

FCR 26

Office of the President
April 24, 2007

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE NINE MONTHS ENDED
MARCH 31, 2007

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 2007.

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 March 31, 2007, the University had realized income of \$1,527,368,000 representing 81 percent of the 2006-07 estimate of \$1,894,473,000. Expenditures total \$1,326,947,000 or 70 percent of the approved budget of \$1,894,473,000.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the nine months ended March 31, 2007

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
MARCH 31, 2007

with comparative totals for March 31, 2006
(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	\$ 305,149	\$ 24,738	\$ 7,759		\$ 248,379	\$ 586,025	\$ 530,185
Notes, loans, and A/R (less bad debt allowances of \$27,120)	116,798	81,677	23,497	\$ 2,000	1,147	225,119	172,586
Investments	24,124	81,284		853,585	41,010	1,000,003	950,009
Property, plant, and equipment, net of depreciation					1,116,882	1,116,882	1,065,171
Inventories and other	26,945	56			1,986	28,987	23,172
Total Assets	\$ 473,016	\$ 187,755	\$ 31,256	\$ 855,585	\$ 1,409,404	\$ 2,957,016	\$ 2,741,123
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 59,323	\$ 9,784	\$ 324		\$ 1,518	\$ 70,949	\$ 66,326
Employee withholdings and deposits		21,237				21,237	17,603
Other liabilities	10,732	603	21,889	\$ 5,772	8,107	47,103	52,525
Liability for self insurance	61,058					61,058	65,007
Deferred income	24,420	23,814				48,234	43,136
Bonds payable					385,510	385,510	385,065
Capitalized lease obligation					58,775	58,775	66,077
Total Liabilities	155,533	55,438	22,213	5,772	453,910	692,866	695,739
Interfund Balances	(66,088)	49,462		17,376	(750)		
Net deferred revenues and appropriated fund balances	200,328	94				200,422	184,346
Fund Balances							
Current unrestricted							
Working capital	180,711					180,711	146,607
Future operating purposes	2,532					2,532	4,499
Current restricted							
Loan		82,761	9,043			82,761	69,959
True endowments				598,639		598,639	531,649
Term endowments				3,612		3,612	3,425
Quasi endowments				225,820		225,820	171,476
Charitable trusts				3,490		3,490	2,919
Gift annuities				876		876	697
Plant							
Retirement of indebtedness					19,728	19,728	20,816
Renewal and replacement					83,122	83,122	70,097
Allocated for designated projects					118,935	118,935	99,312
Net investment in plant					734,459	734,459	730,989
Total Fund Balances	183,243	82,761	9,043	832,437	956,244	2,063,728	1,861,038
Total Liabilities and Fund Balances	\$ 473,016	\$ 187,755	\$ 31,256	\$ 855,585	\$ 1,409,404	\$ 2,957,016	\$ 2,741,123

CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2007
with comparative totals for March 31, 2006
(in thousands)

	2006-07				2005-06	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
(1) State appropriations	\$ 318,568	\$ 318,568	\$ 256,154	80	\$ 251,441	80
(2) Student fees	210,659	210,897	215,608	102	189,726	98
(3) County appropriations	12,734	13,597	9,607	71	9,002	71
(4) Endowment and investment income	12,681	12,681	11,811	93	8,674	115
(5) Non governmental grants and contracts	93,572	93,572	76,214	81	71,796	80
(6) Grants, donations, pledges						
Affiliated corporations	27,289	27,361	18,995	69	18,306	73
Other	3,065	4,265	1,700	40	9,491	591
(7) Sales and services	23,203	23,298	18,796	81	30,451	146
(8) Transfers	16,206	16,286	14,755	91	13,685	76
(9) Fund balance	32,462	85,356	85,356	100	52,122	100
(10) Total General Fund	750,439	805,881	708,996	88	654,694	89
(11) Auxiliary Enterprises	62,742	62,742	54,486	87	53,160	81
Restricted Funds						
(12) Federal appropriations	15,298	15,298	12,413	81	11,786	77
(13) Other	94,858	94,858	67,850	72	61,021	65
(14) Affiliated Corporations	326,959	328,094	258,150	79	230,599	73
(15) Hospital						
Revenues	587,600	587,600	425,473	72	372,527	80
(16) Fund balance						
(17) Total Revenues and Appropriated Fund Balances	<u>\$ 1,837,896</u>	<u>\$ 1,894,473</u>	<u>\$ 1,527,368</u>	81	<u>\$ 1,383,787</u>	82

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2007**

with comparative totals for March 31, 2006
(in thousands)

	2006-07				2005-06	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
(1) Instruction	\$ 252,133	\$ 265,091	\$ 190,861	72	\$ 175,022	67
(2) Research	271,974	277,939	181,976	65	173,327	62
(3) Public service	217,008	232,691	185,252	80	155,597	78
(4) Academic support	90,663	94,631	67,661	71	61,026	67
(5) Student services	22,301	23,336	18,808	81	16,775	75
(6) Institutional support	117,750	133,174	55,036	41	39,075	40
(7) Student financial aid	79,978	80,726	82,285	102	78,026	99
(8) Operation and maintenance	52,586	53,382	40,007	75	37,904	74
(9) Mandatory transfers (debt service)	17,048	17,048	16,031	94	18,084	91
(10) Hospital	588,653	588,653	375,976	64	350,191	75
(11) Auxiliary enterprises	127,802	127,802	113,052	88	94,414	77
(12) Total Expenditure by Program	<u>\$ 1,837,896</u>	<u>\$ 1,894,473</u>	<u>\$ 1,326,947</u>	70	<u>\$ 1,199,441</u>	71

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2007**

with comparative totals for March 31, 2006
(in thousands)

	2006-07				2005-06	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
(13) Personnel costs	\$ 941,707	\$ 964,736	\$ 766,609	79	\$ 698,857	76
(14) Operating expenses	820,461	851,192	498,034	59	453,933	66
(15) Mandatory transfers (debt service)	28,829	28,829	19,134	66	22,530	68
(16) Capital outlay	46,899	49,716	43,170	87	24,121	43
(17) Total Expenditure by Category	<u>\$ 1,837,896</u>	<u>\$ 1,894,473</u>	<u>\$ 1,326,947</u>	70	<u>\$ 1,199,441</u>	71

CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE NINE MONTHS ENDED MARCH 31, 2007
with comparative totals for March 31, 2006
(in thousands)

	<u>2006-07</u>	<u>2005-06</u>
(1) Realized Revenues	\$ 1,442,013	\$ 1,331,665
Appropriated Fund Balances		
(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	1,527,368	1,383,787
(6) Expenditures	<u>1,326,947</u>	<u>1,199,441</u>
(7) Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 200,422</u>	<u>\$ 184,346</u>