

UNIVERSITY OF  
WISCONSIN SYSTEM



# 2014 ANNUAL FINANCIAL REPORT

AN OVERVIEW OF FINANCIAL PERFORMANCE

# Agenda

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## Financial Summary

- **Revenues**
- **Expenses**
- **Statement of Net Position**
- **Cash and Cash Equivalents**

# Changes to FY 2013 Statements

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- **Gain/Loss related to debt refunding no longer aggregated with bonds payable (GASB 65)**
  - Reported in new categories on Statement of Net Position
  - Deferred Outflows of Resources - \$13.9 million
  - Bonds Payable reduced by same amount
  
- **Depreciation change**
  - Miscalculation in depreciation, thereby increasing depreciation expense by \$32.0 million
  
- **Net Position decreased \$32.9 million**

# Financial Summary - Revenues

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(in millions)	<u>2014</u>	<u>2013</u>	<u>Change from 2013</u>	
<b>Total Revenues</b>	<b>\$4,856.6</b>	<b>\$5,075.2</b>	<b>\$ -218.6</b>	<b>-4.3%</b>
<b>Total Expenses</b>	<b><u>4,833.3</u></b>	<b><u>4,604.7</u></b>	<b>228.6</b>	<b>5.0%</b>
<b>Increase in Net Position</b>	<b>\$ 23.3</b>	<b>\$ 470.5</b>		
<b>Total Assets</b>	<b>\$8,467.0</b>	<b>\$8,523.0</b>	<b>\$ -56.0</b>	<b>-0.7%</b>
<b>Deferred Outflows</b>	<b>19.1</b>	<b>13.8</b>	<b>5.3</b>	<b>38.4%</b>
<b>Total Liabilities</b>	<b>2,146.5</b>	<b>2,221.0</b>	<b>-74.5</b>	<b>-3.4%</b>
<b>Deferred Inflows</b>	<b>0.5</b>	<b>0.0</b>	<b>0.5</b>	
<b>Net Position</b>	<b>\$6,339.1</b>	<b>\$6,315.8</b>	<b>\$ 23.3</b>	<b>0.4%</b>

# FY 2014 Revenues

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(in millions)	FY 2014	FY 2013	% Change
Operating Revenues	\$3,407.6	\$3,538.6	(3.7%)
State Appropriations	918.7	893.6	2.8%
Gifts	292.3	295.8	(1.2%)
Investment Income	63.0	41.6	51.5%
Other Non-Operating Revenue	30.8	37.3	(17.4%)
Capital Appropriations	94.6	200.1	(52.8%)
Capital Contributions	46.5	65.1	(28.5%)
Additions to Perm Endowments	<u>3.1</u>	<u>3.1</u>	0.5%
<b>TOTAL REVENUES</b>	<b>\$4,856.6</b>	<b>\$5,075.2</b>	<b>(4.3%)</b>

