

FCR 4

Office of the President
June 24, 2016

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 2016

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 2016.

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 March 31, 2016, the University has recognized \$2,513,740,855 of current funds revenue representing 74 percent of the 2015-16 approved budget of \$3,380,187,300. Expenses and transfers total \$2,320,621,384 or 69 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated Financial Statements

For the nine months ended March 31, 2016

**UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION
MARCH 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 683,657,452	\$ 563,124,048
Notes, loans and accounts receivable, net	373,201,206	296,111,048
Inventories and other assets	38,702,278	35,016,883
Total current assets	<u>1,095,560,936</u>	<u>894,251,979</u>
Noncurrent Assets		
Restricted cash and cash equivalents	455,272,370	236,454,970
Endowment investments	1,193,400,818	1,224,238,154
Other long-term investments	266,440,343	244,053,338
Notes, loans and accounts receivable, net	333,545,025	149,302,839
Other noncurrent assets	474,815	379,390
Capital assets, net	<u>2,537,504,521</u>	<u>2,147,266,452</u>
Total noncurrent assets	<u>4,786,637,892</u>	<u>4,001,695,143</u>
Total assets	5,882,198,828	4,895,947,122
Deferred Outflows of Resources	12,561,606	4,261,295
Total assets and deferred outflows of resources	<u>5,894,760,434</u>	<u>4,900,208,417</u>
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	220,618,530	182,398,987
Unearned revenue	103,909,574	67,974,037
Long-term liabilities - current portion	78,882,560	65,308,486
Total current liabilities	<u>403,410,664</u>	<u>315,681,510</u>
Noncurrent Liabilities		
Unearned revenue	182,594,333	-
Long-term liabilities	<u>1,242,918,797</u>	<u>958,746,608</u>
Total noncurrent liabilities	<u>1,425,513,130</u>	<u>958,746,608</u>
Total liabilities	1,828,923,794	1,274,428,118
Deferred Inflows of Resources	372,299,567	238,552,341
Total liabilities and deferred inflows of resources	<u>2,201,223,361</u>	<u>1,512,980,459</u>
 NET POSITION		
Net investment in capital assets	<u>1,460,484,049</u>	<u>1,347,832,115</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	146,454,793	139,657,592
Research	273,013,712	270,796,836
Instruction	82,293,059	79,745,369
Academic support	85,145,785	84,020,586
Other	9,023,179	8,615,500
Total restricted nonexpendable	<u>595,930,528</u>	<u>582,835,883</u>
Expendable		
Scholarships and fellowships	64,615,581	74,180,279
Research	76,521,462	93,198,666
Instruction	48,926,651	56,076,387
Academic support	57,548,855	59,299,830
Loans	11,295,231	11,031,018
Capital projects	68,148,761	103,247,474
Debt service	8,480,386	13,641,362
Auxiliary	17,025,107	15,930,361
Other	15,821,358	24,125,445
Total restricted expendable	<u>368,383,392</u>	<u>450,730,822</u>
Total restricted	<u>964,313,920</u>	<u>1,033,566,705</u>
Unrestricted	1,268,739,104	1,005,829,138
Total net position	<u>\$ 3,693,537,073</u>	<u>\$ 3,387,227,958</u>

