

FCR 3

Office of the President
May 8, 2015

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2014

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 2014.

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, 2014, the University has recognized \$1,512,147,704 of current funds revenue representing 50 percent of the 2014-15 approved budget of \$3,016,665,100. Expenses and transfers total \$1,353,001,906 or 45 percent of the approved budget.

Action taken: Approved Disapproved Other_____



*Consolidated Financial
Statements*

For the six months ended December 31, 2014

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENT OF NET POSITION
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 470,766,790	\$ 399,617,547
Notes, loans and accounts receivable, net	282,301,429	228,977,829
Inventories and other assets	42,293,092	38,116,846
Total current assets	<u>795,361,311</u>	<u>666,712,222</u>
Noncurrent Assets		
Restricted cash and cash equivalents	264,340,790	78,224,014
Endowment investments	1,198,694,197	1,159,709,933
Other long-term investments	212,210,969	143,966,498
Notes, loans and accounts receivable, net	146,367,023	50,151,739
Other noncurrent assets	477,003	1,229,162
Capital assets, net	<u>2,107,384,653</u>	<u>1,894,826,704</u>
Total noncurrent assets	<u>3,929,474,635</u>	<u>3,328,108,050</u>
Total assets	<u>4,724,835,946</u>	<u>3,994,820,272</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	179,018,446	162,750,801
Unearned revenue	56,400,558	63,366,974
Long-term liabilities - current portion	36,433,013	38,781,898
Total current liabilities	<u>271,852,017</u>	<u>264,899,673</u>
Noncurrent Liabilities		
Accounts payable and accrued liabilities	2,475,960	-
Long-term liabilities	959,397,084	739,827,594
Total noncurrent liabilities	<u>961,873,044</u>	<u>739,827,594</u>
Total liabilities	1,233,725,061	1,004,727,267
Deferred Inflows of Resources		
Total liabilities and deferred inflows of resources	<u>1,486,139,117</u>	<u>1,009,439,549</u>
NET POSITION		
Net investment in capital assets		
Restricted		
Nonexpendable		
Scholarships and fellowships	138,029,212	133,713,738
Research	269,199,442	267,856,648
Instruction	79,127,372	78,480,846
Academic support	83,991,389	83,775,263
Other	8,574,048	8,458,185
Total restricted nonexpendable	<u>578,921,463</u>	<u>572,284,680</u>
Expendable		
Scholarships and fellowships	72,461,558	71,088,655
Research	86,110,602	83,466,827
Instruction	54,169,113	54,841,872
Academic support	55,412,461	50,671,542
Loans	10,722,153	10,234,042
Capital projects	106,056,564	69,267,394
Debt service	203,183	7,358,174
Auxiliary	15,818,530	12,870,769
Other	22,966,205	32,673,707
Total restricted expendable	<u>423,920,369</u>	<u>392,472,982</u>
Total restricted	<u>1,002,841,832</u>	<u>964,757,662</u>
Unrestricted		
Total net position	<u>\$ 3,238,696,829</u>	<u>\$ 2,985,380,723</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, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Student tuition and fees	\$ 218,891,920	\$ 199,235,763
Federal grants and contracts	76,571,219	72,922,924
State and local grants and contracts	43,489,204	28,759,244
Nongovernmental grants and contracts	83,267,591	85,798,085
Recoveries of facilities and administrative costs	22,279,548	22,000,734
Sales and services	22,768,687	21,341,771
Federal appropriations	9,285,825	9,419,482
County appropriations	13,708,856	11,987,132
Hospital services	669,852,678	517,964,810
Auxiliary enterprises:		
Housing and dining	24,276,954	31,169,914
Athletics	56,891,372	55,927,420
Other auxiliaries	21,636,619	17,364,023
Other operating revenues	<u>188,760</u>	<u>161,690</u>
Total operating revenues	<u>1,263,109,233</u>	<u>1,074,052,992</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	144,179,688	137,849,872
Research	117,685,398	118,572,250
Public service	79,661,425	96,145,194
Libraries	9,789,847	8,821,603
Academic support	35,737,258	34,830,707
Student services	18,550,428	18,532,581
Institutional support	31,619,354	28,727,772
Operations and maintenance of plant	37,902,330	35,524,427
Student financial aid	80,349,868	74,402,062
Depreciation	<u>25,099,009</u>	<u>28,315,224</u>
Total educational and general	580,574,605	581,721,692
Clinical operations	85,764,876	60,068,603
Hospital services (including depreciation of \$10,925,451 in 2014 and \$11,496,498 in 2013)	549,197,172	487,588,089
Auxiliary enterprises:		
Housing and dining (including depreciation of \$1,955,209 in 2014 and \$854,718 in 2013)	18,885,662	26,104,139
Athletics (including depreciation of \$1,426,906 in 2014 and \$1,301,465 in 2013)	52,583,178	45,853,764
Other auxiliaries	10,172,909	9,937,060
Other operating expenses	<u>204,566</u>	<u>779,164</u>
Total operating expenses	<u>1,297,382,968</u>	<u>1,212,052,511</u>
Net income (loss) from operations	<u>(34,273,735)</u>	<u>(137,999,519)</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	153,786,200	156,128,100
Gifts and non-exchange grants	50,815,407	48,944,363
Investment income (loss)	(11,609,722)	106,570,297
Interest on capital asset-related debt	(16,540,935)	(14,150,221)
Other nonoperating revenues and expenses, net	4,550,013	2,823,470
Net nonoperating revenues (expenses)	<u>181,000,963</u>	<u>300,316,009</u>
Net income before other revenues, expenses, gains or losses	<u>146,727,228</u>	<u>162,316,490</u>
Capital grants and gifts	23,949,548	15,881,350
Additions to permanent endowments	4,945,129	4,951,499
Other, net	<u>(6,435,126)</u>	<u>(1,950,189)</u>
Total other revenues (expenses)	<u>22,459,551</u>	<u>18,882,660</u>
INCREASE IN NET POSITION	169,186,779	181,199,150
NET POSITION, July 1	<u>3,069,510,050</u>	<u>2,804,181,573</u>
NET POSITION, December 31	<u>\$ 3,238,696,829</u>	<u>\$ 2,985,380,723</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, 2014 AND 2013

