

FCR 8

Office of the President
December 11, 2012

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2012

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2012.

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 Mining Engineering 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 September 30, 2012, the University has recognized \$733,963,763 of current funds revenue representing 28 percent of the 2012-13 approved budget of \$2,618,377,700. Expenses and transfers total \$641,020,877 or 24 percent of the approved budget.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the three months ended September 30, 2012

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 307,445,624	\$ 301,847,221
Notes, loans and accounts receivable, net	277,713,668	246,287,985
Inventories and other assets	49,335,871	45,136,585
Total current assets	<u>634,495,163</u>	<u>593,271,791</u>
Noncurrent Assets		
Restricted cash and cash equivalents	55,189,269	65,533,284
Endowment investments	997,741,848	871,464,571
Other long-term investments	144,855,360	178,489,662
Notes, loans and accounts receivable, net	42,245,267	50,766,435
Other noncurrent assets	16,216,931	15,495,884
Capital assets, net	1,911,223,657	1,870,304,857
Total noncurrent assets	<u>3,167,472,332</u>	<u>3,052,054,693</u>
Total assets	<u>3,801,967,495</u>	<u>3,645,326,484</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	134,594,531	141,270,263
Deferred revenue	71,259,531	73,943,283
Long-term liabilities - current portion	60,172,012	70,376,654
Total current liabilities	<u>266,026,074</u>	<u>285,590,200</u>
Noncurrent Liabilities		
Accounts payable and accrued liabilities	-	398,264
Long-term liabilities	753,029,991	788,540,974
Total noncurrent liabilities	<u>753,029,991</u>	<u>788,939,238</u>
Total liabilities	<u>1,019,056,065</u>	<u>1,074,529,438</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>1,269,218,708</u>	<u>1,206,477,959</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	128,163,717	121,555,419
Research	261,985,452	258,501,034
Instruction	76,545,652	73,450,590
Academic support	83,555,914	83,421,067
Other	7,991,380	7,793,791
Total restricted nonexpendable	<u>558,242,115</u>	<u>544,721,901</u>
Expendable		
Scholarships and fellowships	50,229,365	35,625,360
Research	47,697,434	18,019,432
Instruction	40,986,382	31,302,055
Academic support	32,513,805	20,933,566
Loans	10,255,974	9,630,408
Capital projects	62,708,745	54,047,119
Debt service	32,217,386	40,162,499
Auxiliary	18,311,160	17,297,009
Other	12,919,195	8,200,856
Total restricted expendable	<u>307,839,446</u>	<u>235,218,304</u>
Total restricted	<u>866,081,561</u>	<u>779,940,205</u>
Unrestricted	<u>647,611,161</u>	<u>584,378,882</u>
Total net assets	<u>\$ 2,782,911,430</u>	<u>\$ 2,570,797,046</u>

