

FCR 5

Office of the President
December 14, 2021

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2021.

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.
- Beyond Blue Corporation

As of September 30, 2021, the university has recognized \$1,416,469,169 of current funds revenue representing 28 percent of the 2021-22 approved budget of \$5,078,502,700. Expenses and transfers total \$1,193,612,110 or 24 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated
Financial Statements

For the three months ended September 30, 2021

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,047,647,071	\$ 1,068,399,692
Notes, loans and accounts receivable, net	697,933,281	509,491,695
Inventories and other assets	102,070,574	90,900,623
Total current assets	<u>1,847,650,926</u>	<u>1,668,792,010</u>
Noncurrent Assets		
Restricted cash and cash equivalents	197,685,118	179,049,022
Endowment investments	1,872,413,795	1,405,331,204
Other long-term investments	468,366,170	359,401,983
Notes, loans and accounts receivable, net	303,100,114	345,496,319
Other noncurrent assets	3,895,169	3,095,938
Capital assets, net	3,452,919,221	3,411,711,145
Total noncurrent assets	<u>6,298,379,587</u>	<u>5,704,085,611</u>
Total assets	<u>8,146,030,513</u>	<u>7,372,877,621</u>
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	<u>8,174,574,625</u>	<u>7,396,998,190</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	295,172,008	284,335,060
Unearned revenue	166,534,148	175,193,687
Long-term liabilities - current portion	90,637,103	84,554,574
Total current liabilities	<u>552,343,259</u>	<u>544,083,321</u>
Noncurrent Liabilities		
Unearned revenue	203,784,378	222,416,946
Long-term liabilities	1,327,379,983	1,365,295,815
Total noncurrent liabilities	<u>1,531,164,361</u>	<u>1,587,712,761</u>
Total liabilities	<u>2,083,507,620</u>	<u>2,131,796,082</u>
Deferred Inflows of Resources		
Total liabilities and deferred inflows of resources	<u>539,209,676</u>	<u>574,858,498</u>
	<u>2,622,717,296</u>	<u>2,706,654,580</u>
NET POSITION		
Net investment in capital assets	<u>1,923,833,071</u>	<u>1,904,300,982</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	206,392,983	187,342,044
Research	292,763,567	290,258,852
Instruction	84,950,083	83,584,798
Academic support	87,102,139	86,436,134
Other	14,665,514	14,123,152
Total restricted nonexpendable	<u>685,874,286</u>	<u>661,744,980</u>
Expendable		
Scholarships and fellowships	156,135,363	90,551,309
Research	163,458,936	75,424,023
Instruction	83,372,526	51,914,230
Academic support	155,891,534	117,305,666
Loans	12,097,945	11,467,995
Capital projects	74,762,702	63,832,812
Debt service	32,460,155	30,536,726
Auxiliary	55,925,495	37,865,967
Other	92,482,977	50,691,656
Total restricted expendable	<u>826,587,633</u>	<u>529,590,384</u>
Total restricted	<u>1,512,461,919</u>	<u>1,191,335,364</u>
Unrestricted	<u>2,115,562,339</u>	<u>1,594,707,264</u>
Total net position	<u>\$ 5,551,857,329</u>	<u>\$ 4,690,343,610</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 THREE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Student tuition and fees	\$ 283,214,481	\$ 264,912,081
Federal grants and contracts	67,635,248	50,218,482
State and local grants and contracts	27,341,476	29,527,185
Nongovernmental grants and contracts	99,019,597	46,085,241
Recoveries of facilities and administrative costs	19,533,165	16,817,086
Sales and services	17,287,878	14,484,303
Federal appropriations	4,510,353	6,505,593
County appropriations	6,137,273	6,556,407
Hospital services	650,281,367	606,007,358
Auxiliary enterprises:		
Housing and dining	6,798,161	7,351,731
Athletics	33,952,691	11,747,108
Other auxiliaries	20,284,046	17,811,927
Other operating revenues	40,728	22,022
Total operating revenues	1,236,036,464	1,078,046,524
OPERATING EXPENSES		
Educational and general:		
Instruction	68,037,016	62,815,904
Research	80,517,609	71,750,853
Public service	60,265,751	48,478,830
Libraries	4,376,167	4,741,165
Academic support	22,521,756	21,566,491
Student services	10,834,911	12,335,930
Institutional support	25,217,569	28,311,649
Operations and maintenance of plant	23,763,091	23,355,280
Student financial aid	109,371,434	104,130,538
Depreciation	23,097,112	20,763,875
Total educational and general	428,002,416	398,250,515
Clinical operations	101,676,736	88,126,062
Hospital services (including depreciation of \$21,2329,018 in 2021 and \$17,570,102 in 2020)	527,565,012	440,420,733
Auxiliary enterprises:		
Housing and dining (including depreciation of \$2,718,807 in 2021 and \$2,538,772 in 2020)	7,372,766	7,632,179
Athletics (including depreciation of \$4,265,007 in 2021 and \$4,743,441 in 2020)	38,821,406	30,741,657
Other auxiliaries (including depreciation of \$1,869,806 in 2021 and \$1,852,018 in 2020)	9,838,092	6,055,242
Other operating expenses	1,136,293	31,544
Total operating expenses	1,114,412,721	971,257,932
Net income from operations	121,623,743	106,788,592
NONOPERATING REVENUES (EXPENSES)		
State appropriations	81,395,200	77,582,800
COVID-19 funding	39,116,630	-
Gifts and non-exchange grants	49,270,282	33,252,820
Investment income (loss)	(6,846,188)	48,015,144
Interest on capital asset-related debt	(9,127,847)	(9,485,556)
Other nonoperating revenues and expenses, net	(22,784,561)	2,043,876
Net nonoperating revenues (expenses)	131,023,516	151,409,084
Net income before other revenues, expenses, gains or losses	252,647,259	258,197,676
Capital grants and gifts	5,154,079	10,821,771
Additions to permanent endowments	4,574,015	2,824,023
Other, net	(908,921)	(670,198)
Total other revenues (expenses)	8,819,173	12,975,596
INCREASE IN NET POSITION	261,466,432	271,173,272
NET POSITION, July 1	5,290,390,897	4,419,170,338
NET POSITION, September 30	\$ 5,551,857,329	\$ 4,690,343,610

