

FY 15: 1Q

# Quarterly Financial Report

*As of September 30, 2014*



The University of Toledo Board of Trustees  
Finance and Audit Committee

December 15, 2014

Prepared by: The Office of Finance



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## QUARTERLY FINANCIAL REPORT – 1Q FY 2015

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To: Members of the Finance Committee  
The University of Toledo Board of Trustees

From: Bryan C. Dadey, MBA, CPA  
AVP for Finance

Date: December 10, 2014

Re: FY 15 First Quarter Results

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This memorandum and the accompanying financial statements are a presentation of the first quarter financial results of the University of Toledo for fiscal year 2015. The statements are presented as combined unless otherwise stated which means the statements consolidate the University of Toledo (Academic and Clinical Enterprises) with the University of Toledo Physician's Group (UTP).

#### EXECUTIVE SUMMARY

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In FY 15 the University will continue to be challenged to generate adequate levels of cash flow from operations.

- Our operating revenue is up during the first quarter. However, our overall operating results are lagging behind the previous two fiscal years through the first quarter.
- The Academic revenues are under pressure as the University experienced a decline in enrollment for the fall semester resulting in lower than expected revenue from tuition and fees despite the rate increases.
- Auxiliary revenue has shown increases through the first quarter on higher occupancy in the residence halls and higher food service revenue.
- Grant activity continues to trend lower. However, the net impact will be minimal since the expenses will be reduced accordingly. There will be a smaller indirect cost recovery.
- State Share of Instruction is higher than prior year and consistent with the budget assumption.
- Investment Income for the first quarter is trending much lower than the two prior years but is in-line with the budget. This may have a significant impact on the operating results for FY15. After two consecutive years of higher than normal returns, FY 15 may be challenged to reach those levels.
- Patient service revenue is higher than expected through the first quarter based on increased surgical volumes and emergency departments, but expenses from the clinical enterprise are higher as well.
- Operating expenses are up 3% overall with the largest increases in salaries and wages and outside purchases services. The largest increase in salaries is attributed to the UT Physicians Group in response to the above increased patient volume.

## OPERATING RESULTS FOR FIRST QUARTER (through September 30, 2014)

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The Statements of Revenues, Expenses, and Changes in Net Position (Income Statements) are presented in our year-end GASB format comparing current year-to-date actual results to the previous two fiscal years as of September 30<sup>th</sup>. The following comments related to the Combined Income Statement.

As of September 30, 2014 (FY 2015) the University had a **Change in Net Position** of \$70.7 million which lags both FY 2014 (-\$6 million; -7.9%) and FY 2013 (-\$2.6 million; -3.5%).

Total **Operating Revenue** through the first quarter for FY 2015 was \$236.4 million. This is an increase over FY 2014 and FY 2013 by \$2.2 million (1%) and \$5.9 million (2.5%), respectively. The most significant contributor to the increase is **Net Patient Revenue**. **Net Patient Revenue** increased by \$6.2 million (9.6%) compared to first quarter FY 2014 driven by surgical volumes and increased Emergency Department revenue. Also, the payor mix enhanced due to Medicaid expansion.

**Student Tuition and Fees** declined by \$1.75 million (-1.6%) compared to FY 2014 and declined by \$2.7 million (-2.4%) compared to FY 2013. FY 2015 was impacted by lower headcount (-156 student; -.75%) and lower full-time equivalents (FTE's) (-334 students; -1.9%). The impact on revenue caused by the lower student volume was offset by tuition and fee increases of 2.39% for undergraduate tuition and out-of-state fees and 1% increases in graduate tuition and out-of-state fees with the exception of the Law School that did not increase tuition or fees.

**Federal Grants and Contracts** revenues were \$7.2 million which is \$1.9 million (-21.6%) below FY 2014 revenue and \$3.4 million (-32.2%) below FY 2013. UT has experienced overall lower federal grant spending especially for life science research.

Revenues from **Auxiliary Enterprises** increased by \$1.8 million (10.9%) mainly contributed from Residence Life (\$1.4 million) and Food Service (\$364 thousand). The Residence Life increase is attributed to a 6% increase in residents and approximately 2.4% rate increase.

**Other Patient Services Revenue**, services provided by UTP, was slightly off from FY14 and FY13 by \$671K and \$124K, respectively.

In FY 2015, the **UT Medical Assurance Company** has experienced an increase in underwriting expenses of \$1.2 million due to adjustments in reserves associated with two claims that occurred in 2012-13.

Total **Operating Expenses** for the first quarter were \$211.7 million in FY 2015, an increase over FY 2014 of \$6.1 million (3%) and an increase over FY 2013 of \$5.7 million (2.8%). The increases in operating expenses were across most expense categories. **Salaries and Benefits** increased by \$2.6 million (2.9%) and \$797K (2.5%), respectively, for a combined increase of \$3.4 million compared to FY 2014. UTP contributed \$1.8 million of the increase in Salaries and Benefits. **Outside Purchased Services** increased by \$1.7 million (9.1%) due to increased spending by the clinical enterprise in the areas of the Senior Behavioral Health, lab specimen processing, nuclear medicine physician coverage, and services for the hospital administration.

Total **Non-operating Revenues/Expenses** were \$42.6 million lower than FY 2014 by \$4.2 million (-9%). **State Share of Instruction** is ahead of FY 2014 by \$702K (2.7%) and FY 2013 by \$497K (1.9%). **Investment Income** returns (\$1.3 million) for FY 2015 are lower than both FY 2014 and FY 2013 based on the overall market conditions and a UTP dividend received in FY 14 from a joint venture relating to an asset purchase agreement. The increase in **Interest on Debt** in FY 2015 is just a timing difference due to accruing interest expense for UTMC on a quarterly basis as opposed to recording the expense on a cash basis during FY 2014 and FY 2013. Interest on Debt in FY 2015 is expected to be lower than prior years. **State Grants and Contracts** differences relate to timing as FY 2015 includes funds from the Ohio College Opportunity Grant (\$1.5 million) that were not recorded in the first quarter in the previous fiscal years. Also, FY 2014 State Grant payments were delayed from the Ohio Board of Regents.

**Other Changes** for FY 2015 were \$3.4 million exceeding both FY 2014 and FY 2013 due to timing of state-funded and UT Foundation-funded construction projects.

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**TAB 1**

**THE UNIVERSITY OF TOLEDO - Combined**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For Period Ending September 30th**

