

Minutes of the Meeting of the Executive Committee of the Board of Trustees of the University of Kentucky, Tuesday, January 27, 1976.

The Executive Committee of the Board of Trustees of the University of Kentucky met at 2:00 p.m. (Eastern Standard Time) on Tuesday, January 27, 1976, in the Board Room on the 18th floor of the Patterson Office Tower on the Lexington campus with the following members answering the call of the roll: Mr. William B. Sturgill, Chairman, Mr. William R. Black, Mr. Albert G. Clay, Mr. Richard E. Cooper, and Mr. George W. Griffin. Professor Paul Sears, Ex-officio Secretary, was also present. The University administration was represented by President Otis A. Singletary; Vice Presidents Lewis W. Cochran, Robert Zumwinkle, Stanley Wall, Peter P. Bosomworth, Raymond R. Hornback, John T. Smith, Jack C. Blanton, and Donald B. Clapp; and Dr. Robert M. Drake, Special Assistant to the President. Representatives of the various news media also attended the meeting.

A. Meeting Opened

Mr. Sturgill called the meeting to order at 2:00 p.m. Following the invocation, pronounced by Mr. Albert G. Clay, the secretary called the roll and reported all members of the Executive Committee present. The Chairman then declared the meeting officially open for the conduct of business at 2:03 p.m.

B. Minutes Approved

On motion duly made, seconded, and carried the reading of the Minutes for the December 9, 1975, meeting of the Board of Trustees was dispensed with and the Minutes were approved as published.

C. President's Report to the Trustees (PR 1)

President Singletary commented briefly on certain of the items in his monthly report to the trustees and recommended that the report be received and filed. Without objection it was so ordered.

D. Recommendations of the President (PR 2)

President Singletary mentioned that PR 2, Recommendations of the President, had been in the hands of the members for the required ten days and recommended its approval.

On motion by Mr. Clay, seconded by Mr. Black, and passed, PR 2, Recommendations of the President, was approved as a whole and ordered made an official part of the Minutes of the meeting. (See PR 2 at the end of the Minutes.)

E. Supplemental Recommendations of the President (PR 3)

President Singletary said that he wished to call particular attention to an appointment which was included in PR 2 under "Administrative Appointments" but which he would like to have acted upon as a separate item. He then recommended that Larry Stanley be named Director of the Southeast Community College effective January 1, 1976. Dr. Wall gave a brief report on the search for a director which resulted in the nomination of Dr. Larry Stanley as the best qualified of the more than 60 applicants for the position.

On motion by Mr. Cooper, seconded by Mr. Griffin, and passed, Dr. Larry Stanley was appointed Director of the Southeast Community College effective January 1, 1976.

President Singletary reminded the members of the Executive Committee that the Board of Trustees at its meeting on December 9 had approved the continuation of Jack B. Hall's leave for special assignment with State government for a second year with the understanding that his position as Dean of Students would not be held open for him. Following this action of the Board, a search was begun to find a permanent replacement for Mr. Hall as Dean of Students. After advertising the position and interviewing numerous candidates it was determined that Joseph T. Burch, Acting Dean of Students, was by far the best qualified person for the Deanship. President Singletary then recommended that approval be given to the appointment of Joseph T. Burch, Acting Dean of Students, as Dean of Students effective immediately.

Following favorable comments by Dr. Zumwinkle and Mr. Jim Harralson, President of the Student Government, on motion by Professor Sears, seconded by Mr. Clay, and passed, Joseph T. Burch was named Dean of Students, effective immediately. (See PR 3 at the end of the Minutes.)



F. Budget Revisions for 1975-76 (PR 4)

Noting that the members had had the recommended budget revisions for ten days, President Singletary recommended approval of PR 4. Mr. Clay moved that the revisions of the 1975-76 budget as presented in PR 4 be authorized and approved. His motion was seconded by Mr. Cooper and passed without dissent. (See PR 4 at the end of the Minutes.)

G. Renovation Project - Medical Center (PR 5)

At President Singletary's request Dr. Bosomworth briefed members of the Executive Committee on the proposed renovation of the pathology laboratories as recommended in PR 5. After determining that there were no questions, the Chairman called for a motion to approve for submission to the Council on Public Higher Education a project to renovate space for the pathology laboratories in the Medical Center at a cost of \$150,000. Mr. Black so moved. His motion was seconded by Mr. Griffin, and passed without dissent. (See PR 5 at the end of the Minutes.)

H. Biennial Report Presented

President Singletary called attention to the copies of the Biennial Report which had been distributed to members of the Executive Committee and the news media and mentioned the new format of the report, saying that it was an economy measure recommended by Dr. Hornback and approved by him. He commented that copies would be mailed to all members of the Board of Trustees, to the Governor, and to members of the General Assembly as required under Kentucky statutes.

I. Report on Investigation of Drug Usage by Members of the Football Team

Before continuing with the agenda items, President Singletary requested permission from the Chairman to make a report on the investigation conducted by Dean Burch into possible Student Code violations which had been ordered in November at a time when rumors were circulating concerning drug abuse by University of Kentucky football players. Permission being granted, President Singletary said that in the course of the investigation approximately 115 persons were interviewed. As a result of these interviews, charges of violations of the Student Code have been brought against 23 students and the following disciplinary actions have been taken:

- 1) Three students have been placed on undated suspension

- 2) Nine students have been placed on disciplinary probation, and
- 3) Eleven students have received official letters of warning.

Two of the twenty-three students have been denied permission to live in the University residence halls effective immediately.

The disciplinary actions taken are consistent with actions taken in the past in similar cases. No special favors were sought or given and no special punishment was given out.

Contrary to the rumors, the on-campus investigation uncovered no evidence of hard drug usage. Of the 23 students disciplined, 20 were involved in marijuana-related cases and the other 3 in amphetamine-related cases. Of the 23 students disciplined 7 were non-athletes with the remaining being members of the football team. Since more than 100 students comprise the football team, approximately 90% were not implicated in any way in drug usage. The number of football team users is not disproportionate to the general student population.

In closing his report, President Singletary said that he had instructed the Athletic Director to take the following action: 1) review and assess the need for strengthening the drug education program in the Athletics Department, 2) examine current policies and practices relating to housing of football players on campus and make recommendations for appropriate changes to the administration and 3) consult with the coaching staff and devise a workable plan for improved supervision of student athletes.

Mr. Sturgill accepted the President's report with appropriate expressions of appreciation to him and to Dean Burch for the fair and unbiased manner in which the investigation had been conducted and the openness of the report presented.

#### J. Interim Financial Report (FCR 1-A and FCR 1-B)

Mr. Clay, Chairman of the Finance Committee, pointed out that there were two financial reports to be acted upon - one covering the period ending November 30, 1975, and the other for the period ending December 31, 1975. Both reports indicate that the University is "on target" in both receipts and disbursements and Mr. Clay moved that both reports be accepted. His motion was seconded by Mr. Cooper, and passed. (See FCR 1-A and FCR 1-B at the end of the Minutes.)

K. Placement of University Bank Accounts (FCR 2)

Mr. Clay explained that since the adoption of a five-year plan for the rotation of accounts among six Lexington banks in the 1970-71 fiscal year, many changes have occurred in the field of banking and the Financial Committee deemed it desirable to review the method of assigning and managing the nine demand deposit accounts which the University has in Lexington banks. An ad hoc committee composed of Mr. George Griffin, Mr. Thomas Kessinger, and Mr. W. B. Sturgill was appointed and has spent the last four months studying the problem and developing a new five-year plan. The committee has completed its work and the proposed new plan is submitted as a part of FCR 2.

At Mr. Clay's request, Mr. Blanton explained the plan as proposed and indicated that, if adopted, the University could realize \$200,000 to \$250,000 from interest over a period of a year.

Following Mr. Blanton's presentation, Mr. Clay said that the effective date for the proposed five-year plan should be changed on pages 1 and 2 to May 1, 1976 from July 1, 1976. He then moved approval of the recommendation in FCR 2 as corrected. His motion was seconded by Mr. Griffin and passed without dissent. (See FCR 2 at the end of the Minutes.)

L. Meeting Adjourned

It having been determined that there was no further business to come before the meeting, on motion duly made, seconded, and carried, the meeting adjourned at 2:45 p.m.

Respectfully submitted,

Paul G. Sears, Secretary  
Board of Trustees

(PR's 2, 3, 4, and 5, and FCR's 1-A, 1-B, and 2 which follow are official parts of the Minutes of the meeting.)

Office of the President  
January 27, 1976

PR 2

Members, Executive Committee, Board of Trustees:

RECOMMENDATIONS OF THE PRESIDENT

I. Additional Degree Candidates--Community College System

Recommendation: that the Associate in Applied Science degree from the Lexington Technical Institute be awarded to the following persons upon certification that the requirements for the degree have been satisfactorily completed:

Robert C. Aldridge	Barbara C. Howard	Francis Roberts
Jerry Connelly	Lorene Jones	Arthur Rupured, Jr.
Lois K. Edwards	Gary F. McComas	Thomas A. Slay
George Fister	Tom Moreland	
Helen Lee Foushee	Wallace G. Murphy	

Background: At the December 9, 1976 meeting of the Board of Trustees approval was given to the awarding of degrees and certificates in the Community College System to those persons completing requirements for the degrees and certificates in December. The above named individuals were inadvertently omitted from the list of candidates from the Lexington Technical Institute. Approval of these persons is, therefore, requested at this time.

II. Appointments and/or Other Staff Changes

Recommendation: (1) that approval be given to the appointments and/or other changes which require Board action; and (2) that the report relative to appointments and/or changes already approved by the administration be accepted.

Background: The following recommended appointments and/or other staff changes require approval by the Board of Trustees in accordance with Part VIII-B of the Governing Regulations of the University. These recommendations are transmitted to the Board by the appropriate vice president through the President and have his concurrence.

Under the Governing Regulations the authority to make certain appointments and/or other staff changes is delegated to the President or other administrators who are required to report their actions to the Board. This report follows the recommendations requiring Board approval.

### BOARD ACTION

#### New Appointments

- Bahr, Gunter F., Clinical Professor (voluntary), Department of Pathology, College of Medicine, 1/1/76 through 6/30/76.
- Kincaid, Harvey L., Assistant Professor, Department of Pathology, College of Medicine, 1/1/76 through 6/30/76.
- O'Connor, William N., Instructor, Department of Pathology, College of Medicine, 1/1/76 through 6/30/76.
- Pigg, Kenneth E., Assistant Extension Professor, Department of Sociology, College of Agriculture, 1/1/76 through 6/30/76.
- Powell, Deborah E., Associate Professor, Department of Pathology, College of Medicine, 1/1/76 through 6/30/76.
- Powell, Ralph D., Associate Professor, Department of Pathology, College of Medicine, 2/1/76 through 6/30/76.
- Rubeiz, Ghassan M., Visiting Assistant Professor, College of Social Professions, 1/1/76 through 5/31/76.
- Schulman, Stephen G., Visiting Associate Professor, College of Pharmacy, 1/1/76 through 8/31/76.
- Shannon, Anna Marie, Assistant Extension Professor of Home Economics\*, Home Economics Extension, College of Agriculture, 12/8/75 through 6/30/77.

#### Non-Academic Appointments

- Brauer, Leo E., Assistant Extension Publications Editor, Department of Public Information, College of Agriculture, retroactive 11/10/75.
- Hennessey, James V., Community Services Coordinator, Paducah Community College, retroactive 7/1/75.
- Inman, Stanley L., Coordinator, Community Service, Office of Business Development and Government Services, College of Business and Economics, retroactive 11/15/75.
- Kreag, Glenn M., Area Extension Specialist, Department of Extension Recreation Development, College of Agriculture, retroactive 11/17/75.

---

\*Special Title Series

Roy, James Dale, Pharmacist, College of Pharmacy, 1/1/76 through 6/30/76.

Scudder, Audrey, Associate Counseling and Testing Director, Department of Pediatrics, (Center for Handicapped), College of Medicine, 12/1/75 through 6/30/76.

#### Administrative Appointments

Rosenbaum, Harold D., Professor (with tenure), and Chairman, Department of Diagnostic Radiology, College of Medicine, reappointed as Chairman, retroactive 7/1/75.

Stanley, Larry, Associate Professor (with tenure), named Director, Southeast Community College, effective 1/1/76.

#### Changes

Eddison, Grace G., from Associate Professor (full-time) (with tenure), Department of Community Medicine, College of Medicine, to Associate Clinical Professor (part-time) (without tenure), Department of Community Medicine, College of Medicine, 12/1/75 through 6/30/76.

Tietz, Norbert W., from Clinical Professor (part-time), Department of Pathology, College of Medicine, to Professor (with tenure), Department of Pathology, College of Medicine, effective 2/1/76.

#### Retirements

Bledsoe, David, Utility Crew Supervisor, Physical Plant Division, after 15 consecutive years of service, effective 3/1/76.

Bower, Charles A., Laborer (Disabled), Personnel Department, after 22 consecutive years of service, effective 2/1/76.

Morton, Coleman, Custodial Worker, Physical Plant Division, after 15 consecutive years of service, effective 3/1/76.

Nichols, Robert, Custodial Worker, Physical Plant Division, after 15 consecutive years of service, effective 2/1/76.

Stone, Prudence S., Pr. Account Clerk (Disabled), Personnel Department, after 23.5 consecutive years of service, effective 3/1/76.

#### Early Retirements (pursuant to Board action of December 9, 1975)

Keating, Lucille E., Librarian III (with tenure), Law Library, University Libraries, effective 12/31/75.

Smith, Frances Lynn, Staff Assistant, Office of Associate Dean, Instruction, College of Agriculture, effective 2/27/76.

Post Retirement Appointments

Drucker, Phillip, Professor (with tenure), Department of Anthropology,  
College of Arts and Sciences, for academic year 1976-77.  
Von Bokern, Lawrence J., Instructor (part-time), Jefferson Community  
College, 10/1/75 through 5/31/76.

