

FCR 7

Office of the President
May 3, 2016

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 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 December 31, 2015, the University has recognized \$1,618,982,922 of current funds revenue representing 48 percent of the 2015-16 approved budget of \$3,380,187,300. Expenses and transfers total \$1,505,234,738 or 45 percent of the approved budget.

Action taken: Approved Disapproved Other _____



*Consolidated Financial
Statements*

For the six months ended December 31, 2015

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

	<u>2015</u>	<u>2014</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 630,138,364	\$ 470,766,790
Notes, loans and accounts receivable, net	331,234,402	287,159,555
Inventories and other assets	49,845,061	42,291,152
Total current assets	<u>1,011,217,827</u>	<u>800,217,497</u>
Noncurrent Assets		
Restricted cash and cash equivalents	235,191,038	264,340,790
Endowment investments	1,195,713,114	1,198,694,197
Other long-term investments	222,891,292	212,210,969
Notes, loans and accounts receivable, net	332,591,973	147,621,271
Other noncurrent assets	228,921	460,294
Capital assets, net	<u>2,481,147,275</u>	<u>2,109,262,884</u>
Total noncurrent assets	<u>4,467,763,613</u>	<u>3,932,590,405</u>
Total assets	<u>5,478,981,440</u>	<u>4,732,807,902</u>
Deferred Outflows of Resources	12,959,516	4,404,982
Total assets and deferred outflows of resources	<u>5,491,940,956</u>	<u>4,737,212,884</u>
 LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	211,660,776	180,351,203
Unearned revenue	104,385,440	56,400,558
Long-term liabilities - current portion	78,904,963	65,186,484
Total current liabilities	<u>394,951,179</u>	<u>301,938,245</u>
Noncurrent Liabilities		
Unearned revenue	186,094,333	-
Long-term liabilities	<u>1,074,879,046</u>	<u>961,296,636</u>
Total noncurrent liabilities	<u>1,260,973,379</u>	<u>961,296,636</u>
Total liabilities	<u>1,655,924,558</u>	<u>1,263,234,881</u>
Deferred Inflows of Resources	377,858,917	235,985,580
Total liabilities and deferred inflows of resources	<u>2,033,783,475</u>	<u>1,499,220,461</u>
 NET POSITION		
Net investment in capital assets	<u>1,457,801,038</u>	<u>1,340,416,139</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	144,202,168	138,268,389
Research	272,188,042	269,449,554
Instruction	81,444,084	79,477,372
Academic support	84,963,712	83,991,389
Other	8,785,268	8,598,398
Total restricted nonexpendable	<u>591,583,274</u>	<u>579,785,102</u>
Expendable		
Scholarships and fellowships	65,701,656	72,461,558
Research	76,633,390	86,110,602
Instruction	50,018,335	54,169,113
Academic support	56,254,719	55,412,461
Loans	11,232,128	10,722,153
Capital projects	87,869,937	102,558,625
Debt service	14,949	4,608,165
Auxiliary	16,091,885	15,818,530
Other	22,021,966	22,102,566
Total restricted expendable	<u>385,838,965</u>	<u>423,963,773</u>
Total restricted	<u>977,422,239</u>	<u>1,003,748,875</u>
Unrestricted	<u>1,022,934,204</u>	<u>893,827,409</u>
Total net position	<u>\$ 3,458,157,481</u>	<u>\$ 3,237,992,423</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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Student tuition and fees	\$ 233,141,806	\$ 219,565,973
Federal grants and contracts	77,147,342	76,571,219
State and local grants and contracts	45,327,889	43,489,204
Nongovernmental grants and contracts	109,748,145	83,267,591
Recoveries of facilities and administrative costs	23,211,962	22,279,548
Sales and services	24,525,557	23,898,344
Federal appropriations	9,706,584	9,285,825
County appropriations	14,299,628	13,708,856
Hospital services	720,548,130	669,852,678
Auxiliary enterprises:		
Housing and dining	21,756,654	22,573,661
Athletics	69,618,395	60,795,796
Other auxiliaries	26,211,336	25,437,828
Other operating revenues	<u>214,840</u>	<u>188,760</u>
Total operating revenues	<u>1,375,458,268</u>	<u>1,270,915,283</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	154,378,083	144,179,688
Research	123,757,138	117,685,398
Public service	84,274,534	79,661,425
Libraries	11,669,698	9,789,847
Academic support	38,450,210	35,391,397
Student services	22,366,970	18,448,830
Institutional support	31,856,172	31,619,354
Operations and maintenance of plant	42,837,518	37,343,407
Student financial aid	89,245,108	80,349,868
Depreciation	<u>29,594,915</u>	<u>24,756,800</u>
Total educational and general	628,430,346	579,226,014
Clinical operations	107,487,762	85,764,876
Hospital services (including depreciation of \$22,232,019 in 2015 and \$21,917,678 in 2014)	622,243,683	551,015,408
Auxiliary enterprises:		
Housing and dining (including depreciation of \$3,663,210 in 2015 and \$2,756,607 in 2014)	15,408,333	17,091,622
Athletics (including depreciation of \$3,755,681 in 2015 and \$2,877,574 in 2014)	63,798,964	52,587,283
Other auxiliaries (including depreciator of \$456,439 in 2015 and \$530,742 in 2014)	11,813,240	13,027,566
Other operating expenses	<u>242,735</u>	<u>204,566</u>
Total operating expenses	<u>1,449,425,063</u>	<u>1,298,917,335</u>
Net loss from operations	<u>(73,966,795)</u>	<u>(28,002,052)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	153,786,200	153,786,200
Gifts and non-exchange grants	56,078,037	50,815,407
Investment income (loss)	(34,499,478)	(11,609,722)
Interest on capital asset-related debt	(18,788,159)	(16,408,139)
Other nonoperating revenues and expenses, net	5,000,656	4,550,013
Net nonoperating revenues (expenses)	<u>161,577,256</u>	<u>181,133,759</u>
Net income before other revenues, expenses, gains or losses	<u>87,610,461</u>	<u>153,131,707</u>
Capital grants and gifts	22,632,482	23,949,548
Additions to permanent endowments	4,106,431	4,945,129
Other, net	<u>(9,447,248)</u>	<u>(13,544,011)</u>
Total other revenues (expenses)	<u>17,291,665</u>	<u>15,350,666</u>
INCREASE IN NET POSITION	<u>104,902,126</u>	<u>168,482,373</u>
NET POSITION, July 1	<u>3,353,255,355</u>	<u>3,069,510,050</u>
NET POSITION, December 31	<u>\$ 3,458,157,481</u>	<u>\$ 3,237,992,423</u>

