

FCR 2

Office of the President
June 11, 2013

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE NINE MONTHS ENDED
MARCH 31, 2013

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 2013.

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 March 31, 2013, the University has recognized \$1,955,814,127 of current funds revenue representing 74 percent of the 2012-13 approved budget of \$2,638,682,000. Expenses and transfers total \$1,798,453,383 or 68 percent of the approved budget.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the nine months ended March 31, 2013

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENT OF NET ASSETS
MARCH 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 429,020,184	\$ 284,493,433
Notes, loans and accounts receivable, net	235,772,183	267,957,817
Inventories and other assets	29,236,191	26,973,662
Total current assets	<u>694,028,558</u>	<u>579,424,912</u>
Noncurrent Assets		
Restricted cash and cash equivalents	60,659,891	58,297,126
Endowment investments	1,057,189,786	966,712,060
Other long-term investments	148,423,143	146,762,319
Notes, loans and accounts receivable, net	41,780,917	43,936,657
Other noncurrent assets	15,988,647	15,966,330
Capital assets, net	1,893,608,580	1,916,567,772
Total noncurrent assets	<u>3,217,650,964</u>	<u>3,148,242,264</u>
Total assets	<u>3,911,679,522</u>	<u>3,727,667,176</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	153,056,477	142,600,483
Deferred revenue	67,125,832	60,314,818
Long-term liabilities - current portion	30,094,418	38,177,168
Total current liabilities	<u>250,276,727</u>	<u>241,092,469</u>
Noncurrent Liabilities		
Accounts payable and accrued liabilities	-	398,264
Long-term liabilities	775,135,503	797,125,674
Total noncurrent liabilities	<u>775,135,503</u>	<u>797,523,938</u>
Total liabilities	<u>1,025,412,230</u>	<u>1,038,616,407</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>1,267,703,107</u>	<u>1,278,553,091</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	129,889,860	127,011,378
Research	263,315,037	260,836,021
Instruction	76,608,041	76,466,363
Academic support	83,699,042	83,509,388
Other	8,007,221	7,970,265
Total restricted nonexpendable	<u>561,519,201</u>	<u>555,793,415</u>
Expendable		
Scholarships and fellowships	57,673,448	49,139,926
Research	62,005,674	41,799,270
Instruction	46,318,302	39,204,533
Academic support	38,531,870	30,387,664
Loans	10,579,363	9,882,970
Capital projects	74,755,521	51,395,801
Debt service	8,450,116	15,241,565
Auxiliary	11,991,102	11,230,073
Other	13,363,987	22,103,927
Total restricted expendable	<u>323,669,383</u>	<u>270,385,729</u>
Total restricted	<u>885,188,584</u>	<u>826,179,144</u>
Unrestricted	<u>733,375,601</u>	<u>584,318,534</u>
Total net assets	<u>\$ 2,886,267,292</u>	<u>\$ 2,689,050,769</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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Student tuition and fees	\$ 348,256,797	\$ 316,425,926
Federal grants and contracts	117,236,962	127,873,449
State and local grants and contracts	71,978,918	81,541,516
Nongovernmental grants and contracts	126,559,048	125,241,520
Recoveries of facilities and administrative costs	34,305,427	37,264,352
Sales and services	33,166,971	32,753,721
Federal appropriations	12,142,234	12,331,795
County appropriations	16,323,573	14,943,169
Hospital services	710,536,155	660,855,538
Auxiliary enterprises:		
Housing and dining	49,015,294	46,245,384
Athletics	62,081,242	61,514,065
Other auxiliaries	25,096,367	26,861,214
Other operating revenues	314,435	306,114
Total operating revenues	<u>1,607,013,423</u>	<u>1,544,157,763</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	203,489,588	210,329,278
Research	178,516,500	187,554,032
Public service	164,975,857	178,728,353
Libraries	15,755,439	15,467,195
Academic support	62,952,023	61,391,657
Student services	25,227,785	25,942,788
Institutional support	51,199,486	57,370,337
Operations and maintenance of plant	45,309,680	50,440,724
Student financial aid	132,409,625	119,399,839
Depreciation	42,515,022	37,741,410
Total educational and general	<u>922,351,005</u>	<u>944,365,613</u>
Clinical operations	76,130,515	66,087,774
Hospital and clinics (including depreciation of \$33,409,993 in 2013 and \$31,844,879 in 2012)	654,755,425	655,409,435
Auxiliary enterprises:		
Housing and dining (including depreciation of \$3,070,933 in 2013 and \$2,414,170 in 2012)	33,532,752	34,344,530
Athletics (including depreciation of \$2,969,723 in 2013 and \$338,773 in 2012)	65,547,550	54,596,353
Other auxiliaries	17,180,953	16,554,553
Other operating expenses	312,026	917,282
Total operating expenses	<u>1,769,810,226</u>	<u>1,772,275,540</u>
Net gain (loss) from operations	<u>(162,796,803)</u>	<u>(228,117,777)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	227,095,400	237,865,000
Gifts and non-exchange grants	81,970,460	71,883,132
Investment income (loss)	116,508,125	14,517,749
Interest on capital asset-related debt	(18,339,819)	(19,459,520)
Other nonoperating revenues and expenses, net	7,737,506	6,029,180
Net nonoperating revenues (expenses)	<u>414,971,672</u>	<u>310,835,541</u>
Net income (loss) before other revenues, expenses, gains or losses	<u>252,174,869</u>	<u>82,717,764</u>
Capital grants and gifts	18,420,498	34,455,628
Additions to permanent endowments	3,628,849	9,934,358
Other, net	(1,356,613)	(5,790,198)
Total other revenues (expenses)	<u>20,692,734</u>	<u>38,599,788</u>
INCREASE IN NET ASSETS	<u>272,867,603</u>	<u>121,317,552</u>
NET ASSETS, July 1	<u>2,613,399,689</u>	<u>2,567,733,217</u>
NET ASSETS, March 31	<u>\$ 2,886,267,292</u>	<u>\$ 2,689,050,769</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, 2013 AND 2012

