

# FCR 7

Office of the President  
April 22, 2008

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE  
UNIVERSITY OF KENTUCKY FOR THE NINE MONTHS ENDED  
MARCH 31, 2008

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

As of March 31, 2008, the University had realized income of \$1,682,593,000 representing 80% of the 2007-08 estimate of \$2,095,257,000. Expenditures total \$1,476,805,000 or 70% of the approved budget of \$2,095,257,000.

**Note:** The report will be distributed at the Board meeting. The valuation of endowment investments as of March 31, 2008 was not received in time to meet the mailing date for Board materials. This valuation will be received in time to prepare and distribute the complete financial report at the Board meeting.

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



*Consolidated Financial  
Statements*

*For the nine months ended March 31, 2008*

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

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

	2007-08					2006-07	
	Current Unrestricted Funds	Current Restricted Funds	Loan Funds	Endowment Funds	Plant Funds	Totals	Totals
<b>ASSETS</b>							
Cash and cash equivalents	\$ 342,976	\$ 73,950	\$ 5,522	\$ 2,135	\$ 226,599	\$ 651,182	\$ 583,687
Notes, loans, and A/R (less bad debt allowances of \$19,097)	139,866	85,154	26,381	2,000	401	253,802	225,119
Investments	30,807	74,162		915,258	55,517	1,075,744	1,002,341
Property, plant, and equipment, net of depreciation					1,278,336	1,278,336	1,123,743
Inventories and other	52,226				2,990	55,216	28,987
<b>Total Assets</b>	<b>\$ 565,875</b>	<b>\$ 233,266</b>	<b>\$ 31,903</b>	<b>\$ 919,393</b>	<b>\$ 1,563,843</b>	<b>\$ 3,314,280</b>	<b>\$ 2,963,877</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 85,255	\$ 5,366	\$ 265		\$ 1,362	\$ 92,248	\$ 70,949
Employee withholdings and deposits		20,780				20,780	21,237
Other liabilities	12,342	633	21,894	\$ 13,858	19,121	67,848	47,103
Liability for self insurance	68,879					68,879	61,058
Deferred income	23,537	51,697				75,234	48,234
Bonds payable					525,515	525,515	385,510
Capitalized lease obligation	10,889				111,078	121,967	58,775
<b>Total Liabilities</b>	<b>200,902</b>	<b>78,476</b>	<b>22,159</b>	<b>13,858</b>	<b>657,076</b>	<b>972,471</b>	<b>692,866</b>
Interfund Balances	(70,736)	59,169		17,114	(5,547)		
Net deferred revenues and appropriated fund balances	199,377	6,411				205,788	200,422
<b>Fund Balances</b>							
<b>Current unrestricted</b>							
Working capital	233,021					233,021	179,911
Future operating purposes	3,311					3,311	3,332
<b>Current restricted</b>							
Loan		89,210	9,744			89,210	82,761
True endowments				602,954		602,954	598,639
Term endowments				3,596		3,596	3,612
Quasi endowments				278,239		278,239	225,820
Charitable trusts				2,761		2,761	3,490
Gift annuities				871		871	876
<b>Plant</b>							
Retirement of indebtedness					14,769	14,769	19,728
Renewal and replacement					11,381	11,381	83,122
Allocated for designated projects					114,418	114,418	118,935
Net investment in plant					771,746	771,746	741,320
<b>Total Fund Balances</b>	<b>236,332</b>	<b>89,210</b>	<b>9,744</b>	<b>888,421</b>	<b>912,314</b>	<b>2,136,021</b>	<b>2,070,589</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 565,875</b>	<b>\$ 233,266</b>	<b>\$ 31,903</b>	<b>\$ 919,393</b>	<b>\$ 1,563,843</b>	<b>\$ 3,314,280</b>	<b>\$ 2,963,877</b>

