

FCR 2

Office of the President
December 7, 2010

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2010

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2010.

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 September 30, 2010, the University had recognized \$662,962,701 of current funds revenue representing 27 percent of the 2010-11 approved budget of \$2,469,115,200. Operating expenditures totaled \$619,898,343 or 25 percent of the approved budget.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the three months ended September 30, 2010

**UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010**

ASSETS

Current Assets

Cash and cash equivalents	\$ 353,226,262
Notes, loans and accounts receivable, net	256,350,128
Inventories and other assets	39,348,115
Total current assets	<u>648,924,505</u>

Noncurrent Assets

Restricted cash and cash equivalents	27,757,342
Endowment investments	873,239,241
Other long-term investments	219,262,314
Notes, loans and accounts receivable, net	54,707,186
Other noncurrent assets	15,827,474
Capital assets, net	1,741,246,642
Total noncurrent assets	<u>2,932,040,199</u>
Total assets	<u>3,580,964,704</u>

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	128,979,740
Deferred revenue	70,751,273
Long-term liabilities - current portion	79,841,926
Total current liabilities	<u>279,572,939</u>

Noncurrent Liabilities

Accounts payable and accrued liabilities	2,659,211
Deferred revenue	6,394,242
Long-term liabilities	789,994,321
Total noncurrent liabilities	<u>799,047,774</u>
Total liabilities	<u>1,078,620,713</u>

NET ASSETS

Invested in capital assets, net of related debt 1,046,032,033

Restricted

Nonexpendable	
Scholarships and fellowships	125,086,778
Research	271,310,131
Instruction	79,332,421
Academic support	90,474,364
Other	8,773,593
Total restricted nonexpendable	<u>574,977,287</u>

Expendable	
Scholarships and fellowships	32,606,746
Research	16,924,456
Instruction	48,718,176
Academic support	16,745,795
Loans	9,531,628
Capital projects	61,973,903
Debt service	38,051,130
Auxiliary	17,670,278
Other	1,763,252
Total restricted expendable	<u>243,985,364</u>
Total restricted	<u>818,962,651</u>

Unrestricted

	<u>637,349,307</u>
Total net assets	<u>\$ 2,502,343,991</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, 2010**

OPERATING REVENUES

Student tuition and fees	\$ 152,369,412
Federal grants and contracts	35,093,445
State and local grants and contracts	12,647,728
Nongovernmental grants and contracts	38,953,528
Recoveries of facilities and administrative costs	11,260,446
Sales and services	8,913,783
Federal appropriations	4,491,777
County appropriations	5,480,369
Hospital services	212,654,922
Auxiliary enterprises:	
Housing and dining	12,627,128
Athletics	23,290,470
Other auxiliaries	10,460,201
Other operating revenues	90,801
Total operating revenues	<u>528,334,010</u>

OPERATING EXPENSES

Educational and general:	
Instruction	61,080,930
Research	62,440,762
Public service	46,235,809
Libraries	4,272,771
Academic support	20,324,563
Student services	8,295,299
Institutional support	31,217,738
Operations and maintenance of plant	14,592,897
Student financial aid	55,161,641
Depreciation	11,382,607
Total educational and general	<u>315,005,017</u>
Clinical operations	22,123,334
Hospital and clinics (including depreciation of \$6,001,194)	179,254,028
Auxiliary enterprises:	
Housing and dining (including depreciation of \$907,015)	10,365,814
Athletics (including depreciation of \$84,862)	18,861,220
Other auxiliaries	9,021,487
Other operating expenses	79,302
Total operating expenses	<u>554,710,202</u>
Net loss from operations	<u>(26,376,192)</u>

NONOPERATING REVENUES (EXPENSES)

State appropriations	87,124,000
State fiscal stabilization fund	-
Gifts and non-exchange grants	37,412,810
Investment income (loss)	69,133,784
Interest on capital asset-related debt	(6,171,777)
Other nonoperating revenues and expenses, net	929,557
Net nonoperating revenues (expenses)	<u>188,428,374</u>
Net income before other revenues, expenses, gains or losses	<u>162,052,182</u>
Capital appropriations	-
Capital grants and gifts	3,156,489
Additions to permanent endowments	2,203,258
Other, net	(2,737,565)
Total other revenues (expenses)	<u>2,622,182</u>
INCREASE IN NET ASSETS	<u>164,674,364</u>

