

FCR 15

Office of the President
March 19, 2013

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE SIX MONTHS ENDED
DECEMBER 31, 2012

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 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 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, 2012, the University has recognized \$1,268,293,537 of current funds revenue representing 48 percent of the 2012-13 approved budget of \$2,638,682,000. Expenses and transfers total \$1,185,567,733 or 45 percent of the approved budget.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the six months ended December 31, 2012

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

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 308,882,008	\$ 202,145,515
Notes, loans and accounts receivable, net	250,040,347	270,120,495
Inventories and other assets	38,830,180	37,147,152
Total current assets	<u>597,752,535</u>	<u>509,413,162</u>
Noncurrent Assets		
Restricted cash and cash equivalents	58,560,903	76,722,776
Endowment investments	1,014,363,393	897,143,470
Other long-term investments	136,607,654	148,335,059
Notes, loans and accounts receivable, net	41,071,842	43,263,329
Other noncurrent assets	16,272,144	15,871,652
Capital assets, net	1,898,934,773	1,897,830,023
Total noncurrent assets	<u>3,165,810,709</u>	<u>3,079,166,309</u>
Total assets	<u>3,763,563,244</u>	<u>3,588,579,471</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	123,159,500	132,245,790
Deferred revenue	58,277,440	57,338,362
Long-term liabilities - current portion	35,069,321	45,714,609
Total current liabilities	<u>216,506,261</u>	<u>235,298,761</u>
Noncurrent Liabilities		
Accounts payable and accrued liabilities	-	398,264
Long-term liabilities	775,416,680	788,009,203
Total noncurrent liabilities	<u>775,416,680</u>	<u>788,407,467</u>
Total liabilities	<u>991,922,941</u>	<u>1,023,706,228</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>1,269,483,678</u>	<u>1,261,779,266</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	129,002,194	125,266,669
Research	262,633,187	259,667,139
Instruction	76,497,284	75,278,955
Academic support	83,597,125	83,510,799
Other	7,999,866	7,905,648
Total restricted nonexpendable	<u>559,729,656</u>	<u>551,629,210</u>
Expendable		
Scholarships and fellowships	53,090,860	41,205,648
Research	50,051,135	25,796,569
Instruction	42,099,090	33,201,917
Academic support	33,635,975	24,460,768
Loans	10,295,108	9,811,762
Capital projects	71,832,760	48,408,242
Debt service	6,541,267	7,441,167
Auxiliary	13,073,436	10,806,040
Other	10,049,327	18,286,439
Total restricted expendable	<u>290,668,958</u>	<u>219,418,552</u>
Total restricted	<u>850,398,614</u>	<u>771,047,762</u>
Unrestricted	<u>651,758,011</u>	<u>532,046,215</u>
Total net assets	<u>\$ 2,771,640,303</u>	<u>\$ 2,564,873,243</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, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Student tuition and fees	\$ 185,752,693	\$ 168,597,931
Federal grants and contracts	76,226,029	82,355,985
State and local grants and contracts	56,591,013	33,799,693
Nongovernmental grants and contracts	85,599,837	84,241,784
Recoveries of facilities and administrative costs	23,135,848	24,642,289
Sales and services	21,656,584	20,619,881
Federal appropriations	8,833,818	8,695,753
County appropriations	10,534,751	9,940,247
Hospital services	468,899,902	440,287,270
Auxiliary enterprises:		
Housing and dining	30,348,235	28,764,813
Athletics	52,501,622	51,867,396
Other auxiliaries	17,187,143	17,186,869
Other operating revenues	<u>185,163</u>	<u>188,531</u>
Total operating revenues	<u>1,037,452,638</u>	<u>971,188,442</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	128,903,096	136,422,765
Research	118,611,583	122,068,456
Public service	114,275,680	113,170,208
Libraries	7,475,983	8,460,790
Academic support	41,642,194	42,143,402
Student services	17,891,954	17,389,238
Institutional support	34,814,226	37,572,527
Operations and maintenance of plant	30,882,300	35,655,688
Student financial aid	68,851,906	62,636,537
Depreciation	<u>28,375,015</u>	<u>24,794,291</u>
Total educational and general	591,723,937	600,313,902
Clinical operations	52,960,811	45,270,177
Hospital and clinics (including depreciation of \$22,325,717 in 2012 and \$21,235,011 in 2011)	432,125,364	427,809,773
Auxiliary enterprises:		
Housing and dining (including depreciation of \$2,046,932 in 2012 and \$1,613,300 in 2011)	21,618,136	22,549,896
Athletics (including depreciation of \$1,972,696 in 2012 and \$232,169 in 2011)	43,498,054	35,977,692
Other auxiliaries	13,801,085	11,273,790
Other operating expenses	<u>164,886</u>	<u>652,489</u>
Total operating expenses	<u>1,155,892,273</u>	<u>1,143,847,719</u>
Net gain (loss) from operations	<u>(118,439,635)</u>	<u>(172,659,277)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	156,128,100	163,532,000
Gifts and non-exchange grants	47,732,738	41,846,087
Investment income (loss)	67,018,389	(50,521,532)
Interest on capital asset-related debt	(14,478,524)	(15,402,145)
Other nonoperating revenues and expenses, net	5,447,409	3,810,268
Net nonoperating revenues (expenses)	<u>261,848,112</u>	<u>143,264,678</u>
Net income (loss) before other revenues, expenses, gains or losses	<u>143,408,477</u>	<u>(29,394,599)</u>
Capital grants and gifts	12,208,327	23,131,802
Additions to permanent endowments	1,965,254	6,222,689
Other, net	<u>658,556</u>	<u>(2,819,866)</u>
Total other revenues (expenses)	<u>14,832,137</u>	<u>26,534,625</u>
INCREASE (DECREASE) IN NET ASSETS	158,240,614	(2,859,974)
NET ASSETS, July 1	<u>2,613,399,689</u>	<u>2,567,733,217</u>
NET ASSETS, December 31	<u>\$ 2,771,640,303</u>	<u>\$ 2,564,873,243</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, 2012 AND 2011