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
ALL FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE NINE MONTHS ENDED MARCH 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Student tuition and fees	\$ 440,287,162	\$ 411,953,269
Federal grants and contracts	121,272,029	116,472,344
State and local grants and contracts	69,381,118	67,105,472
Nongovernmental grants and contracts	160,087,433	125,896,655
Recoveries of facilities and administrative costs	36,193,634	33,461,500
Sales and services	38,247,336	32,535,775
Federal appropriations	14,159,627	12,977,933
County appropriations	20,853,044	19,709,392
Hospital services	1,075,151,810	986,699,583
Auxiliary enterprises:		
Housing and dining	33,095,794	34,169,057
Athletics	89,477,278	76,711,152
Other auxiliaries	40,097,305	38,516,610
Other operating revenues	<u>347,357</u>	<u>301,800</u>
Total operating revenues	<u>2,138,650,927</u>	<u>1,956,510,542</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	236,772,183	224,432,945
Research	185,411,370	174,772,269
Public service	130,841,394	118,598,501
Libraries	17,155,605	15,873,627
Academic support	56,571,045	52,227,169
Student services	33,131,745	28,745,360
Institutional support	48,737,427	48,203,743
Operations and maintenance of plant	63,252,612	56,304,761
Student financial aid	173,118,778	154,954,735
Depreciation	<u>44,200,503</u>	<u>37,378,060</u>
Total educational and general	989,192,662	911,491,170
Clinical operations	154,875,167	130,497,188
Hospital services (including depreciation of \$33,412,590 in 2016 and \$22,232,019 in 2015)	952,436,895	830,783,117
Auxiliary enterprises:		
Housing and dining (including depreciation of \$3,706,820 in 2016 and \$3,380,410 in 2015)	24,546,330	25,815,379
Athletics (including depreciation of \$5,408,003 in 2016 and \$3,755,681 in 2015)	90,986,863	76,911,582
Other auxiliaries (including depreciation of \$1,198,930 in 2016 and \$1,252,553 in 2015)	18,384,595	16,816,337
Other operating expenses	<u>324,964</u>	<u>294,998</u>
Total operating expenses	<u>2,230,747,476</u>	<u>1,992,609,771</u>
Net loss from operations	<u>(92,096,549)</u>	<u>(36,099,229)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	223,689,000	223,689,000
Gifts and non-exchange grants	96,317,678	87,858,724
Investment income (loss)	(31,518,918)	35,011,500
Interest on capital asset-related debt	(27,804,257)	(24,592,677)
Other nonoperating revenues and expenses, net	15,051,414	6,725,429
Net nonoperating revenues (expenses)	<u>275,734,917</u>	<u>328,691,976</u>
Net income before other revenues, expenses, gains or losses	<u>183,638,368</u>	<u>292,592,747</u>
Capital grants and gifts	158,261,734	33,150,402
Additions to permanent endowments	7,422,673	6,196,185
Other, net	<u>(9,041,057)</u>	<u>(14,221,426)</u>
Total other revenues (expenses)	<u>156,643,350</u>	<u>25,125,161</u>
INCREASE IN NET POSITION	<u>340,281,718</u>	<u>317,717,908</u>
NET POSITION, July 1	<u>3,353,255,355</u>	<u>3,069,510,050</u>
NET POSITION, March 31	<u>\$ 3,693,537,073</u>	<u>\$ 3,387,227,958</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 NINE MONTHS ENDED MARCH 31, 2016 AND 2015

	2016			2015	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 446,533,800	\$ 440,287,162	99%	\$ 411,953,269	100%
Federal grants and contracts	186,993,800	121,272,029	65%	116,472,344	70%
State and local grants and contracts	110,034,300	69,381,118	63%	67,105,472	65%
Nongovernmental grants and contracts	195,071,500	160,087,433	82%	125,896,655	69%
Recoveries of facilities and administrative costs	44,000,000	36,193,634	82%	33,461,500	77%
Sales and services	43,472,800	38,247,336	88%	32,535,775	78%
Federal appropriations	18,380,400	14,159,627	77%	12,977,933	76%
County appropriations	23,218,200	20,853,044	90%	19,709,392	87%
Hospital services	1,373,503,100	1,075,151,810	78%	986,699,583	85%
Auxiliary enterprises:					
Housing and dining	27,697,300	33,095,794	119%	34,169,057	110%
Athletics	96,408,100	89,477,278	93%	76,711,152	98%
Other auxiliaries	44,375,600	40,097,305	90%	38,516,610	96%
Total operating revenues	<u>2,609,688,900</u>	<u>2,138,303,570</u>	<u>82%</u>	<u>1,956,208,742</u>	<u>85%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	378,447,700	236,772,183	63%	224,432,945	61%
Research	340,496,600	185,332,424	54%	174,767,883	58%
Public service	196,057,800	130,841,394	67%	118,598,501	58%
Libraries	15,366,500	17,155,605	112%	15,873,627	106%
Academic support	96,498,200	56,571,045	59%	52,227,169	49%
Student services	47,088,400	32,993,174	70%	28,592,562	67%
Institutional support	161,835,900	48,737,427	30%	48,203,743	25%
Operations and maintenance of plant	75,779,700	47,139,716	62%	46,828,794	66%
Student financial aid	187,480,200	173,118,778	92%	154,954,735	92%
Total educational and general	<u>1,499,051,000</u>	<u>928,661,746</u>	<u>62%</u>	<u>864,479,959</u>	<u>59%</u>
Clinical operations	208,753,200	154,875,167	74%	130,497,188	76%
Hospital services	1,284,490,600	910,775,188	71%	795,320,798	77%
Auxiliary enterprises:					
Housing and dining	17,033,900	15,941,753	94%	19,396,975	93%
Athletics	107,002,900	81,923,679	77%	72,582,499	75%
Other auxiliaries	37,789,900	16,972,583	45%	15,970,273	45%
Total operating expenses	<u>3,154,121,500</u>	<u>2,109,150,116</u>	<u>67%</u>	<u>1,898,247,692</u>	<u>67%</u>
Net income (loss) from operations	<u>(544,432,600)</u>	<u>29,153,454</u>	<u>N/A</u>	<u>57,961,050</u>	<u>N/A</u>

