

# FCR 3

Office of the President  
June 19, 2012

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE  
UNIVERSITY OF KENTUCKY FOR THE NINE MONTHS ENDED  
MARCH 31, 2012

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 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 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 March 31, 2012, the University has recognized \$1,901,869,365 of current funds revenue representing 70 percent of the FY 2011-12 approved budget of \$2,700,609,500. Expenses and transfers total \$1,902,053,240.

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



*Consolidated Financial  
Statements*

*For the nine months ended March 31, 2012*

**UNIVERSITY OF KENTUCKY**  
**A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 284,493,433	\$ 336,707,297
Notes, loans and accounts receivable, net	268,506,774	243,959,955
Inventories and other assets	25,391,983	25,659,483
Total current assets	<u>578,392,190</u>	<u>606,326,735</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	58,297,126	60,143,493
Endowment investments	966,712,060	946,850,075
Other long-term investments	146,762,319	227,339,537
Notes, loans and accounts receivable, net	43,936,657	51,030,505
Other noncurrent assets	15,966,330	15,645,888
Capital assets, net	1,916,567,772	1,803,086,335
Total noncurrent assets	<u>3,148,242,264</u>	<u>3,104,095,833</u>
Total assets	<u>3,726,634,454</u>	<u>3,710,422,568</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	149,862,914	138,113,954
Deferred revenue	60,314,818	68,326,511
Long-term liabilities - current portion	42,615,711	59,259,293
Total current liabilities	<u>252,793,443</u>	<u>265,699,758</u>
<b>Noncurrent Liabilities</b>		
Accounts payable and accrued liabilities	398,264	2,687,142
Deferred revenue	-	3,889,688
Long-term liabilities	797,125,674	812,434,426
Total noncurrent liabilities	<u>797,523,938</u>	<u>819,011,256</u>
Total liabilities	<u>1,050,317,381</u>	<u>1,084,711,014</u>
<b>NET ASSETS</b>		
<b>Invested in capital assets, net of related debt</b>	<u>1,278,553,091</u>	<u>1,132,072,207</u>
<b>Restricted</b>		
Nonexpendable		
Scholarships and fellowships	127,011,378	118,211,034
Research	260,836,021	252,882,506
Instruction	76,466,363	73,055,167
Academic support	83,509,388	83,276,552
Other	8,283,121	7,784,250
Total restricted nonexpendable	<u>556,106,271</u>	<u>535,209,509</u>
Expendable		
Scholarships and fellowships	49,144,353	53,949,836
Research	42,375,429	48,308,450
Instruction	39,243,404	42,022,610
Academic support	30,402,551	30,346,812
Loans	9,882,970	9,541,487
Capital projects	51,395,915	43,168,120
Debt service	15,241,565	14,887,390
Auxiliary	11,230,174	10,484,699
Other	22,053,701	33,292,866
Total restricted expendable	<u>270,970,062</u>	<u>286,002,270</u>
Total restricted	<u>827,076,333</u>	<u>821,211,779</u>
<b>Unrestricted</b>	<u>570,687,649</u>	<u>672,427,568</u>
Total net assets	<u>\$ 2,676,317,073</u>	<u>\$ 2,625,711,554</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 NINE MONTHS ENDED MARCH 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees	\$ 316,425,926	\$ 292,396,802
Federal grants and contracts	126,379,013	130,882,109
State and local grants and contracts	81,541,516	78,328,044
Nongovernmental grants and contracts	125,241,520	117,616,203
Recoveries of facilities and administrative costs	37,264,352	37,524,176
Sales and services	32,753,721	32,602,045
Federal appropriations	12,331,795	11,873,728
County appropriations	14,943,169	14,328,222
Hospital services	660,855,538	608,497,126
Auxiliary enterprises:		
Housing and dining	46,245,384	43,254,554
Athletics	61,514,065	58,636,501
Other auxiliaries	26,861,214	23,058,836
Other operating revenues	306,114	343,477
Total operating revenues	<u>1,542,663,327</u>	<u>1,449,341,823</u>
<b>OPERATING EXPENSES</b>		
Educational and general:		
Instruction	211,977,653	209,122,003
Research	185,645,869	194,259,903
Public service	183,206,958	161,989,446
Libraries	15,538,876	14,947,488
Academic support	61,803,213	58,933,469
Student services	26,091,936	23,941,812
Institutional support	48,702,487	52,980,037
Operations and maintenance of plant	50,479,283	48,134,265
Student financial aid	119,405,582	114,488,960
Depreciation	37,741,410	39,187,010
Total educational and general	<u>940,593,267</u>	<u>917,984,393</u>
Clinical operations	66,632,485	64,469,631
Hospital and clinics (including depreciation of \$31,844,879 in 2012 and \$21,659,674 in 2011)	657,824,366	578,461,584
Auxiliary enterprises:		
Housing and dining (including depreciation of \$2,414,170 in 2012 and \$3,873,311 in 2011)	34,438,280	34,686,058
Athletics (including depreciation of \$338,773 in 2012 and \$363,900 in 2011)	54,811,389	52,676,665
Other auxiliaries	17,058,471	14,733,078
Other operating expenses	917,282	530,034
Total operating expenses	<u>1,772,275,540</u>	<u>1,663,541,443</u>
Net loss from operations	<u>(229,612,213)</u>	<u>(214,199,620)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	237,865,000	232,332,000
State fiscal stabilization fund	-	17,223,683
Gifts and non-exchange grants	73,377,568	75,866,404
Investment income (loss)	14,517,749	149,398,489
Interest on capital asset-related debt	(27,754,673)	(22,316,937)
Other nonoperating revenues and expenses, net	6,029,180	4,227,595
Net nonoperating revenues (expenses)	<u>304,034,824</u>	<u>456,731,234</u>
Net income before other revenues, expenses, gains or losses	<u>74,422,611</u>	<u>242,531,614</u>
Capital appropriations	-	12,476,839
Capital grants and gifts	34,455,628	21,152,037
Additions to permanent endowments	9,934,358	8,412,999
Other, net	(10,228,741)	3,468,438
Total other revenues (expenses)	<u>34,161,245</u>	<u>45,510,313</u>
<b>INCREASE IN NET ASSETS</b>	<u>108,583,856</u>	<u>288,041,927</u>
<b>NET ASSETS, July 1</b>	<u>2,567,733,217</u>	<u>2,337,669,627</u>
<b>NET ASSETS, March 31</b>	<u>\$ 2,676,317,073</u>	<u>\$ 2,625,711,554</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 NINE MONTHS ENDED MARCH 31, 2012 AND 2011

