

2005 ANNUAL FINANCIAL REPORT

University of Wisconsin System
An Overview of Financial Performance



AGENDA

- **Highlights**
- **Financial Performance**
- **Statement of Net Assets**
- **Assets**
- **Revenues**
- **Expenses**
- **Auditor Communication**

The University of Wisconsin System serves 160,000 students on our campuses and more than one million people through our statewide extension programs.

This presentation provides an overview of our 2005 financial report.

All information has been made available on the UW System website.

HIGHLIGHTS

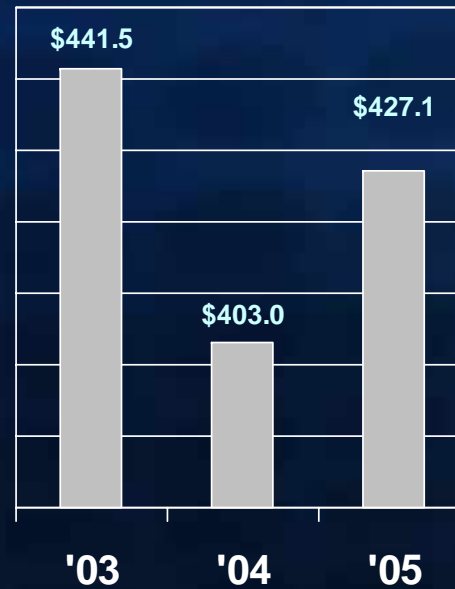
<i>(in millions)</i>	2005	2004
Total revenues before net investment income	\$3,596.3	\$3,338.3
Total expenses	3,475.5	3,331.3
Increase in net assets before net investment income	120.8	7.0
Net investment income	37.7	41.8
Increase in net assets	\$ 158.5	\$ 48.8
Total assets	\$4,772.4	\$4,456.6
Total liabilities	1,071.3	900.1
Net assets	\$3,701.1	\$3,556.5

