



AGENDA

EASTERN KENTUCKY UNIVERSITY
BOARD OF REGENTS

QUARTERLY MEETING

December 9, 2021



AGENDA

**Eastern Kentucky University
Board of Regents**

Quarterly Meeting

December 9, 2021

Eastern Kentucky University
Board of Regents

Quarterly Meeting
Agenda

December 9, 2021
9:00 a.m.

Partially Via Video Teleconference

Primary Viewing Location:
Powell 219
Eastern Kentucky University

I. Call to Order

II. Information Items

- A. Audit Presentation for Fiscal Year Ending June 30, 2021 (**Pete Ugo**, Crowe, LLP) 3
- B. University Reports
1. Construction Update (**Dr. Bryan Makinen**, Associate Vice President)
 2. Student Experience Update (**Dr. Dannie Moore**, Vice President)
 3. Economic Impact Presentation (**Dr. David T. McFaddin**, President)
 4. Financial Update (**Barry Poynter**, Senior Vice President) 125
 5. Development Update (**Betina Gardner**, Vice President)
 6. Academic Affairs Update (**Dr. Sara Zeigler**, Provost & Senior Vice President)
 7. Strategic Plan Executive Summary Presentation (**Dr. David T. McFaddin**, President)
- C. Additional Reports to the Board
1. Written Reports;
 - a. Faculty Senate Update (Dr. Richard Crosby, Chair) 133
 - b. Staff Council Update (Dr. Caelin Scott, President) 134
 2. Jenna Smith, SGA President;
 3. Dr. David T. McFaddin, President;
 4. Lewis Diaz, J.D., Chair of the Board;

III. Action Items

- A. Approval of Audit Report for FY Ending June 30, 2021 (**Barry Poynter**)
- B. Approval of Model Laboratory School Tuition & Fees for 2022-23 (**Barry Poynter**) 135
- C. Approval of the Minutes for the Full Board Meeting on September 23, 2021 (**Lewis Diaz**) 142
- D. Approval of Strategic Plan Executive Summary (**Dr. David T. McFaddin**) 153
- E. Approval of the Personnel Actions (**Dr. David T. McFaddin**) 154
- F. Approval of Degree Candidates for December 2021 (**Dr. Sara Zeigler**) 160
- G. Approval of the Report from the Council of Academic Affairs (**Dr. Sara Zeigler**) 161
- H. Recommended Sabbatical Program Participants for 2022-2023 (**Dr. Sara Zeigler**) 169
- I. Approval of Regularly Scheduled Board Meeting Dates for 2022 (**Lewis Diaz**) 182
- J. Discussion and/or action related to President's Performance Evaluation (**Lewis Diaz**)

IV. New Business

V. Executive Session

VI. Adjournment

EASTERN KENTUCKY UNIVERSITY

**REPORT ON AUDIT OF INSTITUTION
OF HIGHER EDUCATION
IN ACCORDANCE WITH UNIFORM GUIDANCE
June 30, 2021**

EASTERN KENTUCKY UNIVERSITY
REPORT ON AUDIT OF INSTITUTION
OF HIGHER EDUCATION
IN ACCORDANCE WITH UNIFORM GUIDANCE
June 30, 2021

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EASTERN KENTUCKY UNIVERSITY
REPORT ON AUDIT OF INSTITUTION
OF HIGHER EDUCATION
IN ACCORDANCE WITH UNIFORM GUIDANCE
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Regents
Eastern Kentucky University and
The Secretary of Finance and Administration
Cabinet of the Commonwealth of Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Eastern Kentucky University ("the University" or "University"), a component unit of the Commonwealth of Kentucky, as of and for the years ended June 30, 2021 and 2020, 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 audits. We did not audit the financial statements of Eastern Kentucky University Foundation, Inc., which represents the entire discretely presented component unit of the University. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Eastern Kentucky University Foundation, Inc., is based solely on the report of other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Eastern Kentucky University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 18, the Schedule of the University's Proportionate Share of the Net Pension Liability on page 94, the Schedule of the University's Pension Contributions on page 95, the Schedule of the University's Proportionate Share of the Net OPEB Liability on page 99, and the Schedule of the University's OPEB Contributions on page 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Louisville, Kentucky
November 16, 2021

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

Introduction

Eastern Kentucky University ("EKU" or the "University") is a public institution of higher learning located in central Kentucky and serving primarily the eastern region of the Commonwealth. Many EKU students are the first in their families to attend college.

EKU is wrapping up the most comprehensive revitalization in its history, with several new residence halls, academic facilities and other buildings opening in recent years or in the near future on the main campus. The University, which also boasts regional campuses in Corbin and Manchester, offers a diverse range of degree programs at the associate, baccalaureate, master's and doctoral levels. The University's prominent programs include Aviation, Criminal Justice, Education, Environmental Health Science, Forensic Science, Game Design, Homeland Security, Nursing, Occupational Therapy and PGA Golf Management. The nationally prominent Honors Program consistently leads the nation in the number of student presenters at the National Collegiate Honors Council. The institution offers four doctoral programs: Educational Leadership and Policy Studies, Nursing Practice, Occupational Therapy and Clinical Psychology.

Nearly 90 percent of EKU graduates are Kentucky residents, and 75 percent of the University's degree holders are employed in Kentucky after graduation, giving EKU the title of "Kentucky's University." In Fall 2020, the University welcomed over 14,400 students, with a growing number attracted to EKU Online programs, often ranked among the nation's most affordable. The University's four-year graduation rate has more than doubled in the last eight years, and recent freshman classes are the best-prepared academically in the institution's history.

The University has consistently ranked in the top tier of Regional Universities in the South as published by *U.S. News & World Report* for the past ten years. In addition, *Forbes Magazine* rated Eastern among "America's Best Colleges" for 11 consecutive years. EKU is home to almost 1,200 military-affiliated students and their dependents and has been ranked no lower than 17th nationally eight of the past nine years in the annual "Best for Vets" survey by Military Times *EDGE* magazine.

EKU has also received the Minority Access Diversity Institution Award for seven consecutive years and was the only regional university in Kentucky to receive the 2017 Higher Education Excellence in Diversity (HEED) Award from *Insight into Diversity* magazine. The University also earned national distinction among the "Great Colleges to Work For" five of the last 11 years, according to the annual report on the academic workplace by the *Chronicle of Higher Education*.

The University has generated record amounts of private support in recent years and is well ahead of pace as the Make No Little Plans campaign winds down. EKU has been recognized for five consecutive years for Contributions to the Public Good from *Washington Monthly* magazine and was ranked second by the magazine among public universities in Kentucky in its 2017 "Best Bang for the Buck" survey.

The audited financial statements for the fiscal year 2021 for Eastern Kentucky University, and the statements for the Eastern Kentucky University Foundation, Inc. (the "Foundation"), an affiliated organization and component unit of the University, are included in this report. This section, Management's Discussion and Analysis ("MD&A"), is intended to provide an overview of the University's financial position at June 30, 2021, with selected comparative information for the years ended June 30, 2020 and 2019. The MD&A should be read in conjunction with the accompanying financial statements and notes.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

Financial Highlights

At June 30, 2021, Eastern Kentucky University's financial position increased as reflected in the Statement of Net Position.

- Total assets increased by \$12.2 million to \$648.6 million at June 30, 2021, compared to \$636.4 million at June 30, 2020. The major factors affecting this include an increase in cash and cash equivalents of \$19.8 million and an increase in investments of \$5.2 million, offset by a decrease in capital assets net of depreciation of \$13.9 million.
- Deferred outflows decreased by \$10.5 million to \$26.1 million at June 30, 2021, compared to \$36.6 million at June 30, 2020. The decrease is attributed to a decrease in deferred outflows related to pensions.
- Overall liabilities decreased by \$71.9 million to \$403 million at June 30, 2021, compared to \$474.9 million at June 30, 2020. This decrease is primarily the result of a \$68.4 million decrease in Net Pension and OPEB Liability.
- Deferred inflows decreased by \$48.2 million to \$191.8 million at June 30, 2021, compared to \$240.0 million at June 30, 2020. The decrease is attributed to a decrease in KERS/KTRS pensions.
- Total net position at June 30, 2021 increased \$121.7 million to \$79.8 million. The greatest factor affecting this increase was a decrease in Net Pension & OPEB Liability.

Using the Annual Report

This annual report consists of a series of financial statements that have been prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities*. The financial statements consist of Statements of Net Position as of June 30, 2021 and 2020, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows for the fiscal years then ended. These statements reflect both the financial position of the University as of the end of the 2021 and 2020 fiscal years, as well as the results of operating and nonoperating activities and cash flows. Also included are the financial statements for the Foundation, which are presented in this report in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*.

Reporting Entity

The University is a component unit of the Commonwealth of Kentucky (the "Commonwealth").

Statement of Net Position

The Statement of Net Position provides a snapshot of the financial position of the University at the end of the fiscal year. In this statement, assets and liabilities are segregated into their current and noncurrent components with net position reported as capital, restricted, or unrestricted. Unrestricted net position is further designated for specific purposes as noted in this discussion and in the notes to the financial statements.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

Assets – Total assets at June 30, 2021, increased to \$648.6 million compared to \$636.4 million at June 30, 2020.

Cash and Cash Equivalents – Total cash and cash equivalents at June 30, 2021, totaled \$89.7 million; \$18.6 million more than the June 30, 2020, level of \$71.1 million. This increase is attributable primarily to an increase of non-restricted cash and cash equivalents of \$19.8 million.

Investments – The Foundation holds and manages investments owned by the University. At June 30, 2021, the market value of investments held by the Foundation on behalf of the University was \$25.5 million compared to \$20.3 million at June 30, 2020, an increase of \$5.2 million.

Capital Assets – The historical cost, less accumulated depreciation, of the University's capitalized assets was \$503.4 million as of June 30, 2021, a net decrease after depreciation of \$10.3 from the \$513.7 million balance at June 30, 2020. Depreciation expense for the fiscal year totaled \$23 million.

Other Asset Categories – The balances in the various other asset categories were essentially unchanged at June 30, 2021, compared to June 30, 2020, with the exception of accounts receivable (net of allowance) which decreased in total by \$1.1 million; loans to students, which decreased in total by \$868 thousand; inventories, which decreased by \$15 thousand; and prepaid interest, which increased in total by \$603 thousand.

Deferred Outflows – The deferred outflows for the year ended June 30, 2021, totaled \$26.1 million and represent the unamortized deferred refunding balance of bonds, as well as the contributions to the KTRS and KERS pension and KTRS and KERS OPEB. This is a decrease of \$10.5 million under the June 30, 2020 balance of \$36.6 million.

Liabilities – Total liabilities at June 30, 2021, were \$403 million compared to \$474.9 million at June 30, 2020. This decrease of \$71.9 million is primarily attributable to a decrease in Net Pension and OPEB Liability from fiscal year 2021 of \$68.4 million.

Bonds Payable and Capital Lease Obligations – In total, bonds payable and capital lease obligations decreased by \$9.1 million as of June 30, 2021, compared to June 30, 2020. At June 30, 2021, the total bonds payable and capital lease obligations were \$123.8 million versus \$132.9 million at June 30, 2020. This decrease is attributable to the principal payments made on the bonds.

Other Liability Categories – At June 30, 2021, the balances in various other liability categories increased by \$6.3 million to \$59.4 million compared to \$53.7 million at June 30, 2020. The majority of the balances in this category are comprised of accounts payable, interest payable, payroll/benefits liabilities, external contracts and grants, and unearned revenues associated with tuition and fees billed in June 2021, for summer school classes, as well as unearned revenues associated with the Case Dining Hall agreement.

Deferred Inflows – The deferred inflows for the year ended June 30, 2021, totaled \$191.8 million and represent the KTRS and KERS pension, KTRS and KERS OPEB, as well as a Service Concession for Housing projects constructed as part of the P3 initiative on campus. This decrease of \$48.2 million is primarily attributed to KTRS and KERS pension, compared to the June 30, 2020 deferred inflows balance of \$240 million.

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EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

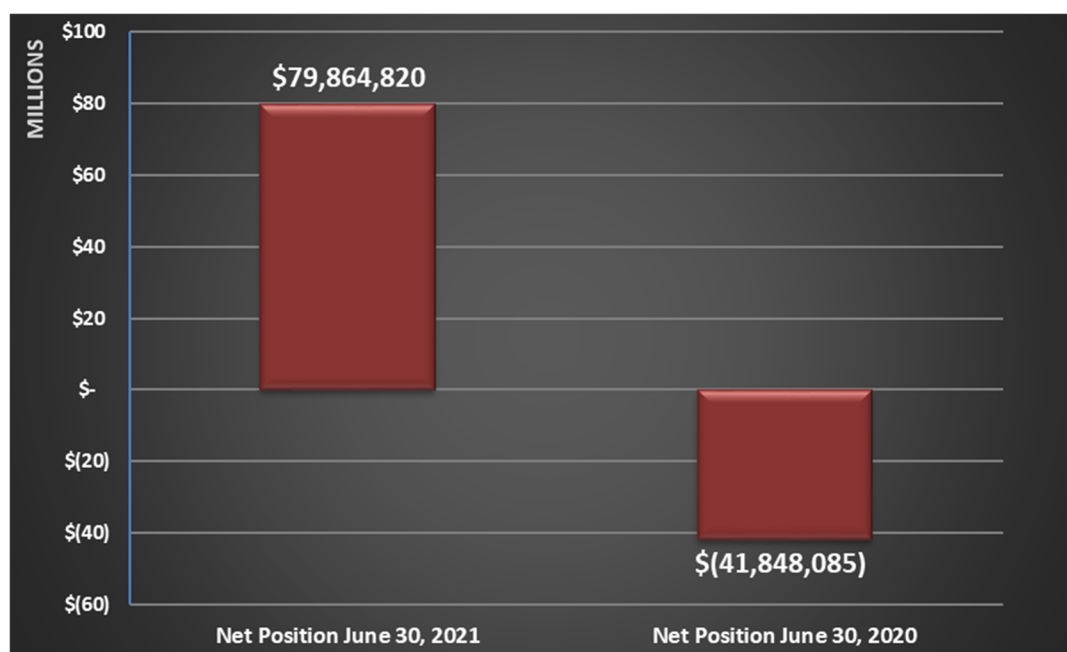
Net Position – Total Net Position at June 30, 2021, was \$79.9 million; an increase of \$121.7 million from June 30, 2020.

Net Investment in Capital Assets – Net position invested in capital assets increased by \$6.4 million as of June 30, 2021 to \$288.6 million compared to the June 30, 2020, level of \$282.2 million. The primary contributing factor to this increase was a decrease of Construction in Progress.

Restricted Net Position – In total, restricted net position decreased by \$1.5 million to \$48.2 million at June 30, 2021, compared to \$49.7 million at June 30, 2020. The net decrease is primarily attributable to the decrease in restricted expendable for capital projects of \$5.4 million, offset by an increase in restricted expendable for scholarships of \$4.8 million.

Unrestricted Net Position – Unrestricted net position increased by \$116.8 million to \$(257) million at June 30, 2021, compared to the June 30, 2020 unrestricted net position of \$(373.8) million. This increase is primarily attributable to the KTRS and KERS pension expense adjustments.

The chart below illustrates the net position for the years ended June 30, 2021 and 2020:



(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

Unrestricted Net Position

A portion of net position is considered unrestricted. The unrestricted net position may be designated for certain uses, but does not have formal governmental, donor, or other restrictions. The balances for unrestricted net position (in thousands) at June 30 are shown below with the respective designations indicated.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Inventories	\$ 311	\$ 326	\$ 273
Outstanding encumbrances	1,630	799	1,250
Departmental commitments	4,147	3,570	9,520
Designated projects and contingency reserves	49,563	32,764	17,092
Health care self-insurance reserve	3,000	3,000	3,000
Auxiliary working capital	567	5,469	5,784
University capital projects	1,000	1,000	1,000
KTRS pension	(125,563)	(171,759)	(214,884)
KERS pension	(136,624)	(187,284)	(206,038)
KTRS OPEB	(24,889)	(26,610)	(27,356)
KERS OPEB	<u>(30,112)</u>	<u>(35,096)</u>	<u>(37,430)</u>
Total unrestricted net position	<u>\$ (256,970)</u>	<u>\$ (373,821)</u>	<u>\$ (447,789)</u>

The following are the major components reflected in the Statements of Net Position (in thousands):

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Current assets	\$ 101,495	\$ 82,312	\$ 75,604
Capital assets – net	503,376	513,650	513,190
Other noncurrent assets	<u>43,703</u>	<u>40,430</u>	<u>64,400</u>
Total assets	<u>\$ 648,574</u>	<u>\$ 636,392</u>	<u>\$ 653,194</u>
DEFERRED OUTFLOWS			
Unamortized deferred refunding balance	\$ 125	\$ 205	\$ 261
KTRS/KERS pensions	18,588	29,469	52,707
KTRS/KERS OPEB	<u>7,347</u>	<u>6,938</u>	<u>7,374</u>
Total deferred outflows	<u>\$ 26,060</u>	<u>\$ 36,612</u>	<u>\$ 60,342</u>
LIABILITIES			
Current liabilities	\$ 45,400	\$ 38,648	\$ 43,964
Noncurrent liabilities	<u>357,613</u>	<u>436,228</u>	<u>516,991</u>
Total liabilities	<u>\$ 403,013</u>	<u>\$ 474,876</u>	<u>\$ 560,955</u>
DEFERRED INFLOWS			
Service concession - housing	\$ 61,627	\$ 63,997	\$ 66,367
Other deferred inflows	6,870	7,130	7,390
KTRS/KERS pensions	96,004	145,960	175,919
KTRS/KERS OPEB	<u>27,255</u>	<u>22,889</u>	<u>12,250</u>
Total deferred inflows	<u>\$ 191,756</u>	<u>\$ 239,976</u>	<u>\$ 261,926</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
NET POSITION			
Net investment in capital assets	\$ 288,625	\$ 282,242	\$ 264,327
Restricted – expendable	35,877	37,399	61,785
Restricted – nonexpendable	12,333	12,333	12,333
Unrestricted	<u>(256,970)</u>	<u>(373,822)</u>	<u>(447,789)</u>
Total net position	<u>\$ 79,865</u>	<u>\$ (41,848)</u>	<u>\$ (109,344)</u>

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position reflect the operating, nonoperating, and capital revenues and expenses of the University. The increase in total net position is a result of these activities.

Operating Results – As indicated in the Statement of Revenues, Expenses, and Changes in Net Position, there was a net loss of \$15.8 million from operations for the fiscal year ended June 30, 2021, prior to consideration of state appropriations and other net nonoperating revenues. This is compared to a restated loss of \$53.1 million from operations for the fiscal year ended June 30, 2020.

Operating Revenues

Below is a summary of operating revenues for fiscal year 2021 as compared to fiscal years 2020 and 2019:

	<u>Year ended June 30, (in thousands)</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tuition and fees	\$ 145,643	\$ 150,873	\$ 152,593
Scholarships and discounts	<u>(64,867)</u>	<u>(63,607)</u>	<u>(64,220)</u>
Net tuition and fees	80,776	87,266	88,373
Grants and contracts	29,762	38,838	46,418
Other revenues	<u>14,323</u>	<u>16,140</u>	<u>22,840</u>
Total education and general fund	124,861	142,244	157,631
Auxiliaries	18,734	21,158	25,220
Scholarships and discounts	<u>(3,647)</u>	<u>(6,516)</u>	<u>(10,480)</u>
Net auxiliaries	15,087	14,642	14,740
Total operating revenues	<u>\$ 139,948</u>	<u>\$ 156,886</u>	<u>\$ 172,371</u>

Tuition and Fees – Income from student tuition and fee assessments, shown net of the tuition discount, was \$80.8 million for the fiscal year ended June 30, 2021, compared to \$87.3 million for the fiscal year ended June 30, 2020. The decrease of \$6.5 million in net tuition and fees reflects principally a decrease in gross tuition and fee revenue during the year ended June 30, 2021.

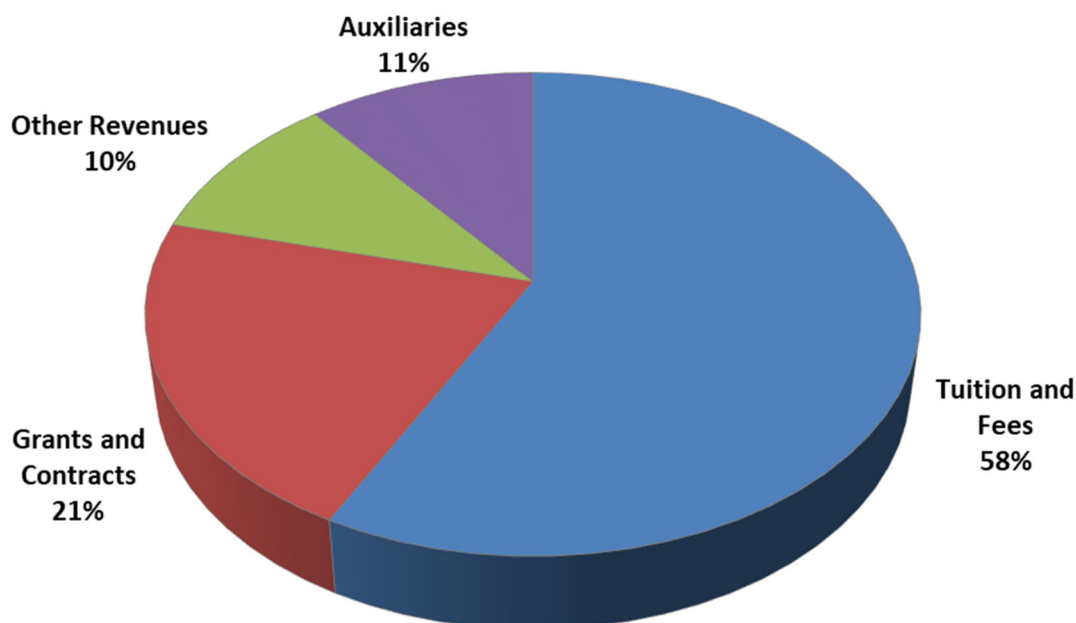
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Grants and Contracts – For the fiscal year ended June 30, 2021, there was \$29.8 million recognized revenue from all grants and contracts compared to a restated \$38.8 million for the year ended June 30, 2020; a decrease of \$9 million. Revenues recognized from external grants and contracts can vary significantly from one fiscal year to the next given variations in new awards, awards ending their grant cycle, and amounts recognized for activities occurring in a given year.

Auxiliaries – Auxiliary enterprises consist of University functions provided for the academic and physical well-being of students. While these functions are not directly related to providing educational services, they are important for student convenience and support. Like tuition and fees, housing revenues are reported net of scholarships and financial aid that directly offset these costs to students. In the Statements of Revenues, Expenses, and Changes in Net Position, \$15.1 million is reported for net auxiliary revenues for the year ended June 30, 2021, compared to \$14.6 million for the year ended June 30, 2020. The majority of auxiliary revenues for both fiscal years is attributable to student residence hall fees.

Other Operating Revenues – Revenues in the various categories that make up other operating revenues can vary widely from year to year when unexpected revenues come into the University. For the fiscal year ended June 30, 2021, total other operating revenues were \$14.3 million compared to \$16.1 million for June 30, 2020, a decrease of \$1.8 million.

Source of Operating Revenues – Fiscal Year 2021



(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

Operating Expenses

Educational and General – Educational and general expenses are those expenditures associated with both academic instruction and support of the educational mission of the University. These include expenditures related to both operational activities and those activities where funding is restricted for specific purposes, such as external contracts and grants. Educational and general expenditures include instructional costs, expenditures related to public service, academic support services such as libraries, student services including health services and student activities, administrative costs for the University, the maintenance and operation of the University's physical facilities, financial and scholarship expenses not directly related to tuition or housing, and debt service expenditures. For the fiscal year ended June 30, 2021, educational and general expenditures totaled \$242.2 million compared to \$256.7 million for the fiscal year ended June 30, 2020; a decrease of \$14.5 million.

Auxiliaries – As indicated above, auxiliary enterprises are essential student service activities that do not directly impact educational and general operations. The total auxiliary expenditures for the year ended June 30, 2021, were \$17.1 million, compared to \$18.2 million for the year ended June 30, 2020.

Below is a summary of operating expenditures for fiscal year 2021, compared to fiscal years 2020 and 2019:

	Year ended June 30, (in thousands)		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Instruction, academic support and libraries	\$ 101,291	\$ 102,137	\$ 110,017
Research and public service	23,810	33,570	42,141
Student services	17,565	17,604	18,424
Institutional support and operations and maintenance of plant	51,066	54,566	45,610
Student financial aid	23,581	23,629	15,482
Depreciation	22,984	22,891	22,919
Other operation expenses	<u>1,862</u>	<u>2,350</u>	<u>228</u>
Total educational and general expenses	242,159	256,747	254,821
Auxiliaries	17,148	18,171	19,860
Pension expense adjustments	(96,856)	(61,879)	(32,381)
OPEB expense adjustments	<u>(6,705)</u>	<u>(3,080)</u>	<u>500</u>
Total operating expenses	<u>\$ 155,746</u>	<u>\$ 209,959</u>	<u>\$ 242,800</u>

Instruction, Academic Support, and Libraries – The total expenditures of these three areas, which directly relate to teaching, academic, and faculty support, decreased \$845 thousand to \$101.3 million for the year ended June 30, 2021, compared to \$102.1 million for the year ended June 30, 2020.

Research and Public Service – Expenditures in these categories are primarily related to external contracts and grants activity. These activities can vary significantly from year to year due to both timing of awards and project completions. For the fiscal year ended June 30, 2021, total expenditures related to research and public service was \$23.8 million, compared to \$33.6 million for the fiscal year ended June 30, 2020; a decrease of \$9.8 million.

Student Services – Expenditures for student services for fiscal year 2021 remained unchanged at \$17.6 million compared to \$17.6 million in fiscal year 2020. The student services function includes expenditures for many activities contributing to student development outside the instructional setting.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

Institutional Support and Operations and Maintenance of Plant – These functions provide physical and administrative support for the University and include administrative offices, physical plant operations, noncapital maintenance expenses, utility expenses, technology support, legal, property and liability insurance, and other similar operational support costs. For the fiscal year ended June 30, 2021, the expenditures for these areas totaled \$51.1 million compared to \$54.5 million for the year ended June 30, 2020; a decrease of \$3.4 million.

Student Financial Aid – Tuition and fees, as well as certain auxiliary revenues, are shown net of financial aid from all sources directly awarded to fund those respective areas. As a result, the financial aid expense shown on the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal years highlighted is relatively low in relationship to the total amounts expended for financial aid both from governmental sources and institutional sources. For fiscal year 2021, the total financial aid expenditure was \$92.1 million compared to \$93.8 million for fiscal year 2020, a decrease of \$1.7 million as shown in the table on the following page.

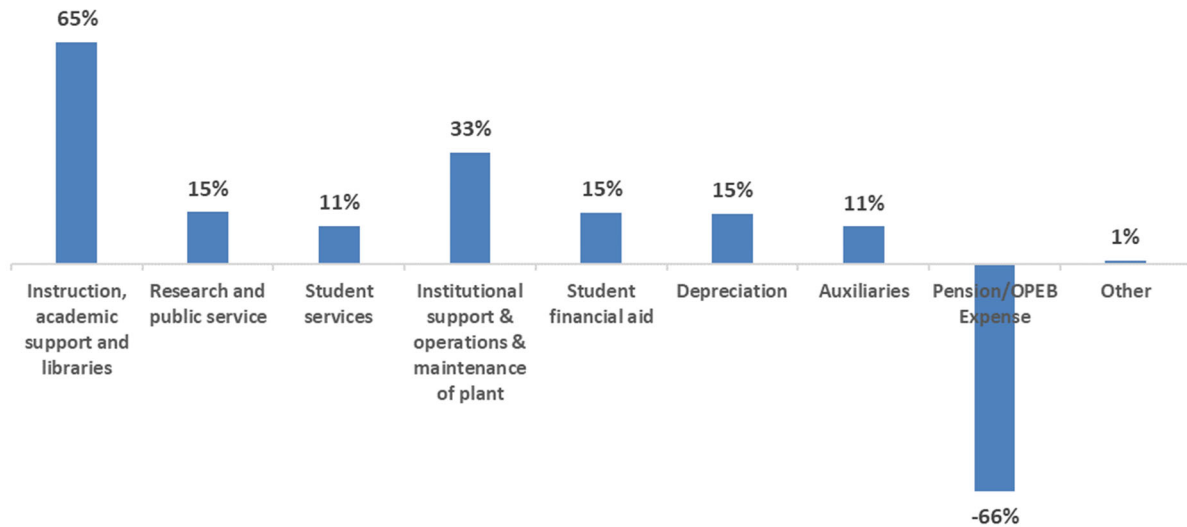
Pension Expense Adjustments – Upon adoption of GASB Statement No. 68 Accounting and Financial Reporting for Pensions, the University reports Pension Expense on the Statement of Revenues, Expenses, and Changes in Net Position. For the fiscal year ending June 30, 2021, the University recorded \$(96.9) million of Pension Expense Adjustments. This is a \$35 million decrease from the fiscal year ending June 30, 2020 Pension Expense Adjustments of \$(61.9) million. These expense adjustments do not include actual contributions to the plan.

OPEB Expense Adjustments – Upon adoption of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the University reports OPEB Expense on the Statement of Revenues, Expenses, and Changes in Net Position. For the fiscal year ending June 30, 2021, the University recorded \$(6.7) million of OPEB Expense Adjustments. For the fiscal year ending June 30, 2020, the University recorded \$(3.1) million of OPEB Expense Adjustments. These expense adjustments do not include actual contributions to the plan.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

Major Areas of Operating Expense – Fiscal Year 2021



Student financial aid expense reported on the Statement of Revenues, Expenses, and Changes in Net Position reflect the residual financial aid paid directly to the students. The student financial aid expense for the year ended June 30, 2021, was \$23.6 million, remaining unchanged compared to \$23.6 million for the year ended June 30, 2020. Approximately \$5 million of this was the distribution of CARES emergency student funding.

The information below shows the gross dollars associated with financial aid support:

	Year ended June 30, (in thousands)		
	2021	2020	2019
Tuition and fee discount	\$ 64,867	\$ 63,607	\$ 64,220
Auxiliary enterprises discount	3,647	6,516	10,480
Student financial aid expense	<u>23,581</u>	<u>23,629</u>	<u>15,482</u>
Total student financial aid expense	<u>\$ 92,095</u>	<u>\$ 93,752</u>	<u>\$ 90,182</u>

Non-Operating Revenues/Expenses

State Appropriations – Funding from state appropriations for operations and debt service for the fiscal year ended June 30, 2021 was \$63.9 million. This was an increase of \$149 thousand from the prior year ended June 30, 2020 amount of \$63.8 million.

Investment Income – Total investment income for the fiscal years ended June 30, 2021 and 2020, was \$5.2 million and \$1.5 million, respectively; an increase of \$3.7 million.

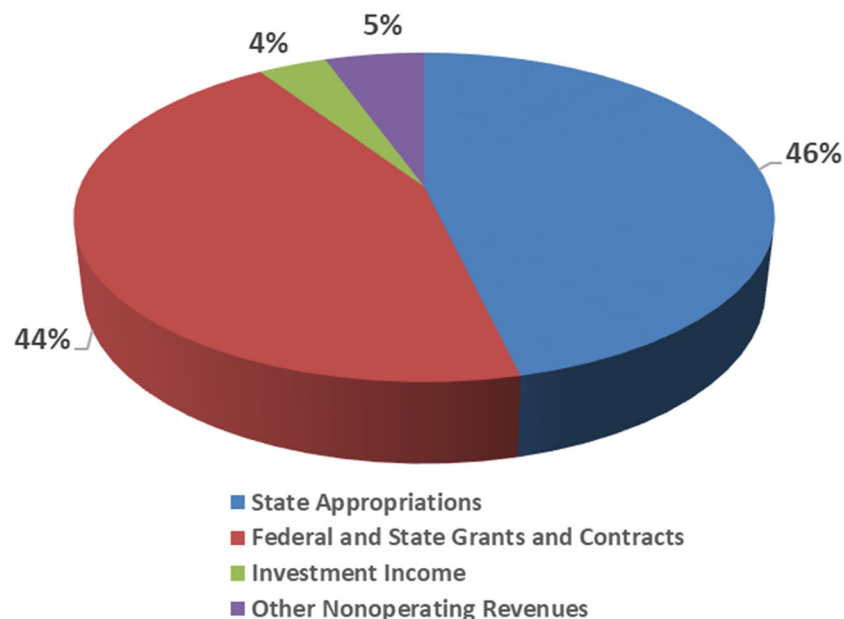
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Federal and State Grants and Contracts – Total federal and state grant revenue for the fiscal year ended June 30, 2021, was \$61.2 million, compared to the restated amount of \$50.8 million from fiscal year 2020. This was an increase from prior year revenue of \$10.5 million. This increase was due primarily to HEERF funding received from the federal government to address the pandemic.

Other Non-Operating Revenues – Other non-operating revenues totaled \$7.6 million for the year ended June 30, 2021, an increase of \$39 thousand compared to \$7.5 million from the prior year ended June 30, 2020.

Other Non-Operating Expenses – Other non-operating expenses totaled \$252 thousand for the year ended June 30, 2021, an increase of \$108 thousand compared to \$144 thousand from the prior year ended June 30, 2020.

Major Sources of Non-Operating Revenues – Fiscal Year 2021



Capital Support – For the year ended June 30, 2021, the University received funds from the Commonwealth totaling \$3.3 million for new capital projects, compared to fiscal year 2020 when the University received funds from the Commonwealth totaling \$1.2 million for new capital projects.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

The following are the major components reflected in the Statements of Revenues, Expenses, and Changes in Net Position (in thousands):

	Year ended June 30, (in thousands)		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 139,948	\$ 156,886	\$ 172,371
Operating expenses	<u>155,746</u>	<u>209,959</u>	<u>242,799</u>
Operating loss	(15,798)	(53,073)	(70,428)
Nonoperating revenues – net	<u>134,242</u>	<u>119,405</u>	<u>112,607</u>
Gain (loss) before capital appropriations	118,444	66,332	42,179
Capital appropriations	<u>3,269</u>	<u>1,165</u>	<u>1,084</u>
Change in net position	121,713	67,497	43,263
Net position – beginning of year	<u>(41,848)</u>	<u>(109,345)</u>	<u>(152,608)</u>
Net position – end of year	<u>\$ 79,865</u>	<u>\$ (41,848)</u>	<u>\$ (109,345)</u>

Statements of Cash Flows

The Statements of Cash Flows provides information related to cash sources and uses during the fiscal year. The Statement focuses on three areas: cash generated and utilized from operations; noncapital and capital financing activities; and investing activities. Additionally, there is a reconciliation section in the Statement whereby the net cash used in operations is reconciled to the loss from operations reflected in the Statements of Revenues, Expenses, and Changes in Net Position.

The following is summary information (in thousands) from the Statements of Cash Flows:

	Year ended June 30, (in thousands)		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash provided by (used in)			
Operating activities	\$ (94,491)	\$ (100,226)	\$ (86,545)
Noncapital financing activities	129,837	119,278	111,648
Capital and related financing activities	(16,766)	(35,834)	(49,374)
Investing activities	<u>41</u>	<u>2,035</u>	<u>2,837</u>
Net change in cash and cash equivalents	18,621	(14,747)	(21,434)
Cash and cash equivalents – beginning of year	<u>71,098</u>	<u>85,845</u>	<u>107,279</u>
Cash and cash equivalents – end of year	<u>\$ 89,719</u>	<u>\$ 71,098</u>	<u>\$ 85,845</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

Capital Asset and Debt Administration

During fiscal years 2021 and 2020, the following projects were completed by the University:

	<u>Year ended June 30, (in thousands)</u>	
	<u>2021</u>	<u>2020</u>
RCF 1825 Softball Renov Phase II Build – concessions/restrooms	\$ 1,152	\$ -
RCF 1847 Commonwealth 13 th Floor Renovation	82	-
RCF 2572 Wallace Entries Brick Repair/Replacement	846	-
RCF 2500 Tom Samuel Track resurfacing	893	-
RCF 2500 Tom Samuel Trace fence	64	-
Solar Farm	175	-
Perkins HVAC Water Heater	41	-
F&W Ctr Boiler Replacement	37	-
Solar Farm Fence	30	-
RCF 1622 Student Rec & Wellness Center	-	38,365
RCF 1623 Powell Bldg Student Center	-	23,392
Relocate Underground Utilities for Student Rec Center	-	93
RCF 1778 Student Rec Center Site Prep (Raze Dupree & Todd Halls)	-	1,100
RCF2153 Telford Hall replace pipes	-	599
RCF2145 ECU Roy Kidd Statue Wall	-	173
RCF2418 Model Lab School-Signage	-	50
RCF2140 Model HVAC installation for 3 areas	-	226
Vicker's Lot Turaround Spot Paving	-	29
RCF 2567 Roark Chiller Replacement	-	111
Design Student Recreation and Wellness Center	-	205
Total	<u>\$ 3,320</u>	<u>\$ 64,343</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

The following projects were still in process at June 30, 2021 (in thousands):

	Total Expenditures Through June 30, 2021	Estimated Cost to Complete at June 30, 2021
RCF 1711 Bypass Pedway	\$ 1,012	\$ 2,013
RCF 1987 Begley Bldg. Sewer Lift Station	9	190
RCF 2560 Combs Boiler/Heat Exchange Replacement	359	5
RCF 2525 Ramsey Heat Plant Boiler Replacement	256	5
RCF 2371 Alumni Col Chiller replacement	355	67
RCF 2871 Track Lighting Replacement	18	360
RCF 2870 Football Stadium Lighting Replacement	166	406
RCF 2866 Football Field Turf Replacement	76	190
APFRCF2852 Coates Chiller Replacement	217	18
RCF 2723 Telford Hall Electrical Upgrade	13	573
RCF 2798 Powell Plaza Rejuvenation	21	3
RCF2730 Clay Hall Cooling Tower Replacement	78	5
DM 2758 Coates Roof Replacement & Carpet	58	792
Sand Volleyball Court	528	42
Intramural Complex Turf Replacement	9	227
Burrier Boiler Replacement	71	14
Combs Penthouse Roof replacement	160	5
Heat Plant Boiler Control Upgrade	100	100
Total	\$ 3,506	\$ 5,015

Long-term debt at June 30, 2021, was \$123.8 million compared to \$132.9 million at June 30, 2020. The \$9.1 million decrease is the result of the decrease to bonds payable for payments of principal owed on bonds in fiscal year 2021.