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
ALL FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Student tuition and fees	\$ 181,448,494	\$ 164,504,889
Federal grants and contracts	35,568,873	37,211,366
State and local grants and contracts	24,829,866	15,723,794
Nongovernmental grants and contracts	42,847,169	41,097,870
Recoveries of facilities and administrative costs	11,143,675	12,006,828
Sales and services	10,847,219	9,730,457
Federal appropriations	4,964,950	4,823,513
County appropriations	7,059,049	4,870,656
Hospital services	233,779,721	220,857,951
Auxiliary enterprises:		
Housing and dining	14,205,727	13,404,005
Athletics	21,647,293	22,864,496
Other auxiliaries	11,474,036	11,567,620
Other operating revenues	74,973	78,154
Total operating revenues	<u>599,891,045</u>	<u>558,741,599</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	58,623,033	61,323,168
Research	57,182,158	61,469,266
Public service	53,041,482	53,375,559
Libraries	3,725,171	3,926,940
Academic support	20,181,608	20,961,238
Student services	8,409,029	8,191,091
Institutional support	31,792,145	27,751,829
Operations and maintenance of plant	14,195,875	16,497,483
Student financial aid	63,603,179	58,008,287
Depreciation	14,223,305	12,403,772
Total educational and general	<u>324,976,985</u>	<u>323,908,633</u>
Clinical operations	26,370,629	23,152,217
Hospital and clinics (including depreciation of \$11,180,444 in 2012 and \$10,582,768 in 2011)	213,287,661	209,792,120
Auxiliary enterprises:		
Housing and dining (including depreciation of \$717,075 in 2012 and \$812,972 in 2011)	9,858,836	10,535,452
Athletics (including depreciation of \$986,009 in 2012 and \$116,034 in 2011)	21,933,851	19,503,262
Other auxiliaries	6,108,277	6,657,098
Other operating expenses	80,872	375,140
Total operating expenses	<u>602,617,111</u>	<u>593,923,922</u>
Net gain (loss) from operations	<u>(2,726,066)</u>	<u>(35,182,323)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	85,160,800	89,199,000
Gifts and non-exchange grants	37,109,802	34,564,548
Investment income (loss)	45,859,527	(83,301,767)
Interest on capital asset-related debt	(4,421,221)	(5,423,504)
Other nonoperating revenues and expenses, net	2,644,522	1,713,832
Net nonoperating revenues (expenses)	<u>166,353,430</u>	<u>36,752,109</u>
Net income before other revenues, expenses, gains or losses	<u>163,627,364</u>	<u>1,569,786</u>
Capital appropriations	-	-
Capital grants and gifts	5,743,748	9,561,796
Additions to permanent endowments	580,376	811,750
Other, net	(439,747)	(8,879,503)
Total other revenues (expenses)	<u>5,884,377</u>	<u>1,494,043</u>
INCREASE IN NET ASSETS	169,511,741	3,063,829
NET ASSETS, July 1	<u>2,613,399,689</u>	<u>2,567,733,217</u>
NET ASSETS, September 30	<u>\$ 2,782,911,430</u>	<u>\$ 2,570,797,046</u>

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

	2012			2011	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 338,533,700	\$ 181,448,494	54%	\$ 164,504,889	52%
Federal grants and contracts	178,823,200	35,568,873	20%	37,935,876	22%
State and local grants and contracts	74,545,800	24,829,866	33%	15,723,794	20%
Nongovernmental grants and contracts	183,547,600	42,847,169	23%	41,097,870	23%
Recoveries of facilities and administrative costs	45,000,000	11,143,675	25%	12,006,828	28%
Sales and services	41,885,000	10,847,219	26%	9,730,457	24%
Federal appropriations	18,482,300	4,964,950	27%	4,823,513	27%
County appropriations	19,170,700	7,059,049	37%	4,870,656	26%
Hospital services	967,499,200	233,779,721	24%	220,857,951	22%
Auxiliary enterprises:					
Housing and dining	50,813,000	14,205,727	28%	13,404,005	27%
Athletics	67,805,800	21,647,293	32%	22,864,496	35%
Other auxiliaries	38,137,700	11,474,036	30%	11,567,620	33%
Total operating revenues	<u>2,024,244,000</u>	<u>599,816,072</u>	<u>30%</u>	<u>559,387,955</u>	<u>28%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	316,207,700	58,623,033	19%	61,323,168	18%
Research	261,741,100	57,203,663	22%	61,461,894	22%
Public service	198,399,400	53,041,482	27%	53,375,559	26%
Libraries	12,880,400	3,725,171	29%	3,926,940	30%
Academic support	107,420,900	20,181,608	19%	20,961,238	22%
Student services	39,246,600	8,330,138	21%	8,140,669	22%
Institutional support	145,791,900	31,792,145	22%	27,751,829	26%
Operations and maintenance of plant	67,264,600	12,266,640	18%	13,485,153	19%
Student financial aid	124,021,200	63,603,179	51%	58,008,287	50%
Total educational and general	<u>1,272,973,800</u>	<u>308,767,059</u>	<u>24%</u>	<u>308,434,737</u>	<u>24%</u>
Clinical operations	115,885,500	26,370,629	23%	23,152,217	21%
Hospital and clinics	929,010,200	199,359,511	21%	195,518,988	20%
Auxiliary enterprises:					
Housing and dining	39,487,300	9,064,971	23%	9,702,569	25%
Athletics	78,175,900	20,913,131	27%	19,374,816	27%
Other auxiliaries	33,119,900	6,104,201	18%	6,645,938	22%
Total operating expenses	<u>2,468,652,600</u>	<u>570,579,502</u>	<u>23%</u>	<u>562,829,265</u>	<u>23%</u>
Net gain (loss) from operations	<u>(444,408,600)</u>	<u>29,236,570</u>	<u>-7%</u>	<u>(3,441,310)</u>	<u>1%</u>

