

**ANNUAL UPDATE TO BONDHOLDERS**  
**UNIVERSITY OF KENTUCKY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**GENERAL**

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The University of Kentucky (the University) is a public, land-grant university dedicated to improving people's lives through excellence in education, research and creative work, service and health care. As Kentucky's flagship institution, the University plays a critical leadership role by promoting diversity, inclusion, economic development and human well-being.

The University of Kentucky:

- Facilitates learning, informed by scholarship and research;
- Expands knowledge through research, scholarship and creative activity; and
- Serves a global community by disseminating, sharing and applying knowledge.

The University plays a critical leadership role for the Commonwealth of Kentucky by contributing to the economic development and quality of life within Kentucky's borders and beyond. The University nurtures a diverse community characterized by fairness and equal opportunity.

The members of the University's Board of Trustees as of June 30, 2018 and the year in which their respective terms expire are as follows:

Edward Britt Brockman, *Chair* (2020)

Mark P. Bryant, *Vice Chair* (2018)

Kelly Sullivan Holland, *Secretary* (2018)

William E. Thro, *Assistant Secretary* (2019)

Jennifer Yue Barber (2022)

Claude A. "Skip" Berry, III (2021)

Lee X. Blonder (2019)

James H. Booth (2019)

Ben Childress (2018)

Michael A. Christian (2022)

Angela L. Edwards (2019)

Cammie DeShields Grant (2020)

Robert Grossman (2020)

David V. Hawpe (2019)

Elizabeth McCoy (2022)

David Melanson (2019)

Derrick K. Ramsey (2023)

C. Frank Shoop (2021)

Sandy R. Shuffet (2023)

Robert D. Vance (2020)

Barbara Young (2021)

Carol Martin "Bill" Gatton (Honorary)

**ANNUAL UPDATE TO BONDHOLDERS**  
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**OUTSTANDING BONDS**

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The University has the following obligations outstanding under the General Receipts Trust Agreement as of June 30, 2018 (in thousands):

	Year of Issue	Amount of Issue	Amount Outstanding	Year of Final Maturity
Kentucky Asset/Liability Commission				
2007 Series B Notes	2007	\$ 80,245	\$ 3,190	2018
Total ALCo General Receipts		<u>\$ 80,245</u>	<u>\$ 3,190</u>	
University of Kentucky				
2009 Series A Bonds	2009	\$ 33,350	\$ 17,075	2024
2009 Series B Bonds	2009	100,605	97,640	2039
2010 Series B Bonds <sup>1</sup>	2010	12,955	12,955	2024
2012 Series A Bonds	2012	25,370	13,860	2024
2014 Series A Bonds	2014	190,255	183,430	2044
2014 Series B Bonds	2014	38,665	34,350	2034
2014 Series C Bonds	2014	10,055	3,520	2020
2014 Series D Bonds	2014	88,145	66,140	2025
2015 Series A Bonds	2015	141,905	141,755	2045
2015 Series B Bonds	2015	97,440	97,440	2027
2015 Series C Bonds	2015	19,695	16,970	2026
2016 Series A Bonds	2016	107,470	107,470	2046
2016 Series B Bonds	2016	48,310	44,120	2032
2017 Series A Bonds	2017	29,265	24,425	2022
2017 Series B Bonds	2017	7,540	6,630	2024
2018 Series A Bonds	2018	212,470	212,470	2047
2018 Series B Bonds	2018	10,060	10,060	2025
Total University General Receipts		<u>\$ 1,173,555</u>	<u>\$ 1,090,310</u>	
Kentucky Association of Counties Lease	2009	\$ 35,000	\$ 22,465	2028
Total Under Trust Agreement		<u>\$ 1,288,800</u>	<u>\$ 1,115,965</u>	

<sup>1</sup>The 2010 Series B Bonds are Taxable Qualified Energy Conservation Bonds that require the University to make annual sinking fund payments to an account held with the Trustee.