Economic and Other Factors Impacting Future Periods

The following is a brief discussion of economic and other factors that could have an impact on the University in the future:

- The University continues to navigate the COVID-19 global pandemic. Until such time that this pandemic ends, the University will continue to follow the guidance and enact the public health guidelines issued by the Governor, the Centers for Disease Control (CDC), and local health agencies.
- The overall impact of the COVID-19 global pandemic remains to be seen and could potentially negatively impact the financial resources of the University. Student and parental safety and health concerns could negatively impact future enrollment.

(Continued)

EASTERN KENTUCKY UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021, 2020 and 2019

- Funds received via the Higher Education Emergency Relief Fund (HEERF) have been very beneficial to the University and are being utilized to replace lost revenue resulting from the COVID-19 pandemic. This federal assistance has thus far significantly negated any negative financial impact to the University. However, beyond fiscal year 2022, the potential for future receipt of HEERF funds is uncertain.
- The level of state-appropriated funds received by the University will continue to be a major factor in the future of the University. Presently, state-appropriated funds represent about 30 percent of the University's education and general budget.
- In addition to the state appropriation, the balance of the University's education and general budget must come from other sources, primarily student tuition revenue. The Council on Postsecondary Education determines a ceiling on annual tuition increases at state universities, which may limit the ability of the University to generate additional tuition revenues. Improving student access and opportunity to obtain a college education for our students remains vitally important to Eastern. Accordingly, with every tuition increase, there must be a corresponding focus and analysis of financial aid available to our students.
- The various campus facility improvements that have been completed over the last several years are enhancing student success and transforming the living and learning experiences for our students. The last remaining significant new construction project is the pedway across the bypass, which is scheduled to be completed in fall 2021. The bypass pedway rounds out the major projects in the Center for Student Life initiative.
- The Performance Based Funding model has been implemented in Kentucky. The University's entire state appropriation is incorporated into the performance-funding model, with receipt of any/all state funds contingent upon performance. The budgetary and financial challenges presented by placing the University's entire state appropriation into this model are significant.
- The University's Strategic Plan, *Make No Little Plans: A Vision for 2020* has been extended for two years through 2022. The University has launched the development of a new, updated comprehensive strategic plan to that will guide the strategic directions of the University through 2030.
- Given the ongoing and often conflicting pressures for revenue generation, the goal of maximizing affordability for our students, and the goal of continually strengthening our core educational mission, the University must continue to seek additional revenue from other sources. Other sources include unrestricted annual gifts, the Eastern Kentucky University Foundation, and funds generated through University research and entrepreneurial activities. The University remains committed to continuing to seek more and better ways to operate as efficiently as possible and continually reduce expenses.
- The Commonwealth's economic health is inextricably linked with the national and international economy. With the ongoing COVID-19 pandemic, current U.S. economic growth is expected to slow in 2022, and the U.S. Bureau of Labor Statistics expects slower GDP growth to become the "new normal." However, the Commonwealth ended the fiscal year with a general fund surplus of over \$1.1 billion – the highest ever in the Commonwealth – and a 10.9% increase in general fund receipts, to \$12.8 billion.

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- Finally, in addition to these economic factors currently impacting the University, the Commonwealth's current pension obligations with the Kentucky Retirement Systems (KRS) continue to weigh heavily and add uncertainty for the Commonwealth. House Bill 8, passed during the 2021 Regular Legislative Session, established a structured plan for subsidizing a portion of the University's share of its actuarial pension liability as determined by June 30, 2019, actuarial valuation. However, the University's total pension liability can still fluctuate with changes to future assumptions and methodologies established by the KRS, and the assumed rates of return utilized in the KRS actuarial calculations.

Requests for Information

This financial report is designed to provide a general overview of Eastern Kentucky University's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Senior Vice President for Finance & Administration, Eastern Kentucky University, Coates CPO 35A, 521 Lancaster Avenue, Richmond, KY 40475.

EASTERN KENTUCKY UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 73,554,595	\$ 53,751,403
Accounts receivable – net of allowance of \$2,542,340 \$4,950,677 for 2021 and 2020	25,474,796	26,565,758
Loans to students – net of allowance of \$4,177 and \$1,053 for 2021 and 2020	377,114	495,364
Inventories	311,281	325,958
Prepaid expenses	<u>1,776,992</u>	<u>1,174,182</u>
Total current assets	<u>101,494,778</u>	<u>82,312,665</u>
Noncurrent Assets		
Restricted cash and cash equivalents	16,164,459	17,346,635
Investments	25,490,606	20,285,936
Loans to students – net of allowance of \$22,683 and \$5,948 for 2021 and 2020	2,048,037	2,797,297
Capital assets – net of accumulated depreciation of \$332,513,531 and \$310,027,275 for 2021 and 2020	485,421,948	499,370,476
Capital assets not being depreciated	<u>17,954,160</u>	<u>14,279,457</u>
Total noncurrent assets	<u>547,079,210</u>	<u>554,079,801</u>
Total Assets	<u>648,573,988</u>	<u>636,392,466</u>
Deferred Outflows		
Unamortized deferred refunding loss balance	124,861	204,636
KTRS/KERS pension	18,588,302	29,469,198
KTRS/KERS OPEB	<u>7,347,482</u>	<u>6,938,242</u>
Total deferred outflows	<u>26,060,645</u>	<u>36,612,076</u>
Total Assets and Deferred Outflows	<u>\$ 674,634,633</u>	<u>\$ 673,004,542</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 9,130,912	\$ 6,323,990
Accrued interest	498,742	608,108
Accrued salaries and benefits	6,651,347	5,676,975
Accrued compensated absences	3,083,038	2,624,717
Payroll withholding payable	812,409	860,540
Contingent liability	1,000,000	-
Refundable deposits	158,328	70,387
Assets held for others	315,249	309,520
Unearned revenue	15,991,542	13,067,766
Bonds payable	<u>7,758,530</u>	<u>9,106,630</u>
Total current liabilities	<u>45,400,097</u>	<u>38,648,633</u>
Noncurrent Liabilities		
Unearned revenue	21,716,129	24,129,032
Bonds payable, noncurrent portion	90,533,057	98,291,586
Leases payable, noncurrent portion	25,500,000	25,500,000
Net pension liability	184,770,905	242,552,439
Net OPEB liability	<u>35,093,429</u>	<u>45,754,748</u>
Total noncurrent liabilities	<u>357,613,520</u>	<u>436,227,805</u>
Total liabilities	<u>403,013,617</u>	<u>474,876,438</u>
Deferred Inflows		
Service concession – housing	61,626,505	63,996,756
Other deferred inflows	6,870,007	7,129,949
KTRS/KERS pension	96,004,338	145,959,795
KTRS/KERS OPEB	<u>27,255,346</u>	<u>22,889,689</u>
Total deferred inflows	<u>191,756,196</u>	<u>239,976,189</u>
Net Position		
Net investment in capital assets	288,624,996	282,241,805
Restricted		
Expendable for capital projects	23,759,623	29,202,196
Expendable for loans to students	1,405,054	2,187,823
Expendable for scholarships	7,335,251	2,506,484
Expendable for institutional support	3,377,114	3,502,250
Unexpendable for permanent endowment	12,332,772	12,332,772
Unrestricted	<u>(256,969,990)</u>	<u>(373,821,415)</u>
Total net position	<u>79,864,820</u>	<u>(41,848,085)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 674,634,633</u>	<u>\$ 673,004,542</u>

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,126,683	\$ 11,424,556
Pledges receivable – net	403,032	756,795
Cash surrender value of life insurance	169,363	176,977
Other current assets	3,720	-
Total current assets	<u>17,702,798</u>	<u>12,358,328</u>
Noncurrent assets		
Investments	89,717,313	70,386,838
Pledges receivable – net	425,081	605,043
Property and equipment – net	674,901	689,025
Other noncurrent assets	55,747	46,747
Total noncurrent assets	<u>90,873,042</u>	<u>71,727,653</u>
Total Assets	<u>\$ 108,575,840</u>	<u>\$ 84,085,981</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 42,692	\$ 21,000
Due to University	97,303	215,038
Total current liabilities	<u>139,995</u>	<u>236,038</u>
Noncurrent liabilities		
Deferred gift liabilities	324,942	327,791
Assets held for others	25,490,606	20,285,936
Total noncurrent liabilities	<u>25,815,548</u>	<u>20,613,727</u>
Total Liabilities	<u>25,955,543</u>	<u>20,849,765</u>
Net assets		
Without donor restrictions		
Board designated endowment	10,865,344	5,393,899
Undesignated	2,304,435	1,405,863
Total net assets without donor restrictions	<u>13,169,779</u>	<u>6,799,762</u>
With donor restrictions		
Purpose restrictions	35,728,965	23,728,235
Perpetual in nature	33,721,553	32,708,219
Total net assets with donor restrictions	<u>69,450,518</u>	<u>56,436,454</u>
Total net assets	<u>82,620,297</u>	<u>63,236,216</u>
Total Liabilities and Net Assets	<u>\$ 108,575,840</u>	<u>\$ 84,085,981</u>

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Tuition and fees – net	\$ 80,776,221	\$ 87,266,314
Federal grants and contracts	18,401,996	23,415,330
State grants and contracts	8,269,097	11,973,210
Nongovernmental grants, contracts, and gifts	3,090,810	3,449,564
Sales and services of educational activities	6,198,181	5,619,787
Auxiliary enterprises – housing	11,923,643	10,433,792
Auxiliary enterprises – other	3,163,341	4,208,494
Other operating revenues	<u>8,124,895</u>	<u>10,519,818</u>
Total operating revenues	<u>139,948,184</u>	<u>156,886,309</u>
OPERATING EXPENSES		
Educational and general		
Instruction	79,325,338	79,647,546
Research	664,361	699,890
Public service	23,145,752	32,870,585
Libraries	3,118,843	3,430,014
Academic support	18,847,374	19,058,748
Student services	17,565,002	17,603,915
Institutional support	26,839,595	26,066,038
Operations and maintenance of plant	24,225,820	28,500,304
Depreciation	17,358,355	18,718,678
Student financial aid	23,581,098	23,628,705
Auxiliary enterprises		
Housing and other auxiliaries	17,147,909	18,170,907
Depreciation	5,626,031	4,172,476
Pension expense adjustments	(96,856,095)	(61,878,896)
OPEB expense adjustments	(6,704,902)	(3,079,717)
Other operating expenses	<u>1,861,664</u>	<u>2,349,995</u>
Total operating expenses	<u>155,746,145</u>	<u>209,959,188</u>
Operating loss	(15,797,961)	(53,072,879)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	63,902,300	63,753,600
Federal and state grants and contracts	61,246,895	50,767,610
Investment income	5,233,243	1,495,115
Interest expense	(3,458,309)	(3,998,845)
Other nonoperating revenues	7,569,795	7,530,550
Other nonoperating expenses	<u>(251,677)</u>	<u>(143,700)</u>
Net nonoperating revenues	<u>134,242,247</u>	<u>119,404,330</u>
Gain before capital appropriations	118,444,286	66,331,451
Capital appropriations	<u>3,268,619</u>	<u>1,165,463</u>
Change in net position	121,712,905	67,496,914
Net position – beginning of year	<u>(41,848,085)</u>	<u>(109,344,999)</u>
Net position – end of year	<u>\$ 79,864,820</u>	<u>\$ (41,848,085)</u>

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Contributions	\$ 3,426,781	\$ 2,796,409	\$ 6,223,190	\$ 99,613	\$ 2,395,657	\$ 2,495,270
Income from investments – net of Investment expenses of \$217,010 and \$157,591 for 2020 and 2019, respectively	255,297	1,896,645	2,151,942	148,724	1,560,367	1,709,091
Net realized and unrealized gains On investments	1,790,681	12,322,391	14,113,072	264,443	808,653	1,073,096
Other income, net	<u>100,069</u>	<u>(11,659)</u>	<u>88,410</u>	<u>116,596</u>	<u>26,022</u>	<u>142,618</u>
	5,572,828	17,003,786	22,576,614	629,376	4,790,699	5,420,075
Net assets released from restrictions	<u>3,989,722</u>	<u>(3,989,722)</u>	<u>-</u>	<u>3,911,408</u>	<u>(3,911,408)</u>	<u>-</u>
Total revenues, gains, and other support	<u>9,562,550</u>	<u>13,014,064</u>	<u>22,576,614</u>	<u>4,540,784</u>	<u>879,291</u>	<u>5,420,075</u>
EXPENSES						
Support for the University	3,009,098	-	3,009,098	3,361,331	-	3,361,331
Management and general	<u>183,435</u>	<u>-</u>	<u>183,435</u>	<u>181,064</u>	<u>-</u>	<u>181,064</u>
Total expenses	<u>3,192,533</u>	<u>-</u>	<u>3,192,533</u>	<u>3,542,395</u>	<u>-</u>	<u>3,542,395</u>
Change in net assets	6,370,017	13,014,064	19,384,081	998,389	879,291	1,877,680
Net assets – beginning of year	<u>6,799,762</u>	<u>56,436,454</u>	<u>63,236,216</u>	<u>5,801,373</u>	<u>55,557,163</u>	<u>61,358,536</u>
Net assets – end of year	<u>\$ 13,169,779</u>	<u>\$ 69,450,518</u>	<u>\$ 82,620,297</u>	<u>\$ 6,799,762</u>	<u>\$ 56,436,454</u>	<u>\$ 63,236,216</u>

See accompanying notes to financial statements.

EASTERN KENTUCKY UNIVERSITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Tuition and fees	\$ 76,932,706	\$ 90,777,170
Grants, contracts, and gifts	40,693,393	35,052,519
Payments to suppliers	(60,682,465)	(83,850,748)
Payments for utilities	(7,428,705)	(7,651,330)
Payments to employees	(111,620,095)	(112,966,982)
Payments for benefits	(34,483,834)	(34,288,172)
Payments to students	(22,781,360)	(18,636,433)
Loans issued to students and employees	(22,921)	(4,335)
Collections of loans to students and employees	890,430	794,196
Auxiliary enterprise charges		
Residence halls	10,468,357	10,665,714
Other	3,163,341	4,208,494
Sales and services of educational activities	6,198,181	5,619,787
Other receipts	<u>4,181,982</u>	<u>10,054,077</u>
Net cash used in operating activities	(94,490,988)	(100,226,043)
NONCAPITAL FINANCING ACTIVITIES		
State appropriations	63,902,300	63,753,600
Other nonoperating revenues	<u>65,934,820</u>	<u>55,524,267</u>
Net cash provided by noncapital financing activities	129,837,120	119,277,867
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(4,509,426)	(21,576,756)
Principal paid on bonds payable and capital leases	(8,440,000)	(14,125,000)
Interest paid on bonds payable and capital leases	(7,085,371)	(7,190,787)
Proceeds on issuance of bonds payable	-	5,892,872
Capital appropriations	<u>3,268,618</u>	<u>1,165,463</u>
Net cash used in capital and related financing activities	(16,766,179)	(35,834,208)
INVESTING ACTIVITIES		
Interest on investments	<u>41,063</u>	<u>2,035,458</u>
Net cash provided by investing activities	<u>41,063</u>	<u>2,035,458</u>
Increase (decrease) in cash and cash equivalents	18,621,016	(14,746,926)
Cash and cash equivalents – beginning of year	<u>71,098,038</u>	<u>85,844,964</u>
Cash and cash equivalents – end of year	<u><u>\$ 89,719,054</u></u>	<u><u>\$ 71,098,038</u></u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (15,797,961)	\$ (53,072,879)
Depreciation expense	22,984,386	22,891,154
Contributed capital assets	-	(26,450)
Changes in operating assets and liabilities		
Accounts receivable – net	1,090,962	1,490,708
Loans to students – net	867,510	658,019
Inventories	14,677	(53,323)
Prepaid expenses	(602,810)	220,507
Accounts payable	(2,475,859)	(6,939,483)
Accrued liabilities	1,384,560	1,402,819
Contingent liability	1,000,000	-
Refundable deposits	87,941	(232,286)
Assets held for others	5,729	2,463
Unearned revenue	510,874	(1,608,679)
Deferred outflows – KTRS/KERS Pension	10,880,896	23,238,005
Deferred outflows – KTRS/KERS OPEB	(409,240)	435,833
Deferred inflows – KTRS/KERS Pension	(49,955,457)	(29,959,092)
Deferred inflows – KTRS/KERS OPEB	4,365,657	10,639,856
Net pension liability	(57,781,534)	(55,157,652)
Net OPEB liability	<u>(10,661,319)</u>	<u>(14,155,563)</u>
Net cash flows used in operating activities	<u>\$ (94,490,988)</u>	<u>\$ (100,226,043)</u>
Supplemental cash flows information		
Capital asset acquisitions in accounts payable	\$ 6,017,429	\$ 734,647
Contributed capital assets	-	26,450

See accompanying notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Eastern Kentucky University (the “University”) is a regional, coeducational, public institution of higher education offering general and liberal arts programs, pre-professional and professional training in education and various other fields at both the undergraduate and graduate levels. Located in Richmond, Kentucky, the University has a distinguished record of over eleven decades of educational service to the Commonwealth of Kentucky (the “Commonwealth”).

Reporting Entity – The University is a component unit of the Commonwealth and is included in the basic financial statements of the Commonwealth. The University’s financial statements, as defined by Statement No. 14 and amended by Statement No. 61 of the Governmental Accounting Standards Board (“GASB”), include the financial operations and financial position of Eastern Kentucky University Foundation, Inc. (the “Foundation”), which is a corporation formed for educational, charitable and public purposes in accordance with the provisions of KRS 273.010 and a discretely presented component unit of the University. Specifically, it was founded to cooperate with the University and with the Board of Regents of the University (the “Board”) in the promotion of the educational, civic, and charitable purpose of the University and Board in any lawful manner deemed appropriate by the Board. This purpose includes the encouragement of scholarship and research, the promotion of the prestige, expansion, and development of the University, including the development of its physical plant, its faculty and the assistance of its students and alumni. Certain officers of the Foundation are also officers of the University. The Foundation is included in the University’s financial statements as a component unit as it is organized exclusively to benefit the University by generating funding and performing the University’s development activities. The separate financial statements of the Foundation can be obtained by written request to the Eastern Kentucky University Foundation, Jones 324 Coates CPO 19A, 521 Lancaster Avenue, Richmond, Kentucky 40475.

Basis of Accounting and Presentation – The financial statements of the University have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in the preparation of the financial statements. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Investment income and interest expense from government-mandated nonexchange transactions that are not program specific (such as state appropriations) are included in nonoperating revenues and expenses.

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

Cash Equivalents – The University considers all liquid investments with original maturities of three months or less to be cash equivalents. Funds held by the Commonwealth are considered cash equivalents and are carried at cost, which approximates market value.

Restricted Cash and Cash Equivalents – Restricted cash is restricted for the purchase of capital assets.

(Continued)

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

Investments and Investment Income – Investments in equity and debt securities are carried at fair value determined using quoted market prices. Investments in nonnegotiable certificates of deposit, money market accounts, and repurchase agreements are carried at cost, which approximates market value. Amounts due for debt service in the upcoming year represent short-term investments; all other investments are classified as long-term.

The University's investments held with the Foundation are governed by the Foundation's investment policies that determine permissible investments by category. The holdings include U.S. and foreign equity securities as well as alternative investments.

Investment income consists of interest and dividend income, realized gains and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable – Accounts receivable consist primarily of tuition and fee charges to students, charges for auxiliary enterprise services provided to students, faculty and staff and receivables from federal, state and private agencies for grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Estimated uncollectible amounts are determined by considering a number of factors, including the length of time accounts receivable are past due, previous loss history and the condition of the general economy and the industry as a whole.

Loans to Students – The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts.

Inventories – Inventories are stated at the lower of cost or market determined on the first-in, first-out method.

Capital Assets – Capital assets are recorded at cost at the date of acquisition. Gifts are recorded at acquisition value at the date of donation. The University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expenses are incurred.

Depreciation of capital assets is computed on a straight-line basis over the estimated useful lives of the assets; generally, 40 years for buildings, 15–20 years for land improvements, 25 years for infrastructure, 10 years for library books, and 3–15 years for equipment.

Costs incurred during the construction of capital assets are recorded as construction in progress and are not depreciated until placed into service. The University capitalizes interest as a component of capital assets constructed for its own use. Total interest incurred for the years ended June 30, 2021 and 2020 was \$5,967,010 and \$5,978,488, of which \$2,561,595 and \$1,979,643 was capitalized.

Compensated Absences – University employees begin to accumulate annual vacation allocations from the beginning date of employment; however, accrued vacation is not granted until three months of employment have been completed. The maximum accumulation of vacation leave is limited to the number of days that can be accumulated in one year, based on the length of service. Employees are paid their accumulated vacation upon termination, subject to certain limitations.

(Continued)

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

University policy permits most employees to accumulate vacation that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized when vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off 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 in effect and related benefit costs at the Statement of Net Position date.

Unearned Revenue – Unearned revenue represents student fees, advances on grants and contract awards for which the University has not met all of the applicable eligibility requirements, and construction costs for a building provided by the University's dining partner.

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

Deferred Outflows and Inflows of Resources – Deferred outflows represent the consumption of resources that are applicable to a future reporting period, but do not require any further exchange of goods or services. Deferred outflows of resources in the University's financial statements consist of the unamortized deferred refunding loss balance and pension and OPEB related unamortized balances. Deferred inflows consist of the KTRS and KERS pension and OPEB related unamortized balances as well as amounts related to service concession arrangements.

Net Position – Under the provisions of GASB Statement No. 63, resources of the University are classified for accounting and reporting purposes into the following net position categories:

Net investment in Capital Assets: Represents the University's investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to the acquisition, construction, or improvement of those assets.

Restricted – Expendable: Represents resources the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted – Unexpendable: Represents resources the University is legally or contractually obligated to retain in perpetuity.

Unrestricted: The unrestricted component of net position represents assets, deferred outflows, liabilities and deferred inflows 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. Substantially all unrestricted resources are designated for academic and research programs and initiatives, capital projects and operating reserves.

(Continued)

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

Operating and Nonoperating Revenues and Expenses – Operating activities as reported on the Statements of Revenues, Expenses and Changes in Net Position are those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Primarily all of the University's expenses are from exchange transactions. Certain revenue streams are recorded as nonoperating revenues, as required by GASB standards, including state appropriations, federal Pell grant revenue, gifts and investment income. In addition, interest expense is shown as a nonoperating expense.

Release of Restricted Resources – When an expense or outlay is incurred for which both restricted and unrestricted resources are available, the University's policy is to allow each departmental unit the flexibility to determine whether to first apply restricted or unrestricted resources based on the most advantageous application of resources in the particular circumstances.

Scholarship Discounts and Allowances – Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain government grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. 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. The scholarship allowances on tuition and fees and on housing for the years ended June 30, 2021 and 2020 were \$64,866,610 and \$63,606,779 and \$2,578,411 and \$4,962,549, respectively. Payments made directly to students are presented as student financial aid expenses in the Statements of Revenues, Expenses, and Changes in Net Position.

Adoption of New Accounting Pronouncements – During fiscal year 2021, the University adopted the following accounting pronouncements:

- *Statement No. 84, Fiduciary Activities*. This statement establishes criteria for identifying and reporting fiduciary activities of all state and local governments including public universities. In general, if the University controls the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists, then the activity should be presented in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less. The implementation had no material impact on the University's financial statements.
- *Statement 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. This statement requires majority equity interests in legally separate organizations, which meet the definition of an investment, to be measured at fair value using the equity method of accounting. The University has determined that it does not have any such investments.
- *Statement 92, Omnibus 2020* - This statement addresses the application of various previously issued statements and implementation guides. It is effective for periods beginning after June 15, 2021. Certain provisions are effective immediately and the University has implemented those provisions with no material impact to its financial statements. The University will implement the remainder of the provisions during its fiscal year ending June 30, 2022.

(Continued)

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

- *Statement 93, Replacement of Interbank Offered Rates.* This statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate, such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The University has implemented this standard with no material impact to its financial statements.
- *Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* This statement requires that Section 457 plans be classified as pension or other employee benefit plans and clarifies that the provisions of *GASB Statement 84* should be applied to IRC Section 457 plans to determine whether those arrangements should be reported as fiduciary activities. This statement is effective for periods beginning after June 15, 2021. The University will implement this statement during its fiscal year ending June 30, 2022.

Recent Accounting Pronouncements - As of June 30, 2021, the GASB has issued the following statements not yet implemented by the University.

- GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2020.
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, effective for periods beginning after December 15, 2021.

The University's management has not yet determined the effect these statements will have on the University's financial statements.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

Income Taxes – As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(1) of the Internal Revenue Code, as amended, and a similar provision of state law. However, the University is subject to federal income tax on any unrelated business taxable income.

Business Disruption - In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a global pandemic. COVID-19 has impacted economic activity and financial markets globally and has resulted in a decrease in various auxiliary revenues that the University is dependent upon due to closing the campus in March 2020. The continued spread of the disease represents a risk that operations could be disrupted in the near future. The extent to which COVID-19 impacts the University will depend on future developments, which are still highly uncertain and cannot be predicted. As a result of the COVID-19 pandemic, the University has received federal COVID relief funding through the Higher Education Emergency Relief Fund (HEERF) and Governor's Emergency Education Relief (GEER) Fund totaling \$63,381,974, of which \$19,078,466 and \$8,477,751, respectively, was expended and recognized as revenue during the years ended June 30, 2021 and 2020. The remaining \$35,825,757 is expected to be expended and recognized as revenue when allowable expenses are incurred during fiscal year 2022.

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT RETURN

The Commonwealth treasurer requires that all state funds be insured by the Federal Deposit Insurance Corporation ("FDIC"), collateralized by securities held by the cognizant Federal Reserve Bank or invested in U.S. government obligations. The University's deposits with the Commonwealth treasurer are pooled with funds of other state agencies and then, in accordance with statutory limitations, placed in financial institutions or invested as the Commonwealth treasurer may determine, in the state's name.

The University requires that balances on deposits with financial institutions to be insured by the FDIC or collateralized by securities held by the cognizant Federal Reserve Bank, in the University's name.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. As a means of limiting its exposure to losses from custodial credit risk, the University's deposits and investments are held by the Commonwealth treasurer, collateralized by securities in the University's name, and insured by the FDIC or in the University's name.

Deposits as of June 30, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Depository accounts		
Local bank deposits – collateral held as a pledge in the University's name	\$ 47,203,191	\$ 35,443,960
Cash on hand	17,348	18,593
State investment pool – uninsured and uncollateralized	<u>42,498,515</u>	<u>35,635,485</u>
Total deposits	<u>\$ 89,719,054</u>	<u>\$ 71,098,038</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT RETURN (Continued)

Deposits at June 30, 2021 and 2020 as presented on the Statement of Net Position include:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 73,554,595	\$ 53,751,403
Restricted cash and cash equivalents	<u>16,164,459</u>	<u>17,346,635</u>
Total deposits	<u>\$ 89,719,054</u>	<u>\$ 71,098,038</u>

Investments at June 30, 2021 and 2020 consisted of:

	<u>2021</u>	<u>2020</u>
Restricted assets held by the Foundation	<u>\$ 25,490,606</u>	<u>\$ 20,285,936</u>
Total investments	<u>\$ 25,490,606</u>	<u>\$ 20,285,936</u>

Investments in U.S. government securities and the collateral for repurchase agreements are registered in the name of Eastern Kentucky University or held in the University's name by its agents and trustees. The University may legally invest in direct obligations of, and other obligations guaranteed as to principal, the U.S. Treasury and U.S. agencies, and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in equity securities.

University investments held by the Eastern Kentucky University Foundation, Inc. are comprised of the Regional University Excellence Trust Fund and Programs of Distinction endowments (see Note 9). Assets held by the Foundation are invested primarily in an investment pool managed by the Foundation and are carried at fair value.

The assets in the Foundation investment pool at June 30, 2021 and 2020 are invested as follows:

	<u>2021</u>	<u>2020</u>
Percentage of pool invested in:		
Cash equivalents – trustee	6%	5%
Registered investment companies equity funds	72	70
Registered investment companies fixed income funds	21	24
Alternative investments	<u>1</u>	<u>1</u>
Total	<u>100%</u>	<u>100%</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT RETURN (Continued)

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below. Refer to Note 15 C. for a description of those investments.

The fair value of financial instruments as of June 30, 2021 and 2020 is as follows:

		Fair Value Measurements at June 30, Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Fair Value</u>			
<u>2021</u>				
Eastern Kentucky University Foundation, Inc. Investment fund at net asset value per share	\$ 25,490,606	\$ -	\$ -	\$ -
Total investments	\$ 25,490,606	\$ -	\$ -	\$ -
<u>2020</u>				
Eastern Kentucky University Foundation, Inc. Investment fund at net asset value per share	\$ 20,285,936	\$ -	\$ -	\$ -
Total investments	\$ 20,285,936	\$ -	\$ -	\$ -

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 – DEPOSITS, INVESTMENTS AND INVESTMENT RETURN (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal policy to specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Credit quality ratings provide information about the investment's credit risk. The University does not have a formal policy that would limit its investment choices. However, investments are required to be in compliance with Commonwealth statute.

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

Investment Income – Investment income for the years ended June 30, 2021 and 2020 was \$5,233,243 and \$1,495,115, respectively, consisting primarily of an unrealized gains and loss of investments.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are recorded net of estimated uncollectible amounts and consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Student tuition and fees	\$ 12,255,995	\$ 7,771,271
Auxiliary enterprises	2,823,696	1,313,737
Federal, state and private grants and contracts	9,582,002	20,328,755
Other state agencies	28,198	28,198
Other	<u>3,281,229</u>	<u>2,074,474</u>
Total	27,971,120	31,516,435
Less allowance for uncollectible accounts	<u>(2,496,324)</u>	<u>(4,950,677)</u>
Accounts receivable – net	<u>\$ 25,474,796</u>	<u>\$ 26,565,758</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, is as follows:

	Balance - June 30, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	Balance – June 30, <u>2021</u>
Capital assets not being depreciated					
Land	\$ 8,186,328	\$ -	\$ -	\$ -	\$ 8,186,328
Historical treasures and works of art	2,011,296	-	-	-	2,011,296
Livestock for educational purposes	277,238	-	(12,790)	-	264,448
Construction in progress	<u>3,804,595</u>	<u>7,040,369</u>	<u>(62,146)</u>	<u>(3,290,730)</u>	<u>7,492,088</u>
Total capital assets not being depreciated	14,279,457	7,040,369	(74,936)	(3,290,730)	17,954,160
Other capital assets					
Land improvements	62,295,898	-	-	893,284	63,189,182
Buildings	664,156,064	29,999	-	2,397,446	666,583,509
Leasehold improvements	125,577	-	-	-	125,577
Equipment	33,115,006	4,187,139	(474,461)	-	36,827,684
Library books	<u>49,705,206</u>	<u>1,544,654</u>	<u>(40,333)</u>	<u>-</u>	<u>51,209,527</u>
Total other capital assets	809,397,751	5,761,792	(514,794)	3,290,730	817,935,479
Less accumulated depreciation for					
Land improvements	(40,726,977)	(2,854,458)	-	-	(43,581,435)
Buildings	(202,025,848)	(16,501,742)	-	-	(218,527,590)
Leasehold improvements	(104,396)	(12,558)	-	-	(116,954)
Equipment	(24,462,115)	(2,253,553)	457,797	-	(26,257,871)
Library books	<u>(42,707,939)</u>	<u>(1,362,075)</u>	<u>40,333</u>	<u>-</u>	<u>(44,029,681)</u>
Total accumulated depreciation	<u>(310,027,275)</u>	<u>(22,984,386)</u>	<u>498,130</u>	<u>-</u>	<u>(332,513,531)</u>
Other capital assets – net	<u>499,370,476</u>	<u>(17,222,594)</u>	<u>(16,664)</u>	<u>3,290,730</u>	<u>485,421,948</u>
Total capital assets – net	<u>\$ 513,649,933</u>	<u>\$ (10,182,225)</u>	<u>\$ (91,600)</u>	<u>\$ -</u>	<u>\$ 503,376,108</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4 – CAPITAL ASSETS (Continued)

Capital assets activity for the year ended June 30, 2020, is as follows:

	Balance - June 30, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	Balance – June 30, <u>2020</u>
Capital assets not being depreciated					
Land	\$ 8,186,328	\$ -	\$ -	\$ -	\$ 8,186,328
Historical treasures and works of art	1,838,492	-	-	172,804	2,011,296
Livestock for educational purposes	188,548	88,690	-	-	277,238
Construction in progress	<u>49,374,186</u>	<u>18,791,251</u>	<u>(16,052)</u>	<u>(64,344,790)</u>	<u>3,804,595</u>
Total capital assets not being depreciated	59,587,554	18,879,941	(16,052)	(64,171,986)	14,279,457
Other capital assets					
Land improvements	62,266,425	-	-	29,473	62,295,898
Buildings	599,291,768	723,404	-	64,140,892	664,156,064
Leasehold improvements	556,987	-	(431,410)	-	125,577
Equipment	31,022,830	2,312,101	(237,598)	17,673	33,115,006
Library books	<u>48,309,839</u>	<u>1,455,776</u>	<u>(60,409)</u>	<u>-</u>	<u>49,705,206</u>
Total other capital assets	741,447,849	4,491,281	(729,417)	64,188,038	809,397,751
Less accumulated depreciation for					
Land improvements	(37,862,171)	(2,864,806)	-	-	(40,726,977)
Buildings	(185,525,156)	(16,500,692)	-	-	(202,025,848)
Leasehold improvements	(523,248)	(12,558)	431,410	-	(104,396)
Equipment	(22,510,786)	(2,168,540)	217,211	-	(24,462,115)
Library books	<u>(41,423,788)</u>	<u>(1,344,560)</u>	<u>60,409</u>	<u>-</u>	<u>(42,707,939)</u>
Total accumulated depreciation	<u>(287,845,149)</u>	<u>(22,891,156)</u>	<u>709,030</u>	<u>-</u>	<u>(310,027,275)</u>
Other capital assets – net	<u>453,602,700</u>	<u>(18,399,875)</u>	<u>(20,387)</u>	<u>64,188,038</u>	<u>499,370,476</u>
Total capital assets – net	<u>\$ 513,190,254</u>	<u>\$ 480,066</u>	<u>\$ (36,439)</u>	<u>\$ 16,052</u>	<u>\$ 513,649,933</u>

NOTE 5 – UNEARNED REVENUE

Unearned revenue as of June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Unearned summer school revenue and activity fees	\$ 8,018,302	\$ 4,968,756
Unearned grants and contracts revenue, current	7,973,240	5,093,434
Unearned grants and contracts revenue, noncurrent	<u>21,716,129</u>	<u>27,134,607</u>
Total	<u>\$ 37,707,671</u>	<u>\$ 37,196,797</u>

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 6 – BONDS PAYABLE AND CAPITAL LEASE OBLIGATIONS

Long-term liabilities as of June 30, 2021, and long-term activity for the year ended June 30, 2021 are summarized as follows:

	Balance - July 1, 2020	Additions	Reductions	Refunding	Balance - June 30, 2021	Balance Due Within One Year
Revenue bonds payable	\$ 88,015,000	\$ -	\$ (3,995,000)	\$ -	\$ 84,020,000	\$ 4,175,000
General receipts refunding bonds	14,680,000	-	(4,445,000)	-	10,235,000	3,020,000
Capitalized lease obligations	25,500,000	-	-	-	25,500,000	-
Unamortized bond premium	<u>4,703,216</u>	<u>-</u>	<u>(666,630)</u>	<u>-</u>	<u>4,036,586</u>	<u>563,530</u>
	<u>\$ 132,898,216</u>	<u>\$ -</u>	<u>\$ (9,106,630)</u>	<u>\$ -</u>	<u>\$ 123,791,586</u>	<u>\$ 7,758,530</u>

Long-term liabilities as of June 30, 2020, and long-term activity for the year ended June 30, 2020 are summarized as follows:

	Balance - July 1, 2019	Additions	Reductions	Refunding	Balance - June 30, 2020	Balance Due Within One Year
Revenue bonds payable	\$ 97,550,000	\$ -	\$ (3,835,000)	\$ (5,700,000)	\$ 88,015,000	\$ 3,995,000
General receipts refunding bonds	14,005,000	5,265,000	(4,590,000)	-	14,680,000	4,445,000
Capitalized lease obligations	25,500,000	-	-	-	25,500,000	-
Unamortized bond premium	<u>4,830,059</u>	<u>627,872</u>	<u>(754,715)</u>	<u>-</u>	<u>4,703,216</u>	<u>666,630</u>
	<u>\$ 141,885,059</u>	<u>\$ 5,892,872</u>	<u>\$ (9,179,715)</u>	<u>\$ (5,700,000)</u>	<u>\$ 132,898,216</u>	<u>\$ 9,106,630</u>

General Receipts Revenue Bonds – On August 2, 2007, the University sold \$12,920,000 of Eastern Kentucky University General Receipts and Refunding Bonds, Series 2007A, with a net interest rate of 4.41%. The proceeds of this bond issue provided funding for the renovation of the Sidney Clay Residence Hall and the refunding of the Eastern Kentucky University Housing System Revenue Bonds. The bonds mature in varying amounts through May 1, 2027. All of the revenues of the University, except federal and state grants and contracts, RUETF endowment matching grants, POD endowment, capital appropriations, and federal capital support are pledged for debt service on these bonds. During fiscal years 2021 and 2020, \$0 and \$0 of principal and \$0 and \$0 of interest were paid on the bonds. Total outstanding principal at June 30, 2021 was \$0. These bonds were partially refunded during fiscal year 2017. See Series 2016A paragraph in this footnote.

