

**UC DAVIS**

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*Financial Report*  
*2000*

# A message to Chancellor Larry Vanderhoef

This report sets forth the financial position and results of operations of the University of California, Davis, for the fiscal year ended June 30, 2000.

The records and accounts of the university from which this report is prepared are maintained in accordance with generally accepted accounting principles recommended in the National Association of College and University Business Officers publication *College and University Business Administration* and the American Institute of Certified Public Accountants publication *Industry Audit Guide: Audits of Colleges and Universities*.

The accounts of the University of California, including those of the Davis campus, are audited on an annual basis by the firm of PricewaterhouseCoopers LLP, whose audit report and opinion statement are transmitted to the UC Board of Regents. The financial statements in this report have been prepared from those accounts.

The reports presented herein follow the current guidelines of the AICPA's Industry Audit Guide. Included are the three key recommended financial statements. In addition, we are also providing a number of supporting and ancillary schedules, all of which are intended to provide the reader with a better understanding of the university and its financial affairs.

Copies of this report are furnished to campus deans, directors, department chairs and administrative officers and interested persons in the community. Detailed departmental and service and auxiliary enterprise level financial schedules and financial statements can be requested from this office at (530) 757-8501.



Janet C. Hamilton  
Vice Chancellor  
Administration



Sharon Henn  
Interim Associate Vice Chancellor  
Financial Services

# Introduction to the financial report 1999–2000

The financial statements included in this annual financial report provide an accounting for the funds available to the University of California, Davis, campus for the fiscal year ended June 30, 2000. Taken together, the statements present a comprehensive picture of the campus financial position at the end of the fiscal year. The statements and the accompanying schedules and charts summarize the sources of campus resources and how UC Davis expended them in pursuit of its three critical missions: instruction, research and public service. Department level detail is available upon request to the Accounting & Financial Services Department at (530) 757-8501.

This financial report is prepared in accordance with the principles of fund accounting, which is the practice typically employed by not-for-profit enterprises. Fund accounting emphasizes accountability to the providers of funds. Fund accounting does not attempt to measure success on the basis of profitability. Rather, indicators of successful performance can be found throughout this report, including, but not limited to, the several ratios that are provided in the management discussion and analysis section.

Additionally, the University of California, Davis, reports its financial position in accordance with the standards established for public colleges by the Governmental Accounting Standards Board (GASB) and the National Association of College and University Business Officers (NACUBO). UC Davis' financial records are audited annually by the accountancy firm of PricewaterhouseCoopers LLP, which issues its opinion on the consolidated statements of the University of California.

## FINANCIAL STATEMENTS

The key financial statements presented herein include balance sheets and statements of changes in fund balances for each of the three major fund groups that are managed by the campus. Those fund groups are current funds, loan funds and plant funds. In addition, a statement of current funds revenues and expenditures is presented to expand on the financial activities in the current funds group.

## BALANCE SHEETS

These balance sheets are similar to the corresponding statements used in "for-profit" industries in that they report assets and liabilities. However, the fund balance section of the Consolidated Balance Sheet statement is unique to fund accounting and represents the "net assets" of the fund group. The private sector corollary is "owners" (or "stockholders") equity.

## STATEMENTS OF CHANGES IN FUND BALANCES

These statements show the effect of the fiscal year's financial operations on the fund balances of each fund group. The "revenues and other additions" section of the report provides detail about the financial resources received by UC Davis to carry out its mission. How these resources were used is detailed in the "expenditures and other deductions" section of the report. Also in the Statements of Changes in Fund Balances are sections that detail the nature of transfers among funds; these are simply titled "transfers," but they include mandatory transfers such as those required by agreements with external parties (e.g., debt service payments, as in the

case of the plant funds group) as well as non-mandatory transfers between fund groups as deemed necessary by the university administration.

## STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

The Statement of Current Funds Revenues, Expenditures and Other Changes is a statement unique to educational and similar institutions. This statement is limited to current funds, since those are the primary operating funds of the university for its primary missions of instruction, research and public service and for related support activities. It includes the details regarding the source of current funds revenues, how those current funds were expended and all other changes in current funds. However, it does not purport to present the results of operations and in this respect it is very different from the net income or loss for the period that would be presented in a corporate statement of revenues and expenses.

## OTHER STATEMENTS AND SCHEDULES

Several supplemental schedules are provided, including schedules of Current Funds Receipts by Fund Source, Current Funds Expenditures by Resources Utilized, a Five Year Comparative Summary of Current Funds Receipts and Expenditures and an External Long-term Indebtedness Report. These are intended to complement the information found in the other Current Funds statements by providing different views of that same data. The several pie charts included in this report also serve that purpose.

# Financial highlights 1999–2000

The campus ended the year with fund balances of \$2.8 billion, which included \$2.3 billion in restricted fund balances and \$518 million in unrestricted fund balances. Of the latter amount, \$501 million was in unrestricted current funds, which are the principal operating funds of the campus. Unrestricted current funds are, therefore, highly significant for campus planning and decision-making opportunities and as a result are subject to close scrutiny and analysis by a variety of constituencies.

The increase in unrestricted current fund balances was more than \$56 million as a result of 1999–00 university operations. Unrestricted current assets increased by \$40 million while unrestricted current liabilities decreased by \$16 million. The unrestricted current funds balance has grown by \$412 million in the past ten years.

## CURRENT FUNDS REVENUES

Current funds receipts exceeded \$1.6 billion in 1999–00. This was an increase of over \$57 million (4 percent). While the UC Davis teaching hospital receipts decreased by \$12 million (2 percent) from the previous year, the teaching hospital remained the single largest source of current funds receipts. Despite increased volumes, hospital patient service revenues were negatively affected by the Federal Balanced Budget Act and increased reimbursement pressure from other payors. Significant factors contributing to growing receipts included increases in state of California support for employee salaries and benefits and increased funding for research. State support increased by \$19.6 million in 1999–00 and its share of total campus receipts increased to 26.4 percent from 26.2 percent the previous year. Federal government revenues increased by \$8.8 million and its share of total campus receipts increased to 9.8 percent.

## CURRENT FUNDS EXPENDITURES

Expenditures increased by \$68 million in fiscal year 1999–00. UCDCM expenditures decreased by \$44 million (7 percent) including a \$24 million reduction in purchased services resulting primarily from decreased consulting usage (\$11 million) and reduction of contract workers and one time expense relating to the completion of the Davis Tower (\$5 million). Expenditures for instruction and research increased \$41 million (15 percent) and \$35 million (16 percent), respectively.

Salaries and wages continue to be the largest individual components of campus expenditures, making up 54 percent of the total. With employee benefits accounting

for an additional 9 percent of the expenditures, UC Davis' total investment in its employees in 1999–00 exceeded \$960 million.

Overall, expenditures in 1999–00 amounted to 91.2 percent of receipts, up from 90.2 percent in the previous year.

