

FCR 5

Office of the President
June 14, 2011

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE
UNIVERSITY OF KENTUCKY FOR THE NINE MONTHS ENDED
MARCH 31, 2011

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 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 March 31, 2011, the University has recognized \$1,815,703,339 of current funds revenue representing 73 percent of the 2010-11 approved budget of \$2,500,327,000. Expenses and transfers total \$1,774,926,556 or 71 percent of the approved budget.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the nine months ended March 31, 2011

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

ASSETS

Current Assets

Cash and cash equivalents	\$ 336,707,297
Notes, loans and accounts receivable, net	243,959,955
Inventories and other assets	25,659,483
Total current assets	<u>606,326,735</u>

Noncurrent Assets

Restricted cash and cash equivalents	60,605,379
Endowment investments	946,850,075
Other long-term investments	227,339,537
Notes, loans and accounts receivable, net	51,030,505
Other noncurrent assets	15,645,888
Capital assets, net	1,803,086,335
Total noncurrent assets	<u>3,104,557,719</u>
Total assets	<u>3,710,884,454</u>

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	136,699,998
Deferred revenue	68,326,511
Long-term liabilities - current portion	60,673,249
Total current liabilities	<u>265,699,758</u>

Noncurrent Liabilities

Accounts payable and accrued liabilities	2,687,142
Deferred revenue	3,889,688
Long-term liabilities	812,434,426
Total noncurrent liabilities	<u>819,011,256</u>
Total liabilities	<u>1,084,711,014</u>

NET ASSETS

Invested in capital assets, net of related debt	<u>1,132,072,207</u>
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Restricted

Nonexpendable	
Scholarships and fellowships	118,211,034
Research	252,882,506
Instruction	73,055,167
Academic support	83,276,552
Other	7,784,250
Total restricted nonexpendable	<u>535,209,509</u>

Expendable	
Scholarships and fellowships	52,745,222
Research	46,136,678
Instruction	58,805,945
Academic support	29,631,649
Loans	9,541,487
Capital projects	50,161,334
Debt service	15,349,276
Auxiliary	10,935,863
Other	14,683,493
Total restricted expendable	<u>287,990,947</u>

Total restricted	<u>823,200,456</u>
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Unrestricted

Total net assets	<u>\$ 2,626,173,440</u>
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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, 2011

OPERATING REVENUES

Student tuition and fees	\$ 292,396,802
Federal grants and contracts	130,882,109
State and local grants and contracts	78,328,044
Nongovernmental grants and contracts	117,616,203
Recoveries of facilities and administrative costs	37,524,176
Sales and services	32,602,045
Federal appropriations	11,873,728
County appropriations	14,328,222
Hospital services	608,497,126
Auxiliary enterprises:	-
Housing and dining	43,254,554
Athletics	58,636,501
Other auxiliaries	23,058,836
Other operating revenues	<u>343,477</u>
Total operating revenues	<u>1,449,341,823</u>

OPERATING EXPENSES

Educational and general:	
Instruction	209,122,003
Research	194,259,903
Public service	161,989,446
Libraries	14,947,488
Academic support	58,933,469
Student services	23,941,812
Institutional support	52,980,037
Operations and maintenance of plant	48,134,265
Student financial aid	114,488,960
Depreciation	<u>39,187,010</u>
Total educational and general	917,984,393
Clinical operations	64,469,631
Hospital and clinics (including depreciation of \$21,659,674)	578,461,584
Auxiliary enterprises:	
Housing and dining (including depreciation of \$3,873,311)	34,686,058
Athletics (including depreciation of \$363,900)	52,676,665
Other auxiliaries	14,733,078
Other operating expenses	<u>530,034</u>
Total operating expenses	<u>1,663,541,443</u>
Net loss from operations	<u>(214,199,620)</u>

NONOPERATING REVENUES (EXPENSES)

State appropriations	232,332,000
State fiscal stabilization fund	17,223,683
Gifts and non-exchange grants	75,866,404
Investment income (loss)	149,398,489
Interest on capital asset-related debt	(22,316,937)
Other nonoperating revenues and expenses, net	4,227,595
Net nonoperating revenues (expenses)	<u>456,731,234</u>
Net income before other revenues, expenses, gains or losses	<u>242,531,614</u>
Capital appropriations	12,476,839
Capital grants and gifts	21,152,037
Additions to permanent endowments	8,412,999
Other, net	<u>3,930,324</u>
Total other revenues (expenses)	<u>45,972,199</u>
INCREASE IN NET ASSETS	<u>288,503,813</u>

