

FCR 2

Office of the President
June 19, 2015

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 2015

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 2015.

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, 2015, the University has recognized \$2,342,709,186 of current funds revenue representing 78 percent of the 2014-15 approved budget of \$3,016,665,100. Expenses and transfers total \$2,112,023,096 or 70 percent of the approved budget.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the nine months ended March 31, 2015

**UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
MARCH 31, 2015 AND 2014**

	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 563,124,048	\$ 378,453,296
Notes, loans and accounts receivable, net	290,480,048	266,006,696
Inventories and other assets	35,020,996	32,276,055
Total current assets	888,625,092	676,736,047
Noncurrent Assets		
Restricted cash and cash equivalents	236,454,970	333,992,278
Endowment investments	1,224,238,154	1,175,538,564
Other long-term investments	244,053,338	221,364,194
Notes, loans and accounts receivable, net	149,302,839	51,684,293
Other noncurrent assets	416,921	592,564
Capital assets, net	2,145,422,629	1,903,771,359
Total noncurrent assets	3,999,888,851	3,686,943,252
Total assets	4,888,513,943	4,363,679,299
Deferred Outflows of Resources	4,697,466	561,390
Total assets and deferred outflows of resources	4,893,211,409	4,364,240,689
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	182,398,987	154,210,862
Unearned revenue	67,974,037	67,748,561
Long-term liabilities - current portion	35,932,446	39,034,071
Total current liabilities	286,305,470	260,993,494
Noncurrent Liabilities		
Accounts payable and accrued liabilities	2,475,960	-
Long-term liabilities	959,482,368	991,072,938
Total noncurrent liabilities	961,958,328	991,072,938
Total liabilities	1,248,263,798	1,252,066,432
Deferred Inflows of Resources	253,031,867	4,712,282
Total liabilities and deferred inflows of resources	1,501,295,665	1,256,778,714
 NET POSITION		
Net investment in capital assets	1,355,199,647	1,308,134,595
Restricted		
Nonexpendable		
Scholarships and fellowships	139,268,076	134,123,522
Research	269,278,393	268,111,948
Instruction	79,164,672	78,510,771
Academic support	84,020,586	83,830,709
Other	8,582,556	8,491,255
Total restricted nonexpendable	580,314,283	573,068,205
Expendable		
Scholarships and fellowships	74,180,279	71,864,021
Research	93,198,666	87,295,146
Instruction	56,076,387	55,739,800
Academic support	59,299,830	52,974,338
Loans	11,031,018	10,579,429
Capital projects	106,648,097	82,275,026
Debt service	10,051,597	14,427
Auxiliary	15,930,361	11,331,715
Other	26,647,045	35,226,330
Total restricted expendable	453,063,280	407,300,232
Total restricted	1,033,377,563	980,368,437
Unrestricted	1,003,338,534	818,958,943
Total net position	\$ 3,391,915,744	\$ 3,107,461,975