	FY15 Q1	FY2015 vs. FY2014			FY2015 vs. FY 2013		
		FY14 Q1	\$ Change	% Change	FY13 Q1	\$ Change	% Change
<b>Operating revenues</b>							
Net Patient Revenue	\$ 71,175,973	\$ 64,947,165	\$ 6,228,808	9.6%	\$ 61,010,135	\$ 10,165,838	16.7%
Student Tuition and Fees	108,907,873	110,659,148	(1,751,275)	-1.6%	111,595,551	(2,687,678)	-2.4%
Federal Grants and Contracts Operating	7,175,618	9,147,664	(1,972,047)	-21.6%	10,585,805	(3,410,187)	-32.2%
State Grants and Contracts Operating	1,983,134	2,612,155	(629,021)	-24.1%	1,156,643	826,491	71.5%
Local Grants and Contracts Operating	201,910	444,737	(242,828)	-54.6%	478,591	(276,681)	-57.8%
Private Gifts, Grants & Contracts Operating	4,746,697	4,488,775	257,922	5.7%	4,307,908	438,789	10.2%
Sales and Services	2,122,292	1,609,970	512,323	31.8%	2,091,662	30,630	1.5%
Residency Reimbursement	3,820,147	3,324,330	495,817	14.9%	1,720,653	2,099,494	122.0%
Auxiliary Enterprises	18,723,608	16,880,869	1,842,739	10.9%	19,481,876	(758,268)	-3.9%
Other Patient Services Revenue	15,842,000	16,513,000	(671,000)	-4.1%	15,966,000	(124,000)	-0.8%
UT Med Assur Co Net Revenue	(1,197,669)	523,860	(1,721,529)	-328.6%	(136,054)	(1,061,615)	780.3%
Other Revenue	2,936,709	3,053,410	(116,702)	-3.8%	2,305,631	631,078	27.4%
<b>Operating Revenues Total</b>	<b>236,438,292</b>	<b>234,205,085</b>	<b>2,233,207</b>	<b>1.0%</b>	<b>230,564,401</b>	<b>5,873,891</b>	<b>2.5%</b>
<b>Operating Expenses</b>							
Salaries and Wages	93,663,998	91,062,650	2,601,348	2.9%	92,943,492	720,506	0.8%
Benefits	33,119,199	32,321,912	797,288	2.5%	33,929,104	(809,905)	-2.4%
Supplies	24,343,301	24,337,808	5,493	0.0%	22,747,513	1,595,788	7.0%
Travel & Entertainment	2,596,659	2,665,646	(68,987)	-2.6%	2,519,061	77,598	3.1%
Information and Communication	3,561,443	2,946,048	615,395	20.9%	3,182,602	378,841	11.9%
Occupancy	4,218,959	4,116,462	102,497	2.5%	4,090,560	128,399	3.1%
Scholarships & Fees	13,447,173	12,917,564	529,608	4.1%	13,032,343	414,830	3.2%
Outside Purchased Services	20,308,121	18,617,497	1,690,624	9.1%	18,692,879	1,615,242	8.6%
Provision for Bad Debt	814,734	959,230	(144,495)	-15.1%	968,283	(153,549)	-15.9%
Depreciation	14,738,420	14,011,688	726,732	5.2%	13,472,893	1,265,527	9.4%
Other Operating	904,975	1,652,472	(747,498)	-45.2%	452,554	452,421	100.0%
<b>Operating Expenses Total</b>	<b>211,716,981</b>	<b>205,608,978</b>	<b>6,108,003</b>	<b>3.0%</b>	<b>206,031,284</b>	<b>5,685,697</b>	<b>2.8%</b>
<i>Net Operating Income/(Loss)</i>	<i>24,721,311</i>	<i>28,596,106</i>	<i>(3,874,796)</i>	<i>-13.6%</i>	<i>24,533,117</i>	<i>188,194</i>	<i>0.8%</i>
<b>Nonoperating Revenues/Expenses</b>							
State Share of Instruction	26,607,936	25,905,747	702,189	2.7%	26,110,629	497,307	1.9%
Federal Grants and Contracts Non Operating	11,662,237	12,353,270	(691,033)	-5.6%	13,497,230	(1,834,993)	-13.6%
State Grants and Contracts Non Operating	3,366,925	32,253	3,334,672	10339.1%	1,764,520	1,602,405	90.8%
Private Gifts, Grants & Contracts Non-Operating	1,400,782	1,534,011	(133,229)	-8.7%	1,128,626	272,156	24.1%
Investment Income	1,286,778	7,719,843	(6,433,065)	-83.3%	4,983,541	(3,696,763)	-74.2%
Interest on Debt	(2,162,895)	(1,114,989)	(1,047,906)	94.0%	(1,721,556)	(441,339)	25.6%
Other Non-operating	446,343	385,507	60,836	15.8%	157,274	289,069	183.8%
<b>Nonoperating Revenues/Expenses Total</b>	<b>42,608,107</b>	<b>46,815,643</b>	<b>(4,207,535)</b>	<b>-9.0%</b>	<b>45,920,264</b>	<b>(3,312,157)</b>	<b>-7.2%</b>
<i>Income Before Other Changes</i>	<i>67,329,418</i>	<i>75,411,749</i>	<i>(8,082,331)</i>	<i>-10.7%</i>	<i>70,453,381</i>	<i>(3,123,963)</i>	<i>-4.4%</i>
<b>Other Changes</b>							
Capital Appropriations	2,243,309	1,348,899	894,410	66.3%	1,424,544	818,765	57.5%
Capital Grants, Gifts and contracts	1,149,426	-	1,149,426	0.0%	1,412,764	(263,338)	-18.6%
Asset Disposal	(3,373)	(12,358)	8,985	-72.7%	(6,596)	3,223	-48.9%
Addition to Endowment	-	615	(615)	-100.0%	-	-	0.0%
<b>Other Changes Total</b>	<b>3,389,362</b>	<b>1,337,157</b>	<b>2,052,205</b>	<b>153.5%</b>	<b>2,830,712</b>	<b>558,650</b>	<b>19.7%</b>
<b>Change in Net Position</b>	<b>\$ 70,718,780</b>	<b>\$ 76,748,906</b>	<b>\$ (6,030,125)</b>	<b>-7.9%</b>	<b>\$ 73,284,093</b>	<b>\$ (2,565,313)</b>	<b>-3.5%</b>

**THE UNIVERSITY OF TOLEDO - Academic**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For Period Ending September 30th**

	FY15 Q1	FY2015 vs. FY2014			FY2015 vs. FY 2013		
		FY14 Q1	\$ Change	% Change	FY13 Q1	\$ Change	% Change
<b>Operating revenues</b>							
Student Tuition and Fees	108,907,873	110,659,148	(1,751,275)	-1.6%	111,595,551	(2,687,678)	-2.4%
Federal Grants and Contracts Operating	7,175,618	9,147,664	(1,972,047)	-21.6%	10,585,805	(3,410,188)	-32.2%
State Grants and Contracts Operating	1,983,134	2,612,155	(629,021)	-24.1%	1,156,643	826,491	71.5%
Local Grants and Contracts Operating	201,910	444,737	(242,828)	-54.6%	478,591	(276,681)	-57.8%
Private Gifts, Grants & Contracts Operating	4,489,433	4,280,084	209,349	4.9%	4,133,439	355,994	8.6%
Sales and Services	2,122,292	1,609,970	512,323	31.8%	2,091,662	30,630	1.5%
Residency Reimbursement	3,820,147	3,324,330	495,817	14.9%	1,720,653	2,099,494	122.0%
Auxiliary Enterprises	18,723,608	16,880,869	1,842,739	10.9%	19,481,876	(758,268)	-3.9%
Other Revenue	1,563,195	1,327,702	235,493	17.7%	1,354,192	209,003	15.4%
<b>Operating Revenues Total</b>	<b>148,987,210</b>	<b>150,286,659</b>	<b>(1,299,449)</b>	<b>-0.9%</b>	<b>152,598,411</b>	<b>(3,611,201)</b>	<b>-2.4%</b>
<b>Operating Expenses</b>							
Salaries and Wages	54,699,700	55,713,598	(1,013,898)	-1.8%	56,730,265	(2,030,565)	-3.6%
Benefits	23,585,791	24,207,696	(621,905)	-2.6%	25,520,629	(1,934,838)	-7.6%
Supplies	3,711,102	3,755,557	(44,455)	-1.2%	4,514,976	(803,874)	-17.8%
Travel & Entertainment	2,101,876	2,243,914	(142,039)	-6.3%	2,058,343	43,533	2.1%
Information and Communication	2,640,011	2,219,471	420,540	18.9%	2,333,220	306,790	13.1%
Occupancy	3,845,633	3,639,506	206,127	5.7%	3,808,430	37,203	1.0%
Scholarships & Fees	13,446,014	12,915,042	530,972	4.1%	13,026,241	419,773	3.2%
Outside Purchased Services	11,079,121	10,665,817	413,304	3.9%	10,790,523	288,598	2.7%
Provision for Bad Debt	814,734	959,230	(144,495)	-15.1%	968,283	(153,549)	-15.9%
Depreciation	10,482,059	9,992,514	489,545	4.9%	9,502,187	979,872	10.3%
Other Operating	(1,092,134)	(2,098,030)	1,005,895	-47.9%	(1,511,535)	419,401	-27.7%
<b>Operating Expenses Total</b>	<b>125,313,907</b>	<b>124,214,316</b>	<b>1,099,592</b>	<b>0.9%</b>	<b>127,741,563</b>	<b>(2,427,655)</b>	<b>-1.9%</b>
<i>Net Operating Income/(Loss)</i>	<i>23,673,302</i>	<i>26,072,343</i>	<i>(2,399,041)</i>	<i>-9.2%</i>	<i>24,856,848</i>	<i>(1,183,546)</i>	<i>-4.8%</i>
<b>Nonoperating Revenues/Expenses</b>							
State Share of Instruction	26,607,936	25,905,747	702,189	2.7%	26,110,629	497,307	1.9%
Federal Grants and Contracts Non Operating	11,662,237	12,353,270	(691,033)	-5.6%	13,497,230	(1,834,993)	-13.6%
State Grants and Contracts Non Operating	3,366,925	32,253	3,334,672	10339.1%	1,764,520	1,602,405	90.8%
Private Gifts, Grants & Contracts Non-Operating	1,400,782	1,534,011	(133,229)	-8.7%	1,128,626	272,156	24.1%
Investment Income	927,648	1,923,500	(995,852)	-51.8%	3,183,906	(2,256,258)	-70.9%
Interest on Debt	(996,230)	(1,010,920)	14,690	-1.5%	(1,222,916)	226,687	-18.5%
Other Non-operating	587,374	254,855	332,519	130.5%	(61,421)	648,795	-1056.3%
<b>Nonoperating Revenues/Expenses Total</b>	<b>43,556,673</b>	<b>40,992,716</b>	<b>2,563,957</b>	<b>6.3%</b>	<b>44,400,574</b>	<b>(843,900)</b>	<b>-1.9%</b>
<i>Income Before Other Changes</i>	<i>67,229,975</i>	<i>67,065,059</i>	<i>164,916</i>	<i>0.2%</i>	<i>69,257,422</i>	<i>(2,027,447)</i>	<i>-2.9%</i>
<b>Other Changes</b>							
Capital Appropriations	2,243,309	1,350,634	892,675	66.1%	1,424,544	818,765	57.5%
Capital Grants, Gifts and contracts	1,149,426	-	1,149,426	0.0%	1,412,764	(263,338)	-18.6%
Asset Disposal	(2,597)	(12,358)	9,761	-79.0%	-	(2,597)	0.0%
Addition to Endowment	-	615	(615)	-100.0%	-	-	0.0%
<b>Other Changes Total</b>	<b>3,390,138</b>	<b>1,338,892</b>	<b>2,051,246</b>	<b>153.2%</b>	<b>2,837,308</b>	<b>552,831</b>	<b>19.5%</b>
<b>Change in Net Position</b>	<b>\$ 70,620,113</b>	<b>\$ 68,403,951</b>	<b>\$ 2,216,163</b>	<b>3.2%</b>	<b>\$ 72,094,730</b>	<b>\$ (1,474,616)</b>	<b>-2.0%</b>