# FY 2014 Revenues

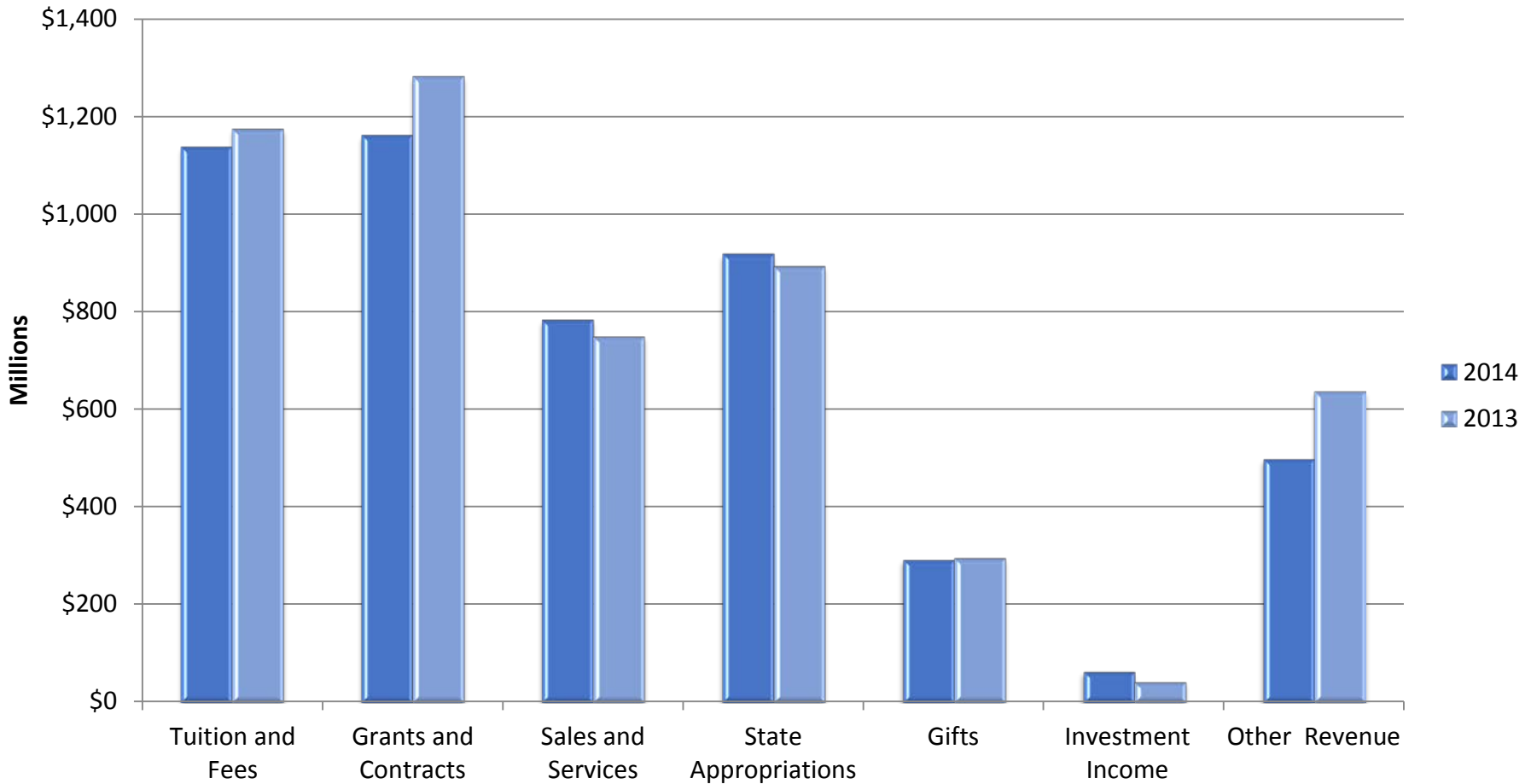
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**Total revenues decreased \$218.6 million (4.3%)**