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, 2021 AND 2020

	2021			2020	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 544,603,100	\$ 283,214,481	52%	\$ 264,912,081	50%
Federal grants and contracts	280,127,000	67,635,248	24%	50,218,482	20%
State and local grants and contracts	119,702,600	27,341,476	23%	29,527,185	29%
Nongovernmental grants and contracts	408,885,900	99,019,597	24%	46,085,241	14%
Recoveries of facilities and administrative costs	62,000,000	19,533,165	32%	16,817,086	29%
Sales and services	68,317,900	17,287,878	25%	14,484,303	25%
Federal appropriations	19,033,000	4,510,353	24%	6,505,593	34%
County appropriations	35,879,800	6,137,273	17%	6,556,407	17%
Hospital services	2,494,552,400	650,281,367	26%	606,007,358	29%
Auxiliary enterprises:					
Housing and dining	39,171,600	6,798,161	17%	7,351,731	33%
Athletics	113,144,100	33,952,691	30%	11,747,108	11%
Other auxiliaries	47,804,300	20,284,046	42%	17,811,927	38%
Total operating revenues	<u>4,233,221,700</u>	<u>1,235,995,736</u>	<u>29%</u>	<u>1,078,024,502</u>	<u>30%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	468,695,900	68,037,016	15%	62,815,904	15%
Research	457,940,700	80,517,609	18%	71,750,853	16%
Public service	241,793,600	60,265,751	25%	48,478,830	21%
Libraries	14,761,500	4,376,167	30%	4,741,165	33%
Academic support	103,343,200	22,521,756	22%	21,566,491	23%
Student services	55,806,200	10,802,329	19%	12,304,261	23%
Institutional support	144,252,400	25,217,569	17%	28,301,046	20%
Operations and maintenance of plant	86,291,200	21,006,416	24%	20,143,450	22%
Student financial aid	243,986,600	109,371,434	45%	104,130,538	44%
Total educational and general	<u>1,816,871,300</u>	<u>402,116,047</u>	<u>22%</u>	<u>374,232,538</u>	<u>22%</u>
Clinical operations	547,517,300	101,676,736	19%	88,126,062	21%
Hospital services	2,246,961,700	497,422,633	22%	420,950,291	23%
Auxiliary enterprises:					
Housing and dining	24,351,000	4,590,923	19%	5,043,265	44%
Athletics	142,928,200	34,298,620	24%	25,582,187	19%
Other auxiliaries	29,444,100	7,600,881	26%	3,934,458	9%
Total operating expenses	<u>4,808,073,600</u>	<u>1,047,705,840</u>	<u>22%</u>	<u>917,868,801</u>	<u>22%</u>
Net income (loss) from operations	<u>(574,851,900)</u>	<u>188,289,896</u>	<u>N/A</u>	<u>160,155,701</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, 2021 AND 2020