**THE UNIVERSITY OF TOLEDO - Clinical**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For Period Ending September 30th**

	FY15 Q1	FY2015 vs. FY2014			FY2015 vs. FY 2013		
		FY14 Q1	\$ Change	% Change	FY13 Q1	\$ Change	% Change
<b>Operating revenues</b>							
Net Patient Revenue	\$ 71,175,973	\$ 64,947,165	\$ 6,228,808	9.6%	\$ 61,010,135	\$ 10,165,838	16.7%
Private Gifts, Grants & Contracts Operating	257,264	208,692	48,572	23.3%	174,470	82,794	47.5%
Other Patient Services Revenue	15,842,000	16,513,000	(671,000)	-4.1%	15,966,000	(124,000)	-0.8%
UT Med Assur Co Net Revenue	(1,197,669)	523,860	(1,721,529)	-328.6%	(136,054)	(1,061,615)	780.3%
Other Revenue	1,373,514	1,725,708	(352,194)	-20.4%	951,440	422,074	44.4%
<b>Operating Revenues Total</b>	<b>87,451,082</b>	<b>83,918,425</b>	<b>3,532,657</b>	<b>4.2%</b>	<b>77,965,990</b>	<b>9,485,091</b>	<b>12.2%</b>
<b>Operating Expenses</b>							
Salaries and Wages	38,964,297	35,349,052	3,615,245	10.2%	36,213,227	2,751,070	7.6%
Benefits	9,533,408	8,114,215	1,419,193	17.5%	8,408,475	1,124,933	13.4%
Supplies	20,632,199	20,582,251	49,948	0.2%	18,232,537	2,399,663	13.2%
Travel & Entertainment	494,783	421,732	73,051	17.3%	460,718	34,065	7.4%
Information and Communication	921,432	726,577	194,855	26.8%	849,382	72,050	8.5%
Occupancy	373,325	476,956	(103,630)	-21.7%	282,129	91,196	32.3%
Scholarships & Fees	1,159	2,522	(1,364)	-54.1%	6,102	(4,944)	-81.0%
Outside Purchased Services	9,229,000	7,951,680	1,277,320	16.1%	7,902,356	1,326,643	16.8%
Depreciation	4,256,361	4,019,174	237,186	5.9%	3,970,706	285,655	7.2%
Other Operating	1,997,109	3,750,502	(1,753,393)	-46.8%	1,964,088	33,021	1.7%
<b>Operating Expenses Total</b>	<b>86,403,073</b>	<b>81,394,662</b>	<b>5,008,411</b>	<b>6.2%</b>	<b>78,289,721</b>	<b>8,113,353</b>	<b>10.4%</b>
<i>Net Operating Income/(Loss)</i>	<i>1,048,009</i>	<i>2,523,763</i>	<i>(1,475,754)</i>	<i>-58.5%</i>	<i>(323,730)</i>	<i>1,371,739</i>	<i>-423.7%</i>
<b>Nonoperating Revenues/Expenses</b>							
Investment Income	359,130	5,796,343	(5,437,213)	-93.8%	1,799,636	(1,440,506)	-80.0%
Interest on Debt	(1,166,665)	(104,069)	(1,062,596)	1021.1%	(498,639)	(668,026)	134.0%
Other Non-operating	(141,031)	130,653	(271,683)	-207.9%	218,695	(359,726)	-164.5%
<b>Nonoperating Revenues/Expenses Total</b>	<b>(948,566)</b>	<b>5,822,927</b>	<b>(6,771,493)</b>	<b>-116.3%</b>	<b>1,519,691</b>	<b>(2,468,257)</b>	<b>-162.4%</b>
<i>Income Before Other Changes</i>	<i>99,443</i>	<i>8,346,690</i>	<i>(8,247,247)</i>	<i>-98.8%</i>	<i>1,195,961</i>	<i>(1,096,518)</i>	<i>-91.7%</i>
<b>Other Changes</b>							
Capital Appropriations	-	(1,735)	1,735	-100.0%	-	-	0.0%
Asset Disposal	(776)	-	(776)	0.0%	(6,596)	5,820	-88.2%
<b>Other Changes Total</b>	<b>(776)</b>	<b>(1,735)</b>	<b>959</b>	<b>-55.3%</b>	<b>(6,596)</b>	<b>5,820</b>	<b>-88.2%</b>
<b>Change in Net Position</b>	<b>\$ 98,667</b>	<b>\$ 8,344,955</b>	<b>\$ (8,246,288)</b>	<b>-98.8%</b>	<b>\$ 1,189,365</b>	<b>\$ (1,090,698)</b>	<b>-91.7%</b>

THE UNIVERSITY OF TOLEDO - Combined

Statements of Net Position

(Balance Sheet)

