

UFS ADVISOR

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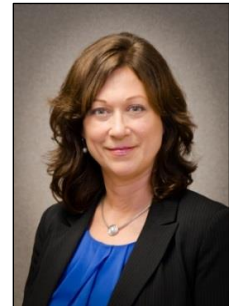
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Treasurer’s Message



[Susan I. Krauss](#)

The fiscal year-end is fast-approaching, and we must be vigilant in the execution of the year-end closing procedures to ensure the accuracy and integrity of the University’s financial statements. Please see page 4 for some tips on the fiscal year-end closing process.

BKD will perform the independent audit of the financial statements which includes audits of the consolidated statements as well as separate audits of the affiliated corporations and certain organizational units of the University. Additionally, BKD will audit and prepare other reports on internal controls and compliance as required by the State and federal government, and various agreed-upon procedures reports. It is a comprehensive audit and must be given our utmost attention to complete successfully by early October for submission of our consolidated financial statements to the State, for inclusion in the Commonwealth of Kentucky’s financial statements, known as the [Comprehensive Annual Financial Report](#). Additionally, we will submit the audited statements for approval by the UK Board of Trustees in December.

Why are audited financial statements important? Audited financial statements are required for UK to sell bonds or other securities to finance capital projects as financial statements prepared in accordance with generally accepted accounting principles and allow credit agencies and investors to assess UK’s financial condition and credit risk relative to other potential investments. At June 30, 2018, UK had approximately \$1.1 billion of bonds/notes outstanding backed by the University’s future pledged revenues, as defined by the General Receipts Trust Indenture; and UK plans to issue \$125 million of bonds over the next two years to provide funding for various campus modernization projects. The FY19 audited consolidated financial statements will be included in the bond offering document we anticipate releasing to the market in January 2020.

On a related note, the UFS team recently coordinated credit reviews by Moody’s and Standard and Poor’s for the upcoming sale of certificates of participation related to the financing for the Winslow Street mixed-use project, which will extend parking structure #5 and add approximately 900 new parking spaces.

Treasurer's Message, continued

Additionally, a portion of the first floor will be allocated to retail, educational, innovation space and other uses. It has been an exciting public private partnership (P3) project and UK will obtain a cost-effective financing rate due to the subordinate general receipts structure and the University's sound financial condition. The University's 2018 financial statements will be included in the offering document to be released soon. Upon release, the offering document and related credit opinions will be posted on the [UFS website](#) and available for review.

Below are daytime and nighttime renderings of the Winslow Street mixed-use P3 project.



As communicated in an email to campus on December 3, 2018, online training courses related to data security are available through the myUK Learning portal. Please see the following page for the December 3rd email, which includes additional information on the courses available and instructions on how to access.

Please take advantage of these online courses and help protect the University's data, as well as your own personal data!

Treasurer's Message, continued

December 3, 2018 Broadcast Email titled "You Are Encouraged to Take UK Cybersecurity Training Online"

Colleagues:

Ever-growing cybersecurity attacks are potential threats for the University of Kentucky and our customers. The University utilizes technology to protect email and Office 365 files from attacks, network firewalls to block intruders, and provides secure Wi-Fi to prevent intrusions on devices.

Most recently, we launched new security features that provide Two-Factor Log-In for the myUK portal. But tools are only a part of the most effective defense. Each of us plays a critical role in protecting University resources and our own personal data.

In accordance with the Gramm-Leach-Bliley Act (GLBA) and based on your role at UK, training is now available, and you are encouraged to complete the following online training via myUK Learning within the myUK portal.

- MOD104: Email, Phishing, and Messaging (~5 minutes)
- MOD110: Data Security (~5 minutes)
- MOD144: Personally Identifiable Information (~5 minutes)

Please see <http://go.uky.edu/2YS> or <http://go.uky.edu/2YT> for instructions.

The information incorporated into these short trainings will not only assist within your professional lives, but also help safeguard you in your personal life. In addition to the courses listed above, there are several other online courses that are available, including MOD108: Mobile Device Security, MOD130: Protecting Your Kids Online, and MOD101: You are the Shield.

For questions or assistance, contact ITS Customer Services: 859-218-HELP (4357).

Thank you in advance for your willingness to complete the online training and for your support for our cybersecurity initiatives.

Brian T. Nichols
Chief Information Officer

Susan I. Krauss
Treasurer



Focus on Business Procedures



E-6-1 Sales Tax

April 15, 2019

- Updated to add poultry to the list of excluded animals as of July 1, 2019
- The link to the sales tax form online was also updated

E-4 Journal Vouchers

April 15, 2019

- Section B.3. – Endowment and Gift Accounting name updated
- Section B.4. – New section added with processing information regarding gift revenue or gift transfer entries

E-22-1 Soliciting, Receiving, Recording and Acknowledging Gifts

April 3, 2019

- Added or revised definitions relating to the advancement fee, the gift acceptance committee and a quasi-endowment,
- Incorporated language related to the acceptance of non-cash gifts and gifts in kind, and
- Changed Office of Philanthropy to UK Philanthropy

E-22-2 Pledge Processing Manual

April 3, 2019

- Added the definition for the advancement fee,
- Incorporated language related to cash handling for pledge payments, and
- Changed Office of Philanthropy to UK Philanthropy.

