

FCR 12

Office of the President
December 15, 2015

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2015.

Background: The consolidated financial report includes the financial activities of the University of Kentucky and its affiliated corporations:

- University of Kentucky Research Foundation
- The Fund for Advancement of Education and Research in the University of Kentucky Medical Center
- University of Kentucky Gluck Equine Research Foundation, Inc.
- University of Kentucky Humanities Foundation, Inc.
- University of Kentucky Mining Engineering Foundation, Inc.
- University of Kentucky Center on Aging Foundation, Inc.
- Central Kentucky Management Services, Inc.

As of September 30, 2015, the University has recognized \$941,690,091 of current funds revenue representing 28 percent of the 2015-16 approved budget of \$3,368,391,200. Expenses and transfers total \$791,376,067 or 23 percent of the approved budget.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the three months ended September 30, 2015

**UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 649,834,446	\$ 430,138,548
Notes, loans and accounts receivable, net	367,117,905	303,479,161
Inventories and other assets	59,919,711	53,694,153
Total current assets	<u>1,076,872,062</u>	<u>787,311,862</u>
Noncurrent Assets		
Restricted cash and cash equivalents	271,590,595	286,492,905
Endowment investments	1,177,682,769	1,207,520,819
Other long-term investments	247,836,898	254,703,989
Notes, loans and accounts receivable, net	337,409,581	151,119,456
Other noncurrent assets	233,644	486,141
Capital assets, net	<u>2,382,696,190</u>	<u>2,091,521,433</u>
Total noncurrent assets	<u>4,417,449,677</u>	<u>3,991,844,743</u>
Total assets	5,494,321,739	4,779,156,605
Deferred Outflows of Resources	13,357,425	4,548,668
Total assets and deferred outflows of resources	<u>5,507,679,164</u>	<u>4,783,705,273</u>
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	233,095,904	178,869,158
Unearned revenue	98,226,270	62,820,301
Long-term liabilities - current portion	77,930,725	70,359,019
Total current liabilities	<u>409,252,899</u>	<u>312,048,478</u>
Noncurrent Liabilities		
Unearned revenue	189,594,333	-
Long-term liabilities	1,108,345,179	980,043,216
Total noncurrent liabilities	<u>1,297,939,512</u>	<u>980,043,216</u>
Total liabilities	1,707,192,411	1,292,091,694
Deferred Inflows of Resources	333,786,539	240,834,590
Total liabilities and deferred inflows of resources	<u>2,040,978,950</u>	<u>1,532,926,284</u>
 NET POSITION		
Net investment in capital assets	<u>1,386,515,593</u>	<u>1,319,697,058</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	141,636,224	137,492,873
Research	271,747,842	270,054,314
Instruction	80,365,187	79,132,659
Academic support	84,019,742	83,908,444
Other	8,642,986	8,527,590
Total restricted nonexpendable	<u>586,411,981</u>	<u>579,115,880</u>
Expendable		
Scholarships and fellowships	61,645,472	72,306,176
Research	73,883,421	88,685,687
Instruction	48,975,796	55,487,898
Academic support	53,385,006	55,824,128
Loans	10,925,256	10,729,917
Capital projects	102,968,079	93,799,642
Debt service	25,188,516	22,620,931
Auxiliary	25,008,869	23,563,052
Other	21,749,319	21,464,796
Total restricted expendable	<u>423,729,734</u>	<u>444,482,227</u>
Total restricted	<u>1,010,141,715</u>	<u>1,023,598,107</u>
Unrestricted	1,070,042,906	907,483,824
Total net position	<u>\$ 3,466,700,214</u>	<u>\$ 3,250,778,989</u>