	FY 2015 as of 9/30/14	FY 2014 as of 9/30/13	\$ Change	% Change	(Audited) FY 2014
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 93,272,028	\$ 114,737,761	\$ (21,465,733)	-18.7%	\$ 66,757,000
Accounts Receivable, Net	129,982,848	117,448,107	12,534,740	10.7%	104,860,000
Inventories	8,321,363	8,596,639	(275,276)	-3.2%	8,437,000
Notes, Net Current	2,958,433	2,745,735	212,698	7.7%	2,958,000
Other Assets	3,794,705	2,917,428	877,277	30.1%	4,854,000
<b>Current Assets Total</b>	<b>238,329,377</b>	<b>246,445,670</b>	<b>(8,116,293)</b>	<b>-3.3%</b>	<b>187,866,000</b>
<b>Noncurrent Assets</b>					
Endowment & Loan Investments	61,274,664	53,656,645	7,618,019	14.2%	61,700,000
Notes, Net Non Current	13,062,167	14,123,836	(1,061,669)	-7.5%	12,861,000
Long-Term Investments	190,456,902	185,576,324	4,880,578	2.6%	190,175,000
Deposit with Bond Trustee	2,835,241	7,162,970	(4,327,729)	-60.4%	4,714,000
Capital Assets, Net	647,188,013	645,385,015	1,802,998	0.3%	651,090,000
STIE	3,964,594	6,260,829	(2,296,235)	-36.7%	3,659,000
UT Medical Assur Co Assets	39,677,636	36,453,780	3,223,856	8.8%	36,255,000
Other Noncurrent Assets	1,999,211	6,215,285	(4,216,074)	-67.8%	1,642,000
<b>Noncurrent Assets Total</b>	<b>960,458,428</b>	<b>954,834,685</b>	<b>5,623,743</b>	<b>0.6%</b>	<b>962,096,000</b>
<b>ASSETS Total</b>	<b>\$ 1,198,787,805</b>	<b>\$ 1,201,280,355</b>	<b>\$ (2,492,550)</b>	<b>-0.2%</b>	<b>\$ 1,149,962,000</b>
<b>Deferred Outflows</b>					
Deferred Outflow Derivatives	\$ 2,281,301	\$ 345,320	\$ 1,935,981	560.6%	\$ 2,281,000
Deferred Outflow Refunding	17,792,034	19,271,751	(1,479,717)	-7.7%	17,920,000
<b>DEFERRED OUTFLOWS Total</b>	<b>\$ 20,073,335</b>	<b>\$ 19,617,071</b>	<b>\$ 456,264</b>	<b>2.3%</b>	<b>\$ 20,201,000</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 18,744,785	\$ 20,427,369	\$ (1,682,584)	-8.2%	\$ 33,602,000
Accrued Liabilities	41,795,650	38,883,893	2,911,757	7.5%	37,218,000
Unearned Revenue	22,560,347	25,942,263	(3,381,917)	-13.0%	37,869,000
Deposits	1,016,250	925,539	90,711	9.8%	534,000
Compensated Absences Current Portion	22,193,200	22,923,159	(729,959)	-3.2%	23,603,000
Long Term Liabilities Current Portion	16,082,866	15,260,284	822,582	5.4%	16,083,000
<b>Current Liabilities Total</b>	<b>122,393,097</b>	<b>124,362,508</b>	<b>(1,969,411)</b>	<b>-1.6%</b>	<b>148,909,000</b>
<b>Noncurrent Liabilities</b>					
Compensated Absences	7,577,694	6,384,807	1,192,887	18.7%	7,577,000
UT Medical Assur Co Liability	16,240,622	14,684,783	1,555,839	10.6%	11,621,000
Derivative Instruments	2,281,301	345,320	1,935,981	560.6%	2,281,000
Other Noncurrent Liabilities	8,803,446	11,010,479	(2,207,034)	-20.0%	8,841,000
Long Term Liabilities	316,377,546	332,984,058	(16,606,512)	-5.0%	316,466,000
<b>Noncurrent Liabilities Total</b>	<b>351,280,608</b>	<b>365,409,447</b>	<b>(14,128,839)</b>	<b>-3.9%</b>	<b>346,786,000</b>
<b>LIABILITIES Total</b>	<b>\$ 473,673,706</b>	<b>\$ 489,771,955</b>	<b>\$ (16,098,249)</b>	<b>-3.3%</b>	<b>\$ 495,695,000</b>
<b>NET POSITION</b>					
Invested in Capital Assets	\$ 336,235,793	\$ 365,294,673	\$ (29,058,880)	-8.0%	\$ 340,450,000
Restricted Non Expendable	13,831,368	13,830,423	945	0.0%	13,831,000
Restricted Expendable	132,158,141	114,997,927	17,160,214	14.9%	133,661,000
Unrestricted	262,962,132	237,002,447	25,959,685	11.0%	186,526,000
<b>NET POSITION Total</b>	<b>\$ 745,187,434</b>	<b>\$ 731,125,471</b>	<b>\$ 14,061,963</b>	<b>1.9%</b>	<b>\$ 674,468,000</b>

Commentary:

\* **Cash and Accounts Receivable** are impacted by a timing difference in the draw-down of Financial Aid - Student Direct Lending. FY 15 draw-down on 10-8-14 in the amount of \$14.5 million.

**THE UNIVERSITY OF TOLEDO - Combined  
Statements of Cash Flow (in thousands)  
For Period Ending September 30th**

	FY15 Q1	FY2015 vs. FY2014		
		FY14 Q1	\$ Change	% Change
<b>Cash flows from operating activities</b>				
Tuition and fees	\$ 82,712	\$ 84,795	\$ (2,083)	-2.5%
Grants and contracts	11,749	16,583	(4,834)	-29.2%
Hospital revenues	65,612	63,962	1,650	2.6%
Sales and services of educational activities	3,674	2,207	1,467	66.5%
Payments to suppliers and outside purchased services	(74,826)	(69,858)	(4,968)	7.1%
Payments to employees	(110,864)	(115,384)	4,520	-3.9%
Loans issued to students	(842)	(728)	(114)	15.7%
Collection of loans from students	640	609	31	5.1%
Auxiliary Enterprise charges	18,494	16,938	1,556	9.2%
Other	7,797	11,307	(3,510)	-31.0%
<b>Net cash from operating activities</b>	<b>4,146</b>	<b>10,431</b>	<b>(6,285)</b>	<b>-60.3%</b>
<b>Cash flows from non-capital financing activities</b>				
State share of instruction	26,608	25,906	702	2.7%
Student direct lending receipts	55,350	68,465	(13,115)	-19.2%
Student direct lending disbursements	(64,791)	(65,695)	904	-1.4%
Gifts, grants, and contracts	16,430	13,919	2,511	18.0%
Agency transactions	483	257	226	87.9%
<b>Net cash from non-capital financing activities</b>	<b>34,080</b>	<b>42,852</b>	<b>(8,772)</b>	<b>-20.5%</b>
<b>Cash flows from capital and related financing activities</b>				
Purchases of capital assets	(9,970)	(5,357)	(4,613)	86.1%
Principal paid on capital debt	-	-	-	0.0%
Capital appropriations	2,243	1,349	894	66.3%
Proceeds from debt issuance	-	-	-	0.0%
Capital grants and gifts	727	2	725	36250.0%
Interest paid on capital debt	(2,035)	(987)	(1,048)	106.2%
<b>Net cash from capital and related financing activities</b>	<b>(9,035)</b>	<b>(4,993)</b>	<b>(4,042)</b>	<b>81.0%</b>
<b>Cash flows from investing activities</b>				
Interest on investments	2,875	1,104	1,771	160.4%
Purchase of investments	(5,551)	(787)	(4,764)	605.3%
<b>Net cash from investing activities</b>	<b>(2,676)</b>	<b>317</b>	<b>(2,993)</b>	<b>-944.2%</b>
<b>Net increase (decrease) in cash</b>	<b>26,515</b>	<b>48,607</b>	<b>(22,092)</b>	<b>-45.5%</b>
Cash and cash equivalents - beginning of year	66,757	66,131	626	0.9%
<b>Cash and cash equivalents - end of year</b>	<b>\$ 93,272</b>	<b>\$ 114,738</b>	<b>\$ (21,466)</b>	<b>-18.7%</b>

Commentary:

\* **Student direct lending receipts** impacted by a timing difference in the draw-down of Financial Aid - Student Direct Lending. FY 15 draw-down on 10-8-14 in the amount of \$14.5 million.