NET ASSETS, July 1, 2010 2,337,669,627

NET ASSETS, March 31, 2011 \$ 2,626,173,440

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, 2011 AND 2010

	2011			2010
	Budget	Actual	%	Actual
OPERATING REVENUES				
Student tuition and fees	\$ 289,369,500	\$ 292,396,802	101%	\$ 268,662,026
Federal grants and contracts	165,215,000	130,882,109	79%	118,889,854
State and local grants and contracts	96,562,500	78,328,044	81%	64,655,608
Nongovernmental grants and contracts	139,374,000	117,616,203	84%	114,220,087
Recoveries of facilities and administrative costs	44,000,000	37,524,176	85%	35,257,642
Sales and services	41,899,600	32,602,045	78%	29,161,575
Federal appropriations	17,722,900	11,873,728	67%	12,033,274
County appropriations	17,828,300	14,328,222	80%	13,615,992
Hospital services	903,106,900	608,497,126	67%	591,902,842
Auxiliary enterprises:				
Housing and dining	44,877,400	43,254,554	96%	39,122,738
Athletics	63,255,000	58,636,501	93%	56,068,702
Other auxiliaries	33,072,000	23,058,836	70%	22,531,184
Total operating revenues	<u>1,856,283,100</u>	<u>1,448,998,346</u>	<u>78%</u>	<u>1,366,121,524</u>
OPERATING EXPENSES				
Educational and general:				
Instruction	296,484,200	209,122,003	71%	195,056,861
Research	298,316,100	194,162,157	65%	186,513,360
Public service	228,510,700	161,989,473	71%	152,785,730
Libraries	13,721,900	14,947,488	109%	14,752,889
Academic support	102,026,900	58,933,238	58%	57,775,628
Student services	36,089,100	23,743,587	66%	21,830,698
Institutional support	112,493,900	52,963,939	47%	59,945,706
Operations and maintenance of plant	68,907,400	42,201,066	61%	38,865,419
Student financial aid	107,781,800	114,488,960	106%	101,640,949
Total educational and general	<u>1,264,332,000</u>	<u>872,551,911</u>	<u>69%</u>	<u>829,167,240</u>
Clinical operations	97,256,600	64,469,631	66%	63,092,075
Hospital and clinics	777,890,200	543,398,441	70%	512,923,842
Auxiliary enterprises:				
Housing and dining	35,398,700	30,658,496	87%	28,035,048
Athletics	68,346,800	51,553,256	75%	54,598,791
Other auxiliaries	35,442,100	14,118,634	40%	11,612,365
Total operating expenses	<u>2,278,666,400</u>	<u>1,576,750,369</u>	<u>69%</u>	<u>1,499,429,361</u>
Net loss from operations	<u>(422,383,300)</u>	<u>(127,752,023)</u>	<u>30%</u>	<u>(133,307,837)</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, 2011 AND 2010

	2011			2010
	Budget	Actual	%	Actual
Net loss from operations	<u>(422,383,300)</u>	<u>(127,752,023)</u>	30%	<u>(133,307,837)</u>
NONOPERATING REVENUES (EXPENSES)				
State appropriations	290,664,700	232,332,000	80%	235,309,600
State fiscal stabilization fund	17,223,600	17,223,683	100%	21,066,800
Gifts and non-exchange grants	73,543,600	72,773,460	99%	64,173,371
Investment income	39,271,200	18,705,572	48%	22,352,806
Other nonoperating revenues and expenses, net	4,366,600	6,018,788	138%	4,667,236
Net nonoperating revenues (expenses)	<u>425,069,700</u>	<u>347,053,503</u>	82%	<u>347,569,813</u>
Net income before other revenues, expenses, gains or losses	<u>2,686,400</u>	<u>219,301,480</u>	8163%	<u>214,261,976</u>
Capital grants and gifts	5,380,100	19,651,490	365%	12,215,541
Other, net	10,500	(1,170,138)	-	(1,250,735)
Total other revenues (expenses)	<u>5,390,600</u>	<u>18,481,352</u>	343%	<u>10,964,806</u>
NON-GASB ACTIVITY				
Appropriated fund balance	208,078,900	-	-	-
Capital purchases and transfers	(149,431,900)	(140,509,255)	94%	(61,382,178)
Debt service transfers	(71,764,500)	(58,039,499)	81%	(48,253,249)
Noncapital transfers	5,040,500	1,542,705	31%	(688,603)
Total non-GASB current funds activity	<u>(8,077,000)</u>	<u>(197,006,049)</u>	2439%	<u>(110,324,030)</u>
INCREASE IN NET ASSETS	-	40,776,783		114,902,752
NET ASSETS, July 1, 2010		<u>505,823,740</u>		<u>509,197,001</u>
NET ASSETS, March 31, 2011		<u>\$ 546,600,523</u>		<u>\$ 624,099,753</u>
RECONCILIATION TO ANNUAL BUDGET				
Operating revenues	\$ 1,856,283,100	\$ 1,448,998,346	78%	\$ 1,366,121,524
Nonoperating revenues	644,043,900	366,704,993	57%	359,785,354
Total revenues	<u>2,500,327,000</u>	<u>1,815,703,339</u>	73%	<u>1,725,906,878</u>
Operating expenses	2,278,666,400	1,576,750,369	69%	1,499,429,361
Nonoperating expenses and transfers	221,660,600	198,176,187	89%	111,574,765
Total expenses and transfers	<u>2,500,327,000</u>	<u>1,774,926,556</u>	71%	<u>1,611,004,126</u>
INCREASE IN NET ASSETS	<u>\$ -</u>	<u>\$ 40,776,783</u>		<u>\$ 114,902,752</u>