

FCR 13

Office of the President
May 4, 2004

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR NINE MONTHS ENDED
MARCH 31, 2004

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 2004.

Background: The consolidated financial report includes the financial activities of the University of Kentucky and its affiliated corporations, consisting of the University of Kentucky Research Foundation, The Fund for Advancement of Education and Research in the University of Kentucky Medical Center, University of Kentucky Athletic Association, University of Kentucky Mining Engineering Foundation, University of Kentucky Business Partnership Foundation, University of Kentucky Humanities Foundation, University of Kentucky Equine Research Foundation, University of Kentucky Center on Aging Foundation, and Health Care Collection Service.

As of March 31, 2004, the University had realized income of \$1,096,634,000 representing 80% of the 2003-04 estimate of \$1,408,338,000. Expenditures and commitments total \$1,013,559,000 or 72% of the approved budget of \$1,408,338,000.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the nine months ended March 31, 2004

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
MARCH 31, 2004

with comparative totals for March 31, 2003
(in thousands)

	2003-04					2002-03	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 136,302		\$ 5,295		\$ 279,759	\$ 421,356	\$ 381,242
Notes, loans, and A/R (less bad debt allowances of \$19,739)	97,277	\$ 32,198	24,342	\$ 500	3,336	157,653	163,297
Investments	56,890	116,227		513,162	40,946	727,225	598,964
Property, plant, and equipment, net of depreciation					944,425	944,425	875,806
Inventories and other	15,830	213				16,043	14,707
Total Assets	\$ 306,299	\$ 148,638	\$ 29,637	\$ 513,662	\$ 1,268,466	\$ 2,266,702	\$ 2,034,016
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 33,405	\$ 1,250	\$ 433		\$ 1,380	\$ 36,468	\$ 42,725
Employee withholdings and deposits		8,425				8,425	22,203
Other liabilities	8,772	1,017	20,767	\$ 5,070	2,384	38,010	35,488
Liability for self insurance	53,119					53,119	51,371
Deferred income	14,777	24,567				39,344	37,103
Bonds payable					287,560	287,560	208,606
Capitalized lease obligation					45,453	45,453	48,806
Total Liabilities	110,073	35,259	21,200	5,070	336,777	508,379	446,302
Interfund Balances	(69,125)	57,083		13,902	(1,860)		
Net deferred revenues and appropriated fund balances	129,718	(5,161)				124,557	110,388
Fund Balances							
Current unrestricted							
Working capital	122,580					122,580	133,136
Future operating purposes	4,920					4,920	7,849
Other	8,133					8,133	2,980
Current restricted		61,457				61,457	59,539
Loan			8,437			8,437	8,145
True endowments				416,566		416,566	312,220
Term endowments				3,489		3,489	2,695
Quasi endowments				71,411		71,411	52,541
Charitable trusts				2,781		2,781	680
Gift annuities				443		443	164
Plant							
Retirement of indebtedness					15,108	15,108	24,907
Renewal and replacement					140,499	140,499	117,085
Allocated for designated projects					112,337	112,337	153,928
Net investment in plant					665,605	665,605	601,457
Total Fund Balances	135,633	61,457	8,437	494,690	933,549	1,633,766	1,477,326
Total Liabilities and Fund Balances	\$ 306,299	\$ 148,638	\$ 29,637	\$ 513,662	\$ 1,268,466	\$ 2,266,702	\$ 2,034,016

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2004**

with comparative totals for March 31, 2003

(in thousands)

	2003-04				2002-03	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
(1) State appropriations	\$ 308,519	\$ 308,519	\$ 240,854	78	\$ 250,597	80
(2) Student fees	157,256	158,272	160,007	101	138,229	99
(3) County appropriations	9,883	10,897	6,688	61	7,585	77
(4) Endowment and investment income	7,200	7,200	6,311	88	8,182	71
(5) Non governmental grants and contracts	84,590	84,563	56,119	66	55,634	66
(6) Grants, donations, pledges						
Affiliated corporations	20,818	20,955	15,185	72	14,821	74
Other	1,979	3,579	3,067	86	3,479	42
(7) Sales and services	33,475	33,589	24,846	74	24,706	76
(8) Transfers	7,299	7,299	4,609	63	12,024	203
(9) Fund balance	20,768	32,557	32,557	100	29,182	100
(10) Total General Fund	651,787	667,430	550,243	82	544,439	83
(11) Auxiliary Enterprises	48,676	48,744	44,529	91	40,732	94
Restricted Funds						
(12) Federal appropriations	16,119	16,119	12,046	75	10,259	64
(13) Other	95,983	96,947	67,240	69	64,331	74
(14) Affiliated Corporations	259,996	260,051	196,033	75	170,967	74
(15) Hospital						
Revenues	319,047	319,047	259,101	81	249,521	79
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	<u>\$ 1,391,608</u>	<u>\$ 1,408,338</u>	<u>\$ 1,129,191</u>	80	<u>\$ 1,080,249</u>	80

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2004**

with comparative totals for March 31, 2003
(in thousands)

	2003-04				2002-03	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(1) Instruction	\$ 275,921	\$ 275,617	\$ 187,659	68	\$ 185,750	69
(2) Research	230,698	233,768	155,101	66	140,153	68
(3) Public service	172,223	175,752	128,670	73	124,657	74
(4) Academic support	76,328	81,035	52,344	65	57,486	68
(5) Student services	23,485	24,483	16,154	66	15,492	67
(6) Institutional support	59,970	59,053	39,683	67	37,119	63
(7) Student financial aid	72,786	74,869	80,168	107	68,463	105
(8) Operation and maintenance	45,855	49,482	34,643	70	36,510	70
(9) Mandatory transfers (debt service)	16,777	16,647	13,633	82	16,912	87
(10) Hospital	321,982	321,982	225,337	70	220,464	69
(11) Auxiliary enterprises	95,583	95,650	80,167	84	74,692	89
(12) Total Expenditure by Program	<u>\$ 1,391,608</u>	<u>\$ 1,408,338</u>	<u>\$ 1,013,559</u>	72	<u>\$ 977,698</u>	72

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2004**

with comparative totals for March 31, 2003
(in thousands)

	2003-04				2002-03	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(13) Personnel costs	\$ 792,158	\$ 789,394	\$ 566,381	72	\$ 549,106	71
(14) Operating expenses	524,647	545,862	393,269	72	370,182	73
(15) Mandatory transfers (debt service)	28,071	27,940	16,333	58	21,400	70
(16) Capital outlay	46,732	45,142	37,576	83	37,010	91
(17) Total Expenditure by Category	<u>\$ 1,391,608</u>	<u>\$ 1,408,338</u>	<u>\$ 1,013,559</u>	72	<u>\$ 977,698</u>	72

CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2004
with comparative totals for March 31, 2003
(in thousands)

	<u>2003-04</u>	<u>2002-03</u>
(1) Realized Revenues	\$ 1,096,634	\$ 1,051,067
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 32,557	29,182
(3) University Hospital	<u> </u>	<u> </u>
(4) Total Appropriated Fund Balances	<u>32,557</u>	<u>29,182</u>
(5) Total Revenues and Appropriated Fund Balances	1,129,191	1,080,249
(6) Expenditures/Encumbrances	1,013,559	977,698
(7) Less: Reserve for Encumbrances	<u>(8,924)</u>	<u>(7,837)</u>
(8) Total Expenditures	<u>1,004,634</u>	<u>969,861</u>
(9) Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 124,557</u>	<u>\$ 110,388</u>