UNIVERSITY OF KENTUCKY
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CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 446,533,800	\$ 233,141,806	52%	\$ 219,565,973	53%
Federal grants and contracts	186,993,800	77,147,342	41%	76,571,219	46%
State and local grants and contracts	110,034,300	45,327,889	41%	43,489,204	42%
Nongovernmental grants and contracts	195,071,500	109,748,145	56%	83,267,591	45%
Recoveries of facilities and administrative costs	44,000,000	23,211,962	53%	22,279,548	51%
Sales and services	43,472,800	24,525,557	56%	23,898,344	57%
Federal appropriations	18,380,400	9,706,584	53%	9,285,825	54%
County appropriations	23,218,200	14,299,628	62%	13,708,856	60%
Hospital services	1,373,503,100	720,548,130	52%	669,852,678	58%
Auxiliary enterprises:					
Housing and dining	27,697,300	21,756,654	79%	22,573,661	73%
Athletics	96,408,100	69,618,395	72%	60,795,796	78%
Other auxiliaries	44,375,600	26,211,336	59%	25,437,828	63%
Total operating revenues	<u>2,609,688,900</u>	<u>1,375,243,428</u>	<u>53%</u>	<u>1,270,726,523</u>	<u>55%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	396,132,800	154,378,083	39%	144,179,688	39%
Research	336,432,400	123,752,550	37%	117,681,080	40%
Public service	193,581,000	84,274,534	44%	79,661,425	40%
Libraries	15,347,200	11,669,698	76%	9,789,847	66%
Academic support	99,436,900	38,450,210	39%	35,391,397	31%
Student services	46,135,900	22,259,308	48%	18,354,471	43%
Institutional support	162,639,000	31,856,172	20%	31,619,354	16%
Operations and maintenance of plant	74,320,000	33,301,806	45%	31,837,459	45%
Student financial aid	186,935,500	89,245,108	48%	80,349,868	48%
Total educational and general	<u>1,510,960,700</u>	<u>589,187,469</u>	<u>39%</u>	<u>548,864,589</u>	<u>37%</u>
Clinical operations	208,753,200	107,487,762	51%	85,764,876	50%
Hospital services	1,284,490,600	596,695,743	46%	526,125,384	51%
Auxiliary enterprises:					
Housing and dining	17,033,900	9,614,944	56%	12,571,703	60%
Athletics	107,002,900	56,682,569	53%	49,705,604	51%
Other auxiliaries	37,789,900	11,242,281	30%	12,478,240	35%
Total operating expenses	<u>3,166,031,200</u>	<u>1,370,910,768</u>	<u>43%</u>	<u>1,235,510,396</u>	<u>44%</u>
Net income (loss) from operations	<u>(556,342,300)</u>	<u>4,332,660</u>	<u>N/A</u>	<u>35,216,127</u>	<u>N/A</u>

