

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF NET POSITION

(in thousands)	June 30, 2017
<b>Assets and Deferred Outflows</b>	
Current Assets:	
Cash and cash equivalents	\$ 105,127
Investments for operating activities	1,265,208
Investments for capital activities	378,931
Investments for student loan activities	58,836
Accounts receivable, net	639,384
Current portion of notes and pledges receivable, net	76,148
Current portion of prepaid expenses and other assets	127,799
Cash collateral held by agent	44,130
<b>Total Current Assets</b>	<b>2,695,563</b>
Noncurrent Assets:	
Unexpended bond proceeds	98,455
Endowment, life income and other investments	11,322,610
Notes and pledges receivable, net	312,478
Prepaid expenses and other assets	28,740
Capital assets, net	6,045,442
<b>Total Noncurrent Assets</b>	<b>17,807,725</b>
<b>Total Assets</b>	<b>20,503,288</b>
Deferred Outflows	348,691
<b>Total Assets and Deferred Outflows</b>	<b>\$ 20,851,979</b>

### Liabilities, Deferred Inflows and Net Position

Current Liabilities:	
Accounts payable	\$ 328,672
Accrued compensation and other	442,749
Unearned revenue	283,551
Current portion of insurance and benefits reserves	97,799
Current portion of obligations for postemployment benefits	77,374
Commercial paper and current portion of bonds payable	237,243
Long-term bonds payable subject to remarketing, net	202,718
Collateral held for securities lending	44,130
Deposits of affiliates and others	87,811
<b>Total Current Liabilities</b>	<b>1,802,047</b>
Noncurrent Liabilities:	
Accrued compensation	43,904
Insurance and benefits reserves	116,236
Obligations for defined benefit pension plan	3,436
Obligations for postemployment benefits	3,120,953
Obligations under life income agreements	65,897
Government loan advances	88,401
Bonds payable	1,877,554
Deposits of affiliates and other	289,213
<b>Total Noncurrent Liabilities</b>	<b>5,605,594</b>
<b>Total Liabilities</b>	<b>7,407,641</b>
Deferred Inflows	17,281
Net Position:	
Net investment in capital assets	3,735,130
Restricted:	
Nonexpendable	1,966,541
Expendable	4,653,983
Unrestricted	3,071,403
<b>Total Net Position</b>	<b>13,427,057</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 20,851,979</b>

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

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## CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in thousands)	Year Ended June 30, 2017
<b>Operating Revenues</b>	
Student tuition and fees	\$ 1,616,575
Less scholarship allowances	375,991
Net student tuition and fees	1,240,584
Federal grants and contracts	942,287
State and local grants and contracts	11,405
Nongovernmental sponsored programs	226,556
Sales and services of educational departments	135,212
Auxiliary enterprises:	
Patient care revenues (net of provision for bad debts of \$95,214)	4,200,081
Student residence fees (net of scholarship allowances of \$22,678)	112,478
Other revenues	208,628
Student loan interest income and fees	2,448
<b>Total Operating Revenues</b>	<b>7,079,679</b>
<b>Operating Expenses</b>	
Compensation and benefits	5,064,422
Supplies and services	2,164,018
Depreciation	537,670
Scholarships and fellowships	143,932
<b>Total Operating Expenses</b>	<b>7,910,042</b>
Operating loss	(830,363)
<b>Nonoperating Revenues (Expenses)</b>	
State educational appropriations	355,992
Federal Pell grants	43,819
Private gifts for other than capital and endowment purposes	179,047
Net investment income	1,415,232
Interest expense, net	(73,150)
Federal subsidies for interest on Build America Bonds	7,506
<b>Total Nonoperating Revenues, Net</b>	<b>1,928,446</b>
Income before other revenues (expenses)	1,098,083
<b>Other Revenues (Expenses)</b>	
State capital appropriations	17,965
Capital gifts and grants	43,817
Private gifts for permanent endowment purposes	139,170
Other	(23,150)
<b>Total Other Revenues, Net</b>	<b>177,802</b>
Increase in net position	1,275,885
Net Position, Beginning of Year	13,001,255
Affiliation with Metro Health and Adoption of GASB 75	(850,083)
Net Position, Beginning of Year, as Restated	12,151,172
<b>Net Position, End of Year</b>	<b>\$ 13,427,057</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended June 30, 2017
<b>Cash Flows From Operating Activities</b>	
Student tuition and fees	\$ 1,242,227
Federal, state and local grants and contracts	945,781
Nongovernmental sponsored programs	240,657
Sales and services of educational departments and other	338,496
Patient care revenues	4,200,681
Student residence fees	112,623
Payments to employees	(3,881,649)
Payments for benefits	(1,060,665)
Payments to suppliers	(2,171,333)
Payments for scholarships and fellowships	(143,932)
Student loans issued	(19,675)
Student loans collected	20,730
Student loan interest and fees collected	2,448
<b>Net Cash Used in Operating Activities</b>	<b>(173,611)</b>
<b>Cash Flows From Noncapital Financing Activities</b>	
State educational appropriations	354,143
Federal Pell grants	43,819
Private gifts and other receipts	299,984
Student direct lending receipts	297,406
Student direct lending disbursements	(291,964)
Amounts received for annuity and life income funds	21,243
Amounts paid to annuitants and life beneficiaries and related expenses	(9,142)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>715,489</b>

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## CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED

<b>Cash Flows From Capital and Related Financing Activities</b>	
State capital appropriations	40,676
Private gifts and other receipts	45,674
Proceeds from issuance of capital debt	573,439
Principal payments on capital debt	(428,828)
Interest payments on capital debt	(88,383)
Federal subsidies for Build America Bonds interest	7,462
Payments for bond refunding and related costs	(1,447)
Purchases of capital assets	(648,245)
Proceeds from sales of capital assets	1,692
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(497,960)</b>
<b>Cash Flows From Investing Activities</b>	
Interest and dividends on investments, net	48,375
Proceeds from sales and maturities of investments	5,389,209
Purchases of investments	(5,718,627)
Unexpended capital debt proceeds	(98,455)
Net increase in cash equivalents from noncurrent investments	60,398
Net increase in deposits of affiliates and other	40,714
<b>Net Cash Used in Investing Activities</b>	<b>(278,386)</b>
Net decrease in cash and cash equivalents	(234,468)
Cash and Cash Equivalents, Beginning of Year	285,838
Affiliation with Metro Health	53,757
Cash and Cash Equivalents, Beginning of Year, as Restated	339,595
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 105,127</b>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (830,363)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	537,670
Changes in assets and liabilities:	
Accounts receivable, net	(11,427)
Prepaid expenses and other assets	(10,662)
Accounts payable	(4,103)
Accrued compensation and other	21,952
Unearned revenue	15,716
Insurance and benefits reserves	10,832
Obligations for defined benefit pension plan	(25,742)
Obligations for postemployment benefits	427,401
Changes in deferred outflows	(322,166)
Changes in deferred inflows	17,281
<b>Net cash used in operating activities</b>	<b>\$ (173,611)</b>

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