

FCR 4

Office of the President
December 10, 2019

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2019.

Background: The consolidated financial report includes the financial activities of the University of Kentucky and its affiliated corporations:

- University of Kentucky Research Foundation
- University of Kentucky Gluck Equine Research Foundation, Inc.
- University of Kentucky Humanities Foundation, Inc.
- University of Kentucky Mining Engineering Foundation, Inc.
- Central Kentucky Management Services, Inc.

As of September 30, 2019, the University has recognized \$1,095,228,323 of current funds revenue representing 26 percent of the 2019-20 approved budget of \$4,190,939,600. Expenses and transfers total \$1,005,434,139 or 24 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated
Financial Statements

For the three months ended September 30, 2019

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 600,532,524	\$ 542,708,720
Notes, loans and accounts receivable, net	483,214,607	491,731,356
Inventories and other assets	80,129,273	74,999,552
Total current assets	1,163,876,404	1,109,439,628
Noncurrent Assets		
Restricted cash and cash equivalents	239,732,720	283,667,766
Endowment investments	1,381,207,760	1,346,808,470
Other long-term investments	327,214,237	356,874,905
Notes, loans and accounts receivable, net	390,846,121	422,985,130
Other noncurrent assets	2,974,631	1,266,246
Capital assets, net	3,349,892,522	3,276,210,770
Total noncurrent assets	5,691,867,991	5,687,813,287
Total assets	6,855,744,395	6,797,252,915
Deferred Outflows of Resources		
	25,779,476	31,155,913
Total assets and deferred outflows of resources	6,881,523,871	6,828,408,828
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	256,874,379	309,043,526
Unearned revenue	145,948,499	133,125,829
Long-term liabilities - current portion	84,076,846	82,472,990
Total current liabilities	486,899,724	524,642,345
Noncurrent Liabilities		
Unearned revenue	241,668,567	268,203,547
Long-term liabilities	1,438,102,249	1,463,728,288
Total noncurrent liabilities	1,679,770,816	1,731,931,835
Total liabilities	2,166,670,540	2,256,574,180
Deferred Inflows of Resources		
	532,649,781	555,600,610
Total liabilities and deferred inflows of resources	2,699,320,321	2,812,174,790
NET POSITION		
Net investment in capital assets		
	1,856,868,164	1,807,764,166
Restricted		
Nonexpendable		
Scholarships and fellowships	175,366,113	165,019,085
Research	286,194,259	280,915,780
Instruction	81,647,541	82,972,845
Academic support	86,000,933	85,736,765
Other	13,860,844	13,266,594
Total restricted nonexpendable	643,069,690	627,911,069
Expendable		
Scholarships and fellowships	92,603,857	89,021,705
Research	91,169,001	100,006,405
Instruction	54,073,102	54,694,785
Academic support	102,045,391	86,219,191
Loans	12,462,036	12,239,165
Capital projects	74,277,946	47,333,144
Debt service	30,524,721	29,457,703
Auxiliary	45,876,048	42,704,003
Other	49,484,016	42,819,674
Total restricted expendable	552,516,118	504,495,775
Total restricted	1,195,585,808	1,132,406,844
Unrestricted		
	1,129,749,578	1,076,063,028
Total net position	\$ 4,182,203,550	\$ 4,016,234,038

¹ Statements include all funds with exception of fiduciary funds held in trust for beneficiaries of other postemployment benefit plans.

