BOARD OF REGENTS
for
KENTUCKY STATE UNIVERSITY

Regular Meeting of the Board of Regents

Thursday, December 6, 2018

1 p.m.

Board of Regents Room | 2nd Floor
Julian M. Carroll Academic Services Building
400 East Main
Frankfort, KY 40601

KENTUCKY STATE UNIVERSITY
MISSION STATEMENT

Kentucky State University is a public, comprehensive, historically black land-grant university committed to advancing the Commonwealth of Kentucky, enhancing society, and impacting individuals by providing quality teaching with a foundation in liberal studies, scholarly research, and public service to enable productive lives within the diverse global economy.

KENTUCKY STATE UNIVERSITY
VISION STATEMENT

Kentucky State University prepares today's students as global citizens, lifelong learners and problem solvers. To accomplish this, Kentucky State University must challenge itself and its students to be the best. It must recognize its strengths, expand and excel. Notwithstanding, it must also welcome change and quality improvement. By doing so, KSU will gain widespread recognition as one of the region's strongest universities. As a university of distinction, Kentucky State University will create an environment where:

- Students are first.
- Diversity is valued, understood and respected.
- Diverse, motivated and talented students, staff and faculty are actively recruited and retained.
- An intellectual environment conducive to leadership in teaching, research and community service is encouraged and supported.
- Effective teaching is promoted both inside and outside the classroom.
- Students are taught how to obtain, evaluate and use information.
- Learning is lifelong.
- Effective and efficient fiscal management by the administration is the norm.
- Collegiality is the norm, not the exception.
- Each person is a change agent.
- Excellence starts with me.

KENTUCKY STATE UNIVERSITY
CORE VALUES

Through the core values, we- the faculty, staff, administration and students of Kentucky State University – communicate to all our stakeholders and constituents the way in which we choose to do business. The following values that we hold are essential to achieving the University's mission:

Student Centered Philosophy

In everything we do, our students come first. We strive to create an environment that values the unique backgrounds, perspectives and talents of all our students and provide them with the academic, leadership and social tools to help them grow as responsible, knowledgeable and creative global citizens. We encourage attitudes and behaviors that lead to a desire to learn, a commitment to goals and respect for the dignity of others. Ultimately, we encourage attitudes and behaviors that build success.

Excellence and Innovation

We believe in student's potential to learn and to connect what they learn inside and outside the classroom to solving problems for productive changes. We strive to offer excellent academic programs; to encourage exploration and discovery through providing outstanding instruction, technology and facilities; and to ignite a curiosity toward the world and a passion for lifelong learning. We seek to reward the pursuit and achievement of excellence and innovation in an environment where freedom of thought and expression are valued. We want all members of our campus community to leave a mark through their creativity, curiosity, discovery, exploration and ingenuity.

Ethical Conduct

We encourage the sharing of information in an open and responsible manner while maintaining the highest ethical and moral standards. The standards are reflected in our commitment to accountability and to personal responsibility for our choices and actions. We encourage respect for the dignity, diversity and right of individuals. We welcome all students who commit themselves to learning, knowing that students and faculty with diverse perspective enhance our classroom experience.

Social Responsibility

We share responsibility for each other and are committed to providing opportunities for the participation in the economic, political and cultural life of our local, state, regional, national and global communities. We are sensitive to our surrounding community; therefore, we recognize the value of integrating classroom learning with the community experience. Our commitment is to provide leadership and to establish partnerships for addressing community and workforce needs and to make a positive difference in the city of Frankfort, the Commonwealth of Kentucky and the world.

KENTUCKY STATE UNIVERSITY
INSTITUTIONAL OFFICERS

Dr. M. Christopher Brown II
Eighteenth President

Dr. Lucian Yates III
Interim Provost and Vice President for Academic Affairs

Mr. Douglas R. Allen II
Vice President for Finance and Administration / CFO

Ms. Clara Ross Stamps
Vice President for Brand Identity and University Relations

Dr. Jeffery T. Burgin Jr.
Acting Vice President for Enrollment Management and Student Management

Ms. Wendy Kobler
Vice President for Institutional Advancement

Ms. Lisa Lang
General Counsel and Records Custodian

Ms. Etienne Thomas
Director of Intercollegiate Athletics

KENTUCKY STATE UNIVERSITY
BOARD MEMBERS

KENTUCKY STATE UNIVERSITY
ELECTED BOARD OFFICERS

KENTUCKY STATE UNIVERSITY
BOARD COMMITTEES

ACADEMIC AFFAIRS
Regent Dalton Jantzen, *Chair*
Regent Ron Banks
Regent Mindy Barfield
Regent Elgie McFayden

BRAND IDENTITY AND UNIVERSITY RELATIONS
Regent Roger Reynolds, Chair
Regent Michael Weaver
Regent Dalton Jantzen
Regent Elgie McFayden

INSTITUTIONAL ADVANCEMENT
Regent Ron Banks, *Chair*
Regent Karen Bearden
Regent Syamala Reddy
Regent Roger Reynolds

FINANCE AND ADMINISTRATION
Regent Mindy Barfield, *Chair*
Regent Elaine Farris
Regent Derrick Gilmore
Regent Dalton Jentzen

ENROLLMENT MANAGEMENT AND STUDENT ENGAGEMENT
Regent Elaine Farris, *Chair*
Regent Karen Bearden
Regent Michael Weaver
Regent Paul Harnice

GOVERNANCE
Regent Paul Harnice, *Chair*
Regent Elaine Farris
Regent Derrick Gilmore
Regent Syamala Reddy

EXECUTIVE
Regent Elaine Farris, *Chair*
Regent Ron Banks
Regent Mindy Barfield
Regent Paul Harnice
Regent Dalton Jantzen
Regent Roger Reynolds
Regent Karen Bearden, *Past Chair*

KENTUCKY STATE UNIVERSITY BOARD OF REGENTS

Quarterly Meeting of the Board of Regents

Thursday, December 6, 2018, 1:00 p.m.
Board of Regents Room
2nd Floor Julian M. Carroll Academic Services Building
Frankfort, Kentucky 40601

MEETING AGENDA

1. Call to Order	Regent Elaine Farris, Chair, Board of Regents
2. Roll Call	President M. Christopher Brown II Board Secretary
3. Adoption of the Agenda	Regent Elaine Farris
4. Opening Remarks	Regent Elaine Farris
5. Approval of Minutes ** Minutes of the September 6, 2018* *Annual Retreat of the Board of Regents* ** Minutes of the September 6, 2018* *Quarterly Meeting of the Board of Regents*	Regent Elaine Farris
6. President's Quarterly Report	President M. Christopher Brown II
7. Discussion Agenda	
A. Academic Affairs	Regent Dalton Jantzen

1. Action Items
   - *a. Approval of Honorary Degree Candidates*
   - *b. Approval of Resolution to Confer Earned Academic Degrees*
   - *c. Approval of Revised Academic Structure*

2. Information Items
   - *a. Academic Program Accreditation Initiative Update*
   - *b. Southern Association of Colleges and Schools Commission on Colleges Update*
   - *c. Update on Fall 2018 Midterms Grades*

B. Brand Identity and University Relations	Regent Roger Reynolds

1. Information Items
   - *a. Alumni Relations Survey Update*
   - *b. Campus Website Update*
   - *c. Quarterly Media and Brand Identity Report*
   - *d. Thorobreds of the Month Update*

C. Finance and Administration Regent Mindy Barfield

1. Action Items
   - *a. Approval of Customer Relationship Management (CRM) Contract*
   - *b. Approval of Easements for Pinsley Trail*
   - *c. Approval of Enrollment Management Contract*
   - *d. Approval of FY2018 Audit*
   - *e. Authorization to Name the Campus Clock Tower*
   - *f. Authorization to Name the Pedway*

2. Information Items
   - *a. Mid-year Budget Update*
   - *b. Quarterly Review of Campus Facilities and Priorities*
   - *c. Section 119 of the Internal Revenue Code*

D. Governance Regent Paul Harnice

1. Action Items
   - *a. Approval of Authorization for Policies*
   - *b. Approval to Terminate Pearson Agreement*

2. Information Item
   - *a. Draft Policy on Policies*
   - *b. Proposed 2019 Legislative Agenda*

E. Institutional Advancement Regent Ron Banks

1. Action Items
   - *a. Approval of Donor Recognition Policy*
   - *b. Approval of Gift Acceptance Policy*

1. Information Items
   - *a. Annual Fifth Third Endowment Report*
   - *b. Annual Report of the Kentucky State University Foundation*

F. Student Engagement and Success Regent Elaine Farris

1. Information Items
   - *a. Update on the Creation of The B.R.E.D.S. Center*

8. Closed Session Regent Elaine Farris

A. Pending Litigation (KRS 61.810 (1)(c))
B. Individual Personnel Matters (KRS 61.810 (1)(f))

9. Public Action(s) Regent Elaine Farris

A. Approval of Administrative Appointments
B. Approval of Bennett Resolution
C. Authorization of Legal Action(s) or Settlement(s)

10. Campus Stakeholder Presentations (3 minutes each)

A. Faculty Senate Updates — Dr. Joe Moffett
B. Staff Senate Updates — Mr. Travis Haskins
C. Student Government Updates — Regent Michael Weaver

11. Closing Remarks Regent Elaine Farris

12. Adjournment Regent Elaine Farris

Kentucky State University Board of Regents
2019 Quarterly Meeting Dates
March 7-8, 2019
June 6-7, 2019
September 5-6, 2019
December 5-6, 2019

KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS
ANNUAL RETREAT

Thursday, September 6, 2018
8:00 a.m.

Harold R. Benson Research and Demonstration Farm
1525 Mills Lane
Frankfort, Kentucky 40601

MINUTES
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I. Breakfast and Conversation

Office of the President

II. Opening Remarks

Chairperson Dr. Elaine Farris

III. Transforming KyStateU: A Campus Overview

Dr. M. Christopher Brown II, Eighteenth President

IV. Board Governance: A SACSCOC Perspective

Dr. Dorothy Cowser Yancy
President Emeritus, Shaw University & Johnson C. Smith University

VI. Board Evaluations: Creating a New Baseline

Dr. Beverly Schneller, Vice Provost for Academic Affairs

VIII. Lunch: Chat & Chew

President's Council

NO ACTION WAS TAKEN AT THIS MEETING.

Submitted by:

_______________________________ _______________________

Dr. M. Christopher Brown II, Board Secretary
Kentucky State University
Board of Regents

Dr. Elaine Farris, Chair
Kentucky State University
Board of Regents

______ Approved with no corrections

______ Approved with corrections

KENTUCKY STATE UNIVERSITY
BOARD OF REGENTS
QUARTERLY MEETING

Thursday, September 6, 2018
1:00 p.m.

Harold R. Benson Research and Demonstration Farm
1525 Mills Lane
Frankfort, Kentucky 40601

MINUTES
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I. Call to Order

Chairperson Elaine Farris, Ed.D. called the meeting to order at 1:00 p.m.

II. Roll Call

President M. Christopher Brown II, Ph.D. conducted roll call:

Regent Ron Banks	Present
Regent Mindy Barfield, Esq.	Present
Regent Karen Bearden, Ph.D.	Absent
Regent Michael Weaver, Jr.	Present
Regent Elaine Farris, Ed.D.	Present
Regent Derrick Gilmore	Present
Regent Paul Harnice, Esq.	Present
Regent Dalton Jantzen	Present
Regent Elgie McFayden, Ph.D.	Present
Regent Syamala H. K. Reddy, M.D.	Absent
Regent Roger Reynolds	Present

Chairperson Farris stated that Regent Reddy informed her that he would be out of the country and that he requested that his absence be excused.

Nine (9) Regents were in attendance; a quorum was established.

III. Adoption of the Agenda

Chairperson Farris clarified that there were no additions or deletions to the agenda.

MOTION by Regent McFayden:
Move the Board to adopt the September 2018 Quarterly Meeting Agenda.
Seconded by Regent Harnice and passed without dissent.

IV. Opening Remarks

Chairperson Farris gave her opening remarks.

V. Statutory Board Actions

A. Swearing in of Regent Roger Reynolds
Mr. Roger Reynolds was sworn in as a member of the Kentucky State University Board of Regents.

B. Election of 2018-2019 Board Officers

MOTION by Regent Reynolds:
Move the Board to nominate the current slate of officers for 2018-2019. (Board Chair – Elaine Farris, Dalton Jantzen – Vice-Chair, M. Christopher Brown II, Board Secretary).
Seconded by Regent McFayden and passed without dissent.

MOTION by Regent McFayden:

Move the Board to appoint Douglas Allen, CFO and Vice President of Finance and Business Affairs, as Treasurer of the Kentucky State University Board of Regents.
Seconded by Regent Weaver and passed without dissent.

C. Signing of Annual Legal Documents
Each Regent signed the annual legal documents, specifically the Kentucky State University Board of Regents Conflict of Interest Certification and Disclosure of Conflict of Interest, the Kentucky State University Board of Regents Confidentiality Agreement, and the Office of Attorney General's Proof of Receipt of "Your Duty Under Law" and "Managing Government Records."

VI. President's Quarterly Report

President Brown presented his Quarterly Report.

VII. Consent Agenda

A. Approval of Atwood Renovation
B. Approval of Budget Increase for Hunter Hall Renovation
C. Approval of Budget Increase for The Halls Renovation
D. Approval of Blackboard Contract
E. Approval of Clear Bag Policy
F. Approval of Faculty Tenure for New Hires
G. Approval of Kentucky Heritage Land Conservation Fund Acquisition
H. Approval of Minutes of the July 19, 2018 Special Meeting of the Board of Regents
I. Approval of Request for Unpaid Leave for Dr. Tamara Sluss
J. Approval of University Bell Tower Project
K. Rescind Faculty Tenure for Dr. Tameka Winston

MOTION by Regent McFayden:
Move to approve the Consent Agenda Items with a correction to the minutes to state "July 19, 2018" instead of "June 19, 2018."
Seconded by Regent Reynolds and passed without dissent.

VIII. Committee Areas

A. Academic Affairs

1. Action Item:

a. Approval of The Center for Research on the Eradication of Educational Disparities (C.R.E.E.D Center)

MOTION by Regent McFayden:
Move to approve The Center for Research on the Eradication of Educational Disparities (C.R.E.E.D Center)
Seconded by Regent Reynolds and passed without dissent.

2. Information Item:

a. Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) Update

President Brown gave an update on the SACSCOC written submission.

B. Brand Identity and University Relations

Dr. Brown presented the updates prepared by Ms. Clara Ross Stamps, VP of Brand Identity and University Relations, regarding the 2018 Homecoming Schedule, the Alumni Relations Survey, and the Quarterly Media and Brand Identity Report.

C. Enrollment Management and Student Engagement

Dr. Brown gave the updates on the Fall 2018 Enrollment Report, the Fall 2018 Persistence and Retention Report, and the Fall 2018 House Update.

Dr. Jeffrey Burgin, Acting Vice President for Enrollment Management and Student Engagement, recognized the outgoing Student Government Association President, Onaje Cunningham. Dr. Burgin also introduced the 2018-2019 Student Government Association Executive Board: Michael Weaver, President; Alexis Anderson, First Vice President; Cheryll Eskridge, Second Vice President; Tia Taylor, Secretary; Sydnie Miller, Treasurer; Mikal Muhammad, Chief Justice; Cierra Couch, Miss KSU; Trevor Stephens, Mr. KSU; and Brianna Patterson, Chief of Staff.

D. Finance and Administration

Vice President Douglas Allen presented the Quarterly Review of Campus Facilities and Priorities.

E. Governance

1. Action Items

a. Approval of Board Self-Evaluation Policy

MOTION by Regent Banks:
Move to approve the Board Self-Evaluation Policy.
Seconded by Regent Gilmore and passed without dissent.

b. Approval of Open Records Policy

MOTION by Regent Banks:
Move to approve the Open Records Policy.
Seconded by Regent Farris and passed without dissent.

F. Institutional Advancement

Ms. Wendy Kobler, Vice President for Institutional Advancement, introduced her staff: Mary Jackson, Advance Services Coordinator; Diamond Ivey, Student Employee; Wendell Thomas, Special Assistant to the Vice President; Sean Ross, Director of Major Gifts; Alison Jackson, Executive Assistant; and Michael DeCourcy, Director of Annual Fund and Analytics.

Chairperson Farris requested consent from the Board to include the Annual Report and Audit from the Kentucky State University Foundation at the December meeting.

IX. Closed Session

MOTION by Regent Barfield:
Move to go into Closed Session to discuss personnel matters and pending litigation pursuant to KRS 61.810 (Kentucky Open Meetings Act).
Seconded by Regent Reynolds and passed without dissent.

X. Open Session

MOTION by Regent McFayden:
Move the Board to reconvene in General Session.
Seconded by Regent Reynolds and passed without dissent.

XI. Public Actions

A. Personnel Action

MOTION by Regent Barfield:
Move the Board to approve the outside audit firm contract to provide the internal audit functions.
Seconded by Regent Harnice and passed without dissent.

B. Approval of Legal Action(s) or Settlement(s)

MOTION by Regent McFayden:
Move the Board to approve the Fox settlement agreement.
Seconded by Regent Reynolds and passed without dissent.

C. Approval of AY2019 Presidential Performance Baselines

MOTION by Regent Barfield:
Move the Board to approve President Brown's AY2019 Presidential Performance Baselines.
Seconded by Regent Reynolds and passed without dissent.

XII. Campus Stakeholder Presentations (3 minutes each)

A. Dr. Joe Moffett presented the Faculty Senate Updates.
B. Regent Michael Weaver presented the Student Government Updates.
C. Mr. Travis Haskins presented the Staff Senate Updates.

XIII. Closing Remarks

The next Quarterly Meeting is scheduled for December 6-7, 2018.

XIV. Adjournment

MOTION by Regent McFayden:
Move the Board to adjourn at 3:12 p.m.
Seconded by Regent Harnice and passed without dissent.

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Submitted by:

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Dr. M. Christopher Brown II, Board Secretary
Kentucky State University
Board of Regents

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Dr. Elaine Farris, Chair
Kentucky State University
Board of Regents

______ Approved with no corrections

______ Approved with corrections

PRESIDENT'S QUARTERLY REPORT

- December 2018 -

PEOPLE

- Twany Beckham, Director of the Exum Center and Campus Wellness
- Christina Jones, Director of Title III
- John L. Smith, Head Football Coach

PERFORMANCE

- HB303 – Management Improvement Plan Submission
- Project Completion Initiative 2.0 (*e.g., Credit for Life*)
- The BRED Experience Fall 2018 Review
- Upward Bound Program STEM Expansion

PHYSICAL PLANT

- Boiler function, history, and issues (circa 2010/2012)
- Douglas & Langford easement project ongoing (Spring 2019)
- Main Street Pedway completion target date (Early 2019)

PLANNING

- SB 153 – Postsecondary Education Performance Fund for distribution through the Council on Postsecondary Education (working group must be established for triennial evaluation)
- Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) visit March 12-14, 2019
- Strategic Plan Updates and Revisions Task Force

POLICIES

- Clear Bag Policy Update
- Higher Education Opportunity Act of 2010 – Textbook Information
- KSU Policy and Procedures Cataloging Initiative
- New campus Work Space Policy

PROCESSES

- Banner Upgrades – Cloud-based integration
- Interfolio – Faculty Profiles, Reviews, and Dossiers
- Managerial Performance Assessments Completed
- Personnel Vacancy and Action Forms Update

PROFITS

- Challenge of unbudgeted NGE litigation resolution(s)
- Cost of Living Salary Supplement for AY2019 distributed
- USDA Waiver Request for 1890 Extension and Evans-Allen Research funds

PROJECTS

- Faculty and Student Handbook Revisions (e.g., Emotional Support Animals)
- Green Ribbon Commission on Academic Prioritization and Budget Alignment 2.0 – Chaired by Dr. Patricia Higgins and Co-Chaired by Dr. Beverly Schneller
- Honor Society Chartering Initiative
- Inaugural President's Award Recipients
- KSU Cares Customer Service Initiative Design Phase

PUBLICATIONS

- AGB Board of Directors' Statement on Governing Boards' Responsibilities for Intercollegiate Athletics
- An Anatomy of Good Board Governance in Higher Education

PUBLIC EVENTS

- December 13th – Baccalaureate (11:00 am)
- December 14th – Winter Commencement (9:00 am)
- January 7th – Spring 2019 Encampment (8:00 am)
- January 22nd – Martin Luther King Assembly (11:00 am)
- February 7th – Heritage Assembly (11:00 am)

POTPOURRI

- CPE Stronger by Degrees Presentation – November 15, 2018
- Governor's Postsecondary Education Summit – December 18, 2018
- Annual Anna Mac Clarke Veterans Recognition Assembly

DATE:	December 6, 2018
SUBJECT:	Honorary Degree Candidate
FROM:	Office of Academic Affairs
ACTION ITEM:	Yes

BACKGROUND: Brief Bio of Ms. Lucy Chappell

SUMMARY OF PROGRAMS/ACTIVITIES: Awarding of honorary degree at Fall 2018 Commencement Exercises

ALIGNMENT WITH STRATEGIC GOALS: Goal 1—Enhance Student Enrollment, Improve Student Life and Engagement, and Improve Student Advising and Career Development

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: N/A

ATTACHMENTS:

RECOMMENDATION: Approval to award an Honorary Doctorate of Humane Letters to Ms. Lucy Chappell.

Lucy Lang-Chappell, ACSW, Ph.D. '45
Champion of mental health, the differently-abled

A strong administrator, experienced clinician, and mental health facility director, Dr. Lucy Lang-Chappell has long been and remains a passionate and relentless advocate for the differently-abled.

Although her work was overwhelmingly based in the city of Chicago, Illinois, where she has called home for more than 70 years, her successes are legion; and her track record is widely-respected by mental health professionals both in the city of Chicago and far beyond.

Lucy Bell Lang was born on March 10, 1925 in Fernandina, Florida to Thomas Lang, a fisherman and Louella Idlette Lang, a domestic who labored in the homes of local whites. Segregation was ever-present in the small Florida town where the Thomas family lived as devout Catholics who placed a premium on education and faith for Lucy, as well as for their other children. Baptized at two months as well as partaking in communion and confirmed at age 6, Catholicism remains an important role in the life of Lang who does not believe in luck.

"There is no such thing as luck," Lang-Chappell said. "If you consider yourself lucky, thank and praise the Lord because that so-called luck is a blessing from God."

Keenly perceptive, Lang, while just a child, recognized even good people experience misfortune. The sight of a local man rummaging through the garbage for food to eat when she was 9 years old, began with a weekly 10 cents donation of her 25 cents allowance to "Mr. Bone Man Johnson," and continues today via her life-long commitment to the developmently-disabled.

Educated in the local school system, Lang used her older siblings as both competition and motivation. Ever the overachiever, graduated from the segregated local high school early at age 16 while holding the distinction of being class valedictorian.

Moving to Frankfort, Kentucky to attend the then-Kentucky State College for Negroes in 1941, Lang employed her mother's domestic expertise to secure a job working in the president's residence of Rufus and Mabel Atwood. She had little time to do much more than attend classes, complete classwork and meet the exacting expectations of Mrs. Atwood at the president's residence, where she sometimes stayed during school breaks.

Contributing occasionally to the student newspaper, *The Kentucky Thorobred*, Lang pursued degrees in English and sociology. She had, once again, finished early when she graduated from Kentucky State in March 1945 at age 19.

She moved north to Chicago to secure work but, took her love for her Kentucky State College sweetheart-turned-Tuskegee Airman and Second Lieutenant Roy M. Chappell in tow. The pair married following Chappell's service in World War II the same year.

Seemingly effortlessly juggling her professional duties as a social worker and the demands of her personal life as a wife and mother, she earned a master's degree in clinical social work, and later, a Ph.D. in human services, both from Loyola University. Having developed a reputation as an indefatigable social worker, Lang-Chappell spent countless hours beating the streets in search of those who needed the help of the services she was responsible for offering to them.

Her formidable successes earned Lang-Chappell her first professional position with the city of Chicago, when in June 1969, she became executive director of the Lawndale Mental Health Center. She and her staff of 15 were charged with ensuring that the more than 400 prospective clients who lived in the city's poor west side community be found and offered services.

She gained considerable notoriety in the field for her good works, including being awarded the august Dr. Francis J. Gerty Award in 1972 for developing the best-operated mental health center in the state of Illinois. For her persistence as well as administrative and clinical expertise at the Lawndale Center, Lang-Chappell was promoted to regional directorship of mental health services for nine mental health clinics across Chicago.

In 1984, she was selected as executive director of the Bobby E. Wright Comprehensive Behavioral Health Center. Overseeing the growth of the center's programs from 11 to 32 in only three years, Lang-Chappell's most noteworthy accomplishment during her 27-year tenure paved the way for the development of a 40-unit residential facility for the developmentally-handicapped adults.

Her tenacious leadership and incredible vision were critical in order to secure a Department of Housing and Urban Development (HUD) grant that was necessary for both the purchase of the property and the construction of the building. Some opposed the project on the grounds that they did not want "those kind of people" in their neighborhood. Undeterred she walked the neighborhood's streets at night, going door-to-door with husband Roy to secure the signatures needed to acquire the property all before setting her sights on securing an architect and contractor.

The building was completed for occupancy in 1992 and was named the Dr. Lucy Chappell Housing Complex for the Developmentally Challenged and Special Needs Population in her honor. The development is the first of its kind in Chicago and is one of few facilities named for a living person, and fewer still, named for an African-American woman. She retired from the Wright Comprehensive Behavioral Health Center in 2011 and, again, in 2013, but remains an active president of the Lucy Chappell Housing Complex Board of Directors.

In 2014, the Loyola University School of Social Work bestowed Lang-Chappell with a Damen Award for her outstanding service in mental and behavioral health. Still, her most prized professional accomplishment is the successful leveraging of her vast personal training and professional affiliations in order to be a light in the social work and psychiatry field.

Serving as a role model to countless others, in addition to her exemplary service in mental health centers, she was also an assistant professor at Jane Adams Graduate College of Social Work at the University of Illinois, and at the George Williams College in Downers Grove, Illinois.

She has traveled the world with her husband Roy, who died in 2002. They had two daughters, who are both in the education field. They recently traveled to the Kentucky State University campus to participate in the unveiling of pawpaw variety KSU-Chappell, which was named in honor of Lang-Chappell and her late husband.

She currently lives in Chicago with her daughter Kathy Chappell, is a proud member of Delta Sigma Theta Sorority Inc. and has called St. Joachim Church her spiritual home for decades.

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	December 6, 2018
SUBJECT:	Honorary Degree Candidate
FROM:	Office of Academic Affairs
ACTION ITEM:	Yes

BACKGROUND: Senator Timothy Eugene Scott is the junior United States Senator from South Carolina; first appointed by then Governor Nikki Haley to replace retiring Senator Jim DeMint. Scott is a graduate of Charleston Southern University.

SUMMARY OF PROGRAMS/ACTIVITIES: Awarding of honorary degree at Fall 2018 Commencement Exercises

ALIGNMENT WITH STRATEGIC GOALS: Goal 1—Enhance Student Enrollment, Improve Student Life and Engagement, and Improve Student Advising and Career Development

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: N/A

ATTACHMENTS:

RECOMMENDATION: Approval to award an Honorary Doctorate of Humane Letters to Senator Timothy Scott

Timothy Eugene Scott

United States Senator and businessman

Tim Scott is a businessman and politician serving as the junior United States Senator from South Carolina since 2013. He is the first African-American senator from the state of South Carolina, the first African-American senator to be elected from the southern United States since 1881, and the first African-American Republican to serve in the U.S. Senate since Edward Brooke departed more than three decades prior. He was also the first Republican African-American U.S. Representative from South Carolina since 1897.

Senator Scott has served his native state of South Carolina in the U.S. Senate since 2013 and brings with him a mission to positively affect the lives of a billion people with the message of hope and opportunity. Appointed by Governor Nikki Haley to replace the retiring Jim DeMint, he later won a special election in 2014 and was elected to a full term in 2016.

Since January 2017, Scott has been one of three African-Americans in the U.S. Senate, along with Democrats Cory Booker of New Jersey and Kamala Harris of California.

As a leader on tax reform, education and job training, and innovative ideas to reinvest in our nation's distressed communities, Scott brings a unique perspective to the United States Senate.

Scott contends that controlling the nation's spending and debt is key. During his time in office, he has sponsored balanced budget amendments throughout his time in Congress and continues working to restore fiscal responsibility in Washington, D.C.

He has also been a tireless advocate for creating more opportunities for families living paycheck-to-paycheck and helping children who are mired in poverty to get access to quality education. To this end, he launched his Opportunity Agenda, a legislative package aimed at achieving these goals, as well as the Senate Opportunity Coalition, a group of Senators committed to helping those in need.

Born Timothy Eugene Scott in North Charleston, South Carolina on September 19, 1965, to Frances, a nursing assistant, and Ben Scott Sr., he grew up mired in working class poverty following his parents' divorce when he was 7. His mother worked 16-hour days as a nursing assistant to support their family, including an older and younger brother.

As a freshman at Stall High School, he ran varsity track and was elected vice president of the student council. Still, Tim nearly failed out, flunking four classes: English, Spanish, world geography and civics.

The next year, however, he met his mentor John Moniz who shared life-changing ideas and the basic principles of business with Scott. Through hard work, education, innovation, and with the discipline his mother gave him, he began the process of turning his life around. Throughout the remainder of his high school years, he excelled at sports and served in leadership roles. Classmates signed his yearbook with things like "Dear Mayor Scott."

He went on to attend Presbyterian College in Clinton, South Carolina from 1983 to 1984 on a partial football scholarship before later graduating from Charleston Southern University in 1988 with a Bachelor of Science in political science. Scott is also an alumnus of South Carolina's Palmetto Boys State program, an experience which he cites as an influential factor in his decision to enter public service.

The lessons gleaned from Moniz, his mentor still guide Scott today: you can think your way out of poverty, and financial independence is a stepping-stone for success.

Prior to public service, Scott built a successful small business of his own, Tim Scott Allstate. He was first elected to Charleston County Council in 1995, to the South Carolina State House in 2009, and then to U.S. House of Representatives after notably beating Paul Thurmond, son of one-time segregationist Strom Thurmond in 2011.

In January 2013, Scott was sworn in as a United States Senator from South Carolina and was re-elected in January 2017—of which he notes his grandfather went from picking cotton to having a grandson in the U.S. Senate.

Guided in life by his strong faith, he is a longtime member of Seacoast Church as well as a former of the church board.

DATE:	December 6, 2018
SUBJECT:	Conferral of Fall Degrees
FROM:	Office of Academic Affairs
ACTION ITEM:	Yes

BACKGROUND: Fall Commencement Exercises are scheduled for Friday, December 14, 2018, at 9:00 a.m.

SUMMARY OF PROGRAMS/ACTIVITIES: In accordance with The Gold Book: Bylaws of the Kentucky State University Board of Regents, The Boards of Regents grants diplomas and confers degrees upon the recommendation of the President and faculty. There are approximately 95 candidates for the Fall 2018 Commencement receiving Associate's degrees, Bachelor's degrees, and Master's degrees.

ALIGNMENT WITH STRATEGIC GOALS: Goal 2—Achieve Academic Excellence Across all Programs and Colleges, Increase Student General Education Skills, Degree persistence, Career Readiness and Graduation Rates.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: N/A

ATTACHMENTS: Resolution conferring degrees

RECOMMENDATION: Take action to confer Fall 2018 degrees.

Kentucky State University

Resolution

Whereas, Kentucky State University's Spring Commencement Exercises are scheduled for Friday, December 14, 2018 at 9:00 a.m.; and

Whereas, there are approximately 95 prospective graduates at Kentucky State University in Frankfort, Kentucky, who are to receive Bachelor's degrees and Master's degrees.

Now, therefore be it resolved, that the degrees to be conferred upon the candidates for graduation at the Commencement Exercise of Kentucky State University submitted by President Dr. M. Christopher Brown II, upon approval and recommendation of the Faculty and appropriate administration they are hereby approved.

Be it further resolved, that the list of graduates may be supplemented or modified as is necessary to carry out this resolution.

Certificate

We, the duly qualified and acting officers of the Board of Regents of Kentucky State University, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Kentucky State University Board of Regents at its regular meeting December 6, 2018.

____

Dr. Elaine Farris, Chair
Kentucky State University
Board of Regents

____

Dr. M. Christopher Brown II, Board Secretary
Kentucky State University
Board of Regents

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	December 6, 2018
SUBJECT:	Approval of Merger of The Office of Academic Affairs and The Office of Enrollment Management and Student Engagement
FROM:	Office of the President and the Interim Provost and Vice President of Academic Affairs
ACTION ITEM:	YES

BACKGROUND: Colleges and Universities across the country have attempted to align organizational structures to better support student engagement and academic success. For years, separate structures for academic affairs and student affairs have been the norm and occasionally have these two collaborated for maximum organizational efficiency or student effectiveness.

SUMMARY OF PROGRAMS/ACTIVITIES: A combined team from academic affairs and enrollment management and student engagement examined the current organization charts of both departments and schools that had combined these two offices: University of Kentucky, University of Louisville, Belmont University, University of Cincinnati, and University of Evansville. We located both strengths and weaknesses in all models and developed our model to best meet the needs of our students.

ALIGNMENT WITH STRATEGIC GOALS:
Goal 1: Enhance Student Enrollment, Improve Student Life and Engagement, and Improve student advising and Career Development
Goal 2: Achieve Academic Excellence Across all Programs and Colleges, Increase Student General Education Skills, Degree Persistence, Career Readiness and Graduation Rates.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: This reorganization facilitates and demands that all divisions and units within the former two offices work together and coordinate efforts, programs, and resources for the maximum benefit for students.

FISCAL IMPLICATIONS: No readily apparent implications.

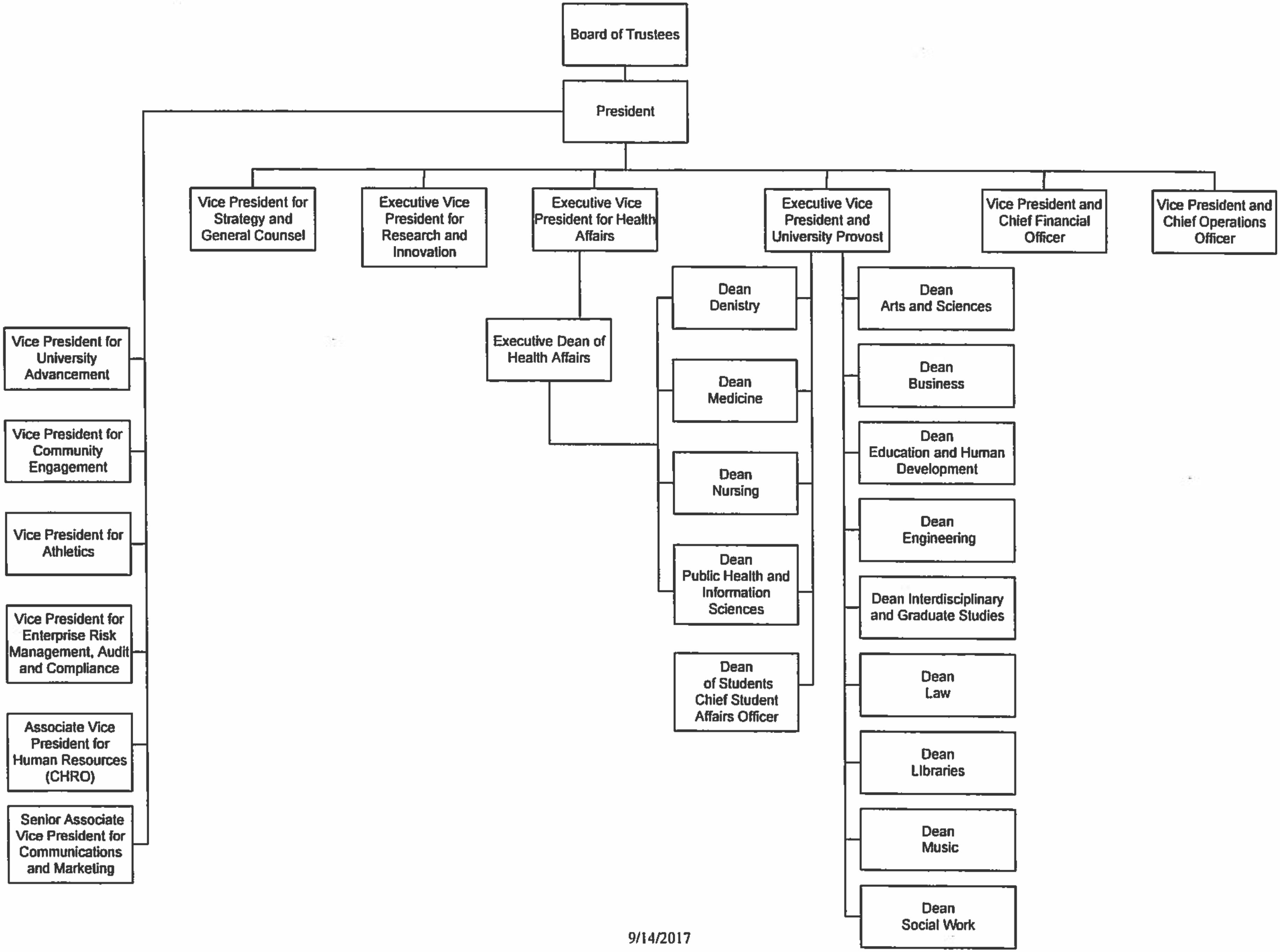
ATTACHMENTS: Organizational Chart

RECOMMENDATION: President Brown and Provost/VPAA Yates recommend the approval of the new Organizational structure to begin immediately.

University of Louisville

Organizational Charts

1. University of Louisville
2. President's Leadership Team
3. Executive Vice President and University Provost
4. Executive Vice President for Research and Innovation
5. Executive Vice President for Health Affairs

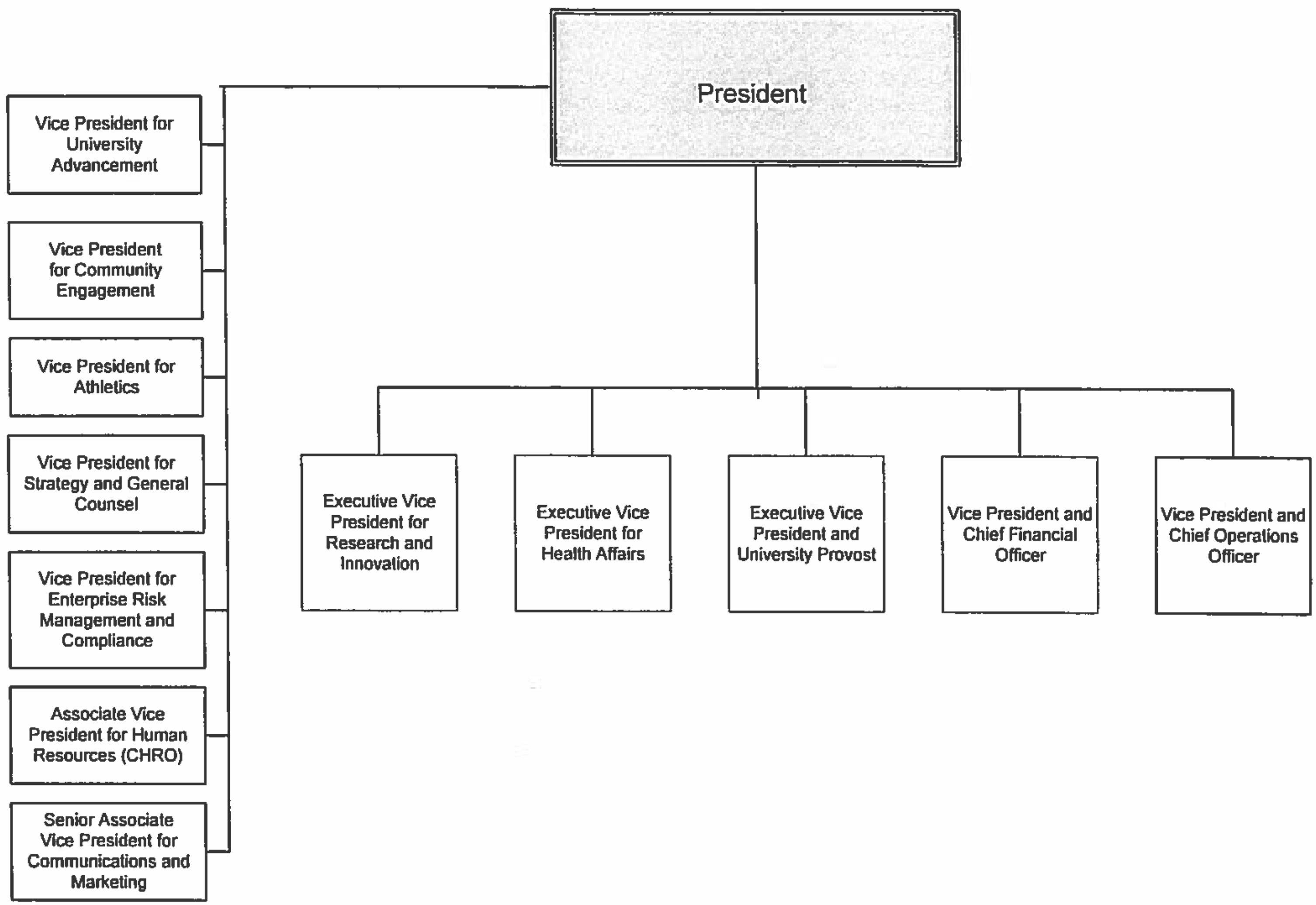


Board of Trustees
President
Vice President for Strategy and General Counsel
Executive Vice President for Research and Innovation
Executive Vice President for Health Affairs
Executive Dean of Health Affairs
Executive Vice President and University Provost
Vice President and Chief Financial Officer
Vice President and Chief Operations Officer
Dean Denistry
Dean Medicine
Dean Nursing
Dean Public Health and Information Sciences
Dean of Students Chief Student Affairs Officer
Dean Arts and Sciences
Dean Business
Dean Education and Human Development
Dean Engineering
Dean Interdisciplinary and Graduate Studies
Dean Law
Dean Libraries
Dean Music
Dean Social Work
Vice President for University Advancement
Vice President for Community Engagement
Vice President for Athletics
Vice President for Enterprise Risk Management, Audit and Compliance
Associate Vice President for Human Resources (CHRO)
Senior Associate Vice President for Communications and Marketing

9/14/2017

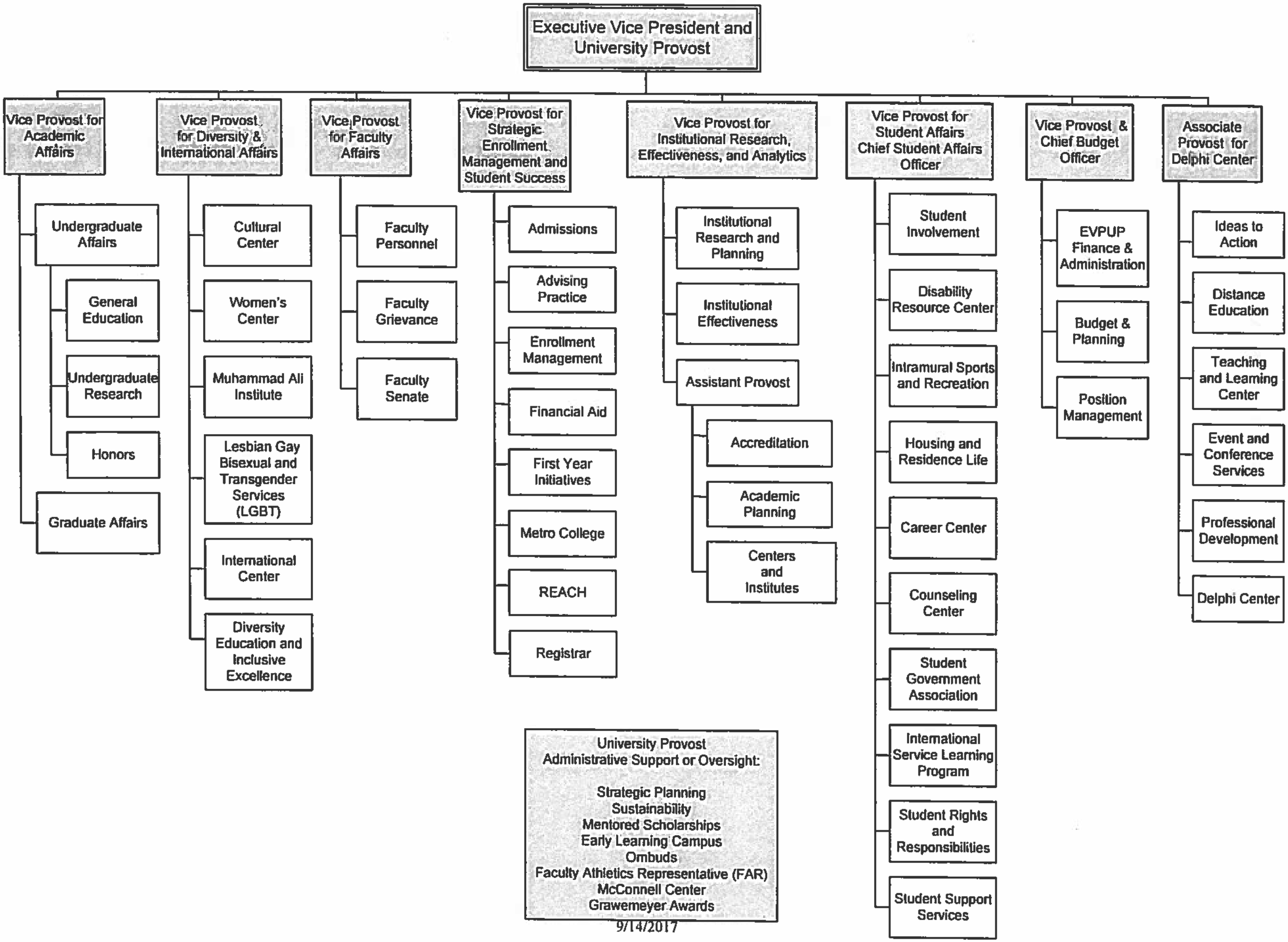
University of Louisville

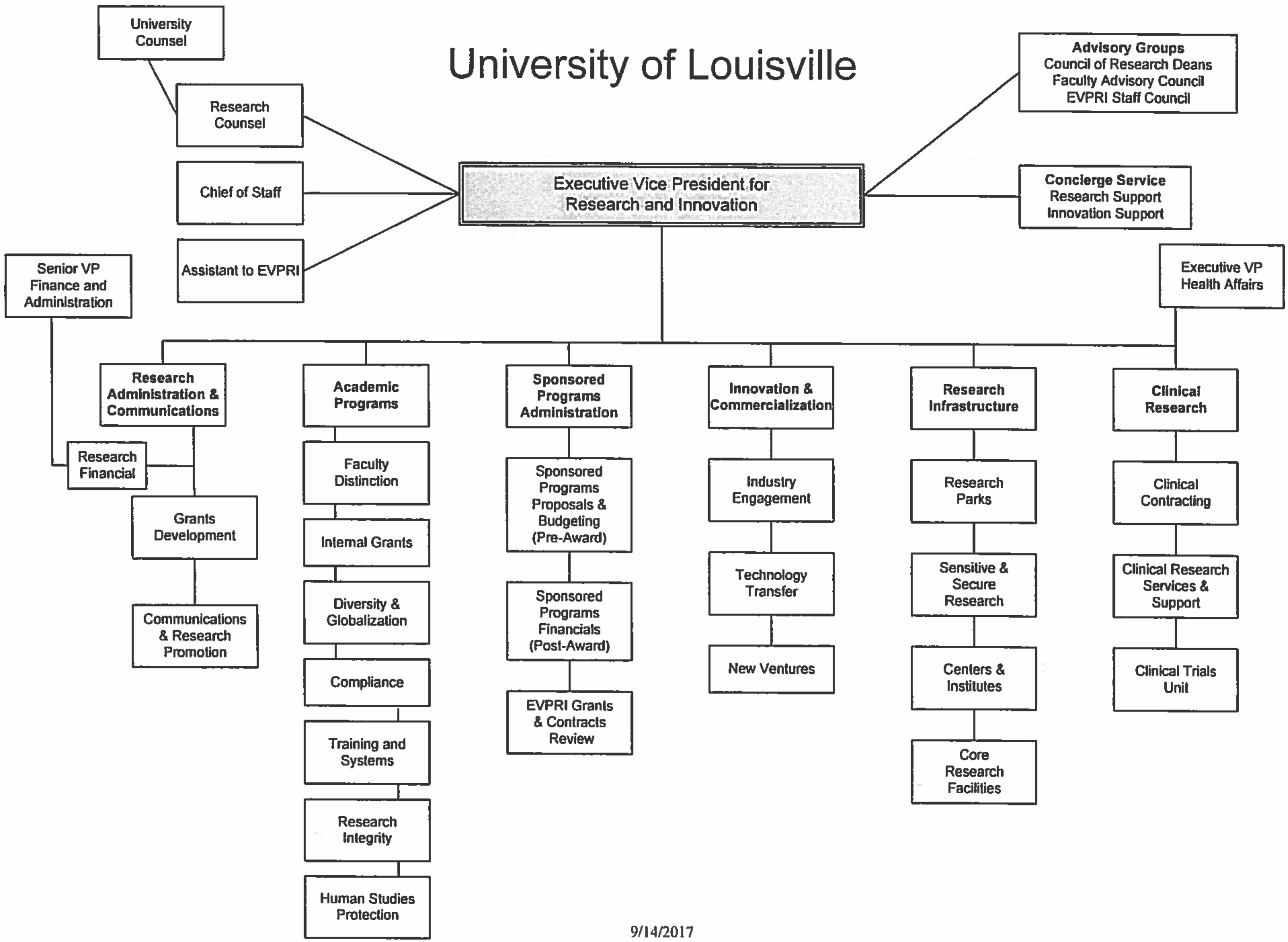
President's Leadership Team



10/11/2017

University of Louisville

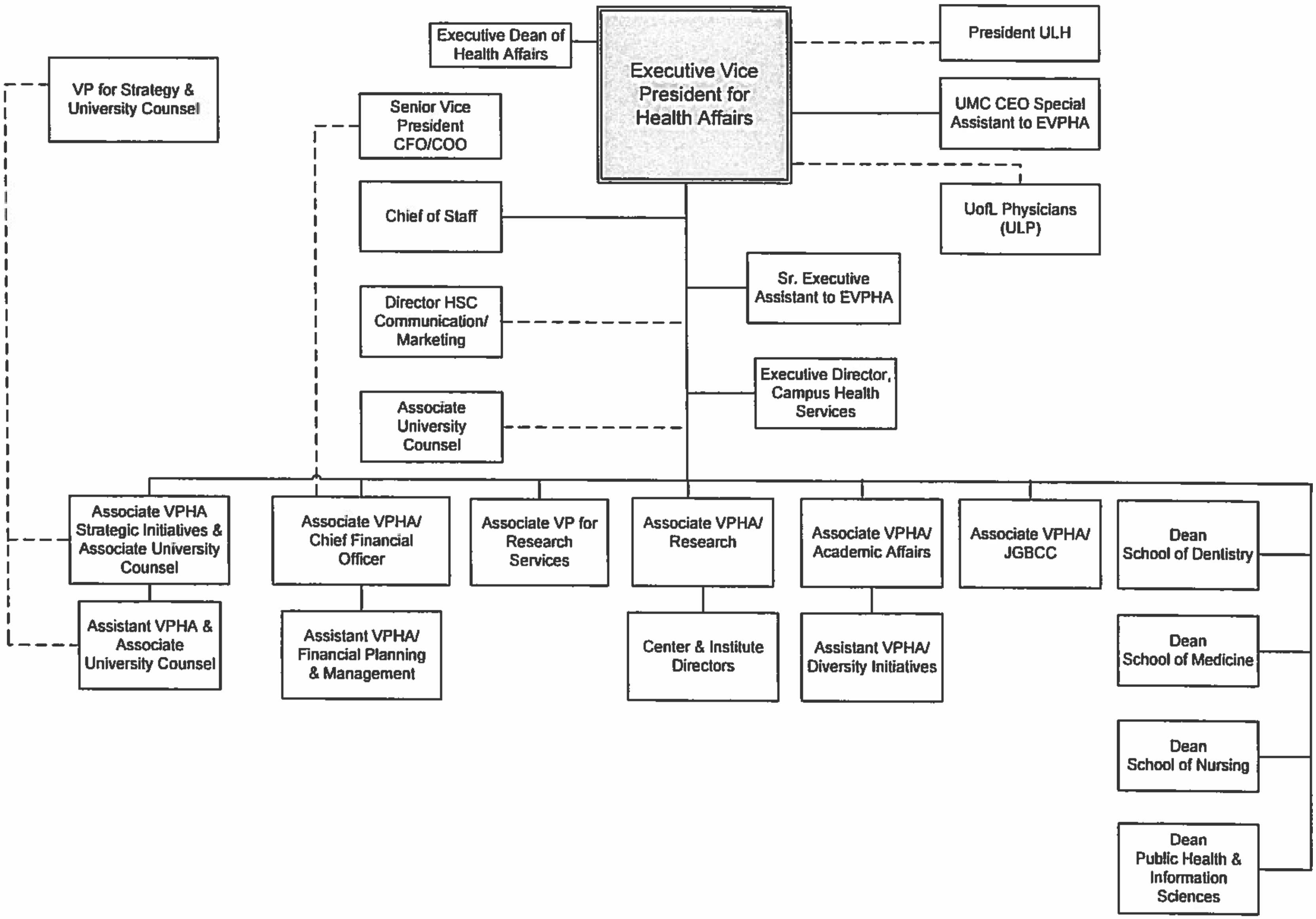



University of Louisville
University Counsel
Research Counsel
Chief of Staff
Assistant to EVPRI
Executive Vice President for Research and Innovation
Advisory Groups
Council of Research Deans
Faculty Advisory Council
EVPRI Staff Council
Concierge Service
Research Support
Innovation Support
Senior VP Finance and Administration
Executive VP Health Affairs
Research Administration & Communications
Research Financial
Grants Development
Communications & Research Promotion
Academic Programs
Faculty Distinction
Internal Grants
Diversity & Globalization
Compliance
Training and Systems
Research Integrity
Human Studies Protection
Sponsored Programs Administration
Sponsored Programs Proposals & Budgeting (Pre-Award)
Sponsored Programs Financials (Post-Award)
EVPRI Grants & Contracts Review
Innovation & Commercialization
Industry Engagement
Technology Transfer
New Ventures
Research Infrastructure
Research Parks
Sensitive & Secure Research
Centers & Institutes
Core Research Facilities
Clinical Research
Clinical Contracting
Clinical Research Services & Support
Clinical Trials Unit

9/14/2017

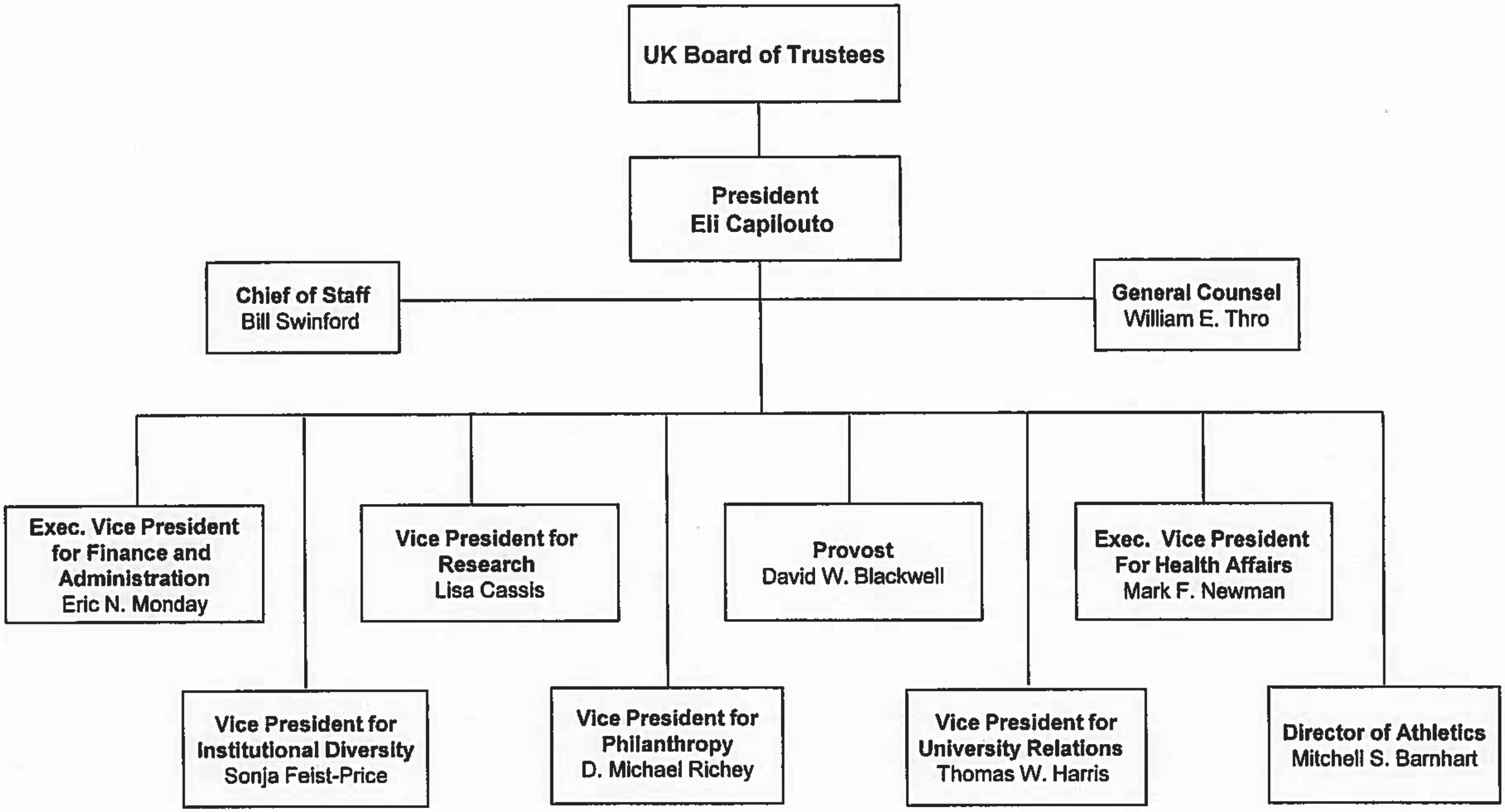
University of Louisville

Executive Vice President for Health Affairs



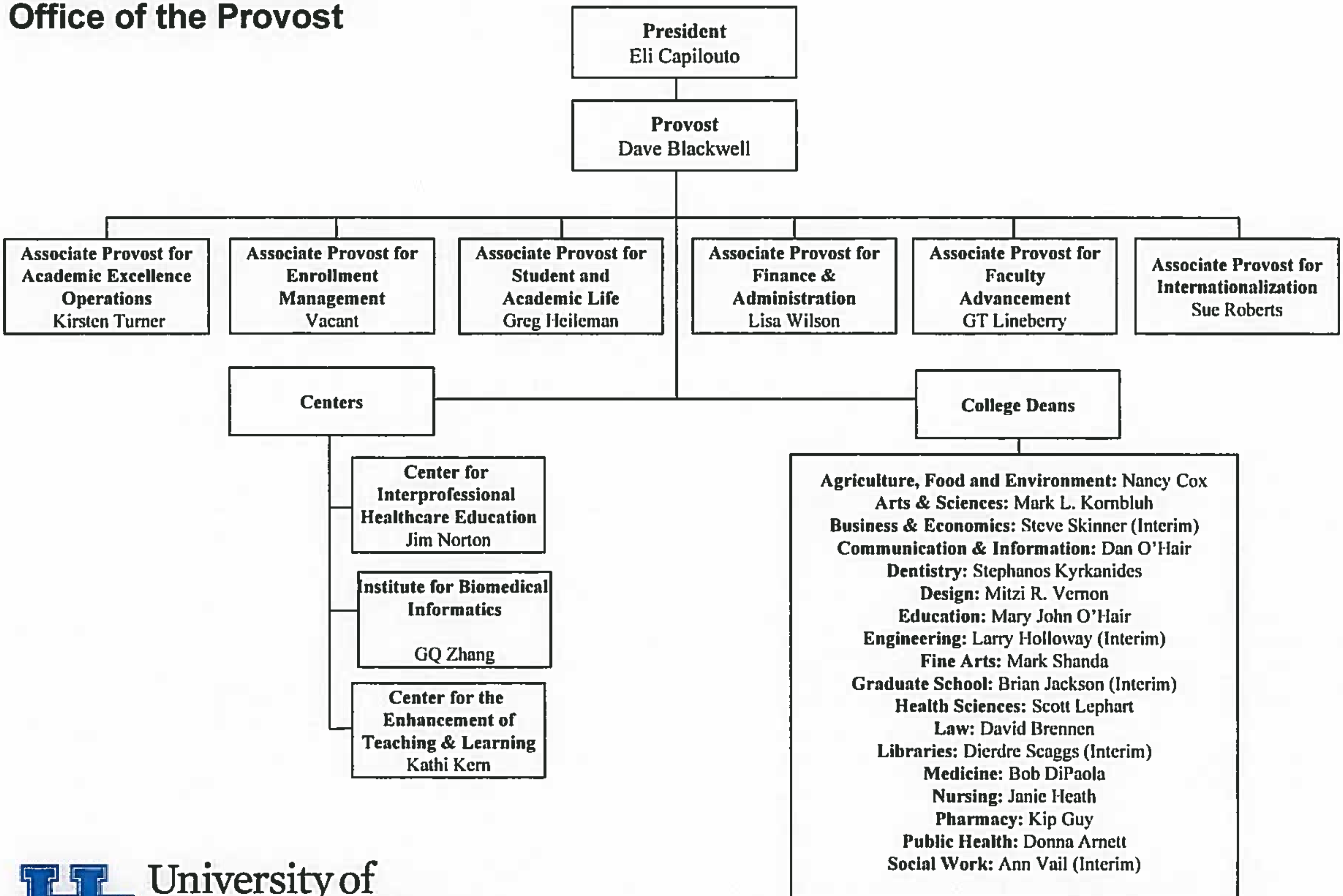
9/14/2017

University of Kentucky
Administrative Organization
Office of the President



January 2018

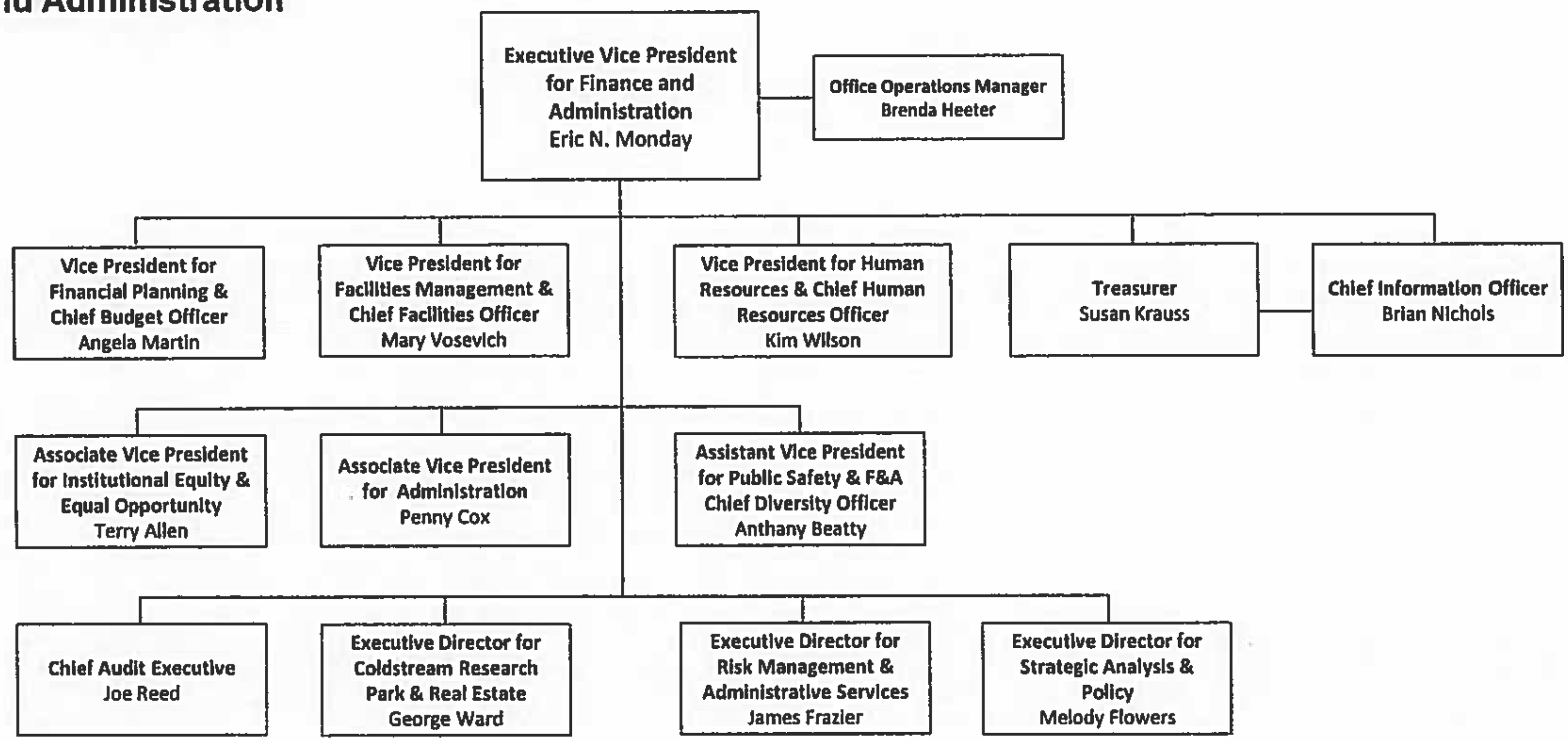
University of Kentucky
Office of the Provost



University of Kentucky

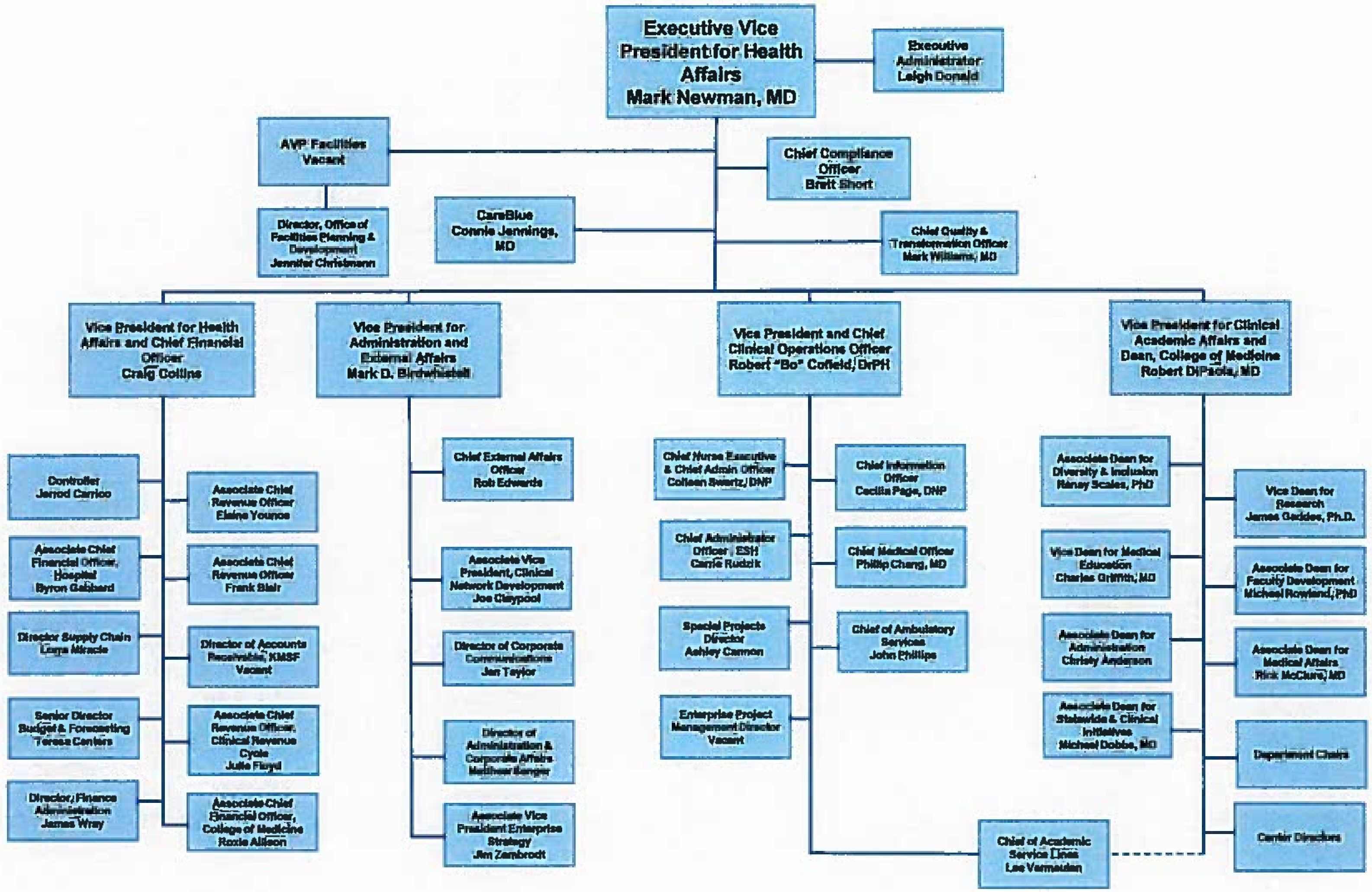
January 2018

University of Kentucky
Executive Vice President for Finance and Administration



January 2018

UK HealthCare Leadership



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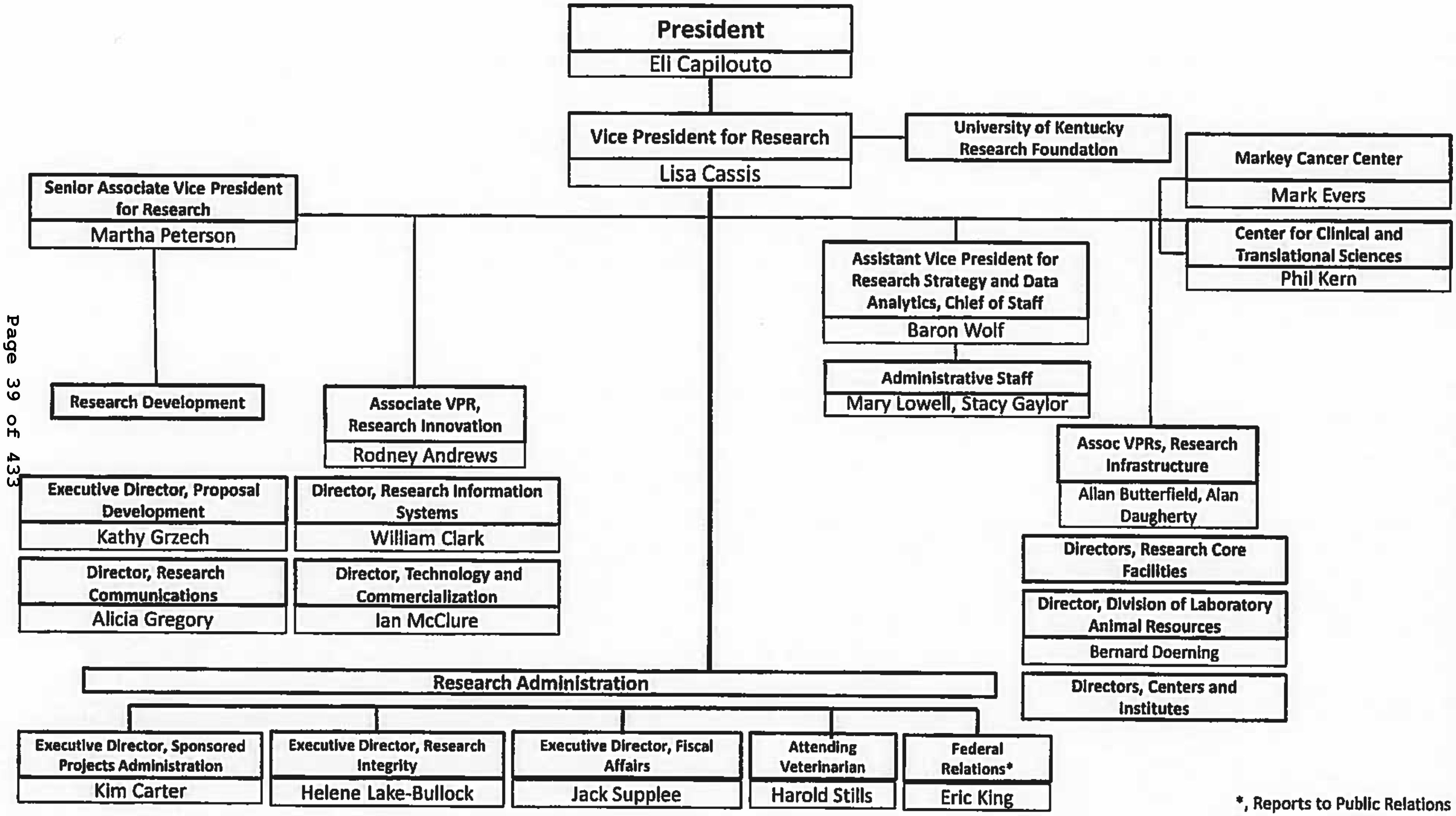
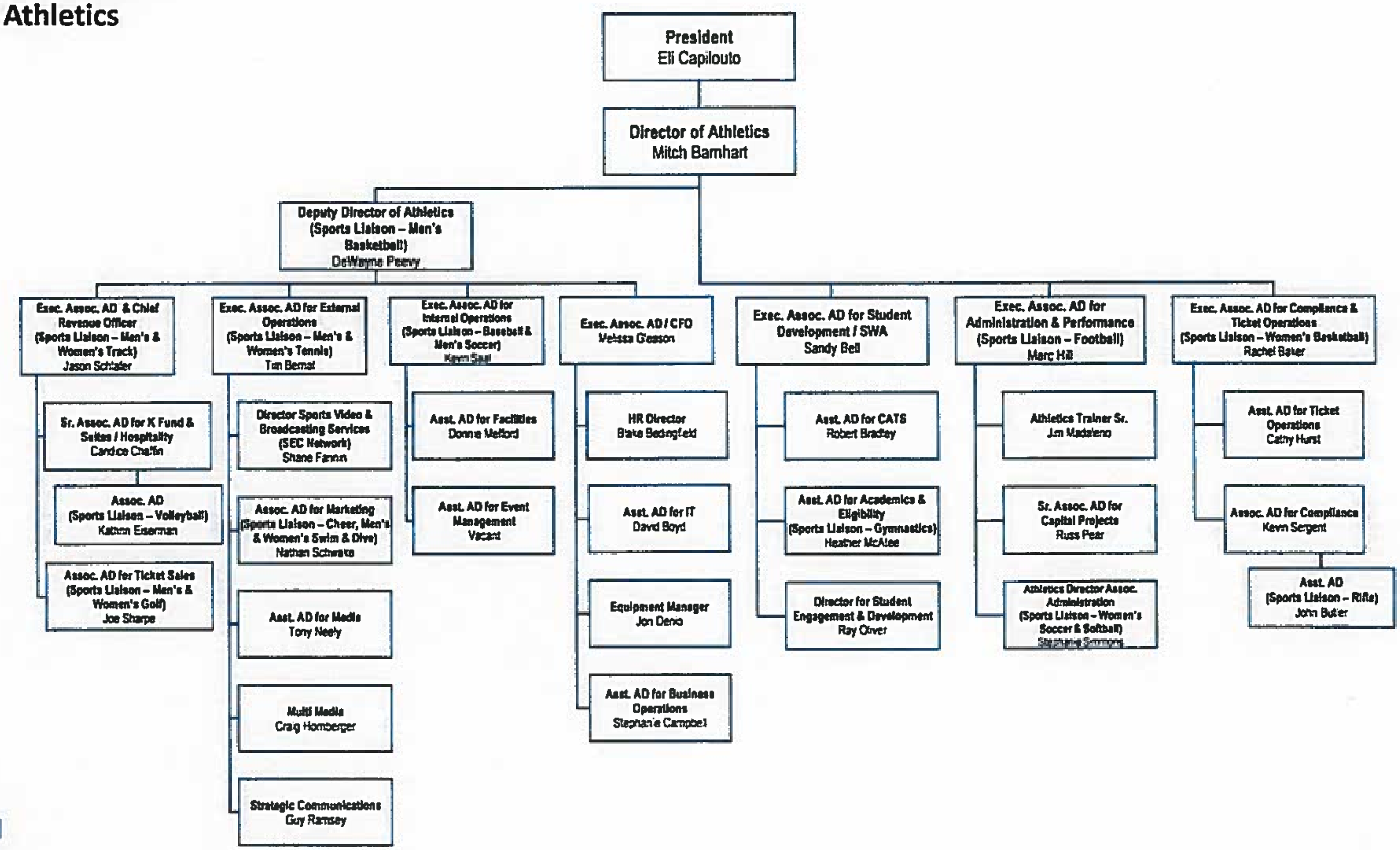
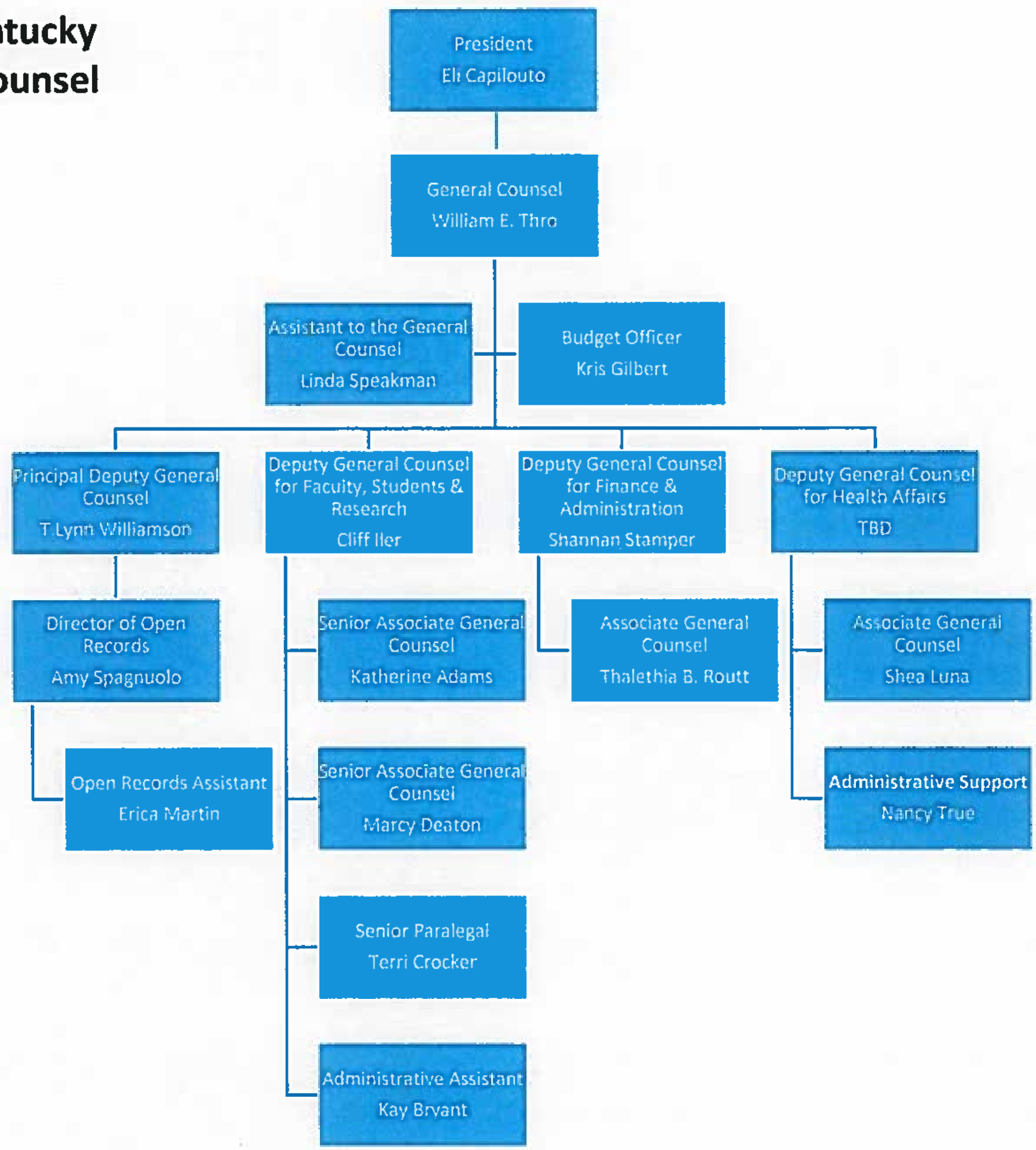

President
Eli Capilouto
Vice President for Research
Lisa Cassis
University of Kentucky Research Foundation
Markey Cancer Center
Mark Evers
Center for Clinical and Translational Sciences
Phil Kern
Senior Associate Vice President for Research
Martha Peterson
Research Development
Associate VPR, Research Innovation
Rodney Andrews
Assistant Vice President for Research Strategy and Data Analytics, Chief of Staff
Baron Wolf
Administrative Staff
Mary Lowell, Stacy Gaylor
Assoc VPRs, Research Infrastructure
Allan Butterfield, Alan Daugherty
Directors, Research Core Facilities
Director, Division of Laboratory Animal Resources
Bernard Doerning
Directors, Centers and Institutes
Executive Director, Proposal Development
Kathy Grzech
Director, Research Information Systems
William Clark
Director, Research Communications
Alicia Gregory
Director, Technology and Commercialization
Ian McClure
Research Administration
Executive Director, Sponsored Projects Administration
Kim Carter
Executive Director, Research Integrity
Helene Lake-Bullock
Executive Director, Fiscal Affairs
Jack Supplee
Attending Veterinarian
Harold Stills
Federal Relations*
Eric King
*, Reports to Public Relations

University of Kentucky
Director of Athletics



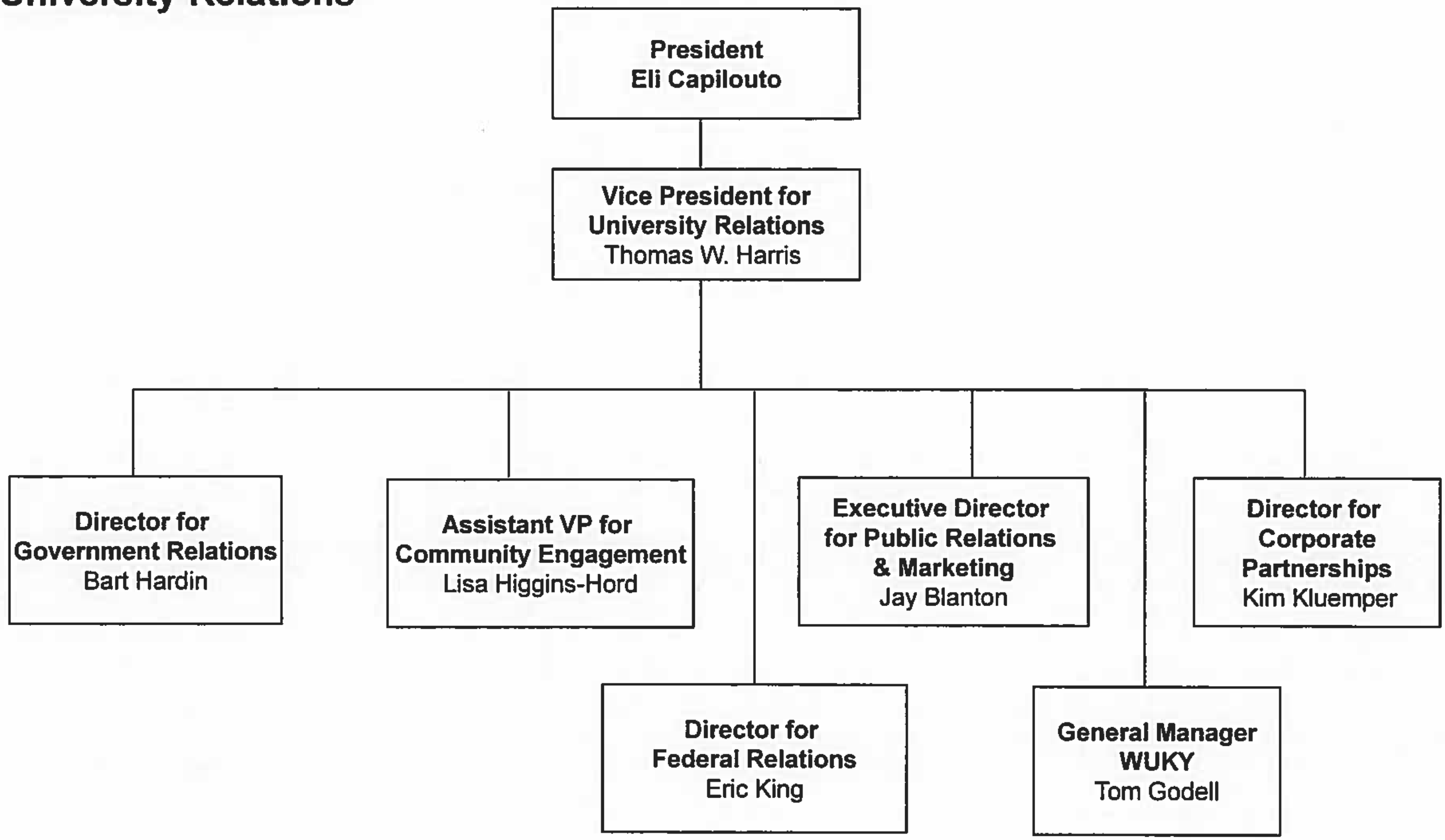
April 2018

University of Kentucky
Office of Legal Counsel



January 2018

University of Kentucky
Vice President for
University Relations



University of Kentucky

November 2017

UNIVERSITY OF KENTUCKY OFFICE OF PHILANTHROPY

Vice President for Philanthropy and Chief Philanthropy Officer
D. Michael Richey

Taylor Cottle Receptionist (STEPS)

Jennifer Combs Administrative Coordinator

UK Alumni Association
(see page 2)

UK HealthCare
(see page 2)

Ellie Goodman Special Projects

Don Witt Assistant to the Vice President for Philanthropy

Wayne Rogers Director of Principal Gift Communications and Planned Giving Marketing

Bart Meyer Principal Gifts

Stan Key Special Projects UK Alumni Association

Associate Vice President of Philanthropy
Susannah Denomme

Bill Nims Admin. Support Associate

Senior Executive Director of Major Gifts for Health Philanthropies
Ford Stanley

Dentistry
Linda Epling – Director of Philanthropy
Health Sciences
Loralyn Cecil – Director of Philanthropy
Medicine
Kim Harris – Sr. Director of Philanthropy
Nursing
Aimee' Baston – Director of Philanthropy
Pharmacy
Mary Beth Neiser – Sr. Director of Philanthropy
Public Health
Shelley Ward – Director of Philanthropy

Communications
Marc Whitt – Director
Kristin Cruser – Director of Creative Services
Vacant – Sr. Writer/Editor
Vacant – Graphic Artist

Corporate & Foundation Relations
Jessica Koenigsknecht-Talboo – Acting Senior Director
Kacie Miller – CFR Coordinator

Major Gifts
Remona Edenfield – Sr. MGO
Beth Wells – Sr. MGO
Jenni Decker – Sr. MGO – Parents
Wendy Helterbran – RGO (Louisville)
Kate Joseph – Scholarship Stewardship & Discovery Officer
Kandice Mills – Staff Support Associate

Acting Sr. Director of Gift & Estate Planning
Tom Barker

Gift and Estate Planning
Ellen Gish – Assoc. Director of Gift & Estate Planning, Trusts & Estates
Jason Baker – Planned Giving Officer
Laurel Unseld – Philanthropy Associate Specialist
Sally McGuire – STEPS

Senior Exec. Director of Major Gifts & Campaign Planning
Brent Pieper

Tarin Adams Staff Support Associate

Prospect Research
Craig Kahn – Senior Director
Vacant – Sr. Research Analyst
Debbie Brown – Research Analyst
Kristen Topping (STEPS) – Research Analyst

College/Program Philanthropy Officers
Agriculture
Pamela Gray – Sr. Director of Philanthropy
Marci Hicks – Director of Philanthropy
Danielle Jostes – Sr. Assoc. Dir. of Equine Philanthropy
Tressa Neal – Assoc. Dir., Leadership Annual Giving
Arboretum
Molly Davis – Director
Arts & Sciences
Laura Sutton – Sr. Major Gift Officer
Vacant – Assoc. Director of Philanthropy
Laurel Hostetter – Assoc. Director of Philanthropy
Gatton College of Business & Economics
Vacant – Sr. Director of Philanthropy
Greg Casey – Assoc. Director of Philanthropy
Caroline Crane – Philanthropy Officer
CAER
David Melanson – Asst. Director, External Affairs & Devt.
Communication and Information
Denise Carl – Director of Philanthropy
Design
Lori Matthews – Director of Philanthropy
Education
Jeff Francisco – Director of Philanthropy
Engineering
Matt Briggs – Acting Sr. Director of Philanthropy
Anne Crawford – Assoc. Dir. of Philanthropy
Melissa Tomblin – Assoc. Director, Annual Giving & Alumni Prgm
Elizabeth Davies – Asst. Director of Philanthropy
Fine Arts
Lisa Blackadar – Director of Philanthropy
Law
Vacant – Director of Philanthropy
UK Libraries
Daniel King – Director of Philanthropy
Social Work
Vacant – Director of Philanthropy
WUKY
Gail Bennett – Marketing Manager

Athletics
Candice Chaffin – Sr. Associate Athletics Director for Development
Katie Eiserman – Associate Athletics Director for Development
Jamie Holloway Risen – Development Assistant

Exec. Director of Philanthropy Administration
Greg Laur

Paula McGee Admin. Support Associate

Administrative Services
Lori Eckdahl – Director
Maria Lykins – Budget Officer
Valerie Brown – Admin. Services Coordinator
Pam Webb – Admin Svcs. Assistant

Annual Giving
Anne Lichtenberg – Director
Sarah Fitzgerald – Associate Director
Andrew S. Palmer – Assoc. Director
Zeke Edwards – Associate Director, Phonathon
Katie Sanders – Assistant Director
Vacant – Staff Support Assoc.