On April 1, 2009, the University sold \$12,095,000 of Eastern Kentucky University General Receipt Bonds, Series 2009A, at a net interest cost of 3.98%. The proceeds of this bond issue provided funding for the renovation of the Walters Residence Hall and the construction of intramural fields. The bonds mature in varying amounts through May 1, 2028. During fiscal year 2020, \$0 of principal and \$0 of interest were paid on the bonds. Total outstanding principal at June 30, 2020 was \$0. These bonds were refunded during fiscal year 2020. See Series 2019A paragraph in this footnote.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 6 – BONDS PAYABLE AND CAPITAL LEASE OBLIGATIONS (Continued)

On December 8, 2011, the University sold \$21,480,000 of Eastern Kentucky University General Receipt Bonds, Series 2011A, at a net interest cost of 3.74%. The proceeds of this bond issue provided funding for a new residence hall. The bonds mature in varying amounts through October 1, 2031. During fiscal years 2021 and 2020, \$985,000 and \$960,000 of principal and \$513,550 and \$542,725, respectively, of interest were paid on the bonds. Total outstanding principal at June 30, 2021 and 2020 was \$13,420,000 and \$14,405,000 and, respectively.

On July 3, 2012, the University sold \$27,700,000 of Eastern Kentucky University General Receipts Refunding Bonds, 2012 Series A bonds, at an effective interest rate of 3.49% to advance refund Consolidated Education Revenue Bonds Series V (June 1, 2004, which refinanced outstanding Housing Revenue Series bonds and provided additional funding for the replacement of the campus underground electrical system) of \$8,790,000 and a master lease (September 25, 2008 for an energy savings performance contract) of \$21,863,227. The 2012 Series A bond agreement includes certain covenants and guidelines related to the University's indebtedness.

The net proceeds of \$31,350,000 (including the Original Issuer's Premium) of the 2012 Series A Bonds were used (after payment of underwriting fees, insurance, and other issuance costs) to purchase U.S. government securities. Those securities were deposited to an irrevocable trust with an escrow agent to provide for all future debt service payments on those Series V bonds and the energy savings lease. As a result, the Series V bonds and energy savings lease are considered to be defeased and the liabilities for these obligations have been removed from the statement of net position. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,407,906. This difference, reported under GASB 65 (see Note 1) as a deferred outflow, is being charged to operations through the year 2024 using the effective-interest method. The University completed the advance refunding to reduce its total debt service payments over the next 12 years. The resulting savings on a present value basis is approximately \$2.35 million.

During fiscal years 2021 and 2020, \$3,175,000 and \$3,020,000 of principal and \$331,000 and \$482,000 of interest were paid on the bonds. The outstanding principal at June 30, 2021 and 2020 is \$3,445,000 and \$6,620,000, respectively.

On April 7, 2015, the University sold \$14,280,000 of Eastern Kentucky University General Receipt Bonds, Series 2015A, at a net interest cost of 3.26%. The proceeds of this bond issue provided funding for various athletic projects. The bonds mature in varying amounts through April 1, 2035. During fiscal years 2021 and 2020, \$590,000 and \$570,000 of principal and \$432,594 and \$455,394 of interest were paid on the bonds. Total outstanding principal at June 30, 2021 and 2020 was \$11,020,000 and \$11,610,000, respectively.

On March 2, 2016, the University sold \$5,825,000 of Eastern Kentucky University General Receipt Bonds, Series 2016A, at a net interest cost of 2.15% to refund a portion of the 2007 Series A Bonds (August 2, 2007, which refinanced outstanding Housing Revenue Series bonds).

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 6 – BONDS PAYABLE AND CAPITAL LEASE OBLIGATIONS (Continued)

During fiscal years 2021 and 2020, \$775,000 and \$1,010,000 of principal and \$75,738 and \$95,938, respectively, of interest were paid on the bonds. Total outstanding principal at June 30, 2021 and 2020 was \$2,580,000 and \$3,355,000, respectively.

On April 5, 2017, the University sold \$46,140,000 of Eastern Kentucky University General Receipt Bonds, Series 2017A, at an adjusted true interest cost of 3.43%. The bonds mature in varying amounts through April 1, 2037. During fiscal years 2021 and 2020, \$1,675,000 and \$1,595,000 of principal and \$1,686,156 and \$1,765,906, respectively, of interest were paid on the bonds. Total outstanding principal at June 30, 2021 and 2020 was \$39,850,000 and \$41,525,000, respectively.

On January 23, 2018, the University sold \$21,860,000 of Eastern Kentucky University General Receipt Bonds, Series 2018A, at an adjusted true interest cost of 3.03%. The bonds mature in varying amounts through October 1, 2037. During fiscal years 2021 and 2020, \$745,000 and \$710,000 of principal and \$827,788 and \$864,163 of interest were paid on the bonds. Total outstanding principal at June 30, 2021 and 2020 was \$19,730,000 and \$20,475,000, respectively.

The proceeds of the Eastern Kentucky University General Receipt Bonds, Series 2017A and Series 2018A, provide funding for the project listed in the Budget Act *Construct Student Life Facilities*. The project includes (i) the construction of a new student recreation facility with a fitness center and other amenities, (ii) the construction of a pedway over the Robert Martin Bypass connecting north and south campus, and (iii) renovations of the Powell Student Union building.

On August 27, 2019, the University sold \$5,265,000 of Eastern Kentucky University General Receipt Bonds, Series 2019A, at a net interest cost of 1.782% to refund the 2009 Series A Bonds

The refunding resulted in a gross savings between the reacquisition price and the net carrying amount of the old debt. The University completed the refunding to reduce its total debt service payments over the next 9 years. The resulting savings on a present value basis is approximately \$588,141. As of June 30, 2020, the 2009 Series A Bonds had been fully redeemed.

During fiscal years 2021 and 2020, \$495,000 and \$560,000 of principal and \$207,950 and \$140,259 of interest, respectively, were paid on these new bonds. Total outstanding principal at June 30, 2021 and 2020 was \$4,210,000 and \$4,705,000, respectively.

Capital Lease Obligations – The University has capitalized certain buildings and equipment under various capital lease agreements. In June 2000, the University entered into a financing/lease agreement with the Commonwealth of Kentucky State Property and Buildings Commission to finance the Law Enforcement Basic Training Complex (“Project #66”) in the amount of \$20,350,000. During the 2002 fiscal year, the University entered into a second financing/lease agreement to finance the Law Enforcement Physical Skills Training Facility (“Project #75”) in the amount of \$7,075,000. In October 2003, the University entered into a \$12,990,000 lease agreement with the Commonwealth of Kentucky State Property and Buildings Commission (“Project #80”), the proceeds of which were used primarily to retire \$12,655,000 in lease payments due on the Project #66 lease agreement. During fiscal year 2018, all the capital lease agreements with the Commonwealth of Kentucky State Property and Buildings Commission were retired, and the State assumed ownership of the associated buildings and related debt.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 6 – BONDS PAYABLE AND CAPITAL LEASE OBLIGATIONS (Continued)

During fiscal year 2016, the University modified the previous Grand Campus lease as part of a value-added benefit for the public private partnership residence hall project. The lease is extended to a total of 31.5 years with lease payments totaling \$115,580,549 over that period, with the University taking ownership at the end of the term. Grand Campus is an approximately 16-acre property adjacent to campus that holds 2 separate student housing dormitories containing a total of 512 bedrooms. The dormitories also have separate bathrooms, common areas, swimming pool, clubhouse, and parking lot among other amenities.

During fiscal years 2021 and 2020, \$0 and \$0 of principal and \$2,901,291 and \$2,844,403, respectively, of interest were paid on the capital leases.

The principal maturities and interest repayment requirements on bonds and capital leases are as follows:

Years ending June 30,	Principal	Interest	Total
2022	\$ 7,758,530	\$ 6,659,492	\$ 14,418,022
2023	6,531,014	6,401,103	12,932,117
2024	6,738,850	6,194,423	12,933,273
2025	6,134,403	5,974,926	12,109,329
2026	6,002,299	5,783,660	11,785,959
2027-2031	31,496,123	26,016,685	57,512,808
2032-2036	29,473,319	20,237,529	49,710,848
2037-2041	12,768,680	14,545,558	27,314,238
2042-2046	12,478,072	10,406,119	22,884,191
2047-2048	<u>4,410,296</u>	<u>1,676,741</u>	<u>6,087,037</u>
	<u>\$ 123,791,586</u>	<u>\$ 103,896,236</u>	<u>\$ 227,687,822</u>

Assets under capital leases at original cost totaled \$25,500,000 with accumulated depreciation of \$4,409,375 and \$3,771,875 at June 30, 2021 and 2020, respectively. This includes only Grand Campus Properties.

NOTE 7 – SERVICE CONCESSION ARRANGEMENT

On February 8, 2016, the University entered into an agreement with a third party that qualifies for treatment as a service concession arrangement as defined in GASB 60, *Accounting and Financial Reporting for Service Concession Arrangements*. Under the terms of the agreement, the University leases land to the third party and the third party constructed student housing, whereby the University is the owner of the constructed building with no obligation for construction costs. Once construction of the building was complete and ready for use, the University leased it back to the third party and entered into a manage and maintain agreement for cost and revenue sharing. Due to the age and condition of the current housing stock, the University entered the agreement with the expectation of attracting more students and to retain current students. The buildings were completed in July 2017 and recorded as a capital asset with a book value of \$71,107,507, and a useful life of 40 years. As of June 30, 2021, and 2020, the buildings had a net book value of \$64,144,896 and \$65,922,584 and the service concession had a carrying balance of \$61,626,505 and \$63,996,756, respectively.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 8 – DESIGNATIONS OF UNRESTRICTED NET POSITION

Unrestricted net position is designated for specific purposes by action of the Board or University management or may otherwise be limited by contractual agreements. Commitments for the use of unrestricted net position at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Inventories	\$ 311,281	\$ 325,958
Outstanding encumbrances	1,630,386	798,747
Departmental commitments	4,146,720	3,570,254
Designated projects and contingency reserves	49,563,022	32,763,593
Health care self-insurance reserve	3,000,000	3,000,000
Auxiliary working capital	566,835	5,469,263
University capital projects	1,000,000	1,000,000
KTRS Pension	(125,562,515)	(171,759,386)
KERS Pension	(136,624,426)	(187,283,492)
KTRS OPEB	(24,889,437)	(26,610,006)
KERS OPEB	<u>(30,111,856)</u>	<u>(35,096,346)</u>
Total	<u>\$ (256,969,990)</u>	<u>\$ (373,821,415)</u>

NOTE 9 – ASSETS HELD BY OTHERS

The Regional University Excellence Trust Fund ("RUETF") was created by the Kentucky General Assembly with the passage of the Postsecondary Education Improvement Act of 1997 ("House Bill 1"). The RUETF Endowment Match Program, also known as "Bucks for Brains", provides state funds on a dollar-for-dollar match basis. Funds are endowed for the purposes of supporting endowed chairs and professorships. House Bill 1 also established two Eastern Kentucky University endowments for the support of nationally recognized Programs of Distinction ("PODs") for the College of Justice and Safety and for potential future additional Programs of Distinction. The College of Justice and Safety POD was liquidated in 2010 to fund an addition to the Stratton Building.

The total fair market value of the Eastern Kentucky University RUETF and POD endowment as of June 30, 2021 and 2020 was \$25,490,606 and \$20,285,936, respectively.

The portion of the RUETF endowment representing the value of the funding received from the Kentucky General Assembly, plus unexpended earnings thereon, was \$23,045,137 and \$18,341,506 as of June 30, 2021 and 2020, respectively, and is included in restricted assets held by the Foundation (see Note 2).

The fair market value of the Eastern Kentucky University POD endowments as of June 30, 2021 and 2020 was \$2,445,469 and \$1,944,430, respectively, and is included in restricted assets held by the Foundation (see Note 2).

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 10 – RELATED-PARTY TRANSACTIONS

The University and the Foundation are related parties. The University authorizes the Foundation to solicit contributions on its behalf. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to the University. In addition, the Foundation incurs expenses for salaries of certain University staff; however, the salaries are paid by the University.

	<u>2021</u>	<u>2020</u>
Funds disbursed by the University on behalf of the Foundation:		
For employee salaries and benefits	\$ 357,154	\$ 290,861
For other expenses	816,948	1,181,054
For scholarships	1,534,175	1,466,096
Funds held by the Foundation on behalf of or for the benefit of the University as of June 30	25,490,606	20,285,936
Funds due to the University by the Foundation	101,227	221,071

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Plan Description – All full-time University faculty members and certain other staff occupying a position requiring certification or graduation from a four-year college or university as a condition of employment are covered by the Kentucky Teachers' Retirement System (KTRS), a cost sharing - multiple employer public employee retirement system. KTRS is a defined benefit plan providing for retirement, disability, death benefits and health insurance. Participants have a fully vested interest after the completion of 60 months of service, 12 of which are current service.

KTRS issues a publicly available financial report that includes financial statements, required supplementary information, and detailed information about the pension plan's fiduciary net position. That report may be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky, 40601, by calling (502) 573-3266, or visiting the website at <https://trs.ky.gov/>.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, pension and OPEB expense, information about the fiduciary net position of the Kentucky Teachers' Retirement System of the State of Kentucky (KTRS) and additions to/deductions from KTRS's fiduciary net position have been determined on the same basis as they are reported by KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Pension Plan Information

Pension Benefits Provided: The information below summarizes the major retirement benefit provisions of KTRS plan. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions:

	Tier 1 Participation Prior to <u>July 1, 2008</u>	Tier 2 Participation on or After <u>July 1, 2008</u>
Covered Employees:	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)	University faculty and professional staff that do not choose the Optional Retirement Plan (Deferred Contribution)
Benefit Formula:	Final Compensation X Benefit Factor X Years of Service	
Final Compensation:	Average of the highest 5 annual salaries reduced 5% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.	Average of the highest 5 annual salaries reduced 6% per year from the earlier of age 60 or the date 27 years of service would have been completed. Average of the highest 3 annual salaries if age 55 with 27 or more years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.
Benefit Factor:	Non-University members: 2.00% for service prior to 7/1/1983; 2.50% for service after 7/1/1983; 2.00% if participation after 7/1/2002 and less than 10 years; 2.50% if participation after 7/1/2002 and more than 10 years; 3.00% if retire after 7/1/2004 with more than 30 years. University members: 2.0% for each year of service.	Non-University members: 1.70% if less than 10 years; 2.00% if greater than 10 years, but no more than 20 years; 2.30% if greater than 20 years, but no more than 26 years; 2.50% if greater than 26 years, but no more than 30 years; 3.00% for service greater than 30 years. University members: 1.50% if less than 10 years; 1.70% if greater than 10 years, but less than 20 years; 1.85% if greater than 20 years, but less than 27 years; 2.00% if greater than 27 years.
Cost of Living Adjustment (COLA):	1.5% annually additional ad hoc increases must be authorized by the General Assembly.	
Unreduced Retirement Benefit:	Any age with 27 years of Kentucky service. Age 55 with 5 years of Kentucky service.	Any age with 27 years of Kentucky service. Age 60 with 5 years of Kentucky service. Age 55 with 10 years of Kentucky service.
Reduced Retirement Benefit:	Must be retired for service or disability to be eligible. Retired members are given a supplement based upon a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement.	

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Contributions - Benefit and contribution rates are established by state statute. Per Kentucky Revised Statutes 161.540, 161.550 and 161.565, contribution requirements of the active employees and the participating organizations are established and may be amended by the KTRS Board. For the fiscal year ended June 30, 2021 and 2020, University employees were required to contribute 8.185% of their annual covered salary for retirement benefits. The University was contractually required to contribute 15.87% (14.06% allocated to pension, 1.78% allocated to medical insurance and 0.03% allocated to life insurance) of covered payroll for the fiscal years ended June 30, 2021 and 2020. The actuarially determined amount, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The University has met 100% of the contribution funding requirement for the fiscal years ended June 30, 2021 and 2020. Total current year contributions recognized by the Plan were \$8,835,669 (\$7,535,411 related to pension and \$1,300,258 related to OPEB) for the year ended June 30, 2021. For the year ended June 30, 2020, total contributions recognized by the Plan were \$8,377,516 (\$7,144,522 related to pension and \$1,232,994 related to OPEB). The OPEB contributions amount does not include the implicit subsidy. In addition, the Commonwealth of Kentucky contributes ad hoc annual cost of living adjustments provided by the General Assembly for KTRS retirees. This contribution totaled \$7,450,917 and \$7,667,694, respectively, for the years ended June 30, 2021 and 2020.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - At June 30, 2021 and 2020, the University reported a liability for its proportionate share of the net pension liability that reflected a reduction for pension support provided to the University by the Commonwealth of Kentucky. The amount recognized by the University as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the University were as follows:

	<u>2021</u>	<u>2020</u>
University's proportionate share of the net pension liability	\$ 90,619,732	\$ 86,450,077
Commonwealth of Kentucky's proportionate share of the net pension liability associated with the University	<u>95,303,278</u>	<u>93,677,114</u>
	<u>\$ 185,923,010</u>	<u>\$ 180,127,191</u>

The net pension liability was measured as of June 30, 2020 and 2019. The University's proportion of the net pension liability was based on actual contributions to the pension plan during the measurement period. At June 30, 2021 and 2020, University's proportion was 0.61% and 0.66%, respectively, and the Commonwealth of Kentucky's proportion associated with the University was 0.64% and 0.71%, respectively.

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EASTERN KENTUCKY UNIVERSITY
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June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

For the year ended June 30, 2021 and 2020, the University was allocated pension expense of \$ (46,196,871) and \$(45,372,454) and revenue of \$ 11,021,833 and \$9,320,311, respectively. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2021</u>		
Net difference between projected and actual earnings on investments	\$ (1,080,156)	\$ 2,968,045
Change in assumptions	2,362,011	26,084,018
Differences between expected and actual experience	836,917	-
Changes in proportionate share of contributions	<u>4,689,055</u>	<u>20,233,960</u>
	6,807,827	49,286,023
 Contributions subsequent to the measurement date	 <u>7,535,411</u>	 <u>-</u>
	<u>\$ 14,343,238</u>	<u>\$ 49,286,023</u>
 <u>2020</u>		
Net difference between projected and actual earnings on investments	\$ -	\$ 725,202
Change in assumptions	7,326,722	46,033,783
Differences between expected and actual experience	257,727	5,515,285
Changes in proportionate share of contributions	<u>4,359,228</u>	<u>52,123,397</u>
	11,943,677	104,397,667
 Contributions subsequent to the measurement date	 <u>7,144,522</u>	 <u>-</u>
	<u>\$ 19,088,199</u>	<u>\$ 104,397,667</u>

At June 30, 2021, the University reported \$7,535,411 as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the following fiscal year. Deferred outflows and deferred inflows of resources at June 30, 2021, related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (43,172,193)
2023	(13,344,753)
2024	1,824,447
2025	<u>12,214,303</u>
	<u>\$ (42,478,196)</u>

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Actuarial assumptions - The total pension liability in the June 30, 2020 and 2019 measurement was determined by using the following actuarial valuations, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2019 and 2018
Inflation	3.00%
Salary increases	3.50% - 7.30%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, Including inflation
Municipal bond index rate	2.19% and 3.50%
Single equivalent interest rate	7.50%

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

The actuarial assumptions used in the June 30, 2019 and 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015 adopted by the KTRS Board on November 19, 2016.

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

<u>Asset Class</u>	<u>June 30, 2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
U.S. Equity	40%	4.60%
Non U.S. Equity	22	5.60
Fixed Income	15	0.00
Additional Categories*	7	2.50
Real Estate	7	4.30
Private Equity	7	7.70
Cash	<u>2</u>	(0.50)
Total	<u>100%</u>	

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

<u>Asset Class</u>	<u>June 30, 2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Nominal Rate of Return</u>
U.S. Equity	40%	4.2%
Non U.S. Equity	22	5.2
Fixed Income	15	1.2
Additional Categories*	8	3.2
Real Estate	6	3.8
Private Equity	7	6.3
Cash	<u>2</u>	0.9
Total	<u>100%</u>	

*Includes hedge funds, high yield and non U.S. developed bonds and private credit strategies

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The total pension liability as of June 30, 2019 reflects the assumed municipal bond index rate decrease from 3.5 percent to 2.19 percent. The Single Equivalent Interest Rate (SEIR) remained at 7.50 percent. The impact of this change in the discount rate is a change in assumption that is added to expected TPL to determine the final TPL at June 30, 2020. The total pension liability as of June 30, 2019 reflects the assumed municipal bond index rate decrease from 3.89% to 3.5%. The Single Equivalent Interest Rate (SEIR) remained at 7.50 percent. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2019.

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

Discount rate - The discount rate used to measure the TPL was 7.50 percent at June 30, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, at the June 30, 2020 measurement date, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate - The following tables present the net pension liability of the University as of June 30, 2021 and 2020, calculated using the discount rate, as well as what the University's net pension liability (in thousands) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the Collective Net Pension Liability (<i>in thousands</i>)	\$ 115,423	\$ 90,620	\$ 69,976

	June 30, 2020		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the Collective Net Pension Liability (<i>in thousands</i>)	\$ 110,306	\$ 86,450	\$ 66,262

Medical Insurance Plan

Plan Description - In addition to the OPEB benefits previously described, Kentucky Revised Statute 161.675 requires KTRS to provide post-employment healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided - To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. KTRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the KTRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

Contributions - In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three-quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. For the years ended June 30, 2021 and 2020, the University contributed \$1,294,853 and \$1,217,152 to the KTRS medical insurance plan.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

- At June 30, 2021 and 2020, the University reported a liability of \$18,073,000 and \$21,503,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the University. The collective net OPEB liability was measured as of June 30, 2020 and 2019. The University's proportion of the net OPEB liability was based on actual contributions to the OPEB plan during the measurement period. At June 30, 2020 and 2019, the University's proportion was .72% and 0.73% and the Commonwealth of Kentucky's proportion associated with the University was .32% for both years.

The amount recognized by the University as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the University were as follows:

	<u>2021</u>	<u>2020</u>
University's proportionate share of the net OPEB liability	\$ 18,073,000	\$ 21,503,000
State's proportionate share of the net OPEB liability associated with the University	<u>7,967,000</u>	<u>9,592,000</u>
Total	<u>\$ 26,040,000</u>	<u>\$ 31,095,000</u>

For the year ended June 30, 2021 and 2020, the University was allocated OPEB expense of \$(27,000) and \$773,000 and revenue of \$418,000 and \$320,000 for support provided by the State. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2021</u>		
Difference between expected and actual experience	\$ -	\$ 7,705,000
Changes of assumptions	1,096,000	-
Net difference between projected and actual earnings on OPEB plan investments	588,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	<u>145,000</u>	<u>1,763,000</u>
	1,829,000	9,468,000
University contributions subsequent to the measurement date	<u>1,294,855</u>	<u>-</u>
Total	<u>\$ 3,123,855</u>	<u>\$ 9,468,000</u>

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2020</u>		
Difference between expected and actual experience	\$ -	\$ 5,205,000
Changes of assumptions	572,000	-
Net difference between projected and actual earnings on OPEB plan investments	91,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	<u>176,000</u>	<u>1,553,000</u>
	839,000	6,758,000
University contributions subsequent to the measurement date	<u>1,217,152</u>	-
Total	<u>\$ 2,056,152</u>	<u>\$ 6,758,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$1,294,855 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2022	\$ (1,624,000)
2023	(1,579,000)
2024	(1,588,000)
2025	(1,327,000)
2026	(1,083,000)
Thereafter	<u>(438,000)</u>
	<u>\$ (7,639,000)</u>

Actuarial Assumptions - The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2019 and 2018
Measurement date	June 30, 2020 and 2019
Investment rate of return	8.00% net of OPEB plan investment expense, including inflation.
Salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Healthcare cost trend rate	Pre-65: 7.25% and 7.50% decreasing to ultimate trend rate of 5.00% by FY2029. Post-65: 5.25% and 5.50% decreasing to an ultimate trend rate of 5.00% by FY2022.
Medicare Part B premiums	6.49% and 2.63% decreasing to an ultimate rate of 5.00% by FY2031.
Municipal bond index rate	2.19% and 3.50%
Discount rate	8.00%
Single equivalent interest rate	8.00%, net of OPEB plan investment expense, including inflation.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2019 and 2018 valuations were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation. The health care cost trend assumption was updated for the June 30, 2019 and 2018 valuations and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

	June 30, 2020		June 30, 2019	
	Target Allocation	30 Year Expected Real Rate of Return	Target Allocation	30 Year Expected Real Rate of Return
Global Equity	58.00%	5.40%	58.00%	5.10%
Fixed income	9.00	0.00	9.00	1.20
Real Estate	6.50	4.30	6.50	3.80
Private Equity	8.50	7.70	8.50	6.30
Other Additional Categories*	17.00	2.50	17.00	3.20
Cash (LIBOR)	<u>1.00</u>	(0.50)	<u>1.00</u>	0.90
Total	<u>100.00%</u>		<u>100.00%</u>	

KTRS Medical Plan Changes in Assumptions Since Prior Measurement Date – For the fiscal year ended June 30, 2021, the healthcare cost trend rate for Pre-65 decreased from 7.50 percent for fiscal year 2020 to 7.25 percent for fiscal year 2021 and Post-65 decreased from 5.50 percent for fiscal year 2020 to 5.25 percent for fiscal year 2021. Medicare Part B premiums increased to 6.49 percent for fiscal year 2021 from 2.63 percent for fiscal year 2020. The municipal bond index rate decreased from 3.50 percent to 2.19 percent. For the fiscal year ended June 30, 2020, the healthcare cost trend rate for Pre-65 decreased from 7.75 percent for fiscal year 2019 to 7.50 percent for fiscal year 2020 and Post-65 decreased from 5.75 percent for fiscal year 2019 to 5.50 percent for fiscal year 2020. Medicare Part B premiums increased to 2.63 percent for fiscal year 2020 from 0.0 percent for fiscal year 2019. The municipal bond index rate decreased from 3.89 percent to 3.50 percent.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will contribute the Actuarially Determined Contribution (ADC) in accordance with the MIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate - The following table presents the University's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
University's net OPEB liability (MI) (in thousands)	\$ 21,843	\$ 18,073	\$ 14,925
	June 30, 2020		
	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
University's net OPEB liability (MI) (in thousands)	\$ 25,473	\$ 21,503	\$ 18,178

Sensitivity of the University's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates - The following presents the University's proportionate share of the collective net OPEB liability, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	June 30, 2021		
	1% Decrease	Current Trend Rate	1% Increase
University's net OPEB liability (in thousands)	\$ 14,324	\$ 18,073	\$ 22,691

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	June 30, 2020		
	1% <u>Decrease</u>	Current Trend Rate	1% <u>Increase</u>
University's net OPEB liability (in thousands)	\$ 17,504	\$ 21,503	\$ 26,420

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued TRS financial report.

Life Insurance Plan

Plan Description – Life Insurance Plan – KTRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The KTRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the life insurance plan may be made by the KTRS Board of Trustees and the General Assembly.

Benefits Provided – KTRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. KTRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions – In order to fund the post-retirement life insurance benefit, 0.03 percent of the gross annual payroll of members is contributed by the state. In addition, KCTCS contributes 0.04 percent of each participants covered compensation. For the years ended June 30, 2021 and 2020, the University contributed \$16,708 and \$15,842 to the KTRS life insurance plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – At June 30, 2021 and 2020, the University reported a liability of \$548,000 and \$498,000 for its proportionate share of the collective net OPEB liability, respectively. The collective net OPEB liability was measured as of June 30, 2020. The University's proportion of the net OPEB liability was based on actual contributions to the OPEB plan during the measurement period. At June 30, 2020 and 2019, the University's proportion was 1.58% and 1.61%.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

For the years ended June 30, 2021 and 2020, the University was allocated OPEB expense of \$98,000 and \$87,000. At June 30, 2021 and 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2021</u>		
Difference between expected and actual experience	\$ 11,000	\$ 9,000
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	77,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	20,000
	88,000	29,000
University contributions subsequent to the measurement date	16,708	-
Total	<u>\$ 104,708</u>	<u>\$ 29,000</u>
<u>2020</u>		
Difference between expected and actual experience	\$ -	\$ 12,000
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	104,000	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	15,000
	104,000	27,00
University contributions subsequent to the measurement date	15,842	-
Total	<u>\$ 119,842</u>	<u>\$ 27,000</u>

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$16,708 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the University's OPEB expense as follows:

Year ended June 30:	
2022	\$ 38,000
2023	20,000
2024	2,000
2025	4,000
2026	(3,000)
Thereafter	<u>(2,000)</u>
	<u>\$ 59,000</u>

Actuarial Assumptions – The total OPEB liability (TOL) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2019 and 2018
Measurement date	June 30, 2020 and 2019
Investment rate of return	7.50% net of OPEB plan investment expense, including inflation.
Salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Municipal bond index rate	2.19% and 3.50% for 2019
Discount rate	7.50%
Single equivalent interest rate	7.50%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2019 and 2018 valuations were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation. The health care cost trend assumption was updated for the June 30, 2019 and 2018 valuations and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

KTRS Life Plan Changes in Assumptions Since Prior Measurement Date – For the fiscal years ended June 30, 2021 and 2020, the municipal bond index rate decreased from 3.50 percent to 2.19 percent and from 3.89 percent to 3.50 percent, respectively.

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

Asset Class*	June 30, 2020		June 30, 2019	
	Target Allocation	30 Year Expected Real Rate of Return	Target Allocation	30 Year Expected Real Rate of Return
U.S. Equity	40.00%	4.60%	40.00%	4.30%
International Equity	23.00	5.60	23.00	5.20
Fixed income	18.00	0.00	18.00	1.20
Real Estate	6.00	4.30	6.00	3.80
Private Equity	5.00	7.70	5.00	6.30
Other Additional Categories**	6.00	2.50	6.00	3.20
Cash (LIBOR)	<u>2.00</u>	<u>(0.50)</u>	<u>2.00</u>	<u>0.90</u>
Total	<u>100.00%</u>		<u>100.00%</u>	

*As the life insurance plan investment policy is subject to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return.

Discount rate – The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate – The following tables present the University's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, as well as what the University's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
University's net OPEB (LI) liability (in thousands)	\$ 792	\$ 548	\$ 349

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

	June 30, 2020		
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
University's net OPEB (LI) liability (in thousands)	\$ 736	\$ 498	\$ 306

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KTRS financial report.

Kentucky Employees Retirement System

Plan Description - The University contributes to the Kentucky Employees' Retirement System (KERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System (KRS), an agency of the Commonwealth. Under the provisions of Kentucky Revised Statute Section 61.645, the Board of Trustees ("KRS Board") of KRS administers the KERS, County Employees Retirement System and State Police Retirement System. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan, and a pro rata share of administrative costs, in accordance with the provisions of Kentucky Revised Statute Sections 16.555, 61.570, and 78.630.

KRS issues a publicly available financial report that includes audited financial statements and audited required supplementary information for KERS. The report may be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or it may be found at the KRS website at www.kyret.ky.gov.

Basis of Accounting: For purposes of measuring the net pension and OPEB liabilities, deferred outflow of resources and deferred inflow of resources related to pensions and OPEB, pension and OPEB expense, information about the fiduciary net position of KERS and additions to/deductions from KERS's fiduciary net position have been determined on the same basis as they are reported by KERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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

Non-Hazardous

	Tier 1 Participation Prior to <u>9/1/2008</u>	Tier 2 Participation <u>9/1/2008 through 12/31/13</u>	Tier 3 Participation <u>1/1/2014</u>
Benefit Formula	Final Compensation X Benefit Factor X Years of Service		Cash Balance Plan
Final Compensation	Average of the highest 5 fiscal years (must contain at least 48 months). Includes lump-sum compensation payments (before and at retirement).	5 complete fiscal years immediately preceding retirement; each year must contain 12 months. Lump-sum compensation payments (before and at retirement) are not to be included in creditable compensation.	No Final Compensation
Benefit Factor	1.97% or 2.0% for those retiring with service for all months between 1/1998 and 1/1999.	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years).	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and methods adopted by the board based on member's accumulated account balance.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature. If authorized, the COLA is limited to 1.5%. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Any age with 27 years of service. Age 65 with 48 months of service. Money purchase for age 65 with less than 48 months based on contributions and interest.	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision. Age 65 with 5 years of earned service. No month purchased calculations.	
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.

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Hazardous

	Tier 1 Participation Prior to <u>9/1/2008</u>	Tier 2 Participation <u>9/1/2008 through 12/31/13</u>	Tier 3 Participation <u>1/1/2014</u>
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.

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

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

Benefit Eligibility: Recipient of a retirement allowance

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

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

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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

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

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

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

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

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

For the fiscal years ended June 30, 2021 and 2020, participating employers in the Nonhazardous plan contributed 49.47% (41.06% allocated to pension and 8.41% allocated to OPEB) as set by KRS, respectively, of each Nonhazardous employee's creditable compensation. For the fiscal years ended June 30, 2021 and 2020, participating employers in the Hazardous plan contributed 36% (36% allocated to pension and 0% allocated to OPEB) as set by KRS, respectively, of each Hazardous employee's creditable compensation. These percentages are inclusive of both pension and insurance payments for employers. Administrative costs of KRS are financed through employer contributions and investments earnings. The University met 100% of the contribution funding requirement for the fiscal years ended June 30, 2021 and 2020. Total current year contributions recognized by the Plan were \$2,603,842 (\$2,237,685 related to pension and \$366,156 related to OPEB) and \$4,943,382 (\$4,149,952 related to pension and \$793,430 related to OPEB) for the years ended June 30, 2021 and 2020. The OPEB contribution amounts do not include the implicit subsidy reported in the amount of \$255,067 and \$298,290 for years ended June 30, 2021 and 2020.

Members whose participation began before 9/1/2008:

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

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

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

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Members whose participation on or after 1/1/2014

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

Pension Information

Total Pension Liability: The total pension liability (TPL) for KERS measured as of June 30, 2020 and 2019 was determined using the actuarial valuation as of June 30, 2019 and 2018. This valuation used the following actuarial methods and assumptions applied to all prior periods included in the measurement:

Valuation date	June 30, 2019 and 2018 (rolled forward)
Experience study	July 1, 2013 – June 30, 2018
Actuarial cost method	Entry age normal
Amortization period	Level percentage payroll, closed
Remaining amortization period	26 years
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.3%
Salary increase	3.3% to 19.55%, varies by service
Investment rate of return	5.25 percent for KERS Non-Hazardous, 6.25 percent for KERS Hazardous

The mortality table used for active members is PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2020. For disabled members, the mortality table used is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total pension liability was 5.25% (Non-hazardous) and 6.25% (Hazardous), which remained the same from prior year.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the statutorily determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

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EASTERN KENTUCKY UNIVERSITY
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NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

- (c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below.
- (d) **Municipal Bond Rate:** The discount rate determination does not use a municipal bond rate.
- (e) **Periods of Projected Benefit Payments:** The long-term assumed rate of return was applied to all periods of projected benefit payments to determine the total pension liability.
- (f) **Assumed Asset Allocation:** The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Non-hazardous

<u>Asset Class</u>	<u>June 30, 2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	15.75%	4.50%
Non-US Equity	15.75	5.25
Private Equity	7.00	5.50
Specialty Credit/High Yield	15.00	3.90
Core Bonds	20.50	(0.25)
Cash	3.00	(0.75)
Real Estate	5.00	5.30
Opportunistic	3.00	2.25
Real Return	<u>15.00</u>	3.95
Total	<u>100.00%</u>	

Hazardous

<u>Asset Class</u>	<u>June 30, 2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	18.75%	4.50%
Non-US Equity	18.75	5.25
Private Equity	10.00	6.65
Specialty Credit/High Yield	15.00	3.90
Core Bonds	13.50	(0.25)
Cash	1.00	(0.75)
Real Estate	5.00	5.30
Opportunistic	3.00	2.25
Real Return	<u>15.00</u>	3.95
Total	<u>100.00%</u>	

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Non-hazardous

<u>Asset Class</u>	<u>June 30, 2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	15.75%	4.30%
Non-US Equity	15.75	4.80
Private Equity	7.00	6.65
Specialty Credit/High Yield	15.00	2.60
Core Bonds	20.50	1.35
Cash	3.00	0.20
Real Estate	5.00	4.85
Opportunistic/Absolute Return	3.00	2.97
Cash	<u>15.00</u>	4.10
Total	<u>100.00%</u>	

Hazardous

<u>Asset Class</u>	<u>June 30, 2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	18.75%	4.30%
Non-US Equity	18.75	4.80
Private Equity	10.00	6.65
Specialty Credit/High Yield	15.00	2.60
Core Bonds	13.50	1.35
Cash	1.00	0.20
Real Estate	5.00	4.85
Opportunistic/Absolute Return	3.00	2.97
Cash	<u>15.00</u>	4.10
Total	<u>100.00%</u>	

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 5.25% (Non-hazardous) and 6.25% (Hazardous) based on a blending of the factors described above.

