



Northern Kentucky University
Board of Regents Materials

November 11, 2015

TABLE OF CONTENTS

MATERIALS

AGENDA

November 11, 2015, Meeting Agenda.....	3
--	---

MINUTES

September 9, 2015, Board Meeting Minutes	4-15
--	------

PRESIDENTIAL REPORTS

B-1) Facilities Management Report.....	16-22
B-2) Research/Grants/Contracts Report (August 1, 2015 – September 1, 2015)	23-27
B-3) Fundraising Report (July 1, 2015 – September 30, 2015).....	28
B-4) Annual Financial Report.....	29-77
B-5) Organizational Changes Report.....	78-80

PRESIDENTIAL RECOMMENDATIONS

C-1) Academic Affairs Personnel Actions	81-98
C-2) Non-Academic Personnel Actions.....	99-105
C-3) Major Gifts Acceptance.....	106
C-4) Capital Budget Request	107-117
C-5) Posthumous Degree (Buckenmeyer)	118

AGENDA
Northern Kentucky University

Regents Dinner
Tuesday, November 10, 2015 – 6:00 p.m.

6:00 p.m.

- Regents Dinner at President's Home (Ft. Thomas, KY)
-

Joint Finance and Policy Meeting
NKU, Student Union, 104 – Wednesday, November 11, 2015 – 9:00 a.m.

9:00 a.m.

A. Joint Finance and Policy Committee:

1. Annual Financial Report (Hales, Kerdolff)
2. Enrollment Management (Ott Rowlands, Scranage, Natale)
3. Campus Climate Report (Roberts)
4. Campus Recreation (Turner, Hackett, Nienaber)

Campus Recreation Ribbon Cutting
NKU, Campus Recreation – November 11, 2015 – 11:30 a.m.

Board Lunch
NKU, Campus Rec 290 – November 11, 2015 – 12:00 p.m.

11:30 a.m.

Board of Regents Meeting
NKU, Student Union, 104 – Wednesday, November 11, 2015 – 1:00 p.m.

1:00 p.m.

- Call to Order
- Roll Call
- Approval of September 9, 2015, Board Minutes
- Presidential Comments
- Joint Finance and Policy Committee Summary, Secretary of the Board of Regents
- Audit Committee Report, Secretary of the Board of Regents

1:20 p.m.

B. Presidential Reports:

1. Facilities Management Report (Hodges Moore)
2. Research/Grants/Contracts Report (August 1, 2015 – September 1, 2015) (Ott Rowlands)
3. Fundraising Report (July 1, 2015 - September 30, 2015) (Gentry)
4. Annual Financial Report (Hodges Moore)
5. Organizational Changes Report (Hodges Moore)

1:40 p.m.

C. Presidential Recommendations:

1. *Academic Affairs Personnel Actions
2. *Non-Academic Personnel Actions
3. *Major Gifts Acceptance
4. *Capital Budget Request
5. *Posthumous Degree (Buckenmeyer)

2:00 p.m.

E. Executive Session

*Consent Agenda Items - (Items placed on the consent agenda are passed in one motion without discussion. Any Regent may request that an item be removed from the consent agenda for a separate motion by calling Wendy Peek in the Office of the President, 572-5172, by 2 p.m., Monday, November 9, 2015).

**Board of Regents Meeting
Northern Kentucky University, Student Union, Room 104
September 9, 2015**

Regent Nathaniel Smith, Chair, called the regular meeting of the Board of Regents to order at 1:00 pm, Wednesday, September 9, 2015.

Roll Call: Richard Boehne, Richard L. Boyce, Virginia G. Fox, Katherine Hahnel, Terry Mann, W. Lee Scheben, Arnie D. Slaughter, Nathaniel Smith, Elizabeth Thompson, André Ward

Other Attendees: Geoffrey S. Mearns, Kathryn Herschede, Wendy Peek, Tammy Knochelmann, Sara Sidebottom, Sue Ott Rowlands, Ken Bothof, Eric Gentry, Sue Hodges Moore, Kathleen Roberts, Tracy Insko, Alex Lefebure, Jeff Butler, Chris Bowling, Zachary Lawrence, Kim Scranage, Mike Hales, Lori Southwood, Kevin Kirby, Leah Stewart, Kathy Stewart, Cindy Reed, Sara Kelley, Katherine Frank, Becky Porterfield, Larry Blake, Jeff Standen, Les Kachurek, Phillip Liles, Greg Zelensky, Zachary Burton, Bobby Pate, Timothy Rechten, Ray Haley, Larry Meyer, John Gaffin, Gina Yoon, Kristi Webb, Christian Gamm, Debora Poole, Rochelle Shields, Leyla Pena, Whitney Kessinger, Idna Corbett, Jeanne Pettit, William Thompson, Erin Mulligan, Pat Moynahan, Tim Sofranko, Adam Caswell, Joel Robinson, Bob Driehaus, Amanda Nageleisen

Oath of Office: Regent Nathan Smith performed the oath of office for Regent Katherine Hahnel. Regent Hahnel swore to uphold all stipulations of the oath and faithfully execute, to the best of her ability, the duties of Regent of Northern Kentucky University according to law.

Regent Katherine Hahnel seconded Regent Terry Mann's motion to approve the minutes of the May 6, 2015 Board of Regents meeting. **(Motion carried)**

Regent Rich Boehne seconded Regent André Ward's motion to approve the minutes of the July 22, 2015 Board of Regents meeting. **(Motion carried)**

Presidential Comments:

Health Innovation Center

Earlier today, we celebrated receiving the second largest philanthropic investment in our University's history – an \$8 million gift by St. Elizabeth Healthcare to support the design and construction of the simulation facilities in our new Health Innovation Center. I am grateful to Garren Colvin and his outstanding team at St. Elizabeth for their enthusiasm and support of what will be a transformative building and program for both our campus and our region.

I am also grateful to Eric Gentry and Julie Dials – and their colleagues – for their role in both securing the gift and the celebration and announcement this morning.

Board of Regents
September 9, 2015

I am also pleased to inform you that we have identified a tentative date for the groundbreaking of the Health Innovation Center. The tentative date is October 21 at 11:30 am. I say “tentative” because we are awaiting confirmation from Governor Beshear’s office. Once we have received confirmation, the Board, and the entire campus community, will be invited to join us for the ceremony. Invitations, which will include additional information, will be sent soon. The Governor and many other elected officials and community leaders will attend the event.

New Leaders

I am pleased to welcome six new senior academic and administrative leaders to campus this Fall. Please join me in welcoming:

- Dr. Idna Corbett, Associate Provost for Undergraduate Academic Affairs. Dr. Corbett previously served as the dean of undergraduate studies and student support services at West Chester University of Pennsylvania.
- Dr. Samantha Langley, Vice Provost for Graduate Education, Research, and Outreach. Dr. Langley came to NKU from the University of Southern Maine, where she served as the associate provost for research and graduate studies.
- Dr. Dale Scalise-Smith, Dean of the College of Health Professions. Prior to NKU, Dr. Scalise-Smith was the vice president of the Utica (N.Y.) College School for Online & Extended Studies and External Partnerships.
- Mr. Mike Hales, Chief Financial Officer. Mike came to NKU from the E.W. Scripps Company, where he spent 25 years in corporate finance. Mike is a proud graduate of NKU.
- Mr. Adam Caswell, Assistant Vice President for Government, Corporate, and Foundation Relations. Adam is also a proud graduate of Northern Kentucky University. Adam was the Vice President for Public Affairs at the Northern Kentucky Chamber of Commerce.
- Mr. Leslie Kachurek, Chief of Police. Chief Kachurek previously served as the police chief and deputy Title IX coordinator at SUNY Alfred State College. Chief Kachurek has 25 years of experience in both community and campus policing.

Please join me in welcoming these new leaders to our campus.

Enrollment

The news on our enrollment is mixed.

The quality and quantity of our new freshman class is excellent. Our incoming students are again the most academically well-prepared class in our history. And our overall freshman enrollment is higher than last year. Our law school enrollment has also increased – due mainly to a substantial increase in the incoming 1L class. The number of high school students taking dual credit courses from NKU has also increased. Transfer students from the Kentucky Community and Technical College System (KCTCS) are up. But, unfortunately, overall transfer enrollment is lower than expected.

Board of Regents
September 9, 2015

Our first-year retention rate remains level at 69%. This number is better than in the past but, frankly, is not yet good enough. We will continue to work collaboratively with our faculty and staff to continue to improve in this area.

We have a number of other continuing concerns. Despite increases in some programs, our overall graduate enrollment continues to decline. And our overall enrollment numbers are approximately 2% less than we projected. This decline is a product of a large graduating class and smaller freshman classes since our largest freshman class in 2010, as well as the decline in graduate enrollment.

We will continue to monitor enrollment and associated tuition revenue very closely. In November, you will receive a full report on our enrollment and retention strategies.

New Student Orientation

As I mentioned, this year we enrolled the most academically prepared class in the University's history. This class was welcomed with an extensive three-day orientation program focused on academic and personal success.

The orientation focused on developing academic and personal skills to help our students be successful. Students were also exposed to various support offices on campus. More than 100 upperclassmen helped to orient and welcome the new students as student mentors during their orientation.

In addition to the three-day orientation program, several other offices held extended orientation. ROCKS, a special program for incoming African American students, and LAMP, for Latino students, both again had record numbers.

More than 120 students participated in FreshStart, a pre-orientation program for students who are interested in leadership and service. Students who participate in these programs are retained at demonstrably higher levels than their peers who do not participate in pre-orientation programs.

We also held our largest freshman and parent convocation in our University's history. Approximately 4,000 students, family members, faculty, and staff attended the convocation where they had an opportunity to hear from Doc Hendley, author of *Wine to Water*, and our book connection speaker. The students also saw an outstanding performance by our improv team led by Professor Ken Jones.

During the orientation program, we also held several social events, including inviting all new students to the men's soccer game against the University of Kentucky. More than 2,100 fans attended that game – an attendance record. And, of course, you also know that our men beat the University of Kentucky 1-0!

I am grateful to the more than 100 faculty, staff, and students who helped to plan and execute this orientation. Thank you to everyone who made our first weekend a resounding success.

Board of Regents
September 9, 2015

School of the Arts

As part of the first week of activities, the faculty and staff in the School of the Arts hosted an orientation for their students. This was the first time that faculty, staff, and students had gathered under the auspices of the new School. More than 750 students attended the orientation, which brought together students in theatre, music, dance, and visual arts together for the first time.

Road to NKU

Next week, I will begin visiting high schools all around the Commonwealth and across our region as part of the Road to NKU tour. In Kentucky, I will be visiting seven regions of the Commonwealth. I will also be visiting local high schools in Northern Kentucky, Cincinnati, and Indiana. This year, I plan to visit more than 45 high schools, where I will talk about the excellent education that is provided at NKU by our outstanding faculty and our dedicated staff.

Awards

Last week, we learned that our University has been selected to receive the National Role Models Award from Minority Access for our commitment to diversity and inclusion. I am proud of the work that is happening all over campus to welcome people of diverse backgrounds to our University. Later this month in Baltimore, Dannie Moore, assistant vice president for student inclusiveness, will accept this award on behalf of our University.

I also want to congratulate Ms. Leyla Peña, from our Office of Admissions, who was selected by the League of United Latin American Citizens Cincinnati Council for the “Professional Excellence” award. Leyla will receive the award at the LULAC Awards Gala next week. Leyla is an outstanding member of our Admissions team, and I am grateful for her dedication to all of our students – but especially to our Latino and Hispanic students.

Recognition of Police Officers

Two weeks ago, there was a serious incident in Stealy Library when a student brought a firearm to the campus. The response to this incident by our police department was outstanding. I want to thank the officers and other personnel who handled the situation swiftly and with professionalism. Please join me in recognizing Detective Bobby Pate, Officer Phillip Liles, Sergeant Greg Zelensky, Sergeant Raymond Haley, Officer Zachary Burton, Officer Tim Rehtin, and Lieutenant John Gaffin. I also want to recognize Dispatcher Gina Yoon who handled the incoming call, and Kristy Webb, executive office manager, who supported all of these efforts.

To all who were involved in quickly apprehending the student and safely handling the situation, I again offer my deepest appreciation – and the appreciation of my colleagues across campus.

Please join me in recognizing these outstanding members of our police department.

Board of Regents
September 9, 2015

The police response was exceptional. But after any security or emergency event on campus, it is important to review our response, policies, and procedures – particularly around communication. We have heard some concerns about our communication in the immediate aftermath of the incident. I have already organized an incident review team, which will evaluate those concerns.

Mr. Smith, this concludes my report.

B. Presidential Reports:

1. Facilities Management Report (Senior Vice President Sue Hodges Moore)

- a. Health Innovation Center/Founders Hall Renovation
- b. Campus Recreation Center Expansion/Renovation
- c. Callahan Hall Roof Replacement
- d. Callahan Hall Dining Renovation
- e. Founders Hall Astronomical Observatory
- f. Switchgear Condition Assessment
- g. Exterior Door Security and Access Control
- h. Sustainability

2. Research, Grants, and Contracts Report (April 1, 2015 – June 30, 2015) (Provost and Executive Vice President Sue Ott Rowlands)

During the April 1, 2015 – June 30, 2015 time period, 26 grants were awarded. The total amount of money awarded was \$2,140,406. For Fiscal Year 2014-15, the cumulative total number of grants awarded was 91 totaling \$6,729,869.

3. Research, Grants, and Contracts Report (July 1, 2015 – July 31, 2015) (Provost and Executive Vice President Sue Ott Rowlands)

During the July 2015 time period, 7 grants were awarded. The total amount of money awarded was \$876,010.

4. Fundraising Report (July 1, 2014 through June 30, 2015) (Vice President Eric Gentry)

The Fundraising Report summarized fundraising resources committed from July 1, 2014 through June 30, 2015 totaling \$5,985,654 in support of the university.

5. Organizational Changes Report (Senior Vice President Sue Hodges Moore)

The organizational changes report reflected reorganizations in several existing departments including the following: Enrollment and Degree Management, Graduate Education, Research and Outreach, Undergraduate Academic Affairs, Honors Program, Executive Leadership and Organizational Change, Physics, Geology and Engineering Technology, Haile/US Bank College of Business, Student Affairs, University Advancement, University Marketing and Communications, and Donor Relations.

C. Presidential Recommendations:

Consent Agenda Items: A motion was made by Regent Elizabeth Thompson and seconded by Regent W. Lee Scheben to approve the following Presidential Recommendations as listed; C-1 through C-9. (**Motion carried**)

1. Academic Affairs Personnel Actions:

a. Administrative Appointments:

Dr. Darius Fatemi, from assistant professor of accounting and business law to assistant professor of accounting and business law, and the academic program director of the Master of Accountancy Program, effective July 1, 2015; **Dr. Sean Foley**, from associate professor in the Department of Marketing, Sports Business, and Construction Management to associate professor and director in the Department of Construction Management Program, effective July 1, 2015; **Dr. Bertie Greer**, from professor in the Department of Management, to professor and chair in the Department of Management, effective July 1, 2015; **Dr. Zachary Hart**, from chair and associate professor in the Department of Communication, and interim co-chair in the Department of Business Informatics to professor and chair in the Department of Communication, effective July 1, 2015; **Mr. Michael Hatton**, from assistant professor and assistant chair of the Department of Theatre and Dance, to assistant professor and program head of theatre and dance, in the School of the Arts, effective July 1, 2015; **Dr. Eric Knechtges**, from assistant professor in the Department of Music to associate professor and program head of music, in the School of the Arts, effective July 1, 2015; **Dr. Madhura Kulkarni**, from assistant director and outreach and events coordinator of CINSAM to interim director of CINSAM, effective July 1, 2015; **Dr. Greg Martin**, from associate professor in the Department of Marketing, Economics and Sports Business to associate professor in the Department of Marketing, Sports Business, and Construction Management and associate dean of the Haile/US Bank College of Business, effective July 1, 2015; **Mr. Roger Brad McCombs**, from associate professor in the Department of Visual Arts to associate professor and program head of visual arts, in the School of the Arts, effective July 1, 2015; **Mr. Thomas McGovern**, from professor and chairperson of the Department of Visual Arts to professor and associate director of the School of the Arts, effective July 1, 2015; **Dr. Robert Russ**, from associate professor in the Department of Accounting, Finance and Business Law to associate professor and chair in the Department of Accounting and Business Law, effective July 1, 2015; **Dr. Sandra Spataro**, from associate professor of management to associate professor of management and the academic program director of the Master of Business Administration Program, effective July 1, 2015; **Dr. J.C. “Duke” Thompson**, from professor in the Department of Accounting, Finance and Business Law to professor and chair in the Department of Economics and Finance, effective July 1, 2015.

b. Faculty Appointments:

Ms. Tracey R. Adams, assistant professor in the Department of Advanced Nursing Studies, effective August 10, 2015; **Dr. Chad Anderson**, assistant professor in the Department of Business Informatics, effective August 10, 2015; **Dr. Holly Attar**, lecturer (non-tenure track renewable) of music in the School of the Arts, effective July 1, 2015; **Dr. Debra Bryant**, assistant professor in the Department of Nursing, effective August 10, 2015; **Dr. Francoise Knox-Kazimierczuk**, assistant professor in the Department of Allied Health, effective August 10, 2015; **Dr. Tamuchin McCreless**, assistant professor in the Department of Business Informatics, effective August 10, 2015; **Dr. W. Terry Ray**, visiting professor in the Department of Advanced Nursing Studies, effective August 10, 2015; **Ms. Alessandra Rhinehart**, assistant professor in the Department of Counseling, Social Work & Leadership, effective August 10, 2015; **Ms. Erika Sharkey**, lecturer (non-tenure track renewable) in the College of Education and Human Services Advising Center, effective July 1, 2015; **Dr. Trung Tran**, lecturer (non-tenure track renewable) in the Department of History and Geography, effective August 10, 2015; **Dr. Lynne Zajac**, assistant professor in the Department of Advanced Nursing Studies, effective August 10, 2015.

c. Transitions:

Dr. Jan Hillard, from associate provost for the Department of Research, Graduate Studies and Regional Stewardship to professor in the Department of Political Science, Criminal Justice and Organizational Leadership, effective August 15, 2015; **Dr. Linda Marquis-Cate**, from professor in the Department of Accounting and Business Law and associate dean in the college of business, to professor in the Department Accounting and Business Law, effective July 1, 2015; **Dr. Stephen Mueller**, from professor and interim department chair in the Department of Management to professor in the Department of Management, effective July 1, 2015; **Dr. Ihab Saad**, from professor and department chair in the Department of Construction Management to professor in the Department of Marketing, Sports Business, and Construction Management, effective July 1, 2015; **Dr. Kurt Sander**, from associate professor and chair in the Department of Music to associate professor of music in the School of the Arts, effective July 1, 2015.

d. Departures:

Dr. Matthew Asare, assistant professor in the Department of Kinesiology and Health, effective May 16, 2015; **Dr. Daryl Orth**, associate professor in the Department of Marketing, Sports Business, and Construction Management, effective July 1, 2015; **Ms. Teresa Riley**, lecturer in the Department of Computer Science, effective May 16, 2015.

e. Retirements:

Dr. Ann Dollins, associate professor in the Department of Advanced Nursing, effective May 16, 2015. *This recommendation is a change from Dr. Dollins' original request to enter the Phased Resignation Program August 11, 2014;* **Dr. Carol Lawrence**, professor in the

Department of Accounting, Finance, and Business Law, effective July 1, 2015; **Mr. Peter Theuri**, chair and professor in the Department of Accounting, Finance, and Business Law, effective May 16, 2015; **Dr. Ed Workman**, associate professor in the Department of Construction Management, effective July 1, 2015.

f. Leaves, Paid/Unpaid:

Dr. Kurt Sander, associate professor of music in the School of the Arts, re-entry leave, effective for the fall semester 2015.

g. Temporary Faculty Appointments:

Dr. Kathryn Higginbotham, Department of Biological Sciences, 2015-2016 Fiscal Year; **Dr. Stephen Linn**, Department of Biological Sciences, 2015-2016 Academic Year; **Dr. Michael Guy**, Department of Chemistry, 2015-2016 Academic Year; **Dr. Beatriz Russell**, Department of Chemistry, 2015-2016 Academic Year; **Mr. Reuben Bullard**, CINSAM, 2015-2016 Academic Year; **Ms. Wendy Hertenberg**, CINSAM, 2015-2016 Fiscal Year; **Ms. Kristi Brock**, Department of English, 2015-2016 Academic Year; **Ms. Rhonda Davis**, Department of English, 2015-2016 Academic Year; **Mr. Stephen Leigh**, Department of English, 2015-2016 Academic Year; **Dr. Connie Bruins**, Department of History & Geography, 2015-2016 Academic Year; **Dr. Mary Bucklin**, Department of History & Geography, 2015-2016 Academic Year; **Mr. Joseph Lombardi**, Department of History & Geography, 2015-2016 Academic Year; **Ms. Kathleen Quinn**, Department of History & Geography, 2015-2016 Academic Year; **Ms. Meredith Smith**, Department of History & Geography, 2015-2016 Academic Year; **Ms. Shelley Cain**, Department of Mathematics & Statistics, 2015-2016 Academic Year; **Mr. Michael Collins**, Department of Mathematics & Statistics, 2015-2016 Academic Year; **Ms. Chrystal Culbertson**, Department of Mathematics & Statistics, 2015-2016 Academic Year; **Ms. Marla Lemmon**, Department of Mathematics & Statistics, 2015-2016 Academic Year; **Ms. Barbara Phillips**, Department of Mathematics & Statistics, 2015-2016 Academic Year; **Ms. Laura Urbanski**, Department of Mathematics & Statistics, 2015-2016 Academic Year; **Dr. Amy Gillingham**, Department of Music, 2015-2016 Academic Year; **Mrs. Katie Barton**, Department of Music, 2015-2016 Academic Year; **Dr. Chari Ramkumar**, Department of Physics, Geology & Engineering Technology, 2015-2016 Academic Year; **Ms. Kathryn Elvey**, Department of Political Science, Criminal Justice & Organizational Leadership, 2015-2016 Academic Year; **Mr. Jeffrey Girton**, Department of Political Science, Criminal Justice & Organizational Leadership, 2015-2016 Academic Year; **Dr. Melody Rawlings**, Department of Political Science, Criminal Justice & Organizational Leadership, 2015-2016 Academic Year; **Ms. Rebecca Hazen**, Department of Psychological Science, 2015-2016 Academic Year; **Dr. Smita Ward**, Department of Psychological Science, 2015-2016 Academic Year; **Dr. Elijah White**, Department of Psychological Science, 2015-2016 Academic Year; **Dr. Gary Blahnik**, Department of Sociology, Anthropology, & Philosophy, 2015-2016 Academic Year; **Dr. Nicole Grant**, Department of Sociology, Anthropology, & Philosophy, 2015-2016 Academic Year; **Ms. Denise Knisely**, Department of Sociology, Anthropology, & Philosophy, 2015 Fall Semester; **Mr. Dennis Miller**, Department of Sociology, Anthropology, & Philosophy, 2015-2016 Academic Year; **Dr. Nicole Roth**, Department of

