

FCR 7

Office of the President
December 15, 2020

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2020.

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, 2020, the university has recognized \$1,207,748,440 of current funds revenue representing 27 percent of the 2020-21 approved budget of \$4,429,389,500. Expenses and transfers total \$999,466,332 or 23 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated
Financial Statements

For the three months ended September 30, 2020

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,068,399,692	\$ 600,532,524
Notes, loans and accounts receivable, net	509,491,695	473,247,715
Inventories and other assets	90,900,623	80,129,273
Total current assets	<u>1,668,792,010</u>	<u>1,153,909,512</u>
Noncurrent Assets		
Restricted cash and cash equivalents	179,049,022	239,732,720
Endowment investments	1,405,331,204	1,381,207,760
Other long-term investments	351,277,328	327,214,237
Notes, loans and accounts receivable, net	345,496,319	400,813,013
Other noncurrent assets	3,095,938	2,974,631
Capital assets, net	3,411,711,145	3,349,892,522
Total noncurrent assets	<u>5,695,960,956</u>	<u>5,701,834,883</u>
Total assets	<u>7,364,752,966</u>	<u>6,855,744,395</u>
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	<u>7,388,491,582</u>	<u>6,881,523,871</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	311,265,874	256,874,379
Unearned revenue	175,193,687	145,948,499
Long-term liabilities - current portion	84,554,574	77,219,229
Total current liabilities	<u>571,014,135</u>	<u>480,042,107</u>
Noncurrent Liabilities		
Unearned revenue	222,416,946	241,668,567
Long-term liabilities	1,330,240,346	1,444,959,866
Total noncurrent liabilities	<u>1,552,657,292</u>	<u>1,686,628,433</u>
Total liabilities	<u>2,123,671,427</u>	<u>2,166,670,540</u>
Deferred Inflows of Resources		
Total liabilities and deferred inflows of resources	<u>2,698,326,780</u>	<u>2,699,320,321</u>
NET POSITION		
Net investment in capital assets	<u>1,904,300,982</u>	<u>1,856,868,164</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	187,342,044	175,366,113
Research	290,258,852	286,194,259
Instruction	83,584,798	81,647,541
Academic support	86,436,134	86,000,933
Other	14,123,152	13,860,844
Total restricted nonexpendable	<u>661,744,980</u>	<u>643,069,690</u>
Expendable		
Scholarships and fellowships	90,551,309	92,603,857
Research	75,424,023	91,169,001
Instruction	51,914,230	54,073,102
Academic support	117,305,666	102,045,391
Loans	11,467,995	12,462,036
Capital projects	63,832,812	74,277,946
Debt service	30,536,726	30,524,721
Auxiliary	37,865,967	45,876,048
Other	50,691,656	49,484,016
Total restricted expendable	<u>529,590,384</u>	<u>552,516,118</u>
Total restricted	<u>1,191,335,364</u>	<u>1,195,585,808</u>
Unrestricted	<u>1,594,528,456</u>	<u>1,129,749,578</u>
Total net position	<u>\$ 4,690,164,802</u>	<u>\$ 4,182,203,550</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, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Student tuition and fees	\$ 264,912,081	\$ 276,122,075
Federal grants and contracts	50,218,482	50,058,557
State and local grants and contracts	29,527,185	20,694,497
Nongovernmental grants and contracts	46,085,241	60,643,727
Recoveries of facilities and administrative costs	16,817,086	16,866,624
Sales and services	14,484,303	15,062,543
Federal appropriations	6,505,593	6,098,545
County appropriations	6,556,407	6,841,918
Hospital services	606,007,358	436,399,561
Auxiliary enterprises:		
Housing and dining	7,351,731	8,034,638
Athletics	11,747,108	33,651,564
Other auxiliaries	17,811,927	22,035,820
Other operating revenues	22,022	91,482
Total operating revenues	1,078,046,524	952,601,551
OPERATING EXPENSES		
Educational and general:		
Instruction	63,901,456	72,884,682
Research	71,750,853	72,788,956
Public service	48,478,830	51,925,975
Libraries	4,741,165	5,096,758
Academic support	20,554,665	22,451,715
Student services	12,262,204	13,447,444
Institutional support	28,490,457	30,170,326
Operations and maintenance of plant	23,355,280	26,016,968
Student financial aid	104,130,538	107,836,389
Depreciation	20,763,875	18,711,397
Total educational and general	398,429,323	421,330,610
Clinical operations	88,126,062	91,339,693
Hospital services (including depreciation of \$17,570,102 in 2020 and \$16,293,802 in 2019)	440,420,733	416,502,194
Auxiliary enterprises:		
Housing and dining (including depreciation of \$2,538,772 in 2020 and \$2,825,769 in 2019)	7,632,179	7,643,255
Athletics (including depreciation of \$4,743,441 in 2020 and \$4,280,985 in 2019)	30,741,657	40,918,413
Other auxiliaries (including depreciation of \$1,852,018 in 2020 and \$1,773,936 in 2019)	6,055,242	10,418,936
Other operating expenses	31,544	42,884
Total operating expenses	971,436,740	988,195,985
Net income (loss) from operations	106,609,784	(35,594,434)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	77,582,800	78,316,900
Gifts and non-exchange grants	33,252,820	44,307,597
Investment income (loss)	48,015,144	9,574,685
Interest on capital asset-related debt	(9,485,556)	(10,883,567)
Other nonoperating revenues and expenses, net	2,043,876	3,330,408
Net nonoperating revenues (expenses)	151,409,084	124,646,023
Net income before other revenues, expenses, gains or losses	258,018,868	89,051,589
Capital grants and gifts	10,821,771	6,106,618
Additions to permanent endowments	2,824,023	1,796,846
Other, net	(670,198)	(346,018)
Total other revenues (expenses)	12,975,596	7,557,446
INCREASE IN NET POSITION	270,994,464	96,609,035
NET POSITION, July 1	4,419,170,338	4,085,594,515
NET POSITION, September 30	\$ 4,690,164,802	\$ 4,182,203,550