- (g) **Sensitivity Analysis:** This paragraph requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The following presents the University's allocated portion of the Non-hazardous net pension liability ("NPL") of the System, calculated using the discount rate, as well as what the University's allocated portion of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The University's net pension liability - Non-hazardous (in thousands)	\$ 103,350	\$ 90,233	\$ 79,454
	June 30, 2020		
	1% Decrease (4.25%)	Current Discount Rate (5.25%)	1% Increase (6.25%)
The University's net pension liability - Non-hazardous (in thousands)	\$ 174,419	\$ 152,149	\$ 133,745

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

	June 30, 2021		
	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
The University's net pension liability – Hazardous (in thousands)	\$ 5,013	\$ 3,918	\$ 3,026
	June 30, 2020		
	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
The University's net pension liability – Hazardous (in thousands)	\$ 5,097	\$ 3,953	\$ 3,013

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Employer's Portion of the Collective Net Pension Liability: The University's proportionate share of the Non-hazardous net pension liability, as indicated in the prior table, is \$90,233,230, or approximately 0.64% as of June 30, 2021 and \$152,149,362, or approximately 1.08% as of June 30, 2020. The University's proportionate share of the Hazardous net pension liability, as indicated in the prior table, is \$3,917,943, or approximately 0.70% as of June 30, 2021 and \$3,953,000, or 0.72% as of June 30, 2020. The net pension liabilities were distributed based on 2020 and 2019 actual employer contributions to the plan.

Measurement Date: June 30, 2020 is the actuarial valuation date and measurement date upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: The KERS Board of Trustees adopted new actuarial assumptions based on an actuarial experience study for the period ending June 30, 2018. Key assumption changes include an increase to the salary increase assumptions for individual members and replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the KERS nonhazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total Pension Liability to reflect this legislation. House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the KERS non-hazardous system to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution education, determining the KERS non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the KERS non-hazardous system were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same contribution rate.

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

Pension Expense: The University was allocated pension expense of \$(50,900,696) and \$(16,208,358) related to the KERS Non-Hazardous and \$241,472 and \$1,617,412 related to the KERS Hazardous for the years ended June 30, 2021 and 2020, respectively.

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EASTERN KENTUCKY UNIVERSITY
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NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Deferred Outflows and Deferred Inflows: Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense they are labeled as deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. Deferred inflows and outflows as of the Measurement Date include:

Non-hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2021</u>		
Difference between expected and actual experience	\$ 512,610	\$ -
Change of assumptions	1,016,479	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	92,787	-
Differences between expected and actual investment earning on plan investments	<u>-</u>	<u>46,647,910</u>
	1,621,876	46,647,910
Contributions subsequent to the measurement date	<u>1,787,679</u>	<u>-</u>
Total	<u>\$ 3,409,555</u>	<u>\$ 46,647,910</u>
<u>2020</u>		
Difference between expected and actual experience	\$ 899,884	\$ -
Change of assumptions	4,632,615	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	41,170,755
Differences between expected and actual investment earning on plan investments	<u>-</u>	<u>310,022</u>
	5,532,499	41,480,777
Contributions subsequent to the measurement date	<u>3,725,518</u>	<u>-</u>
Total	<u>\$ 9,258,017</u>	<u>\$ 41,480,777</u>

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EASTERN KENTUCKY UNIVERSITY
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June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$1,787,679 will be recognized as a reduction of net pension liability in the year ending June 30, 2022. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2022	\$ 38,122,115)
2023	(7,065,235)
2024	78,065
2025	<u>83,251</u>
	<u>\$ (45,026,034)</u>

Hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2021</u>		
Difference between expected and actual experience	\$ 6,953	\$ 4,222
Change of assumptions	112,360	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	134,022	-
Differences between expected and actual investment earning on plan investments	<u>132,167</u>	<u>66,184</u>
	385,502	70,406
Contributions subsequent to the measurement date	<u>450,006</u>	-
Total	<u>\$ 835,508</u>	<u>\$ 70,406</u>
<u>2020</u>		
Difference between expected and actual experience	\$ 75,206	\$ -
Change of assumptions	277,048	-
Changes in proportion and differences between employer contributions and proportionate shares of contributions	346,294	13,382
Differences between expected and actual investment earning on plan investments	<u>-</u>	<u>67,969</u>
	698,548	81,351
Contributions subsequent to the measurement date	<u>424,434</u>	-
Total	<u>\$ 1,122,982</u>	<u>\$ 81,351</u>

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EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$450,006 will be recognized as a reduction of net pension liability in the year ending June 30, 2021. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2022	\$ 186,287
2023	22,959
2024	55,674
2025	<u>50,176</u>
	<u>\$ 315,096</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plans' fiduciary net position is available in the separately issued pension plan financial reports.

OPEB Information

Total OPEB Liability: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2019 and 2018 (rolled forward)
Measurement date	June 30, 2020 and 2019
Inflation	2.30%
Payroll growth rate	0.00%
Salary increases	3.30% to 15.30%, varies by service for Non-hazardous, and 3.55% to 20.05%, various by service for Hazardous
Investment rate of return	6.25%
Healthcare trend rates	
Pre-65	6.40% beginning January 1, 2022, decreasing to an ultimate trend rate of 4.05% over 14 years.
Post-65	2.90%, beginning January 1, 2022, decreasing to an ultimate trend rate of 4.05% over 14 years.

The mortality table used for active members is PUB-2010 General Mortality table for the Non-Hazardous System, and the PUB-2010 Public Safety Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Discount rate assumptions:

- (a) **Discount Rate:** The discount rate used to measure the total Non-hazardous OPEB liability was 5.43% as of June 30, 2020, a decrease from the 5.73% discount rate used in the prior year. The discount rate used to measure the total Hazardous OPEB liability was 5.28% as of June 30, 2020, a decrease from the 5.66% discount rate used in the prior year.
- (b) **Projected Cash Flows:** The projection of cash flows used to determine the discount rate assumed the local employers and plan members would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability.
- (c) **Long-Term Rate of Return:** The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.
- (d) **Municipal Bond Rate:** The discount rate determination used as a municipal bond rate of 2.45% as reported in Fidelity Index's "20 – Year Municipal GO AA Index" as of June 30, 2020. The municipal bond rate was 3.13% as of June 30, 2019.
- (e) **Period of Projected Benefit Payments:** Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is the actuary's understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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EASTERN KENTUCKY UNIVERSITY
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NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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

<u>Asset Class</u>	<u>June 30, 2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	18.75%	4.50%
Non-US Equity	18.75	5.25
Private Equity	10.00	6.65
Specialty Credit/High Yield	15.00	3.90
Core Bonds	13.50	(0.25)
Cash	1.00	(0.75)
Real Estate	5.00	5.30
Opportunistic	3.00	2.25
Real Return	<u>15.00</u>	3.95
Total	<u>100.00%</u>	

<u>Asset Class</u>	<u>June 30, 2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	18.75%	4.30%
Non-US Equity	18.75	4.80
Private Equity	10.00	6.65
Specialty Credit/High Yield	15.00	2.60
Core Bonds	13.50	1.35
Cash	1.00	0.20
Real Estate	5.00	4.85
Opportunistic	3.00	2.97
Real Return	<u>15.00</u>	4.10
Total	<u>100.00%</u>	

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

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EASTERN KENTUCKY UNIVERSITY
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NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

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

Non-hazardous

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

	June 30, 2021		
	1% Decrease (4.43%)	Current Discount Rate (5.43%)	1% Increase (6.43%)
The University's Net OPEB liability – Non-hazardous (<i>in thousands</i>)	\$ 19,277	\$ 16,174	\$ 13,626
	June 30, 2020		
	1% Decrease (4.73%)	Current Discount Rate (5.73%)	1% Increase (6.73%)
The University's Net OPEB liability – Non-hazardous (<i>in thousands</i>)	\$ 28,515	\$ 23,948	\$ 20,188

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

	June 30, 2021		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Non-hazardous (<i>in thousands</i>)	\$ 13,613	\$ 16,174	\$ 19,275
	June 30, 2020		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Non-hazardous (<i>in thousands</i>)	\$ 20,345	\$ 23,948	\$ 28,305

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Hazardous

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

	June 30, 2021		
	1% Decrease (4.28%)	Current Discount Rate (5.28%)	1% Increase (6.28%)
The University's Net OPEB liability – Hazardous (<i>in thousands</i>)	\$ 881	\$ 299	\$ (170)
	June 30, 2020		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
The University's Net OPEB liability – Hazardous (<i>in thousands</i>)	\$ 326	\$ (194)	\$ (614)

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

	June 30, 2021		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Hazardous (<i>in thousands</i>)	\$ (140)	\$ 299	\$ 836
	June 30, 2020		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
The University's Net OPEB liability – Hazardous (<i>in thousands</i>)	\$ (564)	\$ (194)	\$ 257

Employer's Portion of the Collective OPEB Liability: The University's proportionate share of the Non-hazardous net OPEB liability, as indicated in the prior table, is \$16,173,631, or approximately 0.64% as of June 30, 2021 and \$23,947,615, or approximately 1.07% as of June 30, 2020. The University's proportionate share of the Hazardous net OPEB liability, as indicated in the prior table, is \$298,798 or approximately 0.70% as of June 30, 2021 and \$(193,867), or approximately 0.72% as of June 30, 2020. The net OPEB liabilities were distributed based on 2020 and 2019 actual employer contributions to the plan.

(Continued)

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Measurement Date: June 30, 2019 is the actuarial valuation date and measurement date upon which the total pension liability is based.

Changes in Assumptions and Benefit Terms: For the fiscal year ended June 30, 2021, the assumed increase in future health care costs was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The June 30, 2020 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11 percent to reflect the repeal of the Health Insurer Fee. For the fiscal year ended June 30, 2020, the KERS Board of Trustees adopted new actuarial assumptions. These assumptions were based on an actuarial experience study for the period ending June 30, 2018. Key changes include replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the KERS nonhazardous plan to elect to cease participating in the system as of June 30, 2020. Senate Bill 249 passed during the 2020 Legislative Session and delayed the effective date of cessation under these provisions to June 30, 2021. Since employer’s elections were unknown at the time of the actuarial valuations, no adjustments were made to the Total OPEB Liability to reflect this legislation.

Senate Bill 249 also changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurred in future years will be amortized over separate 20-year amortization bases. This change did not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates payable starting July 1, 2020. House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the non-hazardous plan to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution reduction, determining the nonhazardous employers’ proportionate share based on the employers’ actual contributions would not be reflective of the employers’ long-term contribution effort. Instead, the proportionate share calculations for employers of the nonhazardous plan were based on the employers’ covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same rate. There were no other material plan provision changes.

Changes Since Measurement Date: There were no changes between the measurement date of the collective net OPEB liability and the employer’s reporting date.

OPEB Expense: The University was allocated OPEB expense of \$(4,550,248) related to the KERS Non-Hazardous and \$148,759 related to the KERS Hazardous for the year ended June 30, 2020, and \$(1,363,859) related to the KERS Non-Hazardous and \$58,990 related to the KERS Hazardous for the year ended June 30, 2020.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Deferred Outflows and Deferred Inflows: The University reported deferred inflows and outflows of resources as follows at June 30:

Non-hazardous

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>2021</u>		
Difference between expected and actual experience	\$ 1,338,547	\$ 1,606,171
Change of assumptions	1,183,824	28,106
Changes in proportion and differences between employer contributions and proportionate shares of contributions	225,776	-
Differences between expected and actual investment earning on plan investments	-	15,820,279
	<u>2,748,147</u>	<u>17,454,556</u>
Contributions subsequent to the measurement date	<u>609,592</u>	<u>-</u>
Total	<u>\$ 3,357,739</u>	<u>\$ 17,454,556</u>
<u>2020</u>		
Difference between expected and actual experience	\$ -	\$ 3,819,802
Change of assumptions	3,140,566	72,032
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	11,550,278
Differences between expected and actual investment earning on plan investments	-	157,062
	<u>3,140,566</u>	<u>15,599,174</u>
Contributions subsequent to the measurement date	<u>1,051,744</u>	<u>-</u>
Total	<u>\$ 4,192,310</u>	<u>\$ 15,599,174</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$609,592, which includes the implicit subsidy reported of \$243,436, will be recognized as a reduction of net OPEB liability in the year ending June 30, 2022. The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with remaining amortization as follows:

Year ending June 30:	
2022	\$ (5,634,844)
2023	(5,920,670)
2024	(3,217,212)
2025	<u>66,317</u>
	<u>\$ 14,706,409</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>2021</u>		
Difference between expected and actual experience	\$ 150,991	\$ 264,838
Change of assumptions	440,526	2,139
Changes in proportion and differences between employer contributions and proportionate shares of contributions	122,178	-
Differences between expected and actual investment earning on plan investments	-	36,813
	713,695	303,790
Contributions subsequent to the measurement date	47,484	-
Total	<u>\$ 761,179</u>	<u>\$ 303,790</u>
<u>2020</u>		
Difference between expected and actual experience	\$ -	\$ 346,124
Change of assumptions	529,962	2,872
Changes in proportion and differences between employer contributions and proportionate shares of contributions	-	44,364
Differences between expected and actual investment earning on plan investments	-	112,313
	529,962	505,673
Contributions subsequent to the measurement date	39,976	-
Total	<u>\$ 569,938</u>	<u>\$ 505,673</u>

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$47,484, which include the implicit subsidy reported of \$17,443, will be recognized as a reduction of net OPEB liability in the year ending June 30, 2022. The remainder of the deferred outflows and deferred inflows of resources will be amortized and recognized in the University's OPEB expense as follows:

Year ending June 30:	
2022	\$ 108,963
2023	146,685
2024	95,643
2025	60,361
2026	(1,747)
	<u>\$ 409,905</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 11 – PENSION AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (Continued)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plans' fiduciary net position is available in the separately issued OPEB plan financial reports.

Summary Pension Plan Information:

Summary Pension Plan Information as of June 30, 2021 and 2020:

	<u>KERS</u>	<u>KTRS</u>	<u>Total</u>
<u>2021</u>			
Net pension liability	\$ 94,151,173	\$ 90,619,732	\$ 184,770,905
Deferred outflows of resources	4,245,064	14,343,238	18,588,302
Deferred inflows of resources	46,718,316	49,286,023	96,004,339
Pension expense adjustments	(50,659,224)	(46,196,871)	(96,856,095)
<u>2020</u>			
Net pension liability	\$ 156,102,362	\$ 86,450,077	\$ 242,552,439
Deferred outflows of resources	10,380,999	19,088,199	29,469,198
Deferred inflows of resources	41,562,128	104,397,667	145,959,795
Pension expense adjustments	(18,754,176)	(43,124,720)	(61,878,896)

Summary OPEB Plan Information:

Summary OPEB Plan Information as of June 30, 2021 and 2020:

	<u>KERS</u>	<u>KTRS</u>	<u>Total</u>
<u>2021</u>			
Net OPEB liability	\$ 16,472,429	\$ 18,621,000	\$ 35,093,429
Deferred outflows of resources	4,118,919	3,228,563	7,347,482
Deferred inflows of resources	17,758,346	9,497,000	27,255,346
OPEB expense adjustments	(4,984,333)	(1,720,569)	(6,704,902)
<u>2020</u>			
Net OPEB liability	\$ 23,753,748	\$ 22,001,000	\$ 45,754,748
Deferred outflows of resources	4,762,248	2,175,994	6,938,242
Deferred inflows of resources	16,104,847	6,785,000	22,889,847
OPEB expense adjustments	(2,333,741)	(745,976)	(3,079,717)

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 12 – RISK MANAGEMENT

The University is exposed to various risks of loss from torts, theft of, damage to or destruction of assets, business interruption, workers' compensation, employee injuries and illnesses, natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from these risks, other than employee health. Settled claims have not exceeded this commercial coverage in any of the three preceding years. As a sovereign entity of the Commonwealth, the Kentucky Board of Claims handles tort claims on behalf of the University.

The University maintains a self-insurance program for employee's health insurance. Under this plan, the University pays premiums based on estimated claims. The University pays approximately 75% of the expenses of the plan for permanent full-time employees and their families. Expenses incurred to cover claims paid by the University under the plan for years ended June 30, 2021 and 2020 totaled \$11,585,454 and \$11,789,963, respectively. Administrative fees incurred for the years ended June 30, 2021 and 2020 were \$1,065,439 and \$922,730, respectively.

Changes in the liability for self-insurance at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Liability – beginning of year	\$ 2,387,437	\$ 1,153,482
Accruals for current year claims and changes in estimate	12,864,758	13,031,884
Claims paid	(11,585,454)	(11,789,963)
Other costs	<u>(732,584)</u>	<u>(7,966)</u>
Liability – end of year	<u>\$ 2,934,157</u>	<u>\$ 2,387,437</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Construction Commitments – The estimated cost to complete construction projects under contract at June 30, 2021 and 2020, is approximately \$5,015,430 and \$5,214,243, respectively. The projects are to be financed principally by appropriations from the Commonwealth, proceeds from bonds, internal funds and gifts.

Claims and Litigation – The University is subject 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 adverse effect on the University's financial position or results of operations.

Government Grants – The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. University management believes disallowances, if any, will not have a material adverse effect on the University's financial statements. Upon notification of final approval by the granting department or agency, the grants are considered closed.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 14 – OPERATING EXPENSES BY NATURAL CLASSIFICATION

Operating expenses by natural classification for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Salaries and wages	\$ 111,718,901	\$ 112,955,355
Employee benefits	35,769,588	35,702,618
Supplies and other services	53,530,574	72,467,322
Travel	1,193,477	2,882,913
Depreciation	22,984,386	22,891,154
Student scholarships and financial aid	22,781,360	18,636,433
Utilities	7,428,705	7,651,330
Pension expense adjustments	(96,856,095)	(61,878,896)
OPEB expense adjustments	(6,704,902)	(3,079,717)
Other operating expenses	<u>3,900,151</u>	<u>1,730,676</u>
Total	<u>\$ 155,746,145</u>	<u>\$ 209,959,188</u>

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC.

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Eastern Kentucky University Foundation, Inc. (Foundation) is a corporation formed for educational, charitable, and public purposes in accordance with the provisions of Kentucky Revised Statutes (KRS) 273.0010. The Foundation is a component unit of Eastern Kentucky University (University). Specifically, the Foundation was founded to cooperate with the University and with the University's Board of Regents (Board) in the promotion of the educational, civic, and charitable purposes of the University and the Board in any lawful manner deemed appropriate by the Foundation's Board of Directors. This purpose includes the encouragement of scholarships and research, the promotion of the prestige, expansion, and development of the University's physical plant and faculty, and the assistance of the University's students and alumni.

Basis of Presentation - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Under financial reporting standards for not-for-profit organizations, net assets, revenues, expenses, and gains (losses) are classified based on the existence or absence of donor-imposed restrictions.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - With the exception of short-term debt instruments which have been designated for investment purposes, the Foundation considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. Throughout the year, the Foundation's cash and cash equivalents balances typically exceed the amount insured by the Federal Deposit Insurance Corporation.

Investments - Investments in equity securities having a readily determinable market value and all debt securities are carried at fair value. Income from investments consists of dividends and interest income net of related investment expenses. Other income from investments is reflected on the accompanying statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Alternative investments, consisting of limited partnerships, are carried at estimated fair value provided by the management of the alternative investment funds as of year-end. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed. The estimated fair value of the Foundation's alternative investments total approximately \$1,156,000 and \$932,000 as of June 30, 2021 and 2020, respectively.

The Foundation invests endowment matching funds for the Regional University Endowment Trust Fund (see Note 8) on behalf of the University. In addition, the Foundation also invests Programs of Distinction (see Note 8) related endowment funds on behalf of the University. Dividends and interest income and realized and unrealized gains and losses on investments are allocated between the Foundation and the University based on the percentage of investments owned.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Foundation previously adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, net appreciation (depreciation) on endowment fund investments, whose income is otherwise unrestricted as to use, is reported as net assets with purposes restrictions until appropriated for expenditure by the Foundation, unless the donor has permanently restricted such net appreciation (depreciation). In cases where the donor has placed time or purpose restrictions on the use of the income from endowed gifts, the related net appreciation (depreciation) is subject to those restrictions and is reported as a part of net assets with donor restrictions until the restriction has been met.

Property and Equipment - Property and equipment is stated at cost and is depreciated on the straight-line method over the estimated useful lives of the assets as follows: 40-50 years for buildings and building improvements and 15-20 years for land improvements. The Foundation's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and infrastructure and/or land improvements that significantly increase the value or extend the useful life of the asset are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expenses are incurred.

The Foundation reviews for the impairment of long-lived assets subject to depreciation whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. No such impairment losses have been recognized with respect to the years ended June 30, 2021 and 2020.

Deferred Gift Liabilities - The carrying amount for deferred gift liabilities is the actuarially determined present value of the income distributions or other payments to the donors or other designated beneficiaries during the terms of the respective split-interest agreements.

Classification of Net Assets - The Foundation records and reports its assets, liabilities, net assets, revenues and other support, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions according to the two classes of net assets as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation, including endowment net assets which have been designated by the Foundation's Board of Directors. Such net assets may be used at the discretion of management and/or the Board of Directors. While the Foundation does not intend to expend Board designated endowment net assets for purposes other than those for which the funds have been designated, if necessary, such funds could be expended for current operations at the discretion of the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Certain donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition - The Foundation's primary sources of revenue/support are contributions, net income from investments, and net realized and unrealized gains/losses on investments. All such sources of revenue/support are scoped out of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The Foundation, as a resource recipient, adopted ASU 2018-08, *Not-for-Profit Entities (Topic 605): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of and for the year ended June 30, 2020 with no material impact on the Foundation's financial statements. ASU 2018-08 was adopted using the modified prospective method. ASU 2018-08 provides guidance with respect to [1] evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of ASC Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and [2] determining whether a contribution is conditional.

As a resource provider, the Foundation adopted the provisions of ASU 2018-08 as of and for the year ended June 30, 2021 using the modified prospective method with no material impact on the Foundation's financial statements.

Contributions - The Foundation recognizes contributions when cash/cash equivalents, investments, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions are recorded at fair value when received. An unconditional promise to give (a pledge) is recognized in the year the pledge is made. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions received with donor stipulations that limit their use are reported as revenue and net assets with donor restrictions. Contributions which impose restrictions that are met in the same fiscal year the contributions are received are included in revenue without donor restrictions. When a donor stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the accompanying statements of activities as net assets released from restrictions.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of estimated future cash flows. The resulting discount is computed using a risk-free interest rate applicable to the years in which the unconditional promises are received (discount rates ranging from 0.47% to 3.69%). Amortization of the discounts is included in contribution revenue. The related allowance, an estimated amount, which, in management's judgment, is considered to be adequate to absorb future losses on amounts that may become uncollectible, is based upon a review of the outstanding pledges together with general historical collection experience.

Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the accompanying statements of activities. Program service expenses (support for the University) and management and general expenses are based on direct costs. Fundraising for the Foundation is provided by the University.

Income Taxes - The Internal Revenue Service (IRS) has determined the Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code (Code). The Foundation is however subject to federal income tax on any unrelated business taxable income. Additionally, the Foundation has been determined by the IRS not to be a private foundation within the context of Section 509(a) of the Code.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

A. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

U.S. GAAP prescribes recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits or liabilities will be recognized only if the tax position is more-likely-than-not sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit or liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit or liability will be recorded. Management is not aware of any tax benefits or liabilities which would warrant recognition as of June 30, 2021 and 2020.

The Foundation would recognize interest and penalties related to uncertain tax positions in interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties as of June 30, 2021 and 2020.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The Foundation's exposure to foreign currency risk derives from pooled non-U.S. equities investments with a fair value totaling approximately \$19,100,000 and \$14,200,000 as of June 30, 2021 and 2020, respectively. The Foundation's endowment investment policy allows managers to invest a portion of funds in non-U.S. securities in accordance with the guidelines established in the investment policy.

Recently Issued Accounting Standards Updates - In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires a financial asset (including "trade" receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. The provisions of ASU 2016-13 are effective for the fiscal year ending June 30, 2024.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*. The standard requires contributed non-financial assets to be shown separate from contributions of cash and other financial assets and provides for qualitative disclosures regarding valuation techniques and categories of contributed non-financial assets and their use. The provisions of ASU 2020-07 are effective for the fiscal year ending June 30, 2022.

The Foundation is currently evaluating ASU 2016-13 and ASU 2020-07 and the potential related impact on the Foundation's financial statements.

Subsequent Events - Management has performed an analysis of the activities and transactions subsequent to year-end to determine the need for any adjustments to and/or discussions within the accompanying financial statements as of and for the year ended June 30, 2021. Management has performed its analysis through the date of the Independent Auditor's Report, the date the accompanying financial statements were available to be issued.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation is substantially supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Accordingly, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Foundation could draw upon its Board designated endowment net assets.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 17,126,683	\$ 11,424,556
Investments	89,717,313	70,386,838
Pledges receivable – net	<u>828,113</u>	<u>1,361,838</u>
	107,672,109	83,173,232
Less amounts not available to be used within one year or amounts not available without Board approval		
Assets held for others	(25,490,606)	(20,285,936)
Board designated endowment net assets	(10,865,344)	(5,393,899)
Donor restricted net assets for use in future periods	(35,728,965)	(23,728,235)
Donor restricted net assets in perpetuity	(33,721,553)	(32,708,219)
Endowment spend/appropriations	<u>3,119,659</u>	<u>2,777,666</u>
	<u>\$ 4,985,300</u>	<u>\$ 3,834,609</u>

C. FAIR VALUE OF FINANCIAL INSTRUMENTS

U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs that may be used to measure fair value are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 - Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

C. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

- Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The fair value of financial instruments as of June 30, 2021 is as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 5,054,880	\$ 5,054,880	\$ -	\$ -
Equities	64,490,863	64,490,863	-	-
Fixed income	19,015,556	19,015,556	-	-
Alternatives				
Limited partnerships	<u>1,156,014</u>	<u>-</u>	<u>-</u>	<u>1,156,014</u>
	<u>\$ 89,717,313</u>	<u>\$ 88,561,299</u>	<u>\$ -</u>	<u>\$ 1,156,014</u>

The fair value of financial instruments as of June 30, 2020 is as follows:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 3,104,333	\$ 3,104,333	\$ -	\$ -
Equities	49,065,836	49,065,836	-	-
Fixed income	17,284,762	17,284,762	-	-
Alternatives				
Limited partnerships	<u>931,907</u>	<u>-</u>	<u>-</u>	<u>931,907</u>
	<u>\$ 70,386,838</u>	<u>\$ 69,454,931</u>	<u>\$ -</u>	<u>\$ 931,907</u>

The fair values of money market funds, equity investments, and fixed income investments are generally determined using quoted market prices and are classified as Level 1 financial instruments. The predominance of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions, and third-party pricing services.

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

C. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

For alternative investments, which consist of investments in limited partnerships, for which there is no active market, the fair values are initially based on valuations determined by the respective investment managers using net asset values (NAVs) as of their most recent statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through year-end. The NAVs of the funds are determined on the accrual basis of accounting in conformity with U.S. GAAP. In certain instances, secondary investments require reporting other than U.S. GAAP such as International Financial Reporting Standards or Tax Basis accounting, in which case the investment managers adjust values to more accurately comply with U.S. GAAP. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values. Holdings in private securities are generally valued using the mark-to-market method, which attempts to apply a fair value standard by referring to meaningful third-party transactions, comparable public market valuations, appraisals, and/or the income approach. Pursuant to U.S. GAAP, management has considered redemption restrictions to assess classification of fair value inputs. For alternative investments with redemption periods of 90 days or less, the assets are considered a Level 2 fair value measurement. Investments that are redeemable in greater than 90 days are considered a Level 3 fair value measurement due to the inability to redeem the asset at NAV in the near term.

Management has performed an independent review of valuations reported by investment managers and determined that NAV is a reasonable and prudent estimate of fair value. Alternative investments are not readily marketable and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated value and the value that would have been used had a readily determinable fair value for such investments existed.

The following table provides additional information as of June 30, 2021 relative to alternative investments:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Limited partnerships	\$ 1,156,014	\$ 552,913	Funds Dissolved	N/A

Each of the limited partnerships has a term of fifteen years, provided, however, that the fund manager, in its sole discretion, may elect to extend such term if it believes such extensions are necessary or desirable in order to effect an orderly liquidation of the limited partnership investments. The fund manager may, in its sole discretion, elect to terminate the limited partnership prior to the end of the term or any extension period.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

C. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The years ended June 30, 2021 and 2020 activity with respect to the investments reflected as Level 3 is as follows:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 931,907	\$ 1,173,876
Net realized and unrealized gains (losses) on investments included in the change in net assets	357,956	(138,071)
Net sales of investments	<u>(133,849)</u>	<u>(103,898)</u>
End of year	<u>\$ 1,156,014</u>	<u>\$ 931,907</u>

See also Note 15G with respect to deferred gift liabilities (Level 3 fair value measurement).

D. ENDOWMENT

The Foundation's endowment consists of approximately 485 individual funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by the Foundation's Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Foundation's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2010, UPMIFA was adopted by the Commonwealth of Kentucky. The Foundation interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified as net assets with donor restrictions in perpetuity is classified as net assets with purposes restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The purposes of the endowment fund
- The duration and preservation of the endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

D. ENDOWMENT (Continued)

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the "historic dollar value" level the Foundation is required to preserve as a fund of perpetual duration. There are no such funds with deficiencies at June 30, 2021 and 2020.

At June 30, 2021, endowment investments consist of the following:

	Without Donor Restrictions	With Donor Restrictions Purpose Restrictions	In Perpetuity	Total
Board designated	\$ 10,865,344	\$ -	\$ -	\$ 10,865,344
Donor restricted	<u>-</u>	<u>28,116,165</u>	<u>33,446,746</u>	<u>61,562,911</u>
	<u>\$ 10,865,344</u>	<u>\$ 28,116,165</u>	<u>\$ 33,446,746</u>	<u>\$ 72,428,255</u>

Changes in endowment investments for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions Purpose Restrictions	In Perpetuity	Total
Beginning of year	\$ 5,393,899	\$ 16,561,184	\$ 32,179,055	\$ 54,134,138
Contributions	3,277,811	79,811	1,267,691	4,625,313
Investment return				
Net investment income	255,297	1,879,036	-	2,134,333
Net realized and unrealized appreciation	1,975,113	11,917,886	-	13,892,999
Appropriation of endowment assets for expenditure	<u>(36,776)</u>	<u>(2,321,752)</u>	<u>-</u>	<u>(2,358,528)</u>
End of year	<u>\$ 10,865,344</u>	<u>\$ 28,116,165</u>	<u>\$ 33,446,746</u>	<u>\$ 72,428,255</u>

At June 30, 2020, endowment investments consist of the following:

	Without Donor Restrictions	With Donor Restrictions Purpose Restrictions	In Perpetuity	Total
Board designated	\$ 5,393,899	\$ -	\$ -	\$ 5,393,899
Donor restricted	<u>-</u>	<u>16,561,184</u>	<u>32,179,055</u>	<u>48,740,239</u>
	<u>\$ 5,393,899</u>	<u>\$ 16,561,184</u>	<u>\$ 32,179,055</u>	<u>\$ 54,134,138</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

D. ENDOWMENT (Continued)

Changes in endowment investments for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions Purpose Restrictions	In Perpetuity	Total
Beginning of year	\$ 4,931,566	\$ 16,629,855	\$ 31,003,017	\$ 52,564,438
Contributions	78,286	35,636	1,176,038	1,289,960
Investment return				
Net investment income	133,935	1,540,256	-	1,674,191
Net realized and unrealized appreciation	307,362	584,524	-	891,886
Appropriation of endowment assets for expenditure	<u>(57,250)</u>	<u>(2,229,087)</u>	<u>-</u>	<u>(2,286,337)</u>
End of year	<u>\$ 5,393,899</u>	<u>\$ 16,561,184</u>	<u>\$ 32,179,055</u>	<u>\$ 54,134,138</u>

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while over time seeking to maintain the purchasing power of the endowment assets. Under the Foundation's policies, endowment assets are invested in a manner that emphasizes total return. Specifically, the primary objective is to emphasize long-term growth of principal while avoiding excessive risk, to achieve a balanced return of current income and modest growth of principal, and to achieve a rate of return equal to or higher than the Endowment and Foundation Index or other benchmarks as determined by the Foundation's Board of Directors.

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 (dividends and interest). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The endowment assets of the Foundation are invested in a broad range of equities and debt securities, thereby generally limiting the market risk exposure in any single investment manager or individual investment.

Spending Policy and How the Investment Objectives Relate to the Spending Policy - The Foundation has a policy of appropriating for distribution each year up to 5.0% of a three-year rolling average of the fund's value. Likewise, it is the policy of the Foundation that, annually, up to 1.5% of a three-year rolling average of the fund's value be designated for unrestricted use by the Foundation in furtherance of its singular mission to provide support for the advancement of the University. The policies are monitored by the Executive Committee of the Foundation's Board of Directors and may be amended in accordance with market conditions. Earnings above the annually designated portions are reinvested in the corpus to insure long-term growth and stability.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

E. PLEDGES RECEIVABLE

At June 30, 2021, net pledges receivable consists of the following:

	Without Donor Restrictions	With Donor Restrictions Purpose Restrictions	In Perpetuity	Total
Current pledges receivable				
Estimated to be collected in less than one year	\$ 1,125	\$ 193,300	\$ 244,707	\$ 439,132
Less allowance	<u>-</u>	<u>(24,300)</u>	<u>(11,800)</u>	<u>(36,100)</u>
	<u>1,125</u>	<u>169,000</u>	<u>232,907</u>	<u>403,032</u>
Long-term pledges receivable				
Estimated to be collected in one to five years	3,375	377,451	56,000	436,826
Estimated to be collected thereafter	-	51,255	-	51,255
Less allowance	-	(25,600)	(12,400)	(38,000)
Less discounts to net present value	<u>-</u>	<u>(23,300)</u>	<u>(1,700)</u>	<u>(25,000)</u>
	<u>3,375</u>	<u>379,806</u>	<u>41,900</u>	<u>425,081</u>
	<u>\$ 4,500</u>	<u>\$ 548,806</u>	<u>\$ 274,807</u>	<u>\$ 828,113</u>

At June 30, 2020, net pledges receivable consists of the following:

	Without Donor Restrictions	With Donor Restrictions Purpose Restrictions	In Perpetuity	Total
Current pledges receivable				
Estimated to be collected in less than one year	\$ -	\$ 341,231	\$ 483,164	\$ 824,395
Less allowance	<u>-</u>	<u>(41,800)</u>	<u>(25,800)</u>	<u>(67,600)</u>
	<u>-</u>	<u>299,431</u>	<u>457,364</u>	<u>756,795</u>
Long-term pledges receivable				
Estimated to be collected in one to five years	-	445,665	96,000	541,665
Estimated to be collected thereafter	-	155,478	-	155,478
Less allowance	-	(33,500)	(20,600)	(54,100)
Less discounts to net present value	<u>-</u>	<u>(34,400)</u>	<u>(3,600)</u>	<u>(38,000)</u>
	<u>-</u>	<u>533,243</u>	<u>71,800</u>	<u>605,043</u>
	<u>\$ -</u>	<u>\$ 832,674</u>	<u>\$ 529,164</u>	<u>\$ 1,361,838</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

F. PROPERTY AND EQUIPMENT

At June 30, 2021 and 2020, net property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 250,000	\$ 250,000
Buildings and building improvements	<u>600,000</u>	<u>600,000</u>
	850,000	850,000
Less accumulated depreciation	<u>(175,099)</u>	<u>(160,975)</u>
	<u>\$ 674,901</u>	<u>\$ 689,025</u>

Depreciation expense for each of the years ended June 30, 2021 and 2020 totals \$14,124.

G. DEFERRED GIFT LIABILITIES

Over time, the Foundation has been the recipient of gift annuities which require future payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value.

The accompanying statements of financial position reflect a liability at June 30, 2021 and 2020 totaling \$324,942 and \$327,791, respectively, which represents the estimated present value of the future annuity obligations calculated using discount rates ranging from 5.5% to 8.4%. The actuarial related assumptions used in calculating the respective present values include the beneficiary's age and life expectancy, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate at the date of the contribution determined in accordance with the Internal Revenue Code. The carrying amount of the deferred gift liabilities estimates fair value and is calculated using Level 3 inputs (see also Note C).

