

# FCR 10

Office of the President  
December 17, 2013

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 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
- Central Kentucky Management Services, Inc.
- University of Kentucky Mining Engineering Foundation, Inc.
- University of Kentucky Gluck Equine Research Foundation, Inc.
- University of Kentucky Humanities Foundation, Inc.
- University of Kentucky Center on Aging Foundation, Inc.

As of September 30, 2013, the University has recognized \$749,155,198 of current funds revenue representing 28 percent of the 2013-14 approved budget of \$2,709,205,300. Expenses and transfers total \$655,281,172 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, 2013*

**UNIVERSITY OF KENTUCKY  
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 410,162,259	\$ 307,445,624
Notes, loans and accounts receivable, net	236,336,063	277,713,668
Inventories and other assets	49,930,711	49,070,908
Total current assets	<u>696,429,033</u>	<u>634,230,200</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	58,368,168	55,189,269
Endowment investments	1,106,645,365	997,741,848
Other long-term investments	183,602,044	144,855,360
Notes, loans and accounts receivable, net	51,916,670	42,245,267
Other noncurrent assets	12,862,195	12,836,459
Capital assets, net	1,889,472,314	1,911,223,657
Total noncurrent assets	<u>3,302,866,756</u>	<u>3,164,091,860</u>
Total assets	<u>3,999,295,789</u>	<u>3,798,322,060</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	145,594,028	134,594,531
Unearned revenue	70,665,254	71,259,531
Long-term liabilities - current portion	66,460,305	60,172,012
Total current liabilities	<u>282,719,587</u>	<u>266,026,074</u>
<b>Noncurrent Liabilities</b>		
Long-term liabilities	744,836,565	753,029,991
Total noncurrent liabilities	<u>744,836,565</u>	<u>753,029,991</u>
Total liabilities	1,027,556,152	1,019,056,065
<b>Deferred Inflows of Resources</b>		
	561,390	-
Total liabilities and deferred inflows of resources	<u>1,028,117,542</u>	<u>1,019,056,065</u>
<b>NET POSITION</b>		
<b>Net investment in capital assets</b>		
	<u>1,262,856,577</u>	<u>1,266,376,842</u>
<b>Restricted</b>		
Nonexpendable		
Scholarships and fellowships	133,083,087	128,163,717
Research	267,605,502	261,985,452
Instruction	76,707,532	76,545,652
Academic support	83,754,074	83,555,914
Other	7,955,410	7,991,380
Total restricted nonexpendable	<u>569,105,605</u>	<u>558,242,115</u>
Expendable		
Scholarships and fellowships	61,978,820	50,229,365
Research	70,655,428	47,697,434
Instruction	49,779,725	40,986,382
Academic support	44,709,716	32,513,805
Loans	9,971,191	10,255,974
Capital projects	69,407,256	62,708,745
Debt service	32,713,294	31,413,817
Auxiliary	19,802,087	18,311,160
Other	26,368,867	12,919,195
Total restricted expendable	<u>385,386,384</u>	<u>307,035,877</u>
Total restricted	<u>954,491,989</u>	<u>865,277,992</u>
<b>Unrestricted</b>		
	<u>753,829,681</u>	<u>647,611,161</u>
Total net position	<u>\$ 2,971,178,247</u>	<u>\$ 2,779,265,995</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, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees	\$ 193,959,192	\$ 181,448,494
Federal grants and contracts	33,881,470	35,568,873
State and local grants and contracts	13,715,511	24,829,866
Nongovernmental grants and contracts	42,869,228	43,407,493
Recoveries of facilities and administrative costs	10,354,796	11,143,675
Sales and services	10,070,902	10,286,895
Federal appropriations	5,441,220	4,964,950
County appropriations	6,410,006	7,059,049
Hospital services	247,955,462	233,779,721
Auxiliary enterprises:		
Housing and dining	14,632,201	14,205,727
Athletics	23,379,149	21,647,293
Other auxiliaries	11,703,593	11,474,036
Other operating revenues	<u>78,871</u>	<u>74,973</u>
Total operating revenues	<u>614,451,601</u>	<u>599,891,045</u>
<b>OPERATING EXPENSES</b>		
Educational and general:		
Instruction	63,288,752	60,314,179
Research	59,189,299	58,414,798
Public service	47,329,792	54,690,020
Libraries	3,806,685	3,807,846
Academic support	16,159,063	14,867,306
Student services	8,940,878	8,582,252
Institutional support	19,190,410	18,776,146
Operations and maintenance of plant	15,624,182	14,237,047
Student financial aid	67,495,701	63,611,403
Depreciation	<u>14,053,084</u>	<u>14,223,305</u>
Total educational and general	315,077,846	311,524,302
Clinical operations	31,637,816	33,056,637
Hospital and clinics (including depreciation of \$11,496,498 in 2013 and \$11,180,444 in 2012)	232,638,729	218,995,638
Auxiliary enterprises:		
Housing and dining (including depreciation of \$854,718 in 2013 and \$717,075 in 2012)	13,616,611	9,965,306
Athletics (including depreciation of \$1,301,465 in 2013 and \$986,009 in 2012)	24,957,708	22,305,259
Other auxiliaries	7,129,830	6,689,097
Other operating expenses	<u>657,901</u>	<u>80,872</u>
Total operating expenses	<u>625,716,441</u>	<u>602,617,111</u>
Net loss from operations	<u>(11,264,840)</u>	<u>(2,726,066)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	85,160,800	85,160,800
Gifts and non-exchange grants	37,134,103	37,109,802
Investment income (loss)	48,517,998	45,859,527
Interest on capital asset-related debt	(3,845,094)	(4,421,221)
Other nonoperating revenues and expenses, net	<u>1,047,023</u>	<u>2,644,522</u>
Net nonoperating revenues (expenses)	<u>168,014,830</u>	<u>166,353,430</u>
Net income before other revenues, expenses, gains or losses	<u>156,749,990</u>	<u>163,627,364</u>
Capital grants and gifts	8,748,714	5,743,748
Additions to permanent endowments	1,514,095	580,376
Other, net	<u>(16,125)</u>	<u>(4,085,182)</u>
Total other revenues (expenses)	<u>10,246,684</u>	<u>2,238,942</u>
<b>INCREASE IN NET POSITION</b>	<u>166,996,674</u>	<u>165,866,306</u>
<b>NET POSITION, July 1</b>	<u>2,804,181,573</u>	<u>2,613,399,689</u>
<b>NET POSITION, September 30</b>	<u>\$ 2,971,178,247</u>	<u>\$ 2,779,265,995</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, 2013 AND 2012