Gift Receiving
Nikki Russell – Director
Angelica Prekopa – Assoc. Director
Leslie Mulligan-Young Staff Support Assoc./Pledge Administrator
Debbie Caudill – Account Clerk
Marlene Luoma – Account Clerk
Elaine Maurer – Account Clerk
Kim Robinson – Account Clerk

Information Services
William Brewer – Director
Jarrell Dunson – Assoc. Director
John Hoagland – Assoc. Director
Brian Mayo – Assoc. Director
Eric Crowden – Business Analyst Lead
Janet Robertson – Database Admin.
Matthew Bone – Computer Support
Michael Mayfield – Computer Support
Renee Siegel – Report Writer
Steven Reynolds – Training Specialist
Kathy Price – Data Coordinator
Darlene Simpson – Sr. Data Entry Operator
Brenda Bain – Records Data Entry Operator
Francis White – Records Data Entry Operator

Exec. Director of Philanthropic Engagement
Paula L. Pope

Donor Relations & Stewardship
Lisa Atkinson – Sr. Director
Susan Harper – Director
Theresa Hart – Staff Support Assoc.

Revised 11/14/2017 pim

UNIVERSITY OF KENTUCKY OFFICE OF PHILANTHROPY

Vice President for Philanthropy and Chief Philanthropy Officer
D. Michael Richey

President, UK Alumni Association Board of Directors
Susan Mustain

Associate Vice President and Executive Director
Tim Walsh

Administration
- **Jill Smith** – Associate Executive Director
- **Nancy Culp** – Administrative Asst.
- **Kelsey Elefritz** – Staff Support Associate
- **Diana Horn** – Accountant
- **Pam Webb** – Administrative Services Asst.
- **William Raney** – House Custodial / Set Up

Membership / Marketing / Communications
- **Vacant** – Sr. Assoc. Director, Communications & Membership
- **Katie Kearns** – Administrative Support Associate I
- **Jenny Dreaden** – Staff Support Associate I (STEPS)
- **Linda Brumfield** – Dues Data Entry
- **Kelly Hinkel** – Communications & Marketing Coordinator
- **Linda Perry** – Communications Managing Editor
- **Misty Hamilton** – Graphic Artist
- **Leslie Hayes** – Membership & Marketing Specialist
- **Albert Kalim** – Webmaster
- **Hal Morris** – Publication Productions

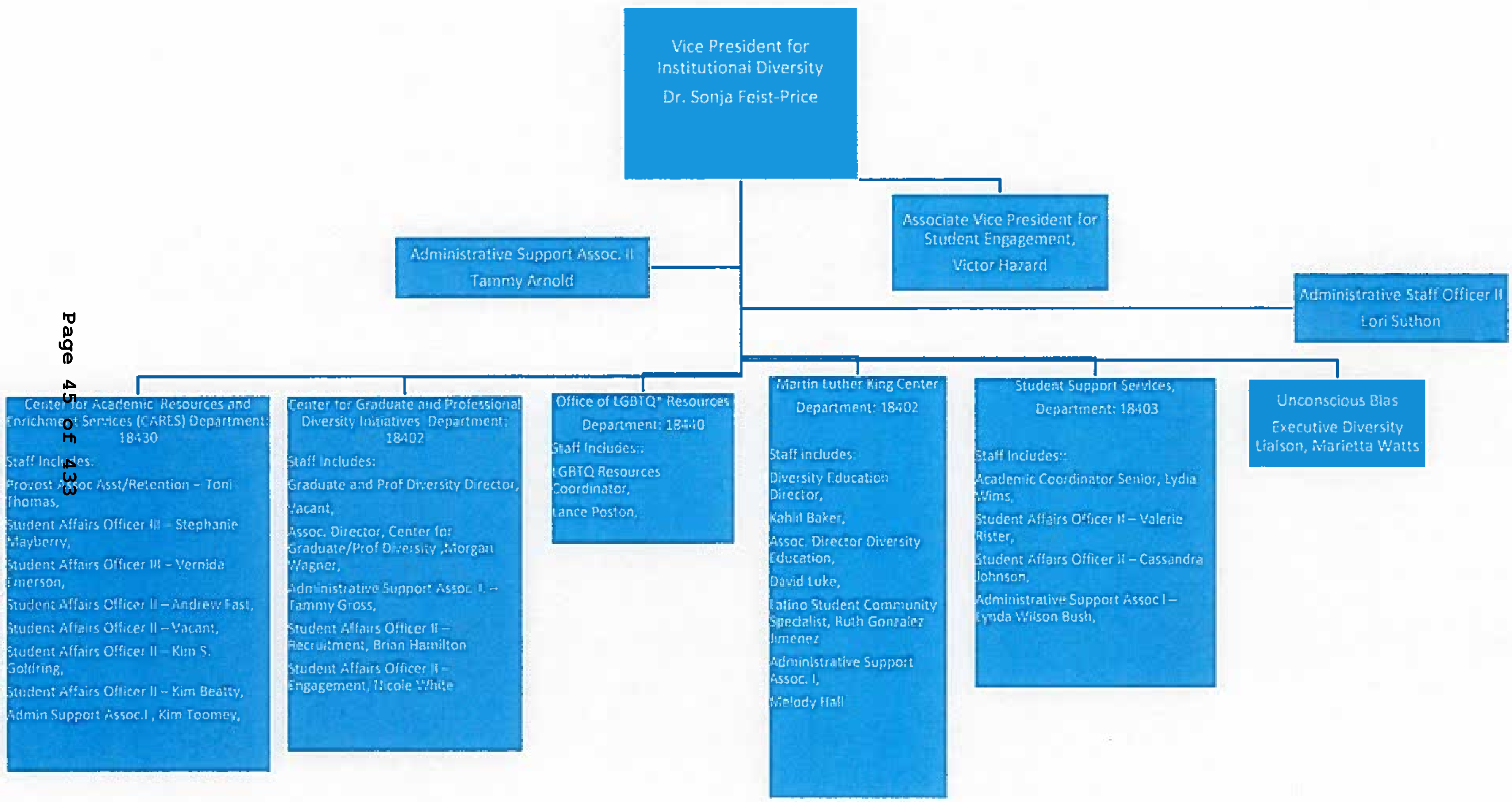
Programs
- **Jack Gallt** – Sr. Associate Director, Alumni Engagement
- **Sara-Elizabeth Bush** – Alumni Engagement Coordinator
- **Nathan Darce** – Alumni Engagement Coordinator
- **Vacant** – Alumni Engagement Coordinator
- **Caroline Francis** – Career Counselor
- **Vacant** – Career Counselor
- **Laura Herchenbach** – Administrative Support Associate I

UK HealthCare
- **Vacant** – Director of Philanthropy
- **Mark Slover** – Director of Philanthropy, Kentucky Children's Hospital (KCH)
- **Lindsey Clem** – Director of Philanthropy
- **Lisa Deaton-Greer** – Director of Philanthropy, Sanders Brown Center on Aging
- **Angela Clemens** – Major Gift Officer, KCH
- **Vacant** – Manager, Foundation and Community Relations Development, KCH
- **Lu-Ann Farrar** – Prospect Manager
- **Lauren Perkins** – Researcher

Markey Cancer Foundation
Michael Delzotti – President and CEO

Revised 11/14/2017 pim

Institutional Diversity Organizational Chart



KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	December 6, 2018
SUBJECT:	Individual Program Accreditation Information Update
FROM:	Academic Affairs
INFORMATION:	Kentucky State University program accreditation review.

BACKGROUND: As part of a comprehensive effort at institutional quality enhancement, all programs that have individual accrediting agencies or related certification bodies should determine eligibility requirements to achieve accreditation by field or discipline-specific bodies, and then, move ahead on a timeline to achieve programmatic accreditation within the earliest feasible cycle.

SUMMARY OF PROGRAMS/ACTIVITIES: The Office of Academic Affairs has reviewed the current list of academic programs and identified appropriate accrediting agencies for eight (8) degree areas. The majority of the programs would be applying for ABET and AACSB as the degrees are housed the College of Business and Computational Sciences. Deans and Chairs have provided feedback and are in agreement to move ahead with the accreditation efforts which appear achievable by 2020-21.

ALIGNMENT WITH STRATEGIC GOALS:

Goal #5 Obtain Maximum Institutional Effectiveness through the Implementation of a Continuous Quality Improvement Process framed within the seven Baldrige Performance Excellence in Education criteria.

COMMITTEE/PROGRAM ACTION: None at this point

PROGRAM IMPLICATIONS: N/A.

FISCAL IMPLICATIONS: To be determined.

ATTACHMENTS: An Excel Spreadsheet accompanies this item for reference and informational purposes.

DATE:	December 6, 2018
SUBJECT:	Southern Association on Colleges and Schools/Commission on Colleges (SACSCOC) Decennial Review Update
FROM:	Academic Affairs
ACTION ITEM:	Information only

BACKGROUND: In March 2019, Kentucky State University will have its on-site review for reaccreditation by SACSCOC.

SUMMARY OF PROGRAMS/ACTIVITIES: The Off-Site Review Report will be available before the end of the academic year. At this time, the SACSCOC KSU Committee is creating the files for the Evidence Room and planning the Encampment 2019 program which will be focused on preparing the campus for the site visit.

(As of this writing the Off-Site Report has not been received, but by the time of the Board meeting additional information may be available to share at the meeting.)

ALIGNMENT WITH STRATEGIC GOALS: This meets the goals of maintaining high quality liberal arts programming and providing a means to increase enrollment, as external stakeholders respond favorably to accredited programs.

COMMITTEE/PROGRAM ACTION: None at this point

PROGRAM IMPLICATIONS: Successful reaffirmation is an institutional goal.

FISCAL IMPLICATIONS: N/A

ATTACHMENTS: N/A

RECOMMENDATION: N/A

DATE: December 6, 2018

SUBJECT: Fall 2018 Midterm Grades

FROM: Academic Affairs

ACTION ITEM: Information Only

BACKGROUND: Each semester at mid-term, an evaluation of grades should be considered. This year was no exception. An examination of the DFW Report was conducted and information was shared with Deans and Chairs for consultation and action.

SUMMARY OF PROGRAMS/ACTIVITIES: Close examinations of serial offenders

ALIGNMENT WITH STRATEGIC GOALS: Goal #2—Achieve Academic Excellence Across all Programs and Colleges, Increase Student General Education Skills, Degree Persistence, Career Readiness as Graduation Rates

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: Need to use our early alert system for early interventions with students to avoid these grades.

FISCAL IMPLICATIONS: N/A

ATTACHMENTS: N/A

RECOMMENDATION: Continue to monitor the academic success and progress of all students.

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE: December 6, 2018

SUBJECT: Alumni Relations Survey

FROM: Division of Brand Identity and University Relations

ACTION ITEM: No

BACKGROUND: The Alumni Relations Survey is being conducted to determine the degree to which our stakeholders connect to our brand position and feel value for Kentucky State University. It is now time to take a confident step forward. Getting there means positioning our brand in a bold way. There are many ways to share the Kentucky State University story, and communicating the right message to the right audience at the right time is critical to advancing our brand reputation and profile.

SUMMARY OF PROGRAMS/ACTIVITIES: The survey is posted at www.kysu.edu, shared via email and social media in order to give ample opportunity for a wider audience to participate.

ALIGNMENT WITH STRATEGIC GOALS: It is our goal to position Kentucky State University among the nation's most visible post-secondary institutions and as an effective force for progress in the Commonwealth of Kentucky, working collaboratively and efficiently to boast its position of providing the highest quality education for the highest return on investment while improving the quality of life and driving economic growth in the Commonwealth.

COMMITTEE/PROGRAM ACTION: None required.

PROGRAM IMPLICATIONS: While the Kentucky State University brand has served us well over the years, it is time to create a new, bold brand that represents our commitment to academic excellence and our promise to address the special needs of the Commonwealth and its citizens. By analyzing the survey results, Kentucky State University will now be able to conduct focus group discussions with specific constituency groups.

FISCAL IMPLICATIONS: None

ATTACHMENTS: Survey attached.

RECOMMENDATION: If you are interested in participating in one of the upcoming focus group discussions, please email news@kysu.edu.

DATE: December 6, 2018

SUBJECT: Website Update

FROM: Brand Identity and University Relations

ACTION ITEM: No

BACKGROUND: Why conduct a website redesign? The reasons are often too many to name. Here are the top reasons mentioned by our stakeholders: the CMS (Content Management System is a pain; the CMS and the CRM (Content Relationship Management) do not work in concert; the current design is outdated; inconsistent page styles; the website is not responsive and mobile friendly; site needs more videos and larger photos; too much content; content managers do not keep content up-to-date, among others.

SUMMARY OF PROGRAMS/ACTIVITIES: Our website goals must be measurable and align with one of three broad categories: to increase revenue, decrease expense and increase brand recognition.

Brand Identity is working to identify all audiences while defining our primary audience. Content managers must understand their responsibility to our audiences and the importance of updating content while measuring goal attainment. A website is never complete or up-to-date. We must invest in content —copy, photography, and videography.

The University's homepage and standard templates are being redesigned to meet the demands of the mobile age. The new templates will have a modern design, streamlined content and improved usability. Best of all, the website will be responsive and mobile friendly.

Brand Identity is working with an outside agency to bring current best practices to the University's online presence. The new look will debut in February 2019.

ALIGNMENT WITH STRATEGIC GOALS: It is our goal to position Kentucky State University among the nation's most visible postsecondary institutions and as an effective force for progress in the Commonwealth of Kentucky, working collaboratively and efficiently to boast its position of providing the highest quality education for the highest return on investment while improving the quality of life and driving economic growth in the Commonwealth.

COMMITTEE/PROGRAM ACTION: No.

PROGRAM IMPLICATIONS: The new website will assist the institution in achieving its business goals and mission by increasing web traffic, influencing potential students to take action — complete applications or schedule a campus visit — while keeping web visitors informed of the great happenings at Kentucky State University.

FISCAL IMPLICATIONS: $28,000

RECOMMENDATION: N/A

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE: December 6, 2018

SUBJECT: Quarterly Media and Brand Identity Report

FROM: Brand Identity and University Relations

ACTION ITEM: No

BACKGROUND: The Quarterly Media and Brand Identity Report reveals insights into the brand reputation and position of Kentucky State University in the news and among its publics.

SUMMARY OF PROGRAMS/ACTIVITIES: Brand Identity creates content and support University programs and activities to promote, increase, advance and monitor the brand reputation of Kentucky State University while strengthening broad public and internal support of the institution.

ALIGNMENT WITH STRATEGIC GOALS: It is our goal to position Kentucky State University among the nation's most visible post-secondary institutions and as an effective force for progress in the Commonwealth of Kentucky, working collaboratively and efficiently to boast its position of providing the highest quality education for the highest return on investment while improving the quality of life and driving economic growth in the Commonwealth.

COMMITTEE/PROGRAM ACTION: None required.

PROGRAM IMPLICATIONS: By establishing and monitoring strategic communications targeted to specific constituency groups, we will be able to advance and increase the brand position and reputation of Kentucky State University.

FISCAL IMPLICATIONS: The total quarterly value of Kentucky State University's free media and brand efforts is $3.5 million.

ATTACHMENTS: Report attached.

RECOMMENDATION: Please continue to share news, media and branding strategies with the Division of Brand Identity and University Relations via news@kysu.edu.

KENTUCKY STATE BRAND IDENTITY

DECEMBER 2018 SYNOPSIS

- 544 PRINT DESIGN
- 31 WEB DESIGN
- 40 BANNERS
- 159 COPY WRITING/ EDITING
- 362 SOCIAL MEDIA
- 23 UNIVERSITY EVENTS
- 30 PHOTOGRAPHY
- 15 VIDEO
- 710 UNIVERSITY MENTIONS

SOCIAL MEDIA

facebook

Page Likes: 8,762
Posts: 71
Post Engagements: 26,008
Total Reach: 58,369
Video Views: 26,183

Most Liked Post:
Halftime Performance : Mighty Marching Thorobreds : Director of Bands Alvin Level #GoBreds #GetYourGreenOn

1,338 Reactions, Comments & Shares

twitter

4,339 Followers
Tweets: 126

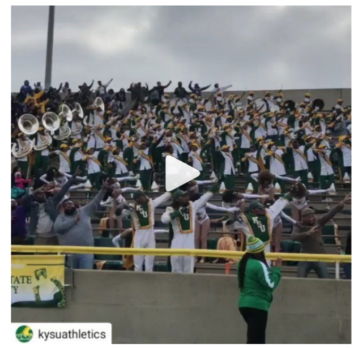
Top Tweet: In the 2019 U.S. News & World Report rankings, @KyStateU leaped into the top-25 of historically black colleges and universities (HBCUs) category. Ranked 22nd, the University climbed 16 spots from last year, when it ranked 38th. kysu.edu/2018/09/10/ken… #KSUForward pic.twitter.com/1aKIHg5HRt

4,916 Impressions
412 Total Engagements
126 Media Engagements
96 Detail Expands
90 Likes
42 Retweets
32 Link Clicks
17 Profile Clicks
5 Hashtag Clicks
3 Replies
2 Follows

Instagram

2,929 Followers
Photos: 114

Most Interaction: #Repost @kysuathletics#GetYourGreenOn • Having fun in Alumni Stadium!
356 Likes



flickr

Photos: 31
Most Viewed (20): President Brown recognizes former Student Regent Onaje Cunningham.

YouTube

Videos: 3
Most Viewed (28): Get Your Green On

WEBSITE

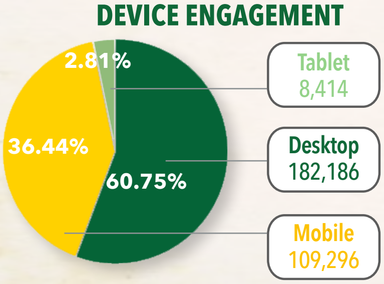
Sessions: 299,896

Users: 112,938
Page Views: 768,121

Page Sessions: 2.56
Avg. Session Duration: 3:05

Bounce Rate: 45.85%
New Sessions 77.8%

DEVICE ENGAGEMENT



DEMOGRAPHICS

Top 10 Countries	Sessions	Top 10 Cities	Sessions
1. Kentucky	187,867	1. Frankfort	124,965
2. Georgia	18,231	2. Lexington	17,878
3. Illinois	15,594	3. Louisville	17,708
4. Tennessee	11,902	4. Atlanta	15,188
5. Ohio	8,864	5. Chicago	12,787
6. Michigan	5,758	6. Nashville	9,099
7. Indiana	5,065	7. Nicholasville	2,666
8. Texas	3,295	8. Detroit	2,473
9. California	2,523	9. Indianapolis	2,324
10. Virginia	2,502	10. New York	2,190

VISITORS

NEW	RETURNING
77.8%	22.2%
104,095	29,758

DATE:	December 6, 2018
SUBJECT:	The Thorobred Program: Recognizing Brand Champions
FROM:	Brand Identity and University Relations
ACTION ITEM:	No

BACKGROUND: Strategic employee recognition fuels an environment that inspires new ideas and gives its communities victories to celebrate. At Kentucky State University, when an employee or a team achieves outstanding results — big or small — we must shine the spotlight on brand champions and their great work — the big finish with entry into the Winner's Circle.

SUMMARY OF PROGRAMS/ACTIVITIES: Our goal is to build a culture that thrives and understands the relationship between great customer experiences and Kentucky State University's brand reputation. The program aims to encourage constant workplace improvements, including evaluation of processes, work flow, communication, and ways to inspire enthusiasm for victories in the hearts of our employees, believing true success happens from the inside out.

The campus community and others will be encouraged to nominate employees who deserve special recognition for going above and beyond the call of duty to impact the customer experience while advancing the brand reputation of Kentucky State University. This program will recognize individuals whose service to the University provides exceptional benefits in the furtherance of the goals and mission of the institution.

ALIGNMENT WITH STRATEGIC GOALS: It is our goal to position Kentucky State University among the nation's most visible post-secondary institutions and as an effective force for progress in the Commonwealth of Kentucky, working collaboratively and efficiently to boast its position of providing the highest quality education for the highest return on investment while improving the quality of life and driving economic growth in the Commonwealth.

COMMITTEE/PROGRAM ACTION: No.

PROGRAM IMPLICATIONS: The Thorobred Program will increase employee morale and aid in the advancement of Kentucky State University's brand position and reputation while recognizing individuals whose service to the University provides exceptional benefits in the furtherance of the goals and mission of the institution.

FISCAL IMPLICATIONS: Minor

RECOMMENDATION: N/A

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	December 6, 2018
SUBJECT:	Approval of Customer Relationship Management (CRM) Contract
FROM:	Office of Finance and Administration
ACTION ITEM:	Yes

BACKGROUND: The University needs to implement a customer relationship management (CRM) system to effectively communicate with potential students and manage recruitment efforts.

The University issued a request for proposals (RFP) for enrollment management services on September 12, 2018. This RFP solicited proposals for a number of enrollment management services including a CRM. The RFP was structured to allow for either a single contract, or multiple contracts, to be awarded to provide the requested services. Responses were received on October 15, 2018. TargetX was selected by the review committee for the provision of a CRM for the University.

The TargetX CRM provides the ability to manage tailored email campaigns, manage text communications, and supports live chat between university representatives and prospective students. The software includes an interactive mobile application providing the ability to personalize the student experience and to create online communities of prospective students.

Also, included is an online application that integrates with the Common App and includes a dashboard with a checklist and application status history unique to each student. The system will also allow workflow automation, and automated triggers and reminders for staff working in recruitment and admissions.

The University has entered into negotiations with TargetX and a contract is expected to be ready for approval by December 6, 2018.

SUMMARY OF PROGRAMS/ACTIVITIES: N/A

ALIGNMENT WITH STRATEGIC GOALS:

Goal 1: Enhance Student Enrollment, Improve Student Life and Engagement, and Improve Student Advising and Career Development.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: Cost information will be available after the final contract is negotiated.

ATTACHMENTS: Contract with TargetX for CRM.

RECOMMENDATION: Approve Customer Relationship Management (CRM) contract with TargetX.

TARGETX ORDER FORM

General Information

Customer Name: Kentucky State University
Department/Division: Enrollment Services
Subscription Dates: 12/21/2018 - 12/20/2023

TargetX 5-Year Total Investment

Total Investment	Year 1	Year 2	Year 3	Year 4	Year 5
Total Recruitment Suite Subscription	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Total Implementation Services	$ 25,000				
TOTAL	$ 75,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000

Total 5-Year Contract Value **$ 275,000**

Third-Party Product Licenses

Product Name	# of Licenses
Conga Composer	5 User License(s)
FormAssembly	3 User License(s)
Geopointe	3 User License(s)
Informatica Cloud	1 Production Org/User Agent

TargetX Invoicing Schedule

Subscription and services for Year 1 will be invoiced upfront upon execution of contract and annually thereafter.

TargetX Payment Terms

Offer expires 12/21/2018, if signed Order Form and Master Services Agreement (MSA) are not received. Once invoiced, due net 30 Days.

Notes

In the event of any conflict between this Order Form and the Proposal/Statement of Work, this Order Form shall prevail. Institutions are required to contract directly with Salesforce to obtain Salesforce licenses to utilize the TargetX CRM. TargetX requires one of the user licenses to maintain administrative control over the application.

Details and descriptions of the products and services listed above are provided in the proposal/statement of work. All professional services, including implementation services and Premier Support, if listed above, are only valid during the subscription term described above. Pricing for licenses of Third Party Product are subject to change. TargetX may, in its discretion, replace a Third-Party Product either (1) with another Third-Party Product having substantially similar functionality or (2) by including into the TargetX Products a substantially similar functionality to the replaced Third-Party Product.

Client will reimburse TargetX for expenses reasonably incurred in the performance of the services described above, including travel, lodging, etc.

Agreement Signatures

This Sales Order Form is subject to the Master Service Agreement, and the Proposal/Statement of Work referenced above.

CUSTOMER	TARGETX
Signature:	**Signature:**
Name:	**Name:**
Date:	**Date:**
Title:	
Purchase Order Number:	

A purchase order number is required for all order forms unless otherwise agreed to. The TargetX Federal ID number (EIN): 23-3045436.

Billing Contact First Name:

Billing Contact Last Name:

Billing Contact Email:

Billing Phone Number:

Billing Street:

City:

State:

Zip Code:

MASTER SERVICE AGREEMENT

This Master Service Agreement is between Kentucky State University ("Client") and TargetX.com LLC ("TargetX") and incorporates and includes any order form(s) signed by both parties entered into under this Agreement ("Order Form(s)" and along with this Master Service Agreement, collectively, the "Agreement'). This Agreement is effective as of __________ (the "Effective Date"). In the event of any conflict between this Master Service Agreement and an Order Form, this Master Service Agreement will govern.

1. **SERVICES**

(a) **TargetX Products**.

(i) TargetX hereby grants Client a nonexclusive and nontransferable right to (1) access and use TargetX's software-as-a-service based services that are specified in an Order Form(s) (the "TargetX Products"), and (2) use any written materials and documentation related to the TargetX Products that TargetX generally provides to users of the TargetX Products (the "Documentation").

(ii) To the extent specified in an Order Form(s), TargetX will resell certain third-party software, software-based services or related documentation to Client in addition to the TargetX Products. Client may also need to obtain the rights to use salesforce.com products and services in connection with the TargetX Products. All such third-party software or software -based services, including salesforce.com products and services, are referred to collectively as the Third-Party Products and each individually is a Third-Party Product. Client's use of the Third-Party Products is subject to the applicable terms and conditions of, or agreements with, the third-party provider ("Third-Party Provider") of such Third-Party Products.

(b) **Other Services**. TargetX will provide Client those additional services ("Professional Services" and together with the TargetX Products, the "Services") described in an Order Form(s).

(c) **Internal Use**. Client may use the Services and the Documentation only for its own internal business purposes and only to store, display, copy and process the data collected by Client in the ordinary course of its business (collectively, "Client Data"). The Services may only be used by the specific division, department, program or portion of the Client specified in an Order Form (the "Department") and any third-party vendor working on behalf of that Department. That third-party vendor will be deemed obligated to the same terms and conditions as the Client. This Agreement and the Services do not extend to or benefit any other department, school, program or part of Client that is not the Department specified in an Order Form. Client has no right to (i) make available or share the Services to any third party (except for alumni, students and applicants of Client as contemplated by the Services and only in connection with their relationship with Client) or sublicense or sell the Services to any third party, (ii) use the Services in service bureau, application service provider or software as a service mode or (iii) generate any reports or analysis of any third-party data using the Services. Client will be solely responsible for the accuracy, quality, integrity and legality of Client Data and for the means by which Client acquired Client Data. Client is responsible for the use of the Services by its employees, alumni, students and applicants and Client will immediately notify TargetX of any unauthorized use of the Services.

(d) **Updates.** Updates for the TargetX Products will be made when and as such updates are made available to other users of the TargetX Products generally. If TargetX makes any updates, bug fixes, error corrections or patches to the TargetX Products and Client requests that TargetX not implement the same for Client then all representations, warranties and covenants with respect to the functionality of the TargetX Products will be deemed null and void. Notwithstanding the foregoing, TargetX may make and install security updates related to TargetX Products that TargetX deems necessary, which updates the Client may not refuse.

(e) **Audit.** TargetX, its licensors and Third-Party Providers may audit Client's use of the Services at least once per year and during normal business hours on 48-hours prior notice to Client.

2. **PAYMENT FOR SERVICES; TAXES.**

(a) **Fees**. Client will pay TargetX (i) the upfront and recurring fees set forth in an Order Form(s) for its use of the TargetX Products and (ii) the amounts specified in an Order Form(s) for any Professional Services; provided, however, that if no rate is specified for any Professional Services, such Professional Services will be provided on a time and materials basis in accordance with TargetX's standard billing rates in effect at the time the Professional Services are performed. All fees referred to in this Agreement are in United States dollars and do not include any duties, taxes or regulatory costs or charges. TargetX may increase the fees for any renewal period by providing Client notice of the increase at least forty-five (45) days prior to the end of the then current term.

(b) **Other Fees**. To the extent permitted by law, Client will reimburse TargetX for expenses reasonably incurred in the performance of the Services, including, without limitation, travel, lodging, and supplies, including expenses incurred as a result of Client requesting changes to previously scheduled travel dates, subject to any limitations expressly stated in a Statement of Work in accordance with Kentucky law.

(c) **Taxes and Regulatory Costs**. If Client or a Service is subject to sales and transaction taxes under applicable law, Client will be responsible for all such sales and transaction taxes, which may be invoiced directly by TargetX with sufficient detail to identify such tax. TargetX will be responsible for taxes based on its own income, payroll, gross receipts, real estate, and personal property in provision of any Services, and all other taxes incurred by reason of this Agreement will be the obligation of Client. Client will additionally be responsible for all regulatory costs and fees incurred by performance of any Services, including without limitation any regulatory approvals and export/import licenses necessary for the provision or importation of such Services, which may be invoiced directly by TargetX. All taxes, costs and fees that Client is responsible for under this sub-section (b) are in addition to the other fees and expenses referred to in this Agreement.

(d) **Due Date; Late Payments**. Unless otherwise specified in an Order Form(s), any amount payable under this Agreement, except for amounts disputed in good faith, will be due within thirty (30) days after the date of TargetX's invoice. Any amount that is not disputed in good faith and which is not paid by the due date for such payment, will accrue interest at the rate of 1.0% per month or at the maximum lesser rate allowed by applicable law. Client will pay TargetX all such interest and costs of collection, including but not limited to, attorneys' fees and court costs, in addition to all overdue amounts.

3. **CLIENT OBLIGATIONS.** Client will cooperate with TargetX to support TargetX in the performance of the Services, including the provision of timely access to data, information, and personnel necessary for TargetX to perform the Services, and Client will timely complete Client's responsibilities specified in an Order Form(s). TargetX is entitled to rely on all decisions and approvals of Client, whether oral, written or otherwise, in connection with its performance of the Services

4. **TITLE; CONFIDENTIALITY.**

(a) **Title**. The Services, the Documentation, and all underlying software and content, and all enhancements, modifications, additions or new releases of or to the same (collectively, the "TargetX Proprietary Materials") contain confidential information of, are trade secrets of, and are proprietary to, TargetX. TargetX and its licensors own all right, title and interest in and to the TargetX Proprietary Materials, including all applicable rights to patents, copyrights, trademarks and trade secrets. The Third-Party Products and all underlying software and content, and all enhancements, modifications, additions or new releases of or to the same (collectively, the "Third-Party Proprietary Materials" and with the TargetX Proprietary Materials, the "Proprietary Materials") contain confidential information of, are trade secrets of, and are proprietary to, the applicable Third-Party Provider. Each Third-Party Provider owns all right, title and interest in and to the Third-Party Proprietary Materials, including all applicable rights to patents, copyrights, trademarks and trade secrets. Client will not assert any right, title or interest in the Proprietary Materials provided to Client under or in connection with this Agreement, except for (i) the non-exclusive, limited rights granted to Client hereunder in respect of the TargetX Products and the Documentation and (ii) any rights granted to Client by any Third Party Providers in respect of any Third-Party Products as set forth in the applicable terms and conditions of, or agreements with, such Third Party Providers. Client will not remove or attempt to remove any copyright or other proprietary notice or legend contained on or included in any Proprietary Materials. Client will not and will not attempt to reverse engineer, disassemble, decompile, unlock, copy or create derivative works of the Proprietary Materials, the Services or the Third-Party Products in whole or in part for any reason. Client will keep the Proprietary Materials, the Services and the Third-Party Products free of all claims, liens and encumbrances.

(b) **Confidentiality.**

(i) **Confidential Information.** The Client recognizes TargetX's possible interest in preserving selected information and data, however, the Client must treat such information and data as required by the Kentucky Open Records Act, KRS 61.870, et seq. The Clients General Counsel shall review information claimed to be confidential and, in consultation with the TargetX (if needed), make a final determination as to whether or not the confidential or proprietary nature of the information or data complies with the Kentucky Open Records Act. To the extent the parties agree that the information and data confidential, the Client agrees to be bound by (ii).

(ii) Each party (the "receiving party") agrees to retain in confidence and not (except in furtherance of this Agreement) to use or disclose any business, proprietary and/or technical information of the other party (the "disclosing party") (1) which may be disclosed to, or become known by, the receiving party in connection with the performance or receipt of the Services under this Agreement, or (2) that is designated in writing by the disclosing party as "Confidential" (together, the "Confidential Information"), without the prior written consent of the disclosing party and then only to the extent specified in such consent. The Proprietary Materials are TargetX's Confidential Information and Client Data are Client's Confidential Information. Each party will provide access to the Confidential Information of the other party only to those of its employees who have a need to access such Confidential Information and who have entered into confidentiality agreements no less restrictive than the confidentiality obligations of the parties hereto. Each party will use reasonable efforts to assure compliance with the terms of such agreements. However, neither party will have any confidentiality obligation with respect to disclosure of information of the other party that: (i) is or becomes available to the public through no breach of this Agreement; (ii) was previously known by the receiving party without any obligation to hold it in confidence; (iii) is received from a third party free to disclose such information without restriction; (iv) is independently developed by the receiving party without the use of the confidential information of the disclosing party; (v) is approved for release by written authorization of the disclosing party, but only to the extent of such an authorization; or (vi) is disclosed in response to a valid order of a court or other governmental body of the United States or any political subdivision thereof, but only to the extent of and for the purposes of such order, and only if the receiving party first notifies the disclosing party of the order and permits the disclosing party to seek an appropriate protective order.

(iii) **Education Records.** TargetX acknowledges that some or all of Client Data may constitute "education records" as defined by the Family Educational Rights and Privacy Act, as amended, and the United States Department of Education regulations promulgated thereunder (collectively, "FERPA"). TargetX will not use or allow access to Client Data except in accordance with the requirements established by Client that are provided to TargetX in writing, including without limitation Client institutional policy pertaining to use and disclosure of FERPA education records, as in effect from time to time.

(c) **Ownership of Modifications.** TargetX will own all right, title, and interest (including all associated intellectual property rights) in and to any improvements, enhancements, modifications, derivations, or other changes relating to the Services, even if performed at the request of Client, as part of a Professional Service, in response to Feedback (defined below) or otherwise.

(d) **Ownership of Client Data.** Client exclusively, owns all right, title and interest in and to Client Data, excluding usernames, login credentials and passwords which are only owned by Client for as long as Client uses the TargetX Product and which become TargetX's property immediately upon any termination of the TargetX Product or this Agreement. Client hereby expressly grants TargetX and its subcontractors the right to access and use user data and other information from Client's salesforce.com database solely for purposes of providing the Services and Client will obtain all consents and authorizations necessary for TargetX to do the same.

(e) **Suggestions and Feedback.** Any suggestions, enhancement requests, recommendations or other feedback relating to the operation of the Services that Client or its users or agents provide to TargetX ("Feedback"), will be owned exclusively by TargetX and Client hereby irrevocably assigns to TargetX all right, title and interest in and to the Feedback. If for whatever reason Client cannot assign such rights to TargetX, then Client hereby grants TargetX an exclusive, royalty-free, fully paid-up, worldwide, transferable, irrevocable, perpetual license, with the right to sublicense, to use or incorporate and use Feedback in any manner that TargetX choses. TargetX has no obligation to provide any credit or attribution to Client or pay Client any amount for any Feedback.

(f) **Use of Client Data and Usage Data.** TargetX owns and has the exclusive, irrevocable, royalty-free, fully paid-up, worldwide, transferable and perpetual right to (i) use, share, sell and license usage statistics, analytics, reporting or results specific to Client's use of the Services, whether individually or when compiled with other data, as long as such statistics, analytics, reporting or results are compiled into an aggregated or anonymous format; and (ii) use, disclose, license and sell de-identified Client Data when aggregated with data from other users of the Services.

5. **WARRANTIES.**

(a) **Conformity to Specifications.** TargetX warrants that (i) the TargetX Products will operate substantially as expressly described in the Documentation and (ii) the Professional Services will substantially conform to any specifications set forth in an Order Form governing such Professional Services for thirty (30) days after delivery. Client must notify TargetX in writing within fifteen (15) days following any breach of the above warranties and will transmit by e-mail or acceptable media all data processed by the Services as reasonably requested by TargetX to troubleshoot the reported nonconformity. If Client timely notifies TargetX of any such nonconformity, TargetX will use commercially reasonable efforts to cure such nonconformity of the TargetX Product or re-perform the Professional Service, as applicable. The warranties contained in this Section 5(a) will not apply if: (i) Client does not use the Services in accordance with the Documentation; (ii) Client alters, modifies or converts the Services; (iii) Client's computer(s) malfunction and the malfunction causes the defect, error or problem; or (iv) the defect, error or problem results from any other cause within the control of Client. **THIS IS CLIENT'S EXCLUSIVE REMEDY FOR A FAILURE OF THE SERVICES TO CONFORM SUBSTANTIALLY TO ANY DESCRIPTION. NOTWITHSTANDING THE FOREGOING, NEITHER TARGETX NOR ANY THIRD-PARTY PROVIDER MAKES ANY REPRESENTATION OR WARRANTY ABOUT THE ACCURACY OF ANY CONTENT INCLUDED IN THE SERVICES OR THE THIRD-PARTY PRODUCTS. NO THIRD PARTY FROM WHOM TARGETX OBTAINS OR LICENSES CONTENT OR FUNCTIONALITY FOR THE SERVICES MAKES ANY REPRESENTATION OR WARRANTY TO CLIENT. CLIENT UNDERSTANDS THAT THE SERVICES RELY ON CLIENT OBTAINING THIRD-PARTY PRODUCTS AND SERVICES, AND TARGETX MAKES NO REPRESENTATION OR WARRANTY ABOUT ANY SUCH THIRD-PARTY PRODUCTS OR SERVICES, INCLUDING SALESFORCE.COM PRODUCTS AND SERVICES. CLIENT AGREES AND ACKNOWLEDGES THAT TARGETX DOES NOT HAVE CONTROL OVER, AND DOES NOT HAVE ANY RESPONSIBILITY OR LIABILITY FOR, SECURITY ISSUES RELATING TO CLIENT'S CONFIDENTIAL INFORMATION, INCLUDING CLIENT DATA, MAINTAINED ON SERVERS OTHER THAN THOSE OWNED AND CONTROLLED BY TARGETX, INCLUDING ANY OF SALESFORCE.COM'S SERVERS AND ANY SERVERS USED BY THIRD PARTY PROVIDERS. NEITHER TARGETX NOR ANY THIRD-PARTY PROVIDER MAKES ANY WARRANTY (A) THAT THE SERVICES OR ANY THIRD-PARTY PRODUCTS WILL MEET CLIENT'S REQUIREMENTS, OR THAT THE SERVICES OR THIRD-PARTY PRODUCTS WILL OPERATE ERROR FREE, WITHOUT INTERRUPTION, OR IN COMBINATION WITH OTHER SERVICES (EXCEPT AS PERMITTED BY THE DOCUMENTATION), (B) THAT ALL SERVICES OR THIRD-PARTY PRODUCT DEFECTS ARE CORRECTABLE, OR (C) AS TO THE USE OF THE SERVICES OR THE THIRD-PARTY PRODUCTS IN TERMS OF THEIR CORRECTNESS, ACCURACY, RELIABILITY OR OTHERWISE. THE FOREGOING WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF WORKMANLIKE QUALITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.**

(b) **Client Representations.** Client represents and warrants to TargetX that upon execution (i) it has full authority to execute and perform this Agreement; (ii) this Agreement has been duly executed and delivered by Client and constitutes the legal, enforceable and binding obligation of Client;

(iii) Client's execution and performance of this Agreement will not violate any law or breach any other agreement; (iv) no additional approval, action or authorization by any governmental authority or agency is required for Client's execution and performance hereof and (v) it has the right to provide Client Data to TargetX.

(c) **TargetX Representation**. TargetX represents it has implemented data security measures for Client's Confidential Information maintained on TargetX-owned servers. The term "data security measures" means commercially reasonable technical, physical and procedural controls designed to (i) protect Client Data against unauthorized disclosure to third parties, and unauthorized access by its employees and contractors, and (ii) prevent the introduction of viruses and other malicious code.

6. **INDEMNIFICATION.**

(a) **By TargetX**. TargetX will indemnify and hold Client and its employees, agents, successors and assigns harmless from and against any and all loss, damage, liability, and expense, including without limitation reasonable attorneys' fees, (collectively, "Loss") incurred by such indemnified party, arising from any action brought against such indemnified party by any third party to the extent that such action is based on a claim that any Service, when used in accordance with this Agreement, infringes a United States copyright or patent. However, TargetX will not be obligated to indemnify or hold Client harmless from or against any Loss arising from any action unless Client notifies TargetX in writing of the claim upon which such action is based within ten (10) days after it learns of such claim, gives TargetX sole control of the defense and settlement thereof and provides all reasonable assistance in connection therewith. If any Service is finally adjudged to so infringe, or in TargetX's opinion is likely to become the subject of such a claim, TargetX will, at its option and expense, either: (i) procure for Client the right to continue using such Service; (ii) modify or replace such Service to make it noninfringing as long as the Services have the same functionality in all material respects; or (iii) terminate this Agreement and provide Client a pro rata refund of any pre-paid fees in respect of such Service for the period after termination. TargetX will have no liability regarding any infringement claim arising out of: (w) use of other than a current, unaltered release of the Services unless the infringing portion is also in the then current release; (x) use of the Services in combination with non-TargetX software, service data or equipment if the infringement was caused by such use or combination; (y) any modification or derivation of the Services not specifically authorized in writing by TargetX; or (z) use of third party software or services. THE FOREGOING STATES TARGETX'S ENTIRE LIABILITY AND CLIENT'S EXCLUSIVE REMEDY FOR INFRINGEMENT OR MISAPPROPRIATION, OR CLAIMS OF INFRINGEMENT OR MISAPPROPRIATION, OF ANY COPYRIGHT, PATENT, TRADEMARK, TRADE SECRET OR OTHER PROPRIETARY RIGHTS RELATED TO THE SERVICES.

(b) **By Client**. To the extent permitted by law, Client will indemnify and hold TargetX and its employees, agents, successors and assigns harmless from and against any and all Loss, incurred by such indemnified party, arising from any action brought against such indemnified party by any third party (1) to the extent that such action is based on a claim that (i) Client does not have the right to provide Client Data to TargetX as contemplated by this Agreement or to use Client Data in connection with the Services, or (ii) TargetX or such indemnified party is liable or responsible for any use of Client Data by Client; or (2) that arises from or relates to Client's use of the Services in violation of this Agreement or in violation of any applicable law, rule, or regulation.

7. **LIMITATION OF LIABILITY. IN NO EVENT WILL TARGETX OR ANY OF ITS LICENSORS, SUPPLIERS OR AGENTS OR ANY THIRD-PARTY PROVIDERS BE LIABLE FOR LOSS OF USE, PROFIT, REVENUE, GOODWILL OR OTHER INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS AGREEMENT EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS OF TARGETX UNDER SECTION 6(A) HEREOF, THE AGGREGATE LIABILITY OF TARGETX, ITS SUPPLIERS AND AGENTS, AND ANY THIRD-PARTY PROVIDERS FOR ALL CLAIMS (EXCLUDING CLAIMS FOR PHYSICAL INJURY OR PROPERTY DAMAGE RESULTING FROM GROSS NEGLIGENCE OR WILLFUL MISCONDUCT) ARISING OUT OF THIS AGREEMENT WILL NOT EXCEED THE SUM OF THE FEES PAID BY CLIENT TO TARGETX DURING THE SIX-MONTH PERIOD PRIOR TO THE CLAIM FOR THE SERVICES OR THE THIRD PARTY PRODUCTS THAT ARE THE SUBJECT MATTER OF THE CLAIM.**

8. **TERM AND TERMINATION; SUSPENSION.**

(a) **Term**. This Agreement is effective on the Effective Date and will continue for the term(s) specified in an Order Form(s) (the "Term").

(b) **By Client**. Client may terminate this Agreement upon sixty (60) days' prior written notice if TargetX fails to comply with any of the terms and conditions of this Agreement, and such noncompliance is not cured within such sixty (60)-day period.

(c) **By TargetX**. TargetX may terminate this Agreement upon sixty (60) days' prior written notice if Client fails to comply with any of the terms and conditions of this Agreement, and such noncompliance is not cured within such sixty (60)-day period.

(d) **Automatic Termination**. Client's insolvency, receivership, bankruptcy, or assignment for the benefit of creditors will immediately terminate this Agreement without the need for any notice being given.

(e) **Funding Out Provision**. Client may terminate this contract if funds are not appropriated or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of the contract. The University shall provide the contractor thirty (30) calendar days' written notice of termination under this provision.

(f) **Effect of Termination.**

(i) Client's rights to the Services will terminate, and TargetX may cease to provide the Services, immediately upon any termination of this Agreement.

(ii) TargetX will have no obligation to refund any amounts paid by Client under this Agreement upon its termination. Upon any termination or expiration of this Agreement Client will pay TargetX any outstanding invoices. In addition, if this Agreement is terminated for any reason other than under Section 8(b), and without limiting TargetX's other rights under this Agreement or applicable law, Client will pay TargetX 100% of the remaining balance of the total fees that would have been payable by Client for the balance of the applicable Term (as if this Agreement had not been terminated) and any additional amounts to which TargetX is entitled pursuant to applicable law.

(g) **Suspension of Services**. TargetX may suspend the Services at any time if Client is in breach of any obligation under this Agreement that is not cured within ten (10) days after notice from TargetX or immediately if TargetX has reasonable concerns about a security threat that could affect the Services or the data of any other user of the Services.

9. **SUPPORT; SERVICE LEVEL COMMITMENTS.** TargetX, directly or through a third-party supplier, will provide services in support of the TargetX Products and any Third-Party Products identified in an Order Form. Terms governing such support and other terms applicable to the Services are specified in TargetX's Service Level Agreement, which is available in the TargetX User Community or upon request and which TargetX may amend from time-to-time on notice to Client.

10. **GENERAL.**

(a) **Notices**. Any notice required or permitted hereunder will be in writing and will be deemed to have been duly given (i) upon hand delivery, (ii) on the third day following delivery to the U.S. Postal Service as certified mail, return receipt requested and postage prepaid, (iii) on the first day following delivery to a recognized overnight courier service, fee prepaid and return receipt or other confirmation of delivery requested, or (iv) upon confirmation of receipt by the party to receive such notice, of an e-mail sent to the e-mail address of such party. Any such notice will be delivered or sent to a party at its address, or e-mail address as set forth beneath its signature on this Agreement, or to such other address or fax number as may be designated by a party in a notice given to the other from time to time in accordance with the terms of this paragraph.

(b) **Governing Law**. This Agreement will be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky, excluding its conflicts of law principles.

(c) **Assignment**. Neither party may assign this Agreement without the prior written consent of the other party; provided, however, that either party, may assign this Agreement without the consent of the other party in connection with any sale of all or substantially all of the assets of the business to which this Agreement relates. Any attempted assignment in violation of this Agreement will be invalid.

(d) **Partial Invalidity**. If any provision of this Agreement is held invalid or unenforceable by competent authority, that provision will be construed so as to be limited or reduced to be enforceable to the maximum extent compatible with the law as it will then appear. The total invalidity or unenforceability of any provision of this Agreement will not affect its other provisions and this Agreement will be construed in all respects as if the invalid or unenforceable provision were omitted.

(e) **Force Majeure**. Neither party will be liable for any costs or damages due to nonperformance under this Agreement arising out of any cause not within the reasonable control of such party and without its fault or negligence. Neither party will be liable for any delay or failure in the performance of its obligations under this Agreement that directly results from any failure of the other party to perform its obligations as set forth in this Agreement.

(f) **Waiver**. No waiver of a breach of any term of this Agreement will be effective unless in writing and duly executed by the waiving party. No such waiver will constitute a waiver of any subsequent breach of the same or any other term of this Agreement. No failure on the part of a party to exercise, and no delay in exercising, any of its rights hereunder will operate as a waiver thereof, nor will any single or partial exercise by a party of any right preclude any other or future exercise thereof or the exercise of any other right. No course of dealing between the parties will be deemed effective to modify, amend or discharge any part of this Agreement or the rights or obligations of any party hereunder.

(g) **Entire Agreement**. This Agreement contains the entire understanding of the parties with respect to the transactions contemplated and supersedes any prior agreements, proposals or representations, written or oral, or other understandings among the parties with respect to the subject matter hereof. This Agreement may only be amended by a written document signed by all parties. There are no representations, warranties, or obligations of any party not expressly contained herein. In the event of any conflict between this Agreement and another agreement between TargetX and Client, unless otherwise expressly set forth in such other agreement to the contrary, this Agreement will govern with respect to the matters set forth in this Agreement.

(h) **Construction**. Any interpretation of this Agreement will not presume that its terms should be more strictly construed against one party by reason of any rule of construction or authorship. Further, this Agreement may be executed in two or more counterparts, each of which will be deemed an original. In making proof of this Agreement, it will not be necessary to produce more than one counterpart. The headings in this Agreement are for convenience only. They do not constitute a portion of this Agreement and will not be used in any construction of it. Any signatures on an Order Form that are electronic or that are delivered electronically will be deemed effective for all purposes and will be deemed originals. For purposes of this Agreement, (i) the words "include," "includes," and "including" are deemed to be followed by the words "without limitation"; (ii) the word "or" is not exclusive; (iii) the words "herein," "hereof," "hereby," "hereto," and "hereunder" refer to this Agreement as a whole; and (iv) words denoting the singular have a comparable meaning when used in the plural, and vice-versa.

(i) **Claims; Injunctive Relief**. Any claim arising out of or related to this Agreement must be brought no later than one year after it has accrued. Recognizing and acknowledging that any breach by Client of the provisions of Sections 1, 3 or 4 will cause TargetX irreparable damage for which other remedies may be inadequate, Client agrees that, in addition to monetary damages and any other remedies available to TargetX at law or in equity, TargetX will have the right to petition for such equitable relief as may be necessary to prevent such a breach or threatened breach without having to prove actual damages.

(j) **Purchase Orders and Related Items**. Client agrees that any purchase order or similar document that it may issue in connection with this Agreement will be for ordering purposes only and that any terms and conditions on such purchase order will be void and of no force or effect. If this Agreement is entered into in response to request for proposal or similar document of the Client ("RFP"), no terms of the RFP and no response to such RFP by TargetX will be incorporated into this Agreement, all of which will be of no force and effect.

(k) **Publicity**. TargetX has the right and authority to issue a press release describing the license and the parties' relationship. TargetX will also have the right to use the name and logo of Client as a client of TargetX in promotional materials.

(l) **Survival**. The provisions of this Agreement that by their nature would survive its termination will survive indefinitely.

(m) **Third Party Beneficiary**. Client hereby agrees that the licensors of third party software to TargetX and each Third-Party Provider will be considered third party beneficiaries of this Agreement and will be entitled to bring a direct action against Client in the event of breach of any applicable provisions of this Agreement, pursuant to the terms and conditions of this Agreement.

(n) **Independent Contractors**. Client's relationship to TargetX will be that of an independent contractor. Neither Client and its employees nor TargetX and its employees are agents or legal representatives of the other party for any purpose and have no authority to act for, bind, or commit the other party. This Agreement does not establish a franchise, joint venture, or partnership, or agency relationship.

(o) **Non-Solicitation**. Neither party will during the Term and for a period of one year afterwards knowingly entice, persuade or otherwise solicit any of the others' employees, contractor/consultants or other representatives to leave the services of the other party for any reason, which restriction excludes general solicitations not directed at the other party's employees.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the Effective Date:

TARGETX	CLIENT
Signature:	Signature:
Name:	Name:
Title:	Title:
Address:	Address:
E-mail:	E-mail:

Standard of Terms still under negotiation

Problems NOT anticipated

salesforce.org

MASTER SUBSCRIPTION AGREEMENT

Customer Full Legal Name:	
Customer Address:	

This Master Subscription Agreement is between **Salesforce.org**, a California nonprofit public benefit corporation with its principal place of business at 50 Fremont Street, Suite 300, San Francisco, California 94105 ("**Salesforce.org**") and the party named above. Salesforce.org is an authorized reseller of salesforce.com, inc. ("**SFDC**"). This Agreement is effective as of the date of the last signature below (the "**Effective Date**").

The parties agree as follows:

1. DEFINITIONS

"**Affiliate**" means any entity that directly or indirectly Controls, is Controlled by, or is under common Control with Salesforce.org. For avoidance of doubt, Salesforce.org and SFDC are not Affiliates.

"**Agreement**" means this Master Subscription Agreement and any exhibits, schedules and addenda hereto.

"**Associate**," means any entity that is under common governance or Control with, or that governs or Controls, or is governed or Controlled by, the party signing this Agreement as the Customer, and that meets the Eligibility Criteria stated in Exhibit A attached to this Agreement.

"**Beta Services**" means SFDC services or functionality that may be made available to Customer to try at its option at no additional charge which is clearly designated as beta, pilot, limited release, developer preview, non-production, evaluation, or by a similar description.

"**Content**" means information obtained by SFDC from publicly available sources or its third party content providers and made available to Customer through the Services, Beta Services, or pursuant to an Order Form, as more fully described in the Documentation.

"**Control**," for purposes of the definitions of Affiliate and Associate, means direct or indirect ownership or control of more than 50% of the voting interests of the subject entity.

"**Customer**" means the customer named above together with its Associates which have signed Order Forms. For the avoidance of doubt, an Associate can only sign an Order Form and become a Customer if it meets the Eligibility Criteria set forth in Exhibit A hereto.

"**Customer Data**" means electronic data and information submitted by or for Customer to the Services, excluding Content and Non-SFDC Applications.

"**Documentation**" means the applicable Service's Trust and Compliance documentation, and its usage guides and policies, as updated from time to time, accessible via help.salesforce.com or login to the applicable Service.

"**Eligibility Criteria**" means the eligibility criteria set forth in Exhibit A to this Agreement.

"**Malicious Code**" means code, files, scripts, agents or programs intended to do harm, including, for example, viruses, worms, time bombs and Trojan horses.

"**Marketplace**" means an online directory, catalog or marketplace of applications that interoperate with the Services, including, for example, the AppExchange located at http://www.salesforce.com/appexchange, ExactTarget's HubExchange located at https://hubexchange.exacttarget.com/, or the Heroku add-ons catalog located at https://addons.heroku.com/, and any successor websites.

"**Non-SFDC Application**" means a Web-based, mobile, offline or other software application functionality that is provided by Customer or a third party and interoperates with a Service, including, for example, an application that is developed by or for Customer, is listed on a Marketplace, is identified as Salesforce Labs or by a similar designation, or is an open source software product including e.g. the technologies commonly referred to as Non Profit Success Pack ("NPSP") and Higher Education Data Architecture ("HEDA") and that are subject to the terms stated during the installation process and/or located on the landing page during their use.

"No Charge Services" means the ten (10) User subscriptions for certain Services offered in Salesforce.org's sole discretion to organizations that meet the Eligibility Criteria at no charge and ordered by the Customer using Salesforce.org's standard processes. These are sometimes referred to as "P-10s."

"Order Form" means an ordering document or online order specifying the Services to be provided hereunder that is entered into between Customer or any of its Associates, and Salesforce.org, including any addenda and supplements thereto. By entering into an Order Form hereunder, an Associate agrees to be bound by the terms of this Agreement as if it were an original party hereto.

"SFDC Affiliate" means any entity that directly or indirectly Controls, is Controlled by, or is under common Control with Salesforce.com. For the avoidance of doubt, Salesforce.org and SFDC are not SFDC Affiliates.

"Services" means the products and services that are ordered by Customer under an Order Form and made available online by SFDC, including associated SFDC offline or mobile components, as described in the Documentation. "Services" exclude Content and Non-SFDC Applications.

"User" means (subject to compliance with Section 3.4(b) of this Agreement) an individual who is authorized by Customer to use a Service, for whom Customer has purchased a subscription (or in the case of any Services provided by Salesforce.org without charge, for whom a Service has been provisioned), and to whom Customer (or, when applicable, SFDC or Salesforce.org at Customer's request) has supplied a user identification and password (for Services utilizing authentication). Users may include, for example, employees, consultants, contractors and agents of Customer, and third parties with which Customer transacts business such as students, teachers and volunteers.

2. SALESFORCE.ORG RESPONSIBILITIES

2.1 No Charge Services. Except where a different initial term is stated in the applicable Order Form, Salesforce.org shall cause SFDC to provide No Charge Services to Customer for an initial term of twelve (12) months. Following the initial term, No Charge Services shall be eligible for renewal on a yearly basis under the same terms and conditions, provided the program continues to exist. Notwithstanding the foregoing or anything to the contrary herein, Salesforce.org offers No Charge Services at its sole discretion and may terminate such No Charge Services at any time upon written notice (typically 30 days where practicable to do so).

2.2 Provision of Services. Salesforce.org shall cause SFDC to (a) make the Services and Content available to Customer pursuant to this Agreement and the applicable Order Forms, (b) provide applicable SFDC standard support for the Services to Customer at no additional charge, and/or upgraded support if purchased, (c) use commercially reasonable efforts to make the online Services available 24 hours a day, 7 days a week, except for: (i) planned downtime (of which SFDC shall give advance electronic notice as provided in the Documentation), or (ii) any unavailability caused by circumstances beyond SFDC's reasonable control, including, for example, an act of God, act of government, flood, fire, earthquake, civil unrest, act of terror, strike or other labor problem (other than one involving SFDC employees), Internet service provider failure or delay, Non-SFDC Application, or denial of service attack, and (d) provide the Services in accordance with laws and government regulations applicable to SFDC's provision of its Services to its customers generally (i.e., without regard for Customer's particular use of the Services), and subject to Customer's use of the Services in accordance with this Agreement, the Documentation and the applicable Order Form.

2.3 Protection of Customer Data. Salesforce.org shall cause SFDC to maintain administrative, physical, and technical safeguards for protection of the security, confidentiality, and integrity of Customer Data, as described in the Documentation. Those safeguards shall include, but shall not be limited to, measures for preventing access, use, modification or disclosure of Customer Data by Salesforce.org or its subcontractors or SFDC personnel, except (a) to provide the Services and prevent or address service or technical problems, (b) as compelled by law in accordance with the "Confidentiality: Compelled Disclosure" section below, or (c) as expressly permitted in writing by Customer. Salesforce.org will also maintain appropriate safeguards for Customer Data that Salesforce.org processes. Salesforce.org will give advance notification to Customer in the event that Salesforce.org transmits Customer Data outside of SFDC's system, and where in the event of such transmission, SFDC is not responsible for the privacy, security or integrity of such transmitted Customer Data. Where Customer's use of the Services includes the processing of personal data (as described in the Data Processing Addendum (defined below) within the European Economic Area (EEA), except in respect of any usage during a free trial, the terms of the data processing addendum at http://info.salesforcefoundation.org/l/30282/2015-10-16/5r2jjl/30282/130279/SFDO_Reseller_Data_Processing_Addendum__Standard_Contractual_Clauses_.pdf ("Data Processing Addendum") are hereby incorporated by reference and shall apply to the extent Customer Data includes Personal Data, as defined in the Data Processing Addendum. For the purposes of the Standard Contractual Clauses, Customer is the data exporter, and Customer's execution of this Agreement shall be treated as its execution of the Standard Contractual Clauses and any associated appendix.

2.4 Personnel. Salesforce.org shall cause SFDC to be responsible for the performance of SFDC's personnel (including its employees and subcontractors) and their compliance with the applicable obligations under this Agreement, except as otherwise specified in this Agreement. Salesforce.org shall be responsible for the performance of its personnel and their compliance with this Agreement.

2.5 Beta Services. From time to time, SFDC may make Beta Services available to Customer at no charge. Customer may choose to try such Beta Services or not in its sole discretion. Beta Services are intended for evaluation purposes and not for production use, are not supported, and may be subject to additional terms. Beta Services are not considered "Services" under this Agreement, however, all restrictions, SFDC reservation of rights and Customer obligations concerning the Services, and use of any related Non-SFDC Applications and Content, shall apply equally to Customer's use of Beta Services. Unless otherwise stated, any Beta Services trial period will expire upon the earlier of one year from the trial start date or the date that a version of the Beta Services becomes generally available without the applicable Beta Services designation. SFDC may discontinue Beta Services at any time in its sole discretion and may never make them generally available. Neither SFDC nor Salesforce.org will have any liability for any harm or damage arising out of or in connection with a Beta Service.

3. USE OF SERVICES AND CONTENT

3.1 Subscriptions. Unless otherwise provided in the applicable Order Form or Documentation, (a) Services and access to Content are purchased as subscriptions, (b) subscriptions may be added during a subscription term at the same pricing as the underlying subscription pricing, prorated for the portion of that subscription term remaining at the time the subscriptions are added, and (c) any added subscriptions will terminate on the same date as the underlying subscriptions.

3.2 Usage Limits. Services and Content are subject to usage limits specified in Order Forms and Documentation. Unless otherwise specified, (a) a quantity in an Order Form refers to Users, and the Service or Content may not be accessed by more than that number of Users, (b) a User's password may not be shared with any other individual, and (c) except as set forth in an Order Form, a User identification may only be reassigned to a new individual replacing one who will no longer use the Service or Content. If Customer exceeds a contractual usage limit, Salesforce.org may work with Customer to seek to reduce Customer's usage so that it conforms to that limit. If, Customer is unable or unwilling to abide by a contractual usage limit, Customer shall execute an Order Form for additional quantities of the applicable Services or Content promptly upon Salesforce.org's request, and/or pay any invoice for excess usage in accordance with the "Invoicing and Payment" section below.

3.3 Customer Responsibilities. Customer shall (a) be responsible for Users' compliance with this Agreement, Documentation and Order Forms, (b) be responsible for the quality and legality of Customer Data and the means by which Customer acquired Customer Data, (c) use commercially reasonable efforts to prevent unauthorized access to or use of Services and Content, and notify Salesforce.org promptly of any such unauthorized access or use, (d) use Services and Content only in accordance with this Agreement, Documentation, Order Forms, and applicable laws and government regulations, (e) comply with terms of service of any Non-SFDC Applications with which Customer uses Services or Content, and (f) satisfy the Eligibility Criteria set forth in Exhibit A hereto throughout the term of the Agreement. Customer shall promptly notify Salesforce.org if at any time it fails to satisfy any such criteria.

3.4 Usage restrictions. Customer shall not (a) make any Service or Content available to, or use any Service or Content for the benefit of, anyone other than Customer or Users, unless expressly stated otherwise in an Order Form or the Documentation, (b) sell, resell, license, sublicense, distribute, make available, rent or lease any Service or Content, or include any Service or Content in a service bureau or outsourcing offering, (c) use a Service or Non-SFDC Application to store or transmit infringing, libelous, or otherwise unlawful or tortious material, or to store or transmit material in violation of third-party privacy rights, (d) use a Service or Non-SFDC Application to store or transmit Malicious Code, (e) interfere with or disrupt the integrity or performance of any Service or third-party data contained therein, (f) attempt to gain unauthorized access to any Service or Content or its related systems or networks, (g) permit direct or indirect access to or use of any Service or Content in a way that circumvents a contractual usage limit, or use any of the Services in a manner that violates SFDC's Acceptable Use and External Facing Service Policy, or to access or use any of SFDC's or Salesforce.org's intellectual property except as permitted under this Agreement, an Order Form, or the Documentation, (h) copy a Service or any part, feature, function or user interface thereof, (i) copy Content except as permitted herein or in an Order Form or the Documentation, (j) frame or mirror any part of any Service or Content, other than framing on Customer's own intranets or otherwise for its own internal business purposes or as permitted in the Documentation, (k) access any Service or Content in order to build a competitive product or service or to benchmark with a non-SFDC product or service, or (l) reverse engineer any Service (to the extent such restriction is permitted by law). Customer's or a User's intentional violation of the foregoing, or any use of the Services in breach of this Agreement, Documentation or Order Forms, by Customer or Users that in Salesforce.org's or as applicable, SFDC's, judgment imminently threatens the security, integrity or availability of SFDC's services, may result in Salesforce.org's or as applicable, SFDC's, immediate suspension of the Services. Salesforce.org will use commercially reasonable efforts under the circumstances to provide Customer with an opportunity to remedy such violation or threat prior to any such suspension.

3.5 Removal of Content and Non-SFDC Applications. If SFDC is required by any third party rights holder to remove Content, or receives information that Content provided to Customer may violate applicable law or third-party rights, SFDC may, or Salesforce.org may ask SFDC to, discontinue Customer's access to such Content through the Services, and/or may so notify Customer, and in such event Customer promptly remove such Content from its systems. If SFDC or Salesforce.org receives information that a Non-SFDC Application hosted on a Service by Customer may violate SFDC's Acceptable Use and External-Facing Services Policy or applicable law or third-party rights, SFDC may, or Salesforce.org may ask SFDC to, so notify Customer and in such event Customer will promptly disable such Non-SFDC Application or modify the Non-SFDC Application to resolve the potential violation. If Customer does not take required action in accordance with the above, SFDC may, or Salesforce.org may cause SFDC to, disable the applicable Content, Service and/or Non-SFDC Application until the potential violation is resolved.

4. NON-SFDC PROVIDERS

4.1 Acquisition of Non-SFDC Products and Services. Salesforce.org, SFDC or third parties may make available (for example, through a Marketplace or otherwise) third-party products or services, including, for example, Non-SFDC Applications and implementation and other consulting services. Any acquisition by Customer of such products or services, and any exchange of data between Customer and any non-SFDC provider, product or service is solely between Customer and the applicable non-SFDC provider. Salesforce.org and SFDC do not warrant or support Non-SFDC Applications or other non-SFDC products or services, whether or not they are designated by SFDC as "certified" or otherwise, unless expressly provided otherwise in an Order Form.

4.2 Non-SFDC Applications and Customer Data. If Customer chooses to use a Non-SFDC Application with a Service, Customer grants Salesforce.org permission, and grants SFDC permission to allow the Non-SFDC Application and its provider to access Customer Data as required for the interoperation of that Non-SFDC Application with the Service. Neither Salesforce.org nor its Affiliates, nor SFDC nor SFDC Affiliates shall be responsible for any disclosure, modification or deletion of Customer Data resulting from access by such Non-SFDC Application or its provider.

4.3 Integration with Non-SFDC Applications. The Services may contain features designed to interoperate with Non-SFDC Applications. To use such features, Customer may be required to obtain access to such Non-SFDC Applications from their providers, and may be required to grant SFDC access to Customer's account(s) on such Non-SFDC Applications. Neither Salesforce.org nor SFDC can guarantee the continued availability of such Service features, and may cease providing them without entitling Customer to any refund, credit, or other compensation, if for example and without limitation, the provider of a Non-SFDC Application ceases to make the Non-SFDC Application available for interoperation with the corresponding Service features in a manner acceptable to SFDC.

5. FEES AND PAYMENT

5.1 Fees. Customer shall pay all fees specified in Order Forms. Except as otherwise specified herein or in an Order Form, (i) fees are based on Services and Content subscriptions purchased and not actual usage, (ii) payment obligations are non-cancelable and fees paid are non-refundable except as set forth in Section 11.4 below ("Refund or Payment upon Termination"), and (iii) quantities purchased cannot be decreased during the relevant subscription term.

5.2 Invoicing and Payment. Fees shall be invoiced in advance and otherwise in accordance with the relevant Order Form. Unless otherwise stated in the Order Form, fees are due net 30 days from the invoice date. Customer is responsible for providing complete and accurate billing and contact information to Salesforce.org and notifying Salesforce.org of any changes to such information.

5.3 Overdue Charges. If any invoiced amount is not received by Salesforce.org by the due date, then without limiting Salesforce.org's rights or remedies, those charges may accrue late interest at the rate of 1.5% of the outstanding balance per month, or the maximum rate permitted by law, whichever is lower.

5.4 Suspension of Service. If any charge owing by Customer is 30 days or more overdue, Salesforce.org may, without limiting its other rights and remedies, suspend or request that SFDC suspend Services until such amounts are paid in full, provided that, other than for customers paying by credit card or direct debit and whose payment has been declined, Salesforce.org has given Customer at least 10 days prior notice that its account is overdue in accordance with the "Notices" section below.

5.5 Payment Disputes. Salesforce.org shall not exercise its rights under the "Overdue Charges" or "Suspension of Service" section above if Customer is disputing the applicable charges reasonably and in good faith and is cooperating diligently to resolve the dispute.

5.6 Taxes. Salesforce.org's fees do not include any taxes, levies, duties or similar governmental assessments of any nature, including, for example, value-added, sales, use or withholding taxes, assessable by any jurisdiction whatsoever (collectively, "**Taxes**"). Customer is responsible for paying all Taxes associated with its purchases hereunder. If Salesforce.org has the legal obligation to pay or collect Taxes for which Customer is responsible under this section, Salesforce.org shall invoice Customer and Customer shall pay that amount unless Customer provides Salesforce.org with a valid tax exemption certificate authorized by the appropriate taxing authority. For clarity, Salesforce.org is solely responsible for taxes assessable against it based on its income, property and employees.

5.7 Future Functionality. Customer agrees that its purchases are not contingent on the delivery of any future functionality or features, or dependent on any oral or written public comments made by Salesforce.org or SFDC regarding future functionality or features.

6. PROPRIETARY RIGHTS AND LICENSES

6.1 Reservation of Rights. Subject to the limited rights expressly granted hereunder, Salesforce.org, SFDC, its licensors, and Content providers reserve all of their right, title and interest in and to the Services and Content, including all of their related intellectual property rights. No rights are granted to Customer hereunder other than as expressly set forth herein.

6.2 Access to and Use of Content. Customer has the right to access and use applicable Content subject to the terms of applicable Order Forms, this Agreement, and the Documentation.

6.3 License by Customer to Host Customer Data and Applications. Customer grants Salesforce.org, its Affiliates, SFDC, SFDC Affiliates and all of their applicable subcontractors a worldwide, limited-term license to host, copy, transmit and display Customer Data, and any Non-SFDC Applications and program code created by or for Customer using a Service or for use by Customer with the Services, as necessary for Salesforce.org to cause SFDC, and for SFDC, to provide the Services in accordance with this Agreement. Subject to the limited licenses granted herein, neither Salesforce.org nor SFDC shall acquire any right, title or interest from Customer or its licensors under this Agreement in or to any Customer Data, Non-SFDC Application or such program code.

6.4 License by Customer to Use Feedback. Customer grants to Salesforce.org, its Affiliates, SFDC and SFDC Affiliates a worldwide, perpetual, irrevocable, royalty-free license to use and incorporate into their services any suggestion, enhancement request, recommendation, correction or other feedback provided by Customer or Users relating to the operation of such services.

6.5 Federal Government End Use Provisions. Salesforce.org shall require SFDC to provide the Services, including related software and technology, for ultimate federal government end use solely in accordance with the following: Government technical data and software rights related to the Services include only those rights customarily provided to the public as defined in this Agreement. This customary commercial license is provided in accordance with FAR 12.211 (Technical Data) and FAR 12.212 (Software) and, for Department of Defense transactions, DFAR 252.227-7015 (Technical Data – Commercial Items) and DFAR 227.7202-3 (Rights in Commercial Computer Software or Computer Software Documentation). If a government agency has a need for rights not granted under these terms, it must negotiate with Salesforce.org to determine if there are acceptable terms for granting those rights, and a mutually acceptable written addendum specifically granting those rights must be included in any applicable agreement.

7. CONFIDENTIALITY

7.1 Definition of Confidential Information. "**Confidential Information**" means all information disclosed by a party ("**Disclosing Party**") to the other party ("**Receiving Party**"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure. Confidential Information of Customer includes Customer Data; Confidential Information of Salesforce.org includes the Services and Content; and Confidential Information of each party includes the terms and conditions of this Agreement and all Order Forms (including pricing), as well as business and marketing plans, technology and technical information, product plans and designs, and business processes disclosed by such party. However, Confidential Information does not include any information that (i) is or becomes generally known to the public without breach of any obligation owed to the Disclosing Party, (ii) was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party, (iii) is received from a third party without breach of any obligation owed to the Disclosing Party, or (iv) was independently developed by the Receiving Party.

7.2 Protection of Confidential Information. The Receiving Party shall use the same degree of care that it uses to protect the confidentiality of its own confidential information of like kind (but not less than reasonable care) to (i) not use any Confidential Information of the Disclosing Party for any purpose outside the scope of this Agreement, and (ii) except as otherwise authorized by the Disclosing Party in writing, limit access to Confidential Information of the Disclosing Party to those employees or subcontractors of, as the case may be, Salesforce.org, its Affiliates, Customer or its Associates who need such access for purposes consistent with this Agreement and who have signed confidentiality agreements with the Receiving Party containing protections not materially less protective of Confidential Information than those herein. Neither party shall disclose the terms of this Agreement or any Order Form to any third party other than to its Affiliate or Associate as the case may be, legal counsel and accountants without the other party's prior written consent, provided that a party that makes any such disclosure to its Affiliate or Associate, legal counsel or accountants shall remain responsible for such Affiliate's, Associate's, legal counsel's or accountant's compliance with this "Confidentiality" section.

7.3 Compelled Disclosure. The Receiving Party may disclose Confidential Information of the Disclosing Party to the extent compelled by law to do so, provided the Receiving Party gives the Disclosing Party prior notice of the compelled disclosure (to the extent legally permitted) and reasonable assistance, at the Disclosing Party's cost, if the Disclosing Party wishes to contest the disclosure. If the Receiving Party is compelled by law to disclose the Disclosing Party's Confidential Information as part of a civil proceeding to which the Disclosing Party is a party, and the Disclosing Party is not contesting the disclosure, the Disclosing Party shall reimburse the Receiving Party for its reasonable cost of compiling and providing secure access to that Confidential Information.

8. REPRESENTATIONS, WARRANTIES, EXCLUSIVE REMEDIES AND DISCLAIMERS

8.1 Representations. Each party hereto represents that it has validly entered into this Agreement and has the legal power to do so.

8.2 Salesforce.org Warranties. Salesforce.org warrants that during an applicable subscription term, (a) this Agreement, the Order Forms and the Documentation will accurately describe the applicable administrative, physical, and technical safeguards for protection of the security, confidentiality and integrity of Customer Data, (b) Salesforce.org will cause SFDC not to materially decrease the overall security of the Services, (c) the Services shall perform materially in accordance with the applicable Documentation, and (d) subject to the "Integration with Non-SFDC Applications" section above, Salesforce.org will cause SFDC not to materially decrease the overall functionality of the Services. For any breach of a warranty above, Customer's exclusive remedies are those described in the "Termination" and "Refund or Payment upon Termination" sections below.

8.3 Disclaimers. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY WARRANTY OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW. CONTENT AND BETA SERVICES ARE PROVIDED "AS IS," AND AS AVAILABLE EXCLUSIVE OF ANY WARRANTY WHATSOEVER. EACH PARTY DISCLAIMS ALL LIABILITY AND INDEMNIFICATION OBLIGATIONS FOR ANY HARM OR DAMAGES CAUSED BY ANY THIRD-PARTY HOSTING PROVIDERS.

9. MUTUAL INDEMNIFICATION

9.1 Indemnification by Salesforce.org. Salesforce.org shall cause SFDC to defend Customer against any claim, demand, suit, or proceeding made or brought against Customer by a third party alleging that any Service infringes or misappropriates such third party's intellectual property rights (a "**Claim Against Customer**"), and indemnify Customer from any damages, attorney fees and costs finally awarded against Customer as a result of, or for amounts paid by Customer under a settlement approved by SFDC in writing of, a Claim Against Customer; provided that Customer (a) promptly gives Salesforce.org written notice of the Claim Against Customer, (b) gives Salesforce.org or as applicable, SFDC, sole control of the defense and settlement of the Claim Against Customer (provided that Salesforce.org or as applicable SFDC may not settle any Claim Against Customer unless it unconditionally releases Customer of all liability), and (c) provides to Salesforce.org or as applicable SFDC all reasonable assistance, at Salesforce.org's or as applicable SFDC's expense. If Salesforce.org or, as applicable, SFDC, receives information about an infringement or misappropriation claim related to a Service, SFDC may, or Salesforce.org may request that SFDC, in its discretion and at no cost to Customer, (x) modify the Services so that they are no longer claimed to infringe or misappropriate, without breaching Salesforce.org's warranties under "Salesforce.org Warranties" above or (y) obtain a license for Customer's continued use of that Service in accordance with this Agreement, or, (z) alternatively Salesforce.org may in its discretion terminate Customer's subscriptions for that Service upon 30 days' written notice and refund Customer any prepaid fees covering the remainder of the term of the terminated subscriptions. The above defense and indemnification obligations do not apply to the extent a Claim Against Customer arises from Content, a Non-SFDC Application or Customer's breach of this Agreement, the Documentation or applicable Order Forms.

9.2 Indemnification by Customer. Customer shall defend Salesforce.org and/or SFDC against any claim, demand, suit or proceeding made or brought against Salesforce.org or SFDC by a third party alleging that any Customer Data infringes or misappropriates such third party's intellectual property rights, or arising from Customer's use of the Services or Content in breach of this Agreement, the Documentation, an applicable Order Form, or applicable law (each a "**Claim Against Salesforce**"), and will indemnify Salesforce.org or as applicable SFDC from any damages, attorney fees and costs finally awarded against SFDC or Salesforce.org as a result of, or for any amounts paid by Salesforce.org or SFDC under a settlement approved by Customer in writing of, a Claim Against Salesforce, provided Salesforce.org or SFDC (a) promptly gives Customer written notice of the Claim Against Salesforce, (b) gives Customer sole control of the defense and settlement of the Claim Against Salesforce (except that Customer may not settle any Claim Against Salesforce unless it unconditionally releases Salesforce.org and/or SFDC of all liability), and (c) gives Customer all reasonable assistance, at Customer's expense.

9.3 Exclusive Remedy. This "Mutual Indemnification" section states the indemnifying party's sole liability to, and the indemnified party's exclusive remedy against, the other party for any type of claim described in this section.

10. LIMITATION OF LIABILITY

10.1 Limitation of Liability. IN NO EVENT SHALL THE AGGREGATE LIABILITY OF EACH PARTY TOGETHER WITH ALL OF ITS AFFILIATES OR AS APPLICABLE ASSOCIATES ARISING OUT OF OR RELATED TO THIS AGREEMENT EXCEED THE TOTAL AMOUNT PAID BY CUSTOMER AND ITS ASSOCIATES HEREUNDER FOR THE SERVICES GIVING RISE TO THE LIABILITY IN THE TWELVE MONTHS PRECEDING THE FIRST INCIDENT OUT OF WHICH THE LIABILITY AROSE. THE FOREGOING LIMITATION WILL APPLY WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF THE THEORY OF LIABILITY, BUT WILL NOT LIMIT CUSTOMER'S AND ITS ASSOCIATES' PAYMENT OBLIGATIONS UNDER THE "FEES AND PAYMENT" SECTION ABOVE. IN NO EVENT SHALL SFDC HAVE ANY LIABILITY WHATSOEVER TO CUSTOMER UNDER THIS AGREEMENT.

10.2 Exclusion of Consequential and Related Damages. IN NO EVENT WILL EITHER PARTY OR ITS AFFILIATES OR ASSOCIATES AS APPLICABLE HAVE ANY LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT FOR ANY LOST PROFITS, REVENUES, GOODWILL OR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, COVER, BUSINESS INTERRUPTION OR PUNITIVE DAMAGES, WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF THE THEORY OF LIABILITY, EVEN IF A PARTY OR ITS AFFILIATES OR ASSOCIATES AS APPLICABLE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF A PARTY'S OR ITS AFFILIATES' OR ASSOCIATES', AS APPLICABLE, REMEDY OTHERWISE FAILS OF ITS ESSENTIAL PURPOSE. THE FOREGOING DISCLAIMER WILL NOT APPLY TO THE EXTENT PROHIBITED BY LAW.

11. TERM AND TERMINATION

11.1 Term of Agreement. This Agreement commences on the Effective Date and continues until all subscriptions hereunder have expired or have been terminated.

11.2 Term of Subscriptions. The term of each subscription shall be as specified in the applicable Order Form. Except as otherwise specified in an Order Form, subscriptions shall automatically renew for additional periods equal to the expiring subscription term or one year (whichever is shorter), unless (a) either party gives the other notice of non-renewal at least 30 days before the end of the relevant subscription term, or (b) Salesforce.org's right to resell the Services has been terminated or expired, in which case any existing subscriptions shall continue in effect until the end of their then-existing term and SFDC may contact Customer to discuss renewal directly with SFDC. The per-unit pricing during any renewal term will increase by up to 7% above the applicable pricing in the prior term unless Salesforce.org provides Customer notice of different pricing at least 60 days prior to the applicable renewal term. Except as expressly provided in the applicable Order Form, renewal of promotional or one-time priced subscriptions will be at Salesforce.org's applicable list price in effect at the time of the applicable renewal. Notwithstanding anything to the contrary, any renewal in which subscription volume for any Services has decreased from the prior term will result in re-pricing at renewal without regard to the prior term's per-unit pricing.

11.3 Termination. A party may terminate this Agreement for cause (i) upon 30 days written notice to the other party of a material breach if such breach remains uncured at the expiration of such period, or (ii) if the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors.

11.4 Refund or Payment upon Termination. If this Agreement is terminated by Customer in accordance with the "Termination" section above, Salesforce.org shall refund Customer any prepaid fees covering the remainder of the term of all Order Forms after the effective date of termination. If this Agreement is terminated by Salesforce.org in accordance with the "Termination" section above, Customer shall pay any unpaid fees covering the remainder of the term of all Order Forms. In no event shall termination relieve Customer of its obligation to pay any fees payable to Salesforce.org for the period prior to the effective date of termination.

11.5 Customer Data Portability and Deletion. Upon request by Customer made within 30 days after the effective date of termination or expiration of this Agreement, Salesforce.org shall cause SFDC to make Customer Data available to Customer for export or download as provided in the Documentation. After such 30-day period, neither Salesforce.org nor SFDC shall have any obligation to maintain or provide any Customer Data, and as provided in the Documentation will thereafter delete or destroy all copies of Customer Data in its systems or otherwise in its possession or control, unless legally prohibited.

11.6 Surviving Provisions. The sections titled "Fees and Payment," "Proprietary Rights and Licenses," "Confidentiality," "Disclaimers," "Mutual Indemnification," "Limitation of Liability," "Refund or Payment upon Termination," "Customer Data Portability and Deletion", "Removal of Content and Non-SFDC Applications", "Surviving Provisions" and "General Provisions" shall survive any termination or expiration of this Agreement.

12. GENERAL PROVISIONS

12.1 Export Compliance. The Services, Content, other SFDC technology, and derivatives thereof may be subject to export laws and regulations of the United States and other jurisdictions. Salesforce.org represents that neither Salesforce.org nor SFDC is named on any U.S. government denied-party list, and Customer represents that it is not named on any U.S. government denied-party list. Customer shall not permit any User to access or use any Service or Content in a U.S.-embargoed country or region (currently Cuba, Iran, North Korea, Sudan, Syria or Crimea) or in violation of any U.S. export law or regulation.

12.2 Anti-Corruption. Neither party has received or been offered any illegal or improper bribe, kickback, payment, gift, or thing of value from an employee or agent of the other party in connection with this Agreement. Reasonable gifts and entertainment provided in the ordinary course of business do not violate the above restriction.

12.3 Entire Agreement and Order of Precedence. This Agreement is the entire agreement between Salesforce.org and Customer regarding Customer's use of Services and Content and supersedes all prior and contemporaneous agreements, proposals or representations, written or oral, concerning its subject matter. The parties agree that any term or condition stated in a Customer vendor registration form or registration portal, or Customer purchase order or in any other Customer order documentation (excluding Order Forms) is void. In the event of any conflict or inconsistency among the following documents, the order of precedence shall be: (i) the applicable Order Form, (ii) any exhibit, schedule or addendum to this Agreement, (iii) the body of this Agreement, and (iv) the Documentation.

12.4 Relationship of the Parties. The parties are independent contractors. This Agreement does not create a partnership, franchise, joint venture, agency, fiduciary or employment relationship between the parties.

12.5 Third-Party Beneficiaries. SFDC shall be a third-party beneficiary of Salesforce.org's rights and Customer's obligations hereunder. There are no other third-party beneficiaries under this Agreement.

12.6 Notices. Except as otherwise specified in this Agreement, all notices related to this Agreement shall be in writing and shall be effective upon (a) personal delivery, (b) the second business day after mailing, (c) the second business day after sending by confirmed facsimile, or (d) except for notices of termination or an indemnifiable claim ("**Legal Notices**"), the day of sending by email. Notices to Salesforce.org shall be addressed to the attention of General Counsel, at Salesforce.org, 50 Fremont Street, Suite 300, San Francisco, California 94105; SFDOlegal@salesforce.com, or as updated by Salesforce.org via written notice to Customer. Billing-related notices to Customer shall be addressed to the relevant billing contact designated by Customer, and Legal

Notices to Customer shall be addressed to Customer and be clearly identifiable as Legal Notices. All other notices to Customer shall be addressed to the relevant Services system administrator designated by Customer.

12.7 Waiver. No waiver of any provision of this Agreement will be effective unless in writing and signed by the party against whom the waiver is to be asserted. No failure or delay by either party in exercising any right under this Agreement shall constitute a waiver of that right.

12.8 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, the provision shall be deemed null and void, and the remaining provisions of this Agreement shall remain in effect.

12.9 Assignment. Neither party may assign any of its rights or obligations hereunder, whether by operation of law or otherwise, without the other party's prior written consent (not to be unreasonably withheld); provided, however, either party may assign this Agreement in its entirety (including all Order Forms), without the other party's consent to its Affiliate or Associate, as the case may be, or in connection with a merger, acquisition, corporate reorganization, or sale of all or substantially all of its assets (provided that such Associate or other permitted successor continues to meet the Eligibility Criteria set forth in Exhibit A hereto). Notwithstanding the foregoing, if a party is acquired by, sells substantially all of its assets to, or undergoes a change of control in favor of, a direct competitor of the other party, or, in the case of Customer, a direct competitor of SFDC, such other party may terminate this Agreement upon written notice. In the event of such a termination, Salesforce.org shall refund Customer any prepaid fees covering the remainder of the term of all subscriptions for the period after the effective date of such termination. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the parties, their respective successors and permitted assigns.

12.10 Governing Law. This Agreement, and any disputes arising out of or related hereto, shall be governed exclusively by the internal laws of the State of California, without regard to its conflicts of laws rules or the United Nations Convention on the International Sale of Goods.

12.11 Venue. The state and federal courts located in San Francisco County, California shall have exclusive jurisdiction over any dispute relating to this Agreement, and each party consents to the exclusive jurisdiction of those courts.

12.12 Counterparts. This Agreement may be executed electronically, by facsimile and in counterparts.

Signed by each party's authorized representative:

CUSTOMER	**SALESFORCE.ORG**
By: ______	By: DocuSigned by: Ian Lewis BC93E0152907402...
Name: ______	Name: Ian Lewis
Title: ______	Title: Sr. Director, Revenue Operations
Date: ______	Date: 8/28/2018 | 11:30:41 AM PDT

EXHIBIT A – Eligibility Criteria

To be eligible to receive No Charge Services and Services, Customer must be one of the following:

A. A nonprofit organization that is currently tax-exempt with verified charitable status as determined by the applicable regulatory bodies in the country in which the organization is registered as a charity. For example, with respect to United States organizations, tax exempt status under 501(c)3 of the Internal Revenue Code.

B. An organization that is using as its fiscal sponsor, a tax-exempt charity as defined in section A of this Exhibit A, and where that fiscal sponsor has extended its tax exempt status to the sponsored organization (and only for so long as such fiscal sponsorship is in effect).

C. An organization (either for-profit or not-for profit) that meets comprehensive and transparent standards for social responsibility, subject to express written approval of Salesforce.org; for United States organizations, this means organizations with tax exempt status under 501(c) 4 of the Internal Revenue Code; or

D. A not-for-profit or a for-profit public or private institution whose primary purpose is educational, but specifically excluding for-profit universities and/or colleges.

The foregoing are by way of example only. In all cases, Salesforce.org must first provide written approval of Customer's eligibility. Further, Customer must provide documentation to validate its status upon request from Salesforce.org. Salesforce.org reserves the right in its sole discretion to change an Order Form, or to deny a request for No Charge Services or Services, or to refer the Customer's request for Services to salesforce.com.