The years ended June 30, 2021 and 2020 activity with respect to deferred gift liabilities is as follows:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 327,791	\$ 350,743
Payment obligations	(46,680)	(54,247)
Net actuarial loss	<u>43,831</u>	<u>31,295</u>
End of year	<u>\$ 324,942</u>	<u>\$ 327,791</u>

At June 30, 2021 and 2020, investments relative to such deferred gift liabilities total \$930,355 and \$765,928, respectively.

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

H. ASSETS HELD FOR OTHERS

Assets held for others represent resources in the possession of, but not under the control of, the Foundation. At June 30, 2021 and 2020, assets held for others consist of the following:

	<u>2021</u>	<u>2020</u>
Regional University Endowment Trust Fund	\$ 23,045,137	\$ 18,341,506
Programs of Distinction	<u>2,445,469</u>	<u>1,944,430</u>
	<u>\$ 25,490,606</u>	<u>\$ 20,285,936</u>

I. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2021 and 2020, net assets with donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes		
Scholarships program	\$ 1,149,800	\$ 2,254,751
Academic programs	2,998,525	3,280,689
Athletic programs	548,076	567,578
Capital projects	616,626	839,061
Other	<u>30,415,938</u>	<u>16,786,156</u>
	<u>35,728,965</u>	<u>23,728,235</u>
Endowment to be maintained in perpetuity		
Scholarships program	24,718,242	23,832,623
Academic programs	8,436,107	8,339,612
Athletic programs	479,850	450,110
Capital projects	85,899	85,874
Other	<u>1,455</u>	<u>-</u>
	<u>33,721,553</u>	<u>32,708,219</u>
	<u>\$ 69,450,518</u>	<u>\$ 56,436,454</u>

(Continued)

EASTERN KENTUCKY UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

J. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consist of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purposes restrictions satisfied/time		
Restrictions expired		
Scholarships program	\$ 1,542,996	\$ 1,414,796
Academic programs	1,311,437	1,518,410
Athletic programs	300,747	146,782
Capital projects	233,833	192,167
Other support for the University	<u>600,709</u>	<u>639,253</u>
	<u>\$ 3,989,722</u>	<u>\$ 3,911,408</u>

K. FUNCTIONAL EXPENSE CLASSIFICATION

The Foundation's expenses by functional classification for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Program services – support for the University		
Scholarships program	\$ 1,534,175	\$ 1,466,096
Academic programs	463,084	1,010,556
Athletic programs	300,747	152,723
Capital projects	233,833	315,353
Other	463,135	402,479
Depreciation	<u>14,124</u>	<u>14,124</u>
	<u>3,009,098</u>	<u>3,361,331</u>
Management and general		
Professional and consulting fees	123,545	124,701
Other	<u>59,890</u>	<u>56,363</u>
	<u>183,435</u>	<u>181,064</u>
	<u>\$ 3,192,533</u>	<u>\$ 3,542,395</u>

(Continued)

NOTE 15 – EASTERN KENTUCKY UNIVERSITY FOUNDATION, INC. (Continued)

L. CONCENTRATIONS

At June 30, 2021 and 2020, approximately 60% and 55% of total outstanding gross pledges receivable, respectively, are due from one donor.

For the year ended June 30, 2021, two donors represent approximately 50% of total contributions revenue (approximately 40% and 10%, respectively). No such concentration exists with respect to the year ended June 30, 2020.

M. RELATED PARTY TRANSACTIONS

Eastern Kentucky University - The University provides various administrative services to the Foundation. In addition, during the year ended June 30, 2021, the University expended \$1,534,175 and \$357,154 on behalf of the Foundation with respect to scholarships and employee salaries/related benefits, respectively. Such amounts are ultimately reimbursed by the Foundation. During the year ended June 30, 2020, the University expended \$1,466,096 and \$290,861 on behalf of the Foundation with respect to scholarships and employee salaries/related benefits, respectively. At June 30, 2021 and 2020, the amount due to the University on the accompanying statements of financial position totals \$97,303 and \$215,038, respectively.

Other - At June 30, 2021 and 2020, outstanding gross pledges receivable due from related parties (members of the University's Board of Regents, the Foundation's Board of Directors, or employees of the University) total \$44,549 and \$207,719, respectively. Such gross pledges receivable amounts are included in the amounts reflected in Note E.

At June 30, 2021 and 2020, the cash surrender value of life insurance includes \$7,559 and \$5,910, respectively, with respect to a policy under which the insured is a member of the Foundation's Board of Directors.

N. RISKS AND UNCERTAINTIES

During 2020, the outbreak of the novel coronavirus disease 2019 (COVID-19) was declared a United States and global pandemic. The Foundation's operations have not been significantly impacted by the outbreak of COVID-19. Since the situation surrounding the pandemic is on-going, the Foundation's operations could ultimately be adversely impacted by the outbreak of COVID-19. The duration, nature, and extent of the ultimate direct or indirect impact on the Foundation's financial condition, liquidity, and/or future results of operations, if any, cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(in thousands)
June 30, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
KERS – Non-Hazardous							
University's proportion of the net pension liability	0.64%	1.08%	1.45%	1.75%	1.82%	1.71%	1.61%
University's proportionate share of the net pension liability	\$ 90,233	\$ 152,149	\$ 197,366	\$ 234,290	\$ 207,489	\$ 171,780	\$ 144,048
University's covered payroll	\$ 9,083	\$ 15,504	\$ 24,966	\$ 26,630	\$ 29,378	\$ 27,312	\$ 27,301
University's proportionate share of the net pension liability as a percentage of its covered payroll	993.48%	981.36%	790.54%	879.80%	706.27%	628.95%	527.63%
Plan fiduciary net position as a percentage of the total pension liability	14.01%	13.66%	12.84%	13.30%	14.80%	22.32%	22.32%
KERS – Hazardous							
University's proportion of the net pension liability	0.70%	0.72%	0.63%	0.64%	0.07%	-%	-%
University's proportionate share of the net pension liability	\$ 3,918	\$ 3,953	\$ 3,169	\$ 3,185	\$ 275	\$ -	\$ -
University's covered payroll	\$ 1,263	\$ 1,201	\$ 1,079	\$ 518	\$ -	\$ -	\$ -
University's proportionate share of the net pension liability as a percentage of its covered payroll	310.21%	329.14%	293.70%	614.86%	-%	-%	-%
Plan fiduciary net position as a percentage of the total pension liability	55.18%	55.49%	56.10%	54.80%	57.41%	-%	-%
KTRS							
University's proportion of the net pension liability	0.61%	0.60%	0.71%	0.68%	1.13%	1.12%	1.10%
University's proportionate share of the net pension liability	\$ 90,620	\$ 86,450	\$ 97,175	\$ 193,364	\$ 349,600	\$ 274,717	\$ 237,056
State's proportionate share of the net pension liability associated with the University	<u>95,303</u>	<u>93,677</u>	<u>72,297</u>	<u>154,108</u>	<u>32,949</u>	<u>27,936</u>	<u>26,899</u>
Total	<u>\$ 185,923</u>	<u>\$ 180,127</u>	<u>\$ 169,472</u>	<u>\$ 347,472</u>	<u>\$ 382,549</u>	<u>\$ 302,653</u>	<u>\$ 263,955</u>
University's covered payroll	\$ 52,805	\$ 53,396	\$ 88,822	\$ 89,975	\$ 89,598	\$ 87,589	\$ 83,276
University's proportionate share of the net pension liability as a percentage of its covered payroll	171.61%	161.90%	109.40%	214.91%	390.19%	313.64%	284.66%
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

* The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

** This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PENSION CONTRIBUTIONS
(in thousands)
June 30, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
KERS – Non-Hazardous							
Contractually required contribution	\$ 1,788	\$ 3,726	\$ 6,426	\$ 9,038	\$ 10,658	\$ 9,072	\$ 8,774
Contributions in relation to the contractually required contribution	<u>(1,788)</u>	<u>(3,726)</u>	<u>(6,426)</u>	<u>(9,038)</u>	<u>(10,658)</u>	<u>(9,072)</u>	<u>(8,774)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 4,972	\$ 8,979	\$ 15,504	\$ 24,966	\$ 26,630	\$ 29,378	\$ 27,312
Contributions as a percentage of covered payroll	35.96%	41.49%	41.45%	36.20%	40.02%	30.88%	32.13%
KERS – Hazardous							
Contractually required contribution	\$ 450	\$ 424	\$ 415	\$ 311	\$ 159	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(450)</u>	<u>(424)</u>	<u>(415)</u>	<u>(311)</u>	<u>(159)</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 1,238	\$ 1,263	\$ 1,201	\$ 1,079	\$ 518	\$ -	\$ -
Contributions as a percentage of covered payroll	36.35%	33.60%	34.55%	28.82%	30.69%	-%	-%
KTRS							
Contractually required contribution	\$ 7,535	\$ 7,136	\$ 7,148	\$ 8,612	\$ 8,814	\$ 8,843	\$ 7,235
Contributions in relation to the contractually required contribution	<u>(7,535)</u>	<u>(7,136)</u>	<u>(7,148)</u>	<u>(8,612)</u>	<u>(8,814)</u>	<u>(8,843)</u>	<u>(7,235)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 55,693	\$ 52,805	\$ 53,396	\$ 88,822	\$ 89,975	\$ 89,598	\$ 87,589
Contributions as a percentage of covered payroll	13.53%	13.51%	13.39%	9.70%	9.80%	9.87%	8.26%

* This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2021 and 2020

Changes of benefit terms and assumptions:

KERS

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (setback 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016: The assumed investment rate of return was decreased from 7.50% to 6.75%.

2017:

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

- The assumed investment rate of return was decreased from 6.75% to 5.25% (Non-hazardous) and 7.50% to 6.25% (Hazardous).
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- Salary growth assumption was reduced from 4.00% to 3.05%.
- Payroll growth assumption was reduced from 4.00% to 0.00% (Non-hazardous) and 4.00% to 2.00% (Hazardous).

2018:

Changes in Assumptions and Benefit Terms: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2018 was determined using these updated benefit provisions.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2021 and 2020

KERS (Continued)

2019: *Changes in Assumptions and Benefit Terms:* For the fiscal year ended June 30, 2020, the KERS Board of Trustees adopted new actuarial assumptions. These assumptions were based on an actuarial experience study for the period ending June 30, 2018. Key changes include replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre-July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the non-hazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total Pension Liability to reflect this legislation.

House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the non-hazardous plan to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution reduction, determining the non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the non-hazardous plan were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same rate.

2020: *Changes in Assumptions and Benefit Terms:* There have been no assumption changes since June 30, 2019.

KTRS

2015: *Changes of benefit terms:* None

Changes of Assumptions: In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

2016: Since the previous valuation, various economic and demographic assumptions have been revised to reflect the results of the experience investigation for the five-year period ending June 30, 2015. The changes adopted by the Board on September 19, 2016, include various demographic and economic assumptions summarized below:

- Price inflation changed assumed rate from 3.50% to 3.00%.
 - Wage inflation changed assumed rate from 4.00% to 3.50%.
 - Assumed salary scale adjusted to reflect a decrease of 0.25% in merit and promotion for all ages.
 - Assumed rates of withdrawal, disability, retirement, and mortality have been adjusted to more closely reflect experience.
 - The discount rate was changed from 4.88% to 4.20%.
-

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2021 and 2020

2017:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - The total pension liability as of June 30, 2017 reflects that the assumed municipal bond index rate increased from 3.01% to 3.56%, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.20% to 4.49%. The change in the discount rate is considered a change in actuarial assumptions under GASB 68.

2018:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - The total pension liability as of June 30, 2018 reflects the assumed municipal bond index rate increase from 3.56 percent to 3.89 percent, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.49 percent to 7.50 percent. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2018. The total pension liability as of June 30, 2017 reflects the assumed municipal bond index rate increase from 3.01 percent to 3.56 percent, resulting in a change in the Single Equivalent Interest Rate (SEIR) from 4.20 percent to 4.49 percent. The impact of this change in the discount rate is a change in assumption that is added to expected total pension liability to determine the final total pension liability at June 30, 2017.

2019:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date - The TPL as of June 30, 2019 reflects the assumed municipal bond index rate decrease from 3.89 percent to 3.50 percent. The Single Equivalent Interest Rate (SEIR) remained at 7.50 percent. The impact of this change in the discount rate is a change in assumption that is added to expected TPL to determine the final TPL at June 30, 2019.

2020:

Changes in Assumptions and Benefit Terms Since Prior Measurement Date – The TPL as of June 30, 2020 reflects the assumed municipal bond index rate decrease from 3.5 percent to 2.19 percent. The impact of this change in the discount rate is a change in assumption that is added to expected TPL to determine the final TPL at June 30, 2020.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
(in thousands)
June 30, 2021, 2020, 2019 and 2018

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
KERS – Non-Hazardous				
University's proportion of the net OPEB liability	0.64%	1.07%	1.45%	1.75%
University's proportionate share of the net OPEB liability	\$ 16,174	\$ 23,948	\$ 34,368	\$ 44,378
University's covered payroll	\$ 8,979	\$ 15,504	\$ 24,966	\$ 26,630
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	180.13%	154.46%	137.66%	166.65%
Plan fiduciary net position as a percentage of the total OPEB liability	29.47%	30.92%	27.32%	24.40%
KERS – Hazardous				
University's proportion of the net OPEB liability	0.70%	0.72%	0.63%	0.64%
University's proportionate share of the net OPEB liability (asset)	\$ 299	\$ (194)	\$ (208)	\$ 39
University's covered payroll	\$ 1,263	\$ 1,201	\$ 1,079	\$ 518
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	23.66%	(16.14)%	(19.28)%	7.53%
Plan fiduciary net position as a percentage of the total OPEB liability	92.42%	105.29%	106.83%	98.80%
KTRS – Medical Insurance				
University's proportion of the net OPEB liability	0.72%	0.73%	0.73%	0.79%
University's proportionate share of the net OPEB liability	\$ 18,073	\$ 21,503	\$ 25,293	\$ 28,232
State's proportionate share of the net OPEB liability associated with the University	<u>7,967</u>	<u>9,592</u>	<u>12,379</u>	<u>12,803</u>
Total	<u>\$ 26,040</u>	<u>\$ 31,095</u>	<u>\$ 37,672</u>	<u>\$ 41,035</u>
University's covered payroll	\$ 52,805	\$ 53,396	\$ 88,822	\$ 89,975
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.23%	40.27%	28.48%	31.38%
Plan fiduciary net position as a percentage of the total OPEB liability	39.05%	32.58%	25.50%	21.18%
KTRS – Life Insurance				
University's proportion of the net OPEB liability	1.58%	1.60%	1.62%	1.70%
University's proportionate share of the net OPEB liability	\$ 548	\$ 498	\$ 457	\$ 373
University's covered payroll	\$ 52,805	\$ 53,396	\$ 88,822	\$ 89,975
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	1.04%	0.93%	0.51%	0.41%
Plan fiduciary net position as a percentage of the total OPEB liability	71.57%	73.40%	75.00%	79.99%

* The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

** This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S OPEB CONTRIBUTIONS
June 30, 2021, 2020, 2019 and 2018

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
KERS – Non-Hazardous				
Contractually required contribution	\$ 366	\$ 763	\$ 1,316	\$ 1,851
Contributions in relation to the contractually required contribution	<u>(366)</u>	<u>(763)</u>	<u>(1,316)</u>	<u>(1,851)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 4,972	\$ 8,979	\$ 15,504	\$ 24,966
Contributions as a percentage of covered payroll	7.36%	8.50%	8.49%	7.41%
KERS – Hazardous				
Contractually required contribution	\$ 30	\$ 30	\$ 30	\$ 33
Contributions in relation to the contractually required contribution	<u>(30)</u>	<u>(30)</u>	<u>(30)</u>	<u>(33)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 1,238	\$ 1,263	\$ 1,201	\$ 1,079
Contributions as a percentage of covered payroll	2.43%	2.40%	2.50%	3.06%
KTRS – Medical Insurance				
Contractually required contribution	\$ 1,295	\$ 1,216	\$ 1,230	\$ 1,512
Contributions in relation to the contractually required contribution	<u>(1,295)</u>	<u>(1,216)</u>	<u>(1,230)</u>	<u>(1,512)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 55,693	\$ 52,805	\$ 53,396	\$ 88,822
Contributions as a percentage of covered payroll	2.32%	2.30%	2.30%	17.02%
KTRS – Life Insurance				
Contractually required contribution	\$ 17	\$ 16	\$ 16	\$ 19
Contributions in relation to the contractually required contribution	<u>(17)</u>	<u>(16)</u>	<u>(16)</u>	<u>(19)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 55,693	\$ 52,805	\$ 53,396	\$ 88,822
Contributions as a percentage of covered payroll	0.03%	0.03%	0.03%	0.02%

* This is a ten-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until ten years of information is available.

** Employer contributions do not include the expected implicit subsidy.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
June 30, 2021, 2020, 2019 and 2018

KERS

2017:

Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions have been updated as follows:

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The salary increase assumption was reduced from 4.00% to 3.05%.
- The payroll growth assumption was reduced from 4.00% to 2.00%.

2018:

Changes in Assumptions and Benefit Terms: Since the prior measurement date, there have been no changes in actuarial assumptions. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who dies in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.

2019:

Changes in Assumptions and Benefit Terms: For the fiscal year ended June 30, 2020, the KERS Board of Trustees adopted new actuarial assumptions. These assumptions were based on an actuarial experience study for the period ending June 30, 2018. Key changes include replacing the base retiree mortality tables with a KERS-specific mortality table developed using the actual mortality experience of non-disabled retirees in KERS. Mortality tables for disabled retirees and active members were updated with Public Retirement Mortality tables. In addition, termination rates and rates of disability incidence were increased. Retirement rates were decreased slightly for members with a participation date prior to July 1, 2003. For members with a participation date on or after July 1, 2003, retirement rates were set equal to 80% of the retirement rates applicable for the pre-July 1, 2003 participants for ages below 65.

House Bill 1, which passed during the 2019 special legislative session, allows certain employers in the non-hazardous plan to elect to cease participating in the system as of June 30, 2020. Since employer's elections were unknown at the time of the actuarial valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total OPEB Liability to reflect this legislation.

House Bill 265, which passed during the 2018 legislative session, allowed certain employers within the non-hazardous plan to contribute less than the actuarially determined contribution in the 2018/2019 fiscal year. Since this is not expected to be an ongoing contribution reduction, determining the non-hazardous employers' proportionate share based on the employers' actual contributions would not be reflective of the employers' long-term contribution effort. Instead, the proportionate share calculations for employers of the non-hazardous plan were based on the employers' covered payroll provided for fiscal year ending June 30, 2019, which would result in the same proportionate share allocation if all participating employers contributed the same rate.

EASTERN KENTUCKY UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY OPEB INFORMATION
June 30, 2021, 2020, 2019 and 2018

KERS (Continued)

2020:

Changes in Assumptions and Benefit Terms: For the fiscal year ended June 30, 2021, the assumed increase in future health care costs was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The June 30, 2020 actuarial information reflects the anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11 percent to reflect the repeal of the Health Insurer Fee.

KTRS

2017:

Changes to benefit terms: Medical Insurance: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

2018:

Changes of benefit terms – For the Life Insurance Plan, changes in assumptions or benefit terms as of June 30, 2019 included a change to the investment rate of returns, municipal bond index rate, discount rate, and single equivalent interest rate noted in the table above. For the Medical Insurance Plan, with the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010. This change occurred in the prior year, while there were no other changes in the current year.

2019:

Changes of assumptions – Medical Insurance Plan: The healthcare cost trend rate for Pre-65 decreased from 7.75 percent to 7.50 percent and Post-65 decreased from 5.75 percent to 5.50 percent. Medicare Part B premiums increased to 2.63 percent from 0.0 percent. The municipal bond index rate decreased from 3.89 percent to 3.50 percent.

Changes of assumptions – Life Insurance Plan: The municipal bond index rate decreased from 3.89 percent to 3.50 percent.

2020:

Changes of assumptions – Medical Insurance Plan: The healthcare cost trend rate for Pre-65 decreased from 7.50 percent for fiscal year 2020 to 7.25 percent for fiscal year 2021 and Post-65 decreased from 5.50 percent for fiscal year 2020 to 5.25 percent for fiscal year 2021. Medicare Part B premiums increased to 6.49 percent for fiscal year 2021 from 2.63 percent for fiscal year 2020. The municipal bond index rate decreased from 3.50 percent to 2.19 percent.

Changes of assumptions – Life Insurance Plan: The municipal bond index rate decreased from 3.50 percent to 2.19 percent.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Regents
Eastern Kentucky University and
The Secretary of Finance and Administration
Cabinet of the Commonwealth of Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Eastern Kentucky University ("the University" or "University") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 16, 2021. Our report includes a reference to other auditors who audited the financial statements of Eastern Kentucky University Foundation, Inc., as described in our report on the University's financial statements. The financial statements of Eastern Kentucky University Foundation, Inc. was not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Louisville, Kentucky
November 16, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE**

Board of Regents
Eastern Kentucky University and
The Secretary of Finance and Administration
Cabinet of the Commonwealth of Kentucky

Report on Compliance for Each Major Federal Program

We have audited Eastern Kentucky University's ("the University" or "University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2021. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Crowe LLP

Louisville, Kentucky
November 16, 2021

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Federal Grant/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF EDUCATION				
Direct Programs –				
Student Financial Aid Cluster				
Federal Pell Grant Program		84.063	\$ 22,134,367	\$ -
Federal Supplemental Educational Opportunity Grant		84.007	838,579	-
Federal Work Study Program		84.033	469,283	-
Federal Work Study Job Location/Development		84.033	44,159	-
Federal Perkins Loan Program		84.038	3,292,557	-
Teach Grant		84.379	30,126	-
Federal Direct Student Loans		84.268	60,677,387	-
Federal Direct Student Loans - PLUS		84.268	5,943,371	-
Total Student Financial Aid Cluster			<u>93,429,829</u>	<u>-</u>
TRIO Cluster				
NOVA Student Support Services FY 20		84.042A	76,063	-
NOVA Student Support Services FY 21		84.042A	<u>300,281</u>	<u>-</u>
			<u>376,344</u>	<u>-</u>
Educational Talent Search FY 19		84.044A	73	-
Educational Talent Search FY 20		84.044A	174,734	-
Educational Talent Search FY 21		84.044A	<u>303,345</u>	<u>-</u>
			<u>478,152</u>	<u>-</u>
Upward Bound FY 20		84.047A	3,336	-
Upward Bound FY 20		84.047A	8,280	-
Upward Bound FY 21		84.047A	411,985	-
Upward Bound FY 21		84.047A	102,319	-
Upward Bound FY 22		84.047A	61,565	-
Upward Bound FY 22		84.047A	<u>13,172</u>	<u>-</u>
			<u>600,657</u>	<u>-</u>
Ronald E. McNair Program - Administrative 2020		84.217A	49,994	-
Ronald E. McNair Program - Administrative 2020		84.217A	14,849	-
Ronald E. McNair Program - Administrative 2021		84.217A	126,213	-
Ronald E. McNair Program - Administrative 2021		84.217A	<u>32,237</u>	<u>-</u>
			<u>223,293</u>	<u>-</u>
Total TRIO Cluster			<u>1,678,446</u>	<u>-</u>
COVID-19 – Education Stabilization Fund				
Higher Education Emergency Relief Fund (HEERF)				
Student Aid Portion		84.425E	5,006,552	-
Institutional Portion		84.425F	12,298,486	-
Strengthening Institutions Program (SIP)		84.425M	<u>1,012,791</u>	<u>-</u>
			<u>18,317,829</u>	<u>-</u>
Pass-Through Grants -				
Kentucky Council on Postsecondary Education				
Governors Emergency Education Relief (GEER) - Summer Bridge	SC 415 2000002002	84.425C	2,216	-
Governors Emergency Education Relief (GEER) Governors Emergency	SC 415 2000002002	84.425C	<u>758,421</u>	<u>-</u>
			<u>760,637</u>	<u>-</u>
Total Education Stabilization Fund			<u>19,078,466</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Federal Grant/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF EDUCATION (Continued)				
Direct Programs –				
EKU Student Child Care Access and Expansion Program FY 20		84.335A	\$ 57,974	\$ -
EKU Student Child Care		84.335A	3,337	-
EKU Student Child Care Program FY 21		84.335A	<u>104,644</u>	-
			<u>165,955</u>	-
Pass-Through Programs -				
Berea College				
LINC Internship	P0028823	84.215N	52,947	-
LINC Internships for BPE Knox Promise Neighborhood Middle And High School e-Mentors	P0028260	84.215N	<u>54,519</u>	-
			107,466	-
Berea College Upward Bound Math & Science – Colonels Now Student Support Funding				
	P0028939	84.047M	1,424	-
GEAR UP Colonels Now Summer 2021	P0028939	84.334	<u>4,505</u>	-
			<u>113,395</u>	-
Kentucky Department of Education				
Southern Migrant Education Regional Center FY 21	PON2 540 2000003372	84.011A	251,542	-
Kentucky Migrant Education Program Regional Service Center – Southern Region	PON2 540 1900004760	84.011A	<u>89,291</u>	-
			340,833	-
Interpreter Training Program 2021	PON2 540 2000003153	84.027A	350,510	-
Utilizing Rapid Prototyping				
Perkins Grant FY 21	PON2 540 1900004228	84.048A	21,512	-
Perkins PD Funds FY 21	PON2 540 2000003178	84.048A	94,477	-
Perkins PD Funds FY 21	PON2 540 2000003184	84.048A	3,229	-
Perkins Leadership Funding: Center for Ag & CHA	FAP111-44-00	84.048A	9,271	-
Curriculum Development on Drones in Agriculture	PON2 540 2100000544	84.048A	26,035	-
Utilizing Rapid Prototyping	PON2 540 2100000544	84.048A	<u>3,305</u>	-
			157,829	-
21 st Century Community Learning Centers FY 21				
	PON2 540 2000003446	84.287	116,872	-
2020 Kentucky Alternative Education Summit	PON2 540 3000004249	84.424A	<u>5,400</u>	-
			<u>971,444</u>	-
Kentucky Department for Technical Education				
Perkins Basic Grant FY 20	PON2 540 1900004260	84.048A	<u>6,363</u>	-

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Federal Grant/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF EDUCATION (Continued)				
Pass-Through Programs (Continued) -				
Kentucky Education and Workforce				
Development Cabinet				
Adult Education FY 21 – Madison County	SC 531 2000001500	84.002	\$ 28,034	\$ -
Adult Education FY 21 – Madison County	SC 531 2000001500	84.002A	85,594	-
Adult Education FY 21 – Clay County	SC 531 2000001500	84.002	31,965	-
Adult Education FY 21 – Clay County	SC 531 2000001500	84.002A	72,470	-
			<u>218,063</u>	<u>-</u>
Kentucky Governor's Office of Early Childhood				
EKU – Early Childhood Development Webinar	PON2 531 2100000110	84.412	<u>9,758</u>	<u>-</u>
Madison County Board of Education				
Individuals with Disabilities Education Act (IDEA) Funding FY 20	3810002-19	84.027A	<u>15,273</u>	<u>-</u>
Total Department of Education			<u>115,686,992</u>	<u>-</u>
DEPARTMENT OF TREASURERY				
Pass-Through Programs -				
Kentucky Office of State Budget Director				
COVID-19 - Coronavirus Relief Fund	n/a	21.019	1,511,800	-
COVID-19 - Coronavirus Relief Fund II	n/a	21.019	<u>155,054</u>	<u>-</u>
Total Department of Treasury			<u>1,666,854</u>	<u>-</u>
RESEARCH AND DEVELOPMENT				
Direct Programs –				
Department of Agriculture				
Wetland and Forest Monitoring In the Daniel Boone National Forest Partnership for Forest Inventory and Monitoring to Inform Management on The DBNF		10.xxx	2,951	-
		10.xxx	<u>3,327</u>	<u>-</u>
			<u>6,278</u>	<u>-</u>
Department of Interior				
Making bat boxes a more effective mitigation tool for WNS – imperiled bays		15.657	<u>59,139</u>	<u>13,564</u>
National Institute of Justice				
Experimental & Numerical investigations of gypsum		16.560	<u>10,636</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Federal Grant/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
RESEARCH AND DEVELOPMENT (Continued)				
Direct Programs (Continued) –				
National Science Foundation				
Collaborative Research: RUI SG: Imperiled plants of tropical rivers		47.074	\$ 10,027	\$ -
Collaborative Research: Hertiable Plant Fungus		47.074	3,535	-
REU: Disturbance Ecology in Central Appalachia		47.074	<u>89,089</u>	<u>-</u>
			<u>102,651</u>	<u>-</u>
Pass-Through Programs –				
Department of Defense				
University of Kentucky Research Foundation				
Personal and Professional Exposure to Suicide in Military Populations	32000002480-20-189	12.420	<u>8,112</u>	<u>-</u>
Department of Health and Human Services				
University of Louisville Research Foundation				
Kentucky Biomedical Research Infrastructure Network New Faculty Startup	ULRF 18-0975B-02	93.859	21,300	-
Lead Faculty Award FY 21	ULRF 18-0975B-02	93.859	18,671	-
Effects of P75NTR on Oxidative Stress-Induced Degeneration of CNS Neurons	ULRF 18-0975C-02	93.859	1,659	-
Effects of P75NTR on Oxidative Stress-Induced Degeneration of CNS Neurons	ULRF 18-0975B-02	93.859	<u>47,836</u>	<u>-</u>
			<u>89,466</u>	<u>-</u>
University of Kentucky Research Foundation				
Novel compounds	3200003574-21-200	93.310	<u>23,738</u>	<u>-</u>
Department of Interior:				
University of Kentucky Research Foundation				
Predicting harmful cyanobacteria blooms in Central Kentucky	3200000437-19-284	15.805	3,223	-
Geophysical imaging of ridgetop wetland-perched groundwater systems	3200000437-20-248	15.805	<u>1,598</u>	<u>-</u>
			<u>4,821</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Federal Grant/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
RESEARCH AND DEVELOPMENT (Continued)				
Pass-Through Programs (Continued) – Kentucky Department of Fish & Wildlife Resources				
Environmental DNA Protection	MOU	15.625	\$ 8,538	\$ -
Environmental Protection Agency University of Louisville Research Foundation				
Biological effects of American beaver in restored stream and floodplain complexes	ULRF 19-1083-01	66.461	26,251	-
University of Kentucky Research Foundation				
Augmented Structures & Enhanced Robotic Systems	32000002692-20-030	47.083	2,165	-
Proposed Platform Creation on Robotic End Effector				
Design and Simulation	3200002692-20-030	47.083	7,128	-
Platform Creation Robotic FY 21	3200002692-20-030	47.083	48,870	-
KY Adv. Manufacturing Initiative	3200002692-20-030	47.083	31,068	-
KAMPERS Project	3200002692-20-030	47.083	28,262	-
Liquid-Base Energy Storage	3200003557-21-053	47.083	18,801	-
Enhanced Robotics & Structures	3200002692-20-030	47.083	30,398	-
Optical Spectroscopy Support for KY Advanced Manufacturing Initiative	32000002692-20-030	47.083	4,584	-
Telomere Roles in Fungal Evolution	32000001363-18-082	47.074	19,277	-
			190,553	-
Total Research and Development			530,183	13,564
DEPARTMENT OF AGRICULTURE				
Direct Programs –				
RHELM Student Interns		10.U01	4,587	-
Pass-Through Programs –				
Kentucky Department of Agriculture				
EKU Red Barn Garden Specialty Crop Community Outreach	PON2 035 1900003059	10.170	5,284	-
Kentucky Cabinet for Health and Family Services				
SNAP Cluster				
University Training Consortium FY21	PON2 736 2000002713	10.561	716,014	38,656
University Training Consortium FY20	PON2 736 1900004478	10.561	7,567	5,777
Total SNAP Cluster			723,581	44,433
Total Department of Agriculture			733,452	44,433

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Federal Grant/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs – Kentucky Cabinet for Health & Family Services				
University Training Consortium FY 21	PON2 736 2000002713	93.556	133,123	-
University Training Consortium FY 20	PON2 736 1900004478	93.556	186	-
			<u>133,309</u>	-
University Training Consortium FY 20	PON2 736 1900004478	93.558	4,026	3,159
Center for Student Parent FY 21	SC 736 2000001806	93.558	348,893	-
University Training Consortium FY 21	PON2 736 2000002713	93.558	<u>287,698</u>	<u>17,709</u>
			640,617	20,868
CCDF Cluster – UTC FY 21	PON2 736 2000002713	93.575	<u>176,312</u>	-
University Training Consortium FY 21	PON2 736 2000002713	93.590	537,806	-
University Training Consortium FY 20	PON2 736 1900004478	93.590	934	-
			<u>538,740</u>	-
University Training Consortium FY 20	PON2 736 1900004478	93.603	137,099	123,196
University Training Consortium FY 21	PON2 736 2000002713	93.603	<u>185,054</u>	<u>8,493</u>
			322,153	131,689
University Training Consortium FY 20	PON2 736 1900004478	93.658	1,074,302	676,955
University Training Consortium FY 21	PON2 736 2000002713	93.658	<u>7,405,635</u>	<u>1,466,672</u>
			8,479,937	2,143,627
University Training Consortium FY 21	PON2 736 2000002713	93.667	<u>35,324</u>	-
University Training Consortium FY 20	PON2 736 1900004478	93.669	9,721	9,721
University Training Consortium FY 21	PON2 736 2000002713	93.669	<u>119,127</u>	-
			128,848	9,721
University Training Consortium FY 21	PON2 736 2000002713	93.674	257,182	217,609
University Training Consortium FY 20	PON2 736 1900004478	93.674	<u>1,172</u>	<u>1,172</u>
			258,354	218,781
Behavioral Health FY 21	PON2 729 2000002768	93.958	8,736	-
Behavioral Health FY 21	PON2 729 2000002768	93.959	532,611	-
Medicaid Cluster Medicaid Waiver Management Application FY 21	SC0746 2000001317	93.778	<u>10,222</u>	-
			<u>11,265,163</u>	<u>2,524,686</u>

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Federal Grant/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Pass-Through Programs (Continued) –				
University of Kentucky Research Foundation				
CARERC MPH-Industrial Hygiene Training Program	3200002746-20-060	93.262	\$ 26,205	\$ -
Central Appalachian Regional Education Research Center	3200002746-20-059	93.262	2,431	-
CARE MPH-Industrial Hygiene Core	3200002746-20-060	93.262	28,563	-
CAREKRC – Occupational Safety Core	3200003609-20-059	93.262	110,899	-
			168,098	-
SE Xlerator Network: Technology Transfer Accelerator Hub	3200003706-21-165	93.859	2,042	-
			170,140	-
University of Louisville Research Foundation				
SE Xlerator Network: Technology Transfer Accelerator Hub	ULRF-18-0680A-01	93.859	409	-
Total Department of Health and Human Services			<u>11,435,712</u>	<u>2,524,686</u>
DEPARTMENT OF HOMELAND SECURITY				
Pass-Through Programs –				
Center for Rural Development				
Rural Domestic Preparedness Consortium FY 17: Task 2	FY17-00052-S01-EKU	97.005	\$ 90,439	\$ -
Rural Domestic Preparedness Consortium FY 18: Task 2	EMW-2018-CA-00075-S01	97.005	64,127	-
Rural Domestic Preparedness Consortium FY 19: Task 2	FY19-00048-S01-EKU	97.005	187,421	-
Total Department of Homeland Security			<u>341,987</u>	<u>-</u>
APPALACHIAN REGIONAL COMMISSION				
Direct Programs –				
Aviation Simulators for Kentucky's Appalachia Regional Training Centers		23.002	258,964	-
Kentucky's Appalachia Aviation Maintenance Technician Training Project		23.002	27,171	-
Total Appalachian Regional Commission			<u>286,135</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Federal Grant/Program Title</u>	<u>Pass-Through Number</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Pass-Through Programs –				
Kentucky Commission of Community Volunteerism & Service				
Kentucky Students for Disaster Readiness and Resiliency Corps (KY READY Corps) FY 20	PON2 730 1900002434	94.006	26,392	-
Kentucky Students for Disaster Readiness and Resiliency Corps (KY READY Corps) FY 21	PON2 730 1900002172	94.006	<u>116,366</u>	-
			<u>142,758</u>	-
Kentucky Cabinet for Health & Family Services				
Serve Kentucky Training Services FY 21	PON2 730 2000002443	94.009	40,493	-
Serve Kentucky Training Services FY 21	PON2 730 2000002443	94.021	<u>40,493</u>	-
			<u>80,986</u>	-
Total Corporation for National Community Service			<u>223,744</u>	-
NATIONAL ENDOWMENT FOR THE ARTS				
Pass-Through Programs –				
Kentucky Arts Council				
Appalachian Music at Model	FY20_TATS-12	45.025	<u>\$ 600</u>	<u>\$ -</u>
Total National Endowment for the Arts			<u>600</u>	-
NATIONAL SCIENCE FOUNDATION				
Pass-Through Programs –				
University of Kentucky				
2020 Math & Science Summer Camp	3200002692-20-132	47.083	<u>177</u>	-
Total Federal Expenditures			<u>\$ 130,905,836</u>	<u>\$ 2,582,683</u>

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

<u>Grant/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
Subtotals of Multiple Awards/ALNs		
Special Education Cluster – Grants to States (IDEA)	84.027	\$ 365,783
Career and Technical Education – Basic Grants to States	84.048A	164,192
Integrative Activities	47.083	171,453
Biomedical Research and Research Training	93.859	91,916

See accompanying notes to schedule of expenditures of federal awards.

