

# FCR 1

Office of the President  
December 11, 2001

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE  
UNIVERSITY OF KENTUCKY FOR THREE MONTHS ENDED  
SEPTEMBER 30, 2001

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2001.

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, 2001, the University had realized income of \$360,350,000 representing 28% of the 2001-02 estimate of \$1,288,215,000. Expenditures and commitments total \$330,708,000 or 26% of the approved budget of \$1,288,215,000.

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Action taken:     Approved     Disapproved     Other \_\_\_\_\_



*Consolidated Financial  
Statements*

*For the three months ended September 30, 2001*

**CONSOLIDATED BALANCE SHEET  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
SEPTEMBER 30, 2001**

with comparative totals for September 30, 2000  
(in thousands)

|  | 2001-02                          |                                |                  |                    |                     | 2000-01             |                     |
|--|----------------------------------|--------------------------------|------------------|--------------------|---------------------|---------------------|---------------------|
|  | Current<br>Unrestricted<br>Funds | Current<br>Restricted<br>Funds | Loan<br>Funds    | Endowment<br>Funds | Plant<br>Funds      | Totals              | Totals              |
| <b>ASSETS</b>  |                                  |                                |                  |                    |                     |                     |                     |
| Cash and cash equivalents  | \$ 90,613                        | \$ 38,133                      | \$ 4,314         | \$ 55              | \$ 219,009          | \$ 352,124          | \$ 244,450          |
| Notes, loans, and A/R (less bad<br>debt allowances of \$ 25,851) | 120,575                          | 23,873                         | 23,024           | 1,916              | 5,101               | 174,489             | 192,639             |
| Investments  | 32,433                           | 100,219                        |                  | 427,679            | 48,419              | 608,750             | 605,149             |
| Property, plant, and equipment                                   |                                  |                                |                  |                    | 1,472,276           | 1,472,276           | 1,369,358           |
| Inventories and other  | 12,630                           | 40                             |                  |                    |                     | 12,670              | 15,585              |
| <b>Total Assets</b>  | <b>\$ 256,251</b>                | <b>\$ 162,265</b>              | <b>\$ 27,338</b> | <b>\$ 429,650</b>  | <b>\$ 1,744,805</b> | <b>\$ 2,620,309</b> | <b>\$ 2,427,181</b> |
| <b>LIABILITIES AND FUND BALANCES</b>                             |                                  |                                |                  |                    |                     |                     |                     |
| <b>Liabilities</b>   |                                  |                                |                  |                    |                     |                     |                     |
| Accounts payable   | \$ 25,823                        | \$ 5,378                       | \$ 260           |                    | \$ 4,347            | \$ 35,808           | \$ 33,719           |
| Employee withholdings and<br>deposits                            |                                  | 20,814                         |                  |                    |                     | 20,814              | 20,391              |
| Other liabilities  | 5,656                            | 3,028                          |                  | \$ 6,127           | 379                 | 15,190              | 18,211              |
| Liability for self insurance                                     | 51,486                           |                                |                  |                    |                     | 51,486              | 53,238              |
| Deferred income  | 18,326                           | 17,582                         |                  |                    |                     | 35,908              | 34,400              |
| Bonds payable  |                                  |                                |                  |                    | 229,826             | 229,826             | 182,961             |
| Capitalized lease obligation                                     |                                  |                                |                  |                    | 45,773              | 45,773              | 52,636              |
| <b>Total Liabilities</b>   | <b>101,291</b>                   | <b>46,802</b>                  | <b>260</b>       | <b>6,127</b>       | <b>280,325</b>      | <b>434,805</b>      | <b>395,556</b>      |
| Interfund Balances   | (51,647)                         | 61,060                         |                  | 12,725             | (22,138)            |                     |                     |
| Net deferred revenues and<br>appropriated fund balances          | 43,081                           | (4,576)                        |                  |                    |                     | 38,505              | 54,532              |
| <b>Fund Balances</b>   |                                  |                                |                  |                    |                     |                     |                     |
| <b>Current unrestricted</b>                                      |                                  |                                |                  |                    |                     |                     |                     |
| Working capital  | 156,051                          |                                |                  |                    |                     | 156,051             | 167,211             |
| Future operating purposes  | 6,229                            |                                |                  |                    |                     | 6,229               | 5,271               |
| Other  | 1,246                            |                                |                  |                    |                     | 1,246               | 538                 |
| <b>Current restricted</b>  |                                  | 58,979                         |                  |                    |                     | 58,979              | 50,290              |
| Loan   |                                  |                                | 27,078           |                    |                     | 27,078              | 26,413              |
| True endowments  |                                  |                                |                  | 334,255            |                     | 334,255             | 293,426             |
| Term endowments  |                                  |                                |                  | 4,762              |                     | 4,762               | 5,823               |
| Quasi endowments   |                                  |                                |                  | 71,781             |                     | 71,781              | 87,223              |
| <b>Plant</b>   |                                  |                                |                  |                    |                     |                     |                     |
| Retirement of indebtedness                                       |                                  |                                |                  |                    | 32,559              | 32,559              | 40,416              |
| Renewal and replacement  |                                  |                                |                  |                    | 93,290              | 93,290              | 51,325              |
| Allocated for designated<br>projects                             |                                  |                                |                  |                    | 123,379             | 123,379             | 159,715             |
| Net investment in plant  |                                  |                                |                  |                    | 1,237,390           | 1,237,390           | 1,089,442           |
| <b>Total Fund Balances</b>                                       | <b>163,526</b>                   | <b>58,979</b>                  | <b>27,078</b>    | <b>410,798</b>     | <b>1,486,618</b>    | <b>2,146,999</b>    | <b>1,977,093</b>    |
| <b>Total Liabilities and<br/>Fund Balances</b>                   | <b>\$ 256,251</b>                | <b>\$ 162,265</b>              | <b>\$ 27,338</b> | <b>\$ 429,650</b>  | <b>\$ 1,744,805</b> | <b>\$ 2,620,309</b> | <b>\$ 2,427,181</b> |