	2013			2012	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 338,584,700	\$ 348,256,797	103%	\$ 316,425,926	101%
Federal grants and contracts	178,823,200	117,236,962	66%	127,831,402	75%
State and local grants and contracts	74,245,800	71,978,918	97%	81,541,516	102%
Nongovernmental grants and contracts	183,547,600	126,559,048	69%	125,241,520	70%
Recoveries of facilities and administrative costs	45,000,000	34,305,427	76%	37,264,352	87%
Sales and services	43,370,400	33,166,971	76%	32,753,721	82%
Federal appropriations	18,482,300	12,142,234	66%	12,331,795	70%
County appropriations	19,170,700	16,323,573	85%	14,943,169	81%
Hospital services	967,499,200	710,536,155	73%	660,855,538	65%
Auxiliary enterprises:					
Housing and dining	50,813,000	49,015,294	96%	46,245,384	93%
Athletics	67,805,800	62,081,242	92%	61,514,065	94%
Other auxiliaries	35,918,600	25,096,367	70%	26,861,214	76%
Total operating revenues	<u>2,023,261,300</u>	<u>1,606,698,988</u>	<u>79%</u>	<u>1,543,809,602</u>	<u>76%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	298,109,300	203,489,588	68%	210,329,278	69%
Research	268,972,100	178,535,587	66%	187,499,776	63%
Public service	209,807,700	164,975,857	79%	178,728,353	80%
Libraries	13,503,000	15,755,439	117%	15,467,195	110%
Academic support	114,612,100	62,952,023	55%	61,391,657	58%
Student services	41,325,000	25,000,208	60%	25,867,972	65%
Institutional support	154,058,300	51,192,222	33%	57,340,337	47%
Operations and maintenance of plant	68,520,600	40,334,783	59%	42,950,755	61%
Student financial aid	124,686,100	132,409,625	106%	119,399,839	102%
Total educational and general	<u>1,293,594,200</u>	<u>874,645,332</u>	<u>68%</u>	<u>898,975,162</u>	<u>69%</u>
Clinical operations	115,243,900	76,130,515	66%	66,087,774	61%
Hospital and clinics	916,017,700	615,588,052	67%	608,235,472	65%
Auxiliary enterprises:					
Housing and dining	39,487,300	30,335,080	77%	31,594,447	81%
Athletics	78,175,900	62,421,496	80%	54,180,724	76%
Other auxiliaries	31,144,700	17,114,732	55%	16,533,364	54%
Total operating expenses	<u>2,473,663,700</u>	<u>1,676,235,207</u>	<u>68%</u>	<u>1,675,606,943</u>	<u>67%</u>
Net gain (loss) from operations	<u>(450,402,400)</u>	<u>(69,536,219)</u>	<u>15%</u>	<u>(131,797,341)</u>	<u>29%</u>

