

FCR 4

Office of the President
May 2, 2017

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2016

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 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
- 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 December 31, 2016, the University has recognized \$1,678,761,398 of current funds revenue representing 47 percent of the 2016-17 approved budget of \$3,573,528,900. Expenses and transfers total \$1,586,975,990 or 44 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated Financial Statements

For the six months ended December 31, 2016

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

	<u>2016</u>	<u>2015</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 628,939,239	\$ 630,138,364
Notes, loans and accounts receivable, net	333,370,817	338,587,905
Inventories and other assets	55,131,451	49,845,061
Total current assets	<u>1,017,441,507</u>	<u>1,018,571,330</u>
Noncurrent Assets		
Restricted cash and cash equivalents	330,280,124	235,191,038
Endowment investments	1,267,370,567	1,195,713,114
Other long-term investments	273,751,575	222,891,292
Notes, loans and accounts receivable, net	317,515,924	322,580,384
Other noncurrent assets	787,192	228,921
Capital assets, net	<u>2,765,794,975</u>	<u>2,479,317,375</u>
Total noncurrent assets	<u>4,955,500,357</u>	<u>4,455,922,124</u>
Total assets	<u>5,972,941,864</u>	<u>5,474,493,454</u>
Deferred Outflows of Resources	11,363,945	12,959,516
Total assets and deferred outflows of resources	<u>5,984,305,809</u>	<u>5,487,452,970</u>
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	239,654,265	250,748,317
Unearned revenue	57,257,371	65,297,899
Long-term liabilities - current portion	82,788,587	78,904,963
Total current liabilities	<u>379,700,223</u>	<u>394,951,179</u>
Noncurrent Liabilities		
Unearned revenue	172,782,595	186,094,333
Long-term liabilities	1,199,400,889	1,074,879,046
Total noncurrent liabilities	<u>1,372,183,484</u>	<u>1,260,973,379</u>
Total liabilities	<u>1,751,883,707</u>	<u>1,655,924,558</u>
Deferred Inflows of Resources	428,715,953	373,300,118
Total liabilities and deferred inflows of resources	<u>2,180,599,660</u>	<u>2,029,224,676</u>
 NET POSITION		
Net investment in capital assets	<u>1,532,256,248</u>	<u>1,457,871,851</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	155,554,239	144,202,168
Research	274,338,042	272,188,042
Instruction	82,745,739	81,444,084
Academic support	85,294,646	84,963,712
Other	10,732,225	8,785,268
Total restricted nonexpendable	<u>608,664,891</u>	<u>591,583,274</u>
Expendable		
Scholarships and fellowships	69,774,628	65,701,656
Research	82,903,771	76,633,390
Instruction	50,938,046	50,018,335
Academic support	66,715,646	56,254,719
Loans	11,824,702	11,232,128
Capital projects	53,173,736	87,869,937
Debt service	979,539	14,949
Auxiliary	14,503,028	16,091,885
Other	44,165,573	22,021,966
Total restricted expendable	<u>394,978,669</u>	<u>385,838,965</u>
Total restricted	<u>1,003,643,560</u>	<u>977,422,239</u>
Unrestricted	1,267,806,341	1,022,934,204
Total net position	<u>\$ 3,803,706,149</u>	<u>\$ 3,458,228,294</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 SIX MONTHS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Student tuition and fees	\$ 251,713,712	\$ 233,141,806
Federal grants and contracts	78,323,025	77,147,342
State and local grants and contracts	46,669,086	45,327,889
Nongovernmental grants and contracts	121,730,668	109,748,145
Recoveries of facilities and administrative costs	24,562,373	23,211,962
Sales and services	25,393,036	24,525,557
Federal appropriations	8,770,082	9,706,584
County appropriations	15,321,238	14,299,628
Hospital services	755,721,250	720,548,130
Auxiliary enterprises:		
Housing and dining	18,572,836	21,328,980
Athletics	67,610,760	69,618,395
Other auxiliaries	26,983,233	26,211,336
Other operating revenues	<u>214,700</u>	<u>214,840</u>
Total operating revenues	<u>1,441,585,999</u>	<u>1,375,030,594</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	154,433,601	154,470,523
Research	122,471,578	123,757,138
Public service	86,642,120	84,274,534
Libraries	8,947,827	11,669,698
Academic support	39,173,804	39,545,500