ADMINISTRATIVE ACTION

New Appointments

Altman, Ray, Clinical Instructor (voluntary), Department of Allied Health  
Education and Research, College of Allied Health Professions, 1/1/76  
through 6/30/76.  
Ames, Margaret M., Visiting Instructor, Department of Dental Hygiene,  
College of Allied Health Professions, 1/1/76 through 1/31/76.  
Anderson, Elaine F., Instructor, College of Nursing, 1/1/76 through 5/31/76.  
Baggett, Suella, Clinical Instructor (voluntary), Department of Allied  
Health Education and Research, College of Allied Health Professions,  
1/1/76 through 6/30/76.  
Barthle, Damian A., Instructor, Jefferson Community College, 1/1/76  
through 5/31/76.  
Blake, Robert J., Jr., Assistant Professor, Lexington Technical Institute,  
1/1/76 through 5/31/76.  
Bobys, Stephen M., Clinical Instructor (voluntary), Department of Obstetrics  
and Gynecology, College of Medicine, 12/1/75 through 6/30/76.  
Booth, Richard, Visiting Instructor, Department of Geography, College  
of Arts and Sciences, 1/1/76 through 5/31/76.  
Brodell, John, Assistant Professor, Lexington Technical Institute, 1/1/76  
through 5/31/76.  
Burger, Charles, Clinical Instructor (voluntary), Department of Allied  
Health Education and Research, College of Allied Health Professions,  
1/1/76 through 6/30/76.  
Burst, Loraine C., Instructor (part-time) (voluntary), Southeast Community  
College, 1/1/76 through 6/30/76.  
Byassee, William Sam, Instructor (part-time), Department of Philosophy,  
College of Arts and Sciences, 1/1/76 through 5/31/76.  
Cabell, Bobby G., Instructor, Jefferson Community College, 1/1/76  
through 5/31/76.  
DeJean, Sally B., Instructor, Jefferson Community College, 1/1/76 through  
5/31/76.  
Dunbar, Robert, Clinical Instructor (voluntary), College of Pharmacy,  
1/1/76 through 6/30/76.  
Elliott, Charles M., Clinical Instructor (voluntary), Department of Medicine,  
College of Medicine, 1/1/76 through 6/30/76.

- Gattozzi, Marjorie A., Instructor (part-time) \*, Department of Dental Hygiene, College of Allied Health Professions, 1/1/76 through 6/30/76.
- Green, Edward C., Assistant Professor, Department of Anthropology, College of Arts and Sciences, 1/1/76 through 5/31/76.
- Hill, Donna L., Instructor, Elizabethtown Community College, 1/1/76 through 5/31/76.
- Hottel, Mark, Instructor, Jefferson Community College, 1/1/76 through 5/31/76.
- Keeling, Betty, Clinical Instructor (voluntary), Department of Allied Health Education and Research, College of Allied Health Professions, 1/1/76 through 6/30/76.
- Keene, Lee D., Clinical Instructor (voluntary), Department of Allied Health Education and Research, College of Allied Health Professions, 1/1/76 through 6/30/76.
- Klotter, James C., Instructor (part-time), Department of History, College of Arts and Sciences, 1/1/76 through 5/31/76.
- Mitchiner, Clarice, Assistant Professor, Jefferson Community College, 1/1/76 through 5/31/76.
- Moors, Michael J., Clinical Instructor (voluntary), Department of Periodontics, College of Dentistry, 9/1/75 through 6/30/76.
- Morgan, Alice T., Visiting Librarian IV, Medical Center Library, 1/1/76 through 6/30/76.
- Nevels, William L., Visiting Instructor (part-time), Department of Philosophy, College of Arts and Sciences, 1/1/76 through 5/31/76.
- Pezzuto, Louis J., Jr., Instructor, Jefferson Community College, 1/1/76 through 5/31/76.
- Reams, Beth, Instructor, Jefferson Community College, 1/1/76 through 5/31/76.
- Redmon, Delmar Ray, Visiting Instructor (part-time), Department of Philosophy, College of Arts and Sciences, 1/1/76 through 5/31/76.
- Rey-Barreau, Joseph, Instructor, Lexington Technical Institute, 1/1/76 through 5/31/76.
- Saillard, Kay, Librarian IV, Medical Center Library, 1/1/76 through 6/30/76.
- Salansky, Timothy J., Instructor, Jefferson Community College, 1/1/76 through 5/31/76.
- Thomson, Patricia, Instructor, Lexington Technical Institute, 1/1/76 through 5/31/76.
- Weinberg, Lauren Ruth, Instructor (part-time), College of Social Professions, 1/1/76 through 5/31/76.
- Whelan, M. Shannon, Counselor/Instructor, Elizabethtown Community College, 1/1/76 through 5/31/76.

---

\*Special Title Series



Administrative Appointments

Hultman, Charles W., Professor (with tenure), Department of Economics, College of Business and Economics, named Interim Chairman, Department of Economics, College of Business and Economics, 1/1/76 through 6/30/76.

Promotions (without tenure)

Peck, Patsy Moore, from Instructor\*, Department of Physical Therapy, College of Allied Health Professions, to Assistant Professor\*, Department of Physical Therapy, College of Allied Health Professions, 1/1/76 through 6/30/77.

Reappointments

Adkins, William, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Challa, Vankata R., Instructor, Department of Pathology, College of Medicine, 1/1/76 through 6/30/76.  
Clements, John H., Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Cole, C. E., Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Elkins, John, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, and Department of Dental Hygiene, College of Allied Health Professions, 7/1/75 through 6/30/76.  
Hamlin, Larry E., Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Holbrook, Harold E., Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Hutton, Jack, Clinical Instructor (voluntary), Department of Dental Hygiene, College of Allied Health Professions, and Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Morris, Robert E., Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Perkins, Scott, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 12/1/75 through 6/30/76.  
Schmidt, William, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Segebarth, Ron, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Spence, Foster, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.  
Swieterman, Robert, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.

---

\*Special Title Series

- Valkavich, Eugene, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.
- Wathen, John D., Clinical Instructor (voluntary), Department of Dental Hygiene, College of Allied Health Professions, and Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.
- Wise, Kenneth, Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.
- Yates, Morris C., Clinical Instructor (voluntary), Department of Community Dentistry, College of Dentistry, 7/1/75 through 6/30/76.

Leaves of Absence

- Bacdayan, Albert, Associate Professor, Department of Anthropology, College of Arts and Sciences, Sabbatical leave with half-salary, for the academic year 1976-77.
- Blythe, Joan, Associate Professor, Department of English, College of Arts and Sciences, Sabbatical leave with full-salary, spring semester 1977.
- Calkins, John C., Associate Professor, Department of Radiation Medicine, College of Medicine, and Department of Health Radiation Sciences, College of Allied Health Professions, Sabbatical leave with full-salary, 5/10/76 through 11/9/76.
- Cole, Scott W., Associate Professor, Jefferson Community College, To change previously approved sabbatical leave with half-salary from 1/1/76 through 12/31/76 to sabbatical leave with full-salary, 1/1/76 through 6/30/76.
- Douglas, James R., Associate Professor, Somerset Community College, Sabbatical leave with half-salary, 7/1/76 through 6/30/77.
- Favre, Beverly, Instructor, College of Social Professions, Extended leave without pay 1975-76.
- Frazier, Donald T., Professor, Department of Physiology and Biophysics, College of Medicine, Sabbatical leave with full-salary, 7/1/76 through 12/31/76.
- Hawkins, James A., III, Assistant Professor and Associate Director, Jefferson Community College, Sabbatical leave with half-salary, 7/1/76 through 6/30/77.
- Hollingsworth, J. W., Professor and Chairman, Department of Medicine, College of Medicine, Sabbatical leave with half-salary, 7/1/76 through 6/30/77.
- Hsu, N. N., Associate Professor, Department of Engineering Mechanics, College of Engineering, Leave without pay, for the academic year 1976-77.
- Leggett, James E., Professor, Department of Agronomy, College of Agriculture, Sabbatical leave with half-salary, 7/15/76 through 7/14/77.
- Pierce, James, Professor, Department of Art, College of Arts and Sciences, Leave without pay, 1/1/76 through 12/31/76.

Ross, Ira J., Professor, Department of Agricultural Engineering,  
College of Agriculture, Sabbatical leave with full-salary,  
1/1/76 through 6/30/76.

Swain, Bruce, Assistant Professor, School of Journalism, College  
of Arts and Sciences, Leave without pay, for the academic year  
1976-77.

Thomas, G. W., Professor, Department of Agronomy, College of Agriculture,  
Sabbatical leave with full-salary, 6/7/76 through 12/10/76.

Westley, Bruce H., Professor, School of Journalism, College of Arts and  
Sciences, Sabbatical leave with full-salary, 7/1/76 through 12/31/76,  
and Leave without pay, 1/1/77 through 6/30/77.

Terminal Reappointment

Smith, Coy D., Assistant Professor, Department of Community Medicine,  
College of Medicine, 1/1/76 through 12/31/76.

---

Action: Approved XX Disapproved \_\_\_\_\_ Other \_\_\_\_\_

Date: January 27, 1976.

Office of the President  
January 27, 1976

PR3

Members, Executive Committee, Board of Trustees:

SUPPLEMENTAL RECOMMENDATIONS OF THE PRESIDENT

I. Appointment of Dean of Students

Recommendation: that Joseph T. Burch, Acting Dean of Students in the Division of Student Affairs, be named Dean of Students, effective immediately.

Background: The Board of Trustees at its meeting on December 9, 1975 approved a continuation of the leave of absence for Jack B. Hall for special assignment with state government with the understanding that his position as Dean of Students would not be held open for him. At the same time, Mr. Joseph T. Burch, who had served as Acting Dean of Students during Dean Hall's original leave, was renamed Acting Dean of Students to serve until such time as a permanent replacement might be named.

After carefully evaluating the qualifications of all the applicants, it was concluded that Mr. Burch was clearly the strongest candidate. The Vice President for Student Affairs has, therefore, recommended to me that he be appointed Dean of Students on a regular, permanent basis. I concur in this recommendation and place it before the Board for action at this time.

Mr. Burch has excellent working relations with students and staff, has a thorough understanding of all aspects of the area for which he will be responsible, and has carried out his responsibilities as Acting Dean with efficiency and good judgment.

---

Action taken: Approved XX Disapproved \_\_\_\_\_ Other \_\_\_\_\_

Date: January 27, 1976

Office of the President  
January 27, 1976

PR4

Members, Executive Committee, Board of Trustees:

1975-76 BUDGET REVISIONS

Recommendation: that the following revisions in the 1975-76 budget be authorized and approved.

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
<b>A. <u>General Funds</u></b>			
<b>1. Income Estimates</b>			
Student Fees			
Registration Fees			
Summer Session			
Lexington Campus	\$ 705,400	\$ 713,400	\$ 8,000
Miscellaneous Fees	892,000	901,500	9,500
Federal Appropriations			
Vocational Education	566,900	577,100	10,200
Agricultural Experiment Station	2,244,000	2,452,300	208,300
Agricultural Cooperative Extension	6,151,400	6,539,200	<u>378,800</u>
			<u>614,800</u>
<b>2. Expenditures</b>			
Academic Affairs			
College of Business and Economics			
UK Summer Program in Europe	-0-	8,000	8,000
College of Education			
Curriculum Development	179,900	190,100	10,200
College of Social Professions			
Continuing Education	-0-	7,000	7,000
Agricultural Experiment Station	7,213,300	7,421,600	208,300
Agricultural Cooperative Extension	11,532,300	11,920,100	378,800

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
2. Expenditures (Continued)			
Community College System			
Somerset - Community Service	12, 100	12, 800	700
Student Affairs			
Counseling and Testing	126, 300	128, 100	<u>1, 800</u>
			<u>614, 800</u>

3. Comments - The expenditure increase for Vocational Education curriculum development will be supported by additional funds from the Bureau of Vocational Education. The increases proposed for the Agricultural Experiment Station and the Agricultural Cooperative Extension will be funded by increases in Federal appropriations. The proposed increases for the Community College System Community Service, the Counseling and Testing Center, the UK Summer Program in Europe, and Social Professions Continuing Education will be supported by increases in student fee income.

B. Restricted Funds

1. Income Estimates	16, 014, 200	17, 577, 700	1, 563, 500
2. Expenditures			
Academic Affairs			
College of Arts and Sciences			
Administration	10, 200	24, 200	14, 000
College of Engineering			
Association of Old Crows/ Kitty Hawk Scholarship	-0-	1, 500	1, 500
Elkhorn Coal Corporation Sch	-0-	1, 000	1, 000
College of Social Professions			
Mental Health Training Project - Buffalo Trace/ Gateway	16, 700	16, 900	200
Graduate School			
Title I	201, 000	257, 000	56, 000
University Extension			
Council on Aging - Donovan Art Class	-0-	2, 000	2, 000
Medical Center			
College of Medicine AHES Projects	13, 500	91, 000	77, 500

	<u>Approved Budget</u>	<u>Revised Budget</u>	<u>Change</u>
2. Expenditures (Continued)			
College of Medicine (Continued)			
Ocular Pathological Lab Fund	-0-	1,100	1,100
Emergency Medical Training Program	-0-	39,000	39,000
Community College System Hazard			
Restricted Gifts	4,000	19,000	15,000
Hopkinsville - Pennyryle AHES Projects	40,200	80,800	40,600
Real Estate Programs			
Paducah	3,000	4,100	1,100
Southeast	1,000	1,500	500
Student Aid			
Educational Opportunity Grants	320,000	319,700	(300)
Basic Educational Opportunity Grants	1,500,000	2,803,600	1,303,600
Gifts and Grants for Scholarships			
General Scholarships	178,200	188,900	10,700
			<u>1,563,500</u>

3. Comments - The proposed additional expenditures will be funded from income restricted for the purposes indicated above.

