

FCR 8

Office of the President
December 12, 2006

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2006

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 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 September 30, 2006, the university had realized income of \$546,071,000 representing 30 percent of the 2006-07 estimate of \$1,839,286,000. Expenditures total \$437,648,000 or 24 percent of the approved budget of \$1,839,286,000.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the three months ended September 30, 2006

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
SEPTEMBER 30, 2006

with comparative totals for September 30, 2005
(in thousands)

	2006-07					2005-06	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 264,892	\$ 12,039	\$ 7,308	\$ 1,580	\$ 285,334	\$ 571,153	\$ 452,582
Notes, loans, and A/R (less bad debt allowances of \$24,618)	116,987	72,542	23,965	2,000	1,074	216,568	166,280
Investments	24,607	103,309		792,209	53,682	973,807	796,866
Property, plant, and equipment, net of depreciation					1,083,266	1,083,266	1,035,425
Inventories and other	28,832	56			1,414	30,302	23,525
Total Assets	\$ 435,318	\$ 187,946	\$ 31,273	\$ 795,789	\$ 1,424,770	\$ 2,875,096	\$ 2,474,678
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 45,278	\$ 5,665	\$ 647		1,030	\$ 52,620	\$ 40,333
Employee withholdings and deposits		25,227				25,227	26,005
Other liabilities	11,779	625	21,889	\$ 5,981	\$ 6,725	46,999	38,123
Liability for self insurance	63,014					63,014	63,031
Deferred income	26,881	30,944				57,825	47,157
Bonds payable					392,445	392,445	271,530
Capitalized lease obligation					65,195	65,195	66,077
Total Liabilities	146,952	62,461	22,536	5,981	465,395	703,325	552,256
Interfund Balances	(59,336)	45,867		15,665	(2,196)		
Net deferred revenues and appropriated fund balances	111,566	(3,143)				108,423	77,005
Fund Balances							
Current unrestricted							
Working capital	188,507					188,507	163,699
Future operating purposes	2,532					2,532	4,499
Other	45,097					45,097	7,973
Current restricted		82,761				82,761	69,959
Loan			8,737			8,737	8,650
True endowments				548,689		548,689	488,327
Term endowments				3,762		3,762	3,152
Quasi endowments				218,176		218,176	66,237
Charitable trusts				2,747		2,747	2,292
Gift annuities				769		769	574
Plant							
Retirement of indebtedness					20,478	20,478	22,729
Renewal and replacement					70,751	70,751	187,742
Allocated for designated projects					121,792	121,792	80,295
Net investment in plant					748,550	748,550	739,289
Total Fund Balances	236,136	82,761	8,737	774,143	961,571	2,063,348	1,845,417
Total Liabilities and Fund Balances	\$ 435,318	\$ 187,946	\$ 31,273	\$ 795,789	\$ 1,424,770	\$ 2,875,096	\$ 2,474,678

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006**

with comparative totals for September 30, 2005
(in thousands)

	2005-06				2004-05	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
(1) State appropriations	\$ 318,568	\$ 318,568	\$ 95,570	30	\$ 94,290	30
(2) Student fees	210,659	210,769	110,767	53	97,799	51
(3) County appropriations	12,734	12,734	3,048	24	2,765	23
(4) Endowment and investment income	12,681	12,681	3,476	27	2,050	27
(5) Non governmental grants and contracts	93,572	93,572	24,094	26	22,232	25
(6) Grants, donations, pledges						
Affiliated corporations	27,289	27,289	6,349	23	5,827	23
Other	3,065	4,265	86	2	226	14
(7) Sales and services	23,203	23,203	6,022	26	7,406	35
(8) Transfers	16,206	16,286	1,940	12	1,445	8
(9) Fund balance	32,462	32,462	32,462	100	27,057	100
(10) Total General Fund	750,439	751,829	283,815	38	261,097	37
(11) Auxiliary Enterprises	62,742	62,742	17,020	27	16,972	26
Restricted Funds						
(12) Federal appropriations	15,298	15,298	5,355	35	4,598	30
(13) Other	94,858	94,858	23,558	25	22,782	24
(14) Affiliated Corporations	326,959	326,959	78,277	24	78,592	25
(15) Hospital						
Revenues	587,600	587,600	138,047	23	125,213	27
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	<u>\$ 1,837,896</u>	<u>\$ 1,839,286</u>	<u>\$ 546,071</u>	30	<u>\$ 509,254</u>	31

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006**

with comparative totals for September 30, 2005
(in thousands)

	2005-06				2004-05	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
(1) Instruction	\$ 252,133	\$ 253,577	\$ 54,941	22	\$ 58,270	22
(2) Research	271,974	272,329	58,936	22	56,845	21
(3) Public service	217,008	216,724	55,896	26	48,869	25
(4) Academic support	90,663	90,652	21,264	23	21,786	24
(5) Student services	22,301	22,549	6,305	28	5,324	25
(6) Institutional support	117,750	116,965	21,562	18	18,351	23
(7) Student financial aid	79,978	80,274	39,483	49	37,887	49
(8) Operation and maintenance	56,436	56,563	15,271	27	8,646	17
(9) Mandatory transfers (debt service)	17,048	17,048	15,581	91	17,751	89
(10) Hospital	588,653	588,653	117,772	20	128,509	27
(11) Auxiliary enterprises	123,952	123,952	30,636	25	30,011	25
(12) Total Expenditure by Program	<u>\$ 1,837,896</u>	<u>\$ 1,839,286</u>	<u>\$ 437,648</u>	24	<u>\$ 432,249</u>	26

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006**

with comparative totals for September 30, 2005
(in thousands)

	2005-06				2004-05	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
(13) Personnel costs	\$ 941,707	\$ 940,940	\$ 246,442	26	\$ 228,939	25
(14) Operating expenses	820,461	819,794	160,288	20	175,437	26
(15) Mandatory transfers (debt service)	28,829	28,829	17,121	59	19,518	59
(16) Capital outlay	46,899	49,723	13,797	28	8,355	15
(17) Total Expenditure by Category	<u>\$ 1,837,896</u>	<u>\$ 1,839,286</u>	<u>\$ 437,648</u>	24	<u>\$ 432,249</u>	26

CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006
with comparative totals for September 30, 2005
(in thousands)

	<u>2006-07</u>	<u>2005-06</u>
(1) Realized Revenues	\$ 513,609	\$ 482,197
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 32,462	27,057
(3) University Hospital	<u> </u>	<u> </u>
(4) Total Appropriated Fund Balances	<u>32,462</u>	<u>27,057</u>
(5) Total Revenues and Appropriated Fund Balances	546,071	509,254
(6) Expenditures	<u>437,648</u>	<u>432,249</u>
(7) Net Deferred Revenues and Appropriated Fund Balances	<u>108,423</u>	<u>77,005</u>