

FCR 8

Office of the President
June 21, 2019

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 2019

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 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 March 31, 2019, the University has recognized \$2,861,544,351 of current funds revenue representing 73 percent of the 2018-19 approved budget of \$3,930,787,600. Expenses and transfers total \$2,753,914,933 or 70 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated
Financial Statements

For the nine months ended March 31, 2019

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
MARCH 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 505,776,890	\$ 577,559,787
Notes, loans and accounts receivable, net	580,608,540	488,179,816
Inventories and other assets	48,805,148	48,781,820
Total current assets	<u>1,135,190,578</u>	<u>1,114,521,423</u>
Noncurrent Assets		
Restricted cash and cash equivalents	265,695,915	366,856,519
Endowment investments	1,357,578,664	1,317,327,310
Other long-term investments	339,788,882	283,623,744
Notes, loans and accounts receivable, net	370,434,961	292,981,623
Other noncurrent assets	1,736,665	1,239,150
Capital assets, net	<u>3,318,663,634</u>	<u>3,178,439,817</u>
Total noncurrent assets	<u>5,653,898,721</u>	<u>5,440,468,163</u>
Total assets	6,789,089,299	6,554,989,586
Deferred Outflows of Resources		
	32,109,104	40,035,751
Total assets and deferred outflows of resources	<u>6,821,198,403</u>	<u>6,595,025,337</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	295,304,267	284,988,512
Unearned revenue	130,917,231	109,564,694
Long-term liabilities - current portion	80,517,382	89,543,820
Total current liabilities	<u>506,738,880</u>	<u>484,097,026</u>
Noncurrent Liabilities		
Unearned revenue	242,220,050	155,949,763
Long-term liabilities	<u>1,427,955,829</u>	<u>1,488,347,076</u>
Total noncurrent liabilities	<u>1,670,175,879</u>	<u>1,644,296,839</u>
Total liabilities	2,176,914,759	2,128,393,865
Deferred Inflows of Resources		
	541,224,984	566,447,926
Total liabilities and deferred inflows of resources	<u>2,718,139,743</u>	<u>2,694,841,791</u>
NET POSITION		
Net investment in capital assets		
	<u>1,862,753,834</u>	<u>1,776,885,735</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	170,703,999	163,085,538
Research	283,823,133	276,416,757
Instruction	83,116,243	84,378,824
Academic support	86,032,374	85,544,562
Other	13,439,856	12,659,610
Total restricted nonexpendable	<u>637,115,605</u>	<u>622,085,291</u>
Expendable		
Scholarships and fellowships	90,527,566	83,413,904
Research	96,118,097	101,950,871
Instruction	52,081,788	53,777,462
Academic support	92,002,631	80,959,041
Loans	13,022,824	12,640,321
Capital projects	83,706,486	49,113,650
Debt service	15,379,065	12,098,348
Auxiliary	34,594,941	30,663,582
Other	39,895,152	37,508,867
Total restricted expendable	<u>517,328,550</u>	<u>462,126,046</u>
Total restricted	<u>1,154,444,155</u>	<u>1,084,211,337</u>
Unrestricted		
	<u>1,085,860,671</u>	<u>1,039,086,474</u>
Total net position	<u>\$ 4,103,058,660</u>	<u>\$ 3,900,183,546</u>

