



## Consolidated Financial Statements

For the three months ended September 30, 2018

UNIVERSITY OF KENTUCKY  
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY  
STATEMENTS OF NET POSITION<sup>1</sup>  
SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 542,708,720	\$ 665,700,437
Notes, loans and accounts receivable, net	513,264,504	460,474,835
Inventories and other assets	74,999,552	71,708,410
Total current assets	<u>1,130,972,776</u>	<u>1,197,883,682</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	283,667,766	187,789,959
Endowment investments	1,346,808,470	1,295,339,863
Other long-term investments	356,874,905	279,485,193
Notes, loans and accounts receivable, net	276,451,982	299,179,520
Other noncurrent assets	1,266,246	733,337
Capital assets, net	3,279,850,308	3,053,960,751
Total noncurrent assets	<u>5,544,919,677</u>	<u>5,116,488,623</u>
Total assets	<u>6,675,892,453</u>	<u>6,314,372,305</u>
<b>Deferred Outflows of Resources</b>		
	53,170,685	35,613,226
Total assets and deferred outflows of resources	<u>6,729,063,138</u>	<u>6,349,985,531</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	309,043,526	321,102,382
Unearned revenue	128,776,103	89,686,319
Long-term liabilities - current portion	82,472,990	87,869,221
Total current liabilities	<u>520,292,619</u>	<u>498,657,922</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue	148,828,547	163,049,562
Long-term liabilities	1,463,728,288	1,291,287,171
Total noncurrent liabilities	<u>1,612,556,835</u>	<u>1,454,336,733</u>
Total liabilities	<u>2,132,849,454</u>	<u>1,952,994,655</u>
<b>Deferred Inflows of Resources</b>		
	555,600,610	559,977,295
Total liabilities and deferred inflows of resources	<u>2,688,450,064</u>	<u>2,512,971,950</u>
<b>NET POSITION</b>		
<b>Net investment in capital assets</b>		
	<u>1,811,403,704</u>	<u>1,654,162,145</u>
<b>Restricted</b>		
Nonexpendable		
Scholarships and fellowships	165,019,085	159,861,669
Research	280,915,780	275,190,631
Instruction	82,972,845	83,869,218
Academic support	85,736,765	85,462,057
Other	13,266,594	12,466,890
Total restricted nonexpendable	<u>627,911,069</u>	<u>616,850,465</u>
Expendable		
Scholarships and fellowships	89,021,705	82,654,701
Research	100,006,405	103,797,707
Instruction	54,694,785	52,942,769
Academic support	86,219,191	77,695,302
Loans	12,239,165	12,114,852
Capital projects	47,333,144	57,532,301
Debt service	29,457,703	30,998,103
Auxiliary	42,704,003	37,723,845
Other	42,819,674	34,826,438
Total restricted expendable	<u>504,495,775</u>	<u>490,286,018</u>
Total restricted	<u>1,132,406,844</u>	<u>1,107,136,483</u>
<b>Unrestricted</b>		
	<u>1,096,802,526</u>	<u>1,075,714,953</u>
Total net position	<u>\$ 4,040,613,074</u>	<u>\$ 3,837,013,581</u>

<sup>1</sup> 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 POSITION<sup>1</sup>**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

