

FCR 4

Office of the President
February 21, 2012

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE SIX MONTHS ENDED
DECEMBER 31, 2011

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 2011.

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 Humanities Foundation, University of Kentucky Equine Research Foundation, University of Kentucky Center on Aging Foundation, and Central Kentucky Management Services.

As of December 31, 2011, the University has recognized \$1,207,759,172 of current funds revenue representing 45 percent of the 2011-12 approved budget of \$2,700,609,500. Expenses and transfers total \$1,253,933,675 or 46 percent of the approved budget.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the six months ended December 31, 2011

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENT OF NET ASSETS
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 202,145,515	\$ 319,934,561
Notes, loans and accounts receivable, net	270,120,495	238,936,517
Inventories and other assets	37,147,152	36,505,116
Total current assets	<u>509,413,162</u>	<u>595,376,194</u>
Noncurrent Assets		
Restricted cash and cash equivalents	76,722,776	61,397,046
Endowment investments	897,143,470	921,169,660
Other long-term investments	148,335,059	185,940,095
Notes, loans and accounts receivable, net	43,263,329	50,088,856
Other noncurrent assets	15,871,652	15,692,352
Capital assets, net	1,897,830,023	1,762,028,761
Total noncurrent assets	<u>3,079,166,309</u>	<u>2,996,316,770</u>
Total assets	<u>3,588,579,471</u>	<u>3,591,692,964</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	140,555,853	134,047,684
Deferred revenue	57,338,362	63,680,144
Long-term liabilities - current portion	49,553,678	61,305,786
Total current liabilities	<u>247,447,893</u>	<u>259,033,614</u>
Noncurrent Liabilities		
Accounts payable and accrued liabilities	398,264	2,687,142
Deferred revenue	-	6,389,688
Long-term liabilities	788,009,203	815,874,338
Total noncurrent liabilities	<u>788,407,467</u>	<u>824,951,168</u>
Total liabilities	<u>1,035,855,360</u>	<u>1,083,984,782</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>1,261,779,266</u>	<u>1,088,196,702</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	125,266,669	117,676,948
Research	259,667,139	251,335,397
Instruction	75,278,955	72,766,768
Academic support	83,510,799	83,237,507
Other	8,218,504	7,773,430
Total restricted nonexpendable	<u>551,942,066</u>	<u>532,790,050</u>
Expendable		
Scholarships and fellowships	41,204,037	48,896,376
Research	25,591,240	42,493,080
Instruction	33,188,411	55,049,821
Academic support	24,455,036	27,456,510
Loans	9,811,762	9,592,201
Capital projects	48,408,202	58,295,660
Debt service	7,441,167	11,341,658
Auxiliary	10,806,013	12,361,624
Other	17,884,011	9,750,234
Total restricted expendable	<u>218,789,879</u>	<u>275,237,164</u>
Total restricted	<u>770,731,945</u>	<u>808,027,214</u>
Unrestricted	<u>520,212,900</u>	<u>611,484,266</u>
Total net assets	<u>\$ 2,552,724,111</u>	<u>\$ 2,507,708,182</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 SIX MONTHS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Student tuition and fees	\$ 168,597,931	\$ 155,386,666
Federal grants and contracts	81,403,088	78,922,867
State and local grants and contracts	33,799,693	31,818,525
Nongovernmental grants and contracts	84,241,784	77,784,016
Recoveries of facilities and administrative costs	24,642,289	24,262,128
Sales and services	20,619,881	20,584,394
Federal appropriations	8,695,753	8,157,528
County appropriations	9,940,247	9,070,491
Hospital services	440,287,270	406,836,357
Auxiliary enterprises:		
Housing and dining	28,764,813	26,932,663
Athletics	51,867,396	48,970,903
Other auxiliaries	17,186,869	15,158,173
Other operating revenues	<u>188,531</u>	<u>199,077</u>
Total operating revenues	<u>970,235,545</u>	<u>904,083,788</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	136,990,321	132,957,991
Research	122,441,575	124,645,757
Public service	113,685,023	102,829,879
Libraries	8,486,254	7,506,125
Academic support	42,291,613	39,457,565
Student services	17,441,643	15,998,025