Financial Performance

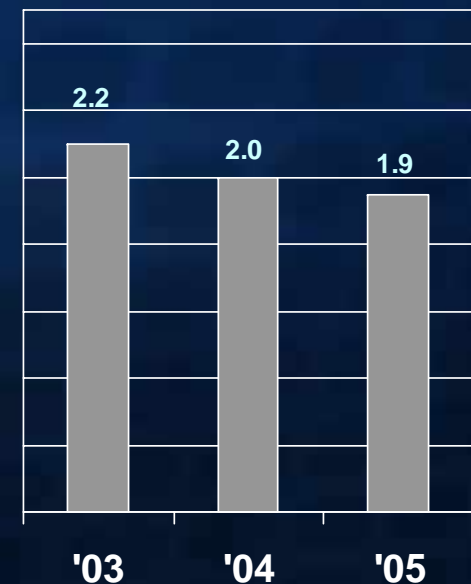
Increase in Net Assets



Net Working Capital



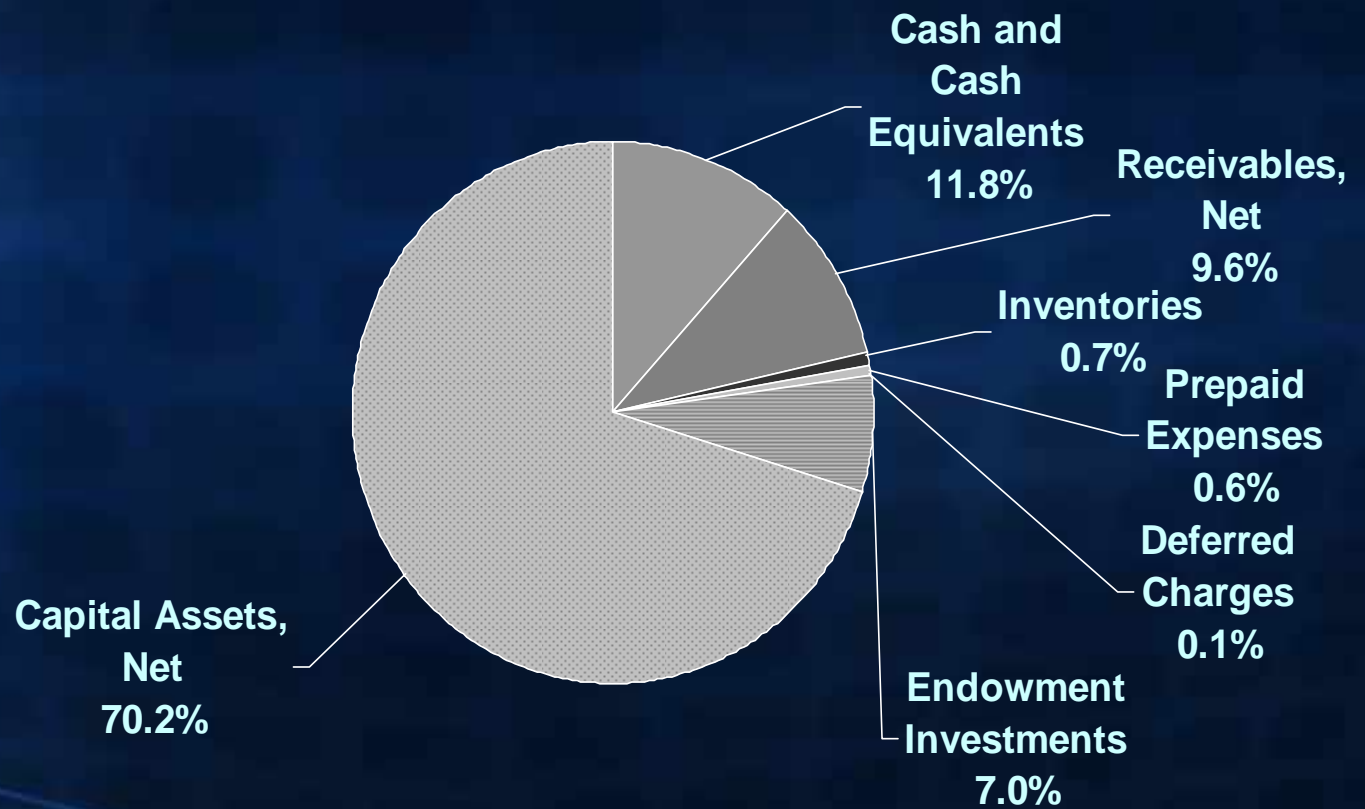
Current Ratio



STATEMENT OF NET ASSETS

	2005	2004
Assets		
–Current assets	\$ 918,074,115	\$ 808,152,983
–Noncurrent assets		
• Endowment investments	331,878,203	322,374,756
• Capital assets, net	3,350,387,186	3,154,487,591
• Student loans receivable, net	157,266,391	153,499,091
• UW Hospital Authority	14,820,744	18,162,365
Total Assets	\$4,772,426,639	\$4,456,676,786
Liabilities		
–Current liabilities	\$ 490,940,301	\$ 405,128,737
–Noncurrent liabilities	580,359,514	495,026,086
Total Liabilities	\$1,071,299,815	\$ 900,154,823
Net Assets	\$3,701,126,824	\$3,556,521,963