## UC DAVIS HIGHLIGHTS OF 1999–2000

	1999–2000	1998–1999
<b>STUDENT DATA</b>		
UNDERGRADUATE FALL ENROLLMENT	19,460	19,343
GRADUATE FALL ENROLLMENT	5,183	5,244
<b>TOTAL FALL ENROLLMENT</b>	<b>24,643</b>	<b>24,587</b>
SUMMER SESSION ENROLLMENT	7,365	7,258
UNIVERSITY EXTENSION ENROLLMENT	83,747	82,593
ANNUAL UNDERGRADUATE FEES	\$ 4,034	\$ 4,153

## DEGREES CONFERRED

BACHELOR	4,698	4,347
ADVANCED	1,394	1,274
CUMULATIVE	151,535	145,443

## FACULTY AND STAFF\*

	16,545	16,067
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## CURRENT FUNDS EXPENDITURES (DOLLARS IN MILLIONS)

INSTRUCTION	\$ 311.1	\$ 269.8
RESEARCH	250.3	215.7
PUBLIC SERVICE	45.4	32.6
ACADEMIC SUPPORT	87.1	90.8
TEACHING HOSPITAL	576.4	620.1
STUDENT SERVICES	37.0	34.8
INSTITUTIONAL SUPPORT	57.1	42.2
OPERATION AND MAINTENANCE OF PLANT	56.2	48.5
STUDENT FINANCIAL AID	50.3	50.6
AUXILIARY ENTERPRISES	55.4	53.1
<b>TOTAL</b>	<b>\$ 1,526.3</b>	<b>\$ 1,458.2</b>

## PLANT (DOLLARS IN MILLIONS)

PLANT EXPENDITURES	\$ 61.2	\$ 323.7
COST OF PLANT	\$ 2,427.9	\$ 2,277.6
NUMBER OF BUILDINGS	1,255	1,258
CENTRAL CAMPUS LAND AREA (IN ACRES)	3,705	3,705
LIBRARY COLLECTION (IN VOLUMES)	3,109,014	3,031,844

\* Full-time equivalents; includes student employees.

UNIVERSITY OF CALIFORNIA, DAVIS

**CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2000,  
WITH COMPARATIVE AMOUNTS FOR 1999**

(DOLLARS IN THOUSANDS)

	CONSOLIDATED TOTAL		CURRENT FUNDS		LOAN FUNDS	PLANT FUNDS				
	JUNE 30 1999	JUNE 30 2000	UNRESTRICTED	RESTRICTED		UNEXPENDED	RESERVES FOR RENEWALS AND REPLACEMENTS	INVESTMENT IN PLANT	RETIREMENT OF INDEBTEDNESS	
<b>ASSETS</b>										
CASH	\$ 15,527	\$ 8,825	\$ 2,575	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,250
EQUITY IN TREASURER'S CASH AND INVESTMENTS	666,406	695,156	488,676	65,819	11,886	118,418	10,357	0	0	0
RECEIVABLES	224,084	256,079	162,326	34,275	59,478	0	0	0	0	0
INVESTMENTS	1,893	9,324	0	9,324	0	0	0	0	0	0
DEFERRED CHARGES	29,819	28,668	28,668	0	0	0	0	0	0	0
INVENTORIES	10,887	10,774	10,774	0	0	0	0	0	0	0
INVESTMENT IN PLANT:										
LAND	39,116	39,738	0	0	0	0	0	39,738	0	0
GENERAL IMPROVEMENTS	151,762	169,789	0	0	0	0	0	169,789	0	0
BUILDINGS	1,223,005	1,284,677	0	0	0	0	0	1,284,677	0	0
EQUIPMENT	558,230	587,387	0	0	0	0	0	587,387	0	0
LIBRARIES AND COLLECTIONS	239,969	252,795	0	0	0	0	0	252,795	0	0
INTANGIBLE ASSET- MEDICAL PRACTICES	1,618	0	0	0	0	0	0	0	0	0
CONSTRUCTION IN PROGRESS	63,950	93,515	0	0	0	0	0	93,515	0	0
<b>TOTAL ASSETS</b>	<b>\$ 3,226,266</b>	<b>\$ 3,436,727</b>	<b>\$ 693,019</b>	<b>\$ 109,418</b>	<b>\$ 71,364</b>	<b>\$ 118,418</b>	<b>\$ 10,357</b>	<b>\$ 2,427,901</b>	<b>\$ 6,250</b>	

**LIABILITIES AND FUND BALANCES**

SALARIES AND WAGES PAYABLE	\$ 129,805	\$ 116,397	\$ 116,397	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
ACCOUNTS PAYABLE	58,112	65,268	60,888	0	0	4,380	0	0	0	0
DEPOSITS	5,606	874	874	0	0	0	0	0	0	0
AGENCY FUNDS AND INTERFUND PAYABLE	3,907	4,553	0	4,354	199	0	0	0	0	0
DEFERRED INCOME	17,534	13,636	13,636	0	0	0	0	0	0	0
BORROWED FUNDS FOR PLANT ACQUISITIONS	350,438	354,274	0	0	0	0	0	354,274	0	0
FUND BALANCES:										
UNRESTRICTED	467,309	517,831	501,224	0	0	0	10,357	0	6,250	
RESTRICTED	2,193,555	2,363,894	0	105,064	71,165*	114,038	0	2,073,627	0	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,226,266</b>	<b>\$ 3,436,727</b>	<b>\$ 693,019</b>	<b>\$ 109,418</b>	<b>\$ 71,364</b>	<b>\$ 118,418</b>	<b>\$ 10,357</b>	<b>\$ 2,427,901</b>	<b>\$ 6,250</b>	

\* Federal loan programs capital contribution at June 30, 2000: \$37,577 (thousands).

# Management Discussion and Analysis

The Governmental Accounting Standards Board reporting model project has moved forward and major changes to the way UC Davis presents its financial condition are targeted to be in effect beginning with the year ending June 30, 2001. For fiscal year 1999–00, the statement formats used are those familiar ones used in recent years to report UC Davis’ financial data. With fiscal year 2001–02, GASB Statement No. 35 will require major changes in the way the University presents its financial condition, including reporting of depreciation in financial statements, with comparative information for the prior year.

Current funds are the basic operating funds of the university. Therefore, the financial statements that are presented in the following pages focus primarily on the current funds. The majority of the statements, tables, and charts that are provided display the current funds activity in a variety of ways to present as many meaningful perspectives of these critical funds as possible. In the Consolidated Balance Sheet as well as in the Current Funds Statement of Changes in Fund Balances, the funds are separated into two groups; i.e., those that are restricted by donors and grantors and those that are unrestricted. Restricted funds may be expended only for the purpose designated by the external funding source, whereas the use of unrestricted funds is determined by university management to achieve its objectives.

The Consolidated Balance Sheet on page 3 illustrates the strength of UC Davis’ financial position. Total assets now exceed \$3.4 billion. This is an increase of 6.5 percent over the previous year. This again points to strong performance on the part of campus management in its stewardship of its resources. More than half (52 percent) of the \$210 million growth in assets is due to new buildings and general improvements which were capitalized when they reached the 90 percent completion stage and new equipment. Construction in progress added another 14 percent.

Major additions for the year included the Campus Waste Water Treatment Plant, Equine Analytical Chemistry Lab, UCDCM Tower II, UCDCM Hospital Information System, UCDCM Administrative Support Building, and UCDCM Central Plant Expansion.

Total fund balances increased in 1999–00 by about \$220 million with restricted fund balances contributing \$170 million and unrestricted fund balances contributing \$50 million of that growth. The growth in the restricted fund balance is attributable mostly to new building and construction in progress that were referenced above. New

buildings and construction in progress alone added \$91 million, which, when netted against the related increase in indebtedness, contributed almost \$87 million of the increase in restricted fund balance.

## CURRENT FUNDS RECEIPTS

Current fund receipts in fiscal year 1999–00 were over \$1.6 billion, a \$57 million (4 percent) increase over the previous year. Current funds receipts came from a variety of sources, including state appropriations, government and private contracts and grants, student fees, gifts, and income from university enterprises such as the UC Davis teaching hospital and student housing. The UC Davis teaching hospital contributed almost 39 percent (\$649 million) of the total. This makes the UC Davis teaching hospital again the single largest source of current funds receipts. State support increased for the second year in a row, from \$423.3 million in 1998–99 to \$442.9 million in 1999–00, an increase of \$19.6 million (5 percent).

