagle Trace Golf Course	\$	10,000
Team Construction, LLC	General	\$	10,000

MOREHEAD STATE UNIVERSITY

AUDIT COMMITTEE MEETING

THURSDAY, DECEMBER 6, 2007
RIGGLE ROOM



**MOREHEAD STATE UNIVERSITY
BOARD OF REGENTS
AUDIT COMMITTEE
December 6, 2007**

8:00 a.m., Riggle Room

AGENDA

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVE MINUTES OF MAY 10, 2007 MEETING
- IV. RECOMMENDATIONS AND REPORTS
 - A. Accept 2006-2007 Audit Report
 - B. Report on Status of Internal Audits
- V. OTHER BUSINESS
- VI. ADJOURNMENT

**MOREHEAD STATE UNIVERSITY
AUDIT COMMITTEE MEETING
Thursday, May 10, 2007**

The Audit Committee met at 8 a.m. on Thursday, May 10, 2007. Mr. James Booth, Chair of the Audit Committee, presided.

The following Committee members were present:

Mr. James H. Booth, Chair
Ms. Helen C. Pennington
Dr. John D. O'Cull

Dr. Irons also was present for the meeting.

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

Ms. Pennington moved to approve the minutes of the November 16, 2006, meeting as distributed. Dr. O'Cull seconded the motion. The motion carried.

RECOMMENDATION: That the Audit Committee 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, 2007.

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

Mr. Walters said that KRSs 164A.570 requires that an annual audit 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. Further, 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 approve the appointment of Dean, Dorton & Ford, PSC to conduct the annual audits. The contract with the firm was for the fiscal year that ended June 30, 2006, with the option to extend the contract for four additional one year periods. The fee for the extension periods will be based on the consumer price index.

Mr. Walters stated that the services rendered by Dean, Dorton & Ford PSC for the 2005-06 fiscal year were satisfactory and in compliance with the terms of the contract. The fee for the 2006-2007 fiscal year will be \$56,050.

MOTION: Dr. O'Cull moved that the Audit Committee approve the recommendation. Ms. Pennington seconded the motion.

VOTE: The motion passed.

RECOMMENDATION: That the Audit Committee approve the minimum scope of the annual audit for the year ending June 30, 2007.

(Minimum Scope of the Annual Audit attached to these minutes and marked IV-B)

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

MOTION: Dr. O'Cull moved to approve the minimum scope of the annual audit for the year ending June 30, 2006. Ms. Pennington seconded the motion.

VOTE: The motion passed.

Joe Hunsucker, Director of Internal Audits, reported on the following projects he had completed:

College of Education Travel -- The purpose of the audit was to review internal controls related to University travel and to determine if University employees were in compliance with established University policies and procedures related to travel. Based on the findings, a corrective action plan has been implemented to educate the faculty and staff on travel procedures.

Cash Counts -- Cash counts were conducted in December 2006 and January 2007 at the cashing operation in the Office of Accounting and Budgetary Control. The purpose of the count was the transfer of operational cash from an employee on extended leave to a temporary cashier serving during that leave period. The results of both cash counts were reported to Vice President Michael Walters and Director of Accounting and Budgetary Control James Fluty.

Mr. Hunsucker also reported on current and/or planned projects that include: College of Education Purchasing Card activity, I-9 Review, Sarbanes-Oxley review, NCAA Special Assistance Fund review, and NCAA Student-Athlete Opportunity Fund review.

At the Audit Committee meeting held on November 16, 2006, the auditors noted that during their testing of cash that several cash accounts had not been reconciled and reviewed on a timely basis. Mr. Walters provided a follow-up report and noted that MSU had established more effective review and reconciliation policies and procedures as a customary part of the accounting process.

There being no further business to conduct, Ms. Pennington moved that the meeting adjourn at 8:25 a.m. Dr. O'Cull seconded the motion. The motion carried.

Respectfully submitted,



Carol Johnson, Secretary
Board of Regents

ACCEPT 2006-2007 AUDIT REPORT

December 6, 2007

Recommendation:

That the Audit Committee accept the audit report for the fiscal year ended June 30, 2007 as presented by Dean, Dorton & Ford, PSC.

Background:

KRS 164A.570 requires an annual audit to be conducted by all universities in the state system. The audit is to be conducted by an independent public accounting firm. On June 15, 2007, the Board approved the recommendation of the Audit Committee to appoint the accounting firm of Dean, Dorton & Ford, PSC to conduct the audit for the 2006-07 fiscal year. The Board also approved at that time, the Audit Committee's recommendation for the minimum scope of the audit work to be performed.

Dean, Dorton & Ford has completed the audit for the June 30, 2007 fiscal year. The report was issued with an unqualified opinion on the financial statements. A copy of the audit report has been provided to each member of the Board of Regents.

