

# FCR 14

Office of the President  
March 6, 2007

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE  
UNIVERSITY OF KENTUCKY FOR THE SIX MONTHS ENDED  
DECEMBER 31, 2006

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 2006.

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 Central Kentucky Management Services.

As of December 31, 2006, the University had realized income of \$1,001,255,000 representing 53 percent of the 2006-07 estimate of \$1,894,473,000. Expenditures total \$859,125,000 or 45 percent of the approved budget of \$1,894,473,000.

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



*Consolidated Financial  
Statements*

*For the six months ended December 31, 2006*

**CONSOLIDATED BALANCE SHEET**  
**UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS**  
**DECEMBER 31, 2006**

with comparative totals for December 31, 2005  
(in thousands)

	2006-07					2005-06	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 256,934	\$ 8,999	\$ 8,250	\$ 990	\$ 275,201	\$ 550,374	\$ 559,938
Notes, loans, and A/R (less bad debt allowances of \$28,810)	111,944	65,984	22,913	2,000	690	203,531	176,960
Investments	24,312	92,334		838,951	40,877	996,474	828,107
Property, plant, and equipment, net of depreciation					1,110,860	1,110,860	1,056,600
Inventories and other	26,092	56			1,993	28,141	23,375
<b>Total Assets</b>	<b>\$ 419,282</b>	<b>\$ 167,373</b>	<b>\$ 31,163</b>	<b>\$ 841,941</b>	<b>\$ 1,429,621</b>	<b>\$ 2,889,380</b>	<b>\$ 2,644,980</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 53,086	\$ 6,941	\$ 334		\$ 5,060	\$ 65,421	\$ 60,473
Employee withholdings and deposits		7,492				7,492	6,913
Other liabilities	11,172	625	21,889	\$ 5,813	6,933	46,432	42,334
Liability for self insurance	63,566					63,566	64,552
Deferred income	27,641	22,602				50,243	61,115
Bonds payable					385,510	385,510	385,065
Capitalized lease obligation					58,775	58,775	66,077
<b>Total Liabilities</b>	<b>155,465</b>	<b>37,660</b>	<b>22,223</b>	<b>5,813</b>	<b>456,278</b>	<b>677,439</b>	<b>686,529</b>
Interfund Balances	(63,315)	48,711		15,354	(750)		
Net deferred revenues and appropriated fund balances	143,889	(1,759)				142,130	110,338
<b>Fund Balances</b>							
<b>Current unrestricted</b>							
Working capital	180,711					180,711	146,607
Future operating purposes	2,532					2,532	4,499
<b>Current restricted</b>							
Loan		82,761	8,940			82,761	69,959
True endowments				584,532		584,532	507,304
Term endowments				3,640		3,640	3,247
Quasi endowments				228,513		228,513	67,636
Charitable trusts				3,239		3,239	2,453
Gift annuities				850		850	606
<b>Plant</b>							
Retirement of indebtedness					17,125	17,125	22,709
Renewal and replacement					64,894	64,894	177,400
Allocated for designated projects					139,089	139,089	96,641
Net investment in plant					752,985	752,985	740,461
<b>Total Fund Balances</b>	<b>183,243</b>	<b>82,761</b>	<b>8,940</b>	<b>820,774</b>	<b>974,093</b>	<b>2,069,811</b>	<b>1,848,113</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 419,282</b>	<b>\$ 167,373</b>	<b>\$ 31,163</b>	<b>\$ 841,941</b>	<b>\$ 1,429,621</b>	<b>\$ 2,889,380</b>	<b>\$ 2,644,980</b>

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2006**

with comparative totals for December 31, 2005  
(in thousands)