	2012			2011	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 338,584,700	\$ 185,752,693	55%	\$ 168,597,931	54%
Federal grants and contracts	178,823,200	76,226,029	43%	82,313,938	48%
State and local grants and contracts	74,245,800	56,591,013	76%	33,799,693	42%
Nongovernmental grants and contracts	183,547,600	85,599,837	47%	84,241,784	47%
Recoveries of facilities and administrative costs	45,000,000	23,135,848	51%	24,642,289	57%
Sales and services	43,370,400	21,656,584	50%	20,619,881	51%
Federal appropriations	18,482,300	8,833,818	48%	8,695,753	49%
County appropriations	19,170,700	10,534,751	55%	9,940,247	54%
Hospital services	967,499,200	468,899,902	48%	440,287,270	44%
Auxiliary enterprises:					
Housing and dining	50,813,000	30,348,235	60%	28,764,813	58%
Athletics	67,805,800	52,501,622	77%	51,867,396	79%
Other auxiliaries	35,918,600	17,187,143	48%	17,186,869	48%
Total operating revenues	<u>2,023,261,300</u>	<u>1,037,267,475</u>	<u>51%</u>	<u>970,957,864</u>	<u>48%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	298,109,300	128,903,096	43%	136,422,765	45%
Research	268,972,100	118,633,088	44%	122,021,239	41%
Public service	209,807,700	114,275,680	54%	113,170,208	51%
Libraries	13,503,000	7,475,983	55%	8,460,790	61%
Academic support	114,612,100	41,642,194	36%	42,143,402	41%
Student services	41,325,000	17,800,906	43%	17,338,088	44%
Institutional support	154,058,300	34,806,962	23%	37,542,527	30%
Operations and maintenance of plant	68,520,600	27,010,432	39%	29,662,321	42%
Student financial aid	124,686,100	68,851,906	55%	62,636,537	54%
Total educational and general	<u>1,293,594,200</u>	<u>559,400,247</u>	<u>43%</u>	<u>569,397,877</u>	<u>44%</u>
Clinical operations	115,243,900	52,960,811	46%	45,270,177	42%
Hospital and clinics	916,017,700	406,426,485	44%	400,919,835	43%
Auxiliary enterprises:					
Housing and dining	39,487,300	19,448,408	49%	20,723,758	53%
Athletics	78,175,900	41,374,027	53%	35,711,184	50%
Other auxiliaries	31,144,700	13,741,319	44%	11,255,418	36%
Total operating expenses	<u>2,473,663,700</u>	<u>1,093,351,297</u>	<u>44%</u>	<u>1,083,278,249</u>	<u>44%</u>
Net gain (loss) from operations	<u>(450,402,400)</u>	<u>(56,083,822)</u>	<u>12%</u>	<u>(112,320,385)</u>	<u>25%</u>