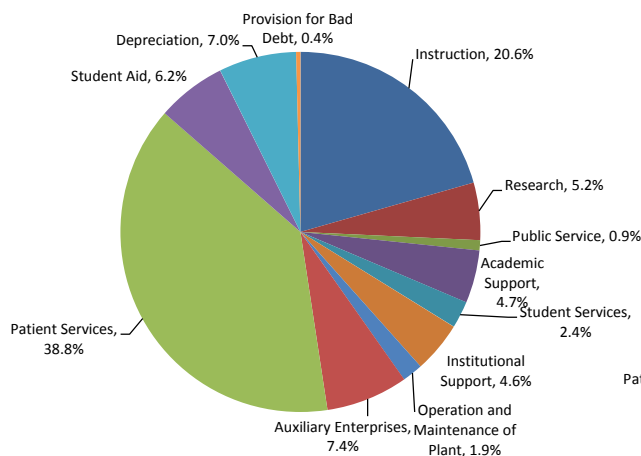
## **TAB 2**

**THE UNIVERSITY OF TOLEDO - Combined**  
**Operating Expenses by Functional Classification**

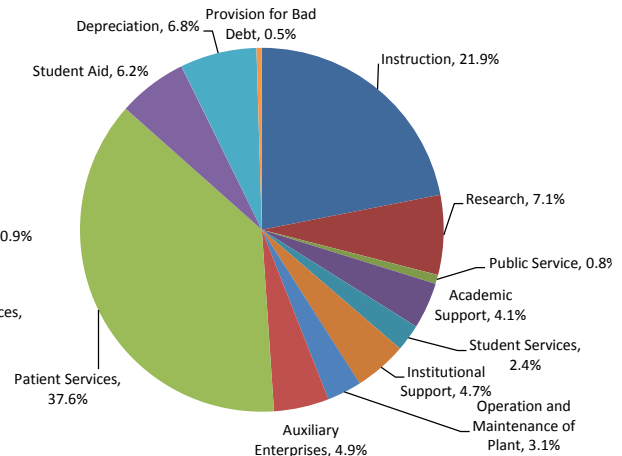
For the Period Ended September 30, 2014 (FY 15)	Salaries and Benefits	Supplies	Professional Services	Other	Total
Instruction	40,663,164	789,106	474,481	1,628,828	43,555,579
Research	5,905,864	1,200,266	614,578	3,195,469	10,916,177
Public Service	1,268,320	65,467	456,187	155,598	1,945,571
Academic Support	6,872,295	340,295	2,867,884	(60,905)	10,019,569
Student Services	4,263,053	178,441	60,824	637,706	5,140,024
Institutional Support	9,189,423	5,970	1,163,813	(671,673)	9,687,532
Operation and Maintenance of Plant	2,759,773	52,245	311,019	804,782	3,927,819
Auxiliary Enterprises	5,837,268	1,078,766	5,063,323	3,605,135	15,584,492
Patient Services	48,497,706	20,632,199	9,296,012	3,787,808	82,213,725
	<u>125,256,866</u>	<u>24,342,754</u>	<u>20,308,121</u>	<u>13,082,747</u>	<u>182,990,487</u>
Student Aid					13,173,339
Depreciation					14,738,420
Provision for Bad Debt					814,734
					<u>211,716,981</u>

For the Period Ended September 30, 2013 (FY 14)	Salaries and Benefits	Supplies	Professional Services	Other	Total
Instruction	42,428,496	699,165	386,586	1,563,269	45,077,517
Research	6,688,640	1,705,909	2,200,053	3,971,311	14,565,913
Public Service	988,516	49,863	394,633	190,632	1,623,644
Academic Support	6,664,220	308,432	1,864,053	(368,419)	8,468,285
Student Services	4,096,579	76,744	168,629	542,087	4,884,039
Institutional Support	9,082,526	(96,546)	2,394,022	(1,744,902)	9,635,099
Operation and Maintenance of Plant	4,096,748	297,356	259,794	1,635,514	6,289,412
Auxiliary Enterprises	4,251,460	714,635	2,994,950	2,101,494	10,062,539
Patient Services	43,461,267	20,582,251	7,954,777	5,378,289	77,376,585
	<u>121,758,452</u>	<u>24,337,808</u>	<u>18,617,497</u>	<u>13,269,275</u>	<u>177,983,032</u>
Student Aid					12,653,029
Depreciation					14,011,688
Provision for Bad Debt					959,230
					<u>205,606,978</u>

**1Q FY 15 Functional Expense by % of Total**



**1Q FY 14 Functional Expense by % of Total**





## Capital Projects by Source of Funds

September 30, 2014 (\$ millions)							
	Routine Capital	State Capital Appropriations	Bond Proceeds	Institutional Reserves	Gift Funds	Total	YTD Spend
<b>Fiscal 2015 Approved Projects:</b>							
<i>Academic</i>							
Facilities Deferred Maintenance	5.5					5.5	1.6
Provost Projects	4.0					4.0	0.2
Information Technology Upgrades	3.0					3.0	-
Anatomy Specimen Storage Facility		1.8				1.8	-
Academic Technology and Renovation Projects		1.5				1.5	-
NW Ohio Plastics Training Center		1.0				1.0	-
Campus Infrastructure Improvements and Other Projects	-	6.7				6.7	2.3
<b>Total Academic</b>	<b>12.5</b>	<b>11.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23.5</b>	<b>4.1</b>
<i>Medical Center</i>							
Clinical Equipment	2.3					2.3	0.8
Call Center Equipment	1.5					1.5	-
General Maintenance	1.2					1.2	-
Emergency Power	1.0					1.0	-
<b>Total Medical Center</b>	<b>6.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.0</b>	<b>0.8</b>
<b>Total Fiscal 2015 Capital Projects</b>	<b>18.5</b>	<b>11.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29.5</b>	<b>4.9</b>
<b>Budgeted Carry-Forward Projects From Previous Years:</b>							
<i>Academic</i>							
Simulation Center				7.6		7.6	3.6
Larimer Renovations					2.4	2.4	2.2
Savage Hall Boilers				1.6		1.6	1.4
Dorr Street Corridor Improvements	0.7					0.7	0.2
Other Infrastructure Improvements	3.7					3.7	1.3
<b>Total Academic</b>	<b>4.4</b>	<b>-</b>	<b>-</b>	<b>9.2</b>	<b>2.4</b>	<b>16.0</b>	<b>8.7</b>
<i>Medical Center</i>							
Emergency Power				4.1		4.1	3.9
VA Building Renovation for Residency Clinic			0.5	2.0	1.1	3.6	0.3
Patient Floor Renovations			1.0			1.0	1.0
Uncommitted Bond Proceeds			1.0			1.0	
Radiosurgery Linear Accelerator				0.7		0.7	0.7
Hospital Equipment	0.4					0.4	0.4
General Maintenance	1.1					1.1	0.4
Other Projects			0.3			0.3	0.2
<b>Total Medical Center</b>	<b>1.5</b>	<b>-</b>	<b>2.8</b>	<b>6.8</b>	<b>1.1</b>	<b>12.2</b>	<b>6.9</b>
<b>Total Carry-Forward Capital Projects</b>	<b>\$ 5.9</b>	<b>\$ -</b>	<b>\$ 2.8</b>	<b>\$ 16.0</b>	<b>\$ 3.5</b>	<b>\$ 28.2</b>	<b>\$ 15.6</b>

# TREASURER REPORT

## Long-Term Debt:

<b>Principal:</b>	<u>Outstanding</u>	<u>Effective Rate</u>	<u>Due in Current FY</u>
Variable Rate Bonds*	\$ 103,420,000	4.36%	\$ 2,385,000
Fixed Rate Bonds	208,305,000	4.27%	11,605,000
Total	\$ 311,725,000	4.30%	\$ 13,990,000
Capital Leases	\$ 750,152		

\* - Swap agreements are associated with the variable rate debt and mitigate the interest rate risk. Therefore, the University has essentially all fixed rate debt.

