

Mr. Ezelle at this point questioned the inventory system of the University, asking if the College of Pharmacy maintained a complete drug inventory. He said that the audit report last year indicated that it did not. Mr. Smith, as Chairman of the Finance Committee, replied that the Executive Committee of the Board had named a Hospital Committee charged with the responsibility to study the financial situation in the hospital. This committee and the Finance Committee will give careful study to the reports from the audit firm for the fiscal year 1964-65 and one area which will receive particular scrutiny will be the determination of whether or not the University maintains an adequate inventory system. Mr. Ezelle then questioned whether or not the University had a satisfactory inventory of livestock and Mr. Kerley replied that the former weakness in this area had been remedied and an adequate inventory was available.

Mr. Smith urged all members of the Board to study in detail the audit reports which had been mailed to each member and to direct any questions they might have to him as Chairman of the Finance Committee. He assured the Board that this committee would make a very thorough study of the audits, not because he felt that there was anything basically wrong but because it is one of the fundamental responsibilities of the Board of Trustees to see that the business operations of the University are as efficient as possible.

Mr. Kerley returned to the budget with a brief resume' of the agriculture budget. He said that the amount budgeted for instruction, research, and extension reflects state support and federal income. The income figures include the proposed cut in federal funds but no expenditure authority has been given for the amount of the possible cut. The following special reserves have been set up in the agriculture budget and, should the proposed cut in federal funds be restored, upon program reviews, expenditure authority can then be given for these reserve funds:

Special Reserve-College of Agriculture	\$ 33,300
Special Reserve-Experiment Station	220,035
Special Reserve-Cooperative Extension Service	302,400
	<u>\$555,735</u>

Mr. Ezelle said he wished to call the attention of the Board of Trustees to the amount of \$3,489,000 allocated for county agents and home demonstration agents, approximately 10 per cent of the total appropriation received from the state. He felt that this figure was completely out of line when only 18 per cent of the population of Kentucky is now rural. He expressed the opinion that the entire extension program was out-of-date and said it was time the Board of Trustees faced the issue squarely and took steps to remedy the situation. In order to insure that action was taken, Mr. Ezelle made a motion that the Board of Trustees take cognizance of the changing socio-economic scene and employ an independent agency to make an intelligent survey of the Cooperative Extension Service to see whether or not it should be continued.

Mr. Ezelle's motion did not receive a second and Mr. Smith stated that he felt