

# FCR 4

Office of the President  
December 9, 2008

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE  
UNIVERSITY OF KENTUCKY FOR THE THREE MONTHS ENDED  
SEPTEMBER 30, 2008

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2008.

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. The financial statements also include the operations of the Boone Center, a not-for-profit entity for which the university is financially accountable under Governmental Accounting Standards but which is not an affiliated corporation under Kentucky Revised Statutes.

As of September 30, 2008, the university had realized income of \$687,408,000 representing 31 percent of the 2008-09 estimate of \$2,205,613,000. Expenditures total \$529,715,000 or 24 percent of the approved budget of \$2,205,613,000.

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



*Consolidated Financial  
Statements*

*For the three months ended September 30, 2008*

**CONSOLIDATED BALANCE SHEET**  
**UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS**  
**SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007  
(in thousands)

	2008-09					2007-08	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 291,072	\$ 52,953	\$ 5,345	\$ 2,818	\$ 172,140	\$ 524,328	\$ 502,582
Notes, loans, and A/R (less bad debt allowances of \$38,645)	179,896	75,033	26,699	2,500	689	284,817	244,656
Investments	17,678	119,237		818,823	52,579	1,008,317	1,146,510
Property, plant, and equipment, net of depreciation					1,346,664	1,346,664	1,208,102
Inventories and other	51,302				2,896	54,198	52,350
<b>Total Assets</b>	<b>\$ 539,948</b>	<b>\$ 247,223</b>	<b>\$ 32,044</b>	<b>\$ 824,141</b>	<b>\$ 1,574,968</b>	<b>\$ 3,218,324</b>	<b>\$ 3,154,200</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 71,974	\$ 5,094	\$ 237		\$ 1,697	\$ 79,002	\$ 81,310
Employee withholdings and deposits		23,906				23,906	23,380
Other liabilities	15,934	334	21,546	\$ 20,477	19,627	77,918	50,459
Liability for self insurance	60,530					60,530	76,590
Deferred income	30,138	40,495				70,633	62,597
Bonds payable					514,995	514,995	372,415
Capitalized lease obligation	11,472				130,638	142,110	129,138
<b>Total Liabilities</b>	<b>190,048</b>	<b>69,829</b>	<b>21,783</b>	<b>20,477</b>	<b>666,957</b>	<b>969,094</b>	<b>795,889</b>
Interfund Balances	(71,474)	60,706		15,958	(5,190)		
Net deferred revenues and appropriated fund balances	150,683	7,010				157,693	128,596
<b>Fund Balances</b>							
<b>Current unrestricted</b>							
Working capital	265,179					265,179	241,940
Future operating purposes	5,512					5,512	3,311
Other						-	11,580
<b>Current restricted</b>		109,678				109,678	89,210
<b>Loan</b>			10,261			10,261	9,520
True endowments				532,425		532,425	655,882
Term endowments				3,330		3,330	3,940
Quasi endowments				248,496		248,496	299,813
Charitable trusts				2,768		2,768	2,997
Gift annuities				687		687	884
<b>Plant</b>							
Retirement of indebtedness					26,723	26,723	19,898
Renewal and replacement					21,022	21,022	20,906
Allocated for designated projects					61,709	61,709	103,643
Net investment in plant					803,747	803,747	766,191
<b>Total Fund Balances</b>	<b>270,691</b>	<b>109,678</b>	<b>10,261</b>	<b>787,706</b>	<b>913,201</b>	<b>2,091,537</b>	<b>2,229,715</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 539,948</b>	<b>\$ 247,223</b>	<b>\$ 32,044</b>	<b>\$ 824,141</b>	<b>\$ 1,574,968</b>	<b>\$ 3,218,324</b>	<b>\$ 3,154,200</b>