**ANNUAL UPDATE TO BONDHOLDERS**  
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**PLEGDED REVENUES**

Total operating and nonoperating revenues and pledged revenues as defined by the General Receipts Trust Indenture for the most recent five fiscal years are as follows (in thousands):

<u>Actual Revenue Type</u>	2018	2017	2016 <sup>1</sup>	2015	2014
Student tuition and fees	\$ 342,981	\$ 339,665	\$ 319,627	\$ 302,936	\$ 287,517
Federal grants and contracts	187,996	181,888	169,291	168,125	160,384
State and local grants and contracts	85,834	97,268	91,216	92,269	67,755
Nongovernmental grants and contracts	39,249	33,295	34,979	29,805	28,040
Recoveries of facilities and administrative costs	60,062	54,507	51,088	48,154	47,159
Sales and services	58,456	50,696	49,399	54,112	54,765
Federal appropriations	19,674	16,332	19,266	17,535	17,921
County appropriations	25,389	24,906	23,717	21,975	20,338
Professional clinical service fees	244,805	235,261	229,075	223,291	203,721
Hospital services	1,631,737	1,492,388	1,417,243	1,323,652	1,101,662
Auxiliary enterprises:					
Housing and dining	35,049	37,578	39,103	39,265	44,154
Athletics	108,781	102,341	102,995	88,928	73,957
Other auxiliaries	55,091	52,278	49,434	47,039	37,282
Other operating revenues	22,831	10,668	7,931	5,059	4,516
State appropriations	264,418	267,029	279,611	279,611	283,869
Gifts and non-exchange grants	118,442	112,918	127,796	105,506	96,771
Investment income (loss)	89,893	114,018	(3,241)	45,188	155,547
Other nonoperating revenues and expenses, net	8,836	16,650	16,653	8,988	7,449
Capital grants and gifts	28,086	69,398	165,896	45,341	54,068
Additions to permanent endowments	10,470	9,760	13,052	7,758	7,578
Other, net <sup>2</sup>	7,896	4,306	(18,379)	(4,187)	(1,236)
Total operating and nonoperating revenues	<u>\$ 3,445,976</u>	<u>\$ 3,323,150</u>	<u>\$ 3,185,752</u>	<u>\$ 2,950,350</u>	<u>\$ 2,753,217</u>
<u>Pledged Revenue Type</u>					
Student tuition and fees	\$ 342,981	\$ 339,665	\$ 319,627	\$ 302,936	\$ 287,517
Nongovernmental grants and contracts	1,288	1,217	1,145	849	716
Recoveries of facilities and administrative costs	60,062	54,507	51,088	48,154	47,159
Sales and services	58,456	50,696	49,399	40,004	41,637
Hospital services	1,631,737	1,492,388	1,417,243	1,323,652	1,101,662
Auxiliary enterprises:					
Housing and dining	35,049	37,578	39,103	39,265	44,154
Athletics	108,781	102,341	102,995	88,928	73,957
Other auxiliaries	55,091	52,278	49,434	47,039	37,282
Other operating revenues	819	825	838	852	967
State appropriations	264,418	267,029	279,611	279,611	283,869
Gifts and non-exchange grants	4,052	4,350	4,583	4,955	4,809
Investment income	18,705	10,969	10,761	21,774	6,208
Total pledged revenues	<u>\$ 2,581,439</u>	<u>\$ 2,413,843</u>	<u>\$ 2,325,827</u>	<u>\$ 2,198,019</u>	<u>\$ 1,929,937</u>

**ANNUAL UPDATE TO BONDHOLDERS  
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FOR THE YEAR ENDED JUNE 30, 2018**

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**PLEDGED REVENUES CONTINUED**

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<sup>1</sup>Fiscal year 2016 has been revised for the adoption of GASB Statement No. 74 and to conform with fiscal year 2017.

<sup>2</sup>Actual Revenues have been revised to include "Other, net" since at least one year in the reporting period included positive results.

**ANNUAL UPDATE TO BONDHOLDERS  
UNIVERSITY OF KENTUCKY  
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**DEBT SERVICE REQUIREMENTS**

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The University has the following annual debt service requirements under the General Receipts Trust Agreement as of June 30, 2018:

