

FCR 1

Office of the President
October 29, 2003

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THREE MONTHS ENDED
SEPTEMBER 30, 2003

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2003.

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 September 30, 2003, the University had realized income of \$427,316,000 representing 31% of the 2003-04 estimate of \$1,392,005,000. Expenditures and commitments total \$353,390,000 or 25% of the approved budget of \$1,392,005,000.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the three months ended September 30, 2003

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
SEPTEMBER 30, 2003

with comparative totals for September 30, 2002
(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	\$ 121,309		\$ 5,629	\$ 251	\$ 301,942	\$ 429,131	\$ 349,782
Notes, loans, and A/R (less bad debt allowances of \$73,453)	95,303	\$ 34,413	23,640	500	3,637	157,493	170,459
Investments	47,810	116,095		448,942	48,485	661,332	587,079
Property, plant, and equipment, net of depreciation					902,344	902,344	847,192
Inventories and other	15,167	213				15,380	14,663
Total Assets	\$ 279,589	\$ 150,721	\$ 29,269	\$ 449,693	\$ 1,256,408	\$ 2,165,680	\$ 1,969,175
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 31,628	\$ 1,598	\$ 425		\$ 1,509	\$ 35,160	\$ 31,978
Employee withholdings and deposits		18,397				18,397	18,882
Other liabilities	5,629	1,009	20,767	\$ 5,345	3,221	35,971	36,304
Liability for self insurance	52,590					52,590	50,710
Deferred income	15,615	20,905				36,520	35,541
Bonds payable					272,726	272,726	211,266
Capitalized lease obligation					45,013	45,013	47,126
Total Liabilities	105,462	41,909	21,192	5,345	322,469	496,377	431,807
Interfund Balances	(58,404)	49,900		12,431	(3,927)		
Net deferred revenues and appropriated fund balances	85,109	(2,545)				82,564	64,476
Fund Balances							
Current unrestricted							
Working capital	133,938					133,938	140,481
Future operating purposes	4,920					4,920	7,849
Other	8,564					8,564	2,980
Current restricted							
Loan		61,457	8,077			61,457	59,539
True endowments				364,712		364,712	300,778
Term endowments				3,090		3,090	3,048
Quasi endowments				61,863		61,863	51,966
Charitable trusts				1,937		1,937	565
Gift annuities				315		315	-
Plant							
Retirement of indebtedness					23,312	23,312	28,427
Renewal and replacement					151,555	151,555	120,063
Allocated for designated projects					98,214	98,214	141,330
Net investment in plant					664,785	664,785	608,018
Total Fund Balances	147,422	61,457	8,077	431,917	937,866	1,586,739	1,472,892
Total Liabilities and Fund Balances	\$ 279,589	\$ 150,721	\$ 29,269	\$ 449,693	\$ 1,256,408	\$ 2,165,680	\$ 1,969,175

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003**

with comparative totals for September 30, 2002

(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	\$ 92,541	30	\$ 93,974	30
(2) Student fees	157,256	157,256	82,713	53	71,575	51
(3) County appropriations	9,883	9,883	1,439	15	2,927	32
(4) Endowment and investment income	7,200	7,200	1,854	26	2,953	25
(5) Non governmental grants and contracts	84,590	84,562	15,286	18	14,383	17
(6) Grants, donations, pledges						
Affiliated corporations	20,818	20,818	5,092	24	4,641	24
Other	1,979	1,979	2,291	116	416	4
(7) Sales and services	33,475	33,575	7,136	21	6,706	24
(8) Transfers	7,299	7,299	941	13	7,349	160
(9) Fund balance	20,768	20,768	20,768	100	21,837	100
(10) Total General Fund	651,787	651,859	230,061	35	226,761	35
(11) Auxiliary Enterprises	48,676	48,744	14,725	30	13,100	30
Restricted Funds						
(12) Federal appropriations	16,119	16,119	4,607	29	4,458	28
(13) Other	95,983	96,248	26,695	28	27,367	32
(14) Affiliated Corporations	259,996	259,988	63,099	24	55,193	24
(15) Hospital						
Revenues	319,047	319,047	88,128	28	89,290	28
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	<u>\$ 1,391,608</u>	<u>\$ 1,392,005</u>	<u>\$ 427,316</u>	31	<u>\$ 416,169</u>	31

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003**

with comparative totals for September 30, 2002
(in thousands)

	2003-04				2002-03	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(1) Instruction	\$ 275,921	\$ 275,837	\$ 61,412	22	\$ 64,546	24
(2) Research	230,698	232,221	50,296	22	48,219	23
(3) Public service	172,223	173,080	41,128	24	41,738	25
(4) Academic support	76,328	76,345	19,810	26	23,855	29
(5) Student services	23,485	23,576	5,645	24	5,427	26
(6) Institutional support	59,970	57,955	15,280	26	15,343	30
(7) Student financial aid	72,786	72,736	38,723	53	32,718	50
(8) Operation and maintenance	45,855	45,976	9,562	21	9,500	20
(9) Mandatory transfers (debt service)	16,777	16,647	13,408	81	16,204	83
(10) Hospital	321,982	321,982	70,832	22	76,101	24
(11) Auxiliary enterprises	95,583	95,650	27,294	29	27,473	33
(12) Total Expenditure by Program	<u>\$ 1,391,608</u>	<u>\$ 1,392,005</u>	<u>\$ 353,390</u>	25	<u>\$ 361,124</u>	27

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003**

with comparative totals for September 30, 2002
(in thousands)

	2003-04				2002-03	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(13) Personnel costs	\$ 792,158	\$ 794,171	\$ 184,690	23	\$ 187,047	24
(14) Operating expenses	524,647	522,993	141,956	27	138,743	28
(15) Mandatory transfers (debt service)	28,071	27,941	13,408	48	17,963	58
(16) Capital outlay	46,732	46,900	13,336	28	17,371	45
(17) Total Expenditure by Category	<u>\$ 1,391,608</u>	<u>\$ 1,392,005</u>	<u>\$ 353,390</u>	25	<u>\$ 361,124</u>	27

**CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003**
with comparative totals for September 30, 2002
(in thousands)

	<u>2003-04</u>	<u>2002-03</u>
(1) Realized Revenues	\$ 406,548	\$ 394,332
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 20,768	21,837
(3) University Hospital	<u> </u>	<u> </u>
(4) Total Appropriated Fund Balances	<u>20,768</u>	<u>21,837</u>
(5) Total Revenues and Appropriated Fund Balances	427,316	416,169
(6) Expenditures/Encumbrances	353,390	361,124
(7) Less: Reserve for Encumbrances	<u>(8,639)</u>	<u>(9,431)</u>
(8) Total Expenditures	<u>344,752</u>	<u>351,693</u>
(9) Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 82,564</u>	<u>\$ 64,476</u>