ASSETS

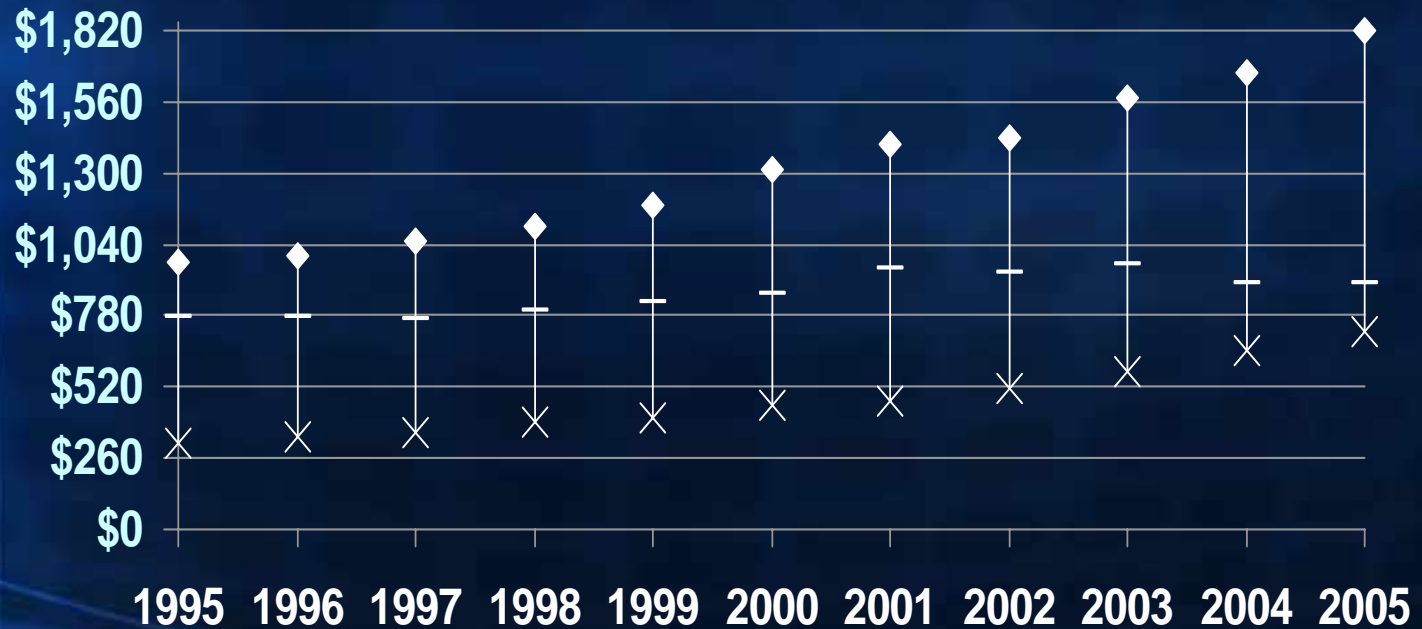


Revenues

<i>(in millions)</i>	2005	2004	% Change
Operating Revenues			
–Student Tuition and Fees, Net	\$ 721.6	\$ 653.3	10.5
–Sales and Services:			
• Education Activities	216.5	221.1	-2.1
• Auxiliaries, Net	263.3	247.5	6.4
• UW Hospital Authority	42.9	39.5	8.6
–Grants and Contracts:			
• Federal	654.7	612.9	6.8
• State, Local, and Private	254.8	208.7	22.1
–Other	190.5	171.6	11.0
Total Operating Revenues	\$2,344.3	\$2,154.6	8.8
Nonoperating Revenues			
–State Appropriations	\$ 897.0	\$ 901.9	-0.5
–Gifts and Net Investment Income	240.7	224.9	7.0
–Capital Contributions	145.1	93.4	55.4
–Additions to Permanent Endowments	0.6	5.3	-88.7
–Other	6.3	0.0	---
Total Nonoperating Revenues	\$1,289.7	\$1,225.5	5.2
Total Revenues	\$3,634.0	\$3,380.1	7.5

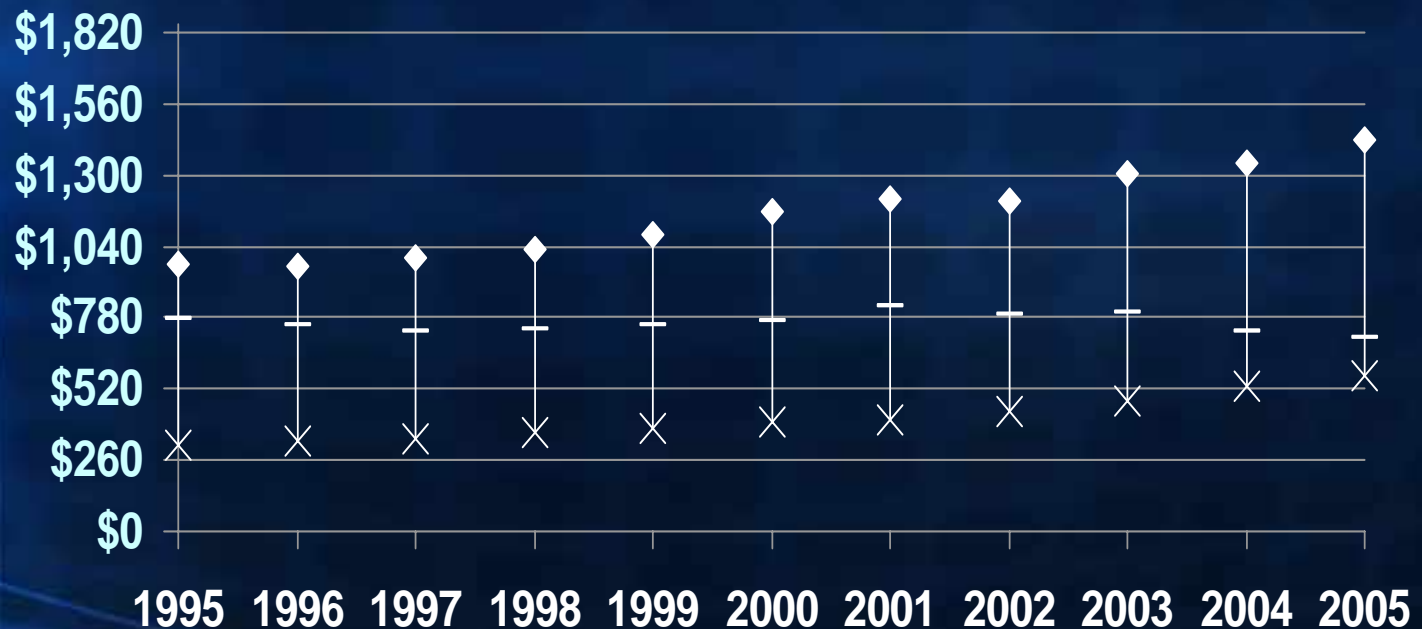
TEN-YEAR COMPARISON OF CURRENT FUNDS REVENUES