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

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

	2007-08				2006-07	
	Original Budget	Revised Budget	Realized To Date	%	Realized To Date	%
<b>General Fund</b>						
State appropriations	\$ 335,017	\$ 337,017	\$ 269,713	80	\$ 256,154	80
Student fees	242,994	242,934	226,904	93	215,609	102
County appropriations	14,453	14,377	11,135	77	9,607	71
Endowment and investment income	13,229	13,229	15,749	119	11,811	93
Nongovernmental grants and contracts	98,315	98,315	78,723	80	76,214	81
Grants, donations, pledges						
Affiliated corporations	28,151	28,271	17,867	63	18,995	69
Other	11,737	11,987	18,510	154	1,700	40
Sales and services	24,778	24,776	20,672	83	18,796	81
Transfers	15,827	15,827	14,654	93	14,755	91
<b>Total General Fund</b>	<b>784,501</b>	<b>786,733</b>	<b>673,926</b>	<b>86</b>	<b>623,641</b>	<b>87</b>
<b>Auxiliary Enterprises</b>	<b>70,284</b>	<b>70,284</b>	<b>55,808</b>	<b>79</b>	<b>54,486</b>	<b>87</b>
<b>Restricted Funds</b>						
Federal appropriations	15,911	15,911	12,296	77	12,413	81
Other	114,234	114,127	73,001	64	67,850	72
<b>Affiliated Corporations</b>	<b>337,189</b>	<b>337,635</b>	<b>259,556</b>	<b>77</b>	<b>258,150</b>	<b>79</b>
<b>UK Hospitals</b>	<b>683,141</b>	<b>683,141</b>	<b>520,580</b>	<b>76</b>	<b>425,473</b>	<b>72</b>
<b>Total Revenues</b>	<b>2,005,260</b>	<b>2,007,831</b>	<b>1,595,167</b>	<b>79</b>	<b>\$ 1,442,013</b>	<b>80</b>
<b>Appropriated Fund Balance</b>						
Current unrestricted fund	66,928	87,426	87,426	100	85,356	100
<b>Total Revenues and Appropriated Fund Balance</b>	<b>\$ 2,072,188</b>	<b>\$ 2,095,257</b>	<b>\$ 1,682,593</b>	<b>80</b>	<b>\$ 1,527,369</b>	<b>81</b>

**CONSOLIDATED STATEMENT OF CURRENT FUNDS EXPENDITURE SUMMARY BY PROGRAM - ALL FUNDS  
UNIVERSITY OF KENTUCKY AND AFFILIATED CORPORATIONS  
FOR THE NINE MONTHS ENDED MARCH 31, 2008**

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

	2007-08				2006-07	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
Instruction	\$ 285,313	\$ 299,385	\$ 193,292	65	\$ 190,862	72
Research	273,976	285,576	190,059	67	181,977	65
Public service	244,028	249,667	183,052	73	185,252	80
Academic support	106,734	111,303	73,797	66	67,661	71
Student services	27,651	29,948	20,273	68	18,808	81
Institutional support	153,452	128,041	59,344	46	55,036	41
Student financial aid	87,463	89,708	86,705	97	82,285	102
Operation and maintenance	54,796	62,854	44,202	70	40,007	75
Mandatory transfers (debt service)	17,446	17,446	16,267	93	16,031	94
UK Hospitals	684,194	684,194	506,321	74	375,976	64
Auxiliary enterprises	137,135	137,135	103,493	75	113,052	88
<b>Total Expenditure by Program</b>	<b>\$ 2,072,188</b>	<b>\$ 2,095,257</b>	<b>\$ 1,476,805</b>	<b>70</b>	<b>\$ 1,326,947</b>	<b>70</b>

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

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

	2007-08				2006-07	
	Original Budget	Revised Budget	Expended To Date	%	Expended To Date	%
Personnel costs	\$ 1,047,165	\$ 1,062,221	\$ 838,443	79	\$ 766,609	79
Operating expenses	927,069	934,273	568,195	61	491,740	58
Mandatory transfers (debt service)	36,662	36,662	32,306	88	25,428	88
Capital outlay	61,292	62,101	37,861	61	43,170	87
<b>Total Expenditure by Category</b>	<b>\$ 2,072,188</b>	<b>\$ 2,095,257</b>	<b>\$ 1,476,805</b>	<b>70</b>	<b>\$ 1,326,947</b>	<b>70</b>

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

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

	<u>2007-08</u>	<u>2006-07</u>
<b>Realized Revenues</b>	\$ 1,595,167	\$ 1,442,013
<b>Appropriated Fund Balances</b>		
Current Unrestricted Fund	<u>\$ 87,426</u>	<u>85,356</u>
Total Appropriated Fund Balances	<u>87,426</u>	<u>85,356</u>
Total Revenues and Appropriated Fund Balances	1,682,593	1,527,369
<b>Expenditures</b>	<u>1,476,805</u>	<u>1,326,947</u>
<b>Net Deferred Revenues and Appropriated Fund Balances</b>	<u><u>\$ 205,788</u></u>	<u><u>\$ 200,422</u></u>