Sociology, Anthropology, & Philosophy, 2015-2016 Academic Year; **Dr. Michael Simonton**, Department of Sociology, Anthropology, & Philosophy, 2015-2016 Academic Year; **Ms. Kristina Vise**, Department of Sociology, Anthropology, & Philosophy, 2015-2016 Academic Year; **Ms. Heather Britt**, Department of Theatre & Dance, 2015-2016 Academic Year; **Ms. Christina Jones**, Department of Theatre & Dance, 2015-2016 Academic Year; **Mr. David Martin**, Department of Visual Arts, 2015-2016 Academic Year; **Mr. Brett Schieszer**, Department of Visual Arts, 2015-2016 Academic Year; **Ms. Maren Carpenter – Fearing**, Department of Visual Arts, 2015-2016 Academic Year; **Dr. Andrea Fieler**, Department of World Languages & Literatures, 2015-2016 Academic Year; **Ms. Debbie Browning**, Department of Accounting and Business Law, 2015-2016 Academic Year; **Mr. Paul Croushore**, Department of Accounting and Business Law, 2015 Fall Semester; **Ms. Elaine Guenther**, Department of Accounting and Business Law, 2015 Fall Semester; **Ms. Peggy Hussey**, Department of Accounting and Business Law, 2015 Fall Semester; **Mr. James Kirtley**, Department of Accounting and Business Law, 2015-2016 Academic Year; **Ms. Lorraine Ruh**, Department of Accounting and Business Law, 2015-2016 Academic Year; **Ms. Marcia Vorholt**, Department of Accounting and Business Law, 2015-2016 Academic Year; **Mr. Edwin King**, Department of Economics and Finance, 2015 Fall Semester; **Mr. Andrew Stout**, Department of Economics and Finance, 2015 Fall Semester; **Mr. Alain Tourikian**, Department of Economics and Finance, 2015 Fall Semester; **Mr. Majed Dabdoub**, Department of Marketing, Sports Business & Construction Management, 2015-2016 Academic Year; **Mr. C. Edward Heath**, Department of Marketing, Sports Business & Construction Management, 2015-2016 Academic Year; **Mr. James Williams**, Department of Marketing, Sports Business & Construction Management, 2015 Fall Semester; **Mr. Bruce Dellaposta**, Department of Management, 2015 Fall Semester; **Mr. Edwin Ericson**, Department of Management, 2015 Fall Semester; **Mr. Mark Gambill**, Department of Management, 2015 Fall Semester; **Ms. Priya Klocek**, Department of Management, 2015 Fall Semester; **Mr. Louis Manchise**, Department of Management, 2015-2016 Academic Year; **Mr. Avi Ram**, Department of Management, 2015 Fall Semester; **Mr. Stephen Roush**, Department of Management, 2015-2016 Academic Year; **Mr. John Wagner**, Department of Management, 2015 Fall Semester; **Mr. James Taylor**, Department of Counseling, Social Work & Leadership, 2015-2016 Academic Year; **Ms. Rachael Winters**, Department of Counseling, Social Work & Leadership, 2015-2016 Academic Year; **Mr. Keith Collins**, Department of Kinesiology and Health, 2015-2016 Academic Year; **Mr. Wiley Piazza**, Department of Kinesiology and Health, 2015-2016 Academic Year; **Dr. Brian Collier**, Department of Teacher Education, 2015-2016 Academic Year; **Ms. Joan Joseph**, Department of Teacher Education, 2015-2016 Academic Year; **Ms. Jennifer Moreland**, Department of Advanced Nursing, 2015-2016 Academic Year; **Ms. Sarah Sauntry**, Department of Advanced Nursing, 2015-2016 Academic Year; **Dr. Melanie Cundiff**, Department of Allied Health, 2015-2016 Academic Year; **Ms. Amber Thomas**, Department of Nursing, 2015-2016 Academic Year; **Mr. Anthony Burk**, Department of Business Informatics, 2015-2016 Academic Year; **Ms. Crystal Summers**, Department of Business Informatics, 2015-2016 Fiscal Year; **Mr. Patrick Flynn Ashley**, Department of Communication, 2015-2016 Academic Year; **Ms. Pamela K. Fisher**, Department of Communication, 2015-2016 Academic Year; **Ms. Cindy Bragg**, Department of Computer Science, 2015-2016 Academic Year; **Dr. Timothy McCord**, Department of Computer Science, 2015-2016 Academic Year; **Ms. Cynthia Thomas**, Department of Computer

Board of Regents
September 9, 2015

Science, 2015-2016 Academic Year; **Ms. Natalie M. Williams**, Learning Assistance Programs, 2015-2016 Academic Year.

2. Non-Academic Personnel Actions:

The following categories of non-academic personnel actions which occurred between April 8, 2015 and August 11, 2015 received approval by the Board of Regents: Activations/Rehires; Reassignments, Reclassifications, Title/Status Changes, Promotions; Transfers; Contract/Temporary to Regular & Regular to Contract; Departures; Retirees; Administrative/Executive.

3. Major Gifts Acceptance:

The Board of Regents officially accepted contributions totaling **\$559,943.67** received by the NKU Foundation Inc. and the University during the period April 1, 2015 through July 31, 2015.

4. Naming Recommendations:

The Board of Regents hereby approved the following naming actions:

- (1) The naming of a scholarship in support of students enrolled in the Salmon P. Chase College of Law “The Professor Edward P. Goggin Endowed Scholarship”.
- (2) The naming of an endowed scholarship in support of students who are pursuing degrees in social studies education “The W. Frank Steely and Martha J. Pelfrey Social Studies Scholarship”.
- (3) The naming of a scholarship in support of a member of the NKU Women’s Golf Team “The Keyer-Scott Women’s Golf Scholarship Endowment”.
- (4) The naming of an endowed undergraduate scholarship in support of students pursuing an undergraduate degree in Journalism “The Mary Carmen Cupito Memorial Scholarship”.
- (5) The naming of a scholarship in support of students pursuing a master’s degree in Social Work “The Claudia Cline Master of Social Work Endowed Scholarship”.
- (6) The naming of an endowed scholarship in support of activities of the MINjas student organization in the College of Informatics and activities of the Association of English Graduate Students within the College of Arts and Sciences “The Shawn Daniell Student Organization Award”.
- (7) The naming of a scholarship in support of students with financial need and academic achievement who are pursuing a major in geology “The Jonathan Bushee Memorial Scholarship”.

(8) The naming of a scholarship in support of students enrolled in degree programs who seek to participate in academically rigorous and culturally immersive study abroad opportunities “The Leon E. Boothe International Scholarship”.

(9) The naming of a scholarship in support of a student-athlete competing on the intercollegiate men's cross-country team at NKU “The Larry Giesmann and Laura Trice Endowed Scholarship”.

5. Emeritus Status Appointments:

The Emeritus status for the following individuals received Board of Regents approval:

Dr. Kent Curtis, professor in the Department of Political Sciences, Criminal Justice, and Organizational Leadership, effective May 16, 2015; **Dr. Ray McNeil**, professor in the Department of Physics and Geology, effective July 1, 2014.

6. Revised NKU Faculty Policies and Procedures Handbook

The Board of Regents approved the amendment to the Faculty Policies and Procedures Handbook. The Faculty Senate passed the amendment to the Faculty Handbook at its May 2, 2014 meeting in regard to allowing for an extension of the probationary period for exceptional circumstances.

7. Faculty Senate Constitutional Amendment:

The Board of Regents approved the amendment to the Faculty Senate Constitution. The approved amendment will replace the current language with the following:

C. Reassigned time or stipends shall be allotted to the following members of the Executive Committee as follows:

- President – 50% reassigned time
- Curriculum Chair – 25% reassigned time
- Faculty Benefits Chair – 25% reassigned time for Fall Semester
- Professional Concerns Chair – 25% reassigned time
- Budget Committee Chair – 25% reassigned time
- Vice President – stipend (amount set by Provost)
- Secretary – stipend (amount set by Provost)
- Parliamentarian – stipend (amount set by Provost)

8. Organizational Changes Recommendations:

The Board of Regents approved the organizational changes recommendations in the following departments: Administration and Finance/Institutional Effectiveness and University Advancement/Government and Community Relations.

9. Organizational Chart Update

The Board of Regents approved the organizational chart which reflects all NKU Administrative updates through September 9, 2015.

D. Board Recommendation:

A motion was made by Regent Virginia Fox and seconded by Regent Katherine Hahnel to approve the naming of the simulation facilities on the 3rd and 4th levels of the soon to be constructed Health Innovation Center in recognition of a private gift from St. Elizabeth Healthcare. **(Motion carried)**

E. Executive Session:

Regent W. Lee Scheben seconded Regent Nathaniel Smith's motion to enter into executive session pursuant to KRS 61.810(1)(C) in order to discuss pending and threatened litigation against the University. **(Motion carried)**

No other matters were discussed. No final action was taken.

At 2:04 p.m., Regent André Ward seconded Regent Terry Mann's motion to adjourn. **(Motion carried)**

Signature On File
Wendy J. Peek
Senior Administrative Assistant
Office of the President

Signature On File
Kathryn J. Herschede
Executive Assistant to the President/
Secretary to the Board of Regents

I, Virginia Fox, Secretary of the Board of Regents of Northern Kentucky University, certify that the foregoing is a true copy of the minutes of the regular meeting held on September 9, 2015, and that such matters are still in force and effect.

Signature On File
Virginia G. Fox
Secretary of the Board of Regents

FACILITIES MANAGEMENT REPORT

1. Health Innovation Center/Founders Hall Renovation

The 2014 General Assembly provided \$97 million in state bond funding for design and construction of the Health Innovation Center project which includes the full renovation of Founders Hall. The Health Innovation Center will be a comprehensive health science education and applied research facility located in the core of NKU's campus. The project will position the university to be a leader in this field, to enroll and graduate professionals trained for the changing face of health education and wellness. To meet these goals, the university's approach is collaborative and interdisciplinary, involving numerous academic disciplines, including those in health, social science, information science, and the physical and life sciences.

Upon completion, the building will be light-filled, open and inviting. It will feature active learning classrooms as well as spaces designed to advance nursing and health science education, including a clinical suite; medical simulation suite; nursing, radiology and respiratory skills labs; a biopsychology and a neuroscience lab; advanced kinesiology lab; movement studio; innovation studios; offices; and a café and spaces designed to build community. The building features a dramatic split-level public space which connects the Central Plaza with the West Quad. The new building has been planned as a pair of wings or lofts oriented along the east-west direction to optimize solar orientation. The lofts are positioned directly adjacent to Founders Hall, creating multiple collaborative common areas. They are connected via bridges to Founders Hall across a narrow four story atrium space, joining the new construction with the existing building. A large skylight at the roof level will allow natural daylight to spill down through the atrium space.

The design development phase is complete and the design team is working on construction documents. The groundbreaking ceremony was held on October 21. The first bid package, underground utilities, will be bid in November/December. As reported earlier, Founders Hall will be vacated to allow for renovation and construction. All offices will be relocated and the building will be emptied of furniture prior to January 31, 2016.

The project is currently on schedule.

Architect: CO Architects/GBBN

Engineers: CMTA, THP, Kleingers & Associates

Special Consultants: The Sextant Group, The Capital Projects Group, Vivian Llambi

Construction Manager: Turner Construction

Scope: \$97,000,000

Anticipated Completion: Spring 2018



Rendering of Atrium



Rendering of Exterior Front Entry

2. **Health Innovation Center/Founders Hall Renovation (Chiller Installation)**

The HIC project includes funding to increase the capacity to generate chilled water for the campus chilled water loop to support cooling for HIC. A new 2500 ton chiller will be installed in the Central Plant, which was originally designed to accommodate additional equipment. The project has been bid and awarded to Peck Hannaford + Briggs. The chiller, four cooling towers and electrical transformers have been ordered. Preparation work for the installation of the new equipment will begin in October. The project is currently on schedule and within budget.

Engineers: KZF and THP

Contractor: Peck Hannaford + Briggs

Scope: \$2,100,000 (included in the total \$97,000,000 HIC/Founders scope)

3. Campus Recreation Center Expansion/Renovation

This project, entirely funded by a student fee to support agency bond repayment, expands and renovates the A.D. Albright Health Center to create a modern campus recreation center. Omni Architects, in collaboration with Cannon Design, led the design effort. The project scope includes:

- Construction of artificial surface, lighted intramural fields and support building.
- A building expansion to increase campus recreation space.
- Renovation of the existing campus recreation center.

The project is substantially complete except for the multi-activity court, the rock climbing wall and the new sand volleyball court. These areas will be complete in late October or early November.

This facility provides an important campus engagement opportunity for students. The building addition and renovated areas are light-filled and energetic. All areas of the facility have been enthusiastically received by the campus community.

The new intramural field complex, completed in September 2013, is located behind University Suites.

Architect: Omni Architects/Cannon Design

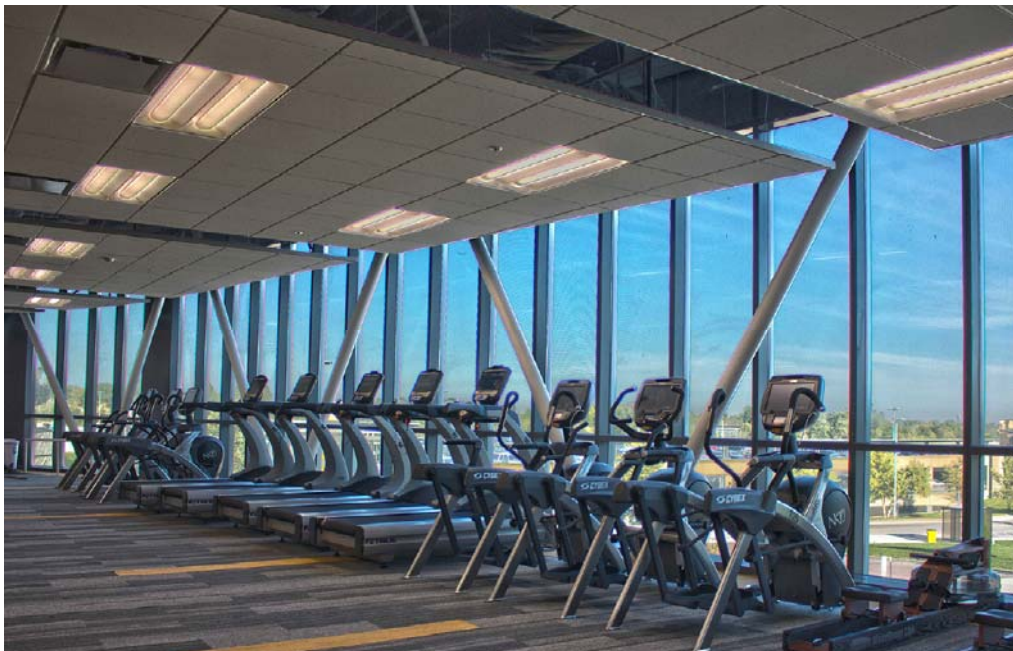
Engineers: CMTA, BMFJ, Vivian Llambi

Special Consultants: Sextant Group, Counsilman-Hunsaker

General Contractor for Intramural Fields: Mark Spaulding Construction

Construction Manager for Main Building Renovation/Expansion: Pepper Construction

Scope: \$48,331,788



New Fitness Space

Campus Recreation Center Expansion/Renovation (Continued)



New Pool Area

4. Callahan Hall Dining Renovation

The dining area and kitchen in Callahan Hall has been renovated to reflect the needs of today's residential dining experience for students. Although much of the kitchen equipment was still viable and could be reused, some has been upgraded to be more efficient. The renovated dining area's design capitalizes on natural light from the existing skylight, and also from opening up the previous narrow corridors surrounding the dining area to allow views to the outside. Several different dining zones will support quiet, playful, relaxing, and communal dining areas. Construction was substantially complete in September 2015 and first meals were served October 5th.

The project has a scope of \$2.5 million

Architect: GBBN

Engineers: CMTA

Contractor: Turner Construction

Scope: \$3,585,000

Callahan Hall Dining Renovation (Continued)



Construction Photo of Dining Area Looking Through Corridor Window



Construction Photo of "Escape" Dining Area

5. Exterior Door Security and Access Control

In the past, access to each main campus building during non-core hours was controlled by the Facilities Management custodial staff and University Police who manually locked and unlocked each exterior door. Individuals requiring access during off hours were provided door keys in accordance with university policy and procedures. The primary risks associated with this approach were that keys can be lost or stolen and doors were sometimes inadvertently left unlocked. It was impossible to determine if doors were locked without visiting each building entrance. In addition, should the university experience a major security risk, a quick and efficient building lockdown could not be initiated.

To improve personal security and protect the university's assets, this project provided for the installation of card access technology on main entrances to each building to permit after-hours access; installation of electronic and mechanical components on all entrance doors to enable lockdown capability based on a set schedule (end of day) or by the University Police in the event of a security threat or unplanned closure; and the installation of card access technology on all doors to maintenance tunnels, reducing security risks associated with the campus tunnel infrastructure. With the new system, University Police dispatchers are able to confirm all doors are secure, limiting the risk of a door malfunction or being propped open.

The project also includes a camera and intercom system for at least one entrance per building, enabling University Police to view and communicate with individuals and to permit or deny access as necessary when the building is closed. Intercom installation, the final project component, will be completed by late October.

Contractor: Aegis Protective Services

Scope: \$550,000

Anticipated Completion: October 2015

6. Sustainability

This semester, the Sustainability Manager teamed up with First Year Programs, Environmental Sciences, and the Scripps Howard Center for Civic Engagement to coordinate campus-wide educational programs intended to raise awareness about the importance of clean drinking water around the world. Programming efforts included a visual demonstration, facilitated discussions, and film viewings.

A site has been selected for the NKU community garden and work is being done to prepare the location for the spring 2016 planting season. Not only has this project truly been a cross-departmental effort, but work with community members has been instrumental as well.

Sustainability

On August 27, the Sustainability Manager hosted an Office Supply Swap for all University faculty and staff. Overall, the event was a success; 1,361 pounds of office supplies were donated to the event and 652.2 pounds of supplies were recycled back into use by University employees instead of going to the landfill.

NKU was also recently designated as a Diamond Level Transit Friendly Destination. Green Umbrella, Metro, TANK, Agenda 360, and Skyward teamed up to develop the Transit Friendly Destinations to identify organizations that practice “social responsibility by integrating transit into the organization’s culture”. The U-pass program and the biennial commuter survey were instrumental in NKU receiving the highest designation available.

OFFICE OF RESEARCH, GRANTS, AND CONTRACTS REPORT

The attached report lists the grants awarded, with the amount awarded for each grant, for NKU faculty and staff for August 1, 2015 through September 1, 2015, Fiscal Year 2015-16:

- During the August 1, 2015 through September 30, 2015 time period, **24** grants were awarded. The total amount of money awarded was **\$2,492,681**.
- From July 1, 2015 through September 30, 2015, the cumulative total number of grants awarded is **30** totaling **\$3,353,691**.

**NKU Office of Research, Grants and Contracts
Presidents Report
Grants Awarded Funding - August 1, 2015 thru September 30, 2015
FY 2016**

College	Department	Principal Investigator	Title	Agency	Award Notice	Award Amount
College of Arts and Sciences	Center for Integrative Natural Science and Mathematics	Madhura Kulkarni	<i>Environmental Education as a Pre-Service Theme</i>	Kentucky Environmental Education Council	08/01/15	\$1,085.00
College of Education and Human Services	Counseling, Social Work, and Leadership	Kathy Howard	<i>Public Child Welfare Certification Program FY 15-16</i>	Eastern Kentucky University/FFT	08/01/15	\$10,572.00
College of Education and Human Services	Counseling, Social Work, and Leadership	Kathy Howard	<i>University Training Consortium/IV-E FY 15-16</i>	Eastern Kentucky University/FFT	08/01/15	\$103,816.00
College of Education and Human Services	Counseling, Social Work, and Leadership	David Wilkerson	<i>SBIRT Health Professions Student Training Project Yr. 1</i>	Substance Abuse & Mental Health Services Administration	08/01/15	\$278,570.00
College of Arts and Sciences	World Languages and Literature	Caryn Connelly	<i>Federal Republic of Germany Unity Campus Weeks</i>	Federal Republic of Germany	08/01/15	\$2,524.00
Office of Regional Stewardship	Scripps Howard Center for Civic Engagement	Mark Neikirk	<i>Mayerson Student Philanthropy Project FY 15-16</i>	Manuel D. and Rhoda Mayerson Foundation	08/06/15	\$21,000.00
Academic Affairs	Student Support Services	Susan Mospens	<i>Student Support Services New Cycle Yr. 1</i>	U.S. Department of Education	08/11/15	\$340,476.00

College	Department	Principal Investigator	Title	Agency	Award Notice	Award Amount
College of Education and Human Services	Counseling, Social Work, and Leadership	Carol Ryan	<i>Minority Educator Recruitment & Retention</i>	Kentucky Department of Education	08/13/15	\$22,500.00
College of Arts and Sciences	Kentucky Center for Mathematics	Meredith Brewer	<i>K-EEMC (Kentucky Erikson Early Math Collaborative)</i>	Kentucky Department of Education	08/20/15	\$63,687.00
College of Arts and Sciences	Kentucky Center for Mathematics	Jill Parker	<i>KCM Master Coach Program</i>	Kentucky Department of Education	08/20/15	\$53,153.00
College of Arts and Sciences	Kentucky Center for Mathematics	Jill Parker	<i>Mathematics Content Coaching</i>	Kentucky Department of Education	08/20/15	\$79,801.00
Office of Regional Stewardship	Kentucky Campus Compact	Gayle Hilleke	<i>Kentucky College Coaches FY 15-16</i>	Corporation for National and Community Service	08/26/15	\$175,364.00
Institutional Effectiveness	Institutional Research	Vickie Natale	<i>Post Secondary Success Data Analytics Project</i>	Knowledge Works Foundaton	08/28/15	\$15,000.00
College of Health Professions	Advanced Nursing Studies	Adrienne Lane	<i>Nursing Advocacy Center for the Underserved: Assessing the Impact</i>	American Association of Colleges of Nursing	09/01/15	\$5,000.00

College	Department	Principal Investigator	Title	Agency	Award Notice	Award Amount
College of Arts and Sciences	Chemistry	Celeste Morris	<i>MRI: Acquisition of a Tabletop Scanning Electron Microscope with EDC Capabilities for Research and Education</i>	National Science Foundation	09/08/15	\$228,851.00
College of Arts and Sciences	Kentucky Center for Mathematics	Jill Parker	<i>MaRti Middle (6th & 7th Grades)</i>	Kentucky Department of Education	09/09/15	\$128,854.00
College of Informatics	Computer Science	Maureen Doyle	<i>Introduction to Computing Camp</i>	National Center for Women & Information Technology	09/10/15	\$1,500.00
College of Arts and Sciences	Psychological Science	Cecile Marczynski	<i>Acute Effects of Alcohol and Energy Drinks on Behavioral Control</i>	National Institutes of Health	09/15/15	\$330,883.00
College of Education and Human Services	Counseling, Social Work, and Leadership	Willie Elliot	<i>The Northern Kentucky University (NKU)-Children, Adolescents, and Transitional-Age Youth Program (NKU-CAT) Yr. 2</i>	Health Resources and Services Administration	09/15/15	\$420,871.00

College	Department	Principal Investigator	Title	Agency	Award Notice	Award Amount
College of Arts and Sciences	Political Science & Criminal Justice	Melissa Gish	<i>Seasongood Foundation Internship FY 2015-2016</i>	Murray & Agnes Seasongood Foundation	09/16/15	\$5,000.00
Academic Affairs	Steely Library	Lois Hamill	<i>Attend Electronic Records Symposium</i>	Kentucky Library Association	09/22/15	\$500.00
Academic Affairs	Steely Library	Jane Hammons	<i>KLA Professional Development Award</i>	KLA Academic Library Section	09/22/15	\$500.00
College of Arts and Sciences	Kentucky Center for Mathematics	Meredith Brewer	<i>EERTI (Enacting Effective Response to Intervention)</i>	Kentucky Department of Education	09/28/15	\$123,174.00
College of Arts and Sciences	Kentucky Center for Mathematics	Alice Gabbard	<i>Kentucky Numeracy Project Intensive Plus</i>	Kentucky Department of Education	09/30/15	\$80,000.00

Total Number of Awards from
August 1, 2015 thru September 30, 2015: **24**

Total Funds Awarded from
August 1, 2015 thru September 30, 2015: **\$2,492,681.00**

Total Number of Awards from
July 1, 2015 thru September 30, 2015: **30**

Total Number of Awards from
July 1, 2015 thru September 30, 2015: **\$3,353,691.00**

FUNDRAISING REPORT

The attached Fundraising Report **summarizes fundraising resources committed from July 1, 2015 through September 30, 2015 totaling \$9,028,520** in support of the university.