Fiscal Year Ended June 30th	Principal <sup>1</sup>	Interest	Direct Pay <sup>2</sup>	Net Debt Service
2019	\$ 43,320,000	\$ 46,789,566	\$ (2,166,055)	\$ 87,943,511
2020	44,725,000	44,087,798	(2,265,537)	86,547,261
2021	46,950,000	42,177,769	(2,214,008)	86,913,761
2022	48,522,433	40,093,585	(2,159,135)	86,456,883
2023	49,955,000	37,898,430	(2,101,031)	85,752,399
2024	46,080,000	35,733,280	(2,040,125)	79,773,155
2025	46,550,000	33,357,752	(1,732,409)	78,175,343
2026	46,065,000	31,092,624	(1,420,221)	75,737,403
2027	48,105,000	29,047,106	(1,347,802)	75,804,304
2028	48,405,000	26,978,859	(1,272,809)	74,111,050
2029	36,800,000	25,259,417	(1,195,147)	60,864,270
2030	38,335,000	23,705,795	(1,114,723)	60,926,072
2031	39,875,000	22,019,683	(1,028,622)	60,866,061
2032	41,315,000	20,480,453	(936,553)	60,858,900
2033	42,940,000	18,764,210	(840,992)	60,863,218
2034	44,510,000	17,091,683	(741,841)	60,859,842
2035	39,195,000	15,412,068	(638,949)	53,968,119
2036	40,545,000	13,950,825	(532,166)	53,963,659
2037	42,110,000	12,279,690	(421,344)	53,968,346
2038	43,790,000	10,482,294	(306,332)	53,965,962
2039	39,905,000	8,768,539	(186,981)	48,486,558
2040	41,455,000	7,101,244	(63,092)	48,493,152
2041	26,690,000	5,709,900	—	32,399,900
2042	27,740,000	4,664,031	—	32,404,031
2043	28,830,000	3,574,697	—	32,404,697
2044	29,960,000	2,438,125	—	32,398,125
2045	21,060,000	1,254,888	—	22,314,888
2046	9,900,000	468,525	—	10,368,525
2047	1,470,000	78,750	—	1,548,750
2048	1,515,000	26,513	—	1,541,513
Total	\$ 1,106,617,433	\$ 580,788,099	\$ (26,725,874)	\$ 1,660,679,658

<sup>1</sup>Only includes amounts to be deposited in the sinking fund for the 2010 Series B Bonds which are Taxable Qualified Energy Conservation Bonds (investment earnings on sinking fund deposits under an investment agreement are required for debt service payments).

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**DEBT SERVICE REQUIREMENTS CONTINUED**

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<sup>2</sup>Due to sequestration, the federal direct payments on the Series 2009B Build America Bonds (“BABs”) and the Series 2010B Qualified Energy Conservation Bonds (“QECBs”) were reduced by amounts of approximately 6% to 9% in prior years. It is not currently known whether federal direct payments will be restored to their original amounts. Federal direct payments received between October 1, 2018 through June 30, 2019 are reduced by the current sequestration rate of 6.2%. For fiscal years 2020 through 2040, the federal direct payments are assumed at their original rates payable on the outstanding Series 2009B BABs and 2010B QECBs.

**ANNUAL UPDATE TO BONDHOLDERS**  
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**ACADEMIC**

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**ENROLLMENT**

The following schedule summarizes the University's headcount the most recent five fall semesters:

	Fall 2018	Fall 2017	Fall 2016	Fall 2015	Fall 2014
Undergraduate resident	15,051	15,373	15,656	15,967	16,113
Undergraduate non-resident	7,085	7,052	6,965	6,738	6,110
Graduate resident	4,159	4,142	4,179	4,137	4,143
Graduate non-resident	2,874	2,898	2,981	2,885	2,837
Total headcount (IPEDS) <sup>1</sup>	<u>29,169</u>	<u>29,465</u>	<u>29,781</u>	<u>29,727</u>	<u>29,203</u>
Non-resident enrollment (IPEDS)	34.1%	33.8%	33.4%	32.4%	30.6%
Undergraduate auditor resident	58	52	52	56	51
Undergraduate auditor non-resident	0	0	1	0	0
Professional resident <sup>2</sup>	821	767	724	727	670
Professional non-resident <sup>2</sup>	207	189	203	210	207
Total headcount (CPE) <sup>3</sup>	<u>30,255</u>	<u>30,473</u>	<u>30,761</u>	<u>30,720</u>	<u>30,131</u>
Non-resident enrollment (CPE)	33.6%	33.3%	33.0%	32.0%	30.4%

<sup>1</sup>The IPEDS headcount is calculated in accordance with the method used by the United States Department of Education. IPEDS headcount includes undergraduate and graduate students. Students who are auditing all of their classes, house staff, and post-doctorals are not included by IPEDS definition.

<sup>2</sup>The professional headcount includes post-doctorals and house staff.