**Report to the Audit Committee
December 9, 2007
Joe Hunsucker, Director of Internal Audits**

COMPLETED PROJECTS:

Student-Athlete Opportunity Fund

Objectives:

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

Scope:

The scope of the review was limited to disbursements made to or on behalf of student-athletes from the SAOF during the period July 1, 2006 through June 30, 2007. There were \$25,758.00 in expenditures for 19 student-athletes during the period. The entire amount was used for education related expenses and 100% of the disbursements made during the period were reviewed. Student-athletes from the following teams received funding from the SAOF during the period:

<u>Men's Sports:</u>	<u>#</u>	<u>Amount</u>
Baseball	3	\$ 2,282
Basketball	3	5,610
Tennis	1	1,052
Total - Men	7	\$ 8,944

<u>Women's Sports:</u>	<u>#</u>	<u>Amount</u>
Basketball	6	\$ 12,402
Cross Country	3	1,307
Softball	2	1,485
Volleyball	1	1,620
Total - Women	12	\$ 16,814

Results:

The University received \$25,758.00 from the Ohio Valley Conference which was deposited into an Office of Athletics' agency account established for the Student-Athlete Opportunity Fund. \$1,620.00 was used to pay for education related expenses for one student-athlete for the spring semester and the remaining \$24,138.00 was used to pay for education related expenses for 18 student-athletes during the summer term. During the course of my review, no significant audit issues were noted related to the administration of the NCAA Student-Athlete Opportunity Fund by the Morehead State University's Office of Athletics.

Opinion:

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

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

NCAA Special Assistance Fund

Objectives:

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

Scope:

The scope of the review was focused on applications submitted by student-athletes to receive Special Assistance funds and disbursements made during the period July 1, 2006 through June 30, 2007. There were 81 disbursements totaling \$36,886.76 made during the period. 100% of the disbursements made to or on behalf of student-athletes during the period were reviewed. Student-athletes from the following teams received funding from the Special Assistance Fund during the period:

<u>MEN'S SPORTS:</u>	<u>Recipients</u>	<u>Disbursements</u>	<u>Amount</u>
Baseball	3	3	\$1,500.00
Basketball	13	20	7,928.81
CC/Track	5	9	6,315.00
Football	12	15	5,858.94
Rifle	1	1	500.00
Tennis	<u>1</u>	<u>1</u>	<u>500.00</u>
Total	35	49	\$22,602.75
<u>WOMEN'S SPORTS:</u>			
Basketball	6	10	\$3,096.98
CC/Track	6	10	5,709.40
Rifle	1	1	500.00
Soccer	3	4	1,528.23
Softball	2	2	569.40
Tennis	2	2	1,000.00
Volleyball	<u>2</u>	<u>3</u>	<u>1,880.00</u>
Total	22	32	\$14,284.01
<u>TOTAL - ALL SPORTS</u>	57	81	\$36,886.76

<u>DISBURSEMENTS:</u>	<u>Men</u>	<u>Women</u>	<u>Total</u>
Category 1 – Shoes/Clothing	34	21	55
Category 2 – Course Supplies	0	2	2
Category 3 – Medical/Dental	<u>15</u>	<u>9</u>	<u>24</u>
Total	49	32	81

Results:

Failure to Submit Receipts

Student-athletes receiving funds for the shoe and clothing allowance are given a copy of the *Rules Pertaining to the Clothing and Shoe Allowance from the Special Assistance Fund (Rules)*. The *Rules* indicate the date receipts supporting their purchases are to be returned by the student-athlete to the Athletic Department. During my review, I noted four (4) instances in which the student-athlete failed to return receipts. In accordance with the provisions of the Athletic Department as stated in the *Rules*, an academic hold has been placed on these student-athlete's University accounts and the student-athletes will not be eligible for competition until the receipts or funds have been returned to the Athletic Department.

Receipts Not in Compliance with Rules

The *Rules* state that the receipts submitted in support of clothing and shoe purchases using NCAA Special Assistance funds must clearly show the item, cost, date and place of purchase. During my review, I noted three (3) student-athletes submitted seven (7) receipts totaling \$390.58 which did not show the item(s) purchased using Special Assistance funds. Additionally, one of these receipts did not indicate where the purchase was made.

Purchase of Non-Clothing/Shoe Items

The *Rules* state that only items of clothing and shoes may be purchased and that receipts for the purchase of jewelry and other accessories will not be accepted. During my review, I noted one (1) student-athlete submitted three (3) receipts which included six (6) items which, based on their description, appear to be for the purchase of jewelry items and one (1) receipt which included one (1) item which, based on its description, appears to be for the purchase of perfume. The total cost of the questioned items was \$37.12.