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CURRENT FUNDS
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FOR THE NINE MONTHS ENDED MARCH 31, 2016 AND 2015

	2016			2015	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(544,432,600)</u>	<u>29,153,454</u>	N/A	<u>57,961,050</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	279,611,300	223,689,000	80%	223,689,000	80%
Gifts and non-exchange grants	97,627,800	93,355,745	96%	87,130,823	95%
Investment income	25,693,500	20,232,972	79%	32,901,902	137%
Other nonoperating revenues and expenses, net	<u>9,856,600</u>	<u>15,003,684</u>	<u>152%</u>	<u>6,296,767</u>	<u>69%</u>
Net nonoperating revenues (expenses)	<u>412,789,200</u>	<u>352,281,401</u>	<u>85%</u>	<u>350,018,492</u>	<u>86%</u>
Net income before other revenues, expenses, gains or losses	<u>(131,643,400)</u>	<u>381,434,855</u>	N/A	<u>407,979,542</u>	<u>N/A</u>
Capital grants and gifts	15,697,000	21,883,713	139%	30,314,469	129%
Other, net	-	111,191	-	10,287,040	-
Total other revenues (expenses)	<u>15,697,000</u>	<u>21,994,904</u>	<u>140%</u>	<u>40,601,509</u>	<u>173%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	330,691,200	-	-	-	-
Capital purchases and transfers	(144,442,100)	(143,066,347)	99%	(160,419,336)	145%
Debt service transfers	(76,173,200)	(68,404,921)	90%	(56,593,816)	74%
Noncapital transfers	<u>5,870,500</u>	<u>1,160,980</u>	<u>20%</u>	<u>1,608,795</u>	<u>33%</u>
Total non-GASB current funds activity	<u>115,946,400</u>	<u>(210,310,288)</u>	<u>N/A</u>	<u>(215,404,357)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	193,119,471		233,176,694	
NET POSITION, July 1		<u>700,130,462</u>		<u>549,915,504</u>	
NET POSITION, March 31		<u>\$ 893,249,933</u>		<u>\$ 783,092,198</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,609,688,900	\$ 2,138,303,570	82%	\$ 1,956,208,742	85%
Nonoperating revenues	<u>770,498,400</u>	<u>375,437,285</u>	<u>49%</u>	<u>392,228,796</u>	<u>55%</u>
Total revenues	<u>3,380,187,300</u>	<u>2,513,740,855</u>	<u>74%</u>	<u>2,348,437,538</u>	<u>78%</u>
Operating expenses	3,154,121,500	2,109,150,116	67%	1,898,247,692	67%
Nonoperating expenses and transfers	<u>226,065,800</u>	<u>211,471,268</u>	<u>94%</u>	<u>217,013,152</u>	<u>118%</u>
Total expenses and transfers	<u>3,380,187,300</u>	<u>2,320,621,384</u>	<u>69%</u>	<u>2,115,260,844</u>	<u>70%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 193,119,471</u>		<u>\$ 233,176,694</u>	