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 NINE MONTHS ENDED MARCH 31, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Student tuition and fees	\$ 502,010,229	\$ 490,818,954
Federal grants and contracts	147,428,798	133,026,583
State and local grants and contracts	73,769,661	62,086,699
Nongovernmental grants and contracts	193,850,526	168,455,815
Recoveries of facilities and administrative costs	48,212,733	42,878,759
Sales and services	45,357,269	43,916,788
Federal appropriations	12,955,547	15,262,864
County appropriations	21,291,652	24,376,363
Hospital services	1,268,994,447	1,211,285,999
Auxiliary enterprises:		
Housing and dining	27,509,253	27,251,632
Athletics	102,185,193	96,176,202
Other auxiliaries	44,351,121	45,326,021
Other operating revenues	309,960	335,978
Total operating revenues	2,488,226,389	2,361,198,657
OPERATING EXPENSES		
Educational and general:		
Instruction	247,201,230	242,177,165
Research	212,786,253	203,185,949
Public service	148,767,732	144,601,437
Libraries	20,180,391	19,772,613
Academic support	64,305,809	61,669,660
Student services	33,005,333	31,876,591
Institutional support	55,876,543	56,336,338
Operations and maintenance of plant	59,408,289	50,867,520
Student financial aid	213,540,952	202,627,703
Depreciation	53,098,818	48,459,792
Total educational and general	1,108,171,350	1,061,574,768
Clinical operations	266,400,086	238,834,824
Hospital services (including depreciation of \$42,669,895 in 2019 and \$37,091,999 in 2018)	1,123,324,642	1,055,255,991
Auxiliary enterprises:		
Housing and dining (including depreciation of \$9,631,108 in 2019 and \$8,234,791 in 2018)	22,092,689	22,119,969
Athletics (including depreciation of \$13,804,529 in 2019 and \$11,802,859 in 2018)	114,200,579	101,687,965
Other auxiliaries (including depreciation of \$787,086 in 2019 and \$515,820 in 2018)	29,006,791	25,325,305
Other operating expenses	681,376	723,704
Total operating expenses	2,663,877,513	2,505,522,526
Net loss from operations	(175,651,124)	(144,323,869)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	206,795,800	213,671,400
Gifts and non-exchange grants	95,312,061	100,370,869
Investment income (loss)	67,993,716	68,639,912
Interest on capital asset-related debt	(34,055,052)	(29,930,362)
Other nonoperating revenues and expenses, net	10,730,789	7,159,711
Net nonoperating revenues (expenses)	346,777,314	359,911,530
Net income before other revenues, expenses, gains or losses	171,126,190	215,587,661
Capital grants and gifts	66,014,713	26,060,169
Additions to permanent endowments	9,812,415	7,942,203
Other, net	7,837,179	1,787,385
Total other revenues (expenses)	83,664,307	35,789,757
INCREASE IN NET POSITION	254,790,497	251,377,418
NET POSITION, July 1, as previously reported	3,848,268,163	3,894,141,945
Cumulative effect of change in accounting principles	-	(245,335,817)
NET POSITION, July 1, as restated	3,848,268,163	3,648,806,128
NET POSITION, March 31	\$ 4,103,058,660	\$ 3,900,183,546

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 NINE MONTHS ENDED MARCH 31, 2019 AND 2018

	2019			2018	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 534,585,700	\$ 502,010,229	94%	\$ 490,818,954	97%
Federal grants and contracts	212,136,400	147,428,798	69%	133,026,583	68%
State and local grants and contracts	73,725,200	73,769,661	100%	62,086,699	84%
Nongovernmental grants and contracts	296,274,000	193,850,526	65%	168,455,815	67%
Recoveries of facilities and administrative costs	50,000,000	48,212,733	96%	42,878,759	91%
Sales and services	51,912,800	45,357,269	87%	43,916,788	91%
Federal appropriations	18,399,200	12,955,547	70%	15,262,864	83%
County appropriations	29,427,800	21,291,652	72%	24,376,363	89%
Hospital services	1,708,947,000	1,268,994,447	74%	1,211,285,999	76%
Auxiliary enterprises:					
Housing and dining	27,082,100	27,509,253	102%	27,251,632	104%
Athletics	106,946,300	102,185,193	96%	96,176,202	91%
Other auxiliaries	51,356,700	44,351,121	86%	45,326,021	88%
Total operating revenues	<u>3,160,793,200</u>	<u>2,487,916,429</u>	<u>79%</u>	<u>2,360,862,679</u>	<u>80%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	385,955,200	247,201,230	64%	242,177,165	63%
Research	380,003,500	212,786,253	56%	203,186,954	55%
Public service	217,046,000	148,767,732	69%	144,601,437	71%
Libraries	18,074,400	20,180,391	112%	19,772,613	109%
Academic support	135,638,500	64,305,809	47%	61,669,660	55%
Student services	51,365,000	32,753,750	64%	31,649,345	65%
Institutional support	122,528,400	55,876,543	46%	56,336,338	33%
Operations and maintenance of plant	78,276,700	50,727,338	65%	49,268,638	54%
Student financial aid	217,619,600	213,540,952	98%	202,627,703	96%
Total educational and general	<u>1,606,507,300</u>	<u>1,046,139,998</u>	<u>65%</u>	<u>1,011,289,853</u>	<u>63%</u>
Clinical operations	290,365,200	266,400,086	92%	238,834,824	84%
Hospital services	1,578,245,200	1,072,944,608	68%	1,003,357,764	72%
Auxiliary enterprises:					
Housing and dining	13,125,700	12,292,538	94%	13,788,042	105%
Athletics	134,007,600	99,720,838	74%	89,839,111	74%
Other auxiliaries	44,211,300	27,505,618	62%	24,197,650	55%
Total operating expenses	<u>3,666,462,300</u>	<u>2,525,003,686</u>	<u>69%</u>	<u>2,381,307,244</u>	<u>69%</u>
Net loss from operations	<u>(505,669,100)</u>	<u>(37,087,257)</u>	<u>N/A</u>	<u>(20,444,565)</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, 2019 AND 2018