	2018	2017
<b>OPERATING REVENUES</b>		
Student tuition and fees	\$ 261,914,232	\$ 256,146,521
Federal grants and contracts	45,399,509	39,460,113
State and local grants and contracts	22,405,538	19,544,548
Nongovernmental grants and contracts	66,289,104	49,601,905
Recoveries of facilities and administrative costs	15,094,350	13,476,495
Sales and services	14,990,904	13,697,677
Federal appropriations	5,240,668	7,732,620
County appropriations	8,082,550	9,429,069
Hospital services	427,851,861	407,627,443
Auxiliary enterprises:		
Housing and dining	8,730,974	8,404,805
Athletics	29,619,066	28,848,294
Other auxiliaries	21,264,028	21,708,434
Other operating revenues	46,914	86,212
Total operating revenues	926,929,698	875,764,136
<b>OPERATING EXPENSES</b>		
Educational and general:		
Instruction	69,476,095	67,814,444
Research	70,013,371	67,734,823
Public service	48,319,698	45,008,701
Libraries	4,673,083	4,716,300
Academic support	21,478,109	20,550,370
Student services	10,307,845	9,498,014
Institutional support	9,130,266	33,363,913
Operations and maintenance of plant	22,192,181	14,526,413
Student financial aid	102,964,428	99,134,158
Depreciation	16,692,569	16,029,879
Total educational and general	375,247,645	378,377,015
Clinical operations	86,497,296	79,344,470
Hospital services (including depreciation of \$14,022,017 in 2018 and \$12,062,742 in 2017)	369,173,029	343,237,043
Auxiliary enterprises:		
Housing and dining (including depreciation of \$3,154,923 in 2018 and \$2,735,407 in 2017)	7,455,004	8,050,623
Athletics (including depreciation of \$3,971,286 in 2018 and \$3,937,596 in 2017)	37,607,953	35,167,743
Other auxiliaries (including depreciation of \$257,706 in 2018 and \$171,940 in 2017)	9,213,044	6,535,104
Other operating expenses	324,966	108,657
Total operating expenses	885,518,937	850,820,655
Net loss from operations	41,410,761	24,943,481
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	77,548,400	80,126,800
Gifts and non-exchange grants	44,156,489	44,117,997
Investment income (loss)	26,050,919	39,311,792
Interest on capital asset-related debt	(10,735,372)	(9,691,527)
Other nonoperating revenues and expenses, net	2,687,321	2,728,847
Net nonoperating revenues (expenses)	139,707,757	156,593,909
Net income before other revenues, expenses, gains or losses	181,118,518	181,537,390
Capital grants and gifts	8,649,498	3,385,901
Additions to permanent endowments	1,418,824	3,119,810
Other, net	1,158,071	164,352
Total other revenues (expenses)	11,226,393	6,670,063
<b>INCREASE IN NET POSITION</b>	192,344,911	188,207,453
<b>NET POSITION, July 1, as previously reported</b>	3,848,268,163	3,894,141,945
<b>Cumulative effect of change in accounting principles</b>	-	(245,335,817)
<b>NET POSITION, July 1, as restated</b>	3,848,268,163	3,648,806,128
<b>NET POSITION, September 30</b>	\$ 4,040,613,074	\$ 3,837,013,581

<sup>1</sup> 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, 2018 AND 2017**

	2018			2017	
	Budget	Actual	%	Actual	%
<b>OPERATING REVENUES</b>					
Student tuition and fees	\$ 534,585,700	\$ 261,914,232	49%	\$ 256,146,521	50%
Federal grants and contracts	212,136,400	45,399,509	21%	39,460,113	20%
State and local grants and contracts	73,725,200	22,405,538	30%	19,544,548	26%
Nongovernmental grants and contracts	296,274,000	66,289,104	22%	49,601,905	20%
Recoveries of facilities and administrative costs	50,000,000	15,094,350	30%	13,476,495	29%
Sales and services	51,912,800	14,990,904	29%	13,697,677	28%
Federal appropriations	18,399,200	5,240,668	28%	7,732,620	42%
County appropriations	29,427,800	8,082,550	27%	9,429,069	34%
Hospital services	1,708,947,000	427,851,861	25%	407,627,443	26%
Auxiliary enterprises:					
Housing and dining	24,437,400	8,730,974	36%	8,404,805	32%
Athletics	106,946,300	29,619,066	28%	28,848,294	27%
Other auxiliaries	51,369,700	21,264,028	41%	21,708,434	42%
Total operating revenues	<u>3,158,161,500</u>	<u>926,882,784</u>	<u>29%</u>	<u>875,677,924</u>	<u>30%</u>
<b>OPERATING EXPENSES</b>					
Educational and general:					
Instruction	450,829,400	69,476,095	15%	67,814,444	16%
Research	357,370,600	70,013,371	20%	67,708,170	19%
Public service	205,585,600	48,319,698	24%	45,008,701	23%
Libraries	15,266,300	4,673,083	31%	4,716,300	31%
Academic support	117,449,900	21,478,109	18%	20,550,370	21%
Student services	46,992,800	10,207,744	22%	9,436,746	20%
Institutional support	134,211,400	9,130,266	7%	33,363,913	26%
Operations and maintenance of plant	79,983,700	19,026,831	24%	18,931,496	22%
Student financial aid	216,483,000	102,964,428	48%	99,134,158	47%
Total educational and general	<u>1,624,172,700</u>	<u>355,289,625</u>	<u>22%</u>	<u>366,664,298</u>	<u>23%</u>
Clinical operations	285,746,500	86,497,296	30%	79,344,470	28%
Hospital services	1,578,245,200	353,947,315	22%	326,410,916	23%
Auxiliary enterprises:					
Housing and dining	13,125,800	4,291,853	33%	5,315,214	41%
Athletics	134,007,600	33,179,293	25%	30,748,503	25%
Other auxiliaries	42,653,200	8,551,958	20%	5,839,899	13%
Total operating expenses	<u>3,677,951,000</u>	<u>841,757,340</u>	<u>23%</u>	<u>814,323,300</u>	<u>24%</u>
Net loss from operations	<u>(519,789,500)</u>	<u>85,125,444</u>	<u>N/A</u>	<u>61,354,624</u>	<u>N/A</u>