<sup>3</sup>The Council on Postsecondary Education (CPE) headcount is calculated in accordance with the methods used by the Council. The headcount includes undergraduate and graduate students, including those students who are auditing all of their classes, house staff, and post-doctorals.

The following is a summary of the University's full-time equivalent enrollment for the most recent five academic years:

	2018-19	2017-18	2016-17	2015-16	2014-15
Full-time equivalent (IPEDS) <sup>1</sup>	N/A	26,838	27,079	27,299	27,070
Full-time equivalent (CPE) <sup>2</sup>	28,851	28,550	28,768	29,318	28,550

<sup>1</sup>The IPEDS full-time equivalent enrollment calculation is based on 12-month enrollment figures. The final 2018-19 IPEDS FTE enrollment figure is not available at this time.

<sup>2</sup>The CPE full-time equivalent enrollment calculation is based on fall enrollment figures.

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**ACADEMIC CONTINUED**

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**ADMISSIONS INFORMATION**

The following is a summary of first-time freshman admissions information for the most recent five fall semesters:

	Fall 2018	Fall 2017	Fall 2016	Fall 2015	Fall 2014
Number of applications <sup>1</sup>	19,341	18,925	20,480	18,725	16,305
Number admitted (%)	18,274 (94.5%)	18,125 (95.8%)	18,593 (90.8%)	16,685 (89.1%)	14,930 (91.6%)
Number enrolled (%)	5,102 (27.9%)	4,855 (26.8%)	5,117 (27.5%)	5,211 (31.2%)	5,185 (34.7%)
Average ACT score	25.9	25.5	25.6	25.5	25.5

<sup>1</sup>The number of applications for Fall 2014-2015 have been updated to more accurately reflect the IPEDS definition of completed applications.

**RETENTION AND GRADUATION RATES**

The following is a summary of the retention and graduation rates:

	Fall 2017	Fall 2016	Fall 2015	Fall 2014	Fall 2013
Retention rate (2nd fall)	84.5%	83.3%	81.7%	82.7%	82.2%
Six year graduation rate	Fall 2012	Fall 2011	Fall 2010	Fall 2009	Fall 2008
Original Cohort <sup>1</sup>	66.2%	65.0%	64.0%	61.7%	60.6%
Bachelor Seeking Cohort <sup>2</sup>	65.8%	64.6%	63.6%	61.3%	60.2%

<sup>1</sup>The Original Cohort represents full-time, first-time undergraduate students who are seeking a Bachelor's degree upon entry to the University. The graduation rate for the Original Cohorts includes these students as well as those who were Bachelor's degree-seeking at their time of entry, but were accepted into a PharmD program after completing 2 to 3 years of undergraduate studies.

<sup>2</sup>The Bachelor's Degree-Seeking Subcohort represents a subset of the Original Cohort. Students in the Bachelor's Degree-Seeking Subcohort are Bachelor's degree-seeking throughout their time at the University.



**ANNUAL UPDATE TO BONDHOLDERS**  
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**ACADEMIC CONTINUED**

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**TUITION AND FEES**

The University's annual tuition and fees for the most recent five academic years are as follows:

	2018-19	2017-18	2016-17	2015-16	2014-15
Resident tuition and fees					
Undergraduate lower division	\$ 12,070	\$ 11,772	\$ 11,320	\$ 10,780	\$ 10,464
Undergraduate upper division	\$ 12,420	\$ 12,112	\$ 11,646	\$ 11,092	\$ 10,768
Graduate <sup>1</sup>	\$ 13,052	\$ 12,726	\$ 12,236	\$ 11,652	\$ 11,312
Non-resident tuition and fees					
Undergraduate lower division	\$ 28,902	\$ 27,856	\$ 26,156	\$ 24,104	\$ 22,734
Undergraduate upper division	\$ 29,296	\$ 28,236	\$ 26,512	\$ 24,432	\$ 23,042
Graduate <sup>1</sup>	\$ 31,364	\$ 30,224	\$ 28,380	\$ 26,154	\$ 24,664

<sup>1</sup>Several graduate programs (e.g., MBA) have differential tuition rates.

**FACULTY INFORMATION**

The following is a summary of full-time faculty for the most recent five academic years:

	2018-19	2017-18	2016-17	2015-16	2014-15
Instructional faculty <sup>1</sup>	1,784	1,690	1,677	1,686	1,645
Other faculty	857	812	747	732	659
Total	2,641	2,502	2,424	2,418	2,304
Tenured/tenure track	1,658	1,585	1,574	1,599	1,571
Non-tenured track	983	917	850	819	733
Total	2,641	2,502	2,424	2,418	2,304

<sup>1</sup>Instructional faculty data updated to reflect new definition including College of Medicine faculty similarly to faculty in other colleges. This was adopted in April 2018.

