

FCR 11

Office of the President
March 7, 2006

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE SIX MONTHS ENDED
DECEMBER 31, 2005

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 2005.

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, 2005, the university had realized income of \$904,242,000 representing 53 percent of the 2005-06 estimate of \$1,690,892,000. Expenditures and commitments total \$794,260,000 or 47 percent of the approved budget of \$1,690,892,000.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the six months ended December 31, 2005

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
DECEMBER 31, 2005

with comparative totals for December 31, 2004
(in thousands)

	2005-06					2004-05	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 172,477		\$ 7,370	\$ 2,733	\$ 366,377	\$ 548,957	\$ 407,929
Notes, loans, and A/R (less bad debt allowances of \$24,618)	103,459	\$ 48,684	23,305	1,000	1,108	177,556	158,246
Investments	58,712	103,826		597,752	67,817	828,107	767,274
Property, plant, and equipment, net of depreciation					1,056,600	1,056,600	1,001,417
Inventories and other	22,153	119			1,103	23,375	18,057
Total Assets	\$ 356,801	\$ 152,629	\$ 30,675	\$ 601,485	\$ 1,493,005	\$ 2,634,595	\$ 2,352,923
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 42,030	\$ 6,595	\$ 244		\$ 623	\$ 49,492	\$ 47,565
Employee withholdings and deposits		6,913				6,913	5,964
Other liabilities	9,192	537	21,840	\$ 5,652	5,113	42,334	38,544
Liability for self insurance	64,552					64,552	55,473
Deferred income	46,362	14,940				61,302	84,171
Bonds payable					385,065	385,065	276,785
Capitalized lease obligation					66,077	66,077	43,086
Total Liabilities	162,136	28,985	22,084	5,652	456,878	675,735	551,588
Interfund Balances	(65,458)	52,719		14,587	(1,848)		
Net deferred revenues and appropriated fund balances	109,017	966				109,983	85,586
Fund Balances							
Current unrestricted							
Working capital	138,634					138,634	107,229
Future operating purposes	4,499					4,499	6,509
Other	7,973					7,973	-
Current restricted		69,959				69,959	63,253
Loan			8,591			8,591	8,476
True endowments				507,304		507,304	458,643
Term endowments				3,247		3,247	3,133
Quasi endowments				67,636		67,636	70,509
Charitable trusts				2,453		2,453	2,234
Gift annuities				606		606	440
Plant							
Retirement of indebtedness					23,473	23,473	21,895
Renewal and replacement					177,400	177,400	172,969
Allocated for designated projects					96,641	96,641	71,676
Net investment in plant					740,461	740,461	728,783
Total Fund Balances	151,106	69,959	8,591	581,246	1,037,975	1,848,877	1,715,749
Total Liabilities and Fund Balances	\$ 356,801	\$ 152,629	\$ 30,675	\$ 601,485	\$ 1,493,005	\$ 2,634,595	\$ 2,352,923

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005**

with comparative totals for December 31, 2004
(in thousands)

	2005-06				2004-05	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
(1) State appropriations	\$ 314,303	\$ 314,303	\$ 172,866	55	\$ 157,184	53
(2) Student fees	193,518	193,477	99,983	52	92,643	54
(3) County appropriations	12,024	12,734	5,195	41	4,353	36
(4) Endowment and investment income	7,542	7,542	5,295	70	2,355	63
(5) Non governmental grants and contracts	89,703	89,754	46,684	52	40,896	46
(6) Grants, donations, pledges						
Affiliated corporations	25,023	25,223	11,951	47	11,738	49
Other	1,521	1,606	4,429	276	879	19
(7) Sales and services	20,956	20,920	13,978	67	15,090	74
(8) Transfers	18,045	18,045	6,841	38	6,055	43
(9) Fund balance	27,057	52,122	52,122	100	39,241	100
(10) Total General Fund	709,692	735,726	419,345	57	370,434	55
(11) Auxiliary Enterprises	65,676	65,676	35,625	54	34,375	60
Restricted Funds						
(12) Federal appropriations	15,357	15,357	6,375	42	7,285	46
(13) Other	93,928	93,928	34,699	37	37,533	42
(14) Affiliated Corporations	314,145	314,145	158,968	51	145,806	51
(15) Hospital						
Revenues	466,060	466,060	249,231	53	207,102	57
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	<u>\$ 1,664,858</u>	<u>\$ 1,690,892</u>	<u>\$ 904,242</u>	53	<u>\$ 802,535</u>	54

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005**

with comparative totals for December 31, 2004
(in thousands)

	2005-06				2004-05	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
(1) Instruction	\$ 267,916	\$ 260,180	\$ 115,767	44	\$ 115,129	42
(2) Research	275,050	279,120	112,493	40	105,844	42
(3) Public service	196,417	198,732	103,835	52	92,802	50
(4) Academic support	87,776	89,934	40,313	45	33,036	41
(5) Student services	21,397	22,059	11,118	50	10,437	50
(6) Institutional support	78,340	101,383	26,843	26	33,524	49
(7) Student financial aid	77,859	78,386	41,136	52	40,250	61
(8) Operation and maintenance	49,836	50,831	23,891	47	22,512	48
(9) Mandatory transfers (debt service)	19,863	19,863	17,863	90	17,573	94
(10) Hospital	468,148	468,148	238,691	51	186,121	51
(11) Auxiliary enterprises	122,256	122,256	62,311	51	59,721	55
(12) Total Expenditure by Program	<u>\$ 1,664,858</u>	<u>\$ 1,690,892</u>	<u>\$ 794,260</u>	47	<u>\$ 716,949</u>	48

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005**

with comparative totals for December 31, 2004
(in thousands)

	2005-06				2004-05	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
(13) Personnel costs	\$ 897,696	\$ 912,813	\$ 463,756	51	\$ 422,029	51
(14) Operating expenses	678,887	691,664	293,029	42	250,360	44
(15) Mandatory transfers (debt service)	33,025	33,025	23,209	70	22,236	74
(16) Capital outlay	55,250	53,390	14,266	27	22,324	44
(17) Total Expenditure by Category	<u>\$ 1,664,858</u>	<u>\$ 1,690,892</u>	<u>\$ 794,260</u>	47	<u>\$ 716,949</u>	48

CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2005
with comparative totals for December 31, 2004
(in thousands)

	<u>2005-06</u>	<u>2004-05</u>
(1) Realized Revenues	\$ 852,121	\$ 763,294
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 52,122	39,241
(3) University Hospital	<u> </u>	<u> </u>
(4) Total Appropriated Fund Balances	<u>52,122</u>	<u>39,241</u>
(5) Total Revenues and Appropriated Fund Balances	904,243	802,535
(6) Expenditures	<u>794,260</u>	<u>716,949</u>
(7) Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 109,983</u>	<u>\$ 85,586</u>