

FCR 12

Office of the President
September 21, 2004

Members, Board of Trustees:

ACCEPTANCE OF AUDIT REPORT
AND THE REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
FOR THE UNIVERSITY OF KENTUCKY FOR 2003-04

Recommendation: that the Board of Trustees accept (1) the University of Kentucky Consolidated Financial Statements for the year ended June 30, 2004, consisting of the Consolidated Statement of Net Assets; Consolidated Statement of Revenues, Expenses and Changes in Net Assets; Consolidated Statement of Cash Flows, Notes to Consolidated Financial Statements; and Management’s Discussion and Analysis, and (2) the Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting Based on the Audit Performed in Accordance with Government Auditing Standards.

Background: The Audit Subcommittee of the Finance Committee of the University of Kentucky has reviewed the Consolidated Financial Statements for the year ended June 30, 2004, that have been audited by Deloitte & Touche LLP, Certified Public Accountants. The Consolidated Financial Statements are prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, which focuses on the financial condition, results of operations, and cash flows of the University as a whole, with resources classified for accounting and reporting purposes into four net asset categories: invested in capital assets (net of related debt), restricted-nonexpendable, restricted-expendable, and unrestricted.

The Consolidated Financial Statements of the University include the operations of the University, its for-profit subsidiary (Kentucky Healthcare Enterprise, Inc.), and its affiliated non-profit corporations (entities for which the University is financially accountable as defined by Statement No. 14 and amended by Statement No. 39 of the Governmental Accounting Standards Board) as follows: The University of Kentucky Research Foundation and its for-profit subsidiary (Kentucky Technology, Inc.); The Fund for Advancement of Education and Research in the University of Kentucky Medical Center; University of Kentucky Athletic Association; Health Care Collection Service, Inc.; University of Kentucky Mining Engineering Foundation, Inc.; University of Kentucky Business Partnership Foundation, Inc.; University of Kentucky Gluck Equine Research Foundation, Inc.; University of Kentucky Humanities Foundation, Inc.; University of Kentucky Center on Aging Foundation, Inc.; and Kentucky Medical Services Foundation, Inc.

To obtain information on all financial statements referred to in FCR 12, please contact Office of the Treasurer, 301 Peterson Service Building, University of Kentucky, Lexington, KY 40506-0005, or call 859-257-4758.

Action taken: Approved Disapproved Other _____