A corrective action plan was submitted by the Athletic Department which included providing further training and explanations of the rules and policies regarding the Special Assistance fund to responsible Athletic Department staff; performing a timely review of receipts upon presentation by student-athletes to ensure compliance; and continuing to place academic holds placed on student-athlete accounts will not be released until they are in compliance. A follow up on these deficiencies will be performed during the 2007-08 review.

Opinion:

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

Cash Counts

A cash count was conducted Thursday, June 21, 2007 for the University Store's \$2,500.00 permanent petty cash fund and for the \$2,500.00 wholesale book buy-back fund. Cash on hand for the permanent petty cash hold totaled \$2,424.53, a cumulative year-to-date shortage of \$76.47. A check request for that amount has been submitted by the University Store to replenish the shortage. Cash and cash equivalents on hand for the wholesale book buy-back fund totaled \$2,500.00. In addition to Dean, Dorton and Ford (DDF), our external auditors, the results of the count were reported to Michael Walters, Vice President for Administration and Fiscal Services, William Redwine, Assistant Vice President, Auxiliary Services, and James Fluty, Director of Accounting & Budgetary Control.

A cash count was conducted at the close of business, Tuesday, June 26, 2007 to verify the \$100,000 Cashier Operating account in the University's Office of Accounting & Budgetary Control. Cash on hand for the three Cashiers totaled \$98,453.74. The year-to-date cumulative shortage was \$1,546.26 and the daily overage was \$32.98. In addition to Dean, Dorton and Ford, the results of the count were reported to Michael Walters, Vice President for Administration and Fiscal Services, and James Fluty, Director of Accounting & Budgetary Control.

A cash count was conducted Monday, June 25, 2007 for the KFAC's \$200.00 store sales change fund and for the \$100.00 admissions change fund. Cash on hand for the store sales change fund totaled \$201.39, a cumulative year-to-date overage of \$1.39. The overage will be deposited with the University by June 30, 2007. Cash on hand for the admissions change fund totaled \$100.00. In addition to Dean, Dorton and Ford, the results of the count were reported to Michael Walters, Vice President for Administration and Fiscal Services, Keith Kappes, Vice President for University Relations, James A. Fluty, Director of Accounting & Budgetary Control, and Matt Collingsworth, Director of the Kentucky Folk Art Center

CURRENT/PLANNED PROJECTS:

College of Education Purchasing Card Activity

Objectives

The objectives of the audit will be to review internal controls related to the use of purchasing cards within the College of Education and to determine if University cardholders were in compliance with the purchasing and recordkeeping requirements of the MSU Purchasing Card Service *User Manual*.

Scope:

The population includes approximately 1,050 transactions totaling \$151,000 and includes all purchasing card activity within the College of Education for the period July 1, 2005 through April 30, 2007.

Methodology:

The methodology will include a review of documentation supporting purchases made using a University purchasing card. Cardholders' recordkeeping will also be reviewed to determine compliance with applicable University requirements. 553 transactions totaling \$78,797 for 10 purchasing cardholders have been reviewed.

A memo will be sent to the Dr. Cathy Gunn, Dean of the College of Education, at the conclusion of the review outlining any deficiencies noted. A final audit report will be issued to President Andrews, Dr. Cathy Gunn, Michael Walters, James Fluty and Paige McDaniel at the conclusion of the review.

Sarbanes-Oxley Review

Background:

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. The purpose of this Act is to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws. As such, the Act applies officially, or in a legal sense, only to Securities and Exchange Commission (SEC) registrants. 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.

Methodology:

This review will look at the SOX requirements, NACUBO recommendations and current practices at the University.

The results of the review will be reported to President Andrews.

Student-Athlete Opportunity Fund

As required by the Ohio Valley Commissioner's Office, as directed by the Board of Presidents of the conference's member schools, an institutional review of the NCAA Student-Athlete Opportunity Fund will be conducted for the fiscal year ended June 30, 2008. The University has received \$30,662 from the Ohio Valley Conference for the 2007-08 academic year. 100% of the disbursements made during the period will be reviewed. The results of the audit will be reported to President Andrews, Commissioner Steinbrecher of the Ohio Valley Conference, Vice President Weathers and Director of Athletics Hutchinson.

NCAA Special Assistance Fund

As required by the Ohio Valley Commissioner's Office, as directed by the Board of Presidents of the conference's member schools, an institutional review of the NCAA Special Assistance Fund will be conducted for the fiscal year ended June 30, 2008. The University has received \$39,347 from the Ohio Valley Conference for the 2007-08 academic year. Expenditures as of November 26, 2007

were \$20,243. 100% of the disbursements made during the period will be reviewed. The results of the audit will be reported to President Andrews, Commissioner Steinbrecher of the Ohio Valley Conference, Vice President Weathers and Director of Athletics Hutchinson.