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**ACADEMIC CONTINUED**

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**STUDENT FINANCIAL AID**

The following summarizes the University's student financial aid for the most recent five fiscal years (in thousands):

	2018	2017	2016	2015	2014
Scholarships and grants	\$ 180,118	\$ 164,366	\$ 148,055	\$ 128,449	\$ 115,426
Federal grants:					
Pell	25,012	22,705	23,274	23,500	22,424
Supplemental Educational Opportunity Grant (SEOG)	601	565	513	487	438
Other federal grants	47	16	4	50	62
Federal Work Study	997	909	965	1,015	1,030
Financial aid from outside agencies:					
State grants	29,110	28,436	27,926	26,775	26,739
Loans:					
National direct student loans (Perkins)	3,247	5,021	1,404	3,057	4,680
Federal direct loans	199,793	195,637	187,669	183,022	191,362
Health professions loans	524	483	393	440	418
Federal primary care loans	348	—	—	—	—
Loans from outside agencies	32,054	28,969	27,687	22,336	19,004
Other loans (institutional)	878	1,007	887	958	1,203
Total	<u>\$ 472,729</u>	<u>\$ 448,114</u>	<u>\$ 418,777</u>	<u>\$ 390,089</u>	<u>\$ 382,786</u>

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UNIVERSITY OF KENTUCKY  
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**FINANCIAL**

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**BUDGET**

The following is a summary of the University's budget for the most recent five fiscal years (in thousands):

	2019	2018	2017	2016	2015
University budget <sup>1</sup>	\$ 3,888,607	\$ 3,707,388	\$ 3,573,483	\$ 3,380,187	\$ 3,016,665
Change from prior year	\$ 181,219	\$ 133,905	\$ 193,296	\$ 363,522	\$ 288,596

<sup>1</sup>The fiscal year 2018 budget has been revised to reflect the finalized University budget.

**STATE APPROPRIATIONS**

The University's General Fund state appropriations for the five most recent fiscal years are as follows (in thousands):

Fiscal Year	Appropriation
2019	\$ 258,495
2018	\$ 264,418
2017	\$ 267,029
2016	\$ 279,611
2015	\$ 279,611

The Board of Trustees presently intends, but is not obligated, to continue to seek to have funds appropriated by the General Assembly to partially support the operations of the University. The General Assembly is not now obligated, nor will there be an obligation in the future, to make appropriations to the University. In addition, there can be no assurance that in the performance of his or her obligation to balance the state budget annually, the governor will not reduce or eliminate any appropriations which are made.

**SUMMARY OF NET POSITION**

The following is a summary of the University's net position for the most recent five fiscal years (in thousands):

	2018 <sup>1</sup>	2017	2016	2015	2014
Net investment in capital assets	\$ 1,835,152	\$ 1,663,197	\$ 1,527,034	\$ 1,422,560	\$ 1,347,778
Restricted					
Nonexpendable	626,717	613,522	601,703	585,074	576,265
Expendable	465,444	547,497	494,154	451,990	425,775
Unrestricted	1,015,979	1,152,479	1,103,636	997,634	794,034
Total net position	<u>\$ 3,943,292</u>	<u>\$ 3,976,695</u>	<u>\$ 3,726,527</u>	<u>\$ 3,457,258</u>	<u>\$ 3,143,852</u>

<sup>1</sup>Adjustments recorded to beginning of year net position to reflect adoption of GASB 75 (-\$241.8 million) and GASB 81 (-\$3.5 million).