EASTERN KENTUCKY UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eastern Kentucky University (the "University") under programs of the federal government for the year ended June 30, 2021 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 2 – INDIRECT COST

Predetermined indirect cost rates have been approved through June 30, 2021. The rate for on-campus activities ranges from 40.0% to 53.0% and the rate for off-campus activities ranges from 22.0% to 26.0% for the approved period. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – FEDERAL LOAN PROGRAMS

The University disbursed funds under the Federal Direct Student Loans Program (including Direct Loans, Direct Unsubsidized Loans, Direct Plus Loans and Direct Consolidation Loans) during the current year.

The amount presented on the schedule of expenditures of federal awards for the Federal Perkins Loan Program represents loan balances outstanding at July 1, 2020 for which the government imposes continuing compliance requirements. As of June 30, 2021, the University's outstanding Perkins loan balance is \$2,429,401.

EASTERN KENTUCKY UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2021

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes

 X

No

Significant deficiency(ies) identified?

 Yes

 X

None Reported

Noncompliance material to financial statements noted?

 Yes

 X

No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes

 X

No

Significant deficiency(ies) identified?

 Yes

 X

None Reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes

 X

None Reported

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster Number

21.019

COVID-19 - Coronavirus Relief Fund

84.425C

COVID-19 - Education Stabilization Fund:

84.425E

Governors Emergency Education Relief (GEER)

84.425F

Student Portion

84.425M

Institutional Portion

Strengthening Institutions Program (SIP)

93.658

Foster Care – Title IV-E (University Training Consortium Program)

Dollar threshold used to distinguish between

Type A and Type B programs

\$ 1,124,262

Auditee qualified as low-risk auditee?

 X Yes

 No

PART II – FINANCIAL STATEMENT FINDINGS

None noted.

PART III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None noted.



Eastern Kentucky University

Financial Update

December 9, 2021

Budget to Actual Summary

* Preliminary / Draft - Unaudited

October 31, FY 2021-22	Revenue			Expense			Change in Net Position
	Revised Revenue Budget	Actual Revenue	Percent Realized	Revised Expense Budget	Actual Expense	Percent Realized	
Fund							
Education & General	234,282,947	116,395,305	49.68%	252,697,424	84,303,248	33.36%	32,092,057
Auxiliary	28,147,241	12,811,899	45.52%	28,147,241	7,527,659	26.74%	5,284,240
Subtotal Operations	262,430,188	129,207,204	49.23%	280,844,665	91,830,907	32.70%	37,376,297
Federal HEERF Support	18,408,553	5,116,119					5,116,119
Total	280,838,741	134,323,323		280,844,665	91,830,907		42,492,416

October 31, FY 2020-21	Revenue			Expense			Change in Net Position
	Revised Revenue Budget	Actual Revenue	Percent Realized	Revised Expense Budget	Actual Expense	Percent Realized	
Fund							
Education & General	215,326,584	113,428,349	52.68%	215,326,584	77,700,528	36.08%	35,727,821
Auxiliary	27,029,458	10,074,383	37.27%	27,029,458	7,382,152	27.31%	2,692,231
Subtotal Operations	242,356,042	123,502,732	50.96%	242,356,042	85,082,680	35.11%	38,420,052
Federal HEERF Support *		-					-
Total	242,356,042	123,502,732		242,356,042	85,082,680		38,420,052

* In the prior fiscal year, HEERF funds were not recorded until May 2021.

E & G Revenue by Classification

** Preliminary / Draft - Unaudited*

Revenue Source	FY 2021-22			FY 2020-21			
	Revised Budget	Actual	Percent Realized	Revised Budget	Actual	Percent Realized	Variance
Tuition & Class Fees	142,842,810	72,363,366	50.66%	135,774,409	72,827,138	53.64%	(463,771)
State Appropriations	74,444,100	40,944,300	55.00%	65,731,200	35,977,800	54.73%	4,966,500
Government Grants & Contracts	2,400,370	199,542	8.31%	2,913,963	458,346	15.73%	(258,803)
Private Gifts, Grants & Contracts	548,646	705,773	128.64%	577,166	367,088	63.60%	338,685
Educational Sales & Services	6,082,691	1,528,768	25.13%	5,586,695	3,366,737	60.26%	(1,837,970)
Other Sources	7,964,332	653,556	8.21%	4,743,151	431,241	9.09%	222,315
Total	234,282,947	116,395,305	49.68%	215,326,584	113,428,349	52.68%	2,966,956

E & G Expense by Classification

* Preliminary / Draft - Unaudited

Expense Classification	FY 2021-22			FY 2020-21			Variance
	Revised Budget	Actual	Percent Realized	Revised Budget	Actual	Percent Realized	
Instruction	87,567,843	24,812,857	28.34%	82,150,111	23,846,544	29.03%	966,313
Research	465,635	61,503	13.21%	549,851	83,497	15.19%	(21,994)
Public Service	1,650,278	467,858	28.35%	2,167,040	533,589	24.62%	(65,731)
Academic Support & Libraries	24,970,476	8,314,152	33.30%	24,375,762	8,360,030	34.30%	(45,878)
Student Services	20,938,340	6,977,440	33.32%	19,323,983	5,789,478	29.96%	1,187,962
Institutional Support	50,269,777	15,805,435	31.44%	23,417,111	11,106,322	47.43%	4,699,113
Operation & Maintenance of Plant	23,420,378	6,288,971	26.85%	24,752,669	7,672,228	31.00%	(1,383,257)
Scholarships & Fellowships	43,414,697	21,575,031	49.70%	38,590,057	20,308,839	52.63%	1,266,192
Total	252,697,424	84,303,248	33.36%	215,326,584	77,700,528	36.08%	6,602,719

Budget to Actual Summary – Auxiliary

* Preliminary / Draft - Unaudited

October 31, FY 2021-22	Revenue			Expense			Change in Net Position
	Revised Revenue Budget	Actual	Percent Realized	Revised Expense Budget	Actual	Percent Realized	
Auxiliary Unit							
Adams Tennis Center	62,000	36,659	59.13%	62,000	22,239	35.87%	14,421
Airport FBO	515,314	328,116	63.67%	515,314	327,678	63.59%	438
Campus Recreation Center	1,443,850	657,748	45.56%	1,443,850	320,527	22.20%	337,221
Center for the Arts	831,840	243,314	0.00%	831,840	296,812	0.00%	(53,499)
Community Education	272,000	66,821	24.57%	272,000	65,747	24.17%	1,074
Eastern Progress	34,674	-	0.00%	34,674	5,343	15.41%	(5,343)
Facilitation Center	240,459	32,198	13.39%	240,459	78,198	32.52%	(46,000)
Housing	19,422,394	9,028,740	46.49%	19,422,394	5,091,846	26.22%	3,936,894
OSHA Training Center	328,000	140,529	42.84%	328,000	94,817	28.91%	45,712
Parking Operations	1,305,000	1,164,948	89.27%	1,305,000	167,272	12.82%	997,675
Printing Services	750,000	376,579	50.21%	750,000	268,149	35.75%	108,431
University Club at Arlington	1,537,400	672,621	43.75%	1,537,400	506,417	32.94%	166,204
WEKU Public Radio	1,274,294	54,029	4.24%	1,274,294	244,201	19.16%	(190,173)
White Hall State Historic Site	130,016	9,597	7.38%	130,016	38,413	29.54%	(28,816)
Total	28,147,241	12,811,899	45.52%	28,147,241	7,527,659	26.74%	5,284,240

Budget to Actual Summary – Auxiliary

* Preliminary / Draft - Unaudited

October 31, FY 2020-21	Revenue			Expense			Change in Net Position
	Revised Revenue Budget	Actual	Percent Realized	Revised Expense Budget	Actual	Percent Realized	
Auxiliary Unit							
Adams Tennis Center	67,000	20,394	0.00%	67,000	14,325	0.00%	6,069
Airport FBO	400,200	162,820	40.68%	400,200	179,924	44.96%	(17,103)
Campus Recreation Center	1,443,850	679,946	47.09%	1,443,850	364,852	25.27%	315,094
Center for the Arts	-	3,650	0.00%	-	114,852	0.00%	(111,202)
Community Education	263,000	122,608	46.62%	263,000	94,941	36.10%	27,667
Eastern Progress	25,630	-	0.00%	25,630	2,867	11.19%	(2,867)
Facilitation Center	150,000	34,042	22.69%	150,000	37,687	25.12%	(3,646)
Housing	19,004,833	7,204,309	37.91%	19,004,833	5,183,378	27.27%	2,020,932
OSHA Training Center	328,000	127,436	38.85%	328,000	83,319	25.40%	44,117
Parking Operations	1,700,000	936,622	55.10%	1,700,000	262,428	15.44%	674,194
Printing Services	865,000	247,045	28.56%	865,000	239,995	27.75%	7,050
University Club at Arlington	1,680,000	491,260	29.24%	1,680,000	518,362	30.85%	(27,102)
WEKU Public Radio	1,026,510	36,347	3.54%	1,026,510	233,284	22.73%	(196,937)
White Hall State Historic Site	75,435	7,904	10.48%	75,435	51,938	68.85%	(44,034)
Total	27,029,458	10,074,383	37.27%	27,029,458	7,382,152	27.31%	2,692,231

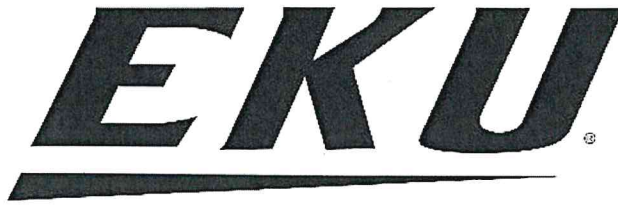
Actual Performance Comparison - Auxiliary

<i>* Preliminary / Draft - Unaudited</i>			
Auxiliary Unit	Change in Net Position		
	FY 2021-22	FY 2020-21	Variance
Adams Tennis Center	14,421	6,069	8,351
Airport FBO	438	(17,103)	17,542
Campus Recreation Center	337,221	315,094	22,127
Center for the Arts	(53,499)	(111,202)	57,703
Community Education	1,074	27,667	(26,593)
Eastern Progress	(5,343)	(2,867)	(2,476)
Facilitation Center	(46,000)	(3,646)	(42,354)
Housing	3,936,894	2,020,932	1,915,962
OSHA Training Center	45,712	44,117	1,595
Parking Operations	997,675	674,194	323,482
Printing Services	108,431	7,050	101,381
University Club at Arlington	166,204	(27,102)	193,306
WEKU Public Radio	(190,173)	(196,937)	6,764
White Hall State Historic Site	(28,816)	(44,034)	15,218
Total	5,284,240	2,692,231	2,592,009

Questions?



www.eku.edu



Faculty Senate

Report of the Chair of the Faculty Senate
11/12/21

All of the Senate Standing Committees are hard at work fulfilling the charges they were given in September. I expect to have more to report on their efforts at your next meeting in the winter. In addition, the Elections and University Nominations Committee is gearing up for the Faculty Regent election this spring.

Vice President and Provost Ziegler, Regent Marion and Senate Vice Chair Lisa Kay continue to meet once a month for our “problem solvers” discussions. Concerns are being expressed that we continue to lose our best and brightest faculty and the numbers of faculty leaving mid-term or right before classes started. We hope that there is data which the Provost can provide regarding the departures in terms of reasons for leaving and the numbers of how many have actually left.

The Senate Executive Committee just concluded its report analyzing the evaluation of President McFaddin. You should have that report in your hands. I’d like to thank my fellow Exec members Lisa Kay, Rachel Bishop-Ross, Sheri McGuffin, Lisa Jones, Geela Spira, Vonia Grabeel, Melanie Adams-Johnson and Jason Marion for the incredible skill sets and dedication that they brought to the process.

As reflected in the President’s evaluation, the issue of compensation looms largest among faculty concerns. This is likely a factor not only in the departure of faculty mentioned in the second paragraph but certainly in the low morale of those who remain. As we prepare to (hopefully) emerge from the pandemic and as you set priorities for the next fiscal year, just as you have prioritized the BookSmart program (a worthy program!), we respectfully ask that compensation issues move to the top of the list. This will help improve morale and retain the faculty that makes ECU such a special place to learn and grow.

Sincerely yours,

A handwritten signature in blue ink that reads 'Richard A. Crosby'.

Richard A. Crosby, D.M.A.
EKU Foundation Professor
Chair of Faculty Senate

Staff Council Report for the Board of Regents 12/9/2021

Chair Diaz, members of the Board and President McFaddin, I provide you this written report on the initiatives and work of Staff Council.

Nominations are open for our vacant Staff Council seats. The nomination period will close on Friday, November 19th so that we can verify submissions. The council has been charged with promoting the election and recruiting individuals to run and we're hopeful that we can fill all vacant seats. Should we need to hold elections, those will take place via ECU Direct late November.

Our policy committee has been diligent about meeting regularly when there are policies up for review so that we can be sure staff have a voice on matters pertaining to them. Ms. Haley Norberg has done a wonderful job of keeping Staff Council informed of any informational items and policies posted for the comment period. Staff Council truly appreciates what she and her team are doing.

We had a successful Breakfast with the President event on October 27th at the Alumni Center in the dining room. This is a wonderful event for staff to be able to have casual conversation with President McFaddin and our hope is to continue offering this event both in the fall and spring semesters. We're looking to expand attendance as we have a number of those who submitted for the opportunity. This fall, there were 101 names entered and we were able to extend an invitation to have 12 in attendance, so expanding attendance while keeping it in an intimate setting will be the goal for our spring event. Our programming committee is also hard at work planning an end of the year fall family fun activity to unwind and relax. The event will take place Saturday, December 11th from 1-4pm at Campus Recreation. We are planning to have activities available, such as access to the game room and basketball courts, as well as an opportunity to have cocoa, cookies, and pictures with Santa. Staff Council would like to extend an invitation to all regents and their families to join us for this fun, end of the year celebration.

Thank you, Chair Diaz, members of the board, and President McFaddin, for allowing Staff Council to provide you with this written update.

Respectfully submitted.

Caelin Scott, Chair of Staff Council.

November 11, 2021

I. Proposed Model Laboratory School Proposed Tuition Rates and Fees for Fiscal/Academic Year 2022-23

II. Issue

Model Laboratory School tuition and fees are reviewed annually and are required to be established for fiscal/academic year 2022-23.

III. Background and Process

Model Laboratory School's budget has been developed through the efforts of its Superintendent and administration; and in collaboration with the Eastern Kentucky University Finance & Administration Offices. Revenues are based upon appropriated funds, tuition and fees paid by students.

The tuition and fees recommendation for Model Laboratory School for fiscal/academic year 2022-23 is changing from the prior year; an increase of \$250 per student, in the form of a non-refundable deposit, is necessary. Please refer to *Attachment A* for the full schedule of proposed tuition and fees for Model Laboratory School.

In emergency or unanticipated situations, the Superintendent, in consultation and collaboration with the Senior Vice President for Finance & Administration, may approve other necessary fees in the interim until the Eastern Kentucky University Board of Regents convenes and approves the interim action.

IV. Alternatives

Alternatives include modifying Model Laboratory School tuition and fees more or less than proposed.

V. President's Recommendation

It is the President's recommendation that the Board of Regents approve the recommended tuition and fees for fiscal/academic year 2022-23 for Model Laboratory School as proposed.

MODEL LABORATORY SCHOOL

AT EASTERN KENTUCKY UNIVERSITY

Tuition and ECU Assessed Fees for 2022-23 PROPOSED to The ECU Board of Regents on December 9, 2021

The following proposed tuition and fees include an increase \$250 per student. This increase will be used for the ongoing operations and maintenance of Model Laboratory School.

Amounts are Annual Totals	Kindergarten	Grades 1-12
ENROLLMENT DEPOSIT (Non-refundable)	\$ 250	\$ 250
PLUS		PLUS
TUITION AND UNIVERSAL FEES TOTAL	\$4250 (\$425 per month for 10 months)	\$3995 (\$395 per month for 10 months)
Tuition	\$3700	\$3415
Textbook / Workbook Fee	\$ 175	\$ 205
Technology Fee	\$ 275	\$ 275
Asset Preservation Fee	\$ 100	\$ 100

For returning Model students in good standing, a \$250 annual nonrefundable enrollment deposit is due by March 31 to secure enrollment for the next year. This annual enrollment deposit is **in addition** to any other tuition and fees and will not be applied to subsequent years.

For students enrolling at Model for the first time, the \$250 nonrefundable deposit is due within 48 hours of notification of acceptance. This enrollment deposit is **in addition** to any other tuition and fees.

Tuition will be billed over 10 months: August thru May. **A minimum of 1/10th of the total tuition must be paid by the 20th of each month.** A late payment fee will be assessed for tuition payments not received by the due date. All other fees must be paid by May 20, 2023.

For partial-year students only tuition and the technology fee will be prorated by months enrolled. Students who attend any portion of a month will be billed for that month. No other fees are prorated.

The annual **tuition** amount could include reduced discounts, if applicable. For example, families with multiple students enrolled at Model, the oldest student's tuition (only) will be reduced by 5%. Fees are not discounted. Students who would qualify for free/reduced price lunch may request to have fees (but not tuition) waived.

Model Assessed Specialized Fees for 2022-23

Fee	Amount	Note	Fund Mapping
AP Exam (per course / exam taken) The amount is established annually by The College Board. Required for any student enrolled in an AP Course.	\$96*	All AP exams except AP Seminar and AP Research	Org: 232204 Model Lab Textbooks
	\$144*	AP Seminar and AP Research	
Art Studio Elective Courses (Grades 8-12)	\$35	Ceramics, Visual Art I, Visual II, Ind. Study in Art, AP Studio Art	Org: 616034 Art Activity Fund MS0034- HS Art
Athletic Uniform Rental Fee	\$75	Only assessed for athletes in a sport with a uniform rotation. (Soccer, Basketball, Baseball, Softball, Track, Cross Country, Volleyball) in High School Team (Varsity or JV) Max of \$75 per student annually.	Org: 232243 Model Lab Athletics
Lost/Unreturned Uniform Fee	\$200 per sport	Charged to any student athlete who does not return uniforms that are part of the uniform rotation (Soccer, Basketball, Baseball, Softball, Track, Cross Country, Volleyball) in High School (Varsity or JV)	Org: 232243 Model Lab Athletics
Technology Certifications (GMetrix) Microsoft Certifications	\$120*	Digital Literacy	Org: 232247 Model Lab Assessments
Graduation Fee (Assessed to all Seniors)	\$40	Cap, Gown and Tassel	Org: 232242 Model Lab Secondary
Lock Replacement	\$10		Org: 616034 MS0039 Model Locks/Lockers
Lost/Damaged Technology (computer, tablet, charger, etc.) Replacement	Actual replacement cost		Org: 232202 Model Lab Technology
Lost / Unreturned Textbook or Replacement Workbooks	Actual replacement cost		Org: 232204 Model Textbooks
Lost /Unreturned Library Book Fee	Actual replacement cost		Org: 232245 MS0050 Model Library
Field Trips	Variable	Actual fee based on specific trip and activities.	
Background Check Volunteer (non-employee)	\$15*		Org: 232245 MS0002 Model Background Checks
Background Check w/Fingerprint (non-employee) *initial screening and at change of school (e.g. elementary to secondary)	\$25*		Org: 232245 MS0002 Model Background Checks

PSAT (11 th graders only who elect to take it)	\$17*	Amount charged by The College Board	Org: 232204 Model Lab Textbooks
Late Payment Fee	\$25	Required payments paid after the 15 th of any month	Org: 232200 Model Lab School
Returned Check Fee	\$25	Per check	Org: 232200 Model Lab School
Credit Card Processing/Convenience Fee	4% of the total transaction		Org: 232200 Model Lab School

*These amounts are determined by external providers. They reflect the 2021-22 school year rates. Model will adjust these rates to those assessed by external providers once those rates are established for 2022-23.

Other Notes

Model Laboratory School assesses and collects additional dues for clubs, organizations, activities for which students opt to join, be part of, or attend as well as for graduation regalia, class rings, Yearbooks, school pictures, senior portraits, ACT, spirit wear and memorabilia, snacks, etc. for which the school makes payment on behalf of the student.

These fees do not include any fees or charges assessed by the university's food service provider.

Students who apply for financial assistance/aid must apply and pay the review fee of \$30.00 to the school's approved clearinghouse.

In emergency or unanticipated situations, the Superintendent may approve other necessary fees in the interim until the Board of Regents convenes and approves the fee schedule.

Upon parent request, the superintendent may approve deferment agreements and/or waiver of late fees in extenuating circumstances.

Model Lab School Extended Learning Program For 2022-23

Annual Registration/Enrollment/ Application Fee	\$50 per family
Full-Time Weekly Tuition Rate	\$65 per child, per week
Part-Time, Drop-In Tuition Rate	\$8 per child, per hour

Summer Enrichment Program For 2022-23

Registration/Enrollment/Application Fee	\$5 per child, per summer
Class Tuition	\$3 per child, per hour

Summer School – Secondary For 2022-23

Course Tuition	\$50 per credit
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Eastern Kentucky University**Dual Credit Tuition and Fees**

Eastern Kentucky University Dual credit tuition rates are based on KRS and tied to the KCTCS rates which are established annually. ECU Dual Credit rates will be established prior to the Fall semester.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
1	Model Laboratory School Tuition and Fees				2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
2	Approved by ECU BOR																	2/22/19	6/30/20	12/10/20	
3																					
4	Pre-K																				
5	Tuition							\$ 3,828.00	\$ 4,494.00	\$ 4,594.00	\$ 4,594.00	\$ 4,712.00	\$ 4,830.00	\$ 4,830.00	\$ 4,830.00	\$ 5,072.00	\$ 5,072.00				
6	Textbook/Workbook							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
7	Technology							\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 250.00	\$ 250.00	\$ 250.00				
8	Asset Preservation							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100.00				
9	TOTAL (PK)							\$ 4,028.00	\$ 4,694.00	\$ 4,794.00	\$ 4,794.00	\$ 4,912.00	\$ 5,030.00	\$ 5,030.00	\$ 5,080.00	\$ 5,322.00	\$ 5,422.00				
10																					
11	Kindergarten																				
12	Enrollment Deposit																				\$ 250.00
13	Tuition							\$ 2,180.00	\$ 2,289.00	\$ 2,323.00	\$ 2,323.00	\$ 2,440.00	\$ 3,440.00	\$ 3,440.00	\$ 3,440.00	\$ 3,612.00	\$ 3,612.00	\$ 3,612.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00
14	Textbook/Workbook							\$ -	\$ -	\$ -	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 175.00	\$ 175.00	\$ 175.00
15	Technology							\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 275.00	\$ 275.00	\$ 275.00
16	Asset Preservation							\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
17	TOTAL (K)							\$ 2,380.00	\$ 2,489.00	\$ 2,523.00	\$ 2,623.00	\$ 2,740.00	\$ 3,740.00	\$ 3,740.00	\$ 3,790.00	\$ 3,962.00	\$ 4,062.00	\$ 4,062.00	\$ 4,250.00	\$ 4,250.00	\$ 4,500.00
18																					
19	Grades 1-8																				
20	Enrollment Deposit																				\$ 250.00
21	Tuition				\$ 1,815.00			\$ 1,993.00	\$ 2,093.00	\$ 2,124.00	\$ 2,124.00	\$ 2,230.00	\$ 3,231.00	\$ 3,231.00	\$ 3,231.00	\$ 3,393.00	\$ 3,393.00	\$ 3,393.00	\$ 3,415.00	\$ 3,415.00	\$ 3,415.00
22	Textbook/Workbook				\$ -			\$ -	\$ -	\$ -	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 205.00	\$ 205.00	\$ 205.00
23	Technology				\$ 100.00			\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 275.00	\$ 275.00	\$ 275.00
24	Asset Preservation				\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
25	TOTAL (1-8)				\$ 1,915.00			\$ 2,193.00	\$ 2,293.00	\$ 2,324.00	\$ 2,424.00	\$ 2,530.00	\$ 3,531.00	\$ 3,531.00	\$ 3,581.00	\$ 3,743.00	\$ 3,843.00	\$ 3,843.00	\$ 3,995.00	\$ 3,995.00	\$ 4,245.00
26																					
27	Grades 9-12																				
28	Enrollment Deposit																				\$ 250.00
29	Tuition				\$ 1,815.00			\$ 1,993.00	\$ 2,093.00	\$ 2,124.00	\$ 2,124.00	\$ 2,251.00	\$ 3,252.00	\$ 3,252.00	\$ 3,252.00	\$ 3,415.00	\$ 3,415.00	\$ 3,415.00	\$ 3,415.00	\$ 3,415.00	\$ 3,415.00
30	Textbook/Workbook				\$ 80.00			\$ 100.00	\$ 100.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 205.00	\$ 205.00	\$ 205.00
31	Technology				\$ 100.00			\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 200.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 275.00	\$ 275.00	\$ 275.00
32	Asset Preservation				\$ -			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
33	TOTAL (9-12)				\$ 1,995.00			\$ 2,293.00	\$ 2,393.00	\$ 2,474.00	\$ 2,474.00	\$ 2,601.00	\$ 3,652.00	\$ 3,652.00	\$ 3,702.00	\$ 3,865.00	\$ 3,965.00	\$ 3,965.00	\$ 3,995.00	\$ 3,995.00	\$ 4,245.00

**Minutes of a Regularly Scheduled Meeting
Eastern Kentucky University
Board of Regents**

**September 23, 2021
10 a.m.**

**Powell 219
Eastern Kentucky University**

Call to Order

A regularly scheduled meeting of the Eastern Kentucky University Board of Regents convened on September 23, 2021, at 10:37 a.m. at the Powell building Room 219, Eastern Kentucky University, Richmond, Kentucky. The meeting was delayed due to the dedication of the Berman Center for Professional Sales in The College of Business. Chair Diaz addressed the board members regarding an open litigation and a report is provided to them by Counsel. Due to the absence of Ms. Fohl, this will not be discussed in closed session today. The Chair urged the members to reach out to University Counsel with any questions. The Chair confirmed visually that a quorum was established. For the record, Chair Diaz indicated that Regent Vasudevan and Regent Babbage are joining the meeting via video teleconference.

Present

Mr. Lewis Diaz
Mr. Juan Castro
Mr. Jeremiah Duerson
Ms. Jenna Smith
Mr. Alan Long
Dr. Jason Marion
Ms. Lynn Taylor Tye
Mr. Mike Eaves
Mr. Ashley Ward
Dr. David T. McFaddin, President

Via Video Teleconference

Mr. Vasu Vasudevan
Ms. Laura Babbage
Mr. Matt Roan, Vice President and Director of Athletics

Absent

None

Others Present

Dr. Tanlee Wasson, Senior Vice President for Student Success and Enrollment Management
Dr. Dannie Moore, Vice President Strategic Initiatives and Chief Diversity, Equity, and Inclusion Officer
Mr. Barry Poynter, Senior Vice President for Finance and Administration
Dr. Richard Crosby, Chair, Faculty Senate
Dr. Caelin Scott, Chair, Staff Council
Mr. Rick Erdmann, Head Coach Emeritus
Members of the faculty, staff, and media

Information Items

A. University Reports

Chair Diaz indicated that the agenda would be presented out of order due to some special guests the board would like to acknowledge. Chair Diaz addressed the last action item on the agenda, with the approval of a resolution, and turned the floor over to Athletics Director, Matt Roan who joined via video teleconference. Mr. Roan read the resolution to rename the Olympic Sports Training Center as the “Rick Erdmann Olympic Sports Training Center.” A motion to approve the resolution to rename the Olympic Sports Training Center was made by Regent Long. The motion was seconded by Regent Tye. The motion passed unanimously by voice vote.

The Chair acknowledged Head Coach Emeritus Rick Erdmann and thanked him for his service to the student athletes, the name brand of the institution, and the world of cross-country and track and field. The Chair asked Mr. Roan if he would proceed with his presentation.

1. Mr. Matt Roan, Department of Athletics Update

Mr. Matt Roan, Vice President and Director of Athletics, gave an Athletics and Campus Recreation update, a copy of which is incorporated herein and will be included with the official copy of the minutes.

2. Dr. Dannie Moore, and Dr. Tanlee Wasson, Student Life / E3 Update | Student Success & Enrollment Update

Dr. Tanlee Wasson, Senior Vice President for Student Success, Engagement, and Opportunity, gave an enrollment and recruitment update, which included an increase in the percentage rates of first-time students, transfers from other institutions, and underrepresented minority populations. Dr. Wasson expressed the excitement of holding orientation at Alumni Coliseum this year for the first time, the success of the BookSmart program, and a new tradition called Big E Beginnings. The update is incorporated herein and will be included with the official copy of the minutes.

Dr. Dannie Moore shared a presentation, including videos with music, showing the E3 experience, the success of the Big E Welcome, and upcoming Anchor Events through April 2022, a copy of which is incorporated herein and will be included with the official copy of the minutes.

Chair Diaz reminded the board that last fiscal year they approved the Student Experience fee, with the support of Student Government, which has been the catalyst for this level of events and plays a part in driving enrollment and a transformative student experience.

2. Dr. David T. McFaddin, Strategic Planning Update

Dr. David T. McFaddin, President, gave a presentation on the ECU Strategic Plan 2022-2030, where the university has been, where it is now, and where it is going. This update focused on the university's vision, mission, strategic priorities, and guiding values, a copy of which is incorporated herein and will be included with the official copy of the minutes.

4. Mr. Barry Poynter, Financial Update

Mr. Barry Poynter, Senior Vice President for Finance and Administration, presented a preliminary summary of the budget through June 30, 2021, a copy of which is incorporated herein and will be included with the official copy of the minutes.

[The Chair adjourned for a 5-minute recess at 12:00 p.m. The meeting reconvened at 12:07 p.m.]

B. Additional Reports to the Board

1. Written Reports

a. Dr. Richard Crosby, Faculty Senate Chair

Dr. Richard Crosby, Chair of Faculty Senate, presented an in-person report to the Board, a copy of which is incorporated herein and will be included with the official copy of the minutes.

b. Dr. Caelin Scott, Staff Council Chair

Dr. Caelin Scott, Chair of Staff Council, submitted an in-person report to the Board, a copy of which is incorporated herein and will be included with the official copy of the minutes. Chair Diaz thanked Dr. Scott for her leadership of the staff council commenting on behalf of the Board, the role that the staff play is incredibly important to creating a positive experience. He acknowledged that the faculty take care of the educational standpoint for the students to come here to achieve their degree, but the time that they spend on campus outside of the classroom far exceeds the time that they spend inside the classroom, so the staff play a very essential role in providing our best foot forward in creating positive, transformational experiences for our students.

c. Ms. Jenna Grace Smith, Student Government Association Chair

Ms. Jenna Grace Smith, Chair of Student Government Association, submitted a written report to the Board, a copy of which is incorporated herein and will be included with the official copy of the minutes.

2. Dr. David T. McFaddin, President

President David McFaddin delivered the following report:

This academic year is already off to an incredible start, and we could not have accomplished what we have thus far this semester without our employees and their commitment to our students to provide the best experience possible. We implemented a strategic plan for a full return to on-campus classes, programming, and support services. Our students are already forming potentially lifelong connections, opening their minds to diverse thinking and experiences, and soaking in knowledge in the fields that will shape their future careers.

These transformative moments are the building blocks that will become the foundation of their adult lives. There has been no greater feeling than seeing the return of some of our traditions like the Big E Welcome Walk and class photo embraced by our newest class of Colonels. This incoming cohort of students has had so much taken from them by a global pandemic. They are already accomplished at overcoming adversity and their determination should inspire us all to fulfill our mission to educate and inspire students to make the most of every opportunity before them.

Enrollment Trends

After a period of uncertainty in an unusual recruiting environment, I am very proud to report that enrollment numbers are showing some very promising trends. Some of the highlights for this academic year include:

- 2,531 New First-Time Freshmen
- Nearly 10% increase in new class year over year (first time in six years)
- 12% increase of in-state enrollment
- Nearly 20% increase in-service region enrollment
- 68% of students living on campus
- Up or steady in all underrepresented populations
- Up in new-transfer students

We must remain focused on recruitment, retention, and graduation efforts. We still have some ground to gain in overall enrollment, but the current numbers reflect growth in the key areas

of focus. The experience our students have at ECU can be the best endorsement we have in encouraging others to make ECU a college of choice.

Exceptional Eastern Experience

We have been intentional with our planning and rollout of the Exceptional Eastern Experience (E3), which will give our students so many additional opportunities to participate in events that will provide them with a lifetime of memories from their college experience. The Big E Welcome was a smashing success, and we had a week of events for students to get to know the campus and their classmates. We have a number of concerts, comedians, athletic events, and lively activities right here on campus. J.D. Shelburne will be live in the Ravine this weekend, and we just announced T Pain in concert in November. It's an exciting time to be a student at ECU. We have several national touring acts this year, and we are integrating events for students into our athletic experiences.

We have also returned to in-person programming at the ECU Center for the Arts, Central Kentucky's premier live entertainment and arts destination. After a year of limited interactions, you will find a number of these events and experiences open to our campus and local communities including live music, pep rallies, festivals and much more.

ECU BookSmart

The ECU BookSmart program has created a unique and distinguishable buzz about our commitment to college affordability and removing financial barriers. Investing in textbooks and required course materials positions our students for success by ensuring students are prepared and ready to learn from the first day of class. More than 10,000 Big E Boxes have been supplied to students this fall and students and parents have expressed their gratitude for removing that expense from the overall cost of attendance.

Graduates Enter a Challenging Workforce

While our incoming class faced trepidation in how they would navigate a post-pandemic college experience, our graduates entered an evolving workforce and they too persevered to achieve their career goals. We take pride that ECU graduates have earned the #1 ranking in Kentucky employment rates among bachelor's degree holders. Seventy-six percent of ECU graduates find full-time jobs within six months of graduating, and that is a true testament to how well our faculty and our unique ECU experiences are equipping graduates for their future careers.

In classrooms, labs, and real-world learning environments, our students receive world-class instruction as we work every day to provide educational excellence at ECU. A special congratulations to Faculty Regent Dr. Jason Marion for earning the 2021 [Global Health and Innovation Conference \(GHIC\) Innovation Prize](#) for his water purification research. We will continually look to provide innovative teaching and learning methods for the betterment of our faculty and students. And I want to say thank you to this board for your commitment to innovation and opportunity by continuing to invest resources in these types of opportunities through the Board of Regents Innovation Fund.

Corporate Partners Program

As part of the ECU Advantage, Eastern Kentucky University has partnered with multiple nonprofit and corporate entities to provide educational opportunities to employees at significant discounts. As the School of Opportunity, we strongly believe in the power of education in improving the lives of the employees and the entities they work for. We have recently finalized agreements with the Kentucky League of Cities, the Kentucky Association of Counties, Google, Hyster-Yale, Fayette County Public Schools, and many others, with more on the way.

Corporate and nonprofit partnerships are just another way that ECU is Kentucky's University, providing educational opportunities for anyone who wants to improve their lives through education. Specifically, it positions ECU to be the first-choice partner for adult learners who work for some of our most signature and important industries and companies.

Health and Wellbeing on Campus

This semester we remain vigilant of public health measures and are closely monitoring both our university and local rates for COVID-19 vaccinations and infections. Our COVID-19 campus dashboard is active at <https://staywell.eku.edu/dashboard>. Currently, Madison County is in an upsurge of COVID-19 cases, and we are keeping a close watch on not only COVID cases, but the ability of our local medical facilities to treat patients for routine medical issues.

ECU student and employee populations have seen only moderate case totals of illness in comparison with increased cases in our local area. Contact tracing remains a key component in recognizing and addressing any potential vulnerabilities among our campus community. Please continue encouraging students and colleagues to report cases of illness or exposure, be mindful of any potential symptoms, and quarantine or isolate as needed and advised by health officials.

COVID-19 Vaccinations

Vaccination remains the strongest tool to reduce transmission and lessen the risk of severe illness. If you are already fully vaccinated, thank you. Be sure to log in to ECU Direct and report your vaccination status. If you are able but not currently vaccinated, ECU is strongly encouraging students and employees to receive a vaccination as soon as possible. Increasing the overall vaccination rate of our students, faculty, and staff will position us to have the greatest chance of finishing this semester and year without any interruption to in-person learning, residential living, and campus programming and events.

Leadership Searches

College of Letters Arts and Social Sciences Dean search:

- Co-chairs- **Ida Kumoji-Ankrah**, Executive Director of the Institute for Creative and Collaborative Arts; **Julie George**, Dean of Libraries
- Timeline- Best consideration date of October 1; Finalist interviews in November
- Adjustments to search process:
 - Expanded advertising and recruitment program
 - Additions to committee

- Revised leadership profile

College of Business Dean search:

- Co-chairs- **Beth Polin**, Associate Professor of Business; **Dannie Moore**, Vice President for Student Life and Chief Diversity, Equity, and Inclusion Officer
- Timeline- Best consideration date of October 29; Finalist interviews in late January
- Adjustments to search process
 - Expansion of committee to include significant membership from community and other colleges
 - Expanded advertising and recruitment program
 - Revised leadership profile

College of Justice, Safety and Military Science Dean search:

- Co-chairs- **Lynnette Noblitt**, Chair, Department of Government; **John Williamson**, Superintendent of Model and Dean of K-12
- Timeline- Best consideration date of August 27; Finalist interviews in November

College of Health Sciences Dean search:

- Co-chairs- **Abbey Poffenberger**, Chair of Language and Cultural Studies, Anthropology, and Sociology; **Shirley O'Brien**, Professor of Occupational Therapy, Foundation Professor
- Timeline and search committee to be finalized in October

Strategic Planning

As I highlighted earlier in the meeting our strategic planning process is well underway and there is a lot of excitement and energy around our focus on experiencing excellence. The simplicity, yet power that is reflected in our goal areas of Knowledge, Innovation and Transformation will unify our campus and galvanize our commitment to our communities, our partners, and our alumni that ECU's best days are ahead.