For clarity, the following; entities are <u>not</u> eligible to purchase under this Agreement:

1. An economic development organization, such as a chamber of commerce, business improvement district, local and regional economic development organization;

2. A non-profit organization funded by local, state, provincial or federal government, where such non-profit organization either functions without an independent board of directors or is managed by a government agency;

3. A hospital, healthcare facility, academic medical center or clinic, except for their associated educational fund raising or foundation activities;

4. A health insurance organization or health insurance provider; or

5. A group or individual health practice.

Salesforce.org
San Francisco, CA 94105
US

Order Form for Kentucky State University
Quote #: **Q-04138**
Offer Valid Through: **12/31/2018**
Draft
Proposed By: **Seth Osburn**

ORDER FORM

Address Information

Bill To:
400 E Main Street
Frankfort, KY 40601-2355
US

Ship To:
400 E MAIN ST
FRANKFORT, KY 40601-2355
US

Billing Company Name: **Kentucky State University**
Billing Contact Name: **Debra Bright**
Billing Email Address: **debra.bright@kysu.edu**

Billing Phone: **(502) 597-6434**
Billing Fax: **5025976490**
Billing Language:

Terms and Conditions

Related Contract*:
Start Date*: **12/21/2018**
Contract End Date*: **12/20/2021**

Payment Terms: **Net 30**
Billing Frequency: **12**

Products

Product	Order Start Date*	Order End Date*	Order Term (months)*	Monthly Price+	Quantity	Total Price
Lightning Sales Cloud - Unlimited Edition	12/21/2018	12/20/2021	36	USD 72.00	10	USD 25,920.00
Lightning Platform Starter - Unlimited Edition	12/21/2018	12/20/2021	36	USD 6.00	10	USD 2,160.00
Customer Community - Logins	12/21/2018	12/20/2021	36	USD 0.08	27,000	USD 81,000.00
					TOTAL:	USD 109,080.00

+ The Monthly Price shown above has been rounded to two decimal places for display purposes. As many as eight decimal places may be present in the actual price. The totals for this order were calculated using the actual price, rather than the Monthly Price displayed above, and are the true and binding totals for this order.

* If this Order Form is executed and/or returned to Salesforce.org by Customer after the Order Start Date above, Salesforce.org may adjust these terms, without increasing the Total Price, based on the date Salesforce.org activates the products above.

Prices shown above do not include any taxes that may apply. Any such taxes are the responsibility of Customer. This is not an invoice.

Contract Purchase and Pricing Conditions

The following applies to any terms included in the "Contract Purchase and Pricing Conditions" section of this order form: the Product Specific Terms (PST) below apply to Customer's subscription for the Services, provided that (i) all references to actions to be carried out by Salesforce.com below, will be interpreted to mean that Salesforce.org will cause Salesforce.com to take such actions; (ii) all rights of, and protections that apply to Salesforce.com (including limitations of liability, indemnities, and disclaimers, and the like) in this PST will apply equally to Salesforce.org, and (iii) IN NO EVENT WILL SALESFORCE.COM HAVE ANY LIABILITY WHATSOEVER TO CUSTOMER UNDER THIS ORDER FORM.

Lightning Sales Cloud - Unlimited Edition

Sandbox subscriptions are for testing and development use only, and not for production use. As part of its system maintenance, SFDC may delete any Sandbox that Customer has not logged into for 150 consecutive days. Thirty or more days before any such deletion, SFDC will notify Customer (email acceptable) that the Sandbox will be deleted if Customer does not log into it during that 30-day (or longer) period. Deletion of a Sandbox shall not terminate Customer's Sandbox subscription; if a Sandbox is deleted during Customer's Sandbox subscription term, Customer may create a new Sandbox.

Customer's use of this product is subject to the following restrictions: http://www2.sfdcstatic.com/assets/pdf/misc/lightning-contractual-restrictions.pdf. Customer understands that the foregoing functionality restrictions are contractual in nature (i.e., these restrictions are not enforced in the Services as a technical matter) and therefore agrees it is responsible for monitoring its Users' use of such subscriptions and for enforcing such use restrictions. SFDC may review Customer's use of such subscriptions at any time through the Services.

The following terms shall govern all of Customer's use of the Scratch Orgs functionality, whether provisioned pursuant to this or another Order Form. Scratch Orgs are for testing and development use only, and not for production use. As part of its system maintenance, SFDC will periodically delete any Scratch Org, including any associated data or Active Scratch Objects, as set forth in the Documentation. Deletion of an active Scratch Org shall not terminate Customer's Scratch Org subscription; if an active Scratch Org is deleted during Customer's Scratch Org subscription term, Customer may create a new active Scratch Org. Creation of new active Scratch Orgs count towards the daily scratch org limits set forth in the Documentation. Any representations, warranties and covenants in the Customer's MSA regarding log retention, back-ups, disaster recovery, and return and deletion of data shall not apply to Scratch Orgs.

Lightning Platform Starter - Unlimited Edition

Each Lightning Platform Starter User and other Lightning Platform Starter Users in such User's management chain, may access such User's Cases and/or Work Orders for purposes of creating, reading, updating and managing such User's Cases and/or Work Orders. Additionally, Lightning Platform Starter Users may access the Cases and/or Work Orders of other Lightning Platform Starter Users or Cases and/or Work Orders of other individuals for whom a Case has been created in connection with the Customer's recruiting or onboarding process, solely for purposes of creating, reading and commenting on such Users', or such other individuals', Cases and/or Work Orders . Each Lightning Platform Starter User is entitled to access no more than 10 custom objects through this subscription. Each Lightning Platform Starter User cannot: (A) be an individual other than a Customer employee or contractor, or (B) be an individual who supports external facing customer service Cases and/or Work Orders or whose primary function is to respond to or resolve employee Cases and/or Work Orders. Customer shall ensure the use restrictions set forth herein are followed, through User profile or permission set, limiting the number of custom objects included in the Community to the restrictions herein, etc. Customer understands that the above use restrictions are contractual in nature (i.e., these restrictions are not enforced in the Service as a technical matter) and therefore agrees to strictly review its Users' use of such subscriptions and enforce such use restrictions. SFDC may review Customer's use of such subscriptions at any time through the Service.

Customer Community - Logins

Subscriptions to Customer Community (Logins/month) may not be purchased for use by Customer employees or other personnel of Customer. Each Customer Community (Logins/month) subscription entitles the Permitted Users access to all such Communities within the same Org up to the number of log-ins per calendar month ordered (the "Permitted Number of Monthly Logins"). The beginning and end of each calendar month will conform with U.S. Pacific Time. Customer shall assign each Permitted User a User profile or permission set that permits access to no more than 10 custom objects in each applicable community. Salesforce.com will provision 20 User subscriptions for each of the Permitted Number of Monthly Logins; subject, however, to the limitations on the aggregate number of User subscriptions per Org set forth in the Documentation ("Permitted Users"). Customer understands that the above limitations are contractual in nature (i.e., they are not limited as a technical matter in the Service) and therefore agrees to strictly review its Users' use of such subscriptions and enforce the limits set forth herein. SFDC may review Customer's use of the subscriptions at any time through the Service. Unused logins are forfeited at the end of each anniversary of the Order Start Date hereunder or the Order End Date, whichever occurs first, and do not roll over to subsequent months.

Purchase Order Information

Is a Purchase Order (PO) required for the purchase or payment of the products on this Order Form?

Please Select: (Customer to Complete)

[ ] No

[ ] Yes

If yes, please complete the following:

PO Number: ______________________________

This Order Form is governed by the terms of the Salesforce.org Master Subscription Agreement found at http://www.salesforce.org/master-subscription-agreement/, unless (i) Customer has a written master subscription agreement executed by Salesforce.org for such Services as referenced in the Documentation, in which case such written Salesforce.org master subscription agreement will govern or (ii) otherwise set forth herein. Salesforce.org may reject this order form if: (1) the signatory below does not have the authority to bind Customer to this Order Form, (2) changes have been made to this order Form (other than completion of the purchase order information and the signature block), or (3) the requested purchase order information or signature is incomplete or does not match the rest of the Order Form. Subscriptions are non-cancelable before their Order End Date.

salesforce.org

Salesforce.org
San Francisco, CA 94105
US

Order Form for Kentucky State University
Quote #: **Q-04878**
Offer Valid Through: **12/31/2018**
Draft
Proposed By: **Seth Osburn**

ORDER FORM

Address Information

Bill To:
400 E Main Street
Frankfort, KY 40601-2355
US

Ship To:
400 E MAIN ST
FRANKFORT, KY 40601-2355
US

Billing Company Name: **Kentucky State University**
Billing Contact Name:
Billing Email Address:

Billing Phone:
Billing Fax:
Billing Language:

Terms and Conditions

Related Contract*:
Start Date*: **12/21/2018**
Contract End Date*: **12/20/2019**

Payment Terms: **Net 30**
Billing Frequency: **12**

Products

Product	Order Start Date*	Order End Date*	Order Term (months)*	Monthly Price+	Quantity	Total Price
Pardot - Plus	12/21/2018	12/20/2019	12	USD 1,250.00	1	USD 15,000.00
Pardot - Plus - Additional Contacts (10,000)	12/21/2018	12/20/2019	12	USD 75.00	1	USD 900.00
Premier Success Plan (Support) - Pardot	12/21/2018	12/20/2019	12	USD 397.50	1	USD 4,770.00
					TOTAL:	USD 20,670.00

DRAFT

+ The Monthly Price shown above has been rounded to two decimal places for display purposes. As many as eight decimal places may be present in the actual price. The totals for this order were calculated using the actual price, rather than the Monthly Price displayed above, and are the true and binding totals for this order.

* If this Order Form is executed and/or returned to Salesforce.org by Customer after the Order Start Date above, Salesforce.org may adjust these terms, without increasing the Total Price, based on the date Salesforce.org activates the products above.

Prices shown above do not include any taxes that may apply. Any such taxes are the responsibility of Customer. This is not an invoice.

Contract Purchase and Pricing Conditions

The following applies to any terms included in the "Contract Purchase and Pricing Conditions" section of this order form: the Product Specific Terms (PST) below apply to Customer's subscription for the Services, provided that (i) all references to actions to be carried out by Salesforce.com below, will be interpreted to mean that Salesforce.org will cause Salesforce.com to take such actions; (ii) all rights of, and protections that apply to Salesforce.com (including limitations of liability, indemnities, and disclaimers, and the like) in this PST will apply equally to Salesforce.org, and (iii) IN NO EVENT WILL SALESFORCE.COM HAVE ANY LIABILITY WHATSOEVER TO CUSTOMER UNDER THIS ORDER FORM.

Pardot - Plus

Customer is responsible for ensuring its use of Pardot Services is in accordance with the Permission Based Marketing Policy found at http://www.pardot.com/company/legal/permission-based-marketing-policy/.

Pardot - Plus - Additional Contacts (10,000)

Additional Plus Contacts (10,000) may be purchased at any time. If in any monthly subscription period, Customer's Contact Records in its database exceed the limits associated with such purchased Database Contacts, upon SFDC's written notice to Customer (email permitted), Customer shall have ten (10) business days to reduce or offset such excess, either by purchasing additional Database Contacts at the applicable pricing set forth herein, or by deleting a certain number of Contact Records. For the avoidance of doubt, SFDC may require Customer to execute additional documentation (e.g. Order Forms) to effectuate such additional purchases, and in the event Customer's contact records remain in excess of the associated limits after ten (10) business days and Customer has not yet executed and returned such documentation, SFDC reserves the right to process a prospective add-on Order Form for the additional Database Contacts at the then current list price via the billing or payment method specific above, with no signature required; provided, that Customer's execution of this Order Form shall be deemed acceptance of such add-on Order Form, which will be non-cancelable until the Contract End Date listed therewith. "Contact Record" means a business record pertaining to an individual (e.g. first name, last name, title, business address, business email address, and business telephone number).

Purchase Order Information

Is a Purchase Order (PO) required for the purchase or payment of the products on this Order Form?

Please Select: (Customer to Complete)

[ ] No

[ ] Yes

If yes, please complete the following:

PO Number: ______________________________

This Order Form is governed by the terms of the Salesforce.org Master Subscription Agreement found at http://www.salesforce.org/master-subscription-agreement/, unless (i) Customer has a written master subscription agreement executed by Salesforce.org for such Services as referenced in the Documentation, in which case such written Salesforce.org master subscription agreement will govern or (ii) otherwise set forth herein. Salesforce.org may reject this order form if: (1) the signatory below does not have the authority to bind Customer to this Order Form, (2) changes have been made to this order Form (other than completion of the purchase order information and the signature block), or (3) the requested purchase order information or signature is incomplete or does not match the rest of the Order Form. Subscriptions are non-cancelable before their Order End Date.

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	November 6, 2018
SUBJECT:	Motion to Execute Memorandum of Understanding and Final Deed of Easement for Pinsley Walking Trail
FROM:	Finance and Administration
ACTION ITEM:	YES

BACKGROUND: The City of Frankfort is building a walking and biking trail through Frankfort, Kentucky. The City of Frankfort previously requested and received a commitment from Kentucky State University (KSU) to work together in this endeavor. On December 1, 2015, The City of Frankfort and KSU memorialized the commitment of the parties in a Memorandum of Understanding.

The City of Frankfort now requests that KSU convey a permanent easement for public pedestrian and non-motorized vehicle access to the land KSU owns which is situated northwest of the intersection of East Main Street (US Highway 60) and Martin Luther King, Jr. Boulevard), including the right to install and thereafter inspect, repair, maintain, replace, and improve the pedestrian path.

SUMMARY OF PROGRAMS/ACTIVITIES: The City of Frankfort and the Kentucky Transportation Cabinet have provided to KSU a Memorandum of Understanding and a Final Deed of Easement for execution to move forward with this project. Because a conveyance of property is involved, KRS 164.410 requires that the Kentucky Board of Regents execute these documents on behalf of KSU.

ALIGNMENT WITH STRATEGIC GOALS:

Goal [4] Enhance the Impact of External Relations and Development.

COMMITTEE/PROGRAM ACTION: Not Applicable.

PROGRAM IMPLICATIONS: Not Applicable.

FISCAL IMPLICATIONS: Not Applicable.

ATTACHMENTS: History of project and Pinsley Trail Sheets

RECOMMENDATION: Approve.

Pinsly Trail History – City of Frankfort

The former rail line was part of the Frankfort and Cincinnati Railroad, which operated between the towns of Paris and Frankfort, Kentucky. It was a 40-mile short-line railroad. The Frankfort and Cincinnati Railroad, known as "The Whiskey Route", serviced many distilleries on the line. Construction for the railroad, known then as the Kentucky Midland Railway, began in Frankfort in early 1888. The rails to Georgetown were finished in June 1889. The rest of the line from Georgetown to Paris was completed in January 1890. In 1899, the railroad changed its name to Frankfort & Cincinnati Railroad. The line from Paris to Georgetown was abandoned in 1967. By 1987, all tracks were removed, putting an end to the Frankfort & Cincinnati Railroad.

In 2006 the City of Frankfort applied for Transportation Enhancement funds to rehabilitate the old Depot Building on Broadway and build a trail along the old Pinsly Rail Line up to Kentucky State University. Although the grant application was unsuccessful due to the high volume of funding requests, the City was encouraged by the Transportation Cabinet to pursue funding in the future.

Coincidentally following this initial application the citizens of Frankfort formed Walk/Bike Frankfort to promote non-vehicular traffic in the Capital City and determine priorities for connecting Frankfort. Former KSU Professor Mike Bomford was instrumental in the creation and forward movement for Walk/Bike Frankfort. Numerous public meetings were held and a Walk/Bike Master Plan was created from public input. The Master Plan identified the Pinsly Trail as a top priority for the organization.

In 2011 the City of Frankfort applied for Recreational Trails funding to pursue the purchase of the Pinsly Rail. Kentucky State University was instrumental in the application and grant process submitting a letter of support from then President Mary Evans Sias, Ph.D. indicating a portion of the trail would be built on KSU property and that KSU would work closely with the City of Frankfort on this project.

In May 2012 the City of Frankfort purchased the portion of the trail owned by the old Pinsly Railroad and began preliminary design of the trail while attempting to acquire the remaining portion of the trail owned by CSX Railroad.

In 2013 the City of Frankfort applied for and secured $233,360 in Transportation Alternative funds to build the trail from downtown Frankfort to KSU and on to East Main. KSU was supportive of our application and Dr. Raymond Burse signed a 50 year easement for the project during his tenure at the university.

After years of steady correspondence with and visits from CSX Railroad the City of Frankfort was able to purchase the final section of the Pinsly Rail in December, 2015. Once the purchase was complete the City hired Strand Engineering to design and engineer the project. Initial cost estimates indicated the project would exceed original estimates and the Kentucky Transportation Cabinet awarded the project an additional $192,732 to move forward with the project in 2017. The City has been working with the Cabinet to prepare all documents for the bid letting of this project. We are now in the final stages of that process.

CITY OF FRANKFORT, KENTUCKY
315 West Second Street
Frankfort, Kentucky 40601

MEMORANDUM OF UNDERSTANDING

County: FRANKLIN	Item No.: 5-3203.00	Parcel No. 1
	PINSLY TRAIL	

Property Owner(s): Kentucky State University

This Memorandum of Understanding contains all the representations and agreements made between the parties hereto and upon which they relied in executing this Deed of Easement dated ______________.

The deed conveys this amount of property as shown on the official plans:

Land acquired in fee simple	N/A	AC
Permanent easement	82,297	SF
Temporary easement	6,830	SF

The total consideration to be paid for the deed of easement is $0.00. This consideration includes payment for any and all reacquisition or reversion rights of the property owners, their heirs or assigns, which may arise pursuant to KRS 416.670 and a cost to cure payment to replace the following items:

[ ] This is a total acquisition.
[X] This is a partial acquisition.

The remaining property will have the following access to the proposed highway improvement:

[X] Access as provided by the Department's permit. Access not designated on the plans will be the sole responsibility of the Property Owner (proposed highway access is by permit).
[ ] Access at designated points as shown on the plans (proposed highway access is limited).
[ ] No access (proposed highway access is fully controlled).
[ ] The remaining property will be landlocked by this acquisition.

[X] No improvement is being acquired.
[ ] Improvement(s) is/are being acquired.

The disposition of the acquired improvement(s) will be as follows:

[ ] The Cabinet receives title to the improvement(s).
[ ] The Cabinet receives title to the improvement(s), but for the salvage value of $ N/A the Property Owner agrees to remove the same from the right of way as outlined in the building removal contract. When the structure has been moved clear of the right of way and easement areas, the owner regains title. *In the case where a tenant occupies an improvement, they must be afforded ample time to relocate prior to the owner being*

authorized to start the removal.

The Property Owner(s) understand they will not be required to vacate or move personal property from any improvement in less than 90 days from the date of receiving the written offer of relocation assistance and before being required to vacate or move personal property they will be given a 30 day written notice which will specify the date they must be completely clear of the improvement.

The Property Owner(s) will assist in obtaining necessary releases of all mortgages, liens or other encumbrances on the property conveyed. They will pay direct all taxes due for the year in which Louisville Metro receives title to the property. Also, they will pay direct any penalty costs for prepayment of an existing recorded mortgage and similar expenses incidental to conveying real property to Louisville Metro and upon submission of properly supported paid receipts they will be reimbursed. *All reimbursement claims must be deemed fair, necessary and properly supported for payment.*

In addition, the parties agree as follows: We, the undersigned, hereby certify that the transfer reflected in the Deed of Easements is by gift (donation) for the public and mutual benefits to be derived and for no monetary consideration and that the estimated fair cash value of the property and property rights conveyed is Twenty-Four Thousand Five Hundred Dollars ($24,500).

As owners of the property to be conveyed, we request payment be made as follows:

Name: Kentucky State University		Name:	
Address: 400 East Main Street Frankfort, KY 40601		Address:	
FID:	Amt. Of check: $ 0.00	SSN:	Amt. of check: $0.00

This Memorandum of Understanding, together with the Right of Way Plans, the Sales and Purchase Contract, the Deed of Easement and any other documents referenced in these instruments, represent all the terms and conditions of the agreement between Louisville/Jefferson County Metro Government and the Property Owner(s), which was reached without coercion, threats or other promises by either party.

By their signature on this document, the agent representing Louisville/Jefferson County Metro Government certifies that they have no direct, indirect, present or contemplated interest in this property and in no way will benefit from this acquisition.

This Memorandum of Understanding was signed this __________ day of ___________, 2018.

Signature of Agent(s) for Louisville/Jefferson County Metro Government			Signature of Property Owner(s)
Bruce Monarch			Kentucky State University by: Dr. Elaine Farris, Chairman Board of Regents

Franklin County
Item No. 5-3203.00
Parcel 001

DEED OF EASEMENTS

THIS DEED OF EASEMENTS, made and entered into this __________ day of ________________________, 2018, by and between **Kentucky State University,** 400 East Main Street, Frankfort, Kentucky 40601 (in whose care the state and county tax bill for the aforesaid calendar year may be sent), Party of the First Part, Grantor, and **The City of Frankfort, Kentucky,** a government entity, of 315 West 2nd Street, Frankfort, Kentucky 40601, Party of the Second Part, Grantee.

WITNESSETH: That the said Party of the First Part, in consideration of the public and mutual benefits to be derived and for no monetary consideration, acknowledges their right to an appraisal and just compensation, but waives that right and wishes to donate the hereinafter described property and property rights, and does hereby dedicate, grant, and convey to the Party of the Second Part, its successors and assigns forever, the following described property and property rights, viz:

A parcel of land lying and being in Franklin County, Kentucky, to wit:

Parcel No. 1, Tract A

Being a tract of land situated northwest of the intersection of East Main Street (US Highway 60) and Martin Luther King, Jr. Boulevard in Frankfort, Franklin County, Kentucky, and being more particularly described as follows:

Beginning at a point in the northerly right-of-way line of East Main Street, said point being 10.00 feet left of Pinsly Trail Centerline Station 146+85.50;

Thence continuing with the northerly right-of-way line of East Main Street S 76°04'19" W, 26.33 feet to a point 15.00 feet right of Pinsly Trail Centerline Station 146+77.24;

Thence leaving the northerly right-of-way line of East Main Street with a new easement line through the lands of Kentucky State University for eight (8) calls:

1.) N 32°12'21" W, 27.24 feet to a point 15.00 feet right of Pinsly Trail Centerline Station 146+50.00;
2.) N 62°11'46" W, 91.39 feet to a point 15.00 feet right of Pinsly Trail Centerline Station 145+50.00;
3.) N 48°56'08" W, 34.13 feet to a point 15.00 feet right of Pinsly Trail Centerline Station 145+20.00;
4.) N 41°11'44" W, 279.33 feet to a point 37.11 feet right of Pinsly Trail Centerline Station 142+63.65;
5.) N 6°58'56" E, 519.66 feet to a point 30.00 feet right of Pinsly Trail Centerline Station 137+00.00;
6.) N 10°41'12" W, 75.00 feet to a point 30.00 feet right of Pinsly Trail Centerline Station 136+25.00;
7.) S 72°20'18" W, 197.72 feet to a point 55.00 feet right of Pinsly Trail Centerline Station 131+80.00;
8.) N 29°43'13" W, 27.68 feet to a point 27.32 feet right of Pinsly Trail Centerline Station 131+80.00, said point being in the southerly right-of-way line of the former Pinsly Railroad;

Thence with the southerly right-of-way line of the former Pinsly Railroad N 56°02'41" E, 336.43 feet to a point 41.78 feet left of Pinsly Trail Centerline Station 134+88.66;

Thence leaving the southerly right-of-way line of the former Pinsly Railroad with a new easement line through the lands of Kentucky State University for nine (9) calls:

1.) S 33°57'19" E, 60.75 feet to a point 34.36 feet left of Pinsly Trail Centerline Station 135+13.63;
2.) S 31°42'20" W, 100.53 feet to a point 30.00 feet left of Pinsly Trail Centerline Station 136+20.00;
3.) S 10°41'12" E, 160.00 feet to a point 30.00 feet left of Pinsly Trail Centerline Station 137+80.00;
4.) S 5°15'52" W, 323.26 feet to a point 50.00 feet left of Pinsly Trail Centerline Station 141+00.00;
5.) S 17°43'36" W, 162.31 feet to a point 10.00 feet left of Pinsly Trail Centerline Station 143+00.00;
6.) S 41°11'44" E, 200.00 feet to a point 10.00 feet left of Pinsly Trail Centerline Station 145+00.00;
7.) S 48°39'26" E, 70.25 feet to a point 6.00 feet left of Pinsly Trail Centerline Station 145+75.00;
8.) S 69°52'11" E, 57.59 feet to a point 8.68 feet left of Pinsly Trail Centerline Station 146+30.00;
9.) S 36°00'14" E, 58.16 feet to the POINT OF BEGINNING.

The above described parcel contains ± 1.889 acres (82,297 sq. ft.)

It is the specific intention of the Grantor herein to convey a permanent easement for public pedestrian and non-motorized vehicle access to the property described above, including the right to install and thereafter inspect, repair, maintain, replace, and improve a pedestrian path.

Parcel No. 1, Tract B

Being a tract of land situated northwest of the intersection of East Main Street (US Highway 60) and Martin Luther King, Jr. Boulevard in Frankfort, Franklin County, Kentucky, and being more particularly described as follows:

Beginning at a point in the northerly right-of-way line of East Main Street, said point being 10.00 feet left of Pinsly Trail Centerline Station 146+85.50;

Thence leaving the northerly right-of-way line of East Main Street with a new easement line through the lands of Kentucky State University for eleven (11) calls:

1.) N 36°00'14" W, 58.16 feet to a point 8.68 feet left of Pinsly Trail Centerline Station 146+30.00;
2.) N 69°52'11" W, 57.59 feet to a point 6.00 feet left of Pinsly Trail Centerline Station 145+75.00;
3.) N 48°39'26" W, 70.25 feet to a point 10.00 feet left of Pinsly Trail Centerline Station 145+00.00;
4.) N 41°11'44" W, 200.00 feet to a point 10.00 feet left of Pinsly Trail Centerline Station 143+00.00;
5.) N 17°43'36" E, 162.31 feet to a point 50.00 feet left of Pinsly Trail Centerline Station 141+00.00;
6.) N 5°15'52" E, 37.40 feet to a point 39.55 feet left of Pinsly Trail Centerline Station 140+80.00;
7.) S 80°52'09" E, 10.45 feet to a point 50.00 feet left of Pinsly Trail Centerline Station 140+80.00;
8.) S 11°12'30" W, 199.15 feet to a point 25.00 feet left of Pinsly Trail Centerline Station 143+20.00;
9.) S 41°11'44" E, 256.23 feet to a point 8.00 feet left of Pinsly Trail Centerline Station 145+83.59;
10.) S 69°52'11" E, 53.07 feet to a point 12.00 feet left of Pinsly Trail Centerline Station 146+32.46;
11.) S 36°56'41" E, 57.88 feet to a point 15.00 feet left of Pinsly Trail Centerline Station 146+87.15, said point being in the northerly right-of-way line of East Main Street;

Thence with the northerly right-of-way line of East Main Street S 76°04'19" W, 5.27 feet to the POINT OF BEGINNING;

The above described parcel contains ± 0.157 acres (6830 sq. ft.).

Both parcels above being a portion of the same property conveyed to Kentucky State University, from (1) Elliot Marcus, deed dated May 16, 1962 recorded in Deed Book 173, page 456; (2) Carrie Belle Fish, et al, deed dated October 21, 1965, recorded in Deed Book 197, page 366; (3) Noel, deed dated November 26, 1967, recorded in Deed Book 211, page 498; Being the same property conveyed to the Kentucky Normal School for Colored Persons from the Board of Councilmen of the City of Frankfort, deed dated May 17, 1887, recorded in Deed Book 24, page 510, being the same property conveyed to the State Normal School for Colored Persons from W.C. Purdy and Mary Jane Purdy, deed dated February 25, 1901, recorded in Deed Book 39, page 227; Being the same property conveyed to Kentucky State Industrial College for Colored Persons from Linda E. Russell and G.P. Russell (husband), deed dated May 2, 1927, recorded in Deed Book 75, page 486; Being the same property conveyed to the Board of Trustees of Kentucky State Normal School for Colored Persons from Mary J. Dudley, deed dated November 11, 1898, recorded in Deed Book 36, page 224; Being the same property conveyed to the Kentucky State Normal School for Colored Persons from John Rice and Lorrisa Rice, deed dated October 1896, recorded in Deed Book 39, page 247, all recorded in the Office of the County Court Clerk of Franklin County, Kentucky.

It is the specific intention of the Grantor herein to convey a temporary easement to the property described above for the purpose of path and slope construction; said easement terminates and reverts upon completion of the same.

This proposed public pedestrian path improvement for which the above described property is being acquired is identified as Pinsly Trail, Project Numbers 12FO FD52 037 8970401R; TAP 4000 (088) and 12FO FD52 037 8970402R; STATE FORCES, the plans for which are on file in the Office of the Transportation Cabinet in Frankfort, Kentucky. The acquisition of right of way on this project was authorized by Transportation Cabinet Official Order No.111050. Access on this project, as required to be set forth by 603 KAR 5:120, shall be by permit.

This conveyance is made free and clear of any liens, taxes, or encumbrances which the Party of the First Part does hereby agree and promise to pay.

TO HAVE AND TO HOLD said property unto the Party of the Second Part, its successors and assigns forever, with all the rights and privileges thereunto belonging with covenants of General Warranty.

IN TESTIMONY WHEREOF the Party of the First Part executed this Deed of Easements on this the _______ day of __________________, 2018.

GRANTOR

____

Dr. Elaine Farris, Chairman Board of Regents

CONSIDERATION CERTIFICATE

We, the undersigned, hereby certify that the transfer reflected in this Deed of Easements is by gift (donation) for the public and mutual benefits to be derived and for no monetary consideration and that the estimated fair cash value of the property and property rights conveyed is Twenty-Four Thousand Five Hundred Dollars ($24,500) as determined by the Party of the First Part.

GRANTOR:	GRANTEE:
KENTUCKY STATE UNIVERSITY	CITY OF FRANKFORT, KENTUCKY
_______________________________	_______________________________
Dr. Elaine Farris, Chairman Board of Regents	William May, Mayor

CERTIFICATE OF ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF ____________________

I, the undersigned, certify that the foregoing Deed of Easements was acknowledged before me this ____ day of ________________, 2018, by Dr. Elaine Farris, Chairman Board of Regents of Kentucky State University, Party of the First, for and on behalf of said University, to be its own free act and deed.

____
Notary Public
My Commission Expires________________

CERTIFICATE OF ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF ____________________

I, the undersigned, certify that the foregoing Deed of Easements was acknowledged before me this ____ day of ________________, 2018, by William May, Mayor of the City of Frankfort, Kentucky, Party of the Second, for on behalf of said City, to be its own free act and deed.

____
Notary Public
My Commission Expires________________

This Instrument Prepared By:

____
Brian A. Logan, Attorney
Logan Burch and Fox
114 West Clinton Street
Frankfort, KY 40601
www.loganburchandfox.com
502-875-3884

DATE: December 6, 2018

SUBJECT: Approval of Enrollment Management Contract

FROM: Office of Finance and Administration

ACTION ITEM: Yes

BACKGROUND: The University Admissions Task Force was appointed by President Brown on September 13, 2018 to review the recruitment and admissions processes and make recommendations to improve these processes.

The task force included representatives from all areas of the University and met during September and October to discuss issues related to recruitment and admissions. The task force recommended a complete restructuring of the recruiting, admissions, and enrollment management process at the University.

The task force made a number of recommendations including the following:

- Recruiting
  - Engage a consultant to develop and implement a multi-year recruiting strategy including purchase of student names, contact strategies for high school sophomores, juniors and seniors. Commit to this strategy for at least five years.
  - Develop the recruiting strategy as a shared service arrangement, where initial contact management is handled by a third party until the student commitment reaches an agreed upon point. At that point, the management of the student relationship is handed off to the University.
  - Develop a similar strategy and contact management process for transfer and international students. These should be managed as separate operations as they have very specific needs and requirements. For example, traditional admissions operations can't evaluate transfer transcripts. This evaluations falls to the academic departments so those departments must be brought into the student relationship process.
  - Develop clear applicant contact expectations and enforce them. Responses to student e-mails and phone calls shall be timely and effective. Develop a contact strategy to provide 24/7 engagement of students.

- Relationship Management
    - Engage an enrollment management consultant that can advise on the proper number of staff to manage the prospective student experience.
    - Hire or contract, for staff to work with each individual student to address all issues related to that student: application, FAFSA, financial aid packaging, payment, etc.
    - Move to a relationship management model where students will only work with their relationship manager, no handoffs to other offices.
    - These staff should be customer services professionals, skilled at defusing conflict.
- Processing
    - Develop a shared service arrangement with a customer call center for application processing, financial aid, payment plan management, and online billing and payments.
    - All processing services should be available 24/7 is possible.
    - Relationship managers should be the primary contact, but students should be allowed to manage aspects of their accounts on line, have a help line for specific processing questions after hours, etc.
    - Any shared service arrangement shall require compliance with all federal requirements and any shared service provider shall understand fully federal and state requirements as well as prepare all required reports.
    - Service level agreements will be negotiated with all providers.

The University issued a request for proposals (RFP) for enrollment management services on September 12, 2018. This RFP solicited proposals for a number of enrollment management services including a CRM. The RFP was structured to allow for either a single contract, or multiple contracts, to be awarded to provide the requested services. Responses were received on October 15, 2018. Sextant Marketing was selected as the shared services partner for all enrollment management services recommended by the task force.

The University has entered into negotiations with Sextant Marketing to determine which services shall be provided by the shared services partner and which shall be provided by the University. It is expected that contract negotiations will take approximately four weeks to complete. Contract costs will be determined by the number and variety of services provided in the final contract.

As it is essential that work begin as soon as the contract is completed, it is requested that the Board of Regents delegate final authority to approve the contract to the Board Chairperson.

SUMMARY OF PROGRAMS/ACTIVITIES: N/A

ALIGNMENT WITH STRATEGIC GOALS:

Goal 1: Enhance Student Enrollment, Improve Student Life and Engagement, and Improve Student Advising and Career Development.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: Cost information will be available after the final contract is negotiated.

ATTACHMENTS: N/A

RECOMMENDATION: Approve selection of Sextant Marketing as the shared services partner for enrollment management and delegate final contract approval to the Board Chairperson. Final contract execution is expected during the week of December 10th.

Kentucky State University Purchasing Department 400 East Main Street Academic Services Building, Suite 423 Frankfort, KY 40601	Consultant ☒ or Services Contract	Contract Number

BETWEEN: **Sextant Marketing** **28 Dolphin Dr., Suite 501A** **Treasure Island, FL 33706** Hereafter referred to as "Contractor"	AND **Kentucky State University** **Purchasing Department** **400 East Main Street** **Academic Services Building, Suite 423** **Frankfort, KY 40601** Hereinafter referred to as "State or Kentucky State University"
Services shall commence on: December 10, 2018 Services shall terminate on: December 9, 2021	Contractor's Banner ID Number (xxxxxxx) (Do not use SSN) A

Will Contractor use state facilities, equipment, or supplies? Yes No ☒
(If "yes," specify the conditions under which it will be used.)

1. **Services to be provided by Contractor:**

a. Provide an audit of Kentucky State University's current recruitment and marketing processes with the goal of improving the student experience with administrative services through this agreement.

b. Call center services supporting both inbound and outbound calls (inbound enrollment support and financial aid and student accounting support) are anticipated with more extensive services available during periods determined by the Kentucky State University and the Contractor.

c. Contractor will also develop and implement a new marketing strategy for all Kentucky State University undergraduate and graduate enrollment programs as identified by the University and Contractor after completion of the audit.

d. Contractor is expected to meet all deliverables as established in the **Scope of Project and Services Requested document (Appendix I)**. The goal of the Agreement is to meet the enrollment goals as identified between Kentucky State University and Contractor.

e. In the event Contractor provides services to state colleges or universities in Kentucky Contractor will provide written notice to Kentucky State University within 30 days of executing the agreement with the institution. The Contractor and Kentucky State University shall continue to be bound by the Non-Disclosure Agreement executed by both parties.

f. The contract resulting from this RFP and the successful Offeror's Proposal shall have an initial term of three (3) years beginning at the effective date of the contract. It shall be renewable for up to four (4) additional one-year renewal periods. The total contract period will not exceed seven (7) years. Annual renewal after the initial three-year period shall be contingent upon Kentucky State University. Any renew periods must be set forth in an **Amendment to this Agreement** that is signed by both parties. The budget for any renewal period must be provided in an **Appendix** to the **Amendment** and is subject to approval by both parties at the time of such renewal.

g. Additional services may be requested by the State during the term of this Agreement and any such services must be approved by both parties in an **Addendum** to this Agreement that is signed by both parties.

h. This Agreement, any Appendices, RFP Kentucky State University RFP-19-02 and Contractor's response to the RFP are all considered components of the contract and are hereby incorporated by reference.

i. The total Agreement cost is inclusive of all travel and related expenses.

j. In the event that Contractor is engaged in the purchasing and placement of media on behalf of Kentucky State University, Contractor shall provide Kentucky State University with a media plan and insertion order at least thirty days (30) days in advance that will list all planned media for the month, including ad content as well as expenses and lead costs ("Insertion Order"). The Insertion Order shall be subject to approval by Kentucky State University and Contractor shall not make any media related purchases prior to receiving said approval.

Upon receiving approval from Kentucky State University, Contractor will be authorized to expend approved funds as designated in the Insertion Order and shall invoice Kentucky State University for the total amount of expended funds. Payment on such invoices will be due 30 days from signature of Insertion Order by Kentucky State University. Invoices will be delivered to Kentucky State University by the 10th of each month for the prior month services.

Invoices are to be sent to Purchasing Department, 400 East Main Street, Academic Services Building, Suite 423, Frankfort, KY 40601, or such person and address that Kentucky State University designates in writing to Contractor. Payment shall be due within 30 days after receipt for all undisputed invoices.

(i) For funds expended each month, Contractor will provide a reconciliation in advance of, or as part of, the next month's Insertion Order, indicating any overages or unused amount of the funds that were approved in the previous month's Insertion Order. Any overage or unused funds may be applied to the expenses listed in the next month's Insertion Order at Kentucky State University's discretion.

(ii) In each Insertion Order, Contractor will list all proposed expenses for prepay and pay per click media accounts such as Google, Bing, Facebook, Twitter, etc. Each of these expenses are subject to approval by Kentucky State University. Upon approval of an expense for prepay or pay per click media, Kentucky State University will pay the vendor directly. Expenses for prepay and pay per click accounts willbe charged to the Kentucky State University credit card. Contractor shall provide receipts of all credit card charges on a monthly basis. All prepay or pay per click media accounts will be owned by Kentucky State University in the event of termination of this Agreement.

The State will make payment for services in the amount of...up to...........$XXXXXXXX

Will the State pay expenses as a separate item? Yes No ☒

- If "yes" is checked, expenses must be within state rates and receipts will be required.

Total amount for such expenses will not exceed..$0.00

TOTAL CONTRACT WILL NOT EXCEED..$XXXXXXXX

The State agrees to: (Outline special provisions to be performed by the State.)
Unless otherwise specified, payments shall be made monthly beginning 30 days after commencement of this Agreement.
All invoices shall include a detailed billing of the services provided during the billing period.
The State will make payment of all undisputed invoices upon receipt, due net 30 days.

OTHER PROVISIONS

A. AMENDMENT PROVISION: This contract contains the entire Agreement between the parties and is subject to and will be construed under the laws of the State of Kentucky and may be amended only in writing signed by both parties.

B. TERMINATION PROVISION: Despite requirements in the RFP, parties have agreed due to the nature of the services to be provided, that this Agreement can be terminated upon sixty (60) days written notice by either party. In the event of a breach by the Contractor, the Contractor shall be allowed 20 days to remedy the breach.

C. INSURANCE PROVISION: Does the State require an insurance provision: Yes ☒ No

Due to the nature of the services to be provided and that Contractor does not have employees residing in the State of Kentucky, the parties have agreed that certain MINIMUM INSURANCE QUALIFICATIONS required in the RFP may be amended so long as they comply with Kentucky State law.

- PROFESSIONAL LIABILITY INSURANCE OR MISCELLANEOUS PROFESSIONAL LIABILITY INSURANCE: Contractor agrees to procure and maintain Professional Liability Insurance or miscellaneous Professional Liability Insurance with a limit not less than $1,000,000.
- WORKER'S COMPENSATION INSURANCE: Contractor shall procure and maintain worker's compensation and employer's liability insurance as required by Kentucky law.
- If "yes," does the Contractor agree, at its sole cost and expense, to maintain the insurance required by the State during the period of this Agreement? Yes ☒ No

D. HOLD HARMLESS PROVISION: To the extent permitted by law, both Parties agree to hold harmless and indemnify the other Party, its officers, agents and employees, from and against any and all actions, suits, damages, liability or other proceedings which may arise as a result of performing services hereunder. This section does not require the contractor to be responsible for or defend against claims or damages arising solely from acts or omissions of the other Party, its officers or employees.

E. It is mutually agreed that there shall be no discrimination on the basis of a person's race, color, creed, religion, national origin, ancestry, citizenship, gender, sexual orientation, age or disability.

F. OWNERSHIP PROVISION: All reports, recommendations, documents, drawings, plans, specifications, technical data and information, copyrights, patents, licenses, or other products produced as a result of services rendered under this Agreement will become the sole property of the State. The State hereby grants the Contractor the unrestricted right to retain copies of and use these materials and the information contained therein in the normal course of the Contractor's business for any lawful purpose. Either the originals, or reproducible copies satisfactory to the State, of all technical data, evaluations, reports and other work product of the Contractor shall be delivered to the State upon completion or termination of services under this Agreement.

G. SEVERABILITY PROVISION: In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

H. SUPERCESSION PROVISION: All other prior discussions, communications and representations concerning the subject matter of this Agreement are superceded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire Agreement with respect to the subject matter hereof.

I. NOTICE PROVISION: Any notice or other communication required under this Agreement shall be in writing and sent to the address set forth above. Notices shall be given by and to

- XXXXXX_____________on behalf of the State, and by
- Matthew Speer ____on behalf of the Contractor,

or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class, provided that notice of default or termination shall be sent by registered or certified mail, or if personally delivered, when received by such party.

M. RECORDS INSPECTION AND RETENTION PROVISION: The State, through any authorized representative, will have access to and the right to examine and copy all records, books, papers or documents related to services rendered under this Agreement. The Contractor will retain all books and records related to the services performed for a period of not less than the greater of any applicable federal law retention requirement or three years following termination of this Agreement.

N. INDEPENDENT CONTRACTOR PROVISION: While performing services hereunder, the Contractor is an independent contractor and not an officer, agent, or employee of the State of Kentucky.

O. REPORTING PROVISION: Contractor agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to the person or property of third parties, or which may otherwise subject Contractor or the State to liability. Contractor shall report any such event to the State immediately upon discovery. Contractor's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Contractor's obligation to the report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney- client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Contractor to report any event to law enforcement or other entities under the requirements of any applicablelaw.

P. CONTROLLING LAW PROVISION: The Contractor shall conform to and observe all laws, ordinances, rules and regulations of the United States of America, Commonwealth of Kentucky and all other local governments, public authorities, boards or offices relating to the property or the improvements upon same (or the use thereof) and will not permit the same to be used for any illegal or immoral purposes, business or occupation. The resulting contract shall be governed by Kentucky law and any claim relating to this contract shall only be brought in the Franklin Circuit Court in accordance with KRS 45A-245. This Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Franklin County, Kentucky.

Q. COMPLIANCE PROVISION: The Contractor will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

R. FUNDING OUT PROVISION: This agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds restrictions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State. Expenses incurred prior to any termination notice and undisputed by Kentucky State University will be due and payable within 30 days after receipt of invoice.

S. INSURANCE VERIFICATION PROVISION: Before beginning work under this Agreement, Contractor shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement and which provide that such insurance may not be canceled, except with 30 days prior written notice to the State. Contractor shall furnish copies of insurance policies if requested by the State.

T. SUBCONTRACTOR PROVISION: Contractor may use subcontractors to perform the services described herein without the express prior written consent of the State. Contractor will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. Contractor will cause its subcontractors, agents, and employees to comply with federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

ASSIGNMENT PROVISION; This Agreement may not be assigned without the express prior written consent of the State, provided, however, that such consent is not required if all or if a majority of all shares in Sextant Marketing LLC are sold to, or merged, with another individual company.

This agreement made and entered into as of the final date written below. The parties signify agreement by signature.

Department Preparer signature	Date	*Dean/Director/Dept Head signature	Date
*Contractor signature	Date	*Kentucky State University Authorized signature	Date
*Kentucky Board of Regents signature	Date		

CODING:	221392 Banner Index Code	235724 Banner Fund Code	744960 Banner Account Code

Person who can provide additional information regarding this contract.

Name: Phone Number:

Attachment (Sender)? ☒ Yes No

ENROLLMENT MANAGEMENT

Financial Offer Summary

sextant marketing

Kentucky State University
Request For Proposal
RFP-19-02
Enrollment Management

7.0 FINANCIAL OFFER SUMMARY

The Financial Summary Form shall contain the complete financial offer made to the University using the format contained in Section 7.0. All financial information must be submitted in a sealed envelope under separate cover.

Sextant's pricing model varies by client and by engagement depending on the resources needed. We offer a unique blend of fee-for-service and performance based compensation that allows clients to purchase marketing services on an as needed basis similar to the way they purchase other professional services. Where appropriate, we are also willing to enter in to longer term revenue-share agreements

We propose to approach this engagement in two phases. Phase One will involve institutional discovery, outlining the financial pro-forma, and agreeing Terms of the Master Agreement for the program decision. If both parties agree to Terms to enter into a partnership, Phase Two of the contract will include the scope of work as generally outlined but not limited to that described in Section B & G of the RFP document.

1. Phase One: Initial 90 Day Consultation/Audit, Student Inquiry Qualification & Advising and Enrollment
2. Phase Two. Marketing Support, Financial Aid Support Services for University system

FINANCIAL PROPOSAL

Having carefully examined all the specifications and requirements of this RFP and any attachments thereto, the undersigned proposes to furnish the Marketing Campaign and Enrollment Support services required pursuant to the above-referenced Request for Proposal upon the terms quoted below. These are best case estimates predicated on preliminary conversations with Kentucky State University and represent the top range pricing based on anticipated volumes.

Sextant Marketing has a tiered cost structure designed to support all elements of the RFP. For clarification, these services may be bundled or purchased on an individual basis, as appropriate.

Marketing Services

Campaign Services	Fee	Annual Cost Estimate
Process Audit	$19,000 / one time	$19,000
Marketing Support Retainer	$15,000 / month	$180,000
Fixed blended Agency Hourly Rate	$139/hr For any work completed outside the retainer – this could be creative services or media planning/placement.	Variable
Agency Commission	8% of media dollars managed For all indirect direct interactive media where Agency directly manages the account (i.e. Paid Search, 3rd party email lead generation, Social Media Advertising, Bing, Google, CPM and PPC media and similar interactive media buys) managed by Agency, Agency shall invoice Client actual costs PLUS 8% of monthly media dollars managed. Monthly retainer fees will be reconciled against commissions earned on a monthly basis. Consultant will issue the appropriate debit invoices on an as needed basis.	Variable
Technology Fee	Flat rate of $1.75 for all student inquiries/leads managed on Sextant's lead management and CHAT platform. Estimated Lead Volume per year 2,000/month or 24,000/year. Cost Range: $42,000	$42,000
Travel	$3,500 per Quarter	$14,000

Student Enrollment Support Service

Lead Activation Campaigns	Quantity	Annual Cost Estimate
PHASE 1: **New Lead Qualification (Inbound/Outbound)** • $25 CPL* *min qty required 500/month	12,000 – 24,000 / year	$300,000 - $600,000
New Student Enrollment Advising & Enrollment Support • $850 per student* • Includes Financial Aid Services	800	$680,000
Database Re-Engagement: Incomplete Applications • $25 per student	1,500 – 2,000	$37,500 - $50,000
Monthly Technology Support • $1,200 / month	$1,200/ month	$14,400

Program Activation

Set Up and Monthly Maintenance Service	Fee
Training & Process Creation • Script development and programming • Procedure Manual Development • Training for all associates	$25,000 / one time
Technology Integration • Implementation and testing for inbound/outbound calling • University SIS & CRM integration • Data capture, tracking, and on-going report build out • Five 9 Dialer integration and programming • Sextant's set up and integration	$20,000 / one time
Sextant Marketing Text Messaging Services • $550 fee per month • $0.10 per text (estimated on total inquiries of 6,000 students)	$6,600 / per year $4,800 - $9,600 / year

FINANCIAL AID SUPPORT – ALL UNIVERSITY STUDENTS

In the event that KSU desire to use Sextant to provide Financial Aid Support Services beyond the initial incoming student population, we would propose to staff the account with a core team of dedicated agents in order to provide adequate coverage to handle minimum call volume per month (based on average volumes provided by KSU). This team would be augmented during peak months in order to properly handle call volumes and service levels, as needed.

Financial Aid Support Services

Set Up and Monthly Maintenance Service	Fee
Financial Aid Support Services • Student fee per FA Year – variable based on volume	$225 / Student FA Year
Monthly Campaign Management • Management Oversight • Reporting • Compliance • Dependant on team size	WAIVED
Training & Process Creation • Script development and programming • Procedure Manual Development • Training for all associates	WAIVED
Technology Integration • Implementation and testing for inbound/outbound calling • Data capture, tracking, and on-going report build out • Five 9 Dialer integration and programming • Sextant's set up and integration	WAIVED

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	December 6, 2018
SUBJECT:	FY2018 Audit
FROM:	Office of Finance and Administration
ACTION ITEM:	Yes

BACKGROUND: In accordance with KRS 164A.170, the corporation shall also cause an audit to be made by a resident independent certified public accountant of its books, accounts, and records, with respect to its receipts, disbursements, contracts, mortgages, leases, assignments, loans and all other matters relating to its financial operations. The persons performing such audit shall furnish copies of the audit report to the secretary of the Finance and Administration Cabinet, where they shall be placed on file and made available for inspection by the general public.

SUMMARY OF PROGRAMS/ACTIVITIES: Kentucky State University is a Commonwealth of Kentucky coeducational institution for higher education. The University's mission is to build on its legacy of achievement as a historically black, liberal arts, and 1890 land-grant university, afford access to and prepare a diverse student population of traditional and non-traditional students to compete in a multifaceted, ever-changing global society by providing student-centered learning while integrating teaching, research, and service.

ALIGNMENT WITH STRATEGIC GOALS:

Goal [3] Increase the University's Financial Strength and Operational Efficiency.

COMMITTEE/PROGRAM ACTION: Not Applicable

PROGRAM IMPLICATIONS: Not Applicable

FISCAL IMPLICATIONS: Not Applicable

ATTACHMENTS: KSU FY2018 Audit and Reporting Package

RECOMMENDATION: Approve

KENTUCKY STATE UNIVERSITY
(A Component Unit of the Commonwealth of Kentucky)

FINANCIAL STATEMENTS
June 30, 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Regents
Kentucky State University
Frankfort, Kentucky

Secretary of Finance and
Administration Cabinet of the
Commonwealth of Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Kentucky State University (the University), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the University's basic financial statements as listed on the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kentucky State University Foundation, Inc. (Foundation) which represent the entire discretely presented component unit of the University. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the University adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which resulted in a restatement of the University's beginning net position as of July 1, 2017 of $10,377,399. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 14 and required supplementary information on pages 60 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

Introduction

Management's Discussion and Analysis of Kentucky State University's (the University) financial statements provide an overview of the financial position and activities of the University for the year ended June 30, 2018, with comparative information for the year ended June 30, 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements and related notes and this discussion and analysis are the responsibility of management.

Kentucky State University is a Commonwealth of Kentucky coeducational institution for higher education. The University's mission is to build on its legacy of achievement as a historically black, liberal arts, and 1890 land-grant university, afford access to and prepare a diverse student population of traditional and non-traditional students to compete in a multifaceted, ever-changing global society by providing student-centered learning while integrating teaching, research, and service through high-quality undergraduate and select graduate programs. Kentucky State University is committed to keeping relevant its legacy of service by proactively engaging the community in partnerships on civic projects driven by the objective of positively impacting the quality of life of the citizens of the Commonwealth.

Basis of Presentation

The annual financial report and statements include the University and Kentucky State University Foundation, a component unit of the University. Kentucky State University Foundation, Inc. (the Foundation) is a not-for-profit Kentucky corporation which was established to receive, invest and expend funds to promote and implement educational and developmental activities at Kentucky State University (the University). The Foundation is managed by a Board of Trustees independent from that of the University. The Foundation is supported primarily through contributions from alumni.

Financial Highlights

The University's financial position at June 30, 2018, reflected total assets and deferred outflows of $128.5 million and total liabilities and deferred inflows of $127.4 million. Total net position was $1.1 million.

Total assets and deferred outflows decreased by $8.2 million or 6.0%, and primarily due to a decrease in cash and deferred outflows of resources related to pension funding. Total liabilities and deferred inflows decreased by $10.9 million or 7.9% primarily due decreases in the net pension liability.

Unrestricted net position, which the University reserves for spending in programs and other capital-related contingencies, increased $1.3 million. This increase was primarily due to changes in the net pension liability.

The University classifies amounts earned on endowments as spendable or non-spendable in accordance with the endowment's donor stipulations. Nonexpendable restricted net assets represent amounts, which must be maintained in perpetuity. Expendable restricted net assets include private grants and contributions restricted for specific purposes and accumulated earnings on endowment assets.

Operating revenues were $34.4 million and operating expenditures were $68.0 million, resulting in a loss from operations of $33.6 million. Net non-operating revenues were $32.8 million, including $26.5 million in state appropriations, which, when combined with the loss from operations and capital appropriations, resulted in an overall increase in net position of $2.7 million.

Using the Financial Statements

The University's Financial Statements consist of three financial statements: a Statement of Net Position (Balance Sheet); a Statement of Revenues, Expenses and Changes in Net Position (Income Statement); and a Statement of Cash Flows, along with the accompanying Notes to the Financial Statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.

Kentucky State University is a component unit of the Commonwealth of Kentucky.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position, the difference between total assets and deferred outflows and total liabilities and deferred inflows, is an important indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial position has improved or worsened during the year.

Condensed Statement of Net Position

	2018	2017 (as restated)
ASSETS		
Current assets	$ 19,076,951	$ 22,883,930
Noncurrent assets	94,887,552	94,780,968
Total assets	113,964,503	117,664,898
DEFERRED OUTFLOWS OF RESOURCES	14,488,964	18,972,787
LIABILITIES		
Current liabilities	7,107,307	7,470,378
Non-current liabilities	89,475,083	114,065,254
Total liabilities	96,582,390	121,535,632
DEFERRED INFLOWS OF RESOURCES	30,793,555	16,778,028
NET POSITION		
Invested in capital assets, net of related debt	72,660,076	72,727,684
Restricted		
Nonexpendable	3,562,238	3,562,238
Expendable	5,388,621	3,846,394
Unrestricted	(80,533,413)	(81,812,291)
Total net position	$ 1,077,522	$ (1,675,975)

Assets and Deferred Outflows: As of June 30, 2018, total assets and deferred outflows amounted to $128.5 million. Of this amount, investment in capital assets (net of depreciation) of $76.9 million, or 59.8% of total assets, represented the largest asset class. Investments amounted to $17.7 million or 13.8% of total assets. During the year, total assets and deferred outflows decreased by $8.2 million, primarily due to decreases in cash and deferred outflows of resources related to pension funding.

Liabilities and Deferred Inflows: As of June 30, 2018, total liabilities and deferred inflows amounted to $127.4 million. Net pension and OPEB liabilities amounted to $85.5 million. The University's proportion of the net pension liability and net OPEB liability of the Kentucky Employees Retirement System and the Kentucky Teachers' Retirement System was based on a projection of the University's long-term share of contributions to the pension and OPEB plans relative to the projected contributions of all participating universities, actuarially determined. Long-term debt includes bonds payable for the housing and dining system and energy-related equipment and technology equipment purchased under a Master Lease Agreement. During the year, total liabilities and deferred inflows decreased by $10.9 million, primarily due to the decrease in the net pension liability related to KTRS offset with adoption of new accounting guidance requiring the recording of the net OPEB liabilities related to KTRS and KERS.

Net Position: Net position of the University was $1.1 million at June 30, 2018 and was reported in three net position categories: invested in capital assets, net of related debt $72.7 million, restricted nonexpendable $3.6 million, expendable $5.3 million, and unrestricted $(80.5) million.

Statement of Revenues, Expenses and Changes in Net Position

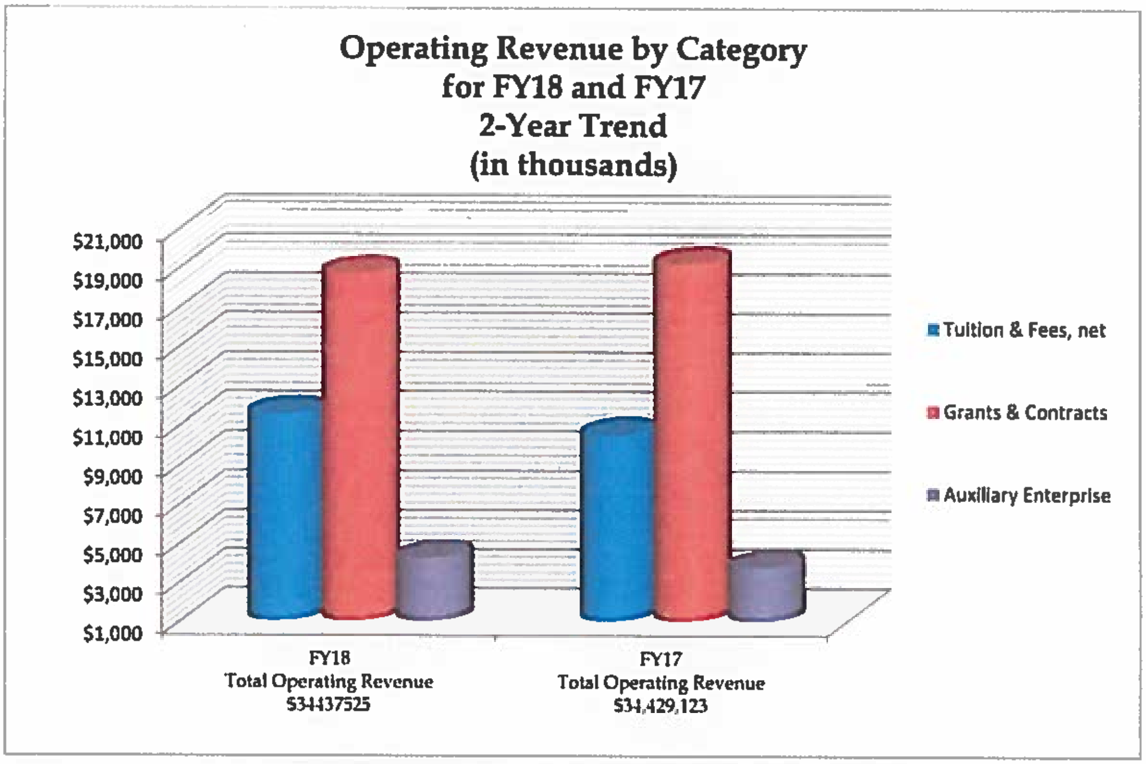
The Statement of Revenues, Expenses and Changes in Net Position is prepared on the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. All items that increase or decrease net position must appear on the Statement of Revenues, Expenses and Changes in Net Position as revenues, expenses, gains or losses.

Financial activities are reported as either operating or non-operating. GASB Statement No. 35 requires state appropriations, gifts, investment income and endowment income to be classified as non-operating revenues. Accordingly, the University reports an operating loss prior to the addition of non-operating revenues. The utilization of long-lived capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. Tuition revenue is reduced by gift scholarships and institutional aid, and is reported net of scholarship allowances in the financial statements. A summarized comparison of the University's revenues, expenses and changes in net position for the years ended June 30, 2018 and 2017 is as follows.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2018	2017
REVENUES		
Student tuition and fees, net	$ 11,525,935	$ 10,497,944
Grants and contracts	18,672,021	19,192,283
Auxiliary enterprises	4,239,569	3,774,500
Other operating revenue	-	964,396
Total operating revenues	34,437,525	34,429,123
EXPENSES		
Educational and general	62,301,199	64,882,362
Auxiliary enterprises	5,694,800	5,712,000
Total operating expenses	67,995,999	70,594,362
Operating loss	(33,558,474)	(36,165,239)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	26,462,300	26,729,600
Federal grants and contracts	4,391,839	3,776,772
Investment income	1,174,232	1,407,599
Interest on capital asset – related debt	(236,690)	(226,835)
Other	971,372	(88,964)
Total non-operating revenues	32,763,053	31,598,172
Loss before capital appropriations	(795,421)	(4,567,067)
Capital appropriations	3,548,918	4,906,223
Change in net position	2,753,497	339,156
NET POSITION		
Net position, beginning of year, as restated in 2018	(1,675,975)	8,362,208
Cumulative effect of GASB 75 implementation	-	(10,377,339)
Net position, end of year, as restated in 2017	$ 1,077,522	$ (1,675,975)

Figure1



FY 2018 Operating Revenue Categories as a % of Total Operating Revenues

Operating Revenue

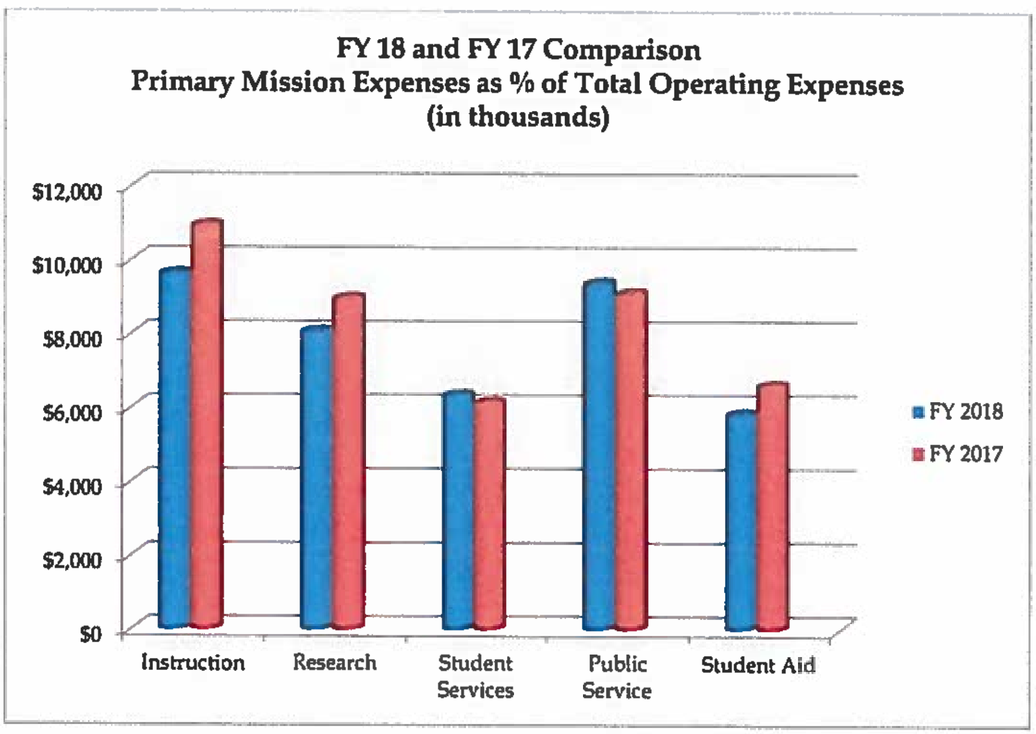
Total operating revenues were $34.4 million for the year ended June 30, 2018, which was consistent with FY17. The primary components of operating revenue were federal, state and local grants and contracts of $18.7 million (54.2%), student tuition and fees, net, of $11.5 million (33.5%) and auxiliary services and other revenues of $4.2 million (12.3%). FY18 net student tuition and fees revenue increased $1.0 million compared to FY17. FY18 grants and contracts revenue decreased $0.5 million compared to FY17 due to decreased awards and spending. FY18 auxiliary services and other revenue increased $0.5 million compared to FY17. Refer to ***Figure 1*** for the two-year trend of the operating revenues as a percent to total operating revenues and revenue by category.

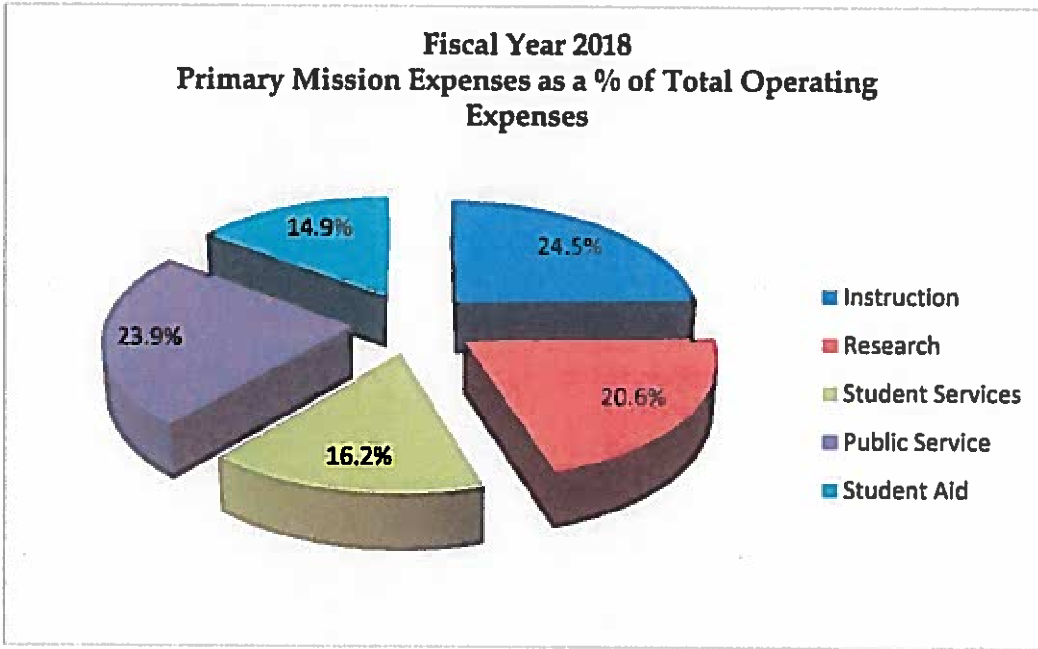
Operating Expenses

Operating expenses totaled $68.0 million, a decrease of $2.6 million from last year. Of this amount, $39.2 million (57.7%) was expended directly for the primary mission of the University – instruction (14.1%), research (11.9%), student services (9.3%), student aid (8.6%), and public service (13.8%). Instruction is the main component of Primary Mission expenses amounting to $9.6 million in fiscal year 2018 or 14.1%. Refer to ***Figure 2*** for the operating expenses categorized into the Primary Mission of the University.

(Percentages below do not include depreciation or operations/maintenance allocations.)

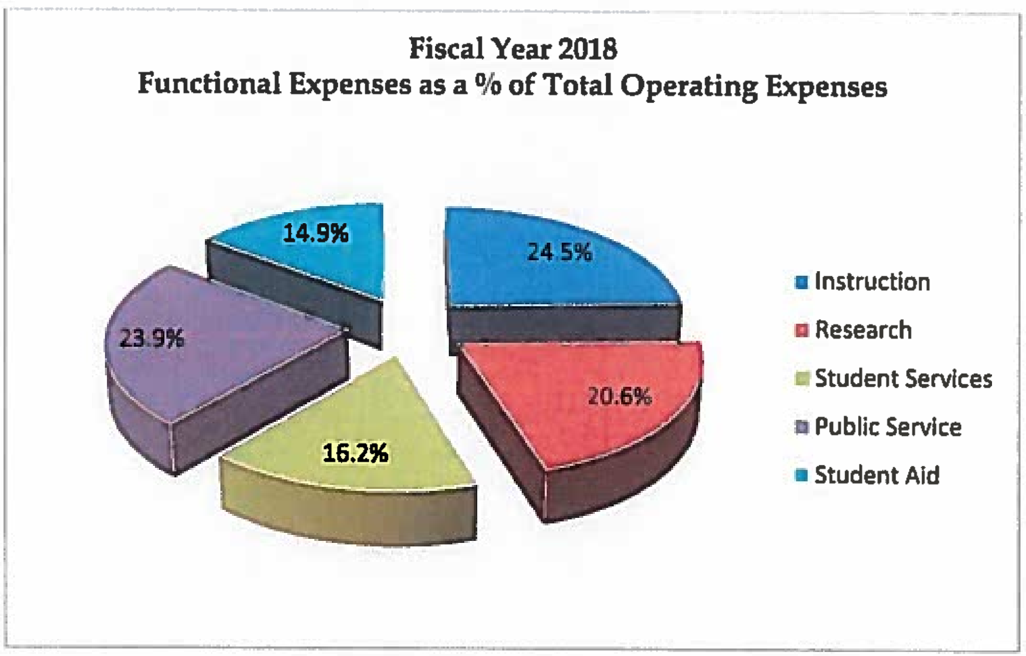
Figure 2





In addition to the Primary Mission expenses of the University, there are expenses from depreciation and operations & maintenance that are allocated to the various functional classifications (See Note 13 – Schedule of Expenses by Program). See below for the operating expenses categorized into the Functional Expenses of the University.

(Percentages below include depreciation and operations/maintenance allocations.)



The University continued to invest in student aid and support services to provide students with opportunities to be successful in fiscal year 2018. For the year ended June 30, 2018, student aid expenses totaled $5.8 million and scholarship allowances totaled $5.1 million.

The University had an overall decrease in institutional support of $0.1 million, which was consistent with the overall expenditure decrease University wide. The large expenditures in the primary areas of instruction, research and student services, in conjunction with minimal increases to fixed cost areas, confirms the University resource allocations are clearly aligned with the University's strategic priorities to support academic and student excellence.

The net loss from operations for the year amounted to $33.6 million. Non-operating revenues, net of expenses, amounted to $32.8 million, resulting in a loss before capital appropriations of $0.8 million for the year. With capital appropriations of $3.5 million, net position increased by $2.7 million. Non-operating revenues include state appropriations of $26.5 million and non-operating federal grants and contracts of $4.4 million.

Statement of Cash Flows

The Statement of Cash Flows presents information related to the University's cash inflows and outflows summarized by operating activities, noncapital financing activities, capital financing activities and investing activities. The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and cash payments made by the University during the year, to allow financial statement readers to assess the University's ability to generate future net cash flows, its ability to meet obligations as they become due and its possible need for external financing.

Condensed Statement of Cash Flows

	2018	2017
Cash (used) provided by:		
Operating activities	$ (34,470,187)	$ (29,095,167)
Non-capital financing activities	31,825,511	30,417,408
Capital and related financing activities	(2,026,596)	(2,831,576)
Investing activities	-	220,901
Change in cash	(4,671,272)	(1,288,434)
Cash and cash equivalents, beginning year	18,660,458	19,948,892
Cash and cash equivalents, end of year	$ 13,989,186	$ 18,660,458

Cash and Investments

Major sources of cash received from operating activities are student tuition and fees of $10.6 million and grants and contracts of $18.5 million. Major uses of cash for operating activities were payments to employees for salaries and benefits of $39.2 million and to vendors and contractors of $23.0 million.

Noncapital financing activities included state appropriations from the Commonwealth of Kentucky of $26.5 million.

Capital and related financing activities include purchases and payments of $5.6 million expended for construction and acquisition of capital assets and for principal and interest payments on the retirement of the University's bonds and other capital related debt.

State Appropriations

State appropriations represent approximately 40.0% of all operating and non-operating revenues. The level of state support is a key factor influencing the University's overall financial condition. State appropriation is unrestricted revenue and is included as non-operating revenue. State appropriations are used to support payroll and benefits for University employees.

The following details the net Commonwealth appropriations received by the University for fiscal years ending June 30, 2018 and 2017.

	2018	2017
Commonwealth appropriations	$ 26,462,300	$ 26,729,600

Capital Appropriations for the Commonwealth

The University faces financial challenges to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. A combination of revenue sources funds the University's investment in capital improvements, including appropriations provided by the Commonwealth of Kentucky. In fiscal year 2018, the Commonwealth provided capital appropriations of $3.5 million to the University. State capital appropriations plus federal sources play an important role in the University's efforts to address deferred maintenance projects.

Grant and Contract Revenue

The following table details the University's grant and contract revenue for fiscal years ended June 30, 2018 and 2017.

	2018	2017
Federal grants and contracts, operating	$ 15,982,090	$ 16,408,586
Federal grants and contracts, non-operating	4,391,839	3,776,772
State grants and contracts	2,689,931	2,783,697
Total grants and contracts	$ 23,063,860	$ 22,969,055

Capital Plan

The University continues to face financial challenges to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. A combination of revenue sources fund the University's investment in capital improvements. Those include appropriations provided by the Commonwealth of Kentucky. In fiscal year 2016-17, the Commonwealth funded one capital project, appropriating state bond funds toward Repair Boilers and Aging Distribution Lines. As of June 30, 2018, $8.8 million has been expended on this project. State capital appropriations for deferred maintenance were not appropriated. Federal funds are the primary source for the University's College of Agriculture and Land Grant departments.

Designated and Non-designated Spending

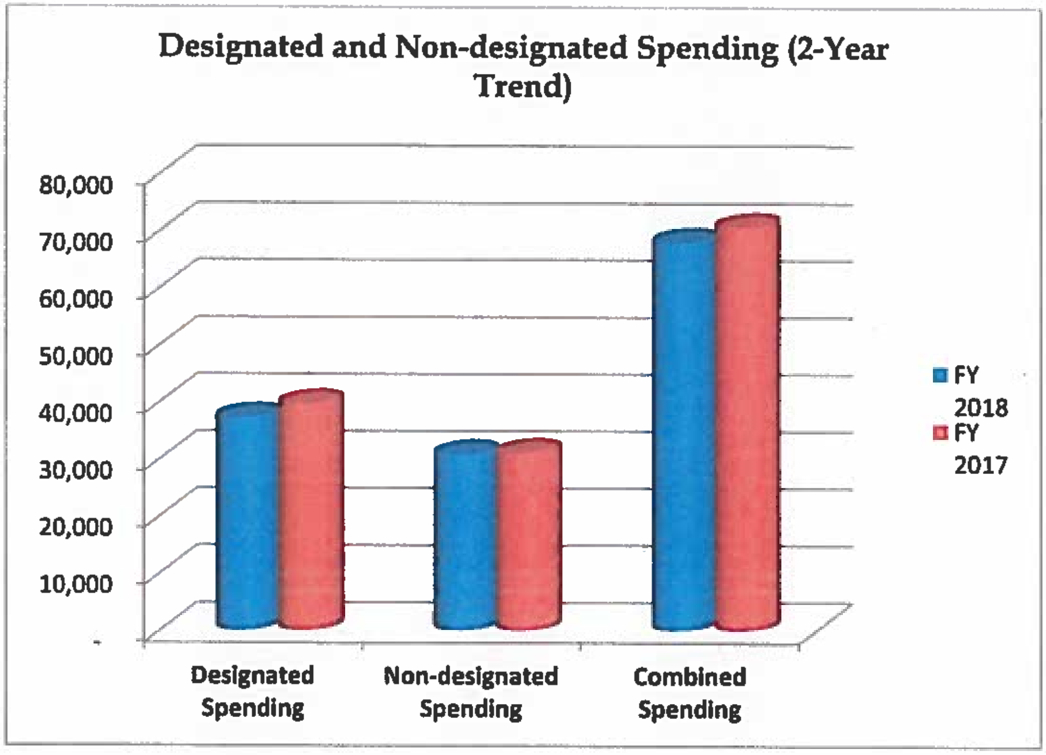
In the tables below, expenses have been categorized into designated or non-designated spending categories. The designated spending category includes funds expended by function from contracts and grants, land grant, auxiliary and depreciation. These funds must be expended for the purposes for which the funds were received or budgeted. This category also includes funds for student aid. All other spending is categorized as non-designated spending. Total spending for all functions in 2018 in the non-designated category is consistent with 2017.

	2018		
	Designated Spending	Non-designated Spending	Combined Spending
Instruction	$ 679,679	$ 8,941,956	$ 9,621,635
Research	8,343,569	(282,310)	8,061,259
Public service	9,595,485	(233,718)	9,361,767
Academic support	277,999	1,143,756	1,421,755
Student services	677,085	5,654,520	6,331,605
Institutional support	1,369,645	10,525,724	11,895,369
Operation and maintenance of plant	-	4,743,469	4,743,469
Student aid	5,518,176	303,450	5,821,626
Auxiliary	5,292,967	-	5,292,967
Depreciation	5,444,547	-	5,444,547
Total	$ 37,199,152	$ 30,796,847	$ 67,995,999

	2017		
	Designated Spending	Non-designated Spending	Combined Spending
Instruction	$ 1,835,073	$ 9,088,169	$ 10,923,242
Research	8,687,330	260,911	8,948,241
Public service	9,071,607	16,696	9,088,303
Academic support	1,745,712	1,113,267	2,858,979
Student services	1,233,403	4,892,776	6,126,179
Institutional support	1,663,318	10,302,408	11,965,726
Operation and maintenance of plant	-	4,632,516	4,632,516
Student aid	5,882,648	713,060	6,595,708
Auxiliary	5,407,271	-	5,407,271
Depreciation	4,048,197	-	4,048,197
Total	$ 39,574,559	$ 31,019,803	$ 70,594,362

The graph in ***Figure 3*** shows a two-year trend of designated, non-designated, and combined spending. Designated spending decreased $2.4 million in 2018. Non-designated spending decreased $0.2 million in 2018. Combined spending decreased $2.6 million in 2018.

Figure 3



Capital Asset and Debt Administration

Capital Assets

Capital assets, net of accumulated depreciation, totaled $76.9 million at June 30, 2018, a decrease of $0.9 million. Capital assets as of June 30, 2018 and significant changes in capital assets during the year are as follows (in millions):

	June 30, 2018	Net Additions (Reductions) FY 17-18	June 30, 2017
Land and land improvements	$ 6.3	$ -	$ 6.3
Buildings, fixed equipment and infrastructure	155.2	0.5	154.7
Equipment, vehicles and capitalized software	31.3	1.0	30.3
Library materials and art	10.6	0.1	10.5
Construction in progress	9.6	3.0	6.6
Accumulated depreciation	(136.1)	(5.5)	(130.6)
Total	$ 76.9	$ (0.9)	$ 77.8

Long-Term Debt

At June 30, 2018, bonds and lease payable amounted to $4.3 million, as summarized below:

	2018	2017
Lease obligations	$ 1,719,037	$ 2,245,098
Note payable to City of Frankfort	50,000	150,000
General receipts bonds	2,525,000	2,755,000
Bond discount	(36,345)	(38,307)
Total	$ 4,257,692	$ 5,111,791

Economic Factors Impacting Future Periods

University management continues its strategic mission to uniquely position Kentucky State University as Kentucky's small public liberal arts institution of excellence for the citizens of the Commonwealth and for advancing higher education in Kentucky by inspiring innovation, growing leaders and advancing Kentucky. Executive management continues to work with the Council on Postsecondary Education to address the needs of the Commonwealth and believes it is positioning the University to become a strong, financially viable and efficient institution of higher learning.

Future economic factors impacting Kentucky State University include the following known facts:

- Tuition and costs of attendance—Kentucky State University continues to weigh its costs of attendance with the funding provided by the General Assembly to successfully deliver its programs and remain one of the most affordable public institutions in the Commonwealth. Funding levels and methodologies used for institutions of higher education in the Commonwealth are developed and approved by the Council on Postsecondary Education.
- Enrollment growth and student retention—Kentucky State University recruits a diverse student body of traditional, nontraditional and transfer students seeking baccalaureate and advanced degrees. Enrollment stabilization is a priority of University management and specifically, an increased strategy for recruiting in-state students.
- Program expansion—the University is well positioned to meet the needs of Kentuckians through its programs and educational activities. The University offers the following programs: Bachelors in Mass Communications and Journalism, a Masters of Arts in Special Education, and a Masters in Business Administration, a Masters in Public Administration, a Masters in Computer Science, a Masters in Environmental Studies, a Masters of Science in Interdisciplinary Behavioral Studies and a Doctorate in Nursing Practice.
- Regional Stewardship—Kentucky State University continues to meet the economic and community needs of its area of geographic responsibility through collaborative initiatives with businesses, community-based organizations, schools and other educational agencies, citizens and local and state officials.
- Land Grant – Kentucky State University continues to fulfill its mission as a land grant institution providing innovative research opportunities on its research vessel, the Kentucky River Thorobred and community based extension through the Rosenwald Center for Families and Children

The overall financial position of the University was stable during fiscal year 2018. Revenue streams were stressed. As the University adapts to present economic environments, new opportunities for funding will be explored to complement state support. Executive management's goal is to deliver exceptional programs and services to students and constituents while maintaining financial stability. Management believes Kentucky State University is able to sustain its financial position and solidify its standing as a regional university of excellence.

STATEMENT OF NET POSITION
June 30, 2018

ASSETS	
Current assets	
Cash and cash equivalents	$ 13,989,186
Accounts, grants and loans receivable, net	5,087,765
Total current assets	19,076,951
Noncurrent assets	
Accounts, grants and loans receivable, net	235,240
Investments	17,734,544
Capital assets, net	76,917,768
Total noncurrent assets	94,887,552
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows – pension	12,978,170
Deferred outflows – other postemployment benefits	1,510,794
Total deferred outflows	14,488,964
Total assets and deferred outflows of resources	128,453,467
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	4,352,329
Accrued compensated absences	1,638,427
Unearned revenue	161,199
Deposits and other current liabilities	120,966
Long-term debt, current portion	834,386
Total current liabilities	7,107,307
Non-current liabilities	
Net pension liability	73,393,612
Net OPEB liability	12,061,267
Long-term debt, non-current portion	3,423,306
Federal grants refundable	596,898
Total noncurrent liabilities	89,475,083
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows – pension	30,589,458
Deferred inflows – other postemployment benefits	204,097
Total deferred inflows	30,793,555
Total liabilities and deferred inflows of resources	127,375,945
NET POSITION	
Invested in capital assets, net of related debt	72,660,076
Restricted	
Nonexpendable - endowment	3,562,238
Expendable	5,388,621
Unrestricted	(80,533,413)
Total net position	$ 1,077,522

See accompanying notes to financial statements.

STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
Current assets	
Cash and cash equivalents	$ 1,510,660
Total current assets	1,510,660
Investments, at fair value	9,385,316
Property and equipment	
Equipment	140,400
Buildings and improvements	65,526
	205,926
Accumulated depreciation	(183,884)
Property and equipment, net	22,042
Other assets	34,099
Total assets	$ 10,952,117
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 844
Accrued liabilities	3,727
Total liabilities	4,571
Net assets	
Unrestricted	242,591
Temporarily restricted	6,910,849
Permanently restricted	3,794,106
Total net assets	10,947,546
Total liabilities and net assets	$ 10,952,117

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2018

REVENUES	
Operating revenues	
Student tuition and fees (net of scholarship allowances of $5,069,418)	$ 11,525,935
Federal grants and contracts	15,982,090
State and local grants and contracts	2,689,931
Auxiliary enterprises:	
Residence halls	2,179,609
Dining	1,913,732
Bookstore	119,680
Other auxiliaries	26,548
Total operating revenues	34,437,525
EXPENSES	
Operating expenses	
Educational and general	
Instruction	9,621,635
Research	8,061,259
Public service	9,361,767
Academic support	1,421,755
Student services	6,331,605
Institutional support	11,895,369
Operation and maintenance of plant	4,743,469
Student aid	5,821,626
Depreciation	5,042,714
Auxiliary enterprises	
Residence halls	1,124,604
Dining	2,339,189
Other auxiliaries	816,209
Bookstore	1,012,965
Depreciation	401,833
Total operating expenses	67,995,999
Operating loss	(33,558,474)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	26,462,300
Federal grants and contracts	4,391,839
Investment income (net of investment expense)	1,174,232
Interest on capital asset-related debt	(236,690)
Other	971,372
Net non-operating revenues	32,763,053
Loss before capital appropriations	(795,421)
Capital appropriations	3,548,918
Change in net position	2,753,497
NET POSITION	
Net position, beginning of year, as originally stated	8,701,364
Cumulative effect of GASB 75 implementation	(10,377,339)
Net position, beginning of year, as restated	(1,675,975)
Net position, end of year	$ 1,077,522

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support				
Contributions	$ 6,328	$ 730,102	$ 78,882	$ 815,312
Investment income:				
Interest and dividends	2,623	223,769	-	226,392
Realized and unrealized gains	5,859	357,649	-	363,508
Total investment income	8,482	581,418	-	589,900
Releases from restrictions	1,172,159	(1,172,159)	-	-
Total revenues, gains and other support	1,186,969	139,361	78,882	1,405,212
Expenses				
Scholarships	298,107	-	-	298,107
Operating expenses	161,035	-	-	161,035
Personal services	118,414	-	-	118,414
University support	435,343	-	-	435,343
Student support	130,447	-	-	130,447
Travel and promotion	61,017	-	-	61,017
Total expenses	1,204,363	-	-	1,204,363
Change in net assets, before reclassification	(17,394)	139,361	78,882	200,849
Reclassification	6,662	(10,162)	3,500	-
Change in net assets	(10,732)	129,199	82,382	200,849
Net assets, beginning of year	253,323	6,781,650	3,711,724	10,746,697
Net assets, end of year	$ 242,591	$ 6,910,849	$ 3,794,106	$ 10,947,546

See accompanying notes to financial statements.

Cash flows from operating activities	
Tuition and fees	$ 10,585,839
Grants and contracts	18,494,647
Payments to suppliers	(23,036,507)
Payments to employees	(39,227,212)
Payments to students	(5,555,850)
Collection of loans issued to students	11,144
Auxiliary enterprises:	
Residence halls and dining	4,111,668
Bookstore	119,680
Other auxiliaries	26,548
Other payments	(144)
Net cash from operating activities	(34,470,187)
Cash flows from non-capital financing activities	
State appropriations	26,462,300
Federal grants and contracts	4,391,839
Other	971,372
Net cash from non-capital financing activities	31,825,511
Cash flows from capital financing activities	
Purchases of capital assets	(4,522,840)
Principal paid on capital debt	(854,099)
Interest paid on capital debt	(198,575)
Capital appropriations	3,548,918
Net cash from capital financing activities	(2,026,596)
Cash flows from investing activities	
Investment income	1,174,232
Proceeds from sale of investments	7,195,829
Purchases of investments	(8,370,061)
Net cash from investing activities	-
Net change in cash and cash equivalents	(4,671,272)
Cash and cash equivalents at beginning of year	18,660,458
Cash and cash equivalents at end of year	$ 13,989,186

(Continued)

Reconciliation of net operating loss to net cash from operating activities	
Operating loss	$ (33,558,474)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation expense	5,444,547
Changes in assets and liabilities:	
Receivables, net	(864,293)
Collection of loans issued to students	11,144
Accounts payable and accrued liabilities	(149,002)
Unearned revenue	(253,321)
Deposits	18,327
Deferred outflows – pension and OPEB	4,483,823
Deferred inflows – pension and OPEB	14,015,527
Net pension liability	(24,678,942)
Net OPEB liability	1,060,477
Net cash from operating activities	$ (34,470,187)

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Kentucky State University (the University) is a component unit of the Commonwealth of Kentucky (the Commonwealth) and is included in the general-purpose financial statements of the Commonwealth. The Kentucky State University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt organization supporting the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Foundation's Board of Directors is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted by the donors to the activities of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Basis of Presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities, issued in June and November, 1999, respectively. The University reports as a Business Type Activity (BTA), as defined by GASB Statement No. 35. BTA's are those activities that are financed in whole or in part by fees charged to external parties for goods and services. The University, as a BTA, has adopted GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Therefore, the University follows GASB pronouncements and all Financial Accounting Standards Board pronouncements except those that conflict with or contradict GASB pronouncements.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Invested in capital assets, net of related debt**: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted:**
  Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the University. Such positions include the University's permanent endowment funds.
  Expendable – Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted**: Net position whose use by the University is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

Cash Equivalents: For the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts, Grants, and Loans Receivable, net: Accounts receivables consist of tuition and fee charges, loans to students and amounts due from federal and state governments, non-governmental sources, in connection with reimbursements of allowable expenses made pursuant to grants and contracts. Accounts receivables are recorded net of allowance for doubtful accounts.

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

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market and consist of physical plant items. Inventories consist of physical plant, postage and printing supplies.

Endowment Funds: Kentucky State University recognizes its fiduciary duty not only to invest the University's endowment holdings in formal compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) but also to manage those funds in continued recognition of the basic long-term nature of the University. The University interprets this to mean, in addition to the adopted spending guidelines and restrictions described below, that the assets of the University shall be actively managed, that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. The University recognizes that, commensurate with its overall objective of maximizing long-range return while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity of adherence to proper diversification, the University relies upon appropriate professional advice.

The University recognizes that long-term objectives are most important, but it is also necessary that shorter-term benchmarks be used to assess the periodic performance of the investment program. The University anticipates annual spending of five percent (5%) of the average market value for the past three years, the amount of which shall be determined in January of each year.