The report includes:

1. Resources in support of the colleges, Steely Library, Go Norse Fund, NKU Fund For Excellence, Academic Affairs & University Designated Initiatives, Student Affairs, University Wide Student Aid, Campus Program Initiatives, and WNKU.
2. Resources for Fiscal Year 2016.

**Fundraising Resources FY 16 to Date by Designation
For the Period 7/01/15- 9/30/15**

Designation		FY16
College of Arts and Sciences	\$	357,070
College of Business	\$	82,599
College of Education & Human Services	\$	32,114
College of Health Professions	\$	8,031,581
College of Informatics	\$	5,309
Chase College of Law	\$	45,623
Go Norse Fund	\$	107,358
Steely Library	\$	3,335
NKU Fund for Excellence	\$	60,347
Academic Affairs & University Designated Initiatives	\$	52,541
Student Affairs	\$	297
University Wide Student Aid	\$	70,757
Campus Program Initiatives	\$	0
WNKU (membership & underwriting)	\$	179,588
Total	\$	9,028,520

ANNUAL FINANCIAL REPORT

Please refer to the University's 2014-2015 Annual Financial Report. The Report was reviewed by the Board of Regents Audit Committee in accordance with Article III (D) (2) of the Board of Regents Bylaws.



FINANCIAL REPORT

2014-2015

2014-2015 FINANCIAL REPORT

Current as of June 30, 2015

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Northern Kentucky University
A Component Unit of the Commonwealth of Kentucky
Annual Financial Report
June 30, 2015

Table of Contents

Letter from the President	2
Independent Auditor’s Report.....	3
Management’s Discussion and Analysis.....	5
Financial Statements	
Northern Kentucky University Statement of Net Position	13
Northern Kentucky University Foundation, Inc. Consolidated Statement of Financial Position	14
Northern Kentucky University Statement of Revenues, Expenses and Changes in Net Position	15
Northern Kentucky University Foundation, Inc. Consolidated Statement of Activities.....	16
Northern Kentucky University Statement of Cash Flows.....	17
Northern Kentucky University Notes to the Financial Statements	18
Required Supplementary Information	
Schedule of Proportionate Share of the Collective Net Pension Liability	42
Schedule of University Contributions	43

September 30, 2015

Northern Kentucky University Board of Regents
Highland Heights, KY 41099



Dear Members of the Board:

I am pleased to share the University's 2014-15 Annual Financial Report. The firm of BKD, LLP, has audited the following statements and accompanying footnotes.

Notwithstanding the impact of the new pension reporting requirements on the University's unrestricted net position, the University continues to show solid operating performance as measured by cash flows. Management is continuing its efforts to diversify revenue sources, contain costs, and redirect resources to core mission priorities. The University is engaged in a process to develop a new budget model that will further enhance these efforts.

We have also seen significant growth in our endowment funds in recent years. For the five-year period ended June 30, 2015, the endowment funds that are managed by the NKU Foundation have grown from \$56.5 million in 2010 to \$95.1 million. The continued growth in funds provided through endowments, gifts, and other sources of revenues will be essential as the University strives to meet the needs of our students.

As a result of sound fiscal management and generous philanthropic support, our students, faculty, and staff made a lasting impact on our University and our community last year.

More and more students from across the Commonwealth and across the country are showing interest in NKU, as evidenced by the continuing growth in applications for admission. Freshman applications for this Fall increased by 18 percent compared to last year. And our incoming freshmen are more academically prepared to succeed than ever before. The average ACT score of the 2015 freshman class is 23.7, compared to 23.3 last year and compared to 20.7 in Fall 2005.

And our commitment to putting students first is paying off. We graduated a record number of students last year, with more than 3,000 students earning a degree or some other credential.

We continue to expand and physically transform our campus as well. This Fall, we will break ground on a \$97 health innovation center that will help address population health management issues and seek new solutions to the health and wellness challenges we face. We recently announced that St. Elizabeth Healthcare will donate \$8 million – the second largest gift in the University's history – to support cutting-edge simulation facilities. We'll also celebrate the opening of our renovated and expanded campus recreation center.

As we approach our 50th anniversary in 2018, excitement is high on campus. We continue to enhance our academic programs and our support of student success both in the classroom and in life. Our students come here to learn, and they learn to lead.

Finally, I'm happy to report that *Forbes* magazine recently ranked NKU among America's Top Colleges for the seventh consecutive year. I'm confident 2015-16 will be even better.

Sincerely,

A handwritten signature in black ink that reads "G Mearns". The signature is written in a cursive, flowing style.

Geoffrey S. Mearns
President

Independent Auditor's Report

Board of Regents
Northern Kentucky University
Highland Heights, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Northern Kentucky University (University), collectively a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2015, 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 1r. to the financial statements, in 2015 the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the 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.

BKD, LLP

Cincinnati, Ohio
September 30, 2015

Northern Kentucky University
A Component Unit of the Commonwealth of Kentucky
Management's Discussion and Analysis
Year Ended June 30, 2015

Northern Kentucky University's (the University) Management Discussion and Analysis of its financial condition provides an overview of the financial performance of the University for the year ended June 30, 2015, with selected comparative information for the year ended June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and notes.

As a public comprehensive university located in a major metropolitan area, Northern Kentucky University delivers innovative, student-centered education and engages in impactful scholarly and creative endeavors, all of which empower our graduates to have fulfilling careers and meaningful lives, while contributing to the economic, civic, and social vitality of the region.

Financial Highlights

For the year ended June 30, 2015, the University adopted Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 71, which requires governmental employers participating in a cost-sharing defined benefit pension plan to recognize their long-term obligation for pension benefits as a liability for the first time. As a participating employer in the Kentucky Employees Retirement System (KERS), the University reported a net pension liability of \$224.4 million as of June 30, 2015. The cumulative effect of the adoption of GASB 68 and GASB 71 resulted in a decrease in the University's unrestricted net position at July 1, 2014 of \$210.4 million. In addition, the University reported an additional \$4.5 million in pension expense for fiscal year 2015 as required under GASB 68 and 71. The combined impact of pension reporting changes resulted in a \$214.9 million reduction in the University's unrestricted net position as of June 30, 2015. Excluding the impact of the pension reporting changes, the University's unrestricted net position would have decreased by only \$2.2 million for the year ended June 30, 2015.

Despite the negative impact of the new pension reporting requirements, the University's operating performance for the year was sound. The University's combined operating and nonoperating revenues totaled \$221.4 million for the year ended June 30, 2015, a decrease of \$1.1 million compared to 2014. Operating revenues declined by \$1.3 million for the year while nonoperating revenues grew by \$0.2 million for the year. The University's state appropriations increased by \$1.7 million, or 3.6 percent, for the year ended June 30, 2015. Operating and nonoperating expenses increased by \$6.4 million, or 2.8 percent, to a total of \$230.3 million for the year ended June 30, 2015 primarily due to an increase in pension expenses.

At June 30, 2015, the University had several major projects in progress, including the expansion and renovation of a student campus recreation/health facility. In addition, the Kentucky General Assembly approved a \$97.0 million capital appropriation in its 2014-16 biennial budget to the University to fund the construction of a state-of-the-art Health Innovations Center and renovate Founders Hall. The Center will integrate a broad range of expanded existing and new programs to meet the health and wellness needs of the residents of the northern Kentucky and greater Cincinnati region with the ultimate focus on not only delivering *healthcare* but on advancing *health*. The design phase is underway and the Center is expected to open in 2018.

The University's state-funded endowments totaled \$12.7 million as of June 30, 2015. These funds, along with the private endowed gifts donated to benefit the University, are managed by Northern Kentucky University Foundation, Inc. (Foundation). The endowment funds managed by the Foundation, including the University's endowment funds, totaled \$95.1 million at June 30, 2015. For the five-year period ended June 30, 2015, the endowment funds managed by the Foundation have grown from \$56.5 million to \$95.1 million as a result of excellent investment returns and the receipt of several major endowment gifts. The growth in endowment funds has provided a significant increase in the funds available to support the University's mission.

Using the Financial Statements

The University's financial report includes three financial statements: the statement of net position; the statement of revenues, expenses and changes in net position and the statement of cash flows. These financial statements and accompanying footnotes are prepared in accordance with GASB principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a comprehensive, entity-wide basis to focus on the University as a whole.

The University is a component unit of the Commonwealth of Kentucky. The financial statements of the University include the University and its blended component unit, the Northern Kentucky University Research Foundation, Inc. (Research Foundation). Financial statements for the University's discretely presented component unit, Northern Kentucky University Foundation, Inc., have also been included in accordance with GASB pronouncements. Financial statements presented for the Foundation consist of the consolidated statement of financial position and the consolidated statement of activities. These statements are prepared in accordance with Financial Accounting Standards Board (FASB) pronouncements.

Statement of Net Position

The statement of net position reflects the financial position of the University as of June 30, 2015, with comparative information as of June 30, 2014, and includes all assets, deferred outflows and inflows of resources, liabilities and net position. It is prepared under 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. Net position, consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one indicator of the current financial condition of the University. Assets, liabilities, deferred inflows and outflows of resources are generally measured using current values. A major exception is capital assets, which are stated at historical cost less accumulated depreciation.

A summary of the University's net financial position at June 30, 2015 and 2014 follows:

Condensed Statements of Net Position (in thousands)

	<u>2015</u>	<u>2014</u>
ASSETS		
Current assets	\$ 111,618	\$ 108,879
Capital assets, net	335,618	315,411
Noncurrent assets	38,859	71,455
Total assets	<u>486,095</u>	<u>495,745</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>13,446</u>	<u>1,079</u>
LIABILITIES		
Current liabilities	36,893	36,205
Noncurrent liabilities	364,350	149,003
Total liabilities	<u>401,243</u>	<u>185,208</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,515</u>	<u>1,522</u>
NET POSITION		
Invested in capital assets, net of related debt	211,004	212,906
Restricted		
Nonexpendable	7,616	7,616
Expendable	7,374	5,631
Unrestricted	(133,211)	83,941
Total net position	<u>\$ 92,783</u>	<u>\$ 310,094</u>

Assets

The University's assets decreased by \$9.7 million, or 1.9 percent, for the year ended June 30, 2015 and now total \$486.1 million. A \$2.7 million increase in current assets for the year ended June 30, 2015 resulted primarily from an increase in cash and cash equivalents. Noncurrent assets, excluding net capital assets, declined by \$32.6 million for the year as a result of a decrease in unspent bond proceeds related to several major building projects that are currently under construction. Net capital assets grew by \$20.2 million, or 6.4 percent, for the year ended June 30, 2015. This increase is the net result of a \$39.8 million increase in capitalized construction project costs, land improvements, equipment and other capital assets, less \$19.6 million in depreciation. Net capital assets totaled \$335.6 million, or 69.0 percent of total assets as of June 30, 2015.

Deferred Outflows of Resources

Deferred outflows of resources totaled \$13.4 million and \$1.1 million as of June 30, 2015 and 2014, respectively. The deferred outflows of resources at June 30, 2015 included University pension contributions of \$12.5 million that were contributed subsequent to the measurement date. These contributions will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

Liabilities

At June 30, 2015, the University's liabilities totaled \$401.2 million compared to the previous year's \$185.2 million. This \$216.0 million increase in liabilities is primarily attributable to the recognition of the University's proportionate share of the pension liability as a participating employer in the Kentucky Employees Retirement System (KERS) in accordance with GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (GASB 71). GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The University's pension liability totaled \$224.4 million as of June 30, 2015. Noncurrent liabilities, excluding the pension liability, declined by \$9.0 million for the year as a result of a \$9.2 million decrease in outstanding bonds, notes and capital leases. Bonds, notes and municipal leases payable, net of discounts and premiums, totaled \$132.2 million at June 30, 2015.

Deferred Inflows of Resources

Deferred inflows of resources totaled \$5.5 million and \$1.5 million as of June 30, 2015 and 2014, respectively. The deferred inflows of resources at June 30, 2015 included the difference between projected and actual earnings on pension investments (\$3.0 million) and service concession agreements between the University and a food service provider (\$2.5 million).

Net Position

Net position represents the difference between the University's total of assets and deferred outflows of resources and the total of liabilities and deferred inflows of resources. The University's net position totaled \$92.8 million and \$310.1 million at June 30, 2015 and 2014, respectively. The cumulative effect of the adoption of GASB 68 and GASB 71 resulted in a decrease in the University's unrestricted net position at July 1, 2014 of \$210.4 million. In addition, the University reported an additional \$4.5 million in pension expense for fiscal year 2015 as required under GASB 68 and 71. The combined impact of pension reporting changes resulted in a \$214.9 million reduction in the University's unrestricted net position as of June 30, 2015. Excluding the impact of the pension reporting changes, the University's unrestricted net position would have decreased by only \$2.2 million for the year ended June 30, 2015.

Net invested in capital assets totaled \$211.0 million and \$212.9 at June 30, 2015 and 2014, respectively. Net invested in capital assets decreased \$1.9 million for the year resulting from depreciation expenses in excess of increases in new capital assets, net of debt. Restricted expendable resources increased by \$1.7 million.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. GASB requires state appropriations and nonexchange grants and contracts to be classified as nonoperating revenues. Accordingly, the University will generate an operating loss prior to the addition of nonoperating revenues.

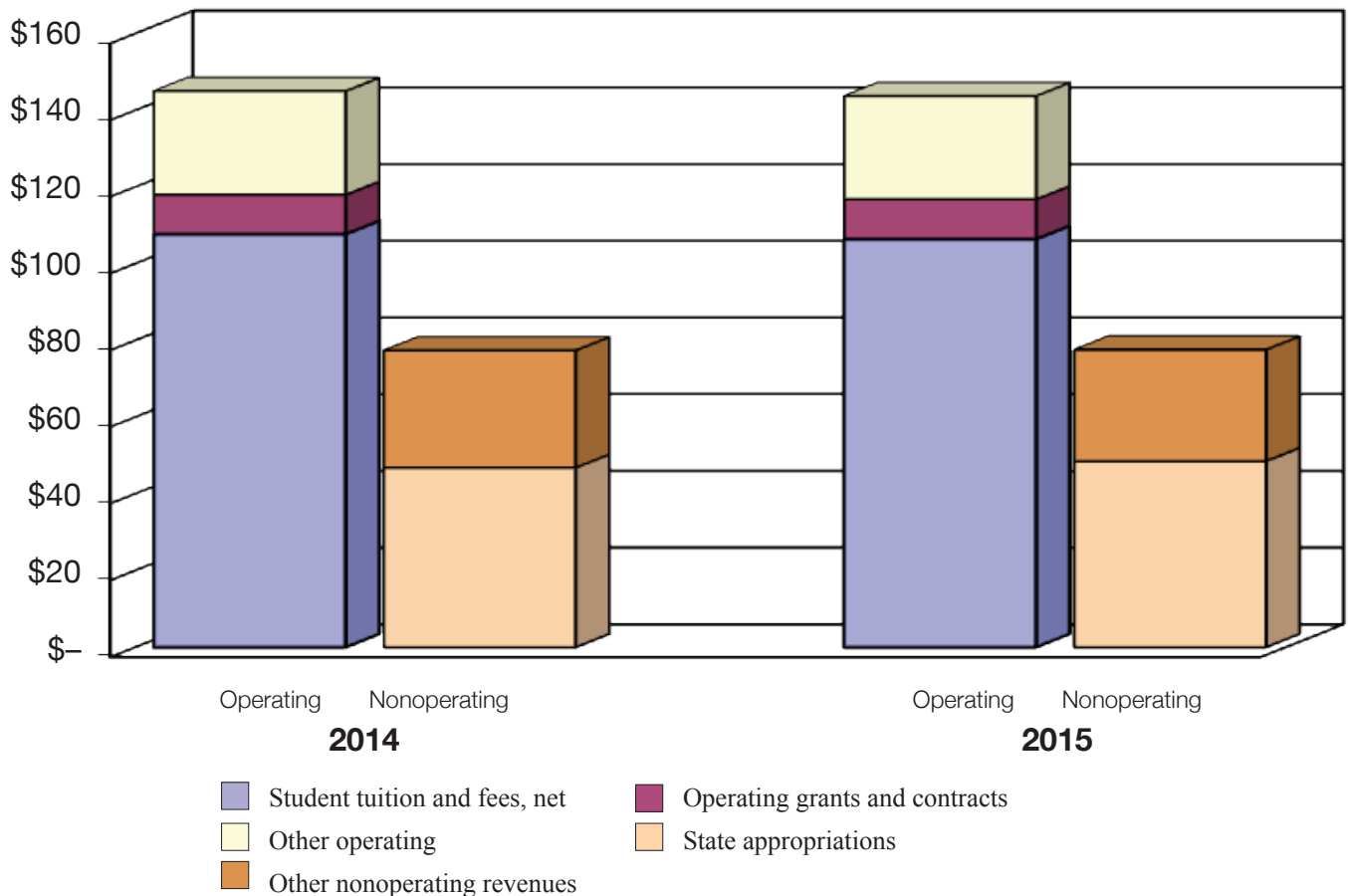
This statement is prepared on the accrual basis of accounting whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life. A summarized comparison of the University's revenues, expenses and changes in net position for years ended June 30, 2015 and June 30, 2014 follows:

Condensed Statements of Revenues, Expenses and Changes in Net Position (in thousands)

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Student tuition and fees, net	\$ 106,415	\$ 107,716
Grants and contracts	10,373	10,253
Sales and services of educational departments	4,529	5,470
Auxiliary enterprises	15,312	14,177
Other operating revenues	7,124	7,423
Total operating revenues	<u>143,753</u>	<u>145,039</u>
OPERATING EXPENSES		
Educational and general	198,909	194,678
Depreciation	16,375	16,475
Auxiliary enterprises (including depreciation)	11,113	8,734
Other expenses	33	101
Total operating expenses	<u>226,430</u>	<u>219,988</u>
Net loss from operations	<u>(82,677)</u>	<u>(74,949)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	48,538	46,835
Gifts, grants and contracts	28,488	28,179
Investment income	594	2,406
Interest on capital asset-related debt	(3,800)	(3,381)
Other nonoperating revenues (expenses)	(97)	(607)
Net nonoperating revenues	<u>73,723</u>	<u>73,432</u>
Income (loss) before other revenues, expenses, gains or losses	<u>(8,954)</u>	<u>(1,517)</u>
Capital appropriations	1,968	-
Capital grants and gifts	111	281
Total other revenues	<u>2,079</u>	<u>281</u>
Increase (decrease) in net position	<u>(6,875)</u>	<u>(1,236)</u>
Net position-beginning of year as previously reported	<u>310,094</u>	<u>311,330</u>
Cumulative effect of change in accounting principle	<u>(210,436)</u>	<u>-</u>
Net position-beginning of year as restated	99,658	311,330
Net position-end of year	<u>\$ 92,783</u>	<u>\$ 310,094</u>

Operating and Nonoperating Revenues

The following chart illustrates the University's revenues by source (both operating and nonoperating), which were used to fund its operating activities for fiscal years 2014 and 2015. Significant recurring sources of revenues, including state appropriations and nonexchange grants and contracts, are considered nonoperating revenues as defined by GASB. These revenues support operating expenses; therefore, they are included in the graph of revenues by source (presented in millions).



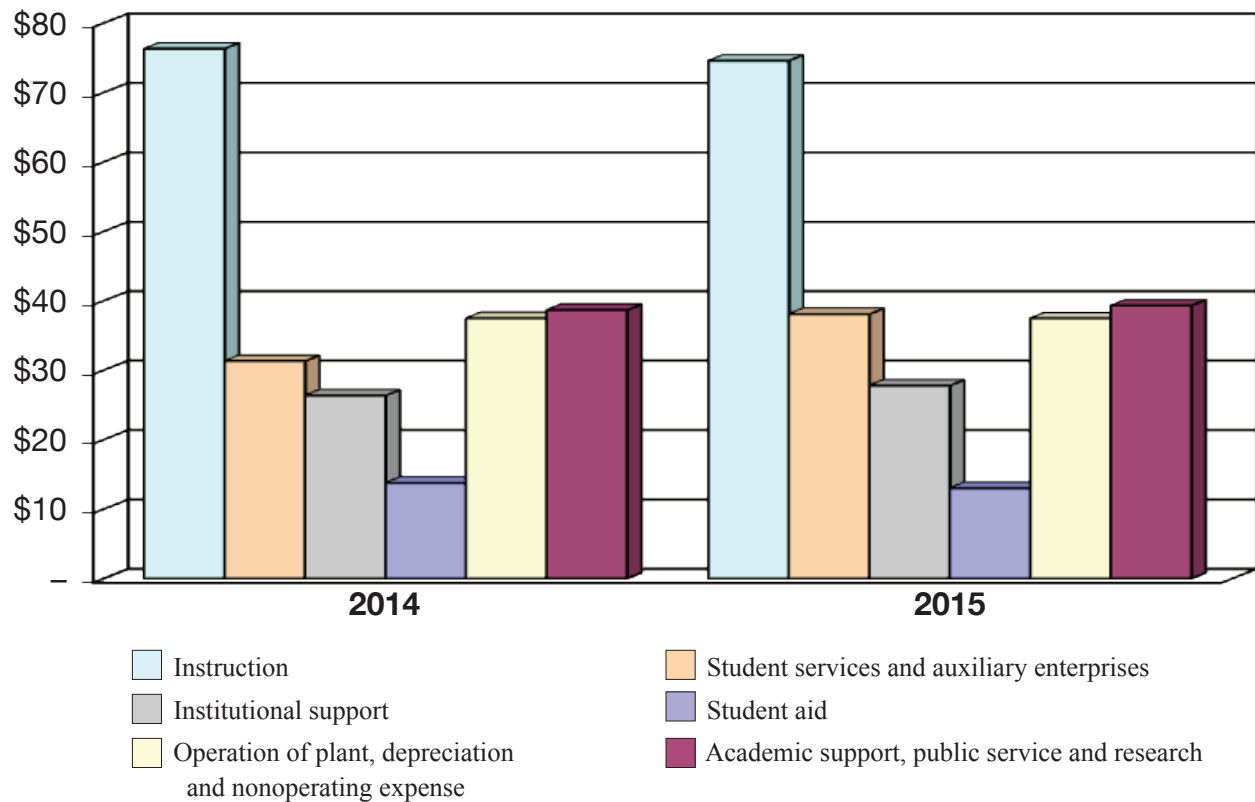
The University's operating and nonoperating revenues totaled \$221.4 million for the year ended June 30, 2015, a decrease of \$1.1 million compared to 2014. Operating revenues totaled \$143.8 million, or 64.9 percent of revenues, while nonoperating revenues grew to \$77.6 million, or 35.1 percent of revenues, for the year. The most significant sources of revenue for the University are net student tuition and fees (48.1 percent) and state appropriations (21.9 percent).