C. Auxiliary Services

1. Income Estimates	13,109,400	13,125,900	16,500
2. Expenditures			
Community College System			
Ashland Bookstore	104,000	112,000	8,000
Hazard Bookstore	17,400	25,400	8,000
Somerset Bookstore	78,500	79,000	500
			<u>16,500</u>

Page Four

3. Comments - The proposed expenditure increases will be supported by additional income generated by the respective auxiliary services operations.

---

Action: Approved XX Disapproved \_\_\_\_\_ Other \_\_\_\_\_

Date: January 27, 1976



Office of the President  
January 27, 1976

PR5.

Members, Executive Committee, Board of Trustees:

RENOVATION PROJECT--MEDICAL CENTER

Recommendation: that the Board approve for submission to the Council on Public Higher Education a project to renovate space for the pathology laboratories in the Medical Center at a cost of \$150,000.

Background: The pathology laboratories for the Medical Center are at present separated from the Hospital facilities, making the operation inefficient and making it difficult to recruit and retain faculty to operate the laboratories. This project will renovate space in the Medical Center and thus permit the consolidation of laboratory operations in an area which is more conveniently located. Funds are available in the Hospital budget to cover this project. Since this project exceeds \$100,000, the approval of the Council on Public Higher Education is required.

---

Action: Approved XX Disapproved \_\_\_\_\_ Other \_\_\_\_\_

Date: January 27, 1976.

January 27, 1976

FCR1-A

Members, Executive Committee, Board of Trustees:

INTERIM FINANCIAL REPORT

Recommendation: that the financial report for the five months ending November 30, 1975, be accepted.

Background: The November, 1975, report reflects income of \$84,155,570 for the period of the report; the income figure is 49.3% of the annual income estimate of \$170,587,503.

The expenditures and commitments represent a total of \$72,082,399 for this period of five months, or 42.2% of the expenditure authority of \$170,587,503 approved by the Board.

---

Action: Approved XX Disapproved \_\_\_\_\_ Other \_\_\_\_\_

Date: January 27, 1976.

Schedule 1

University of Kentucky  
Balance Sheet

November 30, 1975

With Comparative Figures for 1974-75

ASSETS

	<u>1975-76</u>	<u>1974-75</u>
<b>Current Funds:</b>		
<b>Unrestricted:</b>		
Cash in bank:		
Depository funds	\$ 361,647	\$ 192,840
Federal funds	77,133	390,125
Imprest funds		701,156
Cash on deposit with State Treasurer:		
Trust and agency funds	2,071,948	
General fund appropriation	5,469,610	6,012,066
Total cash	<u>7,980,538</u>	<u>7,296,187</u>
Due from other funds and affiliated corporations	1,843,493	247,295
Accounts receivable	1,308,204	228,305
Notes receivable	72,094	72,094
Investments - short term	11,595,770	8,109,844
Inventories	3,572,670	3,009,562
Unrealized income	56,924,494	52,448,407
Total unrestricted	<u>83,297,263</u>	<u>71,411,694</u>
<b>Restricted:</b>		
Cash in bank	806,137	1,874,661
Tobacco Research Trust Fund:		
Imprest funds	50,000	81,307
Cash on deposit with State Treasurer	1,616,602	1,363,094
Total cash	<u>2,472,739</u>	<u>3,319,062</u>
Petty cash advances	237,165	194,800
Travel advances	170,019	142,272
Accounts receivable	17,713	14,541
Investment:		
Short-term	5,400,000	5,500,000
Other	287,226	89,131
Unrealized income:		
Restricted	5,166,422	4,643,715
Tobacco Research Trust Fund	<u>2,433,413</u>	<u>2,090,040</u>
Total restricted	<u>16,184,697</u>	<u>15,993,561</u>

University of Kentucky  
Balance Sheet

November 30, 1975

With Comparative Figures for 1974-75

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1975-76</u>	<u>1974-75</u>
<b>Current Funds:</b>		
Unrestricted:		
Outstanding encumbrances	\$ 3,254,188	\$ 3,491,660
Accounts payable - county funds	18,792	5,786
Due to Federal government	448,640	319,409
Accrued expenses	574,000	453,000
Advance from state for imprest cash fund	1,300,000	1,300,000
Deferred income	327,580	319,100
Unencumbered balance, departmental appropriations	68,393,834	59,973,758
Fund balances:		
Allocated for working capital	8,974,072	5,547,436
Unallocated	<u>6,157</u>	<u>1,545</u>
<b>Total unrestricted</b>	<u>83,297,283</u>	<u>71,411,694</u>
Restricted:		
General fund collections - student fees	54,406	60,132
Payroll withholdings	1,249,479	997,785
Other collections and clearing	276,628	1,242,072
Outstanding encumbrances	844,791	684,949
Due to other funds and affiliated corporations	2,619,807	3,206,048
Advance from state for imprest cash fund	50,000	50,000
Outstanding check liability	40,176	20,472
Unencumbered balance, departmental appropriations	4,128,971	4,202,770
Unencumbered balance, Tobacco Research Trust Fund appropriation	2,896,849	2,182,475
Fund balances:		
Restricted fund	4,023,590	2,969,842
Tobacco Research Trust Fund - unallocated funds	<u>377,015</u>	<u>377,015</u>
<b>Total restricted</b>	<u>16,184,697</u>	<u>15,933,561</u>

Schedule 1

University of Kentucky  
Balance Sheet

November 30, 1975

With Comparative Figures for 1974-75

ASSETS

	<u>1975-76</u>	<u>1974-75</u>
<b>Hospital and clinics:</b>		
Due from other funds and affiliated corporations	\$ 1,799,745	\$ 3,842,834
Accounts receivable, net of allowance for doubtful accounts of \$ 3,477,864 in 1975 and \$ 3,529,553 in 1974	4,144,651	3,521,248
Inventories	427,927	355,529
Unrealized income	<u>14,444,005</u>	<u>10,495,920</u>
Total hospital and clinics	<u>20,816,328</u>	<u>18,214,731</u>
<b>Housing and dining system:</b>		
Cash in bank	92,476	116,921
Accrued interest receivable	5,853	
Accounts receivable	136,688	283,645
Investments - short term	2,996,938	2,250,000
Inventories	1,060,910	965,301
Prepaid expenses	<u>197,977</u>	<u>644,808</u>
Total housing and dining system	<u>4,490,842</u>	<u>4,260,675</u>
<b>Auxiliary enterprises:</b>		
Cash in bank	62,443	35,533
Cash on deposit with State Treasurer	116,620	
Due from other funds and affiliated corporations	213,655	273,777
Accounts receivable	22,961	
Inventories	421,792	411,141
Unrealized income	<u>1,726,794</u>	<u>1,389,497</u>
Total auxiliary enterprises	<u>2,564,265</u>	<u>2,109,948</u>
<b>TOTAL CURRENT FUNDS</b>	<u>\$ 127,353,395</u>	<u>\$ 111,990,609</u>

University of Kentucky  
Balance Sheet

November 30, 1975

With Comparative Figures for 1974-75

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1975-76</u>	<u>1974-75</u>
<b>Hospital and clinics:</b>		
Outstanding encumbrances	\$ 346,476	\$ 327,708
Unexpended balance, departmental appropriations	15,769,035	13,330,792
Fund balances - allocated:		
Inventories	427,927	423,542
Accounts receivable	<u>4,332,890</u>	<u>4,132,689</u>
Total hospital and clinics	<u>20,816,328</u>	<u>18,214,731</u>
<b>Housing and dining system:</b>		
Accrued expenses	54,260	23,836
Accrued wages	58,265	57,974
Accounts payable	111,464	129,557
Due to other funds and affiliated corporations	1,907,168	2,027,540
Refundable deposits	21,950	
Deferred income	1,330,627	1,234,611
Fund balances:		
Allocated for future operating purposes	<u>1,007,108</u>	<u>787,157</u>
Total housing and dining system	<u>4,490,842</u>	<u>4,260,675</u>
<b>Auxiliary enterprises:</b>		
Outstanding encumbrances	107,553	108,696
Unencumbered balance, departmental appropriations	1,548,740	1,288,863
Fund balances - allocated:		
Working capital	444,753	420,970
Future operating purposes	<u>463,219</u>	<u>291,419</u>
Total auxiliary enterprises	<u>2,564,265</u>	<u>2,109,948</u>
<b>TOTAL CURRENT FUNDS</b>	<u>\$ 127,353,395</u>	<u>\$ 111,990,609</u>

University of Kentucky  
Balance Sheet  
November 30, 1975

With Comparative Figures for 1974-75

ASSETS

	<u>1975-76</u>	<u>1974-75</u>
<b>Loan Funds:</b>		
Cash	\$ 470,926	\$ 461,331
Notes receivable, net of allowance for doubtful accounts of \$ 438,996 in 1975	8,447,409	8,093,767
Due from other funds and affiliated corporations	2,339	1,346
Due from Federal Government	14,515	16,029
Due from United Student Aid loan fund	<u>2,000</u>	<u>2,000</u>
	<u>\$ 8,937,189</u>	<u>\$ 8,574,473</u>
<b>Endowment Funds:</b>		
Due from other funds and affiliated corporations	\$ 169,404	\$ 29,082
Investments	<u>1,554,829</u>	<u>1,437,285</u>
	<u>\$ 1,724,233</u>	<u>\$ 1,466,367</u>
<b>Plant Funds:</b>		
Unexpended plant funds:		
Cash on deposit with State Treasurer:		
Trust and agency	\$ 3,187,391	\$ 4,346,364
Capital construction funds	<u>20,992,165</u>	<u>17,064,589</u>
Total cash on deposit with State Treasurer	<u>24,179,556</u>	<u>21,410,953</u>
Due from other funds and affiliated corporations	361,221	10,686
Due from Federal Government	784,642	1,206,351
Construction funded	<u>82,244,435</u>	<u>112,874,887</u>
Total unexpended plant funds	<u>107,569,854</u>	<u>135,502,877</u>

University of Kentucky  
Balance Sheet

November 30, 1975

With Comparative Figures for 1974-75

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1975-76</u>	<u>1974-75</u>
<b>Loan Funds:</b>		
<b>Federal sponsored loan funds:</b>		
Federal government	\$ 7,324,286	\$ 7,124,638
University matching funds	755,636	719,546
Accumulated interest income	<u>562,303</u>	<u>483,477</u>
Total sponsored loan funds	<u>8,642,225</u>	<u>8,327,661</u>
<b>University loan funds:</b>		
University student loan funds	81,664	81,443
University special student loan funds	211,300	163,369
United Student Aid loan funds	<u>2,000</u>	<u>2,000</u>
Total University loan funds	<u>294,964</u>	<u>246,812</u>
<b>TOTAL LOAN FUNDS</b>	<u>\$ 8,937,189</u>	<u>\$ 8,574,473</u>
<b>Endowment Funds:</b>		
Funds balances	<u>\$ 1,724,233</u>	<u>\$ 1,466,367</u>
<b>TOTAL ENDEOWMENT FUNDS</b>	<u>\$ 1,724,233</u>	<u>\$ 1,466,367</u>
<b>Plant Funds:</b>		
Unexpended plant funds:		
Outstanding encumbrances	\$ 12,203,623	\$ 9,425,312
Bonds payable	7,040,825	14,604,855
Appropriations - unencumbered balances	<u>11,962,745</u>	<u>11,986,800</u>
Fund balances allocated for construction/renovation	<u>76,362,661</u>	<u>99,485,910</u>
Total unexpended plant funds	<u>107,569,854</u>	<u>135,502,877</u>



Schedule 1

University of Kentucky  
Balance Sheet

November 30, 1975

With Comparative Figures for 1974-75

ASSETS

	<u>1975-76</u>	<u>1974-75</u>
<b>Renewal and replacement fund:</b>		
Cash on deposit with Trustees	\$ 6,629	\$ 1,684
Cash on deposit with State Treasurer	670,826	727,169
Due from other funds and affiliated corporations	517,796	381,929
Investments held by Trustees	<u>977,367</u>	<u>919,587</u>
<b>Total renewal and replacement fund</b>	<u>2,172,618</u>	<u>2,030,369</u>
<b>Sinking funds:</b>		
Cash on deposit with State Treasurer	50,000	50,000
Cash on deposit with Trustee	71,685	1,842,213
Accrued interest receivable	22,458	22,249
Investments held by Trustee	<u>47,314,235</u>	<u>44,962,273</u>
<b>Total sinking funds</b>	<u>47,458,378</u>	<u>46,876,735</u>
<b>Invested in plant:</b>		
Land	14,841,557	13,620,718
Buildings	203,818,550	194,441,882
Equipment	<u>55,512,935</u>	<u>53,042,514</u>
<b>Total invested in plant</b>	<u>274,173,042</u>	<u>261,105,114</u>
<b>TOTAL PLANT FUNDS</b>	<u>\$ 431,373,892</u>	<u>\$ 445,515,095</u>
<b>Agency Funds:</b>		
Due from other funds and affiliated corporations	\$ 223,623	\$ 198,614
Investments short-term	<u>3,000</u>	<u>3,000</u>
<b>TOTAL AGENCY FUNDS</b>	<u>\$ 226,623</u>	<u>\$ 201,614</u>

University of Kentucky  
 Balance Sheet  
 November 30, 1975  
 With Comparative Figures for 1974-75

LIABILITIES AND FUND BALANCES

	<u>1975-76</u>	<u>1974-75</u>
<b>Renewal and replacement fund:</b>		
<b>Outstanding encumbrances</b>		
Fund balances:		
Restricted	\$ 175,538	\$ 830,000
Unrestricted	830,000	1,200,369
<b>Total fund balances</b>	<u>1,167,080</u>	<u>2,030,369</u>
<b>Total renewal and replacement fund</b>	<u>2,172,618</u>	<u>2,030,369</u>
<b>Sinking funds:</b>		
Bonds payable	33,368,000	33,509,000
Fund balances	14,090,378	13,367,735
<b>Total sinking funds</b>	<u>47,458,378</u>	<u>46,876,735</u>
<b>Invested in plant:</b>		
Bonds payable	98,260,675	98,271,645
Lease purchase obligation	5,799,999	5,799,999
Net investment in plant	170,212,367	157,133,469
<b>Total invested in plant</b>	<u>274,173,042</u>	<u>261,105,114</u>
<b>TOTAL PLANT FUNDS</b>	<u>\$ 431,373,892</u>	<u>\$ 445,515,095</u>
<b>Agency Funds:</b>		
Agency funds balances	\$ 226,623	\$ 201,614
<b>TOTAL AGENCY FUNDS</b>	<u>\$ 226,623</u>	<u>\$ 201,614</u>