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, 2020 AND 2019

	2020			2019	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 527,757,100	\$ 264,912,081	50%	\$ 276,122,075	50%
Federal grants and contracts	254,048,000	50,218,482	20%	50,058,557	23%
State and local grants and contracts	100,911,400	29,527,185	29%	20,694,497	23%
Nongovernmental grants and contracts	327,378,400	46,085,241	14%	60,643,727	20%
Recoveries of facilities and administrative costs	59,000,000	16,817,086	29%	16,866,624	30%
Sales and services	58,042,300	14,484,303	25%	15,062,543	27%
Federal appropriations	19,179,000	6,505,593	34%	6,098,545	33%
County appropriations	37,696,200	6,556,407	17%	6,841,918	19%
Hospital services	2,081,083,900	606,007,358	29%	436,399,561	23%
Auxiliary enterprises:					
Housing and dining	22,531,500	7,351,731	33%	8,034,638	27%
Athletics	109,623,600	11,747,108	11%	33,651,564	29%
Other auxiliaries	46,933,100	17,811,927	38%	22,035,820	43%
Total operating revenues	<u>3,644,184,500</u>	<u>1,078,024,502</u>	<u>30%</u>	<u>952,510,069</u>	<u>28%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	424,708,600	63,901,456	15%	72,884,682	17%
Research	446,705,400	71,750,853	16%	72,788,956	19%
Public service	231,905,100	48,478,830	21%	51,844,449	21%
Libraries	14,516,100	4,741,165	33%	5,096,758	32%
Academic support	93,477,600	20,554,665	22%	22,451,715	22%
Student services	53,898,300	12,230,535	23%	13,411,842	24%
Institutional support	139,594,500	28,479,854	20%	30,170,326	18%
Operations and maintenance of plant	91,847,300	20,143,450	22%	20,593,982	25%
Student financial aid	238,209,500	104,130,538	44%	107,836,389	45%
Total educational and general	<u>1,734,862,400</u>	<u>374,411,346</u>	<u>22%</u>	<u>397,079,099</u>	<u>23%</u>
Clinical operations	427,652,600	88,126,062	21%	91,339,693	23%
Hospital services	1,811,415,300	420,950,291	23%	394,563,568	24%
Auxiliary enterprises:					
Housing and dining	11,420,400	5,043,265	44%	4,762,470	36%
Athletics	133,011,300	25,582,187	19%	36,508,796	26%
Other auxiliaries	42,789,900	3,934,458	9%	7,560,874	19%
Total operating expenses	<u>4,161,151,900</u>	<u>918,047,609</u>	<u>22%</u>	<u>931,814,500</u>	<u>24%</u>
Net income (loss) from operations	<u>(516,967,400)</u>	<u>159,976,893</u>	<u>N/A</u>	<u>20,695,569</u>	<u>N/A</u>
Net income (loss) from operations	<u>(516,967,400)</u>	<u>159,976,893</u>	<u>N/A</u>	<u>20,695,569</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, 2020 AND 2019