**MTM Valuation on Swaps:** \$ (24,823,929) As of October 27, 2014

### Bond Ratings:

Moody's: **A1 Stable** As of July 2014  
 S & P: **A Stable** As of October 2014

## Investments:

<u>Balances:</u>	<u>FY 15 1Q As of 9/30/14</u>	<u>FY 14 4Q As of 6/30/14</u>	<u>FY 14 1Q As of 9/30/13</u>
Working Capital	\$ 78,004,748	\$ 50,365,882	\$ 90,090,010
Institutional Reserves	40,069,712	40,112,257	61,336,374
Board-Designated Reserves	152,460,051	152,263,599	140,372,228
Total Cash & Investments	<u>\$ 270,534,511</u>	<u>\$ 242,741,738</u>	<u>\$ 291,798,612</u>

### Performance:

	<u>FY 15 1Q As of 9/30/14</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>
University Board Designated Reserves	-1.9%	9.7%	15.1%	10.7%
<b>Benchmark</b>	<b>-1.3%</b>	<b>10.5%</b>	<b>13.9%</b>	<b>10.2%</b>
University Institutional Reserves (Less Cash)	-1.6%	10.9%	18.1%	N/A
<b>Benchmark</b>	<b>-1.2%</b>	<b>8.0%</b>	<b>10.9%</b>	<b>N/A</b>

**TAB 3**





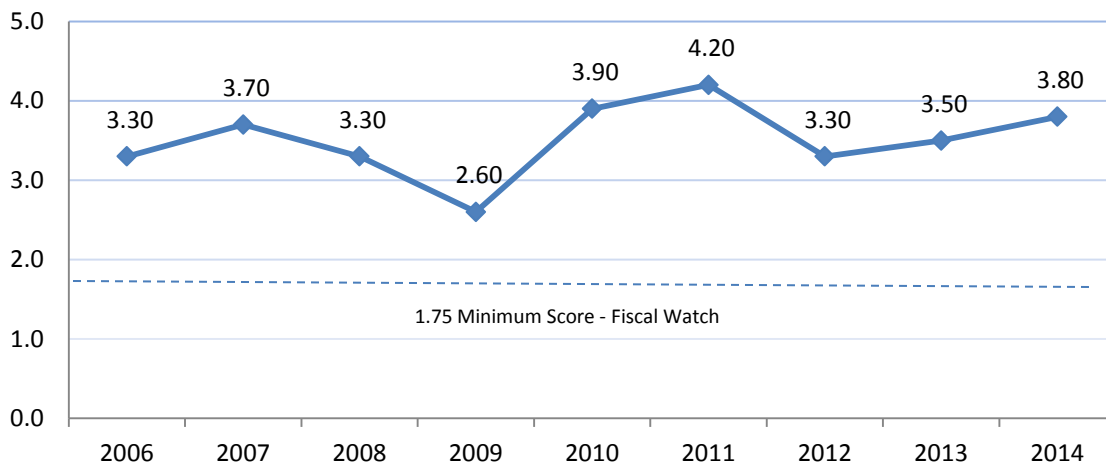
### Senate Bill 6 Financial Ratios and Composite Score

Senate Bill 6 focuses on three core ratios to assess a university's overall level of financial health:

- **Primary reserve ratio = expendable net assets / total operating expenses** – This ratio assesses the sufficiency and flexibility of a university's financial resources. The weighting factor is 50%.
- **Net income ratio = change in total net assets (total revenues less total expenses) / total operating revenues** – This ratio assesses the adequacy of a university's operating results and whether a university is living within its means. The weighting factor is 20%.
- **Viability ratio = expendable net assets / long-term debt** – This ratio assesses the availability of a university's financial resources to cover its long-term debt obligations. The weighting factor is 30%.

Senate Bill 6 converts each of the above ratios to individual scores from 0 to 5. The Composite Score, a single measure of the university's financial health, is the summation of the three weighted individual scores. The highest score possible is 5.0, and according to Senate Bill 6, universities must maintain a minimum score of 1.75. If a university falls below 1.75 for two consecutive years, the Ohio Board of Regents puts the institution on fiscal watch. A university stays on fiscal watch until it achieves a Composite Score of 2.4 and satisfies other conditions the Ohio Board of Regents might impose.

### The University of Toledo Senate Bill 6 Composite Score



#### University of Toledo Ratios:

	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
<b>Viability Ratio Score</b> (Expendable Net Assets / Plant Debt)	4	3	3	4	3
<b>Net Income Ratio Score</b> (Net Income / Total Revenue)	3	3	2	5	5
<b>Primary Reserve Score</b> (Expendable Net Assets / Operating Expenses)	4	4	4	4	4
<b>Composite Score</b>	3.8	3.5	3.3	4.2	3.9

#### Other State of Ohio public universities are as follows:

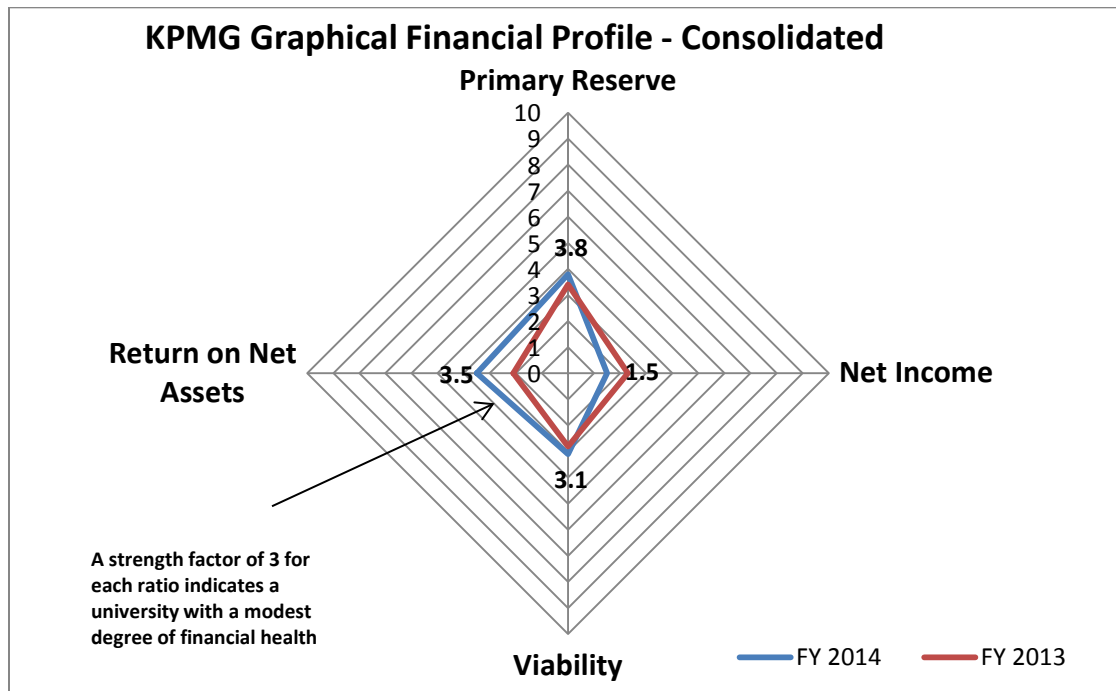
Ohio University	4.7
NEOMED	4.7
Bowling Green State University	4.7
Ohio State University	4.7
Kent State University	4.4
Miami University	4.4
Shawnee State University	4.0
University of Cincinnati	3.6
Cleveland State University	3.6
Youngstown State University	3.5
Wright State University	3.4
University of Akron	3.2
Central State University	1.5

## KPMG Graphical Financial Profile and Composite Financial Index June 30, 2014

KPMG's financial ratios and composite financial index are very similar to the State of Ohio's Senate Bill 6 financial ratios and composite score. KPMG focuses on four core ratios to assess a university's overall level of financial health:

- **Primary reserve ratio = expendable net assets / total expenses** – This ratio assesses the sufficiency and flexibility of a university's financial resources. The threshold value is 0.4. The weighting factor is 35%
- **Net income ratio = operating income plus net non-operating revenues (expenses) / operating revenues<sup>1</sup>** – This ratio assesses the adequacy of a university's operating results and whether a university is living within its means. The threshold value is 4%. The weighting factor is 10%.
- **Return on net assets ratio = change in net assets / total net assets** – This ratio assesses the total economic return on a university's invested net assets. The threshold value is 6%. The weighting factor is 20%
- **Viability ratio = expendable net assets / long-term debt** – This ratio assesses the availability of a university's financial resources to cover its long-term debt obligations. The threshold value is 1.25. The weighting factor is 35%.