Results:

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

Intercollegiate Athletics

Background:

As denoted in Bylaw 22.2.1.3(e) of the NCAA Division I Manual, the NCAA requires every Division I institution to have its athletic rules-compliance program evaluated at least every four years by an authority outside of the athletics department. Based on a review of the NCAA Bylaws, a university's compliance program can be divided into 15 auditable areas:

- General Compliance – reviewed 2005
- Athletic Equipment and Apparel
- Camps and Clinics
- Certification of Compliance – reviewed 2005
- Coaching Staff Limits and Contracts
- Student-Athlete Eligibility – reviewed 2005
- Employment of Student-Athletes
- Complimentary Admissions
- Student-Athlete Vehicles
- Team Travel
- Financial Aid – reviewed 2006
- Playing and Practice Seasons
- Recruiting – Off-Campus
- Recruiting – On-Campus
- Representatives of the University's Athletics Interests

Besides meeting the NCAA audit requirement, the purposes of a compliance audit are to:

- Advise university decision-makers whether the compliance program is functioning properly;
- Identify policies and procedures that may leave the university vulnerable to possible inadvertent violations;
- Assist university decision-makers in recommending corrective measures to enhance compliance efforts;
- Reiterate the university's commitment to institutional control through proactive measures; and
- Enhance administrative accountability by providing external oversight.

Two to four areas will be reviewed with the results reported to President Andrews, Vice President Weathers, Director of Athletics Hutchinson and other interested parties.

EXTERNAL ASSISTANCE

Assistance to Dean, Dorton & Ford was provided for the following areas:

University Store inventory
Facilities Management inventory
Kentucky Folk Art Center inventory
General Purpose Financial Statements Audit
A-133 Audit
KFAC Audit
NCAA Agreed Upon Procedures

PROFESSIONAL DEVELOPMENT:

Kentucky Public University Business Officers (KYPUBO) annual meeting, Carrollton, KY, June 8 – 9

Association of College and University Auditors (ACUA) annual conference, Atlanta, GA, September 30 – October 4

Kentucky Public University Business Officers (KYPUBO) Fall meeting, Murray State University, Murray, KY, October 15 – 16

Sexual Harassment educational workshop, presented by Francine Botts-Butler, sponsored by MSU's Office of Human Resources, Morehead State University, October 17

OTHER

Serving on the Equity and Student-Athlete Welfare subcommittee for the University's NCAA athletics certification self-study process

Serving as Administration and Fiscal Services' Unit Development Officer for the 2006 Campus Giving Campaign

Respectfully Submitted,

Joe Hunsucker, MA, CPA
Director of Internal Audits

**Board of Regents Meeting
Morehead State University
Riggle Room – Adron Doran University Center
9 a.m., Thursday, December 6, 2007**

Agenda

- I. **CALL TO ORDER**
- II. **ROLL CALL**
- III. **APPROVE MINUTES OF SEPTEMBER 20, 2007**
- IV. **SABBATICAL LEAVE REPORT – *Dr. Yvonne Baldwin, Chair
Department of Geography, Government and History***
- V. **SPOTLIGHT – *Center for Health, Education, & Research***
- VI. **APPROVE BUSINESS PLAN**
- VII. **APPROVE CODE OF ETHICS – *PG-61***
- VIII. **PRESIDENT’S RECOMMENDATIONS AND REPORTS**
 - A. **Recommendations**
 - 1. Approve 2007 Winter Graduates.....18
 - 2. Ratify Personnel Actions.....19-35
 - 3. Accept 2006-07 Audit Report and Amend Operating Budget..36-40
 - 4. Accept First Quarter Financial Report and Amend
Operating Budget.....41-49
 - 5. Approve Revision of Policy for Disposition of
Surplus Personal Property.....50-52
 - 6. Confirm Appointment of Board Members, FKFAC.....53
 - 7. Ratify 2008-2010 Executive Branch Budget Request54-56
 - B. **Reports**
 - 1. Final Report on 2007 Fall Enrollment.....57
 - 2. Report on Health Insurance for Plan Year 2008.....58-59
 - 3. Report on Personal Service Contracts60-61
 - 4. Report of New Endowments and Major Gifts.....62
 - C. **President’s Report**
- IX. **OTHER BUSINESS**
 - A. **President’s Performance Evaluation**
 - B. **Executive Session**

C. 2008 Meeting Dates

Work Session -- Thursday, February 21

Quarterly Meeting -- Thursday, March 13

Work Session -- Thursday, May 8

Quarterly Meeting -- Thursday, June 5

Work Session -- Thursday, August 28

Quarterly Meeting -- Thursday, September 11

Work Session -- Thursday, November 13

Quarterly Meeting -- Thursday, December 4

X. ADJOURNMENT