

FCR 1

Office of the President
February 25, 2003

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR SIX MONTHS ENDED
DECEMBER 31, 2002

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 2002.

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 December 31, 2002, the University had realized income of \$717,505,000 representing 53% of the 2002-03 estimate of \$1,350,054,000. Expenditures and commitments total \$659,680,000 or 49% of the approved budget of \$1,350,054,000.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the six months ended December 31, 2002

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
DECEMBER 31, 2002

with comparative totals for December 31, 2001
(in thousands)

	2002-03					2001-02	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 130,264		\$ 5,284	\$ 878	\$ 241,363	\$ 377,789	\$ 344,871
Notes, loans, and A/R (less bad debt allowances of \$48,851)	97,463	\$ 23,355	23,096	1,331	5,322	150,567	171,017
Investments	39,184	130,948		392,236	44,465	606,833	648,490
Property, plant, and equipment, net of depreciation					860,519	860,519	814,044
Inventories and other	14,073	278				14,351	14,887
Total Assets	\$ 280,984	\$ 154,581	\$ 28,380	\$ 394,445	\$ 1,151,669	\$ 2,010,059	\$ 1,993,309
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 33,672	\$ 8,173	\$ 411		\$ 867	\$ 43,123	\$ 43,280
Employee withholdings and deposits		13,899				13,899	13,715
Other liabilities	5,497	1,592	20,215	\$ 5,656	2,771	35,731	37,608
Liability for self insurance	49,403					49,403	51,462
Deferred income	39,982	19,553				59,535	65,236
Bonds payable					208,606	208,606	227,301
Capitalized lease obligation					48,805	48,805	45,773
Total Liabilities	128,554	43,217	20,626	5,656	261,049	459,102	484,375
Interfund Balances	(59,707)	54,270		12,353	(6,916)		
Net deferred revenues and appropriated fund balances	68,172	(2,445)				65,727	52,797
Fund Balances							
Current unrestricted							
Working capital	133,136					133,136	156,051
Future operating purposes	7,849					7,849	6,674
Other	2,980					2,980	1,246
Current restricted		59,539				59,539	58,979
Loan			7,754			7,754	7,834
True endowments				319,474		319,474	349,056
Term endowments				2,762		2,762	3,242
Quasi endowments				53,297		53,297	67,734
Charitable trusts				854		854	1,618
Gift annuities				49		49	-
Plant							
Retirement of indebtedness					26,976	26,976	27,780
Renewal and replacement					117,454	117,454	85,551
Allocated for designated projects					144,810	144,810	144,996
Net investment in plant					608,296	608,296	545,376
Total Fund Balances	143,965	59,539	7,754	376,436	897,536	1,485,230	1,456,137
Total Liabilities and Fund Balances	\$ 280,984	\$ 154,581	\$ 28,380	\$ 394,445	\$ 1,151,669	\$ 2,010,059	\$ 1,993,309

CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002
with comparative totals for December 31, 2001
(in thousands)

	2002-03				2001-02	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
(1) State appropriations	\$ 313,431	\$ 313,431	\$ 172,285	55	\$ 159,485	49
(2) Student fees	139,852	139,886	77,469	55	71,399	55
(3) County appropriations	9,070	9,883	4,309	44	3,744	42
(4) Trust income	876	876	375	43	298	36
(5) Investment income	10,707	10,707	5,162	48	5,323	47
(6) Non governmental grants and contracts	84,600	84,613	35,648	42	33,120	41
(7) Grants, donations, pledges						
Affiliated corporations	19,717	20,135	9,866	49	8,016	51
Other	6,930	12,974	8,903	69	3,430	43
(8) Sales and services	35,098	29,173	15,139	52	15,182	52
(9) Fund balance	21,837	29,181	29,181	100	20,115	100
(10) Total General Fund	642,118	650,859	358,338	55	320,112	51
(11) Auxiliary Enterprises	43,242	43,278	28,646	66	26,358	64
Restricted Funds						
(12) Federal appropriations	16,078	16,078	7,823	49	7,755	48
(13) Other	86,562	86,597	38,882	45	30,137	36
(14) Affiliated Corporations	232,024	232,153	116,270	50	108,550	52
(15) Hospital						
Revenues	321,089	321,089	167,546	52	158,837	50
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	\$ 1,341,113	\$ 1,350,054	\$ 717,505	53	\$ 651,749	50

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002**

with comparative totals for December 31, 2001
(in thousands)

	2002-03				2001-02	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(1) Instruction	\$ 269,420	\$ 271,451	\$ 126,858	47	\$ 120,235	46
(2) Research	208,439	207,697	97,330	47	86,846	46
(3) Public service	170,278	167,592	79,954	48	77,141	47
(4) Academic support	83,577	84,683	40,723	48	37,589	47
(5) Student services	19,989	21,919	10,464	48	10,250	42
(6) Institutional support	52,962	57,469	24,639	43	21,624	41
(7) Student financial aid	63,554	65,260	35,519	54	28,797	52
(8) Operation and maintenance	49,750	50,803	22,092	43	20,231	43
(9) Mandatory transfers (debt service)	19,451	19,451	16,470	85	17,774	84
(10) Hospital	319,460	319,460	152,039	48	135,286	43
(11) Auxiliary enterprises	84,233	84,269	53,592	64	53,466	65
(12) Total Expenditure by Program	<u>\$ 1,341,113</u>	<u>\$ 1,350,054</u>	<u>\$ 659,680</u>	49	<u>\$ 609,239</u>	47

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002**

with comparative totals for December 31, 2001
(in thousands)

	2002-03				2001-02	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(13) Personnel costs	\$ 781,258	\$ 776,944	\$ 372,291	48	\$ 345,916	48
(14) Operating expenses	493,537	500,010	239,643	48	215,061	43
(15) Mandatory transfers (debt service)	30,723	30,723	20,707	67	21,660	66
(16) Capital outlay	35,595	42,377	27,040	64	26,602	61
(17) Total Expenditure by Category	<u>\$ 1,341,113</u>	<u>\$ 1,350,054</u>	<u>\$ 659,680</u>	49	<u>\$ 609,239</u>	47

CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2002
with comparative totals for December 31, 2001
(in thousands)

	<u>2002-03</u>	<u>2001-02</u>
(1) Realized Revenues	\$ 688,324	\$ 631,634
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 29,181	20,115
(3) University Hospital	<u> </u>	<u> </u>
(4) Total Appropriated Fund Balances	<u>29,181</u>	<u>20,115</u>
(5) Total Revenues and Appropriated Fund Balances	717,505	651,749
(6) Expenditures/Encumbrances	659,680	609,239
(7) Less: Reserve for Encumbrances	<u>(7,902)</u>	<u>(10,287)</u>
(8) Total Expenditures	<u>651,778</u>	<u>598,952</u>
(9) Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 65,727</u>	<u>\$ 52,797</u>