Student services	19,258,317	20,890,706
Institutional support	34,578,070	31,856,172
Operations and maintenance of plant	40,559,496	42,837,518
Student financial aid	96,932,792	89,245,108
Depreciation	<u>28,390,171</u>	<u>29,594,915</u>
Total educational and general	631,387,776	628,141,812
Clinical operations	119,644,648	107,487,762
Hospital services (including depreciation of \$23,385,051 in 2016 and \$22,232,019 in 2015)	686,112,065	622,243,683
Auxiliary enterprises:		
Housing and dining (including depreciation of \$4,701,622 in 2016 and \$3,864,074 in 2015)	13,636,281	15,198,380
Athletics (including depreciation of \$5,999,713 in 2016 and \$3,755,681 in 2015)	67,501,908	63,798,964
Other auxiliaries (including depreciation of \$345,677 in 2016 and \$456,439 in 2015)	11,556,388	11,813,240
Other operating expenses	<u>264,516</u>	<u>242,735</u>
Total operating expenses	<u>1,530,103,582</u>	<u>1,448,926,576</u>
Net loss from operations	<u>(88,517,583)</u>	<u>(73,895,982)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	146,865,800	153,786,200
Gifts and non-exchange grants	56,575,017	56,078,037
Investment income (loss)	45,413,184	(34,499,478)
Interest on capital asset-related debt	(21,044,686)	(18,788,159)
Other nonoperating revenues and expenses, net	4,337,094	5,000,656
Net nonoperating revenues (expenses)	<u>232,146,409</u>	<u>161,577,256</u>
Net income before other revenues, expenses, gains or losses	<u>143,628,826</u>	<u>87,681,274</u>
Capital grants and gifts	21,811,230	22,632,482
Additions to permanent endowments	5,455,846	4,106,431
Other, net	3,757,659	(9,447,248)
Total other revenues (expenses)	<u>31,024,735</u>	<u>17,291,665</u>
INCREASE IN NET POSITION	<u>174,653,561</u>	<u>104,972,939</u>
NET POSITION, July 1	<u>3,629,052,588</u>	<u>3,353,255,355</u>
NET POSITION, December 31	<u>\$ 3,803,706,149</u>	<u>\$ 3,458,228,294</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 SIX MONTHS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 487,237,500	\$ 251,713,712	52%	\$ 233,141,806	52%
Federal grants and contracts	176,922,800	78,323,025	44%	77,147,342	41%
State and local grants and contracts	96,571,500	46,669,086	48%	45,327,889	41%
Nongovernmental grants and contracts	204,363,100	121,730,668	60%	109,748,145	56%
Recoveries of facilities and administrative costs	45,000,000	24,562,373	55%	23,211,962	53%
Sales and services	47,496,600	25,393,036	53%	24,525,557	56%
Federal appropriations	18,503,700	8,770,082	47%	9,706,584	53%
County appropriations	24,734,200	15,321,238	62%	14,299,628	62%
Hospital services	1,542,806,000	755,721,250	49%	720,548,130	52%
Auxiliary enterprises:					
Housing and dining	28,125,500	18,572,836	66%	21,328,980	77%
Athletics	102,539,500	67,610,760	66%	69,618,395	72%
Other auxiliaries	47,572,600	26,983,233	57%	26,211,336	59%
Total operating revenues	<u>2,821,873,000</u>	<u>1,441,371,299</u>	<u>51%</u>	<u>1,374,815,754</u>	<u>53%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	409,537,300	154,433,601	38%	154,470,523	39%
Research	317,200,200	122,471,578	39%	123,752,550	37%
Public service	182,756,200	86,642,120	47%	84,274,534	44%
Libraries	14,713,400	8,947,827	61%	11,669,698	76%
Academic support	99,111,600	39,173,804	40%	39,545,500	40%
Student services	45,960,900	19,170,079	42%	20,783,044	45%
Institutional support	176,536,200	34,578,070	20%	31,856,172	20%
Operations and maintenance of plant	82,981,400	33,737,380	41%	33,301,806	45%
Student financial aid	199,478,700	96,932,792	49%	89,245,108	48%
Total educational and general	<u>1,528,275,900</u>	<u>596,087,251</u>	<u>39%</u>	<u>588,898,935</u>	<u>39%</u>
Clinical operations	221,536,400	119,644,648	54%	107,487,762	51%
Hospital services	1,453,956,900	652,197,435	45%	596,695,743	46%
Auxiliary enterprises:					
Housing and dining	14,570,700	8,608,248	59%	9,903,478	58%
Athletics	117,099,100	58,615,015	50%	56,682,569	53%
Other auxiliaries	35,684,600	11,052,018	31%	11,242,281	30%
Total operating expenses	<u>3,371,123,600</u>	<u>1,446,204,615</u>	<u>43%</u>	<u>1,370,910,768</u>	<u>43%</u>
Net income (loss) from operations	<u>(549,250,600)</u>	<u>(4,833,316)</u>	<u>N/A</u>	<u>3,904,986</u>	<u>N/A</u>