Operating revenues declined by \$1.3 million for the year with decreases in net tuition and fees (\$1.3 million), sales and services of educational activities (\$0.9 million), and other operating revenues (\$0.3 million). These decreases were partially offset by increases in auxiliary enterprise revenues (\$1.1 million) and operating grants and contracts (\$0.1 million).

Nonoperating revenues grew by \$0.2 million for the year. The University's state appropriations increased by \$1.7 million, or 3.6 percent, to \$48.5 million for the year ended June 30, 2015. The University's state nonoperating grant revenues increased by \$0.4 million for the year due to a \$0.5 million increase in state financial aid program revenues, including increases in need-based aid (\$0.1 million) and merit scholarships (\$0.3 million). The University's federal nonoperating grant revenues decreased by \$0.1 million for the year due to a \$0.1 million decrease in federal financial aid program revenues. A decline in endowment investment earnings resulted in a \$1.5 million decrease in investment income for the year.

Operating and Nonoperating Expenses

The following chart illustrates the University's expenses by function (both operating and nonoperating) for fiscal years 2014 and 2015 (presented in millions).



Operating and nonoperating expenses increased by \$6.4 million, or 2.8 percent, to a total of \$230.3 million for the year ended June 30, 2015. The adoption of GASB 68 and GASB 71 had a significant impact on the University's expenses reported for the year ended June 30, 2015 as compared to fiscal year 2014, which does not reflect the impact of GASB 68 and 71. For 2015, the University recognized \$17.0 million in pension expenses as required under GASB 68 and GASB 71. Under the previous generally accepted accounting principles related to the recognition of pension expense the University would have recognized \$12.5 million in pension expense for 2015. Therefore, under GASB 68 and GASB 71, the University reported an additional \$4.5 million in pension expenses for the year ended June 30, 2015. Additional pension expenses were recognized in all functional expense categories including institutional support (\$1.1 million), student services (\$1.0 million), operation and maintenance of plant (\$0.7 million) and academic support (\$0.7 million).

Instruction expenses decreased by \$1.7 million, or 2.3 percent, for the year ended June 30, 2015 primarily due to a \$1.7 million decline in faculty, staff and student salaries and benefits. A decline in grants that fund public service expenses, such as the GEAR UP Kentucky grant, and a decline in expenses related to revenue supplemented operations, such as the Center for Environmental Restoration and the Center for Applied Informatics, contributed to a \$0.4 million decline in public service expenses. Increases in pension expenses and contract service expenses contributed to the \$1.0 million increase in academic support expenses for the year. Student services expenses increased by \$4.5 million primarily due to an increase in pension expenses and a planned increase in recurring and nonrecurring expenses related to intercollegiate athletics. An increase in pension expenses resulted in a \$1.4 million increase in institutional support expenses for the year. Auxiliary enterprises expenses increased by \$2.4 million as a result of an increase in operating expenses associated with the opening of a new student housing facility and an increase in depreciation and pension expenses.

Statement of Cash Flows

Another important factor to consider when evaluating financial viability is the University's ability to meet financial obligations as they become due. The statement of cash flows presents information related to cash inflows and outflows, summarized by operating, noncapital financing, capital and related financing, and investing activities. A comparative summary of the University's statements of cash flows for the years ended June 30, 2015 and 2014 follows:

Condensed Statements of Cash Flows (in thousands)

	<u>2015</u>	<u>2014</u>
Net cash provided (used) by:		
Operating activities	\$ (57,237)	\$ (52,042)
Noncapital financing activities	77,106	68,876
Capital and related financing activities	(50,345)	22,877
Investing activities	<u>(1,227)</u>	<u>2,812</u>
Net increase (decrease) in cash	(31,703)	42,523
Cash and cash equivalents, beginning of year	<u>153,380</u>	<u>110,857</u>
Cash and cash equivalents, end of year	<u><u>\$ 121,677</u></u>	<u><u>\$ 153,380</u></u>

The University's cash and cash equivalents decreased by \$31.7 million in 2015 and increased \$42.5 million in 2014. Major sources of funds generated by operating activities in 2015 included student tuition and fees (\$104.9 million), grants and contracts (\$10.6 million) and auxiliary enterprises (\$15.4 million). The largest cash payments for operating activities were made to employees (\$146.3 million) and to vendors and contractors (\$53.9 million). Net cash used by operating activities increased by \$5.2 million for the year primarily due to a \$3.1 million increase in payments to suppliers and a \$2.4 million increase in payments for salaries and benefits. The growth in the payments for salaries and benefits was driven by an increase in contributions to the Kentucky Employees Retirements System. A \$1.1 million decrease in cash provided by net tuition and fees was offset by a \$1.4 million increase in cash provided by auxiliary enterprise receipts resulting from the opening of a new student housing facility.

A \$1.7 million increase in state appropriations and a \$0.5 million growth in nonoperating grants contributed to an \$8.2 million increase in net cash provided by noncapital financing activities. Cash used by capital financing activities totaled \$50.3 million for 2015. Purchases of capital assets totaling \$39.8 million were primarily funded by \$52.0 million in bond proceeds issued in 2014 to finance an expansion of the campus recreation/health center and a student housing project.

Capital Asset and Debt Administration

Capital Assets

Capital assets, net of accumulated depreciation, increased by \$20.2 million for the year ended June 30, 2015. Additions to capital assets, net of disposals, during the year totaled \$39.8 million, including the renovation of student housing and dining facilities and the expansion and renovation of the University's campus recreation/health center. Depreciation expenses totaled \$19.6 million for the year. As of June 30, 2015, net capital assets totaled \$335.6 million, or 69.0 percent of total assets.

At June 30, 2015, the University had several major projects in progress, including the expansion and renovation of a student campus recreation/health facility and the renovation of a student dining facility. In addition, the Kentucky General Assembly approved a \$97.0 million capital appropriation in its 2014-16 biennial budget to the University to fund the construction of a state-of-the-art Health Innovations Center and renovate Founders Hall. The design phase is underway and the project is expected to be completed in 2018.

Debt

The following is a summary of the University's outstanding capital debt summarized by trust indenture and type as of June 30, 2015 and 2014 (in thousands):

	<u>2015</u>	<u>2014</u>
General Receipts Bonds, net of discounts and premiums	\$ 128,795	\$ 134,923
Housing and Dining System Revenue Bonds	1,140	1,310
Notes payable and municipal lease obligations	<u>2,283</u>	<u>5,110</u>
	<u><u>\$ 132,218</u></u>	<u><u>\$ 141,343</u></u>

The University issued General Receipts Bonds in 2014 to finance the expansion and renovation of a campus recreation/health center and the acquisition and renovation of a new student housing facility. This bond issue contributed to a \$46.8 million, or 49.4 percent, net increase in outstanding debt for the year ended June 30, 2014. For the year ended June 30, 2015, the University did not issue any new debt and retired \$9.1 million of bonds, notes and municipal lease obligations resulting in a \$9.1 million reduction in outstanding debt for the year.

A strong debt rating is an important indicator of the University's financial health. The current bond ratings assigned by Moody's Investors Service (A1-stable) and Standard and Poor's (A) to the University's General Receipts bonds reflect the University's solid financial position.

ECONOMIC FACTORS IMPACTING FUTURE PERIODS

The University's 2013-18 Strategic Plan, *Fuel the Flame*, established an objective to "develop an all-funds approach and ensure budget processes align resources with strategic goals." During fiscal year 2014-15, the University engaged in a process to develop a new budget model. The decision was made to transition to a decentralized, incentive-based approach to budgeting. The new budget approach will provide incentives that empower colleges to engage in entrepreneurial activities and focus on enrollment growth and retention with the goal of increasing tuition and alternative revenue sources. The new model is expected to be in full operation for fiscal year 2017.

The University's Board of Regents approved a 3.12 percent increase in undergraduate resident tuition rates for fiscal year 2016. This increase was approved by the Council on Postsecondary Education.

The University's state-funded endowments totaled \$12.7 million as of June 30, 2015. These funds, along with the private endowed gifts donated to benefit the University, are managed by Northern Kentucky University Foundation, Inc. (Foundation). The endowment funds managed by the Foundation, including the University's endowment funds, totaled \$95.1 million at June 30, 2015. For the five-year period ended June 30, 2015, the endowment funds managed by the Foundation have grown from \$56.5 million to \$95.1 million as a result of excellent investment returns and the receipt of several major endowment gifts. The growth in endowment funds has provided a significant increase in the funds available to support the University's mission.

The design phase is underway for the University's new state-of-the-art Health Innovations Center that is scheduled to open in 2018. An external advisory committee advised the University on the strong demand for graduates in the health profession programs that will be housed in the Center. The Center will increase the University's capacity to meet the growing demand for graduates in the health professions and management expects enrollment and the associated tuition revenues related to these programs to be positively impacted.

The 2014-16 biennial budget passed by the General Assembly reflects a \$48.5 million general state appropriation for the University for fiscal year 2015-16. According to the fiscal year 2015 year-end *Quarterly Economic & Revenue Report* issued by the Commonwealth, Kentucky's economy performed very well in the fourth quarter of fiscal year 2015 and the economic outlook for fiscal year 2016 is predominantly positive. Although the economy continues to show signs of improvement, the Commonwealth and the University still face budget challenges, including funding the state pension systems.

For the year ended June 30, 2015, the University adopted GASB 68 and 71, which requires governmental employers participating in a cost-sharing defined benefit pension plan to recognize their long-term obligation for pension benefits as a liability for the first time. As a participating employer in the Kentucky Employees Retirement System (KERS), the University reported a net pension liability of \$224.4 million as of June 30, 2015. The cumulative effect of the change in accounting principle resulted in decrease in net position at July 1, 2014 of \$210.4 million. In addition, the University reported an additional \$4.5 million in pension expense for fiscal year 2015 as required under GASB 68 and 71. The Commonwealth continues to implement reforms to address the large KERS unfunded liability by restructuring future employee benefits to ensure a sustainable pension system. The University's required contribution rate for fiscal year 2016 is 38.77% of covered payroll for all of its employees that participate in KERS.

In summary, while the impact of the new pension reporting requirements on the University's unrestricted net position is significant, the University continues to show solid operating performance as measured by cash flows. Management is continuing its efforts to diversify revenue sources, contain costs and redirect resources to core mission priorities. The new budget model and associated budget approach will further enhance these efforts. The continued growth in funds provided through endowments, gifts, and other sources of revenues will be essential as the University strives to meet the needs of our students.

Northern Kentucky University
A Component Unit of the Commonwealth of Kentucky
Statement of Net Position
As of June 30, 2015
(in thousands)

ASSETS

Current Assets

Cash and cash equivalents	\$ 99,052
Notes, loans and accounts receivable, net	9,973
Other current assets	2,593
Total current assets	111,618

Noncurrent Assets

Cash and cash equivalents	22,625
Investments	14,692
Notes, loans and accounts receivable, net	1,421
Capital assets, net	335,618
Other noncurrent assets	121
Total noncurrent assets	374,477
Total assets	486,095

DEFERRED OUTFLOWS OF RESOURCES

Loss on refunding	990
Pension contributions made subsequent to the measurement date	12,456
Total deferred outflows of resources	13,446

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	23,123
Unearned revenue	5,998
Long-term liabilities-current portion	7,772
Total current liabilities	36,893

Noncurrent Liabilities

Deposits	12,198
Unearned revenue	283
Long-term liabilities	127,491
Net pension liability	224,378
Total noncurrent liabilities	364,350
Total liabilities	401,243

DEFERRED INFLOWS OF RESOURCES

Service concession arrangement revenue applicable to future years	2,505
Difference between projected and actual earnings on pension investments	3,010
Total deferred inflows of resources	5,515

NET POSITION

Invested in capital assets, net of related debt	211,004
Restricted	
Nonexpendable	7,616
Expendable	7,374
Unrestricted	(133,211)
Total net position	\$ 92,783

Northern Kentucky University Foundation, Inc.
Consolidated Statements of Financial Position
As of June 30, 2015
(in thousands)

ASSETS

Cash and cash equivalents	\$ 4,929
Loans and accounts receivable, net	228
Accrued interest receivable	9
Contributions receivable, net	2,347
Prepaid expenses and deferred charges	57
Investments	99,334
Land and land improvements	548
Accumulated depreciation	(208)
Total assets	<u>107,244</u>

LIABILITIES AND NET ASSETS

Accounts payable	361
Annuities payable	148
Deferred income	26
Funds held in trust for Northern Kentucky University	12,692
Total liabilities	<u>13,227</u>

NET ASSETS

Unrestricted	
For current operations	892
Amounts functioning as endowment funds	2,244
Invested in land and land improvements	340
Total unrestricted	<u>3,476</u>
Temporarily restricted	
Unexpended funds received for restricted purposes	7,867
Contributions receivable	2,042
Loan funds	173
Endowment funds	37,760
Total temporarily restricted	<u>47,842</u>
Permanently restricted	
Contributions receivable	305
Endowment funds	42,394
Total permanently restricted	<u>42,699</u>
Total net assets	<u>94,017</u>
Total liabilities and net assets	<u>\$ 107,244</u>

Northern Kentucky University
A Component Unit of the Commonwealth of Kentucky
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015
(in thousands)

OPERATING REVENUES

Student tuition and fees (net of scholarship allowances of \$34,194)	\$ 106,415
Federal grants and contracts	3,566
State and local grants and contracts	3,890
Nongovernmental grants and contracts	2,917
Sales and services of educational departments	4,529
Auxiliary enterprises	
Housing and food service (net of scholarship allowances of \$1,117)	11,327
Other auxiliaries	3,985
Other operating revenues	7,124
Total operating revenues	<u>143,753</u>

OPERATING EXPENSES

Educational and general	
Instruction	74,586
Research	1,671
Public service	13,473
Libraries	6,011
Academic support	18,165
Student services	26,955
Institutional support	27,808
Operation and maintenance of plant	17,212
Depreciation	16,375
Student aid	13,028
Auxiliary enterprises	
Housing and food service	6,568
Other auxiliaries	1,316
Auxiliary depreciation	3,229
Other expenses	33
Total operating expenses	<u>226,430</u>
Net loss from operations	<u>(82,677)</u>

NONOPERATING REVENUES (EXPENSES)

State appropriations	48,538
Federal grants and contracts	19,514
State and local grants and contracts	8,963
Private gifts and grants	11
Investment income (loss)	594
Interest on capital asset-related debt	(3,800)
Other nonoperating revenues (expenses)	(97)
Net nonoperating revenues	<u>73,723</u>
Income (loss) before other revenues, expenses, gains or losses	<u>(8,954)</u>
Capital appropriations	1,968
Capital grants and gifts	111
Total other revenues	<u>2,079</u>
Increase (decrease) in net position	<u>(6,875)</u>

NET POSITION

Net position-beginning of year, as previously reported	310,094
Cumulative effect of change in accounting principle	(210,436)
Net position-beginning of year, as restated	<u>99,658</u>
Net position-end of year	<u>\$ 92,783</u>

See accompanying notes to the financial statements

Northern Kentucky University Foundation, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2015
(in thousands)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
REVENUES, GAINS AND OTHER SUPPORT				
Gifts and bequests	\$ 8	\$ 3,374	\$ 1,361	\$ 4,743
Rental income	119	-	-	119
Investment return	61	1,450	-	1,511
Other revenue	62	286	-	348
Total revenues and gains	250	5,110	1,361	6,721
Net assets released from restrictions	6,897	(6,897)	-	-
Reclassifications of net assets	-	(28)	28	-
Total revenues, gains and other support	7,147	(1,815)	1,389	6,721
EXPENSES AND LOSSES				
Program Expenses				
Instruction	1,089	-	-	1,089
Research	35	-	-	35
Public service	601	-	-	601
Libraries	28	-	-	28
Academic support	606	-	-	606
Student services	321	-	-	321
Institutional support	781	-	-	781
University facilities and equipment acquisition	44	-	-	44
Student financial aid	2,889	-	-	2,889
Other program expenses and losses	-	135	-	135
Total program expenses	6,394	135	-	6,529
Support Expenses				
Management and general	631	-	-	631
Fund raising support	92	-	-	92
Total support expenses	723	-	-	723
Total expenses and losses	7,117	135	-	7,252
Increase (decrease) in net assets	30	(1,950)	1,389	(531)
Net assets-beginning of year	3,446	49,792	41,310	94,548
Net assets-end of year	\$ 3,476	\$ 47,842	\$ 42,699	\$ 94,017

Northern Kentucky University
A Component Unit of the Commonwealth of Kentucky
Statement of Cash Flows
For the Year Ended June 30, 2015
(in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 104,896
Grants and contracts	10,592
Payments to suppliers	(53,856)
Payments for salaries and benefits	(146,307)
Loans issued to students	(403)
Collection of loans to students	521
Auxiliary enterprise receipts:	
Housing operations	11,110
Other auxiliaries	4,273
Sales and service of educational departments	4,590
Other receipts (payments)	7,347
Net cash used by operating activities	<u>(57,237)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	48,538
Gifts and grants for other than capital purposes	28,574
Agency and loan program receipts	88,223
Agency and loan program disbursements	(88,132)
Other nonoperating receipts (payments)	(97)
Net cash provided by noncapital financing activities	<u>77,106</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital appropriations	1,670
Capital grants, gifts, and advances received	101
Purchases of capital assets	(39,810)
Principal paid on capital debt and leases	(8,326)
Interest paid on capital debt and leases	(3,980)
Net cash provided (used) by capital and related financing activities	<u>(50,345)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	179
Purchase of investments	(2,000)
Interest on investments	594
Net cash provided (used) by investing activities	<u>(1,227)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (31,703)

Cash and cash equivalents-beginning of year	153,380
Cash and cash equivalents-end of year	<u>\$ 121,677</u>

**RECONCILIATION OF NET LOSS FROM OPERATIONS TO
NET CASH USED BY OPERATING ACTIVITIES:**

Net loss from operations	\$ (82,677)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	19,604
Deferred inflows of resources	3,373
Deferred outflows of resources	(5,019)
Changes in assets and liabilities:	
Receivables, net	700
Other assets	(500)
Accounts payable	1,318
Unearned revenue	(366)
Long-term liabilities	6,330
Net cash used by operating activities	<u>\$ (57,237)</u>

See accompanying notes to the financial statements

Northern Kentucky University
A Component Unit of the Commonwealth of Kentucky
Notes to the Financial Statements
For the Year Ended June 30, 2015

Note 1 – Organization and Summary of Significant Accounting Policies

a. Reporting Entity

Northern Kentucky University (the University) is a component unit of the Commonwealth of Kentucky (Commonwealth) and is included in the general-purpose financial statements of the Commonwealth. The financial statements of the University include the operations of the Northern Kentucky University Research Foundation (Research Foundation) which is a legally separate, tax-exempt organization supporting the University. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, the Research Foundation is reported as a blended component unit of the University and condensed financial information is provided in Note 12.

The Northern Kentucky 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 the Foundation holds and invests are restricted to the activities of the University by the donors. 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.

The accompanying financial statements do not include the financial position or operating results of the Chase College Foundation, Inc. This foundation is a separately incorporated not-for-profit entity organized for the purpose of promoting the educational mission of the University's Salmon P. Chase College of Law. Although this entity benefits the University's Salmon P. Chase College of Law, it is governed by an independent Board of Directors and is not controlled by the University.

b. Basis of Presentation

The accompanying financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB. In accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35) and subsequent standards issued by GASB, the University has elected to report as an entity engaged in business-type activities (BTA). BTAs are those activities that are financed in whole or part by fees charged to external parties for goods and services. GASB 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 position 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.
 - 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. Expendable net position consists primarily of amounts for specified capital construction projects.
- **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.

