

# FCR 9

Office of the President  
December 9, 2014

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2014.

Background: The consolidated financial report includes the financial activities of the University of Kentucky and its affiliated non-profit 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, 2014, the University has recognized \$868,974,496 of current funds revenue representing 29 percent of the 2014-15 approved budget of \$3,012,831,900. Expenses and transfers total \$713,910,342 or 24 percent of the approved budget.

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



*Consolidated Financial  
Statements*

*For the three months ended September 30, 2014*

**UNIVERSITY OF KENTUCKY**  
**A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 430,138,548	\$ 410,162,259
Notes, loans and accounts receivable, net	288,978,505	236,336,063
Inventories and other assets	53,696,093	49,930,711
Total current assets	<u>772,813,146</u>	<u>696,429,033</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	286,492,905	58,368,168
Endowment investments	1,207,520,819	1,106,645,365
Other long-term investments	254,703,989	184,221,546
Notes, loans and accounts receivable, net	61,229,577	51,916,670
Other noncurrent assets	502,850	1,253,090
Capital assets, net	<u>2,085,542,148</u>	<u>1,901,081,419</u>
Total noncurrent assets	<u>3,895,992,288</u>	<u>3,303,486,258</u>
Total assets	<u>4,668,805,434</u>	<u>3,999,915,291</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	178,161,818	145,594,028
Unearned revenue	62,820,301	70,665,254
Long-term liabilities - current portion	67,929,009	65,799,131
Total current liabilities	<u>308,911,128</u>	<u>282,058,413</u>
<b>Noncurrent Liabilities</b>		
Accounts payable and accrued liabilities	2,475,960	-
Long-term liabilities	963,974,375	741,346,847
Total noncurrent liabilities	<u>966,450,335</u>	<u>741,346,847</u>
Total liabilities	1,275,361,463	1,023,405,260
<b>Deferred Inflows of Resources</b>		
Total liabilities and deferred inflows of resources	<u>1,427,789,064</u>	<u>1,028,117,542</u>
<b>NET POSITION</b>		
<b>Net investment in capital assets</b>	<u>1,318,679,465</u>	<u>1,274,465,682</u>
<b>Restricted</b>		
Nonexpendable		
Scholarships and fellowships	137,253,696	133,083,087
Research	268,297,429	267,605,502
Instruction	78,832,659	76,707,532
Academic support	83,908,444	83,754,074
Other	8,503,240	7,955,410
Total restricted nonexpendable	<u>576,795,468</u>	<u>569,105,605</u>
Expendable		
Scholarships and fellowships	72,306,176	61,978,820
Research	88,685,687	70,655,428
Instruction	55,487,898	49,779,725
Academic support	55,824,128	44,709,716
Loans	10,729,917	9,971,191
Capital projects	93,660,156	69,407,256
Debt service	32,243,617	32,713,294
Auxiliary	23,563,052	19,802,087
Other	23,785,208	26,368,867
Total restricted expendable	<u>456,285,839</u>	<u>385,386,384</u>
Total restricted	<u>1,033,081,307</u>	<u>954,491,989</u>
<b>Unrestricted</b>	<u>889,255,598</u>	<u>742,840,078</u>
Total net position	<u>\$ 3,241,016,370</u>	<u>\$ 2,971,797,749</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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees	\$ 215,706,200	\$ 193,959,192
Federal grants and contracts	36,391,203	33,881,470
State and local grants and contracts	21,018,897	13,715,511
Nongovernmental grants and contracts	38,435,982	42,869,228
Recoveries of facilities and administrative costs	10,508,010	10,354,796
Sales and services	10,580,856	10,070,902
Federal appropriations	5,097,931	5,441,220
County appropriations	8,509,984	6,410,006
Hospital services	333,741,826	247,955,462
Auxiliary enterprises:		
Housing and dining	12,737,513	14,632,201
Athletics	21,228,906	23,379,149
Other auxiliaries	14,154,783	11,703,593
Other operating revenues	<u>78,366</u>	<u>78,871</u>
Total operating revenues	<u>728,190,457</u>	<u>614,451,601</u>
<b>OPERATING EXPENSES</b>		
Educational and general:		
Instruction	66,238,772	63,288,752
Research	58,364,815	59,189,299
Public service	41,136,224	47,329,792
Libraries	4,036,077	3,806,685
Academic support	17,377,684	16,992,226
Student services	8,553,437	8,940,878
Institutional support	19,978,537	19,190,410
Operations and maintenance of plant	17,354,618	15,624,182
Student financial aid	73,890,930	67,495,701
Depreciation	<u>10,407,279</u>	<u>14,053,084</u>
Total educational and general	317,338,373	315,911,009
Clinical operations	41,620,674	30,804,653
Hospital services (including depreciation of \$10,925,451 in 2014 and \$11,496,498 in 2013)	269,962,770	232,638,729
Auxiliary enterprises:		
Housing and dining (including depreciation of \$1,955,209 in 2014 and \$854,718 in 2013)	9,668,997	13,616,611
Athletics (including depreciation of \$1,426,906 in 2014 and \$1,301,465 in 2013)	26,790,846	24,957,708
Other auxiliaries	6,012,886	7,129,830
Other operating expenses	<u>75,692</u>	<u>657,901</u>
Total operating expenses	<u>671,470,238</u>	<u>625,716,441</u>
Net income (loss) from operations	<u>56,720,219</u>	<u>(11,264,840)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	83,883,400	85,160,800
Gifts and non-exchange grants	39,049,513	37,134,103
Investment income (loss)	(10,964,296)	49,137,500
Interest on capital asset-related debt	(2,958,517)	(3,845,094)
Other nonoperating revenues and expenses, net	<u>1,696,220</u>	<u>1,047,023</u>
Net nonoperating revenues (expenses)	<u>110,706,320</u>	<u>168,634,332</u>
Net income before other revenues, expenses, gains or losses	<u>167,426,539</u>	<u>157,369,492</u>
Capital grants and gifts	7,699,462	8,748,714
Additions to permanent endowments	2,699,411	1,514,095
Other, net	<u>(6,319,092)</u>	<u>(16,125)</u>
Total other revenues (expenses)	<u>4,079,781</u>	<u>10,246,684</u>
<b>INCREASE IN NET POSITION</b>	<u>171,506,320</u>	<u>167,616,176</u>
<b>NET POSITION, July 1</b>	<u>3,069,510,050</u>	<u>2,804,181,573</u>
<b>NET POSITION, September 30</b>	<u>\$ 3,241,016,370</u>	<u>\$ 2,971,797,749</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, 2014 AND 2013

