

# FCR 6

Office of the President  
April 1, 2014

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2013

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 2013.

Background: The consolidated financial report includes the financial activities of the University of Kentucky, its organizational units including UK HealthCare Hospital System and the Department of Intercollegiate Athletics, and its affiliated corporations:

- The 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 December 31, 2013, the University has recognized \$1,305,117,747 of current funds revenue representing 48 percent of the 2013-14 approved budget of \$2,728,069,400. Expenses and transfers total \$1,265,869,615 or 46 percent of the approved budget.

---

Action taken:     Approved     Disapproved     Other\_\_\_\_\_



*Consolidated Financial  
Statements*

*For the six months ended December 31, 2013*

**UNIVERSITY OF KENTUCKY  
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 399,617,547	\$ 308,882,008
Notes, loans and accounts receivable, net	228,977,829	249,677,512
Inventories and other assets	38,116,846	38,559,045
Total current assets	<u>666,712,222</u>	<u>597,118,565</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	78,224,014	58,560,903
Endowment investments	1,159,709,933	1,014,363,393
Other long-term investments	143,618,016	136,607,654
Notes, loans and accounts receivable, net	50,151,739	41,071,842
Other noncurrent assets	12,838,267	12,870,478
Capital assets, net	1,883,217,599	1,898,934,773
Total noncurrent assets	<u>3,327,759,568</u>	<u>3,162,409,043</u>
Total assets	<u>3,994,471,790</u>	<u>3,759,527,608</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	162,750,801	123,559,500
Unearned revenue	63,366,974	58,277,440
Long-term liabilities - current portion	39,443,072	35,069,321
Total current liabilities	<u>265,560,847</u>	<u>216,906,261</u>
<b>Noncurrent Liabilities</b>		
Long-term liabilities	743,317,312	775,416,680
Total noncurrent liabilities	<u>743,317,312</u>	<u>775,416,680</u>
Total liabilities	1,008,878,159	992,322,941
<b>Deferred Inflows of Resources</b>		
	561,390	-
Total liabilities and deferred inflows of resources	<u>1,009,439,549</u>	<u>992,322,941</u>
<b>NET POSITION</b>		
<b>Net investment in capital assets</b>		
	<u>1,284,850,995</u>	<u>1,266,672,082</u>
<b>Restricted</b>		
Nonexpendable		
Scholarships and fellowships	133,713,738	129,002,194
Research	267,856,648	262,633,187
Instruction	78,480,846	76,497,284
Academic support	83,775,263	83,597,125
Other	8,458,185	7,999,866
Total restricted nonexpendable	<u>572,284,680</u>	<u>559,729,656</u>
Expendable		
Scholarships and fellowships	71,088,655	53,100,432
Research	83,466,827	50,977,063
Instruction	54,841,872	42,165,148
Academic support	50,671,542	33,662,391
Loans	10,234,042	10,295,108
Capital projects	69,267,394	71,832,934
Debt service	7,358,174	5,680,062
Auxiliary	12,870,769	13,073,632
Other	32,673,707	10,408,933
Total restricted expendable	<u>392,472,982</u>	<u>291,195,703</u>
Total restricted	<u>964,757,662</u>	<u>850,925,359</u>
<b>Unrestricted</b>		
	<u>735,423,584</u>	<u>649,607,226</u>
Total net position	<u>\$ 2,985,032,241</u>	<u>\$ 2,767,204,667</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 SIX MONTHS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees	\$ 199,235,763	\$ 185,752,693
Federal grants and contracts	72,922,924	76,226,029
State and local grants and contracts	28,759,244	56,591,013
Nongovernmental grants and contracts	85,798,085	85,599,837
Recoveries of facilities and administrative costs	22,000,734	23,135,848
Sales and services	21,341,771	21,656,584
Federal appropriations	9,419,482	8,833,818
County appropriations	11,987,132	10,534,751
Hospital services	517,964,810	468,899,902
Auxiliary enterprises:		
Housing and dining	31,169,914	30,348,235
Athletics	55,927,420	52,138,787
Other auxiliaries	17,364,023	17,187,143
Other operating revenues	<u>161,690</u>	<u>185,163</u>
Total operating revenues	<u>1,074,052,992</u>	<u>1,037,089,803</u>
<b>OPERATING EXPENSES</b>		
Educational and general:		
Instruction	137,849,872	128,903,096
Research	118,572,250	118,611,583
Public service	96,145,194	114,275,680
Libraries	8,821,603	7,475,983
Academic support	33,125,415	30,387,284
Student services	18,532,581	17,891,954
Institutional support	28,727,772	27,622,226
Operations and maintenance of plant	35,524,427	30,882,300
Student financial aid	74,402,062	68,851,906
Depreciation	<u>28,315,224</u>	<u>28,375,015</u>
Total educational and general	580,016,400	573,277,027
Clinical operations	61,773,895	64,215,721
Hospital and clinics (including depreciation of \$22,854,162 in 2013 and \$22,235,011 in 2012)	487,588,089	437,774,764
Auxiliary enterprises:		
Housing and dining (including depreciation of \$1,389,735 in 2013 and \$2,046,932 in 2012)	26,104,139	22,036,986
Athletics (including depreciation of \$1,437,051 in 2013 and \$1,972,696 in 2012)	45,853,764	44,776,754
Other auxiliaries	9,937,060	14,046,135
Other operating expenses	<u>779,164</u>	<u>164,886</u>
Total operating expenses	<u>1,212,052,511</u>	<u>1,156,292,273</u>
Net loss from operations	<u>(137,999,519)</u>	<u>(119,202,470)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	156,128,100	156,128,100
Gifts and non-exchange grants	48,944,363	47,732,738
Investment income (loss)	106,221,815	67,018,389
Interest on capital asset-related debt	(14,150,221)	(14,478,524)
Other nonoperating revenues and expenses, net	<u>2,823,470</u>	<u>5,447,409</u>
Net nonoperating revenues (expenses)	<u>299,967,527</u>	<u>261,848,112</u>
Net income before other revenues, expenses, gains or losses	<u>161,968,008</u>	<u>142,645,642</u>
Capital grants and gifts	15,881,350	12,208,327
Additions to permanent endowments	4,951,499	1,965,254
Other, net	<u>(1,950,189)</u>	<u>(3,014,245)</u>
Total other revenues (expenses)	<u>18,882,660</u>	<u>11,159,336</u>
<b>INCREASE IN NET POSITION</b>	<u>180,850,668</u>	<u>153,804,978</u>
<b>NET POSITION, July 1</b>	<u>2,804,181,573</u>	<u>2,613,399,689</u>
<b>NET POSITION, December 31</b>	<u>\$ 2,985,032,241</u>	<u>\$ 2,767,204,667</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, 2013 AND 2012