Institutional support	34,544,515	39,990,117
Operations and maintenance of plant	35,669,159	30,614,164
Student financial aid	62,638,638	59,825,571
Depreciation	<u>24,794,291</u>	<u>26,074,428</u>
Total educational and general	598,983,032	579,899,622
Clinical operations	45,465,628	43,254,456
Hospital and clinics (including depreciation of \$21,235,011 in 2011 and \$14,386,281 in 2010)	428,652,557	372,401,131
Auxiliary enterprises:		
Housing and dining (including depreciation of \$1,613,300 in 2011 and \$2,580,559 in 2010)	22,583,344	21,983,552
Athletics (including depreciation of \$232,169 in 2011 and \$247,148 in 2010)	36,056,342	35,694,130
Other auxiliaries	11,454,327	12,648,711
Other operating expenses	<u>652,489</u>	<u>329,952</u>
Total operating expenses	<u>1,143,847,719</u>	<u>1,066,211,554</u>
Net loss from operations	<u>(173,612,174)</u>	<u>(162,127,766)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	163,532,000	159,728,000
State fiscal stabilization fund	-	17,223,683
Gifts and non-exchange grants	42,798,984	45,019,268
Investment income (loss)	(50,521,532)	118,114,716
Interest on capital asset-related debt	(23,712,208)	(25,667,342)
Other nonoperating revenues and expenses, net	<u>3,810,268</u>	<u>2,517,691</u>
Net nonoperating revenues (expenses)	<u>135,907,512</u>	<u>316,936,016</u>
Net income before other revenues, expenses, gains or losses	<u>(37,704,662)</u>	<u>154,808,250</u>
Capital grants and gifts	23,131,802	12,606,067
Additions to permanent endowments	6,222,689	6,118,914
Other, net	<u>(6,658,935)</u>	<u>(3,494,676)</u>
Total other revenues (expenses)	<u>22,695,556</u>	<u>15,230,305</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(15,009,106)</u>	<u>170,038,555</u>
NET ASSETS, July 1	<u>2,567,733,217</u>	<u>2,337,669,627</u>
NET ASSETS, December 31	<u>\$ 2,552,724,111</u>	<u>\$ 2,507,708,182</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 SIX MONTHS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 314,350,000	\$ 168,597,931	54%	\$ 155,386,666	54%
Federal grants and contracts	170,712,000	81,361,041	48%	78,922,867	48%
State and local grants and contracts	80,287,500	33,799,693	42%	31,818,525	33%
Nongovernmental grants and contracts	178,471,900	84,241,784	47%	77,784,016	56%
Recoveries of facilities and administrative costs	43,000,000	24,642,289	57%	24,262,128	55%
Sales and services	40,231,700	20,619,881	51%	20,584,394	55%
Federal appropriations	17,722,900	8,695,753	49%	8,157,528	46%
County appropriations	18,380,800	9,940,247	54%	9,070,491	51%
Hospital services	1,010,759,200	440,287,270	44%	406,836,357	44%
Auxiliary enterprises:					
Housing and dining	49,624,300	28,764,813	58%	26,932,663	60%
Athletics	65,690,000	51,867,396	79%	48,970,903	77%
Other auxiliaries	35,561,000	17,186,869	48%	15,158,173	45%
Total operating revenues	<u>2,024,791,300</u>	<u>970,004,967</u>	<u>48%</u>	<u>903,884,711</u>	<u>49%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	306,328,600	136,990,321	45%	132,957,991	44%
Research	294,855,000	122,394,358	42%	124,599,870	42%
Public service	223,520,400	113,685,023	51%	102,829,906	45%
Libraries	13,974,200	8,486,254	61%	7,506,125	55%
Academic support	102,385,900	42,291,613	41%	39,457,334	39%
Student services	39,250,800	17,390,493	44%	15,848,337	44%
Institutional support	123,617,900	34,514,515	28%	39,975,559	35%
Operations and maintenance of plant	70,318,000	29,675,792	42%	26,641,536	40%
Student financial aid	116,637,500	62,638,638	54%	59,825,571	56%
Total educational and general	<u>1,290,888,300</u>	<u>568,067,007</u>	<u>44%</u>	<u>549,642,229</u>	<u>43%</u>
Clinical operations	108,609,800	45,465,628	42%	43,254,456	45%
Hospital and clinics	938,629,800	401,762,619	43%	356,701,784	41%
Auxiliary enterprises:					
Housing and dining	38,811,800	20,757,206	53%	19,345,226	55%
Athletics	71,339,400	35,789,834	50%	34,927,891	48%
Other auxiliaries	31,276,900	11,435,954	37%	10,713,167	35%
Total operating expenses	<u>2,479,556,000</u>	<u>1,083,278,248</u>	<u>44%</u>	<u>1,014,584,753</u>	<u>43%</u>
Net loss from operations	<u>(454,764,700)</u>	<u>(113,273,281)</u>	<u>25%</u>	<u>(110,700,042)</u>	<u>22%</u>