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CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE NINE MONTHS ENDED MARCH 31, 2013 AND 2012

	2013			2012	
	Budget	Actual	%	Actual	%
Net gain (loss) from operations	<u>(450,402,400)</u>	<u>(69,536,219)</u>	15%	<u>(131,797,341)</u>	29%
NONOPERATING REVENUES (EXPENSES)					
State appropriations	283,869,300	227,095,400	80%	237,865,000	78%
Gifts and non-exchange grants	55,442,600	80,745,068	146%	71,314,239	128%
Investment income	28,760,600	16,612,368	58%	13,946,725	38%
Other nonoperating revenues and expenses, net	<u>5,858,300</u>	<u>7,771,686</u>	133%	<u>6,052,980</u>	131%
Net nonoperating revenues (expenses)	<u>373,930,800</u>	<u>332,224,522</u>	89%	<u>329,178,944</u>	82%
Net income before other revenues, expenses, gains or losses	<u>(76,471,600)</u>	<u>262,688,303</u>	-344%	<u>197,381,603</u>	-347%
Capital grants and gifts	7,245,000	15,745,516	217%	28,880,819	346%
Other, net	<u>10,000</u>	<u>38,656</u>	387%	<u>113,467</u>	1081%
Total other revenues (expenses)	<u>7,255,000</u>	<u>15,784,172</u>	218%	<u>28,994,286</u>	347%
NON-GASB ACTIVITY					
Appropriated fund balance	230,427,000	-	-	-	-
Capital purchases and transfers	(86,319,200)	(66,836,769)	77%	(156,564,264)	110%
Debt service transfers	(78,649,100)	(55,381,407)	70%	(58,732,033)	77%
Noncapital transfers	<u>3,757,900</u>	<u>1,106,445</u>	29%	<u>(2,196,058)</u>	-79%
Total non-GASB current funds activity	<u>69,216,600</u>	<u>(121,111,731)</u>	-175%	<u>(217,492,355)</u>	-449%
INCREASE IN NET ASSETS	-	157,360,744		8,883,534	
NET ASSETS, July 1		<u>392,255,776</u>		<u>438,481,760</u>	
NET ASSETS, March 31		<u>\$ 549,616,520</u>		<u>\$ 447,365,294</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,023,261,300	\$ 1,606,698,988	79%	\$ 1,543,809,602	76%
Nonoperating revenues	<u>615,420,700</u>	<u>349,115,139</u>	57%	<u>358,059,763</u>	53%
Total revenues	<u>2,638,682,000</u>	<u>1,955,814,127</u>	74%	<u>1,901,869,365</u>	70%
Operating expenses	2,473,663,700	1,676,235,207	68%	1,675,606,943	67%
Nonoperating expenses and transfers	<u>165,018,300</u>	<u>122,218,176</u>	74%	<u>217,378,888</u>	100%
Total expenses and transfers	<u>2,638,682,000</u>	<u>1,798,453,383</u>	68%	<u>1,892,985,831</u>	70%
INCREASE IN NET ASSETS	<u>\$ -</u>	<u>\$ 157,360,744</u>		<u>\$ 8,883,534</u>	