Schedule 2

University of Kentucky  
 Schedule of Changes in Fund Balances—Current Funds  
 Five Months Ended November 30, 1975

	Unrestricted		Restricted	Tobacco Research Trust Fund	Hospital and Clinics	Housing and Dining System Funds for Future Operating Purposes			
	Unallocated	Allocated				Auxiliary Enterprise			
Balances, July 1, 1975	\$ 15,170,372	\$ 4,023,590	\$ 4,754,168	\$ 1,692,818		\$ 916,238	\$ 907,972		
Allocations:									
Current operations:									
Original budget		( 6,196,300)		(1,692,818)					
Current year operation								90,870	
Adjustments of prior year expenditures \$ 6,157									6,849
<b>BALANCES November 30, 1975</b>	<b>\$ 6,157</b>	<b>\$ 8,974,072</b>	<b>\$ 4,023,590</b>	<b>\$ -0-</b>	<b>\$ 4,760,817</b>	<b>\$ 1,007,108</b>	<b>\$ 907,972</b>		

Schedule of Changes in Unrestricted Fund and  
Hospital Estimated Income  
For the Five Months Ended November 30, 1975

Schedule 3

	Original Budget	First Five Months	Adjusted Budget
<b>Unrestricted Funds:</b>			
Student fees	\$ 15,808,000	\$ 67,846	\$ 15,875,846
State appropriations	76,219,166	(166,946)	76,052,154
Federal appropriations	8,713,600	248,720	8,962,320
County appropriations	1,350,200		1,350,200
Endowment and trust fund income	158,200		158,200
Investment income	857,900		857,900
Gifts and grants - affiliated corporations	4,288,700	1,010,235	5,298,935
Other	836,400	(139,500)	696,900
Sales services and other income	3,652,100	252,247	3,904,347
Fund balances allocated	<u>6,196,300</u>	<u>(307,000)</u>	<u>5,889,300</u>
Total unrestricted	<u>\$ 118,080,500</u>	<u>\$ 965,602</u>	<u>\$ 119,046,102</u>
<b>Hospital and clinics:</b>			
State appropriations	\$ 4,684,200	\$ 166,946	\$ 4,851,146
Hospital income	20,010,900		20,010,900
Fund balances allocated	<u>                    </u>	<u>307,000</u>	<u>307,000</u>
Total hospital and clinics	<u>\$ 24,695,100</u>	<u>\$ 473,946</u>	<u>\$ 25,169,046</u>

Schedule 4

Schedule of Changes in Unrestricted Fund  
and Hospital Expenditure Appropriations  
For the Five Months Ended November 30, 1975

	<u>Unrestricted</u>	<u>Hospital and Clinics</u>	<u>Total</u>
Original budget	\$ 118,080,500	\$ 24,695,100	\$ 142,775,600
Increases ( decreases ) as approved by the Board of Trustees: First Five Months, 1975	<u>965,602</u>	<u>473,946</u>	<u>1,439,548</u>
Total per Report	<u>\$ 119,046,102</u>	<u>\$ 25,169,046</u>	<u>\$ 144,215,148</u>

University of Kentucky  
 Summary of Current Revenues and Appropriated Balances  
 Five Months Ended November 30, 1975  
 With Comparative Figures for 1974-75

Fund and Source:	1975-76			1974-75		
	Estimated for the Year	Realized to Date	% Realized to Date	Estimated for the Year	Realized to Date	% Realized to Date
<b>Unrestricted:</b>						
Student fees	\$ 15,875,846	\$ 9,354,396	58.9	\$ 15,653,792	\$ 8,504,574	54.3
Federal appropriations	8,962,320	3,251,303	36.3	8,285,200	1,822,642	22.0
County appropriations	1,350,200	370,357	27.4	1,179,700	384,677	32.6
Endowment and trust fund income	158,200	46,860	29.1	158,200	49,774	31.5
Investment income	857,900	206,759	24.2	538,600	208,079	38.6
Gifts and grants:						
Affiliated corporations	5,298,935	23,085	0.4	4,480,375	183,479	4.1
Other	696,900	151,401	21.7	213,300	43,646	20.5
Sales, services and other income	3,904,347	1,386,948	35.5	3,514,945	1,348,626	38.4
Subtotal	37,104,648	14,790,369	39.9	34,024,112	12,545,497	36.9
State appropriations	76,052,154	41,441,939	54.5	69,832,200	38,862,408	55.7
Fund balances appropriated	5,889,300	5,889,300	100.0	4,672,319	4,672,319	100.0
Total unrestricted	119,046,102	62,121,608	52.2	108,528,631	56,080,224	51.7
<b>Restricted</b>						
Tobacco Research Trust Fund:						
Receipts	7,593,880	2,427,458	32.0	6,230,592	1,586,877	25.5
Fund balances appropriated	4,007,182	1,573,769	39.3	3,600,000	1,509,960	41.9
Total Tobacco Research Trust Fund	1,692,818	1,692,818	100.0	600,000	600,000	100.0
Hospital and Clinics:						
State appropriations	5,700,000	3,266,587	57.3	4,200,000	2,109,960	50.2
Hospital earned income - net	4,851,146	2,413,361	49.7	4,684,200	2,573,292	54.9
Fund balances appropriated	20,010,900	8,004,680	40.0	14,858,000	6,472,988	43.6
Total Hospital and Clinics	307,000	307,000	100.0	676,300	676,300	100.0
Housing and Dining System	25,169,046	10,725,041	42.6	20,218,500	9,722,580	48.1
Auxiliary Enterprises	10,079,667	4,342,862	43.1	9,101,800	3,868,342	42.5
TOTAL CURRENT FUNDS AND APPROPRIATED BALANCES	2,998,808	1,272,014	42.4	2,536,597	1,147,100	45.2
<b>TOTAL CURRENT FUNDS AND APPROPRIATED BALANCES</b>	\$170,587,503	\$84,155,570	49.3	\$150,816,120	\$74,515,083	49.4

Schedule 6

University of Kentucky  
 Summary of Current Funds Expenditures  
 Five Months Ended November 30, 1975  
 With Comparative Figures for 1974-75

Fund or Function:	1975-76			1974-75		
	Appropriation for the Year	Expended or Encumbered to Date	% Expended or Encumbered to Date	Appropriation for the Year	Expended or Encumbered to Date	% Expended or Encumbered to Date
<b>Unrestricted:</b>						
Departments of instruction and research	\$ 44,176,654	\$ 17,217,005	39.0	\$ 41,875,349	\$ 16,938,866	40.5
Summer session - 1975	906,181	884,926	97.7	827,501	768,985	92.9
Organized activities	1,357,587	450,838	33.2	1,174,392	439,698	37.4
Organized research	9,702,836	4,060,546	41.8	8,729,963	3,531,415	40.5
Libraries	3,591,447	1,645,155	45.8	3,091,687	1,812,135	58.6
Extension and public service	12,757,850	5,266,143	41.3	11,777,276	4,858,715	41.3
Maintenance and operation of plant	9,636,279	3,759,420	39.0	8,130,406	3,320,523	40.8
Renovation, office furniture, etc.	3,027,600	886,600	29.3	2,295,100	2,295,100	100.0
General administration	5,007,956	1,973,048	39.4	3,996,586	1,512,771	37.9
Student services	3,528,691	1,495,956	42.4	3,135,227	1,292,387	41.2
Staff benefits	11,437,645	4,271,060	37.3	10,397,400	3,659,529	35.2
General institutional services	6,070,258	2,627,352	43.3	5,010,336	2,039,155	40.7
Service enterprises	237,953	105,565	44.4	198,791	113,389	57.0
Debt service cost	5,925,500	5,357,826	90.4	5,946,400	5,252,770	88.3
Student aid	1,563,300	650,828	41.6	1,553,443	719,435	46.3
Reserves	118,365			388,774		
<b>Total unrestricted</b>	<b>119,046,102</b>	<b>50,652,268</b>	<b>42.5</b>	<b>108,528,631</b>	<b>48,554,873</b>	<b>44.7</b>

Schedule 6

University of Kentucky  
 Summary of Current Funds Expenditures  
 Five Months Ended November 30, 1975  
 With Comparative Figures for 1974-75

Fund or Function: Restricted:	1975-76			1974-75		
	Appropriation for the Year	Expended or Encumbered to Date	% Expended or Encumbered to Date	Appropriation for the Year	Expended or Encumbered to Date	% Expended or Encumbered to Date
Departments of instruction and research	\$ 2,128,325	\$ 761,534	35.8	\$ 1,600,187	\$ 424,518	26.5
Organized activities	25,000	400	1.6	251,916	64,298	25.5
Organized research	358,420	94,407	26.3	34,636	9,304	26.9
Libraries	25,195	5,221	20.7	354,083	183,772	51.9
Extension and public services	272,359	168,841	62.0	417,204	71,457	17.1
General institutional services	451,654	156,789	34.7	3,134,533	1,274,473	40.7
Student aid	4,226,046	2,277,717	53.9	438,033		
Reserves	106,881					
Total restricted	7,593,880	3,464,909	45.6	6,230,592	2,027,822	32.5
Tobacco Research Trust Fund	5,700,000	2,803,151	49.2	4,200,000	2,017,525	48.0
Hospital and Clinics	25,169,046	9,460,011	37.6	20,218,500	6,887,708	34.1
Housing and Dining System	10,079,667	4,251,992	42.2	9,101,800	3,703,393	40.7
Auxiliary Enterprises	2,998,808	1,450,068	48.4	2,536,597	1,247,734	49.2
<b>TOTAL CURRENT FUND EXPENDITURES</b>	<b>\$ 170,587,503</b>	<b>\$ 72,082,399</b>	<b>42.2</b>	<b>\$ 150,816,120</b>	<b>\$ 64,439,055</b>	<b>42.7</b>



Schedule 7

University of Kentucky  
 Schedule of Short Term Investments  
 For the Five Months Ended November 30, 1975

	<u>Maturity Value</u>	<u>Cost</u>
<b>Restricted Current Funds:</b>		
<b>Government securities:</b>		
Federal Home Loan Banks Bonds, 8.75%, 2-25-76	\$ 100,000.00	\$ 100,000.00
Federal Home Loan Banks Bonds, 9.20%, 2-25-76	100,000.00	100,000.00
Federal National Mortgage Association Notes, 10%, 6-10-76	400,000.00	400,000.00
Federal Home Loan Banks Bonds, 7.20%, 2-25-77	100,000.00	100,000.00
Total government securities	<u>700,000.00</u>	<u>700,000.00</u>
<b>Certificates of deposit:</b>		
First Security National Bank & Trust Company, 7.15%, 1-14-76	500,000.00	500,000.00
Banks for Cooperatives, 6.80%, 2-2-76	500,000.00	500,000.00
Bank of Commerce & Trust Company, 7.25%, 2-12-76	200,000.00	200,000.00
Bank of Commerce & Trust Company, 7.25%, 4-13-76	500,000.00	500,000.00
Central Bank & Trust Company, 7.30%, 4-26-76	200,000.00	200,000.00
Central Bank & Trust Company, 7.35%, 6-28-76	400,000.00	400,000.00
Citizens Fidelity Bank & Trust Company, 6.95%, 6-28-76	400,000.00	400,000.00
First Security National Bank & Trust Company, 7.30%, 6-28-76	200,000.00	200,000.00
Central Bank & Trust Company, 7.30%, 7-9-76	400,000.00	400,000.00
First Security National Bank & Trust Company, 7.30%, 7-9-76	400,000.00	400,000.00
First Security National Bank & Trust Company, 7.51%, 7-18-76	500,000.00	500,000.00
Central Bank & Trust Company, 7.40%, 5-11-76	500,000.00	500,000.00
Total certificates of deposit	<u>4,700,000.00</u>	<u>4,700,000.00</u>
<b>TOTAL RESTRICTED CURRENT FUNDS</b>		<b><u>\$5,400,000.00</u></b>
<b>Agency Funds - certificates of deposit:</b>		
First Security National Bank & Trust Company, 5.5%, 12-2-75	\$ 3,000.00	<u>\$ 3,000.00</u>

University of Kentucky  
 Schedule of Retirement of Indebtedness Funds  
 For the Five Months Ended November 30, 1975

Schedule 8

	<u>Estimated</u>	<u>Realized</u>	<u>% Realized</u>
Source of Funds:			
Unrestricted current funds	\$ 5,925,500	\$ 5,357,826	90.4
Housing and dining system funds	1,636,401	741,546	45.3
Auxiliary enterprises current funds	<u>172,722</u>	<u>56,115</u>	<u>32.5</u>
	\$ 7,734,623	\$ 6,155,487	79.6
<b>TOTAL RETIREMENT OF INDEBTEDNESS FUNDS</b>			
	<u>Appropriated</u>	<u>Expended</u>	<u>% Expended</u>
Debt Service:			
Unrestricted funds debt:			
Consolidated Educational Buildings--Series A	\$ 504,176	\$ 503,513	99.9
Consolidated Educational Buildings--Series B	468,419	467,731	99.9
Consolidated Educational Buildings--Series C	233,247	233,150	99.9
Consolidated Educational Buildings--Series D	2,453,916	2,452,140	99.9
Consolidated Educational Buildings--Series E	271,513	271,227	99.9
Consolidated Educational Buildings--Series F	560,869		
Community Colleges Educational Buildings--Series A	844,045	841,970	99.8
Community Colleges Educational Buildings--Series B	199,600	199,500	99.9
Community Colleges Educational Buildings--Series C	<u>389,715</u>	<u>388,595</u>	<u>99.8</u>
Subtotal	<u>5,925,500</u>	<u>5,357,826</u>	<u>90.4</u>
Housing and Dining System Revenue Bonds--Series A-I	<u>1,636,401</u>	<u>741,546</u>	<u>45.3</u>