The University believes that it is prudent to diversify endowment investments so as to minimize the risks of large losses and has established asset allocation ranges based upon the University's participation demographics, anticipated cash flow requirements and the expected returns of the capital markets.

Investments: Investments are valued at fair value based on quoted market prices.

Capital Assets: Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of gift. Equipment with a unit cost of $2,000 or more and having an estimated useful life of greater than one year is capitalized. Renovations to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets. The University capitalizes, but does not depreciate, works of art and historical treasures that are held for exhibition, education, research and public service. Estimated lives used for depreciation purposes are as follows:

Classification	Estimated Life
Improvements	20 years
Buildings	40 years
Transportation equipment	5-15 years
Equipment	5-20 years
Enterprise Resource Software	7 years
Library holdings	10 years

Compensated Absences: The liability and expense incurred for employee vacation and sick pay are recorded as accrued compensated absences in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position.

Unearned Revenue: Unearned revenue includes amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent reporting period. Unearned revenues also include amounts received from grant and contract sponsors and state deferred maintenance funds that have not yet been earned.

Pensions and Other Postemployment Benefits (OPEB): For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources, and related expense, information about the fiduciary net position of the Kentucky Employees Retirement System (KERS) and Kentucky Teachers' Retirement System (KTRS) and additions to/deductions from KERS's and KTRS's fiduciary net position have been determined on the same basis as they are reported by KERS and KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Income Taxes: The University is an agency and instrumentality of the Commonwealth of Kentucky, pursuant to Kentucky Revised Statutes sections 164.290 through 164.475. Accordingly, the University is generally exempt from federal income taxes as an organization described in Section 115 of the Internal Revenue Code of 1986, as amended. The Foundation has received a determination from the Internal Revenue Service granting exemption from federal income taxation pursuant to the provisions of the Internal Revenue Code section 501(c)(3).

Restricted Asset Spending Policy: The University's policy is that restrictions on assets cannot be fulfilled by the expenditure of unrestricted funds for similar purposes. The determination on whether restricted or unrestricted funds are expended for a particular purpose is made on a case-by-case basis. Restricted funds remain restricted until spent for the intended purpose.

Operating Activities: The University defines operating activities, as reported on the statement of revenues, expenses and changes in net position, as those that generally result from exchange transactions, such as payments received for providing goods and services and payments made for services and goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as state and certain federal appropriations, gifts and investment income, are recorded as non-operating revenues, in accordance with GASB Statement No. 35.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Discounts and Allowances: Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans and funds provided to students awarded by third parties, is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Federal Grants and Contracts: Per GASB Statement No. 24, pass-through grants should be reported as revenues and expenses in the financial statements if that entity has any administrative or direct financial involvement in the program. An entity has administrative involvement if it determines eligible secondary recipients or projects, even if using grantor-established criteria. Therefore, Pell Grants are considered non-exchange transactions and are recorded as non-operating revenues in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Component Unit Disclosure: The accompanying financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the FASB. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

During the year ended June 30, 2018, the Foundation made distributions of approximately $435,343 on behalf of the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Kentucky State University Foundation, Inc. at P.O. Box 4210, Frankfort, KY 40604.

Recent Accounting Pronouncements Adopted/Implemented: As of June 30, 2018, the GASB has issued the following statements which were implemented by the University.

- GASB Statement No. 75, Account and *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The University adopted the Statement during the year ended June 30, 2018 and the adoption resulted in a decrease in net position at July 1, 2017 of $10,377,339 to reflect the beginning of year net OPEB liability and deferred outflow of resources.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this standard had no effect on the University's net position or changes therein.

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The adoption of this standard had no effect on the University's net position or changes therein.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The statement of net position classification "cash and cash equivalents" includes all readily available sources of cash such as petty cash and demand deposits.

At June 30, 2018, the University had petty cash funds totaling zero, and deposits as reflected by bank balances as follows:

	2018
Insured, commercial banks	$ 250,000
Uninsured, commercial banks; collateral held by pledging institution's agent in the University's name	371,211
Uninsured and uncollateralized, commercial banks	170,958
Maintained by Commonwealth of Kentucky, collateral held by the Commonwealth in the Commonwealth's name	14,311,402
	$ 15,103,571

The difference in the cash carrying amount per the statement of net position and the above balances represented items in transit. At June 30, 2018, the University had no cash and cash equivalents that are restricted for capital expenditures.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

As of June 30, 2018, the University had the following investments and maturities:

Investment Maturities (in years)

Investment Type	Fair Value	< 1	1-5	6-10	11-20
Money market funds	$ 907,305	$ 907,305	$ -	$ -	$ -
Equites and equity funds	10,143,085	10,143,085	-	-	-
Alternative strategies funds	635,723	635,723	-	-	-
Real assets funds	1,324,938	1,324,938	-	-	-
Corporate bonds	974,624	202,916	404,602	367,106	-
Government bonds	1,214,667	249,077	422,029	543,561	-
Other bond funds	2,534,202	2,534,202	-	-	-
	$ 17,734,544	$15,997,246	$ 826,631	$ 910,667	$ -

The University has an investment management agreement with Fifth Third Bank (Fifth Third). Fifth Third serves individual and institutional clients.

The University has the following recurring fair value measurements as of June 30, 2018:

	Total	Level 1	Level 2	Level 3
Money market funds	$ 907,305	$ 907,305	$ -	$ -
Equities and equity funds	10,143,085	10,143,085	-	-
Alternative strategies funds	635,723	635,723	-	-
Real assets funds	1,324,938	1,324,938	-	-
Corporate bonds	974,624	974,624	-	-
Government bonds	1,214,667	1,214,667	-	-
Other bond funds	2,534,202	2,534,202	-	-
	$ 17,734,544	$ 17,734,544	$ -	$ -

All securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Credit Risk: The University's average credit quality rating according to Moody's is Aa3.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal policy to specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University does not have a formal policy for concentration of credit risk.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy for custodial credit risk.

NOTE 3 - ACCOUNTS, GRANTS AND LOAN RECEIVABLE

Accounts, grants and loans receivable consist of the following as of June 30, 2018:

Student tuition and fees	$ 2,421,086
Student loans	1,262,458
Grants and contracts	3,629,310
Other	17,350
	7,330,204
Less: allowance for doubtful accounts	(2,007,199)
	5,323,005
Less: non-current portion	(235,240)
Current portion	$ 5,087,765

NOTE 4 - CAPITAL ASSETS, NET

Capital assets as of June 30, 2018, are summarized as follows:

	Beginning Balance	Additions	Reductions/ Transfers	Ending Balance
Cost				
Land and improvements	$ 6,275,031	$ -	$ -	$ 6,275,031
Buildings	154,741,818	446,243	-	155,188,061
Equipment	24,594,798	746,054	-	25,340,852
Computer software	1,611,447	8,923	-	1,620,370
Library holdings	10,488,366	159,705	-	10,648,071
Transportation equipment	4,160,577	203,484	-	4,364,061
Construction in progress	6,651,604	3,396,753	446,243	9,602,114
	208,523,641	4,961,162	446,243	213,038,560
Accumulated depreciation				
Buildings	99,521,389	2,310,432	-	101,831,821
Equipment	17,264,642	2,757,422	-	20,022,064
Library holdings	10,334,171	11,304	-	10,345,475
Transportation equipment	3,563,964	357,468	-	3,921,432
	130,684,166	5,436,626	-	136,120,792
Capital assets, net	$ 77,839,475	$ (475,464)	$ 446,243	$ 76,917,768

Construction in progress consists primarily of a project to repair and replace boilers and distribution lines. It is estimated that it will cost an additional $1.4 million to complete and will be completed in fiscal year 2019.

(Continued)

NOTE 5 - UNEARNED REVENUE

Unearned revenue consists of the following as of June 30, 2018:

Unearned summer school tuition and fees	$ 155,144
Unearned grants and contracts	6,055
	$ 161,199

NOTE 6 - LONG-TERM LIABILITIES

Long-term liabilities as of June 30, 2018, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-current Portion
General receipts bonds	$ 2,755,000	$ -	$ 230,000	$ 2,525,000	$ 240,000	$ 2,285,000
Note payable – City of Frankfort	150,000	-	100,000	50,000	50,000	-
Capital lease obligations - energy savings	2,245,098	-	526,061	1,719,037	548,870	1,170,167
Bond discount	(38,307)	-	(1,962)	(36,345)	(4,484)	(31,861)
Total bonds payable and capital lease obligations	5,111,791	-	854,099	4,257,692	834,386	3,423,306
Federal grants refundable	731,695	-	134,797	596,898	-	596,898
Total long-term liabilities	$ 5,843,486	$ -	$ 988,896	$ 4,854,590	$ 834,386	$ 4,020,204

The outstanding General Receipts Bonds Series A Bonds have interest rates from 3.625% - 3.875%. The bonds mature through 2027. The reserve requirements for these issues have been fully funded as of June 30, 2018.

All bonds are collateralized by University property and the pledge of certain revenues, tuition and fees.

The net book value of assets acquired through the capital leases included in the above schedule was approximately $2,618,566 as of June 30, 2018.

In 2009, the University signed a 10-year promissory note with the City of Frankfort, for the purchase of real property. The following is a schedule of future minimum payments required for the note payable at June 30, 2018:

Year ending June 30,	
2019	$ 50,000
	$ 50,000

(Continued)

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The principal and interest repayment requirements relating to the outstanding bonds payable at June 30, 2017, are as follows:

Year ending June 30	Principal	Interest	Total
2019	$ 240,000	$ 97,291	$ 337,291
2020	250,000	88,291	338,291
2021	260,000	78,791	338,791
2022	270,000	68,781	338,781
2023	280,000	58,319	338,319
2024-2027	1,225,000	120,900	1,345,900
Total	$ 2,525,000	$ 512,373	$ 3,037,373

During 2005, the University entered into a capital lease for an energy management project. The lease obligation has an interest rate of 4.29% and requires annual payments of principal and interest through 2021. The lease obligation will be paid with guaranteed energy savings.

The following is a schedule of future minimum payments required for the capital lease obligations at June 30, 2018:

Year ending June 30,	
2019	$ 616,792
2020	616,792
2021	616,791
Total minimum lease payments	1,850,375
Less: amounts representing interest	(131,337)
Present value of minimum lease payment	$ 1,719,038

NOTE 7 - OPERATING LEASES

The University leases certain assets under operating lease agreements. The operating leases expire in various years through 2022. These leases do not transfer assets at the end of the lease term. Periods on these leases range from one to five years and requires the University to pay all executor costs (maintenance, insurance, taxes).

Future minimum lease payments at June 30, 2018, are as follows:

Year ending June 30,	
2019	$ 145,538
2020	52,303
2021	46,303
2022	17,034
	$261,178

Lease expense was $222,509 for the year ended June 30, 2018.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS

Kentucky Employees' Retirement System - Defined Benefit Plan

Plan Description – The University contributes to the Kentucky Employees' Retirement System (KERS), a cost sharing - multiple employer public employee retirement system. KERS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service. KERS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601-6124 or by calling (502) 696-8800.

Benefits Provided

Non-Hazardous

	Tier 1 Participation Prior to September 1, 2008	Tier 2 Participation September 1, 2008 through December 31, 2013	Tier 3 Participation January 1, 2014
Benefit Formula	Final Compensation x Benefit Factor x Years of Service		Cash Balance Plan
Final Compensation	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	1.97% or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 – 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 27 years of service. Age 65 with 48 months of service. Money purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No month purchased calculations.	

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

	Tier 1 Participation Prior to September 1, 2008	Tier 2 Participation September 1, 2008 through December 31, 2013	Tier 3 Participation January 1, 2014
Reduced Retirement Benefit	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.

Hazardous

	Tier 1 Participation Prior to September 1, 2008	Tier 2 Participation September 1, 2008 through December 31, 2013	Tier 3 Participation January 1, 2014
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Highest 3 fiscal years (must contain at least 24 months). Includes lump-sum compensation payments (before and at retirement).	3 highest salaries; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	2.49%	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 26 years = 2.25%. Greater than 25 years = 2.50%.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 20 years of service. Age 55 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.
Reduced Retirement Benefit	Age 50 with 15 years of service.	Age 50 with 15 years of service.	No reduced retirement benefit.

Contributions - Benefit and contribution rates are established by state statute. Per Kentucky Revised Statute 61.565(3) contribution requirements of the active employees and the participating organizations are established and may be amended by the KRS Board. For the fiscal year ended June 30, 2018, University non-hazardous and hazardous employees were required to contribute 5 percent of their annual covered salary for retirement benefits for the year ended June 30, 2018. Non-hazardous and hazardous

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

employees with a participation date after September 1, 2008 were required to contribute an additional 1 percent of their covered salary for retiree healthcare benefits. The University was contractually required to contribute 41.06 percent of annual covered payroll for non-hazardous pay and 21.44 percent for hazardous pay to the pension plan for the year ended June 30, 2018. Actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The University's total contributions to KERS for the year ended June 30, 2018 was $1,531,999, equal to the required contributions for the year.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2018, the University reported a liability of $32,618,138 for its proportionate share of the non-hazardous net pension liability and $237,122 for hazardous. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2018, the University's proportion was 0.24 percent for non-hazardous and 0.05 percent for hazardous, respectively.

For the year ended June 30, 2018, the University's actuarially calculated pension expense was $2,754,949 for non-hazardous and $92,166 for hazardous. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Non-hazardous:		
Difference between expected and actual experience	$ 5,802	$ 210,046
Net difference between projected and actual earnings on investments	157,733	-
Changes of assumptions	4,138,399	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,567,605
University contributions subsequent to measurement date	1,471,207	-
	$ 5,773,141	$ 2,777,651
Hazardous:		
Difference between expected and actual experience	$ 8,966	$ -
Net difference between projected and actual earnings on investments	2,630	-
Changes of assumptions	43,572	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	106,497	
University contributions subsequent to measurement date	60,792	-
	$ 222,457	$ -

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

At June 30, 2018, the University reported $1,531,999 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2018, related to pensions will be recognized in pension expense as follows:

	Non-hazardous	Hazardous
2018	$ 857,284	$ 76,546
2019	667,676	78,197
2020	44,244	9,910
2021	(44,920)	(2,984)
	$ 1,524,284	$ 161,665

Actuarial assumptions - The total pension liability at the measurement date of June 30, 2017 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

	2017
Inflation	2.30%
Salary increases, average including inflation	3.05
Investment rate of return, non-hazardous	5.25
Investment rate of return, hazardous	6.25

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KERS. The most recent analysis is outlined in a report dated December 5, 2015. Several factors are considered in evaluating the long-term rate of return assumption Including long-term historical data, estimates inherent in current market data, and a log - normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long- term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected Inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

	Non-hazardous	
Asset Class	Target Allocation	Long-Term Nominal Rate of Return
2018		
U.S. Equity	17.50%	5.75%
International Equity	17.50	7.38
Global Bonds	10.00	2.63
Global Credit	17.00	3.63
Real Estate	5.00	6.63
Absolute Return	10.00	5.63
Real Return	10.00	5.13
Private Equity	10.00	8.25
Cash Equivalents	3.00	1.88
Total	100%	

	Hazardous	
Asset Class	Target Allocation	Long-Term Nominal Rate of Return
2018		
U.S. Equity	17.50%	5.75%
International Equity	17.50	7.38
Global Bonds	4.00	2.63
Global Credit	2.00	3.63
High Yield	7.00	5.75
Emerging Market Debt	5.00	5.50
Private Credit	10.00	8.75
Real Estate	5.00	7.63
Absolute Return	10.00	5.63
Real Return	10.00	6.13
Private Equity	10.00	8.25
Cash Equivalents	2.00	1.88
Total	100%	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate of return was decreased from 6.75% to 5.25% (Non-hazardous) and 7.50% to 6.25% (Hazardous).
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

Changes Since Measurement Date - There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount rate - The discount rate used to measure the total pension liability was 5.25% (Non-hazardous) and 6.25% (Hazardous), which was reduced from the 6.75% (Non-hazardous) and 7.50% (Hazardous) discount rates used in the prior year. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. Projected inflows from investment earnings were calculated using the long–term assumed investment return of 5.25% for Non-Hazardous and 6.75% for Hazardous for the June 30, 2017 actuarial valuation. The long–term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate - The University's proportionate share of the net pension liability has been calculated using a discount rate of 5.25% (Non-hazardous) for the June 30, 2017 actuarial valuation. The following presents the University's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate as of June 30, 2018:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Non-Hazardous			
Proportionate share of the Collective Net Pension Liability	$ 37,242,518	$ 32,618,138	$ 28,773,195

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Hazardous			
Proportionate share of the Collective Net Pension Liability	$ 301,620	$ 237,122	$ 183,602

Kentucky Teachers' Retirement System - Defined Benefit Plan

Plan Description –The Kentucky Teachers' Retirement System (KTRS), a cost sharing - multiple employer public employee retirement system. KTRS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service. KTRS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky, 40601 or by calling (502) 573-3266.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided

	Tier 1 Participation Prior to July 1, 2008	Tier 2 Participation on or After July 1, 2008
Covered Employees:	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.

	Tier 1 Participation Prior to July 1, 2008	Tier 2 Participation on or After July 1, 2008
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit:	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement.	

Contributions - Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2018, University employees were required to contribute 7.625 percent of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.865 percent of covered payroll for the year ended June 30, 2018. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The University's total contributions to KTRS for the year ending June 30, 2018 was $1,729,748 and were equal to the required contributions for the year. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees at a contribution rate of 3.25% for the year ending June 30, 2018.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2018, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the University by the Commonwealth of Kentucky. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows:

	2018
University's proportionate share of the net pension liability	$ 40,538,352
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the University	32,308,289
	$ 72,846,641

The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and update procedures were used to roll forward the total pension liability to the measurement date. The University's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2018, the University's proportion was 0.14 percent.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

For the year ended June 30, 2018, the University's actuarially calculated pension expense was $(2,992,100). The University also recognized revenue of $2,061,409 for support provided by the Commonwealth. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2018		
Net difference between projected and actual earnings on investments	$ -	$ 313,654
Change in assumptions	5,019,090	2,814,238
Differences between expected an actual experience	233,734	857,357
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	23,826,558
Contributions subsequent to the measurement date	1,729,748	-
	$ 6,982,572	$ 27,811,807

At June 30, 2018, the University reported $1,729,748 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Net deferred outflow (inflows) of resources at June 30, 2018, related to pensions will be recognized in pension expense as follows:

2019	$ (7,369,801)
2020	(6,851,873)
2021	(6,059,024)
2022	(2,278,285)
	$ (22,558,983)

Actuarial assumptions - The total pension liability was determined by actuarial valuations as of June 30, 2016 and update procedures were used to roll forward the total pension liability to the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.50 – 7.30%, including inflation
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 with a set forward of 2 years for males and 1 year for females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015 adopted by the Board on November 19, 2016.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

The long-term expected return on plan was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The June 30, 2018 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	42.0%	4.4%
Non-U.S. Equity	20.0	5.3
Fixed Income	16.0	1.5
Additional Categories (Incl. Hedge Funds, High Yield And Non-U.S. Developed Bonds)	9.0	3.6
Real Estate	5.0	4.4
Private Equity	6.0	6.7
Cash	2.0	0.8
Total	100%	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - The total pension liability as of June 30, 2017 reflects that the assumed municipal bond index rate increased from 3.01% to 3.56%, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.20% to 4.49%.

Changes Since Measurement Date - There were no changes between the measurement date of the collective net pension liability and the University reporting date that are expected to have a significant effect on the University's proportionate share of the collective net pension liability.

Discount rate - The discount rate used to measure the total pension liability at June 30, 2017 was 4.49%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates, and the additional amount appropriated for fiscal year 2018. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2037 and a municipal bond index rate of 3.56% was applied to all periods of projected benefit payments after 2037. The SEIR that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

The total pension liability as of June 30, 2017 reflects that the assumed municipal bond index rate increased from 3.01% to 3.56%, resulting in a change in the SEIR from 4.20% to 4.49%. The impact of this change in the discount rate is a change in assumptions that is added to the expected total pension liability to determine the final total pension liability as of June 30, 2017.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate - The following table presents the net pension liability of the University as of June 30, 2018, calculated using the discount rate of 4.49%, as well as what the University's net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage-point lower (3,49%) or 1-percentage-point higher (5.49%) than the current rate:

	1% Decrease (3.49%)	Current Discount Rate (4.49%)	1% Increase (5.49%)
Proportionate share of the Collective Net Pension Liability	$ 50,250,685	$ 40,538,352	$ 32,567,126

Summary Pension Plan Information:

	KERS Hazardous/ Non-hazardous	KTRS	Total
June 30, 2018			
Net pension liability	$ 32,855,260	$ 40,538,352	$ 73,393,612
Deferred outflows of resources	5,995,598	6,982,572	12,978,170
Deferred inflows of resources	2,777,651	27,811,807	30,589,458
Actuarially determined pension expense	2,847,115	(2,992,100)	(144,985)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB)

In addition to the pension plans disclosed in Note 8, the University's employees participate in either the Kentucky Teachers Retirement System (KTRS) OPEB Plan or the Kentucky Employees Retirement System (KERS) OPEB Plan depending on the retirement plan in which they participate. Each OPEB plan is described in detail below.

Kentucky Employees Retirement System (KERS) OPEB Plan

OPEB Benefits Provided: The information below summarizes the major other postemployment retirement benefit provisions of KERS Non-Hazardous and Hazardous plans. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Insurance Tier 1: Participation began before 7/1/2003

Benefit Eligibility: Recipient of a retirement allowance

Benefit: The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, non-duty death in service and surviving spouse of a retiree.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of $10 (Non-hazardous) and $15 (Hazardous) for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

Insurance Tier 3: Participation began on or after 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

Benefit: Tier 3 insurance benefits are identical to Tier 2, except Tier 3 members are required to have at least 180 months of service in order to be eligible.

Contributions: The University was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33) normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board.

For the fiscal year ended June 30, 2018, participating employers in the non-hazardous plan contributed 49.47% (41.06% allocated to pension and 8.41% allocated to OPEB) as set by KRS of each non-hazardous employee's creditable compensation. For the fiscal year ended June 30, 2018, participating employers in the Hazardous plan contributed 23.70% (21.44% allocated to pension and 2.26% allocated to OPEB) as set by KRS of each Hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investment earnings.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2018. Total current year contributions recognized by the Plan were $1,845,787 ($1,531,999 related to pension and $313,788 related to OPEB) for the year ended June 30, 2018. The OPEB contributions amount does not include the implicit subsidy reported in the amount of $48,179.

Members whose participation began before 9/1/2008:

Nonhazardous contributions equal 5% and Hazardous contributions equal 8% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and per statute shall not be less than 2.0%. Member entitled to a full refund of contributions with interest.

Members whose participation began on or after 9/1/2008:

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Members whose participation on or after 1/1/2014:

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

<u>Total OPEB Liability</u>: The total other postemployment benefits plan ("OPEB") was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.30 percent
Payroll growth rate	0.0 percent for KERS non-hazardous
Salary increases	3.05 percent, average
Investment rate of return	6.25 percent
Healthcare trend rates	
Pre-65	Initial trend starting at 7.25 percent at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 13 years.
Post-65	Initial trend starting at 5.10 percent at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 11 years.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Discount rate assumptions:

(a) **Discount Rate:** The discount rate used to measure the total Non-hazardous OPEB liability was 5.83%, which was reduced from the 6.90% discount rate used in the prior year. The discount rate used to measure the total Hazardous OPEB liability was 5.87%, which was reduced from the 7.20% discount rate used in the prior year.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

(b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability.

(c) **Long-Term Rate of Return:** The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. However, the Board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

(d) **Municipal Bond Rate:** The discount rate determination used a municipal bond rate of 3.56% as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2017.

(e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(f) **Assumed Asset Allocations:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	17.50%	5.97%
International Equity	17.50%	7.85%
Global Bonds	4.00%	2.63%
Global Credit	2.00%	3.63%
High Yield	7.00%	5.75%
Emerging Market Debt	5.00%	5.50%
Private Credit	10.00%	8.75%
Real Estate	5.00%	7.63%
Absolute Return	10.00%	5.63%
Real Return	10.00%	6.13%
Private Equity	10.00%	8.25%
Cash	2.00%	1.88%
Total	100.00%	6.56%

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 6.25% based on a blending of the factors described above.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

(g) **Sensitivity Analysis**: This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

Non-hazardous

The following presents the University's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the discount rate of 5.83% percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.83 percent) or 1-percentage-point higher (6.83 percent) than the current rate for Non-hazardous:

	1% Decrease (4.83%)	Current Discount Rate (5.83%)	1% Increase (6.83%)
The University's Net OPEB liability – Non-hazardous	$ 7,223,284	$ 6,178,390	$ 5,310,018

The following presents the University's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Non-hazardous:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Non-hazardous	$ 5,249,63	$ 6,178,390	$7,344,612

Hazardous

The following presents The University's allocated portion of the Hazardous net OPEB liability of the System, calculated using the discount rate of 5.87% percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.87 percent) or 1-percentage-point higher (6.87 percent) than the current rate for Hazardous:

	1% Decrease (4.87%)	Current Discount Rate (5.87%)	1% Increase (6.87%)
The University's Net OPEB liability – Hazardous	$ 35,037	$ 2,877	$ (23,473)

The following presents the University's allocated portion of the Hazardous net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Hazardous:

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Hazardous	$ (23,721)	$ 2,877	$ 35,894

Employer's Portion of the Collective OPEB Liability: The University's proportionate share of the Non-hazardous net OPEB liability, as indicated in the prior table, is $6,178,390, or approximately 0.243631%. The University's proportionate share of the Hazardous net OPEB liability, as indicated in the prior table, is $2,877, or approximately 0.047701%. The net pension liabilities were distributed based on 2017 actual employer contributions to the plan.

Measurement Date: June 30, 2017 is the actuarial valuation date and measurement date upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The assumed investment rate of return was decreased from 6.75% to 5.25% (Non-hazardous) and 7.50% to 6.25% (Hazardous).
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

OPEB Expense: The University was allocated pension expense of $612,902 related to the KERS Non-Hazardous and $5,128 related to the KERS Hazardous for the year ending June 30, 2018.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled as deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the Measurement Date include:

Non-hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 7,646
Change of assumptions	808,938	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	45,341
Differences between expected and actual investment earning on plan investments	-	79,967
	808,938	132,954
Contributions subsequent to the measurement date	349,447	-
Total	$ 1,158,385	$ 132,954

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $301,336, which include the implicit subsidy reported of $48,111, will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2018	$ 168,525
2019	168,525
2020	168,525
2021	168,525
2022	1,885

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 413
Change of assumptions	35,865	-
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	-	428
Differences between expected and actual investment earning on plan investments	-	10,302
	35,865	11,143
Contributions subsequent to the measurement date	12,520	-
Total	$ 48,385	$ 11,143

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $12,452, which include the implicit subsidy reported of $68, will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2018	$ 4,045
2019	4,045
2020	4,045
2021	4,045
2022	6,621
Thereafter	1,921

OPEB Plan Fiduciary Net Position: Detailed information about the KERS OPEB plans' fiduciary net position is available in the separately issued OPEB plan financial reports.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Kentucky Teachers' Retirement System

Medical Insurance Plan

Plan Description - In addition to the pension benefits previously described, Kentucky Revised Statute 161.675 requires KTRS to provide post-employment healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided - To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Contributions - In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (0.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2018, the University reported a liability of $5,799,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the University's proportion was 0.162629%.

The amount recognized by the University as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the University were as follows:

University's proportionate share of the net OPEB liability	$ 5,799,000
State's proportionate share of the net OPEB liability associated with the University	2,630,000
Total	$ 8,429,000

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

For the year ended June 30, 2018, the University recognized OPEB expense of $377,000 and revenue of $171,000 for support provided by the State. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 60,000
University's contributions subsequent to the measurement date	283,192	-
Total	$ 283,192	$ 60,000

Of the total amount reported as deferred outflows of resources related to OPEB, $283,192 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2019	$ (15,000)
2020	(15,000)
2021	(15,000)
2022	(15,000)

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023
Ages 65 and Older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B Premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Municipal Bond Index Rate	3.56%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Global Equity	60.0%	5.1%
Fixed Income	9.0	1.2
Real Estate	4.5	4.0
Private Equity	5.5	6.6
High Yield	10.0	4.3
Other Additional Categories*	10.0	3.3
Cash (LIBOR)	1.0	0.4
Total	100%	

**Modeled as 50% High Yield and 50% Bank Loans.*

Discount Rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate The following table presents the University's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
University's net OPEB liability (MI)	$ 6,752,000	$ 5,799,000	$ 5,004,000

Sensitivity of the University's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the University's proportionate share of the collective net OPEB liability, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
University's net OPEB liability (MI)	$ 4,856,000	$ 5,799,000	$ 6,961,000

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Ages 65 and older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

Life Insurance Plan

Plan Description – Life Insurance Plan – KTRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The KTRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the life insurance plan may be made by the KTRS Board of Trustees and the General Assembly.

Benefits Provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (0.03%) of the gross annual payroll of members is contributed by the state.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2018, the University reported a liability of $81,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the University's proportion was 0.369048%.

For the year ended June 30, 2018, the University recognized OPEB expense of $12,000. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 17,000	$ -
University's contributions subsequent to the measurement date	3,832	-
Total	$ 20,832	$ -

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, $3,832 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2019	$ 4,000
2020	4,000
2021	4,000
2022	5,000

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.56%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Large Cap Equity	38.4%	4.3%
U.S. Small Cap Equity	2.6	4.8
Developed International Equity	15.8	5.2
Emerging Markets Equity	4.2	5.4
Fixed Income – Inv. Grade	16.0	1.2
Real Estate	6.0	4.0
Private Equity	7.0	6.6
High Yield	2.0	4.3
Other Additional Categories**	7.0	3.3
Cash (LIBOR)	1.0	0.5
Total	100%	

* *As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return.*

** *Modeled as 50% High Yield and 50% Bank Loans.*

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate - The following table presents the University's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
University's net OPEB (LI) liability	$ 135,000	$ 81,000	$ 37,000

OPEB plan fiduciary net position – Detailed information about the KTRS OPEB plans' fiduciary net position is available in the separately issued KTRS financial report.

Summary OPEB Information:

	KERS	KTRS	Total
June 30, 2018			
Net OPEB liability	$ 6,181,267	$ 5,880,000	$ 12,061,267
Deferred outflows of resources	1,206,770	304,024	1,510,794
Deferred inflows of resources	144,097	60,000	204,097
Actuarially determined pension expense	618,030	389,000	1,007,030

(Continued)

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The University is a party to various lawsuits and other claims in the ordinary course of business. University officials are of the opinion, based upon the advice of legal counsel, that the ultimate resolution of these matters will not have a material effect on the financial statements of the University.

The University receives financial assistance from federal and state agencies in the form of grants and awards. The expenditure of funds received from these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the applicable fund.

NOTE 11 - RISK MANAGEMENT

The University is exposed to various risks of loss from torts; theft of, damage to, destruction of assets; business interruption; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from these risks. Settled claims have not exceeded this commercial coverage in any of the three preceding years. As a sovereign entity of the Commonwealth of Kentucky, the Kentucky Board of Claims handles tort claims on behalf of the University.

NOTE 12 - SCHEDULE OF EXPENSES BY PROGRAM

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are presented by functional expense purpose. Depreciation is allocated below based on functional classification as required by IPEDS for Fiscal Year 2018. Functional expense purpose is classified by natural classification as follows:

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Operations Maintenance	Total
Instruction	$ 8,539,997	$ 1,081,638	$ -	$ 838,237	$ 937,501	$ 11,397,373
Research	5,269,187	2,792,072	-	1,151,000	825,679	10,037,938
Public service	5,582,327	3,779,440	-	506,494	884,476	10,752,737
Academic support	1,042,013	379,742	-	192,626	144,694	1,759,075
Student services	4,107,648	2,223,957	-	588,539	620,241	7,540,385
Institutional support	6,844,384	5,050,985	-	866,779	1,143,850	13,905,998
Operation & maintenance of plant	1,225,026	3,518,443	-	849,601	(5,593,070)	-
Auxiliary enterprises	585,940	4,707,027	-	401,833	510,415	6,205,215
Student financial aid	253,906	11,870	5,555,850	49,438	526,214	6,397,278
Total operating expense	$ 33,450,428	$ 23,545,174	$ 5,555,850	$ 5,444,547	$ -	$ 67,995,999

(Continued)

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC.

Description of the Organization

Kentucky State University Foundation, Inc. (the Foundation) is a Kentucky not-for-profit corporation formed to receive, invest and expend funds to promote and implement educational and developmental activities at Kentucky State University (the University). The Foundation is managed by a Board of Trustees independent from that of the University. The Foundation is supported primarily through contributions from alumni.

Summary of Significant Accounting Policies

Use of Estimates: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Foundation in the preparation of its financial statements.

Basis of Presentation: Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

> Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation, pursuant to those stipulations or that expire by the passage of time. Assets released from restrictions during 2018 primarily relate to scholarships and University and student support.
>
> Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or removed by actions of the Foundation pursuant to those stipulations. Permanently restricted net assets consist of assets from which the income can be used toward University scholarships and Foundation operations.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Foundation has a concentration of credit risk in that it periodically maintains bank accounts which, at times, may exceed the coverage provided by the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses on such amounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Investments: Investments are stated at fair value based on closing market quotations for such securities or similar securities.

Property and Equipment: Property and equipment is recorded at cost if purchased or fair market value at date of contribution if contributed. If the donors stipulate how long the assets must be used, the contributions of property and equipment are recorded as restricted support. In the absence of such stipulations, these contributions are recorded as unrestricted support. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

(Continued)

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC. (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue Recognition: Contributions are generally recognized when received. However, pledges are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes: Kentucky State University Foundation, Inc., a not-for-profit organization operating under Section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal, state and local income taxes. The Foundation's management does not believe the Foundation has any unrelated business income. Accordingly, no provision for income taxes is recorded in the financial statements.

Recent Accounting Pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, that changes how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The ASU includes a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. This ASU will be effective for the Foundation for fiscal years beginning after December 15, 2017. Early adoption is permitted. The Foundation is currently evaluating the effects adoption of this guidance will have on the financial statements.

Subsequent Events: The Foundation's management has evaluated subsequent events for accounting and disclosure requirements through September 24, 2018, the date the financial statements were available to be issued. There were no events occurring during the evaluation period that require recognition or disclosure in the financial statements.

Investments

Investments as of June 30, 2018 are summarized as follows:

Equity securities	$ 6,272,340
Debt securities	2,680,103
U.S. government securities	432,873
Total investments	$ 9,385,316

(Continued)

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC. (Continued)

Fair Value Measurements

The Foundation classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2018.

Common stocks, municipal bonds, corporate bonds, U.S. government securities, and equity exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded. Some level 2 inputs are used for pricing of municipal and corporate bonds; therefore, they are all classified as level 2.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Real estate investment trust: Valued at the NAV of shares held by the Foundation at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value measurements as of June 30, 2018 are as follows:

	Level 1	Level 2	Level 3	Total
Common stocks	$ 3,792,259	$ -	$ -	$ 3,792,259
Mutual funds	2,276,686	-	-	2,276,686
Municipal bonds	-	259,760	-	259,760
Corporate bonds	-	2,420,343	-	2,420,343
U.S government securities	432,873	-	-	432,873
Equity exchange traded funds	203,395	-	-	203,395
Total	$ 6,705,213	$ 2,680,103	$ -	$ 9,385,316

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC. (Continued)

Temporarily Restricted Net Assets

For the year ended June 30, 2018, net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restrictions specified by donors as follows:

Endowment spending allocation	$ 676,590
University support	116,122
Scholarships	120,107
Operating and other expenses	57,265
Student support	127,275
Personal services	18,864
Travel and other expenses	55,936
Total release from restrictions	$ 1,172,159

Retirement Plan

The Foundation has a defined contribution profit sharing plan which covers all employees who meet certain requirements. Foundation contributions are discretionary. No contributions were made for the year ended June 30, 2018.

Endowment Composition

On July 15, 2010, The Commonwealth of Kentucky adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation follows UPMIFA and its own governing documents. The Foundation has interpreted UPMIFA as requiring the preservation of the corpus of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and other amounts as deemed necessary by the board. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation has determined that the balance of its endowments includes funds that require that the income and net appreciation be restricted to certain uses for the benefit of participants.

Upon review, the Foundation has determined that appropriate expenditures have been made to meet all donor restrictions regarding balances recorded in the endowment fund.

Spending Policy: The Foundation spending policy is to distribute an amount at least equal to 3-5% of a moving sixteen quarter average of the fair value of the endowment funds. Accordingly, over the long term, the Foundation expects its spending policy to allow its endowment assets to grow at an average rate of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2018.

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC. (Continued)

Endowment Composition (Continued)

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 3,788,318	$ 3,794,106	$ 7,582,424

Changes in endowment net assets as of June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ -	$ 3,981,609	$ 3,711,724	$ 7,693,333
Contributions	-	-	78,882	78,882
Interest and dividends	-	186,272	-	186,272
Realized and unrealized gains	-	297,027	-	297,027
Amounts appropriated for expenditure	-	(676,590)	-	(676,590)
Reclassifications	-	-	3,500	3,500
Endowment net assets, end of year	$ -	$ 3,788,318	$ 3,794,106	$ 7,582,424

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE UNIVERSITY'S (KSU)
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KENTUCKY EMPLOYEES' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

Non-hazardous

	2018	2017	2016	2015
KSU's proportion of the net pension liability	$ 32,618	$ 29,146	$ 29,408	$ 28,555
KSU's proportionate share of the net pension liability	0.24%	0.26%	0.29%	0.32%
KSU's covered payroll	$ 3,888	$ 4,321	$ 5,390	$ 5,453
KSU's proportionate share of the net pension liability as a share of its covered payroll	838.94%	674.52%	545.60%	523.66%
Plan fiduciary net position as a percentage of total pension liability	13.30%	14.80%	18.83%	22.32%

Hazardous

	2018
KSU's proportion of the net pension liability	$ 237
KSU's proportionate share of the net pension liability	0.05%
KSU's covered payroll	$ 79
KSU's proportionate share of the net pension liability as a share of its covered payroll	300.00%
Plan fiduciary net position as a percentage of total pension liability	54.80%

Changes in Assumptions: For fiscal year 2017, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate of return was decreased from 6.75% to 5.25% (Non-hazardous) and 7.50% to 6.25% (Hazardous).
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

Note: This table represents data that is one year in arrears.

SCHEDULE OF THE UNIVERSITY'S CONTRIBUTION
KENTUCKY EMPLOYEES' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

Non-hazardous

	2018	2017	2016	2015
Contractually required contribution	$ 1,471	$ 1,516	$ 1,312	$ 1,515
Contributions in relation to the contractually required contribution	$ 1,471	$ 1,516	$ 1,312	$ 1,515
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
KSU covered payroll	$ 3,583	$ 3,888	$ 4,321	$ 5,390
Contributions as a percentage of covered payroll	41.05%	38.99%	30.36%	28.11%

Hazardous

	2018
Contractually required contribution	$ 61
Contributions in relation to the contractually required contribution	$ 61
Contribution deficiency (excess)	$ -
KSU covered payroll	$ 309
Contributions as a percentage of covered payroll	19.74%

Note: These are 10-year schedules. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10-years of information is available.

SCHEDULE OF THE UNIVERSITY'S (KSU)
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

	2018	2017	2016	2015
KSU's proportion of the net pension liability	$ 40,538	$ 68,926	$ 63,956	$ 64,987
KSU's proportionate share of the net pension liability	0.14%	0.22%	0.23%	0.30%
State's proportionate share of the collective net pension liability	$ 32,308	$ 6,496	$ 6,503	$ 7,374
KSU's covered payroll	$ 17,779	$ 16,961	$ 19,076	$ 21,451
KSU's proportionate share of the net pension liability as a share of its covered payroll	228.01%	406.38%	335.27%	302.96%
Plan fiduciary net position as a percentage of total pension liability	39.83%	35.22%	42.49%	45.59%

Note: This table represents data that is one year in arrears.

Changes in assumptions: For fiscal year 2018, the KTRS plan discount rate increased from 4.20 percent to 4.49 percent. For fiscal year 2017, the KTRS plan discount rate decreased from 4.88 percent to 4.20 percent. For fiscal year 2016, there was a decrease in the assumed investment rate of return from 7.75 percent to 7.50 percent; a decrease in the assumed rate of inflation from 3.50 percent to 3.25 percent; a decrease in the assumed rate of wage inflation from 1.00 percent to 0.75 percent and a decrease in the payroll growth assumption from 4.50 percent to 4.00 percent.

SCHEDULE OF THE UNIVERSITY'S CONTRIBUTION
KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

	2018	2017	2016	2015
Contractually required contribution	$ 1,730	$ 1,879	$ 1,773	$ 2,059
Contributions in relation to the contractually required contribution	$ 1,730	$ 1,879	$ 1,773	$ 2,059
Contribution deficiency (excess)	-	-	-	-
KSU covered payroll	$ 19,083	$ 17,779	$ 16,961	$ 19,076
Contributions as a percentage of covered payroll	9.07%	10.57%	10.45%	10.79%

Note: These are 10-year schedules. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10-years of information is available.

SCHEDULE OF THE UNIVERSITY'S (KSU)
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
KENTUCKY EMPLOYEES RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

Non-hazardous		2018
KSU's proportion of the net OPEB liability	$	6,178
KSU's proportionate share of the net OPEB liability		0.24%
KSU's covered payroll	$	3,888
KSU's proportionate share of the net OPEB liability as a share of its covered payroll		158.90%
Plan fiduciary net position as a percentage of total pension liability		24.40%

Hazardous		2018
KSU's proportion of the net OPEB liability	$	3
KSU's proportionate share of the net OPEB liability		0.05%
KSU's covered payroll	$	79
KSU's proportionate share of the net OPEB liability as a share of its covered payroll		3.80%
Plan fiduciary net position as a percentage of total pension liability		98.80%

Note: This table represents data that is one year in arrears.

SCHEDULE OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
KENTUCKY EMPLOYEES RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

Non-hazardous		2018
Contractually required contribution	$	301
Contributions in relation to the contractually required contribution	$	301
Contribution deficiency (excess)	$	-
KSU covered payroll	$	3,583
Contributions as a percentage of covered payroll		8.40%

Hazardous

2018		
Contractually required contribution	$	12
Contributions in relation to the contractually required contribution	$	12
Contribution deficiency (excess)	$	-
KSU covered payroll	$	309
Contributions as a percentage of covered payroll		3.88%

Note: These are 10-year schedules. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10-years of information is available.

SCHEDULE OF THE UNIVERSITY'S (KSU) PROPORTIONATE SHARE OF THE NET OPEB LIABILITY KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

		2018
KSU's proportion of the net OPEB liability	$	5,880
KSU's proportionate share of the net OPEB liability		0.24%
KSU's covered payroll	$	17,779
KSU's proportionate share of the net OPEB liability as a share of its covered employee payroll		33.07%
Plan fiduciary net position as a percentage of total pension liability		21.18%

Note: This table represents data that is one year in arrears.

SCHEDULE OF THE UNIVERSITY'S OPEB CONTRIBUTIONS KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

		2018
Contractually required contribution	$	287
Contributions in relation to the contractually required contribution	$	287
Contribution deficiency (excess)	$	-
KSU covered payroll	$	19,083
Contributions as a percentage of covered payroll		1.50%

Note: These are 10-year schedules. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10-years of information is available.

SUPPLEMENTAL INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. Department of Education			
Direct Programs:			
Passed through Council on Postsecondary Education			
Supporting Effective Instruction State Grants	84.367	PO2 1700004410	49,298
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	PO2 1700003920	41,755
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant Program	84.007		66,460
Federal Work Study Program	84.033		257,535
Federal Perkins Loan Program	84.038		1,471,804
Pell Grant Program	84.063		4,391,839
Federal Direct Student Loans	84.268		10,681,520
Teacher Education Assistance for College and Higher Education Grants	84.379		4,709
Total Student Financial Aid Cluster			16,873,867
TRIO Cluster			
Student Support Service	84.042A		211,575
TRIO Upward Bound	84.047A		269,226
Total Trio Cluster			480,801
Title III Strengthening All Black Colleges and University Program	84.031B		2,801,198
Total U.S Department of Education			20,246,919
U.S. Department of Health and Human Services			
Direct Programs:			
Family and Community Violence Prevention Program	93.910		376,011
Passed through Eastern Kentucky University:			
Foster Care Title IV-E			
EKU TRC	93.658	453442-18-106	70,424
EKU Cultural Diversity	93.658	453440-18-110	3,846
University Training Consortium	93.658	453042-16-129	(95)
University Training Consortium	93.658	452650-14-106	(10)
EKU Diversity	93.658	453224-17-119	(28)
EKU Training Resource Center	93.658	453226-17-120	(265)
PCWCP	93.658	453229-17-177	(15)
PCWCP	93.658	453445-18-149	6,320
Total U.S. Department of Health and Human Services			456,188
U. S. Department of Agriculture			
Direct Programs:			
Plant and Animal Disease, Pest Control and Animal Care	10.025		47,376
1890 Institution Capacity Building Grant	10.216		770,992
Beginning Farmer and Rancher Development Program	10.311		163,883
Disadvantaged and Veteran Farmers and Ranchers	10.443		80,202
Cooperative Extension Service	10.500		3,705,287
Soil and Water Conservation	10.902		10,447
Conservation Stewardship Program	10.924		7,198

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through University of Georgia			
USDA Sustainable Agriculture Research and Education			
SARE	10.215	RD309-134/S001197	7,073
Passed through University of Kentucky			
USDA Cooperative Extension Service			
Farm Management Education	10.500	3048107082-10-426	(1,577)
Passed through Kentucky Department of Community Based Services (DCBS)			
SNAP Cluster			
USDA State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
SNAP Education Services	10.561	PO 736 170001995	607,417
Total U. S. Department of Agriculture			5,398,298
U. S. Department of Justice			
Direct Program-			
National Institute of Justice Research, Evaluation And Development Project Grants	16.560		221,290
Passed through 4H Council			
Juvenile Mentoring Program			
4H National Mentoring Program	16.726	2017-JU-FX-0017	5,977
4H National Mentoring Program	16.726	2016-JU-FX-0022	38,098
Total U. S. Department of Justice			265,365
U. S. Department of Transportation			
Passed through Kentucky Transportation Cabinet			
Highway Training Education			
Summer Transportation Institute	20.215	PON2 605 1600002767 2	(10)
Department of Defense			
Direct Programs:			
Centers for Academic Excellence	12.598		52,331
Research and Development Cluster			
U.S. Department of Agriculture			
Direct Programs:			
Cooperative Forestry Research	10.202		144,641
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		3,814,586
1890 Institution Capacity Building Grant	10.216		810,435
Agriculture and Food Research Initiative	10.310		129,933
Socially-Disadvantaged Group Grant	10.871		3,912
Environmental Quality Incentives Program	10.912		20,896

See Accompanying Notes to Schedule of Expenditures of Federal Awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through University of Georgia			
USDA Sustainable Agriculture Research and Education			
SARE	10.215	RD309-129/S000752	102,844
SARE	10.215	RD309-129/S000839	9,151
Passed through Mississippi State University			
USDA Agricultural Research, Special Research Grants			
Spawning Aid Project	10.200	N/A	13,057
National Science Foundation			
Direct Program:			
Education and Human Resources	47.076		201,215
Passed through University of Rhode Island			
Computer and Information Science and Engineering			
Innovative, Broadly Accessible Tools for Brain Imagining	47.070	4978/111315KSU	34,087
Passed through University of California – Santa Barbara			
Social, Behavioral, and Economic Sciences			
Healthy Ecosystems Healthy People	47.075	KK1519	58,846
Passed through University of Kentucky			
Education and Human Resources			
LSAMP	47.076	3048111054-14-125	129,215
Office of Experimental Program to Stimulate Competitive Research			
EPSCOR	47.081	3200000271-18-071	84,243
Office of Experimental Program to Stimulate Competitive Research			
EPSCOR	47.083	300000271-16-206	(1,915)
National Aeronautics and Space Administration			
Passed through University of Kentucky			
Education			
NASA EPSCOR	43.008	3049025269-14-032	13,948
Total Research and Development Cluster			5,569,094
Total Federal Expenditures			$ 31,988,185

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Subtotals of Multiple Awards			
Foster Care Title IV-E	93.658		80,177
1890 Institution Capacity Building Grant	10.216		1,581,427
Cooperative Extension Service	10.500		3,703,710
SARE	10.215		119,068
Juvenile Mentoring Program	16.726		44,075
Education and Human Resources	47.076		330,430

During the year ended June 30, 2018, the University provided $198,725 in expenditures to subrecipients as follows:

Federal Agency/Program Title	CFDA Number	Amount
U.S. Department of Agriculture		
1890 Institution Capacity Building Grant	10.216	$ 103,532
U.S. Department of Justice		
National Institution of Justice Research, Evaluation And Development Project Grants	16.560	95,193
		$ 198,725

See Accompanying Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the University under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

2. Perkins Loan Program

The amount presented on the schedule of expenditures of federal awards for the Federal Perkins Loan Program represents loan balances outstanding at July 1, 2017 plus current year loan disbursements for which the government imposes continuing compliance requirements. The University disbursed $0 in during fiscal year 2018 and had loans outstanding in the amount of $1,355,612 with an allowance for doubtful accounts of $1,027,218 under the Federal Perkins Loan Program.

3. Federal Student Loan Program

The University participates in the Direct Loan Program (including Direct Subsidized and Direct Unsubsidized Loans for Students, and Direct PLUS Loans for parents of undergraduate students).

Federal Direct Student Loans Program	
Direct Loans	
Subsidized	$ 3,294,347
Unsubsidized	4,621,920
PLUS	2,765,253
	$ 10,681,520

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Regents
Kentucky State University
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kentucky State University (the University), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 31, 2018. Our report includes a reference to other auditors who audited the financial statements of Kentucky State University Foundation, Inc. (Foundation) as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2018-002).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency (Finding 2018-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's Response to Findings

The University's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Regents
Kentucky State University
Frankfort, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Kentucky State University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2018. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, Cost Principles, and the Audit Requirements for Federal Award (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-006. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, and 2018-008, that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the Financial statements audited were prepared In accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	X Yes	___ No
Significant deficiencies identified not considered to be material weaknesses?	X Yes	___ None Reported
Noncompliance material to financial statements noted?	___ Yes	X No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	X Yes	___ None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X Yes	___ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Aid Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.379	Teacher Education Assistance for College and Higher Education Grants
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $959,646

Auditee qualified as low-risk auditee? ___ Yes X No

(Continued)

Section II – Financial Statement Findings

Finding 2018-001 – Controls Over Financial Reporting

Criteria: Applicable standards state that management is responsible for having internal controls in place to provide appropriate and reliable financial reports, and to select and apply appropriate accounting principles. Management is not required to prepare their financial reports, but management needs to demonstrate the level of qualifications and controls to prepare their financial reports without significant deficiencies in these controls.

Condition: During the current year audit, the University did not have adequate controls in place over financial reporting to allow for timely, accurate financial reporting. We noted that not all general ledger accounts had been reconciled to subsidiary ledgers or other supporting detail on at least a quarterly basis.

Context: The University experienced turnover in key accounting positions resulting in a lack of timely reconciliations and production of timely financial reports. Management also identified errors in the system-generated calculation of depreciation expense of certain capital assets resulting in an adjusting entry during the audit.

Effect: The existence of inaccurate transaction postings, as well as unreconciled accounts can affect the financial statement information that is available for making informed business decisions and supervision of operations. This weakness in the financial reporting controls infrastructure increases the risk of errors in the financial records and is less likely to detect irregularities, including fraud, on a timely basis. A periodic reconciliation process allows for the preparation of accurate and timely financial statements.

Cause: The above condition appears to be the result of the inability to fully implement a timely review and reconciliation process.

Recommendation: We recommend the University implement internal control procedures, which require general ledger accounts to be reconciled at least quarterly.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

(Continued)

Finding 2018-002 – Controls Over Payroll Procedures

Criteria: Management is responsible for maintaining an adequate internal control structure surrounding key processes and cycles, in order to facilitate accurate and timely financial reporting.

Condition: During the current year audit, the University did not have adequate internal controls in place over payroll procedures.

Context: During the current year audit, the following issues relating to payroll were identified:

- Certain employees who are required to submit time sheets are not completing them
- Completed time sheets are not properly approved by a supervisor
- Vacation leave is not being properly reported to payroll via time sheets
- Leave time not being taken in accordance with University policy
- Withholdings not tracked and remitted to appropriate agencies in a timely manner resulting in inaccuracies and additional payments for penalties
- Improper classification of employees related to retirement plans
- Former employees being paid benefits after termination
- Current employees not having appropriate withholding from payroll for benefits
- No documentation of required levels of approval of new hires, promotions or pay rate changes
- No payroll change reports processed or reviewed by someone independent of payroll

Effect: The absence of effective internal controls in relation to the payroll process could affect the accuracy of financial statement information. This weakness in accounting infrastructure increases the risk of errors in the financial records and is less likely to detect irregularities, including fraud on a timely basis.

Cause: The above condition appears to be the result of a lack of internal controls and segregation of duties within payroll procedures.

Recommendation: We recommend the University review internal controls surrounding payroll procedures to ensure adequate segregation of duties and approvals are put in place. Further, all supporting documentation including pay rate approvals and timesheets should be maintained.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

(Continued)

Section III – Federal Award Findings and Questioned Costs

Finding 2018-003 - Verification

Information on the Federal Program: Student Financial Aid Cluster (CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379) – U.S. Department of Education

Criteria: 34 CFR 668.59(b) – Changes to FAFSA Information – For the Federal Grant Pell Program, if an applicant's FAFSA information changes as a result of verification, an institution must (i) recalculate the applicant's Federal Pell Grant on the basis of the EFC on the corrected valid SAR or valid ISIR; and(2)(i) disburse any additional funds under that award only if the institution receives a corrected valid SAR or valid ISIR for the applicant and only to the extent that additional funds are payable based on the recalculation; (ii) comply with the procedures specified in §668.61 for an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced; or - (iii) comply with the procedures specified in 34 CFR 690.79 for an overpayment that is not an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced.

Condition: During our examination of the Title IV verification process, we noted instances where supporting documentation was not maintained or able to be located to test controls and compliance in relation to the verification process.

Questioned Cost: None.

Context: During our testing of verification, we selected 60 students in our non-statistical sample to test for internal controls surrounding the verification process. We noted 10 instances in which management was unable to locate verification worksheets for students that were selected for testing. As a result, we were unable to ensure that student verification process was completed.

Effect: The University may not be in compliance with federal regulations.

Cause: Verification worksheets were not maintain electronically and due to turnover in the financial aid department, hard copy files could not be located.

Repeat Finding: Yes. See Finding 2017-004.

Recommendation: We recommend management review internal controls surrounding the verification process to ensure verification worksheets are properly maintained to support the University's verification procedures performed.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2018-004 - Notice of Direct Loan Disbursements

Information on the Federal Program: Federal Direct Student Loans (CFDA Number 84.268) – U.S. Department of Education

Criteria: 34 CFR 668.165 – Notices and Authorizations- Institutions are required to notify students when loan funds have been credited to their student billing account.

Condition: During our examination of Title IV disbursements, we noted instances where no notification was sent to the student notifying the student that direct loans were disbursed to their student account.

Questioned Cost: None.

Context: For twenty-two students within our non-statistical sample of 25 students, we noted there was no notification sent to the students notifying the students that direct loans were disbursed to their customer accounts.

Effect: The University may not be in compliance with federal regulations.

Cause: The University has no procedures in place to notify students when loan disbursements are made to their billing accounts. Currently, students are responsible to check their own accounts.

Repeat Finding: Yes. See Finding 2017-005.

Recommendation: We recommend management review internal controls surrounding the notification process and implement a notification process to ensure the University is in compliance with federal regulations.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2018-005 – Determination of Subsidized Loan Eligibility

Information on the Federal Program: Federal Direct Student Loans (CFDA Number 84.268) – U.S. Department of Education

Criteria: 34 CFR 668.200 - Borrower Eligibility - A direct subsidized loan borrower must demonstrate financial need in accordance with Title IV, Part F of the Act.

Direct Subsidized Loans may only be originated for the amount of the student's financial need - the student's costs minus the student's EFC and estimated cost minus financial assistance. (Compliance Attribute: Eligibility)

Condition: During our examination of Title IV student eligibility, we noted two instances in our testing sample of 25, where the amount packaged and awarded for subsidized was incorrect.

Questioned Cost: $6,248.

Context: During our testing of Title IV eligibility, we selected 25 students in our non-statistical sample to test for compliance with federal regulations. We noted two instances where students were awarded and disbursed subsidized loans totaling $6,248 however, the students weren't eligible to receive subsidized loans based on the student's EFC and other financial assistance received. The student was eligible to receive the funds in the form of an unsubsidized loan to replace of the student's expected family contribution.

Effect: The University is not in compliance with federal regulations.

Cause: The University noted significant employee turnover during the year under audit resulting in the packaging issues noted above.

Repeat Finding: Yes. See Finding 2017-006.

Recommendation: We recommend management review internal controls within the financial aid module to ensure loans are packaged in the appropriate order and in accordance with federal regulations.

Views of responsible officials and planned corrective action: Management agrees with the finding. Management has made reallocations between unsubsidized and subsidized loans for these two students upon bringing the issue to their attention. See corrective action plan.

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2018-006 - Return Of Title IV Funds

Information on the Federal Program: Student Financial Aid Cluster (CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379) – U.S. Department of Education

Criteria: Withdrawal date for a student who withdraws from an institution that is not required to take attendance- 34 CFR 668.22(C)(4 & 5) -An institution must document a student's withdrawal date determined in accordance with paragraphs (c)(1), (2), and (3) of this section and maintain the documentation as of the date of the institution's determination that the student withdrew, as defined in paragraph (l)(3) of this section. (i) "Official notification to the institution" is a notice of intent to withdraw that a student provides to an office designated by the institution.

(ii) An institution must designate one or more offices at the institution that a student may readily contact to provide official notification of withdrawal.

Timeframe for the return of title IV funds. - 34 CFR 668.22(j)(1 & 2)An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (l)(3) of this section. The timeframe for returning funds is further described in § 668.173(b).

Scheduled breaks - 34 CFR 668.22(f)(2)(i) and (ii) (B) - Institutionally scheduled breaks of five or more consecutive days are excluded from the return of Title IV funds calculation as periods of nonattendance and, therefore, do not affect the calculation of the amount of federal aid earned.

Condition: During our testing of return of Title IV funds, we noted multiple control deficiencies and instances of noncompliance with federal compliance regulations surrounding the return of funds process.

Questioned Cost: $123 under-returned, $54 over-returned (Known)

Context: During our testing of return of funds, we selected seven students in our non-statistical sample to test for internal controls and compliance with federal regulations. We noted the following internal control deficiencies and compliance findings:

- We noted in all seven instances there was no secondary, documented review of return of funds calculations to ensure accuracy and completeness of the calculation.
- We noted three instances in which the University was unable to provide official withdrawal letters supporting the withdrawal date used in the return of funds calculation.
- We noted two instances in which the University did not completely fill out the return of funds calculation within the Banner system to support management's conclusion that the withdrawn student attended greater than 60% of the semester and therefore no return of funds calculation was necessary.
- We noted two instances in which the University failed to timely return funding within the required 45 days of the date of the school's determination that the student withdrew.

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2018-006 - Return Of Title IV Funds (Continued)

- We noted one instance in which the University used the incorrect withdrawal date resulting in the University under returning $123 in financial aid.

- During our review of the calculation of days in the enrollment period for the Spring semester return of funds calculations, we noted the dates for Spring Break entered into Banner for break days did not align with the University's published academic calendar. We also noted the Sunday surrounding Spring Break where no regular classes are held was not properly accounted for resulting in a 1-day error in the days in enrollment period calculation for Spring semester withdrawn students. We noted one instance in our sample affected by this error, which resulted in the University over returning $54 to the Department of Education.

Effect: The University may not comply with federal regulations and may not return the appropriate amount of Title IV funds.

Cause: There was departmental employee turnover impacting the internal control processes surrounding the return of funds process. There is also no internal control in place to review the calculation of break days to ensure scheduled breaks are calculated in accordance with published academic calendar and in accordance federal guidelines.

Repeat Finding: Yes. See Finding 2017-007.

Recommendation: We recommend the Financial Aid Office implement the following processes: 1.) a process to review the University's academic calendar and break days in the enrollment period to ensure the days in the enrollment period calculation is accurate and complete; 2.) develop a timely secondary review process to detect potential errors and ensure return of funds calculation are completely entered into the Banner software; and 3.) develop a process to ensure appropriate supporting documentation is maintained to support withdrawal dates used in the return of funds calculation.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Finding 2018-007 – Cohort Default Rate Federal Perkins Loan Program

Information on the Federal Program: Federal Perkins Loan Program (84.038) – U.S. Department of Education

Criteria: Per 34 CFR 668.16, to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution has a cohort default rate:

(m)(1)(iii) As defined in 34 CFR 674.5, on loans made under the Federal Perkins Loan Program to students for attendance at that institution that does not exceed 15 percent.

Condition: During our review of the Perkins Loan program, we noted the reported Perkins Loan Cohort default rate was 53.33% in 2018.

Questioned Cost: None

Context: None.

Effect: The University failed to comply with federal regulations noted above, therefore, the University could be required to return the FCC portion of their Perkins Loan program and if the rate continues to rise, will be ineligible to participate.

Cause: The University has experienced turnover in staffing from upper administration to complete financial aid departmental turnover. In addition, the elimination of a position dedicated to Perkins loans has affected institutional due diligence to prevent and reduce the default rate.

Repeat Finding: Yes. See Finding 2017-008.

Recommendation: We recommend the University review policies and procedures surrounding the Perkins Loan program, including the effectiveness of counseling and the relationship with the third-party vendor to prevent students from defaulting on their loans.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Finding 2018-008 – Borrower Data Transmission and Reconciliations (Direct Loan)

Information on the Federal Program: Federal Direct Student Loans (CFDA Number 84.268) – U.S. Department of Education

Criteria: Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the COD within 15 days of disbursement (OMB No. 1845-0021). Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and Loan Detail records. The school is required to reconcile these files to the institution's financial records.

Condition: It was noted that the University is not performing the direct loan reconciliations on a monthly basis.

Questioned Cost: None.

Context: It was noted that the University did not complete reconciliations on a monthly basis. An annual reconciliation of COD activity to the institution's records was performed at June 30, 2018.

Effect: The University could not be in compliance with federal regulations and any errors in COD reporting would not be detected in a timely manner.

Cause: Turnover in the financial aid office resulted in the reconciliation process not being completed on a monthly basis as required by regulations.

Repeat Finding: No.

Recommendation: We recommend that management ensure the monthly reconciliations between the University's records and COD are performed timely. This reconciliation should be reviewed by someone other than the preparer and any variances uncovered during the reconciliation process should be investigated and corrected in a timely manner.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Crowe

Audit Reporting Package

June 30, 2018

Kentucky State University

KENTUCKY STATE UNIVERSITY
(A Component Unit of the Commonwealth of Kentucky)

FINANCIAL STATEMENTS
June 30, 2018

KENTUCKY STATE UNIVERSITY

FINANCIAL STATEMENTS
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Regents
Kentucky State University
Frankfort, Kentucky

Secretary of Finance and
Administration Cabinet of the
Commonwealth of Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Kentucky State University (the University), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the University's basic financial statements as listed on the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kentucky State University Foundation, Inc. (Foundation) which represent the entire discretely presented component unit of the University. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2018, the University adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, which resulted in a restatement of the University's beginning net position as of July 1, 2017 of $10,377,399. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 14 and required supplementary information on pages 60 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

Introduction

Management's Discussion and Analysis of Kentucky State University's (the University) financial statements provide an overview of the financial position and activities of the University for the year ended June 30, 2018, with comparative information for the year ended June 30, 2017. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements and related notes and this discussion and analysis are the responsibility of management.

Kentucky State University is a Commonwealth of Kentucky coeducational institution for higher education. The University's mission is to build on its legacy of achievement as a historically black, liberal arts, and 1890 land-grant university, afford access to and prepare a diverse student population of traditional and non-traditional students to compete in a multifaceted, ever-changing global society by providing student-centered learning while integrating teaching, research, and service through high-quality undergraduate and select graduate programs. Kentucky State University is committed to keeping relevant its legacy of service by proactively engaging the community in partnerships on civic projects driven by the objective of positively impacting the quality of life of the citizens of the Commonwealth.

Basis of Presentation

The annual financial report and statements include the University and Kentucky State University Foundation, a component unit of the University. Kentucky State University Foundation, Inc. (the Foundation) is a not-for-profit Kentucky corporation which was established to receive, invest and expend funds to promote and implement educational and developmental activities at Kentucky State University (the University). The Foundation is managed by a Board of Trustees independent from that of the University. The Foundation is supported primarily through contributions from alumni.

Financial Highlights

The University's financial position at June 30, 2018, reflected total assets and deferred outflows of $128.5 million and total liabilities and deferred inflows of $127.4 million. Total net position was $1.1 million.

Total assets and deferred outflows decreased by $8.2 million or 6.0%, and primarily due to a decrease in cash and deferred outflows of resources related to pension funding. Total liabilities and deferred inflows decreased by $10.9 million or 7.9% primarily due decreases in the net pension liability.

Unrestricted net position, which the University reserves for spending in programs and other capital-related contingencies, increased $1.3 million. This increase was primarily due to changes in the net pension liability.

The University classifies amounts earned on endowments as spendable or non-spendable in accordance with the endowment's donor stipulations. Nonexpendable restricted net assets represent amounts, which must be maintained in perpetuity. Expendable restricted net assets include private grants and contributions restricted for specific purposes and accumulated earnings on endowment assets.

Operating revenues were $34.4 million and operating expenditures were $68.0 million, resulting in a loss from operations of $33.6 million. Net non-operating revenues were $32.8 million, including $26.5 million in state appropriations, which, when combined with the loss from operations and capital appropriations, resulted in an overall increase in net position of $2.7 million.

Using the Financial Statements

The University's Financial Statements consist of three financial statements: a Statement of Net Position (Balance Sheet); a Statement of Revenues, Expenses and Changes in Net Position (Income Statement); and a Statement of Cash Flows, along with the accompanying Notes to the Financial Statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.

Kentucky State University is a component unit of the Commonwealth of Kentucky.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position, the difference between total assets and deferred outflows and total liabilities and deferred inflows, is an important indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial position has improved or worsened during the year.

Condensed Statement of Net Position

	2018	2017 (as restated)
ASSETS		
Current assets	$ 19,076,951	$ 22,883,930
Noncurrent assets	94,887,552	94,780,968
Total assets	113,964,503	117,664,898
DEFERRED OUTFLOWS OF RESOURCES	14,488,964	18,972,787
LIABILITIES		
Current liabilities	7,107,307	7,470,378
Non-current liabilities	89,475,083	114,065,254
Total liabilities	96,582,390	121,535,632
DEFERRED INFLOWS OF RESOURCES	30,793,555	16,778,028
NET POSITION		
Invested in capital assets, net of related debt	72,660,076	72,727,684
Restricted		
Nonexpendable	3,562,238	3,562,238
Expendable	5,388,621	3,846,394
Unrestricted	(80,533,413)	(81,812,291)
Total net position	$ 1,077,522	$ (1,675,975)

Assets and Deferred Outflows: As of June 30, 2018, total assets and deferred outflows amounted to $128.5 million. Of this amount, investment in capital assets (net of depreciation) of $76.9 million, or 59.8% of total assets, represented the largest asset class. Investments amounted to $17.7 million or 13.8% of total assets. During the year, total assets and deferred outflows decreased by $8.2 million, primarily due to decreases in cash and deferred outflows of resources related to pension funding.

Liabilities and Deferred Inflows: As of June 30, 2018, total liabilities and deferred inflows amounted to $127.4 million. Net pension and OPEB liabilities amounted to $85.5 million. The University's proportion of the net pension liability and net OPEB liability of the Kentucky Employees Retirement System and the Kentucky Teachers' Retirement System was based on a projection of the University's long-term share of contributions to the pension and OPEB plans relative to the projected contributions of all participating universities, actuarially determined. Long-term debt includes bonds payable for the housing and dining system and energy-related equipment and technology equipment purchased under a Master Lease Agreement. During the year, total liabilities and deferred inflows decreased by $10.9 million, primarily due to the decrease in the net pension liability related to KTRS offset with adoption of new accounting guidance requiring the recording of the net OPEB liabilities related to KTRS and KERS.

Net Position: Net position of the University was $1.1 million at June 30, 2018 and was reported in three net position categories: invested in capital assets, net of related debt $72.7 million, restricted nonexpendable $3.6 million, expendable $5.3 million, and unrestricted $(80.5) million.

Statement of Revenues, Expenses and Changes in Net Position

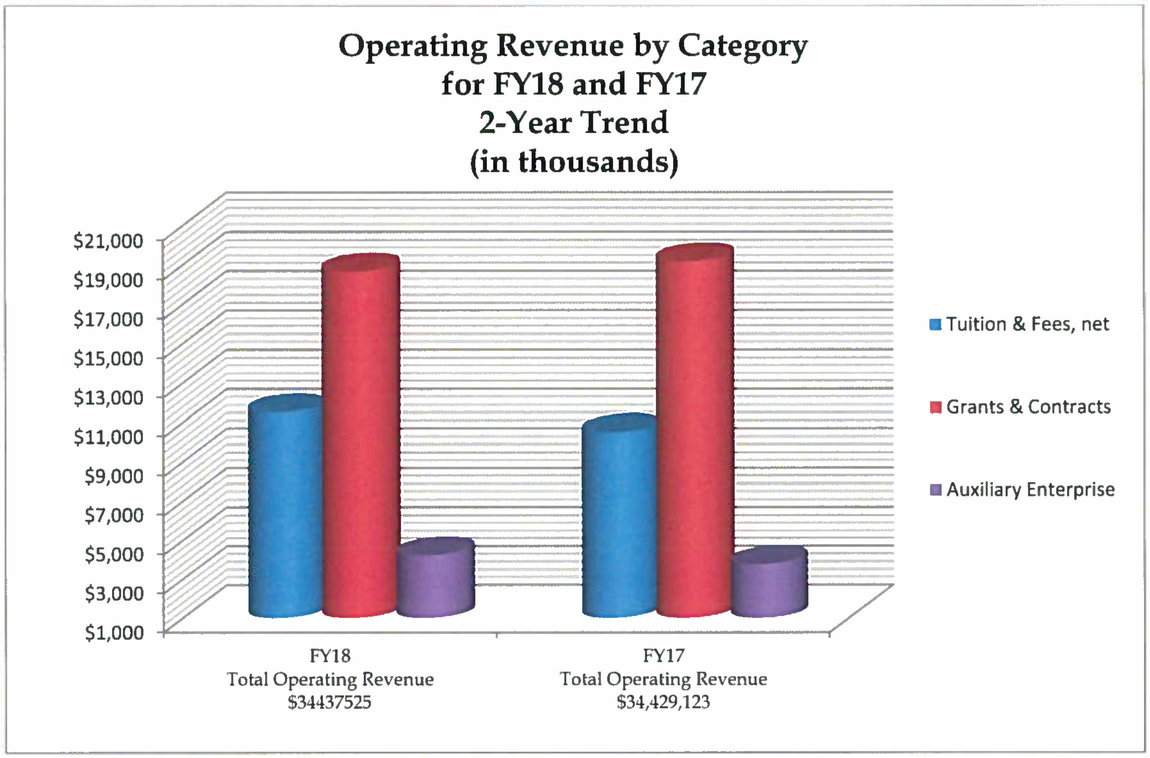
The Statement of Revenues, Expenses and Changes in Net Position is prepared on the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. All items that increase or decrease net position must appear on the Statement of Revenues, Expenses and Changes in Net Position as revenues, expenses, gains or losses.

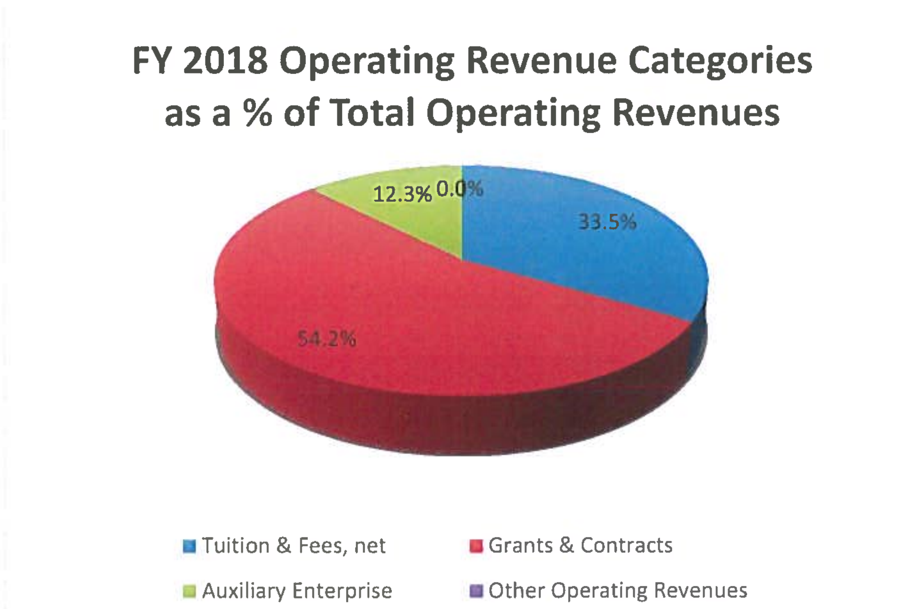
Financial activities are reported as either operating or non-operating. GASB Statement No. 35 requires state appropriations, gifts, investment income and endowment income to be classified as non-operating revenues. Accordingly, the University reports an operating loss prior to the addition of non-operating revenues. The utilization of long-lived capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. Tuition revenue is reduced by gift scholarships and institutional aid, and is reported net of scholarship allowances in the financial statements. A summarized comparison of the University's revenues, expenses and changes in net position for the years ended June 30, 2018 and 2017 is as follows.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2018	2017
REVENUES		
Student tuition and fees, net	$ 11,525,935	$ 10,497,944
Grants and contracts	18,672,021	19,192,283
Auxiliary enterprises	4,239,569	3,774,500
Other operating revenue	-	964,396
Total operating revenues	34,437,525	34,429,123
EXPENSES		
Educational and general	62,301,199	64,882,362
Auxiliary enterprises	5,694,800	5,712,000
Total operating expenses	67,995,999	70,594,362
Operating loss	(33,558,474)	(36,165,239)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	26,462,300	26,729,600
Federal grants and contracts	4,391,839	3,776,772
Investment income	1,174,232	1,407,599
Interest on capital asset – related debt	(236,690)	(226,835)
Other	971,372	(88,964)
Total non-operating revenues	32,763,053	31,598,172
Loss before capital appropriations	(795,421)	(4,567,067)
Capital appropriations	3,548,918	4,906,223
Change in net position	2,753,497	339,156
NET POSITION		
Net position, beginning of year, as restated in 2018	(1,675,975)	8,362,208
Cumulative effect of GASB 75 implementation	-	(10,377,339)
Net position, end of year, as restated in 2017	$ 1,077,522	$ (1,675,975)

Figure1


Operating Revenue by Category
for FY18 and FY17
2-Year Trend
(in thousands)
$21,000
$19,000
$17,000
$15,000
$13,000
$11,000
$9,000
$7,000
$5,000
$3,000
$1,000
FY18
Total Operating Revenue
$34437525
FY17
Total Operating Revenue
$34,429,123
Tuition & Fees, net
Grants & Contracts
Auxiliary Enterprise


FY 2018 Operating Revenue Categories
as a % of Total Operating Revenues
12.3%
0.0%
33.5%
54.2%
Tuition & Fees, net
Grants & Contracts
Auxiliary Enterprise
Other Operating Revenues

Operating Revenue

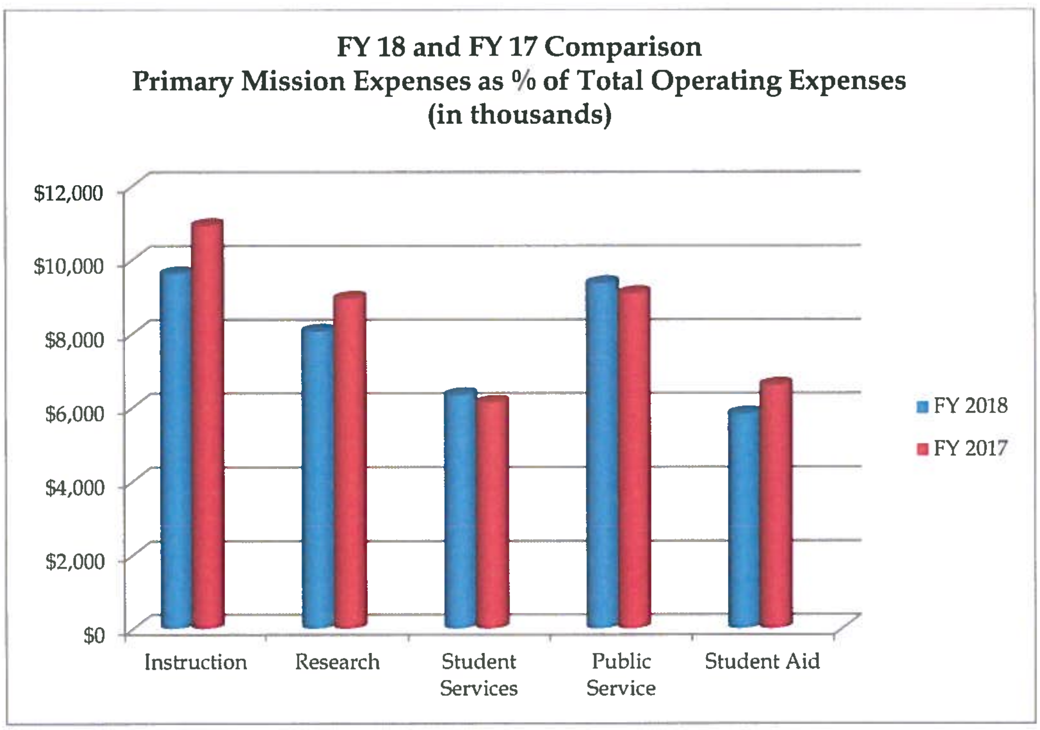
Total operating revenues were $34.4 million for the year ended June 30, 2018, which was consistent with FY17. The primary components of operating revenue were federal, state and local grants and contracts of $18.7 million (54.2%), student tuition and fees, net, of $11.5 million (33.5%) and auxiliary services and other revenues of $4.2 million (12.3%). FY18 net student tuition and fees revenue increased $1.0 million compared to FY17. FY18 grants and contracts revenue decreased $0.5 million compared to FY17 due to decreased awards and spending. FY18 auxiliary services and other revenue increased $0.5 million compared to FY17. Refer to ***Figure 1*** for the two-year trend of the operating revenues as a percent to total operating revenues and revenue by category.

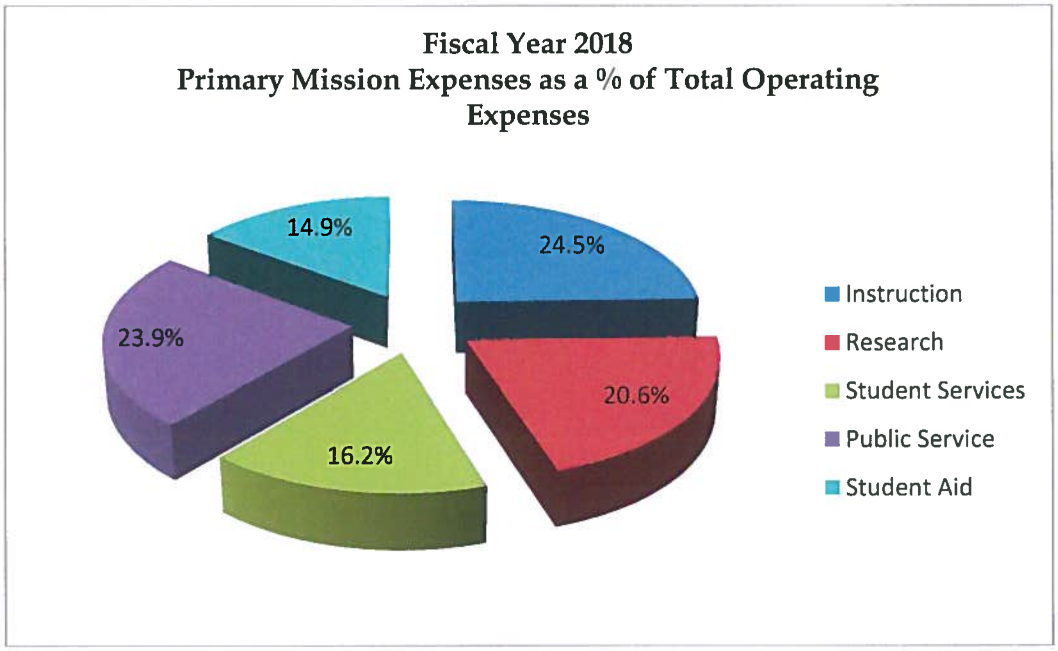
Operating Expenses

Operating expenses totaled $68.0 million, a decrease of $2.6 million from last year. Of this amount, $39.2 million (57.7%) was expended directly for the primary mission of the University – instruction (14.1%), research (11.9%), student services (9.3%), student aid (8.6%), and public service (13.8%). Instruction is the main component of Primary Mission expenses amounting to $9.6 million in fiscal year 2018 or 14.1%. Refer to ***Figure 2*** for the operating expenses categorized into the Primary Mission of the University.

(Percentages below do not include depreciation or operations/maintenance allocations.)

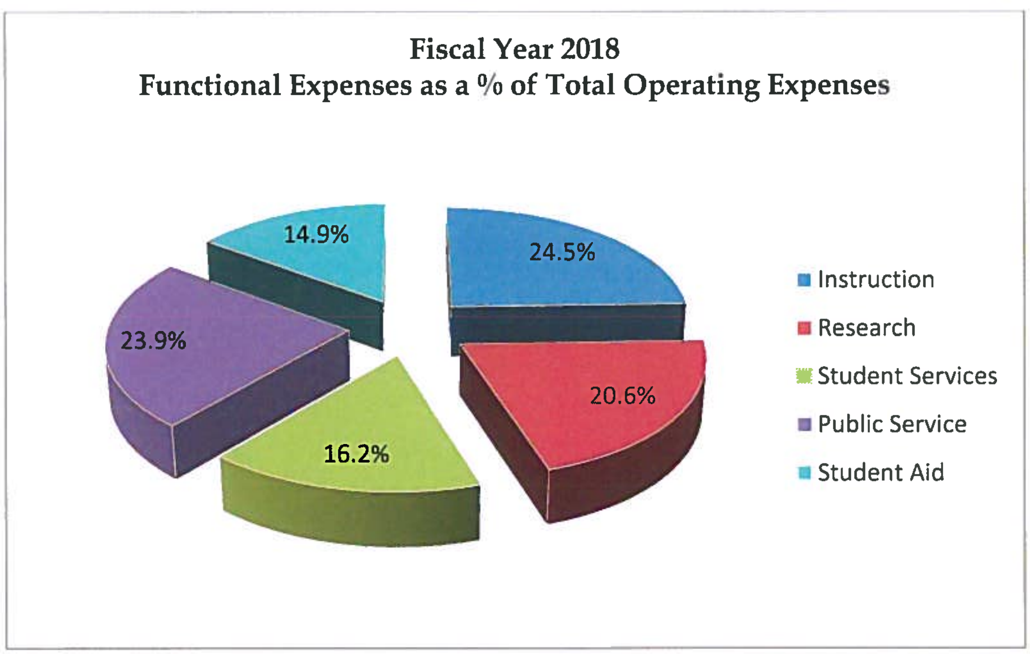
Figure 2





In addition to the Primary Mission expenses of the University, there are expenses from depreciation and operations & maintenance that are allocated to the various functional classifications (See Note 13 – Schedule of Expenses by Program). See below for the operating expenses categorized into the Functional Expenses of the University.

(Percentages below include depreciation and operations/maintenance allocations.)



The University continued to invest in student aid and support services to provide students with opportunities to be successful in fiscal year 2018. For the year ended June 30, 2018, student aid expenses totaled $5.8 million and scholarship allowances totaled $5.1 million.

The University had an overall decrease in institutional support of $0.1 million, which was consistent with the overall expenditure decrease University wide. The large expenditures in the primary areas of instruction, research and student services, in conjunction with minimal increases to fixed cost areas, confirms the University resource allocations are clearly aligned with the University's strategic priorities to support academic and student excellence.

The net loss from operations for the year amounted to $33.6 million. Non-operating revenues, net of expenses, amounted to $32.8 million, resulting in a loss before capital appropriations of $0.8 million for the year. With capital appropriations of $3.5 million, net position increased by $2.7 million. Non-operating revenues include state appropriations of $26.5 million and non-operating federal grants and contracts of $4.4 million.

Statement of Cash Flows

The Statement of Cash Flows presents information related to the University's cash inflows and outflows summarized by operating activities, noncapital financing activities, capital financing activities and investing activities. The primary purpose of the Statement of Cash Flows is to provide information about the cash receipts and cash payments made by the University during the year, to allow financial statement readers to assess the University's ability to generate future net cash flows, its ability to meet obligations as they become due and its possible need for external financing.

Condensed Statement of Cash Flows

	2018	2017
Cash (used) provided by:		
Operating activities	$ (34,470,187)	$ (29,095,167)
Non-capital financing activities	31,825,511	30,417,408
Capital and related financing activities	(2,026,596)	(2,831,576)
Investing activities	-	220,901
Change in cash	(4,671,272)	(1,288,434)
Cash and cash equivalents, beginning year	18,660,458	19,948,892
Cash and cash equivalents, end of year	$ 13,989,186	$ 18,660,458

Cash and Investments

Major sources of cash received from operating activities are student tuition and fees of $10.6 million and grants and contracts of $18.5 million. Major uses of cash for operating activities were payments to employees for salaries and benefits of $39.2 million and to vendors and contractors of $23.0 million.

Noncapital financing activities included state appropriations from the Commonwealth of Kentucky of $26.5 million.

Capital and related financing activities include purchases and payments of $5.6 million expended for construction and acquisition of capital assets and for principal and interest payments on the retirement of the University's bonds and other capital related debt.

State Appropriations

State appropriations represent approximately 40.0% of all operating and non-operating revenues. The level of state support is a key factor influencing the University's overall financial condition. State appropriation is unrestricted revenue and is included as non-operating revenue. State appropriations are used to support payroll and benefits for University employees.

The following details the net Commonwealth appropriations received by the University for fiscal years ending June 30, 2018 and 2017.

	2018	2017
Commonwealth appropriations	$ 26,462,300	$ 26,729,600

Capital Appropriations for the Commonwealth

The University faces financial challenges to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. A combination of revenue sources funds the University's investment in capital improvements, including appropriations provided by the Commonwealth of Kentucky. In fiscal year 2018, the Commonwealth provided capital appropriations of $3.5 million to the University. State capital appropriations plus federal sources play an important role in the University's efforts to address deferred maintenance projects.

Grant and Contract Revenue

The following table details the University's grant and contract revenue for fiscal years ended June 30, 2018 and 2017.

	2018	2017
Federal grants and contracts, operating	$ 15,982,090	$ 16,408,586
Federal grants and contracts, non-operating	4,391,839	3,776,772
State grants and contracts	2,689,931	2,783,697
Total grants and contracts	$ 23,063,860	$ 22,969,055

Capital Plan

The University continues to face financial challenges to maintain and upgrade its capital assets including its infrastructure, buildings and grounds. A combination of revenue sources fund the University's investment in capital improvements. Those include appropriations provided by the Commonwealth of Kentucky. In fiscal year 2016-17, the Commonwealth funded one capital project, appropriating state bond funds toward Repair Boilers and Aging Distribution Lines. As of June 30, 2018, $8.8 million has been expended on this project. State capital appropriations for deferred maintenance were not appropriated. Federal funds are the primary source for the University's College of Agriculture and Land Grant departments.