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION¹
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Student tuition and fees	\$ 276,122,075	\$ 261,914,232
Federal grants and contracts	50,058,557	45,399,509
State and local grants and contracts	20,694,497	19,966,518
Nongovernmental grants and contracts	60,643,727	66,289,104
Recoveries of facilities and administrative costs	16,866,624	15,094,350
Sales and services	15,062,543	14,990,904
Federal appropriations	6,098,545	5,240,668
County appropriations	6,841,918	7,266,391
Hospital services	436,399,561	428,668,020
Auxiliary enterprises:		
Housing and dining	8,034,638	8,492,663
Athletics	33,651,564	30,894,340
Other auxiliaries	22,035,820	21,264,028
Other operating revenues	91,482	46,914
Total operating revenues	952,601,551	925,527,641
OPERATING EXPENSES		
Educational and general:		
Instruction	72,884,682	69,476,095
Research	72,788,956	70,013,371
Public service	51,925,975	48,319,698
Libraries	5,096,758	4,673,083
Academic support	22,451,715	21,478,109
Student services	13,447,444	10,307,845
Institutional support	30,170,326	31,145,038
Operations and maintenance of plant	26,016,968	22,192,181
Student financial aid	107,836,389	102,964,428
Depreciation	18,711,397	17,317,457
Total educational and general	421,330,610	397,887,305
Clinical operations	91,339,693	86,497,296
Hospital services (including depreciation of \$16,293,802 in 2019 and \$16,370,132 in 2018)	416,502,194	371,521,144
Auxiliary enterprises:		
Housing and dining (including depreciation of \$2,825,769 in 2019 and \$3,154,923 in 2018)	7,643,255	7,455,004
Athletics (including depreciation of \$4,280,985 in 2019 and \$3,981,574 in 2018)	40,918,413	37,618,241
Other auxiliaries (including depreciation of \$1,773,936 in 2019 and \$257,706 in 2018)	10,418,936	9,213,044
Other operating expenses	42,884	324,966
Total operating expenses	988,195,985	910,517,000
Net income (loss) from operations	(35,594,434)	15,010,641
NONOPERATING REVENUES (EXPENSES)		
State appropriations	78,316,900	77,548,400
Gifts and non-exchange grants	44,307,597	44,156,489
Investment income (loss)	9,574,685	26,050,919
Interest on capital asset-related debt	(10,883,567)	(10,735,372)
Other nonoperating revenues and expenses, net	3,330,408	2,826,781
Net nonoperating revenues (expenses)	124,646,023	139,847,217
Net income before other revenues, expenses, gains or losses	89,051,589	154,857,858
Capital grants and gifts	6,106,618	11,088,518
Additions to permanent endowments	1,796,846	1,418,824
Other, net	(346,018)	600,675
Total other revenues (expenses)	7,557,446	13,108,017
INCREASE IN NET POSITION	96,609,035	167,965,875
NET POSITION, July 1	4,085,594,515	3,848,268,163
NET POSITION, September 30	\$ 4,182,203,550	\$ 4,016,234,038

¹ Statements include all funds with exception of fiduciary funds held in trust for beneficiaries of other postemployment benefit plans.