Schedule 8

University of Kentucky  
 Schedule of Retirement of Indebtedness Funds  
 For the Five Months Ended November 30, 1975

	<u>Appropriated</u>	<u>Expended</u>	<u>% Expended</u>
<b>Auxiliary Enterprises:</b>			
Chi Omega	\$ 2,916	\$ 2,725	93.4
Alpha Delta Pi	13,704	10,920	79.7
Dorms A-F	40,680	4,767	11.7
Dorms G-L	50,584	15,244	30.1
Phi Delta Theta	7,702	2,344	30.4
Delta Delta Delta	5,358	4,720	88.1
Alpha Tau Omega	7,815	2,400	30.7
Housing Bonds of 1960	13,400	3,714	27.7
Student Housing Bonds of 1964	<u>30,563</u>	<u>9,281</u>	<u>32.1</u>
Subtotal	<u>172,722</u>	<u>56,115</u>	<u>32.5</u>
<b>TOTAL RETIREMENT OF INDEBTEDNESS FUNDS</b>	<u>\$ 7,734,623</u>	<u>\$ 6,155,487</u>	<u>79.6</u>

University of Kentucky  
 Schedule of Sinking Funds  
 November 30, 1975

Schedule 9

	Total <u>Sinking Fund</u>	Bond <u>Payable</u>	Fund <u>Balances</u>
<u>Bond Issues with Reserves Fully Funded:</u>			
Housing and Dining System Revenue Bond and Interest Sinking Fund	\$ 1,981,296		\$ 1,981,296
Consolidated Educational Buildings Project and Interest Sinking Fund:			
Series A	1,129,171		1,129,171
Series B	1,096,503		1,096,503
Series C	392,052		392,052
Series D	4,135,958		4,135,958
Series E	732,857		732,857
Community Housing Bond and Interest Sinking Fund of 1964	83,988		83,988
Interest Sinking Fund:			
Series A	1,367,460		1,367,460
Series B	379,132		379,132
Series C	636,646		636,646
Student Housing Bond and Interest Sinking Fund of 1960	59,018		59,018
Dormitory Revenue Bonds of 1956	50,000		50,000
Total Bond Issues with Reserves Fully Funded	<u>12,044,081</u>		<u>12,044,081</u>
<u>Bonds Fully Funded by Escrow Accounts:</u>			
Bowman, Keeneland, Cooperstown and Student Union Future Bond and Interest Fund	3,106,782	\$ 2,368,000	738,782
Consolidated Educational Series D Refunding Issue:			
Bonds Payable	31,000,000	31,000,000	839,150
Premium on Sale of Bonds	839,150		1,034,375
Amortization of Discount on Investment	1,034,375		4,311,344
Investment Income	4,311,344		(4,877,354)
Interest Payment	(4,877,354)		1,307,515
Total Series D Refunding Issue	<u>32,307,515</u>	<u>31,000,000</u>	<u>1,307,515</u>
<b>TOTAL SINKING FUNDS</b>	<u>\$ 47,458,378</u>	<u>\$ 33,368,000</u>	<u>\$ 14,090,378</u>

Schedule 10

University of Kentucky  
 Schedule of Renewal and Replacement  
 For the Five Months Ended November 30, 1975

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total Fund Balances</u>
<b>Repair and Maintenance Reserves:</b>			
Housing and Dining System	\$ 750,000	\$ 135,355	\$ 885,355
Student Housing Buildings of 1964	50,000	9,882	59,882
Student Housing Buildings of 1960	<u>30,000</u>	<u>8,759</u>	<u>38,759</u>
<b>Total repair and maintenance reserves</b>	<u>830,000</u>	<u>153,996</u>	<u>983,996</u>
<b>Renewal and Replacement Funds:</b>			
Housing and Dining Funds		921,509	921,509
Other Auxiliary Enterprises		<u>91,575</u>	<u>91,575</u>
<b>Total renewal and replacement funds</b>		<u>1,013,084</u>	<u>1,013,084</u>
<b>GRAND TOTAL</b>	<u>\$ 830,000</u>	<u>\$ 1,167,080</u>	<u>\$ 1,997,080</u>

University of Kentucky  
 Summary of Other Funds Transactions  
 For the Five Months Ended November 30, 1975

	<u>Balances</u> <u>July 1, 1975</u>	<u>Receipts</u>	<u>Deductions</u>	<u>Balances</u> <u>November 30, 1975</u>
<b>Loan Funds:</b>				
<b>Federal sponsored loan funds:</b>				
Federal government	\$ 6,987,035	\$ 337,251		\$ 7,324,286
University of Kentucky	713,684	41,952		755,636
Accumulated interest income	535,914	26,389		562,303
<b>University loan funds:</b>				
University student loan funds	78,170	3,494		81,664
University special student loan funds	177,547	33,753		211,300
United Student Aid loan fund	<u>2,000</u>			<u>2,000</u>
<b>TOTAL LOAN FUNDS</b>	<u>\$ 8,494,350</u>	<u>\$ 442,839</u>		<u>\$ 8,937,189</u>
<b>Endowment Funds</b>	<u>\$ 1,573,323</u>	<u>\$ 150,910</u>		<u>\$ 1,724,233</u>
<b>Agency Funds</b>	<u>\$ 144,404</u>	<u>\$ 544,495</u>	<u>\$ 462,276</u>	<u>\$ 226,623</u>

Office of the President  
January 27, 1976

FCR 1-B

Members, Executive Committee, Board of Trustees:

INTERIM FINANCIAL REPORT

Recommendation: that the financial report for the six months ending December 31, 1975, be accepted.

Background: The December, 1975, report reflects income of \$88,896,485 for the period of the report; the income figure is 51.3% of the annual income estimate of \$173,182,847.

The expenditures and commitments represent a total of \$85,237,550 for this period of six months, or 49.2% of the expenditure authority of \$173,182,847 approved by the Board.

---

Action: Approved XX Disapproved \_\_\_\_\_ Other \_\_\_\_\_

Date: January 27, 1976.

Schedule 1

University of Kentucky  
Balance Sheet  
December 31, 1975

With Comparative Figures for 1974-75

ASSETS

	<u>1975-76</u>	<u>1974-75</u>
Current Funds:		
Unrestricted:		
Cash in banks:		
Depository funds	\$ 487,077	\$ 104,002
Imprest funds	21,195	
Cash on deposit with State Treasurer:		
Trust and agency funds	325,390	
General fund appropriation	<u>80,681</u>	<u>208,005</u>
Total cash	<u>914,343</u>	<u>312,007</u>
Due from other funds and affiliated corporations	989,215	81,338
Accounts receivable	1,027,787	560,843
Notes receivable	72,094	72,094
Investments - short term	11,595,770	9,122,277
Inventories	3,506,321	3,144,328
Unrealized income	<u>57,478,043</u>	<u>51,325,475</u>
Total unrestricted	<u>75,583,573</u>	<u>64,618,362</u>
Restricted:		
Cash in banks	1,127,273	135,075
Tobacco Research Trust Fund:		
Imprest funds	49,702	7,464
Cash on deposit with State Treasurer	1,486,408	1,353,655
Total cash	<u>2,663,383</u>	<u>1,496,194</u>
Petty cash advances	237,165	220,200
Travel advances	191,853	133,871
Accounts receivable	17,585	14,178
Investments:		
Short-term	5,400,000	5,500,000
Other	287,322	89,131
Unrealized income:		
Restricted	5,311,949	4,482,012
Tobacco Research Trust Fund	<u>2,144,269</u>	<u>2,005,048</u>
Total restricted	<u>16,253,526</u>	<u>13,940,634</u>



University of Kentucky  
Balance Sheet

December 31, 1975

With Comparative Figures for 1974-75

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1975-76</u>	<u>1974-75</u>
<b>Current Funds:</b>		
<b>Unrestricted:</b>		
Outstanding encumbrances	\$ 3,074,172	\$ 3,409,925
Accounts payable - county funds	18,792	
Accrued expenses	574,000	453,000
Advance from state for imprest cash fund	1,300,000	1,300,000
Deferred income	327,580	319,100
Unencumbered balance, departmental appropriations	61,286,008	53,586,937
Fund balances:		
Allocated for working capital	8,974,072	5,547,436
Unallocated	<u>28,949</u>	<u>1,964</u>
	<u>75,583,573</u>	<u>64,618,362</u>
<b>Total unrestricted</b>		
<b>Restricted:</b>		
General fund collections - student fees	109,289	745,115
Payroll withholdings	1,218,020	349,527
Other collections and clearing	248,614	858,904
Outstanding encumbrances	813,948	615,379
Due to other funds and affiliated corporations	3,415,050	2,151,708
Advance from state for imprest cash fund	50,000	50,000
Outstanding check liability	40,176	20,472
Unencumbered balance, departmental appropriations	3,697,643	3,532,725
Unencumbered balance, Tobacco Research Trust Fund appropriation	2,637,196	2,269,947
Fund balances:		
Restricted fund	4,023,590	2,969,842
Tobacco Research Trust Fund - unallocated funds	<u>377,015</u>	<u>377,015</u>
	<u>16,253,526</u>	<u>13,940,634</u>
<b>Total restricted</b>		

## Schedule 1

University of Kentucky  
Balance Sheet  
December 31, 1975

With Comparative Figures for 1974-75

	<u>1975-76</u>	<u>1974-75</u>
<u>ASSETS</u>		
Hospital and clinics:		
Due from other funds and affiliated corporations	\$ 1,806,000	\$ 2,353,083
Accounts receivable, net of allowance for doubtful accounts of \$ 3,628,351 in 1975 and \$ 3,702,331	3,930,948	3,943,194
Inventories	494,050	351,930
Unrealized income	<u>12,905,465</u>	<u>9,270,239</u>
Total hospital and clinics	<u>19,136,463</u>	<u>15,918,446</u>
Housing and dining system:		
Cash in bank	253,421	105,882
Accounts receivable	125,345	196,021
Investments - short term	2,996,938	2,300,000
Inventories	1,099,184	1,003,048
Prepaid expenses	<u>49,620</u>	<u>370,028</u>
Total housing and dining system	<u>4,524,508</u>	<u>3,974,979</u>
Auxiliary enterprises:		
Cash in banks	33,340	11,778
Due from other funds and affiliated corporations	348,209	317,634
Accounts receivable	16,650	
Inventories	421,792	411,141
Unrealized income	<u>1,618,938</u>	<u>1,258,905</u>
Total auxiliary enterprises	<u>2,438,929</u>	<u>1,999,458</u>
<b>TOTAL CURRENT FUNDS</b>	<u>\$ 117,936,999</u>	<u>\$ 100,451,879</u>

University of Kentucky  
Balance Sheet

December 31, 1975

With Comparative Figures for 1974-75

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1975-76</u>	<u>1974-75</u>
<b>Hospital and clinics:</b>		
Outstanding encumbrances	\$ 370,539	\$ 337,306
Unexpended balance, departmental appropriations	14,011,559	11,024,909
Fund balances - allocated for working capital	<u>4,754,365</u>	<u>4,556,231</u>
	\$ 19,136,463	\$ 15,918,446
Total hospital and clinics		
<b>Housing and dining systems:</b>		
Accrued expenses	66,311	51,018
Accrued wages	70,598	60,703
Accounts payable	73,743	142,470
Due to other funds and affiliated corporations	2,460,751	2,155,566
Refundable deposits	22,025	
Deferred income	805,230	749,909
Fund balances:		
Allocated for future operating purposes	<u>1,025,850</u>	<u>815,313</u>
Total housing and dining system	<u>4,524,508</u>	<u>3,974,979</u>
<b>Auxiliary enterprises:</b>		
Outstanding encumbrances	155,375	86,051
Unencumbered balance, departmental appropriations	1,375,582	1,201,018
Fund balances - allocated:		
Working capital	438,442	420,970
Future operating purposes	<u>469,530</u>	<u>291,419</u>
Total auxiliary enterprises	<u>2,438,929</u>	<u>1,999,458</u>
<b>TOTAL CURRENT FUNDS</b>	<u>\$ 117,936,999</u>	<u>\$ 100,451,879</u>

Schedule 1

University of Kentucky  
 Balance Sheet  
 December 31, 1975  
 With Comparative Figures for 1974-75

ASSETS

	<u>1975-76</u>	<u>1974-75</u>
Loan Funds:		
Cash in bank	\$ 765,329	\$ 278,590
Notes receivable, net of allowance for doubtful accounts of \$ 438,996 in 1975	8,487,306	8,264,080
Due from other funds and affiliated corporations	15,495	314,883
Due from Federal Government	<u>2,000</u>	<u>16,029</u>
Due from United Student Aid loan fund		<u>2,000</u>
	<u>\$ 9,270,130</u>	<u>\$ 8,875,582</u>
TOTAL LOAN FUNDS		
Endowment Funds:		
Due from other funds and affiliated corporations	\$ 174,685	\$ 13,562
Investments	<u>1,554,829</u>	<u>1,466,285</u>
	<u>\$ 1,729,514</u>	<u>\$ 1,479,847</u>
TOTAL ENDOWMENT FUNDS		
Plant Funds:		
Unexpended plant funds:		
Cash on deposit with State Treasurer:		
Trust and agency	\$ 2,587,102	\$ 3,504,819
Capital construction funds	<u>20,784,977</u>	<u>16,526,938</u>
Total cash on deposit with State Treasurer	<u>23,372,079</u>	<u>20,031,757</u>
Due from other funds and affiliated corporations	1,074,539	1,206,351
Due from Federal Government	697,197	112,824,250
Construction funded	<u>82,613,269</u>	<u>112,824,250</u>
Total unexpended plant funds	<u>107,757,084</u>	<u>134,062,358</u>