	2013			2012	
	Budget	Actual	%	Actual	%
<b>OPERATING REVENUES</b>					
Student tuition and fees	\$ 379,993,400	\$ 193,959,192	51%	\$ 181,448,494	54%
Federal grants and contracts	165,662,900	33,881,470	20%	35,568,873	20%
State and local grants and contracts	59,832,900	13,715,511	23%	24,829,866	33%
Nongovernmental grants and contracts	200,649,300	42,869,228	21%	43,407,493	24%
Recoveries of facilities and administrative costs	41,500,000	10,354,796	25%	11,143,675	25%
Sales and services	41,710,300	10,070,902	24%	10,286,895	25%
Federal appropriations	18,315,200	5,441,220	30%	4,964,950	27%
County appropriations	22,100,000	6,410,006	29%	7,059,049	37%
Hospital services	971,622,400	247,955,462	26%	233,779,721	24%
Auxiliary enterprises:					
Housing and dining	50,136,400	14,632,201	29%	14,205,727	28%
Athletics	73,133,800	23,379,149	32%	21,647,293	32%
Other auxiliaries	37,301,100	11,703,593	31%	11,474,036	30%
Total operating revenues	<u>2,061,957,700</u>	<u>614,372,730</u>	<u>30%</u>	<u>599,816,072</u>	<u>30%</u>
<b>OPERATING EXPENSES</b>					
Educational and general:					
Instruction	368,143,200	63,288,752	17%	60,314,179	19%
Research	263,581,100	59,188,944	22%	58,436,303	22%
Public service	231,459,000	47,329,792	20%	54,690,020	28%
Libraries	13,547,400	3,806,685	28%	3,807,846	30%
Academic support	101,219,200	16,159,063	16%	14,867,306	14%
Student services	37,144,600	8,865,591	24%	8,503,361	22%
Institutional support	141,590,100	19,190,410	14%	18,776,146	14%
Operations and maintenance of plant	69,297,700	13,856,408	20%	12,307,812	18%
Student financial aid	135,679,500	67,495,701	50%	63,611,403	51%
Total educational and general	<u>1,361,661,800</u>	<u>299,181,346</u>	<u>22%</u>	<u>295,314,376</u>	<u>23%</u>
Clinical operations	109,539,800	31,637,816	29%	33,056,637	29%
Hospital and clinics	947,060,100	221,102,945	23%	205,067,488	22%
Auxiliary enterprises:					
Housing and dining	40,538,900	12,630,497	31%	9,171,441	22%
Athletics	88,940,300	23,656,243	27%	21,284,539	27%
Other auxiliaries	33,340,600	7,118,865	21%	6,685,021	20%
Total operating expenses	<u>2,581,081,500</u>	<u>595,327,712</u>	<u>23%</u>	<u>570,579,502</u>	<u>23%</u>
Net loss from operations	<u>(519,123,800)</u>	<u>19,045,018</u>	<u>-4%</u>	<u>29,236,570</u>	<u>-7%</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, 2013 AND 2012