	2019			2018	
	Budget	Actual	%	Actual	%
Net loss from operations	<u>(505,669,100)</u>	<u>(37,087,257)</u>	N/A	<u>(20,444,565)</u>	N/A
NONOPERATING REVENUES (EXPENSES)					
State appropriations	258,526,900	206,795,800	80%	213,671,400	80%
State fiscal stabilization fund	-	-	-	-	#DIV/0!
Gifts and non-exchange grants	102,457,100	93,790,788	92%	99,007,104	104%
Investment income	40,504,700	37,691,751	93%	23,943,180	71%
Other nonoperating revenues and expenses, net	9,432,300	10,730,072	114%	7,073,232	77%
Net nonoperating revenues (expenses)	<u>410,921,000</u>	<u>349,008,411</u>	<u>85%</u>	<u>343,694,916</u>	<u>85%</u>
Net income before other revenues, expenses, gains or losses	<u>(94,748,100)</u>	<u>311,921,154</u>	N/A	<u>323,250,351</u>	N/A
Capital appropriations	-	-	-	-	-
Capital grants and gifts	10,465,900	23,591,884	225%	24,902,498	173%
Other, net	-	1,027,627	-	673,047	-
Total other revenues (expenses)	<u>10,465,900</u>	<u>24,619,511</u>	<u>235%</u>	<u>25,575,545</u>	<u>178%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	327,232,400	-	-	-	-
Capital purchases and transfers	(166,717,100)	(157,905,814)	95%	(176,027,267)	123%
Debt service transfers	(89,702,900)	(77,890,235)	87%	(68,715,219)	79%
Noncapital transfers	13,469,800	6,884,802	51%	5,311,760	60%
Total non-GASB current funds activity	<u>84,282,200</u>	<u>(228,911,247)</u>	N/A	<u>(239,430,726)</u>	N/A
INCREASE IN NET POSITION	-	107,629,418		109,395,170	
NET POSITION, July 1, as previously reported		536,013,658		756,483,587	
Cumulative effect of change in accounting principles		-		(241,796,958)	
NET POSITION, July 1, as restated		536,013,658		514,686,629	
NET POSITION, March 31		<u>\$ 643,643,076</u>		<u>\$ 624,081,799</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 3,160,793,200	\$ 2,487,916,429	79%	\$ 2,360,862,679	80%
Nonoperating revenues	769,994,400	373,627,922	49%	369,270,461	48%
Total revenues	<u>3,930,787,600</u>	<u>2,861,544,351</u>	<u>73%</u>	<u>2,730,133,140</u>	<u>74%</u>
Operating expenses	3,666,462,300	2,525,003,686	69%	2,381,307,244	69%
Nonoperating expenses and transfers	264,325,300	228,911,247	87%	239,430,726	100%
Total expenses and transfers	<u>3,930,787,600</u>	<u>2,753,914,933</u>	<u>70%</u>	<u>2,620,737,970</u>	<u>71%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 107,629,418</u>		<u>\$ 109,395,170</u>	