	2021			2020	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(574,851,900)</u>	<u>188,289,896</u>	<u>N/A</u>	<u>160,155,701</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	271,317,200	81,395,200	30%	77,582,800	29%
COVID-19 funding	-	39,116,630	100%	-	100%
Gifts and non-exchange grants	99,975,400	48,485,628	48%	32,949,748	33%
Investment income	36,755,100	6,788,293	18%	7,709,639	27%
Other nonoperating revenues and expenses, net	7,958,500	<u>(22,784,842)</u>	<u>-286%</u>	2,046,739	26%
Net nonoperating revenues (expenses)	<u>416,006,200</u>	<u>153,000,909</u>	<u>37%</u>	<u>120,288,926</u>	<u>30%</u>
Net income before other revenues, expenses, gains or losses	<u>(158,845,700)</u>	<u>341,290,805</u>	<u>N/A</u>	<u>280,444,627</u>	<u>N/A</u>
Capital grants and gifts	10,751,200	4,641,579	43%	9,400,029	85%
Other, net	-	46,103	-	34,983	-
Total other revenues (expenses)	<u>10,751,200</u>	<u>4,687,682</u>	<u>44%</u>	<u>9,435,012</u>	<u>86%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	389,240,700	-	-	-	-
Capital purchases and transfers	(163,816,200)	(60,694,084)	37%	(43,459,058)	26%
Debt service transfers	(91,971,300)	(39,690,442)	43%	(39,763,142)	43%
Noncapital transfers	14,641,300	<u>(22,736,902)</u>	<u>-155%</u>	1,803,477	15%
Total non-GASB current funds activity	<u>148,094,500</u>	<u>(123,121,428)</u>	<u>N/A</u>	<u>(81,418,723)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	222,857,059		208,460,916	
NET POSITION, July 1		<u>1,304,227,022</u>		<u>1,023,363,535</u>	
NET POSITION, September 30		<u>\$ 1,527,084,081</u>		<u>\$ 1,231,824,451</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 4,233,221,700	\$ 1,235,995,736	29%	\$ 1,078,024,502	30%
Nonoperating revenues	845,281,000	180,473,433	21%	129,723,938	16%
Total revenues	<u>5,078,502,700</u>	<u>1,416,469,169</u>	<u>28%</u>	<u>1,207,748,440</u>	<u>27%</u>
Operating expenses	4,808,073,600	1,047,705,840	22%	917,868,801	22%
Nonoperating expenses and transfers	270,429,100	145,906,270	54%	81,418,723	30%
Total expenses and transfers	<u>5,078,502,700</u>	<u>1,193,612,110</u>	<u>24%</u>	<u>999,287,524</u>	<u>23%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 222,857,059</u>		<u>\$ 208,460,916</u>	