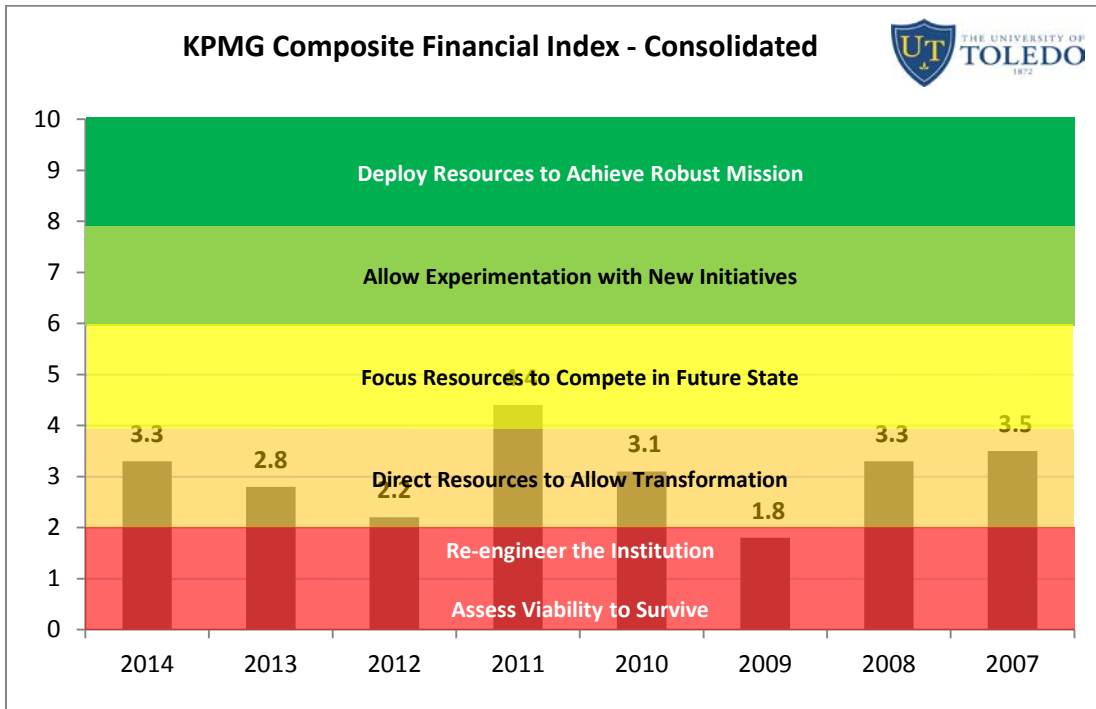
KPMG integrates these four ratios into an analytic model consisting of a Graphic Financial Profile and a Composite Financial Index. For purposes of plotting the Graphic Financial Profile, the four ratios are converted to strength factors along a common scale. A strength factor of 3 for each ratio indicates a university with a modest level of financial health—a university that can fund modest program improvements and address a modest financial challenge. The Composite Financial Index, a single measure of financial health, is the summation of the four weighted strength factors.



<sup>1</sup> This ratio can also be calculated as an operating income ratio = operating income / operating revenues. The threshold value is 2%.

The above Graphical Financial Profile of The University of Toledo indicates a thinly capitalized university with reasonable returns generated in the current period (FY 2014). The University of Toledo's Composite Financial Index as of June 30, 2014, is 3.3, up from 2.8 as of June 30, 2013. According to KPMG's interpretative guidelines, The University of Toledo has a modest level of financial health as of June 30, 2014, but it needs to carefully "direct resources to allow transformation" of the university and its economic model and financial condition.

The following chart plots and interprets the university's Composite Financial Index over the past eight years:





## Common Size Balance Sheets June 30

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Assets</b>										
Cash and cash equivalents	4.3%	4.8%	4.6%	8.7%	7.8%	6.9%	2.2%	1.9%	2.1%	1.5%
Short-term investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.5%	0.7%	0.4%
Accounts receivable, net	8.5%	9.0%	10.0%	9.0%	10.8%	12.7%	12.3%	9.1%	8.3%	8.4%
Loans receivable, net	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%
Inventories	0.7%	0.7%	0.6%	0.6%	0.7%	0.8%	0.7%	0.8%	0.9%	1.0%
Notes receivable, net	0.3%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.9%	0.4%	0.3%
Other current assets	0.4%	0.4%	0.3%	0.3%	0.4%	0.4%	0.3%	0.5%	0.4%	0.3%
<b>Total current assets</b>	<b>14.2%</b>	<b>15.1%</b>	<b>15.8%</b>	<b>18.7%</b>	<b>19.8%</b>	<b>21.0%</b>	<b>16.4%</b>	<b>13.5%</b>	<b>13.3%</b>	<b>12.3%</b>
Restricted cash and cash equivalents	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Restricted investments	5.4%	4.7%	4.2%	4.7%	4.1%	4.2%	4.9%	5.7%	7.9%	10.5%
Notes receivable, net	1.1%	1.2%	1.3%	1.6%	1.8%	2.0%	1.9%	1.3%	1.4%	1.5%
Long-term investments	16.6%	16.1%	14.9%	13.3%	8.2%	6.8%	15.1%	17.0%	16.3%	15.6%
Deferred outflow of resources	1.8%	1.7%	2.4%	1.5%	2.0%	1.7%	0.0%	0.0%	0.0%	0.0%
Investments held by bond trustee	0.4%	0.8%	2.6%	0.5%	1.9%	0.0%	3.0%	5.3%	0.1%	1.3%
Capital assets, net	56.9%	56.8%	55.3%	56.2%	58.4%	61.2%	56.5%	55.3%	59.7%	58.4%
STIE assets	0.3%	0.5%	0.5%	0.7%	0.9%	0.5%	0.0%	0.0%	0.0%	0.0%
UT Medical Insurance Company	3.1%	2.9%	2.8%	2.6%	2.4%	2.1%	1.8%	1.4%	1.0%	0.0%
Other non-current assets	0.1%	0.2%	0.2%	0.2%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%
<b>Total assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Liabilities and net assets</b>										
<b>Liabilities</b>										
Accounts payable	3.0%	3.4%	3.3%	2.6%	3.5%	3.6%	3.9%	2.3%	3.0%	3.9%
Accrued liabilities	2.6%	2.6%	2.5%	3.9%	3.6%	3.5%	3.0%	3.1%	3.2%	4.0%
Deferred revenue	3.3%	3.7%	3.8%	3.8%	3.8%	3.8%	2.6%	2.0%	1.9%	1.9%
Compensated absences - current portion	2.1%	2.1%	2.1%	2.1%	2.2%	2.5%	2.2%	2.3%	2.3%	1.1%
Bonds payable and capital leases - current portion	1.4%	1.4%	0.6%	0.5%	3.5%	0.8%	1.4%	0.8%	2.5%	2.5%
Other current liabilities	0.0%	0.1%	0.1%	0.1%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%
<b>Total current liabilities</b>	<b>12.4%</b>	<b>13.2%</b>	<b>12.4%</b>	<b>13.0%</b>	<b>16.8%</b>	<b>14.2%</b>	<b>13.3%</b>	<b>10.5%</b>	<b>12.9%</b>	<b>13.5%</b>
Compensated absences	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.3%
Fair value of derivatives	0.2%	0.0%	2.0%	0.8%	2.6%	2.2%	0.0%	0.0%	0.0%	0.0%
Bonds payable and capital leases	27.7%	29.0%	29.0%	26.9%	24.8%	26.3%	26.6%	28.4%	24.2%	25.2%
UT Medical Insurance Company	0.9%	1.0%	1.0%	0.9%	1.0%	0.9%	0.8%	0.7%	0.5%	0.0%
Other non-current liabilities	0.8%	0.9%	0.7%	0.7%	0.1%	0.2%	0.2%	0.2%	0.4%	0.5%
<b>Total liabilities</b>	<b>42.7%</b>	<b>44.7%</b>	<b>45.7%</b>	<b>42.8%</b>	<b>45.9%</b>	<b>44.3%</b>	<b>41.5%</b>	<b>40.5%</b>	<b>38.4%</b>	<b>39.4%</b>
<b>Net position</b>										
Invested in capital assets, net of related debt	29.8%	28.9%	28.6%	30.0%	31.4%	33.7%	31.4%	31.3%	39.0%	37.6%
Restricted - nonexpendable	1.2%	1.2%	1.2%	1.2%	1.3%	1.5%	1.1%	1.2%	1.2%	1.3%
Restricted - expendable	11.8%	12.4%	10.1%	11.7%	9.8%	9.3%	8.5%	8.6%	8.7%	8.2%
Unrestricted	14.5%	12.9%	14.3%	14.3%	11.6%	11.3%	17.4%	18.5%	12.6%	13.5%
<b>Total net position</b>	<b>57.3%</b>	<b>55.3%</b>	<b>54.3%</b>	<b>57.2%</b>	<b>54.1%</b>	<b>55.7%</b>	<b>58.5%</b>	<b>59.5%</b>	<b>61.6%</b>	<b>60.6%</b>
<b>Total liabilities and net position</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



