

FCR 1

Office of the President
January 27, 2004

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR SIX MONTHS ENDED
DECEMBER 31, 2003

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 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 December 31, 2003, the University had realized income of \$741,637,000 representing 53% of the 2003-04 estimate of \$1,408,338,000. Expenditures and commitments total \$672,458,000 or 48% of the approved budget of \$1,408,338,000.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the six months ended December 31, 2003

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
DECEMBER 31, 2003

with comparative totals for December 31, 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	\$ 126,538		\$ 4,365	\$ 1,064	\$ 304,473	\$ 436,440	\$ 377,767
Notes, loans, and A/R (less bad debt allowances of \$81,241)	96,582	\$ 37,258	24,873	500	2,606	161,819	156,536
Investments	47,493	116,012		498,536	49,103	711,144	606,834
Property, plant, and equipment, net of depreciation					922,602	922,602	860,519
Inventories and other	17,201	213				17,414	14,431
Total Assets	\$ 287,814	\$ 153,483	\$ 29,238	\$ 500,100	\$ 1,278,784	\$ 2,249,419	\$ 2,016,087
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 30,729	\$ 1,025	\$ 394		\$ 466	\$ 32,614	\$ 39,150
Employee withholdings and deposits		14,433				14,433	13,899
Other liabilities	5,175	1,014	20,767	\$ 5,778	3,250	35,984	35,760
Liability for self insurance	52,851					52,851	49,403
Deferred income	47,760	21,460				69,220	73,353
Bonds payable					290,385	290,385	208,606
Capitalized lease obligation					45,453	45,453	48,806
Total Liabilities	136,515	37,932	21,161	5,778	339,554	540,940	468,977
Interfund Balances	(68,881)	59,810		12,431	(3,360)		
Net deferred revenues and appropriated fund balances	84,547	(5,716)				78,831	61,879
Fund Balances							
Current unrestricted							
Working capital	122,580					122,580	133,136
Future operating purposes	4,920					4,920	7,849
Other	8,133					8,133	2,980
Current restricted		61,457				61,457	59,539
Loan			8,077			8,077	7,754
True endowments				405,609		405,609	319,474
Term endowments				3,375		3,375	2,762
Quasi endowments				69,732		69,732	53,297
Charitable trusts				2,791		2,791	854
Gift annuities				384		384	49
Plant							
Retirement of indebtedness					23,156	23,156	26,777
Renewal and replacement					148,881	148,881	117,454
Allocated for designated projects					106,975	106,975	144,811
Net investment in plant					663,578	663,578	608,495
Total Fund Balances	135,633	61,457	8,077	481,891	942,590	1,629,648	1,485,231
Total Liabilities and Fund Balances	\$ 287,814	\$ 153,483	\$ 29,238	\$ 500,100	\$ 1,278,784	\$ 2,249,419	\$ 2,016,087

CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003
with comparative totals for December 31, 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	\$ 169,659	55	\$ 172,285	55
(2) Student fees	157,256	157,872	85,760	54	74,224	53
(3) County appropriations	9,883	10,897	3,204	29	4,309	44
(4) Endowment and investment income	7,200	7,200	3,901	54	5,537	48
(5) Non governmental grants and contracts	84,590	84,563	36,165	43	35,646	42
(6) Grants, donations, pledges						
Affiliated corporations	20,818	20,955	10,091	48	9,866	49
Other	1,979	3,579	2,587	72	677	8
(7) Sales and services	33,475	33,589	16,410	49	14,933	53
(8) Transfers	7,299	7,299	3,508	48	10,435	177
(9) Fund balance	<u>20,768</u>	<u>32,557</u>	<u>32,557</u>	100	<u>29,181</u>	100
(10) Total General Fund	651,787	667,030	363,843	55	357,093	55
(11) Auxiliary Enterprises	48,676	49,144	30,066	61	28,646	66
Restricted Funds						
(12) Federal appropriations	16,119	16,119	6,861	43	7,823	49
(13) Other	95,983	96,947	37,607	39	38,881	45
(14) Affiliated Corporations	259,996	260,051	129,440	50	116,263	50
(15) Hospital						
Revenues	319,047	319,047	173,821	54	165,546	52
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	<u>\$ 1,391,608</u>	<u>\$ 1,408,338</u>	<u>\$ 741,637</u>	53	<u>\$ 714,252</u>	53

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

with comparative totals for December 31, 2002
(in thousands)

	2003-04				2002-03	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(1) Instruction	\$ 275,921	\$ 274,303	\$ 127,733	47	\$ 127,461	47
(2) Research	230,698	233,326	100,900	43	95,316	46
(3) Public service	172,223	176,494	83,650	47	81,251	48
(4) Academic support	76,328	81,569	36,243	44	40,562	48
(5) Student services	23,485	25,093	11,745	47	10,455	48
(6) Institutional support	59,970	59,768	27,579	46	24,923	43
(7) Student financial aid	72,786	73,626	42,422	58	36,300	56
(8) Operation and maintenance	45,855	49,480	22,796	46	22,078	43
(9) Mandatory transfers (debt service)	16,777	16,647	13,652	82	16,466	85
(10) Hospital	321,982	321,982	148,379	46	152,039	48
(11) Auxiliary enterprises	95,583	96,050	57,360	60	53,422	63
(12) Total Expenditure by Program	<u>\$ 1,391,608</u>	<u>\$ 1,408,338</u>	<u>\$ 672,458</u>	48	<u>\$ 660,273</u>	49

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

with comparative totals for December 31, 2002
(in thousands)

	2003-04				2002-03	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(13) Personnel costs	\$ 792,158	\$ 794,315	\$ 379,182	48	\$ 372,290	48
(14) Operating expenses	524,647	543,338	251,874	46	240,025	48
(15) Mandatory transfers (debt service)	28,071	27,940	16,312	58	20,919	68
(16) Capital outlay	46,732	42,745	25,091	59	27,039	64
(17) Total Expenditure by Category	<u>\$ 1,391,608</u>	<u>\$ 1,408,338</u>	<u>\$ 672,458</u>	48	<u>\$ 660,273</u>	49

**CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

with comparative totals for December 31, 2002
(in thousands)

	<u>2003-04</u>	<u>2002-03</u>
(1) Realized Revenues	\$ 709,080	\$ 685,071
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 32,557	29,181
(3) University Hospital	<u> </u>	<u> </u>
(4) Total Appropriated Fund Balances	<u>32,557</u>	<u>29,181</u>
(5) Total Revenues and Appropriated Fund Balances	741,637	714,252
(6) Expenditures/Encumbrances	672,458	660,273
(7) Less: Reserve for Encumbrances	<u>(9,651)</u>	<u>(7,900)</u>
(8) Total Expenditures	<u>662,807</u>	<u>652,373</u>
(9) Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 78,831</u>	<u>\$ 61,879</u>