

FCR 3

Office of the President
March 10, 2009

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE SIX MONTHS ENDED
DECEMBER 31, 2008

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 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 December 31, 2008, the university had realized income of \$1,180,184,000 representing 53 percent of the 2008-09 estimate of \$2,227,947,000. Expenditures total \$1,022,023,000 or 46 percent of the approved budget of \$2,227,947,000.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the six months ended December 31, 2008

CONSOLIDATED BALANCE SHEET
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
DECEMBER 31, 2008

with comparative totals for December 31, 2007
(in thousands)

	2008-09					2007-08	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
ASSETS							
Cash and cash equivalents	\$ 265,786	\$ 24,246	\$ 5,913		\$ 197,530	\$ 493,475	\$ 631,584
Notes, loans, and A/R (less bad debt allowances of \$41,189)	174,624	74,094	26,050	\$ 2,500	451	277,719	241,571
Investments	19,589	144,254		677,427	38,397	879,667	1,123,091
Property, plant, and equipment, net of depreciation					1,408,375	1,408,375	1,248,640
Inventories and other	50,957				2,870	53,827	55,961
Total Assets	\$ 510,956	\$ 242,594	\$ 31,963	\$ 679,927	\$ 1,647,623	\$ 3,113,063	\$ 3,300,847
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 84,873	\$ 5,956	\$ 211		\$ 772	\$ 91,812	\$ 86,715
Employee withholdings and deposits		14,864				14,864	8,210
Other liabilities	15,235	297	21,546	\$ 20,302	22,609	79,989	64,667
Liability for self insurance	58,558					58,558	68,127
Deferred income	23,974	44,636				68,610	68,507
Bonds payable					509,725	509,725	525,515
Capitalized lease obligation					138,315	138,315	123,069
Total Liabilities	182,640	65,753	21,757	20,302	671,421	961,873	944,810
Interfund Balances	(71,246)	59,945		17,692	(6,391)		
Net deferred revenues and appropriated fund balances	150,943	7,218				158,161	176,153
Fund Balances							
Current unrestricted							
Working capital	243,107					243,107	233,021
Future operating purposes	5,512					5,512	3,311
Current restricted							
Loan		109,678	10,206			109,678	89,210
True endowments				441,292		441,292	641,113
Term endowments				2,582		2,582	3,832
Quasi endowments				196,915		196,915	289,471
Charitable trusts				775		775	3,362
Gift annuities				369		369	913
Plant							
Retirement of indebtedness					11,186	11,186	9,955
Renewal and replacement					22,191	22,191	12,835
Allocated for designated projects					147,834	147,834	110,426
Net investment in plant					801,382	801,382	772,847
Total Fund Balances	248,619	109,678	10,206	641,933	982,593	1,993,029	2,179,884
Total Liabilities and Fund Balances	\$ 510,956	\$ 242,594	\$ 31,963	\$ 679,927	\$ 1,647,623	\$ 3,113,063	\$ 3,300,847

**CONSOLIDATED STATEMENT OF CURRENT FUNDS REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

with comparative totals for December 31, 2007
(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
General Fund						
State appropriations	\$ 321,503	\$ 321,503	\$ 176,689	55	\$ 185,359	55
Student fees	253,257	253,257	133,194	53	121,179	50
County appropriations	15,248	15,248	7,780	51	7,255	50
Endowment and investment income	11,060	11,060	5,003	45	10,496	79
Non governmental grants and contracts	111,036	111,036	58,687	53	52,634	54
Grants, donations, pledges						
Affiliated corporations	29,383	29,383	13,842	47	13,223	47
Other	24,416	24,436	2,093	9	17,560	146
Sales and services	25,163	25,176	13,911	55	13,388	54
Transfers	18,812	18,812	10,070	54	8,132	51
Total General Fund	809,878	809,911	421,269	52	429,226	55
Auxiliary Enterprises	72,711	72,729	38,138	52	35,126	50
Restricted Funds						
Federal appropriations	16,576	17,315	9,587	55	8,059	51
Other	117,795	117,939	46,087	39	43,006	38
Affiliated Corporations	353,534	353,620	177,644	50	174,082	52
UK Hospitals	753,205	753,205	384,230	51	344,676	50
Total Revenues	2,123,699	2,124,719	1,076,956	51	1,034,175	52
Appropriated Fund Balance						
Current unrestricted fund	81,155	103,228	103,228	100	87,426	100
Total Revenues and Appropriated Fund Balance	\$ 2,204,854	\$ 2,227,947	\$ 1,180,184	53	\$ 1,121,601	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, 2008**

with comparative totals for December 31, 2007

(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
Instruction	\$ 318,407	\$ 296,531	\$ 126,639	43	\$ 124,112	40
Research	279,853	294,682	122,914	42	120,697	43
Public service	284,807	289,545	135,447	47	115,609	47
Academic support	112,646	115,663	50,124	43	48,552	44
Student services	27,961	29,979	13,780	46	13,790	47
Institutional support	109,742	128,619	41,830	33	44,353	33
Student financial aid	93,646	92,771	47,951	52	46,112	52
Operation and maintenance	60,610	62,957	28,461	45	27,539	48
Mandatory transfers (debt service)	45,118	45,118	34,737	77	28,749	78
UK Hospitals	746,050	746,050	356,553	48	316,747	46
Auxiliary enterprises	126,014	126,032	63,589	50	59,188	49
Total Expenditure by Program	\$ 2,204,854	\$ 2,227,947	\$ 1,022,023	46	\$ 945,448	45

**EXPENDITURE SUMMARY BY CATEGORY OF EXPENDITURE
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

with comparative totals for December 31, 2007

(in thousands)

	2008-09				2007-08	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
Personnel costs	\$ 1,073,827	\$ 1,090,095	\$ 581,722	53	\$ 542,013	51
Operating expenses	1,037,817	1,042,842	387,491	37	347,750	37
Mandatory transfers (debt service)	45,118	45,118	34,737	77	28,749	78
Capital outlay	48,092	49,892	18,074	36	26,936	43
Total Expenditure by Category	\$ 2,204,854	\$ 2,227,947	\$ 1,022,023	46	\$ 945,448	45

**CONSOLIDATED SUMMARY OF NET DEFERRED REVENUES AND APPROPRIATED FUND BALANCES
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008**

with comparative totals for December 31, 2007
(in thousands)

	<u>2008-09</u>	<u>2007-08</u>
Realized Revenues	\$ 1,076,956	\$ 1,034,175
Appropriated Fund Balances		
Current Unrestricted Fund	<u>\$ 103,228</u>	<u>87,426</u>
Total Appropriated Fund Balances	<u>103,228</u>	<u>87,426</u>
Total Revenues and Appropriated Fund Balances	1,180,184	1,121,601
Expenditures	<u>1,022,023</u>	<u>945,448</u>
Net Deferred Revenues and Appropriated Fund Balances	<u><u>\$ 158,161</u></u>	<u><u>\$ 176,153</u></u>