This semester is off to a successful start, and I am excited to see excellence in action for the upcoming academic year. Thank you for all you do and for your commitment to ECU as a School of Opportunity.

3. Mr. Lewis Diaz, Chair of the Board

Chair Lewis Diaz delivered the following report:

Thank you, Mr. President. Whenever I must follow your report, I feel like there's not much to say, other than thank you, and keep up the good work. I'll resist the temptation to do that.

I want to thank the ECU team, from our staff to our faculty, even students -- we do have student employees -- and students like Jenna, who are involved in service -- they've been outstanding. Throughout the COVID-19 pandemic and coming out of it, we've focused on creating a place where we can provide both an in-person learning experience balanced with a superior student life experience. I think ECU is winning in this. I think we're doing it better than others, and hopefully today's presentation evidenced that for everyone that's here to see it.

We've welcomed a very large new Freshman class, and I didn't put Dr. Wasson on the spot in asking what it's going to look like next year --how are we going to grow. I resisted the temptation to do that, Dr. Wasson, but we are paying very close attention. The most encouraging thing for me in that space is the cross-departmental collaboration. When you sit in these seats as Board members, we sometimes look for gaps, look for opportunities. Everyone here is a doer in some capacity, and we all want to serve in some way. What I find is that there are fewer, and fewer gaps to raise our hands about, and I'm lucky, we're lucky as an institution.

We have a vice-chair that works closely with auditing to make sure that is done right, to make sure we have a careful eye on what's happening in the institution on the back end. That's something that I don't worry about.

In Diversity, Equity, and Inclusion, I'm lucky that Regent Castro works closely with Dr. Moore to make sure that we're providing the right opportunities for students. We're not all born into equal circumstances, we don't all have equal abilities, but we certainly can work very hard to make sure that we have equal opportunities. That's something that I know Regent Castro is passionate about, I am too, but knowing that he can carry the load in that space allows me to take a step back and look at other things.

I'm lucky to have Regent Eaves on the board. He's been helpful already in some matters that you may have read about in the newspaper regarding litigation with a former conference. And so, there are people on the board that are helpful and that are engaged. We have Regent Ward who is newer on the Board, and already he is engaged in working with Regent Marion on the Presidential Evaluation that you all will hear more about in our Fall meeting. Regent Tye works closely with our Vice President of Finance to make sure we are asking the right questions and that the presentation and financial report captures everything that it needs to capture and is as transparent as it can be, with respect to the auxiliaries that we put forth as a university.

Jenna, you are a continuation of a trend that I have seen over the past few years where the partnership between the Student Government Association and the Office of the President continues to grow. I saw that with Madison Lipscomb, I saw it with Eyuoel, and certainly see it with you. So, thank you for that, and thank you for the way that you're connecting with the President, with that office, and just driving positivity for students and for the experience. Thank you.

Regent Duerson, I know that you're newer. I don't know yet where it is that you're going to drive the engagement, but I know it's coming. We've enjoyed very, very good leadership from

the Staff Regent, so I'm looking forward to what it is that you're going to accomplish and what gaps you're going to fill during your term.

As I sit here, I feel fortunate that we have such a strong team of Board members, all of whom have their own passion, and all of whom are helpful to the institution in their own way. As I move forward in the next year, I'll continue to pay attention to the strategic plan, and I think all the talking points that you heard today are on point. We do want to create exceptional experiences both in the classroom and outside of the classroom. We want to be bold, and we want to distinguish ourselves as a university. We want to define who our peers are, and then we want to distinguish ourselves from our peers so that we're unique in the way that we approach our customers, which I view as the student.

The Exceptional Eastern Experience is a big part of what we're doing. Obviously, it's something that the students support. They're willing to put their fee dollars into that, so we want to be good stewards of that. I think that's an opportunity for us to create that unique experience, and I commend the President and the team for the work that they're doing in that space.

Then there are strategic investment opportunities, relationships, corporate partnerships, investment in faculty and staff innovation, things that we can do as an institution where we can simply win against our competitors because we can be innovative, and we can be efficient in the way that we address that. I think we have a pretty good structure to do that, where Dr. Martin is working on a regular basis with faculty and staff to bring ideas before the Board that we can review, evaluate, and fund at the first quarter of every year. Those are things that have provided fruit for our university and they're things that I'll continue to pay attention to but for now. Let me say thank you to the Board for allowing me to serve in this capacity and thank you to the President for the work that you're doing in ensuring that none of us get phone calls.

Action Items

Chair Diaz presented to the full Board the following items on the Consent Agenda for approval:

A. Approval of the Minutes for the Full Board Meeting on June 17, 2021 and the Special Meeting of July 26, 2021

A motion was made by Regent Tye to approve the minutes for the June 17, 2021 and the July 26, 2021 Board Meetings. The motion was seconded by Regent Eaves. The motion passed unanimously by voice vote.

B. Personnel Actions

President McFaddin asked the Board to refer to page 57 in the Board book, where they will see the personnel items available that have happened since the last time the Board met. The President refers to the Board for those items to be approved. A motion was made by Regent Tye to approve the Personnel Actions Report. The motion was seconded by Regent Castro. The motion passed unanimously by voice vote.

C. Approval of Policy Updates for Model Laboratory School

President McFaddin indicated that what was reflected in this policy was simply the update for the annual Kentucky School Board Association that comes before the legislature every year, so these rules have gone into effect, and this simply reflects our compliance with those rules. The President refers to the Board to approve as presented. A motion was made by Regent Tye to approve the policy for Model Laboratory School. The motion was seconded by Regent Castro. The motion passed unanimously by voice vote.

Chair Diaz took a moment before making a motion for closed session, to mention Regent Babbage, who joined electronically. He stated that Regent Babbage is “inspiration incarnate,” and she’s a person that is really interested in the human spirit and interested in lifting people up around her. So, there’s a tremendous value in what she does as Regent. He also commented that Regent Vasudevan reaches out before every meeting and has some questions. Sometimes, those questions force him to think about things differently and results in some changes to the agenda that must be made because of something they didn’t think about. Everyone offers something on the Board, and he’s thankful to each one of them.

Executive Session

Chair Diaz asked for a motion to go into closed session to discuss the potential acquisition of property, the motion being made in accordance with KRS 61.810(1)(b). A motion was made by Regent Tye. The motion was seconded by Regent Castro. The motion passed unanimously by voice vote. The Chair indicated that the Board would now go into closed session, no official business would be conducted in the closed session, and they would make a note of that when the Board returned.

[The Chair adjourned for closed session at 12:47 p.m.]

The Chair entertained a motion to adjourn from closed session. The Chair confirmed that no official business was conducted. A motion was made by Regent Duerson. The motion was seconded by Regent Ward. The motion passed unanimously by voice vote.

[The meeting reconvened in open session at 1:15 p.m.]

New Business

Regent Eaves made a motion that the Board approve and authorize the President to negotiate for the acquisition of property, approximately 300 acres that adjoins Eastern’s existing property at Meadowbrook Farm for the expansion of Meadowbrook Farm for a purchase price not to exceed 2.5 million dollars without further Board approval. The motion was seconded by Regent Long.

Regent Eaves requested to amend his motion wanting to make it clear that his motion includes the authority of the President to execute the contract or any other documents that's necessary to consummate that transaction. The amended motion was seconded by Regent Long.

EKU Deputy Counsel, Whitney Crowe, called the roll of the Board for a roll call vote. The motion passed unanimously by voice vote.

Adjournment

There being no further business, Chair Diaz requested a motion to adjourn. A motion was made by Regent Long to adjourn the meeting. The motion was seconded by Regent Vasudevan. The motion passed by voice vote, and the meeting was thereby adjourned at 1:17 p.m.

Jason Marion

Date

Experience Excellence 2022-2030

Vision

Eastern Kentucky University will be excellent in all that we choose to do.

Mission

Eastern Kentucky University is the School of Opportunity where everyone belongs. World class faculty and staff create opportunities for personal growth through exceptional experiences, to ensure students realize their fullest potential and achieve excellence. ECU graduates shape the success and vitality of their professions and communities.

Strategic Priorities

Goal 1: Knowledge

Knowledge is at the center of ECU's commitment to serve as the School of Opportunity. From academic teaching and learning to experiential co- and extracurricular activities, ECU strategically advances academic and student success programs that support ECU's diverse learners.

Goal 2: Innovation

Innovative thinking and bold action will elevate and differentiate ECU. Innovation will enhance organizational stewardship, intellectual and creative capacity, and economic vitality within ECU and the communities we serve.

Goal 3: Transformation

ECU is dedicated to transforming lives and communities. ECU's learning environments support intellectual growth, creativity, empowerment, and life-changing experiences by centering access, equity, dignity, respect, and inclusivity.

Guiding Values

Inclusion

Community engagement
Diversity of people and perspectives
Professional growth
Hospitality
Celebration

Trust

Consistency
Effective communication
Accountability
Efficiency
Leadership

**Eastern Kentucky University
Personnel Statistics (Full-Time)
October 31, 2021 & 2020**

Job Category	Institutional			Sponsored Contract/Grant		
	Total Employees		Employee +/-	Total Employees		Employee +/-
	2021	2020		2021	2020	
Full-Time Faculty	573	583	(10)	2	2	-
Administrators/Deans	44	45	(1)	1	1	-
Full-Time Exempt	515	510	5	114	142	(28)
Full-Time Non-Exempt	352	374	(22)	31	30	1
Total:	1,484	1,512	(28)	148	175	(27)
Job Category	Total Salary		Budget +/-	Total Salary		Budget +/-
	2021	2020		2021	2020	
Full-Time Faculty	\$ 38,542,321	\$ 38,431,867	\$ 110,454	\$ 90,140	\$ 103,175	\$ (13,035)
Administrators/Deans	\$ 5,914,012	\$ 5,864,338	\$ 49,674	\$ 58,716	\$ 57,716	\$ 1,000
Full-Time Exempt	\$ 28,483,538	\$ 26,354,664	\$ 2,128,874	\$ 5,739,958	\$ 6,226,364	\$ (486,406)
Full-Time Non-Exempt	\$ 12,678,492	\$ 13,122,629	\$ (444,137)	\$ 1,179,152	\$ 1,131,045	\$ 48,107
Total:	\$ 85,618,363	\$ 83,773,498	\$ 1,844,865	\$ 7,067,966	\$ 7,518,300	\$ (450,334)

Eastern Kentucky University
Personnel Statistics (Part-Time)
October 31, 2021 & 2020

Job Category	Institutional			Sponsored Contract/Grant		
	Total Employees		Employee +/-	Total Employees		Employee +/-
	2021	2020		2021	2020	
Part-Time Faculty	445	417	28	-	-	-
Graduate Assistants	202	210	(8)	2	2	-
Part-Time Exempt	85	43	42	31	17	14
Part-Time Non-Exempt	175	119	56	32	33	(1)
Total:	907	789	118	65	52	13
Job Category	Total Salary		Budget +/-	Total Salary		Budget +/-
	2021	2020		2021	2020	
Part-Time Faculty	\$ 1,950,646	\$ 1,874,534	\$ 76,112	\$ -	\$ -	\$ -
Graduate Assistants	\$ 988,017	\$ 1,054,900	\$ (66,883)	\$ 11,200	\$ 8,400	\$ 2,800
Part-Time Exempt	\$ 525,735	\$ 221,279	\$ 304,456	\$ 268,388	\$ 215,840	\$ 52,548
Part-Time Non-Exempt	\$ 908,830	\$ 749,624	\$ 159,206	\$ 188,982	\$ 177,615	\$ 11,367
Total:	\$ 4,373,228	\$ 3,900,337	\$ 472,891	\$ 468,570	\$ 401,855	\$ 66,715

New Hires September 1, 2021 - October 31, 2021

<u>Last Name</u>	<u>First Name</u>	<u>Hire Date</u>	<u>Position Title</u>	<u>Department</u>	<u>Category</u>	<u>Annual Salary</u>
Noghani	Farzaneh	9/20/2021	Assistant Professor	Business - AFIS / MMIB	FT Faculty	\$85,000.00
Wilcox	Serena	9/1/2021	Visiting Professor	Instruction - Ed & App Human Sci	FT Faculty	\$12,800.00
Allen	Dennis	10/18/2021	Fac Support Technician	Pest Control	FT Hourly Staff	\$28,870.40
Calvert	David	9/20/2021	Relocation Specialist	Relocation Services	FT Hourly Staff	\$24,814.40
Cinnamond	Anne	9/13/2021	Library Assistant	Libraries	FT Hourly Staff	\$23,185.50
Costa	Melissa	9/20/2021	Online Learn Specialist	UTC Targeted Case Management	FT Hourly Staff	\$34,554.00
Curry	Jason	9/7/2021	Police Officer	Police Department	FT Hourly Staff	\$43,513.60
Jones	Darlene	9/1/2021	Supt Services Associate	Regional Campuses-Corbin	FT Hourly Staff	\$26,949.00
Justice	Taylor	10/13/2021	Pool Technician	Maintenance, Pools	FT Hourly Staff	\$25,188.80
Kelley	Joey	9/20/2021	Relocation Specialist	Grounds/Horticulture	FT Hourly Staff	\$25,792.00
Knies	Katelynn	9/20/2021	Staff Interpreter	Deaf Stud Accessibility Services	FT Hourly Staff	\$48,750.00
Lovitt	Gregory	10/18/2021	Fac Support Technician	Regional Campuses-Corbin	FT Hourly Staff	\$24,960.00
Miller	William	9/22/2021	Parking Control Officer	Parking Services	FT Hourly Staff	\$31,636.80
Morgan	Luke	10/13/2021	Data Specialist	Teacher Ed Srv/Admission&Cert	FT Hourly Staff	\$27,222.00
Quintin	Paige	10/4/2021	Classroom Teaching Asst	Ctr for Early Childhood Excel	FT Hourly Staff	\$31,200.00
Tackett	Kelli	10/18/2021	Telecommunicator II	Police Department	FT Hourly Staff	\$37,065.60
Walker	Matthew	10/27/2021	Line Opr Supervisor	Aviation	FT Hourly Staff	\$24,960.00
Webb	Zoie	10/25/2021	Sys & Processing Official	Stud Success, Oper & Innovations	FT Hourly Staff	\$31,200.00
Wilson	Morgan	9/1/2021	Program Coordinator	KCSS FY22	FT Hourly Staff	\$32,916.00
Adkins	Jennifer	10/1/2021	Learng & Devlop Fac	UTC Targeted Case Management	FT Professional	\$41,740.40
Alstatt	Taylor	9/1/2021	Admission Counselor	Admissions	FT Professional	\$35,568.00
Bourn	Gregory	10/6/2021	Asst Dir, FB Sports Perf	Football	FT Professional	\$35,000.00
Bowne	Tom	9/1/2021	Eastern Stndrd Prod/Host	WEKU Public Radio	FT Professional	\$44,000.00
Brandenburg	Heather	9/1/2021	Learng & Devlop Fac	UTC Targeted Case Management	FT Professional	\$43,555.20
Cheslick	Lauren	9/7/2021	Instructional Designer	Office of eCampus Learning	FT Professional	\$45,219.93
Crowe	Vicki	9/9/2021	Program Manager	EKU Student Child Care Prog	FT Professional	\$55,000.00
Gish	Stacey	9/23/2021	Communications Mgr	Communications & Brand Mgmt	FT Professional	\$55,000.00
Harris	Christopher	10/25/2021	Procurement Official	Purchasing	FT Professional	\$41,000.00
Hatmaker	Alexis	9/20/2021	Model Lab Teacher	Model Laboratory School	FT Professional	\$31,383.00
Helton	Renee	10/16/2021	Learng & Devlop Fac	UTC Targeted Case Management	FT Professional	\$45,370.00
Scanlan	Barry	9/15/2021	Lead Eng, Broadcast Sys	WEKU Public Radio	FT Professional	\$58,000.00
Simon	Alex	10/1/2021	Outrch & Engage Coord	University Housing	FT Professional	\$40,000.00
Strube	Brittany	10/6/2021	Instructional Designer	Office of eCampus Learning	FT Professional	\$51,837.48
Tipton	Leigh	10/15/2021	Assist Dir of Recruit	Admissions	FT Professional	\$51,000.00
Topping	Jennifer	10/16/2021	Learn & Devlop Designer	UTC Targeted Case Management	FT Professional	\$58,244.00
Ware	Murphy	9/27/2021	Resdnce Hall Coord	University Housing	FT Professional	\$35,568.00
Beaudoin	Jessica	10/13/2021	Online PT Faculty	OL-Psychology-BS	PT Faculty	\$3,050.00
Belcher	Helen	10/13/2021	Online PT Faculty	OL-AGS/Supporting Courses	PT Faculty	\$3,050.00
Blair	Melinda	10/13/2021	Online Fac 11654	OL-Doctor of Nursing Practice	PT Faculty	\$5,000.00
Crouch Kaiser	Lainie	10/13/2021	Online PT Faculty	OL-Paralegal-BA	PT Faculty	\$3,050.00
Gruenberg	Gretchen	10/13/2021	Online PT Faculty	OL - BBA	PT Faculty	\$3,050.00
Hall	Amanda	10/13/2021	Online PT Faculty	OL-Health Services Admin	PT Faculty	\$3,050.00
Hamilton	Arwen	10/13/2021	Online PT Fac	OL - BBA	PT Faculty	\$3,050.00
Hamm	Mary	10/13/2021	Online Fac	OL-AGS/Supporting Courses	PT Faculty	\$4,067.00
Hornung	Lisa	10/13/2021	PT Faculty-Ext Cmp	OL-AGS/Supporting Courses	PT Faculty	\$3,050.00
Howell	Shanee	10/1/2021	Online PT Faculty	OL-Bachelor Social Work	PT Faculty	\$3,050.00
Muff	Deverin	10/13/2021	Online PT Faculty	OL-Sports Management-BS	PT Faculty	\$3,050.00

New Hires September 1, 2021 - October 31, 2021

<u>Last Name</u>	<u>First Name</u>	<u>Hire Date</u>	<u>Position Title</u>	<u>Department</u>	<u>Category</u>	<u>Annual Salary</u>
Newman	Anthony	10/13/2021	Online PT Faculty	OL-Sports Management-BS	PT Faculty	\$3,050.00
Osborne	Nicholas	10/13/2021	Online PT Faculty	OL-AGS/Supporting Courses	PT Faculty	\$3,050.00
Peach	Douglas	10/13/2021	Online PT Faculty	OL-CJJS-BS	PT Faculty	\$3,050.00
Sitnikova	Alexandra	10/13/2021	PT Faculty-Ext Cmp	OL - BBA	PT Faculty	\$3,050.00
Smith	Mark	10/13/2021	Online PT Faculty	OL-AGS/Supporting Courses	PT Faculty	\$3,050.00
Storch	Amy	10/1/2021	Online PT Faculty,	OL-Master of Social Work	PT Faculty	\$3,050.00
Strausbaugh	LeeAnn	9/1/2021	Online PT Faculty	OL-RN to BSN	PT Faculty	\$5,083.00
Sun	Zhejing	10/13/2021	Faculty Overload Web	OL - BBA	PT Faculty	\$3,050.00
Whiting	Dallas	10/13/2021	PT Faculty-Ext Cmp	OL-Occupational Safety-BS	PT Faculty	\$3,050.00
Wolfe	Chelsie	9/9/2021	PT Faculty-On Campus	Dual Credit (EKU Now!)	PT Faculty	\$2,600.00
Baker	Davieon	9/15/2021	Game Operations Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Ball	Patricia	10/20/2021	School Psychologist	Model Laboratory School	PT Hourly Staff	\$ -
Bashford	Sarah	10/4/2021	Part-Time Writer	Communications & Brand Mgmt	PT Hourly Staff	\$ -
Billings	Malessa	10/20/2021	School Psychologist	Model Laboratory School	PT Hourly Staff	\$ -
Burdine	Gregory	9/20/2021	PT NE Continual Svc	UTC Title IV-E Foster Parent Trg	PT Hourly Staff	\$ -
Bush	Madeline	9/7/2021	Substitute Teacher	Ctr for Early Childhood Excel	PT Hourly Staff	\$ -
Caliendo	Sebastian	9/7/2021	Flight Instructor	Class Fees - Aviation	PT Hourly Staff	\$ -
Coffey	Kristin	9/27/2021	Part-Time Tennis Asst.	Adams Tennis Center	PT Hourly Staff	\$ -
Dalton	Nancy	9/15/2021	Game Day Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Davis	Jonathan	10/6/2021	Pro Shop Attendant	University Club at Arlington	PT Hourly Staff	\$ -
Day	Bobby	9/8/2021	Game Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Day	Marsha	9/15/2021	Game Day Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Deaton	Caleb	10/14/2021	Flight Instructor	Class Fees - Aviation	PT Hourly Staff	\$ -
Dixon	Joshua	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Evans	Jessica	9/15/2021	Game Day Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Fain	Theresa	10/5/2021	ASL Lab Tutor	PD-ASLIE	PT Hourly Staff	\$ -
Freeman	Clark	9/15/2021	Seasonal Non-Exempt	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Gayhart	Christian	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Gentry	Glenn	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Goodwin	Wayne	9/1/2021	Runner	EKU Center for the Arts	PT Hourly Staff	\$ -
Hager	Christine	9/8/2021	Game Day Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Hall	Matthew	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Hardiman	Joseph	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Hardy	Franklin	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Kirsits	Hanna	9/22/2021	Flight Instructor - Pilot I	Class Fees - Aviation	PT Hourly Staff	\$ -
Kreutzer	Rebecca	9/14/2021	ASL Lab Tutor	PD-ASLIE	PT Hourly Staff	\$ -
Lafata	Kristina	9/8/2021	Sub Paraeducator	Model Laboratory School	PT Hourly Staff	\$ -
Laipert	Ryan	9/30/2021	Pro Shop Attendant	University Club at Arlington	PT Hourly Staff	\$ -
Mills	Emylie	9/3/2021	Server/Bartender	University Club at Arlington	PT Hourly Staff	\$ -
Morgan	Andrew	9/7/2021	ASL Lab Tutor	PD-ASLIE	PT Hourly Staff	\$ -
Ramsay	Scott	9/21/2021	Creative Content Intern	Athletic Marketing	PT Hourly Staff	\$ -
Redmond	Shelby	9/7/2021	ASL Lab Semester Wkr	PD-ASLIE	PT Hourly Staff	\$ -
Rhodus	Christopher	9/2/2021	Game Day Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Roberts	Abigail	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Rogers	Michael	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Rogers	Mike	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Runge	Patrick	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -

New Hires September 1, 2021 - October 31, 2021

<u>Last Name</u>	<u>First Name</u>	<u>Hire Date</u>	<u>Position Title</u>	<u>Department</u>	<u>Category</u>	<u>Annual Salary</u>
Snodgrass	Jackson	9/15/2021	Game Day Ops Staff	Athletic Facilities/Game Ops	PT Hourly Staff	\$ -
Sparks	Virgil	9/15/2021	Game Day Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Stepacheva	Elena	9/1/2021	ASL Lab Semester Wkr	PD-ASLIE	PT Hourly Staff	\$ -
Sweeney	Steven	9/28/2021	Flight Instructor	Class Fees - Aviation	PT Hourly Staff	\$ -
Thompson	Jack	9/2/2021	Flight Instructor	Class Fees - Aviation	PT Hourly Staff	\$ -
White	Patricia	9/15/2021	Game Day Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Wilson	Sarah	10/18/2021	Parent Resource Trainer	UTC Title IV-E Foster Parent Trg	PT Hourly Staff	\$ -
Worden	Whitney	10/4/2021	OMVA Program Asst	Office of eCampus Learning	PT Hourly Staff	\$ -
Wright	Vada	9/5/2021	Interpreter	ASLIE Sign Interpreting	PT Hourly Staff	\$ -
Young	Erin	9/15/2021	Game Day Ops Staff	Athletics Ticket Office	PT Hourly Staff	\$ -
Atwood	Peyton	9/30/2021	KY Ready Corps	KY READY Corps FY22	PT Professionals	\$ -
Biggs	Lauren	9/30/2021	KY Ready Corps	KY READY Corps FY22	PT Professionals	\$ -
Cabral	Victoria	9/1/2021	Member, KY READY	KY READY Corps FY22	PT Professionals	\$ -
Conley	Krista	10/16/2021	Facilitation Ctr Student	Facilitation Center	PT Professionals	\$ -
Crisman	Kimberly	9/1/2021	Member, KY READY	KY Ready Corps FY21	PT Professionals	\$ -
Finchio	Marlene	10/21/2021	Model Substitutes	Model Laboratory School	PT Professionals	\$ -
Grissom	Theresa	9/16/2021	Member, KY READY	KY READY Corps FY22	PT Professionals	\$ -
Hale	McKenna	9/16/2021	Member, KY READY	KY READY Corps FY22	PT Professionals	\$ -
Hines	Jarod	9/16/2021	Member, KY READY	KY READY Corps FY22	PT Professionals	\$ -
Leiprecht	Madison	9/10/2021	Model Substitutes	Model Laboratory School	PT Professionals	\$ -
Lynes	Chrisalyn	10/16/2021	Facilitation Ctr Student	Facilitation Center	PT Professionals	\$ -
Manuel	Shawn	10/16/2021	Asst Var Boys BB Coach	Model Laboratory School	PT Professionals	\$ -
Osborne	Jennifer	9/1/2021	Model Substitutes	Model Laboratory School	PT Professionals	\$ -
Roberson	Michael	10/1/2021	Workforce Ed Instructor	Workforce Education	PT Professionals	\$ -

Separations September 1, 2021 - October 31, 2021

<u>Last Name</u>	<u>First Nam</u>	<u>Separation</u>	<u>Position Title</u>	<u>Department</u>	<u>Classification</u>	<u>Annual Salary</u>
Caldwell	Kelly	9/2/2021	Dir Pupil Personnel	Model Laboratory School	FT Faculty	\$72,904
Slusher	Ida	10/31/2021	Professor	School of Nursing	FT Faculty	\$88,367
Wright	Cheryl	10/1/2021	Model Lab Teacher	Model Laboratory School	FT Faculty	\$61,955
Abney	James	10/29/2021	Const & Repair Tech II	Maint, Carpenter Shop	FT Hourly Staff	\$37,253
Basil	Kelly	9/17/2021	Admin Professional I	Interpreter Educat	FT Hourly Staff	\$29,660
Burns	Michael	9/3/2021	Repair Technician II	Housing Maintenance	FT Hourly Staff	\$36,421
Hess	Katie	9/21/2021	Acad History Specialist II	Registrar	FT Hourly Staff	\$27,222
Hurst	Cory	10/12/2021	Flight Line Scheduler	Aviation	FT Hourly Staff	\$32,897
Kearns	Dana	10/17/2021	Admin Assistant II	Dean-Science, Tech, Eng & Math	FT Hourly Staff	\$42,744
Marshall	Michael	9/3/2021	Relocation Specialist	Relocation Services	FT Hourly Staff	\$26,499
Martin	Anthony	10/29/2021	Grounds Zone Specialist	Grounds/Horticulture	FT Hourly Staff	\$28,142
McGee	R	10/8/2021	Cat & Curriculum Coord	Registrar	FT Hourly Staff	\$39,293
Palidar	Brandon	9/17/2021	Asst Dir, FB Sports Perf	Football	FT Hourly Staff	\$31,512
Renfro	Benny	10/21/2021	Painter	Maintenance, Paint Shop	FT Hourly Staff	\$31,013
Terry	Wesley	9/14/2021	Senior Police Officer	Police Department	FT Hourly Staff	\$43,514
Watts	Jacob	9/10/2021	Sys & Process Official	Student Success, Oper & Innov	FT Hourly Staff	\$33,189
Chapman	Craig	9/15/2021	Trnsfr Admishn Coord	Stud Outreach and Trans Off	FT Professionals	\$42,974
Colli Biondi	Krystifer	10/21/2021	Technology Specialist	Interpreter Training Program	FT Professionals	\$48,476
Daws	Jordyn	9/2/2021	Instructional Designer	Office of eCampus Learning	FT Professionals	\$47,322
Farris	Quinton	9/1/2021	Sr Admis Counselor, Div	Admissions	FT Professionals	\$44,000
Frazier	Tammy	9/30/2021	Career Navigator	Adult Ed Clay Co FY22	FT Professionals	\$46,000
Hunt	Jessica	9/3/2021	Accessibility Coord	Accessibility Services	FT Professionals	\$36,568
Middleton	Kristi	9/17/2021	Chief Ext Affairs Officer	Communications & Brand Mgmt	FT Professionals	\$82,500
Murphy	Melinda	9/16/2021	Dir of Development	Development	FT Professionals	\$67,475
Napier	Zhaoqi	9/9/2021	Accountant II	Accounting & Financial Services	FT Professionals	\$47,750
Powell	Billy	9/30/2021	Supvisr, Heat Plant	Cmps Util Sys & Bldg Climate Svcs	FT Professionals	\$59,363
Richardson	Sarah	9/2/2021	Asst University Librarian	Libraries	FT Professionals	\$56,532
Ross	Mario	9/3/2021	Resdnce Hall Coord	Keene Hall	FT Professionals	\$36,568
Scanlan	Barry	9/24/2021	Lead Eng, Broadcast Sys	WEKU Public Radio	FT Professionals	\$58,000
Smith	Nicholas	9/30/2021	Coord, Athletics Compl	Intercollegiate Athletics Admin	FT Professionals	\$36,568
Thompson	Brandon	8/31/2021	Exec Dir, Housing	University Housing	FT Professionals	\$84,038
Tingle	Candis	9/2/2021	Advising Specialist	Program of Distinction	FT Professionals	\$36,856
Watts	Gregory	9/2/2021	EKU Outreach Agent	Regional Campuses-Manchester	FT Professionals	\$39,434
Hicks	Dexter	9/18/2021	Info Tech Associate	Information Tech-Administration	PT Hourly Staff	\$ -
Lewis	Stephanie	9/21/2021	OMVA Program Asst	Retention Trust Fund Operating	PT Hourly Staff	\$ -

I. Approval of Degree Candidates for Fall 2021 and Winter 2021**II. Issue**

The Board of Regents should formally confirm and confer the degrees for the candidates who have completed degree requirements for Fall 2021 and Winter 2021

III. Background

Candidates for degrees must meet the requirements of their respective academic programs. All degree requirements are verified by the appropriate Academic Departments and Colleges, as well as the Office of the Registrar, and recommended by the Provost and Senior Vice President for Academic Affairs for the Fall 2021 and Winter 2021 graduates. Candidates for degrees are hereby submitted to the Board for the formal vote of the confirmation of conferral of degrees pursuant to KRS 164.350(1)(d).

IV. Alternatives

While the conferral of degrees is vested in the Board of Regents, as these students have met the various academic requirements, the conferral of these degrees should be confirmed.

V. President's Recommendation

Based upon recommendations from the appropriate Chairs, Deans, Office of the Registrar, and the Provost and Senior Vice President for Academic Affairs, the President recommends the formal confirmation of the Board of Regents of the conferral of degrees for Fall 2021 and Winter 2021 graduates who have met or will meet degree requirements with conferral dates of December 9, 2021 and January 14, 2022, respectively.



EASTERN KENTUCKY UNIVERSITY

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Executive Vice President for Academics & Provost
provost@eku.edu www.eku.edu

CPO 30A, 108 Coates Building
521 Lancaster Avenue
Richmond, Kentucky 40475-3102
PHONE: (859) 622-3884
FAX: (859) 622-8136

TO: Dana Fohl

FROM: Sara Zeigler, PhD

DATE: November 11, 2021

SUBJECT: Council on Academic Affairs Agenda for Board of Regents

The following Academic Affairs items have been fully approved by the Council on Academic Affairs and will be reviewed for approval by the Faculty Senate on Monday, December 6, 2021. On behalf of President McFaddin, these items are presented for the Board of Regents' consideration on December 9, 2021.

ITEMS FOR APPROVAL

The following curriculum proposals are presented to the Board of Regent's for approval.

College of Business

New Programs

1. Certificate in Corporate Communications
2. Certificate in Marketing Research & Analytics
3. Certificate in Sales

Substantial Curriculum Change Form
(Present only one proposed curriculum change per form)
(Complete only the section(s) applicable.)

Part I

(Check one) <input type="checkbox"/> New Course (Parts II, IV) <input type="checkbox"/> Course Revision (Parts II, IV) <input type="checkbox"/> Hybrid Course ("S," "W") <input type="checkbox"/> New Minor (Part III) <input type="checkbox"/> Program Suspension (Part III) <input checked="" type="checkbox"/> Program Revision (Part III)	<table style="width: 100%;"> <tr> <td style="width: 50%;">Department Name</td> <td style="width: 50%;"></td> </tr> <tr> <td>College</td> <td>College of Business</td> </tr> <tr> <td>*Course Prefix & Number</td> <td></td> </tr> <tr> <td>*Course Title (full title±)</td> <td></td> </tr> <tr> <td>*Program Title</td> <td>Certificate in Corporate Communication</td> </tr> <tr> <td></td> <td>Long-Term (University)</td> </tr> <tr> <td colspan="2">If Certificate, indicate Long-Term (University) or Short-Term (Departmental)</td> </tr> <tr> <td>* Provide only the information relevant to the proposal.</td> <td>± If Title is longer than 30 characters see Part IV to provide abbreviation</td> </tr> </table>	Department Name		College	College of Business	*Course Prefix & Number		*Course Title (full title±)		*Program Title	Certificate in Corporate Communication		Long-Term (University)	If Certificate, indicate Long-Term (University) or Short-Term (Departmental)		* Provide only the information relevant to the proposal.	± If Title is longer than 30 characters see Part IV to provide abbreviation
Department Name																	
College	College of Business																
*Course Prefix & Number																	
*Course Title (full title±)																	
*Program Title	Certificate in Corporate Communication																
	Long-Term (University)																
If Certificate, indicate Long-Term (University) or Short-Term (Departmental)																	
* Provide only the information relevant to the proposal.	± If Title is longer than 30 characters see Part IV to provide abbreviation																

Proposal Approved by:	<u>Date</u>	<u>Date</u>
Departmental Committee	6/11/2021	Council on Academic Affairs
College Curriculum Committee	10/8/2021	Faculty Senate**
General Education Committee*	NA	Board of Regents**
Teacher Education Committee*	NA	EFFECTIVE ACADEMIC TERM***
Graduate Council*	NA	

*If Applicable (Type NA if not applicable.)
 **Approval needed for program revisions or suspensions.
 ***To be added by the Registrar's Office after all approval is received.

Completion of A, B, and C is required: (Please be specific, but concise.)

A. 1. Specific action requested: (Example: Increase the number of credit hours for ABC 100 from 1 to 2.)

Increase the number of credit hours to earn Certificate in Corporate Communication from nine to twelve to meet University Certificate standards by adding BUS 207 to existing requirements.

CCT 550/750

A. 2. Proposed Effective Academic Term: (Example: Fall 2016)

Fall 2022

A. 3. Effective date of suspended programs for currently enrolled students: (if applicable)

B. The justification for this action:

Adding the new course (BUS 207) will further prepare students to employ strategic communication to coordinate internal and external communication processes to create positive client relationships, brand, network, community, influence, and message in furthering endeavors, both in corporate settings and entrepreneurial ventures. Further, modifying the existing Departmental Certificate into a University Certificate (which appears on student transcripts) might be appealing to students, increasing enrollment in the certificate.

C. The projected cost (or savings) of this proposal is as follows:

Personnel Impact: None

Operating Expenses Impact: None

Equipment/Physical Facility Needs: None

Library Resources: None

Part III. Recording Data for Revised or Suspended Program

1. For a revised program, provide the current program requirements using ~~strike through~~ for deletions and underlines for additions.
2. For a suspended program, provide the current program requirements as shown in catalog. List any concentrations and/or minors affected by the program's suspension.

Revised* Program Text

(*Use ~~strike through~~ for deletions and underlines for additions.)

CIP Code: 52.1401

CERTIFICATE IN CORPORATE COMMUNICATION

The Certificate in Corporate Communication is offered for all undergraduate students who need to increase their professional communication effectiveness in their field of study. The Certificate is designed to provide training in international communication, oral and written business presentations, research and reporting, and production of business publications. These skills are transferable to any profession and are crucial in tasks such as communicating organizational change, establishing and implementing goals, communicating internally, relating to employees, dealing with the public, and addressing the stakeholders during crisis. Students must earn at least 6 9 of the 9 12 hours required for the certificate in residence at ECU and must earn a "C" or better in all courses comprising the certificate. Requirements..... 9 12 hours

CCT 201 or 300W; BUS 207 or CCT 201; BUS 301W or CCT 300W; CCT 310; and CCT 550/750.

Substantial Curriculum Change Form
(Present only one proposed curriculum change per form)
(Complete only the section(s) applicable.)

