

FCR 11

Office of the President
March 9, 2005

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE SIX MONTHS ENDED
DECEMBER 31, 2004

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ending December 31, 2004.

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,
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, 2004, the university had realized income of \$807,593,000 representing 54 percent of the 2004-05 estimate of \$1,487,019,000. Expenditures and commitments total \$707,443,000 or 48 percent of the approved budget of \$1,487,019,000.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the six months ended December 31, 2004

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
DECEMBER 31, 2004

with comparative totals for December 31, 2003
(in thousands)

	2004-05					2003-04	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 131,836		\$ 3,689	\$ 578	\$ 271,826	\$ 407,929	\$ 436,440
Notes, loans, and A/R (less bad debt allowances of \$19,489)	98,188	\$ 36,459	26,881	500	258	162,286	163,996
Investments	51,229	114,748		553,152	46,423	765,552	711,144
Property, plant, and equipment, net of depreciation					1,001,417	1,001,417	922,602
Inventories and other	19,157	183				19,340	17,414
Total Assets	\$ 300,410	\$ 151,390	\$ 30,570	\$ 554,230	\$ 1,319,924	\$ 2,356,524	\$ 2,251,596
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 28,778	\$ 3,255	\$ 680		\$ 393	\$ 33,106	\$ 32,614
Employee withholdings and deposits		3,602				3,602	14,433
Other liabilities	9,010	486	21,414	\$ 5,604	2,030	38,544	35,984
Liability for self insurance	55,473					55,473	52,851
Deferred income	64,112	20,059				84,171	69,220
Bonds payable					276,785	276,785	290,385
Capitalized lease obligation					43,086	43,086	45,453
Total Liabilities	157,373	27,402	22,094	5,604	322,294	534,767	540,940
Interfund Balances	(82,635)	64,939		13,667	4,029		
Net deferred revenues and appropriated fund balances	111,934	(4,204)				107,730	81,008
Fund Balances							
Current unrestricted							
Working capital	107,229					107,229	122,580
Future operating purposes	6,509					6,509	4,920
Other						-	8,133
Current restricted							
Loan		63,253	8,476			63,253	61,457
True endowments				458,643		458,643	405,609
Term endowments				3,133		3,133	3,375
Quasi endowments				70,509		70,509	69,732
Charitable trusts				2,234		2,234	2,791
Gift annuities				440		440	384
Plant							
Retirement of indebtedness					20,173	20,173	23,156
Renewal and replacement					172,969	172,969	148,881
Allocated for designated projects					71,676	71,676	106,975
Net investment in plant					728,783	728,783	663,578
Total Fund Balances	113,738	63,253	8,476	534,959	993,601	1,714,027	1,629,648
Total Liabilities and Fund Balances	\$ 300,410	\$ 151,390	\$ 30,570	\$ 554,230	\$ 1,319,924	\$ 2,356,524	\$ 2,251,596

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2004**

with comparative totals for December 31, 2003

(in thousands)

	2004-05				2003-04	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
(1) State appropriations	\$ 295,808	\$ 295,808	\$ 157,185	53	\$ 169,659	55
(2) Student fees	171,815	172,159	92,643	54	85,760	54
(3) County appropriations	10,897	12,024	4,353	36	3,204	29
(4) Endowment and investment income	3,740	3,740	2,355	63	3,901	54
(5) Non governmental grants and contracts	89,538	89,589	40,896	46	38,342	45
(6) Grants, donations, pledges						
Affiliated corporations	23,896	23,896	11,738	49	10,091	48
Other	1,617	4,512	879	19	2,587	72
(7) Sales and services	21,216	20,284	13,746	68	16,410	49
(8) Transfers	13,979	13,979	6,055	43	2,822	39
(9) Fund balance	27,018	39,241	39,241	100	32,557	100
(10) Total General Fund	659,524	675,232	369,090	55	365,333	55
(11) Auxiliary Enterprises	56,975	57,322	34,375	60	30,066	61
Restricted Funds						
(12) Federal appropriations	15,861	15,861	7,285	46	6,861	43
(13) Other	97,367	88,429	37,533	42	38,293	39
(14) Affiliated Corporations	286,848	287,270	145,806	51	129,440	50
(15) Hospital						
Revenues	362,905	362,905	213,505	59	173,821	54
(16) Fund balance						
Total Revenues and						
(17) Appropriated Fund Balances	<u>\$ 1,479,480</u>	<u>\$ 1,487,019</u>	<u>\$ 807,593</u>	54	<u>\$ 743,814</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, 2004**

with comparative totals for December 31, 2003
(in thousands)

	2004-05				2003-04	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(1) Instruction	\$ 271,916	\$ 273,945	\$ 119,810	44	\$ 127,732	47
(2) Research	250,388	252,211	106,954	42	100,900	43
(3) Public service	184,595	185,320	93,153	50	83,650	47
(4) Academic support	77,893	81,143	33,293	41	36,243	44
(5) Student services	20,867	21,008	10,501	50	11,745	47
(6) Institutional support	59,971	67,931	28,468	42	27,579	46
(7) Student financial aid	74,925	65,888	40,373	61	42,422	58
(8) Operation and maintenance	47,013	47,313	22,602	48	22,796	46
(9) Mandatory transfers (debt service)	18,676	18,676	17,573	94	13,652	82
(10) Hospital	365,099	365,099	173,836	48	148,379	46
(11) Auxiliary enterprises	108,137	108,485	60,881	56	57,360	60
(12) Total Expenditure by Program	<u>\$ 1,479,480</u>	<u>\$ 1,487,019</u>	<u>\$ 707,443</u>	48	<u>\$ 672,458</u>	48

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2004**

with comparative totals for December 31, 2003
(in thousands)

	2004-05				2003-04	
	Original Budget	Revised Budget	Expended/ Encumbered To Date	%	Expended/ Encumbered To Date	%
(13) Personnel costs	\$ 832,263	\$ 831,887	\$ 387,716	47	\$ 379,181	48
(14) Operating expenses	574,526	574,199	273,752	48	251,874	46
(15) Mandatory transfers (debt service)	29,945	29,945	22,236	74	16,312	58
(16) Capital outlay	42,746	50,988	23,740	47	25,091	59
(17) Total Expenditure by Category	<u>\$ 1,479,480</u>	<u>\$ 1,487,019</u>	<u>\$ 707,443</u>	48	<u>\$ 672,458</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, 2004**

with comparative totals for December 31, 2003
(in thousands)

	<u>2004-05</u>	<u>2003-04</u>
(1) Realized Revenues	\$ 768,352	\$ 711,257
Appropriated Fund Balances		
(2) Current Unrestricted Fund	\$ 39,241	32,557
(3) University Hospital	<u> </u>	<u> </u>
(4) Total Appropriated Fund Balances	<u>39,241</u>	<u>32,557</u>
(5) Total Revenues and Appropriated Fund Balances	807,593	743,814
(6) Expenditures/Encumbrances	707,443	672,458
(7) Less: Reserve for Encumbrances	<u>(7,580)</u>	<u>(9,652)</u>
(8) Total Expenditures	<u>699,863</u>	<u>662,806</u>
(9) Net Deferred Revenues and Appropriated Fund Balances	<u>\$ 107,730</u>	<u>\$ 81,008</u>