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**FINANCIAL CONTINUED**

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**SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The following is a summary of the University's revenues, expenses and changes in net position for the most recent five fiscal years (in thousands):

	2018	2017	2016 <sup>1</sup>	2015 <sup>1</sup>	2014
Operating revenues	\$ 2,917,935	\$ 2,729,071	\$ 2,604,364	\$ 2,462,408	\$ 2,149,171
Operating expenses	3,199,348	3,037,896	2,888,039	2,609,253	2,441,583
Net loss from operations	(281,413)	(308,825)	(283,675)	(146,845)	(292,412)
Nonoperating revenues (expenses), including state appropriations	493,346	558,993	552,944	460,251	573,758
Increase in net position	<u>\$ 211,933</u>	<u>\$ 250,168</u>	<u>\$ 269,269</u>	<u>\$ 313,406</u>	<u>\$ 281,346</u>

**SUMMARY OF CASH FLOWS**

The following summarizes the University's statement of cash flows for the most recent five fiscal years (in thousands):

	2018	2017	2016 <sup>1</sup>	2015 <sup>1</sup>	2014
<b>CASH PROVIDED (USED) BY:</b>					
Operating activities	\$ (183,717)	\$ (159,464)	\$ (89,874)	\$ 12,002	\$ (150,202)
Noncapital financing activities	410,663	395,282	422,807	405,234	409,650
Capital and related financing activities	(258,190)	(381,081)	(176,131)	(178,778)	81,163
Investing activities	2,752	(21,170)	(1,202)	17,315	(111,587)
Net increase (decrease) in cash and cash equivalents	(28,492)	(166,433)	155,600	255,773	229,024
Cash and cash equivalents, beginning of year	925,674	1,092,107	936,507	680,734	451,867
Cash and cash equivalents, end of year	<u>\$ 897,182</u>	<u>\$ 925,674</u>	<u>\$ 1,092,107</u>	<u>\$ 936,507</u>	<u>\$ 680,891</u>

<sup>1</sup>Fiscal year 2016 and 2015 have been revised for the adoption of GASB Statement No. 74 and to conform with fiscal year 2017. The fiscal year 2015 beginning cash balance does not match the fiscal year 2014 ending cash balance as a result of this adoption.

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**FINANCIAL CONTINUED**

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**ENDOWMENTS**

Endowment investments, classified as noncurrent assets, for the most recent five fiscal years are summarized as follows (in thousands):

Fiscal Year	Market Value
2018	\$ 1,334,530
2017	\$ 1,268,396
2016 <sup>1</sup>	\$ 1,101,772
2015 <sup>1</sup>	\$ 1,123,718
2014	\$ 1,215,226

<sup>1</sup>Fiscal year 2016 and 2015 have been revised for the adoption of GASB Statement No. 74 and to conform with fiscal year 2017.

The long-term returns for the period ending June 30, 2018 are summarized below:

Period	Return Value
1 year	6.5%
3 year	5.0%
5 year	6.6%
10 year	4.9%

**GIFTS AND NON-EXCHANGE GRANTS**

The following schedule summarizes the University's gifts and non-exchange grants, classified as nonoperating revenues, for the most recent five fiscal years (in thousands):

	2018	2017	2016	2015	2014
Gifts and non-exchange grants	\$ 118,442	\$ 112,918	\$ 127,796	\$ 105,506	\$ 96,771
Additions to permanent endowments	10,470	9,760	13,052	7,758	7,578
Capital grants and gifts	28,086	69,398	165,896	45,341	54,068
Total	<u>\$ 156,998</u>	<u>\$ 192,076</u>	<u>\$ 306,744</u>	<u>\$ 158,605</u>	<u>\$ 158,417</u>

**GRANTS AND CONTRACTS**

The following is a summary of grant and contract awards for the five most recent fiscal years (in thousands):

	2018	2017	2016	2015	2014
Federal awards	\$ 199,967	\$ 178,341	\$ 163,477	\$ 153,071	\$ 152,492
State awards	72,687	90,700	81,824	73,672	53,260
Other awards	61,162	62,286	71,223	58,350	53,517
Total	<u>\$ 333,816</u>	<u>\$ 331,327</u>	<u>\$ 316,524</u>	<u>\$ 285,093</u>	<u>\$ 259,269</u>



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**UK HEALTHCARE HOSPITAL SYSTEM**

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UK HealthCare, the University's advanced academic medical center and clinical care network, is uniquely equipped to provide advanced subspecialty care to the people of Kentucky. UK HealthCare Hospital System operates two hospital units under one Joint Commission Accreditation and two licenses in addition to ambulatory services. The major service units include Albert B. Chandler Hospital, Good Samaritan Hospital and the Kentucky Clinic.