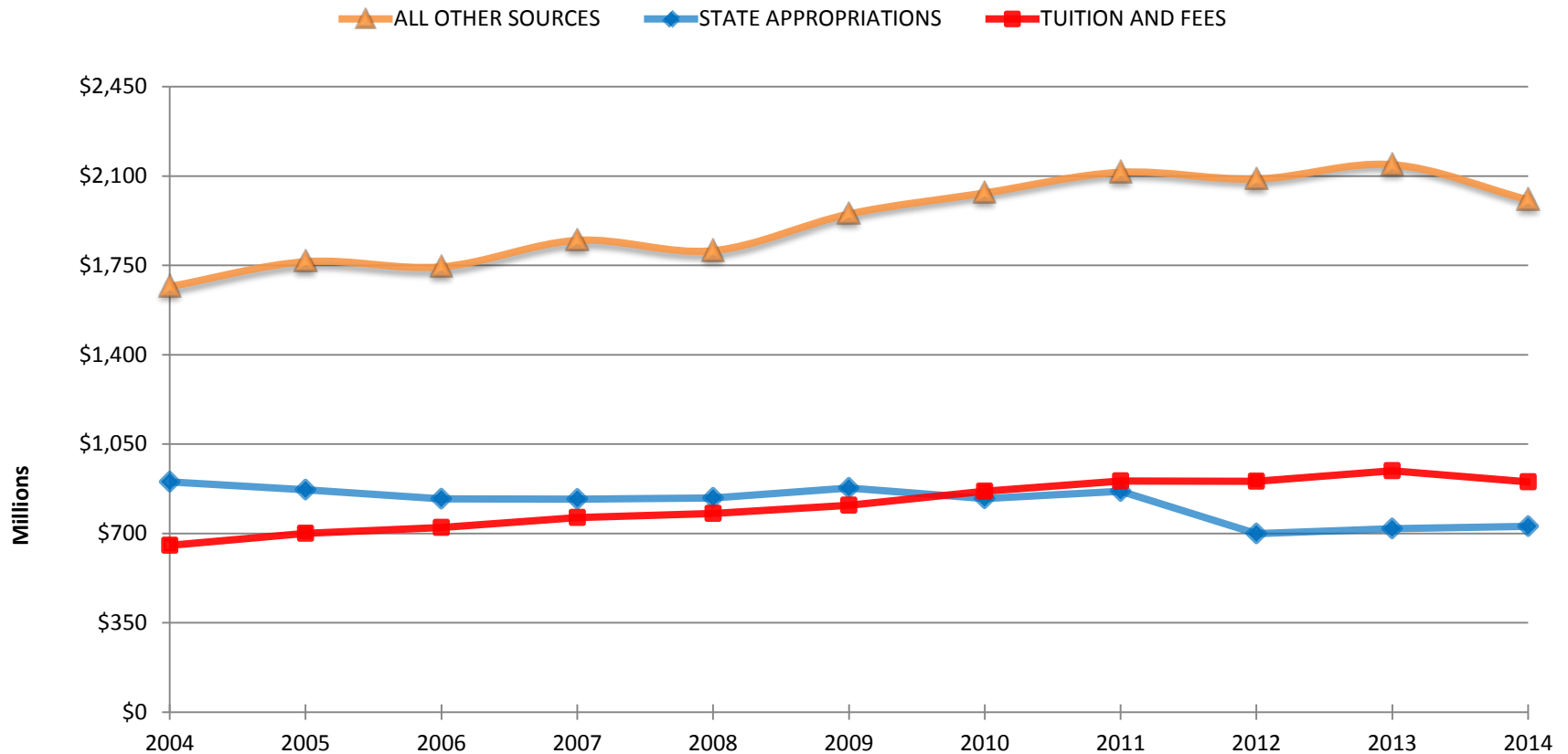
- **Tuition decreased \$36.4 million**
  - HEAB transfer (\$58.3 million)
  - Change in accounting \$13.0 million
  - Change in non-resident enrollment \$9.2 million
  
- **Grants and Contracts decreased \$120.2 million**
  - Federal decreased \$67.6 million
  - Nonfederal decreased \$52.6 million
  
- **Capital Appropriations decreased \$105.6 million**

# Revenue by Category

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# Ten-year Comparison of Current Funds Adjusted for Inflation





# Financial Summary - Expenses

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(in millions)	<u>2014</u>	<u>2013</u>	<u>Change from 2013</u>	
Total Revenues	\$4,856.6	\$5,075.2	\$ -218.6	-4.3%
<b>Total Expenses</b>	<b><u>4,833.3</u></b>	<b><u>4,604.7</u></b>	<b>228.6</b>	<b>5.0%</b>
Increase in Net Position	\$ 23.3	\$ 470.5		
Total Assets	\$8,467.0	\$8,523.0	\$ -56.0	-0.7%
Deferred Outflows	19.1	13.8	5.3	38.4%
Total Liabilities	2,146.5	2,221.0	-74.5	-3.4%
Deferred Inflows	0.5	0.0	0.5	
Net Position	\$6,339.1	\$6,315.8	\$ 23.3	0.4%