Designated and Non-designated Spending

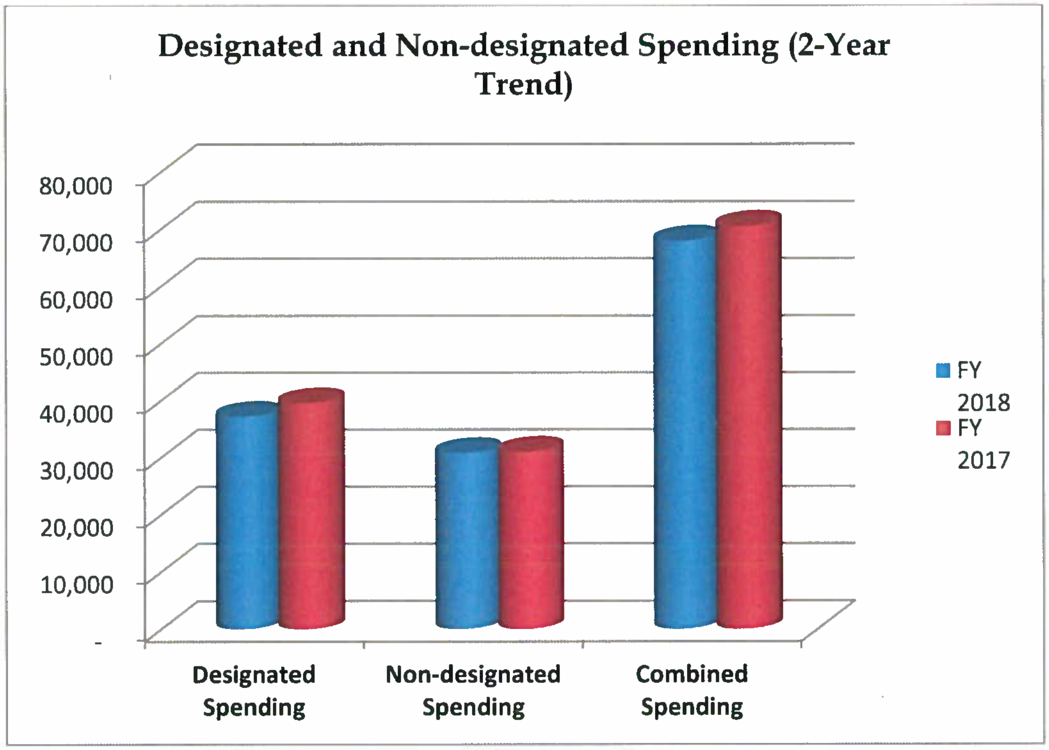
In the tables below, expenses have been categorized into designated or non-designated spending categories. The designated spending category includes funds expended by function from contracts and grants, land grant, auxiliary and depreciation. These funds must be expended for the purposes for which the funds were received or budgeted. This category also includes funds for student aid. All other spending is categorized as non-designated spending. Total spending for all functions in 2018 in the non-designated category is consistent with 2017.

	2018		
	Designated Spending	Non-designated Spending	Combined Spending
Instruction	$ 679,679	$ 8,941,956	$ 9,621,635
Research	8,343,569	(282,310)	8,061,259
Public service	9,595,485	(233,718)	9,361,767
Academic support	277,999	1,143,756	1,421,755
Student services	677,085	5,654,520	6,331,605
Institutional support	1,369,645	10,525,724	11,895,369
Operation and maintenance of plant	-	4,743,469	4,743,469
Student aid	5,518,176	303,450	5,821,626
Auxiliary	5,292,967	-	5,292,967
Depreciation	5,444,547	-	5,444,547
Total	$ 37,199,152	$ 30,796,847	$ 67,995,999

	2017		
	Designated Spending	Non-designated Spending	Combined Spending
Instruction	$ 1,835,073	$ 9,088,169	$ 10,923,242
Research	8,687,330	260,911	8,948,241
Public service	9,071,607	16,696	9,088,303
Academic support	1,745,712	1,113,267	2,858,979
Student services	1,233,403	4,892,776	6,126,179
Institutional support	1,663,318	10,302,408	11,965,726
Operation and maintenance of plant	-	4,632,516	4,632,516
Student aid	5,882,648	713,060	6,595,708
Auxiliary	5,407,271	-	5,407,271
Depreciation	4,048,197	-	4,048,197
Total	$ 39,574,559	$ 31,019,803	$ 70,594,362

The graph in ***Figure 3*** shows a two-year trend of designated, non-designated, and combined spending. Designated spending decreased $2.4 million in 2018. Non-designated spending decreased $0.2 million in 2018. Combined spending decreased $2.6 million in 2018.

Figure 3



Capital Asset and Debt Administration

Capital Assets

Capital assets, net of accumulated depreciation, totaled $76.9 million at June 30, 2018, a decrease of $0.9 million. Capital assets as of June 30, 2018 and significant changes in capital assets during the year are as follows (in millions):

	June 30, 2018	Net Additions (Reductions) FY 17-18	June 30, 2017
Land and land improvements	$ 6.3	$ -	$ 6.3
Buildings, fixed equipment and infrastructure	155.2	0.5	154.7
Equipment, vehicles and capitalized software	31.3	1.0	30.3
Library materials and art	10.6	0.1	10.5
Construction in progress	9.6	3.0	6.6
Accumulated depreciation	(136.1)	(5.5)	(130.6)
Total	$ 76.9	$ (0.9)	$ 77.8

Long-Term Debt

At June 30, 2018, bonds and lease payable amounted to $4.3 million, as summarized below:

	2018	2017
Lease obligations	$ 1,719,037	$ 2,245,098
Note payable to City of Frankfort	50,000	150,000
General receipts bonds	2,525,000	2,755,000
Bond discount	(36,345)	(38,307)
Total	$ 4,257,692	$ 5,111,791

Economic Factors Impacting Future Periods

University management continues its strategic mission to uniquely position Kentucky State University as Kentucky's small public liberal arts institution of excellence for the citizens of the Commonwealth and for advancing higher education in Kentucky by inspiring innovation, growing leaders and advancing Kentucky. Executive management continues to work with the Council on Postsecondary Education to address the needs of the Commonwealth and believes it is positioning the University to become a strong, financially viable and efficient institution of higher learning.

Future economic factors impacting Kentucky State University include the following known facts:

- Tuition and costs of attendance—Kentucky State University continues to weigh its costs of attendance with the funding provided by the General Assembly to successfully deliver its programs and remain one of the most affordable public institutions in the Commonwealth. Funding levels and methodologies used for institutions of higher education in the Commonwealth are developed and approved by the Council on Postsecondary Education.
- Enrollment growth and student retention—Kentucky State University recruits a diverse student body of traditional, nontraditional and transfer students seeking baccalaureate and advanced degrees. Enrollment stabilization is a priority of University management and specifically, an increased strategy for recruiting in-state students.
- Program expansion—the University is well positioned to meet the needs of Kentuckians through its programs and educational activities. The University offers the following programs: Bachelors in Mass Communications and Journalism, a Masters of Arts in Special Education, and a Masters in Business Administration, a Masters in Public Administration, a Masters in Computer Science, a Masters in Environmental Studies, a Masters of Science in Interdisciplinary Behavioral Studies and a Doctorate in Nursing Practice.
- Regional Stewardship—Kentucky State University continues to meet the economic and community needs of its area of geographic responsibility through collaborative initiatives with businesses, community-based organizations, schools and other educational agencies, citizens and local and state officials.
- Land Grant – Kentucky State University continues to fulfill its mission as a land grant institution providing innovative research opportunities on its research vessel, the Kentucky River Thorobred and community based extension through the Rosenwald Center for Families and Children

The overall financial position of the University was stable during fiscal year 2018. Revenue streams were stressed. As the University adapts to present economic environments, new opportunities for funding will be explored to complement state support. Executive management's goal is to deliver exceptional programs and services to students and constituents while maintaining financial stability. Management believes Kentucky State University is able to sustain its financial position and solidify its standing as a regional university of excellence.

KENTUCKY STATE UNIVERSITY
STATEMENT OF NET POSITION
June 30, 2018

ASSETS	
Current assets	
Cash and cash equivalents	$ 13,989,186
Accounts, grants and loans receivable, net	5,087,765
Total current assets	19,076,951
Noncurrent assets	
Accounts, grants and loans receivable, net	235,240
Investments	17,734,544
Capital assets, net	76,917,768
Total noncurrent assets	94,887,552
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows – pension	12,978,170
Deferred outflows – other postemployment benefits	1,510,794
Total deferred outflows	14,488,964
Total assets and deferred outflows of resources	128,453,467
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	4,352,329
Accrued compensated absences	1,638,427
Unearned revenue	161,199
Deposits and other current liabilities	120,966
Long-term debt, current portion	834,386
Total current liabilities	7,107,307
Non-current liabilities	
Net pension liability	73,393,612
Net OPEB liability	12,061,267
Long-term debt, non-current portion	3,423,306
Federal grants refundable	596,898
Total noncurrent liabilities	89,475,083
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows – pension	30,589,458
Deferred inflows – other postemployment benefits	204,097
Total deferred inflows	30,793,555
Total liabilities and deferred inflows of resources	127,375,945
NET POSITION	
Invested in capital assets, net of related debt	72,660,076
Restricted	
Nonexpendable - endowment	3,562,238
Expendable	5,388,621
Unrestricted	(80,533,413)
Total net position	$ 1,077,522

See accompanying notes to financial statements.

KENTUCKY STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018

ASSETS	
Current assets	
Cash and cash equivalents	$ 1,510,660
Total current assets	1,510,660
Investments, at fair value	9,385,316
Property and equipment	
Equipment	140,400
Buildings and improvements	65,526
	205,926
Accumulated depreciation	(183,884)
Property and equipment, net	22,042
Other assets	34,099
Total assets	$ 10,952,117
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	$ 844
Accrued liabilities	3,727
Total liabilities	4,571
Net assets	
Unrestricted	242,591
Temporarily restricted	6,910,849
Permanently restricted	3,794,106
Total net assets	10,947,546
Total liabilities and net assets	$ 10,952,117

See accompanying notes to financial statements.

KENTUCKY STATE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2018

REVENUES	
Operating revenues	
Student tuition and fees (net of scholarship allowances of $5,069,418)	$ 11,525,935
Federal grants and contracts	15,982,090
State and local grants and contracts	2,689,931
Auxiliary enterprises:	
Residence halls	2,179,609
Dining	1,913,732
Bookstore	119,680
Other auxiliaries	26,548
Total operating revenues	34,437,525
EXPENSES	
Operating expenses	
Educational and general	
Instruction	9,621,635
Research	8,061,259
Public service	9,361,767
Academic support	1,421,755
Student services	6,331,605
Institutional support	11,895,369
Operation and maintenance of plant	4,743,469
Student aid	5,821,626
Depreciation	5,042,714
Auxiliary enterprises	
Residence halls	1,124,604
Dining	2,339,189
Other auxiliaries	816,209
Bookstore	1,012,965
Depreciation	401,833
Total operating expenses	67,995,999
Operating loss	(33,558,474)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	26,462,300
Federal grants and contracts	4,391,839
Investment income (net of investment expense)	1,174,232
Interest on capital asset-related debt	(236,690)
Other	971,372
Net non-operating revenues	32,763,053
Loss before capital appropriations	(795,421)
Capital appropriations	3,548,918
Change in net position	2,753,497
NET POSITION	
Net position, beginning of year, as originally stated	8,701,364
Cumulative effect of GASB 75 implementation	(10,377,339)
Net position, beginning of year, as restated	(1,675,975)
Net position, end of year	$ 1,077,522

See accompanying notes to financial statements.

KENTUCKY STATE UNIVERSITY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support				
Contributions	$ 6,328	$ 730,102	$ 78,882	$ 815,312
Investment income:				
Interest and dividends	2,623	223,769	-	226,392
Realized and unrealized gains	5,859	357,649	-	363,508
Total investment income	8,482	581,418	-	589,900
Releases from restrictions	1,172,159	(1,172,159)	-	-
Total revenues, gains and other support	1,186,969	139,361	78,882	1,405,212
Expenses				
Scholarships	298,107	-	-	298,107
Operating expenses	161,035	-	-	161,035
Personal services	118,414	-	-	118,414
University support	435,343	-	-	435,343
Student support	130,447	-	-	130,447
Travel and promotion	61,017	-	-	61,017
Total expenses	1,204,363	-	-	1,204,363
Change in net assets, before reclassification	(17,394)	139,361	78,882	200,849
Reclassification	6,662	(10,162)	3,500	-
Change in net assets	(10,732)	129,199	82,382	200,849
Net assets, beginning of year	253,323	6,781,650	3,711,724	10,746,697
Net assets, end of year	$ 242,591	$ 6,910,849	$ 3,794,106	$ 10,947,546

See accompanying notes to financial statements.

KENTUCKY STATE UNIVERSITY
STATEMENT OF CASH FLOWS
Year ended June 30, 2018

Cash flows from operating activities	
Tuition and fees	$ 10,585,839
Grants and contracts	18,494,647
Payments to suppliers	(23,036,507)
Payments to employees	(39,227,212)
Payments to students	(5,555,850)
Collection of loans issued to students	11,144
Auxiliary enterprises:	
Residence halls and dining	4,111,668
Bookstore	119,680
Other auxiliaries	26,548
Other payments	(144)
Net cash from operating activities	(34,470,187)
Cash flows from non-capital financing activities	
State appropriations	26,462,300
Federal grants and contracts	4,391,839
Other	971,372
Net cash from non-capital financing activities	31,825,511
Cash flows from capital financing activities	
Purchases of capital assets	(4,522,840)
Principal paid on capital debt	(854,099)
Interest paid on capital debt	(198,575)
Capital appropriations	3,548,918
Net cash from capital financing activities	(2,026,596)
Cash flows from investing activities	
Investment income	1,174,232
Proceeds from sale of investments	7,195,829
Purchases of investments	(8,370,061)
Net cash from investing activities	-
Net change in cash and cash equivalents	(4,671,272)
Cash and cash equivalents at beginning of year	18,660,458
Cash and cash equivalents at end of year	$ 13,989,186

(Continued)

Reconciliation of net operating loss to net cash from operating activities	
Operating loss	$ (33,558,474)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation expense	5,444,547
Changes in assets and liabilities:	
Receivables, net	(864,293)
Collection of loans issued to students	11,144
Accounts payable and accrued liabilities	(149,002)
Unearned revenue	(253,321)
Deposits	18,327
Deferred outflows – pension and OPEB	4,483,823
Deferred inflows – pension and OPEB	14,015,527
Net pension liability	(24,678,942)
Net OPEB liability	1,060,477
Net cash from operating activities	$ (34,470,187)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Kentucky State University (the University) is a component unit of the Commonwealth of Kentucky (the Commonwealth) and is included in the general-purpose financial statements of the Commonwealth. The Kentucky State University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt organization supporting the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Foundation's Board of Directors is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted by the donors to the activities of the University. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Basis of Presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis of Public College and Universities, issued in June and November, 1999, respectively. The University reports as a Business Type Activity (BTA), as defined by GASB Statement No. 35. BTA's are those activities that are financed in whole or in part by fees charged to external parties for goods and services. The University, as a BTA, has adopted GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Therefore, the University follows GASB pronouncements and all Financial Accounting Standards Board pronouncements except those that conflict with or contradict GASB pronouncements.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Invested in capital assets, net of related debt**: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- **Restricted:**
  Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the University. Such positions include the University's permanent endowment funds.
  Expendable – Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted**: Net position whose use by the University is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Regents or may otherwise be limited by contractual agreements with outside parties.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The financial statement presentation required by GASB Statement No. 35 is intended to provide a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

Cash Equivalents: For the Statement of Cash Flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts, Grants, and Loans Receivable, net: Accounts receivables consist of tuition and fee charges, loans to students and amounts due from federal and state governments, non-governmental sources, in connection with reimbursements of allowable expenses made pursuant to grants and contracts. Accounts receivables are recorded net of allowance for doubtful accounts.

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

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market and consist of physical plant items. Inventories consist of physical plant, postage and printing supplies.

Endowment Funds: Kentucky State University recognizes its fiduciary duty not only to invest the University's endowment holdings in formal compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) but also to manage those funds in continued recognition of the basic long-term nature of the University. The University interprets this to mean, in addition to the adopted spending guidelines and restrictions described below, that the assets of the University shall be actively managed, that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. The University recognizes that, commensurate with its overall objective of maximizing long-range return while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity of adherence to proper diversification, the University relies upon appropriate professional advice.

The University recognizes that long-term objectives are most important, but it is also necessary that shorter-term benchmarks be used to assess the periodic performance of the investment program. The University anticipates annual spending of five percent (5%) of the average market value for the past three years, the amount of which shall be determined in January of each year.

The University believes that it is prudent to diversify endowment investments so as to minimize the risks of large losses and has established asset allocation ranges based upon the University's participation demographics, anticipated cash flow requirements and the expected returns of the capital markets.

Investments: Investments are valued at fair value based on quoted market prices.

Capital Assets: Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of gift. Equipment with a unit cost of $2,000 or more and having an estimated useful life of greater than one year is capitalized. Renovations to buildings and infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets. The University capitalizes, but does not depreciate, works of art and historical treasures that are held for exhibition, education, research and public service. Estimated lives used for depreciation purposes are as follows:

Classification	Estimated Life
Improvements	20 years
Buildings	40 years
Transportation equipment	5-15 years
Equipment	5-20 years
Enterprise Resource Software	7 years
Library holdings	10 years

Compensated Absences: The liability and expense incurred for employee vacation and sick pay are recorded as accrued compensated absences in the statement of net position and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position.

Unearned Revenue: Unearned revenue includes amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent reporting period. Unearned revenues also include amounts received from grant and contract sponsors and state deferred maintenance funds that have not yet been earned.

Pensions and Other Postemployment Benefits (OPEB): For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources, and related expense, information about the fiduciary net position of the Kentucky Employees Retirement System (KERS) and Kentucky Teachers' Retirement System (KTRS) and additions to/deductions from KERS's and KTRS's fiduciary net position have been determined on the same basis as they are reported by KERS and KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Income Taxes: The University is an agency and instrumentality of the Commonwealth of Kentucky, pursuant to Kentucky Revised Statutes sections 164.290 through 164.475. Accordingly, the University is generally exempt from federal income taxes as an organization described in Section 115 of the Internal Revenue Code of 1986, as amended. The Foundation has received a determination from the Internal Revenue Service granting exemption from federal income taxation pursuant to the provisions of the Internal Revenue Code section 501(c)(3).

Restricted Asset Spending Policy: The University's policy is that restrictions on assets cannot be fulfilled by the expenditure of unrestricted funds for similar purposes. The determination on whether restricted or unrestricted funds are expended for a particular purpose is made on a case-by-case basis. Restricted funds remain restricted until spent for the intended purpose.

Operating Activities: The University defines operating activities, as reported on the statement of revenues, expenses and changes in net position, as those that generally result from exchange transactions, such as payments received for providing goods and services and payments made for services and goods received. Nearly all of the University's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as state and certain federal appropriations, gifts and investment income, are recorded as non-operating revenues, in accordance with GASB Statement No. 35.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Discounts and Allowances: Financial aid to students is reported in the financial statements under the alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid, such as loans and funds provided to students awarded by third parties, is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses, or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid.

Federal Grants and Contracts: Per GASB Statement No. 24, pass-through grants should be reported as revenues and expenses in the financial statements if that entity has any administrative or direct financial involvement in the program. An entity has administrative involvement if it determines eligible secondary recipients or projects, even if using grantor-established criteria. Therefore, Pell Grants are considered non-exchange transactions and are recorded as non-operating revenues in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Component Unit Disclosure: The accompanying financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the FASB. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

During the year ended June 30, 2018, the Foundation made distributions of approximately $435,343 on behalf of the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Kentucky State University Foundation, Inc. at P.O. Box 4210, Frankfort, KY 40604.

Recent Accounting Pronouncements Adopted/Implemented: As of June 30, 2018, the GASB has issued the following statements which were implemented by the University.

- GASB Statement No. 75, Account and *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The University adopted the Statement during the year ended June 30, 2018 and the adoption resulted in a decrease in net position at July 1, 2017 of $10,377,339 to reflect the beginning of year net OPEB liability and deferred outflow of resources.

(Continued)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- GASB Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The adoption of this standard had no effect on the University's net position or changes therein.

- GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The adoption of this standard had no effect on the University's net position or changes therein.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

The statement of net position classification "cash and cash equivalents" includes all readily available sources of cash such as petty cash and demand deposits.

At June 30, 2018, the University had petty cash funds totaling zero, and deposits as reflected by bank balances as follows:

	2018
Insured, commercial banks	$ 250,000
Uninsured, commercial banks; collateral held by pledging institution's agent in the University's name	371,211
Uninsured and uncollateralized, commercial banks	170,958
Maintained by Commonwealth of Kentucky, collateral held by the Commonwealth in the Commonwealth's name	14,311,402
	$ 15,103,571

The difference in the cash carrying amount per the statement of net position and the above balances represented items in transit. At June 30, 2018, the University had no cash and cash equivalents that are restricted for capital expenditures.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

As of June 30, 2018, the University had the following investments and maturities:

Investment Maturities (in years)

Investment Type	Fair Value	< 1	1-5	6-10	11-20
Money market funds	$ 907,305	$ 907,305	$ -	$ -	$ -
Equites and equity funds	10,143,085	10,143,085	-	-	-
Alternative strategies funds	635,723	635,723	-	-	-
Real assets funds	1,324,938	1,324,938	-	-	-
Corporate bonds	974,624	202,916	404,602	367,106	-
Government bonds	1,214,667	249,077	422,029	543,561	-
Other bond funds	2,534,202	2,534,202	-	-	-
	$ 17,734,544	$15,997,246	$ 826,631	$ 910,667	$ -

The University has an investment management agreement with Fifth Third Bank (Fifth Third). Fifth Third serves individual and institutional clients.

The University has the following recurring fair value measurements as of June 30, 2018:

	Total	Level 1	Level 2	Level 3
Money market funds	$ 907,305	$ 907,305	$ -	$ -
Equities and equity funds	10,143,085	10,143,085	-	-
Alternative strategies funds	635,723	635,723	-	-
Real assets funds	1,324,938	1,324,938	-	-
Corporate bonds	974,624	974,624	-	-
Government bonds	1,214,667	1,214,667	-	-
Other bond funds	2,534,202	2,534,202	-	-
	$ 17,734,544	$ 17,734,544	$ -	$ -

All securities classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Credit Risk: The University's average credit quality rating according to Moody's is Aa3.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal policy to specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University does not have a formal policy for concentration of credit risk.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal policy for custodial credit risk.

(Continued)

NOTE 3 - ACCOUNTS, GRANTS AND LOAN RECEIVABLE

Accounts, grants and loans receivable consist of the following as of June 30, 2018:

Student tuition and fees	$ 2,421,086
Student loans	1,262,458
Grants and contracts	3,629,310
Other	17,350
	7,330,204
Less: allowance for doubtful accounts	(2,007,199)
	5,323,005
Less: non-current portion	(235,240)
Current portion	$ 5,087,765

NOTE 4 - CAPITAL ASSETS, NET

Capital assets as of June 30, 2018, are summarized as follows:

	Beginning Balance	Additions	Reductions/ Transfers	Ending Balance
Cost				
Land and improvements	$ 6,275,031	$ -	$ -	$ 6,275,031
Buildings	154,741,818	446,243	-	155,188,061
Equipment	24,594,798	746,054	-	25,340,852
Computer software	1,611,447	8,923	-	1,620,370
Library holdings	10,488,366	159,705	-	10,648,071
Transportation equipment	4,160,577	203,484	-	4,364,061
Construction in progress	6,651,604	3,396,753	446,243	9,602,114
	208,523,641	4,961,162	446,243	213,038,560
Accumulated depreciation				
Buildings	99,521,389	2,310,432	-	101,831,821
Equipment	17,264,642	2,757,422	-	20,022,064
Library holdings	10,334,171	11,304	-	10,345,475
Transportation equipment	3,563,964	357,468	-	3,921,432
	130,684,166	5,436,626	-	136,120,792
Capital assets, net	$ 77,839,475	$ (475,464)	$ 446,243	$ 76,917,768

Construction in progress consists primarily of a project to repair and replace boilers and distribution lines. It is estimated that it will cost an additional $1.4 million to complete and will be completed in fiscal year 2019.

(Continued)

NOTE 5 - UNEARNED REVENUE

Unearned revenue consists of the following as of June 30, 2018:

Unearned summer school tuition and fees	$ 155,144
Unearned grants and contracts	6,055
	$ 161,199

NOTE 6 - LONG-TERM LIABILITIES

Long-term liabilities as of June 30, 2018, are summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-current Portion
General receipts bonds	$ 2,755,000	$ -	$ 230,000	$ 2,525,000	$ 240,000	$ 2,285,000
Note payable – City of Frankfort	150,000	-	100,000	50,000	50,000	-
Capital lease obligations - energy savings	2,245,098	-	526,061	1,719,037	548,870	1,170,167
Bond discount	(38,307)	-	(1,962)	(36,345)	(4,484)	(31,861)
Total bonds payable and capital lease obligations	5,111,791	-	854,099	4,257,692	834,386	3,423,306
Federal grants refundable	731,695	-	134,797	596,898	-	596,898
Total long-term liabilities	$ 5,843,486	$ -	$ 988,896	$ 4,854,590	$ 834,386	$ 4,020,204

The outstanding General Receipts Bonds Series A Bonds have interest rates from 3.625% - 3.875%. The bonds mature through 2027. The reserve requirements for these issues have been fully funded as of June 30, 2018.

All bonds are collateralized by University property and the pledge of certain revenues, tuition and fees.

The net book value of assets acquired through the capital leases included in the above schedule was approximately $2,618,566 as of June 30, 2018.

In 2009, the University signed a 10-year promissory note with the City of Frankfort, for the purchase of real property. The following is a schedule of future minimum payments required for the note payable at June 30, 2018:

Year ending June 30,	
2019	$ 50,000
	$ 50,000

NOTE 6 - LONG-TERM LIABILITIES (Continued)

The principal and interest repayment requirements relating to the outstanding bonds payable at June 30, 2017, are as follows:

Year ending June 30	Principal	Interest	Total
2019	$ 240,000	$ 97,291	$ 337,291
2020	250,000	88,291	338,291
2021	260,000	78,791	338,791
2022	270,000	68,781	338,781
2023	280,000	58,319	338,319
2024-2027	1,225,000	120,900	1,345,900
Total	$ 2,525,000	$ 512,373	$ 3,037,373

During 2005, the University entered into a capital lease for an energy management project. The lease obligation has an interest rate of 4.29% and requires annual payments of principal and interest through 2021. The lease obligation will be paid with guaranteed energy savings.

The following is a schedule of future minimum payments required for the capital lease obligations at June 30, 2018:

Year ending June 30,	
2019	$ 616,792
2020	616,792
2021	616,791
Total minimum lease payments	1,850,375
Less: amounts representing interest	(131,337)
Present value of minimum lease payment	$ 1,719,038

NOTE 7 - OPERATING LEASES

The University leases certain assets under operating lease agreements. The operating leases expire in various years through 2022. These leases do not transfer assets at the end of the lease term. Periods on these leases range from one to five years and requires the University to pay all executor costs (maintenance, insurance, taxes).

Future minimum lease payments at June 30, 2018, are as follows:

Year ending June 30,	
2019	$ 145,538
2020	52,303
2021	46,303
2022	17,034
	$261,178

Lease expense was $222,509 for the year ended June 30, 2018.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

Kentucky Employees' Retirement System - Defined Benefit Plan

Plan Description – The University contributes to the Kentucky Employees' Retirement System (KERS), a cost sharing - multiple employer public employee retirement system. KERS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service. KERS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601-6124 or by calling (502) 696-8800.

Benefits Provided

Non-Hazardous

	Tier 1 Participation Prior to September 1, 2008	Tier 2 Participation September 1, 2008 through December 31, 2013	Tier 3 Participation January 1, 2014
Benefit Formula	Final Compensation x Benefit Factor x Years of Service		Cash Balance Plan
Final Compensation	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	1.97% or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 – 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 27 years of service. Age 65 with 48 months of service. Money purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No month purchased calculations.	

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

	Tier 1 Participation Prior to September 1, 2008	Tier 2 Participation September 1, 2008 through December 31, 2013	Tier 3 Participation January 1, 2014
Reduced Retirement Benefit	Any age with 25 years of service. Age 55 with 5 years of service.	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit.

Hazardous

	Tier 1 Participation Prior to September 1, 2008	Tier 2 Participation September 1, 2008 through December 31, 2013	Tier 3 Participation January 1, 2014
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Highest 3 fiscal years (must contain at least 24 months). Includes lump-sum compensation payments (before and at retirement).	3 highest salaries; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	2.49%	10 years or less = 1.30%. Greater than 10 years, but no more than 20 years = 1.50%. Greater than 20 years, but no more than 26 years = 2.25%. Greater than 25 years = 2.50%.	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 20 years of service. Age 55 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.	Any age with 25 years of service. Age 60 with 60 months of service.
Reduced Retirement Benefit	Age 50 with 15 years of service.	Age 50 with 15 years of service.	No reduced retirement benefit.

Contributions - Benefit and contribution rates are established by state statute. Per Kentucky Revised Statute 61.565(3) contribution requirements of the active employees and the participating organizations are established and may be amended by the KRS Board. For the fiscal year ended June 30, 2018, University non-hazardous and hazardous employees were required to contribute 5 percent of their annual covered salary for retirement benefits for the year ended June 30, 2018. Non-hazardous and hazardous

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

employees with a participation date after September 1, 2008 were required to contribute an additional 1 percent of their covered salary for retiree healthcare benefits. The University was contractually required to contribute 41.06 percent of annual covered payroll for non-hazardous pay and 21.44 percent for hazardous pay to the pension plan for the year ended June 30, 2018. Actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The University's total contributions to KERS for the year ended June 30, 2018 was $1,531,999, equal to the required contributions for the year.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2018, the University reported a liability of $32,618,138 for its proportionate share of the non-hazardous net pension liability and $237,122 for hazardous. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2018, the University's proportion was 0.24 percent for non-hazardous and 0.05 percent for hazardous, respectively.

For the year ended June 30, 2018, the University's actuarially calculated pension expense was $2,754,949 for non-hazardous and $92,166 for hazardous. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2018	Deferred Outflows of Resources	Deferred Inflows of Resources
Non-hazardous:		
Difference between expected and actual experience	$ 5,802	$ 210,046
Net difference between projected and actual earnings on investments	157,733	-
Changes of assumptions	4,138,399	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,567,605
University contributions subsequent to measurement date	1,471,207	-
	$ 5,773,141	$ 2,777,651
Hazardous:		
Difference between expected and actual experience	$ 8,966	$ -
Net difference between projected and actual earnings on investments	2,630	-
Changes of assumptions	43,572	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	106,497	
University contributions subsequent to measurement date	60,792	-
	$ 222,457	$ -

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

At June 30, 2018, the University reported $1,531,999 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2018, related to pensions will be recognized in pension expense as follows:

	Non-hazardous	Hazardous
2018	$ 857,284	$ 76,546
2019	667,676	78,197
2020	44,244	9,910
2021	(44,920)	(2,984)
	$ 1,524,284	$ 161,665

Actuarial assumptions - The total pension liability at the measurement date of June 30, 2017 was determined by actuarial valuations as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

	2017
Inflation	2.30%
Salary increases, average including inflation	3.05
Investment rate of return, non-hazardous	5.25
Investment rate of return, hazardous	6.25

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KERS. The most recent analysis is outlined in a report dated December 5, 2015. Several factors are considered in evaluating the long-term rate of return assumption Including long-term historical data, estimates inherent in current market data, and a log - normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long- term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected Inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the following table:

	Non-hazardous	
Asset Class	Target Allocation	Long-Term Nominal Rate of Return
2018		
U.S. Equity	17.50%	5.75%
International Equity	17.50	7.38
Global Bonds	10.00	2.63
Global Credit	17.00	3.63
Real Estate	5.00	6.63
Absolute Return	10.00	5.63
Real Return	10.00	5.13
Private Equity	10.00	8.25
Cash Equivalents	3.00	1.88
Total	100%	

	Hazardous	
Asset Class	Target Allocation	Long-Term Nominal Rate of Return
2018		
U.S. Equity	17.50%	5.75%
International Equity	17.50	7.38
Global Bonds	4.00	2.63
Global Credit	2.00	3.63
High Yield	7.00	5.75
Emerging Market Debt	5.00	5.50
Private Credit	10.00	8.75
Real Estate	5.00	7.63
Absolute Return	10.00	5.63
Real Return	10.00	6.13
Private Equity	10.00	8.25
Cash Equivalents	2.00	1.88
Total	100%	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate of return was decreased from 6.75% to 5.25% (Non-hazardous) and 7.50% to 6.25% (Hazardous).
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

Changes Since Measurement Date - There were no changes between the measurement date of the collective net pension liability and the employer's reporting date.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount rate - The discount rate used to measure the total pension liability was 5.25% (Non-hazardous) and 6.25% (Hazardous), which was reduced from the 6.75% (Non-hazardous) and 7.50% (Hazardous) discount rates used in the prior year. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. Projected inflows from investment earnings were calculated using the long–term assumed investment return of 5.25% for Non-Hazardous and 6.75% for Hazardous for the June 30, 2017 actuarial valuation. The long–term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate - The University's proportionate share of the net pension liability has been calculated using a discount rate of 5.25% (Non-hazardous) for the June 30, 2017 actuarial valuation. The following presents the University's proportionate share of the net pension liability calculated using a discount rate 1% higher and 1% lower than the current rate as of June 30, 2018:

	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
Non-Hazardous			
Proportionate share of the Collective Net Pension Liability	$ 37,242,518	$ 32,618,138	$ 28,773,195

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Hazardous			
Proportionate share of the Collective Net Pension Liability	$ 301,620	$ 237,122	$ 183,602

Kentucky Teachers' Retirement System - Defined Benefit Plan

Plan Description –The Kentucky Teachers' Retirement System (KTRS), a cost sharing - multiple employer public employee retirement system. KTRS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service. KTRS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky, 40601 or by calling (502) 573-3266.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Benefits Provided

	Tier 1 Participation Prior to July 1, 2008	Tier 2 Participation on or After July 1, 2008
Covered Employees:	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.

	Tier 1 Participation Prior to July 1, 2008	Tier 2 Participation on or After July 1, 2008
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit:	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement.	

Contributions - Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2018, University employees were required to contribute 7.625 percent of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.865 percent of covered payroll for the year ended June 30, 2018. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The University's total contributions to KTRS for the year ending June 30, 2018 was $1,729,748 and were equal to the required contributions for the year. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees at a contribution rate of 3.25% for the year ending June 30, 2018.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2018, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the University by the Commonwealth of Kentucky. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows:

	2018
University's proportionate share of the net pension liability	$ 40,538,352
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the University	32,308,289
	$ 72,846,641

The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and update procedures were used to roll forward the total pension liability to the measurement date. The University's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2018, the University's proportion was 0.14 percent.

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

For the year ended June 30, 2018, the University's actuarially calculated pension expense was $(2,992,100). The University also recognized revenue of $2,061,409 for support provided by the Commonwealth. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2018		
Net difference between projected and actual earnings on investments	$ -	$ 313,654
Change in assumptions	5,019,090	2,814,238
Differences between expected an actual experience	233,734	857,357
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	23,826,558
Contributions subsequent to the measurement date	1,729,748	-
	$ 6,982,572	$ 27,811,807

At June 30, 2018, the University reported $1,729,748 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Net deferred outflow (inflows) of resources at June 30, 2018, related to pensions will be recognized in pension expense as follows:

2019	$ (7,369,801)
2020	(6,851,873)
2021	(6,059,024)
2022	(2,278,285)
	$ (22,558,983)

Actuarial assumptions - The total pension liability was determined by actuarial valuations as of June 30, 2016 and update procedures were used to roll forward the total pension liability to the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	3.50 – 7.30%, including inflation
Investment Rate of Return	7.50%, net of pension plan investment expense, including inflation

The rates of mortality for the period after service retirement are according to the RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 with a set forward of 2 years for males and 1 year for females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015 adopted by the Board on November 19, 2016.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

The long-term expected return on plan was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The June 30, 2018 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Equity	42.0%	4.4%
Non-U.S. Equity	20.0	5.3
Fixed Income	16.0	1.5
Additional Categories (Incl. Hedge Funds, High Yield And Non-U.S. Developed Bonds)	9.0	3.6
Real Estate	5.0	4.4
Private Equity	6.0	6.7
Cash	2.0	0.8
Total	100%	

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - The total pension liability as of June 30, 2017 reflects that the assumed municipal bond index rate increased from 3.01% to 3.56%, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.20% to 4.49%.

Changes Since Measurement Date - There were no changes between the measurement date of the collective net pension liability and the University reporting date that are expected to have a significant effect on the University's proportionate share of the collective net pension liability.

Discount rate - The discount rate used to measure the total pension liability at June 30, 2017 was 4.49%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at statutorily required rates, and the additional amount appropriated for fiscal year 2018. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2037 and a municipal bond index rate of 3.56% was applied to all periods of projected benefit payments after 2037. The SEIR that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

The total pension liability as of June 30, 2017 reflects that the assumed municipal bond index rate increased from 3.01% to 3.56%, resulting in a change in the SEIR from 4.20% to 4.49%. The impact of this change in the discount rate is a change in assumptions that is added to the expected total pension liability to determine the final total pension liability as of June 30, 2017.

(Continued)

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate - The following table presents the net pension liability of the University as of June 30, 2018, calculated using the discount rate of 4.49%, as well as what the University's net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage-point lower (3,49%) or 1-percentage-point higher (5.49%) than the current rate:

	1% Decrease (3.49%)	Current Discount Rate (4.49%)	1% Increase (5.49%)
Proportionate share of the Collective Net Pension Liability	$ 50,250,685	$ 40,538,352	$ 32,567,126

Summary Pension Plan Information:

	KERS Hazardous/ Non-hazardous	KTRS	Total
June 30, 2018			
Net pension liability	$ 32,855,260	$ 40,538,352	$ 73,393,612
Deferred outflows of resources	5,995,598	6,982,572	12,978,170
Deferred inflows of resources	2,777,651	27,811,807	30,589,458
Actuarially determined pension expense	2,847,115	(2,992,100)	(144,985)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB)

In addition to the pension plans disclosed in Note 8, the University's employees participate in either the Kentucky Teachers Retirement System (KTRS) OPEB Plan or the Kentucky Employees Retirement System (KERS) OPEB Plan depending on the retirement plan in which they participate. Each OPEB plan is described in detail below.

Kentucky Employees Retirement System (KERS) OPEB Plan

OPEB Benefits Provided: The information below summarizes the major other postemployment retirement benefit provisions of KERS Non-Hazardous and Hazardous plans. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

Insurance Tier 1: Participation began before 7/1/2003

Benefit Eligibility: Recipient of a retirement allowance

Benefit: The percentage of member premiums paid by the retirement system are dependent on the number of years of service. Benefits also include duty disability retirements, duty death in service, non-duty death in service and surviving spouse of a retiree.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Insurance Tier 2: Participation began on or after 7/1/2003, but before 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: The system provides a monthly contribution subsidy of $10 (Non-hazardous) and $15 (Hazardous) for each year of earned service. The monthly contribution is increased by 1.5% each July 1. Benefits also include duty disability retirements, duty death in service and non-duty death in service.

Insurance Tier 3: Participation began on or after 9/1/2008

Benefit Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

Benefit: Tier 3 insurance benefits are identical to Tier 2, except Tier 3 members are required to have at least 180 months of service in order to be eligible.

Contributions: The University was required to contribute at an actuarially determined rate determined by Statute. Per Kentucky Revised Statute Section 78.545(33) normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of an annual valuation last preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board.

For the fiscal year ended June 30, 2018, participating employers in the non-hazardous plan contributed 49.47% (41.06% allocated to pension and 8.41% allocated to OPEB) as set by KRS of each non-hazardous employee's creditable compensation. For the fiscal year ended June 30, 2018, participating employers in the Hazardous plan contributed 23.70% (21.44% allocated to pension and 2.26% allocated to OPEB) as set by KRS of each Hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investment earnings.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2018. Total current year contributions recognized by the Plan were $1,845,787 ($1,531,999 related to pension and $313,788 related to OPEB) for the year ended June 30, 2018. The OPEB contributions amount does not include the implicit subsidy reported in the amount of $48,179.

Members whose participation began before 9/1/2008:

Nonhazardous contributions equal 5% and Hazardous contributions equal 8% of all creditable compensation. Interest paid on the members' accounts is currently 2.5%; and per statute shall not be less than 2.0%. Member entitled to a full refund of contributions with interest.

Members whose participation began on or after 9/1/2008:

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Members whose participation on or after 1/1/2014:

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

Nonhazardous contributions equal to 6% and Hazardous contributions equal 9% of all creditable compensation, with 5% (Non-hazardous) and 8% (Hazardous) being credited to the member's account and 1% deposited to the KRS 401(h) Account. Interest paid on the members' accounts will be set at 2.5%. Member is entitled to a full refund of contributions and interest in their individual account, however, the 1% contributed to the insurance fund is non-refundable.

__Total OPEB Liability__: The total other postemployment benefits plan ("OPEB") was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.30 percent
Payroll growth rate	0.0 percent for KERS non-hazardous
Salary increases	3.05 percent, average
Investment rate of return	6.25 percent
Healthcare trend rates	
Pre-65	Initial trend starting at 7.25 percent at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 13 years.
Post-65	Initial trend starting at 5.10 percent at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 11 years.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2008 – June 30, 2013.

Discount rate assumptions:

(a) **Discount Rate:** The discount rate used to measure the total Non-hazardous OPEB liability was 5.83%, which was reduced from the 6.90% discount rate used in the prior year. The discount rate used to measure the total Hazardous OPEB liability was 5.87%, which was reduced from the 7.20% discount rate used in the prior year.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

(b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability.

(c) **Long-Term Rate of Return:** The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2008 through 2013 is outlined in a report dated April 30, 2014. However, the Board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

(d) **Municipal Bond Rate**: The discount rate determination used a municipal bond rate of 3.56% as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2017.

(e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

(f) **Assumed Asset Allocations**: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	17.50%	5.97%
International Equity	17.50%	7.85%
Global Bonds	4.00%	2.63%
Global Credit	2.00%	3.63%
High Yield	7.00%	5.75%
Emerging Market Debt	5.00%	5.50%
Private Credit	10.00%	8.75%
Real Estate	5.00%	7.63%
Absolute Return	10.00%	5.63%
Real Return	10.00%	6.13%
Private Equity	10.00%	8.25%
Cash	2.00%	1.88%
Total	100.00%	6.56%

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 6.25% based on a blending of the factors described above.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

(g) **Sensitivity Analysis**: This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

Non-hazardous

The following presents the University's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the discount rate of 5.83% percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.83 percent) or 1-percentage-point higher (6.83 percent) than the current rate for Non-hazardous:

	1% Decrease (4.83%)	Current Discount Rate (5.83%)	1% Increase (6.83%)
The University's Net OPEB liability – Non-hazardous	$ 7,223,284	$ 6,178,390	$ 5,310,018

The following presents the University's allocated portion of the Non-hazardous net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Non-hazardous:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Non-hazardous	$ 5,249,63	$ 6,178,390	$7,344,612

Hazardous

The following presents The University's allocated portion of the Hazardous net OPEB liability of the System, calculated using the discount rate of 5.87% percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.87 percent) or 1-percentage-point higher (6.87 percent) than the current rate for Hazardous:

	1% Decrease (4.87%)	Current Discount Rate (5.87%)	1% Increase (6.87%)
The University's Net OPEB liability – Hazardous	$ 35,037	$ 2,877	$ (23,473)

The following presents the University's allocated portion of the Hazardous net OPEB liability of the System, calculated using the healthcare cost trend rate of percent, as well as what the University's allocated portion of the System's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for Hazardous:

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Hazardous	$ (23,721)	$ 2,877	$ 35,894

Employer's Portion of the Collective OPEB Liability: The University's proportionate share of the Non-hazardous net OPEB liability, as indicated in the prior table, is $6,178,390, or approximately 0.243631%. The University's proportionate share of the Hazardous net OPEB liability, as indicated in the prior table, is $2,877, or approximately 0.047701%. The net pension liabilities were distributed based on 2017 actual employer contributions to the plan.

Measurement Date: June 30, 2017 is the actuarial valuation date and measurement date upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total OPEB liability have been updated as follows:

- The assumed investment rate of return was decreased from 6.75% to 5.25% (Non-hazardous) and 7.50% to 6.25% (Hazardous).
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net OPEB liability and the employer's reporting date.

OPEB Expense: The University was allocated pension expense of $612,902 related to the KERS Non-Hazardous and $5,128 related to the KERS Hazardous for the year ending June 30, 2018.

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled as deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the Measurement Date include:

Non-hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 7,646
Change of assumptions	808,938	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	45,341
Differences between expected and actual investment earning on plan investments	-	79,967
	808,938	132,954
Contributions subsequent to the measurement date	349,447	-
Total	$ 1,158,385	$ 132,954

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $301,336, which include the implicit subsidy reported of $48,111, will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2018	$ 168,525
2019	168,525
2020	168,525
2021	168,525
2022	1,885

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 413
Change of assumptions	35,865	-
Changes in proportion and differences between employer contributions and proportionate share of plan contributions	-	428
Differences between expected and actual investment earning on plan investments	-	10,302
	35,865	11,143
Contributions subsequent to the measurement date	12,520	-
Total	$ 48,385	$ 11,143

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of $12,452, which include the implicit subsidy reported of $68, will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2018	$ 4,045
2019	4,045
2020	4,045
2021	4,045
2022	6,621
Thereafter	1,921

OPEB Plan Fiduciary Net Position: Detailed information about the KERS OPEB plans' fiduciary net position is available in the separately issued OPEB plan financial reports.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Kentucky Teachers' Retirement System

Medical Insurance Plan

Plan Description - In addition to the pension benefits previously described, Kentucky Revised Statute 161.675 requires KTRS to provide post-employment healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided - To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Contributions - In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (0.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2018, the University reported a liability of $5,799,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the University's proportion was 0.162629%.

The amount recognized by the University as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the University were as follows:

University's proportionate share of the net OPEB liability	$ 5,799,000
State's proportionate share of the net OPEB liability associated with the University	2,630,000
Total	$ 8,429,000

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

For the year ended June 30, 2018, the University recognized OPEB expense of $377,000 and revenue of $171,000 for support provided by the State. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 60,000
University's contributions subsequent to the measurement date	283,192	-
Total	$ 283,192	$ 60,000

Of the total amount reported as deferred outflows of resources related to OPEB, $283,192 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2019	$ (15,000)
2020	(15,000)
2021	(15,000)
2022	(15,000)

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023
Ages 65 and Older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B Premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Municipal Bond Index Rate	3.56%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
Global Equity	60.0%	5.1%
Fixed Income	9.0	1.2
Real Estate	4.5	4.0
Private Equity	5.5	6.6
High Yield	10.0	4.3
Other Additional Categories*	10.0	3.3
Cash (LIBOR)	1.0	0.4
Total	100%	

**Modeled as 50% High Yield and 50% Bank Loans.*

Discount Rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate The following table presents the University's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
University's net OPEB liability (MI)	$ 6,752,000	$ 5,799,000	$ 5,004,000

Sensitivity of the University's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the University's proportionate share of the collective net OPEB liability, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
University's net OPEB liability (MI)	$ 4,856,000	$ 5,799,000	$ 6,961,000

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Ages 65 and older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by 2029
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

Life Insurance Plan

Plan Description – Life Insurance Plan – KTRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The KTRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the life insurance plan may be made by the KTRS Board of Trustees and the General Assembly.

Benefits Provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (0.03%) of the gross annual payroll of members is contributed by the state.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs: At June 30, 2018, the University reported a liability of $81,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the University's proportion was 0.369048%.

For the year ended June 30, 2018, the University recognized OPEB expense of $12,000. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ 17,000	$ -
University's contributions subsequent to the measurement date	3,832	-
Total	$ 20,832	$ -

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, $3,832 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2019	$ 4,000
2020	4,000
2021	4,000
2022	5,000

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.56%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS PLANS (OPEB) (Continued)

Asset Class	Target Allocation	Long-Term Nominal Rate of Return
U.S. Large Cap Equity	38.4%	4.3%
U.S. Small Cap Equity	2.6	4.8
Developed International Equity	15.8	5.2
Emerging Markets Equity	4.2	5.4
Fixed Income – Inv. Grade	16.0	1.2
Real Estate	6.0	4.0
Private Equity	7.0	6.6
High Yield	2.0	4.3
Other Additional Categories**	7.0	3.3
Cash (LIBOR)	1.0	0.5
Total	100%	

* *As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return.*
** *Modeled as 50% High Yield and 50% Bank Loans.*

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate - The following table presents the University's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
University's net OPEB (LI) liability	$ 135,000	$ 81,000	$ 37,000

OPEB plan fiduciary net position – Detailed information about the KTRS OPEB plans' fiduciary net position is available in the separately issued KTRS financial report.

Summary OPEB Information:

	KERS	KTRS	Total
June 30, 2018			
Net OPEB liability	$ 6,181,267	$ 5,880,000	$ 12,061,267
Deferred outflows of resources	1,206,770	304,024	1,510,794
Deferred inflows of resources	144,097	60,000	204,097
Actuarially determined pension expense	618,030	389,000	1,007,030

(Continued)

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The University is a party to various lawsuits and other claims in the ordinary course of business. University officials are of the opinion, based upon the advice of legal counsel, that the ultimate resolution of these matters will not have a material effect on the financial statements of the University.

The University receives financial assistance from federal and state agencies in the form of grants and awards. The expenditure of funds received from these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audit could become a liability of the applicable fund.

NOTE 11 - RISK MANAGEMENT

The University is exposed to various risks of loss from torts; theft of, damage to, destruction of assets; business interruption; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from these risks. Settled claims have not exceeded this commercial coverage in any of the three preceding years. As a sovereign entity of the Commonwealth of Kentucky, the Kentucky Board of Claims handles tort claims on behalf of the University.

NOTE 12 - SCHEDULE OF EXPENSES BY PROGRAM

In the Statement of Revenues, Expenses and Changes in Net Position, operating expenses are presented by functional expense purpose. Depreciation is allocated below based on functional classification as required by IPEDS for Fiscal Year 2018. Functional expense purpose is classified by natural classification as follows:

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Operations Maintenance	Total
Instruction	$ 8,539,997	$ 1,081,638	$ -	$ 838,237	$ 937,501	$ 11,397,373
Research	5,269,187	2,792,072	-	1,151,000	825,679	10,037,938
Public service	5,582,327	3,779,440	-	506,494	884,476	10,752,737
Academic support	1,042,013	379,742	-	192,626	144,694	1,759,075
Student services	4,107,648	2,223,957	-	588,539	620,241	7,540,385
Institutional support	6,844,384	5,050,985	-	866,779	1,143,850	13,905,998
Operation & maintenance of plant	1,225,026	3,518,443	-	849,601	(5,593,070)	-
Auxiliary enterprises	585,940	4,707,027	-	401,833	510,415	6,205,215
Student financial aid	253,906	11,870	5,555,850	49,438	526,214	6,397,278
Total operating expense	$ 33,450,428	$ 23,545,174	$ 5,555,850	$ 5,444,547	$ -	$ 67,995,999

(Continued)

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC.

Description of the Organization

Kentucky State University Foundation, Inc. (the Foundation) is a Kentucky not-for-profit corporation formed to receive, invest and expend funds to promote and implement educational and developmental activities at Kentucky State University (the University). The Foundation is managed by a Board of Trustees independent from that of the University. The Foundation is supported primarily through contributions from alumni.

Summary of Significant Accounting Policies

Use of Estimates: The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Foundation in the preparation of its financial statements.

Basis of Presentation: Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

> Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation, pursuant to those stipulations or that expire by the passage of time. Assets released from restrictions during 2018 primarily relate to scholarships and University and student support.
>
> Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or removed by actions of the Foundation pursuant to those stipulations. Permanently restricted net assets consist of assets from which the income can be used toward University scholarships and Foundation operations.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Foundation has a concentration of credit risk in that it periodically maintains bank accounts which, at times, may exceed the coverage provided by the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses on such amounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Investments: Investments are stated at fair value based on closing market quotations for such securities or similar securities.

Property and Equipment: Property and equipment is recorded at cost if purchased or fair market value at date of contribution if contributed. If the donors stipulate how long the assets must be used, the contributions of property and equipment are recorded as restricted support. In the absence of such stipulations, these contributions are recorded as unrestricted support. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

(Continued)

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC. (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue Recognition: Contributions are generally recognized when received. However, pledges are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes: Kentucky State University Foundation, Inc., a not-for-profit organization operating under Section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal, state and local income taxes. The Foundation's management does not believe the Foundation has any unrelated business income. Accordingly, no provision for income taxes is recorded in the financial statements.

Recent Accounting Pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2017-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, that changes how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The ASU includes a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. This ASU will be effective for the Foundation for fiscal years beginning after December 15, 2017. Early adoption is permitted. The Foundation is currently evaluating the effects adoption of this guidance will have on the financial statements.

Subsequent Events: The Foundation's management has evaluated subsequent events for accounting and disclosure requirements through September 24, 2018, the date the financial statements were available to be issued. There were no events occurring during the evaluation period that require recognition or disclosure in the financial statements.

Investments

Investments as of June 30, 2018 are summarized as follows:

Equity securities	$ 6,272,340
Debt securities	2,680,103
U.S. government securities	432,873
Total investments	$ 9,385,316

(Continued)

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC. (Continued)

Fair Value Measurements

The Foundation classifies its investments based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2018.

Common stocks, municipal bonds, corporate bonds, U.S. government securities, and equity exchange traded funds: Valued at the closing price reported on the active market on which the individual securities are traded. Some level 2 inputs are used for pricing of municipal and corporate bonds; therefore, they are all classified as level 2.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Real estate investment trust: Valued at the NAV of shares held by the Foundation at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value measurements as of June 30, 2018 are as follows:

	Level 1	Level 2	Level 3	Total
Common stocks	$ 3,792,259	$ -	$ -	$ 3,792,259
Mutual funds	2,276,686	-	-	2,276,686
Municipal bonds	-	259,760	-	259,760
Corporate bonds	-	2,420,343	-	2,420,343
U.S government securities	432,873	-	-	432,873
Equity exchange traded funds	203,395	-	-	203,395
Total	$ 6,705,213	$ 2,680,103	$ -	$ 9,385,316

(Continued)

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC. (Continued)

Temporarily Restricted Net Assets

For the year ended June 30, 2018, net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restrictions specified by donors as follows:

Endowment spending allocation	$ 676,590
University support	116,122
Scholarships	120,107
Operating and other expenses	57,265
Student support	127,275
Personal services	18,864
Travel and other expenses	55,936
Total release from restrictions	$ 1,172,159

Retirement Plan

The Foundation has a defined contribution profit sharing plan which covers all employees who meet certain requirements. Foundation contributions are discretionary. No contributions were made for the year ended June 30, 2018.

Endowment Composition

On July 15, 2010, The Commonwealth of Kentucky adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation follows UPMIFA and its own governing documents. The Foundation has interpreted UPMIFA as requiring the preservation of the corpus of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and other amounts as deemed necessary by the board. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation has determined that the balance of its endowments includes funds that require that the income and net appreciation be restricted to certain uses for the benefit of participants.

Upon review, the Foundation has determined that appropriate expenditures have been made to meet all donor restrictions regarding balances recorded in the endowment fund.

Spending Policy: The Foundation spending policy is to distribute an amount at least equal to 3-5% of a moving sixteen quarter average of the fair value of the endowment funds. Accordingly, over the long term, the Foundation expects its spending policy to allow its endowment assets to grow at an average rate of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2018.

NOTE 13 – KENTUCKY STATE UNIVERSITY FOUNDATION, INC. (Continued)

Endowment Composition (Continued)

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 3,788,318	$ 3,794,106	$ 7,582,424

Changes in endowment net assets as of June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ -	$ 3,981,609	$ 3,711,724	$ 7,693,333
Contributions	-	-	78,882	78,882
Interest and dividends	-	186,272	-	186,272
Realized and unrealized gains	-	297,027	-	297,027
Amounts appropriated for expenditure	-	(676,590)	-	(676,590)
Reclassifications	-	-	3,500	3,500
Endowment net assets, end of year	$ -	$ 3,788,318	$ 3,794,106	$ 7,582,424

REQUIRED SUPPLEMENTARY INFORMATION

KENTUCKY STATE UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S (KSU)
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KENTUCKY EMPLOYEES' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

Non-hazardous

	2018	2017	2016	2015
KSU's proportion of the net pension liability	$ 32,618	$ 29,146	$ 29,408	$ 28,555
KSU's proportionate share of the net pension liability	0.24%	0.26%	0.29%	0.32%
KSU's covered payroll	$ 3,888	$ 4,321	$ 5,390	$ 5,453
KSU's proportionate share of the net pension liability as a share of its covered payroll	838.94%	674.52%	545.60%	523.66%
Plan fiduciary net position as a percentage of total pension liability	13.30%	14.80%	18.83%	22.32%

Hazardous

	2018
KSU's proportion of the net pension liability	$ 237
KSU's proportionate share of the net pension liability	0.05%
KSU's covered payroll	$ 79
KSU's proportionate share of the net pension liability as a share of its covered payroll	300.00%
Plan fiduciary net position as a percentage of total pension liability	54.80%

Changes in Assumptions: For fiscal year 2017, the demographic and economic assumptions that affect the measurement of the total pension liability have been updated as follows:

- The assumed investment rate of return was decreased from 6.75% to 5.25% (Non-hazardous) and 7.50% to 6.25% (Hazardous).
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Payroll growth assumption was reduced from 4.00% to 3.05%.

Note: This table represents data that is one year in arrears.

KENTUCKY STATE UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTION
KENTUCKY EMPLOYEES' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

Non-hazardous

	2018	2017	2016	2015
Contractually required contribution	$ 1,471	$ 1,516	$ 1,312	$ 1,515
Contributions in relation to the contractually required contribution	$ 1,471	$ 1,516	$ 1,312	$ 1,515
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
KSU covered payroll	$ 3,583	$ 3,888	$ 4,321	$ 5,390
Contributions as a percentage of covered payroll	41.05%	38.99%	30.36%	28.11%

Hazardous

	2018
Contractually required contribution	$ 61
Contributions in relation to the contractually required contribution	$ 61
Contribution deficiency (excess)	$ -
KSU covered payroll	$ 309
Contributions as a percentage of covered payroll	19.74%

Note: These are 10-year schedules. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10-years of information is available.

KENTUCKY STATE UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S (KSU)
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

	2018	2017	2016	2015
KSU's proportion of the net pension liability	$ 40,538	$ 68,926	$ 63,956	$ 64,987
KSU's proportionate share of the net pension liability	0.14%	0.22%	0.23%	0.30%
State's proportionate share of the collective net pension liability	$ 32,308	$ 6,496	$ 6,503	$ 7,374
KSU's covered payroll	$ 17,779	$ 16,961	$ 19,076	$ 21,451
KSU's proportionate share of the net pension liability as a share of its covered payroll	228.01%	406.38%	335.27%	302.96%
Plan fiduciary net position as a percentage of total pension liability	39.83%	35.22%	42.49%	45.59%

Note: This table represents data that is one year in arrears.

Changes in assumptions: For fiscal year 2018, the KTRS plan discount rate increased from 4.20 percent to 4.49 percent. For fiscal year 2017, the KTRS plan discount rate decreased from 4.88 percent to 4.20 percent. For fiscal year 2016, there was a decrease in the assumed investment rate of return from 7.75 percent to 7.50 percent; a decrease in the assumed rate of inflation from 3.50 percent to 3.25 percent; a decrease in the assumed rate of wage inflation from 1.00 percent to 0.75 percent and a decrease in the payroll growth assumption from 4.50 percent to 4.00 percent.

KENTUCKY STATE UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTION
KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

	2018	2017	2016	2015
Contractually required contribution	$ 1,730	$ 1,879	$ 1,773	$ 2,059
Contributions in relation to the contractually required contribution	$ 1,730	$ 1,879	$ 1,773	$ 2,059
Contribution deficiency (excess)	-	-	-	-
KSU covered payroll	$ 19,083	$ 17,779	$ 16,961	$ 19,076
Contributions as a percentage of covered payroll	9.07%	10.57%	10.45%	10.79%

Note: These are 10-year schedules. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10-years of information is available.

KENTUCKY STATE UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S (KSU)
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
KENTUCKY EMPLOYEES RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

Non-hazardous		2018
KSU's proportion of the net OPEB liability	$	6,178
KSU's proportionate share of the net OPEB liability		0.24%
KSU's covered payroll	$	3,888
KSU's proportionate share of the net OPEB liability as a share of its covered payroll		158.90%
Plan fiduciary net position as a percentage of total pension liability		24.40%

Hazardous		2018
KSU's proportion of the net OPEB liability	$	3
KSU's proportionate share of the net OPEB liability		0.05%
KSU's covered payroll	$	79
KSU's proportionate share of the net OPEB liability as a share of its covered payroll		3.80%
Plan fiduciary net position as a percentage of total pension liability		98.80%

Note: This table represents data that is one year in arrears.

SCHEDULE OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
KENTUCKY EMPLOYEES RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

Non-hazardous		2018
Contractually required contribution	$	301
Contributions in relation to the contractually required contribution	$	301
Contribution deficiency (excess)	$	-
KSU covered payroll	$	3,583
Contributions as a percentage of covered payroll		8.40%

Hazardous

2018		
Contractually required contribution	$	12
Contributions in relation to the contractually required contribution	$	12
Contribution deficiency (excess)	$	-
KSU covered payroll	$	309
Contributions as a percentage of covered payroll		3.88%

Note: These are 10-year schedules. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10-years of information is available.

KENTUCKY STATE UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S (KSU)
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

		2018
KSU's proportion of the net OPEB liability	$	5,880
KSU's proportionate share of the net OPEB liability		0.24%
KSU's covered payroll	$	17,779
KSU's proportionate share of the net OPEB liability as a share of its covered employee payroll		33.07%
Plan fiduciary net position as a percentage of total pension liability		21.18%

Note: This table represents data that is one year in arrears.

SCHEDULE OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2018
(Amounts in thousands)

		2018
Contractually required contribution	$	287
Contributions in relation to the contractually required contribution	$	287
Contribution deficiency (excess)	$	-
KSU covered payroll	$	19,083
Contributions as a percentage of covered payroll		1.50%

Note: These are 10-year schedules. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10-years of information is available.

SUPPLEMENTAL INFORMATION

KENTUCKY STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. Department of Education			
Direct Programs:			
Passed through Council on Postsecondary Education			
Supporting Effective Instruction State Grants	84.367	PO2 1700004410	49,298
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A	PO2 1700003920	41,755
Student Financial Aid Cluster			
Federal Supplemental Educational Opportunity Grant Program	84.007		66,460
Federal Work Study Program	84.033		257,535
Federal Perkins Loan Program	84.038		1,471,804
Pell Grant Program	84.063		4,391,839
Federal Direct Student Loans	84.268		10,681,520
Teacher Education Assistance for College and Higher Education Grants	84.379		4,709
Total Student Financial Aid Cluster			16,873,867
TRIO Cluster			
Student Support Service	84.042A		211,575
TRIO Upward Bound	84.047A		269,226
Total Trio Cluster			480,801
Title III Strengthening All Black Colleges and University Program	84.031B		2,801,198
Total U.S Department of Education			20,246,919
U.S. Department of Health and Human Services			
Direct Programs:			
Family and Community Violence Prevention Program	93.910		376,011
Passed through Eastern Kentucky University:			
Foster Care Title IV-E			
EKU TRC	93.658	453442-18-106	70,424
EKU Cultural Diversity	93.658	453440-18-110	3,846
University Training Consortium	93.658	453042-16-129	(95)
University Training Consortium	93.658	452650-14-106	(10)
EKU Diversity	93.658	453224-17-119	(28)
EKU Training Resource Center	93.658	453226-17-120	(265)
PCWCP	93.658	453229-17-177	(15)
PCWCP	93.658	453445-18-149	6,320
Total U.S. Department of Health and Human Services			456,188
U. S. Department of Agriculture			
Direct Programs:			
Plant and Animal Disease, Pest Control and Animal Care	10.025		47,376
1890 Institution Capacity Building Grant	10.216		770,992
Beginning Farmer and Rancher Development Program	10.311		163,883
Disadvantaged and Veteran Farmers and Ranchers	10.443		80,202
Cooperative Extension Service	10.500		3,705,287
Soil and Water Conservation	10.902		10,447
Conservation Stewardship Program	10.924		7,198

See Accompanying Notes to Schedule of Expenditures of Federal Awards

KENTUCKY STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through University of Georgia			
USDA Sustainable Agriculture Research and Education			
SARE	10.215	RD309-134/S001197	7,073
Passed through University of Kentucky			
USDA Cooperative Extension Service			
Farm Management Education	10.500	3048107082-10-426	(1,577)
Passed through Kentucky Department of Community Based Services (DCBS)			
SNAP Cluster			
USDA State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			
SNAP Education Services	10.561	PO 736 170001995	607,417
Total U. S. Department of Agriculture			5,398,298
U. S. Department of Justice			
Direct Program-			
National Institute of Justice Research, Evaluation And Development Project Grants	16.560		221,290
Passed through 4H Council			
Juvenile Mentoring Program			
4H National Mentoring Program	16.726	2017-JU-FX-0017	5,977
4H National Mentoring Program	16.726	2016-JU-FX-0022	38,098
Total U. S. Department of Justice			265,365
U. S. Department of Transportation			
Passed through Kentucky Transportation Cabinet			
Highway Training Education			
Summer Transportation Institute	20.215	PON2 605 1600002767 2	(10)
Department of Defense			
Direct Programs:			
Centers for Academic Excellence	12.598		52,331
Research and Development Cluster			
U.S. Department of Agriculture			
Direct Programs:			
Cooperative Forestry Research	10.202		144,641
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205		3,814,586
1890 Institution Capacity Building Grant	10.216		810,435
Agriculture and Food Research Initiative	10.310		129,933
Socially-Disadvantaged Group Grant	10.871		3,912
Environmental Quality Incentives Program	10.912		20,896

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through University of Georgia			
USDA Sustainable Agriculture Research and Education			
SARE	10.215	RD309-129/S000752	102,844
SARE	10.215	RD309-129/S000839	9,151
Passed through Mississippi State University			
USDA Agricultural Research, Special Research Grants			
Spawning Aid Project	10.200	N/A	13,057
National Science Foundation			
Direct Program:			
Education and Human Resources	47.076		201,215
Passed through University of Rhode Island			
Computer and Information Science and Engineering			
Innovative, Broadly Accessible Tools for Brain Imagining	47.070	4978/111315KSU	34,087
Passed through University of California – Santa Barbara			
Social, Behavioral, and Economic Sciences			
Healthy Ecosystems Healthy People	47.075	KK1519	58,846
Passed through University of Kentucky			
Education and Human Resources			
LSAMP	47.076	3048111054-14-125	129,215
Office of Experimental Program to Stimulate Competitive Research			
EPSCOR	47.081	3200000271-18-071	84,243
Office of Experimental Program to Stimulate Competitive Research			
EPSCOR	47.083	300000271-16-206	(1,915)
National Aeronautics and Space Administration			
Passed through University of Kentucky			
Education			
NASA EPSCOR	43.008	3049025269-14-032	13,948
Total Research and Development Cluster			5,569,094
Total Federal Expenditures			$ 31,988,185

See Accompanying Notes to Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Subtotals of Multiple Awards			
Foster Care Title IV-E	93.658		80,177
1890 Institution Capacity Building Grant	10.216		1,581,427
Cooperative Extension Service	10.500		3,703,710
SARE	10.215		119,068
Juvenile Mentoring Program	16.726		44,075
Education and Human Resources	47.076		330,430

During the year ended June 30, 2018, the University provided $198,725 in expenditures to subrecipients as follows:

Federal Agency/Program Title	CFDA Number	Amount
U.S. Department of Agriculture		
1890 Institution Capacity Building Grant	10.216	$ 103,532
U.S. Department of Justice		
National Institution of Justice Research, Evaluation And Development Project Grants	16.560	95,193
		$ 198,725

See Accompanying Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the University under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

2. Perkins Loan Program

The amount presented on the schedule of expenditures of federal awards for the Federal Perkins Loan Program represents loan balances outstanding at July 1, 2017 plus current year loan disbursements for which the government imposes continuing compliance requirements. The University disbursed $0 in during fiscal year 2018 and had loans outstanding in the amount of $1,355,612 with an allowance for doubtful accounts of $1,027,218 under the Federal Perkins Loan Program.

3. Federal Student Loan Program

The University participates in the Direct Loan Program (including Direct Subsidized and Direct Unsubsidized Loans for Students, and Direct PLUS Loans for parents of undergraduate students).

Federal Direct Student Loans Program	
Direct Loans	
Subsidized	$ 3,294,347
Unsubsidized	4,621,920
PLUS	2,765,253
	$ 10,681,520

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Regents
Kentucky State University
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kentucky State University (the University), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated October 31, 2018. Our report includes a reference to other auditors who audited the financial statements of Kentucky State University Foundation, Inc. (Foundation) as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards.*

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (Finding 2018-002).

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency (Finding 2018-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's Response to Findings

The University's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

Board of Regents
Kentucky State University
Frankfort, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Kentucky State University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2018. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, Cost Principles, and the Audit Requirements for Federal Award (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-006. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, and 2018-008, that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the Financial statements audited were prepared In accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	X Yes ___ No
Significant deficiencies identified not considered to be material weaknesses?	X Yes ___ None Reported
Noncompliance material to financial statements noted?	___ Yes X No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	___ Yes X No
Significant deficiencies identified not considered to be material weaknesses?	X Yes ___ None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X Yes ___ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Aid Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.379	Teacher Education Assistance for College and Higher Education Grants
Various	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $959,646

Auditee qualified as low-risk auditee? ___ Yes X No

(Continued)

Section II – Financial Statement Findings

Finding 2018-001 – Controls Over Financial Reporting

Criteria: Applicable standards state that management is responsible for having internal controls in place to provide appropriate and reliable financial reports, and to select and apply appropriate accounting principles. Management is not required to prepare their financial reports, but management needs to demonstrate the level of qualifications and controls to prepare their financial reports without significant deficiencies in these controls.

Condition: During the current year audit, the University did not have adequate controls in place over financial reporting to allow for timely, accurate financial reporting. We noted that not all general ledger accounts had been reconciled to subsidiary ledgers or other supporting detail on at least a quarterly basis.

Context: The University experienced turnover in key accounting positions resulting in a lack of timely reconciliations and production of timely financial reports. Management also identified errors in the system-generated calculation of depreciation expense of certain capital assets resulting in an adjusting entry during the audit.

Effect: The existence of inaccurate transaction postings, as well as unreconciled accounts can affect the financial statement information that is available for making informed business decisions and supervision of operations. This weakness in the financial reporting controls infrastructure increases the risk of errors in the financial records and is less likely to detect irregularities, including fraud, on a timely basis. A periodic reconciliation process allows for the preparation of accurate and timely financial statements.

Cause: The above condition appears to be the result of the inability to fully implement a timely review and reconciliation process.

Recommendation: We recommend the University implement internal control procedures, which require general ledger accounts to be reconciled at least quarterly.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

(Continued)

Finding 2018-002 – Controls Over Payroll Procedures

Criteria: Management is responsible for maintaining an adequate internal control structure surrounding key processes and cycles, in order to facilitate accurate and timely financial reporting.

Condition: During the current year audit, the University did not have adequate internal controls in place over payroll procedures.

Context: During the current year audit, the following issues relating to payroll were identified:

- Certain employees who are required to submit time sheets are not completing them
- Completed time sheets are not properly approved by a supervisor
- Vacation leave is not being properly reported to payroll via time sheets
- Leave time not being taken in accordance with University policy
- Withholdings not tracked and remitted to appropriate agencies in a timely manner resulting in inaccuracies and additional payments for penalties
- Improper classification of employees related to retirement plans
- Former employees being paid benefits after termination
- Current employees not having appropriate withholding from payroll for benefits
- No documentation of required levels of approval of new hires, promotions or pay rate changes
- No payroll change reports processed or reviewed by someone independent of payroll

Effect: The absence of effective internal controls in relation to the payroll process could affect the accuracy of financial statement information. This weakness in accounting infrastructure increases the risk of errors in the financial records and is less likely to detect irregularities, including fraud on a timely basis.

Cause: The above condition appears to be the result of a lack of internal controls and segregation of duties within payroll procedures.

Recommendation: We recommend the University review internal controls surrounding payroll procedures to ensure adequate segregation of duties and approvals are put in place. Further, all supporting documentation including pay rate approvals and timesheets should be maintained.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

(Continued)

Section III – Federal Award Findings and Questioned Costs

Finding 2018-003 - Verification

Information on the Federal Program: Student Financial Aid Cluster (CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379) – U.S. Department of Education

Criteria: 34 CFR 668.59(b) – Changes to FAFSA Information – For the Federal Grant Pell Program, if an applicant's FAFSA information changes as a result of verification, an institution must (i) recalculate the applicant's Federal Pell Grant on the basis of the EFC on the corrected valid SAR or valid ISIR; and(2)(i) disburse any additional funds under that award only if the institution receives a corrected valid SAR or valid ISIR for the applicant and only to the extent that additional funds are payable based on the recalculation; (ii) comply with the procedures specified in §668.61 for an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced; or - (iii) comply with the procedures specified in 34 CFR 690.79 for an overpayment that is not an interim disbursement if, as a result of verification, the Federal Pell Grant award is reduced.

Condition: During our examination of the Title IV verification process, we noted instances where supporting documentation was not maintained or able to be located to test controls and compliance in relation to the verification process.

Questioned Cost: None.

Context: During our testing of verification, we selected 60 students in our non-statistical sample to test for internal controls surrounding the verification process. We noted 10 instances in which management was unable to locate verification worksheets for students that were selected for testing. As a result, we were unable to ensure that student verification process was completed.

Effect: The University may not be in compliance with federal regulations.

Cause: Verification worksheets were not maintain electronically and due to turnover in the financial aid department, hard copy files could not be located.

Repeat Finding: Yes. See Finding 2017-004.

Recommendation: We recommend management review internal controls surrounding the verification process to ensure verification worksheets are properly maintained to support the University's verification procedures performed.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2018-004 - Notice of Direct Loan Disbursements

Information on the Federal Program: Federal Direct Student Loans (CFDA Number 84.268) – U.S. Department of Education

Criteria: 34 CFR 668.165 – Notices and Authorizations- Institutions are required to notify students when loan funds have been credited to their student billing account.

Condition: During our examination of Title IV disbursements, we noted instances where no notification was sent to the student notifying the student that direct loans were disbursed to their student account.

Questioned Cost: None.

Context: For twenty-two students within our non-statistical sample of 25 students, we noted there was no notification sent to the students notifying the students that direct loans were disbursed to their customer accounts.

Effect: The University may not be in compliance with federal regulations.

Cause: The University has no procedures in place to notify students when loan disbursements are made to their billing accounts. Currently, students are responsible to check their own accounts.

Repeat Finding: Yes. See Finding 2017-005.

Recommendation: We recommend management review internal controls surrounding the notification process and implement a notification process to ensure the University is in compliance with federal regulations.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2018-005 – Determination of Subsidized Loan Eligibility

Information on the Federal Program: Federal Direct Student Loans (CFDA Number 84.268) – U.S. Department of Education

Criteria: 34 CFR 668.200 - Borrower Eligibility - A direct subsidized loan borrower must demonstrate financial need in accordance with Title IV, Part F of the Act.

Direct Subsidized Loans may only be originated for the amount of the student's financial need - the student's costs minus the student's EFC and estimated cost minus financial assistance. (Compliance Attribute: Eligibility)

Condition: During our examination of Title IV student eligibility, we noted two instances in our testing sample of 25, where the amount packaged and awarded for subsidized was incorrect.

Questioned Cost: $6,248.

Context: During our testing of Title IV eligibility, we selected 25 students in our non-statistical sample to test for compliance with federal regulations. We noted two instances where students were awarded and disbursed subsidized loans totaling $6,248 however, the students weren't eligible to receive subsidized loans based on the student's EFC and other financial assistance received. The student was eligible to receive the funds in the form of an unsubsidized loan to replace of the student's expected family contribution.

Effect: The University is not in compliance with federal regulations.

Cause: The University noted significant employee turnover during the year under audit resulting in the packaging issues noted above.

Repeat Finding: Yes. See Finding 2017-006.

Recommendation: We recommend management review internal controls within the financial aid module to ensure loans are packaged in the appropriate order and in accordance with federal regulations.

Views of responsible officials and planned corrective action: Management agrees with the finding. Management has made reallocations between unsubsidized and subsidized loans for these two students upon bringing the issue to their attention. See corrective action plan.

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2018-006 - Return Of Title IV Funds

Information on the Federal Program: Student Financial Aid Cluster (CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379) – U.S. Department of Education

Criteria: Withdrawal date for a student who withdraws from an institution that is not required to take attendance- 34 CFR 668.22(C)(4 & 5) -An institution must document a student's withdrawal date determined in accordance with paragraphs (c)(1), (2), and (3) of this section and maintain the documentation as of the date of the institution's determination that the student withdrew, as defined in paragraph (l)(3) of this section. **(i)** "Official notification to the institution" is a notice of intent to withdraw that a student provides to an office designated by the institution.

(ii) An institution must designate one or more offices at the institution that a student may readily contact to provide official notification of withdrawal.

Timeframe for the return of title IV funds. - 34 CFR 668.22(j)(1 & 2)An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (l)(3) of this section. The timeframe for returning funds is further described in § 668.173(b).

Scheduled breaks - 34 CFR 668.22(f)(2)(i) and (ii) (B) - Institutionally scheduled breaks of five or more consecutive days are excluded from the return of Title IV funds calculation as periods of nonattendance and, therefore, do not affect the calculation of the amount of federal aid earned.

Condition: During our testing of return of Title IV funds, we noted multiple control deficiencies and instances of noncompliance with federal compliance regulations surrounding the return of funds process.

Questioned Cost: $123 under-returned, $54 over-returned (Known)

Context: During our testing of return of funds, we selected seven students in our non-statistical sample to test for internal controls and compliance with federal regulations. We noted the following internal control deficiencies and compliance findings:

- We noted in all seven instances there was no secondary, documented review of return of funds calculations to ensure accuracy and completeness of the calculation.
- We noted three instances in which the University was unable to provide official withdrawal letters supporting the withdrawal date used in the return of funds calculation.
- We noted two instances in which the University did not completely fill out the return of funds calculation within the Banner system to support management's conclusion that the withdrawn student attended greater than 60% of the semester and therefore no return of funds calculation was necessary.
- We noted two instances in which the University failed to timely return funding within the required 45 days of the date of the school's determination that the student withdrew.

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2018-006 - Return Of Title IV Funds (Continued)

- We noted one instance in which the University used the incorrect withdrawal date resulting in the University under returning $123 in financial aid.

- During our review of the calculation of days in the enrollment period for the Spring semester return of funds calculations, we noted the dates for Spring Break entered into Banner for break days did not align with the University's published academic calendar. We also noted the Sunday surrounding Spring Break where no regular classes are held was not properly accounted for resulting in a 1-day error in the days in enrollment period calculation for Spring semester withdrawn students. We noted one instance in our sample affected by this error, which resulted in the University over returning $54 to the Department of Education.

Effect: The University may not comply with federal regulations and may not return the appropriate amount of Title IV funds.

Cause: There was departmental employee turnover impacting the internal control processes surrounding the return of funds process. There is also no internal control in place to review the calculation of break days to ensure scheduled breaks are calculated in accordance with published academic calendar and in accordance federal guidelines.

Repeat Finding: Yes. See Finding 2017-007.

Recommendation: We recommend the Financial Aid Office implement the following processes: 1.) a process to review the University's academic calendar and break days in the enrollment period to ensure the days in the enrollment period calculation is accurate and complete; 2.) develop a timely secondary review process to detect potential errors and ensure return of funds calculation are completely entered into the Banner software; and 3.) develop a process to ensure appropriate supporting documentation is maintained to support withdrawal dates used in the return of funds calculation.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Finding 2018-007 – Cohort Default Rate Federal Perkins Loan Program

Information on the Federal Program: Federal Perkins Loan Program (84.038) – U.S. Department of Education

Criteria: Per 34 CFR 668.16, to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution has a cohort default rate:

(m)(1)(iii) As defined in 34 CFR 674.5, on loans made under the Federal Perkins Loan Program to students for attendance at that institution that does not exceed 15 percent.

Condition: During our review of the Perkins Loan program, we noted the reported Perkins Loan Cohort default rate was 53.33% in 2018.

Questioned Cost: None

Context: None.

Effect: The University failed to comply with federal regulations noted above, therefore, the University could be required to return the FCC portion of their Perkins Loan program and if the rate continues to rise, will be ineligible to participate.

Cause: The University has experienced turnover in staffing from upper administration to complete financial aid departmental turnover. In addition, the elimination of a position dedicated to Perkins loans has affected institutional due diligence to prevent and reduce the default rate.

Repeat Finding: Yes. See Finding 2017-008.

Recommendation: We recommend the University review policies and procedures surrounding the Perkins Loan program, including the effectiveness of counseling and the relationship with the third-party vendor to prevent students from defaulting on their loans.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Finding 2018-008 – Borrower Data Transmission and Reconciliations (Direct Loan)

Information on the Federal Program: Federal Direct Student Loans (CFDA Number 84.268) – U.S. Department of Education

Criteria: Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the COD within 15 days of disbursement (OMB No. 1845-0021). Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and Loan Detail records. The school is required to reconcile these files to the institution's financial records.

Condition: It was noted that the University is not performing the direct loan reconciliations on a monthly basis.

Questioned Cost: None.

Context: It was noted that the University did not complete reconciliations on a monthly basis. An annual reconciliation of COD activity to the institution's records was performed at June 30, 2018.

Effect: The University could not be in compliance with federal regulations and any errors in COD reporting would not be detected in a timely manner.

Cause: Turnover in the financial aid office resulted in the reconciliation process not being completed on a monthly basis as required by regulations.

Repeat Finding: No.

Recommendation: We recommend that management ensure the monthly reconciliations between the University's records and COD are performed timely. This reconciliation should be reviewed by someone other than the preparer and any variances uncovered during the reconciliation process should be investigated and corrected in a timely manner.

Views of responsible officials and planned corrective action: Management agrees with the finding. See corrective action plan.

Crowe

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIED REQUIREMENTS OF COMMONWEALTH OF KENTUCKY HOUSE BILL 622

Board of Regents
Kentucky State University
Frankfort, Kentucky
and
Secretary of Finance and Administration
Cabinet of the Commonwealth of Kentucky
Frankfort, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, the financial statements of Kentucky State University (the "University"), a component unit of the Commonwealth of Kentucky, which are comprised of the statement of net position as of June 30, 2018, and the statement of revenues, expenses and changes in net position and the statement of cash flows, for the year then ended. We have issued our report thereon dated October 31, 2018.

In connection with our audit, nothing came to our attention that caused us to believe the University failed to comply with the provisions set forth in the Commonwealth of Kentucky's House Bill 622 (KRS164A.555 to 164A.630) insofar as they related to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the University's noncompliance with the above-referenced requirements, insofar as they relate to accounting matters.

The report is intended solely for the information and use of the Board of Regents, management of the University, and Secretary of Finance and Administration Cabinet of the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

Crowe

Crowe LLP
Independent Member Crowe Global

541 Darby Creek, Suite 270
Lexington, Kentucky 40509-2710
Tel +1 859 263 7344
Fax +1 859 263 0608
www.crowe.com

INDEPENDENT AUDITOR'S REPORT

Board of Regents
Kentucky State University
Frankfort, Kentucky
and
Kentucky Auditor of Public Accounts
Frankfort, Kentucky
and
Secretary of Finance and Administration Cabinet
Department of Facilities Management of the
Commonwealth of Kentucky
Frankfort, Kentucky
and
Governor of Kentucky
Frankfort, Kentucky
and
Council on Postsecondary Education
Frankfort, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the business-type activities and discretely presented component unit of Kentucky State University ("University"), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that the provisions of KRS 56.800 through 56.823, KRS 48.111 and KRS 48.190 as well as the Model Audit Program Checklist for Lease Law Compliance for Postsecondary Education Institutions applied to the University during the year ended June 30, 2018, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of the applicability of such requirements. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the applicability of such requirements, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Regents and management of the University and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

Crowe

Crowe LLP
Independent Member Crowe Global

Board of Regents
Kentucky State University
400 East Main Street
Frankfort, Kentucky 40601

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with Kentucky State University (University) for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of the University's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.

- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The University's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications with regulators.
  - Other matters you believe are relevant to the audit of the financial statements.
- Matters relative to the use of other auditors during the audit:
  - An overview of the type of work to be performed by other auditors.
  - The basis for the decision to make reference to the audit of the other auditor in our report on the University's financial statements.
  - An overview of the nature of our planned involvement in the work to be performed by the other auditor.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those charged with governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, those charged with governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform those charged with governance about such matters. To assist those charged with governance in its oversight role, we also provide the following.

Accounting Standard	Impact of Adoption
GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.	The University recognized a cumulative effect from the adoption of this standard totaling approximately $10.4 million, which is shown as a restatement to net position in the Statement of Revenues, Expenses and Changes in Net Position.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the University's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Allowance for Doubtful Accounts and Bad Debt Expense	The allowance for doubtful accounts was determined by management by a process involving consideration of past experiences, current aging information, information from credit reports, contacts with the customers, and other available data including environmental factors such as industry, geographical, economic and political factors.	We tested this accounting estimate by reviewing, on a test basis, the information listed and by testing information in certain donor, grant, and student files.
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Useful Lives of Fixed Assets	Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the University.	We tested the propriety of information underlying management's estimates.
Net Pension Liability and Net OPEB liability	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the University's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the University, considering the need to balance the cost of providing information with the likely benefit to users of the University's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.

- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the University's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

- Management elected to post an adjustment to recognize federal, state, and local grant revenue in accordance with GASB Statement No. 33, which were previously recorded as unearned revenue. The effect of the entry was a decrease to unearned revenue, and an increase to grant revenue and the change in net position of $1,017,000 for the year ended at June 30, 2018.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

- Management waived a prior year adjustment related to certain capital assets that management discovered were not being properly depreciated in the Banner system in the current year. Management posted an adjusting entry to correct the depreciation expense in the current year and elected to waive the prior year impact. The impact of the entry would be a decrease to capital assets of and ending net position by approximately $1,327,000 at June 30, 2017.

- Management waived a prior year adjustment related to cash advances received under certain grant agreements recorded as unearned grant revenue at June 30, 2017. These non-exchange transactions should be recognized as revenue under GASB Statement No. 33 when all eligibility requirements are met, provided the promise is verifiable and the resources are measurable and probable of collection. Management posted an adjusting entry to correct the unearned grant revenue balances in the current year and elected to waive the prior year impact. The impact of the entry would be an increase to grants receivable and ending net position by $800,000 at June 30, 2017.

- Management elected to waive a current year adjustment to record capital assets purchased with grant funds, which were expensed in the current year. The impact of the entry would be an increase to capital assets, a decrease to operating expenses, and an increase in the change in net position by approximately $276,000.

- Management elected to waive an adjustment related to the current year impact of a prior year waived entry. Subsequent to June 30, 2017, grant expenses were reclassified to a non-reimbursable grant-matching fund, however, the corresponding accrued receivable/revenue posted by the Banner system for the grant fund was not adjusted by management resulting in an overstatement of grant revenue at June 30, 2017. The entry was corrected in fiscal year 2018 resulting in an offsetting understatement of grant revenue at June 30, 2018 by approximately $496,000.

OTHER COMMUNICATIONS

Communication Item	Results
Other Information In Documents Containing Audited Financial Statements Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.	We read the following items and noted no material inconsistencies or misstatement of facts in such information based on our reading thereof. • Management's Discussion and Analysis
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	There were no significant difficulties encountered in dealing with management related to the performance of the audit.
Disagreements With Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the University's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.
Consultations With Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.	We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.
Representations The Auditor Is Requesting From Management We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.
Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed, or subject to correspondence, with management.
Significant Related Party Findings and Issues We are to communicate to you significant findings and issues arising during the audit in connection with the University's related parties.	There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

Communication Item	Results
Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

We are pleased to serve your University as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Regents and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

Crowe

Crowe LLP
Independent Member Crowe Global

Board of Regents
Kentucky State University
400 East Main Street
Frankfort, Kentucky 40601

In planning and performing our audit of the financial statements of Kentucky State University ("University") as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the University's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain matters that we are required to or wish to communicate to you. Matters communicated in this letter are classified as follows.

- Deficiency – A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

In addition to the deficiencies noted below, we direct your attention to Findings 2018-001 through 2018-008 which are reported in the audited financial statements.

STUDENT FINANCIAL AID ENROLLMENT REPORTING	**Deficiency**
Control Deficiency:	During our testing of enrollment reporting related to students receiving Title IV financial aid, we noted 2 of the 25 students selected for testing did not have status changes reported to the Clearinghouse within a timely manner (within 60 days following the change in status as required by federal guidelines).
Recommendation:	We recommend management review the process surrounding enrollment reporting to ensure that all required reporting to the clearinghouse is submitted on a monthly basis to maintain compliance with enrollment reporting requirements.

CONTROLS OVER CASH DISBURSEMENTS	**Deficiency**
Control Deficiency:	During our testing of cash disbursements controls, we noted 5 instances out of a sample of 32 transactions in which the expenditure was not documented as approved by the appropriate level of management.
Recommendation:	We recommend all expenditures be reviewed and approved by the appropriate level of management in accordance with University policy.

GRANT REVENUE RECOGNITION AND CUT-OFF ANALYSIS	Deficiency
Control Deficiency:	During our testing grant revenue, we noted cut-off issues between the reconciliation of grant revenues and expenses for certain cost reimbursement funds resulting in a waived adjustment in the current year. We also noted cash received from private grants was improperly recorded as unearned revenue instead of recognizing the revenue in the period the non-exchange transactions occurred in accordance with GASB Statement No. 33.
Recommendation:	We recommend management periodically perform a cut-off analysis for grant funds and review revenue recognition related to non-cost reimbursement grants to ensure activity is recorded in accordance with GASB Statement No. 33.

CONTROLS SURROUNDING CAPITAL ASSETS	Deficiency
Control Deficiency:	During the current year, management discovered several capital assets from acquired between 2006 and 2007 that had not been properly depreciated in the Banner system. This discovery resulted in an adjusting entry to correct depreciation expense and accumulated depreciation related to these assets. It was also noted that certain assets purchased with grant funds were expensed for grant reporting purposes and were not properly capitalized resulting in a waived adjustment in the current year.
Recommendation:	We recommend the University perform capital asset inventory observations periodically and perform a quarterly review of the depreciation expense being calculated by the accounting system to ensure accuracy. The capitalization policy should also be updated to reflect appropriate accounting treatment for assets purchased with grant funds.