E-6-1 Sales Tax

March 28, 2019

- Updated to reflect sales of admissions and fundraising event sales by the University of Kentucky are no longer subject to sales tax in Kentucky effective March 27, 2019

Business Officer's Toolkit

Quick Facts and Tips to Help You Do Your Job

Fiscal Year-End Tips

With fiscal year-end approaching, we published the 2018-19 year-end closing schedule in March. The entire schedule can be found by clicking this [link](#). It is very important to establish the appropriate fiscal year cutoffs and to record the old year transactions in fiscal year 2018-19 and new year transactions in fiscal year 2019-20. Following are a few very important dates in the schedule:

- All vacation and temporary disability leave taken on or before June 30th needs to be entered in SAP by June 28th at noon to ensure accurate vacation accrual recording.
- Departments need to review transactions for June 30th and prior to and make any necessary corrections by July 3rd.
- Period 12 will close on July 5th and online June preliminary monthly BW reports/detail transaction reports will be available for review on July 6th in the afternoon.
- All final corrections of fiscal year 2018-19 transactions need to be submitted by July 11th and non-recurring budget transfers must be posted by Area Fiscal Officers by July 12th.
- Period 13 will close on July 12th. June monthly BW reports/detail transaction reports will be available on July 13th in the afternoon.

We are looking forward to working with everyone for a successful year-end closing.

Endowment Services College Meetings

Beginning in fiscal year 2012-2013, University Financial Services has conducted annual meetings with colleges and units that receive endowment support to review their endowed funds. Participants attending the meetings include the college/unit business officers and philanthropy officers, as well as representatives from the University Budget Office, Provost Budget Office and UK Philanthropy. In 2019, meetings with 31 colleges and units were held from March to June to review the University's approximately 2,300 endowment funds. Currently, the endowment pool has a total market value of \$1.5 billion and, for fiscal year 2019-2020, will generate in excess of \$53 million of spending distribution to support chairs, professorships, scholarships, fellowships, lectureships and enrichment.

The meetings have included a summary overview of each area's endowments, including the number of endowments, types of endowments, market value and contributed value of funds, and available spending distribution balances, along with discussions regarding the purpose of the endowments and adherence to donor intent, which is outlined in endowment agreements between the University and

donors. Also, an emphasis is placed on utilization of available spending distributions, with guidance provided relating to best practices for developing spending plans and reporting and monitoring balances.

Most importantly, the annual meetings have provided an opportunity for University Financial Services to develop relationships with the college/unit business officers and philanthropy officers, to learn more about the incredible work in which they are involved and to better understand their needs. We very much appreciate the time and effort they devote to the oversight and management of endowments and hope they consider us a partner and resource in supporting the University's mission.

Cellular Allowance Program

In accordance with IRS regulations, the University of Kentucky reimburses employees for business use of personal cell phones or data plans for other cellular devices, as long as the payment is for substantial non-compensatory business reasons. This reimbursement is not considered taxable income to the employee.

Employees are responsible for purchasing a contract and a device with the cellular company of their choice. The agreement with this provider is an employees' personal contract and is the responsibility of the employee, not UK. The expense belongs to the employee and may not be billed to UK. Employees are responsible for ownership, maintenance, and upgrades of the devices.

Annually, Information Technology Services determines the amounts of the allowances and the Executive Vice President for Financial Administration approves the allowances. A new fiscal year form is released each year with changes, if necessary.

Employees must complete a new [Cellular Device Allowance Request Form](#) each year and submit it to their supervisor and business officer for approval. Supervisors are required to determine the eligibility of the employee for the allowance on an annual basis, as well as notify Payroll Services of the termination of the allowance should an employee leave the department, no longer require the allowance for their job duties, or leave the University. Business Officers must ensure the appropriate cost center is charged and balanced monthly. Once the required approvals are received, the forms are submitted to Payroll Services for processing. Payroll Services will review the form for completeness and load it into SAP.

Employees are paid the cellular allowance based on their payroll area. Monthly employees are paid the allowance on their monthly payroll cycle; biweekly employees are paid on 24 biweekly pay periods. When a month contains three biweekly pay periods, the allowance is only split among the first two pay periods.

Personal cellular contracts may not be practical in all situations and departments may request a University-owned device be provided to an employee. In this situation, a department may complete the [Cellular Device Departmental Contract Form](#). This form must be approved by the Supervisor, Business Officer, and University Financial Services. Business Officers must ensure the appropriate cost center is charged and balanced monthly. Once approved, the form is forwarded to Information Technology Services for issuance.

Training Opportunities

We are seeking your input on future topics for the sessions. Just click on the [feedback link](#) to submit your suggested presentations or questions to be addressed. Or you may email Lexi Bugay your ideas.



Training Class	Date	Time	Location
Travel Services	7/18/2019	10:30am-12:00pm	Peterson Service Building Room 307
Concur Online Booking Tool	7/24/2019	8:30am-10:00am	Peterson Service Building Room 307
Concur Online Booking Tool	9/25/2019	10:30am-12:00pm	Peterson Service Building Room 307
Advanced Concur Online Booking Tool	7/24/2019	10:30am-12:00pm	Peterson Service Building Room 307

For more information or to register for these courses visit your myUK Employee Self Service Training page.

The Hand in Hand training sessions will resume in Fall 2019. If you have a suggestion for a topic for the Hand in Hand training, please email Lexi Bugay at alexis.bugay@uky.edu.