University of Kentucky  
Balance Sheet  
December 31, 1975  
With Comparative Figures for 1974-75

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1975-76</u>	<u>1974-75</u>
<b>Loan Funds:</b>		
Federal sponsored loan funds:		
Federal government	\$ 7,570,391	\$ 7,430,207
University matching funds	782,982	719,546
Accumulated interest income	<u>575,782</u>	<u>484,238</u>
Total sponsored loan funds	<u>8,929,155</u>	<u>8,633,991</u>
University loan funds:		
University student loan funds	82,665	81,443
University special student loan funds	256,310	158,148
United Student Aid loan funds	<u>2,000</u>	<u>2,000</u>
Total University loan funds	<u>340,975</u>	<u>241,591</u>
TOTAL LOAN FUNDS	<u>\$ 9,270,130</u>	<u>\$ 8,875,582</u>
<b>Endowment Funds:</b>		
Fund balances	<u>\$ 1,729,514</u>	<u>\$ 1,479,847</u>
TOTAL ENDOWMENT FUNDS	<u>\$ 1,729,514</u>	<u>\$ 1,479,847</u>
<b>Plant Funds:</b>		
Unexpended plant funds:		
Due to other funds	\$ 5,997	\$ 5,997
Outstanding encumbrances	11,901,574	9,122,053
Bonds payable	7,040,825	14,604,855
Appropriations - unencumbered balances	12,158,287	10,893,560
Fund balances allocated for construction/renovation	<u>76,656,398</u>	<u>99,435,893</u>
Total unexpended plant funds	<u>107,757,084</u>	<u>134,062,358</u>

University of Kentucky  
Balance Sheet  
December 31, 1975

With Comparative Figures for 1974-75

ASSETS

	<u>1975-76</u>	<u>1974-75</u>
<b>Renewal and replacement fund:</b>		
Cash on deposit with Trustees	\$ 46,629	\$ 1,601
Cash on deposit with State Treasurer		332,483
Due from other funds and affiliated corporations	1,193,887	810,551
Investments held by Trustees	<u>937,990</u>	<u>919,850</u>
	\$	\$
<b>Total renewal and replacement fund</b>	<u>2,178,506</u>	<u>2,064,485</u>
<b>Sinking funds:</b>		
Cash on deposit with State Treasurer	50,000	50,000
Cash on deposit with Trustee	91,716	1,931,212
Accrued interest receivable	21,028	12,551
Investments held by Trustee	<u>47,314,235</u>	<u>44,951,812</u>
	\$	\$
<b>Total sinking funds</b>	<u>47,476,979</u>	<u>46,945,575</u>
<b>Invested in plant:</b>		
Land	14,841,557	13,620,718
Buildings	203,818,550	194,441,882
Equipment	<u>55,512,935</u>	<u>53,042,514</u>
	\$	\$
<b>Total invested in plant</b>	<u>274,173,042</u>	<u>261,105,114</u>
<b>TOTAL PLANT FUNDS</b>	<u>\$ 431,585,611</u>	<u>\$ 444,177,532</u>
<b>Agency Funds:</b>		
Due from other funds and affiliated corporations	\$ 213,966	\$ 215,722
Investments short-term	<u>3,000</u>	<u>3,000</u>
	\$	\$
<b>TOTAL AGENCY FUNDS</b>	<u>\$ 216,966</u>	<u>\$ 218,722</u>

University of Kentucky  
Balance Sheet

December 31, 1975  
With Comparative Figures for 1974-75

Schedule 1

LIABILITIES AND FUND BALANCES

	<u>1975-76</u>	<u>1974-75</u>
<b>Renewal and replacement fund:</b>		
Outstanding encumbrances	\$ 147,523	
Fund balances:		
Restricted	830,000	\$ 830,000
Unrestricted	<u>1,200,983</u>	<u>1,234,485</u>
Total fund balances	<u>2,030,983</u>	<u>2,064,485</u>
<b>Total renewal and replacement fund</b>	<u>2,178,506</u>	<u>2,064,485</u>
<b>Sinking funds:</b>		
Bonds payable	33,368,000	33,509,000
Fund balances	<u>14,108,979</u>	<u>13,436,575</u>
<b>Total sinking funds</b>	<u>47,476,979</u>	<u>46,945,575</u>
<b>Invested in plant:</b>		
Bonds payable	98,260,675	98,271,645
Lease purchase obligation	5,700,000	5,700,000
Net investment in plant	<u>170,212,367</u>	<u>157,133,469</u>
<b>Total invested in plant</b>	<u>274,173,042</u>	<u>261,105,114</u>
<b>TOTAL PLANT FUNDS</b>	<u>\$ 431,585,611</u>	<u>\$ 444,177,532</u>
<b>Agency Funds:</b>		
Agency funds balances	<u>\$ 216,966</u>	<u>\$ 218,722</u>
<b>TOTAL AGENCY FUNDS</b>	<u>\$ 216,966</u>	<u>\$ 218,722</u>

Schedule 2

University of Kentucky  
 Schedule of Changes in Fund Balances--Current Funds  
 Six Months Ended December 31, 1975

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Tobacco Research Trust Fund</u>	<u>Hospital and Clinics</u>	<u>Housing and Dining System Funds for Future Operating Purposes</u>	<u>Auxiliary Enterprise</u>
	<u>Unallocated</u>	<u>Allocated</u>				
Balances, July 1, 1975	\$ 15,170,372	\$ 4,023,590	\$ 1,692,818	\$ 4,754,168	\$ 916,238	\$ 907,972
Allocations:						
Current operations:						
Original budget	( 6,196,300)		(1,692,818)			
Current year operation					109,612	
Adjustments of prior year expenditures	\$ 28,949			197		
BALANCES December 31, 1975	\$ 28,949	\$ 8,974,072	\$ -0-	\$ 4,754,365	\$ 1,025,850	\$ 907,972



Schedule of Changes in Unrestricted Fund and  
Hospital Estimated Income  
For the Six Months Ended December 31, 1975

Schedule 3

	<u>Original Budget</u>	<u>First Six Months</u>	<u>Adjusted Budget</u>
<b>Unrestricted Funds:</b>			
Student fees	\$ 15,808,000	\$ 1,495,205	\$ 17,303,205
State appropriations	76,219,100	(138,246)	76,080,854
Federal appropriations	8,713,600	248,720	8,962,320
County appropriations	1,350,200		1,350,200
Endowment and trust fund income	158,200		158,200
Investment income	857,900		857,900
Gifts and grants - affiliated corporations	4,288,700	1,073,235	5,361,935
Other	836,400		836,400
Sales services and other income	3,652,100	304,196	3,956,296
Fund balances allocated	<u>6,196,300</u>	<u>(307,000)</u>	<u>5,889,300</u>
<b>Total unrestricted</b>	<u>\$ 118,080,500</u>	<u>\$ 2,676,110</u>	<u>\$ 120,756,610</u>
<b>Hospital and clinics:</b>			
State appropriations	\$ 4,684,200	\$ 167,166	\$ 4,851,366
Hospital income	20,010,900	(220)	20,010,680
Fund balances allocated	<u>                    </u>	<u>307,000</u>	<u>307,000</u>
<b>Total hospital and clinics</b>	<u>\$ 24,695,100</u>	<u>\$ 473,946</u>	<u>\$ 25,169,046</u>

Schedule 4

Schedule of Changes in Unrestricted Fund  
and Hospital Expenditure Appropriations  
For the Six Months Ended December 31, 1975

	<u>Unrestricted</u>	<u>Hospital and Clinics</u>	<u>Total</u>
Original budget	\$ 118,080,500	\$ 24,695,100	\$ 142,775,600
Increases ( decreases ) as approved by the Board of Trustees:			
July and August, 1975	( 294,166)	307,000	12,834
September, 1975	635,799		635,799
October, 1975	623,969	166,946	790,915
December, 1975	<u>1,710,508</u>		<u>1,710,508</u>
Total per Report	\$ <u>120,756,610</u>	\$ <u>25,169,046</u>	\$ <u>145,925,656</u>

Schedule 5

University of Kentucky  
 Summary of Current Revenues and Appropriated Balances  
 Six Months Ended December 31, 1975  
 With Comparative Figures for 1974-75  
 1975-76

Fund and Source:	1975-76			1974-75		
	Estimated for the Year	Realized to Date	% Realized to Date	Estimated for the Year	Realized to Date	% Realized to Date
<b>Unrestricted:</b>						
Student fees	\$ 17,303,205	\$ 9,577,691	55.4	\$ 15,704,792	\$ 8,590,069	54.7
Federal appropriations	8,962,320	3,956,223	44.1	8,285,200	2,559,641	30.9
County appropriations	1,350,200	460,060	34.1	1,179,700	465,093	39.4
Endowment and trust fund income	158,200	46,060	29.1	158,200	49,774	31.5
Investment income	857,900	241,166	28.1	538,600	212,541	39.5
<b>Gifts and grants:</b>						
Affiliated corporations	5,361,935	23,085	0.4	4,295,519	35,966	.8
Other	836,400	158,162	18.9	404,656	164,538	40.7
Sales, services and other income	3,956,296	1,484,881	37.5	3,543,945	1,682,307	47.4
Subtotal	38,786,456	15,947,328	41.1	34,115,612	13,759,929	40.3
State appropriations	76,050,554	41,441,939	54.5	69,832,200	38,862,408	55.7
Fund balances appropriated	5,889,300	5,859,300	100.0	4,672,319	4,672,319	100.0
Total unrestricted	120,756,610	65,275,567	52.4	108,620,131	57,294,656	52.7
<b>Restricted</b>						
Tobacco Research Trust Fund:	8,447,849	3,135,900	37.1	6,280,840	1,798,828	28.6
Receipts	4,007,182	1,862,913	46.5	3,600,000	1,592,952	44.3
Fund balances appropriated	1,692,818	1,692,518	100.0	600,000	600,000	100.0
Total Tobacco Research Trust Fund	5,700,000	3,555,731	62.4	4,200,000	2,194,952	52.3
<b>Hospital and Clinics:</b>						
State appropriations	4,851,366	2,413,361	49.7	4,684,200	2,573,292	54.9
Hospital earned income - net	20,010,680	9,543,220	47.7	14,858,000	7,698,669	51.8
Fund balances appropriated	307,000	307,000	100.0	676,300	676,300	100.0
Total Hospital and Clinics	25,169,046	12,263,581	48.7	20,218,500	10,948,261	54.1
Housing and Dining System	10,079,667	5,251,969	52.1	9,101,800	4,724,970	51.9
Auxiliary Enterprises	3,029,675	1,410,737	46.6	2,536,597	1,277,692	50.4
<b>TOTAL CURRENT FUNDS AND APPROPRIATED BALANCES</b>	<b>\$173,182,847</b>	<b>\$88,896,485</b>	<b>51.3</b>	<b>\$150,957,868</b>	<b>\$ 78,239,359</b>	<b>51.8</b>

Schedule 6

University of Kentucky  
 Summary of Current Funds Expenditures  
 Six Months Ended December 31, 1975  
 With Comparative Figures for 1974-75

Fund or Function: restricted:	1975-76			1974-75		
	Appropriation for the Year	Expended or Encumbered to Date	% Expended or Encumbered to Date	Appropriation for the Year	Expended or Encumbered to Date	% Expended or Encumbered to Date
Departments of instruction and research	\$ 45,631,930	\$ 21,038,143	46.1	\$ 41,920,919	\$ 19,409,829	46.3
Summer session - 1975	906,181	885,857	97.8	827,501	769,341	93.0
Organized activities	1,361,706	563,781	41.4	1,185,892	566,383	47.8
Organized research	9,831,940	4,774,758	48.6	8,763,963	4,168,942	47.6
Libraries	3,593,968	1,880,218	52.3	3,091,687	1,986,689	64.3
Extension and public service	12,767,730	6,241,452	48.9	11,779,276	5,765,502	48.9
Maintenance and operation of plant	9,636,177	4,434,623	46.0	8,130,406	3,946,985	48.5
Renovation, office furniture, etc.	2,958,896	1,093,000	36.9	2,295,100	2,295,100	100.0
General administration	5,155,539	2,326,808	45.1	4,013,344	1,761,367	43.9
Student services	3,554,597	1,772,742	49.9	3,139,574	1,519,840	48.4
Staff benefits	11,437,645	5,135,841	44.9	10,397,400	4,353,080	41.9
General institutional services	6,101,913	3,108,829	50.9	5,011,132	2,353,481	47.0
Service enterprises	239,164	130,177	54.4	198,791	153,321	77.1
Debt service cost	5,925,500	5,359,789	90.5	5,946,400	5,252,770	88.3
Student aid	1,563,800	724,584	46.3	1,553,443	730,384	47.0
Reserves	89,924			365,303		
<b>Total unrestricted</b>	<b>120,756,610</b>	<b>59,470,602</b>	<b>49.2</b>	<b>108,620,131</b>	<b>55,033,194</b>	<b>50.7</b>

University of Kentucky  
 Summary of Current Funds Expenditures  
 Six Months Ended December 31, 1975  
 With Comparative Figures for 1974-75