# FY 2014 Expenses

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(in millions)	FY 2014	FY 2013	% Change
Operating Expenses	\$4,650.2	\$4,464.4	4.2%
Loss on Disposal of Capital	25.6	17.9	42.2%
Interest on Indebtedness	62.6	56.6	10.6%
Transfers to State Agencies	<u>94.9</u>	<u>65.8</u>	44.1%
<b>TOTAL EXPENSES</b>	<b>\$4,833.3</b>	<b>\$4,604.7</b>	<b>5.0%</b>

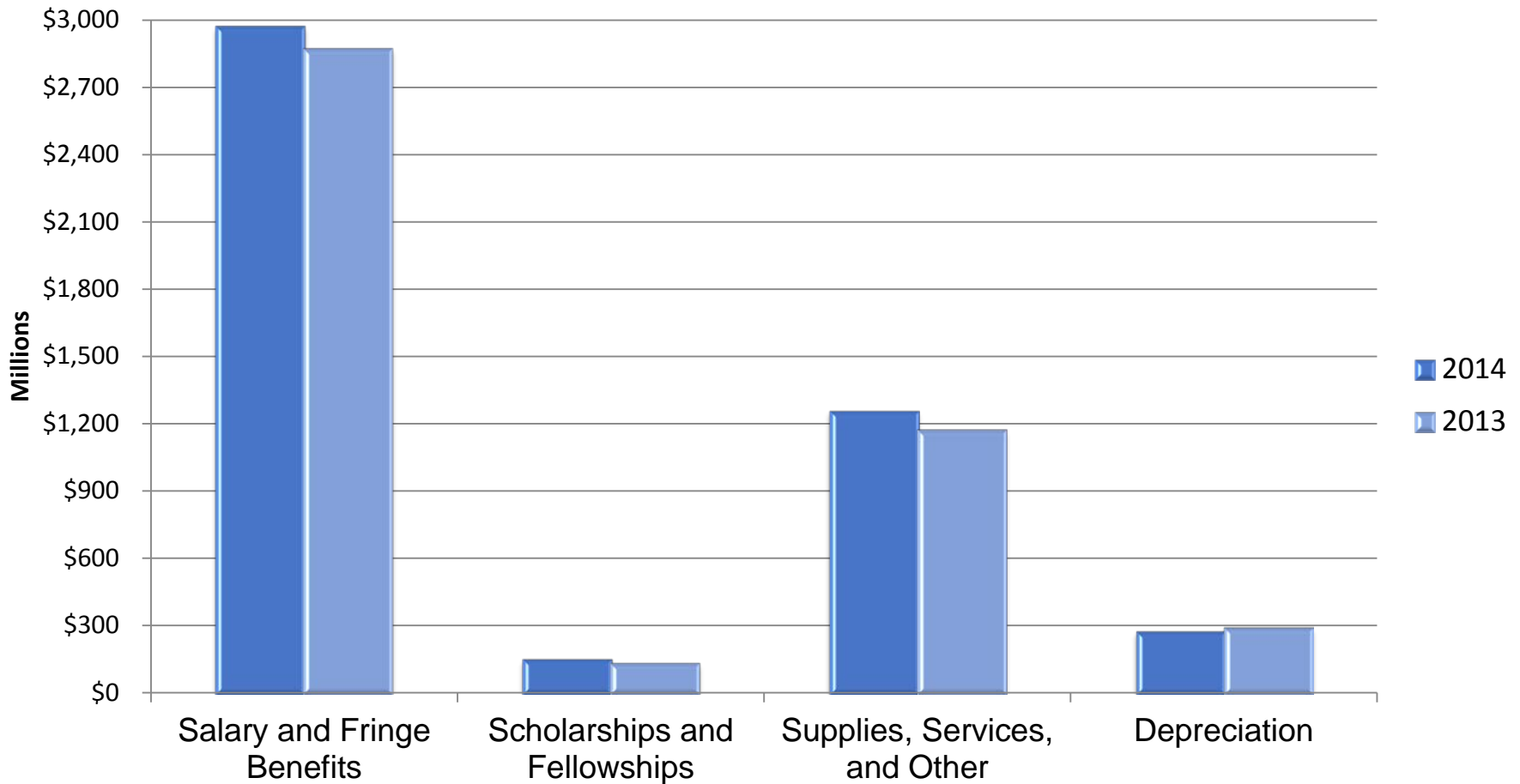