UNIVERSITY OF KENTUCKY  
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CURRENT FUNDS  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

	2018			2017	
	Budget	Actual	%	Actual	%
Net loss from operations	<u>(519,789,500)</u>	<u>85,125,444</u>	N/A	<u>61,354,624</u>	N/A
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	258,526,900	77,548,400	30%	80,126,800	30%
Gifts and non-exchange grants	101,759,100	43,798,763	43%	44,057,367	46%
Investment income	40,507,500	9,367,896	23%	7,947,454	24%
Other nonoperating revenues and expenses, net	9,432,300	2,687,036	28%	2,728,687	30%
Net nonoperating revenues (expenses)	<u>410,225,800</u>	<u>133,402,095</u>	<u>33%</u>	<u>134,860,308</u>	<u>33%</u>
Net income before other revenues, expenses, gains or losses	<u>(109,563,700)</u>	<u>218,527,539</u>	N/A	<u>196,214,932</u>	N/A
Capital grants and gifts	5,965,900	8,455,169	142%	3,379,901	23%
Other, net	-	23,019	-	81,574	-
Total other revenues (expenses)	<u>5,965,900</u>	<u>8,478,188</u>	<u>142%</u>	<u>3,461,475</u>	<u>24%</u>
<b>NON-GASB ACTIVITY</b>					
Appropriated fund balance	292,915,500	-	-	-	-
Capital purchases and transfers	(113,084,600)	(40,446,269)	36%	(55,267,762)	50%
Debt service transfers	(89,702,900)	(40,562,337)	45%	(37,331,168)	43%
Noncapital transfers	13,469,800	1,937,388	14%	945,463	11%
Total non-GASB current funds activity	<u>103,597,800</u>	<u>(79,071,218)</u>	N/A	<u>(91,653,467)</u>	N/A
<b>INCREASE IN NET POSITION</b>	-	147,934,509		108,022,940	
<b>NET POSITION, July 1, as previously reported</b>		536,013,658		756,483,587	
<b>Cumulative effect of change in accounting principles</b>		-		(241,796,958)	
<b>NET POSITION, July 1, as restated</b>		536,013,658		514,686,629	
<b>NET POSITION, September 30</b>		<u>\$ 683,948,167</u>		<u>\$ 622,709,569</u>	
<b>RECONCILIATION TO ANNUAL BUDGET</b>					
Operating revenues	\$ 3,158,161,500	\$ 926,882,784	29%	\$ 875,677,924	30%
Nonoperating revenues	<u>730,445,600</u>	<u>141,880,283</u>	<u>19%</u>	<u>138,321,783</u>	<u>19%</u>
Total revenues	<u>3,888,607,100</u>	<u>1,068,763,067</u>	<u>27%</u>	<u>1,013,999,707</u>	<u>28%</u>
Operating expenses	3,677,951,000	841,757,340	23%	814,323,300	24%
Nonoperating expenses and transfers	<u>210,656,100</u>	<u>79,071,218</u>	<u>38%</u>	<u>91,653,467</u>	<u>44%</u>
Total expenses and transfers	<u>3,888,607,100</u>	<u>920,828,558</u>	<u>24%</u>	<u>905,976,767</u>	<u>25%</u>
<b>INCREASE IN NET POSITION</b>	<u>\$ -</u>	<u>\$ 147,934,509</u>		<u>\$ 108,022,940</u>	