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
ALL FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE NINE MONTHS ENDED MARCH 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Student tuition and fees	\$ 411,953,269	\$ 373,071,611
Federal grants and contracts	116,472,344	112,533,766
State and local grants and contracts	67,105,472	44,174,940
Nongovernmental grants and contracts	125,896,655	129,270,411
Recoveries of facilities and administrative costs	33,461,500	33,216,683
Sales and services	32,535,775	32,397,925
Federal appropriations	12,977,933	13,182,550
County appropriations	19,709,392	17,940,886
Hospital services	986,699,583	806,814,088
Auxiliary enterprises:		
Housing and dining	42,337,225	51,442,759
Athletics	71,080,152	69,023,184
Other auxiliaries	30,251,090	25,544,076
Other operating revenues	<u>301,800</u>	<u>268,559</u>
Total operating revenues	<u>1,950,782,190</u>	<u>1,708,881,438</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	224,432,945	212,069,351
Research	174,772,269	176,728,171
Public service	118,598,501	145,903,183
Libraries	15,873,627	15,940,986
Academic support	52,755,578	50,666,771
Student services	28,216,951	27,943,421
Institutional support	48,203,743	45,643,799
Operations and maintenance of plant	56,304,761	56,028,813
Student financial aid	154,954,735	143,732,030
Depreciation	<u>37,891,374</u>	<u>42,572,691</u>
Total educational and general	912,004,484	917,229,216
Clinical operations	130,497,188	89,361,369
Hospital services (including depreciation of \$33,244,547 in 2015 and \$34,345,659 in 2014)	830,783,117	737,915,984
Auxiliary enterprises:		
Housing and dining (including depreciation of \$4,316,072 in 2015 and \$2,089,957 in 2014)	29,105,287	38,267,139
Athletics (including depreciation of \$4,329,083 in 2015 and \$2,160,973 in 2014)	76,911,582	68,694,832
Other auxiliaries	12,909,894	15,297,675
Other operating expenses	<u>294,998</u>	<u>878,283</u>
Total operating expenses	<u>1,992,506,550</u>	<u>1,867,644,498</u>
Net loss from operations	<u>(41,724,360)</u>	<u>(158,763,060)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	223,689,000	227,095,400
Gifts and non-exchange grants	87,858,724	83,303,715
Investment income (loss)	35,011,500	129,136,239
Interest on capital asset-related debt	(24,592,677)	(19,769,318)
Other nonoperating revenues and expenses, net	6,725,429	4,958,841
Net nonoperating revenues (expenses)	<u>328,691,976</u>	<u>424,724,877</u>
Net income before other revenues, expenses, gains or losses	<u>286,967,616</u>	<u>265,961,817</u>
Capital grants and gifts	33,150,402	32,855,677
Additions to permanent endowments	6,196,185	7,054,581
Other, net	<u>(3,908,509)</u>	<u>(2,591,673)</u>
Total other revenues (expenses)	<u>35,438,078</u>	<u>37,318,585</u>
INCREASE IN NET POSITION	<u>322,405,694</u>	<u>303,280,402</u>
NET POSITION, July 1	<u>3,069,510,050</u>	<u>2,804,181,573</u>
NET POSITION, March 31	<u>\$ 3,391,915,744</u>	<u>\$ 3,107,461,975</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, 2015 AND 2014

	2015			2014	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 412,077,300	\$ 411,953,269	100%	\$ 373,071,611	98%
Federal grants and contracts	166,450,400	116,472,344	70%	112,513,000	68%
State and local grants and contracts	103,001,400	67,105,472	65%	44,174,940	74%
Nongovernmental grants and contracts	183,162,300	125,896,655	69%	129,270,411	64%
Recoveries of facilities and administrative costs	43,500,000	33,461,500	77%	33,216,683	80%
Sales and services	41,917,000	32,535,775	78%	32,397,925	78%
Federal appropriations	17,186,000	12,977,933	76%	13,182,550	77%
County appropriations	22,763,000	19,709,392	87%	17,940,886	81%
Hospital services	1,161,979,800	986,699,583	85%	806,814,088	83%
Auxiliary enterprises:					
Housing and dining	30,978,400	42,337,225	137%	51,442,759	98%
Athletics	78,360,800	71,080,152	91%	69,023,184	94%
Other auxiliaries	40,283,200	30,251,090	75%	25,544,076	68%
Total operating revenues	<u>2,301,659,600</u>	<u>1,950,480,390</u>	<u>85%</u>	<u>1,708,592,113</u>	<u>83%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	365,789,000	224,432,945	61%	212,069,351	65%
Research	301,205,500	174,767,883	58%	176,727,816	63%
Public service	205,246,000	118,598,501	58%	145,903,183	59%
Libraries	14,954,200	15,873,627	106%	15,940,986	107%
Academic support	105,572,700	52,755,578	50%	50,666,771	45%
Student services	42,894,500	28,064,153	65%	27,834,614	69%
Institutional support	196,208,900	48,203,743	25%	45,641,948	32%
Operations and maintenance of plant	71,209,000	46,828,794	66%	45,262,384	64%
Student financial aid	168,333,800	154,954,735	92%	143,732,030	105%
Total educational and general	<u>1,471,413,600</u>	<u>864,479,959</u>	<u>59%</u>	<u>863,779,083</u>	<u>63%</u>
Clinical operations	172,703,100	130,497,188	76%	89,361,369	84%
Hospital services	1,031,109,700	795,320,798	77%	702,131,401	76%
Auxiliary enterprises:					
Housing and dining	20,801,000	22,507,304	108%	35,918,579	82%
Athletics	97,293,000	72,582,499	75%	66,533,859	75%
Other auxiliaries	35,670,600	12,859,944	36%	15,233,062	46%
Total operating expenses	<u>2,828,991,000</u>	<u>1,898,247,692</u>	<u>67%</u>	<u>1,772,957,353</u>	<u>69%</u>
Net income (loss) from operations	<u>(527,331,400)</u>	<u>52,232,698</u>	<u>N/A</u>	<u>(64,365,240)</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 NINE MONTHS ENDED MARCH 31, 2015 AND 2014