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CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE SIX MONTHS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(556,342,300)</u>	<u>4,332,660</u>	N/A	<u>35,216,127</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	279,611,300	153,786,200	55%	153,786,200	55%
Gifts and non-exchange grants	97,627,800	54,926,411	56%	50,441,730	55%
Investment income	25,693,500	11,386,720	44%	11,279,318	47%
Other nonoperating revenues and expenses, net	<u>9,856,600</u>	<u>4,953,155</u>	<u>50%</u>	<u>4,121,688</u>	<u>45%</u>
Net nonoperating revenues (expenses)	<u>412,789,200</u>	<u>225,052,486</u>	<u>55%</u>	<u>219,628,936</u>	<u>54%</u>
Net income before other revenues, expenses, gains or losses	<u>(143,553,100)</u>	<u>229,385,146</u>	<u>N/A</u>	<u>254,845,063</u>	<u>N/A</u>
Capital grants and gifts	15,697,000	18,610,201	119%	22,171,154	95%
Other, net	-	110,770	-	4,569,650	-
Total other revenues (expenses)	<u>15,697,000</u>	<u>18,720,971</u>	<u>119%</u>	<u>26,740,804</u>	<u>114%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	330,691,200	-	-	-	-
Capital purchases and transfers	(132,532,400)	(90,983,243)	69%	(79,793,673)	74%
Debt service transfers	(76,173,200)	(43,340,727)	57%	(40,643,125)	53%
Noncapital transfers	<u>5,870,500</u>	<u>(33,963)</u>	<u>-1%</u>	<u>1,216,192</u>	<u>25%</u>
Total non-GASB current funds activity	<u>127,856,100</u>	<u>(134,357,933)</u>	<u>N/A</u>	<u>(119,220,606)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	113,748,184		162,365,261	
NET POSITION, July 1		<u>700,130,462</u>		<u>549,915,504</u>	
NET POSITION, December 31		<u>\$ 813,878,646</u>		<u>\$ 712,280,765</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,609,688,900	\$ 1,375,243,428	53%	\$ 1,270,726,523	55%
Nonoperating revenues	<u>770,498,400</u>	<u>243,739,494</u>	<u>32%</u>	<u>246,369,740</u>	<u>34%</u>
Total revenues	<u>3,380,187,300</u>	<u>1,618,982,922</u>	<u>48%</u>	<u>1,517,096,263</u>	<u>50%</u>
Operating expenses	3,166,031,200	1,370,910,768	43%	1,235,510,396	44%
Nonoperating expenses and transfers	<u>214,156,100</u>	<u>134,323,970</u>	<u>63%</u>	<u>119,220,606</u>	<u>65%</u>
Total expenses and transfers	<u>3,380,187,300</u>	<u>1,505,234,738</u>	<u>45%</u>	<u>1,354,731,002</u>	<u>45%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 113,748,184</u>		<u>\$ 162,365,261</u>	