

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF NET POSITION

(in thousands)	June 30,	
	2019	2018
Asset and Deferred Outflows		
Current Assets:		
Cash and cash equivalents	\$ 397,279	\$ 133,365
Investments for operating activities	882,303	1,117,063
Investments for capital activities	594,681	533,855
Investments for student loan activities	74,365	57,135
Accounts receivable, net	714,621	666,811
Current portion of notes and pledges receivable, net	80,035	79,765
Current portion of prepaid expenses and other assets	158,320	125,159
Cash collateral held by agent	29,485	29,727
Total Current Assets	2,931,089	2,742,880
Noncurrent Assets:		
Unexpended bond proceeds	90,813	82,797
Endowment, life income and other investments	12,834,065	12,305,228
Notes and pledges receivable, net	301,427	336,870
Prepaid expenses and other assets	107,303	90,618
Capital assets, net	6,226,969	6,120,997
Total Noncurrent Assets	19,560,577	18,936,510
Total Assets	22,491,666	21,679,390
Deferred Outflows	371,574	383,589
Total Assets and Deferred Outflows	\$ 22,863,240	\$ 22,062,979

(in thousands)	June 30,	
	2019	2018
Liabilities, Deferred Inflows and Net Position		
Current Liabilities:		
Accounts payable	\$ 293,728	\$ 290,563
Accrued compensation and other	508,597	451,458
Unearned revenue	312,092	306,803
Current portion of insurance and benefits reserves	104,235	98,159
Current portion of obligations for postemployment benefits	87,712	87,638
Commercial paper and current portion of bonds payable	232,095	237,371
Long-term bonds payable subject to remarketing, net	133,616	195,552
Collateral held for securities lending	29,485	29,727
Deposits of affiliates and others	52,296	77,422
Total Current Liabilities	1,753,856	1,774,693
Noncurrent Liabilities:		
Accrued compensation	34,126	40,682
Insurance and benefits reserves	127,677	137,003
Obligations for defined benefit pension plan, net	(2,918)	(3,823)
Obligations for postemployment benefits	3,026,343	3,216,102
Obligations under life income agreements	74,516	74,180
Government loan advances	83,542	81,510
Bonds payable	2,109,317	1,961,085
Deposits of affiliates and other	332,850	307,210
Total Noncurrent Liabilities	5,785,453	5,813,949
Total Liabilities	7,539,309	7,588,642
Deferred Inflows	520,023	193,292
Net Position:		
Net investment in capital assets	3,742,630	3,722,086
Restricted:		
Nonexpendable	2,328,667	2,146,358
Expendable	5,212,557	5,007,324
Unrestricted	3,520,054	3,405,277
Total Net Position	14,803,908	14,281,045
Total Liabilities, Deferred Inflows and Net Position	\$ 22,863,240	\$ 22,062,979

The accompanying notes are an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in thousands)	Year Ended June 30,	
	2019	2018
Operating Revenues		
Student tuition and fees	\$ 1,812,466	\$ 1,726,033
Less scholarship allowances	445,994	415,092
Net student tuition and fees	1,366,472	1,310,941
Federal grants and contracts	1,006,368	982,143
State and local grants and contracts	13,955	13,304
Nongovernmental sponsored programs	246,054	233,919
Sales and services of educational departments	145,070	140,139
Auxiliary enterprises:		
Patient care revenues (net of provision for bad debts of \$137,660 in 2019 and \$128,747 in 2018)	4,845,098	4,438,744
Student residence fees (net of scholarship allowances of \$24,226 in 2019 and \$23,814 in 2018)	120,122	117,866
Other revenues	244,198	227,288
Student loan interest income and fees	2,532	2,537
Total Operating Revenues	7,989,869	7,466,881
Operating Expenses		
Compensation and benefits	5,768,951	5,431,392
Supplies and services	2,523,804	2,402,592
Depreciation	567,857	568,707
Scholarships and fellowships	164,428	156,738
Total Operating Expenses	9,025,040	8,559,429
Operating Loss	(1,035,171)	(1,092,548)
Nonoperating Revenues (Expenses)		
State educational appropriations	370,442	363,074
Federal Pell grants	51,211	49,190
Private gifts for other than capital and endowment purposes	177,758	196,639
Net investment income	809,997	1,261,443
Interest expense, net	(81,372)	(72,905)
Federal subsidies for interest on Build America Bonds	6,961	7,451
Total Nonoperating Revenues, Net	1,334,997	1,804,892
Income Before Other Revenues (Expenses)	299,826	712,344
Other Revenues (Expenses)		
State capital appropriations		4,978
Capital gifts and grants	29,884	39,835
Private gifts for permanent endowment purposes	176,210	169,337
Other	16,943	(6,104)
Total Other Revenues, Net	223,037	208,046
Increase in Net Position	522,863	920,390
Net Position, Beginning of Year	14,281,045	13,360,655
Net Position, End of Year	\$ 14,803,908	\$ 14,281,045