	2013			2012	
	Budget	Actual	%	Actual	%
Net loss from operations	<u>(519,123,800)</u>	<u>19,045,018</u>	<u>-4%</u>	<u>29,236,570</u>	<u>-7%</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	283,869,300	85,160,800	30%	85,160,800	30%
Gifts and non-exchange grants	67,723,400	37,062,479	55%	36,646,867	66%
Investment income	38,866,100	4,695,495	12%	4,240,921	15%
Other nonoperating revenues and expenses, net	<u>5,843,000</u>	<u>1,046,701</u>	<u>18%</u>	<u>2,644,115</u>	<u>45%</u>
Net nonoperating revenues (expenses)	<u>396,301,800</u>	<u>127,965,475</u>	<u>32%</u>	<u>128,692,703</u>	<u>34%</u>
Net income before other revenues, expenses, gains or losses	<u>(122,822,000)</u>	<u>147,010,493</u>	<u>-120%</u>	<u>157,929,273</u>	<u>-224%</u>
Capital grants and gifts	15,009,200	6,816,993	45%	5,438,487	75%
Other, net	-	358	-	16,501	165%
Total other revenues (expenses)	<u>15,009,200</u>	<u>6,817,351</u>	<u>45%</u>	<u>5,454,988</u>	
<b>NON-GASB ACTIVITY</b>					
Appropriated fund balance	230,846,600	-	-	-	-
Capital purchases and transfers	(57,140,500)	(25,600,155)	45%	(28,466,124)	40%
Debt service transfers	(70,983,300)	(34,534,910)	49%	(42,172,982)	54%
Noncapital transfers	<u>5,090,000</u>	<u>181,247</u>	<u>4%</u>	<u>197,731</u>	<u>5%</u>
Total non-GASB current funds activity	<u>107,812,800</u>	<u>(59,953,818)</u>	<u>-56%</u>	<u>(70,441,375)</u>	<u>-111%</u>
<b>INCREASE IN NET POSITION</b>	-	93,874,026		92,942,886	
<b>NET POSITION, beginning of year</b>		<u>485,659,019</u>		<u>392,255,776</u>	
<b>NET POSITION, end of year</b>		<u>\$ 579,533,045</u>		<u>\$ 485,198,662</u>	
<b>RECONCILIATION TO ANNUAL BUDGET</b>					
Operating revenues	\$ 2,061,957,700	\$ 614,372,730	30%	\$ 599,816,072	30%
Nonoperating revenues	<u>647,247,600</u>	<u>134,782,468</u>	<u>21%</u>	<u>134,147,691</u>	<u>23%</u>
Total revenues	<u>2,709,205,300</u>	<u>749,155,198</u>	<u>28%</u>	<u>733,963,763</u>	<u>28%</u>
Operating expenses	2,581,081,500	595,327,712	23%	570,579,502	23%
Nonoperating expenses and transfers	<u>128,123,800</u>	<u>59,953,460</u>	<u>47%</u>	<u>70,441,375</u>	<u>47%</u>
Total expenses and transfers	<u>2,709,205,300</u>	<u>655,281,172</u>	<u>24%</u>	<u>641,020,877</u>	<u>24%</u>
<b>INCREASE IN NET POSITION</b>	<u>\$ -</u>	<u>\$ 93,874,026</u>		<u>\$ 92,942,886</u>	