# Expenses

## **Total expenses increased \$228.6 million (5.0%)**

- **Salary and fringe benefits increased \$99.1 million**
  - Salaries increased \$67.2 million
  - Fringe benefits increased \$31.9 million
  
- **Supplies & services expense increased \$77.3 million across various funds and accounts**
  
- **Transfers to state agencies increased \$29.1 million**
  - Debt service costs related to changes in retirement benefits

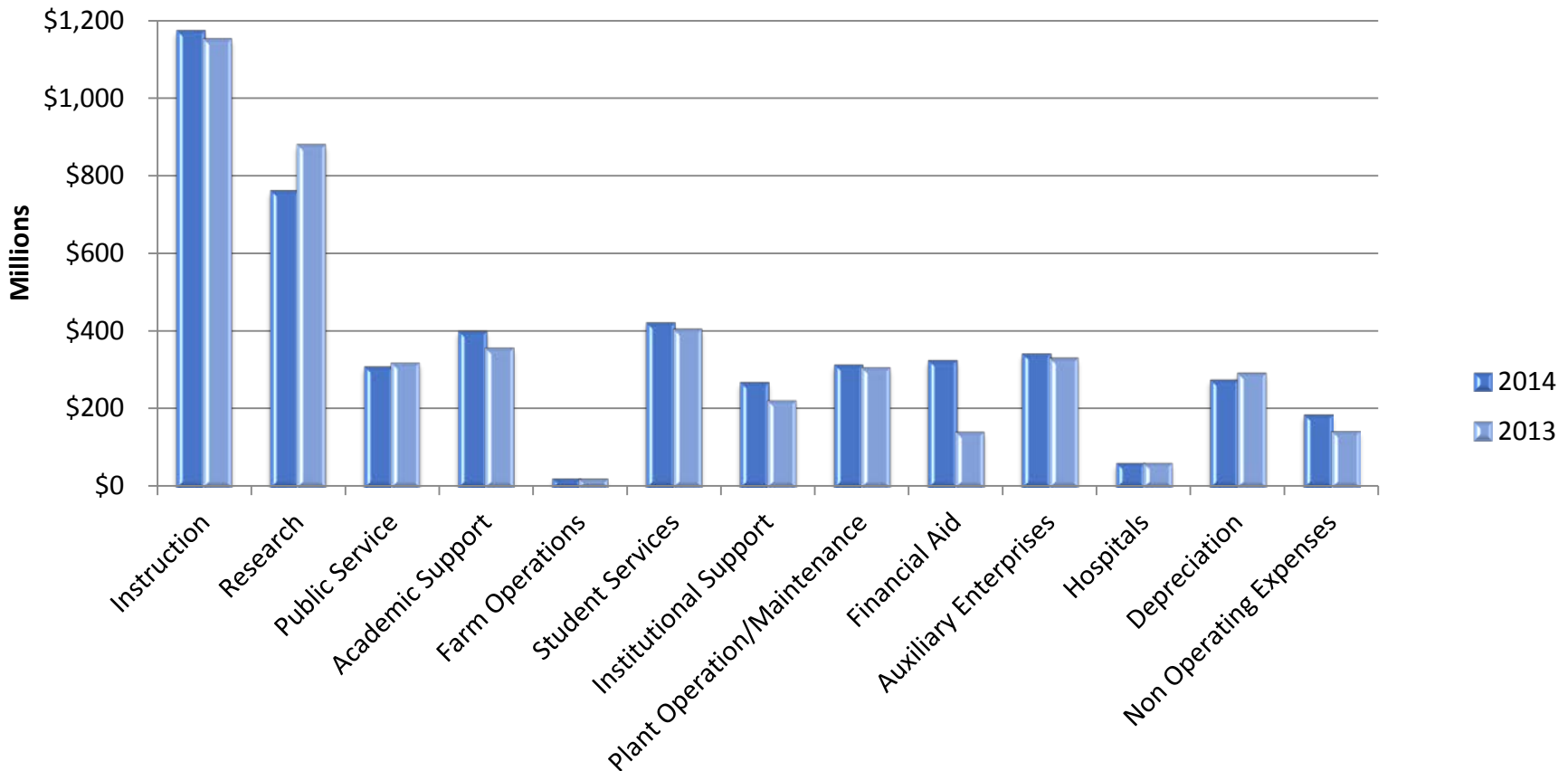
# Operating Expenses by Natural Classification

