

FCR 12

Office of the President
October 26, 2004

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THREE MONTHS ENDED
SEPTEMBER 30, 2004

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 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 September 30, 2004, the University had realized income of \$458,191,000 representing 31% of the 2004-05 estimate of \$1,471,304,000. Expenditures and commitments total \$369,315,000 or 25% of the approved budget of \$1,471,304,000.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the three months ended September 30, 2004

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
SEPTEMBER 30, 2004

with comparative totals for September 30, 2003
(in thousands)

	2004-05					2003-04	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 110,128		\$ 4,747		\$ 287,238	\$ 402,113	\$ 429,131
Notes, loans, and A/R (less bad debt allowances of \$17,846)	98,335	\$ 35,015	25,460	\$ 500	1,658	160,968	160,192
Investments	51,773	114,791		505,325	49,658	721,547	661,332
Property, plant, and equipment, net of depreciation					976,681	976,681	902,344
Inventories and other	15,897	183				16,080	15,380
Total Assets	\$ 276,133	\$ 149,989	\$ 30,207	\$ 505,825	\$ 1,315,235	\$ 2,277,389	\$ 2,168,379
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 29,814	\$ 2,260	\$ 422		\$ 669	\$ 33,165	\$ 35,160
Employee withholdings and deposits		16,218				16,218	18,397
Other liabilities	8,847	485	21,414	\$ 5,714	2,021	38,481	35,971
Liability for self insurance	53,918					53,918	52,590
Deferred income	25,524	20,775				46,299	36,520
Bonds payable					277,890	277,890	272,726
Capitalized lease obligation					43,086	43,086	45,013
Total Liabilities	118,103	39,738	21,836	5,714	323,666	509,057	496,377
Interfund Balances	(64,218)	45,580		15,187	3,451		
Net deferred revenues and appropriated fund balances	96,287	1,418				97,705	85,263
Fund Balances							
Current unrestricted							
Working capital	119,452					119,452	133,938
Future operating purposes	6,509					6,509	4,920
Other							8,564
Current restricted							
Loan		63,253	8,371			63,253	61,457
True endowments				415,069		415,069	364,712
Term endowments				2,947		2,947	3,090
Quasi endowments				64,721		64,721	61,863
Charitable trusts				1,778		1,778	1,937
Gift annuities				409		409	315
Plant							
Retirement of indebtedness					23,501	23,501	23,312
Renewal and replacement					173,530	173,530	151,555
Allocated for designated projects					66,868	66,868	98,214
Net investment in plant					724,219	724,219	664,785
Total Fund Balances	125,961	63,253	8,371	484,924	988,118	1,670,627	1,586,739
Total Liabilities and Fund Balances	\$ 276,133	\$ 149,989	\$ 30,207	\$ 505,825	\$ 1,315,235	\$ 2,277,389	\$ 2,168,379

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004**

with comparative totals for September 30, 2003

(in thousands)

	2004-05				2003-04	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
(1) State appropriations	\$ 295,808	\$ 295,808	\$ 83,785	28	\$ 92,541	30
(2) Student fees	171,815	171,818	87,004	51	82,713	53
(3) County appropriations	10,897	11,787	2,239	19	1,439	15
(4) Endowment and investment income	3,740	3,740	1,507	40	1,854	26
(5) Non governmental grants and contracts	89,538	89,589	17,751	20	17,985	21
(6) Grants, donations, pledges:						
Affiliated corporations	23,896	23,896	5,848	24	5,092	24
Other	1,617	1,617	336	21	2,291	116
(7) Sales and services	21,216	21,236	6,741	32	7,136	21
(8) Transfers	13,979	13,979	1,529	11	941	13
(9) Fund balance	27,018	27,018	27,018	100	20,768	100
(10) Total General Fund	659,524	660,488	233,758	35	232,760	36
(11) Auxiliary Enterprises	56,975	57,304	15,097	26	14,725	30
Restricted Funds						
(12) Federal appropriations	15,861	15,861	4,464	28	4,607	29
(13) Other	97,367	87,876	24,485	28	26,695	28
(14) Affiliated Corporations	286,848	286,870	69,413	24	63,099	24
(15) Hospital						
Revenues	362,905	362,905	110,974	31	88,128	28
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	<u>\$ 1,479,480</u>	<u>\$ 1,471,304</u>	<u>\$ 458,191</u>	31	<u>\$ 430,014</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, 2004**

with comparative totals for September 30, 2003
(in thousands)

	2004-05				2003-04	
	Original	Revised	Expended/ Encumbered	%	Expended/ Encumbered	%
	Budget	Budget	To Date		To Date	
(1) Instruction	\$ 271,916	\$ 274,419	\$ 59,609	22	\$ 61,412	22
(2) Research	250,388	250,407	53,338	21	50,296	22
(3) Public service	184,595	186,376	43,667	23	41,128	24
(4) Academic support	77,893	77,097	17,244	22	19,810	26
(5) Student services	20,867	20,665	4,841	23	5,645	24
(6) Institutional support	59,971	57,778	17,363	30	15,280	26
(7) Student financial aid	74,925	65,558	37,190	57	38,723	53
(8) Operation and maintenance	47,013	46,762	8,468	18	9,562	21
(9) Mandatory transfers (debt service)	18,676	18,676	17,205	92	13,408	81
(10) Hospital	365,099	365,099	81,360	22	70,832	22
(11) Auxiliary enterprises	108,137	108,467	29,030	27	27,294	29
(12) Total Expenditure by Program	<u>\$ 1,479,480</u>	<u>\$ 1,471,304</u>	<u>\$ 369,315</u>	25	<u>\$ 353,390</u>	25

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004**

with comparative totals for September 30, 2003
(in thousands)

	2004-05				2003-04	
	Original	Revised	Expended/ Encumbered	%	Expended/ Encumbered	%
	Budget	Budget	To Date		To Date	
(13) Personnel costs	\$ 832,263	\$ 834,137	\$ 187,213	22	\$ 184,690	23
(14) Operating expenses	574,526	559,161	148,589	27	141,956	27
(15) Mandatory transfers (debt service)	29,945	29,945	19,276	64	13,408	48
(16) Capital outlay	42,746	48,061	14,236	30	13,336	28
(17) Total Expenditure by Category	<u>\$ 1,479,480</u>	<u>\$ 1,471,304</u>	<u>\$ 369,315</u>	25	<u>\$ 353,390</u>	25

CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004
with comparative totals for September 30, 2003
(in thousands)

	2004-05	2003-04
(1) Realized Revenues	\$ 431,173	\$ 409,246
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 27,018	20,768
(3) University Hospital		
(4) Total Appropriated Fund Balances	<u>27,018</u>	<u>20,768</u>
(5) Total Revenues and Appropriated Fund Balances	458,191	430,014
(6) Expenditures/Encumbrances	369,315	353,390
(7) Less: Reserve for Encumbrances	<u>(8,829)</u>	<u>(8,639)</u>
(8) Total Expenditures	<u>360,486</u>	<u>344,751</u>
(9) Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 97,705</u>	<u>\$ 85,263</u>