**OPERATIONS**

UK HealthCare Hospital System's operating information for the five most recent fiscal years is summarized as follows:

**Certain Operating Information**

	2018	2017	2016	2015	2014
Average licensed beds	945	945	825	826	825
Available beds	914	883	816	816	757
Patient days	275,463	263,538	259,662	251,334	228,783
Patient days equivalents <sup>1</sup>	470,205	448,468	443,630	407,767	347,113
Admissions	41,044	38,739	37,792	37,073	35,303
Discharges	40,909	38,706	37,789	37,043	35,180
Average length of stay (days)	6.73	6.81	6.87	6.78	6.50
Occupancy	82.57%	81.77%	82.50%	84.39%	82.80%
Emergency visits	112,093	111,920	108,417	101,395	91,146
Outpatient visits with hospital charge	565,903	538,256	501,943	479,782	428,582

<sup>1</sup>Total patient activity computed by converting outpatient activity to an inpatient equivalent.

**Payer Mix**

	2018	2017	2016	2015	2014
Medicaid	36.72%	38.21%	39.05%	38.57%	31.37%
Medicare	35.61%	34.78%	33.61%	33.98%	33.79%
Commercial/other	25.85%	25.30%	25.55%	25.70%	27.17%
Patient/charity	1.82%	1.71%	1.79%	1.75%	7.67%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

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**UK HEALTHCARE HOSPITAL SYSTEM CONTINUED**

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**FINANCIAL**

**Summary of Net Position**

The following is a summary of UK HealthCare Hospital System's net position for the most recent five fiscal years (in thousands):

	2018	2017	2016	2015	2014
Net investment in capital assets	\$ 514,863	\$ 521,040	\$ 455,374	\$ 437,489	\$ 410,348
Restricted					
Nonexpendable	1,255	751	195	119	118
Expendable	19,668	11,662	11,902	10,538	10,331
Unrestricted	773,522	678,364	630,294	565,604	400,920
Total net position	<u>\$ 1,309,308</u>	<u>\$ 1,211,817</u>	<u>\$ 1,097,765</u>	<u>\$ 1,013,750</u>	<u>\$ 821,717</u>

**Summary of Revenues, Expenses and Changes in Net Position**

The following summarizes UK HealthCare Hospital System's revenues, expenses and changes in net position for the most recent five fiscal years (in thousands):

	2018	2017	2016 <sup>1</sup>	2015 <sup>1</sup>	2014
Operating revenues	\$ 1,639,281	\$ 1,500,781	\$ 1,423,695	\$ 1,329,133	\$ 1,115,007
Operating expenses	1,418,630	1,311,342	1,237,129	1,072,918	1,013,572
Net income from operations	220,651	189,439	186,566	256,215	101,435
Net nonoperating revenues (expenses)	13,525	16,573	(24,209)	(5,863)	29,524
Transfers to the University	(136,685)	(91,960)	(78,342)	(58,319)	(9,238)
Increase in net position	<u>\$ 97,491</u>	<u>\$ 114,052</u>	<u>\$ 84,015</u>	<u>\$ 192,033</u>	<u>\$ 121,721</u>

<sup>1</sup>Fiscal year 2016 and 2015 have been revised to reflect the reclassification of certain transactions between UK HealthCare Hospital System and the University.

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**UK HEALTHCARE HOSPITAL SYSTEM CONTINUED**

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**Summary of Cash Flows**

The following is a summary of UK HealthCare Hospital System's cash flows for the most recent five fiscal years (in thousands):

	2018	2017	2016 <sup>1</sup>	2015 <sup>1</sup>	2014
CASH PROVIDED (USED) BY:					
Operating activities	\$ 248,174	\$ 231,047	\$ 246,288	\$ 320,721	\$ 161,210
Noncapital financing activities	(121,431)	(90,616)	(67,937)	(42,011)	(2,264)
Capital and related financing activities	(4,046)	(198,145)	(165,993)	38,487	(102,791)
Investing activities	10,252	5,826	876	2,774	367
Net increase (decrease) in cash and cash equivalents	132,949	(51,888)	13,234	319,971	56,522
Cash and cash equivalents, beginning of year	392,985	444,873	431,639	111,668	55,146
Cash and cash equivalents, end of year	<u>\$ 525,934</u>	<u>\$ 392,985</u>	<u>\$ 444,873</u>	<u>\$ 431,639</u>	<u>\$ 111,668</u>

<sup>1</sup>Fiscal year 2016 and 2015 have been revised to reflect the reclassification of certain transactions between UK HealthCare Hospital System and the University.