ENDOWMENT SPENDING POLICY	Deficiency
Control Deficiency:	We noted management is not following an endowment spending policy, and thus scholarships are being paid from the general fund rather than from specific endowment funds restricted for scholarships.
Recommendation:	We recommend management establish a spending policy to follow for endowment appropriations and maintain a detailed endowment fund schedule that includes appropriations for expenditure from endowment funds.

This communication is intended solely for the information and use of management, Board of Regents and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

The purpose of this letter is solely to describe the scope of our testing of internal control over financial reporting, and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting. This letter is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting. Accordingly, this letter is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Lexington, Kentucky
October 31, 2018

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	December 6, 2018
SUBJECT:	Authorization to Name Campus Bell Tower
FROM:	Office of Finance and Administration
ACTION ITEM:	Yes

BACKGROUND: The campus bell tower is scheduled for completion in April of 2019. The tower will be erected in the plaza in front of Blazer Library.

Authorization is requested to name this new campus landmark in honor of Kentucky State University's first female President, Mary Levi Smith. President Smith served as president from 1991 through 1998.

SUMMARY OF PROGRAMS/ACTIVITIES: N/A

ALIGNMENT WITH STRATEGIC GOALS:

Goal 4: Enhance the Impact of External Relations and Development

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: NA

ATTACHMENTS: N/A

RECOMMENDATION: Authorize the University to name the campus bell tower in honor of Mary Levi Smith.

MARY LEVI SMITH served as the 11th and first woman president of Kentucky State University from 1991 through 1998 following a 14-month stint as interim president in 1989.

Smith's lengthy service to Kentucky State began in 1970 when she became the University's assistant coordinator of the EPDA In-Service Reading Program for Classroom Teachers of Kentucky.

She became an assistant professor of education at Kentucky State in 1974, and in 1981, became associate professor of education and acting chairperson of the Division of Education, Human Resources and Technology. In 1983, Dr. Smith began serving as dean of the College of Applied Sciences and professor of education.

Having most immediately served as Kentucky State University's vice-president for academic affairs, Smith's presidential tenure was marked by the initial accreditation of the master's degree in public administration, and she spearheaded the establishment of the Center of Excellence for the Study of Kentucky African Americans (CESKAA).

Additionally, the William Exum Athletic Center was built in 1992 followed by the 25,000 square foot Cooperative Extension Building in 1993.

Added to Smith's 28-year career of teaching, scholarship, and administrative leadership at Kentucky State are multiple professional and civic activities including, but not limited to service as a member of the Board of Directors for the National Association for State Universities and Land Grant Colleges, the National Association for Equal Opportunity in Higher Education, the American Association for Colleges of Teacher Education, as chair of the Board for the Governmental Services Center for the Commonwealth of Kentucky, and as commissioner of the Commission of Colleges for the Southern Association of Colleges.

A native of Hazelnut, Mississippi, Smith is a graduate of Jackson State University, from which she received a Bachelor of Science degree. She earned a Master of Arts and a Doctor of Education degrees from the University of Kentucky.

She is the author of the monograph *In Spite of the Odds: Using Roadblocks, Potholes, and Hurdles as Stepping Stone to Success*, which chronicles her life and work.

Known to others in higher education as a thoughtful, thorough and well-organized educator and administrator, Smith is an outspoken advocate of the value of education: "I think that education is and should be a lifelong process. What we do at the university is to help prepare students for life, which means preparing them for learning throughout their lifetimes."

Proposal for:

Design, Development, and Fabrication of Custom Clock Tower

for

KENTUCKY STATE UNIVERSITY
FRANKFORT, KY

October 30, 2018

VERDIN
SINCE 1842
BELLS • CARILLONS • CLOCKS

DESIGN, DEVELOPMENT, AND FABRICATION AGREEMENT FOR CUSTOM CLOCK TOWER

This Design, Development, and Fabrication Agreement (this "Agreement") is made by and between THE VERDIN COMPANY, an Ohio corporation located at 444 Reading Road, Cincinnati, Ohio 45202 ("Verdin") and Kentucky State University located at 400 East Main Street, Frankfort, KY 40601 ("Purchaser").

1. Bell & Clock Tower. Verdin agrees to design, fabricate, deliver, and install for Purchaser a custom freestanding Clock Tower measuring approximately 40 ft. tall consisting of three vertical steel columns, standing seam roof, and (3) illuminated 4 ft. tower clocks. The three main tower columns are fabricated from 4" x 4" x ¼" structural steel tubing and are spaced 120 degrees apart. In addition the tower incorporates three arches, and decorative accent rings on three sides at four levels. Integral horizontal tower elements are constructed of 5" structural steel tubing. The overall tower structure will be painted a single base color utilizing high grade Acrylic Urethane Type paint.

   Prior to fabricating the Clock Tower, Verdin will provide Purchaser for its approval a complete set of detailed working drawings. Such drawings must be signed by an authorized representative of Purchaser *before* Verdin will begin fabricating the Clock Tower.

   a. Customer to choose primary tower color and roof top color

2. Tower Clocks. Verdin agrees to supply and install (3) Illuminated Tower Clocks each having a five-foot diameter and spade type hands. The Tower Clocks will be constructed in the following manner:

   a. **Clock Dials (3).** Each dial face will be constructed of ¼" white cast acrylic sheeting and contain black numerals applied to the dial surface. Each of the numerals will be precision cut from a black 2 mil, pressure-sensitive film designed specifically for permanent graphic installations. The dial face will be glazed into a ¼" angle formed to the proper size and furnished with the required mounting hardware for mounting into the dial openings. Each clock dial will be glazed with silicone base rubber sealant to provide a permanent flexible and waterproof barrier into the clock system. An access door will be included in the light canister so that the rear-mounted lighting system can be maintained as required.
      - Clock Dial style may be selected from any Verdin Series III design – see addendum for clock dial choices

   b. **Clock Movements (3).** Individual (one for each clock dial) heavy-duty pulse type clock movement will be provided. The movement will be driven by a synchronous, totally enclosed, high torque, hysteresis type motor. All parts of the motor drive systems will utilize corrosion-free gearing and self-lubricating type bearings. The modern design of the Verdin movement provides for long life and virtually maintenance free operation. Verdin clock movements are extremely accurate and are not subject to frequency variations of the incoming line.

   c. **Clock Hands (3 sets).** Each pair of clock hands will be precision cut from a composite material measuring 3-4 millimeters in thickness containing two sheets of .012" aluminum over a thermoplastic core. The composite material is pre-painted with a highly durable, black polyester finish designed to provide years of maintenance free beauty. Each hand will be mounted to an appropriately sized cast aluminum hub that has been machined and bored to perfectly fit its respective movement shaft. In addition each overall hand will be meticulously balanced to ensure long movement life.
      - Clock Hands style may be selected from any Verdin Series III design – see addendum for clock hand choices

d. **Illuminating Canisters (3).** Each canister will be manufactured from a fiberglass composite material consisting of three 1-1/2-ounce layers of hand laid fiberglass covered by a fifteen to twenty mil thick gel coat layer. The gel coat top layer provides a smooth, chemical and weather resistant surface. The finish on the canister consists of one coat of epoxy primer sealer, top coated with acrylic urethane enamel color.

e. **Tower clock control:** The tower clock timepieces will be controlled by the integrated clock controller which is part of the Supreme Touch Carillon system (section 3 below).

3. **<u>Verdin Supreme Touch Carillon</u>:** This custom control system will include a single 240 watt amplifier, three (3) Projector Horns with 60 watt compression drivers, a four button wireless remote control, and tower clock control interface to synchronize tower clocks with bell rings and music.

   a. Large, 9" color touch screen display. Menus allow easy, intuitive operator interface for ease of scheduling musical programs or manual bell play.
   b. Ethernet connection for instant play or scheduling via computer interface or VPN thru a smart phone, tablet, or lap top computer.
   c. Traditional sound of real, cast bronze bells, along with eight Bell voices to choose from when replaying music.
   d. Three ways to operate/schedule the Supreme Touch, live and in real time; the Supreme Touch console, directly connect your computer to the Supreme Touch or through your local area network through the computer interface, and instantly through the wireless remote control.
   e. Electronic Bass, Treble, and Day and Night Volume Controls to tailor the tonality and adjust volume levels during the day.
   f. Automatic Daylight Saving time reset.
   g. Non-volatile FLASH memory; 10 Year battery back-up for clock setting.
   h. Security password to control access to the unit.
   i. A console monitor speaker with internal volume control.
   j. Easy season adjustment capability. User may adjust seasonal music selections.
   k. Tolling Bells may be counted, timed, or played manually.
   l. West Minster, St. Michael's Chimes, or one of eight other traditional clock chimes, with half hour and hour strikes.
   m. Software locks are password protected.
   n. Optional cast bell interface – if the option to include a new cast bronze bell with this tower is accepted, then the Supreme Touch Carillon will be configured to include an interface to properly control the play of the new bronze bell. This bell will be able to be played instantly or scheduled to play at designated times.

4. **<u>Custom Music:</u>** Verdin will provide 2 custom bell songs. This is intended to provide a copy of the school's alma mater and fight song on the new carillon system.

   a. Verdin will require the university to provide written sheet music for the 2 songs.
   b. This music will be recorded using the Traditional Bell voice. This custom music may be played instantly or it may be scheduled to play at any designated time.

5. **<u>OPTIONAL – Cast bronze bell:</u>** Verdin offers an option to include a custom designed and manufactured bronze bell for this tower. If accepted the new bell shall be installed in the tower with an inside striker, and the play of this bell will be controlled by the Supreme Touch carillon system.

   a. Bronze bell to be in 24 inch (255 lbs.) or 29 inch (500 lbs.) diameter, decided by customer, to be cast in Verdin's bell foundry. All copper is new, pure metal. No re-smelted or alloyed ingots are used. Bells consist of 80% copper and 20% tin. Bells shall have a smooth, brightly finished, unpainted surface showing the purity of casting and true color of the high quality bell bronze.

b. Bell Control Interface panel for Supreme Touch carillon.

c. VI Bell Striker Unit: Verdin VI bell striker unit is designed with the striker housed within the bell to be rung. The frame is made of steel with the clapper ball fabricated of mild steel. The clapper pivot is bushed with nylon igus type bearings. The clapper is operated by electromagnetic coils that operate on a nominal voltage of 240 volts DC, which is furnished by an associated driver board. The magnetic coil is wound with copper wire, wrapped in a special tape and coated with an electrical resin. The VI bell striker is treated with yellow zinc chromate plating and then finished with an exterior grade, satin black powder coating. This double protection against corrosion will give the striker a long life.

d. The bell shall be decorated with an inscription and/or logo/image. The university will need to provide custom artwork as desired to be engraved into the bell.

6. **Installation of the Clock Tower**. Verdin and/or representatives of Verdin will install the Clock Tower and all related components included in this Agreement at the job site on a date agreed to by the parties. Verdin shall provide the labor, tools, and equipment necessary to complete the installation. All workmen employed or engaged by Verdin to perform the installation are covered by property damage and public liability insurance. If any portion of the Clock Tower cannot be installed on the installation date for any reason other than the failure of Verdin to supply the Clock Tower in accordance with the terms of this Agreement, Purchaser shall be responsible for paying any additional costs or expenses incurred by Verdin resulting from such delay, including without limitation, the fees or wages of Verdin's installation representatives, equipment rental costs, storage costs, or mobilization costs at the job site.

7. **Limited Warranty**. Verdin warrants the Clock Tower and its components to be free from defects in materials and workmanship for the periods shown below after the date of installation, provided the Clock Tower and it components are maintained in accordance with instructions provided by Verdin. To the extent permitted by applicable law, for each product, Purchaser's exclusive remedy and Verdin's exclusive liability for any loss, damage, or destruction resulting from any non-conformity of any shipment made by Verdin to Purchaser under this Agreement or from any defects in the Clock Tower within the warranty period will be limited strictly to the repair or replacement, at Verdin's discretion, of any nonconforming or defective materials upon examination of such by Verdin. Verdin shall have a reasonable time to repair or replace any nonconforming materials, including the time for the manufacture of replacement of such materials. THIS WARRANTY IS IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED.

a. Steel Clock Tower: 1 year
b. Tower Clocks: 3 years
    - Tower clock timepieces, canisters, LED lighting, and clock hands
c. Bell striking equipment: 3 years (if accepted)
    - Verdin inside bell striker
d. New cast Bronze Bell: 20 years (if accepted)
e. Supreme Touch Carillon System: 5 years
    - Carillon controller, amplifier, and tower speakers

8. Purchaser Responsibilities. Purchaser shall provide at its own expense the items and services listed below in connection with the erection and installation of the Clock Tower.

   a. Poured Concrete Foundation. Purchaser will be responsible for the engineering and construction of a poured concrete foundation sufficient to support the erection of the Clock Tower. Purchaser will also complete all necessary geo-technical analyses required to construct a foundation capable of supporting the Clock Tower. Verdin will provide Purchaser with a mounting template as well as general specifications and guidelines for the design and construction of such foundation.

   b. Electrical Wiring. Purchaser will be responsible for providing all electrical wiring and conduit to the base of the Clock Tower (including all final connections to tower base, striker leads, mounting of electrical panels, or splicing of wires) from a source designated by the Purchaser and in accordance with specifications provided by Verdin.

   c. Cranes, Hoists, Man-Lifts. Purchaser will provide all necessary cranes, hoists, or lifts (including the operators of such equipment) that are required to: (i) offload the Clock Tower from the delivery vehicle: (ii) move it to the designated site for the Clock Tower; and (iii) erect the Clock Tower at such site.

   d. Licenses/Permits. Purchaser will obtain at its expense any necessary licenses, permits, or engineering analysis or stamps for the construction and installation of the Clock Tower.

   e. Access to Job Site. Purchaser will arrange to provide sufficient access to the job site to enable Verdin to deliver and install the Clock Tower and its components.

   f. Clean-Up. Purchaser will be responsible for any clean-up or landscaping at the job site following installation of the Clock Tower.

9. No Liability for Damages. TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL VERDIN BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES WHATSOEVER, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR ECONOMIC LOSS OR LOSS OF PROFITS SUFFERED OR INCURRED BY PURCHASER IN CONNECTION WITH ANY BREACH OF THIS AGREEMENT BY VERDIN EVEN IF PURCHASER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

10. Liability for Negligence. Neither party shall be responsible for personal injury or property damage or loss except that resulting from its own negligence or the negligence of those within its control or employ.

11. Freight. Verdin will be responsible for transporting the Clock Tower and all components thereof to the jobsite.

12. Change Orders. Verdin, in its discretion, may accept any additions, deletions, or changes to this Agreement without invalidating this Agreement, provided that all such changes are authorized by a written amended purchase order signed by Purchaser and Verdin (the "Change Order"). Such Change Order shall specify any additional charges (or credits) to the Customer and the payment terms for such charges. The Change Order shall become effective only upon acceptance by Verdin.

13. **Payment Terms**. Please select from the following purchase options:

#1 _______ Custom, 3 legged, steel tower approximately 40' tall with illuminated clock canisters, and Supreme Touch carillon system.
DOES NOT include cast bronze bell

The total Purchase Price for the Clock Tower shall be **$102,080.00** (excluding taxes), and shall be paid to Verdin in accordance with the following schedule:

a. $ 51,040.00 upon the execution of this Agreement.
b. $ 40,832.00 prior to shipment.
c. $ 10,208.00 upon installation of the Clock Tower.

#2 _______ Custom, 3 legged, steel tower approximately 40' tall with illuminated clock canisters, and Supreme Touch carillon system.
Include 29" (500 lb.) bronze bell with custom inscription – Add $14,860.00

The total Purchase Price for the Clock Tower & 29" bell shall be **$116,940.00** (excluding taxes), and shall be paid to Verdin in accordance with the following schedule:

- $ 58,470.00 upon the execution of this Agreement.
- $ 46,776.00 prior to shipment.
- $ 11,694.00 upon installation of the Clock Tower.

#3 _______ Custom, 3 legged, steel tower approximately 40' tall with illuminated clock canisters, and Supreme Touch carillon system.
Include 24" (255lb.) bronze bell with custom inscription – Add $12,000.00

The total Purchase Price for the Clock Tower & 24" bell shall be **$114,000.00** (excluding taxes), and shall be paid to Verdin in accordance with the following schedule:

a. $ 57,000.00 upon the execution of this Agreement.
b. $ 45,600.00 prior to shipment.
c. $ 11,400.00 upon installation of the Clock Tower.

14. **Force Majeure**. To the extent permitted by applicable law, Verdin shall not be liable for any loss or damage, including consequential loss, from the failure wholly or in part to fulfill the terms of this Agreement by reason force majeure, including labor strike, lock-out, trade dispute, fire, drought, flood, bad weather, interruption of transport, restriction by Government or other competent authority, destruction of premises, plant or machinery failure, shortage of power supplies, or inability to obtain adequate supplies.

15. Governing Law. The parties agree that any dispute or default arising from this Agreement shall be governed by the laws of the State of Ohio.

16. Entire Agreement. This Agreement constitutes the entire understanding between the parties and supersedes all prior negotiations or representations, either written or oral.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed on the date accepted below. This proposal is valid for 90 days from the date offered.

Date Offered: October 30, 2018

The Verdin Company
444 Reading Road
Cincinnati, OH 45202

By: Steve Doerger
Sales Representative

Date Accepted: ____________________

Kentucky State University
400 East Main Street
Frankfort, KY 40601

____
Signature:

____
Printed name:

Title: ____________________

The Verdin Company – Custom Clock Tower Addendum
For Kentucky State University

The custom clock tower Verdin has proposed will make an outstanding addition to the campus at Kentucky State University. In addition to being a wonderful focal point, the bell tower will provide hour strikes and bell chimes, as well as a wide range of music.

This page is provided to help ensure the tower is configured exactly as intended. Verdin does not require 'final decisions' on these items when the order is initially placed, but we will need to have most of these items confirmed prior to the start of production.

Please contact Steve Doerger with any questions or advise pertaining to the following items:

1. Customer to provide Verdin the desired paint colors for the tower.

    a. Primary tower color -

    b. Roof color -

    *Please provide chip sample or Pantone color #. Verdin will include color layout with final drawing. Most colors are available. Metallic finishes are not possible.

2. Customer to select the Series III clock dial style – see page below

3. Customer to select the Series III clock hand style – see page below

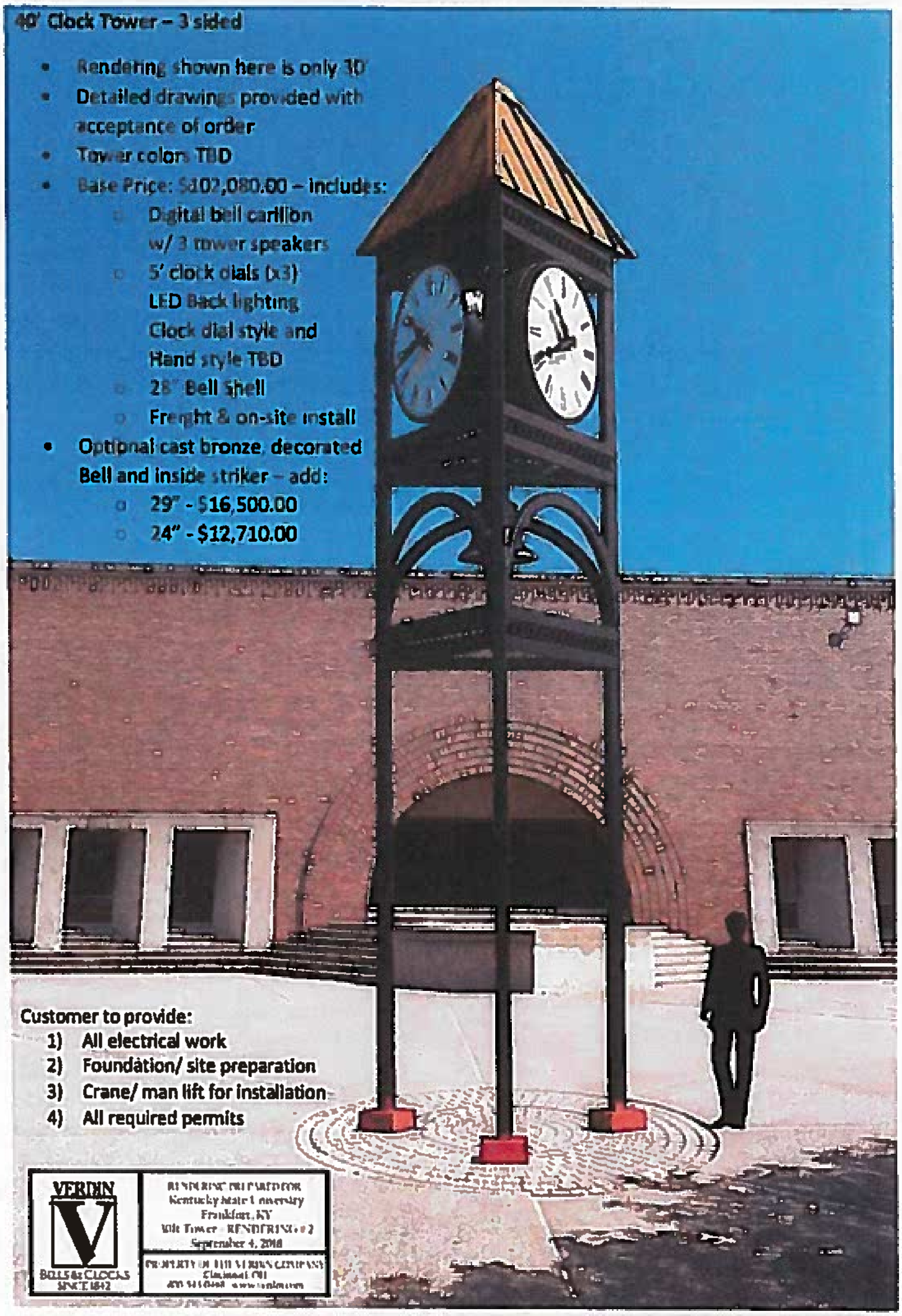
    a. Verdin will provide an approval drawing showing the selected dial and hand styles

4. If new cast bell is to be included, customer to provide desired inscription for this bell. Bell inscription can include words and some images. To include an image, please provide digital copy of Vector artwork (see artwork specifications on attached sheet)

    a. Verdin would like the desired inscription to be provided as a typed document (word file or e-mail)
    b. Verdin will generate a drawing layout of the bell inscription for customer approval

5. Carillon control equipment.
    a. Determine installation location: The carillon system and control equipment need to be installed in a climate controlled area. Reasonable access and network connectivity should be provided for this equipment.)
    b. The carillon equipment will be provided inside a locking, steel cabinet that may be installed on a wall or on top of a table/ desk.
        i. Cabinet dimensions: Dimensions: H 18-1/2" x W 23-1/2" x D 20"
        ii. If installed on a wall, the customer is responsible for providing proper blocking to support the weight(approximately 85 pounds)

Kentucky State University, Frankfort, KY
Tower clock project in front of Blazer Library

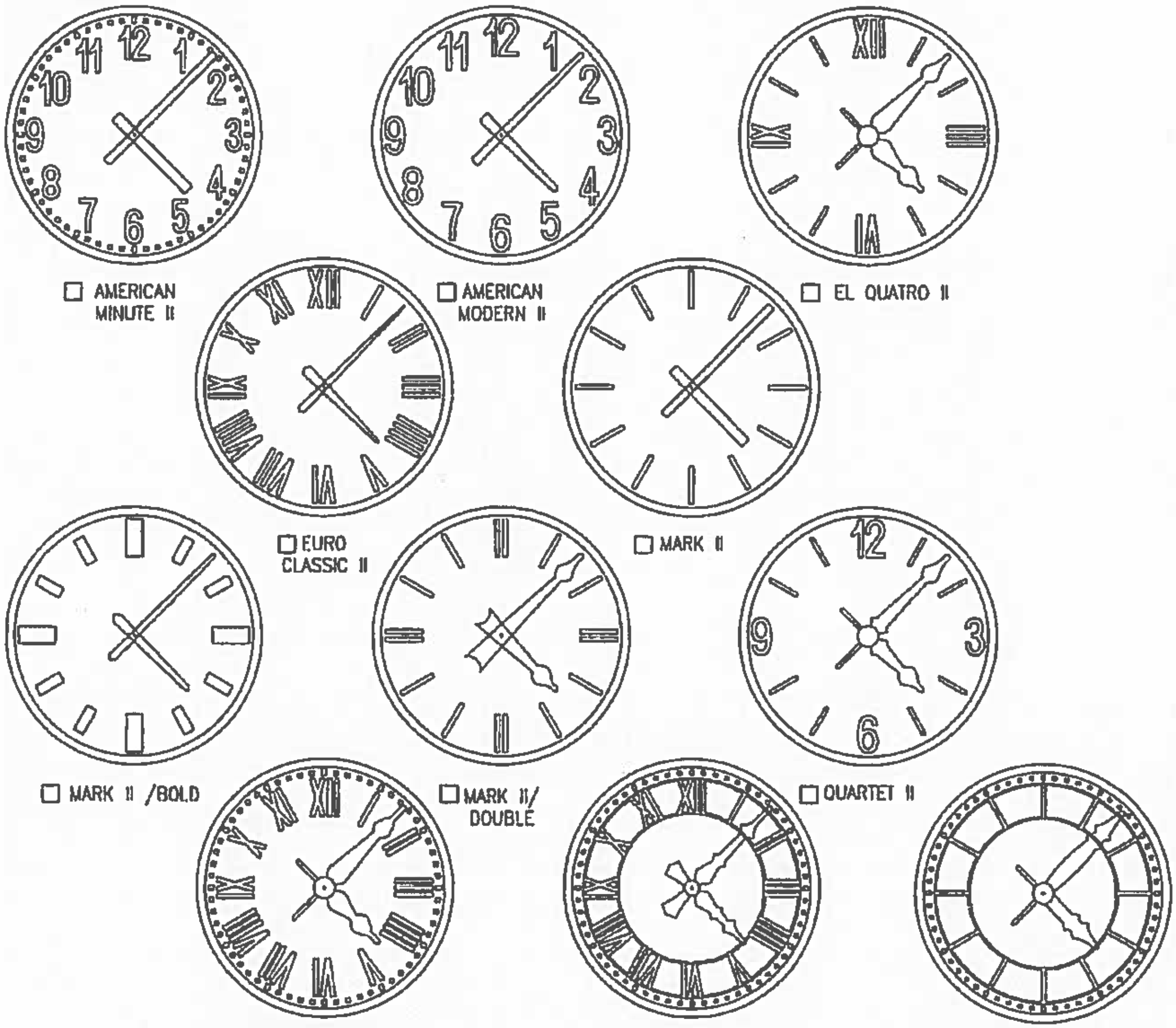


VERDIN
SINCE 1848

THE VERDIN COMPANY
444 READING ROAD
CINCINNATI, OHIO 45202
800-543-0488 (EXT 28) T.F.
(513) 241-4010 (EXT 28) PH.
(513) 241-1855 FAX.

SERIES III

☑ SELECT FACE STYLE



1. INSTALLATION TO BE COMPLETED IN ACCORDANCE TO MANUFACTURER'S SPECIFICATIONS.
2. CONSULT VERDIN COMPANY FOR CLOCK SPECIFICATIONS

CLOCKS – OPEN MOUNTED ACRYLIC DIALS

N.T.S.

REVISED: DEC.18,'03

VERDIN
SINCE 1842

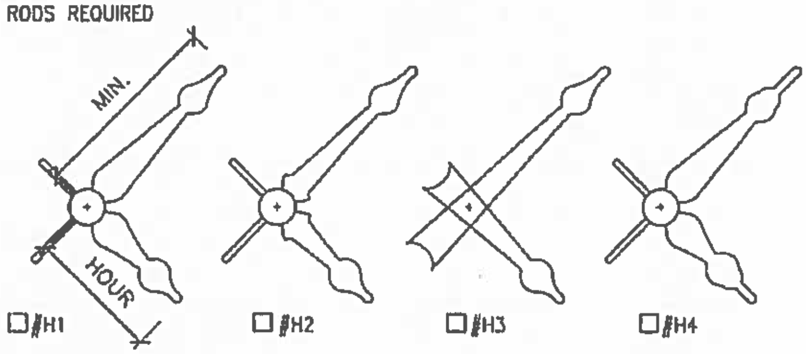
THE VERDIN COMPANY
444 READING ROAD
CINCINNATI, OHIO 45202
800-543-0488 (EXT 28) T.F.
(513) 241-4010 (EXT 28) PH.
(513) 241-1855 FAX.

SERIES III

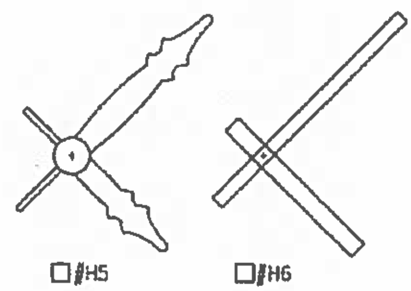
BALANCE RODS REQUIRED

☑ SELECT HAND PATTERN
☑ SELECT DIAL SIZE

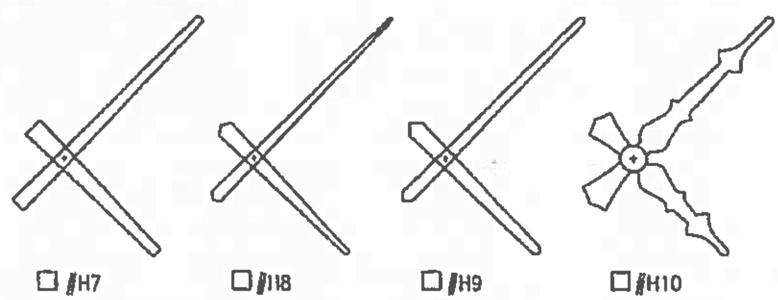
HAND STYLE H1, H2, H4 & H5
BALANCE RODS REQUIRED
(PAINTED TO MATCH BACKGROUND)
FOR PROPER COUNTER BALANCE
(LENGTH MAY VARY)



	DIALS	TEE		RECESS	
		MIN.	HOUR	MIN.	HOUR
		HAND LGTH	HAND LGTH	HAND LGTH	HAND LGTH
☐	2ft	10¼"	7"	9¾"	6½"
☐	2ft-6in	13"	8¾"	12½"	8"
☐	3ft	15⅞"	11"	15¾"	10½"
☐	3ft-6in	18¾"	12¾"	18"	12"
☐	4ft	21⅝"	14½"	21"	14"
☐	4ft-6in	24½"	16½"	23⅞"	16"
☐	5ft	27⅜"	18½"	26¾"	18"
☐	5ft-6in	30¼"	20½"	29⅝"	20"
☐	6ft	33⅛"	22½"	32½"	22"
☐	7ft	39"	25¾"	38"	25¾"
☐	8ft	44"	29½"	43½"	29"



HAND STYLES – H3 & H6-H10
TAILS REQUIRED FOR PROPER COUNTER BALANCE (LENGTH MAY VARY).



NOTES:
1. INSTALLATION TO BE COMPLETED IN ACCORDANCE TO MANUFACTURER'S SPECIFICATIONS.
2. CONSULT VERDIN COMPANY FOR CLOCK SPECIFICATIONS

HAND PATTERN OPTIONS FOR O.M.D. CLOCKS

N.T.S.

REVISED: DEC.18,'03

The Supreme Touch

DIGITAL CARILLON BY VERDIN

"The beautiful sounds of cast bronze bells in today's most versatile performance instrument!"

The Supreme Touch Digital Carillon by Verdin ushers in a new world of digital carillons. ***The Supreme Touch*** offers the truest sound of bells in a digital carillon with the most flexible operating system that is available today. ***The Supreme Touch*** is a true musical instrument that allows musicians to compose, perform, and record the sounds of beautiful cast bronze bells with our optional touch sensitive keyboards for full musical expression. ***The Supreme Touch*** is an unbeatable combination of authentic bell sounds, ease of operation, unmatched versatility, and proven reliability. The fine quality of the bell sounds of ***The Supreme Touch*** makes it the perfect accompaniment for songs where there is an existing installation of bells.

VERDIN
175 YEARS
SINCE 1842
www.verdin.com

The Supreme Touch DIGITAL CARILLON BY VERDIN

The Supreme Touch Digital Carillon by Verdin is a true musical instrument that allows a musician to compose, play and record the sound of cast bronze bells.

The traditional cast bell sounds of **The Supreme Touch** have been digitally sampled using today's most advanced recording technology. The bell sounds are reproduced using 32-bit processing which is the finest bell replication available.

In addition to pre-scheduled bell programs, the traditional bell voices of **The Supreme Touch** can be played in real time from the *optional* keyboard as five octaves of bells, or three octaves of bells combined with two octaves of harp. Additional bell voices are available which offer a wide variety of tonal capabilities.

The Supreme Touch offers versatility and ease of operation and scheduling for a musician. The carillon operates three ways: from the carillon console; directly from a computer; or from the wireless remote. **The Supreme Touch** can be prescheduled in a variety of ways including a daily, weekly, monthly, or yearly schedule.

The Supreme Touch can connect from anywhere to a LAN in order to operate or modify programs or to add new music.

The optional, full-function wireless remote of **The Supreme Touch** adds convenience for the operator. It will play any musical selection or ring any bell instantly through the activation of your remote.

VERDIN 175 YEARS SINCE 1842

Hear the beautiful sounds of Verdin digital carillons at www.verdin.com

FEATURES:

Full 61-note polyphony
Large, easy to read 9" color touch display screen
Three ways to operate/schedule in real time:
- Direct from the console
- From the digital wireless remote
- From a computer connected to your Local Area Network

Expandable music library
Up to 10,000 musical selections
Load user MP3 files
Easy seasonal scheduling
Software screen lock for added security
Bass, treble, and volume electronic tone controls
Full function or 4 function wireless remote
Record, save and playback with 61 or 25 note keyboards
Automatic Daylight Saving

TRADITIONAL BELL VOICES:
Cast Bronze Bells, and Bell with Harp Accompaniment

ADDITIONAL VOICES AVAILABLE:
American Bells, Flemish Bells, European Bells, Tubular Chime, English Bells, Orchestral Harp, Orchestral Strings, plus others

OPTIONS:
Several-wattage amplifiers to match any speaker configuration
Decorative bell shells in 5 sizes
An Interface to operate bells and clocks synchronously
Keyboard playing options
Connect to a MIDI digital organ
Global Positioning System
Secure locking cabinet with see-through acrylic panel

WARRANTY:
5 year warranty

DIMENSIONS (with Base):
Length: 13"
Height: 8.50"
Depth: 5.50"
Screen: 9"
Weight: 8 lbs.

Specifications for our digital carillons change from time to time to reflect the latest technology.

STSS-1092017

THE VERDIN COMPANY | Cincinnati, OH | 800-543-0488 | www.verdin.com

The *Supreme* Carillon

TOUCH SCREEN

CIVIC MUSIC LIBRARY BOOK

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BELLS & CLOCKS
SINCE 1842

Since 1842, the finest bells & digital bells in the world.

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The SUPREME Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
129	AUTUMN BREEZE (THEME FROM GENERAL HOSPITAL)		AUTUMN SONGS
130	AUTUMN IN NEW YORK		AUTUMN SONGS
131	AUTUMN LEAVES		AUTUMN SONGS
132	AUTUMN OF MY LIFE		AUTUMN SONGS
181	EARLY AUTUMN		AUTUMN SONGS
247	INDIAN SUMMER		AUTUMN SONGS
353	SEE YOU IN SEPTEMBER		AUTUMN SONGS
356	SEPTEMBER IN THE RAIN		AUTUMN SONGS
357	SEPTEMBER SONG		AUTUMN SONGS
361	SHINE ON HARVEST MOON		AUTUMN SONGS
450	TIS AUTUMN		AUTUMN SONGS
455	TRY TO REMEMBER THE KIND OF SEPTEMBER		AUTUMN SONGS
135	BARNEY GOOGLE		CHILDRENS
146	BINGO		CHILDRENS
228	HUSH LITTLE BABY		CHILDRENS
243	I'M A LITTLE TEAPOT		CHILDRENS
292	MAIRZY DOATS		CHILDRENS
335	PUFF THE MAGIC DRAGON		CHILDRENS
347	RUBBER DUCKIE		CHILDRENS
359	SHE'LL BE COMIN' ROUND THE MOUNTAIN		CHILDRENS
400	THAT DOGGIE IN THE WINDOW		CHILDRENS
409	THE HOKEY POKEY		CHILDRENS
415	THE LITTLE WHITE DUCK		CHILDRENS
445	THREE LITTLE FISHES (ITTY BITTY POO)		CHILDRENS
118	ANGELS WE HAVE HEARD ON HIGH	GLORIA (BARNES)	CHRISTMAS
157	CAROL OF THE BELLS		CHRISTMAS
172	DECK THE HALLS		CHRISTMAS
198	FROSTY THE SNOWMAN		CHRISTMAS
213	HAVE YOURSELF A MERRY LITTLE CHRISTMAS		CHRISTMAS
216	HERE COMES SANTA CLAUS		CHRISTMAS
217	HERE WE COME A-CAROLING		CHRISTMAS
232	I HEARD THE BELLS ON CHRISTMAS DAY	WALTHAM (CALKIN)	CHRISTMAS
236	I SAW MOMMY KISSING SANTA CLAUS		CHRISTMAS
241	I'LL BE HOME FOR CHRISTMAS		CHRISTMAS
249	IT CAME UPON A MIDNIGHT CLEAR	CAROL	CHRISTMAS
252	IT'S BEGINNING TO LOOK A LOT LIKE CHRISTMAS		CHRISTMAS
255	JINGLE BELLS		CHRISTMAS
256	JOLLY OLD ST. NICHOLAS		CHRISTMAS
257	JOY TO THE WORLD	ANTIOCH	CHRISTMAS
268	LET IT SNOW! LET IT SNOW! LET IT SNOW!		CHRISTMAS
279	LITTLE DRUMMER BOY		CHRISTMAS
311	O HOLY NIGHT	ADAM	CHRISTMAS
312	O LITTLE TOWN OF BETHLEHEM	ST. LOUIS	CHRISTMAS
314	O TANNENBAUM		CHRISTMAS
348	RUDOLPH THE RED NOSE REINDEER		CHRISTMAS
351	SANTA CLAUS IS COMING TO TOWN		CHRISTMAS
353	SILVER BELLS		CHRISTMAS
366	SLEIGH RIDE		CHRISTMAS
405	THE CHRISTMAS SONG (CHESTNUTS ROASTING)		CHRISTMAS
410	THE HOLLY AND THE IVY		CHRISTMAS
463	WE WISH YOU A MERRY CHRISTMAS		CHRISTMAS
472	WHITE CHRISTMAS		CHRISTMAS
478	WINTER WONDERLAND		CHRISTMAS
134	BARCAROLLE (OFFENBACH)		CLASSICAL
156	CAN CAN (OFFENBACH)		CLASSICAL
160	CELESTRA AIDA (VERDI)		CLASSICAL
162	CLAIRE DE LUNE (DEBUSSY)		CLASSICAL
189	EVENING PRAYER (HUMPERDINCK)		CLASSICAL
192	FINLANDIA (SIEBELIUS)		CLASSICAL
199	FUNERAL MARCH FROM "SONATA IN B FLAT MINOR		CLASSICAL
200	FUR ELISE (BEETHOVEN)		CLASSICAL
209	GRAND MARCH FROM "AIDA" (VERDI)		CLASSICAL
227	HUMORESQUE (DVORAK)		CLASSICAL
248	INTERMEZZO (MASCAGNI)		CLASSICAL
261	LA DONNA E MOBILE FROM "RIGOLETTO" (VERDI)		CLASSICAL

The Supreme Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
265	LARGO FROM "THE NEW WORLD SYMPHONY" (DVORAK)		CLASSICAL
274	LIEBESTRAUM (LISZT)		CLASSICAL
290	LULLABY (BRAHMS)		CLASSICAL
297	MINUET IN G (BACH)		CLASSICAL
298	MINUET IN G (BEETHOVEN)		CLASSICAL
328	PILGRIMS CHORUS' (WAGNER)		CLASSICAL
329	POLONAISE - OPUS 53 (CHOPIN)		CLASSICAL
330	POMP & CIRCUMSTANCE (ELGAR)		CLASSICAL
333	PRELUDE IN A - OPUS 28		CLASSICAL
435	THEME FROM "PIANO CONCERTO B FLAT MINOR" TSCHAIKO		CLASSICAL
437	THEME FROM "SWAN LAKE" (TCHAIKOVSKY)		CLASSICAL
452	TRAUMERI (SCHUMANN)		CLASSICAL
102	A FOGGY DAY IN LONDON TOWN		CLOUDY SONGS
148	BLOW THE WINDS SOUTHERLY		CLOUDY SONGS
149	BLOW YE WINDS		CLOUDY SONGS
150	BLOWIN' IN THE WIND		CLOUDY SONGS
277	LITTLE BLACK RAIN CLOUD		CLOUDY SONGS
282	LOOK FOR THE SILVER LINING		CLOUDY SONGS
414	THE LITTLE WHITE CLOUD THAT CRIED		CLOUDY SONGS
430	THE WAYWARD WIND		CLOUDY SONGS
438	THEY CALL THE WIND MARIA		CLOUDY SONGS
448	TILL THE CLOUDS ROLL BY		CLOUDY SONGS
460	WAIT TILL THE CLOUDS ROLL BY		CLOUDY SONGS
100	76 TROMBONES		GENERAL
106	ALFIE		GENERAL
107	ALICE BLUE GOWN		GENERAL
110	ALL THROUGH THE NIGHT		GENERAL
112	ALOUETTE		GENERAL
119	ANNIE LAURIE		GENERAL
125	AS TIME GOES BY		GENERAL
131	AUTUMN LEAVES		GENERAL
133	BALI HAI		GENERAL
138	BAUBLES BANGLES AND BEADS		GENERAL
139	BE MY LOVE		GENERAL
140	BEAUTIFUL DREAMER		GENERAL
143	BEFORE THE PARADE PASSES BY		GENERAL
144	BELIEVE ME IF ALL THOSE ENDEARING YOUNG CHARMS		GENERAL
152	BLUE SUEDE SHOES		GENERAL
153	BLUE VELVET		GENERAL
155	CAMPTOWN RACES		GENERAL
158	CARRY ME BACK TO OLD VIRGINNY		GENERAL
163	CLEMENTINE		GENERAL
164	CLIMB EVERY MOUNTAIN		GENERAL
167	COUNTRY GARDENS		GENERAL
168	DAISEY BELL (A BICYCLE BUILT FOR TWO)		GENERAL
170	DAYS OF WINE AND ROSES		GENERAL
174	DEEP PURPLE		GENERAL
177	DO-RE-MI		GENERAL
179	DRIFTING AND DREAMING		GENERAL
182	EARLY ONE MORNING		GENERAL
183	EDELWEISS		GENERAL
187	EMBRACEABLE YOU		GENERAL
191	FASCINATION		GENERAL
194	FLOW GENTLY SWEET AFTON		GENERAL
201	GETTING TO KNOW YOU		GENERAL
208	GRAND FATHER'S CLOCK		GENERAL
215	HELLO DOLLY!		GENERAL
218	HEY GOOD LOOKIN'		GENERAL
222	HOME ON THE RANGE		GENERAL
223	HOME SWEET HOME		GENERAL
225	HOUND DOG		GENERAL
226	HOW CAN I LEAVE THEE?		GENERAL
229	I COULD HAVE DANCES ALL NIGHT		GENERAL
239	IF I LOVED YOU		GENERAL
240	IF I WERE A RICH MAN		GENERAL
245	IN THE GLOAMING		GENERAL

The Supreme Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
250	IT MIGHT AS WELL BE SPRING		GENERAL
251	IT'S A GRAND NIGHT FOR SINGING		GENERAL
253	JEANIE WITH THE LIGHT BROWN HAIR		GENERAL
258	JUANITA		GENERAL
273	LIEBESTRAUM		GENERAL
281	LONG LONG AGO		GENERAL
282	LOOK FOR THE SILVER LINING		GENERAL
285	LOVE IS A MANY SPLENDORED THING		GENERAL
288	LOVE ME TENDER		GENERAL
289	LOVE STORY (THEME)		GENERAL
291	MACK THE KNIFE		GENERAL
294	MARIA		GENERAL
299	MONA LISA		GENERAL
301	MOON RIVER		GENERAL
306	MY CUP RUNNETH OVER		GENERAL
307	MY FAVORITE THINGS		GENERAL
308	MY FUNNY VALENTINE		GENERAL
309	MY OLD KENTUCKY HOME		GENERAL
315	OH DEAR! WHAT CAN THE MATTER BE?		GENERAL
317	OH WHAT A BEAUTIFUL MORNING		GENERAL
316	OH! SUSANNA		GENERAL
319	OL' MAN RIVER		GENERAL
320	OLD FOLKS AT HOME		GENERAL
321	ONCE IN LOVE WITH AMY		GENERAL
322	ONE HAND ONE HEART		GENERAL
326	PEOPLE		GENERAL
327	PEOPLE WILL SAY WERE IN LOVE		GENERAL
332	POOR WAY FARING STRANGER		GENERAL
337	RAINDROPS KEEP FALLING ON MY HEAD		GENERAL
342	ROCK AROUND THE CLOCK		GENERAL
345	ROMEO AND JULIET (THEME)		GENERAL
352	SANTA LUCIA		GENERAL
360	SHENANDOAH		GENERAL
364	SINGIN' IN THE RAIN		GENERAL
367	SMOKE GETS IN YOUR EYES		GENERAL
373	SOME ENCHANTED EVENING		GENERAL
374	SOMEWHERE (WEST SIDE STORY)		GENERAL
377	SPEAK SOFTLY LOVE		GENERAL
381	STAR DUST		GENERAL
388	SUMMERTIME		GENERAL
391	SUNRISE SUNSET		GENERAL
397	TEA FOR TWO		GENERAL
403	THE ASH GROVE		GENERAL
404	THE BLUE BELLS OF SCOTLAND		GENERAL
407	THE GREEN LEAVES OF SUMMER		GENERAL
411	THE IMPOSSIBLE DREAM		GENERAL
413	THE LAST TIME I SAW PARIS		GENERAL
418	THE MAN ON THE FLYING TRAPEZE		GENERAL
426	THE SOUND OF MUSIC		GENERAL
428	THE SUMMER KNOWS		GENERAL
432	THE WINDMILLS OF YOUR MIND		GENERAL
451	TO A WILD ROSE		GENERAL
459	WAIT FOR THE WAGON		GENERAL
470	WHILE STROLLING THROUGH THE PARK		GENERAL
473	WILL YOU LOVE ME IN DECEMBER AS YOU DO IN MAY?		GENERAL
488	YOU'LL NEVER WALK ALONG		GENERAL
104	ADDAMS FAMILY THEME		HALLOWEEN
159	CASPER THE FRIENDLY GHOST		HALLOWEEN
176	DING-DONG! THE WITCH IS DEAD		HALLOWEEN
193	FIVE LITTLE PUMPKINS		HALLOWEEN
210	GRIM GRINNING GHOSTS		HALLOWEEN
221	HITCHCOCK THEME		HALLOWEEN
300	MONSTER MASH		HALLOWEEN
304	MUNSTERS THEME		HALLOWEEN
336	PUMPKIN FACE		HALLOWEEN
422	THE PURPLE PEOPLE EATER		HALLOWEEN

The Supreme Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
453	TRICK OR TREAT		HALLOWEEN
164	CLIMB EVERY MOUNTAIN		HAMMERSTEIN
177	DO-RE-MI		HAMMERSTEIN
183	EDELWEISS		HAMMERSTEIN
201	GETTING TO KNOW YOU		HAMMERSTEIN
239	IF I LOVED YOU		HAMMERSTEIN
307	MY FAVORITE THINGS		HAMMERSTEIN
317	OH WHAT A BEAUTIFUL MORNING		HAMMERSTEIN
318	OKLAHOMA		HAMMERSTEIN
327	PEOPLE WILL SAY WERE IN LOVE		HAMMERSTEIN
373	SOME ENCHANTED EVENING		HAMMERSTEIN
488	YOU'LL NEVER WALK ALONG		HAMMERSTEIN
489	YOUNGER THAN SPRINGTIME		HAMMERSTEIN
166	COME BACK TO ERIN		IRISH SONGS
260	KATHLEEN MAVOURNEEN		IRISH SONGS
280	LONDONDERRY AIR (DANNY BOY)		IRISH SONGS
310	MY WILD IRISH ROSE		IRISH SONGS
408	THE HARP THAT ONCE THROUGH TARA'S HALLS		IRISH SONGS
420	THE MINSTREL BOY		IRISH SONGS
423	THE ROSE OF TRALEE		IRISH SONGS
431	THE WEARING OF THE GREEN		IRISH SONGS
466	WHEN IRISH EYES ARE SMILING		IRISH SONGS
469	WHERE THE RIVER SHANNON FLOWS		IRISH SONGS
106	ALFIE		LOVE SONGS
109	ALL THE THINGS YOU ARE		LOVE SONGS
111	ALMOST LIKE BEING IN LOVE		LOVE SONGS
116	AN AFFAIR TO REMEMBER		LOVE SONGS
124	AS LONG AS HE NEEDS ME		LOVE SONGS
126	AT SEVENTEEN		LOVE SONGS
139	BE MY LOVE		LOVE SONGS
145	BEWITCHED		LOVE SONGS
175	DIANE		LOVE SONGS
187	EMBRACEABLE YOU		LOVE SONGS
206	GOIN' OUT OF MY HEAD		LOVE SONGS
207	GOOD NIGHT SWEETHEART		LOVE SONGS
220	HI-LILI HI-LO		LOVE SONGS
231	I GOT IT BAD AND THAT AIN'T GOOD		LOVE SONGS
233	I LEFT MY HEART IN SAN FRANCISCO		LOVE SONGS
235	I MARRIED AN ANGEL		LOVE SONGS
259	JUST ONE MORE CHANCE		LOVE SONGS
278	LITTLE BOY LOST		LOVE SONGS
285	LOVE IS A MANY SPLENDORED THING		LOVE SONGS
286	LOVE MAKES THE WORLD GO 'ROUND		LOVE SONGS
287	LOVE ME OR LEAVE ME		LOVE SONGS
295	MEXICALI ROSE		LOVE SONGS
302	MORE (THEME FROM MONDO CANE)		LOVE SONGS
303	MORE THAN YOU KNOW		LOVE SONGS
305	MY BLUE HEAVEN		LOVE SONGS
340	RELEASE ME		LOVE SONGS
346	ROMONA		LOVE SONGS
365	SLEEPY TIME GAL		LOVE SONGS
375	SOMEWHERE MY LOVE		LOVE SONGS
378	SPRING IS HERE		LOVE SONGS
383	STREET OF DREAMS		LOVE SONGS
395	SWEET AMD LOVELY		LOVE SONGS
398	TEMPTATION		LOVE SONGS
402	THAT OLD FEELING		LOVE SONGS
421	THE ONE I LOVE		LOVE SONGS
424	THE SHADOW OF YOUR SMILE		LOVE SONGS
432	THE WINDMILLS OF YOUR MIND		LOVE SONGS
439	THEY LONG TO BE CLOSE TO YOU		LOVE SONGS
444	THREE COINS IN THE FOUNTAIN		LOVE SONGS
446	THREE O'CLOCK IN THE MORNING		LOVE SONGS
449	TILL THERE WAS YOU		LOVE SONGS
454	TRY A LITTLE TENDERNESS		LOVE SONGS
458	VOLARE		LOVE SONGS

The Supreme Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
471	WHISPERING		LOVE SONGS
482	YESTERDAY		LOVE SONGS
484	YOU BELONG TO ME		LOVE SONGS
486	YOU MADE ME LOVE YOU		LOVE SONGS
487	YOU WERE MEANT FOR ME		LOVE SONGS
161	CIELITO LINDO (BEAUTIFUL HEAVEN)		MEXICO
171	DE COLORES (BRILLIANT COLORS)		MEXICO
184	EL CABALLO BAYO (THE BAY HORSE)		MEXICO
185	EL CASCABEL (THE LITTLE BELL)		MEXICO
186	EL VENADITO (THE LITTLE DEER)		MEXICO
262	LA LLORONA		MEXICO
263	LABAMBA		MEXICO
276	LINDO MICHOACAN (BEAUTIFUL MICHOACAN)		MEXICO
293	MANAITA TAPALIAS		MEXICO
344	ROMAN CASTILLO		MEXICO
128	AULD LANG SYNE		MISC
212	HAPPY BIRTHDAY		MISC
382	STAR SPANGLED BANNER		MISC
7501	BAGPIPES - GOING HOME	GO NGH~1	MP3
7502	BAGPIPES - SCOTLAND THE BRAVE	SCOTLA~1	MP3
7503	BUGLE - TAPS	TAPSBU~1	MP3
7504	BUGLE - THE LAST POST	THELAS~1	MP3
7500	ORGAN - AMERICA THE BEAUTIFUL	AMERIC~1	MP3
113	AMERICA		PATRIOTIC
114	AMERICA THE BEAUTIFUL		PATRIOTIC
115	AMERICAN PATROL		PATRIOTIC
136	BATTLE CRY OF FREEDOM (RALLYING SONG)		PATRIOTIC
137	BATTLE HYMN OF THE REPUBLIC	JOHN BROWN'S BODY	PATRIOTIC
165	COLUMBIA THE GEM OF THE OCEAN		PATRIOTIC
188	ETERNAL FATHER STRONG TO SAVE		PATRIOTIC
190	FAITH OF OUR FATHERS	ST. CATHERINE	PATRIOTIC
197	FOR THE BEAUTY OF THE EARTH	DIX	PATRIOTIC
202	GOD BLESS AMERICA		PATRIOTIC
203	GOD BLESS THE U S A		PATRIOTIC
205	GOD OF OUR FATHERS	NATIONAL HYMN	PATRIOTIC
211	HAIL COLUMBIA		PATRIOTIC
244	I'M A YANKEE DOODLE DANDY		PATRIOTIC
269	LET THERE BE PEACE ON EARTH		PATRIOTIC
270	LET THERE BE PEACE ON EARTH		PATRIOTIC
272	LIBERTY BELL MARCH		PATRIOTIC
283	LORD GUARD AND GUIDE THE MEN WHO FLY	HESPERUS	PATRIOTIC
331	POMP & CIRCUMSTANCE (GRADUATION)		PATRIOTIC
354	SEMPER FIDELES		PATRIOTIC
355	SEMPER PARATUSS		PATRIOTIC
380	STAR AND STRIPES FOREVER		PATRIOTIC
382	STAR SPANGLED BANNER		PATRIOTIC
419	THE MARINES HYMN		PATRIOTIC
429	THE WASHINGTON POST MARCH		PATRIOTIC
440	THIS IS MY COUNTRY		PATRIOTIC
441	THIS IS MY FATHER'S WORLD		PATRIOTIC
442	THIS LAND IS YOUR LAND		PATRIOTIC
447	THUNDER AND BLAZES		PATRIOTIC
456	U.S FIELD ARTILLERY MARCH		PATRIOTIC
457	U.S. AIRFORCE		PATRIOTIC
462	WASHINGTON POST MARCH		PATRIOTIC
468	WHEN JOHNNY COMES MARCHING HOME		PATRIOTIC
481	YANKEE DOODLE		PATRIOTIC
490	YOU'RE A GRAND OLD FLAG (FLAG DAY-JUNE 14TH)		PATRIOTIC
141	BEAUTIFUL OHIO		RIVER SONGS
151	BLUE DANUBE WALTZ		RIVER SONGS
178	DOWN BY THE RIVER SIDE		RIVER SONGS
266	LAZY RIVER		RIVER SONGS
301	MOON RIVER		RIVER SONGS
319	OL' MAN RIVER		RIVER SONGS
339	RED RIVER VALLEY		RIVER SONGS
341	RIVER STAY 'WAY FROM MY DOOR		RIVER SONGS

The Supreme Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
343	ROLLIN' ON THE RIVER (PROUD MARY)		RIVER SONGS
360	SHENANDOAH		RIVER SONGS
376	SONG OF THE VOLGA BOATMAN (RUSSIAN)		RIVER SONGS
394	SWANEE RIVER (OLD FOLKS AT HOME		RIVER SONGS
196	FOOTPRINTS IN THE SNOW		SNOW SONGS
366	SLEIGH RIDE		SNOW SONGS
368	SNOW FALL		SNOW SONGS
369	SNOW FLAKE		SNOW SONGS
370	SNOW FLAKES		SNOW SONGS
371	SNOW QUEEN		SNOW SONGS
372	SNOWBIRD		SNOW SONGS
393	SUZY SNOWFLAKE		SNOW SONGS
121	APRIL IN PARIS		SPRING SONGS
122	APRIL LOVE		SPRING SONGS
123	APRIL SHOWERS		SPRING SONGS
242	I'LL REMEMBER APRIL		SPRING SONGS
250	IT MIGHT AS WELL BE SPRING		SPRING SONGS
271	LET'S GO FLY A KITE		SPRING SONGS
378	SPRING IS HERE		SPRING SONGS
379	SPRING SONG		SPRING SONGS
384	SUDDENLY IT'S SPRING		SPRING SONGS
417	THE LUSTY MONTH OF MAY		SPRING SONGS
467	WHEN IT'S SPRINGTIME IN THE ROCKIES		SPRING SONGS
489	YOUNGER THAN SPRINGTIME		SPRING SONGS
101	A FADED SUMMER LOVE		SUMMER SONGS
246	IN THE GOOD OLD SUMMER TIME		SUMMER SONGS
323	ONE SUMMER NIGHT		SUMMER SONGS
349	SAIL THE SUMMER WINDS		SUMMER SONGS
385	SUMMER BREEZE		SUMMER SONGS
386	SUMMER MAGIC		SUMMER SONGS
387	SUMMER NIGHTS (GREASE)		SUMMER SONGS
388	SUMMERTIME		SUMMER SONGS
407	THE GREEN LEAVES OF SUMMER		SUMMER SONGS
412	THE LAST ROSE OF SUMMER		SUMMER SONGS
428	THE SUMMER KNOWS		SUMMER SONGS
443	THOSE LAZY HAZY CRAZY DAYS OF SUMMER		SUMMER SONGS
127	AT SUNDOWN		SUNNY SONGS
305	MY BLUE HEAVEN		SUNNY SONGS
317	OH WHAT A BEAUTIFUL MORNING		SUNNY SONGS
362	SHINE LOLLIPOPS AND RAINBOWS		SUNNY SONGS
389	SUNNY		SUNNY SONGS
390	SUNNY SIDE UP		SUNNY SONGS
392	SUNSHINE ON MY SHOULDERS		SUNNY SONGS
401	THAT LUCKY OLD SUN		SUNNY SONGS
465	WE'LL SING IN THE SUNSHINE		SUNNY SONGS
483	YOU ARE MY SUNSHINE		SUNNY SONGS
105	AGGIE WAR HYMN (TEXAS A & M)		TEXAS SONGS
169	DALLAS		TEXAS SONGS
173	DEEP IN THE HEART OF TEXAS		TEXAS SONGS
222	HOME ON THE RANGE		TEXAS SONGS
224	HORNED FROGS (TCU)		TEXAS SONGS
339	RED RIVER VALLEY		TEXAS SONGS
350	SAN ANTONIO ROSE		TEXAS SONGS
399	TEXAS OUR TEXAS		TEXAS SONGS
406	THE EYES OF TEXAS		TEXAS SONGS
427	THE STREETS OF LAREDO		TEXAS SONGS
433	THE YELLOW ROSE OF TEXAS		TEXAS SONGS
461	WALTZ ACROSS TEXAS		TEXAS SONGS
103	A WEDDING PRAYER		WEDDING
108	ALL CREATURES OF OUR GOD AND KING	LASST UNS ERFREUEN	WEDDING
120	ANNIE'S SONG		WEDDING
142	BECAUSE		WEDDING
147	BLEST BE THE TIE THAT BINDS		WEDDING
195	FOLLOW ME		WEDDING
204	GOD GIVEN LOVE		WEDDING
214	HELLO YOUNG LOVERS		WEDDING

The SUPREME Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
234	I LOVE YOU TRULY		WEDDING
238	IF		WEDDING
254	JESU JOY OF MAN'S DESIRING	SCHOP	WEDDING
284	LOVE DIVINE ALL LOVES EXCELLING	BEECHER	WEDDING
306	MY CUP RUNNETH OVER		WEDDING
313	O PERFECT LOVE	PERFECT LOVE	WEDDING
322	ONE HAND ONE HEART		WEDDING
334	PROCESSIONAL-BRIDAL MARCH(FROM"LOHENGRIN"-WAGNER)		WEDDING
338	RECESSIONAL - WEDDING MARCH (MENDELSSOHN)		WEDDING
391	SUNRISE SUNSET		WEDDING
396	TAKE OUR LIVES AND LET THEM BE		WEDDING
434	THEME FROM "LOVE STORY"		WEDDING
436	THEME FROM "ROMEO AND JULIET"		WEDDING
646	WEDDING SONG (THERE IS LOVE)		WEDDING
485	YOU LIGHT UP MY LIFE		WEDDING
154	BUTTON UP YOUR OVERCOAT		WINTER SONGS
275	LIFE IS A LONG WINTER'S DAY		WINTER SONGS
324	OUT IN THAT COLD		WINTER SONGS
425	THE SKATER'S WALTZ		WINTER SONGS
473	WILL YOU LOVE ME IN DECEMBER AS YOU DO IN MAY?		WINTER SONGS
474	WINTER FROLIC		WINTER SONGS
475	WINTER HAS COME		WINTER SONGS
476	WINTER LIGHT		WINTER SONGS
477	WINTER WARM		WINTER SONGS
480	WINTER WINTER		WINTER SONGS
478	WINTER WONDERLAND		WINTER SONGS
479	WINTER WORLD OF LOVE		WINTER SONGS

The Supreme Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
CLOCK CHIMES			
835	DING DONG 1ST QTR		CLOCK STRIKES
836	DING DONG 2ND QTR		CLOCK STRIKES
837	DING DONG 2ND HALF HOUR STRIKE		CLOCK STRIKES
838	DING DONG 3RD QTR		CLOCK STRIKES
839	DING DONG HOUR		CLOCK STRIKES
870	LOURDES 1ST QTR		CLOCK STRIKES
871	LOURDES 2ND QTR		CLOCK STRIKES
872	LOURDES 2ND HALF HOUR STRIKE		CLOCK STRIKES
873	LOURDES 3RD QTR		CLOCK STRIKES
874	LOURDES HOUR		CLOCK STRIKES
880	ST. MICHAEL 1ST QTR		CLOCK STRIKES
881	ST. MICHAEL 2ND QTR		CLOCK STRIKES
882	ST. MICHAEL 2ND HALF HOUR STR KE		CLOCK STRIKES
883	ST. MICHAEL 3RD QTR		CLOCK STRIKES
884	ST. MICHAEL HOUR		CLOCK STRIKES
890	NO CHIMES		CLOCK STRIKES
891	NORWICH 1ST QTR		CLOCK STRIKES
892	NORWICH 2ND QTR		CLOCK STRIKES
893	NORWICH 2ND HALF HOUR STRIKE		CLOCK STRIKES
894	NORWICH 3RD QTR		CLOCK STRIKES
895	NORWICH HOUR		CLOCK STRIKES
901	PARSIFAL 1ST QTR		CLOCK STRIKES
902	PARSIFAL 2ND QTR		CLOCK STRIKES
903	PARSIFAL 2ND HALFSTRIKE		CLOCK STRIKES
904	PARSIFAL 3RD QTR		CLOCK STRIKES
905	PARSIFAL HOUR		CLOCK STRIKES
921	TENNYSON 1ST QTR		CLOCK STRIKES
922	TENNYSON 2ND QTR		CLOCK STRIKES
923	TENNYSON 2ND HALF HOUR STRIKE		CLOCK STRIKES
924	TENNYSON 3RD QTR		CLOCK STRIKES
925	TENNYSON HOUR		CLOCK STRIKES
941	WESTMINSTER 1ST QTR		CLOCK STRIKES
942	WESTMINSTER 2ND QTR		CLOCK STRIKES
943	WESTMINSTER 2ND HALF HOUR STRIKE		CLOCK STRIKES
944	WESTMINSTER 3RD QTR		CLOCK STRIKES
945	WESTMINSTER HOUR		CLOCK STRIKES
946	WHITTINGTON 1ST QTR		CLOCK STRIKES
947	WHITTINGTON 2ND QTR		CLOCK STRIKES
948	WHITTINGTON 2ND HALF HOUR STRIKE		CLOCK STRIKES
949	WHITTINGTON 3RD QTR		CLOCK STRIKES
950	WHITTINGTON HOUR		CLOCK STRIKES
951	WINCHESTER 1ST QTR		CLOCK STRIKES
952	WINCHESTER 2ND QTR		CLOCK STRIKES
953	WINCHESTER 2ND HALFSTRIKE		CLOCK STRIKES
954	WINCHESTER 3RD QTR		CLOCK STRIKES
955	WINCHESTER HOUR		CLOCK STRIKES

The SUPREME Carillon

CIVIC MUSIC LISTING

HYMNS & SONGS - BY SEASON

Number	Song Title	Hymn Tune	Season
RINGS, PEALS, & TOLLS			
700	BELL 1 SWINGING 1 MIN		LITURGICAL
701	BELL 1 SWINGING 3 MIN		LITURGICAL
702	BELL 2 SWINGING 1 MIN		LITURGICAL
703	BELL 2 SWINGING 3 MIN		LITURGICAL
704	BELL 3 SWINGING 1 MIN		LITURGICAL
705	BELL 3 SWINGING 3 MIN		LITURGICAL
706	BELL 4 SWINGING 1 MIN		LITURGICAL
707	BELL 4 SWINGING 3 MIN		LITURGICAL
708	BELL 5 SWINGING 1 MIN		LITURGICAL
709	BELL 5 SWINGING 3 MIN		LITURGICAL
710	BELL 6 SWINGING 1 MIN		LITURGICAL
711	BELL 6 SWINGING 3 MIN		LITURGICAL
712	BELL 7 SWINGING 1 MIN		LITURGICAL
713	BELL 7 SWINGING 3 MIN		LITURGICAL
714	2 BELL PEAL 1 MIN		LITURGICAL
715	2 BELL PEAL 3 MIN		LITURGICAL
716	3 BELL PEAL 1 MIN		LITURGICAL
717	3 BELL PEAL 3 MIN		LITURGICAL
718	4 BELL PEAL 1 MIN		LITURGICAL
719	4 BELL PEAL 3 MIN		LITURGICAL
720	5 BELL PEAL 1 MIN		LITURGICAL
721	5 BELL PEAL 3 MIN		LITURGICAL
722	6 BELL PEAL 1 MIN		LITURGICAL
723	6 BELL PEAL 3 MIN		LITURGICAL
724	7 BELL PEAL 3 MIN		LITURGICAL
725	8 BELL PEAL 3 MIN		LITURGICAL
726	10 BELL PEAL 3 MIN		LITURGICAL
728	FUNERAL TOLL 5 MIN		LITURGICAL
729	FUNERAL TOLL 10 MIN		LITURGICAL
730	ANGELUS		LITURGICAL
731	ANGELUS WITH 1 SWINGING BELL		LITURGICAL
732	ANGELUS WITH 2 BELL PEAL		LITURGICAL
733	ANGELUS WITH 3 BELL PEAL		LITURGICAL
734	ANGELUS WITH 9 STRIKES		LITURGICAL
735	ANGELUS WITH 18 STRIKES		LITURGICAL
736	ANGELUS WITH 1 RANDOM HYMN		LITURGICAL
737	DE PROFUNDIS		LITURGICAL
740	2 RANDOM SONGS		LITURGICAL
741	3 RANDOM SONGS		LITURGICAL
988	TOLL BELL 9	D - 387 LBS	SYSTEM RINGS
989	TOLL BELL 8	C - 550 LBS	SYSTEM RINGS
990	TOLL BELL 7	B - 704 LBS	SYSTEM RINGS
991	TOLL BELL 6	A - 1000 LBS	SYSTEM RINGS
992	TOLL BELL 5	G - 1408 LBS	SYSTEM RINGS
993	TOLL BELL 4	F - 1990 LBS	SYSTEM RINGS
994	TOLL BELL 3	E - 2332 LBS	SYSTEM RINGS
995	TOLL BELL 2	D - 3300 LBS	SYSTEM RINGS
996	TOLL BELL 1	C - 4730 LBS	SYSTEM RINGS
997	BIRTHDAY TOLL	C - 4730 LBS	SYSTEM RINGS
998	6 BELL PEAL	C 4730 -D# 2750 -F 1990 G# 1188 -A# 836 -C 550	SYSTEM RINGS
999	3 BELL PEAL	C 4730 -D# 2750 -F 1990	SYSTEM RINGS

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	December 6, 2018
SUBJECT:	Authorization to Name the Pedway
FROM:	Office of Finance and Administration
ACTION ITEM:	Yes

BACKGROUND: Ownership of the campus pedestrian walkway over East Main Street has been transferred to the University. Signage will be completed by April 2019.

Authorization is requested to name this new campus landmark in honor of a former president of Kentucky State University that was instrumental in the development and completion of the pedway project, Mary Evans Sias.

Mary Evans Sias served as president from 2004 through 2014.

SUMMARY OF PROGRAMS/ACTIVITIES: N/A

ALIGNMENT WITH STRATEGIC GOALS:

Goal 4: Enhance the Impact of External Relations and Development

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: N/A

ATTACHMENTS: N/A

RECOMMENDATION: Authorize the University to name the campus pedway in honor of Raymond M. Burse and Mary Evans Sias.

MARY EVAS SIAS began her tenure as Kentucky State University's 13th president in 2004 after having previously served as senior vice president for Student Affairs and External Relations at the University of Texas.

Her presidential tenure as president was marked by strong support of salary adjustments for faculty and staff, increased funding for the school, and the launch of its first capital campaign. Kentucky State also experienced new program development, including new graduate programs in business administration, environmental studies, computer science technology and special education.

Kentucky State also moved from Level III to Level V accreditation status. The move expanded the university's capacity to offer doctoral programs, which resulted in the university's Doctor of Nursing Practice program offered online under the umbrella of the School of Nursing with a focus on gerontology.

Technology improvements included new and upgraded computer labs with extended hours for student access and SMART classrooms containing computers and audiovisual equipment were created.

New construction during Sias' presidential tenure included the new Rosenwald Center for Families and Children, the Whitney M. Young Jr. Residence Hall, the Aquaculture Production Technologies Laboratory, and the Center for Sustainable Farms and Families showcases, the Dr. Henry E. Cheaney Legacy Plaza as well as the establishment of university's 320-acre Environmental Education Center was established in Henry County, Kentucky.

The university also completed the renovation of the Hathaway Hall classroom building. Additionally, the campus became smoke-free.

Important corporate partnerships were established with Alltech and Toyota among other corporate partners via the contribution of research and scholarship dollars respectively.

A native of Jackson, Mississippi, Sias graduated cum laude from Tougaloo College, and earned her Master of Science and Ph.D. in sociology from the University of Wisconsin at Madison. She also holds a M.B.A. in management at Abilene Christian College of Dallas.

In keeping with her commitment to access and opportunity for all students, Sias encouraged faculty and staff to meet students where they are: "Our responsibility as a university is to prepare our students well in the liberal arts and also for the workforce."

(d) The selection committee shall meet ~~[in executive session]~~to assess all the materials with which it was provided pursuant to subsection (11)(b) of this section, as well as the request for best-and-final offers and best-and-final offers. The committee shall rank the best-and-final offers of the three (3) finalists based on the weighted evaluation factors in the request for proposals. If the committee determines that the top ranked best-and-final offer is adequate, the committee shall forward the name of the firm that submitted the top ranked best-and-final offer to the department. If the committee determines that the top ranked firm's best-and-final offer is inadequate, the process shall end.

(e) The commissioner shall award the built-to-suit lease to the firm chosen by the selection committee.

(17) After the best firm has been selected, the department shall notify the finalists, informing them of:

(a) Which firm has been selected for the proposed lease; and

(b) The rest of the procedure that will be followed in the awarding of the lease.

(18) Sections 4 and 5 of this Act shall govern the procurement process set out in this section.

➔SECTION 7. A NEW SECTION OF KRS CHAPTER 2 IS CREATED TO READ AS FOLLOWS:

Jackson Hall at Kentucky State University is designated the Kentucky Museum of African American History.

➔Section 8. The Alumni House at Kentucky State University is named and designated the Francis Marion Wood Welcome Center and Alumni House.

➔Section 9. The following KRS section is repealed:

173.810 State Advisory Council on Libraries.

➔Section 10. All terms of members of the Kentucky State Advisory Council

Subject: Re: Alumni House/Welcome Center Language
Date: Monday, September 24, 2018 at 11:49:46 AM Eastern Daylight Time
From: tava.clay@twc.com
To: KSU, President

Would you please provide me with language re: the Transportation Grant for the Alumni House /Welcome Center or direct me to where I can find a brief description of the Grant.
Thanks

---- "KSU wrote:
Greetings.
This is excellent.
We are wrapping up preparations for Board of Regents meeting.
I will be reaching out right after.
All the best, MCB2
‹‹‹‹‹‹‹‹‹‹‹‹‹‹‹‹‹‹‹‹‹‹
M. Christopher Brown II, Ph.D.
Eighteenth President
Kentucky State University
Hume Hall, Suite 201
400 East Main Street
Frankfort, Kentucky 40601
CONFIDENTIAL ASSISTANT
Ms. Cheryl Dunn
Email: prexyassistant@kysu.edu
Office: 502-597-6260
Fax: 502-597-6490
On 8/28/18, 11:32 AM, "Shana McCombs" <shanamccombs82@gmail.com> wrote:
>Hello President Brown,
>
>I hope all is well.
>
>In this email I have Sonia Sanders, Tava Clay, KSU Alumni Kentucky
>Regent President, and Nichelle Thurston also known as the Seafood Lady
>in Louisville, KY.
>
>I was Nichelle's sales rep when I worked for Coca-Cola in Louisville.
>Her story is amazing and food is delicious and she is a trailblazer
>for the food industry as an entrepreneur African American woman.
>
>I saw that she has food truck bookings starting after September 15.
>She is also motivational speaker. I went to hear her speak at the
>University of Kentucky. She has also spoke at Sullivan University and
>I told her she needs to get with on board with Kentucky's Historically
>Black College University.
>
>I totally believe that Nichelle can empower the students at KSU. She
>has a huge following and she will soar.
>
>Her phone number is 502-232-5093.
>
>I hope that you all will partner.
>

Kentucky State University Presidential Tenures 1886 – present
By Single Longest Tenure

1.	Rufus B. Atwood	33 years
2.	Carl M. Hill	13 years
3.	John Henry Jackson	12 years; 3 years
4.	Green P. Russell	11 years; 5 years
5.	Mary Evans Sias	10 years
6.	Raymond M. Burse	7 years; 2 years
7.	James S. Hathaway	7 years; 2 years
8.	Mary Levi Smith**	7 years; <1 year
9.	William A. Butts	7 years
10.	George Willis Reid	4 years
11.	James E. Givens	2 years
12.	M. Christopher Brown II	>1 year
13.	Francis M. Wood	1 year
14.	John T. Wolfe	1 year

Kentucky State University Presidential Tenures 1886 – present
By Single Longest Tenure Including Interim Tenures

1.	Rufus B. Atwood	33 years
2.	Carl M. Hill	13 years
3.	John Henry Jackson	12 years; 3 years
4.	Green P. Russell	11 years; 5 years
5.	Mary Evans Sias	10 years
6.	Raymond M. Burse	7 years; 2 years
7.	James S. Hathaway	7 years; 2 years
8.	Mary Levi Smith**	7 years; <1 year
9.	William A. Butts	7 years
10.	George Willis Reid	4 years
11.	James E. Givens	2 years
12.	M. Christopher Brown II	>1 year
13.	Aaron Thompson*	1 year
14.	William H. Turner*	1 year
15.	Francis M. Wood	1 year
16.	John T. Wolfe	1 year
17.	James A. Bond*	<1 year
18.	Paul E. Bibbins Jr.*	<1 year
19.	Ernest Reed*	2 months
20.	Albert Meyzeek*	1 month

**denotes interim presidential service*
*** denotes permanent and interim presidential service*

Kentucky State University Presidential Tenures 1886 – present
By Total Years Served

1.	Rufus B. Atwood	33 years
2.	Green P. Russell	16 years
3.	John Henry Jackson	15 years
4.	Carl M. Hill	13 years
5.	Mary Evans Sias	10 years
6.	Raymond M. Burse	9 years
7.	James S. Hathaway	9 years
8.	Mary Levi Smith**	>7 years
9.	William A. Butts	7 years
10.	George Willis Reid	4 years
11.	James E. Givens	2 years
12.	M. Christopher Brown II	>1 year
13.	Francis M. Wood	1 year
14.	John T. Wolfe	1 year

Kentucky State University Presidential Tenures 1886 – present
By Total Years Served Including Interim Tenures

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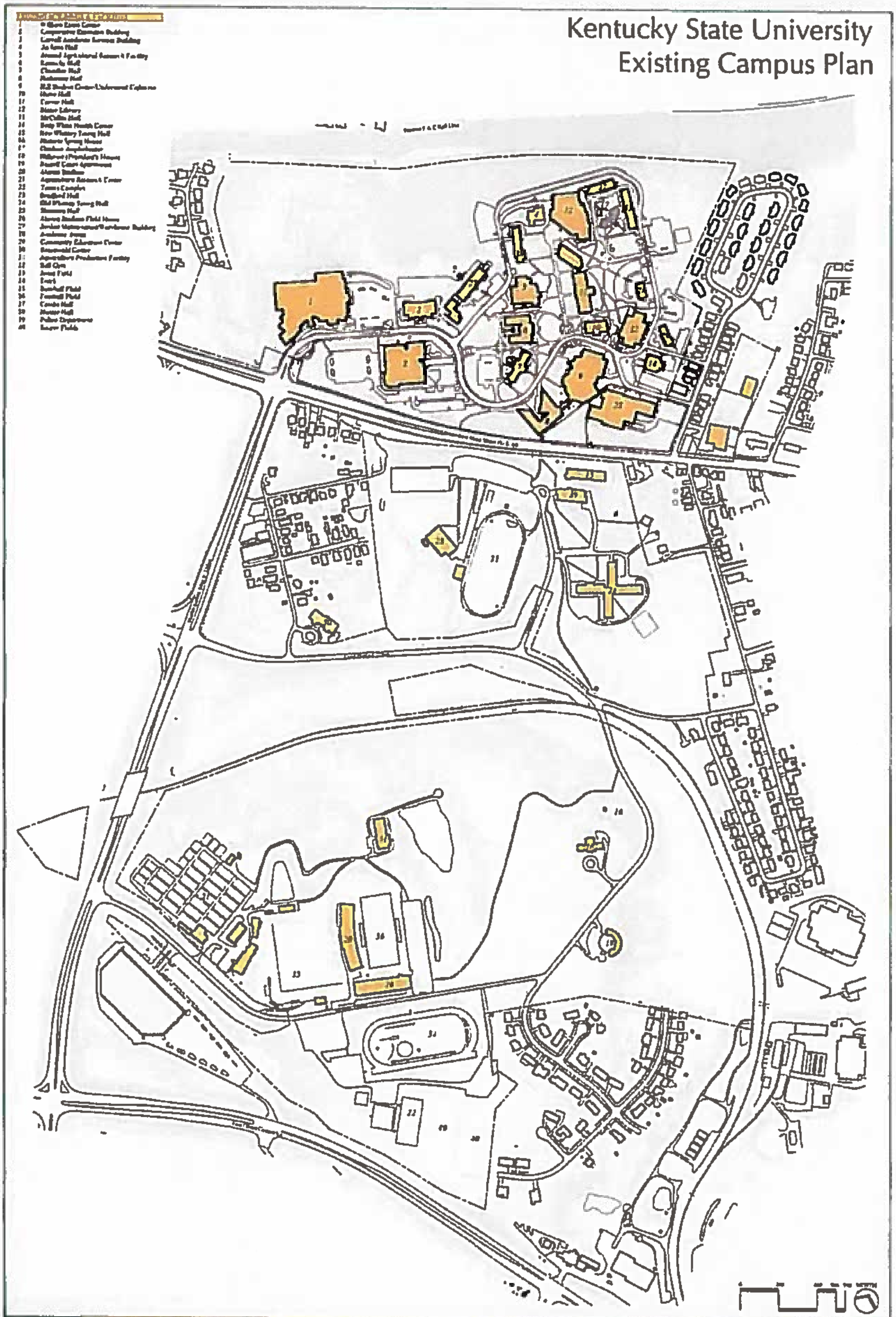
14.	William H. Turner*	1 year
15.	Francis M. Wood	1 year
16.	John T. Wolfe	1 year
17.	James A. Bond*	<1 year
18.	Paul E. Bibbins Jr.*	<1 year
19.	Ernest Reed*	2 months
20.	Albert Meyzeek*	1 month

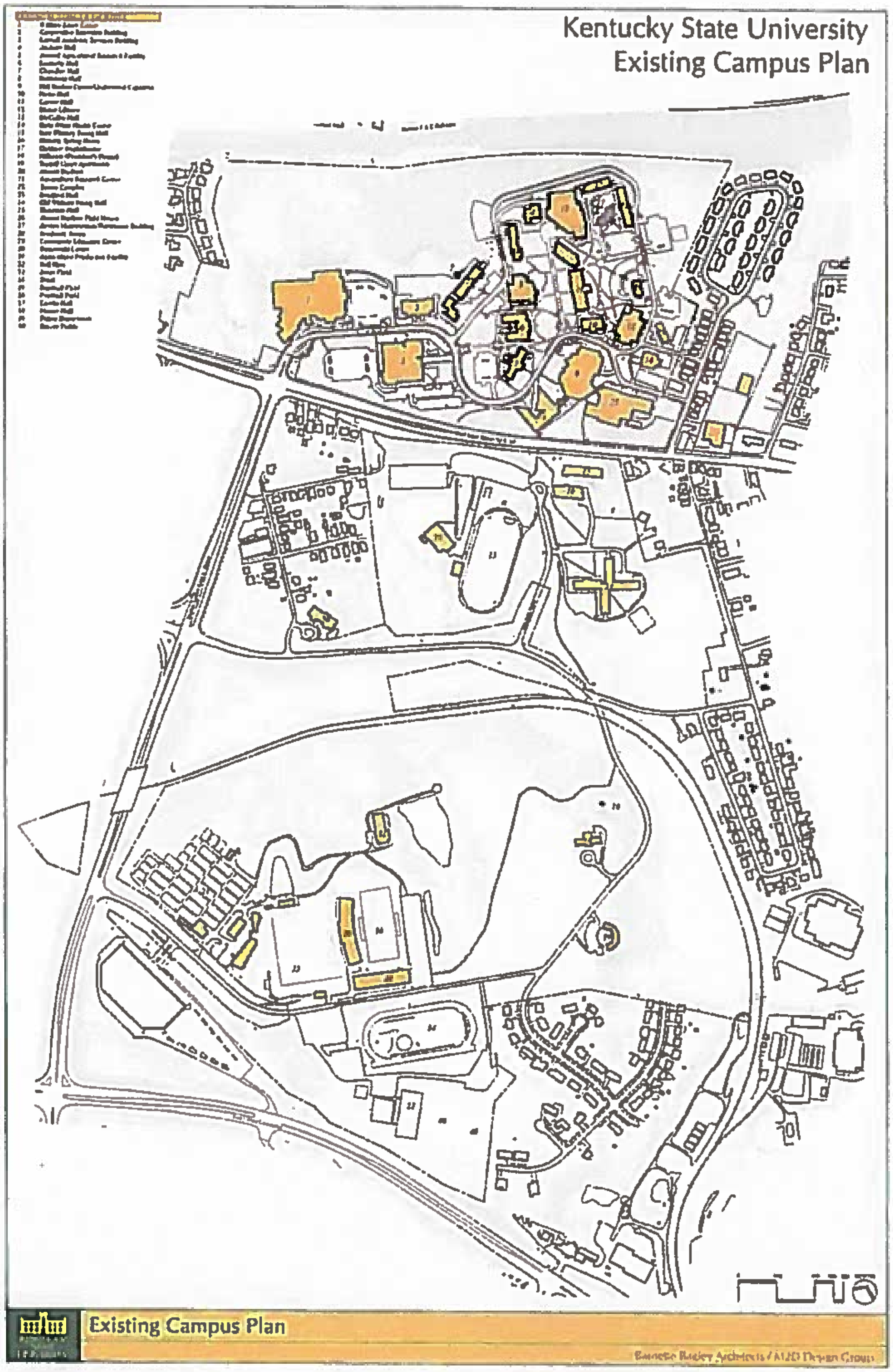
**denotes interim presidential service*
*** denotes permanent and interim presidential service*

Kentucky State University
Existing Campus Plan



Existing Campus Plan

Barnette Bagley Architects / MZD Design Group


Kentucky State University
Existing Campus Plan
Existing Campus Plan

DATE:	December 6, 2018
SUBJECT:	First Quarter Budget Update
FROM:	Office of Finance and Administration
ACTION ITEM:	Information Item Only

BACKGROUND: The Board of Regents approved the FY2019 budget on June 6, 2018.

SUMMARY OF PROGRAMS/ACTIVITIES:

Educational and operational functions are identified by functional classifications that include Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support, Operations of Facilities, and Auxiliaries.

ALIGNMENT WITH STRATEGIC GOALS:

Goal [1] Enhance Student Enrollment, Improve Student Life and Engagement, and Improve Student Advising and Career Development.

Goal [2] Achieve Academic Excellence Across all Programs and Colleges, Increase Student General Education Skills, Degree Persistence, Career Readiness and Graduation Rates.

Goal [3] Increase the University's Financial Strength and Operational Efficiency.

Goal [4] Enhance the Impact of External Relations and Development.

Goal [5] Obtain Maximum Institutional Effectiveness through the Implementation of a Continuous Quality Improvement Process framed within the seven Baldrige Performance Excellence in Education criteria.

COMMITTEE/PROGRAM ACTION: Not Applicable

PROGRAM IMPLICATIONS: Not Applicable

FISCAL IMPLICATIONS: The University is operating within the approved budget.

ATTACHMENTS: First Quarter Budget to Actual Report

RECOMMENDATION: Information Only

REVENUES	FY2018-19 Approved Budget	Actual as of 9/30/2018	Percent
State Appropriation	$25,459,000	$5,592,764	
Tuition and Mandatory Fees	15,960,000	7,013,675	
Auxiliary Enterprises	4,500,000	2,137,670	
Other Non-Operating Revenues	1,065,000	205,421	
Fund Balance	-	-	
TOTAL REVENUE	$46,984,000	$14,949,530	31.82%
EXPENDITURES			
Personnel	$19,146,988	$5,245,103	
Fringe Benefits	6,642,688	2,155,694	
Operating Expenses	21,194,324	3,909,063	
TOTAL EXPENDITURES	$46,984,000	$11,309,861	24.07%

KENTUCKY STATE UNIVERSITY
Board of Regents

DATE:	December 6, 2018
SUBJECT:	Quarterly Facilities Report
FROM:	Finance and Administration
ACTION ITEM:	No

BACKGROUND: Attached is the Quarterly Facilities Report.

SUMMARY OF PROGRAMS/ACTIVITIES: N/A

ALIGNMENT WITH STRATEGIC GOALS:

Goal 3: Increase the University's Financial Strength and Operational Efficiency.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: N/A

ATTACHMENTS:

Quarterly Facilities Report.

RECOMMENDATION: Information Only

Kentucky State University

Finance and Administration

FACILITIES PROJECT UPDATES

December 6, 2018

State Funded Projects

- **Repair Boilers and Aging Distribution Lines** – State Account Number – C756
  Scope of Work – Replace coal fired boilers with natural gas boilers and replace distribution lines.
  Appropriation - $10,400,000; Project cost to date - $10,300,000.
  Project complete – under warranty. Remaining project funds will be used by Division of Engineering and Contract Administration to address HVAC issues on campus and to demolish smokestack.

- **Pedestrian Bridge** – State Account Number – 151064
  Scope of Work – Install pedestrian bridge across US 60.
  Appropriation (to Transportation Cabinet as part of Road Plan) - $8,200,000; Project cost to date - $5,100,000 (tentative, obtaining updated amount from Transportation Cabinet).
  Project complete. Certificate of occupancy received.

Federally Funded Projects

- **Renovate Atwood Agricultural Research Building** – State Account Number C751
  Scope of Work – Total renovation of building to create modern spaces for research, teaching and extension for land grant program.
  Federally approved project cost - $7,428,393.
  Initial design completed by OMNI Architects. RFP for initial demolition has been awarded.
  Estimated completion date – October 2019

- **Renovate Hunter Hall** – State Account Number - C8XM

Scope of Work – Total renovation of building to create modern spaces for research, teaching and extension for land grant program.
Federally approved project cost - $2,296,476 (Board approval of scope increase requested at September 6, 2018 meeting).
Project is in design phase, Bernie Engleman with the Division of Engineering and Contract Administration has been assigned as project manager.
Estimated completion date – December 2019

- **Site Work for Bell Tower** – State Account – C96U
  Scope of Work – Site work wiring and foundation to erect the bell tower.
  Approved budget - $500,000. Current budget estimates are well below approved amount. Under $100,000 for site work at this time.
  Estimate completion date – March 2019

University Funded Projects

- **Blazer Library Feasibility Study** – State Account Number – C8K3
  Scope of Work – Develop cost estimate of renovations for Blazer Library.
  Design completed. Project to be closed once remaining encumbrances are cleared.