**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, 2019 AND 2018**

	2019			2018	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 554,490,800	\$ 276,122,075	50%	\$ 261,914,232	49%
Federal grants and contracts	217,796,100	50,058,557	23%	45,399,509	21%
State and local grants and contracts	89,462,100	20,694,497	23%	19,966,518	27%
Nongovernmental grants and contracts	304,974,700	60,643,727	20%	66,289,104	22%
Recoveries of facilities and administrative costs	57,000,000	16,866,624	30%	15,094,350	30%
Sales and services	56,695,200	15,062,543	27%	14,990,904	29%
Federal appropriations	18,374,500	6,098,545	33%	5,240,668	28%
County appropriations	35,724,300	6,841,918	19%	7,266,391	25%
Hospital services	1,863,006,000	436,399,561	23%	428,668,020	25%
Auxiliary enterprises:					
Housing and dining	29,973,600	8,034,638	27%	8,492,663	35%
Athletics	115,601,100	33,651,564	29%	30,894,340	29%
Other auxiliaries	51,548,800	22,035,820	43%	21,264,028	41%
Total operating revenues	<u>3,394,647,200</u>	<u>952,510,069</u>	<u>28%</u>	<u>925,480,727</u>	<u>29%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	440,643,000	72,884,682	17%	69,476,095	15%
Research	382,140,800	72,788,956	19%	70,013,371	20%
Public service	243,867,900	51,844,449	21%	48,319,698	24%
Libraries	15,758,900	5,096,758	32%	4,673,083	31%
Academic support	103,096,800	22,451,715	22%	21,478,109	18%
Student services	56,059,100	13,411,842	24%	10,207,744	22%
Institutional support	166,473,400	30,170,326	18%	31,145,038	23%
Operations and maintenance of plant	82,121,000	20,593,982	25%	19,026,831	24%
Student financial aid	237,481,000	107,836,389	45%	102,964,428	48%
Total educational and general	<u>1,727,641,900</u>	<u>397,079,099</u>	<u>23%</u>	<u>377,304,397</u>	<u>23%</u>
Clinical operations	392,291,900	91,339,693	23%	86,497,296	30%
Hospital services	1,626,134,700	394,563,568	24%	353,947,315	22%
Auxiliary enterprises:					
Housing and dining	13,109,700	4,762,470	36%	4,291,853	33%
Athletics	140,353,100	36,508,796	26%	33,179,293	25%
Other auxiliaries	40,458,600	7,560,874	19%	8,551,958	20%
Total operating expenses	<u>3,939,989,900</u>	<u>931,814,500</u>	<u>24%</u>	<u>863,772,112</u>	<u>23%</u>
Net income (loss) from operations	<u>(545,342,700)</u>	<u>20,695,569</u>	<u>N/A</u>	<u>61,708,615</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 THREE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(545,342,700)</u>	<u>20,695,569</u>	N/A	<u>61,708,615</u>	N/A
NONOPERATING REVENUES (EXPENSES)					
State appropriations	261,056,400	78,316,900	30%	77,548,400	30%
Gifts and non-exchange grants	105,298,000	44,051,684	42%	43,798,763	43%
Investment income	48,423,600	10,903,634	23%	9,367,896	23%
Other nonoperating revenues and expenses, net	9,970,500	3,330,351	33%	2,826,496	30%
Net nonoperating revenues (expenses)	<u>424,748,500</u>	<u>136,602,569</u>	<u>32%</u>	<u>133,541,555</u>	<u>33%</u>
Net income before other revenues, expenses, gains or losses	<u>(120,594,200)</u>	<u>157,298,138</u>	N/A	<u>195,250,170</u>	N/A
Capital grants and gifts	11,524,000	6,106,618	53%	10,894,189	183%
Other, net	-	9,067	-	121,870	-
Total other revenues (expenses)	<u>11,524,000</u>	<u>6,115,685</u>	<u>53%</u>	<u>11,016,059</u>	<u>185%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	335,832,500	-	-	-	-
Capital purchases and transfers	(155,328,200)	(35,366,164)	23%	(40,446,269)	36%
Debt service transfers	(88,673,400)	(40,251,583)	45%	(40,562,337)	45%
Noncapital transfers	17,239,300	1,998,108	12%	1,937,388	14%
Total non-GASB current funds activity	<u>109,070,200</u>	<u>(73,619,639)</u>	N/A	<u>(79,071,218)</u>	N/A
INCREASE IN NET POSITION	-	89,794,184		127,195,011	
NET POSITION, July 1		<u>616,787,264</u>		<u>536,013,658</u>	
NET POSITION, September 30		<u>\$ 706,581,448</u>		<u>\$ 663,208,669</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 3,394,647,200	\$ 952,510,069	28%	\$ 925,480,727	29%
Nonoperating revenues	796,292,400	142,718,254	18%	144,557,614	20%
Total revenues	<u>4,190,939,600</u>	<u>1,095,228,323</u>	<u>26%</u>	<u>1,070,038,341</u>	<u>28%</u>
Operating expenses	3,939,989,900	931,814,500	24%	863,772,112	23%
Nonoperating expenses and transfers	250,949,700	73,619,639	29%	79,071,218	38%
Total expenses and transfers	<u>4,190,939,600</u>	<u>1,005,434,139</u>	<u>24%</u>	<u>942,843,330</u>	<u>24%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 89,794,184</u>		<u>\$ 127,195,011</u>	