	2020			2019	
	Budget	Actual	%	Actual	%
NONOPERATING REVENUES (EXPENSES)					
State appropriations	265,230,800	77,582,800	29%	78,316,900	30%
Gifts and non-exchange grants	99,907,700	32,949,748	33%	44,051,684	42%
Investment income	28,382,400	7,709,639	27%	10,903,634	23%
Other nonoperating revenues and expenses, net	7,763,100	2,046,739	26%	3,330,351	33%
Net nonoperating revenues (expenses)	<u>401,284,000</u>	<u>120,288,926</u>	<u>30%</u>	<u>136,602,569</u>	<u>32%</u>
Net income before other revenues, expenses, gains or losses	<u>(115,683,400)</u>	<u>280,265,819</u>	<u>N/A</u>	<u>157,298,138</u>	<u>N/A</u>
Capital grants and gifts	11,024,100	9,400,029	85%	6,106,618	53%
Other, net	-	34,983	-	9,067	-
Total other revenues (expenses)	<u>11,024,100</u>	<u>9,435,012</u>	<u>86%</u>	<u>6,115,685</u>	<u>53%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	352,859,100	-	-	-	-
Capital purchases and transfers	(167,566,800)	(43,459,058)	26%	(35,366,164)	23%
Debt service transfers	(92,379,300)	(39,763,142)	43%	(40,251,583)	45%
Noncapital transfers	11,746,300	1,803,477	15%	1,998,108	12%
Total non-GASB current funds activity	<u>104,659,300</u>	<u>(81,418,723)</u>	<u>N/A</u>	<u>(73,619,639)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	208,282,108		89,794,184	
NET POSITION, July 1		<u>1,023,363,535</u>		<u>616,787,264</u>	
NET POSITION, September 30		<u>\$ 1,231,645,643</u>		<u>\$ 706,581,448</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 3,640,785,900	\$ 1,078,024,502	30%	\$ 952,510,069	28%
Nonoperating revenues	788,603,600	129,723,938	16%	142,718,254	18%
Total revenues	<u>4,429,389,500</u>	<u>1,207,748,440</u>	<u>27%</u>	<u>1,095,228,323</u>	<u>26%</u>
Operating expenses	4,161,751,900	918,047,609	22%	931,814,500	24%
Nonoperating expenses and transfers	267,637,600	81,418,723	30%	73,619,639	29%
Total expenses and transfers	<u>4,429,389,500</u>	<u>999,466,332</u>	<u>23%</u>	<u>1,005,434,139</u>	<u>24%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 208,282,108</u>		<u>\$ 89,794,184</u>	