Details on all receipts are provided in the Current Funds Receipts by Fund Source table that can be found on page 9. Also, a five-year Comparative Summary of Current Funds Receipts and Expenditures is presented on page 8.

## CURRENT FUNDS EXPENDITURES

The university records its expenditures in 10 programs. Those include the three primary programs; i.e., Instruction, Research and Public Service, and seven supporting programs; i.e., Academic Support, Teaching Hospital, Student Services, Institutional Support, Operation and Maintenance of Plant, Student Financial Aid and Auxiliary Enterprises. Current funds expenditures in fiscal year 1999–00 were \$1.5 billion, a \$68 million increase (5 percent) over 1998–99. The growth in receipts noted in the previous section allowed the campus to continue its investment in most of its programs, with the largest increases being made to the instruction and research programs. Expenditures for these programs increased by \$76 million. Three programs reported less expenditures in 1999–00 than in the previous year: teaching hospital, academic support and student financial aid. With those exceptions, the increasing investment in the remainder of the programs continues an eight-year pattern of increases that commenced in the midst of the budget crisis of the early 1990s.

Teaching Hospital expenditures totaled \$576 million, a decrease of 7.1 percent from 1998–99. It accounted for 37.8 percent of the total university expenditure mix. Second only to Teaching Hospital expenditures, Instruction

UNIVERSITY OF CALIFORNIA, DAVIS  
**CURRENT FUNDS—SUMMARY OF  
 CHANGES IN FUND BALANCES**

(DOLLARS IN THOUSANDS)

	TOTAL CURRENT FUND	UNRESTRICTED GENERAL	UNRESTRICTED DESIGNATED	UNRESTRICTED TOTAL	RESTRICTED
<b>BALANCES JUNE 30, 1999</b>	<b>\$ 554,235</b>	<b>\$ 134,181</b>	<b>\$ 310,438</b>	<b>\$ 444,619</b>	<b>\$ 109,616</b>

## REVENUES AND OTHER ADDITIONS

CURRENT RECEIPTS	1,673,422	385,341	1,017,836	1,403,177	270,245
GIFTS, BEQUESTS AND OTHER ADDITIONS	0	0	0	0	0
U.S. GOVERNMENT	28	0	28	28	0
NET GAIN ON SALE OF ASSETS	55	0	55	55	0
REFUNDS AND OTHER ADJUSTMENTS	2,783	1	4,861	4,862	(2,079)
<b>TOTAL ADDITIONS</b>	<b>1,676,288</b>	<b>385,342</b>	<b>1,022,780</b>	<b>1,408,122</b>	<b>268,166</b>

## EXPENDITURES AND OTHER DEDUCTIONS

CURRENT FUNDS EXPENDITURES	1,526,318	381,357	877,391	1,258,748	267,570
DEBT SERVICE	0	0	0	0	0
REFUNDS AND OTHER ADJUSTMENTS	3,239	0	1,433	1,433	1,806
<b>TOTAL DEDUCTIONS</b>	<b>(1,529,557)</b>	<b>(381,357)</b>	<b>(878,824)</b>	<b>(1,260,181)</b>	<b>(269,376)</b>

## TRANSFERS

### INTERFUND TRANSFERS:

BETWEEN CURRENT FUNDS AND LOAN FUNDS	(1,554)	0	(1,555)	(1,555)	1
BETWEEN CURRENT FUNDS AND PLANT FUNDS	(112,581)	(1,228)	(94,799)	(96,027)	(16,554)

### TRANSFERS BETWEEN CAMPUS AND OFFICE OF THE PRESIDENT:

GENERAL TRANSFERS	45,875	12,908	20,614	33,522	12,353
SHORT-TERM INVESTMENT POOL INCOME	24,506	0	23,515	23,515	991
AUXILIARY ENTERPRISE REVENUES FOR DEBT SERVICE	(8,866)	0	(8,866)	(8,866)	0
OVERHEAD EARNED ON CONTRACTS AND GRANTS	(35,400)	0	(35,400)	(35,400)	0
INTERCAMPUS TRANSFERS	(6,658)	(835)	(5,690)	(6,525)	(133)
<b>NET TRANSFERS</b>	<b>(94,678)</b>	<b>10,845</b>	<b>(102,181)</b>	<b>(91,336)</b>	<b>(3,342)</b>
PRIOR YEAR AND NET ADJUSTMENTS	0	0	0	0	0
<b>BALANCES JUNE 30, 2000</b>	<b>\$ 606,288</b>	<b>\$ 149,011</b>	<b>\$ 352,213</b>	<b>\$ 501,224</b>	<b>\$ 105,064</b>

# Management Discussion and Analysis

increased \$41 million and accounted for 20.4 percent of expenditures in 1999–00. Research increased \$35 million and accounted for 16.4 percent of the total expenditures.

Employee costs totaling \$960.1 million (salary and wage payments to faculty and staff of \$817.7 million plus employee benefits of \$142.4 million) represented almost 63 percent of campus expenditures for the fiscal year. That \$59 million increase was 6.6 percent over the previous year. The remaining expenditures consisted of \$50.8 million for equipment and \$515.4 million for supplies, repairs, business travel and other operating expenses.

Details on all expenditures are provided in the Current Funds Expenditures by Resources Utilized table that can be found on page 9. Also, a five-year Comparative Summary of Current Funds Receipts and Expenditures is presented on page 8.

## RATIO ANALYSIS

### NET OPERATING RATIOS

Three operating ratios are presented that relate to the university's ability in 1999–00 to live within its means. The three are 1) the Ratio of Net Total Revenues to Total Revenues, which shows the percentage of current funds revenues that remain after all current funds expenditures and mandatory transfers are applied; 2) the Ratio of Net Educational and General Revenues to Total Educational and General Revenues, which focuses on the percentage of operating revenues generated by the educational and general activities of the campus that remain after application of expenditures and mandatory transfers; and 3) the Ratio of Net Auxiliary Enterprise Revenues to Total Auxiliary Enterprise Revenues, which indicates whether the revenues generated by the auxiliary enterprise, i.e., housing, food services, the bookstore, and others, were sufficient to meet the expenditures and mandatory transfers related to those services.

### RATIO OF NET TOTAL REVENUES TO TOTAL REVENUES

1996	1997	1998	1999	2000
3.3%	3.1%	1.2%	4.6%	3.1%

This ratio shows the percentage of current funds revenues remaining after all the current funds expenditures and mandatory transfers are applied. It indicates that the university has operated within its means in each of the last five years. The source for these data is the Current Funds—Summary of Changes in Fund Balances.

### RATIO OF NET EDUCATIONAL AND GENERAL REVENUES TO TOTAL EDUCATIONAL AND GENERAL REVENUES

1996	1997	1998	1999	2000
1.3%	6.4%	7.4%	12.0%	6.7%

These data are taken from the Statement of Current Funds Revenues, Expenditures and Other Changes. It reduces the total revenues and total expenditures by the amounts that auxiliary enterprises and the teaching hospital contributed to each. The net is the amount that is attributable to the educational and general activities of the campus. The ratio indicates that these activities were self sufficient in 1999–00, as they have been for each of the preceding four years. As a result, the campus has not had to rely on financing any part of these activities with alternative forms of funding, such as the use of expendable fund balances accumulated in prior years or surpluses generated by other operations.

### RATIO OF NET AUXILIARY ENTERPRISE REVENUES TO TOTAL AUXILIARY ENTERPRISE REVENUES

1996	1997	1998	1999	2000
10.1%	16.5%	13.5%	15.4%	15.2%

This ratio indicates that the auxiliary enterprises of the campus—bookstore, housing, food service and others—have been consistently successful in each of the last five years. These calculations are based on the data in the Statement of Current Funds Revenues, Expenditures and Other Changes and focus

exclusively on the line item "Sales and service-auxiliary enterprises" considered against the line item "Expenditures-auxiliary enterprises."