NET ASSETS, beginning of year 2,337,669,627

NET ASSETS, September 30, 2010 \$ 2,502,343,991

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, 2010 AND 2009

	2010			2009
	Budget	Actual	%	Actual
OPERATING REVENUES				
Student tuition and fees	\$ 289,137,500	\$152,369,412	53%	\$140,196,507
Federal grants and contracts	163,465,000	35,093,445	21%	34,356,373
State and local grants and contracts	99,392,900	12,647,728	13%	15,185,193
Nongovernmental grants and contracts	139,374,000	38,953,528	28%	38,692,198
Recoveries of facilities and administrative costs	44,000,000	11,260,446	26%	9,815,328
Sales and services	42,733,900	8,913,783	21%	7,632,106
Federal appropriations	17,722,900	4,491,777	25%	4,466,323
County appropriations	17,028,800	5,480,369	32%	4,072,983
Hospital services	915,106,900	212,654,922	23%	221,500,299
Auxiliary enterprises:				
Housing and dining	46,477,400	12,627,128	27%	10,816,101
Athletics	63,305,000	23,290,470	37%	20,903,068
Other auxiliaries	39,058,800	10,460,201	27%	10,574,109
Total operating revenues	<u>1,876,803,100</u>	<u>528,243,209</u>	<u>28%</u>	<u>518,210,588</u>
OPERATING EXPENSES				
Educational and general:				
Instruction	339,079,400	61,080,930	18%	56,478,538
Research	288,159,000	62,432,032	22%	60,650,472
Public service	219,491,000	46,235,836	21%	42,735,842
Libraries	25,598,200	4,272,771	17%	3,682,581
Academic support	98,098,400	20,324,332	21%	19,763,402
Student services	33,681,200	8,207,493	24%	7,345,666
Institutional support	100,444,300	31,208,733	31%	32,537,814
Operations and maintenance of plant	66,804,500	12,889,370	19%	12,954,202
Student financial aid	107,425,400	55,161,641	51%	48,495,644
Total educational and general	<u>1,278,781,400</u>	<u>301,813,138</u>	<u>24%</u>	<u>284,644,161</u>
Clinical operations	96,355,900	22,123,334	23%	22,537,619
Hospital and clinics	867,666,300	172,588,165	20%	166,296,324
Auxiliary enterprises:				
Housing and dining	36,998,700	9,433,774	25%	9,002,586
Athletics	72,970,400	18,499,017	25%	17,336,828
Other auxiliaries	35,504,900	8,771,684	25%	4,970,514
Total operating expenses	<u>2,388,277,600</u>	<u>533,229,112</u>	<u>22%</u>	<u>504,788,032</u>
Net gain (loss) from operations	<u>(511,474,500)</u>	<u>(4,985,903)</u>	<u>1%</u>	<u>13,422,556</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, 2010 AND 2009

	2010			2009
	Budget	Actual	%	Actual
Net gain (loss) from operations	<u>(511,474,500)</u>	<u>(4,985,903)</u>	1%	<u>13,422,556</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations	290,664,700	87,124,000	30%	88,241,100
State fiscal stabilization fund	17,223,600	-	-	-
Gifts and non-exchange grants	71,958,200	36,191,829	50%	30,987,550
Investment income	31,501,100	6,175,891	20%	6,743,965
Other nonoperating revenues and expenses, net	<u>4,350,600</u>	<u>2,091,005</u>	<u>48%</u>	<u>657,572</u>
Net nonoperating revenues (expenses)	<u>415,698,200</u>	<u>131,582,725</u>	<u>32%</u>	<u>126,630,187</u>
Net income before other revenues, expenses, gains or losses	<u>(95,776,300)</u>	<u>126,596,822</u>	<u>-132%</u>	<u>140,052,743</u>
Capital grants and gifts	5,380,100	3,136,767	58%	2,662,153
Other, net	-	<u>(1,008,993)</u>	-	<u>(1,035,055)</u>
Total other revenues (expenses)	<u>5,380,100</u>	<u>2,127,774</u>	<u>40%</u>	<u>1,627,098</u>
NON-GASB ACTIVITY				
Appropriated fund balance	171,233,800	-	-	-
Purchase of capital assets	-	(2,886,599)	-	(3,415,644)
Capital transfers	(71,764,500)	(82,977,221)	-	(66,690,985)
Noncapital transfers	<u>(9,073,100)</u>	<u>203,582</u>	-	<u>(171,042)</u>
Total non-GASB current funds activity	<u>90,396,200</u>	<u>(85,660,238)</u>	-	<u>(70,277,671)</u>
INCREASE IN NET ASSETS	-	43,064,358		71,402,170
NET ASSETS, beginning of year		<u>505,823,740</u>		<u>509,197,001</u>
NET ASSETS, September 30, 2010		<u><u>\$548,888,098</u></u>		<u><u>\$580,599,171</u></u>
RECONCILIATION TO ANNUAL BUDGET				
Operating revenues	\$ 1,876,803,100	\$528,243,209	28%	\$518,210,588
Nonoperating revenues	<u>592,312,100</u>	<u>134,719,492</u>	<u>23%</u>	<u>129,292,340</u>
Total revenues	<u><u>\$ 2,469,115,200</u></u>	<u><u>\$662,962,701</u></u>	<u><u>27%</u></u>	<u><u>\$647,502,928</u></u>
Operating expenses	\$ 2,388,277,600	\$533,229,112	22%	\$504,788,032
Nonoperating expenses	<u>80,837,600</u>	<u>86,669,231</u>	<u>107%</u>	<u>71,312,726</u>
Total expenses	<u><u>\$ 2,469,115,200</u></u>	<u><u>\$619,898,343</u></u>	<u><u>25%</u></u>	<u><u>\$576,100,758</u></u>