

Louisville, Kentucky

Dec. 6th. 1915.

Mr. Henry S. Barker, President,
State University of Kentucky,
Lexington, Kentucky.

Dear Sir:-

As requested we present herewith a statement of the legal indebtedness of the State University as of June 30th. 1915, and an account of the income and expenditures for the bi-ennial period ended June 30th. 1915.

Under an act of the Legislature dated March 11, 1913, it is illegal for the State University to contract any obligation when there is no money or sufficient money in the treasury of the University, and no money has been appropriated for the purpose of the debt. According to information furnished us, the indebtedness of the University at the time of the passage of the act was \$87,350.99, and only the excess over this amount is held to be covered by the law. The Act specifically sanctions as an offset to the indebtedness any funds in the treasury, and the State Inspector has permitted the use of accounts receivable and expenses paid in advance for the same purpose. Similarly inventories of supplies not consumed during the year and carried into the next are proper offset as being covered by the appropriation for the succeeding period.

The statement of income and expenditures shows an excess of expenditures for the two years of some eight thousand dollars; which is more than offset by the unexpired insurance, interest paid in advance and inventories of supplies. Some of the accounts receivable may prove uncollectable, but the margin of \$1852.72, below the legal amount of indebtedness, should be sufficient to take care of