	2014			2013	
	Budget	Actual	%	Actual	%
<b>OPERATING REVENUES</b>					
Student tuition and fees	\$ 411,757,300	\$ 215,706,200	52%	\$ 193,959,192	51%
Federal grants and contracts	166,450,400	36,391,203	22%	33,881,470	20%
State and local grants and contracts	103,001,400	21,018,897	20%	13,715,511	23%
Nongovernmental grants and contracts	183,162,300	38,435,982	21%	42,869,228	21%
Recoveries of facilities and administrative costs	43,500,000	10,508,010	24%	10,354,796	25%
Sales and services	41,930,200	10,580,856	25%	10,070,902	24%
Federal appropriations	17,186,000	5,097,931	30%	5,441,220	30%
County appropriations	22,763,000	8,509,984	37%	6,410,006	29%
Hospital services	1,161,979,800	333,741,826	29%	247,955,462	26%
Auxiliary enterprises:					
Housing and dining	46,318,900	12,737,513	27%	14,632,201	29%
Athletics	78,360,800	21,228,906	27%	23,379,149	32%
Other auxiliaries	41,609,000	14,154,783	34%	11,703,593	31%
Total operating revenues	<u>2,318,019,100</u>	<u>728,112,091</u>	<u>31%</u>	<u>614,372,730</u>	<u>30%</u>
<b>OPERATING EXPENSES</b>					
Educational and general:					
Instruction	406,129,500	66,238,772	16%	63,288,752	17%
Research	286,384,900	58,364,510	20%	59,188,944	22%
Public service	197,079,500	41,136,224	21%	47,329,792	20%
Libraries	13,766,900	4,036,077	29%	3,806,685	28%
Academic support	100,842,800	17,377,684	17%	16,992,226	17%
Student services	39,746,000	8,543,216	21%	8,865,591	24%
Institutional support	175,071,700	19,976,371	11%	19,190,410	14%
Operations and maintenance of plant	69,907,300	14,292,725	20%	13,856,408	20%
Student financial aid	167,684,400	73,890,930	44%	67,495,701	50%
Total educational and general	<u>1,456,613,000</u>	<u>303,856,509</u>	<u>21%</u>	<u>300,014,509</u>	<u>22%</u>
Clinical operations	173,121,800	41,620,674	24%	30,804,653	28%
Hospital services	1,031,109,700	258,699,986	25%	221,102,945	23%
Auxiliary enterprises:					
Housing and dining	36,875,800	7,490,817	20%	12,630,497	31%
Athletics	97,293,000	25,363,940	26%	23,656,243	27%
Other auxiliaries	36,270,300	5,999,187	17%	7,118,865	21%
Total operating expenses	<u>2,831,283,600</u>	<u>643,031,113</u>	<u>23%</u>	<u>595,327,712</u>	<u>23%</u>
Net income (loss) from operations	<u>(513,264,500)</u>	<u>85,080,978</u>	<u>N/A</u>	<u>19,045,018</u>	<u>N/A</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, 2014 AND 2013