## BALANCE SHEET RATIOS

### RATIO OF EXPENDABLE FUND BALANCES TO PLANT DEBT

This ratio measures the relative liquidity of the institution and reflects the notion that the most important indicator of financial strength is the university's ability to meet all its obligations with available cash or other assets that can be converted to cash. This liquidity ratio should be at least 1:1, which should indicate that the university has sufficient liquid assets as of the reporting date to satisfy all related liabilities and plant debt.

1996	1997	1998	1999	2000
3.3:1	2.2:1	1.9:1	1.9:1	2.1:1

The campus continues to demonstrate substantial strength in its liquid assets: The ratios indicate that the campus has sufficient liquid assets to satisfy all related liabilities as well as plant debt.

### RATIO OF EXPENDABLE FUND BALANCES TO TOTAL EXPENDITURES AND MANDATORY TRANSFERS

This ratio expresses the ability of the university to support its current levels of operations from all available expendable resources without considering revenues generated from operations. The question of whether the campus could continue to support current levels of operations in the absence of operating revenues is answered by this ratio.

1996	1997	1998	1999	2000
.42:1	.41:1	.40:1	.43:1	.45:1

According to these calculations, the campus could continue to support its current levels of operations for about five months on the strength of its expendable fund balances. The ratio has remained fairly consistent over the past several years, indicating that the fund balances are growing at a rate that follows the historical expenditure patterns of the campus.



UNIVERSITY OF CALIFORNIA, DAVIS

**STATEMENT OF CURRENT FUNDS REVENUES,  
EXPENDITURES AND OTHER CHANGES**

(DOLLARS IN THOUSANDS)

	UNRESTRICTED	RESTRICTED	TOTALS MEMORANDUM ONLY 2000	1999
<b>FOR THE FISCAL YEAR ENDING JUNE 30, 2000</b>				
<b>REVENUES AND OTHER ADDITIONS</b>				
TUITION AND FEES	\$ 133,389	\$ 0	\$ 133,389	\$ 131,649
FEDERAL GOVERNMENT	27,304	136,617	163,921	155,128
STATE GOVERNMENT	375,734	67,185	442,919	423,340
LOCAL GOVERNMENT	364	4,035	4,399	3,670
PRIVATE GIFTS, GRANTS AND CONTRACTS	8,064	62,408	70,472	65,540
SALES AND SERVICES—EDUCATIONAL ACTIVITIES	130,221	0	130,221	101,257
SALES AND SERVICES—AUXILIARY ENTERPRISES	65,282	0	65,282	62,704
SALES AND SERVICES—TEACHING HOSPITAL	648,988	0	648,988	661,399
OTHER SOURCES	13,860	0	13,860	11,160
<b>TOTAL CURRENT REVENUES</b>	<b>1,403,206</b>	<b>270,245</b>	<b>1,673,451</b>	<b>1,615,847</b>
NET GAIN ON SALE OF ASSETS	55	0	55	3,055
REFUNDS AND OTHER ADJUSTMENTS	4,861	(2,079)	2,782	488
<b>TOTAL REVENUES</b>	<b>1,408,122</b>	<b>268,166</b>	<b>1,676,288</b>	<b>1,619,390</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS</b>				
<b>EDUCATIONAL AND GENERAL EXPENDITURES</b>				
INSTRUCTION	300,557	10,582	311,139	269,788
RESEARCH	62,922	187,380	250,302	215,688
PUBLIC SERVICE	15,893	29,543	45,436	32,618
ACADEMIC SUPPORT	83,588	3,466	87,054	90,766
TEACHING HOSPITAL	576,216	138	576,354	620,131
STUDENT SERVICES	36,301	723	37,024	34,778
INSTITUTIONAL SUPPORT	54,902	2,204	57,106	42,226
OPERATION AND MAINTENANCE OF PLANT	56,206	(1)	56,205	48,536
STUDENT FINANCIAL AID	16,891	33,420	50,311	50,658
<b>TOTAL EDUCATIONAL AND GENERAL EXPENDITURES</b>	<b>1,203,476</b>	<b>267,455</b>	<b>1,470,931</b>	<b>1,405,189</b>
AUXILIARY ENTERPRISES	55,272	115	55,387	53,068
DEBT SERVICE	0	0	0	0
REFUNDS AND OTHER ADJUSTMENTS	1,433	1,806	3,239	3,122
<b>TOTAL EXPENDITURES AND OTHER DEDUCTIONS</b>	<b>1,260,181</b>	<b>269,376</b>	<b>1,529,557</b>	<b>1,461,379</b>
<b>OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)</b>				
TRANSFERS TO OR FROM LOAN FUNDS	(1,555)	1	(1,554)	(29)
TRANSFERS TO OR FROM UNEXPENDED PLANT FUNDS	(60,531)	(2,719)	(63,250)	(43,445)
TRANSFERS TO OR FROM RETIREMENT OF INDEBTEDNESS FUNDS	(30,993)	(13,835)	(44,828)	(28,883)
TRANSFERS TO OR FROM RENEWAL AND REPLACEMENT RESERVES	(4,503)	0	(4,503)	( 5,920)
INTERCAMPUS TRANSFERS:				
OFFICE OF THE PRESIDENT	80,831	12,353	93,184	67,964
OTHER CAMPUS	(5,692)	(133)	(5,825)	( 6,909)
INTERFUND TRANSFERS:				
EDUCATIONAL FEE	(47,309)	0	(47,309)	( 50,638)
NET REVENUES—EXTRAORDINARY MAINTENANCE/REPAIR	0	0	0	0
NET REVENUES—ADDITION TO RETIREMENT OF INDEBTEDNESS	(8,866)	0	(8,866)	( 8,643)
UNCOMMITTED GENERAL FUND BALANCES	0	0	0	( 409)
SHORT-TERM INVESTMENT POOL INCOME	23,515	991	24,506	24,633
OVERHEAD EARNED—LOCAL GOVERNMENT	(364)	0	(364)	( 105)
OVERHEAD EARNED—FEDERAL GOVERNMENT	(27,275)	0	(27,275)	( 25,105)
OVERHEAD EARNED—PRIVATE GIFTS, GRANTS AND CONTRACTS	(5,854)	0	(5,854)	( 4,990)
OVERHEAD EARNED—STATE AGREEMENTS	(1,907)	0	(1,907)	( 1,381)
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	(833)	0	(833)	0
<b>NET INCREASE (DECREASE) IN FUND BALANCES</b>	<b>\$ 56,605</b>	<b>\$ (4,552)</b>	<b>\$ 52,053</b>	<b>\$ 74,151</b>

UNIVERSITY OF CALIFORNIA, DAVIS  
**COMPARATIVE SUMMARY OF  
 CURRENT FUNDS RECEIPTS AND EXPENDITURES**

(DOLLARS IN MILLIONS)

	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
<b>CURRENT FUNDS RECEIPTS</b>					
TUITION AND FEES	\$ 117.0	\$ 126.9	\$ 129.6	\$ 131.6	\$ 133.4
FEDERAL GOVERNMENT	127.7	128.9	136.9	155.1	163.9
STATE GOVERNMENT	318.3	338.8	363.4	423.3	442.9
LOCAL GOVERNMENT	3.9	4.5	8.0	3.7	4.4
PRIVATE GIFTS, GRANTS AND CONTRACTS	45.9	49.9	61.9	65.5	70.5
SALES AND SERVICES:					
EDUCATIONAL ACTIVITIES	68.1	99.0	108.5	101.3	130.2
AUXILIARY ENTERPRISES	56.5	57.5	57.4	62.7	65.3
TEACHING HOSPITAL	462.5	528.1	616.8	661.4	649.0
OTHER SOURCES	9.6	10.8	9.8	11.2	13.8
<b>TOTAL</b>	<b>\$ 1,209.5</b>	<b>\$ 1,344.4</b>	<b>\$ 1,492.3</b>	<b>\$ 1,615.8</b>	<b>\$ 1,673.4</b>

