

FCR 3

Office of the President
December 11, 2018

Members, Board of Trustees:

ACCEPTANCE OF 2017-18 AUDITED FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

Recommendation: that the Board of Trustees accept (1) the University of Kentucky Audited Financial Statements for the fiscal year ended June 30, 2018, consisting of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position, Notes to Financial Statements, Required Supplementary Information, and Management's Discussion and Analysis; and (2) the Independent Auditor's Report on Financial Statements and Required Supplementary Information.

Background: The Audit and Compliance Committee and the Finance Committee of the University of Kentucky Board of Trustees have reviewed the University's financial statements for the fiscal year ended June 30, 2018, audited by BKD LLP, Certified Public Accountants. These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—An Amendment of GASB Statement No. 34*, which focuses on the financial condition, results of operations, and cash flows of the University as a whole, with resources classified for accounting and reporting purposes into four net asset categories: invested in capital assets (net of related debt), restricted-nonexpendable, restricted-expendable, and unrestricted.

The financial statements of the University include its operations and its affiliated non-profit corporations [i.e. entities for which the University is financially accountable as defined by GASB Statement No. 14 and amended by GASB Statements Nos. 39, 61 and 80, and which meet the definition of an affiliated corporation under Kentucky Revised Statutes (KRS) section 164A.550]:

- University of Kentucky Research Foundation and its for-profit subsidiary, Kentucky Technology, Inc.
- University of Kentucky Gluck Equine Research Foundation, Inc.
- University of Kentucky Humanities Foundation, Inc.
- University of Kentucky Mining Engineering Foundation, Inc.
- University of Kentucky Center on Aging Foundation, Inc.
- Central Kentucky Management Services, Inc.

The financial statements also include the operations of Kentucky Medical Services Foundation, Inc. (KMSF), a non-profit entity for which the University is financially accountable as defined by GASB, but which is not an affiliated corporation under KRS.

The financial statements and the independent auditor's report have been provided separately. The documents may be viewed after Board of Trustees' approval at:

<http://www.uky.edu/ufs/financial-statements-and-investor-information>

Action taken: Approved Disapproved Other_____