	2013			2012	
	Budget	Actual	%	Actual	%
<b>OPERATING REVENUES</b>					
Student tuition and fees	\$ 379,993,400	\$ 199,235,763	52%	\$ 185,752,693	55%
Federal grants and contracts	165,662,900	72,922,924	44%	76,226,029	43%
State and local grants and contracts	59,838,600	28,759,244	48%	56,591,013	76%
Nongovernmental grants and contracts	200,649,300	85,798,085	43%	85,599,837	47%
Recoveries of facilities and administrative costs	41,500,000	22,000,734	53%	23,135,848	51%
Sales and services	41,696,400	21,341,771	51%	21,656,584	50%
Federal appropriations	17,057,000	9,419,482	55%	8,833,818	48%
County appropriations	22,100,000	11,987,132	54%	10,534,751	55%
Hospital services	971,622,400	517,964,810	53%	468,899,902	48%
Auxiliary enterprises:					
Housing and dining	52,397,100	31,169,914	59%	30,348,235	60%
Athletics	73,133,800	55,927,420	76%	52,138,787	77%
Other auxiliaries	37,303,500	17,364,023	47%	17,187,143	48%
Total operating revenues	<u>2,062,954,400</u>	<u>1,073,891,302</u>	<u>52%</u>	<u>1,036,904,640</u>	<u>51%</u>
<b>OPERATING EXPENSES</b>					
Educational and general:					
Instruction	327,416,800	137,849,872	42%	128,903,096	43%
Research	275,338,200	118,571,895	43%	118,633,088	44%
Public service	243,033,500	96,145,194	40%	114,275,680	54%
Libraries	14,911,200	8,821,603	59%	7,475,983	55%
Academic support	120,213,500	33,125,415	28%	30,387,284	27%
Student services	39,943,800	18,446,112	46%	17,800,906	43%
Institutional support	145,556,300	28,725,921	20%	27,614,962	20%
Operations and maintenance of plant	70,585,200	30,102,924	43%	27,010,432	39%
Student financial aid	135,813,400	74,402,062	55%	68,851,906	55%
Total educational and general	<u>1,372,811,900</u>	<u>546,190,998</u>	<u>40%</u>	<u>540,953,337</u>	<u>42%</u>
Clinical operations	107,439,800	61,773,895	57%	64,215,721	56%
Hospital and clinics	928,685,100	463,747,520	50%	412,075,885	44%
Auxiliary enterprises:					
Housing and dining	43,646,200	24,455,977	56%	19,867,258	49%
Athletics	88,940,300	44,416,713	50%	42,652,727	53%
Other auxiliaries	33,343,000	9,891,696	30%	13,986,369	44%
Total operating expenses	<u>2,574,866,300</u>	<u>1,150,476,799</u>	<u>45%</u>	<u>1,093,751,297</u>	<u>44%</u>
Net loss from operations	<u>(511,911,900)</u>	<u>(76,585,497)</u>	<u>15%</u>	<u>(56,846,657)</u>	<u>13%</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, 2013 AND 2012