- **Mold Remediation and Mechanical Renovation – The Halls** – State Account Number – C8XN
  Scope of Work – Remediate mold throughout the building and repair mechanical systems. Approved project budget - $900,000; Expended to date - $45,000.
  Mold remediation complete – July 2018. Mechanical repairs are more extensive than anticipated. CMTA Engineers are completing phase A design. Project Completion -5%.
  Estimated completion date – May 2019

- **Develop Campus Master Plan** – State Account - C913
  Scope of Work – Develop campus master plan. Approved budget - $325,000.
  OMNI selected as architect selected.

Estimated completion date – May 2019

- **Design Study for Shauntee Hall** – State Account – C914
  Scope of Work – Develop cost estimate and initial design to convert Shauntee Hall to Nursing Education facility. Approved budget - $30,000.
  In Phase A design.
  Estimated completion date for design – January 2019

- **Campus Roof Evaluation and Repair** – State Account – C915
  Scope of Work – Evaluate issues and develop repair estimates for campus buildings with roof problems. Evaluate alternative designs. Approved Budget - $50,000
  Ross Tarrant selected as architect, beginning design.
  Estimated completion date – March 2019

- **Emergency Generator Replacement** – State Account – C916
  Scope of Work – Replace and reposition emergency generator. Approved budget - $300,000.
  Project in phase A design.
  Estimated completion date – March 2019

- **Install Signage and Lighting on Pedway** – State Account – C95V
  Scope of Work – Design and install signage and lighting on the pedway that crosses US 60. Approved budget - $80,000.
  Project in phase A design.
  Estimated completion date – April 2019

- **Energy Performance Savings Contract** – State Account – N/A
  Scope of Work – Develop project to reduce energy costs and improve efficiency. Project is funded from guaranteed savings.
  CMTA selected as contractor. CMTA currently completing energy audit.
  Estimated completion date – December 2020

- **Replace Exterior Stairs – Bell Gym** – State Account – C96P

Scope of Work – Replace exterior stairs. Budget $30,000.
Project in phase A design.
Estimated completion date – April 2019

- **Construct Softball Field** – State Account – C96Q
  Scope of Work – Design on campus softball field, decision to proceed will be made after cost estimate. Budget $48,000.
  Estimated completion date – March 2019

- **Install Fountain – Student Center** – State Account C96R
  Scope of Work – Wiring, piping and foundation work to install fountain in front of student center. Preliminary budget $10,000.
  Estimated completion date – March 2019

- **Install Pedestal** – State Account – C96S
  Scope of Work – Install pedestal for statuary at end of ASB parking lot.
  Preliminary budget $10,000.
  Estimated completion date – March 2019

- **Mold Remediation – Exum Basement** – State Account – C97F
  Scope of Work – Mold remediation. Project budget - $25,000.
  Estimated completion date – February 2019

- **Install Access Control – Hume Hall** – State Account – C97Y
  Scope of Work – Wiring to install access control system at Hume Hall.
  Preliminary budget less than $10,000.

<u>Privately Funded Projects</u>

- **Transition to Synthetic Athletic Field** – State Account – N/A
  Scope of Work – Install a synthetic athletic field.
  Working with stakeholders to develop budget and potential cost sharing for the project.
  Estimated completion – April 1, 2019

DATE: December 6, 2018

SUBJECT: Section 119 of the Internal Revenue Code

FROM: Finance and Administration

ACTION ITEM: No

BACKGROUND: Kentucky State University provides its University President with a personal residence. Kentucky State University expects that the University President will reside in this personal residence. Under the federal tax code, the IRS views this personal residence as a fringe benefit. Under certain circumstances, the IRS excludes the personal residence provided to a college or university presidents from tax if three tests are met. After a 941 audit, it has been determined housing provided for Dr. M, Christopher Brown, II is a taxable fringe benefit under IRC 119 and do not meet all three tests. Accordingly, Dr. Brown's use of the personal residence on campus is considered taxable income. In order to ensure that this fringe benefit has been appropriately accounted for, it has been recommended that Dr. Brown's contract be amended.

SUMMARY OF PROGRAMS/ACTIVITIES: Dr Brown's contract should be amended to reflect that his use of the personal residence on campus is considered income and that it will be taxed as such. Additional non-substantive changes have also been made to reflect the Board's approval of Dr. Brown's contract at the September 2018 board meeting.

ALIGNMENT WITH STRATEGIC GOALS:

Goal [3] Increase the University's Financial Strength and Operational Efficiency.

COMMITTEE/PROGRAM ACTION: Not Applicable.

PROGRAM IMPLICATIONS: Not Applicable.

FISCAL IMPLICATIONS: Not Applicable.

ATTACHMENTS: None

RECOMMENDATION: Not Applicable

DATE: December 6, 2018

SUBJECT: Approval of Authorization for Policies

FROM: Governance Committee

ACTION ITEM: YES

BACKGROUND: Kentucky State University (University) acknowledges the statutory authority of its Board of Regents to adopt University bylaws (both academic and non-academic) that govern the University. As stated in the University's bylaws, it is the responsibility of the President, the administration, the faculty, and the staff to administer and implement these bylaws:

Article II
Powers

> **Section 2: The Board of Regents, in governing the affairs of Kentucky State University shall:**
>
> . . . .
>
> (k) Act as a policy-making body by adopting policy statements of governance and operation of the University, in areas, including, but not limited to, human resources, information technology, public relations and development;
>
> (l) Entrust the internal administration of the University to the President in accordance with the duly established governing Board Policies and administrative regulations;

The University now seeks to revise its bylaws to make clear that the University President has the authority to oversee the development of system of policies and procedures necessary to manage routine operations of the University.

SUMMARY OF PROGRAMS/ACTIVITIES: The University is currently preparing for a reaffirmation visit from the Southern Association of Colleges and Schools Commission on Colleges' (SACSCOC). Pursuant to SACSCOC's newly adopted Principles of Accreditation: Foundations for Quality Enhancement, Section 10, Standard 4(2)(b), a Governing Board must:

> [ensure] a clear and appropriate distinction between the policymaking function of the board and the responsibility of the administration and faculty to administer and implement policy. (Board/administrative distinction)

The rationale behind the requirements for Section 10, Standard 4(2)(b), is outlined in the Resource Manual for the Principles of Accreditations, published in March 2018. The Resource Manual's rationale and notes as it relates to Standard 4(2)(b) states as follows:

> Effective governance includes clearly defining the roles and responsibilities of the governing board, administration, and faculty and ensuring that each of these groups adheres to their appropriate roles and responsibilities. While it is important that the overall mission and overarching policies of the institution are approved by the board, the administration and implementation of the general direction set by the board are carried out by the administration and faculty in order to prevent the board from undercutting the authority of the president and other members of the administration and faculty, thereby creating an unhealthy and unworkable governance structure.

As set forth above, effective governance requires that a governing board provide general direction to the University as to the roles and responsibilities of University groups.

ALIGNMENT WITH STRATEGIC GOALS:

Goal #3 Increase the University's Financial Strength and Operational Efficiency
Goal #5 Obtain Maximum Institutional Effectiveness through the Implementation of a Continuous Quality Improvement Process framed within the seven Baldrige Performance Excellence in Education criteria.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: N/A

ATTACHMENT: See attached revisions to the University's Bylaws.

RECOMMENDATION: Approve Authorization for Policies by passing Motion to Revise University Bylaws ("The Gold Book"), Section II, Powers and Section X, President of Kentucky State University.

Article II:

THE KENTUCKY STATE UNIVERSITY BOARD OF REGENTS

~~Powers~~

Section 2: The Board of Regents, in governing the affairs of Kentucky State University, shall:

a) Appoint the President of the University, who shall serve at the pleasure of the Board on such terms as may be mutually agreeable to the Board and the President;

b) Review and evaluate, on an annual basis, the performance of the President of the University according to written objectives, specific and general, developed by the President in conjunction with the Board as presented at the outset of each academic year;

c) Engage outside advisors and counsel, in its discretion, to assist the Board in carrying out its duties, including, but not limited to, the evaluation of the President;

d) Approve the employment of faculty members at the administrative level, and staff employees at the vice-president level and above, and fix their compensation and tenure of service, on recommendation of the President and prior to any offer of employment, except that the President may conditionally appoint these persons for a ninety day period until the next board meeting;

e) Approve all administrative employment contracts offered to University employees prior to execution by the parties;

f) Adopt guidelines for salary ranges and benefit guidelines for all faculty, administrative and University personnel;

g) Adopt the annual budget for the University and approve any material budget changes;

h) Approve tuition, fees and other charges;

i) Approve all loans, borrowing and issuance of bonds;

j) Approve, after consultation with the President, an administrative structure and plan of organization needed for the successful conduct of the University;

k) Act as a policy-making body by adopting policy statements of governance and operation of the University, in areas, including, but not limited to, human resources, information technology, public relations and development;

l) **Authorize the President and the administration to develop a system of policies and procedures that implement the Board bylaws or that manage routine operations of the University. The University system of policies and procedures shall include University policies characterized as follows:**
   1. **Assists the University in achieving its mission through the promotion of operational efficiency;**
   2. **Applies broadly across the University;**
   3. **Complies with federal, state, and local laws as well as regulations and guidelines of accrediting bodies;**
   4. **Mandates actions or limitations;**
   5. **Ensures responsibility and accountability;**
   6. **Requires approval by the President and/or the Board of Regents for implementation or substantive changes;**
   7. **Reflects University values;**

   The University system of policies and procedures shall include University procedures that are standards or statements that either:

   1. **Articulates processes or reporting requirements related to implementation or compliance with University policies; or**
   2. **Addresses matters not specifically addressed in such policies. Does not require Board of Regents approval, but requires presidential approval. Regulations may or may not apply institution wide.**

m) Entrust the internal administration of the University to the President in accordance with the duly established governing **Board bylaws** ~~**Policies**~~ **and University policies and procedures** ~~**administrative regulations**~~;

n) Grant diplomas and confer degrees upon the recommendation of the President and faculty;

o) Periodically evaluate the University's progress in implementing its mission, goals, and objectives to conform to the strategic agenda, and hold University officers and officials accountable for the status of the University's progress;

p) Promulgate state financial management administrative regulations in accordance with KRS 164A.560, and delegate the responsibilities for these functions to the president of the University. These financial management functions include: acquisitions of funds, purchasing, and receiving, depositing, collecting, retaining, investing, disbursing and accounting for all funds received or due from any source;

q) Approve any appropriation, expenditure, disbursement or contract greater than $50,000, notwithstanding the provisions of KRS 164A.560 and 745 KAR 1:035;

r) Approve the Constitution and By-Laws of the Faculty Senate, the Staff Council, and the Student Government Association, except where in conflict with these Bylaws or with governing Board Policies;

s) Periodically review and/or approve University vision, mission, and proposed long-range strategic plans;

t) Become familiar with, committed to, and abide by, the major responsibilities of this governing board, as set out in these Bylaws and the Kentucky Revised Statutes, including:

    1. defining and clarifying the vision, mission and approving long-range plans; and
    2. assessing periodically the Board's performance and that of the President; and

u) Accept the spirit of academic freedom and collegial governance as fundamental characteristics of University governance.

Article X:

THE PRESIDENT OF KENTUCKY STATE UNIVERSITY

Section 10: The President of Kentucky State University reports to the Board of Regents and serves at its pleasure. The powers and duties of the President include the following:

a) To be the chief administrative and educational officer of the University and to perform such other powers as may be prescribed by the Board of Regents;

b) To make and provide interpretation and implementation of Board **Bylaws** ~~Policy~~, through the **issuance of University policies and procedures** ~~promulgation of administrative regulations~~, for all aspects of the academic and other functions of the University, coordinating it with whatever individual, groups, or organizations may be required;

c) To recommend major policies and other major actions to the Board of Regents for its final action and to be the official medium of communication between the Board of Regents and the various segments of the University and their official bodies;

d) To make final decisions for which he/she has received delegated responsibility over a wide range of activities from the Board of Regents; such actions are ordinarily taken after consultation with various concerned individuals, groups, or organizations;

e) To enforce the **Board Bylaws as well as** ~~Policies, administrative regulations,~~ **University and Departmental Policies and Procedures** ~~and guidelines of the University~~;

f) To recommend to the Board the employment of administrative faculty and vice-president level and above staff;

g) To employ all other non-administrative faculty, and employees of the University whose compensation shall fall within the approved University Classification and Compensation System;

h) To recommend to the Board changes in administrative structure and organization of the University which enhance and align with its mission;

i) To recommend to the Board faculty tenure and administrative promotion decisions;

j) To prepare annual budgets after consultation with, and input from, the Board and others as appropriate, and to recommend all other budgets and any modifications of these budgets as needed to the Board;

k) To appoint University-wide committees;

l) To manage the University through officials that report to the Office of the President;

m) To provide leadership in the development of academic instruction, research, and service programs by making initiatives to the Faculty Senate and to the faculties of academic units and their planning committees concerning changes in curriculum or academic policies which are the responsibility of the faculty;

n) To serve as an ex-officio member of all faculties and all faculty committees, to call and preside over the meeting of the University faculty and such advisory groups as the President chooses to appoint, and at his/her direction to call meetings of the faculties of the several colleges and schools of the University;

o) To be responsible for all University functions relating to student affairs and the life of students at the University, as well as intramural and extramural or intercollegiate athletics;

p) To be responsible for all aspects of the relations of the University to the community and for providing information about the activities of the University;

q) To be responsible for public relations;

r) To maintain continuing relations with governmental agencies at city, county, state, and federal levels as required by the mission of the University;
s) To be responsible for relations of the University with alumni;

t) To be responsible for raising funds from the federal government, state and local public sources, corporations, private individuals, foundations and other sources;

u) To supervise programs for constant maintenance and improvement of their quality, for effective service to students, for the adequacy of research, and for their accountability to the people of the Commonwealth, to the students, and to grantors or donors;

v) To be responsible for the University's role in construction and renovation, in maintenance of buildings and grounds, in the acquisition of essential new facilities, equipment, and library materials, and in space allocation and utilization;

w) To prepare and submit to the Board of Regents an annual report on the work and general status of the University; and

x) To delegate as appropriate the responsibility for carrying out any of the above functions.

DATE: December 6, 2018

SUBJECT: Motion to Revise Kentucky State University Board of Regents Bylaws ("The Gold Book"), Section II, Powers, and Section X, The President of Kentucky State University.

FROM: Governance Committee

ACTION ITEM: YES

BACKGROUND: Kentucky State University (University) acknowledges the statutory authority of its Board of Regents to adopt University bylaws (both academic and non-academic) that govern the University. As stated in the University's bylaws, it is the responsibility of the President, the administration, the faculty, and the staff to administer and implement these bylaws:

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The University now seeks to revise its bylaws to make clear that the University President has the authority to oversee the development of system of policies and procedures necessary to manage routine operations of the University.

SUMMARY OF PROGRAMS/ACTIVITIES: The University is currently preparing for a reaffirmation visit from the Southern Association of Colleges and Schools Commission on Colleges' (SACSCOC). Pursuant to SACSCOC's newly adopted Principles of Accreditation:

Foundations for Quality Enhancement, Section 10, Standard 4(2)(b), a Governing Board must:

> [ensure] a clear and appropriate distinction between the policymaking function of the board and the responsibility of the administration and faculty to administer and implement policy. (Board/administrative distinction)

The rationale behind the requirements for Section 10, Standard 4(2)(b), is outlined in the Resource Manual for the Principles of Accreditations, published in March 2018. The Resource Manual's rationale and notes as it relates to Standard 4(2)(b) states as follows:

> Effective governance includes clearly defining the roles and responsibilities of the governing board, administration, and faculty and ensuring that each of these groups adheres to their appropriate roles and responsibilities. While it is important that the overall mission and overarching policies of the institution are approved by the board, the administration and implementation of the general direction set by the board are carried out by the administration and faculty in order to prevent the board from undercutting the authority of the president and other members of the administration and faculty, thereby creating an unhealthy and unworkable governance structure.

As set forth above, effective governance requires that a governing board provide general direction to the University as to the roles and responsibilities of University groups.

ALIGNMENT WITH STRATEGIC GOALS:

Goal #3 Increase the University's Financial Strength and Operational Efficiency
Goal #5 Obtain Maximum Institutional Effectiveness through the Implementation of a Continuous Quality Improvement Process framed within the seven Baldrige Performance Excellence in Education criteria.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: N/A

ATTACHMENT: See attached revisions to the University's Bylaws.

RECOMMENDATION: Approve Motion to Revise University Bylaws ("The Gold Book"), Section II, Powers and Section X, President of Kentucky State University.

DATE: December 7, 2017

SUBJECT: Proposed 2019 Legislative Agenda

FROM: Rachelle M. Johnson, Director, Government Relations

ACTION ITEM: Information Item

BACKGROUND:

Federal

The mid-term elections delivered a split verdict in a highly contested and contentious election in the United States Congress. The Democrat majority U.S. House of Representatives and Republican majority U.S. Senate will need to collaborate and compromise to advance the legislative agenda for the 116th Congress. Rep. Andy Barr (R-06) won re-election representing the Kentucky State University community.

The following legislative items are recommended for Kentucky State University's 2019 federal legislative agenda:

- Reauthorization of the Higher Education Act
- Federal student aid
- Federal appropriations
- Infrastructure legislation
- Farm Bill/implementation (pending outcome of Lame Duck Session)
- Homeland security

State

Republicans maintained their supermajority in the Kentucky General Assembly. Key legislative/policy issues leading up to the race for Governor may have a direct impact to the Kentucky State University community. Potential legislative issues of note include pension reform, infrastructure investment, and criminal justice reform, among others.

The Council on Postsecondary Education has requested that all comprehensive universities have a collective response and advocacy engagement regarding pension reform.

The following legislative items are recommended for Kentucky State University's 2019 state legislative agenda:

- Pension reform
- Matching requirement for land grant (budget fix item)
- Infrastructure improvements
- Campus safety

2019 Important State Legislative Dates
☐ January 8 – Session Day 1
☐ February 8 – Last Day for Bill Requests
☐ February 15 – Last Day for New Senate Bills
☐ February 19 – Last Day for New House Bills
☐ March 30 – SINE DIE

ALIGNMENT WITH STRATEGIC GOALS:

Alignment with strategic goals to deploy scarce resources to identified priorities through selective investment and improvement of operational discipline across functions.

FISCAL IMPLICATIONS:

Modifications to and introduction of federal and state legislation has a direct fiscal impact to Kentucky State University thereby requiring advocacy engagement in 2019.

2019 General Assembly Legislative Agenda

- Campus Infrastructure Support
- Land Grant Programs Match
- Pension Relief Considerations
- Performance Funding Timetable
- Real Property Proceeds
- Student Retention Initiatives

DATE: December 6, 2018

SUBJECT: Motion to Adopt a Gift Acceptance and Donor Recognition Policy

FROM: Governance Committee

ACTION ITEM: YES

BACKGROUND: Kentucky State University (University) acknowledges the statutory authority of its Board of Regents to adopt policy statements of University governance and operation of the University bylaws (both academic and non-academic):

Article II
Powers

Section 2: The Board of Regents, in governing the affairs of Kentucky State University shall:

. . . .

(k) Act as a policy-making body by adopting policy statements of governance and operation of the University, in areas, including, but not limited to, human resources, information technology, public relations and development;

The purpose of such a policy is to govern the acceptance and administration of gifts and to offer specific guidance to donors and their advisors in completing gifts. The most effective approach to identifying acceptable gifts is through the creation of a gift acceptance policy.

The purpose of the Gift Acceptance and Donor Recognition Policy is to ensure that those who support the organization through donations receive recognition that is appropriate, equitable and consistent. The Policy is developed with the attitude that all gifts are important; that nurturing each donor is the business of the organization; and that a monetary gift is never more important than individual relationships.

SUMMARY OF PROGRAMS/ACTIVITIES: Institutional Advancement requests that the Board adopt a new Gift Acceptance and Donor Recognition Policy. Based on a review of campus policies, it appears that the University has not updated its comprehensive policy relating to fund-raising (Request to Solicit Funds/Items) in over five years. Given that fact, Institutional Advancement requests that the Board consider adopting a completely new policy.

ALIGNMENT WITH STRATEGIC GOALS:

Goal #3 Increase the University's Financial Strength and Operational Efficiency
Goal #4- Enhance the Impact of External Relations and Development.
Goal #5 Obtain Maximum Institutional Effectiveness through the Implementation of a Continuous Quality Improvement Process framed within the seven Baldrige Performance Excellence in Education criteria.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: N/A

ATTACHMENT: See attached Gift Acceptance and Donor Recognition Policy.

RECOMMENDATION: Motion to Adopt a Gift Acceptance and Donor Recognition Policy

Kentucky State University
Gift Acceptance & Donor Recognition Policy
2018

Attached is a copy of the Kentucky State University ("the University") **Gift Acceptance and Donor Recognition Policy.**

The purpose of this document is to give the University a standardized procedural approach to fundraising, the proper valuation of gifts and donor recognition. All members of the University community are expected to know and follow the policies, procedures and guidelines contained in this document. Therefore, all members of the University community should become familiar with its contents.

Three key points should be emphasized:

1. All members of the University community are expected to obtain approval before any and all formal and/or informal gift solicitations from the Vice President for Institutional Advancement and/or the President of the University, or their designee, prior to making any such contact with current or prospective donors (this includes individuals, corporations, foundations and government bodies).

2. If, on behalf of the University, any member of the University community receives any gift to the University (including but not limited to cash, checks, securities, property, or other items) it is essential that the Office of Institutional Advancement be notified immediately. It is also essential that all letters, certificates, or other documents relating to such gifts, **including the envelope in which it arrived with post-marks intact,** be saved and forwarded to the Office of Institutional Advancement. This is to ensure that all gifts are credited to the appropriate University account, and to further ensure that the University complies with all legally mandated gift acknowledgement procedures.

3. If you have any questions, please contact the Office of Institutional Advancement at (502) 597-6760 or advancement@kysu.edu.

Thank you for your cooperation.

Office of Institutional Advancement
Kentucky State University
ASB, 261
400 E. Main St.
Frankfort, KY 40601

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I. PURPOSE

The Gift Acceptance and Donor Recognition Policy of Kentucky State University (hereafter, "the University") is established to govern and administer the solicitation, acceptance, reporting and crediting of all gifts made to the University in a financially prudent and efficient manner.

Contributions from all donors are critical to the University's mission:

> Kentucky State University is a public, comprehensive, historically black land-grant university committed to advancing the Commonwealth of Kentucky, enhancing society, and impacting individuals by providing quality teaching with a foundation in liberal studies, scholarly research, and public service to enable productive lives within the diverse global economy.

The following policy details the types of gifts which may be accepted, who has authority to accept gifts on behalf of the University, the manner in which the University may accept physical funds, ethical considerations of accepting gifts, and necessary approvals for special situations or exceptions to this policy.

II. ADMINISTRATION OF POLICY

Approval of this policy shall be made by the University Board of Regents. Oversight of this policy is the responsibility of the Committee on Advancement and Alumni Relations of the Board of Regents. The Vice President for Institutional Advancement is responsible for the administration of this policy and the divisional procedures that support this policy.

For the purpose of clarity, definitions of terms are as follows:

According to Council for Advancement and Support of Education (CASE) Reporting Standards & Management Guidelines, a *gift* is "a contribution received by an institution for either unrestricted or restricted use in the furtherance of the institution for which the institution has made no commitment of resources or services other than, possibly, committing to use the gift as the donor specifies."

A *pledge* is a signed and dated commitment to make a gift over a specified period, generally more than one year, payable according to terms agreed upon by the donor and University.

Office of Institutional Advancement

The Office of Institutional Advancement (hereafter, "Advancement") has primary responsibility for all fundraising to benefit the University and any of its programs. Advancement staff members of Kentucky State University solicit current and deferred gifts through annual giving, leadership giving, gift planning, foundation and corporate programs.

Confidentiality shall be maintained for all information garnered by the staff and no information shall be disclosed to anyone except as necessary in administering the gift and in recognition and publicity mutually agreed upon by the donor and the University.

All University departments, organizations and individuals outside of Advancement must notify and have approval of the Vice President for Institutional Advancement for any efforts being undertaken to raise funds from any alumnus/alumna or friend of the University.

Revising the Gift Acceptance Policy

The Gift Acceptance Committee (as defined in Section V), in consultation with necessary staff and administration, will periodically review these policies and make recommendations for revisions to the Committee on Advancement and Alumni Relations of the Board of Regents. Any changes in these written policies require approval of the Board of Regents.

III. ETHICAL STANDARDS

The University seeks to uphold the highest standards of ethical behavior and has adopted the Statement of Ethics from CASE to guide and reinforce professional conduct in all areas of institutional development. Advancement presents the following statement for all of its fund-raising personnel and volunteers to uphold:

> Institutional Advancement professionals, by virtue of their responsibilities within the academic community, represent their colleges, universities and schools to the larger society. They have, therefore, a special duty to exemplify the best qualities of their institutions and to observe the highest standards of personal and professional conduct.

a. In so doing, they promote the merits of their institutions, and of education generally without disparaging other institutions;
b. Their words and actions embody respect for truth, fairness, free inquiry, and the opinions of others;
c. They respect all individuals without regard to race, color, marital status, sex, sexual orientation, creed, ethnic or national identity, handicap, orage;
d. They uphold the professional reputation of other advancement officers and give credit for ideas, words, or images originated by others;
e. They safeguard privacy rights and confidential information;
f. They do not grant or accept favors for personal gain, nor do they solicit or accept favors for their institutions where a higher public interest would be violated;
g. They avoid actual or apparent conflicts of interest and, if in doubt, seek guidance from appropriate authorities;
h. They follow the letter and spirit of laws and regulations affecting Institutional Advancement;
i. They observe these standards and others that apply to their professions and actively encourage colleagues to join them in supporting the highest standards of conduct.

Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in Kentucky State University, we declare that all donors have these rights:

A. To be informed of Kentucky State University's mission, of the way the University intends to use donated resources and of its capacity to use donations effectively for their intended purposes.
B. To be informed of the identity of those serving on the Kentucky State University Board of Regents and to expect the Board to exercise prudent judgment in its stewardship responsibilities.
C. To have access to Kentucky State University's most recent financial statements.
D. To be assured their gifts will be used for the purposes for which they were given.
E. To receive appropriate acknowledgment and recognition.
F. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law and the donor's wishes.
G. To expect that all relationships with individuals representing KSU will be professional in nature.
H. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
I. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
J. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

IV. GIFT ACCEPTANCE GUIDELINES

Donor Intent and Gift Restrictions

Donor intent may be manifested in a donor's directions for how a gift is to be used to benefit the University. The University will fulfill a donor's specified gift intent to the extent it is legal, consistent with the University's stated academic mission, purposes and priorities, and capable of being performed.

The University may accept restricted gifts for certain purposes. Generally, the designated purpose should be described broadly and detailed restrictions avoided. The language used in creating such a gift should provide sufficient flexibility for the KSU Foundation and/or University to apply the gift to some other purpose if the designated purpose is no longer feasible.

The University has the absolute right to accept or refuse any gift for reasons that it deems prudent and in its best interest. The University will not accept gifts that are inconsistent with its academic mission, illegal, or would threaten the University's tax-exempt status.

Donors should be encouraged to make unrestricted gifts with any asset transferred to the University. Unrestricted gifts from private sources for current operations shall be processed through the Annual Fund.

Advancement team members must communicate with the prospective donor and document in writing their understanding of the donor's intention. If a donor has made either an outright or deferred gift with a restriction that has not been previously communicated to the University, Advancement shall work with the donor or, if deceased, with known family members, to determine a feasible way to carry out the donor's intention.

Gifts accepted by the University for specific purposes, will follow the guidelines for physical naming opportunities as set forth on pages 8-9 of this policy, or other endowed fund naming opportunities as set forth in Appendix A (Minimum Gifts & Naming Opportunities).

Signatory Authority on Proposals to Individuals

The Gift Acceptance Committee (GAC), defined in Section V of this policy, must approve all proposals of a contractual nature before submission to the donor if the proposal requests support that directly relates to the institutional mission. When a proposal requires an extraordinary commitment by the institution, approval from the President must be obtained prior to submission to the donor.

V. GIFT ACCEPTANCE COMMITTEE

Composition

The Gift Acceptance Committee (GAC) shall consist of the Vice President for Institutional Advancement (or designee), the Vice President for Finance and Administration/CFO (or designee) and Legal Counsel (or designee). Representatives from other campus departments may be asked to participate on a case-by-case basis depending upon the gift being considered.

Purpose

The GAC shall review the proposals for all gifts of personal tangible property, closely held securities, family limited partnerships, patents, real estate, and any other assets a donor may wish to transfer that necessitate a commitment of the University. Gifts of these types must be brought before the GAC prior to acceptance. The review should determine whether the gift is:

a. readily marketable; or
b. needed by the University for use in a manner related to one of the purposes for which the tax-exempt status of the University was granted.

The review process for all potential gifts brought before the GAC shall follow the guidelines set forth in this policy.

VI. NAMING OPPORTUNITIES

The University provides many opportunities for donors to be recognized for their financial support and contributions through named gifts of both physical entities (buildings, facilities, classrooms, etc.) and non-physical entities (departments, prizes, academic and non-academic positions, student support, etc.). Naming opportunities and gift levels are approved by the GAC. The President and Board of Regents must approve each naming arrangement prior to any representation to the donor. Naming is generally granted for the useful life of the entity unless otherwise specified in the gift agreement or, in the case of a current use gift, naming terms shall be set forth in writing by the University and the donor. All naming gifts are subject to the terms of revocation as set forth in this Policy.

Ordinarily, the University requires that at least 75 percent of the commitment must be paid on pledges of $100,000 or more; and 100 percent of the commitment must be paid on pledges of less than $100,000 before proceeding with fulfilling the donor's designation (i.e., filling a chair, providing a scholarship, building construction or establishing a named endowment).

Funding for naming opportunities may include gifts of cash, marketable securities, retirement plan assets, and matured bequests. Deferred gifts, such as annuities and charitable remainder trusts where KSU is named as the irrevocable beneficiary, could be used as a portion, but not the only component of such funding if an agreement includes a named entity.

Because fund minimums may increase between the time donors sign deferred gift agreements and their deaths, donors must be asked to provide for additional assets to be distributed under the terms of their wills or living trusts, if necessary, to meet the relevant fund minimums at the time of their deaths. If this is not possible, such gifts will be used as current restricted gifts, per the donors' wishes for the time period the gifts allow.

Current naming opportunities and minimum funding levels are set forth in Appendix A (Minimum Gifts and Naming Opportunities). Minimum funding levels for physical naming opportunities are located on pages 8-9 of this policy.

a. Endowed Gifts

Endowment gifts assure continual support of the donor's designated purposes by expending amounts from the fund according to the spending formula as determined by the Board of Regents.

Generally, endowed funds may be named in honor or in memory of a donor or a designated person or entity. All such gifts, if accepted, will be placed in a named endowed fund and will be restricted to comply with the donor's intent. All funds designated for endowment will be restricted to the purpose and intent of the donor if a designation has been made, and the principal will be preserved to the extent possible.

Responsibility for management of the endowment funds is delegated to the Vice President for Finance and Administration and the Vice President for Institutional Advancement with oversight responsibilities conducted by the Board of Regents.

b. **Current Use Restricted Funds**

The University will accept gifts of other funds, or collections of such gifts, that can be restricted by the donor for a period of years and not invested in the University's endowment. Current use restricted funds are considered to be part of the annual operating budget of the University. These funds typically will be held in current restricted accounts until expended.

Both endowed funds and current use restricted funds require a signed fund agreement.

c. **Donor Recognition**

The University understands the need and importance of recognizing donors for their financial support. The University has established several recognition societies for this purpose. Additional publicity and recognition of gifts are agreed upon at the time of the gift.

Retirement plan assets and matured bequests may be used to fund a named gift, however, the gift and named entity will not be publicized until after the funds are received by KSU.

The University may revoke a naming if the pledge obligation is unfulfilled and/or written off, the University determines that its association with the donor will materially damage the reputation of the university, or if a change in family or organizational circumstances causes the donor or other affected individual(s)/organization(s) to request a name change or revocation. Revocation decisions shall be made by the President based on the recommendation of the Vice President for Institutional Advancement. The University shall make all reasonable efforts to inform the original donor or the donor's heirs/designees in advance of any revocation or change.

Minimum Funding Levels for Donor-Based Physical Naming Opportunities

Naming opportunity requests are handled on a case-by-case basis. Guidelines for naming opportunities include:

a. New building and furnishings	A gift of at least 51 percent of the total cost of construction. Upon recommendation of the President, the Board of Regents must approve the proposed name by a majority vote.
b. New rooms and spaces	Upon recommendation of the President, the cost of construction and furnishings or such amount as determined by the Vice President for Institutional Advancement (or designee) and the Vice President for Finance and Administration (or designee).

c. Existing or renovated buildings, rooms and spaces	Such amount as determined by the Vice President for Institutional Advancement (or designee) and the Vice President for Finance and Administration (or designee). Upon recommendation of the President, the Board of Regents must approve the proposed name by a majority vote.
d. Permanent fixtures or memorials on campus requiring titles or installations	Upon recommendation of the President, proposed memorials or honor designations which are not currently funded must be presented to the Board of Regents for consideration and approval.

VII. GIFT ACCOUNTING

The University operates in compliance with all regulatory, governing agencies and the policies and rules set forth by them.

All gifts shall be recorded and receipted according to the standards recommended by the Council for the Advancement and Support of Education (CASE) and the National Association of College and University Business Officers (NACUBO).

Gift Substantiation

For the donor's federal income, gift, or estate tax purposes, the University will provide an acknowledgement stating the amount of cash the donor has donated and whether or not a donor has received anything of value in return for the gift.

Substantiation for in-kind gifts may omit the value, though Advancement will acknowledge them. Further substantiation, such as for in-kind gifts, and the fulfillment of IRS requirements will be the responsibility of the donor.

Hard and Soft Credit

Hard Credit is given to the individual, organization or entity from which a contribution is received. The official receipt is sent to the entity which receives hard credit for a gift.

Soft Credit is given to the individual or organization which deserves credit or recognition for the gift in question. As an example, when a donor directs his family foundation to make a gift, the foundation receives hard credit while the donor receives soft credit.

A gift to the University made by an organization on behalf of an individual or other donor will be hard credited to the entity distributing the gift to the University. Soft credit may be recorded to the individual directing such gifts to the University for recognition purposes only.

Requirements for Recording and Modifying Gifts and Pledges

To record a gift, the actual gift must be in hand. For purposes of this policy, only hard (gifts made by the donor), as opposed to soft (gifts made on behalf of the donor), pledges and gifts are being considered.

Pledges may be recorded in gift records by the Office of Institutional Advancement:

a. When obtained through an authorized phone calling program and submitted to the gift processor;

b. When instructed in writing by the donor and the gift processor has a copy of the pledge document or executed fund agreement; or

c. When the donor makes a verbal commitment to a member of the Advancement staff who confirms his/her understanding of the pledge in writing, with confirmation from the donor. Gift records must have a copy of this correspondence. Memos to "file" in internal memoranda to gift records are not sufficient.

Pledges made by individuals may not be paid by organizations such as family foundations, community foundations, family or closely held corporations or other donor-directed funds.

An existing pledge or payment should be modified only when the gift processor receives written documentation from the donor. Donors hold the right to alter the payment schedule of a pledge; any such alterations to the payment schedule shall be communicated to KSU in a timely fashion.

Pledge payment schedules that are longer than five years in length require the approval of the Vice President for Advancement.

Pledge Write-offs

If deemed appropriate by Advancement, a donor's pledge may be terminated. If requested, an entire pledge balance, or the remaining portion of a pledge, may be written off. Such requests may originate either with the donor or an Advancement team member.

All pledges scheduled to be completed by the end of a fiscal year will be written off at the closing of each fiscal year unless Advancement Services is notified that the pledge is still collectable.

Pledge write-offs associated with previously assigned naming opportunities will be handled in a manner appropriate to the pledge and on a case-by-case basis by the Gift Acceptance Committee.

Physical Acceptance of Funds

When a University staff member receives a check, cash, or other currency, it is the responsibility of that staff member to transmit the funds to Advancement Services. Gifts of cash or checks must be delivered to Advancement in person. At the time of delivery, a staff member will verify the cash amount with the deliverer.

The use of campus or interoffice mail to transmit funds to Advancement is not permitted.

If a University or Advancement staff member receives gifts while traveling on University business, she or he shall transmit the funds to Advancement Services immediately upon his or her return.

No University staff member may take physical possession of any non-cash item (such as books, artwork, musical instruments, etc.) prior to approval by the Vice President for Institutional Advancement where such is required. If Vice President for Institutional Advancement approval is not required for a non-cash item, the staff member shall consult with Advancement on appropriate gift acceptance procedures.

Quid Pro Quo and Events

According to the IRS, the definition of a *quid pro quo* contribution is any payment a donor makes to a charity partly as a contribution and partly for goods or services. The University is required to provide a written disclosure to a donor who receives goods or services from the University in exchange for a single payment from the donor in excess of $75. This disclosure will:

a. inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the fair market value of goods or services provided by the charity, and

b. provide the donor with a good faith estimate of the fair market value of the goods or services that the donor received.

Any university department, team, or group sponsoring a fundraising event should contact the Office of Institutional Advancement for guidance and support in advance of the event.

It is the responsibility of the department, team, or group to submit to the Office of Institutional Advancement information on the fair market value of any benefits or premiums provided to the donor in exchange for their contribution to the University. Any printed or web-based materials (including email) advertising the event must contain language about the full market value of the event.

All charitable gifts, including participation in an event, outing, or other sponsorship for the University are processed through the Office of Institutional Advancement. Checks must be made payable to Kentucky State University in order to provide a charitable gift receipt to donors. Gifts of cash or check must be delivered to the Office of Institutional Advancement after the event in a timely fashion.

VIII. ASSETS FOR MAKING A GIFT

Donors shall be encouraged to secure independent expert advice in advance of making a gift. All financial information obtained from a donor will be kept confidential. The University will work closely with the donor to ensure that the donor's intent is clear and acceptable to both parties.

Cash

a. Cash or Check – Donors may choose to direct a contribution of cash or a check to the University.

b. Credit Cards – VISA, MasterCard, Discover Card or American Express credit cards can be used to initiate a gift to the University.

c. Bank Drafts – Donors may elect to electronically debit their checking or savings account.

d. Foreign Currency – Foreign currency and US dollars drawn on foreign banks maybe treated as gifts. The donor will receive credit in US dollars for the amount at which the gift is valued based on exchange rates in effect on the day of receipt.

e. Wire Transfers – A donor may wish to initiate a wire transfer to facilitate a gift to the University.

f. Publicly traded securities – Gifts of securities to the University are accepted through an approved Depository Trust Company (DTC), through the donor's own broker, or by registered mail. Once the securities are transferred, it is the policy of the Board of Regents to immediately sell the securities. The Gift Acceptance Committee (GAC) must approve any exceptions to this policy.

g. Closely Held Securities – Gifts of closely held securities will be considered after review by the GAC [see Section V. Gift Acceptance Committee, page 6 of this policy]. Valuation must be substantiated through other sales prices or by expert appraisal prior to acceptance and shall be in accordance with generally accepted accounting principles for closely held businesses and methods consistent with IRS regulations pertaining to gift validation.

   Gifts of closely held securities will be recorded as cash gifts in the amount of the sales proceeds.

h. Family Limited Partnerships – Gifts of interests in a family limited partnership will be considered after review by the GAC.

i. Retirement Plan Assets – A donor may wish to withdraw or transfer retirement plan assets during his/her lifetime to fund a gift to the University.

Services

This term includes professional or personal services or time which is freely given. Gifts of service are not recognized by the IRS as a tax deductible donation and the University will not provide a tax receipt for these gifts.

Tangible Personal Property or Gifts in Kind

Typically, non-monetary gifts considered for gift recognition purposes are pieces of tangible personal property or gifts in kind. The University will consider gifts in kind only after a thorough review of the item's consistency with the University's mission, the cost of maintenance, cataloging, delivery, insurance, display, any space requirements for exhibiting or storage and any other pertinent issues surrounding the gift. The University will also ensure that the acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift.

Legal and ethical requirements prohibit KSU from appraising gifts. This protects both the donor and the University. Such appraisals of gifts in kind are to be conducted by certified, independent appraisers not associated in any way with the University as per IRS Form 8283; the cost of the appraisal shall be the donor's responsibility.

Gifts in kind valued at or under $100,000 will be considered after review and approval by the Vice President for Institutional Advancement. Gifts in kind valued over $100,000 will need approval by the University President.

The University must be given full transfer of gifts in kind; partial interest in property over which the donor retains control is not a gift.

Prospective donors are advised that the University retains the right to sell or otherwise dispose of the personal property in question, if such action is financially advisable or necessary and if there is no formal agreement to the contrary with the donor. In the event a gift in kind is sold, donated or otherwise disposed of by the University within three years of receipt, the Office of Finance and Administration will provide the donor with a revised copy of IRS Tax Form 8282. It is advised, however, that gifts of tangible personal property not be accepted if it is the university's intention that they are to be sold within three years of receipt.

Life Insurance

A donor may choose to designate the University, or the KSU Foundation as the beneficiary of his/her life insurance policy. A whole life insurance policy may be accepted as a gift to the University or the KSU Foundation and credited to the donor if the University or the KSU Foundation is made the owner and irrevocable beneficiary of the policy.
The University will obtain the cash surrender value of all gifts of life insurance upon transfer to the University; any exceptions must be approved by the GAC.

Patents & Royalties

Gifts of patents and royalties may be accepted only after careful review by the GAC. Consideration will be given to whether the donor intends to make a gift of the entire interest to the patent estate (or will be retaining partial interest) and whether or not the gift will include funding for the future expenses for patent maintenance. Board approval is required.

IX. DEFERRED GIFTS

Deferred gifts are commitments made to the University now but generally do not mature and benefit it financially until some point in the future. Deferred gifts accepted by the University include bequests, life insurance, gifts of retirement assets and life income gifts in the form of charitable remainder trusts, charitable lead trusts, and charitable gift annuities. Donors may choose to use a variety of the assets as listed in Section VIII to fund a deferred gift to the University. Acceptance of the asset(s) shall be governed by the policy section relating to the asset(s). The Office of Institutional Advancement is authorized to negotiate deferred gifts on behalf of the University.

These documents are to be reviewed by the GAC prior to the President's signature. The President and/or his/her designee are authorized by the Board of Regents to sign deferred gift agreements on behalf of the University.

Bequest pledges

Bequest pledges will be recorded at face value when the donor has signed an Institutional Advancement Legacy form formally documenting it with the Office of Institutional Advancement. The documentation must have a specified amount or percentage of the estate stated in the will and a credible estimate of the current value of the estate or gift at the time the commitment is made. If a donor does not provide a value, the bequest pledge will be recorded as an unspecified bequest.

a. Allocation of Realized Bequests that are unrestricted

The use of unrestricted funds from a realized bequest will be determined by the GAC.

b. Administration of Realized Bequests

The handling of estate distributions will be coordinated between the Vice President for Institutional Advancement (or designee) and the Vice President for Finance and Administration (or designee).

The Vice President for Institutional Advancement (or designee) will also serve as primary liaison with individual executors or administrators.

Life Income Gifts

Generally, life income gifts provide an income to the donor for his/her lifetime (and potentially an additional beneficiary) or some other period of time while providing the donor with possible tax deductions. Upon maturity, the University receives the remainder of the gift's value. Advancement fundraising staff can negotiate life income gifts with a donor. The offices of Finance and Administration and Institutional Advancement will coordinate the solicitation of life income gifts, prepare all life income gift calculations, communicate regularly with current life income recipients, and distribute and file all administrative documentation and copies of life income gifts with the Offices of Institutional Advancement and Finance and Administrations.

The Vice President for Finance and Administration and Vice President for Institutional Advancement shall be responsible for the determination of investment strategies for retained life income funds, and in accordance with the appropriate guidelines of the domicile state.

The payout rates offered for charitable gift annuities shall not exceed the rates recommended by the American Council on Gift Annuities. The Vice President for Finance (or designee), in consultation with the Vice President for Institutional Advancement (or designee), shall approve exceptions to the guidelines on a case-by-case basis.

Charitable remainder figures associated with life income agreements must be in keeping with IRS regulations regarding the requisite percentage of the face value of the gift at the time of funding.

a. Charitable Remainder Trusts

Charitable Remainder Trusts are gift vehicles that provide an annual income to donors or their designees and may provide them with an immediate tax deduction and avoidance of capital gain tax at the time that the gift is funded. Donors may choose to receive either a variable annual income in the form of a Charitable Remainder Unitrust (CRUT) or a fixed annual income in the form of a Charitable Remainder

Annuity Trust (CRAT). Other charitable remainder trust vehicles, including but not limited to net income and flip trusts, will be considered by the University on a case-by-case basis.

i. University/KSU Foundation -managed

The University/KSU Foundation will only act as trustee of a Charitable Remainder Trust when it is named the irrevocable remainder beneficiary.

ii. Externally-managed

In the case where trusts are administered by organizations other than the University/KSU Foundation, the University/KSU Foundation encourages submission of annual statements showing the trust's value.

1. University/KSU Foundation is irrevocable beneficiary

The value of the assets in trust shall be included in the University's gift totals for the year, provided the University has an irrevocable right to all or a predetermined portion of the income or remainder interest.

2. University/KSU Foundation is not irrevocable beneficiary

A charitable trust established through an entity other than the University/KSU Foundation where the donor reserves the right to change, modify, substitute or add beneficiaries will be recognized as a bequest expectancy, once properly documented with the University/KSU Foundation.

b. Charitable Lead Trusts

Charitable Lead Trusts are vehicles through which the University receives the annual income either variable or fixed, from the trust for a designated period. At the trust's expiration, the remainder is given to the designated beneficiaries. All Charitable Lead Trusts shall comply with aforementioned policies relating to deferred gifts.

c. Charitable Gift Annuities

Charitable Gift Annuities are vehicles that provide the beneficiary with a fixed annual payment and may provide an upfront tax deduction and avoidance of capital gain tax at the time of the gift. The agreement is a contract between the donor and the University and is backed by the assets of the University.

The University offers Charitable Gift Annuities to beneficiaries over the age of 65. The University also offers deferred Charitable Gift Annuities to beneficiaries over the age of 55 with a minimum deferral period until they reach age 65.

All Charitable Gift Annuities shall comply with aforementioned policies relating to deferred gifts.

d. Pooled Income Funds

The University does not actively promote the availability of Pooled Income Funds.

The University has established minimum gift amounts for funding Charitable Remainder Trusts, Charitable Lead Trusts and Charitable Gift Annuities. These minimum amounts are set forth in Appendix A (Minimum Gifts and Naming Opportunities).

X. GIFTS TO ESTABLISH NEW FUNDS

Endowed Gifts

The University, and the KSU Foundation have an investment policy which is designed to preserve the real value of endowed funds and to enhance the purchasing power of earnings so as to keep pace with inflation and with evolving University needs. In order to accomplish this, the Board has established a spending rate which is reviewed annually. Endowment gifts assure continual support of the donor's designated purposes by expending amounts from the fund according to the spending formula as determined by the Board of Regents. All individually restricted or unrestricted endowed funds that comprise the University endowment follow the same investment and spending policies.

Generally, only the spendable income produced – as defined by the University's endowment spending policy – from the invested principal of the endowment may be spent for the intended purpose. Endowment earnings realized beyond those necessary to fund the annual spending rate and costs of portfolio management are added to the principal of the endowed fund.

Endowed funds may be named in honor or in memory of a donor or a designated person or entity. All such gifts, if accepted, will be placed in a named endowed fund and will be restricted to the purpose and intent of the donor, if a designation has been made.

Responsibility for management of the endowment funds is delegated to the Vice President for Finance and Administration and the Vice President for Institutional Advancement with oversight responsibilities conducted by the Committee for Institutional Advancement of the Board of Regents.

Current Use Restricted Funds

The University will accept gifts of other funds, or collections of such gifts, that can be restricted or designated by the donor. These funds typically will be held in current restricted accounts until expended. A signed gift agreement is required to establish a current use restricted fund.

XI. CAMPAIGNS

To support ongoing operations and long-term goals, the University may undertake special and comprehensive campaigns with the approval of the Board of Regents. Campaigns will be governed by this policy in addition to any specific policies approved by the Board of Regents and implemented for the purpose of the campaign. Any applicable campaign policies informed by this Gift Acceptance Policy will be reviewed and adopted prior to the launch of any new campaign.

Campaign Crediting Policies are designed to provide a reasonable foundation for crediting decisions throughout the campaign while allowing for some flexibility in those cases which the University could not predict in advance.

Campaign crediting decisions that become necessary and are not addressed within this policy will be made by the Gift Acceptance Committee and, if necessary, a Campaign Steering Committee.

Policy Guiding Principles

A campaign is a catalyst for the Kentucky State University fundraising operation, which in turn will significantly support the implementation of the University's strategic plan.

The University operates in compliance with all regulatory, governing agencies and the policies and rules set forth by them. The University will credit and report on campaign gifts in a lawful manner.

APPENDIX A

MINIMUM GIFTS AND NAMING OPPORTUNITIES

I.	Endowed Chair (naming opportunity)	$1.5M
	a. Additional gift to endow a fund to accompany the chair and to be used in support of the professor's research.	$100,000
II.	Endowed Professorship (naming opportunity)	$1M
III.	Endowed Scholarship Fund (naming opportunity)	$25,000
IV.	Endowed Funds in Support of a Department, Program or Lecture	$25,000
V.	Endowed Library Funds	$10,000
VI.	Immediate Gift Annuities (Minimum age of beneficiary –65)	$25,000
VII.	Deferred Gift Annuity (Minimum age of beneficiary – 55)	$10,000
VIII.	Charitable Remainder Annuity Trusts & Unitrusts	$100,000
IX.	Charitable Lead Trusts	$250,000

Funding for endowed chairs, professorships, endowed named scholarships, and endowed funds supporting departments, programs, general scholarship or library may include gifts of cash, marketable securities and matured bequests. Also, endowed funds may be named as beneficiary of the residual value of the deferred gifts such as annuities and charitable remainder trusts.

Gift officers or other University employees may not commit to a naming opportunity without first obtaining the Vice President for Institutional Advancement and/or the President's approval and the Board of Regents. Naming opportunity requests are handled on a case-by-case basis.

APPENDIX B

DONOR RECOGNITION, MEMORIALS & HONORARIUMS

Due to the rapid fluctuations of material costs, the minimum gift amounts listed below will be re-evaluated on a two-year basis between a representative from the Office of Institutional Advancement and a representative from the Office of Finance and Administration. Honorariums or Memorials of $2500 or more are to be approved by the Gift Acceptance Committee.

Alumni & Senior Bricks

Engraved brick and installation	$150

Miscellaneous Honorariums/Memorials

Plaque and installation (cost will vary depending on size and type) (includes $200 plaque)	$5000

Landscape

Existing tree or flowerbed w/plaque installation (includes $200 plaque) Planting of new tree w/plaque installation	$10,000

Bench

New bench w/plaque installation (includes $200 plaque)	$10,000

APPENDIX C

ENDOWED SCHOLARSHIP TEMPLATE

MEMORANDUM OF UNDERSTANDING
BETWEEN
KENTUCKY STATE UNIVERSITY
AND
[NAME OF DONOR/S]
regarding
THE [Insert: Name of Donor or Other] ENDOWED SCHOLARSHIP FUND

1. Name:

   The [Insert: Name] Endowed Scholarship Fund

2. Purpose:

   This endowed scholarship is created by [Insert: Donor Name] to provide financial assistance to students at KSU. [Optional Insert: specific objective, name of person being honored or memorialized, etc.]

3. Selection Criteria:

   The University's established Guidelines and Procedures for Financial Aid shall apply in the selection of the one or more students who receive [Insert: Scholarship Name] Scholarship. The intended purpose of the scholarship is to assist deserving students who have shown demonstrated [Insert: State particular qualifications]. If no such student exists in a given year, the scholarship will support any KSU student with financial need.

   The University may award one or more scholarships, which may be renewed at the University's discretion. The Director of University Scholarships in consultation with the scholarship committee shall make the final selection of scholarship recipient.

4. Funding:

   The endowment to support the [Insert: Name of Scholarship] Scholarship will be funded by an initial gift in the amount of $________________from [Insert: Name of the Donor], and by such other gifts as may be made to this endowment by the original donor and others. The endowment shall have a minimum value of $25,000 and shall have been invested for one year after reaching that amount before the inception of the [Insert: Name of Scholarship] Scholarship. The University shall not be obligated to award this scholarship until the endowment fund attains this amount.

5. Administration of the Endowment:

   The Designated Annual Return from the [Insert: Name of the Scholarship] Endowed Scholarship Fund shall be applied to fund the scholarships.

6. Investment of the [Insert: Name of Scholarship] Endowed Scholarship Fund and Determination of the Designated Annual Return:

   The [_______] Endowed Scholarship Fund shall be managed and invested according to the policies and procedures adopted by the Board of Regents for the management and investment of KSU endowment funds, as such policies and procedures may be amended from time to time.

The management and investment of the [________] Endowed Scholarship Fund shall include the annual determination of a Designated Annual Return to support the scholarships as provided in this Memorandum. The Board of Regents shall annually determine the Designated Annual Return.

7. Publicity and Public Knowledge:

The initial and subsequent publicity and public acknowledgment of the creation of the [Insert: Name of Scholarship] Scholarship Endowment Fund and the designation of the [Name of Scholarship] Scholars will be made by the University following its established protocols.

8. Future Modification of the Charitable Purpose:

The University foresees that it will exist and that it will enroll students meeting the requirements of and needing the financial support to be provided by the [Insert: Name of Scholarship] Scholarships. Nevertheless, in the event that the Board of Regents of the University determine, in their sole discretion, that intervening circumstances have made it necessary to alter the donor's original purpose, those Regents may amend and restate this agreement to cause the endowment to be administered to achieve that purpose that they, in their sole discretion, have determined will most closely fulfill the donor's original intentions.

9. Reporting Procedures:

After the inception of the [Insert: Name of Scholarship], the University will provide to the donor during [her/his/their] lifetime an annual report on the scholarship fund and the name(s) of the recipient(s).

____

[Insert: Donor's Name] Date

THE BOARD OF REGENTS of Kentucky State University, a Kentucky nonprofit corporation, Frankfort, Kentucky

By:____

[Insert: Name] Date
President of Kentucky State University
and duly authorized agent of the
Corporation

And:____

[Insert: Name] Date
Executive Director, KSU Foundation

And:____

[Insert: Name] Date
Vice President for Finance of Kentucky State University

Submitted by: ____

[Insert: Name] Date
Vice President for Institutional Advancement of Kentucky State University

APPENDIX D

CURRENT USE SCHOLARSHIP TEMPLATE

MEMORANDUM OF UNDERSTANDING
BETWEEN
KENTUCKY STATE UNIVERSITY
AND
[NAME OF DONOR/S]
regarding
THE [Insert: Name of Donor or Other] SCHOLARSHIP FUND

1. Name:

   The [Insert: Name] Scholarship Fund

2. Purpose:

   This gift is made by [Insert: Name] to establish a named current use fund at KSU that will provide [Insert: Purpose] for a period of [Insert: Time].

3. Selection Criteria:

   The University's established Guidelines and Procedures for Financial Aid shall apply in the selection of the one or more students who receive [Insert: Scholarship Name] Scholarship. The intended purpose of the scholarship is to assist deserving students who have shown [Insert: State particular qualifications]. If no such student exists in a given year, the scholarship shall be awarded to any deserving student.

   The scholarship will be awarded every year for a period of [Insert: Time] years.

   The University may award one or more scholarships, which may be renewed at the University's discretion. The Office of Financial Aid shall make the final selection of scholarship recipient(s).

4. Funding:

   The fund to support the [Insert: Name of Scholarship] Scholarship will be funded by a total gift of $______from [Insert: Name of Donor], to be given in annual installments for a period of [Insert: time].

By [Insert: Date]:	[Gift Amount]
By [Insert: Date]:	[Gift Amount]
By [Insert: Date]:	[Gift Amount]

   [Insert: Name of Donor] retains the right to alter the payment schedule; any such alterations to the payment schedule shall be communicated to KSU in a timely fashion.

5. Stewardship, Publicity, and Public Knowledge:

   The initial and subsequent publicity and public acknowledgement of the creation of the [Insert: Name of Scholarship] Scholarship Fund and the designation of the [Name of Scholarship] Scholars will be made by the University following its established protocols.

6. Future Modification of the Charitable Purpose:

The University foresees that it will exist and that it will enroll students meeting the requirements and needing the financial support to be provided by the [Insert: Name of Scholarship] Scholarships. Nevertheless, in the event that the Board of Regents of the University determine, in their sole discretion, that intervening circumstances have made it necessary to alter the donor's original purpose, those Regents may amend and restate this agreement to cause the fund to be administered to achieve that purpose that they, in their sole discretion, have determined will most closely fulfill the donor's original intentions.

7. Reporting Procedures:

After the inception of the [Insert: Name of Scholarship], the University will provide to the donor during [time] an annual report on the scholarship fund and the name(s) of the recipient(s).

____
[Insert: Donor's Name] Date

THE BOARD OF REGENTS of Kentucky State University, a Kentucky nonprofit corporation, Frankfort, Kentucky

By:____
[Insert: Name] Date
President of Kentucky State University and a Member of the Corporation

And:____
[Insert: Name] Date
Executive Director, KSU Foundation

And:____
[Insert: Name] Date
Vice President for Finance of Kentucky State University

Submitted by: ____
[Insert: Name] Date
Vice President for Institutional Advancement of Kentucky State University

APPENDIX E

ENDOWED CHAIR TEMPLATE

MEMORANDUM OF UNDERSTANDING
BETWEEN
KENTUCKY STATE UNIVERSITY
AND
[NAME OF DONOR/S]
regarding
THE [Insert: Donor Name or Other] ENDOWED CHAIR in [Insert: Subject matter]

1. Name:

   The [Insert: Donor Name or Other] Endowed Chair in [Insert: Subject matter]

2. Purpose:

   This endowed chair in [Insert: Subject matter] is created by [Insert: Donor Name]. [Optional Insert: specific objective, name of person being honored or memorialized with information describing their accomplishments, etc.]

3. Selection Criteria:

   The [Insert: Name of Endowed Chair] selection criteria will be determined by the Provost of the University in consultation with the faculty of the [Insert: Name of Department] or successor department. The nominee will be a faculty member whose record indicates teaching excellence and distinction in the discipline; however, KSU agrees to consider external candidates with appropriate faculty credentials for this appointment.

4. Funding, Terms, and Conditions of the Appointment:

   Funding of the Chair will occur with the accumulation of $1,500,000, which is to include [Insert: funding source(s) and amount(s)], and shall have been invested for one year after reaching that amount before the inception of the [Insert: Name of Endowed Chair]. The $1,500,000 will be placed in the permanent endowment of the University, and when fully funded, income distributions from the [Insert: Name of Endowed Chair] will provide the funding to support the compensation of the designated chair.

   Further, it will provide financial support for expenses directly related to the Chair's teaching or scholarship responsibilities, as approved by the Provost of the University. A discretionary account will also be established and disbursed, with the Provost's approval, to support activities that enrich the teaching and learning of the [Insert: Name of Department] curriculum.

   The designated Chair's terms of appointment and compensation, which include contract salary, attendant employee benefits, length of contract, and supplementary summer, sabbatical and overload compensation, when appropriate, will be provided consistent with the general employment practices of the University, and as are usual and customary for those holding the rank of Professor in the University.

   The principal of the endowment may not be invaded. The income distributions from this permanently restricted endowment may not be used for any purpose other than that described above.

5. Reporting and Recognition:

The initial and subsequent publicity and public acknowledgement of the creation of the [Insert: Name of Endowed Chair] and the designation of the [Insert: Name of Endowed Chair] will be made by the University following its established protocols.

____
[Insert: Donor Name] Date

____
[Insert: Donor Name] Date

THE BOARD OF REGENTS of Kentucky State University, a Kentucky nonprofit corporation, Frankfort, Kentucky

By:____
[Insert: Name] Date
President of Kentucky State University
and duly authorized agent of the
Corporation

And:____
[Insert: Name] Date
Executive Director, KSU Foundation

And:____
[Insert: Name] Date
Vice President for Finance of Kentucky State University

And:____
[Insert: Name] Date
Provost of Kentucky State University

Submitted by: ____
[Insert: Name] Date
Vice President for Institutional Advancement of Kentucky State University

APPENDIX F

DEPOSITORY TRUST COMPANY INSTRUCTIONS

Please notify the Office of Institutional Advancement by phone (502-597-6760), fax (502-597-5956) or at advancement@kysu.edu, to provide donor name and stock details. Several brokers do not provide us with this information.

Hilliard-Lyons, Inc.
500 West Jefferson Street
Louisville, KY 40202

Attn: Mark Nickel

Account# 63-0012-01-1

Questions call or email the Office of Institutional Advancement
502-597-6760 or advancement@kysu.edu

APPENDIX G

GIFT ANNUITY AGREEMENT TEMPLATE

GIFT ANNUITY AGREEMENT BETWEEN [NAME OF DONOR/S] AND KENTUCKY STATE UNIVERSITY, FRANKFORT, KENTUCKY [GIFT DATE]

THE BOARD OF REGENTS OF KSU, a Kentucky nonprofit corporation, operating as Kentucky State University, Frankfort, Kentucky, (hereinafter called the University), agrees to pay to [Name of Donor/s] residing at [Donor's Address] for [his/her/their] life an annual annuity of [Amount] from the date hereof, in equal quarterly installments of [Amount] on the last day of March, June, September, and December. The first installment in the amount of [Amount] shall be payable on [Date].

The obligation of the University to make annuity payments shall terminate with the payment preceding the death of [Name of Donor/s]. This annuity is non-assignable.

The University certifies that [Name of Donor/s], as in evidence of their desire to support the work of the University and having contributed to the University [Gift Amount] on [Gift Date]. The net principal amount remaining from this instrument shall become [a part of the endowment of the University and added to] [Designation].

This annuity shall be governed by the laws of the State of Kentucky.

IN WITNESS WHEREOF, the University has executed this instrument.

____

[Name of Donor] Date
Date of Birth:

THE BOARD OF REGENTS of Kentucky State University, a Kentucky nonprofit corporation, Frankfort, Kentucky

By:____

[Insert: Name] Date
President of Kentucky State University

And:____

[Insert: Name] Date
Vice President for Finance of Kentucky State University

Submitted by: ____

[Insert: Name] Date
Vice President for Institutional Advancement of Kentucky State University

FIFTH THIRD BANK

Kentucky State University Endowment
Investment Summary
As of October 31, 2018

Portfolio Summary

- Market Value
    - 10/31/2018 $18,198,071
    - 12/31/2017 $17,786,876

- Portfolio aligns with a "balanced" long-term strategy with emphasis on long-term growth:
    - Equities 56% (range 35-55%)
    - Fixed Income 28% (range 25-45%)
    - Real Assets 7% (range 0-10%)
    - Alternatives 4% (range 0-20%)
    - Cash 5% (range 0-25%)

Performance Summary (as of 10/31/2018)

- Total Return (Net of Fees)

	Q3	Year to Date	12 Mos.	3 Yr. Avg.	5 Yr. Avg.
KSU Endowment	-4.4%	-2.6%	-0.5%	4.9%	4.1%
Policy Benchmark	*-2.9%*	*-1.4%*	*0.4%*	*4.5%*	*4.4%*

- Investment results lag the benchmark after a solid Q1 and 2017. Detractors to performance were: foreign fixed income, large cap value equities, and international equities. Our allocations to core fixed income were modestly positive with large cap growth, mid-cap and small-cap equities producing additional returns. Our real asset positions did well, but were a small allocation. Alternatives we slightly negative. Our managers/funds have excellent long-term records, solid investment philosophies and stable management teams.

Comments

- Positive "tailwinds" such as tax reform, strong corporate earnings, and strong domestic growth are factors in maintaining the current asset mix. We continue to monitor trade issues, economic reports, inflation, and other market and economic indicators.

- We manage your portfolio across five asset classes: Equities, Fixed Income, Real Assets, Alternatives, and Cash. Allocations to these classes reflect our "best thinking" as it relates to appropriate risk/reward opportunities. The established ranges allow Fifth Third to take strategic positions (over/underweights, asset categories, etc.) within the Endowment's risk profile.

Fifth Third Institutional Services

INVESTMENT REVIEW

November 15, 2018

Kentucky State University Endowment

Presented by:
Elizabeth C Rapp, CFA

Table of Contents

Your Fifth Third Bank Team

	Officer	Phone	Email
Client Consultant	Lou Ann Atlas	(502) 562-5254	louann.atlas@53.com
Portfolio Manager	Elizabeth (Betty) Rapp	(502) 562-5205	betty.rapp@53.com

Economic and Financial Market Overview

Data and Commentary as of 10/31/2018

Current and Projected Real GDP Growth Rates:

Component	% of Economy	1st Quarter 2018	2nd Quarter 2018	3rd Quarter 2018	Consensus* 2018	Consensus* 2019
Private Consumption	68.1%	0.5%	3.8%	4.0%	2.7%	2.7%
Government	17.2%	1.5%	2.5%	3.3%	1.7%	2.2%
Private Investment	17.8%	9.6%	-0.5%	12.0%	5.6%	4.3%
Exports	12.3%	3.6%	9.3%	-3.5%	4.3%	2.7%
Imports	-15.5%	3.0%	-0.6%	9.1%	4.6%	3.9%
Total	**100%**	**2.2%**	**4.2%**	**3.5%**	**2.9%**	**2.6%**

Source: Bloomberg, as of 10/31/2018

*Bloomberg monthly economist survey

Viewpoint for Investors

Economic Numbers:

> U.S. companies added fewer workers to payrolls than expected in September, as the August reading was revised higher and unemployment fell to a 48-year low. Employers added 134,000 workers, compared with estimates for 185,000. The unemployment rate fell to 3.7 percent, while average hourly earnings rose 2.8 percent year-over-year.

> The U.S. economy expanded at a 3.5% annual rate in the third quarter of 2018, an expected downtick from the second quarter's 4.2% growth rate. The report capped the best two-quarter period since 2014. Consumer spending provided a big boost, jumping 4.0%, which was the fastest increase in four years.

> The National Federation of Independent Business' (NFIB) index of optimism among America's small businesses dipped slightly to 107.9 in September from August's all-time high. The index remains at historically elevated levels.

Global Economic Update:

> Economic data in the United States continued to show strength in October. Economic data from the U.S. has been relatively stronger than data from the Eurozone, Asia and South America.

> The U.S. dollar strengthened in October against a basket of major currencies, as U.S. economic data remained strong. The dollar is now up 5.43 percent year-to-date.

> Trade developments between the U.S. and China continued to deteriorate in October. President Trump has imposed, proposed, and threatened tariffs on all Chinese imports, with China retaliating with similar tariffs on U.S. goods.

Equity Market Overview

Data and Commentary as of 10/31/2018

Index	1-Month	3-Months	YTD	1-Year	3-Years*	5-Years*
MSCI ACWI (Net)	-7.49	-6.36	-3.96	-0.52	*7.74*	*6.14*
S&P 500	-6.84	-3.25	3.00	7.34	*11.50*	*11.32*
S&P 400 Mid-Cap	-9.55	-7.68	-2.78	1.01	*9.83*	*8.87*
Russell 2500	-10.15	-7.72	-0.81	2.78	*10.02*	*8.30*
MSCI EAFE (Net)	-7.96	-8.95	-9.28	-6.85	*3.62*	*2.02*
MSCI Emerging Mkt (Net)	-8.71	-11.65	-15.72	-12.52	*6.52*	*0.78*

Source: Bloomberg, as of 10/31/2018 *Annualized return

Equity Market Comments

> Domestic equities fell in October as strong corporate earnings failed to offset fears of escalating trade tensions and rising interest rates. The S&P 500 Index suffered its worst month in seven years, dropping 6.84 percent in total return.

> Prospectively, strong corporate earnings, optimism around long-term benefits from corporate tax cuts, robust economic data, and measured interest rate increases suggest higher equity prices.

> International equities also fell in October as the U.S. dollar strengthened, geopolitical tensions increased, and higher interest rates acted as headwinds.

YTD trends in the stock market:

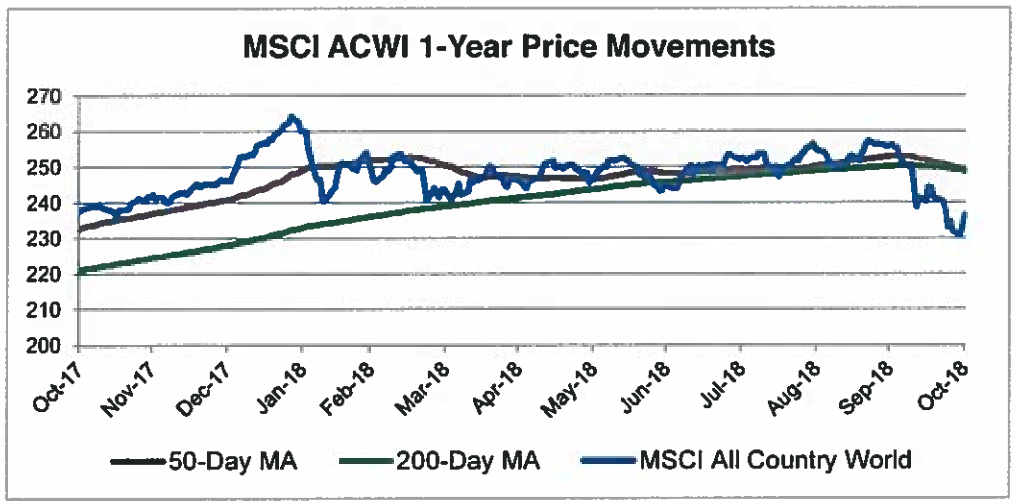
> Large Cap over Small Cap
> Developed over Emerging
> Domestic over International

Leading S&P sectors YTD:

> Technology	11.02%
> Healthcare	8.83%
> Consumer Discretionary	7.02%

Lagging S&P sectors YTD:

> Materials	-11.95%
> Industrials	-6.05%
> Telecommunications	-5.04%



Source: Bloomberg

Fixed Income Market Overview

Data and Commentary as of 10/31/2018

Index	1-Month	3-Months	YTD	1-Year	3-Years*	5-Years*
BC U.S. Intm Gov/Credit	-0.14	0.05	-0.90	-1.09	*0.90*	*1.36*
BC Global Agg excl. USD	-1.39	-2.75	-4.38	-2.09	*1.82*	*-0.82*
BC U.S. TIPS	-1.43	-1.77	-2.27	-1.24	*1.46*	*0.96*
BC U.S. Municipal Bonds	-0.62	-1.01	-1.01	-0.51	*1.89*	*3.25*
BC U.S. High Yield Bonds	-1.60	-0.32	0.93	0.97	*6.59*	*4.68*

Source: Bloomberg, as of 10/31/2018

*Annualized return

Fixed Income Market Comments

> Global central banks continue to move gradually towards removal of accommodation. The Federal Reserve hiked interest rates by 25 basis points in September and officials continue to reiterate plans to slowly raise rates. Fed funds futures suggest a roughly 75 percent chance the Fed will hike again in December.

> Yields rose in October amid strong economic data and expectations for further tightening from the Fed. The 10-year U.S. Treasury yield ended the month at 3.15 percent, 9 basis points higher. The yield curve steepened slightly, as the 2-year U.S. Treasury yield rose 5 basis points to 2.87 percent.

YTD trends in the U.S bond market:

> High Yield over High Quality Corporate

> Nominal Treasuries over TIPS

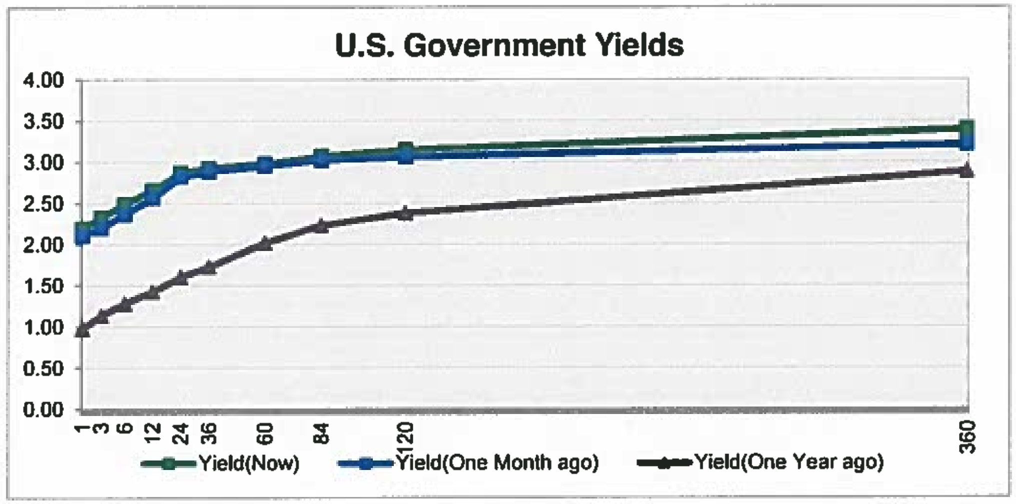
> Municipals over Nominal Treasuries

Leading BC bond sectors YTD:

> High Yield	0.93%
> U.S. Gov Agency	-0.69%
> Municipal	-1.01%

Lagging BC bond sectors YTD:

> Global Agg Ex U.S.	-4.38%
> U.S. Investment Grade	-3.76%
> Emerging Market	-3.62%



Source: Bloomberg

Real Estate and Alternative Investments Overview

Data and Commentary as of 10/31/2018

Index	1-Month	3-Months	YTD	1-Year	3-Years*	5-Years*
S&P US REIT	-2.50	-2.12	-0.11	2.44	*4.60*	*7.49*
HFRX Global Hedge Fund	-3.11	-3.34	-4.30	-3.53	*0.61*	*0.14*
S&P Global Infrastructure	-3.93	-7.17	-8.40	-7.59	*4.89*	*4.54*
S&P GSCI Gold Total Return	1.57	-1.51	-7.20	-4.37	*2.10*	*-1.70*
Thompson Reuters/Core Commodity	-1.95	-1.30	0.07	3.66	*0.16*	*-6.67*

Source: Bloomberg, as of 10/31/2018

*Annualized return

Real Assets and Alternative Investment Strategies Comments

> Real Estate Investment Trusts (REITs), Commodities, Precious Metals, and Global Infrastructure assets posted mostly negative returns in October and have lagged many traditional equity categories year-to-date, overshadowed by the relative outperformance of the S&P 500 and most other domestic equity benchmarks.

> West Texas Intermediate (WTI) Crude Oil fell 10.8 percent in October, amid rising global production, concerns about slowing global demand, and news that the U.S. would offer 180-day waivers to eight countries exempting them from Iran sanctions, beginning in November.

YTD trends in Real Assets and Alternatives:

> REITs over Global Infrastructure
> Commodities over Gold
> Equity and Fixed Income over Hedge Funds

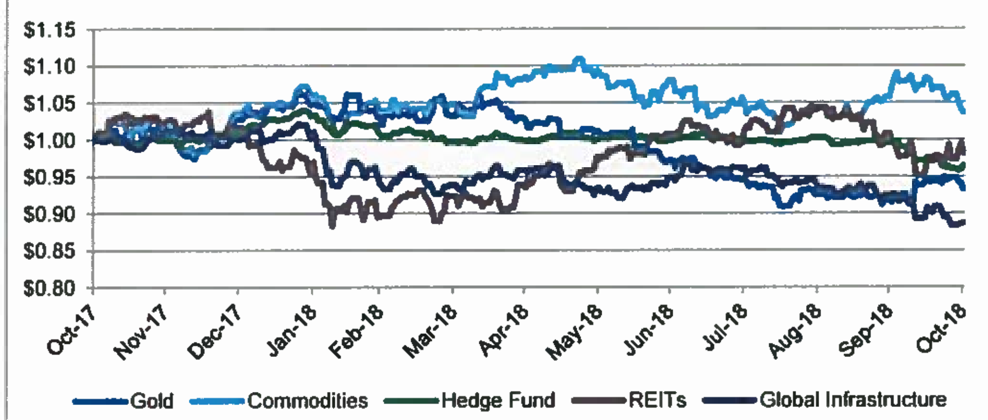
Leading REIT industries YTD:

> Manufactured Homes 6.84%
> Single Tenant 4.21%
> Industrial/Warehouse 1.10%

Lagging REIT industries YTD:

> Shopping Centers -11.34%
> Office Properties -11.05%
> Diversified -6.85%

Real Assets and Alternative Investment Strategies



Source: Bloomberg

FIFTH THIRD INSTITUTIONAL SERVICES

Investment Policy and Asset Allocation Summary

As of 10/31/2018

Account Name: KENTUCKY STATE UNIV AGGREGATE **Account Number:** xx-xx-xxx-xxx3128

1. Risk Posture

Asset Class	Risk Posture "Reference"	Market Value	Current Position	Policy Target	Variance	Policy Range Min - Max	(1)	Policy Notes
Equity	MSCI World Net	11,748,978	64.6%	57%	7.6%	45% - 65%		
Fixed Income	Bloomberg BC Agg	6,449,093	35.4%	44%	(8.6)%			
Total Portfolio		18,198,071	100.0%					OKc

2. Asset Classes (1-5) & Categories

Asset Class/Category	"Policy" & "Strategic" Benchmarks	Market Value	Current Position	Policy Target	Variance	Policy Range Min - Max	% of Class	(1)	(2)	Policy Notes
1. Equity	**MSCI World Net**	**10,212,054**	**56.1%**	**45%**	**11.1%**	**35% - 55%**	**100%**	**y**		
Large Cap Domestic	S&P 500	5,609,513	30.8%	27%	3.8%	17% - 37%	55%		e	Dana
Small & Mid Cap Domestic	Russell 2500	1,546,685	8.5%	3%	5.5%	0% - 13%	15%		e	
Developed International	MSCI EAFE Net Index	1,474,058	8.1%	9%	(0.9)%	0% - 19%	14%		e	
Emerging Markets	MSCI EM Net Index	1,054,190	5.8%	6%	(0.2)%	0% - 16%	10%		e	
Other Equity		527,609	2.9%	0%	2.9%		5%		e	
2. Fixed Income	**Bloomberg BC Agg**	**5,061,123**	**27.8%**	**35%**	**(7.2)%**		**100%**			
Domestic	Bloomberg BC Inter Govt/Credit	2,540,053	14.0%	26%	(12.0)%		50%		f	
International	Bloomberg Global Agg xUS	459,113	2.5%	4%	(1.5)%		9%		f	
High Yield	Bloomberg BC High Yield Index	731,902	4.0%	3%	1.0%		14%		f	
Inflation Indexed	Bloomberg BC TIPs	285,464	1.6%	2%	(0.4)%		6%		f	
Other Fixed Income		1,044,593	5.7%	0%	5.7%		21%		f	
3. Real Assets	**S&P US REIT**	**1,347,296**	**7.4%**	**5%**	**2.4%**	**0% - 10%**	**100%**	**y**		
REITs	S&P US REIT	1,013,244	5.6%	3%	2.6%	0% - 10%	75%		e	
Global Infrastructure	Alerian MLP Infrastructure	334,052	1.8%	2%	(0.2)%		25%		e	
Other Real Assets		-	-	0%	-		-		e	
4. Alternative Strategies	**CPI**	**632,093**	**3.5%**	**10%**	**(6.5)%**	**0% - 20%**	**100%**	**y**		
Diversifying Strategies	HFRX Global Hedge Fund	632,093	3.5%	5%	(1.5)%		100%		30 e	
Opportunistic		-	-	5%	(5.0)%		-		e	
5. Cash & Equivalents	**BofA ML 91 day Treasury**	**945,505**	**5.2%**	**5%**	**0.2%**	**0% - 25%**	**100%**	**y**		

(1) "P" indicates Client policy item; otherwise, Fifth Third guidelines assigned (2) Market value of categories are assigned to Equity and/or Fixed Income for risk posture calculation
* Individual securities via Separately Managed Account (SMA); otherwise, mutual fund or ETF/ETN

FIFTH THIRD INSTITUTIONAL SERVICES

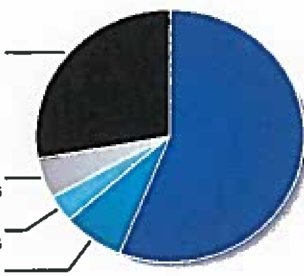
Allocation Summary: Asset Category

As of 10/31/2018

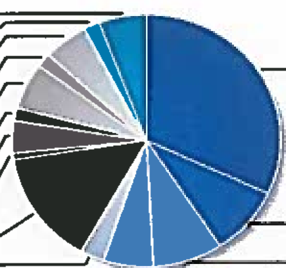
Account Name: KSU CONSOLIDATED **Account Number:** AGG38KSU

	% Holdings	Market Value	Estimated Annual Income	Current Yield
Marketable Holdings				
Traditional Asset Classes:	96.53%	$17,565,978.04	$429,695.01	2.45%
Cash and Equivalents	5.20%	$945,504.52	$19,278.71	2.04%
Fixed Income	27.81%	$5,061,123.37	$179,428.25	3.55%
Equity	56.12%	$10,212,054.33	$174,747.12	1.71%
Real Assets	7.40%	$1,347,295.82	$56,240.93	4.17%
Alternative Strategies:				
Alternative Strategies	3.47%	$632,092.54	$14,123.56	2.23%
Total Marketable Holdings	100.00%	$18,198,070.58	$443,818.57	2.44%
Total Holdings		**$18,198,070.58**	**$443,818.57**	**2.44%**

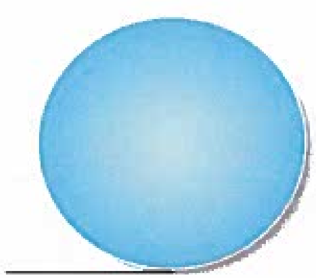
Asset Class



Traditional Asset Categories: 96.53%



Alternative Strategies: 3.47%



FIFTH THIRD INSTITUTIONAL SERVICES

Performance Summary: Asset Class

As of 10/31/2018

Account Name: KSU CONSOLIDATED **Account Number:** AGG38KSU

Category Benchmark	% of Holdings	Market Value	1 Mo	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	ITD 10/01/2002
Marketable Holdings										
Traditional Asset Classes:	96.5%									
Cash and Equivalents	5.2%	$947,446.78	0.1%	0.2%	0.9%	1.0%	0.6%	0.4%	0.3%	1.2%
Fixed Income	27.9%	$5,081,881.53	-0.5%	-0.3%	-0.9%	-0.6%	2.6%	1.7%	4.0%	3.2%
Bloomberg Barclays Interm Gov/Credit			*-0.1%*	*0.1%*	*-0.9%*	*-1.1%*	*0.9%*	*1.4%*	*3.4%*	*3.4%*
Bloomberg Barclays Aggregate			*-0.8%*	*-0.8%*	*-2.4%*	*-2.0%*	*1.0%*	*1.8%*	*3.9%*	*3.8%*
Equity	56.1%	$10,213,675.84	-7.7%	-6.7%	-3.4%	-0.3%	7.4%	6.6%	10.4%	8.7%
Real Assets	7.4%	$1,347,561.64	-2.7%	-1.2%	1.8%	3.8%	5.9%	6.5%		
Alternative Strategies:	3.5%									
Alternative Strategies	3.5%	$632,092.55	-3.8%	-3.8%	-1.2%	-1.1%	3.7%	3.1%		
Total Marketable Holdings (Net of Fees)	100.0%	$18,222,658.34	-4.9%	-4.4%	-2.6%	-0.5%	4.9%	4.1%	7.2%	5.7%
KSU Strategic Benchmark			*-4.1%*	*-3.3%*	*-1.7%*	*0.2%*	*5.0%*	*4.3%*		
45MSCI 35BCAGG 10CPI 5USREIT 5BoAML			*-3.7%*	*-2.9%*	*-1.4%*	*0.4%*	*4.5%*	*4.4%*	*6.9%*	*6.3%*

Total Holdings	$18,222,658.34

Performance Summary: Asset Category

As of 10/31/2018

Account Name: KSU CONSOLIDATED **Account Number:** AGG38KSU

Category Benchmark	% of Holdings	% of Asset Class	Market Value	1 Mo	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	ITD 10/01/2002
Marketable Holdings											
Traditional Asset Classes:	96.5%										
Cash and Equivalents	5.2%	100.0%	$947,446.78	0.1%	0.2%	0.9%	1.0%	0.6%	0.4%	0.3%	1.2%
Taxable Cash	5.2%	100.0%	$946,977.26	0.1%	0.4%	1.3%	1.5%	0.8%	0.5%		
iMoneyNet-First Tier Instit				*0.2%*	*0.5%*	*1.4%*	*1.6%*	*0.9%*	*0.5%*	*0.4%*	*1.3%*
Fixed Income	27.9%	100.0%	$5,081,881.53	-0.5%	-0.3%	-0.9%	-0.6%	2.6%	1.7%	4.0%	3.2%
Bloomberg Barclays Interm Gov/Credit				*-0.1%*	*0.1%*	*-0.9%*	*-1.1%*	*0.9%*	*1.4%*	*3.4%*	*3.4%*
Bloomberg Barclays Aggregate				*-0.8%*	*-0.8%*	*-2.4%*	*-2.0%*	*1.0%*	*1.8%*	*3.9%*	*3.8%*
Domestic Fixed Income	14.0%	50.2%	$2,552,750.80	-0.3%	-0.0%	-0.9%	-1.0%	1.5%	1.7%		
Inflation Indexed	1.6%	5.6%	$285,463.53	-1.5%	-1.7%	-2.3%	-1.3%				
Bloomberg Barclays Global Inflation-Linked-USTIPS				*-1.4%*	*-1.8%*	*-2.3%*	*-1.2%*	*1.5%*	*1.0%*	*4.1%*	*4.0%*
Intl Developed Mkt Fixed Income	0.8%	2.9%	$147,595.27	-0.2%	0.1%	-0.7%	-0.6%	4.3%	1.9%		
Bloomberg Barclays Global Aggregate x US				*-1.4%*	*-2.7%*	*-4.4%*	*-2.1%*	*1.8%*	*-0.8%*	*2.5%*	*4.1%*
Intl Emerging Mkt Fixed Income	1.7%	6.2%	$313,398.13	-2.2%	-3.1%	-6.2%	-5.0%				
High-Yield	4.0%	14.5%	$734,932.99	-0.5%	0.3%	0.5%	0.9%	6.1%	3.9%		
Bloomberg Barclays U.S. Corporate High Yield				*-1.6%*	*-0.3%*	*0.9%*	*1.0%*	*6.6%*	*4.7%*	*11.2%*	*8.9%*
Fixed Income Related Strategy	5.8%	20.6%	$1,047,740.81	-0.3%	-0.3%	0.0%	0.5%				
Equity	56.1%	100.0%	$10,213,675.84	-7.7%	-6.7%	-3.4%	-0.3%	7.4%	6.6%	10.4%	8.7%
Large Cap Domestic	30.8%	54.9%	$5,610,307.16	-6.9%	-3.9%	1.7%	6.0%	10.5%	9.3%		
S&P 500				*-6.8%*	*-3.2%*	*3.0%*	*7.4%*	*11.5%*	*11.3%*	*13.2%*	*10.0%*
Small and Mid-Cap Domestic	8.5%	15.1%	$1,546,685.18	-8.5%	-7.3%	-1.2%	2.7%	6.5%	7.6%		
Russell 2500 Index				*-10.1%*	*-7.7%*	*-0.8%*	*2.8%*	*10.1%*	*8.3%*	*13.6%*	*11.3%*
Developed International	8.1%	14.4%	$1,474,879.18	-9.7%	-10.9%	-9.7%	-9.2%	3.4%	3.0%		
MSCI EAFE Net				*-8.0%*	*-8.9%*	*-9.3%*	*-6.8%*	*3.6%*	*2.0%*	*6.9%*	*7.3%*
Emerging Markets	5.8%	10.3%	$1,054,195.80	-9.5%	-13.1%	-15.8%	-12.8%	4.6%	0.3%		
MSCI Emerging Markets Net				*-8.7%*	*-11.6%*	*-15.7%*	*-12.5%*	*6.5%*	*0.8%*	*7.8%*	*10.9%*
Equity Related Strategy	2.9%	5.2%	$527,608.52	-3.5%	-3.5%	-5.6%	-4.1%				
Real Assets	7.4%	100.0%	$1,347,561.64	-2.7%	-1.2%	1.8%	3.8%	5.9%	6.5%		
REITs	5.6%	75.2%	$1,013,509.48	-2.5%	-2.5%	-0.6%	0.7%	7.4%	8.1%		
S&P United States REIT				*-2.5%*	*-2.1%*	*-0.1%*	*2.4%*	*4.6%*	*7.5%*	*11.3%*	*10.0%*
Global Infrastructure	1.8%	24.8%	$334,052.16	-3.7%	-0.8%	3.8%	6.9%	-1.2%			