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES**  
**UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001**  
with comparative totals for September 30, 2000  
(in thousands)

|   | <b>2001-02</b>  |                |                  |     | <b>2000-01</b>   |     |
|---|-----------------|----------------|------------------|-----|------------------|-----|
|   | Original Budget | Revised Budget | Realized To Date | %   | Realized To Date | %   |
| <b>General Fund</b>                       |                 |                |                  |     |                  |     |
| (1) State appropriations                  | \$ 322,211      | \$ 322,211     | \$ 79,743        | 25  | \$ 76,883        | 25  |
| (2) Student fees                          | 129,369         | 129,369        | 65,971           | 51  | 60,060           | 49  |
| (3) County appropriations                 | 8,271           | 8,271          | 1,889            | 23  | 1,800            | 23  |
| (4) Endowment income                      | 835             | 835            | 72               | 9   | 191              | 22  |
| (5) Investment income                     | 11,245          | 11,245         | 3,194            | 28  | 3,165            | 27  |
| (6) Non governmental grants and contracts | 80,721          | 80,766         | 14,892           | 18  | 11,611           | 14  |
| (7) Grants, donations, pledges            |                 |                |                  |     |                  |     |
| Affiliated corporations                   | 15,668          | 15,668         | 3,309            | 21  | 3,032            | 21  |
| Other                                     | 7,363           | 7,371          | 1,542            | 21  | 1,405            | 19  |
| (8) Sales and services                    | 28,703          | 28,650         | 6,741            | 24  | 9,415            | 34  |
| (9) Fund balance                          | 20,561          | 20,561         | 20,561           | 100 | 19,478           | 100 |
| (10) Total General Fund                   | 624,947         | 624,947        | 197,913          | 32  | 187,040          | 31  |
| (11) Auxiliary Enterprises                | 41,123          | 41,123         | 11,930           | 29  | 11,794           | 31  |
| <b>Restricted Funds</b>                   |                 |                |                  |     |                  |     |
| (12) Federal appropriations               | 16,235          | 16,235         | 4,446            | 27  | 4,763            | 29  |
| (13) Other                                | 82,369          | 82,369         | 19,452           | 24  | 18,791           | 26  |
| (14) Affiliated Corporations              | 207,717         | 207,717        | 48,856           | 24  | 40,315           | 23  |
| (15) Hospital                             |                 |                |                  |     |                  |     |
| Revenues                                  | 315,824         | 315,824        | 77,753           | 25  | 87,235           | 30  |
| (16) Fund balance                         |                 |                |                  |     |                  |     |
| Total Revenues and                        |                 |                |                  |     |                  |     |
| (17) Appropriated Fund Balances           | \$ 1,288,215    | \$ 1,288,215   | \$ 360,350       | 28  | \$ 349,938       | 29  |