**CURRENT FUNDS EXPENDITURES**

INSTRUCTION	\$ 231.1	\$ 233.8	\$ 257.4	\$ 269.8	\$ 311.1
RESEARCH	184.4	186.6	200.6	215.7	250.3
PUBLIC SERVICE	29.8	34.2	28.7	32.6	45.4
ACADEMIC SUPPORT	80.8	94.1	102.5	90.8	87.1
TEACHING HOSPITAL	434.1	484.7	573.4	620.1	576.4
STUDENT SERVICES	29.3	29.9	31.3	34.8	37.0
INSTITUTIONAL SUPPORT	35.3	44.2	44.3	42.2	57.1
OPERATION AND MAINTENANCE OF PLANT	44.9	42.6	43.1	48.5	56.2
STUDENT FINANCIAL AID	47.0	44.9	50.2	50.6	50.3
AUXILIARY ENTERPRISES	50.7	48.0	49.7	53.1	55.4
<b>TOTAL</b>	<b>\$ 1,167.4</b>	<b>\$ 1,243.0</b>	<b>\$ 1,381.2</b>	<b>\$ 1,458.2</b>	<b>\$ 1,526.3</b>

UNIVERSITY OF CALIFORNIA, DAVIS  
**SHORT-TERM INVESTMENT  
 BY MAJOR FUND GROUP**

	1998-1999	1999-2000
CURRENT FUNDS		
RESTRICTED	\$ 1,045,634	\$ 991,104
UNRESTRICTED	13,877,427	16,730,852
SUBTOTAL	14,923,061	17,721,956
LOAN FUNDS	462,507	402,719
UNEXPENDED PLANT FUNDS	1,354,437	2,269,501
<b>TOTAL</b>	<b>\$ 16,740,005</b>	<b>\$ 20,394,176</b>

## Cash Management

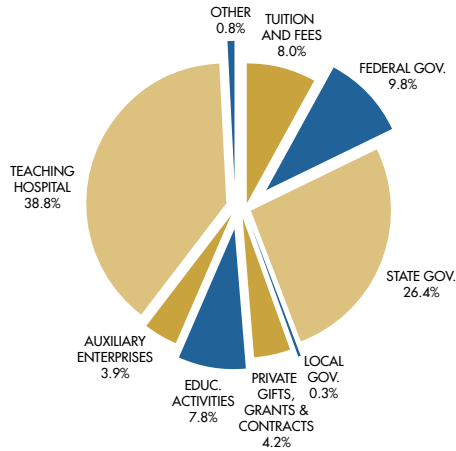
Under the university's cash management program, any cash balance not needed to cover disbursements is invested in short-term securities by the Office of the Treasurer. The investment income is credited to campus funds based on their proportionate share of the total cash balance. Funds restricted by donors or grantors are credited to an account for distributions approved by the chancellor. The annual average investment income distribution rate on cash balances was 5.29 percent in fiscal year 1998-99 and 5.35 percent in fiscal year 1999-00.

# Current funds

UNIVERSITY OF CALIFORNIA, DAVIS  
 CURRENT FUNDS RECEIPTS BY FUND SOURCE  
 FOR THE YEARS ENDED JUNE 30, 1999 AND 2000  
 (DOLLARS IN MILLIONS)

	TOTAL		PERCENT OF TOTAL		PERCENT CHANGE OVER 1999
	1999	2000	1999	2000	
TUITION AND FEES	\$ 131.6	\$ 133.4	8.1%	8.0%	1.4%
FEDERAL GOVERNMENT	155.1	163.9	9.6	9.8	5.7
STATE GOVERNMENT	423.3	442.9	26.2	26.4	4.6
LOCAL GOVERNMENT	3.7	4.4	0.2	0.3	18.9
PRIVATE GIFTS	20.8	27.1	1.3	1.6	30.3
PRIVATE GRANTS	12.8	13.5	0.8	0.8	5.5
PRIVATE CONTRACTS	31.9	29.9	2.0	1.8	(6.3)
SALES AND SERVICES:					
EDUCATIONAL ACTIVITIES	101.3	130.2	6.3	7.8	28.5
AUXILIARY ENTERPRISES	62.7	65.3	3.9	3.9	4.1
TEACHING HOSPITAL	661.4	649.0	40.9	38.8	(1.9)
OTHER SOURCES	11.2	13.8	0.7	0.8	23.2
<b>TOTAL</b>	<b>\$ 1,615.8</b>	<b>\$ 1,673.4</b>	<b>100.0%</b>	<b>100.0%</b>	<b>3.6%</b>

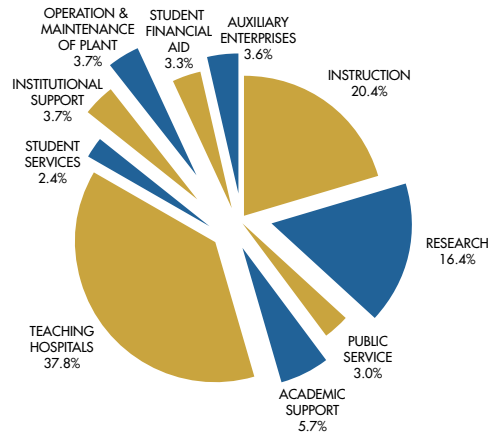
CURRENT FUNDS RECEIPTS BY FUND SOURCE



UNIVERSITY OF CALIFORNIA, DAVIS  
 CURRENT FUNDS EXPENDITURES BY FUNCTION  
 FOR THE YEARS ENDED JUNE 30, 1999 AND 2000  
 (DOLLARS IN MILLIONS)

	TOTAL		PERCENT OF TOTAL		PERCENT CHANGE OVER 1999
	1999	2000	1999	2000	
INSTRUCTION	\$ 269.8	\$ 311.1	18.5%	20.4%	15.3%
RESEARCH	215.7	250.3	14.8	16.4	16.0
PUBLIC SERVICE	32.6	45.4	2.2	3.0	39.3
ACADEMIC SUPPORT	90.8	87.1	6.2	5.7	(4.1)
TEACHING HOSPITAL	620.1	576.4	42.6	37.8	(7.1)
STUDENT SERVICES	34.8	37.0	2.4	2.4	6.3
INSTITUTIONAL SUPPORT	42.2	57.1	2.9	3.7	35.3
OPERATION AND MAINTENANCE OF PLANT	48.5	56.2	3.3	3.7	15.9
STUDENT FINANCIAL AID	50.6	50.3	3.5	3.3	(0.6)
AUXILIARY ENTERPRISES	53.1	55.4	3.6	3.6	4.3
<b>TOTAL</b>	<b>\$ 1,458.2</b>	<b>\$ 1,526.3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.7%</b>

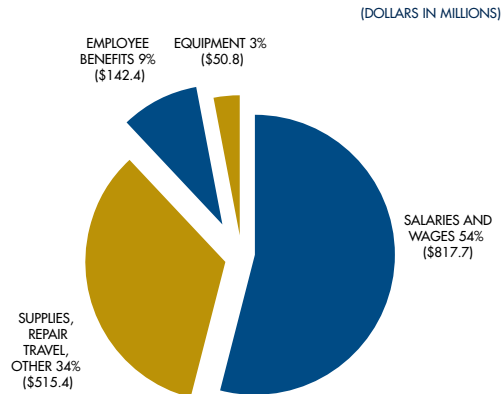
CURRENT FUNDS EXPENDITURES BY FUNCTION



UNIVERSITY OF CALIFORNIA, DAVIS  
 CURRENT FUNDS EXPENDITURES BY RESOURCES UTILIZED  
 FOR THE YEARS ENDED JUNE 30, 1999 AND 2000  
 (DOLLARS IN MILLIONS)