The financial statement presentation required by GASB is intended to provide a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

c. Accrual Basis

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.

d. Cash and Cash Equivalents

Cash and cash equivalents include all readily available sources of cash such as petty cash, demand deposits, certificates of deposit and temporary investments in marketable debt securities with original maturities less than three months. Funds held by the Commonwealth of Kentucky are also considered cash equivalents.

e. Notes, Loans and Accounts Receivable

This classification consists of tuition and fee charges to students, charges for auxiliary enterprise services provided to students, faculty and staff, loans to students and amounts due from sponsors for reimbursement of expenses made pursuant to contracts and grants. Accounts receivable are recorded net of estimated uncollectible amounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

f. Capital Assets

Capital assets are stated at cost at date of acquisition or, in the case of gifts, at fair market value at date of gift. Equipment with a unit cost of \$5,000 or more and having an estimated useful life of greater than one year is capitalized. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The University capitalizes interest costs as a component of construction in progress based on the interest cost of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets, generally 40 years for land improvements, 10 – 40 years for buildings and fixed equipment, 10 years for library books and 3 – 10 years for equipment. The University capitalizes, but does not depreciate, works of art and historical treasures that are held for exhibition, education, research and public service or intangible assets with an indefinite life. Indefinite life intangible assets are reviewed annually for impairment. If the fair value of the asset is less than the carrying amount, an impairment loss is recognized for the difference.

g. Compensated absences

University policies permit employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

h. Investments

Investments in equity and debt securities are carried at fair value. Fair value is determined using quoted market prices. Investments in nonnegotiable certificates of deposit are carried at cost. Investment income consists of interest and dividend income and the net change for the year in the fair value of investments carried at fair value.

i. Unearned Revenue

Unearned revenue includes amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenue also includes amounts received from grants and contracts sponsors that have not yet been earned.

j. Deposits

The University held noncurrent agency deposits of \$12,198,000 as of June 30, 2015, the majority of which is a wetland restoration fund pursuant to a memorandum of agreement with a federal agency. For the year ended June 30, 2015 additions to deposits were \$4,737,000 while reductions were \$4,622,000 resulting in an increase of \$115,000 over the previous year.

k. Service Concession Agreement

The agreement between the University and the University's food service provider resulted in a deferred inflow of resources of \$2,505,000 at June 30, 2015. The deferred inflows of resources related to this agreement are recognized evenly over the life of the contract.

l. Scholarship Allowances

Student tuition and fee revenues and other student related revenues are reported net of scholarship allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the differences between the stated charge for services provided by the University, and the amounts that are paid by the students or third parties making payments on a student's behalf. To the extent that revenues from such programs are used to satisfy tuition and fees, and other student charges, the University has recorded a scholarship allowance.

m. Income Taxes

The University is an agency and instrumentality of the Commonwealth, 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 Research Foundation has received a determination from the Internal Revenue Service granting exemption from federal income taxation pursuant to the provisions of Internal Revenue Code section 501(c)(3).

n. 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.

o. 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 appropriations, gifts, and investment income, are recorded as nonoperating revenues, in accordance with GASB 35. In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance* and related GASB implementation guidance, Pell Grants, College Access Program (CAP) Grants and Kentucky Educational Excellence Scholarship (KEES) are considered nonexchange transactions and are recorded as nonoperating revenues in the accompanying financial statements.

p. 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, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

q. 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 Financial Accounting Standards Board. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

See Note 13 for further details of related party transactions between the University and Foundation. Complete financial statements for the Foundation can be obtained from the Northern Kentucky University Foundation, Inc. at Lucas Administrative Center Room 221, Nunn Drive, Highland Heights, KY 41099.

r. Change in Accounting Principle

During fiscal year 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

Governmental employers participating in a cost-sharing plan are required to report a net pension liability, pension expense and pension-related assets and liabilities based on their proportionate share of the collective amounts for all governments in the plan. Refer to Note 8 for the following required note disclosures:

- Descriptions of the plan and benefits provided
- Significant assumptions employed in the measurement of the net pension liability
- Descriptions of benefit changes and changes in assumptions
- Assumptions related to the discount rate and impact on the total pension liability of a 1 percentage point increase and decrease in the discount rate
- Net pension assets and liabilities

The objective of Statement No. 71 is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred

outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement were required to be applied simultaneously with the provisions of Statement 68.

The adoption of GASB Statement No. 68 and 71 resulted in a decrease in net position at July 1, 2014 of \$210,436,000. This change is in accordance with generally accepted accounting principles.

s. Recent Accounting Pronouncements

In June 2015, the GASB approved Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The objective of this Statement is to establish new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2017. The University is currently evaluating the effects of this statement on its financial statements.

Note 2 – Cash, Cash Equivalents and Investments

At June 30, 2015, petty cash funds totaled \$26,615 and the carrying amount of the deposits was \$121,650,000 with a corresponding total bank balance of \$134,484,000. Of the bank balance, \$26,090,000 was covered by federal depository insurance, or collateralized with securities held by the pledging bank, or bank’s agents, in the University’s name and \$108,394,000 was held and invested by the Commonwealth. These deposits were covered by federal depository insurance or by collateral held by the Commonwealth in the Commonwealth’s name.

Investments

The investments which the University may purchase are limited by the Commonwealth’s law and the University’s bond resolutions to the following (1) securities or obligations which are fully guaranteed by the U.S. Government or agencies of the U.S. Government as to principal and interest; (2) certificates of deposit or time deposits of banks, trust companies or national banking associations which are insured by the Federal Deposit Insurance Corporation; and (3) mutual funds investing solely in U.S. securities.

Custodial credit risk: Custodial credit risk for deposits is the risk that in the event of a bank failure, a government’s deposits or collateral securities may not be returned to it. The University currently uses commercial banks and the Commonwealth as its depositories. Deposits with commercial banks are substantially covered by federal depository insurance or collateral held by the bank in the University’s name. At the Commonwealth, the University’s accounts are pooled with other agencies of the Commonwealth. These Commonwealth-pooled deposits are substantially covered by federal depository insurance or by collateral held by the Commonwealth in the Commonwealth’s name. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The following schedule reports the fair values of the University’s investments at June 30, 2015 (in thousands):

Certificates of deposit	\$ 2,000
Restricted assets held by the Foundation	<u>12,692</u>
Total Investments	<u><u>\$ 14,692</u></u>

University investments held by the Foundation are comprised of Regional University Excellence Trust Fund endowments. Assets held by the Foundation are invested in an investment pool managed by the Foundation. University assets in the Foundation investment pool at June 30, 2015 are invested as follows:

Type of Investment:	
Fixed income funds	10%
Equity funds and common stock	51%
Alternative investments	32%
Other	<u>7%</u>
Total Investments	<u><u>100%</u></u>

See Note 13 for further details of the Foundation’s investment pool.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As stated in the University’s investment policy, the bond resolution governs the investment of bond reserves. The bond resolution

limits the investment maturities by the lesser of the remaining life of the bond issue or ten years. Certificates of deposit can have a maturity of not more than two years from the date of issue.

Credit Risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy requires investments to be in compliance with state statute. University investments that are managed by the Foundation are governed by the Foundation's investment policy. This policy contains several provisions which are intended to limit credit risk, including a requirement that fixed income portfolios maintain a weighted average credit rating of at least AA (Standard and Poor's) and have no more than 10 percent of the portfolio in below investment grade bonds.

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 user. The University debt service reserves are invested by the bond trustees in accordance with the governing bond resolutions. There are no specific limits on the maximum amount of investment securities held in bond debt service reserve funds that may be invested in one issuer. However, such investments are limited to bonds or interest bearing notes of the U.S. government.

Foreign Currency Risk: This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The University had no investments denominated in foreign currency at June 30, 2015.

Note 3 – Notes, Loans and Accounts Receivable

Notes, loans and accounts receivable as of June 30, 2015 are as follows (in thousands):

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
Student loans	\$ 2,342	\$ (663)	\$ 1,679
Student accounts receivable	10,955	(4,638)	6,317
Reimbursement receivable grants and contracts	1,242	-	1,242
Other	3,146	(990)	2,156
Total	<u>\$ 17,685</u>	<u>\$ (6,291)</u>	<u>\$ 11,394</u>
Current portion			\$ 9,973
Noncurrent portion			1,421
Total			<u>\$ 11,394</u>

Note 4 – Capital Assets, net

Capital assets for the year ended June 30, 2015 is summarized as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Cost:				
Indefinite life intangible assets	\$ 4,622	\$ -	\$ -	\$ 4,622
Land	9,347	98	-	9,445
Land improvements	34,744	1,286	3	36,027
Buildings	395,713	12,544	2,765	405,492
Equipment	67,072	1,287	269	68,090
Library books	19,673	458	524	19,607
Construction in process	14,021	24,275	-	38,296
	<u>545,192</u>	<u>39,948</u>	<u>3,561</u>	<u>581,579</u>
Accumulated Depreciation:				
Land improvements	6,513	961	2	7,472
Buildings	159,019	12,829	2,646	169,202
Equipment	48,132	5,086	252	52,966
Library books	16,117	728	524	16,321
	<u>229,781</u>	<u>19,604</u>	<u>3,424</u>	<u>245,961</u>
Capital assets, net	<u>\$ 315,411</u>	<u>\$ 20,344</u>	<u>\$ 137</u>	<u>\$ 335,618</u>

The estimated cost to complete construction under contract at June 30, 2015 was approximately \$11,506,000.

As of June 30, 2015, the net book value of land, buildings and equipment acquired through capital leases included in the above schedules totaled \$2,909,000, including buildings of \$2,859,000.

Note 5 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2015 are as follows (in thousands):

Payable to vendors and contractors	\$ 11,761
Accrued expenses, primarily payroll and vacation leave	6,992
Employee withholdings and deposits payable to third parties	3,271
Self-insured health liability	1,099
Total	<u>\$ 23,123</u>

Note 6 – Unearned Revenue

Unearned revenue as of June 30, 2015 is as follows (in thousands):

Unearned summer school revenue	\$ 4,502
Unearned grants and contracts revenue	629
Unearned auxiliary revenue	589
Other	561
Total	<u>\$ 6,281</u>
Current	\$ 5,998
Noncurrent	283
Total	<u>\$ 6,281</u>

Note 7 – Long-term Liabilities

The changes in long-term liabilities for the year ended June 30, 2015 is summarized as follows (in thousands):

	Beginning			Ending	Current	Noncurrent
	Balance	Additions	Reductions	Balance	Portion	Portion
Housing and Dining Revenue Bonds	\$ 1,310	\$ -	\$ 170	\$ 1,140	\$ 175	\$ 965
General Receipts Bonds (net of discounts and premiums)	134,923	-	6,128	128,795	6,293	122,502
Total bonds	136,233	-	6,298	129,935	6,468	123,467
Municipal lease obligations	4,402	-	2,185	2,217	1,128	1,089
Notes payable	708	-	642	66	21	45
Total notes and municipal leases	5,110	-	2,827	2,283	1,149	1,134
Deferred compensation	456	9	83	382	84	298
Federal portion of loan programs	2,004	-	50	1,954	-	1,954
KERS-sick leave	695	14	-	709	71	638
Total other liabilities	3,155	23	133	3,045	155	2,890
Total long-term liabilities	<u>\$ 144,498</u>	<u>\$ 23</u>	<u>\$ 9,258</u>	<u>\$ 135,263</u>	<u>\$ 7,772</u>	<u>\$ 127,491</u>

a. Bonds

The gross revenues of the Housing and Dining system operations are pledged for the retirement of the Housing and Dining System Revenue Bonds. The \$210,000 reserve requirement for the Housing and Dining issue has been fully funded as of June 30, 2015. The \$348,000 required housing repair and replacement fund was fully funded as of June 30, 2015.

The outstanding obligation as of June 30, 2015 for the Northern Kentucky University General Receipts Bonds are reported net of discounts totaling \$782,000 and premiums of \$4,782,000. General Receipts Bonds are collateralized by the operating and nonoperating income of the University excluding income which as a condition of the receipt is not available for payment of debt service charges.

During fiscal year 2015, \$620,000 in notes payable was reclassified as deferred inflows of resources. Per a revised contract with the University's food service provider, these funds no longer need to be repaid. The deferred inflows of resources will be amortized based on the term in the original agreement.

The total bonds payable as of June 30 are as follows (in thousands):

Housing and Dining System Revenue bonds payable

Series B, dated November 1, 1980, with an interest rate of 3.00%. Final principal payment date November 1, 2020.

\$ 1,140

Total Housing and Dining System Revenue bonds payable

1,140

General Receipts bonds payable

Series A 2007, dated May 23, 2007, with interest rates from 4.00% to 4.30%. Final principal payment date September 1, 2027.

35,775

Series A 2008, dated June 18, 2008, with interest rates from 3.00% to 4.38%. Final principal payment date September 1, 2028.

18,000

Series A 2010, dated June 29, 2010, with interest rates from 2.00% to 3.50%. Final principal payment date September 1, 2020.

2,195

Series B 2010, dated October 21, 2010, with interest rates from 2.00% to 3.75%. Final principal payment date September 1, 2027.

10,385

Series A 2011, dated August 4, 2011, with interest rates from 2.00% to 4.00%. Final principal payment date September 1, 2030.

8,480

Series A 2013, dated February 26, 2013, with an interest rate of 2.00%. Final principal payment date September 1, 2022.

4,075

Series A 2014, dated January 7, 2014, with interest rates from 2.00% to 5.00%. Final principal payment date September 1, 2033.

45,885

Total General Receipts bonds payable

124,795

Plus: Net discounts and premiums

4,000

Total bonds payable

\$ 129,935

Principal maturities and interest on bonds and notes payable for the next five years and in subsequent five-year periods are as follows (in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,276	\$ 5,116	\$ 11,392
2017	6,457	4,919	11,376
2018	6,713	4,701	11,414
2019	7,430	4,444	11,874
2020	7,510	4,155	11,665
2021-2025	39,985	15,994	55,979
2026-2030	37,550	6,866	44,416
2031-2033	14,080	1,324	15,404
Subtotal	<u>126,001</u>	<u>47,519</u>	<u>173,520</u>
Plus: Net discounts and premiums	4,000	-	4,000
Total	<u>\$ 130,001</u>	<u>\$ 47,519</u>	<u>\$ 177,520</u>

b. Municipal Leases

Municipal lease obligations as of June 30 are as follows (in thousands):

Municipal leases payable	
Equipment lease, dated December 3, 2012, with an interest rate of 1.41%. Final payment date of December 3, 2016.	\$ 170
Facility improvement lease, dated June 26, 2012, with an interest rate of 1.58%. Final payment date of June 26, 2017.	2,047
Total municipal leases payable	<u><u>\$ 2,217</u></u>

Municipal future minimum lease payments by year as of June 30 are as follows (in thousands):

<u>Fiscal Year</u>	<u>Present Value of Future Minimum Lease Payments</u>	<u>Interest Portion</u>	<u>Total</u>
2016	\$ 1,128	\$ 41	\$ 1,169
2017	1,089	10	1,099
Total	<u><u>\$ 2,217</u></u>	<u><u>\$ 51</u></u>	<u><u>\$ 2,268</u></u>

Note 8 – Pension Plans and Accrued Compensated Absences

Employees of the University are covered by one of the following plans:

a. Defined Contribution Plan

A Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA CREF) sponsored plan, adopted by the Board of Regents in July 1970, is available upon completion of ninety days of service, to all regular fulltime members of the faculty, administrative officers and others who have educational related duties. The TIAA CREF retirement plan is a defined contribution, money purchase retirement plan. The employees contribute 5 percent of their base salary to the plan, and the University contributes 10 percent. All payments are vested immediately and the contracts with the providers are owned by the individual employees. The employee is entitled to various payment options upon retirement. Benefit payments at retirement depend on the total contributions with interest deposited into the employee's account. Retirement benefits can begin upon retirement or termination of employment with the University. Covered payroll totaled \$46,043,000 for the year ended June 30, 2015. The University's contribution totaled \$4,604,000 for the year ended June 30, 2015.

b. Defined Benefit Plan

Plan Description - All regular employees not participating in the above plan are required to participate in either the Nonhazardous or Hazardous cost-sharing multiple employer defined benefit pension plan, both of which are under the Kentucky Employees Retirement System (KERS), that is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). The defined benefit plans provide 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 and required supplementary information. 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 –

	Tier 1 Participation Prior to 9/1/08	Tier 2 Participation 9/1/2008 through 12/31/2013	Tier 3 Participation on or after 1/1/14
Nonhazardous			
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 money purchase calculations.	
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

	Tier 1 Participation Prior to 9/1/08	Tier 2 Participation 9/1/2008 through 12/31/2013	Tier 3 Participation on or after 1/1/14
Hazardous			
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 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, 2015, University employees were required to contribute 5 percent of their annual covered salary for retirement benefits. Employees with a participation date after 9/1/2008 were required to contribute an additional 1 percent of their covered salary for retiree healthcare benefits. The University was contractually required to contribute 30.4 percent and 7.93 percent of covered payroll to the nonhazardous KERS pension and insurance plans, respectively. The University also was contractually required to contribute 16.37 percent and 9.97 percent of covered payroll to the hazardous KERS pension and insurance plans, respectively. 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 required contributions to KERS nonhazardous and hazardous pension plans for the year ending June 30, 2015 was \$12,320,000 and \$136,000, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2015, the University reported a liability of \$223,319,000 for its proportionate share of the nonhazardous net pension liability and \$1,059,000 for hazardous. The net pension liability was measured as of June 30, 2014 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 a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the University's proportion was 2.489 percent for nonhazardous and .4145 percent for hazardous.

For the year ended June 30, 2015, the University recognized nonhazardous pension expense of \$16,878,000 and \$74,000 for hazardous. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Nonhazardous		
Net difference between projected and actual earnings on investments	\$ -	\$ 2,870
Contributions subsequent to the measurement date	12,320	-
Hazardous		
Net difference between projected and actual earnings on investments	-	140
Contributions subsequent to the measurement date	136	-
Total	<u>\$ 12,456</u>	<u>\$ 3,010</u>

At June 30, 2015, the University reported \$12,456,000 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 year ending June 30, 2016. Deferred inflows of resources at June 30, 2015, related to pensions will be recognized in pension expense as follows (in thousands):

Year Ending June 30	
2016	\$ 753
2017	753
2018	753
2019	751
	<u>\$ 3,010</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement for nonhazardous and hazardous pensions:

Inflation	3.50%
Salary Increases	4.5%, average, including inflation
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

The rates of mortality, for both nonhazardous and hazardous, for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired members and beneficiaries as of June 30, 2006; and the 1994 Group Annuity Mortality Table for all other members. The Group Annuity Mortality Table set forward five years is used for the period after the disability retirement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005- June 30, 2008.

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, performed for the period covering fiscal years 2005 through 2008, is outlined in a report dated August 25, 2009. 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 capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. 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.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
Domestic Equity	30%	8.45%
International Equity	22%	8.85%
Emerging Market Equity	5%	10.5%
Private Equity	7%	11.25%
Real Estate	5%	7%
Core U.S. Fixed Income	10%	5.25%
High Yield U.S. Fixed Income	5%	7.25%
Non U.S. Fixed Income	5%	5.5%
Commodities	5%	7.75%
TIPS	5%	5%
Cash	1%	3.25%
Total	<u>100%</u>	

Discount rate – The discount rate used to measure the total pension liability was 7.75%. 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 29 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. Based on these assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

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 7.75%. 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 (in thousands):

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Nonhazardous			
Proportionate share of the Collective Net Pension Liability	\$ 251,228	\$ 223,319	\$ 198,157
Hazardous			
Proportionate share of the Collective Net Pension Liability	\$ 1,420	\$ 1,059	\$ 748

Payable to the pension plan - At June 30, 2015, the University reported a payable of \$1,603,000 for the outstanding amount of employer contributions to the pension plan required for the year ended June 30, 2015.

Effective July 1, 2010 KRS 61.546 states “the value of any accumulated sick leave that is added to the member’s service credit in the Kentucky Employees Retirement System on or after July 1, 2010, shall be paid to the retirement system by the last participating Kentucky Employees Retirement System employer based upon a formula adapted by the Board.” The KERS sick leave liability as of June 30, 2015 was \$709,000.

c. Compensated Absences

University employees begin to accumulate annual vacation allowance from the initial date of employment; however, no vacation is granted until three months of continuous employment have been completed. The maximum accumulation of vacation leave is limited to the number of days that can be accumulated in twelve months, based upon length of service and employment classification. Eligible employees are paid their accumulated vacation upon termination, subject to certain limitations. At June 30, 2015, the University had recognized an accrued vacation liability of \$3,143,000.

Note 9 – Operating Expenses By Natural Classification

The University's operating expenses by natural classification are as follows for the year ended June 30, 2015 (in thousands):

Salaries and wages	\$ 104,683
Employee benefits	47,611
Utilities	5,431
Supplies and other services	35,663
Depreciation	19,604
Student scholarships and financial aid	13,438
Total	<u><u>\$ 226,430</u></u>

Note 10 – Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by (1) the State Fire and Tornado Insurance Fund (the Fund), (2) Sovereign Immunity and the State Board of Claims, or (3) in the case of risks not covered by the Fund and Sovereign Immunity, commercial insurance, participation in insurance risk retention groups or self-insurance.

The Fund covers losses to property from fire, wind, earthquake, flood and most other causes of loss between \$500 and \$500,000 per occurrence. Losses in excess of \$500,000 are insured by commercial carriers up to \$500 million per occurrence with buildings insured at replacement cost and contents on an actual cash value basis. As a state agency, the University is vested with Sovereign Immunity and is subject to the provisions of the Board of Claims Act, under which the University's liability for certain negligence claims is limited to \$200,000 for any one person or \$350,000 for all persons damaged by a single act of negligence. Claims against educators' errors and omissions and wrongful acts are insured through a reciprocal risk retention group. There have been no significant reductions in insurance coverage from 2014 to 2015. Settlements have not exceeded insurance coverage during the past three years.

The University began self-insuring employee health insurance as of January 1, 2014. Accrued expenses are based on the estimated costs of health care claims based on claims filed subsequent to year end and an additional amount for incurred but not yet reported claims based on prior experience. The University purchases both specific and aggregate stop loss coverage on medical and prescription drug claims. The stop loss insurance limits its exposure for claims to \$225,000 per individual and 125 percent of projected aggregate claims.

The health self-insurance liability as of June 30, 2015 is detailed below (in thousands):

Liability, beginning of year	\$ 1,162
Claims and changes in estimates	12,515
Claims paid	(12,578)
Liability, end of year	<u><u>\$ 1,099</u></u>

The University also self-insures certain other employee benefits, including worker's compensation claims to the extent not covered by insurance. The University has recorded an estimate for asserted claims at June 30, 2015.

Note 11 – Contingencies

The University is a party to various litigation 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 position of the University.

Note 12 –Blended Entity Condensed Financial Information

Condensed financial information for Northern Kentucky University Research Foundation (NKURF) is provided below for the year ended June 30, 2015 (in thousands):

NKURF Condensed Statement of Net Position

ASSETS	
Current assets	\$ 2,045
Noncurrent assets	11,766
Total assets	<u>13,811</u>
LIABILITIES	
Current liabilities	576
Due to the University-current	547
Noncurrent liabilities	11,774
Total liabilities	<u>12,897</u>
NET POSITION	
Restricted expendable	5
Unrestricted	909
Total net position	<u>\$ 914</u>

NKURF Condensed Statement of Revenues, Expenses, and Changes in Net Position

OPERATING REVENUES	
Grants and contracts	\$ 5,410
Recoveries of facilities and administrative costs	556
Other operating revenues	2
Total operating revenues	<u>5,968</u>
OPERATING EXPENSES	
Operating expenses	<u>5,465</u>
Operating income	<u>503</u>
NONOPERATING REVENUES (EXPENSES)	
Non-capital transfers (to)/from the University	(618)
Gifts and grants revenues (expenses)	<u>(47)</u>
Net nonoperating revenues (expenses)	<u>(665)</u>
Income (loss) before other revenues, expenses, gains or losses	<u>(162)</u>
Capital transfers (to) the University	(5)
Capital grants and gifts	<u>1</u>
Total other revenues (expenses)	<u>(4)</u>
Increase (decrease) in net position	<u>(166)</u>
NET POSITION	
Net position-beginning of year	<u>1,080</u>
Net position-end of year	<u>\$ 914</u>

NKURF Condensed Statement of Cash Flows

Net cash provided (used) by operating activities	\$ 411
Net cash provided (used) by noncapital financing activities	(511)
Net cash provided (used) by capital and related financing activities	(4)
Net cash provided (used) by investing activities	<u>(2,000)</u>
Net increase (decrease) in cash and cash equivalents	(2,104)
Cash and cash equivalents-beginning of year	12,997
Cash and cash equivalents-end of year	<u><u>\$ 10,893</u></u>

Note 13 – Northern Kentucky University Foundation, Inc. Notes to Financial Statements

Selected disclosures from the Foundation are included as follows:

a. Summary of Significant Accounting Policies

1. Scope of Statements

The consolidated financial statements of the Northern Kentucky Foundation, Inc. include the operations of the Foundation and several single member limited liability companies. All material intercompany transactions and balances have been eliminated for the year ended June 30, 2015.