## Common Size Income Statements Fiscal Year Ended June 30

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Operating revenues</b>										
Student tuition and fees, net of financial aid	33.7%	34.6%	34.5%	33.5%	32.3%	31.9%	31.6%	33.1%	32.6%	32.3%
Federal grants and contracts	4.9%	5.9%	6.5%	7.1%	6.7%	5.4%	6.1%	7.0%	9.5%	10.1%
State grants and contracts	1.6%	1.1%	1.2%	1.4%	2.5%	2.1%	2.8%	2.0%	1.5%	1.8%
Local grants and contracts	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%	0.2%	0.3%	0.3%
Private grants and contracts	3.2%	3.1%	2.8%	2.8%	3.1%	3.1%	2.7%	2.4%	2.8%	3.0%
Sales and services	1.2%	1.0%	1.4%	1.3%	1.1%	1.2%	1.2%	1.7%	1.6%	1.9%
Auxiliary enterprises, net of financial aid	8.0%	8.7%	10.3%	10.6%	11.4%	11.9%	10.9%	11.0%	10.5%	10.5%
Hospital	42.2%	41.3%	39.6%	38.7%	38.3%	39.6%	39.8%	38.9%	37.7%	37.0%
Residency reimbursement	1.4%	1.3%	1.1%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%
UT Medical Assurance Co net revenue	0.7%	0.1%	0.2%	0.8%	0.5%	0.4%	0.0%	0.0%	0.0%	0.0%
Other	3.1%	2.8%	2.1%	2.9%	3.2%	3.4%	3.9%	3.0%	2.7%	2.4%
<b>Total operating revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Operating expenses</b>										
Salaries and wages	54.4%	55.2%	54.5%	55.3%	54.5%	57.9%	56.4%	58.6%	59.2%	59.0%
Benefits	20.0%	19.5%	19.3%	19.2%	19.1%	19.5%	17.5%	18.7%	19.2%	18.9%
Supplies	14.6%	15.1%	14.3%	15.4%	15.1%	16.0%	15.1%	13.5%	13.0%	12.6%
Travel and entertainment	2.0%	2.0%	1.9%	1.6%	1.6%	1.9%	1.9%	1.9%	1.9%	1.8%
Information and communication	2.3%	2.3%	2.4%	2.9%	3.1%	3.2%	3.3%	2.6%	2.3%	2.2%
Occupancy	2.9%	2.8%	2.6%	2.8%	3.3%	4.4%	3.8%	2.8%	2.9%	2.7%
Scholarship	4.2%	4.4%	4.5%	4.9%	4.6%	3.9%	3.8%	3.3%	3.2%	2.8%
Outside purchased services	14.0%	13.5%	13.4%	10.5%	11.9%	12.3%	11.8%	13.2%	12.4%	12.9%
Provision for doubtful accounts	0.6%	0.6%	0.6%	0.6%	0.6%	0.2%	0.2%	0.3%	0.0%	0.0%
Depreciation	9.1%	8.6%	8.0%	7.7%	7.3%	7.3%	6.8%	7.2%	7.2%	7.5%
Other	0.8%	0.5%	0.0%	2.4%	2.0%	2.2%	4.3%	3.3%	3.2%	2.8%
<b>Total operating expenses</b>	<b>125.0%</b>	<b>124.4%</b>	<b>121.6%</b>	<b>123.4%</b>	<b>123.1%</b>	<b>128.9%</b>	<b>124.8%</b>	<b>125.3%</b>	<b>124.5%</b>	<b>123.2%</b>
<b>Operating income (loss)</b>	<b>-25.0%</b>	<b>-24.4%</b>	<b>-21.6%</b>	<b>-23.4%</b>	<b>-23.1%</b>	<b>-28.9%</b>	<b>-24.8%</b>	<b>-25.3%</b>	<b>-24.5%</b>	<b>-23.2%</b>
<b>Non-operating revenues (expenses)</b>										
State share of instruction	16.7%	16.8%	16.6%	17.3%	17.2%	19.3%	18.4%	19.2%	21.6%	23.0%
ARRA stimulus	0.0%	0.0%	0.0%	2.9%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Federal and state grants and contracts	5.7%	6.0%	6.7%	7.6%	6.6%	6.5%	5.3%	6.4%	2.1%	2.1%
Excess (deficiency) of restricted receipts	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.6%
Gifts	0.5%	0.4%	0.5%	0.8%	0.2%	1.8%	0.6%	0.7%	0.0%	0.0%
Investment income	5.7%	5.1%	-0.9%	5.2%	2.7%	-5.4%	0.6%	4.9%	2.3%	2.1%
Interest expense, less ARRA subsidy	-2.3%	-2.2%	-2.2%	-1.8%	-2.1%	-2.4%	-2.3%	-2.0%	-1.9%	-1.3%
Change in value of derivative instruments	0.0%	0.5%	-0.5%	-0.2%	-0.2%	-0.3%	0.0%	0.0%	0.0%	0.0%
Asset disposal	0.0%	-2.8%	0.0%	0.0%	0.0%	-0.2%	0.0%	0.0%	0.1%	-0.3%
Other	-0.1%	-0.1%	-0.1%	-0.1%	0.2%	-0.2%	-0.2%	-0.5%	-0.7%	-1.3%
<b>Total non-operating revenues (expenses)</b>	<b>26.2%</b>	<b>23.6%</b>	<b>20.2%</b>	<b>31.8%</b>	<b>27.5%</b>	<b>19.1%</b>	<b>22.4%</b>	<b>28.6%</b>	<b>24.2%</b>	<b>24.9%</b>
<b>Income (loss) before other changes</b>	<b>1.2%</b>	<b>-0.8%</b>	<b>-1.4%</b>	<b>8.4%</b>	<b>4.4%</b>	<b>-9.8%</b>	<b>-2.4%</b>	<b>3.3%</b>	<b>-0.3%</b>	<b>1.7%</b>
<b>Other changes</b>										
Capital appropriations	1.9%	1.1%	1.3%	2.2%	2.6%	3.6%	3.1%	2.6%	1.8%	2.3%
Additional funding for plant facilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.4%	0.5%
Capital grants, gifts, and contracts	0.1%	0.5%	0.4%	0.3%	0.2%	0.5%	0.1%	0.7%	0.2%	0.0%
Addition to permanent endowment	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%
Contributed capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.0%	0.0%	0.0%
<b>Total other changes</b>	<b>2.0%</b>	<b>1.6%</b>	<b>1.7%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>4.6%</b>	<b>3.2%</b>	<b>2.4%</b>	<b>2.3%</b>	<b>2.8%</b>
<b>Increase (decrease) in net position</b>	<b>3.1%</b>	<b>0.8%</b>	<b>0.3%</b>	<b>11.0%</b>	<b>7.2%</b>	<b>-5.2%</b>	<b>0.7%</b>	<b>5.7%</b>	<b>2.1%</b>	<b>4.5%</b>
Net position at beginning of year	102.5%	101.2%	100.4%	91.8%	84.0%	93.7%	95.4%	99.0%	100.9%	100.6%
<b>Net position at end of year</b>	<b>105.6%</b>	<b>102.1%</b>	<b>100.6%</b>	<b>102.1%</b>	<b>91.2%</b>	<b>88.0%</b>	<b>96.1%</b>	<b>104.7%</b>	<b>103.0%</b>	<b>105.1%</b>