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended June 30,	
	2019	2018
Cash Flows from Operating Activities		
Student tuition and fees	\$ 1,365,386	\$ 1,314,268
Federal, state and local grants and contracts	1,016,393	973,815
Nongovernmental sponsored programs	242,527	250,617
Sales and services of educational departments and other	388,016	394,892
Patient care revenues	4,812,476	4,431,064
Student residence fees	118,862	118,192
Payments to employees	(4,352,547)	(4,108,246)
Payments for benefits	(1,239,145)	(1,157,316)
Payments to suppliers	(2,520,758)	(2,478,042)
Payments for scholarships and fellowships	(164,428)	(156,738)
Student loans issued	(6,940)	(16,453)
Student loans collected	19,716	20,328
Student loan interest and fees collected	2,532	2,537
Net Cash Used in Operating Activities	(317,910)	(411,082)
Cash Flows from Noncapital Financing Activities		
State educational appropriations	369,103	361,787
Federal Pell grants	51,211	49,190
Private gifts and other receipts	350,112	317,215
Student direct lending receipts	280,307	298,011
Student direct lending disbursements	(279,638)	(301,194)
Amounts received for annuity and life income funds	6,442	16,878
Amounts paid to annuitants and life beneficiaries and related expenses	(9,828)	(9,186)
Net Cash Provided by Noncapital Financing Activities	767,709	732,701
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	1,217	4,968
Private gifts and other receipts	46,264	47,655
Proceeds from issuance of capital debt	260,034	163,328
Principal payments on capital debt	(164,553)	(75,918)
Interest payments on capital debt	(94,202)	(82,096)
Federal subsidies for Build America Bonds interest	3,696	7,413
Payments for bond refunding and related costs	(791)	(526)
Purchases of capital assets	(677,883)	(658,839)
Proceeds from sales of capital assets	28,996	1,329
Net Cash Used in Capital and Related Financing Activities	(597,222)	(592,686)

The accompanying notes are an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED

(in thousands)	Year Ended June 30,	
	2019	2018
Cash Flows from Investing Activities		
Interest and dividends on investments, net	52,846	51,985
Proceeds from sales and maturities of investments	6,172,854	5,477,448
Purchases of investments	(5,841,764)	(5,119,195)
Net (increase) decrease in unexpended capital debt proceeds	(8,016)	15,658
Net decrease (increase) in cash equivalents from noncurrent investments	60,971	(126,745)
Net (decrease) increase in deposits of affiliates and other	(25,554)	154
Net Cash Provided by Investing Activities	411,337	299,305
Net Increase in Cash and Cash Equivalents	263,914	28,238
Cash and Cash Equivalents, Beginning of Year	133,365	105,127
Cash and Cash Equivalents, End of Year	\$ 397,279	\$ 133,365
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (1,035,171)	\$ (1,092,548)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	567,857	568,707
Changes in assets and liabilities:		
Accounts receivable, net	(35,743)	(21,468)
Prepaid expenses and other assets	(26,249)	(65,680)
Accounts payable	4,052	(32,228)
Accrued compensation and other	24,027	6,106
Unearned revenue	5,539	23,502
Deposits of affiliates and others	2,078	
Insurance and benefits reserves	(3,250)	21,127
Obligations for defined benefit pension plan, net	905	(7,259)
Obligations for postemployment benefits	(189,685)	105,413
Deposits of affiliates and other	32,240	20,345
Changes in deferred outflows	12,762	(43,176)
Changes in deferred inflows	322,728	106,077
Net Cash Used in Operating Activities	\$ (317,910)	\$ (411,082)

The accompanying notes are an integral part of the consolidated financial statements.