	2012			2011	
	Budget	Actual	%	Actual	%
<b>OPERATING REVENUES</b>					
Student tuition and fees	\$ 314,350,000	\$ 316,425,926	101%	\$ 292,396,802	101%
Federal grants and contracts	170,712,000	126,336,966	74%	130,882,109	79%
State and local grants and contracts	80,287,500	81,541,516	102%	78,328,044	81%
Nongovernmental grants and contracts	178,741,900	125,241,520	70%	117,616,203	84%
Recoveries of facilities and administrative costs	43,000,000	37,264,352	87%	37,524,176	85%
Sales and services	39,961,700	32,753,721	82%	32,602,045	78%
Federal appropriations	17,722,900	12,331,795	70%	11,873,728	67%
County appropriations	18,380,800	14,943,169	81%	14,328,222	80%
Hospital services	1,010,759,200	660,855,538	65%	608,497,126	67%
Auxiliary enterprises:					
Housing and dining	49,624,300	46,245,384	93%	43,254,554	96%
Athletics	65,690,000	61,514,065	94%	58,636,501	93%
Other auxiliaries	35,561,000	26,861,214	76%	23,058,836	70%
Total operating revenues	<u>2,024,791,300</u>	<u>1,542,315,166</u>	<u>76%</u>	<u>1,448,998,346</u>	<u>78%</u>
<b>OPERATING EXPENSES</b>					
Educational and general:					
Instruction	306,065,100	211,977,653	69%	209,122,003	71%
Research	295,810,900	185,591,613	63%	194,162,157	65%
Public service	223,924,900	183,206,958	82%	161,989,473	71%
Libraries	14,017,100	15,538,876	111%	14,947,488	109%
Academic support	105,086,000	61,803,213	59%	58,933,238	58%
Student services	39,854,000	26,017,120	65%	23,743,587	66%
Institutional support	122,742,300	48,672,487	40%	52,963,939	47%
Operations and maintenance of plant	70,547,000	42,989,314	61%	42,201,066	61%
Student financial aid	116,749,100	119,405,582	102%	114,488,960	106%
Total educational and general	<u>1,294,796,400</u>	<u>895,202,816</u>	<u>69%</u>	<u>872,551,911</u>	<u>69%</u>
Clinical operations	108,359,000	66,632,485	61%	64,469,631	66%
Hospital and clinics	938,629,800	610,650,403	65%	543,398,441	70%
Auxiliary enterprises:					
Housing and dining	38,811,800	31,688,197	82%	30,658,496	87%
Athletics	71,339,500	54,395,760	76%	51,553,256	75%
Other auxiliaries	30,751,000	17,037,282	55%	14,118,634	40%
Total operating expenses	<u>2,482,687,500</u>	<u>1,675,606,943</u>	<u>67%</u>	<u>1,576,750,369</u>	<u>69%</u>
Net loss from operations	<u>(457,896,200)</u>	<u>(133,291,777)</u>	<u>29%</u>	<u>(127,752,023)</u>	<u>30%</u>

