

OCT 27 1988

EXHIBIT I



WESTERN KENTUCKY UNIVERSITY

BOWLING GREEN, KENTUCKY 42101

Office of Business Affairs

October 13, 1988

MEMORANDUM

TO: President Thomas C. Meredith

FROM: Harry Lergen, *HL* Vice President for Business Affairs

SUBJECT: Fund Balance June 30, 1988

The unrestricted current fund balance on June 30, 1988, amounted to \$1,963,503 compared to \$2,328,122 for the prior fiscal period, a decrease of \$364,619. Recommended fund balance allocations are attached and a brief explanation is provided below of the purpose for each fund balance item.

Change Funds, \$150,000, and Inventories, \$580,022 - That portion of the fund balance which is attributable to cash used in change funds and inventory has previously been set aside to provide working capital for operations. The acquisition of the College Heights Bookstore in 1985 added over \$850,000 to University inventories and total inventories on June 30 were \$1,202,000. The fund balance is not adequate to set aside the full value of inventories as a reserve for working capital.

Encumbrances, \$256,864 - Funds are set aside for payment of departmental purchases not delivered by June 30.

Development Funds, \$45,673 - The balance in unrestricted gift accounts is carried forward until the gift is expended.

Faculty Research Grants, \$18,232 - Grants for faculty research are continued until research projects are complete.

Library Books and Subscriptions, \$17,100 - Year-end account balances for library books and subscriptions are available until expended because of the complex order process for books and periodicals.

Educational Television Programming, \$21,658 - The balance in the programming account is made available for start-up support for television productions in the new year.

Academic Excellence Fund, \$8,007 - The amount set aside represents 15 percent of unrestricted development fund gifts for 1987-88, as authorized by the Board of Regents.

Departmental Equipment and Programs, \$125,000 - The amount is reserved for equipment purchases or other program costs, based on a request from various academic and administrative departments which had budget account balances.

Campus Physical Development Plan, \$75,000 - Funds are reserved for a professional study of the campus land use plan which has not been reviewed since 1972.

Storage Building for Flammable Material, \$45,000 - Funds are set aside for a separate storage building to meet the fire safety and environmental requirements for the various departments in Ogden College.

Information Systems, \$250,000 - The amount is reserved for acquisition of software or for other development costs to improve automation of administrative systems.

Housing and Dining Repair and Maintenance, \$130,500 - The allocation is reserved for repair and maintenance of housing units and University Centers. Funds are transferred from the Repair and Maintenance Reserve Fund on authorization of the Board of Regents and reserved until expended.

Center of Excellence, \$21,640 - The allocation from the Council on Higher Education for a Center of Excellence in the College of Education and Behavioral Sciences is continued until expended.

cc: Dr. Paul Cook
Mr. Tom Harmon

June 30, 1988 Current Unrestricted Fund Balance Recommended Allocations

	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Amount of Increase/ (Decrease)</u>
Allocated			
Change funds	150,000	150,000	-0-
Inventories	555,039	580,022	24,983
Encumbrances	314,019	256,864	(57,155)
Development funds	78,821	45,673	(33,148)
Faculty research grants	23,575	18,232	(5,343)
Continuing education conferences and workshops	6,000	-0-	(6,000)
Library books and subscriptions	30,000	17,100	(12,900)
Educational television programming	16,262	21,658	5,396
Academic excellence fund	8,359	8,007	(352)
College allocations for grant and contract activity	100,000	-0-	(100,000)
Departmental equipment and programs	20,000	125,000	105,000
Campus physical development plan	75,000	75,000	-0-
Storage building for flammable materials	45,000	45,000	-0-
Information systems	96,000	250,000	154,000
Asbestos removal	201,800	-0-	(201,800)
Housing and Dining repair and maintenance	258,500	130,500	(128,000)
Continuing Education Center improvements	29,575	-0-	(29,575)
Downing Center remodeling for "Niteclass"	90,800	-0-	(90,800)
Center of Excellence	-0-	21,640	21,640
Total allocated	\$2,098,750	\$1,744,696	\$ (354,054)
Unallocated	<u>229,372</u>	<u>218,807</u>	<u>(10,565)</u>
Total fund balance	\$2,328,122	\$1,963,503	\$ (364,619)