	2014			2013	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 412,077,300	\$ 218,891,920	53%	\$ 199,235,763	52%
Federal grants and contracts	166,450,400	76,571,219	46%	72,922,924	44%
State and local grants and contracts	103,001,400	43,489,204	42%	28,759,244	48%
Nongovernmental grants and contracts	183,162,300	83,267,591	45%	85,798,085	43%
Recoveries of facilities and administrative costs	43,500,000	22,279,548	51%	22,000,734	53%
Sales and services	41,917,000	22,768,687	54%	21,341,771	51%
Federal appropriations	17,186,000	9,285,825	54%	9,419,482	55%
County appropriations	22,763,000	13,708,856	60%	11,987,132	54%
Hospital services	1,161,979,800	669,852,678	58%	517,964,810	53%
Auxiliary enterprises:					
Housing and dining	31,253,400	24,276,954	78%	31,169,914	59%
Athletics	78,360,800	56,891,372	73%	55,927,420	76%
Other auxiliaries	40,008,200	21,636,619	54%	17,364,023	47%
Total operating revenues	<u>2,301,659,600</u>	<u>1,262,920,473</u>	<u>55%</u>	<u>1,073,891,302</u>	<u>52%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	366,090,400	144,179,688	39%	137,849,872	42%
Research	297,861,500	117,681,080	40%	118,571,895	43%
Public service	200,909,900	79,661,425	40%	96,145,194	40%
Libraries	14,942,100	9,789,847	66%	8,821,603	59%
Academic support	113,602,600	35,737,258	31%	34,830,707	29%
Student services	42,636,600	18,456,069	43%	18,446,112	46%
Institutional support	199,660,700	31,619,354	16%	28,725,921	20%
Operations and maintenance of plant	70,768,800	30,371,906	43%	30,102,924	43%
Student financial aid	168,171,800	80,349,868	48%	74,402,062	55%
Total educational and general	<u>1,474,644,400</u>	<u>547,846,495</u>	<u>37%</u>	<u>547,896,290</u>	<u>40%</u>
Clinical operations	172,703,100	85,764,876	50%	60,068,603	56%
Hospital services	1,031,109,700	526,125,384	51%	463,747,520	50%
Auxiliary enterprises:					
Housing and dining	21,076,000	14,448,159	69%	24,455,977	56%
Athletics	97,293,000	49,705,604	51%	44,416,713	50%
Other auxiliaries	35,451,100	10,154,325	29%	9,891,696	30%
Total operating expenses	<u>2,832,277,300</u>	<u>1,234,044,843</u>	<u>44%</u>	<u>1,150,476,799</u>	<u>45%</u>
Net income (loss) from operations	<u>(530,617,700)</u>	<u>28,875,630</u>	<u>N/A</u>	<u>(76,585,497)</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, 2014 AND 2013