	TOTAL		PERCENT OF TOTAL		PERCENT CHANGE OVER 1999
	1999	2000	1999	2000	
STATE OF CALIFORNIA:					
GENERAL FUNDS	\$ 333.4	\$ 381.4	22.9%	25.0%	14.4%
SPECIAL STATE APPROPRIATIONS AND CONTRACTS	46.8	59.1	3.2	3.9	26.3
UNITED STATES OF AMERICA:					
APPROPRIATIONS	3.0	2.9	0.2	0.2	(3.3)
GRANTS	102.3	110.4	7.0	7.2	7.9
CONTRACTS	21.2	25.6	1.5	1.7	20.8
LOCAL GOVERNMENT	3.4	4.2	0.2	0.3	23.5
STUDENT FEES AND TUITION	116.5	111.8	8.0	7.3	(4.0)
PRIVATE GIFTS, GRANTS AND CONTRACTS	47.3	57.1	3.2	3.7	20.7
ENDOWMENTS	14.5	15.0	1.0	1.0	3.4
SALES AND SERVICES:					
EDUCATIONAL ACTIVITIES	89.8	113.2	6.2	7.4	26.1
AUXILIARY ENTERPRISES	53.8	56.2	3.7	3.7	4.5
TEACHING HOSPITAL	608.7	565.4	41.7	37.0	(7.1)
OTHER SOURCES	17.5	24.0	1.2	1.6	37.1
<b>TOTAL</b>	<b>\$ 1,458.2</b>	<b>\$ 1,526.3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.7%</b>

CURRENT FUNDS EXPENDITURES BY OBJECT OF EXPENDITURE



# Loan funds

One element of the university's student aid program is its loan programs. The loan funds group consists of resources primarily made available for student loans. These include both short-term and long-term lending programs. The most significant provider of student loan funds continues to be the federal government, which provided funding for 90.1 percent (\$58.7 of the \$65.1 million in loans outstanding) of the student loans as of June 30, 2000. Of the funds under the direct control of the campus, the Perkins Loan Program is the largest provider of long-term financial assistance to qualifying students. These loans carry a relatively low interest rate and generally do not require repayment until after graduation.

1999–00 was the fifth year that the campus participated in the William D. Ford Federal Direct Student Loan Program. The impact of that program on the financial records is that the flow of dollars from the federal government for these loans is now reflected as "other additions" in the Loan Funds—Summary of Changes in Fund Balances statement.

In 1999–00, \$51.4 million was recorded as additions from the U. S. government, compared to \$51.1 million in 1998–99 and

\$51.7 in prior years. The funds disbursed from the Federal Direct Student Loan Program flow through the campus but are recorded as receivables by the federal government.

Outstanding student loans as of June 30, 2000 totaled \$65.1 million. Total loan fund receivables increased .32 percent from the amount outstanding at the end of the preceding fiscal year. Unloaned funds at year-end amounted to 8.6 percent of loan fund balances available.

The number of loans outstanding and newly awarded decreased in 1999–00. Individual loans were on average larger, due to the change in financial aid packaging policy for the Perkins Loan Program. The data that follow include the loans administered by the campus as well as those disbursed on behalf of the Federal Direct Student Loan Program.

Overall, the data indicate a decrease in the number of loans and a slight increase in average loans from campus federal loan programs in 1999–00. Of the \$65.1 million in loans outstanding at June 30, 2000, \$32.5 million was in active billing status with the university's private billing service, EFG Technologies. Most of the remainder are loans that are not yet due or subject to campus collection.

The campus also has a short term housing program to assist new faculty in purchasing homes. These loans are secured by second or third mortgages to be repaid within a seven to 10 year maximum term. The loans are used as a recruitment tool to mitigate the high cost of housing in the Davis area. Other loan programs are funded from various university sources and are primarily used to provide short-term emergency loans to students; these generally become payable within an academic year.

## UNIVERSITY OF CALIFORNIA, DAVIS LOAN FUNDS—SUMMARY OF CHANGES IN FUND BALANCES

(DOLLARS IN MILLIONS)

**BALANCES JULY 1, 1999** \$ 67,170

### REVENUES AND OTHER ADDITIONS

GIFTS, BEQUESTS AND OTHER ADDITIONS	36
U. S. GOVERNMENT	52,008
REFUNDS AND OTHER ADJUSTMENTS	37
INTEREST EARNED	1,388
<b>TOTAL ADDITIONS</b>	<b>53,469</b>

### EXPENDITURES AND OTHER DEDUCTIONS

FEDERAL LOANS DISTRIBUTED	51,363
REFUNDS AND OTHER ADJUSTMENTS	0
WRITE-OFF AND RESERVES FOR UNCOLLECTIBLE LOANS	153
<b>TOTAL EXPENDITURES AND DEDUCTIONS (51,516)</b>	

### TRANSFERS

TRANSFERS BETWEEN CURRENT FUNDS AND LOAN FUNDS	1,555
TRANSFERS BETWEEN THE CAMPUS AND OFFICE OF THE PRESIDENT:	
GENERAL TRANSFERS	84
SHORT-TERM INVESTMENT POOL INCOME	403
<b>NET TRANSFERS</b>	<b>2,042</b>
PRIOR YEARS AND NET ADJUSTMENTS	0
<b>BALANCES JUNE 30, 2000</b>	<b>\$ 71,165</b>

## UNIVERSITY OF CALIFORNIA, DAVIS LONG-TERM STUDENT LOANS

	1998–1999	1999–2000
<b>NUMBER OF NEW LOANS AWARDED</b>		
FEDERAL DIRECT LOANS	12,529	12,300
FEDERAL	3,841	3,514
INSTITUTIONAL	383	770
<b>NUMBER OF LOANS OUTSTANDING</b>		
FEDERAL	18,462	18,467
INSTITUTIONAL	2,954	2,035
<b>AMOUNT OF NEW LOANS AWARDED</b>		
FEDERAL DIRECT LOANS	\$ 51,089,944	\$ 51,378,175
FEDERAL	\$ 8,544,041	\$ 7,057,269
INSTITUTIONAL	\$ 508,548	\$ 1,116,298
<b>AMOUNT OF LOANS OUTSTANDING JUNE 30</b>		
FEDERAL	\$ 58,998,992	\$ 58,713,882
INSTITUTIONAL	\$ 5,867,007	\$ 6,356,605
<b>NUMBER OF INSTITUTIONAL EMERGENCY/SHORT-TERM LOANS</b>		
	1,299	1,171

# Plant funds

Plant funds consist of monies designated for expansion of the physical facilities of the campus and the UC Davis Medical Center and improvements to existing facilities. In 1999–00, there were 255 projects under way, including purchases of capital equipment and real estate, improvements to existing facilities, and construction in progress.

The plant funds group is divided into four distinct funds: those identified as Unexpended funding for current capital outlay projects, Reserves for Renewal and Replacement of facilities and equipment, Retirement of Indebtedness of long-term obligations, and Investment in Plant assets such as land and buildings. The long-term assets of the campus were valued at over \$2.5 billion at June 30, 2000, an increase of \$170 million over the prior year.