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# Expenses by Functional Classification\*

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\*As defined by National Association of College and University Business Officers for benchmarking purposes

# Financial Summary

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(in millions)	<u>2014</u>	<u>2013</u>	<u>Change from 2013</u>	
Total Revenues	\$4,856.6	\$5,075.2	\$ -218.6	-4.3%
Total Expenses	<u>4,833.3</u>	<u>4,604.7</u>	228.6	5.0%
Increase in Net Position	\$ 23.3	\$ 470.5		
Total Assets	\$8,467.0	\$8,523.0	\$ -56.0	-0.7%
Deferred Outflows	19.1	13.8	5.3	38.4%
Total Liabilities	2,146.5	2,221.0	-74.5	-3.4%
Deferred Inflows	0.5	0.0	0.5	
Net Position	\$6,339.1	\$6,315.8	\$ 23.3	0.4%

# Statement of Net Position

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- **Net Position is the difference between assets and liabilities**
- **Net Position is categorized as:**
  - Net Investment in Capital Assets
  - Restricted – Nonexpendable
  - Restricted – Expendable
  - Restricted – Student Loans
  - Restricted – Other
  - Unrestricted

# Statement of Net Position

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(in millions)	FY 2014	FY 2013	% Change
Net Investment-Capital	\$4,366.0	\$4,170.9	4.7%
Restricted-Nonexpendable	187.8	166.6	12.7%
Restricted-Expendable	321.9	283.9	13.4%
Restricted-Student Loans	231.9	229.4	1.1%
Restricted-Other	284.0	385.3	(26.3%)
Unrestricted	<u>947.5</u>	<u>1,079.7</u>	(12.2%)
<b>TOTAL NET POSITION</b>	<b>\$6,339.1</b>	<b>\$6,315.8</b>	<b>0.4%</b>



# Unrestricted Net Position – Note 13

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(in millions)	FY 2014	FY 2013	% Change
Tuition	\$439.0	\$594.5	(26.2%)
General Operations	140.1	196.6	(28.8%)
Auxiliary Operations	199.5	159.5	25.0%
Indirect Cost Reimbursement	171.4	147.2	16.5%
Endowment Funds	88.3	83.1	6.2%
All Other Program Revenue	35.4	23.4	51.1%
Gift & Non Federal Grants	(28.4)	(27.6)	3.1%
Federal Aid	(5.0)	(10.5)	(52.2%)
All Other Non-Program Revenue	<u>(92.7)</u>	<u>(86.6)</u>	7.0%
<b>TOTAL UNRESTRICTED NET POSITION</b>	<b>947.5</b>	<b>1,079.7</b>	<b>(12.2%)</b>

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