	2014			2013	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(530,617,700)</u>	<u>28,875,630</u>	N/A	<u>(76,585,497)</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	279,611,300	153,786,200	55%	156,128,100	55%
Gifts and non-exchange grants	92,002,400	50,441,730	55%	48,442,041	72%
Investment income	23,948,600	11,279,318	47%	11,082,226	28%
Other nonoperating revenues and expenses, net	9,161,700	4,121,688	45%	2,822,947	48%
Net nonoperating revenues (expenses)	<u>404,724,000</u>	<u>219,628,936</u>	<u>54%</u>	<u>218,475,314</u>	<u>55%</u>
Net income before other revenues, expenses, gains or losses	<u>(125,893,700)</u>	<u>248,504,566</u>	<u>N/A</u>	<u>141,889,817</u>	<u>N/A</u>
Capital grants and gifts	23,410,600	22,171,154	95%	13,099,613	87%
Other, net	-	4,569,650	-	5,507	-
Total other revenues (expenses)	<u>23,410,600</u>	<u>26,740,804</u>	<u>114%</u>	<u>13,105,120</u>	<u>87%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	281,660,200	-	-	-	-
Capital purchases and transfers	(107,510,900)	(79,397,334)	74%	(78,409,315)	95%
Debt service transfers	(76,876,900)	(40,775,921)	53%	(37,772,708)	53%
Noncapital transfers	5,210,700	1,216,192	23%	783,700	15%
Total non-GASB current funds activity	<u>102,483,100</u>	<u>(118,957,063)</u>	<u>N/A</u>	<u>(115,398,323)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	156,288,307		39,596,614	
NET POSITION, July 1		<u>549,915,504</u>		<u>485,659,019</u>	
NET POSITION, December 31		<u>\$ 706,203,811</u>		<u>\$ 525,255,633</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 2,301,659,600	\$ 1,262,920,473	55%	\$ 1,073,891,302	52%
Nonoperating revenues	715,005,500	246,369,740	34%	231,580,434	35%
Total revenues	<u>3,016,665,100</u>	<u>1,509,290,213</u>	<u>50%</u>	<u>1,305,471,736</u>	<u>48%</u>
Operating expenses	2,832,277,300	1,234,044,843	44%	1,150,476,799	45%
Nonoperating expenses and transfers	184,387,800	118,957,063	65%	115,398,323	75%
Total expenses and transfers	<u>3,016,665,100</u>	<u>1,353,001,906</u>	<u>45%</u>	<u>1,265,875,122</u>	<u>46%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 156,288,307</u>		<u>\$ 39,596,614</u>	