	2014			2013	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(513,264,500)</u>	<u>85,080,978</u>	N/A	<u>19,045,018</u>	<u>N/A</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	279,611,300	83,883,400	30%	85,160,800	30%
Gifts and non-exchange grants	92,002,400	38,627,642	42%	37,062,479	55%
Investment income	23,948,600	4,934,605	21%	5,314,997	14%
Other nonoperating revenues and expenses, net	<u>9,161,700</u>	<u>1,695,934</u>	<u>19%</u>	<u>1,046,701</u>	<u>18%</u>
Net nonoperating revenues (expenses)	<u>404,724,000</u>	<u>129,141,581</u>	<u>32%</u>	<u>128,584,977</u>	<u>32%</u>
Net income before other revenues, expenses, gains or losses	<u>(108,540,500)</u>	<u>214,222,559</u>	<u>N/A</u>	<u>147,629,995</u>	<u>N/A</u>
Capital grants and gifts	23,410,600	7,184,024	31%	6,816,993	45%
Other, net	-	4,536,800	-	358	-
Total other revenues (expenses)	<u>23,410,600</u>	<u>11,720,824</u>	<u>50%</u>	<u>6,817,351</u>	<u>45%</u>
<b>NON-GASB ACTIVITY</b>					
Appropriated fund balance	261,494,200	-	-	-	-
Capital purchases and transfers	(104,671,400)	(33,616,595)	32%	(25,600,155)	45%
Debt service transfers	(76,876,900)	(37,632,664)	49%	(34,534,910)	49%
Noncapital transfers	<u>5,184,000</u>	<u>370,030</u>	<u>7%</u>	<u>181,247</u>	<u>4%</u>
Total non-GASB current funds activity	<u>85,129,900</u>	<u>(70,879,229)</u>	<u>N/A</u>	<u>(59,953,818)</u>	<u>N/A</u>
<b>INCREASE IN NET POSITION</b>	-	155,064,154		94,493,528	
<b>NET POSITION, beginning of year</b>		<u>549,915,504</u>		<u>485,659,019</u>	
<b>NET POSITION, end of year</b>		<u>\$ 704,979,658</u>		<u>\$ 580,152,547</u>	
<b>RECONCILIATION TO ANNUAL BUDGET</b>					
Operating revenues	\$ 2,318,019,100	\$ 728,112,091	31%	\$ 614,372,730	30%
Nonoperating revenues	<u>694,812,800</u>	<u>140,862,405</u>	<u>20%</u>	<u>135,402,328</u>	<u>21%</u>
Total revenues	<u>3,012,831,900</u>	<u>868,974,496</u>	<u>29%</u>	<u>749,775,058</u>	<u>28%</u>
Operating expenses	2,831,283,600	643,031,113	23%	595,327,712	23%
Nonoperating expenses and transfers	<u>181,548,300</u>	<u>70,879,229</u>	<u>39%</u>	<u>59,953,818</u>	<u>47%</u>
Total expenses and transfers	<u>3,012,831,900</u>	<u>713,910,342</u>	<u>24%</u>	<u>655,281,530</u>	<u>24%</u>
<b>INCREASE IN NET POSITION</b>	<u>\$ -</u>	<u>\$ 155,064,154</u>		<u>\$ 94,493,528</u>	