

FCR 1

Office of the President
September 17, 2002

Members, Board of Trustees:

ACCEPTANCE OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE UNIVERSITY OF KENTUCKY FOR 2001-02

Recommendation: that the Board of Trustees accept the University of Kentucky Consolidated Financial Statements for the year ended June 30, 2002, 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.

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, 2002, that have been audited by Deloitte & Touche LLP, Certified Public Accountants. The University implemented a new financial reporting model as required by Governmental Accounting Standards Board ("GASB") No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The financial statements differ significantly in both the form and the accounting principles utilized for previous financial statements, which focused on the accountability of fund groups. The Consolidated Financial Statements for fiscal year 2002 focus 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 include the financial operations of the University of Kentucky and its nine 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, Inc., University of Kentucky Business Partnership Foundation, Inc., University of Kentucky Humanities Foundation, Inc., University of Kentucky Equine Research Foundation, Inc., University of Kentucky Center on Aging Foundation, Inc., and Health Care Collection Service, Inc.

NOTE: This FCR contains additional documentation. To obtain a complete copy, please contact
Office of Controller and Treasurer
301 Peterson Service Building
Phone – 859-257-4758

Action taken: Approved Disapproved Other _____