Part I

(Check one) <input type="checkbox"/> New Course (Parts II, IV) <input type="checkbox"/> Course Revision (Parts II, IV) <input type="checkbox"/> Hybrid Course ("S," "W") <input type="checkbox"/> New Minor (Part III) <input type="checkbox"/> Program Suspension (Part III) <input checked="" type="checkbox"/> Program Revision (Part III)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Department Name</td> <td style="width: 50%;">n/a</td> </tr> <tr> <td>College</td> <td>College of Business</td> </tr> <tr> <td>*Course Prefix & Number</td> <td></td> </tr> <tr> <td>*Course Title (full title±)</td> <td></td> </tr> <tr> <td>*Program Title</td> <td>Certificate in Marketing Research & Analytics</td> </tr> <tr> <td colspan="2">If Certificate, indicate Long-Term (University) or Short-Term (Departmental)</td> </tr> <tr> <td>* Provide only the information relevant to the proposal.</td> <td>± If Title is longer than 30 characters see Part IV to provide abbreviation</td> </tr> </table>	Department Name	n/a	College	College of Business	*Course Prefix & Number		*Course Title (full title±)		*Program Title	Certificate in Marketing Research & Analytics	If Certificate, indicate Long-Term (University) or Short-Term (Departmental)		* Provide only the information relevant to the proposal.	± If Title is longer than 30 characters see Part IV to provide abbreviation
Department Name	n/a														
College	College of Business														
*Course Prefix & Number															
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*Program Title	Certificate in Marketing Research & Analytics														
If Certificate, indicate Long-Term (University) or Short-Term (Departmental)															
* Provide only the information relevant to the proposal.	± If Title is longer than 30 characters see Part IV to provide abbreviation														

Proposal Approved by:	<u>Date</u>	<u>Date</u>
Departmental Committee	September 28, 2021	Council on Academic Affairs
College Curriculum Committee	10/8/2021	Faculty Senate**
General Education Committee*	NA	Board of Regents**
Teacher Education Committee*	NA	EFFECTIVE ACADEMIC TERM***
Graduate Council*	NA	

*If Applicable (Type NA if not applicable.)
 **Approval needed for program revisions or suspensions.
 ***To be added by the Registrar's Office after all approval is received.

Completion of A, B, and C is required: (Please be specific, but concise.)

A. 1. Specific action requested: Convert the 12-hour departmental certificate to the 12-hour long-term university certificate.

A. 2. Proposed Effective Academic Term: Fall 2022

A. 3. Effective date of suspended programs for currently enrolled students: n/a

B. The justification for this action: Converting to the long-term certificate (1) provides greater value to our students in terms of leveraging this program in job search; (2) allows the college of business and the marketing program to market advantages of this credential in recruiting and partnering with other departments and majors across campus; and (3) fully takes advantage of an opportunity afforded by the university related to the recent requirement change of the university that now recognizes a 12-hour program as a university long-term certificate.

C. The projected cost (or savings) of this proposal is as follows:

Personnel Impact: no additional personnel are needed.

Operating Expenses Impact: no additional expenses are needed.

Equipment/Physical Facility Needs: no extra equipment/physical facility are needed.

Library Resources: no additional library resources are needed.

Part III. Recording Data for Revised or Suspended Program

1. For a revised program, provide the current program requirements using ~~striketrough~~ for deletions and *underlines* for additions.
2. For a suspended program, provide the current program requirements as shown in catalog. List any concentrations and/or minors affected by the program's suspension.

Revised* Program Text
 (*Use ~~striketrough~~ for deletions and underlines for additions.)

CIP Code: 52.1401

Certificate in Marketing Research and Analytics

The Certificate in Marketing Research and Analytics is offered for all undergraduate students who need to increase their research and analytical skills in their field of study in the context of problems that firms face. The growth in technology has allowed for firms to capture more information than ever, and as such the need for strong marketing research and analytical skills is one of the fastest growing jobs in industry. The Certificate is designed to provide training in digital marketing, marketing research process, marketing research methodology with particular emphasis on both qualitative and quantitative analysis techniques including multivariate data analysis, qualitative research, and experimental design. Furthermore, students will be involved in the research process with hands-on projects and gain valuable digital and research experience that will prepare them to address the needs of businesses and organizations across all industries. Students must earn at least 6 of the 12 hours required for the certificate in residence at ECU and earn a "C" or better in all courses comprising the certificate.

Required Courses12 hours

BUS 305 or MKT 301; MKT 455; CIS 430 or MKT 401 or 456; and MKT 457

Substantial Curriculum Change Form
(Present only one proposed curriculum change per form)
(Complete only the section(s) applicable.)

Part I

(Check one) <input type="checkbox"/> New Course (Parts II, IV) <input type="checkbox"/> Course Revision (Parts II, IV) <input type="checkbox"/> Hybrid Course ("S," "W") <input type="checkbox"/> New Minor (Part III) <input type="checkbox"/> Program Suspension (Part III) <input checked="" type="checkbox"/> Program Revision (Part III)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Department Name</td> <td style="width: 50%;">n/a</td> </tr> <tr> <td>College</td> <td>College of Business</td> </tr> <tr> <td>*Course Prefix & Number</td> <td></td> </tr> <tr> <td>*Course Title (full title±)</td> <td></td> </tr> <tr> <td>*Program Title</td> <td>Certificate in Sales</td> </tr> <tr> <td colspan="2">If Certificate, indicate Long-Term (University) or Short-Term (Departmental)</td> </tr> <tr> <td>* Provide only the information relevant to the proposal.</td> <td>± If Title is longer than 30 characters see Part IV to provide abbreviation</td> </tr> </table>	Department Name	n/a	College	College of Business	*Course Prefix & Number		*Course Title (full title±)		*Program Title	Certificate in Sales	If Certificate, indicate Long-Term (University) or Short-Term (Departmental)		* Provide only the information relevant to the proposal.	± If Title is longer than 30 characters see Part IV to provide abbreviation
Department Name	n/a														
College	College of Business														
*Course Prefix & Number															
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*Program Title	Certificate in Sales														
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Proposal Approved by:	<u>Date</u>	<u>Date</u>
Departmental Committee	September 28, 2021	Council on Academic Affairs
College Curriculum Committee	10/8/2021	Faculty Senate**
General Education Committee*	NA	Board of Regents**
Teacher Education Committee*	NA	EFFECTIVE ACADEMIC TERM***
Graduate Council*	NA	

*If Applicable (Type NA if not applicable.)
 **Approval needed for program revisions or suspensions.
 ***To be added by the Registrar's Office after all approval is received.

Completion of A, B, and C is required: (Please be specific, but concise.)

A. 1. Specific action requested: Convert the 12-hour departmental certificate to the 12-hour long-term university certificate.	
A. 2. Proposed Effective Academic Term: Fall 2022	
A. 3. Effective date of suspended programs for currently enrolled students: n/a	
B. The justification for this action: Converting to the long-term certificate (1) provides greater value to our students in terms of leveraging this program in job search; (2) allows the college of business and the marketing program to market advantages of this credential in recruiting and partnering with other departments and majors across campus; and (3) fully takes advantage of an opportunity afforded by the university related to the recent requirement change of the university that now recognizes a 12-hour program as a university long-term certificate.	
C. The projected cost (or savings) of this proposal is as follows: Personnel Impact: no additional personnel are needed Operating Expenses Impact: no additional expenses are needed Equipment/Physical Facility Needs: no extra equipment/physical facility are needed Library Resources: no additional library resources are needed	

Part III. Recording Data for Revised or Suspended Program

1. For a revised program, provide the current program requirements using ~~strike through~~ for deletions and underlines for additions.
2. For a suspended program, provide the current program requirements as shown in catalog. List any concentrations and/or minors affected by the program's suspension.

Revised* Program Text
(*Use ~~strike through~~ for deletions and underlines for additions.)

CIP Code: 52.1401

Certificate in Sales

The Certificate in Sales is offered for all undergraduate students who are interested in a rewarding sales career. The courses in this certificate go beyond theory, providing students valuable skills to help them be successful in real sales environments. The courses are taught using a combination of lectures, hands-on exercise, business cases, projects, and role playing. This certificate will serve as solid evidence of a professional training in sales for company recruiters. Students must earn at least 6 of the 12 hours required for the certificate in residence at ECU and must earn a "C" or better in all courses comprising the certificate.

Required Courses.....12 hours

BUS 305 or MKT 301, 310, 408, 431



EASTERN KENTUCKY UNIVERSITY

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Associate Provost
Office of Academic Affairs
www.eku.edu

CPO 30A, 111 Coates Building
521 Lancaster Avenue
Richmond, Kentucky 40475-3102
Phone: (859) 622-6515
FAX: (859) 622-8136

TO: David McFaddin
President

FROM: Sara Zeigler
Executive Vice President for Academics & Provost

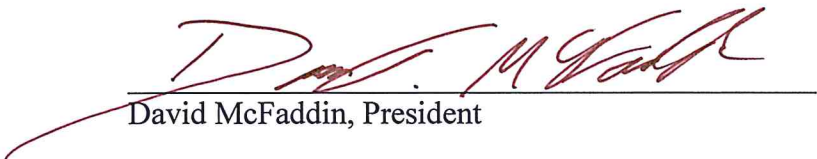
DATE: November 11, 2021

SUBJECT: Recommendations for Sabbatical Leave requests

Attached for your review and approval is a list of faculty members who have been recommended by their respective college deans for sabbatical leaves for 2022-23.

I have approved the recommendations to be covered in the college operating budgets.

The sabbatical leave requests are submitted for your review. Your signature below indicates approval.



David McFaddin, President

11-18-2021

Date

Attachments



Eastern Kentucky University is an Equal Opportunity/Affirmative Action Employer and Educational Institution

Sabbatical Requests for 2022-2023

College	Type	Semester(s)	Pay type	Replacement Costs Covered by College
College of Health Sciences (CHS)				
Dr. D. Gary Brown	half leave	Fall 2022/Spring 2023	full pay	\$6,400
Net Cost for CHS				\$6,400

College of Justice, Safety, & Military Science (CJSMS)				
Dr. Kristie Blevins	1 semester	Fall 2022	full pay	\$0
Dr. Irina Soderstrom	1 semester	Spring 2023	full pay	\$0
Net Cost for CJSMS				\$0

College of Letters Arts and Social Sciences (CLASS)				
Dr. Michael Austin	1 semester	Spring 2023	full pay	\$9,600
Dr. Manuel Cortés Castañeda	1 semester	Spring 2023	full pay	\$5,200
Dr. Kelli Carmean	half leave	Fall 2022/Spring 2023	full pay	\$12,800
Dr. Thomas Couvillon	half leave	Fall 2022/Spring 2023	full pay	\$17,066
Dr. Jon Endonino	1 semester	Spring 2023	full pay	\$9,600
Prof. Nancy Jensen	1 semester	Fall 2022	full pay	\$2,600
Dr. Jason Koontz	1 semester	Spring 2023	full pay	\$9,600
Dr. Adam Lawson	1 semester	Fall 2022	full pay	\$7,700
Dr. Eric Liddell	1 semester	Fall 2022	full pay	\$0
Dr. Eric Meiners	1 semester	Fall 2022	full pay	\$4,400
Dr. Jill Parrott	1 semester	Fall 2022	full pay	\$5,200
Net Cost for CLASS				\$83,766

College of STEM (CSTEM)				
Dr. Lindsay Cormier	1 semester	Fall 2022	full pay	\$5,283
Dr. Luke Dodd	1 semester	Spring 2023	full pay	\$4,800
Dr. Cy Mott	1 semester	Fall 2022	full pay	\$6,375
Dr. Margaret Ndinguri	1 semester	Fall 2022	full pay	\$6,400
Dr. Kelly Watson	1 semester	Spring 2023	full pay	\$3,200
Net Cost for CSTEM				\$26,058

Recommended Sabbatical Leaves, 2022-2023

<u>Name</u>	<u>Department</u>	<u>Timeframe</u>
Michael Austin, PhD	History, Philosophy, and Religious Studies, CLASS	Spring 2023, full-time
Kristie Blevins, PhD	School of Justice Studies, CJSMS	Fall 2022, full-time
D. Gary Brown, DrPH	Environmental Health Science and Sustainability, CHS	Fall 2022- Spring 2023, half-time
Manuel Cortés-Castañeda, PhD	Language, Cultural Studies, Anthropology and Sociology, CLASS	Spring 2023, full-time
Kelli Carmean, PhD	Language, Cultural Studies, Anthropology and Sociology, CLASS	Fall 2022- Spring 2023, half-time
Lindsay Cormier, PhD	Biological Sciences, CSTEM	Fall 2022, full-time
Thomas Couvillon, PhD	School of Music, CLASS	Fall 2022 and Spring 2023, half-time
Luke Dodd, PhD	Biological Sciences, CSTEM	Spring 2023, full-time
Jon Endonino, PhD	Language, Cultural Studies, Anthropology and Sociology, CLASS	Spring 2023, full-time
Nancy Jensen, MFA	English, CLASS	Fall 2022, full-time
Jason Koontz, DMA	School of Music, CLASS	Spring 2023, full-time
Adam Lawson, PhD	Psychology, CLASS	Fall 2022, full-time
Eric Liddell, PhD	Language, Cultural Studies, Anthropology and Sociology, CLASS	Fall 2022, full-time

Eric Meiners, PhD	Communication, CLASS	Fall 2022, full-time
Margaret Ndinguri, PhD	Chemistry, CSTEM	Fall 2022, full-time
Cy Mott, PhD	Biological Sciences, CSTEM	Fall 2022, full-time
Jill Parrott, PhD	English, CLASS	Fall 2022, full-time
Irina Soderstrom, PhD	School of Justice Studies, CJSMS	Spring 2023, full-time
Kelly Watson, PhD	Physics, Geosciences, and Astronomy, CSTEM	Spring 2023, full-time

Recommended Sabbatical Leaves, 2022-2023

Per Academic Regulation 4.7.2ACR, Sabbaticals, “a faculty member who is approved for a sabbatical is expected to carry out the plan set forth in the application and forward a comprehensive report to the dean of the college identifying the accomplishments within ninety (90) days from the completion of the sabbatical and to submit for publication, if appropriate, the findings of the sabbatical within one year.”

<u>Name</u>	<u>Department</u>	<u>Timeframe</u>
Michael Austin, PhD	History, Philosophy, and Religious Studies, CLASS	Spring 2023, full-time

The project is a book entitled *Sports for the Sake of the Soul*. The book will examine several key questions related to the nature and value of sports, and the extent to which character development in sport can and should be pursued. The book’s primary focus will be on the ways in which sports provide an excellent context for cultivating and displaying moral and spiritual virtues, including courage, humility, faith, love, and patience, among others. It will contribute to the scholarly conversation on character development in sports, but it will also be written in a manner that is accessible for practitioners of sport. That is, a high school or college coach, an athletic director, a college or professional athlete, or parents of young athletes could benefit by the ideas and practical advice that it will offer for cultivating character through sports. In the past 100 years or so, much philosophy has been written in a manner that is at best very difficult, and at worst impenetrable, to anyone but a specialist in the field. This book, however, will be written in the tradition of Socrates, exploring important ideas at a deep level in a way that is also accessible to any thoughtful person.

Kristie Blevins, PhD	School of Justice Studies, CJSMS	Fall 2022, full-time
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The Public Trust Doctrine (PTD) posits that natural resources are universally important, and that the public should have an opportunity to enjoy these resources, including activities such as fishing, hunting, and trapping. Historically, conservation laws were based on the concept of public ownership of wildlife. Managing wildlife through the creation and enforcement of laws and regulations has resulted in the protection, recovery, and restoration of numerous wildlife species. The combined understanding of the prosecutorial barriers to wildlife crimes, detectability rates, the motivational factors that compel people to participate in illegal wildlife activity, and objective, consistent, and proportional criminal penalties and criminal restitution costs can be used in education and outreach efforts directed at the general public, hunters, conservationists, government officials, and others to raise awareness of the seriousness of wildlife crimes in this country.

To identify and describe the barriers to successful prosecution of poachers, this study will use surveys, focus groups, and interviews in eight states. The study will also compare citations by conservation officers to final case dispositions to determine the extent to which prosecutorial barriers and non-proportional penalties and restitution exists. Surveys of conservation officers, landowners, and licensed hunters will investigate the types and rates of wildlife crimes known by those groups to occur but were not officially reported to the appropriate authorities. Further, follow-up interviews with persons convicted of wildlife crimes will be used to explore motivations for poaching. Results will be used to assist fish and wildlife agencies and legislatures from the target states to educate, promote, and encourage implementation of the model legislation.

D. Gary Brown, DrPHEnvironmental Health Science and
Sustainability, CHSFall 2022- Spring 2023,
half-time

D. Gary Brown's Sabbatical Project is being the President of the National Environmental Health Association (NEHA), an organization with nearly 7,000 members. Being the President of NEHA will strengthen the reputation of the Environmental Health Science Department, College of Health Sciences and Eastern Kentucky University.

My duties will include publishing a minimum of 12 President's articles for the NEHA Journal. I will also be making presentations at numerous State, Regional, National and International Conferences.

The Covid Pandemic has demonstrated to the world the importance of Environmental Health Science which will provide me as the leader of NEHA numerous opportunities to speak to the clinical community, engineers, planners, emergency responders, academics, elected officials and the nation at large. I will interact with policy makers on the local, state and federal levels including members of Congress.

I will be working closely with multiple federal agencies including the CDC and the FDA. The CDC has provided NEHA a substantial increase in funding from previous years, \$1million dollars for the next 5 years for the National Environmental Public Health Internship Program (NEPHIP). I will become the NEHA President during the initial phase of the initiative guiding its implementation. Numerous ECU EHS students have participated in this paid internship program which is a marketing tool for prospective students.

In May 2021, The FDA announced the award of the "Advancing Conformance with the Voluntary National Retail Food Regulatory Program Standards by State, Local, Tribal, and Territorial Retail Food Regulatory Agencies" Cooperative Agreement to NEHA, the single largest federal food safety grant in environmental health history, at \$40 million. As the President of NEHA, I will be the face of this highly visible program impacting local jurisdictions throughout the United States and its territories.

Manuel Cortés-Castañeda, PhDLanguage, Cultural Studies, Anthropology
and Sociology, CLASS

Spring 2023, full-time

My main goal is to design a Spanish immersion class for our teaching majors. Secondly, I plan to complete a translation of ten well known female contemporary American poets -to publish in the literary magazine, *cronopio*- who are unknown in the Hispanic world; and to review a book of my poetry to be submitted for publication.

Language immersion provides a way to learn academic content while acquiring another language at the same time. There are two types of language immersion programs: 1. One-way: This type of program serves a student population that consists of most English language speakers with limited to no proficiency in the immersion language (e.g., English speakers in U.S. schools). 2. Two-way (usually called dual language immersion): This program serves a student population that consists of most speakers of the targeted language of immersion, and a minority of language speakers with dominance in their first language and home language support for this language (e.g., Spanish dominant students whose parents use primarily Spanish in the home and English dominant students from English-speaking homes).

With the steady increase of the Latino population in Kentucky, it is indispensable to prepare more teachers to teach in dual immersion programs. Currently we have 4 public educational institutions in Lexington which

implement dual Language Immersion. We are bringing teachers from Spain to teach which is very expensive. We can prepare our own teachers, and we will save a lot of money and logistic inconvenience.

Kelli Carmean, PhD

Language, Cultural Studies, Anthropology
and Sociology, CLASS

Fall 2022- Spring 2023,
half-time

My sabbatical plan is to participate in the Gotland Archaeological Field School, on the island of Gotland, off Sweden's east coast. No place in Scandinavia has produced as many silver hoards, evidence of the island's importance during the Viking Age. Gotland has its own text, the Guta Saga: The History of the Gotlanders, and is famous for its enormous stone cairns and ship-setting cemeteries. Gotland is also famous for its Picture Stones. While they include runic inscriptions, these monuments depict scenes of ships whose sail configurations and intricate woven patterns are fully evident. We see warriors, weapons at the ready. We see sacrifice, and a standing woman holding a drinking horn. Scenes from Norse mythology appear, such as Odin on his eight-legged horse arriving at Valhalla. I intend to develop the pedagogical framework for a project through which KUIS Scandinavia students will decipher runic inscriptions, engage and interpret Norse lifeways and mythology, and discuss the heritage, archaeology, preservation, interpretation, and other stewardship responsibilities surrounding these Picture Stones. I also envision writing a book of creative nonfiction in the form of a memoir-travelogue, centering primarily on Gotland's Picture Stones. My working title is Gotland: A Viking Island in the Baltic World.

Lindsay Cormier, PhD

Biological Sciences, CSTEM

Fall 2022, full-time

One of the major ways to foster research at ECU is through dissemination of research projects and data developed in our laboratories. During my sabbatical leave this Fall I will directly strengthen my research endeavors at ECU by providing supporting data for laboratory research projects and a manuscript that will be co-authored by undergraduate students. In my research laboratory I focus on training and providing biomedical research experiences for many pre-med undergraduate students. These experiences greatly impact their med school/career applications. Publishing a manuscript will bring acknowledgment of achievement to our students and increase the positive development of future research projects. Further, the milestones for achieving my sabbatical objectives are to first analyze all of the in-vivo data that has been collected by our laboratory. The amount of data and experiments conducted for our Platinum drug design project has been extensive and involves approximately 4 years of collected data. The analytical portion of the sabbatical involves raw data analysis, graph and table (figure) formation, and organization by category of the data. In addition, our in-vitro work will be analyzed to support our in-vivo findings for the manuscript. Moreover, development of conclusive pre-clinical data is an important aspect of de-risking new drug molecules for development. Publishing the data is preferred when developing FDA-IND proposals and discussing the drug for commercialization. The successful completion and publication of research projects increases the productivity of the department, college, and university and adds to their missions.

Thomas Couvillon, PhD

School of Music, CLASS

Fall 2022 and Spring 2023,
half-time

The proposed sabbatical project will focus on professional development and course design related to the creation of music for digital media.

Objective #1: To design and implement a new course—MUS 484: Digital Composition. This course will cover concepts, software and techniques related to creating music for digital media. It was approved as a part of a recent curriculum revision and will be taught for first time in Spring 2023.

Objective #2: To engage in a program of self-directed study designed to increase my proficiency with the software applications and compositional techniques currently used in the music industry. There is a high demand for instruction in this area which no other public university in Kentucky is currently addressing. My program of study will focus on the use of sample-based virtual instruments and on the software and compositional techniques that are specific to composing for visual media and games.

Objective #3: To compose a new work for oboe and trumpet, with a digitally generated accompaniment. Several years ago, the ECU School of Music hosted a recital by Harmonie del Sur, an oboe and trumpet duo formed by Dr. Lauren Murray and Dr. Robert Murray (Columbus State University), and they expressed an interest in having me write a piece for them. Composing a work with electronic accompaniment for this duo and would be a great creative application for the skills and techniques that I will be working on during this project.

Luke Dodd, PhD

Biological Sciences, CSTEM

Spring 2023, full-time

I would use my sabbatical in Spring of 2023 as an opportunity to publish 1-2 capstone peer-reviewed manuscripts for research following a line of inquiry that my lab has addressed for over half a decade. The expiration of grant #F20AP00273 from the US Fish and Wildlife Service dovetails with my request. The principal paper I would submit during the sabbatical would build on M.S. theses of my students and would synthesize data regarding how bat use of various artificial roosts. My intended target for this submission is the Journal of Fish and Wildlife Management. As a secondary goal, synthesis of my multi-year dataset will allow for finer investigation of the timing of reproductive patterns of an endangered species. These data will be synthesized for submission to Southeastern Naturalist or the Journal of the Kentucky Academy of Science. I've taken steps with this sabbatical request to minimize impacts of my leave on our department's regular pattern of course offerings. Further, I have consulted with our department's chair, and have agreed to continue to serve as the BIOS Graduate Coordinator during the time of this sabbatical. Publication of these peer-reviewed manuscripts will directly increase the competitiveness of ECU for future funding and will indirectly benefit ECU by creating more deliverables and measurements of success for our graduates (as M.S. students will be coauthors on manuscripts). Beyond the peer-reviewed arena, this sabbatical will allow for outreach at varied venues (i.e., at a minimum including presentations at 2023 meetings of Southeastern Bat Diversity Network and Colloquium on the Conservation of Mammals, and the White-Nose Syndrome National Webinar).

Jon Endonino, PhD

Language, Cultural Studies, Anthropology
and Sociology, CLASS

Spring 2023, full-time

During my sabbatical I have three writing projects to complete and submit for publication. The first two are based on ECU archaeology field schools in Daniel Boone National Forest (DBNF). The first documents the results of ECU field schools and, in particular, occupations dating to the Early Archaic period, some 9700-8200 years ago, when Native Americans occupied the Cumberland Plateau region more intensively as boreal forests dominated by conifers receded and broad-leaved deciduous forest with abundant food resources (nuts, deer, elk, turkey) expanded. The second article is a significant case study for public land managers and other archaeologists on the significance and research potential for damaged or destroyed sites. ECU's work

showed our USFS partners the need to protect and preserve seemingly destroyed sites, influencing current preservation and management decisions. Moreover, investigating sites disturbed and redeposited by illegal digging allowed for quantification, possibly for the first time, of how much information is lost during object (spear point/arrowhead) focused digging in archaeological sites. The third and final writing project presents results of research and source determination of artifacts from a collection found south of St. Augustine, Florida in the 1940s. All 200+ artifacts originated elsewhere, demonstrating contact between Mount Taylor culture (NE FL coast) and contemporary hunter-gatherer societies around Tampa Bay and the Mill Branch and Stallings Island cultures along the Savannah River valley in Georgia and South Carolina. Combined, these articles highlight the positive outcomes from our partnerships, advances my research, and enhances my scholarly productivity significantly.

Nancy Jensen, MFA

English, CLASS

Fall 2022, full-time

My goal for the sabbatical semester (Fall 2022) is to write a synopsis, a screen treatment, and two sample scripts (spec scripts) for an eight-to-ten-episode miniseries based on my novel *In Our Midst* (Dzanc Books, 2020). *In Our Midst* is the story of a German immigrant family, living and working in America, who are arrested, separated, and forced into internment camps with thousands of other German-Americans during World War II.

A synopsis focuses on the broad strokes of a story's plot, while a screen treatment fully develops the setting, situation, and characters, following each major character's story arc from beginning to end. A spec script is a screenplay written without any involvement or prior commitment from a producer or studio. The synopsis, treatment, and spec scripts are marketing tools intended to interest a producer into optioning the source work—in this case, my novel—for screen development.

It is crucial for undergraduate and graduate students of creative writing to know their instructors are active writers, ever-learning. My experience of taking a proactive approach toward triggering a film adaptation of my novel *In Our Midst* will benefit my students at ECU by filling my instructional pockets with first-hand knowledge of the multi-stage process, as well as with tips and caution flags, that might help students prepare for the day when they have a published work of fiction they hope to see adapted for the screen.

Jason Koontz, DMA

School of Music, CLASS

Spring 2023, full-time

My sabbatical research project will require two separate trips to Essouira, Morocco in Spring/Summer 2023 to study Gnawa music (folk music of North Africa), instrument building techniques, and present/perform at the 2023 Gnawa Music Festival. I have accepted an invitation to present a percussion workshop (drawing on my knowledge of Brazilian, African, and Indian music) for this renowned annual festival which attracts an audience of up to 100,000 people, and is a celebrated event for musicians from Africa, Europe and beyond to collaborate in cross-cultural musical performance.

The first 4-week visit in February/March will focus on Gnawa music instruction and research, consisting of daily music lessons (Guembri and other percussion instruments) with several Moroccan music educators in Essouira, and an instrument building project with Guembri luthier (instrument builder) Hassan Laarousi. I will also meet with the Gnawa Music Festival director and organizers to plan a 3-week return trip in June 2023 where I will present for the festival.

The research from this project will facilitate a better understanding of Gnawa and North African musical concepts and allow me to incorporate them more authentically in my own musical compositions and performance repertoire. This project will also present a unique opportunity to procure hand-made instruments that can be utilized for applied instruction and performance with ECU students.

Gnawa World Music Festival Overview: <https://www.festival-gnaoua.net/en/accueil>.

Adam Lawson, PhD

Psychology, CLASS

Fall 2022, full-time

The purpose to this sabbatical is to complete a textbook entitled “Mind and Brain: Understanding the Brain Bases of Executive Functions.” This book will become the primary text for my PSY513/713 Mind and Brain course and a supplemental text for my PSY853 Biological Bases of Behavior and PSY503 Practicum in Psychology courses. The textbook will focus on understanding the brain processes that allow for executive thinking like planning, decision making, and abstract reasoning. The most critical brain region for executive functions is the prefrontal cortex (i.e., frontal lobes). In addition to examining the prefrontal cortex and its role in higher cognition, the course focuses on the coordinated processes between more automatic brain systems and the prefrontal cortex. The textbook will be a needed contribution by providing an up to date and objective examination of cognitive neuroscience that connects elementary and more complex concepts. I also aim to publish this book in an the electronic open-source format, and make the reading experience interactive in nature. I have been informally working on this textbook for several years but have not had the time to be able to organize and complete the actual text. This sabbatical will provide the time to complete this textbook, will be a major professional and personal achievement, and will have a major impact on staying current and engaged in my field of research and teaching.

Eric Liddell, PhD

Language, Cultural Studies, Anthropology
and Sociology, CLASS

Fall 2022, full-time

My sabbatical will be devoted to several projects directly related to academic and professional growth in areas pertinent to my roles in Honors, Language & Cultural Studies and the KIIS Italy Study Abroad Program. First, I will solidify my Italian competence by taking advanced-level, intensive Italian language courses through one of the many excellent options for Italian immersion, both online and in Italy, that are CSIL and DITALS certified. Next, I will also pursue research in aspects of Italian literature and the Italian folk music tradition, with two essay projects in development: a comparative literary history essay on Italian contributions to the interconnected concepts of love and society in the early modern period; and an essay-memoir-performance project exploring several songs of the southern Italian (Calabrese, Sicilian) folk music tradition, stemming from practical experience with my 97-year old Italian grandfather-in-law, investigating at least two otherwise undocumented/unrecorded canzoni which may be unique to the locality and time of his youth, when he would travel the countryside on serenade. Historical research and potential engagement with musicians, historians and community organizations will help me learn more about the pre-war tradition of serenade and the ways in which folk music was kept active in immigrant families as a feature of cultural continuity. I also aim to record a selection of regional Italian folk songs, playing guitar, mandolin and other instruments, and eventually perform them in recital. As time allows, in a separate project, I will also continue comparative literary work on the concept of “dendro-mythology.”

Eric Meiners, PhD

Communication, CLASS

Fall 2022, full-time

The purpose of this sabbatical leave project is to conduct in-depth research into how organizational members are communicating about remote work arrangements during the second phase of the Covid pandemic. Also known as distance working, teleworking, or working from home (WFH), remote work is a type of flexible work arrangement in which employees perform all or most of their work duties from locations outside of a centralized workplace. The events of the past 18 months have brought remote work to the forefront of national attention and will likely have complex, long-term implications for workers' and organizations' attitudes toward remote, flexible modes of work. It is possible that, following the pandemic, organizational members will continue to seek greater flexibility in their work, even after norms dictating social distancing are relaxed.

Given the rising national prominence of remote work, it is vital to gain further understanding of how these arrangements are framed, communicated, and put into action among organizational members. Through its examination of memorable messages, this study will explore how organizational employees seek out, craft, and negotiate such alternate working arrangements. This study will also examine whether men and women recall different types of memorable messages, and how the memorable message factors can influence employees' perceived negotiability of flexible work in their organization. This project is expected to help produce multiple academic papers, to be presented at regional and national conferences, and submitted for publication in peer-reviewed journals.

Cy Mott, PhD

Biological Sciences, CSTEM

Fall 2022, full-time

My intended activities for the sabbatical leave include components relative to teaching, research, and service. Primarily, the sabbatical period will be used to complete three manuscripts currently in preparation, which reflect my own research and that of former ECU graduate students. Publication of these manuscripts will support future external grant proposals currently in preparation. I will also revise teaching materials for BIO 112 Ecology and Evolution, which serves the most students of any of my courses (~60 per section, pre-pandemic, multiple majors/colleges). Beyond simply updating course materials to put students at the forefront of our current scientific knowledge, I will develop new modules on critical thinking. Based on the proliferation of misinformation amid the COVID-19 pandemic, students clearly struggle in critically evaluating information and identifying misinformation to make decisions supported by scientific evidence, and these modules will directly address this problem. Directed focus on the process of evaluating the quality and content of information should extend far beyond BIO 112 into other courses and students' non-academic lives. Finally, in my curatorial duties with ECU's Herpetology Collection in the Branson Museum of Zoology, I intend to submit records of the collection's holdings to the Consortium of Small Vertebrate Collections website to make our data available to researchers worldwide. The collection size has nearly doubled during my time as curator and submitting collection data will highlight ECU's holdings (likely the largest in the state) on an international platform and facilitate future collaborative teaching and research.

Margaret Ndinguri, PhD

Chemistry, CSTEM

Fall 2022, full-time

In line with the University's vision on dedication to innovation, student engagement and success, I will be working on several innovative synthetic projects as well as improving my research capabilities in the area of polymer material. During my sabbatical leave, I will synthesize coumarin derivatives for treatment of different strains of cancer in my research laboratory. Coumarin derivatives have gained special interest due to their outstanding contributions in the prevention and treatment of diseases. They display a wide range of biological activities which include anticoagulation, anti-neurodegeneration, anticancer, and antimicrobial

properties. I will also work with Dr. Mary Garret from Berea College who is an organic chemist and whose main area of interest is synthesis of polymer-based organic materials. By collaborating with her, I will strengthen my skills in the area of polymer synthesis which I will apply towards improvement of drug delivery in targeted cancer cells. The use of polymer-based systems helps protect molecules during the delivery of drugs thereby improving the efficacy of the drug by allowing it to reach the targeted system leading to improved patient outcomes. Data collected during this work will be put together and a scholarly manuscript published and/or patented. This work will involve working with graduate and undergraduate students in collaboration with colleagues in the ECU biology department. The students' scope and experiences will be broadened in addition to impacting their future careers. Interdepartmental collaborations are a catalyst for successful future grant applications.

Jill Parrott, PhD

English, CLASS

Fall 2022, full-time

For the last two decades, composition and rhetoric has increased focus on the connection between deep reading and writing, with more urgency as conversations about information literacy, misinformation, and disinformation have become mainstream. Research shows that explicit approaches to critical reading are more effective than traditional, invisible approaches. My sabbatical research will focus on the relationship between online annotation/reading tools and this deep reading. Online annotation tools are everywhere right now, but are they any better than good old pen and paper? If so, in what ways? How can we use them productively? Should we?

My project, "Deep Online Reading for Higher-Level Synthesis in Freshman Writing," will use an online critical reading and research tool to answer these research questions:

- Can an online annotation tool be used effectively for critical reading in college-level research and writing courses?
- Which best practices in metacognitive critical reading can be supported by such a tool?
- Can readers identify the hallmarks of higher-level critical reading in a synthesis assignment resulting from the use of such a tool?

I hypothesize that students who interact with focused online tools will exhibit more higher-level activities such as evaluation and synthesis than those who do not. The main objective will be to complete and submit "Deep Online Reading for Higher-Level Synthesis in Freshman Writing" to the Journal of Literacy Research before the end of sabbatical semester.

Irina Soderstrom, PhD

School of Justice Studies, CJSMS

Spring 2023, full-time

I want to use the proposed sabbatical to completely rebuild two courses, COR 413 and JPL (now CPL) 828. I created these courses on mental illness and substance abuse needs of adult offenders. They are built around 20 journal articles that have now become outdated (most recent article is from 2010). I need to conduct a thorough literature search to locate replacement articles in the areas of prevalence of substance abuse, prevalence of mental illness, assessment of mental health and substance use disorders, treatment components for substance abuse and mental illness, jail diversion programs, drug and mental health courts, and aftercare for substance abuse and mental health programs. Once the course materials are identified, I will create lecture videos, homework assignments, supplemental video and other multi-media components, and exams around the course materials. Students are beginning to comment in my teaching evaluations on how dated these articles have become. Teaching 12-hour loads means that I will never have the time to rebuild these popular courses without a sabbatical.

I also would like to re-develop CRJ 360. I do not like the textbook that I have been using for that class. I need the time to explore potential textbooks on the market and adopt the one I want to use. Then I need to build a traditional course around the selected textbook, including PowerPoint lectures, videos, assignments and exams. This is something that I've wanted to do for some time, but simply haven't had the time to devote to the project.

Kelly Watson, PhD

Physics, Geosciences, and Astronomy,
CSTEM

Spring 2023, full-time

The Daniel Boone National Forest in eastern Kentucky supports a unique system of natural upland-embedded wetlands. Located on ridgetops, these ephemeral wetlands provide critical habitat for a diversity of organisms, including plants, amphibians, birds, bats, and other mammal species. On the same landscape, hundreds of small depressional wetlands have been constructed to provide a permanent ridge-top water source for deer, turkeys, and more recently bats, many species of which are threatened or endangered. However, these constructed wetlands do not function ecologically or hydrologically like natural wetlands. Understanding these differences is a critical component of wetland management and restoration efforts in Kentucky and in the broader region. This sabbatical leave will provide the opportunity to synthesize and publish current research on this unique system, including the use of LiDAR data to locate and characterize new, previously unmapped natural upland-embedded wetlands, as well as continued monitoring efforts to better understand differences between natural and constructed wetlands. These efforts will largely focus on understanding differences in vegetative structure and biodiversity.

EASTERN KENTUCKY UNIVERSITY

BOARD OF REGENTS

REGULAR MEETING SCHEDULE FOR 2022

Friday, February 25

Tuesday, June 14

Friday, September 16

Thursday, December 1