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001**

with comparative totals for September 30, 2000  
(in thousands)

|  | 2001-02             |                     |                              |     | 2000-01                      |    |
|--|---------------------|---------------------|------------------------------|-----|------------------------------|----|
|  | Original Budget     | Revised Budget      | Expended/ Encumbered To Date | %   | Expended/ Encumbered To Date | %  |
| (1) Instruction                        | \$ 266,054          | \$ 266,679          | \$ 65,113                    | 24  | \$ 59,361                    | 23 |
| (2) Research                           | 187,395             | 187,440             | 41,744                       | 22  | 37,586                       | 24 |
| (3) Public service                     | 163,173             | 163,191             | 39,760                       | 24  | 37,287                       | 24 |
| (4) Academic support                   | 76,897              | 78,891              | 21,205                       | 27  | 19,410                       | 26 |
| (5) Student services                   | 19,543              | 21,692              | 4,979                        | 23  | 4,668                        | 25 |
| (6) Institutional support              | 51,306              | 47,771              | 11,926                       | 25  | 12,466                       | 24 |
| (7) Student financial aid              | 56,324              | 55,584              | 27,200                       | 49  | 22,749                       | 45 |
| (8) Operation and maintenance          | 47,835              | 47,879              | 9,144                        | 19  | 7,494                        | 17 |
| (9) Mandatory transfers (debt service) | 21,190              | 21,190              | 21,219                       | 100 | 16,975                       | 90 |
| (10) Hospital                          | 316,860             | 316,260             | 59,001                       | 19  | 64,975                       | 22 |
| (11) Auxiliary enterprises             | 81,638              | 81,638              | 29,418                       | 36  | 21,658                       | 28 |
| (12) Total Expenditure by Program      | <u>\$ 1,288,215</u> | <u>\$ 1,288,215</u> | <u>\$ 330,708</u>            | 26  | <u>\$ 304,629</u>            | 25 |

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001**

with comparative totals for September 30, 2000  
(in thousands)

|   | 2001-02             |                     |                              |    | 2000-01                      |    |
|---|---------------------|---------------------|------------------------------|----|------------------------------|----|
|   | Original Budget     | Revised Budget      | Expended/ Encumbered To Date | %  | Expended/ Encumbered To Date | %  |
| (13) Personnel costs                    | \$ 722,838          | \$ 719,130          | \$ 188,231                   | 26 | \$ 161,899                   | 24 |
| (14) Operating expenses                 | 490,304             | 492,960             | 102,532                      | 21 | 107,479                      | 23 |
| (15) Mandatory transfers (debt service) | 32,857              | 32,857              | 23,044                       | 70 | 18,764                       | 63 |
| (16) Capital outlay                     | 42,216              | 43,268              | 16,902                       | 39 | 16,487                       | 47 |
| (17) Total Expenditure by Category      | <u>\$ 1,288,215</u> | <u>\$ 1,288,215</u> | <u>\$ 330,708</u>            | 26 | <u>\$ 304,629</u>            | 25 |

**UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2001**

with comparative totals for September 30, 2000  
(in thousands)

|   | <u>2001-02</u>              | <u>2000-01</u>              |
|---|-----------------------------|-----------------------------|
| (1) <b>Realized Revenues</b>                                    | \$ 339,789                  | \$ 330,460                  |
| <b>Appropriated Fund Balances</b>                               |                             |                             |
| (2) Current Unrestricted Fund                                   | \$ 20,561                   | 19,478                      |
| (3) University Hospital   | <u>                    </u> | <u>                    </u> |
| (4) Total Appropriated Fund Balances                            | <u>20,561</u>               | <u>19,478</u>               |
| (5) Total Revenues and Appropriated Fund Balances               | 360,350                     | 349,938                     |
| (6) <b>Expenditures/Encumbrances</b>                            | \$ 330,708                  | 304,629                     |
| (7) Less: Reserve for Encumbrances                              | <u>(8,863)</u>              | <u>(9,223)</u>              |
| (8) Total Expenditures  | <u>321,845</u>              | <u>295,406</u>              |
| (9) <b>Net Deferred Revenues and Appropriated Fund Balances</b> | <u>\$ 38,505</u>            | <u>\$ 54,532</u>            |