Fund or Function: restricted:	1975-76			1974-75		
	Appropriation for the Year	Expended or Encumbered to Date	% Expended or Encumbered to Date	Appropriation for the Year	Expended or Encumbered to Date	% Expended or Encumbered to Date
Departments of instruction and research	\$ 2,936,776	\$ 949,997	32.3	\$ 1,625,922	\$ 527,014	32.4
Organized activities	29,700	400	1.3			
Organized research	403,420	118,305	29.3	290,094	74,355	25.6
Libraries	25,195	5,366	21.3	34,636	11,739	33.9
Extension and public services	272,359	183,294	67.3	354,083	200,800	56.7
General institutional services	463,176	175,152	37.8	417,204	87,428	21.0
Student aid	4,230,751	3,317,692	78.4	3,135,733	1,846,779	58.9
Reserves	86,472			423,168		
Total restricted	8,447,849	4,750,206	56.2	6,280,840	2,748,115	43.8
Tobacco Research Trust Fund	5,700,000	3,062,804	53.7	4,200,000	1,930,053	46.0
Hospital and Clinics	25,169,046	11,157,487	44.3	20,218,500	9,193,591	45.5
Housing and Dining System	10,079,667	5,142,358	51.0	9,101,800	4,495,866	49.4
Auxiliary Enterprises	3,029,675	1,654,093	54.6	2,536,597	1,335,579	52.7
<b>TOTAL CURRENT FUND EXPENDITURES</b>	<b>\$ 173,182,847</b>	<b>\$ 85,237,550</b>	<b>49.2</b>	<b>\$ 150,957,868</b>	<b>\$ 74,736,398</b>	<b>49.5</b>

Schedule 7

University of Kentucky  
 Schedule of Short Term Investments  
 For the Six Months Ended December 31, 1975

	<u>Maturity Value</u>	<u>Cost</u>
<b>Restricted Current Funds:</b>		
<b>Government securities:</b>		
Federal Home Loan Banks Bonds, 8.75%, 2-25-76	\$ 100,000.00	\$ 100,000.00
Federal Home Loan Banks Bonds, 9.20%, 2-25-76	100,000.00	100,000.00
Federal National Mortgage Association Notes, 10%, 6-10-76	400,000.00	400,000.00
Federal Home Loan Banks Bonds, 7.20%, 2-25-77	100,000.00	100,000.00
Total government securities	<u>700,000.00</u>	<u>700,000.00</u>
<b>Certificates of deposit:</b>		
First Security National Bank & Trust Company, 7.15%, 1-14-76	500,000.00	500,000.00
Banks for Cooperatives, 6.80%, 2-2-76	500,000.00	500,000.00
Bank of Commerce & Trust Company, 7.25%, 2-12-76	200,000.00	200,000.00
Bank of Commerce & Trust Company, 7.25%, 4-13-76	500,000.00	500,000.00
Central Bank & Trust Company, 7.30%, 4-26-76	200,000.00	200,000.00
Central Bank & Trust Company, 7.35%, 6-28-76	400,000.00	400,000.00
Citizens Fidelity Bank & Trust Company, 6.95%, 6-28-76	400,000.00	400,000.00
First Security National Bank & Trust Company, 7.30%, 6-28-76	200,000.00	200,000.00
Central Bank & Trust Company, 7.30%, 7-9-76	400,000.00	400,000.00
First Security National Bank & Trust Company, 7.30%, 7-9-76	400,000.00	400,000.00
First Security National Bank & Trust Company, 7.51%, 7-18-76	500,000.00	500,000.00
Central Bank & Trust Company, 7.40%, 5-11-76	500,000.00	500,000.00
Total certificates of deposit	<u>4,700,000.00</u>	<u>4,700,000.00</u>
<b>TOTAL RESTRICTED CURRENT FUNDS</b>	<u><u>\$5,400,000.00</u></u>	<u><u>\$5,400,000.00</u></u>
<b>Agency Funds - certificates of deposit:</b>		
First Security National Bank & Trust Company, 5.5%, 3-2-76	\$ 3,000.00	\$ 3,000.00
	<u><u>3,000.00</u></u>	<u><u>3,000.00</u></u>

University of Kentucky  
 Schedule of Retirement of Indebtedness Funds  
 For the Six Months Ended December 31, 1975

Schedule 8

	<u>Estimated</u>	<u>Realized</u>	<u>% Realized</u>
<b>Source of Funds:</b>			
Unrestricted current funds	\$ 5,925,500	\$ 5,359,789	90.5
Housing and dining system funds	1,636,401	758,465	46.3
Auxiliary enterprises current funds	<u>172,722</u>	<u>56,115</u>	<u>32.5</u>
	\$ 7,734,623	\$ 6,174,369	79.8
<b>TOTAL RETIREMENT OF INDEBTEDNESS FUNDS</b>			
	<u>\$ 7,734,623</u>	<u>\$ 6,174,369</u>	<u>79.8</u>
<b>Debt Service:</b>			
Unrestricted funds debt:			
Consolidated Educational Buildings-Series A	\$ 504,176	\$ 503,960	99.9
Consolidated Educational Buildings-Series B	468,419	468,222	99.9
Consolidated Educational Buildings-Series C	233,247	233,186	99.9
Consolidated Educational Buildings-Series D	2,453,916	2,452,986	99.9
Consolidated Educational Buildings-Series E	271,513	271,370	99.9
Consolidated Educational Buildings-Series F	560,869		
Community Colleges Educational Buildings-Series A	844,045	841,970	99.8
Community Colleges Educational Buildings-Series B	199,600	199,500	99.9
Community Colleges Educational Buildings-Series C	<u>389,715</u>	<u>388,595</u>	<u>99.8</u>
Subtotal	<u>5,925,500</u>	<u>5,359,789</u>	<u>90.5</u>
Housing and Dining System Revenue Bonds-Series A-I	<u>1,636,401</u>	<u>758,465</u>	<u>46.3</u>

Schedule 8

University of Kentucky  
 Schedule of Retirement of Indebtedness Funds  
 For the Six Months Ended December 31, 1975

	<u>Appropriated</u>	<u>Expended</u>	<u>% Expended</u>
<b>Auxiliary Enterprises:</b>			
Chi Omega	\$ 2,916	\$ 2,725	93.4
Alpha Delta Pi	13,704	10,920	79.7
Dorms A-F	40,680	4,767	11.7
Dorms G-L	50,584	15,244	30.1
Phi Delta Theta	7,702	2,344	30.4
Delta Delta Delta	5,358	4,720	88.1
Alpha Tau Omega	7,815	2,400	30.7
Housing Bonds of 1960	13,400	3,714	27.7
Student Housing Bonds of 1964	<u>30,563</u>	<u>9,281</u>	<u>32.1</u>
Subtotal	<u>172,722</u>	<u>56,115</u>	<u>32.5</u>
<b>TOTAL RETIREMENT OF INDEBTEDNESS FUNDS</b>	<u>\$ 7,734,623</u>	<u>\$ 6,174,369</u>	<u>79.8</u>



University of Kentucky  
 Schedule of Sinking Funds  
 December 31, 1975

Schedule 9

	Total <u>Sinking Fund</u>	Bond <u>Payable</u>	Fund <u>Balances</u>
<u>Bond Issues with Reserves Fully Funded:</u>			
Housing and Dining System Revenue Bond and Interest Sinking Fund	\$ 1,999,897		\$ 1,999,897
Consolidated Educational Buildings Project and Interest Sinking Fund:			
Series A	1,129,171		1,129,171
Series B	1,096,503		1,096,503
Series C	392,052		392,052
Series D	4,135,958		4,135,958
Series E	732,857		732,857
Student Housing Bond and Interest Sinking Fund of 1964	83,988		83,988
Community Colleges Educational Buildings Project Bond and Interest Sinking Fund:			
Series A	1,367,460		1,367,460
Series B	379,132		379,132
Series C	636,646		636,646
Student Housing Bond and Interest Sinking Fund of 1960	59,018		59,018
Dormitory Revenue Bonds of 1956	50,000		50,000
<u>Total Bond Issues with Reserves Fully Funded</u>	<u>12,062,682</u>		<u>12,062,682</u>
<u>Bonds Fully Funded by Escrow Accounts:</u>			
Bowman, Keeneland, Cooperstown and Student Union Future Bond and Interest Fund	3,106,782	\$ 2,368,000	738,782
Consolidated Educational Series D Refunding Issue:			
Bonds Payable	31,000,000	31,000,000	839,150
Premium on Sale of Bonds	839,150		1,034,375
Amortization of Discount on Investment	1,034,375		4,311,344
Investment Income	4,311,344		(4,877,354)
Interest Paid	(4,877,354)		1,307,515
<u>Total Series D Refunding Issue</u>	<u>32,307,515</u>	<u>31,000,000</u>	<u>1,307,515</u>
<b>TOTAL SINKING FUNDS</b>	<b>\$ 47,476,979</b>	<b>\$ 33,368,000</b>	<b>\$ 14,108,979</b>

Schedule 10

University of Kentucky  
 Schedule of Renewal and Replacement  
 For the Six Months Ended December 31, 1975

	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total Fund Balances</u>
<b>Repair and Maintenance Reserves:</b>			
Housing and Dining System	\$ 750,000	\$ 135,978	\$ 885,978
Student Housing Buildings of 1964	50,000	9,882	59,882
Student Housing Buildings of 1960	<u>30,000</u>	<u>8,759</u>	<u>38,759</u>
<b>Total repair and maintenance reserves</b>	<u>830,000</u>	<u>154,619</u>	<u>984,619</u>
<b>Renewal and Replacement Funds:</b>			
Housing and Dining Funds		955,030	955,030
Other Auxiliary Enterprises		<u>91,334</u>	<u>91,334</u>
<b>Total renewal and replacement funds</b>		<u>1,046,364</u>	<u>1,046,364</u>
<b>GRAND TOTAL</b>	<u>\$ 830,000</u>	<u>\$ 1,200,983</u>	<u>\$ 2,030,983</u>

Schedule 11

University of Kentucky  
 Summary of Other Fund Transactions  
 For the Six Months Ended December 31, 1975

	<u>Balances</u> <u>July 1, 1975</u>	<u>Receipts</u>	<u>Deductions</u>	<u>Balances</u> <u>December 31, 1975</u>
<b>Loan Funds:</b>				
<b>Federal sponsored loan funds:</b>				
Federal government	\$ 6,987,035	\$ 623,682	\$ 40,326	\$ 7,570,391
University of Kentucky	713,684	69,298		782,982
Accumulated interest income	535,914	39,868		575,782
<b>University loan funds:</b>				
University student loan funds	78,170	4,495		82,665
University special student loan funds	177,547	78,763		256,310
United Student Aid loan fund	<u>2,000</u>			<u>2,000</u>
<b>TOTAL LOAN FUNDS</b>	<u>\$ 8,494,350</u>	<u>\$ 775,780</u>	<u>\$ 40,326</u>	<u>\$ 9,270,130</u>
<b>Endowment Funds</b>	<u>\$ 1,573,323</u>	<u>\$ 156,191</u>		<u>\$ 1,729,514</u>
<b>Agency Funds</b>	<u>\$ 144,404</u>	<u>\$ 583,943</u>	<u>\$ 511,381</u>	<u>\$ 216,966</u>

Office of the President  
January 27, 1976

FCR 2

Members, Executive Committee, Board of Trustees:

PLACEMENT OF UNIVERSITY BANK ACCOUNTS

Recommendation: that the University place its nine demand deposit (checking) accounts on a rotating basis with the six major banks in Lexington for a five-year period beginning July 1, 1976\* so that average daily balances are in proportion to assets of these banks as reflected in Table IV of the attached memorandum report; and

That the Vice President for Business Affairs is directed to negotiate with the banks for the establishment of a minimum balance to be maintained in each account which will compensate the banks fairly for servicing the accounts, and that such compensating balance be subject to review and renegotiation annually; and

That balances above the level required to compensate the banks for servicing the accounts be invested on an overnight basis in accordance with the Proposal contained in Appendix B of the attached memorandum report to the extent it is feasible with interest earnings accruing to the University; and

That the Vice President for Business Affairs be directed to act for the Board in the implementation of this recommendation.

Background: An ad hoc sub-committee comprised of members of the Finance and Investment Committees of the Board has reviewed for the past four months the method of assigning and managing the nine demand deposit accounts which the University has in the Lexington banks. The report of the sub-committee which was adopted by the Finance Committee is made a part of this recommendation.

\*changed to May 1, 1976

---

Action: Approved \_\_\_\_\_ Disapproved \_\_\_\_\_ Other approved as amended

Date: January 27, 1976

MEMORANDUM

TO: Finance Committee

FROM: Ad Hoc Subcommittee for Bank Accounts (Mr. Griffin, Mr. Kessinger, Mr. Sturgill)

SUBJECT: University Bank Accounts FY 1976-77 through FY 1981-82

DATE: January 27, 1976

-----

Background

The University administration and Trustees are committed to review the method of assigning and managing nine demand deposit accounts the University has in the Lexington banks. The following five-year plan has been developed by an ad hoc subcommittee of the Board's Finance Committee. It would be effective July 1, 1976.\* The plan was derived in light of a series of meetings and considerable deliberation.

The Plan

The University has nine demand deposit (checking) accounts in the local banks. The balance in these accounts at the close of each business day and the number of daily transactions per account vary considerably.

In placing the University accounts with the local banks in the future, the subcommittee established three objectives:

- (1) That the accounts be placed equitably with the banks.
- (2) That the banks be fairly compensated for servicing the University's accounts.
- (3) That balances above the level required to compensate the bank for servicing the accounts be invested with the bank on a day-to-day basis, with interest earnings inuring to the University.

Equitable Placement of the Bank Accounts. The subcommittee determined that the University accounts should be placed with the six major banks in Lexington so that they are in proportion to the assets of these banks. The subcommittee examined the June 30, 1975, call letters of the banks in order to ascertain their relative assets and deposits. This analysis is shown in Tables I and II which are in the attached appendix.

The subcommittee decided that the average daily bank balance for each of the University's accounts was the most appropriate means of sizing the accounts. This analysis is shown in the first column of Table III in the attached appendix.

\*changed to May 1, 1976

In order to match the accounts with the banks and keep assets in proportion to average daily bank balances, it is necessary to rotate annually the accounts among the various banks for the next five years. The proposed annual rotation schedule is shown in Table IV which is included in the appendix.