	2006-07				2005-06	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
<b>General Fund</b>						
(1) State appropriations	\$ 318,568	\$ 318,568	\$ 175,912	55	\$ 172,867	55
(2) Student fees	210,659	210,897	114,271	54	103,727	54
(3) County appropriations	12,734	13,597	5,473	40	5,195	41
(4) Endowment and investment income	12,681	12,681	7,029	55	5,295	70
(5) Non governmental grants and contracts	93,572	93,572	50,359	54	46,684	52
(6) Grants, donations, pledges						
Affiliated corporations	27,289	27,361	12,659	46	11,951	47
Other	3,065	4,265	371	9	4,429	276
(7) Sales and services	23,203	23,298	12,007	52	11,228	54
(8) Transfers	16,206	16,286	9,722	60	9,591	53
(9) Fund balance	32,462	85,356	85,356	100	52,122	100
(10) Total General Fund	750,439	805,881	473,160	59	423,089	58
(11) Auxiliary Enterprises	62,742	62,742	32,116	51	31,472	48
<b>Restricted Funds</b>						
(12) Federal appropriations	15,298	15,298	5,888	38	6,375	42
(13) Other	94,858	94,858	39,002	41	34,699	37
(14) Affiliated Corporations	326,959	328,094	171,610	52	158,968	51
(15) Hospital						
Revenues	587,600	587,600	279,480	48	249,231	53
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	<u>\$ 1,837,896</u>	<u>\$ 1,894,473</u>	<u>\$ 1,001,255</u>	53	<u>\$ 903,834</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, 2006**

with comparative totals for December 31, 2005  
(in thousands)

	2006-07				2005-06	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
(1) Instruction	\$ 252,133	\$ 272,777	\$ 121,809	45	\$ 115,766	44
(2) Research	271,974	276,670	117,899	43	112,493	40
(3) Public service	217,008	232,179	118,706	51	103,835	52
(4) Academic support	90,663	93,753	42,234	45	40,313	45
(5) Student services	22,301	23,347	11,818	51	11,118	50
(6) Institutional support	117,750	129,038	41,364	32	26,843	26
(7) Student financial aid	79,978	80,315	43,363	54	41,136	52
(8) Operation and maintenance	56,436	56,741	25,594	45	23,891	47
(9) Mandatory transfers (debt service)	17,048	17,048	15,750	92	17,863	90
(10) Hospital	588,653	588,653	242,910	41	237,927	51
(11) Auxiliary enterprises	123,952	123,952	77,679	63	62,311	51
(12) Total Expenditure by Program	<u>\$ 1,837,896</u>	<u>\$ 1,894,473</u>	<u>\$ 859,125</u>	45	<u>\$ 793,496</u>	47

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2006**

with comparative totals for December 31, 2005  
(in thousands)

	2006-07				2005-06	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
(13) Personnel costs	\$ 941,707	\$ 945,104	\$ 497,911	53	\$ 463,756	51
(14) Operating expenses	820,461	865,616	307,835	36	293,029	42
(15) Mandatory transfers (debt service)	28,829	28,829	18,714	65	22,445	68
(16) Capital outlay	46,899	54,924	34,665	63	14,266	27
(17) Total Expenditure by Category	<u>\$ 1,837,896</u>	<u>\$ 1,894,473</u>	<u>\$ 859,125</u>	45	<u>\$ 793,496</u>	47

**CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES**  
**UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2006**  
with comparative totals for December 31, 2005  
(in thousands)

	<u>2006-07</u>	<u>2005-06</u>
(1) <b>Realized Revenues</b>	\$ 915,899	\$ 851,712
<b>Appropriated Fund Balances</b>		
(2) Current Unrestricted Fund	\$ 85,356	52,122
(3) University Hospital	<u>                    </u>	<u>                    </u>
(4) Total Appropriated Fund Balances	<u>85,356</u>	<u>52,122</u>
(5) Total Revenues and Appropriated Fund Balances	1,001,255	903,834
(6) <b>Expenditures</b>	<u>859,125</u>	<u>793,496</u>
(7) <b>Net Deferred Revenues and Appropriated Fund Balances</b>	<u>\$ 142,130</u>	<u>\$ 110,338</u>