2. Basis of Presentation

The consolidated 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 preparation of its consolidated financial statements.

These statements are presented on the accrual basis of accounting, and have been prepared to focus on the Foundation as a whole and to present transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into three classes of net assets - permanently restricted, temporarily restricted and unrestricted net assets.

Net assets and changes therein are classified as follows:

- ***Permanently restricted net assets*** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use the returns on the related investments over time for general or specific purposes.
- ***Temporarily restricted net assets*** - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time. Temporarily restricted net assets are generally established in support of colleges or departments of the University, often for specific purposes such as faculty support, scholarships and fellowships, library acquisitions, equipment or building projects and other specific purposes.
- ***Unrestricted net assets*** - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Restricted contributions and net investment returns earned are reported as temporarily restricted support and reclassified as unrestricted when any donor-imposed restrictions are satisfied. Expirations of temporary restrictions on net assets are met when a donor stipulated time restriction ends or purpose restriction is accomplished and reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions receivable are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment of such factors as prior collection history, type of contribution and nature of the fund-raising activity.

Income and realized net gains on long-term investments are reported as follows:

- As increases in permanently restricted net assets – if the terms of the gift require that they be added to the principal of a permanent endowment fund.
- As increases in temporarily restricted net assets – if the terms of the gift impose restrictions on the use of the income.
- As increases in unrestricted net assets – in all other cases.

3. Cash and Cash Equivalents

Cash and cash equivalents includes all readily available sources of cash such as petty cash, demand deposits and temporary investments in marketable securities with maturities of less than three months. Cash and cash equivalents representing investments purchased with endowment net assets are reported as investments.

At various times throughout the year, the Foundation has cash in certain financial institutions in excess of insured limits. Additionally, at June 30, 2015, \$277,000 was collateralized with securities held by the financial institution's trust department or agent, but not in the Foundation's name. At June 30, 2015, a balance of \$3,621,000 was neither insured nor collateralized.

4. Loans and Accounts Receivable

Loans receivable consists primarily of loans made to students under privately funded loan programs. The advances are evidenced by signed promissory notes, bearing interest at varying stated interest rates, with varying due dates. Loans, accounts and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for a probable uncollectible allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts at June 30, 2015 was approximately \$124,000.

5. Investments

Investments in equity securities with readily determinable fair values and all debt securities are reported at their fair value. The estimated fair value of investments is based on quoted market prices, except for investments for which quoted market prices are not available. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. The estimated fair value of certain alternative investments, such as private equity interests, is based on valuations provided by the external investment managers adjusted for cash receipts, cash disbursements and distributions. The Foundation believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

The Foundation invests its endowment investment portfolio and allocates the related earnings for expenditure in accordance with the total return concept. A distribution of endowment return that is independent of the cash yield and appreciation (depreciation) of investments earned during the year is provided for program support.

The Foundation has significant exposure to a number of risks including interest rate, market and credit risks for both marketable and non-marketable securities. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the Foundation's consolidated financial statements.

All true endowment investments and long-term net assets functioning as endowments are managed in a pool, unless special considerations or donor stipulations require that they be held separately.

6. Land and Land Improvements

At June 30, 2015, land and land improvements (in thousands) consisted of:

Type of Asset:	
Land	\$ 178
Land held for future use by the University	162
Land improvements	208
Total land and land improvements	\$ 548

Assets acquired for Foundation use with a useful life greater than one year and a value of \$5,000 or more are capitalized. Annual depreciation for land improvements is calculated on a straight-line basis, beginning in the month of acquisition based on a useful life of 30 years. At June 30, 2015 all land improvements were fully depreciated.

Assets purchased or constructed through the Foundation for immediate use by Northern Kentucky University are recorded by the Foundation as a program expense.

7. Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

b. Notes Payable

The Foundation borrowed \$4.425 million on a promissory note collateralized by certain pledges receivable restricted by the donor to partially fund construction of The Bank of Kentucky Center, a multi-purpose athletic and special event facility, with equal annual payments of \$857,000 including principal and interest at a rate of 4.31 percent due from August 1, 2009 through August 1, 2014. As of June 30, 2015, the loan was paid in full.

c. Unconditional and Conditional Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts are computed using a risk free interest rate as of fiscal year-end. Amortization of the discount is included in gifts and bequests revenue.

At June 30, 2015, the Foundation recognized contributions based on the following unconditional promises to give (in thousands):

Purpose:	
Endowment giving	\$ 317
Capital purposes	155
Operating programs	2,045
Gross unconditional promises	<u>2,517</u>
Less: Discount and allowance for uncollectible accounts	(170)
Net unconditional promises to give	<u><u>\$ 2,347</u></u>
Amounts due in:	
Less than one year	\$ 1,069
One to five years	1,248
More than five years	200
Total	<u><u>\$ 2,517</u></u>

The discount rates used to calculate the present value of contributions receivable at June 30, 2015 vary from 1.2 percent to 2.8 percent depending on when the promise was made.

At June 30, 2014, the Foundation had pledged approximately \$857,000 of unconditional promises to give as collateral against a promissory note. The pledge expired upon payment of the promissory note during fiscal year 2015. There were no pledges against unconditional promises to give as of June 30, 2015.

Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2015, the Foundation had received conditional promises to give of approximately \$1.1 million, consisting of the face value of life insurance policies, net of accumulated cash surrender value.

d. Fair Value Measurements

The three levels of the fair value hierarchy under generally accepted accounting principles are described as follows:

- Level 1** – Quoted prices in active markets for identical assets or liabilities
- Level 2** – Observable inputs other than Level 1 prices, such as:
 - Quoted prices for similar assets or liabilities;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;

- Other inputs that are observable for the asset or liability;
- Other inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement of the asset or liability.

The asset or liability'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.

Following is a description of the valuation methodologies used for assets measured at fair value:

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 investments include short term money market funds, cash surrender value, fixed income funds and equity funds.

Level 2 investments are based on quoted prices of securities or other property with similar characteristics and include hedge funds of funds, low volatility, fixed income and a remainder interest in real property subject to a life estate.

Level 3 investments include those in which there is no active market, such as private equity, private debt, natural resources, private real estate and low volatility alternative investments. For such investments, the fair values are based on valuations determined by the investment managers using Net Asset Values (NAV) as of their most recent statements, adjusted for cash receipts and cash disbursements through June 30.

Level 3 investments also include those for which the determination of fair value requires significant management judgment or estimation. Pursuant to GAAP, management has considered redemption restrictions to assess classification of fair value inputs. Accordingly, the Foundation has classified alternative investments that are redeemable in greater than 90 days or that are considered an illiquid asset, as Level 3 investments.

There have been no changes in the methodologies used at June 30, 2015.

Level 3 Valuation Process

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management contracts with an endowment investment consultant to generate fair value estimates on a monthly or quarterly basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

The following assets were measured at fair value on a recurring basis as of June 30, 2015 (in thousands):

Type of Investment:	
Short-term money market funds	\$ 7
Cash surrender value	370
Fixed income funds:	
Core	1,489
Core plus	5,163
Global	2,153
Treasury inflation protected securities	1,503
Equity funds:	
Large/mid cap - broad	14,280
Large/mid cap - growth	4,655
Large/mid cap - value	10,298
Small cap - growth	1,411
Small cap - value	1,675
International - core	8,492
International small cap - value	2,423
Emerging markets - value	4,026
Emerging markets - small cap	3,684
Real estate investment trust	12
Exchange traded funds	32
Quoted prices in active market for identical assets (Level 1)	\$ 61,673
Hedge funds:	
Public natural resources-master limited partnerships	\$ 2,605
Fixed income high yield	2,133
Low-volatility diversifying strategies	2,749
Remainder interest in real property and other	348
Significant other observable inputs (Level 2)	\$ 7,835
Private equity:	
Buyout	\$ 1,749
Diversified	1,987
Venture capital	868
Secondary	1,966
Private debt:	
Distressed	1,453
Mezzanine	360
Natural resources:	
Diversified	3,819
Energy	2,972
Commodities	751
Private real estate:	
Value added	1,754
Low-volatility:	
Diversifying strategies	9,143
Significant unobservable inputs (Level 3)	\$ 26,822

The table below presents information about the changes in the fair value of assets based on significant unobservable inputs (Level 3) (in thousands):

	<u>Private Equity/Debt</u>	<u>Natural Resources</u>	<u>Private Real Estate</u>	<u>Low-Volatility</u>
Investments:				
Beginning balance, June 30, 2014	\$ 7,038	\$ 7,160	\$ 1,980	\$ 10,100
Additional investments	2,603	1,711	255	4,000
Capital distributions	(1,775)	(916)	(646)	(5,330)
Fees	(78)	(86)	(18)	(61)
Realized gains	187	309	259	-
Unrealized gains (losses)	408	(636)	(76)	434
Ending balance, June 30, 2015	<u>\$ 8,383</u>	<u>\$ 7,542</u>	<u>\$ 1,754</u>	<u>\$ 9,143</u>

Fair Value of Financial Instruments

The following table presents estimated fair values of the Foundation's financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2015 (in thousands):

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets		
Cash and cash equivalents	\$ 4,929	\$ 4,929
Loans receivable	83	83
Contributions receivable	2,347	2,347
Investments	99,334	99,334
Financial Liabilities		
Funds held in trust for others	\$ 12,692	\$ 12,692
Annuities payable	148	148

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying statements of financial position at amounts other than fair value.

Cash and Cash Equivalents:

The carrying amount approximates fair value.

Loans Receivable:

The carrying amount approximates fair value.

Contributions Receivable:

Fair value is estimated using a discounted cash flow model.

Notes Payable:

The carrying amount approximates fair value.

Funds Held in Trust for Others:

The carrying amount approximates fair value.

Annuities Payable:

Fair values of the annuity obligations are based on a calculation of discounted cash flows of the annuity payments under such obligations.

e. Investments

The market value (in thousands) of the Foundation's investments as of June 30, 2015 is categorized by type below:

Type of Investment:	
Short-term money market funds	\$ 7
Cash and cash surrender value	522
Certificates of deposit	2,852
Fixed income funds:	
Core	1,489
Core plus	5,163
Global	2,153
High yield	2,133
Treasury inflation protected securities	1,503
Equity funds:	
Large/mid cap - broad	14,280
Large/mid cap - growth	4,655
Large/mid cap - value	10,298
Small cap - growth	1,411
Small cap - value	1,675
International - core	8,492
International small cap - value	2,423
Emerging markets - value	4,026
Emerging markets - small cap	3,684
Real estate investment trust	12
Exchange traded funds	32
Hedge funds:	
Public natural resources-master limited partnerships	2,605
Remainder interest in real property and other	348
Private equity:	
Buyout	1,749
Diversified	1,987
Venture capital	868
Secondary	1,966
Private debt:	
Distressed	1,453
Mezzanine	360
Natural resources:	
Diversified	3,819
Energy	2,972
Commodities	751
Private real estate:	
Value added	1,754
Low-volatility:	
Diversifying strategies	<u>11,892</u>
Total investments	<u><u>\$ 99,334</u></u>

Investment return (in thousands) for the year ended June 30, 2015 consists of:

Interest and dividend income (net of investment fees of \$451)	\$ 1,074
Net realized gains	1,434
Net unrealized (losses) gains	(997)
Total Investment Income	<u><u>\$ 1,511</u></u>

The Foundation records the cost of managing its endowment portfolio as a decrease in investment income within the appropriate net asset class in the Statement of Activities. Some of the Foundation's investment managers report investment transactions net of fees. The fees noted above are only those fees separately stated by the managers.

The investments of the Foundation are commingled with certain investments which the Foundation holds in trust for Northern Kentucky University. The market value of funds held in trust for the University at June 30, 2015 is approximately \$12,692,000. See Note 13h. for further explanation of the trust funds.

At June 30, 2015, the Foundation has committed \$34.4 million of its endowment investment resources to alternative investments, of which \$10.4 million has not yet been called by the investment managers. Alternative investments for which commitments have been made consist of private equity/debt, natural resources, private real estate and low-volatility.

Alternative investments of the Foundation have limited marketability and the related investment agreements generally contain restrictive redemption provisions to the extent that the underlying investments should be considered illiquid for the duration of the investment through normal maturity. Early redemption of such investments would likely result in recovery of significantly less than the original investment amount. Foundation management believes the investment portfolio contains sufficient liquidity among other asset classes to make early redemption of alternative investments unlikely for reasons of meeting current spending needs.

f. Endowments

The Foundation's endowment consists of 279 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). Net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The board, at their discretion, can at any time permit spending from the principal of any quasi-endowed fund, provided the expenditure complies with any donor-imposed restrictions related to the fund.

Kentucky enacted the Kentucky Uniform Prudent Management of Institutional Funds Act (KUPMIFA), the provisions of which apply to endowment funds existing on or established after enactment, with an effective date of July 15, 2010.

An interpretation of KUPMIFA provisions by the Foundation Board of Directors requires that the historical dollar amount of a donor-restricted endowment fund be preserved. As a result of this requirement, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable. The net appreciation of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation.

Under KUPMIFA, the Foundation endowment spending policy allows for prudent spending of future endowment earnings for accounts without accumulated earnings based upon consideration of the following factors, if applicable:

- Duration and preservation of the endowment fund
- Purpose of the institution and the endowment fund
- General economic conditions
- Possible effect of inflation or deflation
- Expected total return on investments
- Other resources of the institution
- Investment policy

The approved annual endowment spending rate is reduced by a proportion of 5 percent for each 1 percent the affected endowment is below the value of original and subsequent gifts to the permanent endowment (i.e. principal).

Return Objectives and Risk Parameters. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to return a rate equal to the Consumer Price Index plus 5 percent, net of investment fees. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that includes fixed income investments as well

as publicly traded equity-based investments and various alternative investment strategies to achieve its long-term return objectives within prudent risk parameters.

Spending Policy and How the Objectives Relate to Spending Policy. The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The current spending policy is to distribute an amount at least equal to 3-5 percent of a moving sixteen quarter average of the fair value of the endowment funds. Accordingly, over the long term, the Foundation expects its current spending policy to allow the Foundation to meet its objective to maintain historical dollar amount of endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of endowment (in thousands) as of June 30, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ -	\$ 31,795	\$ 42,394	\$ 74,189
Quasi-endowment funds	2,244	5,965	-	8,209
Total endowment funds	<u>\$ 2,244</u>	<u>\$ 37,760</u>	<u>\$ 42,394</u>	<u>\$ 82,398</u>

Changes in endowment net assets (in thousands) for the year ended June 30, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 2,212	\$ 38,905	\$ 41,105	\$ 82,222
Contributions collected	-	20	1,261	1,281
Investment income	30	1,081	-	1,111
Net investment gain	10	371	-	381
Amounts appropriated for expenditure	(8)	(2,617)	-	(2,625)
Transfers	-	-	28	28
Endowment net assets, end of year	<u>\$ 2,244</u>	<u>\$ 37,760</u>	<u>\$ 42,394</u>	<u>\$ 82,398</u>

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or KUPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2015.

g. Contingent Liabilities

Legal counsel for the Foundation have advised that they know of no pending or threatened litigation, claims or assessments involving the Foundation that could have a material adverse financial effect on the Foundation.

h. Regional University Excellence Trust Fund

The Foundation holds certain funds, consisting of endowment matching funds received by Northern Kentucky University from the Commonwealth of Kentucky's Regional University Excellence Trust Fund, which were subsequently transferred to the Foundation for management and investment. The Foundation reports these funds and accumulated earnings as assets held in trust for the University. Investment earnings, gains and losses and expenditures from these funds are reported as changes in the balance held in trust rather than as revenue and expenses of the Foundation.

i. Subsequent Events

Events occurring after June 30, 2015 have been evaluated for possible adjustment to the financial statements or disclosure through September 9, 2015, the date on which the consolidated financial statements were available to be issued.

j. Related Party Transactions

During the year ended June 30, 2015, the Foundation made payments on behalf of the University of \$496,000 for salaries, benefits, and other administrative costs for University staff that directly support the Foundation's operations. These payments are made by agreement between the Foundation and University. As of June 30, 2015, there were no amounts owed to the University for such costs.

In support of University programs for the year ended June 30, 2015, the Foundation made payments on behalf of the University of \$5,045,000. In addition, the Foundation transferred to the University \$1,622,000 in 2015 for restricted purposes.

Required Supplementary Information

Northern Kentucky University
A Component Unit of the Commonwealth of Kentucky
Schedule of Proportionate Share of the Collective Net Pension Liability
Kentucky Employees' Retirement system
(in thousands)

	June 30, 2015*
Nonhazardous	
University's proportionate share of the net pension liability	2.489115%
University's proportionate share of the collective net pension liability	\$ 223,319
University's covered-employee payroll	\$ 39,266
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	568.74%
Pension plan fiduciary net position as a % of the total pension liability	22.32%
Hazardous	
University's proportionate share of the net pension liability	0.414511%
University's proportionate share of the collective net pension liability	\$ 1,059
University's covered-employee payroll	\$ 535
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	197.84%
Pension plan fiduciary net position as a % of the total pension liability	68.74%

*The amounts presented for the fiscal year were determined as of June 30, 2014 (measurement date).

Northern Kentucky University and Affiliate
A Component Unit of the Commonwealth of Kentucky
Schedule of University Contributions
Kentucky Employees' Retirement system
(in thousands)

	June 30, 2015*
Nonhazardous	
Contractually required contribution	\$ 12,320
University's contributions in relation to the contractually required contribution	12,320
Contribution deficiency	\$ -
Covered-employee payroll	\$ 39,948
Contributions as a percentage of covered-employee payroll	30.84%
Hazardous	
Contractually required contribution	\$ 136
University's contributions in relation to the contractually required contribution	136
Contribution deficiency	\$ -
Covered-employee payroll	\$ 831
Contributions as a percentage of covered-employee payroll	16.37%

*The amounts presented for the fiscal year were determined as of June 30, 2015.

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NORTHERN KENTUCKY UNIVERSITY
Nunn Drive
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ORGANIZATIONAL CHANGES REPORT

ATHLETICS

Academics

A new organization unit was created for our academic services area in order to allow our Assistant Athletic Director for Academic Services to approve hours worked for tutors that our department hires. Without this org unit we are unable to set up the approval system within SAP.

Athletic Events

A new organization unit was created for our athletic events in order to allow our Associate Athletic Director for Operations and Event Management and/or Facilities Coordinator to approve hours worked for students that work at home events. Without this org unit we are unable to set up the approval system within SAP.

Name Change

Athletic Development has been renamed to Athletic Marketing for two reasons. First, expenditures related to fund raising are now being charged to the foundation versus an NKU account. This will better align expenditures with revenues being generated in our fund raising efforts.

Second, with recent restructuring of positions within the athletics department, marketing and development are operating as separate areas. Previously, both areas were the responsibility of a Senior Associate Athletic Director for External Operations. This position was eliminated and the marketing and development areas were split apart. Development expenses are being funded by the foundation as stated above, so the development cost center was changed to marketing. This cost center will be used to track expenditures related to the marketing area.

ACADEMIC AFFAIRS

Office of Distance and Online Education – Arne Almquist

Educational Outreach has been renamed the Office of Distance and Online Education and moved to report to the Associate Provost for Learning Sciences and Technologies and Dean of the Library. This brings the unit under the same administrative structure as the other units which will support online learning and will allow more strategic coordination of those units.

Academic Technology Group (ATG) and CITE – Arne Almquist

The Academic Technology Group has been renamed the Center for Innovation & Technology In Education and moved to report to the Associate Provost for Learning Sciences and Technologies and Dean of the Library. This brings the unit under the same administrative structure as the other units which support online and learning technologies and will allow more strategic coordination of those units.

Center for Teaching and Learning – Arne Almquist

A new organization unit, Center for Teaching and Learning, will be created and report to the Associate Provost for Learning Sciences and Technologies and Dean of the Library. The Center

for Teaching and Learning will provide faculty with opportunities to develop their pedagogical skills and will coordinate with CITE and the Office of Distance and Online Education in support of online education.

Honors – Idna Corbett

The Honors Program now reports to the Vice Provost for Undergraduate Academic Affairs. The Honors Program currently exists in the background in academic affairs although it serves students from all majors in the university. The change in the reporting structure will allow a better alignment with other undergraduate academic initiatives initiated through the vice provost, as well as closer supervision and guidance, while still emphasizing the transdisciplinary nature of the program. It will also allow an opportunity to strengthen the program and its function across academic affairs as we move to establish an Honors College.

Project Graduate – Idna Corbett

Project Graduate now reports to Norse Advising, under the Vice Provost for Undergraduate Academic Affairs. Project Graduate participants require specialized advising and close connections with academic departments. This support is best provided by Norse Advising, as it is the unit that provides advising to students with special needs and its advising staff is knowledgeable about requirements for all undergraduate programs.

School Based Scholars – Idna Corbett

- School Based Scholars now reports to the Vice Provost for Undergraduate Academic Affairs. The School Based Scholars Program includes courses for high school students, which are offered by many academic departments. Placement of this program under the Vice Provost gives it more visibility and allows for close connection and coordination with all colleges.

Pathway Program – Idna Corbett

- The Pathways Program now reports to the Vice Provost for Undergraduate Academic Affairs. The Pathways Program creates enhanced articulation agreements with a variety of transfer student feeder institutions. The development of pathways for specific undergraduate programs requires close collaboration between departments from each institution as well as enrollment services. Given the curricular nature of the pathways, placement of this program under the Vice Provost allows for close supervision of the process and close connection and coordination with departments from all colleges.

Testing Services – Idna Corbett

Testing Services has moved from student affairs to academic affairs under the Vice Provost for Undergraduate Academic Affairs. Testing Services manages processes that affect the academic life of students, such as placement in developmental courses, credit for prior learning, and accommodated testing for students with disabilities. Given the academic nature of the services and its management of processes that cut across all academic departments, moving this program into Academic Affairs allows closer connection with departments and colleges.

Continuing Education – Samantha Langley

The non-credit, lifelong learning arm of continuing education has been merged with Community Connections as their missions and goals are the same. These units were combined many years ago, but were split apart as part of a previous restructuring.

Center for Global Engagement and International Affairs

The International Education Center has been renamed the Center for Global Engagement and International Affairs. The new name better describes the functions and mission of the Center and is consistent with the language utilized by other internationally engaged universities.

International Student and Scholar Services

The Office of International Students and Scholars has been renamed International Student and Scholar Services. The new name places emphasis on the fact this office is customer service-oriented and minded. It is also consistent with the language commonly used in the profession.

ADMINISTRATION & FINANCE

Energy Management Department

The Facilities Management Division of Administration and Finance has created a new department to address energy management and sustainability. This department will be responsible for energy conservation efforts and long term development of effective energy management and sustainability programs for the campus. A Director of Energy Management was hired in January 2015 and began an evaluation of current practices and programs and assisted in the development of a structure for the Energy Management Department. In July 2015, a Sustainability Manager was also hired and has assisted the Energy Manager in further defining and developing that program. A revised organizational chart was submitted this fall including the addition of the Energy Management Department. This organizational structure allows for adequate oversight of the energy management and sustainability programs and appropriate support for these areas within the Facilities Management Division. This structure also provides the other Facilities Management Departments and the Campus Community in general with easy access to the energy management function while providing a degree of autonomy and executive level oversight by the Assistant Vice President for Facilities Management.