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CURRENT FUNDS  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE NINE MONTHS ENDED MARCH 31, 2012 AND 2011

	2012			2011	
	Budget	Actual	%	Actual	%
Net loss from operations	<u>(457,896,200)</u>	<u>(133,291,777)</u>	29%	<u>(127,752,023)</u>	30%
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	303,387,900	237,865,000	78%	232,332,000	80%
State fiscal stabilization fund	-	-	-	17,223,683	100%
Gifts and non-exchange grants	55,881,400	72,808,675	130%	72,773,460	99%
Investment income	37,160,400	13,946,725	38%	18,705,572	48%
Other nonoperating revenues and expenses, net	4,626,800	6,052,980	131%	6,018,788	138%
Net nonoperating revenues (expenses)	<u>401,056,500</u>	<u>330,673,380</u>	82%	<u>347,053,503</u>	82%
Net income before other revenues, expenses, gains or losses	<u>(56,839,700)</u>	<u>197,381,603</u>	-347%	<u>219,301,480</u>	8163%
Capital grants and gifts	8,351,000	28,880,819	346%	19,651,490	365%
Other, net	10,500	(658,789)	-6274%	(1,170,138)	-
Total other revenues (expenses)	<u>8,361,500</u>	<u>28,222,030</u>	338%	<u>18,481,352</u>	343%
<b>NON-GASB ACTIVITY</b>					
Appropriated fund balance	263,506,200	-	-	-	-
Capital purchases and transfers	(141,994,500)	(156,564,264)	110%	(140,509,255)	94%
Debt service transfers	(75,797,500)	(67,027,186)	88%	(58,039,499)	81%
Noncapital transfers	2,764,000	(2,196,058)	-79%	1,542,705	31%
Total non-GASB current funds activity	<u>48,478,200</u>	<u>(225,787,508)</u>	-466%	<u>(197,006,049)</u>	2439%
<b>INCREASE (DECREASE) IN NET ASSETS</b>	-	(183,875)		40,776,783	
<b>NET ASSETS, July 1</b>		<u>438,481,760</u>		<u>505,823,740</u>	
<b>NET ASSETS, March 31</b>		<u>\$ 438,297,885</u>		<u>\$ 546,600,523</u>	
<b>RECONCILIATION TO ANNUAL BUDGET</b>					
Operating revenues	\$ 2,024,791,300	\$ 1,542,315,166	76%	\$ 1,448,998,346	78%
Nonoperating revenues	675,818,200	359,554,199	53%	366,704,993	57%
Total revenues	<u>2,700,609,500</u>	<u>1,901,869,365</u>	70%	<u>1,815,703,339</u>	73%
Operating expenses	2,482,687,500	1,675,606,943	67%	1,576,750,369	69%
Nonoperating expenses and transfers	217,922,000	226,446,297	104%	198,176,187	89%
Total expenses and transfers	<u>2,700,609,500</u>	<u>1,902,053,240</u>	70%	<u>1,774,926,556</u>	71%
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>\$ -</u>	<u>\$ (183,875)</u>		<u>\$ 40,776,783</u>	