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011

	2012			2011	
	Budget	Actual	%	Actual	%
Net gain (loss) from operations	<u>(444,408,600)</u>	<u>29,236,570</u>	<u>-7%</u>	<u>(3,441,310)</u>	<u>1%</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	283,869,300	85,160,800	30%	89,199,000	29%
Gifts and non-exchange grants	55,442,600	36,646,867	66%	33,846,738	61%
Investment income	28,760,600	4,240,921	15%	4,292,685	12%
Other nonoperating revenues and expenses, net	<u>5,858,400</u>	<u>2,644,115</u>	<u>45%</u>	<u>1,738,650</u>	<u>38%</u>
Net nonoperating revenues (expenses)	<u>373,930,900</u>	<u>128,692,703</u>	<u>34%</u>	<u>129,077,073</u>	<u>32%</u>
Net income before other revenues, expenses, gains or losses	<u>(70,477,700)</u>	<u>157,929,273</u>	<u>-224%</u>	<u>125,635,763</u>	<u>-198%</u>
Capital grants and gifts	7,245,000	5,438,487	75%	6,566,730	89%
Other, net	<u>10,000</u>	<u>16,501</u>	<u>165%</u>	<u>87,175</u>	<u>-</u>
Total other revenues (expenses)	<u>7,255,000</u>	<u>5,454,988</u>	<u>75%</u>	<u>6,653,905</u>	<u>90%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	209,139,900	-	-	-	-
Capital purchases and transfers	(71,026,000)	(28,466,124)	40%	(35,241,300)	32%
Debt service transfers	(78,649,100)	(42,172,982)	54%	(46,060,267)	61%
Noncapital transfers	<u>3,757,900</u>	<u>197,731</u>	<u>5%</u>	<u>(623,340)</u>	<u>-23%</u>
Total non-GASB current funds activity	<u>63,222,700</u>	<u>(70,441,375)</u>	<u>-111%</u>	<u>(81,924,907)</u>	<u>-146%</u>
INCREASE IN NET ASSETS	-	92,942,886		50,364,761	
NET ASSETS, July 1		<u>392,255,776</u>		<u>438,481,760</u>	
NET ASSETS, September 30		<u>\$ 485,198,662</u>		<u>\$ 488,846,521</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,024,244,000	\$ 599,816,072	30%	\$ 559,387,955	28%
Nonoperating revenues	<u>594,133,700</u>	<u>134,147,691</u>	<u>23%</u>	<u>135,730,978</u>	<u>21%</u>
Total revenues	<u>2,618,377,700</u>	<u>733,963,763</u>	<u>28%</u>	<u>695,118,933</u>	<u>26%</u>
Operating expenses	2,468,652,600	570,579,502	23%	562,829,265	23%
Nonoperating expenses and transfers	<u>149,725,100</u>	<u>70,441,375</u>	<u>47%</u>	<u>81,924,907</u>	<u>44%</u>
Total expenses and transfers	<u>2,618,377,700</u>	<u>641,020,877</u>	<u>24%</u>	<u>644,754,172</u>	<u>24%</u>
INCREASE IN NET ASSETS	<u>\$ -</u>	<u>\$ 92,942,886</u>		<u>\$ 50,364,761</u>	