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

	2012			2011	
	Budget	Actual	%	Actual	%
Net gain (loss) from operations	<u>(450,402,400)</u>	<u>(56,083,822)</u>	12%	<u>(112,320,385)</u>	25%
NONOPERATING REVENUES (EXPENSES)					
State appropriations	283,869,300	156,128,100	55%	163,532,000	54%
Gifts and non-exchange grants	55,442,600	47,042,890	85%	41,562,931	74%
Investment income	28,760,600	10,346,832	36%	7,852,810	21%
Other nonoperating revenues and expenses, net	<u>5,858,300</u>	<u>5,446,612</u>	93%	<u>3,834,742</u>	83%
Net nonoperating revenues (expenses)	<u>373,930,800</u>	<u>218,964,434</u>	59%	<u>216,782,483</u>	54%
Net income before other revenues, expenses, gains or losses	<u>(76,471,600)</u>	<u>162,880,612</u>	-213%	<u>104,462,098</u>	-194%
Capital grants and gifts	7,245,000	12,029,925	166%	20,018,825	240%
Other, net	<u>10,000</u>	<u>31,703</u>	317%	<u>103,924</u>	-
Total other revenues (expenses)	<u>7,255,000</u>	<u>12,061,628</u>	166%	<u>20,122,749</u>	241%
NON-GASB ACTIVITY					
Appropriated fund balance	230,427,000	-	-	-	-
Capital purchases and transfers	(86,319,200)	(48,750,528)	56%	(112,459,357)	77%
Debt service transfers	(78,649,100)	(44,144,360)	56%	(47,046,088)	62%
Noncapital transfers	<u>3,757,900</u>	<u>678,452</u>	18%	<u>(2,184,718)</u>	-79%
Total non-GASB current funds activity	<u>69,216,600</u>	<u>(92,216,436)</u>	-133%	<u>(161,690,163)</u>	-357%
INCREASE (DECREASE) IN NET ASSETS	-	82,725,804		(37,105,316)	
NET ASSETS, July 1		<u>392,255,776</u>		<u>438,481,760</u>	
NET ASSETS, December 31		<u>\$ 474,981,580</u>		<u>\$ 401,376,444</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,023,261,300	\$ 1,037,267,475	51%	\$ 970,957,864	48%
Nonoperating revenues	<u>615,420,700</u>	<u>231,026,062</u>	38%	<u>236,905,232</u>	35%
Total revenues	<u>2,638,682,000</u>	<u>1,268,293,537</u>	48%	<u>1,207,863,096</u>	45%
Operating expenses	2,473,663,700	1,093,351,297	44%	1,083,278,249	44%
Nonoperating expenses and transfers	<u>165,018,300</u>	<u>92,216,436</u>	56%	<u>161,690,163</u>	73%
Total expenses and transfers	<u>2,638,682,000</u>	<u>1,185,567,733</u>	45%	<u>1,244,968,412</u>	46%
INCREASE (DECREASE) IN NET ASSETS	<u>\$ -</u>	<u>\$ 82,725,804</u>		<u>\$ (37,105,316)</u>	