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007  
(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
<b>General Fund</b>						
State appropriations	\$ 321,503	\$ 321,503	\$ 96,376	30	\$ 100,505	30
Student fees	253,257	253,257	129,553	51	118,406	49
County appropriations	15,248	15,248	3,485	23	3,053	21
Endowment and investment income	11,060	11,060	2,394	22	5,096	39
Non governmental grants and contracts	111,036	111,036	29,887	27	26,260	27
Grants, donations, pledges						
Affiliated corporations	29,383	29,383	7,072	24	6,863	24
Other	24,416	24,436	1,881	8	2,377	20
Sales and services	25,163	25,163	6,829	27	5,834	24
Transfers	18,812	18,812	3,049	16	2,368	15
<b>Total General Fund</b>	<b>809,878</b>	<b>809,898</b>	<b>280,526</b>	<b>35</b>	<b>270,762</b>	<b>35</b>
<b>Auxiliary Enterprises</b>	<b>72,711</b>	<b>72,711</b>	<b>19,729</b>	<b>27</b>	<b>19,428</b>	<b>28</b>
<b>Restricted Funds</b>						
Federal appropriations	16,576	17,315	6,149	36	4,487	28
Other	117,795	117,795	29,709	25	25,288	22
<b>Affiliated Corporations</b>	<b>353,534</b>	<b>353,534</b>	<b>82,695</b>	<b>23</b>	<b>81,520</b>	<b>24</b>
<b>UK Hospitals</b>	<b>753,205</b>	<b>753,205</b>	<b>187,445</b>	<b>25</b>	<b>167,768</b>	<b>25</b>
<b>Total Revenues</b>	<b>2,123,699</b>	<b>2,124,458</b>	<b>606,253</b>	<b>29</b>	<b>569,253</b>	<b>28</b>
<b>Appropriated Fund Balance</b>						
Current unrestricted fund	81,155	81,155	81,155	100	66,928	100
<b>Total Revenues and Appropriated Fund Balance</b>	<b>\$ 2,204,854</b>	<b>\$ 2,205,613</b>	<b>\$ 687,408</b>	<b>31</b>	<b>\$ 636,181</b>	<b>31</b>

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007

(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
Instruction	\$ 318,407	\$ 315,186	\$ 57,138	18	\$ 58,022	20
Research	279,853	282,476	60,252	21	59,940	22
Public service	284,807	285,193	61,079	21	58,969	24
Academic support	112,646	113,716	26,317	23	23,150	22
Student services	27,961	28,186	7,398	26	6,967	25
Institutional support	109,742	110,080	29,147	26	25,288	17
Student financial aid	93,646	92,545	43,766	47	41,233	47
Operation and maintenance	60,610	61,049	13,859	23	11,385	21
Mandatory transfers (debt service)	45,118	45,118	31,322	69	25,537	70
UK Hospitals	746,050	746,050	168,842	23	167,315	25
Auxiliary enterprises	126,014	126,014	30,595	24	29,779	25
<b>Total Expenditure by Program</b>	<b>\$ 2,204,854</b>	<b>\$ 2,205,613</b>	<b>\$ 529,715</b>	<b>24</b>	<b>\$ 507,585</b>	<b>24</b>

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007

(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
Personnel costs	\$ 1,073,827	\$ 1,076,520	\$ 290,698	27	\$ 271,253	26
Operating expenses	1,037,817	1,035,516	198,099	19	196,136	21
Mandatory transfers (debt service)	45,118	45,118	31,322	69	25,537	70
Capital outlay	48,092	48,459	9,597	20	14,659	24
<b>Total Expenditure by Category</b>	<b>\$ 2,204,854</b>	<b>\$ 2,205,613</b>	<b>\$ 529,715</b>	<b>24</b>	<b>\$ 507,585</b>	<b>24</b>

**CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008**

with comparative totals for September 30, 2007  
(in thousands)

	<u>2008-09</u>	<u>2007-08</u>
<b>Realized Revenues</b>	\$ 606,253	\$ 569,253
<b>Appropriated Fund Balances</b>		
Current Unrestricted Fund	<u>\$ 81,155</u>	<u>66,928</u>
Total Appropriated Fund Balances	<u>81,155</u>	<u>66,928</u>
Total Revenues and Appropriated Fund Balances	687,408	636,181
<b>Expenditures</b>	<u>529,715</u>	<u>507,585</u>
<b>Net Deferred Revenues and Appropriated Fund Balances</b>	<u><u>\$ 157,693</u></u>	<u><u>\$ 128,596</u></u>