The value of Investment in Plant at June 30 was \$2.4 billion, an increase of \$150 million over the prior year. The major additions to plant assets were buildings and structures (\$62 million), equipment (\$29 million), construction in progress (\$29 million) and general improvements (\$18) million. Capitalization of six projects, the Campus Waste Water Treatment Plant, Equine Analytical Chemistry Lab, UCDCM Tower II, UCDCM Administrative Support Building Expansion, UCDCM Central Plant Expansion and UCDCM Hospital Information System, added \$46 million to the value of buildings and structures, general improvements and equipment. Five projects, the Plant and Environmental Sciences Replacement Facility, Walker Replacement Facility, South Campus Development-Parking and Roadway Improvements, Webster/Emerson Seismic Renovation, and Center for the Arts Performance Hall added \$36 million to construction in progress.

UNIVERSITY OF CALIFORNIA, DAVIS  
**PLANT FUNDS—SUMMARY  
 OF CHANGES IN FUND BALANCES**  
 (DOLLARS IN THOUSANDS)

	UNEXPENDED	RENEWALS AND REPLACEMENTS	INVESTMENT IN PLANT	RETIREMENT OF INDEBTEDNESS
<b>BALANCES JULY 1, 1999</b>	\$ 89,557	\$ 9,288	\$ 1,927,212	\$ 13,403

## REVENUES AND OTHER ADDITIONS

GIFTS, BEQUESTS AND OTHER ADDITIONS	22,139	51	4,085	2,279
U.S. GOVERNMENT	319	0	0	0
NET GAIN ON SALE OF ASSETS	0	0	0	0
INTEREST EARNED	4	25	0	91
BORROWING AND ADVANCES FROM OTHER FUNDS	13,929	0	0	0
RETIREMENT OF INDEBTEDNESS ON PLANT	0	0	10,079	0
EXPENDED FOR PLANT	0	0	166,590	0
<b>TOTAL ADDITIONS</b>	<b>36,391</b>	<b>76</b>	<b>180,754</b>	<b>2,370</b>

## EXPENDITURES AND OTHER DEDUCTIONS

DEBT SERVICE	0	0	0	57,899
REFUNDS AND OTHER ADJUSTMENTS	0	0	1,618	0
PLANT FUNDS EXPENDITURES	101,805	2,888	0	0
DISPOSALS AND WRITE-OFFS OF PLANT FACILITIES	0	0	32,721	0
<b>TOTAL DEDUCTIONS</b>	<b>(101,805)</b>	<b>(2,888)</b>	<b>(34,339)</b>	<b>(57,899)</b>

## TRANSFERS

INTERFUND TRANSFERS:				
BETWEEN CURRENT FUNDS AND PLANT FUNDS	63,250	4,503	0	44,828
BETWEEN CURRENT AND RETIREMENT OF INDEBTEDNESS	(3,439)	0	0	3,439
BETWEEN CURRENT AND RENEWAL/REPLACEMENTS	0	(622)	0	622
INTRAFUND TRANSFERS	0	0	0	0
TRANSFERS BETWEEN THE CAMPUS AND OFFICE OF THE PRESIDENT:				
GENERAL TRANSFERS	27,814	0	0	(849)
SHORT-TERM INVESTMENT POOL INCOME	2,270	0	0	336
<b>NET TRANSFERS</b>	<b>89,895</b>	<b>3,881</b>	<b>0</b>	<b>48,376</b>
PRIOR YEAR AND NET ADJUSTMENTS	0	0	0	0
<b>BALANCES JUNE 30, 2000</b>	<b>\$ 114,038</b>	<b>\$ 10,357</b>	<b>\$ 2,073,627</b>	<b>\$ 6,250</b>

# Endowment funds

Endowment funds consist of monies gifted to the university for which the donor has specified that only the interest earnings from investment of the principal may be expended. Expenditures of these funds are typically restricted to a specific purpose. Funds donated to UC Davis, like those donated to the eight other University of California campuses, are managed by the Treasurer of the Regents of the University of California. Investments

are made to maximize the rate of return and to provide for growth of the original gift or bequest. Income from the investment of endowment funds is periodically transferred to the campus.

The book value of the funds designated as benefiting UC Davis exclusively was \$168.7 million at the end of the fiscal year. Market value of these investments was \$405.8 million compared to the market value of \$352.5 million at the end of the

previous year. Total endowment income transferred to UC Davis in 1999–00 was \$10.9 million, compared to \$9.4 million in the previous year. Since these assets are recorded, maintained and controlled by the Office of the President, financial statements for this fund group are not presented at the campus level.

## External long term indebtedness report

Long term indebtedness increased by \$3.8 million during 1999–00. The primary additions to long-term indebtedness for the year include the UC Davis Medical Center revenue bond (\$11.1 million), an increase to the trunked radio system (\$0.9 million), and a new corneal surgery laser system (\$0.5 million), and the School of Medicine Department of Radiology MR Imaging System (\$0.6 million).

Total payments for 1999–00 increased \$5.8 million (139 percent) over the previous year due primarily to the fact that principal payments on the UC Davis Medical Center revenue bond began (\$3.9 million) and IT Communications exercised the purchase option for the Telecommunications ETSS loan (\$2.9 million).

### UNIVERSITY OF CALIFORNIA, DAVIS SUMMARY OF DEBT ACTIVITY (DOLLARS IN THOUSANDS)

PURPOSE	07/01/99 BEGINNING BALANCE	ADDITIONS	PAYMENTS	06/30/00 ENDING BALANCE
<b>REGENTS LOANS</b>				
AGGIE VILLA	\$ 50.0	\$ 0.0	\$ 0.0	\$ 50.0
RUSSELL BOULEVARD SITE STUDY	17.0	0.0	0.0	17.0
MEMORIAL UNION	1,050.0	0.0	105.0	945.0
UNIVERSITY CLUB	152.0	0.0	13.8	138.2
<b>UCDMC REVENUE BOND</b>				
UCDMC REVENUE BOND	334,758.3	11,121.7	3,950.0	341,930.0
<b>INSTALLMENT PURCHASES</b>				
UCDMC EQUIPMENT	2,503.7	1,480.6	960.1	3,024.2
EQUIPMENT—OFFICE AND COMPUTER	2,170.1	779.3	889.0	2,060.4
EQUIPMENT—OTHER	1,398.1	547.6	418.2	1,527.5
TELECOMMUNICATIONS ETSS	2,871.7	0.0	2,871.7	0.0
PACIFIC STANDARD LIFE BUILDING	4,127.1	0.0	75.0	4,052.1
<b>STATE PUBLIC WORKS BOARD</b>				
CHILLED WATER EXPANSION	1,035.0	0.0	505.0	530.0
<b>MEDICAL PRACTICES</b>				
RANCHO CORDOVA MEDICAL GROUP	193.2	0.0	193.2	0.0
COUNTRY CLINIC—PLACERVILLE	111.9	0.0	111.9	0.0
<b>TOTAL</b>	<b>\$ 350,438.1</b>	<b>\$ 13,929.2</b>	<b>\$ 10,092.9</b>	<b>\$ 354,274.4</b>

# Appendix

## NOTES TO THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### REPORTING ENTITY

The University of California was founded in 1868 as a public state-supported institution. UC Davis is one of the nine campuses and three national laboratories that comprise the University of California. Its 19,460 undergraduate and 5,183 graduate students are enrolled in nearly 100 undergraduate majors and 70 graduate programs in three colleges and four professional schools. Founded in 1908 as the University Farm, UC Davis ranks among the top 25 universities in research funding, with programs that support California's economic, intellectual and social development. The California State Constitution grants the university full powers of government, subject only to legislative control necessary to ensure the security of its funds and compliance with certain administrative requirements.