	2015			2014	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(527,331,400)</u>	<u>52,232,698</u>	N/A	<u>(64,365,240)</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	279,611,300	223,689,000	80%	227,095,400	80%
Gifts and non-exchange grants	92,002,400	87,130,823	95%	82,331,065	122%
Investment income	23,948,600	32,901,902	137%	16,283,708	42%
Other nonoperating revenues and expenses, net	9,161,700	6,296,767	69%	4,958,383	85%
Net nonoperating revenues (expenses)	<u>404,724,000</u>	<u>350,018,492</u>	<u>86%</u>	<u>330,668,556</u>	<u>83%</u>
Net income before other revenues, expenses, gains or losses	<u>(122,607,400)</u>	<u>402,251,190</u>	<u>N/A</u>	<u>266,303,316</u>	<u>N/A</u>
Capital grants and gifts	23,410,600	30,314,469	129%	29,229,147	195%
Other, net	-	10,287,040	-	22,907	-
Total other revenues (expenses)	<u>23,410,600</u>	<u>40,601,509</u>	<u>173%</u>	<u>29,252,054</u>	<u>195%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	281,660,200	-	-	-	-
Capital purchases and transfers	(110,797,200)	(160,321,984)	145%	(126,601,281)	153%
Debt service transfers	(76,876,900)	(53,453,420)	70%	(47,925,279)	68%
Noncapital transfers	5,210,700	1,608,795	31%	1,880,055	37%
Total non-GASB current funds activity	<u>99,196,800</u>	<u>(212,166,609)</u>	<u>N/A</u>	<u>(172,646,505)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	230,686,090		122,908,865	
NET POSITION, July 1		<u>549,915,504</u>		<u>485,659,019</u>	
NET POSITION, March 31		<u>\$ 780,601,594</u>		<u>\$ 608,567,884</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,301,659,600	\$ 1,950,480,390	85%	\$ 1,708,592,113	83%
Nonoperating revenues	715,005,500	392,228,796	55%	361,800,665	54%
Total revenues	<u>3,016,665,100</u>	<u>2,342,709,186</u>	<u>78%</u>	<u>2,070,392,778</u>	<u>76%</u>
Operating expenses	2,828,991,000	1,898,247,692	67%	1,772,957,353	69%
Nonoperating expenses and transfers	187,674,100	213,775,404	114%	174,526,560	114%
Total expenses and transfers	<u>3,016,665,100</u>	<u>2,112,023,096</u>	<u>70%</u>	<u>1,947,483,913</u>	<u>71%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 230,686,090</u>		<u>\$ 122,908,865</u>	