



## 2021 Audit Results – Board Summary

### Audit Scope

Audit Focus	Audit Results
University of Kentucky	Unmodified or “clean” opinion

### Required Communications

#### Auditors’ Responsibility

- ◆ Obtain reasonable, but not absolute, assurance about the financial statements.
- ◆ Establish scopes and tests, but not a detailed audit, of every transaction.
- ◆ Does not relieve those charged with governance of their responsibilities.

#### Management Judgements and Accounting Estimates

- ◆ Allowance for doubtful accounts and pledges receivable
- ◆ Self-insurance for medical malpractice, workers’ compensation and health insurance
- ◆ Estimated amounts due to/from third-party payers
- ◆ Valuation of investment securities

#### Financial Statement Disclosures

- ◆ University- self-insurance for medical malpractice, workers’ compensation, health insurance and litigation reserves
- ◆ UK Healthcare Hospital System – revenue recognition
- ◆ Combined condensed financial statements
- ◆ University – Other Postemployment Benefit Plan and Long-Term Disability Plan



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### Audit Adjustments

- ◆ Proposed Audit Adjustments Recorded
  - University-
    - reclassification between net investment in capital assets and unrestricted net position
    - derecognition of a portion of pledge revenue determined to be a contingent pledge
- ◆ Proposed audit adjustments not recorded have been provided within *Tab 2* of the report to the board of trustees.

### Discussions With Management During the Audit Process

- ◆ Accounting for the *Coronavirus Aid, Relief, and Economic Security Act* funding (Higher Education Emergency Relief Funds and Provider Relief Funds), the *Coronavirus Response and Relief Supplemental Appropriations Act* and the *American Rescue Plan* received by the University.
- ◆ Medicaid Directed Payments
- ◆ Adoption of GASB Statements No. 84 and No. 97 – *Fiduciary Activities*

### Communication of Matters Related to Internal Control Over Financial Reporting

- ◆ Internal controls were reviewed to determine audit procedures and not to express an opinion on internal control.
- ◆ No material weaknesses or significant deficiencies reported for the University.



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### Future Accounting Pronouncements

- ◆ Statement No. 87, *Leases* ..... 2022
- ◆ Statement No. 91, *Conduit Debt Obligations* ..... 2023
- ◆ Statement No. 92, *Omnibus 2020* ..... 2022
- ◆ Statement No. 93, *Replacement of Interbank Offered Rates* ..... 2022
- ◆ Statement No. 94, *Public-Private Partnerships*..... 2023
- ◆ Statement No. 96, *Subscription-Based Information Technology Arrangements* ..... 2023
- ◆ Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* ..... 2023

### Questions or Concerns

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