A Fair Compensation for the Banks. In attaining its second objective, the subcommittee determined that the banks should be compensated at the rate of fifteen cents for each check they handle and five cents for each deposit item (each entry on a deposit ticket) they process in the University accounts. (Our research indicates this is a fair allowance for these types of transactions.)

The Business Affairs staff computed these transactions in the 1974-75 fiscal year in each of the University's nine accounts for the subcommittee. In turn, the subcommittee established a sum for each account that would need to be maintained so that the banks could earn sufficient interest to cover transaction costs. The subcommittee assumed a four percent annual interest rate for each one thousand dollars on deposit in arriving at the minimum deposit level that would have to be maintained in order to compensate the banks fairly. (This is a fair interest rate from the banks' point of view in light of current interest potential they can earn.)

The analysis for determining the minimum (or compensating) bank balances is shown in Table V which is in the appendix. (Also, see Table III, column 2.)

University Earnings on Bank Accounts. The subcommittee proposes two methods of earning interest on the University bank accounts over and above the minimum or compensating balances. Such earnings would be credited to the University.

#### Method A

Commercial banks are precluded from paying interest on demand deposits, although an effort is being mounted nationally to change this practice through federal statute. However, it is permissible for commercial banks to switch demand deposit balances for non-profit and charitable organizations to a savings account overnight and earn a five percent maximum legal rate on this balance overnight. (Five percent is the maximum legal rate for passbook savers.) Next morning the savings account balance is switched back to the demand deposit account.

The subcommittee proposes to follow this practice for each of the University's nine accounts as one method of achieving additional earnings. At the close of each business day, the amount in each account over the

minimum which is left for the bank as a compensating balance for transactions would be switched to savings and the overnight rate of five percent would be credited to the account. The following morning the account would be switched back to checking. If the account had fewer dollars than the established minimum at the close of the business day, the bank would net its fair share out of excess earnings when the University account next exceeded the minimum.

#### Method B

For the dollars left in each account at the close of the business day over and above the minimum or compensating balance, the bank would sell to the University U. S. Treasury Bills in a sum sufficient to cover the excess. The bank would repurchase these bills next morning and credit the interest earned overnight (at the federal funds rate) to the demand deposit account. (The state government is currently following this practice on idle funds kept in Frankfort banks.) Through this repurchase agreement the University could earn interest on its excess funds.

As in Method A, if the balance in the account fell below the minimum at the close of any given day, the bank would net out its fair share of compensating balance from the account when the balance next exceeded the minimum.

#### Recommendation

The subcommittee recommends the plan described above, including either of the two methods as the manner in which the University should manage and locate its bank accounts for the next five years. The University reserves the right to switch from Method A to Method B or vice versa at any bank so as to maximize earning potential. Also, the compensating balances will be reviewed and adjusted at the close of each fiscal year for the ensuing fiscal year.

APPENDIX A

Table I Relative Positions of Banks as Determined By Assets and Deposits, June 30, 1975

Table II Relative Percentage Comparison of Bank Assets

Table III Analysis of Bank Balances Year Ending June 30, 1975

Table IV Rotation Schedule for Bank Accounts on Average Cash Balances

Table V Method for Calculating Compensating Balances (Minimums)



TABLE I

## RELATIVE POSITION OF BANKS AS DETERMINED BY ASSETS AND DEPOSITS

June 30, 1975

Bank	Method I Quarterly Report June 30, 1975	Percent	Method II Quarterly Report As Adjusted June 30, 1975*	Percent	Method III Avg. Deposits 15 Days-June 30, 1975	Percent
1. First Security	\$369.7 m.	43.9%	\$367.5 m.	46.2%	\$306.2 m.	44.5%
2. Central Bank	152.5 m.	18.1%	131.8 m.	16.6%	116.3 m.	16.9%
3. Citizens Union	126.8 m.	15.0%	105.3 m.	13.2%	92.2 m.	13.4%
4. Bank of Commerce	75.5 m.	9.0%	73.4 m.	9.2%	68.5 m.	10.0%
5. Second National	74.9 m.	8.9%	74.6 m.	9.4%	66.9 m.	9.7%
6. Bank of Lexington	36.5 m.	4.3%	36.3 m.	4.6%	32.7 m.	4.8%
7. Bank of Bluegrass	6.4 m.	.8%	6.4 m.	.8%	5.0 m.	.7%
TOTAL	\$842.3 m.	100.0%	\$795.3 m.	100.0%	\$687.8 m.	100.0%

\*Assets total adjusted to reflect 15-day deposit average.

**TABLE II**  
**RELATIVE PERCENTAGE COMPARISON OF BANK ASSETS**

<u>Bank</u>	<u>Method I Percentage</u>	<u>Method II Percentage</u>	<u>Method III Percentage</u>	<u>Consensus Percentage</u>
First Security	43.9%	46.2%	44.5%	45.0%
Central Bank	18.1%	16.6%	16.9%	17.0%
Citizens Union	15.0%	13.2%	13.4%	13.0%
Bank of Commerce	9.0%	9.2%	10.0%	10.0%
Second National	8.9%	9.4%	9.7%	10.0%
Bank of Lexington	4.3%	4.6%	4.8%	5.0%
Bank of Bluegrass*	<u>.8%</u>	<u>.8%</u>	<u>.7%</u>	-
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\*Excluded from deposit consideration because of relatively negligible amount of assets.

TABLE III

ANALYSIS OF BANK BALANCES\*  
YEAR ENDING JUNE 30, 1975

	Average Daily Balance		Compensating Balance		Excess Cash	
	Amount	Percent	Amount	Percent	Amount	Percent
Restricted Trust	\$ 2,109,000	28.5%	\$ 139,000	12.9%	\$ 1,970,000	31.2%
Vendor	\$ 1,660,000	22.5%	\$ 626,000	58.0%	\$ 1,034,000	16.4%
Payroll	\$ 79,000	1.1%	\$ 23,000	2.1%	\$ 56,000	.9%
General Depository	\$ 705,000	9.5%	\$ 211,000	19.6%	\$ 495,000	7.8%
UKRF	\$ 1,376,000	18.6%	\$ 3,000	.3%	\$ 1,374,000	21.8%
The Fund	\$ 403,000	5.5%	\$ 19,000	1.8%	\$ 383,000	6.1%
Athletic Association	\$ 202,000	2.7%	\$ 56,000	5.1%	\$ 147,000	2.3%
Imprest Cash	\$ 790,000	10.7%	\$ 1,000	.1%	\$ 789,000	12.5%
Tobacco	\$ 63,000	.9%	\$ 1,000	.1%	\$ 63,000	1.0%
<b>TOTAL</b>	<b>\$ 7,387,000</b>	<b>100.0%</b>	<b>\$ 1,079,000</b>	<b>100.0%</b>	<b>\$ 6,311,000</b>	<b>100.0%</b>

\* Rounded to nearest thousand

TABLE IV

ROTATION SCHEDULE FOR BANK ACCOUNTS  
ON AVERAGE CASH BALANCES

<u>Bank &amp; Accounts</u>	<u>1st Year Percentage</u>	<u>2nd Year Percentage</u>	<u>3rd Year Percentage</u>	<u>4th Year Percentage</u>	<u>5th Year Percentage</u>	<u>Average for Five Years</u>
<u>First Security (45% of Total)</u>						
Vendor	22.5%	22.5%	22.5%	22.5%	22.5%	22.5%
Payroll	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Restricted Trust	28.5%	28.5%	28.5%	-	-	-
Imprest Cash	-	-	-	10.7%	10.7%	10.7%
Totals	52.1%	52.1%	52.1%	34.3%	34.3%	45%
<u>Central Bank (17% of Total)</u>						
Imprest Cash	10.7%	-	-	-	-	-
UKRF	-	18.6%	18.6%	18.6%	18.6%	18.6%
Totals	10.7%	18.6%	18.6%	18.6%	18.6%	17%
<u>Citizens Union (13% of Total)</u>						
Restricted Trust	-	-	-	28.5%	28.5%	28.5%
Athletic Association	2.7%	2.7%	2.7%	-	-	-
Totals	2.7%	2.7%	2.7%	28.5%	28.5%	13%
<u>Bank of Commerce (10% of Total)</u>						
General Depository	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Tobacco	.9%	.9%	.9%	-	-	-
Totals	10.4%	10.4%	10.4%	9.5%	9.5%	10%



TABLE V

## METHOD FOR CALCULATING COMPENSATING BALANCES (MINIMUMS)

	<u>Checks Written</u>	<u>Cost @ 15¢ per Check</u>	<u>No. of Deposit Documents*</u>	<u>Cost @ 5¢ per Document</u>	<u>Total Cost Per Acct.</u>	<u>Compensating Balance**</u>
Restricted Trust	1,190	\$ 178.50	107,422	\$ 5,371.10	\$ 5,549.60	\$ 138,740.00
Vendor	166,695	25,004.25	650	32.50	25,036.75	625,918.75
Payroll	6,049	907.35	104	5.20	912.55	22,813.75
General Depository	884	132.60	165,816	8,290.70	8,423.30	210,582.50
UKRF	186	27.90	1,300	65.00	92.90	2,322.50
The Fund	237	35.55	14,806	740.30	775.85	19,396.25
Athletic Association	271	40.65	43,656	2,182.80	2,223.45	55,586.25
Imprest Cash	177	26.55	75	3.75	30.30	757.50
Tobacco	<u>69</u>	<u>10.35</u>	<u>75</u>	<u>3.75</u>	<u>14.10</u>	<u>352.50</u>
TOTAL	175,758	\$26,363.70	333,904	\$16,695.10	\$43,058.80	\$1,076,470.00

\* Deposit items actual for six months and annualized.

\*\*Compensating balance arrived at by giving an annual credit of four percent for each \$1,000 balance.

**APPENDIX B**

**A PROPOSAL FOR OVERNIGHT INVESTMENT OF  
UNIVERSITY OF KENTUCKY FUNDS IN DEMAND DEPOSIT ACCOUNTS**

A PROPOSAL FOR OVERNIGHT INVESTMENT OF  
UNIVERSITY OF KENTUCKY FUNDS IN DEMAND DEPOSIT ACCOUNTS

1. For each checking (demand deposit) account the University of Kentucky has at a given bank, the bank will be asked to establish so-called "family accounts" within the primary account. These three sub-accounts are titled as follows: (1) deposit, (2) disbursement, and (3) saving.
2. All receipts which the University puts into the checking account, whether cash, checks, wire transfers, or other, will be credited against the "deposit" sub-account exclusively.
3. All withdrawals from the account, which will be in the form of checks written by the University, will be recorded exclusively as debits against the "disbursement" sub-account and cleared through it.
4. The balance in the "saving" sub-account will show the amount the University is investing each twenty-four hour period on an overnight basis.
5. The disbursement sub-account will always show an overdraft balance at the close of each business day equal to the amount of checks cleared by the bank for payment on that day. When the sub-account balances for a given day are known--which is generally not before the time the bank opens for business the following day--a transfer will be made from the depository sub-account to the disbursement sub-account to clear the overdraft and create a zero balance at the beginning of the day's activity.
6. A constant minimum balance agreed on in advance by the University and the bank, which compensates the bank for its services in handling the account, will always be maintained in the depository sub-account. In addition to this compensating balance, an amount equal to the previous day's overdraft in the disbursement sub-account will be left in the depository sub-account until the next banking day as an offset to the overdraft for use by the bank.
7. In the absence of the bank's ability to state the exact sum of the collected balance in the checking account at the beginning of each business day, the University will leave an amount equal to the previous day's receipts in depository sub-account for one day, assuming at least a twenty-four hour delay in collecting deposit items.
8. The University will ask the bank to transfer the net collected balance in the depository sub-account to the saving sub-account for earnings at the overnight rate. The bank will consult with the University on the amount to be moved to the saving sub-account each day.



9. In the unlikely event the net collected balance in the depository account should ever show an overdraft after adjustments at the beginning of the business day, the University will borrow the amount of the overdraft at the prime interest rate until such time as the overdraft is eliminated. The interest payment will be netted out of the University's overnight earnings.
10. This methodology is illustrated in the attached table of transactions with actual balances in the University's Restricted Trust bank account for the first three days of July, 1975.

**RESTRICTED TRUST BANK ACCOUNTS**  
(Minimum Compensating Balance - 138,740)

<u>Family Accounts</u>	<u>A/C #1 Deposit Account</u>	<u>A/C #2 Disbursement Account</u>	<u>A/C #3 Saving Account</u>
Balance, June 30 (close)	3,090,646		
July 1 Transactions			
Deposits	2,306,568		
Checks Paid	<u>                    </u>	(204,846)	
Balance, July 2, 8:00 a.m. (collected balance 3,090,646)	5,397,214	(204,846)	
Transfer to A/C #2	(204,846)	204,846	
Transfer to A/C #3	<u>(2,542,214)</u>	<u>                    </u>	<u>2,542,214</u>
Adjusted Balance, July 2, 8:00 a.m. (collected balance 343,586)	2,650,154	-0-	2,542,214
* * * * *			
July 2 Transactions			
Deposits	7,441		
Checks Paid	<u>                    </u>	(814,400)	
Balance, July 3, 8:00 a.m. (collected balance 2,650,159)	2,657,595	(814,400)	2,542,214
Transfer to A/C #2	(814,400)	814,400	
Transfer to A/C #3	<u>(882,614)</u>	<u>                    </u>	<u>882,614</u>
Adjusted Balance, July 3, 8:00 a.m. (collected balance 953,140)	960,581	-0-	3,424,828
* * * * *			
July 3 Transactions			
Deposits	171,131		
Checks Paid	<u>                    </u>	(1,273)	
Balance July 4, 8:00 a.m. (collected balance 960,581)	1,131,712	(1,273)	3,424,828
Transfer to A/C #2	(1,273)	1,273	
Transfer to A/C #3	<u>(819,295)</u>	<u>                    </u>	<u>819,295</u>
Adjusted Balance, July 4, 8:00 a.m. (collected balance 140,013)	311,144	-0-	4,244,123
* * * * *			

ETC.