FIFTH THIRD INSTITUTIONAL SERVICES

Category Benchmark	% of Holdings	% of Asset Class	Market Value	1 Mo	3 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	ITD 10/01/2002
Alerian MLP Infrastructure				*-8.2%*	*-8.0%*	*-3.4%*	*-0.5%*	*-2.0%*	*-4.8%*		
Alternative Strategies:	3.5%										
Alternative Strategies	3.5%	100.0%	$632,092.55	-3.8%	-3.8%	-1.2%	-1.1%	3.7%	3.1%		
Diversifying Strategies	3.5%	100.0%	$632,092.55	-3.8%	-3.8%	-1.2%	-1.1%	3.1%	2.5%		
Total Marketable Holdings (Net of Fees)	100.0%	100.0%	$18,222,658.34	-4.9%	-4.4%	-2.6%	-0.5%	4.9%	4.1%	7.2%	5.7%
KSU Strategic Benchmark				*-4.1%*	*-3.3%*	*-1.7%*	*0.2%*	*5.0%*	*4.3%*		
45MSCI 35BCAGG 10CPI 5USREIT 5BoAML				*-3.7%*	*-2.9%*	*-1.4%*	*0.4%*	*4.5%*	*4.4%*	*6.9%*	*6.3%*

Total Holdings	**$18,222,658.34**

FIFTH THIRD INSTITUTIONAL SERVICES

Equity: Pooled

As of 10/31/2018

Account Name: KSU CONSOLIDATED **Account Number:** AGG38KSU

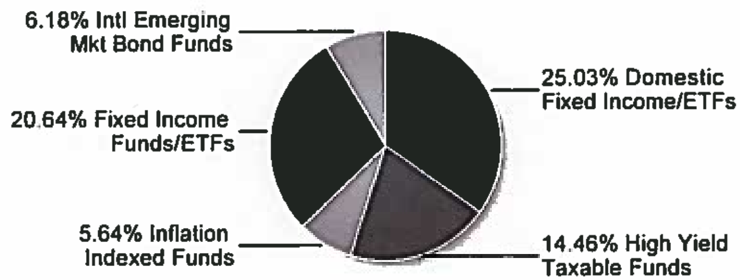
Type	Description	CUSIP / Ticker	% Total Equity	Market Value	Estimated Annual Income	Current Yield
Large Cap Domestic			47.61%	$4,862,110.15	$74,811.22	1.54%
ETF	ISHARES CORE S&P 500 ETF	IVV	22.86%	$2,334,007.32	$43,298.42	1.86%
MF	DANA LARGE CAP EQUITY INSTITUTIONAL	DLCIX	9.55%	$975,691.26	$13,838.66	1.42%
MF	PRIMECAP ODYSSEY FUNDS	POSKX	6.61%	$675,101.56	$6,477.07	0.96%
MF	MFS VALUE FUND CLASS I	MEIIX	5.82%	$593,911.41	$10,767.97	1.81%
MF	HARBOR CAPITAL APPRECIATION FUND INSTITUTIONAL CLASS	HACAX	2.78%	$283,398.60	$429.10	0.15%
Small and Mid-Cap Domestic			13.99%	$1,428,763.35	$20,173.91	1.41%
ETF	ISHARES CORE S&P MID-CAP ETF	IJH	4.01%	$409,794.55	$6,489.63	1.58%
ETF	ISHARES CORE S&P SMALL-CAP ETF	IJR	3.78%	$386,269.45	$5,142.01	1.33%
MF	STONE RIDGE HIGH YIELD CL I	SHRIX	2.24%	$228,346.75	$6,486.58	2.84%
MF	T ROWE PRICE US SMALL-CAP GR EQ	PRDSX	1.15%	$117,239.52	N.A.	N.A.
MF	PRINCIPAL MIDCAP BLEND FUND	PCBIX	1.01%	$103,268.62	$50.02	0.05%
MF	NUANCE MID CAP VALUE FUND	NMVLX	0.93%	$94,950.69	$789.94	0.83%
MF	WELLS FARGO FDS TR SPECIAL SMALL CAP VALUE I	ESPNX	0.87%	$88,893.77	$1,215.73	1.37%
Developed International			6.94%	$708,761.42	$13,160.57	1.86%
MF	HARDING LOEVNER INTL EQUITY INST	HLMIX	4.15%	$424,207.44	$4,049.81	0.95%
ETF	ISHARES CORE MSCI EAFE	IEFA	2.79%	$284,553.98	$9,110.76	3.20%
Emerging Markets			8.51%	$868,911.59	$21,049.11	2.42%
ETF	ISHARES CORE MSCI EMK EFT	IEMG	3.10%	$316,878.30	$9,487.58	2.99%
MF	OPPENHEIMER DEVELOPING MARKETS CLASS I	ODVIX	2.87%	$292,627.10	$2,452.97	0.84%
MF	SEAFARER OVERSEAS GR AND INCOME INSTITUTIONAL SHARES	SIGIX	2.54%	$259,406.19	$9,108.56	3.51%
Equity Related Strategy			5.17%	$527,608.52	$5,634.83	1.07%
MF	BALTER L/S SMALL CAP EQUITY FUND INSTITUTIONAL CLASS	BEQIX	1.93%	$196,728.71	N.A.	N.A.
MF	BOSTON PARTNERS LONG/SHORT RESEARCH INSTL	BPIRX	1.86%	$190,009.17	N.A.	N.A.
MF	AQR EQUITY MARKET NEUTRAL I	QMNIX	1.38%	$140,870.64	$5,634.83	4.00%
Total Pooled Equity Holdings			82.22%	$8,396,155.03	$134,829.64	1.61%
Total Individual Equity Holdings			17.78%	$1,815,899.38	$39,917.47	2.20%
Total Equity Holdings			**100.00%**	**$10,212,054.41**	**$174,747.12**	**1.71%**

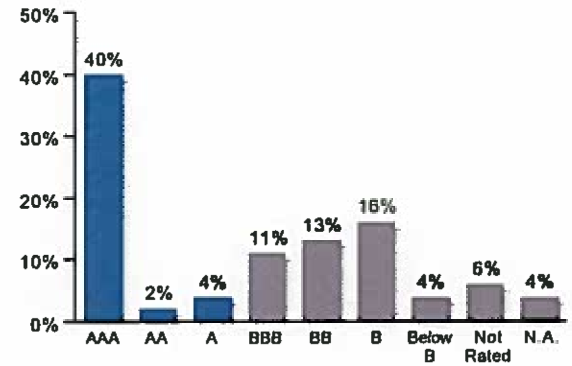
Fifth Third Institutional Services

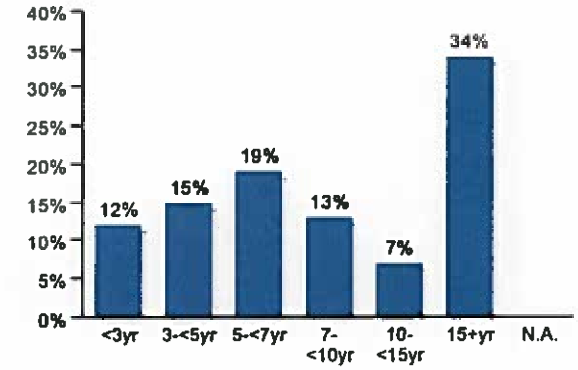
Fixed Income: Pooled

As of 10/31/2018

Account Name: KSU CONSOLIDATED **Account Number:** AGG38KSU







Type	Description	CUSIP / Ticker	Avg Effective Maturity (Yrs)	Avg Effective Duration (Yrs)	Avg Credit Quality	% Total Fixed Income	Market Value	Estimated Annual Income	Current Yield
Domestic Fixed Income/ETFs						25.03%	$1,266,677.39	$42,410.40	3.35%
MF	DOUBLELINE TOTAL RETURN BOND I	DBLTX	5.8	4.3	BB	14.50%	$733,944.28	$27,344.42	3.73%
MF	DODGE & COX INCOME FD	DODIX	8.1	4.4	A	10.53%	$532,733.11	$15,065.98	2.83%
High Yield Taxable Funds						14.46%	$731,901.61	$33,505.71	4.58%
MF	EATON VANCE FLOATING RATE I	EIBLX	5.4	0.2	B	10.37%	$525,000.00	$21,498.34	4.09%
MF	HOTCHKIS & WILEY HIGH YIELD I	HWHIX	5.8	3.5	B	4.09%	$206,901.61	$12,007.37	5.80%
Inflation Indexed Funds									
ETF	SCHWAB US TIPS ETF	SCHP	8.4	7.7	AAA	5.64%	$285,463.53	$8,289.04	2.90%
Fixed Income Funds/ETFs						20.64%	$1,044,592.86	$39,025.30	3.74%
MF	BLACKROCK FDS II STRG OPP INSTL	BSIIX	7.3	2.3	BB	13.14%	$665,057.79	$22,994.75	3.46%
MF	DOUBLELINE FLEXIBLE INCOME FD I	DFLEX	5.0	1.6	BB	4.82%	$244,140.36	$10,170.41	4.17%
MF	GOLDMAN SACHS L/S CREDITSTRATEGY	GSAWX		1.8		2.68%	$135,394.71	$5,860.15	4.33%
Intl Emerging Mkt Bond Funds									
MF	TCW EMERGING MARKETS INCOME CL I	TGEIX	10.1	6.4	BB	6.18%	$312,533.33	$14,882.54	4.76%
Total Pooled Fixed Income Holdings						71.94%	$3,641,168.72	$138,113.00	3.79%

Total Fixed Income Holdings	**100.00%**	**$5,061,123.37**	**$179,428.25**	**3.55%**

FIFTH THIRD INSTITUTIONAL SERVICES

Holdings Summary

As of 10/31/2018

Account Name: KSU CONSOLIDATED **Account Number:** AGG38KSU

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
Marketable Holdings									
Traditional Asset Classes									
Cash and Equivalents				$945,504.52	5.20%	$945,504.52	$0.00	$19,278.71	2.04%
Taxable Cash				$945,035.00	5.19%	$945,035.00	$0.00	$19,278.71	2.04%
Taxable Money Market Funds				$945,035.00	5.19%	$945,035.00	$0.00	$19,278.71	2.04%
FEDERATED GOVERNMENT OBLIGATIONS PREMIER	99FEDGOP6	945,035.00	$1.00	$945,035.00	5.19%	$945,035.00	$0.00	$19,278.71	2.04%
Cash Uninvested				$469.52	0.00%	$469.52	$0.00	$0.00	N.A.
UNINVESTED CASH	999999CA1	0.00	$0.00	$469.52	0.00%	$469.52	$0.00	$0.00	N.A.
Fixed Income				$5,061,123.37	27.81%	$5,204,871.68	($143,748.31)	$179,428.25	3.55%
Domestic Fixed Income				$2,540,052.79	13.96%	$2,598,532.18	($58,479.39)	$79,657.90	3.14%
Domestic Fixed Income Corporate Bonds				$546,412.70	3.00%	$569,445.04	($23,032.34)	$20,485.00	3.75%
ALTRIA GROUP INC 11/10/08 9.700 11/10/18	02209SAD5	20,000.00	$100.13	$20,025.80	0.11%	$21,180.38	($1,154.58)	$1,940.00	9.69%
CISCO SYS INC 02/17/09 4.950 02/15/19	17275RAE2	15,000.00	$100.63	$15,094.20	0.08%	$16,608.60	($1,514.40)	$742.50	4.92%
CHEVRON CORP 03/03/09 4.950 03/03/19 SR NT	166751AJ6	15,000.00	$100.70	$15,105.60	0.08%	$17,437.05	($2,331.45)	$742.50	4.92%
DOW CHEM CO 05/13/09 8.550 05/15/19	260543BX0	25,000.00	$102.85	$25,712.75	0.14%	$27,140.19	($1,427.44)	$2,137.50	8.31%
COSTCO WHOLESALE CORP NEW 12/07/12 1.700 12/15/19	22160KAF2	15,000.00	$98.77	$14,815.35	0.08%	$15,007.65	($192.30)	$255.00	1.72%
GOLDMAN SACHS GROUP INC MEDIUM 03/08/10 5.375 03/15/20	38141EA58	25,000.00	$102.67	$25,668.50	0.14%	$27,598.90	($1,930.40)	$1,343.75	5.24%
AMERICAN EXPRESS CR CORP 05/26/15 2.375 05/26/20 OPT CALL 04/25/2020 @ 100.00	0258M0DT3	25,000.00	$98.65	$24,661.50	0.14%	$24,991.00	($329.50)	$593.75	2.41%
CVS CAREMARK CORP	126650BW9	25,000.00	$101.20	$25,300.75	0.14%	$26,518.23	($1,217.48)	$1,031.25	4.08%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
05/12/11 4.125 05/15/21									
AMERICAN HONDA FIN CORP MTN 07/12/16 1.650 07/12/21	02665WBF7	25,000.00	$95.65	$23,911.75	0.13%	$23,930.67	($18.92)	$412.50	1.73%
EBAY INC DR GLBL NT 07/28/14 2.875 08/01/21	278642AK9	25,000.00	$98.18	$24,545.00	0.13%	$24,951.80	($406.80)	$718.75	2.93%
BANK OF NEW YORK MELLON 09/23/11 3.550 09/23/21 OPT CALL 08/23/2021 @ 100.00	06406HBY4	25,000.00	$100.33	$25,082.75	0.14%	$26,216.10	($1,133.35)	$887.50	3.54%
GILEAD SCIENCES INC 09/20/16 1.950 03/01/22	375558BH5	25,000.00	$95.39	$23,848.75	0.13%	$24,072.05	($223.30)	$487.50	2.04%
MEDTRONIC INC 03/15/15 3.150 03/15/22	585055BR6	15,000.00	$98.89	$14,833.50	0.08%	$15,508.65	($675.15)	$472.50	3.19%
ORACLE CORP 10/25/12 2.500 10/15/22	68389XAP0	25,000.00	$96.22	$24,055.75	0.13%	$24,548.00	($492.25)	$625.00	2.60%
APPLE INC 02/23/16 2.850 02/23/23	037833BU3	15,000.00	$97.43	$14,614.80	0.08%	$15,011.40	($396.60)	$427.50	2.93%
HOME DEPOT INC SR NT 04/05/13 2.700 04/01/23	437076AZ5	10,000.00	$96.90	$9,690.20	0.05%	$10,094.60	($404.40)	$270.00	2.79%
PROCTER & GAMBLE CO 08/13/13 3.100 08/15/23	742718EB1	10,000.00	$99.10	$9,910.00	0.05%	$10,518.30	($608.30)	$310.00	3.13%
ALPHABET INC SR GLBL NT 02/25/16 3.375 02/25/24	02079KAB3	10,000.00	$99.77	$9,977.40	0.05%	$10,932.90	($955.50)	$337.50	3.38%
BLACKROCK INC 03/18/14 3.500 03/18/24	09247XAL5	15,000.00	$99.70	$14,954.40	0.08%	$15,601.05	($646.65)	$525.00	3.51%
JPMORGAN CHASE & CO 05/13/14 3.625 05/13/24	46625HJX9	25,000.00	$98.46	$24,614.25	0.14%	$25,478.41	($864.16)	$906.25	3.68%
MORGAN STANLEY 10/23/14 3.700 10/23/24	61761JVL0	25,000.00	$97.44	$24,360.75	0.13%	$25,332.60	($971.85)	$925.00	3.80%
CITIGROUP INC 04/27/15 3.300 04/27/25	172967JP7	25,000.00	$94.94	$23,734.25	0.13%	$24,372.86	($638.61)	$825.00	3.48%
PEPSICO INC 04/30/15 2.750 04/30/25	713448CT3	20,000.00	$94.61	$18,921.20	0.10%	$19,772.00	($850.80)	$550.00	2.91%
QUALCOMM INC 05/20/15 3.450 05/20/25	747525AF0	25,000.00	$95.91	$23,977.50	0.13%	$25,312.50	($1,335.00)	$862.50	3.60%
OCCIDENTAL PETE CORP SR GLBL NT 04/04/16 3.400 04/15/26	674599CH6	25,000.00	$96.81	$24,202.00	0.13%	$25,121.25	($919.25)	$850.00	3.51%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
VERIZON COMMUNICATIONS INC 08/01/16 2.625 08/15/26	92343VDD3	25,000.00	$89.69	$22,423.50	0.12%	$23,374.00	($950.50)	$656.25	2.93%
AMGEN INC 08/19/16 2.600 08/19/26	031162CJ7	25,000.00	$89.48	$22,370.50	0.12%	$22,813.90	($443.40)	$650.00	2.91%
Domestic Fixed Income Government Bonds				$726,962.70	3.99%	$747,763.59	($20,800.89)	$16,762.50	2.31%
UNITED STATES TREAS NTS 12/31/11 1.375 12/31/18	912828RY8	15,000.00	$99.86	$14,978.85	0.08%	$14,938.48	$40.37	$206.25	1.38%
UNITED STATES TREAS NTS 01/31/12 1.250 01/31/19	912828SD3	15,000.00	$99.74	$14,960.70	0.08%	$14,893.94	$66.76	$187.50	1.25%
US TREASURY NOTE 02/28/17 1.125 02/28/19	912828W30	15,000.00	$99.58	$14,937.30	0.08%	$14,864.65	$72.65	$168.75	1.13%
UNITED STATES TREAS NTS 03/31/12 1.500 03/31/19	912828SN1	15,000.00	$99.61	$14,941.35	0.08%	$14,901.56	$39.79	$225.00	1.51%
UNITED STATES TREAS NTS 04/30/12 1.250 04/30/19	912828ST8	15,000.00	$99.39	$14,909.25	0.08%	$14,872.85	$36.40	$187.50	1.26%
US TREASURY NOTE 05/31/17 1.250 05/31/19	912828XS4	15,000.00	$99.25	$14,888.10	0.08%	$14,856.44	$31.66	$187.50	1.26%
UNITED STATES TREAS NTS 06/30/12 1.000 06/30/19	912828TC4	15,000.00	$98.97	$14,845.35	0.08%	$14,816.08	$29.27	$150.00	1.01%
US TREASURY NT 07/31/12 0.875 07/31/19	912828TH3	15,000.00	$98.72	$14,808.45	0.08%	$14,732.23	$76.22	$131.25	0.89%
US TREASURY N/B 11/30/12 1.000 11/30/19	912828UB4	15,000.00	$98.16	$14,724.60	0.08%	$15,003.52	($278.92)	$150.00	1.02%
UNITED STATES TREAS NTS 12/31/14 1.625 12/31/19	912828G95	15,000.00	$98.69	$14,804.25	0.08%	$15,078.52	($274.27)	$243.75	1.65%
US TREASURY NOTE 02/02/15 1.250 01/31/20	912828H52	15,000.00	$98.12	$14,718.15	0.08%	$14,957.81	($239.66)	$187.50	1.27%
UNITED STATES TREAS NTS 05/17/10 3.500 05/15/20	912828ND8	15,000.00	$100.99	$15,148.20	0.08%	$16,455.53	($1,307.33)	$525.00	3.47%
US TREASRUY NT 07/31/15 1.625 07/31/20	912828XM7	15,000.00	$97.88	$14,682.45	0.08%	$14,726.95	($44.50)	$243.75	1.66%
UNITED STATES TREAS NTS	912828VV9	15,000.00	$98.66	$14,798.40	0.08%	$14,861.72	($63.32)	$318.75	2.15%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
08/31/13 2.125 08/31/20									
US TREASURY NOTE 09/30/15 1.375 09/30/20	912828L65	15,000.00	$97.23	$14,584.65	0.08%	$14,625.00	($40.35)	$206.25	1.41%
US TREASURY NOTE 01/31/16 1.375 01/31/21	912828N89	15,000.00	$96.70	$14,504.85	0.08%	$14,856.44	($351.59)	$206.25	1.42%
UNITED STATES TREAS NTS 03/31/14 2.250 03/31/21	912828C57	15,000.00	$98.48	$14,771.55	0.08%	$14,816.60	($45.05)	$337.50	2.28%
UNITED STATES TREAS NTS 05/15/11 3.125 05/15/21	912828QN3	15,000.00	$100.52	$15,078.00	0.08%	$17,232.48	($2,154.48)	$468.75	3.11%
UNITED STATES TREAS NOTE 08/15/11 2.125 08/15/21	912828RC6	15,000.00	$97.85	$14,677.20	0.08%	$14,795.57	($118.37)	$318.75	2.17%
UNITED STATES TREAS NTS 12/31/14 2.125 12/31/21	912828G87	15,000.00	$97.54	$14,630.85	0.08%	$15,088.48	($457.63)	$318.75	2.18%
US TREASURY NOTE 05/15/02 1.750 05/15/22	912828SV3	15,000.00	$95.94	$14,391.75	0.08%	$14,248.83	$142.92	$262.50	1.82%
UNITED STATES TREAS NTS 08/31/15 1.875 08/31/22	912828L24	15,000.00	$96.04	$14,405.85	0.08%	$14,842.38	($436.53)	$281.25	1.95%
US TREASURY NT 09/30/15 1.750 09/30/22	912828L57	15,000.00	$95.50	$14,325.00	0.08%	$14,344.34	($19.34)	$262.50	1.83%
UNITED STATES TREAS NTS 11/30/15 2.000 11/30/22	912828M80	15,000.00	$96.27	$14,440.95	0.08%	$15,070.90	($629.95)	$300.00	2.08%
UNITED STATES TREAS NTS 02/15/13 2.000 02/15/23	912828UN8	15,000.00	$96.06	$14,409.45	0.08%	$14,525.41	($115.96)	$300.00	2.08%
UNITED STATES TREAS NTS 06/30/16 1.375 06/30/23	912828S35	15,000.00	$93.02	$13,953.00	0.08%	$14,466.21	($513.21)	$206.25	1.48%
UNITED STATES TREAS NTS 08/31/16 1.375 08/31/23	9128282D1	15,000.00	$92.77	$13,915.95	0.08%	$14,269.34	($353.39)	$206.25	1.48%
UNITED STATES TREAS NTS 11/15/13 2.750 11/15/23	912828WE6	15,000.00	$98.87	$14,830.05	0.08%	$14,750.45	$79.60	$412.50	2.78%
US TREASURY NOTE 01/31/17 2.250 01/31/24	912828V80	15,000.00	$96.34	$14,451.60	0.08%	$15,217.38	($765.78)	$337.50	2.34%
UNITED STATES TREAS	912828X70	15,000.00	$94.86	$14,228.85	0.08%	$14,685.94	($457.09)	$300.00	2.11%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
NTS 04/30/17 2.000 04/30/24									
UNITED STATES TREAS NTS 06/30/17 2.000 06/30/24	912828XX3	15,000.00	$94.68	$14,202.00	0.08%	$14,349.02	($147.02)	$300.00	2.11%
UNITED STATES TREAS NTS 08/31/17 1.875 08/31/24	9128282U3	15,000.00	$93.86	$14,078.40	0.08%	$14,551.17	($472.77)	$281.25	2.00%
UNITED STATES TREAS NTS 11/15/14 2.250 11/15/24	912828G38	15,000.00	$95.61	$14,340.90	0.08%	$15,373.44	($1,032.54)	$337.50	2.35%
US TREASURY NOTE 01/31/18 2.500 01/31/25	9128283V0	15,000.00	$96.87	$14,530.05	0.08%	$14,569.93	($39.88)	$375.00	2.58%
UNITED STATES TREAS NTS 02/15/15 2.000 02/15/25	912828J27	15,000.00	$93.94	$14,090.70	0.08%	$14,735.74	($645.04)	$300.00	2.13%
US TREASURY NT 05/15/15 2.125 05/15/25	912828XB1	15,000.00	$94.41	$14,160.90	0.08%	$14,869.92	($709.02)	$318.75	2.25%
US TREASURY N/B 08/15/95 6.875 08/15/25	912810EV6	15,000.00	$123.20	$18,480.45	0.10%	$19,710.35	($1,229.90)	$1,031.25	5.58%
UNITED STATES TREASURY NOTE 11/15/15 2.250 11/15/25	912828M56	15,000.00	$94.72	$14,207.85	0.08%	$15,425.39	($1,217.54)	$337.50	2.38%
UNITED STATES TREAS NTS 02/15/16 1.625 02/15/26	912828P46	15,000.00	$90.47	$13,569.75	0.07%	$14,271.09	($701.34)	$243.75	1.80%
UNITED STATES TREAS NTS 05/15/16 1.625 05/15/26	912828R36	15,000.00	$90.14	$13,521.15	0.07%	$14,064.85	($543.70)	$243.75	1.80%
US TREASURY N/B 11/15/96 6.500 11/15/26	912810EY0	15,000.00	$124.10	$18,615.30	0.10%	$19,866.21	($1,250.91)	$975.00	5.24%
US TREASURY NT 05/15/17 2.375 05/15/27	912828X88	15,000.00	$94.39	$14,158.05	0.08%	$15,009.96	($851.91)	$356.25	2.52%
US TREASURY NOTE 08/15/17 2.250 08/15/27	9128282R0	15,000.00	$93.18	$13,976.40	0.08%	$14,875.20	($898.80)	$337.50	2.41%
US TREASURY N/B 11/17/97 6.125 11/15/27	912810FB9	15,000.00	$123.30	$18,495.15	0.10%	$19,767.16	($1,272.01)	$918.75	4.97%
US TREASURY NOTE 11/15/17 2.250 11/15/27	9128283F5	15,000.00	$92.99	$13,948.20	0.08%	$14,898.05	($949.85)	$337.50	2.42%
US TREASURY N/B 02/15/18 2.750 02/15/28	9128283W8	15,000.00	$96.77	$14,515.95	0.08%	$14,828.32	($312.37)	$412.50	2.84%
UNITED STATES TREAS	9128284N7	15,000.00	$97.71	$14,656.65	0.08%	$14,933.79	($277.14)	$431.25	2.94%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
NTS 05/15/18 2.875 05/15/28									
US TREASURY N/B 08/17/98 5.500 08/15/28	912810FE3	20,000.00	$119.53	$23,907.00	0.13%	$24,059.38	($152.38)	$1,100.00	4.60%
UNITED STATES TREAS NTS 08/15/18 2.875 08/15/28	9128284V9	10,000.00	$97.63	$9,762.90	0.05%	$9,808.59	($45.69)	$287.50	2.94%
Domestic Fixed Income/ETFs				$1,266,677.39	6.96%	$1,281,323.55	($14,646.16)	$42,410.40	3.35%
DOUBLELINE TOTAL RETURN BOND I	DBLTX	71,395.36	$10.28	$733,944.28	4.03%	$735,372.19	($1,427.91)	$27,344.42	3.73%
DODGE & COX INCOME FD	DODIX	40,175.95	$13.26	$532,733.11	2.93%	$545,951.36	($13,218.25)	$15,065.98	2.83%
Intl Developed Mkt Fixed Income				$146,579.25	0.81%	$148,925.03	($2,345.78)	$4,067.75	2.78%
Intl Developed Mkt Bonds				$146,579.25	0.81%	$148,925.03	($2,345.78)	$4,067.75	2.78%
ROYAL BK CDA GLOBAL MEDIUM 03/11/14 2.150 03/15/19	78010USN8	25,000.00	$99.81	$24,952.00	0.14%	$25,077.75	($125.75)	$537.50	2.15%
BANK OF NOVA SCOTIA SR GLBL NT 06/14/16 1.650 06/14/19	064159HT6	25,000.00	$99.20	$24,800.75	0.14%	$24,824.18	($23.43)	$412.50	1.66%
BP CAP MKTS P L C 11/04/14 2.521 01/15/20	05565QCT3	25,000.00	$99.32	$24,830.25	0.14%	$25,123.25	($293.00)	$630.25	2.54%
HSBC HOLDINGS PLC 03/30/12 4.000 03/20/22	404280AN9	25,000.00	$100.90	$25,224.75	0.14%	$25,738.35	($513.60)	$1,000.00	3.96%
SHELL INTERNATIONAL FIN BV SR 05/11/15 3.250 05/11/25	822582BD3	25,000.00	$96.38	$24,094.25	0.13%	$24,748.00	($653.75)	$812.50	3.37%
WESTPAC BKG CORP 08/19/16 2.700 08/19/26	961214DC4	25,000.00	$90.71	$22,677.25	0.12%	$23,413.50	($736.25)	$675.00	2.98%
High-Yield				$731,901.61	4.02%	$737,892.61	($5,991.00)	$33,505.71	4.58%
High Yield Taxable Funds				$731,901.61	4.02%	$737,892.61	($5,991.00)	$33,505.71	4.58%
EATON VANCE FLOATING RATE I	EIBLX	57,947.02	$9.06	$525,000.00	2.88%	$525,000.00	$0.00	$21,498.34	4.09%
HOTCHKIS & WILEY HIGH YIELD I	HWHIX	17,683.90	$11.70	$206,901.61	1.14%	$212,892.61	($5,991.00)	$12,007.37	5.80%
Inflation Indexed				$285,463.53	1.57%	$288,985.70	($3,522.17)	$8,289.04	2.90%
Inflation Indexed Funds				$285,463.53	1.57%	$288,985.70	($3,522.17)	$8,289.04	2.90%
SCHWAB US TIPS ETF	SCHP	5,379.00	$53.07	$285,463.53	1.57%	$288,985.70	($3,522.17)	$8,289.04	2.90%
Fixed Income Related Strategy				$1,044,592.86	5.74%	$1,080,953.16	($36,360.30)	$39,025.30	3.74%
Fixed Income Funds/ETFs				$1,044,592.86	5.74%	$1,080,953.16	($36,360.30)	$39,025.30	3.74%

FIFTH THIRD INSTITUTIONAL SERVICES

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
BLACKROCK FDS II STRG OPP INSTL	BSIIX	68,846.56	$9.66	$665,057.79	3.65%	$680,313.30	($15,255.51)	$22,994.75	3.46%
DOUBLELINE FLEXIBLE INCOME FD I	DFLEX	25,299.52	$9.65	$244,140.36	1.34%	$244,220.20	($79.84)	$10,170.41	4.17%
GOLDMAN SACHS L/S CREDITSTRATEGY	GSAWX	14,911.31	$9.08	$135,394.71	0.74%	$156,419.66	($21,024.95)	$5,860.15	4.33%
Intl Emerging Mkt Fixed Income				$312,533.33	1.72%	$349,583.00	($37,049.67)	$14,882.54	4.76%
Intl Emerging Mkt Bond Funds				$312,533.33	1.72%	$349,583.00	($37,049.67)	$14,882.54	4.76%
TCW EMERGING MARKETS INCOME CL I	TGEIX	40,223.08	$7.77	$312,533.33	1.72%	$349,583.00	($37,049.67)	$14,882.54	4.76%
Equity				$10,212,054.41	56.12%	$9,901,351.63	$310,702.78	$174,747.12	1.71%
Large Cap Domestic				$5,609,512.94	30.82%	$5,234,216.69	$375,296.25	$93,830.72	1.67%
LCD Common Stock & Options				$747,402.79	4.11%	$634,753.86	$112,648.93	$19,019.50	2.54%
LCD Industrials				$84,059.43	0.46%	$73,615.47	$10,443.96	$1,884.56	2.24%
BOEING CO	BA	49.00	$354.86	$17,388.14	0.10%	$5,903.51	$11,484.63	$335.16	1.93%
CATERPILLAR INC	CAT	123.00	$121.32	$14,922.36	0.08%	$18,389.04	($3,466.68)	$423.12	2.84%
DELTA AIR LINES INC	DAL	306.00	$54.73	$16,747.38	0.09%	$16,929.66	($182.28)	$428.40	2.56%
NORFOLK SOUTHN CORP	NSC	103.00	$167.83	$17,286.49	0.09%	$15,835.65	$1,450.84	$329.60	1.91%
WASTE MGMT INC DEL	WM	198.00	$89.47	$17,715.06	0.10%	$16,557.61	$1,157.45	$368.28	2.08%
LCD Consumer Discretionary				$70,555.32	0.39%	$64,379.37	$6,175.95	$1,721.26	2.44%
BEST BUY INC	BBY	215.00	$70.16	$15,084.40	0.08%	$14,792.04	$292.36	$387.00	2.57%
D R HORTON INC	DHI	361.00	$35.96	$12,981.56	0.07%	$11,457.42	$1,524.14	$180.50	1.39%
HOME DEPOT INC	HD	78.00	$175.88	$13,718.64	0.08%	$14,644.23	($925.59)	$321.36	2.34%
TARGET CORP	TGT	195.00	$83.63	$16,307.85	0.09%	$17,456.81	($1,148.96)	$499.20	3.06%
ROYAL CARIBBEAN CRUISES LTD	RCL	119.00	$104.73	$12,462.87	0.07%	$6,028.87	$6,434.00	$333.20	2.67%
LCD Consumer Staples				$60,827.57	0.33%	$57,989.48	$2,838.09	$1,496.16	2.46%
KIMBERLY CLARK CORP	KMB	138.00	$104.30	$14,393.40	0.08%	$13,977.26	$416.14	$552.00	3.84%
SYSCO CORP	SYY	209.00	$71.33	$14,907.97	0.08%	$10,235.38	$4,672.59	$300.96	2.02%
TYSON FOODS INC	TSN	250.00	$59.92	$14,980.00	0.08%	$17,902.04	($2,922.04)	$300.00	2.00%
WALMART INC	WMT	165.00	$100.28	$16,546.20	0.09%	$15,874.80	$671.40	$343.20	2.07%
LCD Energy				$64,185.71	0.35%	$61,337.63	$2,848.08	$2,681.02	4.18%
CHEVRON CORPORATION	CVX	112.00	$111.65	$12,504.80	0.07%	$8,288.98	$4,215.82	$501.76	4.01%
EXXON MOBIL CORP	XOM	172.00	$79.68	$13,704.96	0.08%	$12,533.44	$1,171.52	$564.16	4.12%
ONEOK INC	OKE	205.00	$65.60	$13,448.00	0.07%	$14,169.74	($721.74)	$701.10	5.21%
SCHLUMBERGER LTD	SLB	265.00	$51.31	$13,597.15	0.07%	$18,194.02	($4,596.87)	$530.00	3.90%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
VALERO ENERGY	VLO	120.00	$91.09	$10,930.80	0.06%	$8,151.45	$2,779.35	$384.00	3.51%
LCD Health Care				$114,870.01	0.63%	$81,789.78	$33,080.23	$2,713.04	2.36%
AMGEN INC	AMGN	101.00	$192.79	$19,471.79	0.11%	$11,682.66	$7,789.13	$533.28	2.74%
BRISTOL MYERS SQUIBB CO	BMY	324.00	$50.54	$16,374.96	0.09%	$19,822.16	($3,447.20)	$518.40	3.17%
JOHNSON & JOHNSON	JNJ	142.00	$139.99	$19,878.58	0.11%	$10,058.84	$9,819.74	$511.20	2.57%
PFIZER INC	PFE	492.00	$43.06	$21,185.52	0.12%	$17,162.78	$4,022.74	$669.12	3.16%
STRYKER CORP	SYK	118.00	$162.22	$19,141.96	0.11%	$13,283.05	$5,858.91	$221.84	1.16%
UNITEDHEALTH GROUP INC	UNH	72.00	$261.35	$18,817.20	0.10%	$9,780.29	$9,036.91	$259.20	1.38%
LCD Financials				$103,638.77	0.57%	$90,228.68	$13,410.09	$2,924.52	2.82%
AMERICAN EXPRESS CO	AXP	147.00	$102.73	$15,101.31	0.08%	$14,653.60	$447.71	$229.32	1.52%
BANK AMER CORP	BAC	520.00	$27.50	$14,300.00	0.08%	$8,017.25	$6,282.75	$312.00	2.18%
CITIZENS FINL GROUP INC	CFG	388.00	$37.35	$14,491.80	0.08%	$13,120.36	$1,371.44	$419.04	2.89%
JPMORGAN CHASE & CO	JPM	141.00	$109.02	$15,371.82	0.08%	$8,000.32	$7,371.50	$451.20	2.94%
KEYCORP	KEY	792.00	$18.16	$14,382.72	0.08%	$16,164.16	($1,781.44)	$538.56	3.74%
MORGAN STANLEY	MS	320.00	$45.66	$14,611.20	0.08%	$13,263.39	$1,347.81	$384.00	2.63%
PRUDENTIAL FINL INC	PRU	164.00	$93.78	$15,379.92	0.08%	$17,009.60	($1,629.68)	$590.40	3.84%
LCD Telecommunication Services				$88,446.53	0.49%	$73,625.93	$14,820.60	$2,265.87	2.56%
AT&T INC	T	563.00	$30.68	$17,272.84	0.09%	$17,896.21	($623.37)	$1,126.00	6.52%
ALPHABET INC CAP STK CL A	GOOGL	16.00	$1,090.58	$17,449.28	0.10%	$10,322.40	$7,126.88	$0.00	N.A.
COMCAST CORP CL A	CMCSA	512.00	$38.14	$19,527.68	0.11%	$14,100.34	$5,427.34	$389.12	1.99%
FACEBOOK INC	FB	102.00	$151.79	$15,482.58	0.09%	$12,831.47	$2,651.11	$0.00	N.A.
T-MOBILE US INC	TMUS	273.00	$68.55	$18,714.15	0.10%	$18,475.51	$238.64	$750.75	4.01%
LCD Information Technology				$133,876.94	0.74%	$107,097.87	$26,779.07	$2,365.42	1.77%
APPLE INC	AAPL	83.00	$218.86	$18,165.38	0.10%	$863.82	$17,301.56	$242.36	1.33%
CISCO SYSTEMS INC	CSCO	368.00	$45.75	$16,836.00	0.09%	$16,196.02	$639.98	$485.76	2.89%
INTEL CORP	INTC	397.00	$46.88	$18,611.36	0.10%	$14,549.77	$4,061.59	$476.40	2.56%
MASTERCARD INC	MA	77.00	$197.67	$15,220.59	0.08%	$10,786.47	$4,434.12	$77.00	0.51%
MICROSOFT CORP	MSFT	156.00	$106.81	$16,662.36	0.09%	$7,356.60	$9,305.76	$287.04	1.72%
MICROCHIP TECHNOLOGY INC	MCHP	226.00	$65.78	$14,866.28	0.08%	$22,030.97	($7,164.69)	$329.06	2.21%
NETAPP INC COM	NTAP	218.00	$78.49	$17,110.82	0.09%	$18,247.17	($1,136.35)	$348.80	2.04%
VISA INC CL A	V	119.00	$137.85	$16,404.15	0.09%	$17,067.05	($662.90)	$119.00	0.73%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
LCD Utilities				$26,942.51	0.15%	$24,689.65	$2,252.86	$967.65	3.59%
CENTERPOINT ENERGY INC	CNP	459.00	$27.01	$12,397.59	0.07%	$12,643.43	($245.84)	$509.49	4.11%
EXELON CORP	EXC	332.00	$43.81	$14,544.92	0.08%	$12,046.22	$2,498.70	$458.16	3.15%
LCD Equity Funds/ETFs				$4,862,110.15	26.72%	$4,599,462.83	$262,647.32	$74,811.22	1.54%
HARBOR CAPITAL APPRECIATION FUND INSTITUTIONAL CLASS	HACAX	3,831.26	$73.97	$283,398.60	1.56%	$218,113.85	$65,284.75	$429.10	0.15%
ISHARES CORE S&P 500 ETF	IVV	8,557.00	$272.76	$2,334,007.32	12.83%	$2,064,588.34	$269,418.98	$43,298.42	1.86%
MFS VALUE FUND CLASS I	MEIIX	15,209.00	$39.05	$593,911.41	3.26%	$532,587.72	$61,323.69	$10,767.97	1.81%
PRIMECAP ODYSSEY FUNDS	POSKX	21,236.29	$31.79	$675,101.56	3.71%	$737,323.88	($62,222.32)	$6,477.07	0.96%
DANA LARGE CAP EQUITY INSTITUTIONAL	DLCIX	43,655.09	$22.35	$975,691.26	5.36%	$1,046,849.04	($71,157.78)	$13,838.66	1.42%
Small and Mid-Cap Domestic				$1,546,685.18	8.50%	$1,529,246.07	$17,439.11	$21,670.74	1.40%
SMD Common Stock & Options				$117,921.83	0.65%	$109,738.25	$8,183.58	$1,496.83	1.27%
SMD Materials				$20,063.92	0.11%	$20,068.06	($4.14)	$539.17	2.69%
PACKAGING CORP AMER	PKG	112.00	$91.81	$10,282.72	0.06%	$9,193.56	$1,089.16	$353.92	3.44%
STEEL DYNAMICS INC	STLD	247.00	$39.60	$9,781.20	0.05%	$10,874.50	($1,093.30)	$185.25	1.89%
SMD Consumer Discretionary				$13,770.06	0.08%	$14,459.81	($689.75)	$17.10	0.12%
PVH CORP	PVH	114.00	$120.79	$13,770.06	0.08%	$14,459.81	($689.75)	$17.10	0.12%
SMD Health Care				$17,663.36	0.10%	$19,908.30	($2,244.94)	$0.00	N.A.
WELLCARE HEALTH PLANS INC	WCG	64.00	$275.99	$17,663.36	0.10%	$19,908.30	($2,244.94)	$0.00	N.A.
SMD Financials				$4,129.27	0.02%	$4,110.28	$18.99	$295.40	7.15%
JERNIGAN CAP INC	JCAP	211.00	$19.57	$4,129.27	0.02%	$4,110.28	$18.99	$295.40	7.15%
SMD Information Technology				$62,295.22	0.34%	$51,191.80	$11,103.42	$645.16	1.04%
BROADRIDGE FINANCIAL SOLUTIO	BR	139.00	$116.94	$16,254.66	0.09%	$6,386.22	$9,868.44	$269.66	1.66%
CDW CORP	CDW	201.00	$90.01	$18,092.01	0.10%	$6,982.41	$11,109.60	$237.18	1.31%
DXC TECHNOLOGY CO	DXC	182.00	$72.83	$13,255.06	0.07%	$15,796.56	($2,541.50)	$138.32	1.04%
WEIBO CORP SPONSORED ADR	WB	249.00	$59.01	$14,693.49	0.08%	$22,026.61	($7,333.12)	$0.00	N.A.
SMD Equity Funds/ETFs				$1,428,763.35	7.85%	$1,419,507.82	$9,255.53	$20,173.91	1.41%
ISHARES CORE S&P	IJH	2,251.00	$182.05	$409,794.55	2.25%	$435,351.28	($25,556.73)	$6,489.63	1.58%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
MID-CAP ETF									
ISHARES CORE S&P SMALL-CAP ETF	IJR	4,949.00	$78.05	$386,269.45	2.12%	$375,118.38	$11,151.07	$5,142.01	1.33%
NUANCE MID CAP VALUE FUND	NMVLX	7,899.39	$12.02	$94,950.69	0.52%	$99,761.40	($4,810.71)	$789.94	0.83%
PRINCIPAL MIDCAP BLEND FUND	PCBIX	3,847.56	$26.84	$103,268.62	0.57%	$95,961.98	$7,306.64	$50.02	0.05%
T ROWE PRICE US SMALL-CAP GR EQ	PRDSX	3,255.75	$36.01	$117,239.52	0.64%	$99,170.12	$18,069.40	$0.00	N.A.
STONE RIDGE HIGH YIELD CL I	SHRIX	23,935.72	$9.54	$228,346.75	1.25%	$226,980.69	$1,366.06	$6,486.58	2.84%
WELLS FARGO FDS TR SPECIAL SMALL CAP VALUE I	ESPNX	2,597.71	$34.22	$88,893.77	0.49%	$87,163.97	$1,729.80	$1,215.73	1.37%
Developed International				$1,474,058.02	8.10%	$1,571,232.09	($97,174.07)	$29,802.75	2.02%
Dev Int. Common Stock & Options				$765,296.60	4.21%	$786,789.75	($21,493.15)	$16,642.18	2.17%
Dev Int. Materials				$40,128.79	0.22%	$40,406.61	($277.82)	$769.58	1.92%
AIR LIQUIDE SA ADR	AIQUY	1,655.00	$24.25	$40,128.79	0.22%	$40,406.61	($277.82)	$769.58	1.92%
Dev Int. Industrials				$138,658.71	0.76%	$141,173.15	($2,514.44)	$2,345.43	1.69%
ALFA LAVAL AB SWEDEN ADR	ALFVY	577.00	$25.57	$14,753.89	0.08%	$13,439.03	$1,314.86	$207.14	1.40%
ATLAS COPCO AB "A" NEW ADR	ATLKY	388.00	$24.79	$9,619.68	0.05%	$10,458.90	($839.22)	$322.82	3.36%
BBA AVIATION PLC ADR	BBAVY	289.00	$15.35	$4,434.99	0.02%	$5,746.43	($1,311.44)	$171.96	3.88%
CANADIAN NATIONAL RAILWAY CO SEDOL 2180632	CNI	307.00	$85.48	$26,242.36	0.14%	$22,952.76	$3,289.60	$427.04	1.63%
FANUC CORP ADR	FANUY	1,478.00	$17.49	$25,845.79	0.14%	$28,929.76	($3,083.97)	$530.60	2.05%
FUCHS PETROLUB SE ADR	FUPBY	987.00	$11.60	$11,446.24	0.06%	$13,536.57	($2,090.33)	$173.71	1.52%
KUBOTA CORP ADR	KUBTY	127.00	$78.95	$10,026.78	0.06%	$10,223.89	($197.11)	$158.37	1.58%
MONOTARO CO LTD ADR	MONOY	728.00	$22.07	$16,069.14	0.09%	$14,085.29	$1,983.85	$51.69	0.32%
NOVOZYMES A/S ADR	NVZMY	204.00	$49.43	$10,084.33	0.06%	$10,780.56	($696.23)	$100.37	1.00%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
PARK24 CO LTD SPONSORED ADR	PKCOY	385.00	$26.33	$10,135.51	0.06%	$11,019.96	($884.45)	$201.74	1.99%
Dev Int. Consumer Discretionary				$35,730.89	0.20%	$40,371.66	($4,640.77)	$1,224.95	3.43%
BAYERISCHE MOTOREN WERKE A G SPONSORED ADR	BMWYY	392.00	$28.97	$11,355.46	0.06%	$12,958.83	($1,603.37)	$441.00	3.88%
LVMH MOET HENNESSY LOUIS VUITTON ADR	LVMUY	277.00	$60.91	$16,872.90	0.09%	$16,937.70	($64.80)	$255.67	1.52%
WPP PLC ADR	WPP	133.00	$56.41	$7,502.53	0.04%	$10,475.13	($2,972.60)	$528.28	7.04%
Dev Int. Consumer Staples				$79,702.13	0.44%	$72,485.05	$7,217.08	$1,866.53	2.34%
L'OREAL SA ADR	LRLCY	544.00	$45.07	$24,519.71	0.13%	$23,022.34	$1,497.37	$364.48	1.49%
NESTLE SA ADR	NSRGY	443.00	$84.62	$37,487.10	0.21%	$32,787.14	$4,699.96	$898.85	2.40%
UNILEVER PLC ADR	UL	334.00	$52.98	$17,695.32	0.10%	$16,675.57	$1,019.75	$603.20	3.41%
Dev Int. Energy				$34,497.75	0.19%	$33,543.33	$954.42	$1,974.00	5.72%
ROYAL DUTCH SHELL PLC CL B ADR	RDS B	525.00	$65.71	$34,497.75	0.19%	$33,543.33	$954.42	$1,974.00	5.72%
Dev Int. Health Care				$150,708.17	0.83%	$159,783.68	($9,075.51)	$2,645.28	1.76%
BAYER AG ADR	BAYRY	1,489.00	$19.20	$28,588.80	0.16%	$40,824.85	($12,236.05)	$847.24	2.96%
CSL LTD ADR	CSLLY	226.00	$66.62	$15,056.80	0.08%	$13,806.90	$1,249.90	$169.05	1.12%
FRESENIUS MEDICAL CARE AG & CO ADR	FMS	477.00	$39.08	$18,641.16	0.10%	$22,483.08	($3,841.92)	$203.68	1.09%
GRIFOLS SA ADR	GRFS	492.00	$20.42	$10,046.64	0.06%	$10,452.37	($405.73)	$174.66	1.74%
LONZA GROUP AG ADR	LZAGY	686.00	$31.48	$21,598.02	0.12%	$19,927.62	$1,670.40	$166.01	0.77%
ROCHE HOLDING AG ADR	RHHBY	988.00	$30.46	$30,092.50	0.17%	$26,653.14	$3,439.36	$881.30	2.93%
SONOVA HOLDING AG ADR	SONVY	366.00	$32.72	$11,974.42	0.07%	$11,802.17	$172.25	$109.07	0.91%
SYSMEX CORP ADR	SSMXY	419.00	$35.11	$14,709.83	0.08%	$13,833.55	$876.28	$94.28	0.64%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
Dev Int. Financials				$131,576.75	0.72%	$138,012.58	($6,435.83)	$4,701.70	3.57%
AIA GROUP LTD ADR	AAGIY	1,349.00	$30.28	$40,851.77	0.22%	$39,854.12	$997.65	$647.52	1.59%
ALLIANZ SE ADR	AZSEY	1,579.00	$20.90	$32,997.94	0.18%	$30,157.91	$2,840.03	$1,111.62	3.37%
BANCO BILBAO VIZCAYA ARGENTINA	BBVA	3,524.00	$5.47	$19,276.28	0.11%	$27,083.87	($7,807.59)	$856.33	4.44%
DBS GROUP HOLDINGS LTD ADR	DBSDY	394.00	$67.76	$26,699.02	0.15%	$27,770.02	($1,071.00)	$1,356.94	5.08%
HSBC HOLDINGS PLC ADR	HSBC	286.00	$41.09	$11,751.74	0.06%	$13,146.66	($1,394.92)	$729.30	6.21%
Dev Int. Information Technology				$132,639.05	0.73%	$137,900.80	($5,261.75)	$769.32	0.58%
DASSAULT SYSTEMES SA ADR	DASTY	261.00	$125.60	$32,781.34	0.18%	$32,608.55	$172.79	$122.41	0.37%
INFINEON TECHNOLOGIES AG ADR	IFNNY	666.00	$20.07	$13,363.96	0.07%	$17,763.84	($4,399.88)	$193.14	1.45%
JGC CORP ADR	JGCCY	314.00	$38.83	$12,192.31	0.07%	$14,092.25	($1,899.94)	$103.31	0.85%
SAP SE ADR	SAP	295.00	$107.26	$31,641.70	0.17%	$31,404.96	$236.74	$350.46	1.11%
TEMENOS AG ADR	TMSNY	97.00	$137.69	$13,355.74	0.07%	$15,855.40	($2,499.66)	$0.00	N.A.
CHECK POINT SOFTWARE TECH	CHKP	264.00	$111.00	$29,304.00	0.16%	$26,175.80	$3,128.20	$0.00	N.A.
Dev Int. Undefined				$21,654.36	0.12%	$23,112.89	($1,458.53)	$345.40	1.60%
DAITO TR CONSTR CO LTD SPONSORED ADR	DIFTY	215.00	$33.01	$7,096.51	0.04%	$9,166.39	($2,069.88)	$228.97	3.23%
SYMRISE AG ADR	SYIEY	693.00	$21.01	$14,557.85	0.08%	$13,946.50	$611.35	$116.42	0.80%
Dev Int. Equity Funds/ETFs				$708,761.42	3.89%	$784,442.34	($75,680.92)	$13,160.57	1.86%
HARDING LOEVNER INTL EQUITY INST	HLMIX	20,453.59	$20.74	$424,207.44	2.33%	$457,751.33	($33,543.89)	$4,049.81	0.95%
ISHARES CORE MSCI EAFE	IEFA	4,841.00	$58.78	$284,553.98	1.56%	$326,691.01	($42,137.03)	$9,110.76	3.20%
Emerging Markets				$1,054,189.75	5.79%	$1,068,286.87	($14,097.12)	$23,808.08	2.26%
EM Common Stock & Options				$185,278.16	1.02%	$195,182.97	($9,904.81)	$2,758.97	1.49%
AMBEV SA	ABEV	2,194.00	$4.33	$9,500.02	0.05%	$10,604.56	($1,104.54)	$315.94	3.33%

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
ADR									
ASPEN PHARMACARE HLDGS LTD ADR	APNHY	577.00	$10.57	$6,096.01	0.03%	$12,125.55	($6,029.54)	$86.55	1.42%
BAIDU INC ADR	BIDU	169.00	$190.06	$32,120.14	0.18%	$35,161.47	($3,041.33)	$0.00	N.A.
GRUPO FINANCIERO BANORTE S A B DE C V	GBOOY	432.00	$27.65	$11,945.23	0.07%	$12,846.41	($901.18)	$675.65	5.66%
HDFC BANK LTD ADR	HDB	112.00	$88.91	$9,957.92	0.05%	$10,960.30	($1,002.38)	$61.26	0.62%
ICICI BANK LTD ADR	IBN	1,312.00	$9.49	$12,450.88	0.07%	$11,218.87	$1,232.01	$53.79	0.43%
ITAU UNIBANCO HOLDINGS SA	ITUB	1,376.00	$13.17	$18,121.92	0.10%	$14,466.74	$3,655.18	$63.30	0.35%
NASPERS LTD SPONSORED ADR SEDOL BYXD1N3	NPSNY	561.00	$35.12	$19,700.08	0.11%	$24,777.37	($5,077.29)	$34.22	0.17%
SASOL LTD ADR	SSL	289.00	$32.52	$9,398.28	0.05%	$11,653.33	($2,255.05)	$204.03	2.17%
TAIWAN SEMICONDUCTOR MANUFACTURE ADR	TSM	1,043.00	$38.10	$39,738.30	0.22%	$35,174.84	$4,563.46	$1,080.55	2.72%
TENARIS SA ADR	TS	224.00	$29.23	$6,547.52	0.04%	$7,482.82	($935.30)	$183.68	2.81%
YANDEX N V SHS CLASS A	YNDX	322.00	$30.13	$9,701.86	0.05%	$8,710.71	$991.15	$0.00	N.A.
EM Equity Funds/ETFs				$868,911.59	4.77%	$873,103.90	($4,192.31)	$21,049.11	2.42%
SEAFARER OVERSEAS GR AND INCOME INSTITUTIONAL SHARES	SIGIX	23,475.67	$11.05	$259,406.19	1.43%	$256,589.11	$2,817.08	$9,108.56	3.51%
ISHARES CORE MSCI EMK EFT	IEMG	6,705.00	$47.26	$316,878.30	1.74%	$349,583.50	($32,705.20)	$9,487.58	2.99%
OPPENHEIMER DEVELOPING MARKETS CLASS I	ODVIX	7,862.09	$37.22	$292,627.10	1.61%	$266,931.29	$25,695.81	$2,452.97	0.84%
Equity Related Strategy				$527,608.52	2.90%	$498,369.91	$29,238.61	$5,634.83	1.07%
Equity Funds/ETFs				$527,608.52	2.90%	$498,369.91	$29,238.61	$5,634.83	1.07%
AQR EQUITY MARKET NEUTRAL I	QMNIX	13,227.29	$10.65	$140,870.64	0.77%	$153,465.13	($12,594.49)	$5,634.83	4.00%
BALTER L/S SMALL CAP	BEQIX	16,531.82	$11.90	$196,728.71	1.08%	$167,333.87	$29,394.84	$0.00	N.A.

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
EQUITY FUND INSTITUTIONAL CLASS									
BOSTON PARTNERS LONG/SHORT RESEARCH INSTL	BPIRX	11,845.96	$16.04	$190,009.17	1.04%	$177,570.91	$12,438.26	$0.00	N.A.
Real Assets				$1,347,295.85	7.40%	$1,345,137.00	$2,158.85	$56,240.93	4.17%
REITs				$1,013,243.69	5.57%	$989,107.90	$24,135.79	$45,575.31	4.50%
AGREE REALTY CORP	ADC	199.00	$57.27	$11,396.73	0.06%	$8,221.83	$3,174.90	$429.84	3.77%
ALEXANDRIA REAL ESTATE EQUITIES INC	ARE	177.00	$122.23	$21,634.71	0.12%	$13,044.06	$8,590.65	$658.44	3.04%
AMERICAN CAMPUS CMNTYS INC	ACC	125.00	$39.51	$4,938.75	0.03%	$5,547.81	($609.06)	$230.00	4.66%
AMERICAN TOWER CORP	AMT	301.00	$155.81	$46,898.81	0.26%	$31,284.47	$15,614.34	$906.01	1.93%
APARTMENT INVT & MGMT CO	AIV	287.00	$43.04	$12,352.48	0.07%	$7,951.15	$4,401.33	$436.24	3.53%
AVALONBAY CMNTYS INC	AVB	78.00	$175.38	$13,679.64	0.08%	$11,382.39	$2,297.25	$458.64	3.35%
BOSTON PPTYS INC	BXP	133.00	$120.76	$16,061.08	0.09%	$15,044.98	$1,016.10	$505.40	3.15%
CAMDEN PPTY TR	CPT	115.00	$90.27	$10,381.05	0.06%	$10,266.58	$114.47	$354.20	3.41%
CORESITE RLTY CORP	COR	47.00	$93.86	$4,411.42	0.02%	$5,124.50	($713.08)	$193.64	4.39%
CROWN CASTLE INTL CORP NEW	CCI	229.00	$108.74	$24,901.46	0.14%	$20,458.80	$4,442.66	$1,030.50	4.14%
CUBESMART	CUBE	479.00	$28.98	$13,881.42	0.08%	$13,167.76	$713.66	$574.80	4.14%
DIGITAL RLTY TR INC	DLR	90.00	$103.26	$9,293.40	0.05%	$10,233.92	($940.52)	$363.60	3.91%
EPR PPTYS	EPR	198.00	$68.74	$13,610.52	0.07%	$8,919.36	$4,691.16	$855.36	6.28%
EAST GROUP PPTYS INC SH BEN INT	EGP	175.00	$95.79	$16,763.25	0.09%	$9,406.49	$7,356.76	$504.00	3.01%
EQUINIX INC	EQIX	43.00	$378.74	$16,285.82	0.09%	$19,122.24	($2,836.42)	$392.16	2.41%
EQUITY LIFESTYLE PPTYS INC	ELS	115.00	$94.69	$10,889.35	0.06%	$10,363.45	$525.90	$253.00	2.32%
ESSEX PPTY TR INC	ESS	15.00	$250.78	$3,761.70	0.02%	$3,779.85	($18.15)	$111.60	2.97%
EXTRA SPACE STORAGE INC	EXR	52.00	$90.06	$4,683.12	0.03%	$4,036.10	$647.02	$178.88	3.82%
FEDERAL RLTY INVT TR SH BEN INT NEW	FRT	133.00	$124.05	$16,498.65	0.09%	$14,772.38	$1,726.27	$542.64	3.29%
FIRST INDL RLTY TR INC	FR	464.00	$30.70	$14,244.80	0.08%	$10,518.80	$3,726.00	$403.68	2.83%
GAMING & LEISURE PPTYS INC	GLPI	360.00	$33.69	$12,128.40	0.07%	$11,830.68	$297.72	$979.20	8.07%

FIFTH THIRD INSTITUTIONAL SERVICES

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
HOSPITALITY PPTYS TR	HPT	367.00	$25.62	$9,402.54	0.05%	$10,222.62	($820.08)	$778.04	8.27%
HOST HOTELS AND RESORTS	HST	885.00	$19.11	$16,912.35	0.09%	$14,787.65	$2,124.70	$708.00	4.19%
INVITATION HOMES INC COM	INVH	429.00	$21.88	$9,386.52	0.05%	$8,656.61	$729.91	$188.76	2.01%
KITE REALTY GROUP TRUST	KRG	335.00	$15.84	$5,306.40	0.03%	$10,355.76	($5,049.36)	$425.45	8.02%
LTC PPTYS INC	LTC	216.00	$42.77	$9,238.32	0.05%	$7,395.52	$1,842.80	$492.48	5.33%
PENNSYLVANIA REAL ESTATE INVT	PEI	456.00	$8.95	$4,081.20	0.02%	$10,084.83	($6,003.63)	$383.04	9.39%
PHYSICIANS RLTY TR	DOC	491.00	$16.58	$8,140.78	0.04%	$8,330.47	($189.69)	$451.72	5.55%
PROLOGIS INC	PLD	203.00	$64.47	$13,087.41	0.07%	$8,000.07	$5,087.34	$389.76	2.98%
SL GREEN RLTY CORP	SLG	101.00	$91.26	$9,217.26	0.05%	$10,389.45	($1,172.19)	$328.25	3.56%
SIMON PPTY GROUP INC	SPG	175.00	$183.52	$32,116.00	0.18%	$26,558.67	$5,557.33	$1,382.50	4.30%
STARWOOD PPTY TR INC	STWD	770.00	$21.72	$16,724.40	0.09%	$16,903.59	($179.19)	$1,478.40	8.84%
TERRENO RLTY CORP	TRNO	407.00	$37.43	$15,234.01	0.08%	$9,898.81	$5,335.20	$390.72	2.56%
VANGUARD REAL ESTATE ETF	VNQ	6,564.00	$78.32	$514,092.48	2.82%	$551,750.35	($37,657.87)	$25,238.58	4.91%
VORNADO REALTY TRUST	VNO	132.00	$68.08	$8,986.56	0.05%	$8,729.40	$257.16	$332.64	3.70%
WEINGARTEN RLTY INV	WRI	309.00	$28.12	$8,689.08	0.05%	$8,250.44	$438.64	$488.22	5.62%
WELLTOWER INC COM	WELL	227.00	$66.07	$14,997.89	0.08%	$13,162.25	$1,835.64	$789.96	5.27%
WEYERHAEUSER CO	WY	711.00	$26.63	$18,933.93	0.10%	$21,153.81	($2,219.88)	$966.96	5.11%
Global Infrastructure				$334,052.16	1.84%	$356,029.10	($21,976.94)	$10,665.62	3.19%
ISHARES S&P GLOB INFRAS INDEX FD	IGF	8,236.00	$40.56	$334,052.16	1.84%	$356,029.10	($21,976.94)	$10,665.62	3.19%
Alternative Strategies									
Alternative Strategies				$632,092.55	3.47%	$642,671.44	($10,578.89)	$14,123.56	2.23%
Diversifying Strategies				$632,092.55	3.47%	$642,671.44	($10,578.89)	$14,123.56	2.23%
Relative Value - Absolute Return				$351,503.97	1.93%	$345,030.08	$6,473.89	$11,918.06	3.39%
SPDR BLOOMBERG BARCLAYS CONVERTIBLE SECURITIES ETF	CWB	2,690.00	$50.24	$135,145.60	0.74%	$123,627.73	$11,517.87	$5,164.80	3.82%
BRANDYWINE GLOBAL - ALTERNATIVE CREDIT FUND CLASS I	LMANX	21,170.10	$10.22	$216,358.37	1.19%	$221,402.35	($5,043.98)	$6,753.26	3.12%
Global Macro/CTA				$212,786.07	1.17%	$224,800.89	($12,014.82)	$414.23	0.19%

FIFTH THIRD
INSTITUTIONAL SERVICES

	CUSIP / Ticker	Units	Price	Market Value	% of Holdings	Total Cost	Unrealized Gain or Loss	Est Annual Income	Current Yield
RBB FD ABBEY CP STR I	ABYIX	14,283.68	$10.91	$155,835.00	0.86%	$163,800.10	($7,965.10)	$414.23	0.27%
CREDIT SUISSE OPPORTUNITY FDS	CSAIX	5,817.27	$9.79	$56,951.07	0.31%	$61,000.79	($4,049.72)	$0.00	N.A.
Other Core Diversifier				$67,802.51	0.37%	$72,840.47	($5,037.96)	$1,791.27	2.64%
BOSTON PARTNERS EMRG MKTS L S INST	BELSX	6,997.16	$9.69	$67,802.51	0.37%	$72,840.47	($5,037.96)	$1,791.27	2.64%
Total Marketable Holdings				$18,198,070.70	100.00%	$18,039,536.27	$158,534.43	$443,818.57	2.44%
Total Holdings				**$18,198,070.70**	**100.00%**	**$18,039,536.27**	**$158,534.43**	**$443,818.57**	**2.44%**

Disclosure Page

Economic Indicators: The **U.S. GDP** (Gross Domestic Product) is the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports. The **Consumer Price Index** (CPI) is an inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food and transportation. The CPI is published monthly and is also called cost-of-living index. **Gold Index** is the U.S. dollar per Troy ounce as reported from FactSet. The **U.S. Industrial Production Index** is a monthly Federal Reserve Board statistic for the total output of U.S. mines, utilities and factories. Reference year is 2012 at 100. **The U.S. Advance Retail Sales** is a monthly measure of sales of goods to consumers at retail stores. The **U.S. Capacity Utilization** is a metric to measure the potential output levels to gain insight into the overall slack that is in the economy. The **U.S. Conference Board Leading Economic Indicator** attempts to judge the future state of the economy by signaling the peaks and troughs in the business cycle. The **U.S. ISM Manufacturing Purchasing Managers' Index (PMI)** is a monthly index released by the Institute of Supply Management which tracks the amount of manufacturing activity that occurred in previous month. If the index has a value below 50, it tends to indicate a contraction in the economy. A value substantially above 50 indicates economic growth. Value is between 0 and 100. The **Unemployment Rate** tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). The **NFIB Small Business Optimism Index** is an index derived from 10 components using monthly surveys from a large sample of respondents drawn from the membership of the National Federation of Independent Business. **West Texas Intermediate (WTI) Crude** is a grade of crude oil used as a benchmark for oil pricing.

Equity Indices: The **Standard & Poor's (S&P) 500 Stock Index** is a composite of 500 of the largest companies in the United States and it is often used as a measure of the overall U.S. stock market. The **S&P 100 Index**, a sub-set of the S&P 500®, measures the performance of large cap companies in the United States. The Index comprises 100 major, blue chip companies across multiple industry groups. Individual stock options are listed for each index constituent. The **S&P MidCap 400 Index** consists of 400 domestic stocks chosen for market size, liquidity and industry group representation. It is a market-weighted index, with each stock affecting the Index in proportion to its market value. The **Russell 2000 Index** is an index that measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000. The **Russell 2500 Index** measures the performance of the smallest 2,500 companies in the Russell 3000 Index. This index is constructed to give a comprehensive and unbiased barometer for the small and mid-cap segment of the U.S. equity universe. The **Morgan Stanley Capital International Index (MSCI EAFE Index)** is a market capitalization weighted index composed of companies representative of the market structure of 20 Developed Market countries in Europe, Australasia and the Far East. Net of taxes is calculated for Morgan Stanley Capital International Equity Indices in U.S. dollars as dividend reinvested minus withholding taxes retained at the source for non-resident individuals who do not benefit from a double taxation treaties.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of May 2017, the MSCI Emerging Markets Index consisted of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates. Net of taxes is calculated for Morgan Stanley Capital International Equity Indices in U.S. dollars as dividend reinvested minus withholding taxes retained at the source for non-resident individuals who do not benefit from double taxation treaties. The **MSCI World Index** is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1969. MSCI World includes developed world markets, and does not include emerging markets. The **MSCI All Country World Index (ACWI)** is a market capitalization weighted index designed to provide a broad measure of equity-market performance throughout the world. It is comprised of stocks from both developed and emerging markets. The **MSCI World Free Index** is an adjusted free-float index that is designed to measure the equity market performance of 1,600 companies listed on stock exchanges in 22 countries. The continued use of the "Free" suffix serves to indicate that this index has a different history than its counterpart without the "Free" suffix. Historically the MSCI Free Indices included adjusted free- float calculations to capture investment restrictions once imposed on foreign investors in Singapore, Switzerland, Sweden, Norway and Finlay. Today the MSCI Free Indices have the same constituents and performance as those without the "Free" suffix. The **Stoxx Europe 600** represents the large, mid and small capitalization companies across 18 countries of the European region.

Fixed Income Indices: The **Bloomberg Barclays US Aggregate Bond Index** is composed of treasuries, government-related and corporate securities, Mortgage-Backed Securities (agency fixed-rate and hybrid ARM pass-throughs), and Asset-Backed Securities and CMBS (agency and nonagency). Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization. The **Bloomberg Barclays US Government/Credit Intermediate Bond Index** is composed of all investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes emerging markets debt. The **Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index** measures the performance of inflation protected public obligation of the U.S. Treasury, also known as "TIPS." The **Bloomberg Barclays Global Aggregate Index** is a flagship measure of global investment grade debt from 24 local currency markets. It is comprised of the U.S. Aggregate, Pan-Europe Aggregate, Asian-Pacific Aggregate and Canadian Aggregate Indices. The **Bloomberg Barclays Global Aggregate ex-US** index is designed to be a broad based measure of the global investment-grade, fixed rate, fixed income corporate markets outside the United States. The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The Bloomberg **Barclays Quality Intermediate Municipal Bond Index** tracks the performance of municipal bonds issued after December 31, 1990 with remaining maturities between two and 12 years and at least $5 million in principal outstanding. The **S&P/LSTA Leveraged Loan Index** covers the U.S. market back to 1997 and currently calculates on a daily basis. These indexes are run in partnership between S&P and the Loan Syndications & Trading Association, the loan market's trade group. The **JPMorgan Emerging Markets Bonds Indices (EMBI)** is an index series which follows the US bond market calendar.

Cash & Equivalent Indices: The **Bank of America (BOFA) Merrill Lynch 91-Day Treasury Bill Index** is an unmanaged index consisting of U.S. Treasury Bills maturing in 90 days. The **U.S. Dollar Index** indicates the general international value of the U.S. dollar by averaging the exchange rates between the U.S. dollar and six major world currencies. The FINEX computes this by using the rates supplied by some 500 banks. The **iMoneyNet Government Institutional Money Market Funds** includes all national institutional money market funds. The index excludes restricted funds and funds with assets less than $100 million. Only domestic share classes and master classes funds are reported to iMoneyNet. The **iMoneyNet Tax-Free National Institutional Money Market Funds** includes all national institutional and municipal money market funds. Portfolio holdings of tax-free funds include rated and unrated demand notes, rated and unrated general market notes, commercial paper, put bonds – six months or less, put bonds – over six months, Alternative Minimum Tax (AMT) paper and other tax-free holdings. A tax-free money market fund is tax-free at the federal level for the majority of investors. For a fund to call itself "tax-free," no more than 20% of its assets may be invested in paper that is subject to AMT.

Real Asset Indices: S&P U.S.Real Estate Investment Trust (REIT) Composite Index tracks the market performance of the U.S. real estate investment trusts, known as REITs. The REIT Composite consists of approximately 100 REITs with at least $100 million in market capitalization, chosen for their liquidity and represents a balance of property types and geographic locations. Mortgage REITs are not eligible for inclusion. **S&P Global Infrastructure NR** tracks 75 companies from around the world chosen to represent the listed infrastructure industry and includes three distinct infrastructure clusters: energy, transportation and utilities. The **S&P BMI Global REIT** is a float adjusted capitalization-weighted index designed to measure the performance of Real Estate Investment Trusts, commonly known as REITs and is index maintained by Standard and Poor's to provide a gauge of the investable opportunity set in REITs in the global market. **National Association of Real Estate Investment Trust (NAREIT)** is the worldwide representative voice for REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets. NAREIT's members are REITS and other businesses throughout the world that own, operate and finance income-producing real estate, as well as those firms and individuals who advise, study and service those businesses. The **FTSE NAREIT US Real Estate Index Series** is designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the U.S. economy, offering exposure to all investment and property sectors. In addition, the more narrowly focused property sector and sub-sector indexes provide the facility to concentrate commercial real estate exposure in more selected markets. The **50% US REIT/50% S&P Global Infrastructure** is a custom-blended real assets benchmark of 50% Standard & Poor's US REIT Composite Index and 50% S&P Global Infrastructure NR (see detailed descriptions above in Real Asset Indices).

Alternative Indices: The **Thompson Reuters/Core Commodity – CRB Index** is a four-tiered grouping system designed to reflect the significance of each commodity (Energy 39%, Agriculture 41%, Precious Metals 7% and Base/Industrial Metals 13%). The **S&P GSCI** is widely recognized as the leading measure of general commodity price movements and inflation in the world economy. The **S&P GSCI Gold Total Return Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future. The index is designed to be tradable, readily accessible to market participants and cost efficient to implement. The **HFRX Global Hedge Fund Index** is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies; including but not limited to convertible arbitrage, distressed securities, equity hedge, equity market neutral, event driven, macro, merger arbitrage, and relative value arbitrage. The strategies are asset weighted based on the distribution of assets in the hedge fund industry. The **30% SP500/70% BBIGC Proprietary Benchmark** is a custom-blended alternative benchmark of 30% Standard & Poor's 500 Stock Index and 70% Bloomberg Barclays Government/Credit Intermediate Bond Index (see detailed descriptions listed above in Equity Indices and Fixed Income Indices, respectively).

Proprietary Benchmarks: The **Reference Benchmark*** consists of the S&P 500 and the Bloomberg Barclays Intermediate Government/Credit index weighted based on the investment objective of the account. The **Policy Benchmark*** consists of the representative asset class benchmarks weighted based on the policy allocation of the account. Rolling calendar year returns back to 1973. The **Strategic Benchmark*** consists of the representative asset category benchmarks weighted based on the strategic allocation of the account. *Tax-free indices used when appropriate.

Investments in foreign markets entail special risks such as currency, political, economic and market risks. Small company investing involves specific risks not necessarily encountered in large company investing, such as increased volatility. Midcap stocks generally have higher risk characteristics than large cap stocks. All bonds are subject to availability and yields are subject to change. Market value will fluctuate. Bond values will decline as interest rates rise. The bond's income may be subject to certain state and local taxes depending upon your tax status and/or the federal alternative minimum tax.

Indices defined above are reflective of standard benchmarks used for performance reporting or market overviews. If you have requested that we use different or custom benchmark for your performance measurements, that benchmark will not be defined above. Contact you portfolio manager for information regarding the benchmark.

Net of fee performance will include only fees paid or rebated directly. Fees paid by invoice or charged to another account are not included in this calculation. Performance as of 1/1/17 is calculated using daily prices and reported monthly. Prior to this time, performance was calculated based on month-end pricing. Changes in asset categorization, opening and closing of accounts and transferring of assets between accounts could impact reporting of performance results.

Index performance shown within this presentation is not representative of a managed account. You cannot invest directly in an index. Indices are unmanaged and do not incur investment management fees. Past performance is no guarantee of future results.

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Where applicable, the market values on performance reports include accruals. Accruals are not included in the market value of other reports. Positions are reported as of trade-date (not settle date).

Asset Allocation does not assure or guarantee better performance and cannot eliminate the risk of investment loss. Alternative Strategies and hedging are subject to a higher degree of market risk than a well-diversified portfolio. An investor should understand the costs, cash flows and risks inherent in a strategy prior to making any investment decision. There are no guarantees that any strategy presented will perform as intended.

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Are Not FDIC Insured	Offer No Bank Guarantee	May Lose Value
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KENTUCKY STATE UNIVERSITY
Board of Regents

DATE: November 12, 2018

SUBJECT: KSU Vision 2020 Matching Endowments

FROM: Office of Institutional Advancement

ACTION ITEM: No

BACKGROUND: Institutional advancement is reporting on the status of the various endowed accounts housed in the KSU Endowment (Fifth Third Bank) that were part of the Vision 2020 Matching Endowments.

SUMMARY OF PROGRAMS/ACTIVITIES: These reports are being distributed via one-to-one meetings with the donors.

ALIGNMENT WITH STRATEGIC GOALS: Goal 4- Enhance the Impact of External Relations and Development.

COMMITTEE/PROGRAM ACTION: N/A

PROGRAM IMPLICATIONS: Opportunity to restore and gain donor trust in the institution as well as the opportunity to garner additional gifts for these endowed funds. A significant impact on Donor Relations and Stewardship.

FISCAL IMPLICATIONS: Scholarships are awarded to our students. The funds impact the overall university operations and budget.

ATTACHMENTS: See each attached reports.

RECOMMENDATION: Information only.

CONFIDENTIAL

Endowment Information

Name of Endowment	**Butler Dowery Endowed Scholarship**
Established By:	Butler Dowery
Date Established:	December, 2000
Scholarship Purpose:	To provide scholarship assistance to a KSU student who meets the following criteria: *Full time; member of Psi Psi Chapter of Omega Psi Phi Fraternity, student athlete; demonstrate academic merit*

Contribution History

Total Gifts Received	**$5,100.00**

Endowment Matching Funds Applied

Matching Funds Received	**$5,000.00**

Total: **$10,100.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$12,395.10**

Endowment Balance: **$22,495.10**

Eligible to be Disbursed:

$1,079.77

CONFIDENTIAL

Endowment Information

Name of Endowment	**Ernest Lee Perry Memorial Scholarship**
Established By:	
Date Established:	
Scholarship Purpose:	To provide scholarship assistance to KSU students who meet the following criteria:

Full time; resident of Hopkinsville, Christian County, or Trigg County Kentucky; descendant of Chrispus Attucks High School student; demonstrates academic merit; financial need.

Contribution History

Total Gifts Received	**$7,000.00**

Eligible to be Disbursed

Matching Funds Received	**$5,000.00**

Total: **$12,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$14,726.86**

Endowment Balance: **$26,726.86**

Disbursement Information

$1,282.89

CONFIDENTIAL

Endowment Information

Name of Endowment	**Willa M. Dickerson Endowed Student Scholarship**
Established By:	Clifford and Claudette Claiborne
Date Established:	March 29, 2002
Scholarship Purpose:	To provide scholarship assistance to African American students who meet the following criteria: *--2.5 or higher GPA* *--Posses a high level of moral character* *--Demonstrate financial need* *--Preference given to students majoring in Social Sciences*

Contribution History

Total Gifts Received		**$9,000.00**

Endowment Matching Funds Applied

Matching Funds Received		**$16,066.00**

Total: **$25,066.00**

Interest Income:

Accumlated Interest/Market Value Growth:		**$30,761.95**

Endowment Balance: **$55,827.95**

Eligible to be Disbursed

$2,679.74

CONFIDENTIAL

Endowment Information

Name of Endowment	**Columbia Gas of Kentucky Endowed Scholarship**
Established By:	Columbia Gas of Kentucky
Date Established:	January 10, 2001
Scholarship Purpose:	To provide scholarship assistance to minority KSU students who meet the following criteria:
	Minority students; Teacher Education major; 2.7 cumulative gpa; must agree to teach for a minimum of three years in the Commonwealth of Kentucky and must agree to meet this teaching commitment within five years of receiving the baccalaureate degree

Contribution History

Total Gifts Received	**$50,000.00**

Endowment Matching Funds Applied

Matching Funds Received	**$50,000.00**

Total: **$100,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$122,723.80**

Endowment Balance: **$222,723.80**

Eligible to be Disbursed

$10,690.00

CONFIDENTIAL

Endowment Information

Name of Endowment	**Community Baptist Church Endowed Scholarship**
Established By:	Coomunity Baptist Church
Date Established:	December, 2008
Scholarship Purpose:	Draft Status

Contribution History

Total Gifts Received	**$10,000.00**

Endowment Matching Funds Applied

Matching Funds Received	**$10,000.00**
Total:	**$20,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$24,544.76**
Endowment Balance:	**$44,544.76**

Eligible to be Disbursed

$2,138.15

CONFIDENTIAL

Endowment Information

Name of Endowment	**Richard Allen Endowed Scholarship**
Established By:	
Date Established:	
Scholarship Purpose:	Draft Status

Contribution History

Total Gifts Received	**$5,000.00**

Endowment Matching Funds Applied

Matching Funds Received	**$5,000.00**

Total: **$10,000.00**

Interest Income:

Accumulated Interest/Market Value Growth:	**$12,272.38**

Endowment Balance: **$22,272.38**

Eligible to be Disbursed

$1,069.07

CONFIDENTIAL

Endowment Information

Name of Endowment	**Terrence K. Grimes Endowed Scholarship**
Established By:	Terrence K. Grimes
Date Established:	September 2, 2009
Scholarship Purpose:	To provide scholarship assistance to KSU students who meet the following criteria:
	Vocal music education major, demonstrate finacial need..

Contribution History

Total Gifts Received	**$16,000.00**

Endowment Matching Funds Applied

Matching Funds Received	**$10,000.00**

Total: **$26,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$31,908.18**

Endowment Balance: **$57,908.19**

Eligible to be Disbursed:

$2,779.59

CONFIDENTIAL

Endowment Information

Name of Endowment	**Francis and Barbara Goins Endowed Scholarship**
Established By:	Francis and Barbara Goins
Date Established:	May 15, 2004
Scholarship Purpose:	To provide scholarship assistance to KSU students who meet the following criteria: *Full time; indergraduate*

Contribution History

Total Gifts Received	**$8,400.00**

Endowment Matching Funds Applied

Matching Funds Received	**$5,600.00**

Total: **$14,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$17,181.33**

Endowment Balance: **$31,181.33**

Eligible to be Disbursed:

$1,496.70

CONFIDENTIAL

Endowment Information

Name of Endowment	**Marlene Helm Endowed Scholarship**
Established By:	Dr. Marlene Helm
Date Established:	April, 2001
Scholarship Purpose:	To provide scholarship assistance to students who meet the following criteria:
	Draft Status

Contribution History

Total Gifts Received	**$6,500.00**

Endowment Matching Funds Applied

Matching Funds Received	**$10,000.00**

Total: **$16,500.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$20,249.43**

Endowment Balance: **$36,749.43**

Eligible to be Disbursed:

$1,763.97

CONFIDENTIAL

Endowment Information

Name of Endowment — **Valinda E. Livingston Endowed Student Scholarship for Teacher Education Majors**

Established By: Valinda E. Livingston

Date Established: November 11, 2002

Scholarship Purpose: To provide scholarship assistance to Kentucky State University students who meet the following criteria:

--Students must be actively pursuing an Undergraduate Degree at KSU.

--Students must be actively pursuing a degree in teacher education.

Contribution History

Total Gifts Received	**$6,740.28**

Matching Funds

Total Matching Funds	**$5,000.00**
Total:	**$11,740.28**

Interest Income:

Accumlated Interest/Market Value Growth:	**$14,408.12**

Endowment Balance:	**$26,148.40**

Eligible to be Disbursed:

$1,255.12

CONFIDENTIAL

Endowment Information

Name of Endowment	**Masai Technologies Endowed Scholarship**
Established By:	Masai Troutman
Date Established:	December, 2004
Scholarship Purpose:	To provide scholarship assistance to KSU students who meet the following criteria:
	Full time; out of state student; sophomore status in credits and coursework; African American; Business or Computer Science major; financial need; 3.4 gpa; 10 hours of verifiable community service completed 2 years or sooner prior to scholarship application submission

Contribution History

Total Gifts Received	**$10,000.00**

Endowment Matching Funds Applied

Matching Funds Received	**$10,000.00**

Total: **$20,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$24,544.76**

Endowment Balance: **$44,544.76**

Eligible to be Disbursed:

$2,138.15

CONFIDENTIAL

Endowment Information

Name of Endowment	**Hinfred McDuffie Endowed Scholarship**
Established By:	Hinfred McDuffie
Date Established:	January, 2001
Scholarship Purpose:	Draft Status

Contribution History

Total Gifts Received	**$23,145.60**

Endowment Matching Funds Applied

Matching Funds Received	**$12,500.00**

Total:	**$35,645.60**

Interest Income:

Accumlated Interest/Market Value Growth:	**$43,745.64**
Endowment Balance:	**$79,391.24**

Eligible to be Disbursed:

$3,810.78

CONFIDENTIAL

Endowment Information

Name of Endowment	**Charlotte Schmidlapp Endowed Scholarship for Women**
Established By:	Fifth Third Bank, Trustee of Charlotte R. Schmidlapp Fund
Date Established:	March 2005
Scholarship Purpose:	To provide scholarship assistance to KSU students who meet the following criteria:
	(Draft Status) Female, full-time undergreaduate at KSU, meet KSU's general scholarship application requirements.

Contribution History

Total Gifts Received	**$100,000.00**

Endowment Matching Funds Applied

Matching Funds Received	**$100,000.00**

Total: **$200,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$245,447.61**

Endowment Balance: **$445,447.61**

Eligible to be Disbursed:

$21,381.49

CONFIDENTIAL

Endowment Information

Name of Endowment	**Mary Evans Sias Endowed Scholarship**
Established By:	Dr. Mary Evans Sias
Date Established:	March, 2005
Scholarship Purpose:	Draft Status

Contribution History

Total Gifts Received	**$19,712.24**

Endowment Matching Funds Applied

Matching Funds Received	**$15,000.00**

Total: **$34,712.24**

Interest Income:

Accumlated Interest/Market Value Growth:	**$42,600.18**

Endowment Balance: **$77,312.42**

Eligible to be Disbursed:

$3,711.00

CONFIDENTIAL

Endowment Information

Name of Endowment	**Kentucky State Univerity National Alumni Association Gateway Chapter Endowed Scholarship**
Established By:	Gateway Chater, KSUNAA, St. Louis, MO.
Date Established:	December, 2011
Scholarship Purpose:	To provide scholarship assistance to KSU students from the St.Louis Metropolitan area, 2.0 GPA, financial need. (Draft Status)

Contribution History

Total Gifts Received	**$10,000.00**

Endowment Matching Funds Applied

Matching Funds Received	**$10,000.00**

Total: **$20,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	**$24,544.76**

Endowment Balance: **$44,544.76**

Eligible to be Disbursed:

$2,138.15

CONFIDENTIAL

Endowment Information

Name of Endowment	**Toyota Manufacturing of Kentucky, Inc. Endowed Scholarship**
Established By:	Toyota Manufacturing of Kentucky, Inc.
Date Established:	January, 2001
Scholarship Purpose:	To provide scholarship assistance to a KSU students who meet the following criteria: Kentucky resident; special priority given to students planning to enroll or already enrolled in pre-engineering; 3.0 gpa; financial need; dependent of TMMK team member

Contribution History

Total Gifts Received	**$100,000.00**

Endowment Matching Funds Applied

Matching Funds Received	**$100,000.00**

Total: **$200,000.00**

Interest Income:

Accumlated Interest/Market Value Growth:	$245,447.61

Endowment Balance: **$445,447.61**

Eligible to be Disbursed:

$21,381.49

Office of the President

November 14, 2018

Mr. Willie Peale, Esq.
Board Chair
Kentucky State University Foundation
Frankfort, Kentucky 40601

Dear Mr. Lyons:

I am writing to request your attendance at the upcoming Board of Regents Quarterly Meeting on December 6, 2018 at 1:00pm to provide an Annual Report of the Kentucky State University Foundation.

The meeting will be held in the Board of Regents Room on the 2nd Floor of the Julian M. Carroll Academic Services Building. Please limit your remarks to 3 to 5 minutes. The Board of Regents may ask questions following your presentation.

Thank you in advance for your kind consideration of this request. Please contact Mr. Tymon Graham by phone (502) 352-3616 or email Tymon.Graham@kysu.edu to confirm attendance.

Sincerely,

M. Christopher Brown II, Ph.D.
Eighteenth President

xc: Donald Lyons, Executive Secretary

president@kysu.edu • 502.597.6260 • Hume Hall, Suite 201
400 E. Main Street • Frankfort, KY 40601 • kysu.edu

DATE: December 6, 2018

SUBJECT: Creation of the B.R.E.D.S. Center

FROM: Student Affairs and Engagement

ACTION ITEM: Information

BACKGROUND: On September 13, 2018, President Brown appointed a cross-sectional group of university constituents to the University Admissions Task Force. The charge of the committee was to consider:
* Identify the structure for undergraduate and graduate admissions.
* Identify the proper personnel for the same.
* Design standard admissions letter templates for all circumstances.
* Specify how international, transfer, and home-schooled students will be addressed.
* Agree to the minimal questions needed for undergraduate and graduate admissions.
* Establish a timeline for the roll-out of new application forms or portals (with included designs).
* Eliminate the application fee structure in lieu of an enrollment/housing deposit structure.
* Detail the records collection and storage for new students (e.g., immunization, IEP).
* Document the transfer articulation process.
* Create a Project Completion and Credit for Life admission process.
* Confirm the Pre-College Academy as a standard freshmen initiative.
* Complete the paperwork to include Kentucky State University on both the Common App and HBCU Common App.
* Address any and all other related tasks to launch an effective and efficient admissions process at the undergraduate and graduate levels.

A draft report with recommendations was presented to President Brown on October 16, 2018.

A primary recommendation of the task force was a complete restructuring of the recruitment and admissions functions of the University.

SUMMARY OF PROGRAMS/ACTIVITIES: This committee studied what we currently do compared to the state-of-the-art in the industry to determine how we could better align our recruiting, admissions, and management of the initial student experience at Kentucky State University.

ALIGNMENT WITH STRATEGIC GOALS: Goal #1: Enhance Student Enrollment, Improve Student Life and engagement, and Improve Student Advising and Career Development

COMMITTEE/PROGRAM ACTION: As a result of the task force recommendation to completely restructure the University recruitment and admissions functions, the Admissions Office has been repurposed/redesigned into the "B.R.E.D.S. Office (**B**ridging, **R**ecruitment, **E**nrollment & **D**iscovery **S**ervices Office). It is to enhance the experience of potential students and parents from exploration, to application, to admissions and enrollment.

A director of the B.R.E.D.S. Office has been hired and is currently reviewing staff and processes. The director will work closely with the enrollment management shared services partner to determine which recruitment and admissions functions will be performed and managed by the University and which will be handled by the shared services partner. It is expected that this review will be complete by early December and the office will be in full operation by mid-December when the shared services contract is executed.

PROGRAM IMPLICATIONS: N/A

FISCAL IMPLICATIONS: The B.R.E.D.S. Office has been structured from within existing budgets.

ATTACHMENTS: N/A

RECOMMENDATION: Information Item