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
ALL FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Student tuition and fees	\$ 229,443,220	\$ 215,706,200
Federal grants and contracts	34,033,647	36,391,203
State and local grants and contracts	21,703,945	21,018,897
Nongovernmental grants and contracts	56,608,687	43,484,973
Recoveries of facilities and administrative costs	10,415,443	10,508,010
Sales and services	12,031,901	11,119,508
Federal appropriations	6,031,189	5,097,931
County appropriations	8,301,053	8,509,984
Hospital services	360,187,043	333,741,826
Auxiliary enterprises:		
Housing and dining	9,098,284	9,987,562
Athletics	30,362,030	23,314,770
Other auxiliaries	19,780,903	18,868,531
Other operating revenues	48,488	78,366
Total operating revenues	<u>798,045,833</u>	<u>737,827,761</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	68,442,962	66,238,772
Research	62,489,848	58,364,815
Public service	39,043,297	41,136,224
Libraries	4,336,143	4,036,077
Academic support	19,447,722	17,377,684
Student services	9,172,159	8,553,437
Institutional support	20,417,444	19,978,537
Operations and maintenance of plant	22,390,141	18,521,391
Student financial aid	82,953,833	73,890,930
Depreciation	12,779,761	10,236,174
Total educational and general	<u>341,473,310</u>	<u>318,334,041</u>
Clinical operations	55,885,869	41,620,674
Hospital services (including depreciation of \$11,148,711 in 2015 and \$10,925,451 in 2014)	306,375,440	270,154,364
Auxiliary enterprises:		
Housing and dining (including depreciation of \$1,562,639 in 2015 and \$1,946,825 in 2014)	7,423,403	8,697,890
Athletics (including depreciation of \$2,102,508 in 2015 and \$1,426,906 in 2014)	33,892,678	26,790,846
Other auxiliaries (including depreciator of \$399,760 in 2015 and \$265,372)	6,216,287	7,348,167
Other operating expenses	39,079	75,692
Total operating expenses	<u>751,306,066</u>	<u>673,021,674</u>
Net loss from operations	<u>46,739,767</u>	<u>64,806,087</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	83,883,400	83,883,400
Gifts and non-exchange grants	41,666,600	39,049,513
Investment income (loss)	(55,640,382)	(10,964,296)
Interest on capital asset-related debt	(8,799,015)	(7,249,295)
Other nonoperating revenues and expenses, net	2,622,739	1,696,220
Net nonoperating revenues (expenses)	<u>63,733,342</u>	<u>106,415,542</u>
Net income before other revenues, expenses, gains or losses	<u>110,473,109</u>	<u>171,221,629</u>
Capital grants and gifts	13,384,311	7,699,462
Additions to permanent endowments	966,841	2,699,411
Other, net	(11,379,402)	(351,563)
Total other revenues (expenses)	<u>2,971,750</u>	<u>10,047,310</u>
INCREASE IN NET POSITION	113,444,859	181,268,939
NET POSITION, July 1	<u>3,353,255,355</u>	<u>3,069,510,050</u>
NET POSITION, September 30	<u>\$ 3,466,700,214</u>	<u>\$ 3,250,778,989</u>

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	2015			2014	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 446,656,300	\$ 229,443,220	51%	\$ 215,706,200	52%
Federal grants and contracts	186,993,800	34,033,647	18%	36,391,203	22%
State and local grants and contracts	110,034,300	21,703,945	20%	21,018,897	20%
Nongovernmental grants and contracts	195,071,500	56,608,687	29%	43,484,973	24%
Recoveries of facilities and administrative costs	44,000,000	10,415,443	24%	10,508,010	24%
Sales and services	43,452,800	12,031,901	28%	11,119,508	27%
Federal appropriations	18,380,400	6,031,189	33%	5,097,931	30%
County appropriations	23,218,200	8,301,053	36%	8,509,984	37%
Hospital services	1,373,503,100	360,187,043	26%	333,741,826	29%
Auxiliary enterprises:					
Housing and dining	27,972,300	9,098,284	33%	9,987,562	34%
Athletics	96,408,100	30,362,030	31%	23,314,770	30%
Other auxiliaries	44,100,600	19,780,903	45%	18,868,531	47%
Total operating revenues	<u>2,609,791,400</u>	<u>797,997,345</u>	<u>31%</u>	<u>737,749,395</u>	<u>32%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	427,736,100	68,442,962	16%	66,238,772	16%
Research	323,146,800	62,489,848	19%	58,364,510	20%
Public service	188,264,700	39,043,297	21%	41,136,224	21%
Libraries	14,176,500	4,336,143	31%	4,036,077	29%
Academic support	85,970,300	19,447,722	23%	17,377,684	17%
Student services	44,051,500	9,064,497	21%	8,543,216	21%
Institutional support	154,581,716	20,417,444	13%	19,976,371	11%
Operations and maintenance of plant	73,551,300	17,161,075	23%	15,758,278	23%
Student financial aid	186,685,700	82,953,833	44%	73,890,930	44%
Total educational and general	<u>1,498,164,616</u>	<u>323,356,821</u>	<u>22%</u>	<u>305,322,062</u>	<u>21%</u>
Clinical operations	209,230,300	55,885,869	27%	41,620,674	24%
Hospital services	1,284,490,584	294,125,418	23%	258,699,986	25%
Auxiliary enterprises:					
Housing and dining	17,308,900	5,101,212	29%	6,425,728	35%
Athletics	107,002,900	29,433,615	28%	25,363,940	26%
Other auxiliaries	37,514,900	5,724,211	15%	7,064,276	19%
Total operating expenses	<u>3,153,712,200</u>	<u>713,627,146</u>	<u>23%</u>	<u>644,496,666</u>	<u>23%</u>
Net income (loss) from operations	<u>(543,920,800)</u>	<u>84,370,199</u>	<u>N/A</u>	<u>93,252,729</u>	<u>N/A</u>