### BASIS OF ACCOUNTING

The financial statements of the University of California, Davis have been prepared on the accrual basis of accounting. However, certain accruals are omitted, such as interest receivable on notes receivable on loan funds and accrued interest payable on plant fund borrowing. The inclusion of such amounts would not have a significant effect on the statements.

### FUND ACCOUNTING

In order to ensure the observance of limitations and restrictions placed on the use of the resources available to the campus, the accounts are maintained in accordance with the principles of fund accounting. Fund accounting principles enable the university to report to its funding agencies how it used the resources that were available to it at the beginning of the year, what resources were received during the year and what remained at the end of the year. Fund accounting involves recording revenue and expenditures in distinct entities called funds. Each distinct fund reflects the sources of funding and/or the purpose for which the resources are to be expended. Each fund incorporates a set of accounts for recording assets, liabilities, fund balances and change in fund balances. Gains and losses resulting from the sale or other disposition of non-cash assets are accounted for in the funds owning the assets. Similarly, income derived from investments and receivables is recorded in the fund owning the assets. Funds with similar characteristics are combined into fund groups for reporting purposes. At UC Davis the fund groups used include current funds, student loan funds, endowment and similar funds, and plant funds.

### DESCRIPTION OF FUND GROUPS

**Current Funds** The funds in which the current operations of the university are recorded is the current funds group. Current funds are the primary focus of higher education financial reporting because they relate to the three primary missions of the campus—instruction, research and public service. Academic support, teaching hospital, institutional support and operation and maintenance of the plant are supporting programs. Programs providing support for students are student service, student financial aid and auxiliary enterprises. These funds are divided into two groups: those that are restricted by donors or grantors and those that are unrestricted. Restricted funds may be expended only for the purpose designated by an outside funding source, whereas the use of unrestricted funds is determined by the university to achieve its educational goals.

Unrestricted current funds account for all resources available for current operations that have not been restricted as to use by outside entities. They have no limitations placed on their use and are expendable for any UC Davis operating purpose. For statement presentation purposes, the unrestricted funds have been separated into General—primarily State of California support—and Designated—those funds subject to allocation by the university administration. Designated funds are a subset of unrestricted current funds which have been set aside for specific operating purposes. At UC Davis, revenue generated by the sales and services provided by organizational units such as the teaching hospital, auxil-

iary enterprises and student fees and tuition are examples of funds that are designated for specific uses.

In contrast, restricted current funds are expendable only for the operating purposes specified by the providers of such resources. Typical restricted current funds include special state appropriations, federal government grants and contracts and private gifts and contracts received by the university in support of research, educational and public service activities. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Of the \$1.67 billion of UC Davis receipts, refunds and other adjustments in 1999–00, \$385 million was totally unrestricted, \$1.02 billion was designated for special operating purposes and \$268 million was restricted. Expenditures, deductions and transfers of current funds totaled \$1.62 billion.

**Loan Funds** Loan funds consist of resources primarily made available for financial loans to students. The most significant provider of student loan funds is the federal government. Most of UC Davis loan funds operate on a revolving basis whereby payments of loan principal and interest are returned to the loan funds group for subsequent new loans. In 1999–00, UC Davis participated in the federal direct loan program. The impact of that program on the financial records is that the flow of dollars from the federal government for these loans is now reflected as “other additions” in the Loan Funds—summary of Changes in Fund Balances statement, whereas in the past the loans were made directly to the student from the student loan industry and therefore were not reflected as dollars flowing in and out of UC Davis accounts.

**Endowment and Similar Funds** The endowments and similar funds group consists of monies provided to the university for which the donor has specified that only the interest earnings from investment of the principal can be expended. The purpose for which these funds can be expended is typically restricted to a specific purpose. Funds donated to UC Davis, like those donated to the eight other University of California campuses, are managed by the treasurer of the regents of the University of California. Investments are made to maximize the rate of return and to provide for growth of the fund principal to keep pace with inflation while safeguarding the monetary value of the original gift or bequest. Income from the investment of endowment funds is periodically transferred to the individual campuses.

Since these assets are recorded, maintained and controlled centrally by the Office of the President, financial statements for this fund group are not presented at the campus level. However, additional information about the endowment funds related to UC Davis is included in the body of this report.

**Plant Funds** Plant funds consist of monies designated for the expansion of the physical facilities of the campus and the teaching hospital and improvements to existing facilities. This group of funds includes the Unexpended Plant Funds, the Retirement of Indebtedness Funds, the Reserves for Renewals and Replacements Funds and the Investment in Plant Funds.

Unexpended Plant Funds are used to finance the acquisition and construction of assets. The source of additions to these funds is primarily the capital outlay funds of the regents or specific appropriations from the State of California. Borrowing has been a major source of funding the last two years with the issuance of the revenue bonds and commercial paper.

Retirement of Indebtedness Funds are used to accumulate monies for the liquidation of debt related to the acquisition, construction, renovation and replacement of university facilities.

Reserves for Renewals and Replacements Funds are used exclusively for the purpose of renovation and replacement of existing assets only.

Investment in Plant Funds are used to record the expenditure of funds for the purchase or construction of plant assets.

### FIXED ASSETS

The value of physical plant and equipment is stated at cost when acquired, or fair market value at the date of donation in the case of gifts. Interest on borrowing to finance facilities is capitalized during construction, net of any investment income earned during the temporary investment of project borrowings. Depreciation of plant assets is not recorded. However, Governmental Accounting Standards Board (GASB) Statement No. 35 will require the University to annually report depreciation in its financial statements with the fiscal year beginning July 1, 2001, with comparative information for the prior year.

### TAX EXEMPTION

UC Davis is a tax exempt organization under the provisions of Section 501(c) (3) of the Internal Revenue Code and is exempt from federal income taxes on related income; accordingly, no provision for income taxes is made in the financial statements.

### INDIRECT COST RECOVERIES

The campus is required to transfer all indirect cost recoveries, except clinical trials, received from performance under contracts and grants to the Office of the President. Subject to cost-sharing agreements with the State of California, a portion of the recoveries is returned to the campus in the annual budgetary allocation from the Office of the President. Clinical trial indirect cost recoveries are retained by the campus.

### SHORT-TERM INVESTMENT POOL

All fund groups participate in an investment pool that is administered by the Office of the President. This pool invests primarily in short-term securities, commercial paper and bank certificates with cost approximating market value. Income earned on investments is distributed quarterly to the individual campus fund based on its three-month average cash balance.

### COMMITMENTS AND CONTINGENCIES

Substantial amounts are received and expended by the campus under federal and state grants and contracts and are subject to audit by those agencies. This funding relates to research, student aid and other programs. Campus management believes that any liabilities arising from such audits would not have a significant effect on the campus financial statements.

The university is contingently liable in connection with claims and contracts, including those currently in litigation, arising in the normal course of its activities. The university maintains self-insurance reserves for workers compensation claims and certain other risks. Such risks are subject to various per-claim aggregate limits, with excess liability coverage provided by an independent insurer. University and campus management, as well as General Counsel, are of the opinion that the outcome of such matters would not have a material effect on the financial statements of the campus.

### UNIVERSITY OF CALIFORNIA, DAVIS

## MINIMUM PAYMENT OF OBLIGATIONS UNDER CAPITAL LEASES AND NON-CANCELABLE OPERATING LEASES

(DOLLARS IN THOUSANDS)

FISCAL YEAR	OPERATING LEASES	CAPITAL LEASES (INCLUDING INSTALLMENT PURCHASES)
2000–01	\$10,545	\$3,087
2001–02	8,562	2,480
2002–03	7,192	1,931
2003–04	6,653	1,272
2004–05	6,432	547
2005–10	19,756	2,299
2010–15	858	2,539
2015–20	0	267