RECOMMENDATION:

That the following academic affairs personnel actions receive Board of Regents approval:

ADMINISTRATIVE APPOINTMENTS:

Dr. Adrienne Lane, from associate professor and chair in the Department of Advanced Nursing Studies to associate professor, chair, and director of the Doctorate of Nursing Program, effective August 10, 2015.

Ms. Amy Shay, from assistant professor in the Department of Advanced Nursing Studies to assistant professor and director of the Masters of Nursing Program, effective August 10, 2015.

Dr. Michelle Teschendorf, from lecturer in the Department of Advanced Nursing Studies to lecturer and director of the RN-BSN Program, effective August 10, 2015.

Mini Vitas Follow

FACULTY APPOINTMENTS:

Ms. Roxanne Gall, lecturer in the Department of Advanced Nursing Studies, effective August 10, 2015.

Ms. Amy Shay, assistant professor in the Department of Advanced Nursing Studies, effective August 10, 2015.

Mini Vitas Follow

TRANSITIONS:

Dr. Denice Robertson, from senior lecturer in the Department of Biological Sciences to senior lecturer and interim associate director of CINSAM, effective August 10, 2015.

Dr. Peter Theuri, professor and department chair in the Department of Accounting, Finance and Business Law to professor of accounting in the Department of Accounting and Business Law, effective July 1, 2015. *This recommendation is a correction from the September 2015 Board submission in which Dr. Theuri was incorrectly listed as retiring effective May 16, 2015.*

Mini Vitas Follow

DEPARTURES:

Ms. Dixie Leather, lecturer in the College of Education and Human Services Advising Center, effective September 22, 2015.

Dr. Dana Harley, assistant professor in the Department of Counseling, Social Work and Leadership, effective August 9, 2015.

RETIREMENTS:

Ms. Sandra Forman, professor of theatre and dance in the School of the Arts, effective May 14, 2016.

Dr. John Filaseta, associate professor of physics in the Department of Physics, Geology, and Engineering Technology, effective December 31, 2015.

PHASED RETIREMENTS:

Dr. Joan Ferrante, professor in the Department of Sociology, Anthropology and Philosophy, beginning August 22, 2016 and terminating at the end of academic year 2017-18.

Dr. Marilyn Schleyer, associate professor in the Department of Advanced Nursing, beginning August 11, 2014 and terminating May 9, 2015. *This recommendation is a change from Dr. Schleyer’s original request to complete the Phased Retirement Program in May of 2016.*

LEAVES, PAID/UNPAID:

Dr. Miriam Kannan, Regent’s professor in the Department of Biological Sciences, unpaid leave effective for the 2016-17 academic year.

Dr. Steve Newman, professor in the Department of Math and Statistics, unpaid leave effective for the spring semester, 2016.

TEMPORARY FACULTY APPOINTMENTS:

College of Arts and Sciences

Biological Sciences	Mr. Steve Castellano	Academic Year
History & Geography	Mr. Michael Hinckley Ms. Bonnie May	Fall Semester Academic Year
Mathematics & Statistics	Dr. Theresa Snodgrass	Fall Semester
Physics, Geology & Engineering Technology	Mr. Roger Miller Mr. Mohsen Keshtvarz (Mark Kesh)	Academic Year Academic Year
Psychological Science	Ms. Rebecca Hazen	Fall Semester *
Visual Arts	Mr. Chris Smith Mr. William Rabe, IV	Academic Year Academic Year

Mini Vitas Follow

** Correction to September 2015 Board submission indicating Ms. Rebecca Hazen’s temporary appointment was for the academic year.*

MINI VITA

Name: Adrienne J. Lane, EdD, CNE

Title: Associate Professor

Education: EdD in Educational Administration, 1992, University of Cincinnati
MSN in Adult Nursing, 1983, University of Kentucky
BSN in Nursing and Psychology, 1977, Indiana University

Experience: 2005-2014, Professor of Nursing, University of Cincinnati
2007-2012, Executive Director of Undergraduate Nursing Programs, University of Cincinnati
2001-2002, Interim Department Chair of Adult Health, University of Cincinnati
2000, All-University Graduate Faculty, University of Cincinnati
2000-2005, Associate Professor of Nursing, University of Cincinnati
1996-1998, Director of Educational Mobility and Accelerated Pathways, University of Cincinnati
1994-2000, Assistant Professor of Nursing, University of Cincinnati
1992-1994, Assistant Professor of Clinical Nursing, University of Cincinnati
1991-1992, Nursing Quality Improvement Coordinator, Bethesda Oak Hospital
1990-1991, Corporate Education Project Coordinator, Bethesda Hospitals
1989-1991, Staff Development Instructor III, Bethesda Hospitals
1989-1990, Patient Services Project Coordinator, Bethesda Oak Hospital
1986-1989, Staff Development Instructor II, Bethesda Hospitals
1985-1987, Staff Nurse Psychiatry, Bethesda Hospitals
1985-1986, Prime Instructor Community Nursing, Bethesda Hospital School of Nursing
1983-1985, Staff Nurse, Medical Personnel Pool

1983-1985, Staff Nurse, American Nursing Care

1983-1985, Instructor Community Nursing, Bethesda Hospital School of Nursing

1978-1983, Director, Booth Hospital School of Practical Nursing

1978, Charge Nurse Inpatient Unit, Community Mental Health Center

1977-1978, Staff Nurse/Charge Nurse, Phoebe Putney Memorial Hospital

MINI VITA

Name: Amy C. Shay

Title: Assistant Professor

Education: PhD, in progress, Nursing, Indiana University
MSN, 1994, Nursing, Wright State University
BSN, 1980, Nursing, Wright State University

Experience: Sept. 2009- present, Assistant Professor of Clinical BSN Program, University of Cincinnati College of Nursing

2011-present, Clinical Nurse Specialist, Miami Valley Hospital

Jan. 2008-Aug. 2008, CVSICU Team Leader, Atrium Medical Center

April 2002-Nov. 2007, Pulmonary Clinical Nurse Specialist, Miami Valley Hospital

2002-2003, Adjunct Faculty, Wright State University

Sept. 1993-April 2003, Intensive Care Staff Nurse, Miami Valley Hospital

Sept. 1988-Sept. 1993, Intensive Care Staff Nurse, Kettering Medical Center

Feb. 1987-Dec. 1988, Medical Advisor, Quality Assurance Division of Union Central Life Insurance Company

Jan. 1986-Feb. 1987, Nurse Manager, Foster Medical Corporation

June 1985-Dec. 1985, Health Analyst, Blue Cross/Blue Shield of Central New York

June 1983-June 1984, Home Health Nurse, Home Health Care of America, Inc.

Jan. 1981-June 1983, Intensive Care Staff Nurse, Good Samaritan Hospital

MINI VITA

Name: Michelle Teschendorf

Title: Lecturer (non-tenure track renewable)

Education: Ph.D., 2013, Nursing, St Louis University
MSN, 1999, Nursing, St Louis University
BSN, 1996, Nursing, Missouri Western State College
Diploma, 1974, Nursing, Barnes Hospital School of Nursing

Experience: 2007-Spring 2013, Assistant Professor, Ferris State University
Summer 2007, Clinical Instructor, Grand Valley State University
1999-2007, Assistant Professor, St. Louis Community College
Summers 1999-2004, Clinical Instructor, St. Louis University
1996, Clinical Instructor, Missouri Western State College
1996-2005, Staff Nurse Labor and Delivery, St. John's Mercy Medical Center
1994-1996, PRN Staff Nurse, Heartland Health System
1994-1996, PRN Staff Nurse, Saint Luke's Hospital
1991-1994, Clinical Nurse III, Charleston Area Medical Center
1984-1991, Staff Nurse Labor and Delivery, Maury Regional Medical Center
1981-1984, Childbirth Instructor & Staff Nurse, Druid City Hospital
1979-1980, Staff and Charge Nurse, Northeast Medical Center
1975-1978, Staff and Charge Nurse, Lake County Hospital
1973-1974, Undergraduate Nurse, Barnes Hospital

MINI VITA

Name: Roxanne B. Gall, ARNP, CNS

Title: Lecturer (non-tenure track renewable)

Education: Post- MSN ACNP, 1999, University of Kentucky

MSN, 1991, University of Kentucky

BSN, 1983, University of Kentucky

ADN, 1978, Lexington Technical Institute

Experience: 2013-present, Nurse Practitioner, Mt. Auburn Urgent Care

2009-2013, Nurse Practitioner- Intake Coordinator, Tri-Health

MINI VITA

Name: Amy C. Shay

Title: Assistant Professor

Education: PhD, in progress, Nursing, Indiana University
MSN, 1994, Nursing, Wright State University
BSN, 1980, Nursing, Wright State University

Experience: Sept. 2009-present, Assistant Professor of Clinical BSN Program, University of Cincinnati College of Nursing
2011-present, Clinical Nurse Specialist, Miami Valley Hospital
Jan. 2008-Aug. 2008, CVSICU Team Leader, Atrium Medical Center
April 2002-Nov. 2007, Pulmonary Clinical Nurse Specialist, Miami Valley Hospital
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Feb. 1987-Dec. 1988, Medical Advisor, Quality Assurance Division of Union Central Life Insurance Company
Jan. 1986-Feb. 1987, Nurse Manager, Foster Medical Corporation
June 1985-Dec. 1985, Health Analyst, Blue Cross/Blue Shield of Central New York
June 1983-June 1984, Home Health Nurse, Home Health Care of America, Inc.
Jan. 1981-June 1983, Intensive Care Staff Nurse, Good Samaritan Hospital

MINI VITA

Name: Denice N. Robertson

Title: Interim Associate Director (NTTR)

Education: Ph.D. 2001, Ecological Sciences, Old Dominion University

B.S. 1994, Biological Sciences, Purdue University

Experience: 2007-2015, Lecturer/Assistant Chair, Biological Sciences, NKU

2001-2007, Lecturer, CINSAM, NKU

MINI VITA

Name: Steven Castellano

Title: Lecturer (non-tenure-track temporary)

Education: Ph.D. Student, Botany/Ecology Certification, Miami University

M.S., 2008, Botany/Ecology Certification, Miami University

B.S., 2006, Biological Science, Northern Kentucky University

Experience: 2015-present, Lecturer, Biological Sciences, Northern Kentucky University

2013-2014, Adjunct Instructor, Biology, Miami University

2006-2011, Graduate Assistant TA/RA, Botany, Miami University

MINI VITA

Name: Michael Hinckley

Title: Lecturer (non-tenure track temporary)

Education: M.A., 2008, History, University of California at Santa Barbara

B.A., 2004, History, University of Cincinnati

Experience: 2009-2015, lecturer, History & Geography, Northern Kentucky University

2012-2013, lecturer, History, Thomas More College

2009-2010, lecturer, History, University of Cincinnati

MINI VITA

- Name:** Bonnie Wheeler May
- Title:** Lecturer (non-tenure track temporary)
- Education:** M.A., 1999, Education Secondary Graduate, Northern Kentucky University
M.P.A., 1976, Public Administration, Eastern Kentucky University
B.A., 1997, History, Northern Kentucky University
B.A., 1997, Social Studies, Northern Kentucky University
B.A., 1969, Sociology, University of Kentucky
- Experience:** 2015-present, Lecturer, History & Geography, Northern Kentucky University
2014-2015, Freshman Specialist/Lecturer, First Year Programs, Northern Kentucky University
2011-2014, Adjunct Faculty, Northern Kentucky University
1999-2011, Lecturer, History & Geography, Northern Kentucky University
Assistant Advisor-Phi Alpha Theta History Honorary
1998-2005, Co-Director-Military History Lecture Series
1998-1999, Adjunct Faculty, Northern Kentucky University
1994-1999, Student, Northern Kentucky University
1991-1992, Project Coordinator. Middletown Health Department, Middletown, Ohio
1985-1990, Partner, Protocol, Inc., Louisville, KY
1980-1985, Director, Youth and Community Services; Director of Volunteer Resources, American Red Cross, Cincinnati, Ohio; Executive Staff to Long-range planning, Board nominations, United Way and Fine Arts committees
1976-1979, Executive Director, Bluegrass Chapter March of Dimes, Lexington, KY
1972-1976, Training Director-Program Director, Maternal and Child Health Services; Health Planner, Kentucky State Department of Health, Frankfort, KY

MINI VITA

- Name:** Theresa Bright Snodgrass
- Title:** Adjunct Professor of Mathematics
- Education:** Ph.D., 1993, Mathematics, Georgia Institute of Technology
M.S., 1988, Applied Mathematics, Georgia Institute of Technology
B.S., 1986, Mathematics, North Carolina State University
B.S., 1986, Computer Science, North Carolina State University
- Experience:** 2001-present, Adjunct Professor, Mathematics, Northern Kentucky University
1998-2001, Associate Professor, Mathematics, Brevard College
1994-1998, Assistant Professor, Mathematics, Xavier University
1988-1990, Lecturer in Mathematics, Brevard College

MINI VITA

Name: Roger T. Miller

Title: Lecturer (non-tenure track temporary)

Education: B.S., Mechanical & Manufacturing Technology, Northern Kentucky Univ.

Experience: 1989-2015, Production Specialist/Service Technician, HI-GEAR Co.

1986-1989, Machinist/Fabrication/Welder, TKF, Inc.

1985-1986, Machinist/Welder, RB Systems

1979-1985, Lead Fabricator/Assembler, H&L Manufacturing

MINI VITA

- Name:** Mohsen Keshtvarz (Mark Kesh)
- Title:** Lecturer (non-tenure track temporary)
- Education:** ABD (completed Ph.D. coursework), Industrial Engineering, University of Cincinnati
- M.S., 1985, Industrial Engineering, North Carolina A&T State University
- B.S., 1982, Mechanical Engineering, Jackson State University, Jackson, MS
- Experience:** 2010-2013, Assistant Professor, Engineering, Shiraz University, Shiraz, Fars
- 2000-2009, Full-time Lecturer, Computer Information Systems, University of Texas-El Paso
- 1995-2000, Assistant Professor, Computer Information Systems, Peru State College, Peru, NE
- 1988-1995, Assistant Professor, Information Technology, Wilmington College, Wilmington, OH
- 1987-1988, Assistant Professor, Dir. Engineering Technology, Shawnee State University, Portsmouth, OH
- 1986-1987, Instructor, Computer Information Technology, Southern Ohio College Tech. Center, Cincinnati, OH
- 1981-1986, Senior Information Systems Engineer, Integrated Management Controls, Greensburg, PA

MINI VITA

- Name:** Rebecca Hazen
- Title:** Lecturer (non-tenure-track temporary)
- Education:** MS Industrial-Organizational Psychology, Northern Kentucky University, May 2008
- BA Psychology, Cum Laude, Northern Kentucky University, May 2004
- BA Philosophy, Cum Laude, Northern Kentucky University, May 2004
- Experience:** 2012-present, Full-Time Lecturer, Psychological Science, Northern Kentucky University
- 2008-2012, Part-Time Faculty, Psychological Science, Northern Kentucky University

MINI VITA

Name: Chris Smith

Title: Lecturer (non-tenure track temporary)

Education: B.A., 1976, The Ohio State University

Antonelli College, 1984, Associate of Photography

Sam Abell (National Geographic) Workshop, 1991

Maine Photographic Workshops (1985)

Experience: 2003-present, Lecturer, Photography, Northern Kentucky University

MINI VITA

Name: William Rabe, IV

Title: Lecturer (non-tenure-track temporary)

Education: M.F.A., 1998, Design and Visual Communications, The School of the Art Institute of Chicago

B.F.A., 1995, Graphic Design, Northern Kentucky University

Experience: 2015-present, Lecturer, Visual Communication Design and Information Design, Northern Kentucky University

2012-2015, Senior Design Director, Haney

1998-2011, Design Director, LPK

RECOMMENDATION:

That the attached non-academic personnel actions receive Board of Regents approval.

BACKGROUND:

The following categories of non-academic personnel actions which occurred between August 12, 2015 and, October 13, 2015 require approval by the Board of Regents:

1. Activations/Rehires
2. Reassignments, Reclassifications, Title/Status Changes, Promotions
3. Transfers
4. Contract/Temporary to Regular & Regular to Contract
5. Departures
6. Retirees
7. Administrative/Executive

**ACTIVATIONS/REHIRES
08/12/15 – 10/13/15**

NAME	DEPARTMENT	TITLE	EFF. DATE
Arteno, Dominic	Horticulture	Technician, R&G Irrigation/Turf	09/08/2015
Baioni, David	PP – Custodial Services	Custodian	08/11/2015*
Bell, Martel	Laborers	Material Handler/Recycle	10/02/2015
Burton, Zachary	Public Safety – Field Operations	Public Safety Officer	08/18/2015
Cavitt, Jasmin	PP – Custodial Services	Custodian	10/12/2015
Clark, Shawna	University Connect & Persist	Associate Director	08/03/2015*
Daley, Candace	PP – Custodial Services	Custodian	09/29/2015
Deters, Heather	Career Services	Coordinator	09/21/2015
Dolhancryk, Christopher	PP – Custodial Services	Custodian	08/19/2015
Ford, Michelle	Athletics, Marketing & Promotions	Assistant, Athletic Ticket Sales	09/14/2015
Gish, Melissa	Political Science/Criminal Just/Org. Ldrshp.	Coordinator	09/01/2015
Haenny, Eric	Electric Shop	Electrical Assistant	09/08/2015
Hansen, Rebecca	Int'l Students & Scholars	Assistant Dean of Int'l Admissions	08/17/2015
Hays, Brandon	Athletics, Marketing & Promotions	Assistant Athletic Director	09/08/2015
Hellman, Jacob	Student Financial Assistance	Specialist	09/08/2015
Loch, Michael	Campus Recreation	Coordinator, CRC Membership Sales	08/10/2015*
Matthews, Carlos	PP – Custodial Services	Custodian	10/01/2015
McClellan, Brigitte	PP – Custodial Services	Custodian	10/12/2015
McGrath, Patrick	Campus Recreation	Associate Director, Campus Rec. Facilities	08/06/2015*
Moeves, Jennifer	Procurement Services	Buyer	08/10/2015*
Mohr, Lauren	Office of Admissions	Coordinator, Mrktg, Comm. & Technology	10/05/2015
Mueller, Brett	Office of University Registrar	Coordinator, Undergraduate Catalog	09/14/2015
New, Janet	PP – Custodial Services	Custodian	08/10/2015*
Nothstine, Zachary	Norse Advising	Secretary	09/21/2015
Olding, Kara	Donor Relations	Coordinator, Special Events & Programs	08/17/2015
Salyers, Krista	Health, Counseling & Student Wellness	Specialist, Office Support	08/10/2015*
Vickers, Rosri	PP – Custodial Services	Custodian	10/12/2015
Worsham, Danielle	Office of Admissions	Specialist	10/07/2015

**REASSIGNMENTS, RECLASSIFICATIONS, TITLE/STATUS CHANGES, PROMOTIONS
08/12/15 – 10/13/15**

NAME	DEPARTMENT	TITLE	STATUS	EFF. DATE
Bolger, Susan	School of the Arts	Specialist, Box Office Operations	Reclassification	07/01/2015*
Dralle, Adam	Fraternity & Sorority Life	Coordinator	Reclassification	09/27/2015
Eaton, Jonathan	School of the Arts	Coordinator, Fine Arts Facilities	Reclassification	07/01/2015*
Fern, Daniel	Public Safety – Field Operations	Sergeant	Promotion	09/27/2015
Lawrence, Alicia	Athletic Development	Assistant Athletic Director-Dev.	Promotion	09/01/2015
McMullen, Michelle	Alumni Relations	Director of Alumni Programs	Promotion	08/31/2015
Nesbitt, Brandon	IT – BW Business Support Group	Sr. Business Systems Analyst	Promotion	08/01/2015*
Ogle, Leslie	Parking Services	Specialist/Cashier	FT to PT	08/24/2015
Schwalbach, Sydney	Parking Services	Specialist	PT to FT	08/24/2015
Wallace, Diana	Health, Counseling & Student Wellness	Counselor	PT to FT	08/03/2015*
Warkoczeski, Vicki	Enrollment Management	Administrative Assistant II	Reclassification	07/01/2015*
Yoon, Gina	University Police	Dispatcher	PT to FT	09/13/2015

TRANSFERS
08/12/15 – 10/13/15

NAME	PREVIOUS DEPARTMENT	NEW DEPARTMENT	TITLE	EFF. DATE
Daniels, Quentin	PP – Custodial Services	Office of the University Registrar	Processing Specialist	09/08/2015
Lehman, Brad	Environmental Safety & Compliance	Univ. Architect, Design/Const. Mgt.	Project Manager	10/01/2015
Roll, Andrew	PP – Custodial Services	Laborers	Building Srvc. Mat. Handler	08/10/2015*
Smith, Lori	Student Engagement	EdD – Doctorate of Education	Academic Specialist	08/10/2015*
Wright Perkins, Kari	Teacher Education	Master of Business Admin.	Coordinator	08/28/2015

CONTRACT/TEMPORARY TO REGULAR & REGULAR TO CONTRACT
08/12/15 – 10/13/15

NAME	DEPARTMENT	TITLE	STATUS	EFF. DATE
Fox, Jeffrey	Informatics Advising Center	Advisor	Contract to Regular	09/11/2015
Fraser, Ryan	Men's Tennis	Assistant Coach	Temporary to Regular	08/24/2015
Hein, Kendra	World Languages & Literatures	Academic Coordinator	Temporary to Regular	08/05/2015*
Hovekamp, Andrew	Office of Admissions	Counselor	Contract to Regular	08/10/2015*
Murray, Ashley	Student Financial Assistance	Specialist	Student to Staff	08/17/2015
Neal, Brandi	Business Informatics	Faculty	Staff to Faculty	08/08/2015*

DEPARTURES
08/12/15 – 10/13/15

NAME	DEPARTMENT	TITLE	EFF. DATE
Arnado, Jackie	Intercollegiate Athletics	Administrative Assistant	08/18/2015
Aromas-Janosic, Justin	Chase – Student Affairs	Admission Officer	09/26/2015
Binder, Casey	Norse Advising	Advisor	09/26/2015
Burkhardt, Lesana	VP – Administration & Finance	Assistant to the VP	08/15/2015
Churchill, Stephanie	Honors Program	Coordinator, Student Recruitment & Events	10/09/2015
Clark, Cory	Office of Admissions	Counselor	08/29/2015
Dawson, Mary Beth	College of Business	College Business Officer	10/09/2015
Decker, Melissa	Economics & Finance	Academic Coordinator	08/24/2015
Jaeger, Lindsey	Chase College of Law	Director of Communications	09/05/2015
Moeller, Kurt	Athletic Development	Snr. Associate Athletic Director	09/01/2015
Schappell, Kevin	Men's Basketball	Assistant Coach	08/01/2015*
Smith, Jason	Carpentry/Construction	Specialist, Carpentry Repairs	08/08/2015*
Stephens, Jacqueline	University Police	Dispatcher	08/14/2015
Stewart, Kathryn	Athletics – Softball	Head Softball Coach/Adm. Coordinator	09/30/2015
Teegarden, Emily	Student Financial Assistance	Specialist	08/15/2015
Walter, Michael	Auxiliary Facilities Management	HVAC General Maintenance Mechanic	10/13/2015
Wooldridge, Christopher	Laborers	Building Services Materials Handler	08/07/2015*
Yeatts, Emily	Norse Advising	Advisor	10/08/2015
Zornes, Jennifer	IT – Information Technology/Central	Project Manager	10/10/2015

RETIREES
08/12/15 – 10/13/15

NAME	DEPARTMENT	TITLE	EFF. DATE
Bray, Gina	Dean of the Law School	Specialist, Law Faculty & Programs	09/01/2015
DeVantier, Beth	Political Science/Criminal Just/Org. Ldrshp.	Coordinator	09/01/2015
Edelen, Cheryl	Steely Library	Library Specialist II	09/01/2015

**ADMINISTRATIVE/EXECUTIVE
08/12/15 – 10/13/15**

NAME	DEPARTMENT	TITLE	REASON	EFF. DATE
Caswell, Adam	Government, Corp & Foundation Engmnt.	Assistant Vice President	New Hire	08/24/2015
Gitau Ngatia, Peter	Student Affairs	Vice President	Separation	09/01/2015
Hales, Michael	Office of the Chief Financial Officer	Chief Financial Officer	New Hire	08/10/2015*
Kachurek, Leslie	University Police	Chief of Police/Campus Safety	New Hire	08/24/2015
Mann, Sarah	IT – Academic Technology Group	Director	Separation	08/17/2015
Padgett, Ryan	Enrollment & Student Success	Assistant VP, Enroll/Student Success	Title Change	07/01/2015*
Stewart, Leah	Student Financial Assistance	Assistant VP, Enrollment/Fin. Asst.	Promotion	10/12/2015
Stinson, Don	IT – Enterprise Systems Group	Director	New Hire	08/10/2015*

***Not on previous report**

RECOMMENDATION:

The Board of Regents officially hereby accepts contributions totaling **\$8,125,000** received by the NKU Foundation Inc. and the University during the period August 1, 2015 through September 30, 2015 per the list below.