	2013			2012	
	Budget	Actual	%	Actual	%
Net loss from operations	<u>(511,911,900)</u>	<u>(76,585,497)</u>	15%	<u>(56,846,657)</u>	13%
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	283,869,300	156,128,100	55%	156,128,100	55%
Gifts and non-exchange grants	67,723,400	48,442,041	72%	47,042,890	85%
Investment income	38,920,800	10,733,744	28%	10,346,832	36%
Other nonoperating revenues and expenses, net	5,843,000	2,822,947	48%	5,446,612	93%
Net nonoperating revenues (expenses)	<u>396,356,500</u>	<u>218,126,832</u>	55%	<u>218,964,434</u>	59%
Net income before other revenues, expenses, gains or losses	<u>(115,555,400)</u>	<u>141,541,335</u>	-122%	<u>162,117,777</u>	-212%
Capital grants and gifts	15,009,200	13,099,613	87%	12,029,925	166%
Other, net	-	5,507	-	31,703	317%
Total other revenues (expenses)	<u>15,009,200</u>	<u>13,105,120</u>	87%	<u>12,061,628</u>	
<b>NON-GASB ACTIVITY</b>					
Appropriated fund balance	248,659,300	-	-	-	-
Capital purchases and transfers	(82,219,800)	(78,409,315)	95%	(48,750,528)	56%
Debt service transfers	(70,983,300)	(37,772,708)	53%	(44,144,360)	56%
Noncapital transfers	5,090,000	783,700	15%	678,452	18%
Total non-GASB current funds activity	<u>100,546,200</u>	<u>(115,398,323)</u>	-115%	<u>(92,216,436)</u>	-133%
<b>INCREASE IN NET POSITION</b>	-	39,248,132		81,962,969	
<b>NET POSITION, July 1</b>		<u>485,659,019</u>		<u>392,255,776</u>	
<b>NET POSITION, December 31</b>		<u>\$ 524,907,151</u>		<u>\$ 474,218,745</u>	
<b>RECONCILIATION TO ANNUAL BUDGET</b>					
Operating revenues	\$ 2,062,954,400	\$ 1,073,891,302	52%	\$ 1,036,904,640	51%
Nonoperating revenues	665,115,000	231,226,445	35%	231,026,062	38%
Total revenues	<u>2,728,069,400</u>	<u>1,305,117,747</u>	48%	<u>1,267,930,702</u>	48%
Operating expenses	2,574,866,300	1,150,476,799	45%	1,093,751,297	44%
Nonoperating expenses and transfers	153,203,100	115,392,816	75%	92,216,436	56%
Total expenses and transfers	<u>2,728,069,400</u>	<u>1,265,869,615</u>	46%	<u>1,185,967,733</u>	45%
<b>INCREASE IN NET POSITION</b>	<u>\$ -</u>	<u>\$ 39,248,132</u>		<u>\$ 81,962,969</u>	