– State Appropriations × Tuition and Fees ◆ All Other Sources

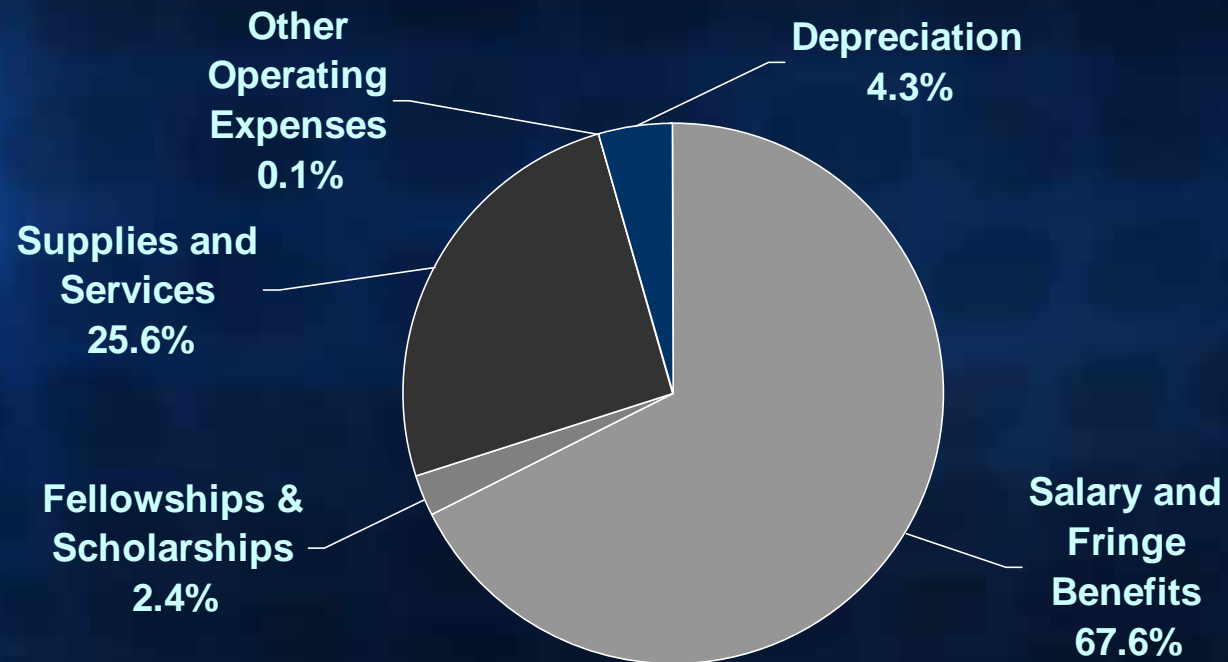


TEN-YEAR COMPARISON OF CURRENT FUNDS REVENUES ADJUSTED FOR INFLATION

– State Appropriations × Tuition and Fees ◆ All Other Sources



OPERATING EXPENSES BY NATURAL CLASSIFICATION



OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

<i>(in millions)</i>	2005	2004	% Change
Operating Expenses			
–Instruction	\$ 932.8	\$ 898.2	3.9
–Research	685.8	650.9	5.4
–Public Service	250.0	240.5	4.0
–Academic Support	302.2	303.8	-0.5
–Farm Operations	11.9	11.2	6.3
–Student Services	298.2	287.6	3.7
–Institutional Support	174.5	182.8	-4.5
–Operation/Maintenance	220.8	216.2	2.1
–Financial Aid	97.8	70.1	39.5
–Auxiliary Enterprises	246.5	232.5	6.0
–Hospitals	43.2	38.8	11.3
–Depreciation	147.9	168.2	-12.1
Total Operating Expenses	\$3,411.6	\$3,300.8	3.4

AUDITOR COMMUNICATION

- AICPA and *Government Auditing Standards*
 - Requires various communications to be made to the audit committee, or equivalent
 - Audit Authority, Responsibility, and Scope
 - Audit Results – Unqualified Opinion
 - Other Auditor Communications
 - Audit Adjustments
 - » Proposed corrections

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