BACKGROUND:

At the March 12, 2014 Board Meeting, a major gift policy was approved by the Regents raising the level of major gifts submitted for review and acceptance by the Board to \$25,000. This recommendation includes major contributions of \$25,000 or more for the designated period.

**Gift Detail and Summary Report
Gifts Greater than \$25,000 (8/01/15 - 09/30/15)**

Constituent Name	Date	Gift Designation	Cash	Pledge	Stocks	In-Kind/ Planned Gift	Totals
Carol S. Beirne	8/31/2015	NKU Fund for Excellence	\$0	\$0	\$0	\$25,000	\$25,000
John G. Kenkel	8/25/2015	Mary Evelyn Klingenberg Education Endowed Scholarship	\$25,000	\$0	\$0	\$0	\$25,000
Charles E. Schell Foundation	8/03/2015	C.E. Schell Foundation Loan Fund	\$50,000	\$0	\$0	\$0	\$50,000
St. Elizabeth Healthcare	9/04/2015	St. Elizabeth Healthcare Simulation Center	\$0	\$8,000,000	\$0	\$0	\$8,000,000
Mike Teal	9/23/2015	Vicki Louise Teal Memorial Endowed Scholarship	\$25,000	\$0	\$0	\$0	\$25,000
		Grand Totals:	\$100,000	\$8,000,000	\$0	\$25,000	\$8,125,000

RECOMMENDATION:

That the Board of Regents adopt the 2016-2018 Capital Budget.

BACKGROUND:

The Board adopted the University's 2016-2022 Capital Plan at its May 6, 2015 meeting. The priorities outlined in the 2016-2018 biennium of the 2016-2022 Capital Plan are carried forward to create the 2016-2018 biennial Capital Budget Request which is to be submitted to CPE, the Governor and the General Assembly on November 15, 2015.

The 2016-2018 Capital Budget must include:

- Construction projects with a scope of \$600,000 or more.
- Information technology projects with a scope of \$600,000 or more.
- Equipment projects with a scope of \$200,000 or more.
- Leases with an anticipated annual cost above \$200,000.

Since the May board meeting, these projects have been added to the 2016-2018 Capital Request:

- Renew Electrical Distribution Systems Pool
- Upgrade Instructional Technology
- Renew HVAC Projects Pool
- Next Generation Digital Campus
- Enhance/Upgrade Cyber Security System
- Upgrade Infrastructure for Administrative Systems
- Scientific/Technology Equipment Pool
- Construct/Renovate/Replace Student Housing & Auxiliary Services

A list of Capital Budget projects is provided. Note that project titles, priorities, and cost estimates may be adjusted prior to final submission of the Capital Budget.

Capital Approval Process:

CPE is again proposing a blended approach for capital recommendations to the Governor and Legislature. The approach blends the primary recommendation of the 2007 Statewide Facilities Assessment & Space Adequacy Study conducted by VFA, Inc. and Paulien & Associates. The study addressed asset preservation and renovation and new and expanded space needs simultaneously in each biennium, over multiple biennia. This method was introduced in 2012-2014 and refined in 2014-2016.

Institutional priorities are unranked in three categories:

- 1) Asset preservation and renovation ("E1" projects on the attached list).
- 2) New/expanded Education & General space and research facilities ("E2").
- 3) Information technology initiatives ("E3").

Projects identified with an "E" on the attached list are eligible for pool funding that CPE will recommend for each category. The proposed formula for allocation of funds includes a base

allocation as well as factors for:

- The VFA Model
- FTE students
- Total Public Funds per institution
- Extramural R&D expenditures

NKU's share of this formula for 2016-2018, based on CPE's proposed pool of \$640,000,000, would be \$43,445,900.

The Capital Budget is submitted to the Governor's Office for Policy and Management on November 15. The Governor will develop the Biennial Budget recommendation for submission to the General Assembly in January.

Northern Kentucky University
Capital BUDGET Project List 2016-2018

Priority	Project	TOTAL Scope 2016-2018	Fund Source
1	E2-Expand Herrmann Science Center	\$ 85,000,000	Restricted
2	E1-Renew/Renovate Fine Arts Center Phase II	66,000,000	Restricted
3	E1-Renovate Civic Center Building	4,600,000	Restricted
4	E1-Repair Structural Heaving Landrum/Fine Arts	7,000,000	Restricted
5	E2-Construct Chiller Plant	19,400,000	Restricted
6	Construct/Acquire New Residence Hall 2016-2018	28,500,000	Agency Bonds
7	Construct/Renovate/Replace Student Housing & Auxiliary Services	125,000,000	Other/Long-Term Financing
8	Repair Norse/Woodcrest Exterior Stairs & Landings	3,000,000	Restricted
9	E1-Renovate Albright Health Center/Wellness	12,000,000	Restricted
10	E1-Renovate Gateway/Highland Hts Campus	6,000,000	Restricted
11	E1-Renovate Nunn Hall	7,000,000	Restricted
12	E1-Replace Underground Gas Mains	2,500,000	Restricted
13	E1-Renew E&G Buildings Systems Projects Pool	7,000,000	Restricted
14	Renovate Residence Halls 2016-2018	10,000,000	Restricted
15	E1-Renew Electrical Distribution Systems Pool	5,000,000	Restricted
16	E3-Upgrade Instructional Technology	3,500,000	Restricted
17	E1-Renew HVAC Projects Pool	6,500,000	Restricted
18	E3-Campus Telecommunications Upgrade	1,500,000	Restricted
19	E3-Next Generation Digital Campus	10,000,000	Restricted
20	Renew Kenton Drive Garage	1,100,000	Restricted
21	Expand University Drive Parking Garage	15,000,000	Agency Bonds
22	E3-Enhance/Upgrade Cyber Security System	1,500,000	Restricted
23	E3-Upgrade Infrastructure for Administrative Systems	1,500,000	Restricted
24	E3-Scientific/Technology Equipment Pool	5,000,000	Restricted
25	Construct Basketball Practice Facility	15,000,000	Other/Private
26	Construct Center for Environmental Restoration	1,000,000	Restricted
		1,000,000	Other
27	Renovate/Expand Baseball Field	5,300,000	Restr./Long-Term Financing
28	Renovate Old Science/Construct Health Innovation-Scope Increase	15,000,000	Other/Private
		5,000,000	Restricted
29	Acquire Land/Master Plan 2016-2018	20,000,000	Agency Bonds
		4,000,000	Restricted

Northern Kentucky University
Capital BUDGET Project List 2016-2018

Priority	Project	TOTAL Scope 2016-2018	Fund Source
30	Acquire/Renovate Center for Legal Education	\$ 40,000,000	Other/Long-Term Financing
31	E3-Budget Planning System	1,000,000	Restricted
32	Construct Satellite Parking Lot	4,200,000	Agency Bonds
33	Renovate Brown Building	3,000,000	Restricted
		1,500,000	Other/Private
34	Lease-Purchase Coach Bus	690,000	Restr./Long-Term Financing
35	Lease-Purchase Large Format Color Press	700,000	Restr./Long-Term Financing
36	Guaranteed Energy Savings Performance Contracts	n/a	Restr./Long-Term Financing

TOTAL \$ 550,990,000

Legend:

"E1" - Eligible for CPE "Asset Preservation/Renovation Pool" funding.

"E2" - Eligible for CPE "New and Expanded Space Pool" funding.

"E3" - Eligible for CPE "Information Technology Pool" funding.

**Northern Kentucky University
2016-2018 Capital Budget Request**

Summary

2016-2018 Capital Projects

E2-Expand Herrmann Science Center

Priority #1

Funding Source: **Restricted**

Cost Estimate: **\$85,000,000**

The university has an urgent need for additional teaching and research labs for faculty and students in biology, chemistry, physics, geology and engineering technology. A 106,000 square foot addition to the 175,131 Herrmann Natural Science Center would be constructed.

E1-Renew/Renovate Fine Arts Center Phase II

Priority #2

Funding Source: **Restricted**

Cost Estimate: **\$66,000,000**

This project includes renovations to the Fine Arts Center, a 159,000 square foot academic building, and includes capital renewal of building finishes, systems, HVAC and electrical systems, elevators, fire alarm, etc. This project also includes funds to address heaving of the slab-on-grade on the Corbett Theater stage and adjacent areas.

E1-Renovate Civic Center Building

Priority #3

Funding Source: **Restricted**

Cost Estimate: **\$4,600,000**

The university assumed ownership of the Highland Heights Civic Center on July 1, 2010 and renovations are essential. This 9.3 acre parcel is contiguous to campus and is visible from Nunn Drive. The 19,037 square foot building was constructed in the mid-1970's and will house campus police and an office(s) yet to be determined. This building is vacant; it cannot be occupied due to environmental and code compliance issues.

E1-Repair Structural Heaving Landrum/Fine Arts

Priority #4

Funding Source: **Restricted**

Cost Estimate: **\$7,000,000**

This project provides for the elimination of the heaving of the slab-on-grade (or first floor) in an area of about 6,300 square feet in the west wing of Landrum Hall and an area of about 14,400 square feet in the Fine Arts Center. This is a life safety issue.

2016-2018 Capital Projects – CONTINUED

E2-Construct Chiller Plant

Priority #5

Funding Source: **Restricted**

Cost Estimate: **\$19,400,000**

A new Chiller Plant of about 10,000 square feet is needed to provide additional cooling capacity for future buildings. The existing steam and chilled water plant has ample steam capacity, but chilled water capacity will reach maximum production capability upon the addition of a 2,500 ton chiller. This project includes installation of chilled water distribution lines to connect to the campus loop.

Construct/Acquire New Residence Hall 2016-2018

Priority #6

Funding Source: **Agency Bonds**

Cost Estimate: **\$28,500,000**

A new 300 bed residence hall of about 105,000 square feet will be needed to provide additional on-campus housing opportunities. A new building may be constructed or an existing facility may be purchased and renovated. On-campus housing enriches the collegiate experience, positively impacting student retention and graduation goals.

Construct/Renovate/Replace Student Housing & Auxiliary Services

Priority #7

Funding Source: **Other/Long-Term Financing**

Cost Estimate: **\$125,000,000**

The University will seek to identify a developer to lead development of a mixed use project on the 12 acre site located at the main campus entrance. Possible facilities on the 12 acre site include student housing, retail, parking and a hotel. This project authority also includes the possibility of renovation or replacement of all University housing facilities.

Repair Norse/Woodcrest Exterior Stairs & Landings

Priority #8

Funding Source: **Restricted**

Cost Estimate: **\$3,000,000**

Norse Hall and Woodcrest Apartment buildings' exposed steel stairs and steel-framed concrete landings are in critical need of repair due to weather related rust and deterioration.

E1-Renovate Albright Health Center/Wellness

Priority #9

Funding Source: **Restricted**

Cost Estimate: **\$12,000,000**

This project envisions renovation of about 37,000 square feet in the Albright Health Center to create a Human Health Hub. Upon completion of the Health Innovation Center, this space will be available to house Wellness, the student health clinic and expansion space for the Kinesiology department. Together with the recently renovated and expanded Campus Recreation Center, the Health Center will become a center for wellness.

2016-2018 Capital Projects – CONTINUED

E1-Renovate Gateway/Highland Heights Campus

Priority #10

Funding Source: **Restricted**

Cost Estimate: **\$6,000,000**

This project will provide for renovation and modernization of Campbell Hall, a 46,915 square foot building located on Gateway's Highland Heights campus. The university has negotiated with Gateway Community College to purchase this 12.02 acre parcel, which is situated at the northern edge of NKU's campus. NKU is currently leasing 14,487 square feet in the building. If acquisition is completed in 2016-2018, building renovation will be necessary.

E1-Renovate Nunn Hall

Priority #11

Funding Source: **Restricted**

Cost Estimate: **\$7,000,000**

Upon completion of the proposed Center for Legal Education, Nunn Hall will become a much needed undergraduate instructional facility and limited renovations will be necessary. Nunn Hall, with 113,451 gross square feet, would accommodate several academic departments.

E1-Replace Underground Gas Mains

Priority #12

Funding Source: **Restricted**

Cost Estimate: **\$2,500,000**

Aging steel underground gas mains are in critical need of replacement.

E1-Renew E&G Buildings Systems Projects Pool

Priority #13

Funding Source: **Restricted**

Cost Estimate: **\$7,000,000**

This project pool provides the ability to implement much-needed improvements, upgrades and capital renewal investments in the university's educational and general buildings.

Renovate Residence Halls 2016-2018

Priority #14

Funding Source: **Restricted**

Cost Estimate: **\$10,000,000**

This project includes various improvements, upgrades and capital renewal projects that need to be accomplished in the university's residence hall facilities.

E1-Renew Electrical Distribution Systems Pool

Priority #15

Funding Source: **Restricted**

Cost Estimate: **\$5,000,000**

This project provides funds needed to replace and upgrade interior and exterior electrical distribution systems serving campus buildings.

2016-2018 Capital Projects – CONTINUED

E3-Upgrade Instructional Technology

Priority #16

Funding Source: **Restricted**

Cost Estimate: **\$3,500,000**

This project includes numerous hardware and software technology upgrades designed to improve the delivery of instruction.

E1-Renew HVAC Projects Pool

Priority #17

Funding Source: **Restricted**

Cost Estimate: **\$6,500,000**

This project provides funds needed to replace and upgrade HVAC systems in campus buildings. The need for this pool is based upon the VFA assessment.

E3-Campus Telecommunications Upgrade

Priority #18

Funding Source: **Restricted**

Cost Estimate: **\$1,500,000**

A new IP based solution is needed to replace the university's phone switch, providing an integrated internet-based telecommunications strategy for the campus. This project includes other enhancements designed to increase efficiency and safety while reducing operating expenses.

E3-Next Generation Digital Campus

Priority #19

Funding Source: **Restricted**

Cost Estimate: **\$10,000,000**

This project upgrades campus infrastructure to provide a high bandwidth backbone between and in academic buildings, to facilitate classroom learning and research.

Renew Kenton Drive Garage

Priority #20

Funding Source: **Restricted**

Cost Estimate: **\$1,100,000**

The Kenton Drive Garage, constructed in 2004, is in need of capital renewal, including deck repair and waterproofing and painting of steel railings and structural components.

Expand University Drive Parking Garage

Priority #21

Funding Source: **Agency Bonds**

Cost Estimate: **\$15,000,000**

The University Drive Garage, constructed in 2000, would be expanded with an addition of up to 550 cars in 192,500 gross square feet. Construction of proposed new academic buildings outlined in this Plan will eliminate several existing surface parking lots and construction of the federally funded Connector Road along the west edge of campus will eliminate about 940 surface lot spaces.

2016-2018 Capital Projects – CONTINUED

E3-Enhance/Upgrade Cyber Security System

Priority #22

Funding Source: **Restricted**

Cost Estimate: **\$1,500,000**

Enhance the University's cyber security systems to help prevent, detect and quickly resolve cyber attacks and IT threats.

E3-Upgrade Infrastructure for Administrative Systems

Priority #23

Funding Source: **Restricted**

Cost Estimate: **\$1,500,000**

The University's administrative system must be upgraded to utilize the newest core hardware and database technology to improve overall performance, accessibility and ease of system use.

E3-Scientific/Technology Equipment Pool

Priority #24

Funding Source: **Restricted**

Cost Estimate: **\$5,000,000**

This pool would provide funding for critical scientific/technology equipment needed to support instruction and research in the basic sciences.

Construct Basketball Practice Facility

Priority #25

Funding Source: **Other/Private**

Cost Estimate: **\$15,000,000**

The 34,660 square foot Basketball Practice facility is intended to provide a quality practice and training facility for the men's and women's basketball programs. It will be located on a site near the Bank of Kentucky Center.

Construct Center for Environmental Restoration

Priority #26

Funding Source: **Restricted**

Cost Estimate: **\$1,000,000**

Other

\$1,000,000

The Center for Environmental Restoration is an outreach unit of the university. This building, about 5,000 square feet, will allow the Center to better serve the region.

Renovate/Expand Baseball Field

Priority #27

Funding Source: **Restricted/Long-Term Financing**

Cost Estimate: **\$5,300,000**

Upgrades to the existing baseball facility will better position it to accommodate competitive baseball games. Improvements include expanded spectator seating, ADA upgrades, press box, concession area and lighting. Project financing pursuant to KRS 45.763 is requested.

2016-2018 Capital Projects – CONTINUED

Renovate Old Science/Construct Health Innovation - Scope Increase **Priority #28**

Funding Source: **Other/Private** Cost Estimate: **\$15,000,000**
Restricted Funds **\$5,000,000**

The Health Innovation/Old Science renovation project was authorized by the 2014 General Assembly and design is progressing well. A potential external partner will provide additional funds in support of the project, ensuring a margin of excellence as NKU becomes a leader in interdisciplinary health science education and outreach.

Acquire Land/Master Plan 2016-2018 **Priority #29**

Funding Source: **Agency Bonds** Cost Estimate: **\$20,000,000**
Restricted **\$4,000,000**

This project will allow the university to take advantage of real property acquisition opportunities during the 2016-2018 biennium to support educational programs and campus development. Land acquisition is critical to the future development of the university; the 2009 Master Plan recommends the purchase of 290 acres. This project includes acquisition of Campbell Hall, Gateway Community College's 46,915 square foot building located on 12.02 acres at the north edge of NKU's Highland Heights campus, as well as purchase of a campus ministry building located in the center of campus.

Acquire/Renovate Center for Legal Education **Priority #30**

Funding Source: **Other/Long-Term Financing** Cost Estimate: **\$40,000,000**

Chase College of Law is currently housed in Nunn Hall, a building located in the center of campus that would more appropriately be used for undergraduate instructional activity. This project envisions acquisition and renovation of an approximate 110,000 gross square foot facility located in Northern Kentucky's urban core for Chase College of Law.

E3-Budget Planning System **Priority #31**

Funding Source: **Restricted** Cost Estimate: **\$1,000,000**

A new software system is needed to better integrate budget and planning processes with the university's ERP system.

Construct Satellite Parking Lot **Priority #32**

Funding Source: **Agency Bonds** Cost Estimate: **\$4,200,000**

Construction of a large 1,000 to 1,500 car satellite parking area is anticipated for an open land area adjacent to the core academic area of campus. This lot is a key recommendation of the 2009 Master Plan, allowing construction of new buildings on existing surface parking areas.

2016-2018 Capital Projects – CONTINUED

Renovate Brown Building

Priority #33

Funding Source: **Restricted** Cost Estimate: **\$3,000,000**
Other/Private **\$1,500,000**

The Brown Building is a small, 8,586 square foot building that is in need of total renovation. It is vacant; it cannot be occupied due to environmental and code compliance issues. It will be renovated to create much needed office space.

Lease-Purchase Coach Bus

Priority #34

Funding Source: **Restricted/Long-Term Financing** Cost Estimate: **\$690,000**

A new 54 seat bus is needed to replace a passenger bus which is over 24 years old. Project financing pursuant to KRS 45.763 is requested.

Lease-Purchase Large Format Color Press

Priority #35

Funding Source: **Restricted/Long-Term Financing** Cost Estimate: **\$700,000**

A new large format color press is needed to replace the university's only large format color press, which is 26 years old. New technology will improve quality and lower cost of printing. Project financing pursuant to KRS 45.763 is requested.

Guaranteed Energy Savings Performance Contracts

Priority #36

Funding Source: **Restricted/Long-Term Financing** Cost Estimate: **n/a**

The Guaranteed Energy Performance Projects Pool serves as a central project pool for Guaranteed Energy Savings Performance Contracts in any university-owned building. These contracts will function as a lease purchase procurement, using energy savings as payments for improvements, as provided by KRS 56.770 to 56.784.

RECOMMENDATION:

That Shawn Marie Daniell (Buckenmeyer) receive a posthumous Master of Arts in English. The recommendation comes from Katherine Frank, dean of the College of Arts and Sciences, Emily Detmer-Goebel, chair of the Department of English, and John Alberti, director of graduate studies, and has been approved by the provost and executive vice president for academic affairs, as well as the president.

BACKGROUND:

Ms. Daniell (Buckenmeyer) was an excellent student, and had just started work on her capstone project when she passed away suddenly during the spring 2014 semester. Both the department chair and the director of graduate studies, along with the members of her capstone committee agree that her excellent academic record, combined with the work she had already completed on her capstone, pointed to an exceptional student well on her way to successful completion of the degree.

A gifted visual artist as well as an excellent scholar and writer, Ms. Daniell (Buckenmeyer) was an exemplary member of our graduate student community and the larger arts community in the Northern Kentucky/greater Cincinnati area. Demonstrating the qualities of a commitment to social responsibility and public engagement that we strive to inspire in all of our students. She was unfailingly generous in lending her time and talents to her fellow graduate students, and her loss was felt by everyone in our program.