UNIVERSITY OF KENTUCKY
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CURRENT FUNDS
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FOR THE SIX MONTHS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(549,250,600)</u>	<u>(4,833,316)</u>	N/A	<u>3,904,986</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	267,028,800	146,865,800	55%	153,786,200	55%
Gifts and non-exchange grants	92,900,300	55,996,020	60%	54,926,411	56%
Investment income	26,727,800	10,796,493	40%	11,386,720	44%
Other nonoperating revenues and expenses, net	<u>10,441,900</u>	<u>4,298,727</u>	<u>41%</u>	<u>4,953,155</u>	<u>50%</u>
Net nonoperating revenues (expenses)	<u>397,098,800</u>	<u>217,957,040</u>	<u>55%</u>	<u>225,052,486</u>	<u>55%</u>
Net income before other revenues, expenses, gains or losses	<u>(152,151,800)</u>	<u>213,123,724</u>	<u>N/A</u>	<u>228,957,472</u>	<u>N/A</u>
Capital grants and gifts	17,082,900	19,332,174	113%	18,610,201	119%
Other, net	-	100,885	-	110,770	-
Total other revenues (expenses)	<u>17,082,900</u>	<u>19,433,059</u>	<u>114%</u>	<u>18,720,971</u>	<u>119%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	320,615,500	-	-	-	-
Capital purchases and transfers	(106,800,400)	(96,520,687)	90%	(90,555,569)	68%
Debt service transfers	(85,282,300)	(45,748,389)	54%	(43,340,727)	57%
Noncapital transfers	<u>6,536,100</u>	<u>1,497,701</u>	<u>23%</u>	<u>(33,963)</u>	<u>-1%</u>
Total non-GASB current funds activity	<u>135,068,900</u>	<u>(140,771,375)</u>	<u>N/A</u>	<u>(133,930,259)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	91,785,408		113,748,184	
NET POSITION, July 1		<u>777,325,681</u>		<u>700,130,462</u>	
NET POSITION, December 31		<u>\$ 869,111,089</u>		<u>\$ 813,878,646</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,821,873,000	\$ 1,441,371,299	51%	\$ 1,374,815,754	53%
Nonoperating revenues	<u>751,655,900</u>	<u>237,390,099</u>	<u>32%</u>	<u>243,773,457</u>	<u>32%</u>
Total revenues	<u>3,573,528,900</u>	<u>1,678,761,398</u>	<u>47%</u>	<u>1,618,589,211</u>	<u>48%</u>
Operating expenses	3,371,123,600	1,446,204,615	43%	1,370,910,768	43%
Nonoperating expenses and transfers	<u>202,405,300</u>	<u>140,771,375</u>	<u>70%</u>	<u>133,930,259</u>	<u>63%</u>
Total expenses and transfers	<u>3,573,528,900</u>	<u>1,586,975,990</u>	<u>44%</u>	<u>1,504,841,027</u>	<u>45%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 91,785,408</u>		<u>\$ 113,748,184</u>	