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CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2011 AND 2010

	2011			2010	
	Budget	Actual	%	Actual	%
Net loss from operations	<u>(454,764,700)</u>	<u>(113,273,281)</u>	25%	<u>(110,700,042)</u>	22%
NONOPERATING REVENUES (EXPENSES)					
State appropriations	303,387,900	163,532,000	54%	159,728,000	55%
State fiscal stabilization fund	-	-	-	17,223,683	100%
Gifts and non-exchange grants	55,881,400	42,515,828	76%	43,490,601	58%
Investment income	37,160,400	7,852,810	21%	12,271,903	39%
Other nonoperating revenues and expenses, net	<u>4,626,800</u>	<u>3,834,742</u>	83%	<u>3,678,960</u>	85%
Net nonoperating revenues (expenses)	<u>401,056,500</u>	<u>217,735,380</u>	54%	<u>236,393,147</u>	56%
Net income before other revenues, expenses, gains or losses	<u>(53,708,200)</u>	<u>104,462,099</u>	-194%	<u>125,693,105</u>	-150%
Capital grants and gifts	8,351,000	20,018,825	240%	11,225,004	209%
Other, net	<u>10,500</u>	<u>(655,201)</u>	-6240%	<u>(1,095,859)</u>	-
Total other revenues (expenses)	<u>8,361,500</u>	<u>19,363,624</u>	232%	<u>10,129,145</u>	188%
NON-GASB ACTIVITY					
Appropriated fund balance	263,506,200	-	-	-	-
Capital purchases and transfers	(145,126,000)	(112,459,357)	77%	(97,920,974)	154%
Debt service transfers	(75,797,500)	(55,356,151)	73%	(53,249,207)	74%
Noncapital transfers	<u>2,764,000</u>	<u>(2,184,718)</u>	-79%	<u>494,142</u>	9%
Total non-GASB current funds activity	<u>45,346,700</u>	<u>(170,000,226)</u>	-375%	<u>(150,676,039)</u>	-192%
DECREASE IN NET ASSETS	-	(46,174,503)		(14,853,789)	
NET ASSETS, July 1		<u>438,481,760</u>		<u>505,823,740</u>	
NET ASSETS, December 31		<u>\$ 392,307,257</u>		<u>\$ 490,969,951</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,024,791,300	\$ 970,004,967	48%	\$ 903,884,711	49%
Nonoperating revenues	675,818,200	237,754,205	35%	247,618,151	39%
Total revenues	<u>2,700,609,500</u>	<u>1,207,759,172</u>	45%	<u>1,151,502,862</u>	46%
Operating expenses	2,479,556,000	1,083,278,248	44%	1,014,584,753	43%
Nonoperating expenses and transfers	<u>221,053,500</u>	<u>170,655,427</u>	77%	<u>151,771,898</u>	112%
Total expenses and transfers	<u>2,700,609,500</u>	<u>1,253,933,675</u>	46%	<u>1,166,356,651</u>	47%
INCREASE IN NET ASSETS	<u>\$ -</u>	<u>\$ (46,174,503)</u>		<u>\$ (14,853,789)</u>	