UNIVERSITY OF KENTUCKY
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CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

	2015			2014	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(543,920,800)</u>	<u>84,370,199</u>	N/A	<u>93,252,729</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	279,611,300	83,883,400	30%	83,883,400	30%
Gifts and non-exchange grants	97,627,800	41,534,151	43%	38,627,642	42%
Investment income	25,693,500	5,452,357	21%	4,934,605	21%
Other nonoperating revenues and expenses, net	<u>9,856,600</u>	<u>2,622,455</u>	<u>27%</u>	<u>1,695,934</u>	<u>19%</u>
Net nonoperating revenues (expenses)	<u>412,789,200</u>	<u>133,492,363</u>	<u>32%</u>	<u>129,141,581</u>	<u>32%</u>
Net income before other revenues, expenses, gains or losses	<u>(131,131,600)</u>	<u>217,862,562</u>	<u>N/A</u>	<u>222,394,310</u>	<u>N/A</u>
Capital grants and gifts	15,697,000	9,479,624	60%	7,184,024	31%
Other, net	-	89,555	-	4,536,800	-
Total other revenues (expenses)	<u>15,697,000</u>	<u>9,569,179</u>	<u>61%</u>	<u>11,720,824</u>	<u>50%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	318,792,600	-	-	-	-
Capital purchases and transfers	(138,505,800)	(44,107,715)	32%	(33,814,764)	32%
Debt service transfers	(76,173,200)	(33,641,206)	44%	(27,630,711)	36%
Noncapital transfers	<u>11,321,000</u>	<u>631,204</u>	<u>6%</u>	<u>336,697</u>	<u>6%</u>
Total non-GASB current funds activity	<u>115,434,600</u>	<u>(77,117,717)</u>	<u>N/A</u>	<u>(61,108,778)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	150,314,024		173,006,356	
NET POSITION, July 1		<u>700,130,462</u>		<u>549,915,504</u>	
NET POSITION, September 30		<u>\$ 850,444,486</u>		<u>\$ 722,921,860</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,609,791,400	\$ 797,997,345	31%	\$ 737,749,395	32%
Nonoperating revenues	<u>758,599,800</u>	<u>143,692,746</u>	<u>19%</u>	<u>140,862,405</u>	<u>20%</u>
Total revenues	<u>3,368,391,200</u>	<u>941,690,091</u>	<u>28%</u>	<u>878,611,800</u>	<u>29%</u>
Operating expenses	3,153,712,200	713,627,146	23%	644,496,666	23%
Nonoperating expenses and transfers	<u>214,679,000</u>	<u>77,748,921</u>	<u>36%</u>	<u>61,108,778</u>	<u>34%</u>
Total expenses and transfers	<u>3,368,391,200</u>	<u>791,376,067</u>	<u>23%</u>	<u>705,605,444</u>	<u>23%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 150,314,024</u>		<u>\$ 173,006,356</u>	