

# 2010 ANNUAL FINANCIAL REPORT

University of Wisconsin System

An Overview of Financial Performance



# AGENDA

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

*This presentation provides an overview of our FY 2010 financial report.*

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

*The University of Wisconsin System served over 178,000 students on our campuses and more than one million people through our statewide extension programs in 2010.*



# 2009-10 Highlights

- Record Enrollments
  - exceeded 178,000 students
  - an increase of over 3,000 students
- Grants and Contracts reached \$1.2 billion
- Tuition and Fees surpassed State Appropriations for the first time
  - Tuition and Fees \$33.5 million higher than state appropriations
- Net Assets increased by \$329 million or 7.0%
- Net Investment Income increased by \$84.6 million, turning from a \$43 million loss in 2009 to a \$40 million gain in 2010

# Fiscal Summary

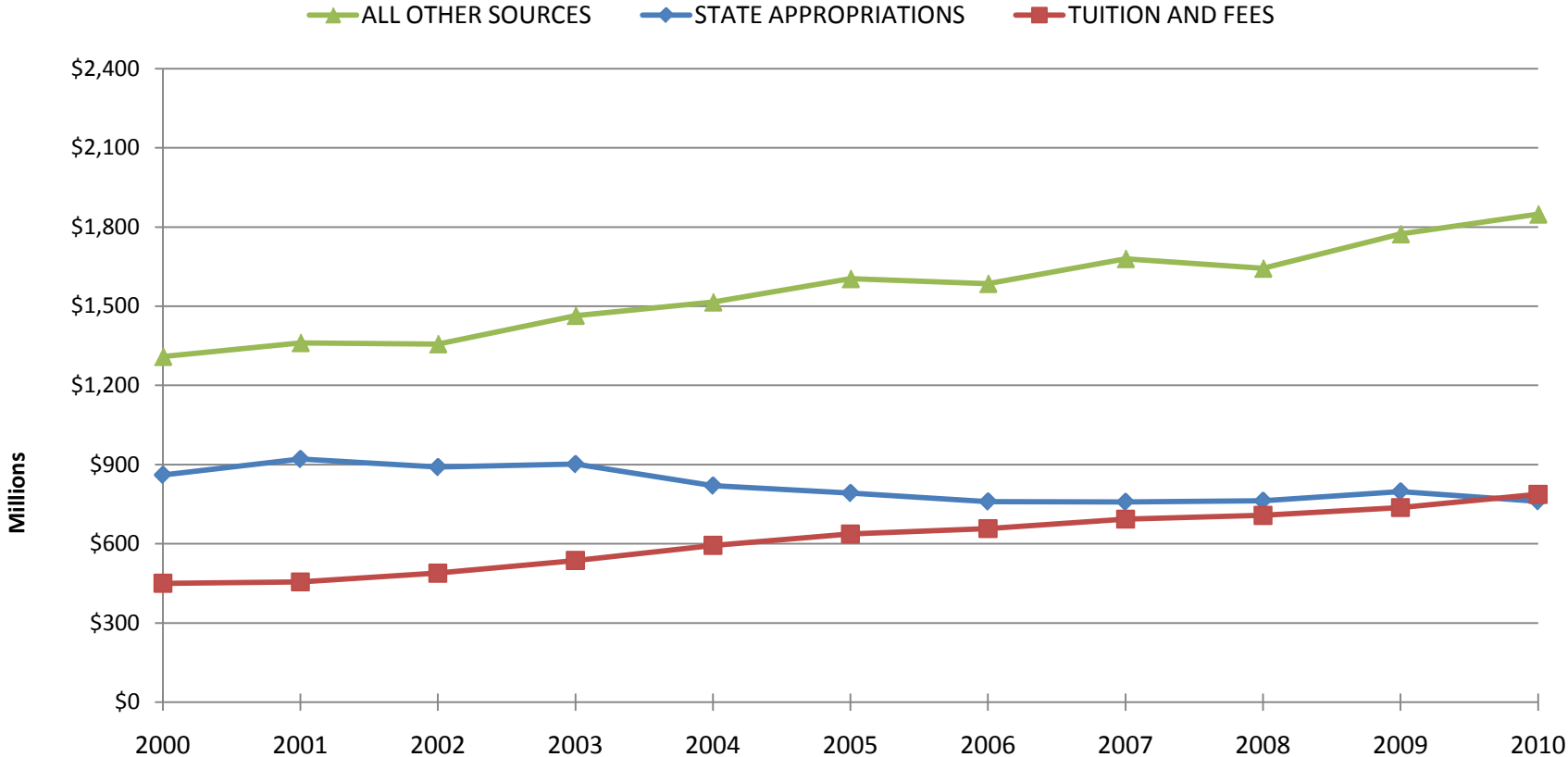
(in millions)	<u>2010</u>	<u>2009</u>	<u>Increase over 2009</u>	
Total Revenues	\$4,654.6	\$4,537.4	\$117.2	2.6%
Total Expenses	<u>4,325.6</u>	<u>4,208.3</u>	117.3	2.8%
Increase in Net Assets	\$ 329.0	\$ 329.1		
Total Assets	\$6,710.4	\$6,220.3	\$490.1	7.9%
Total Liabilities	<u>1,685.1</u>	<u>1,524.0</u>	<u>161.1</u>	10.6%
Net Assets	\$5,025.3	\$4,696.3	\$329.0	7.0%

# Revenues

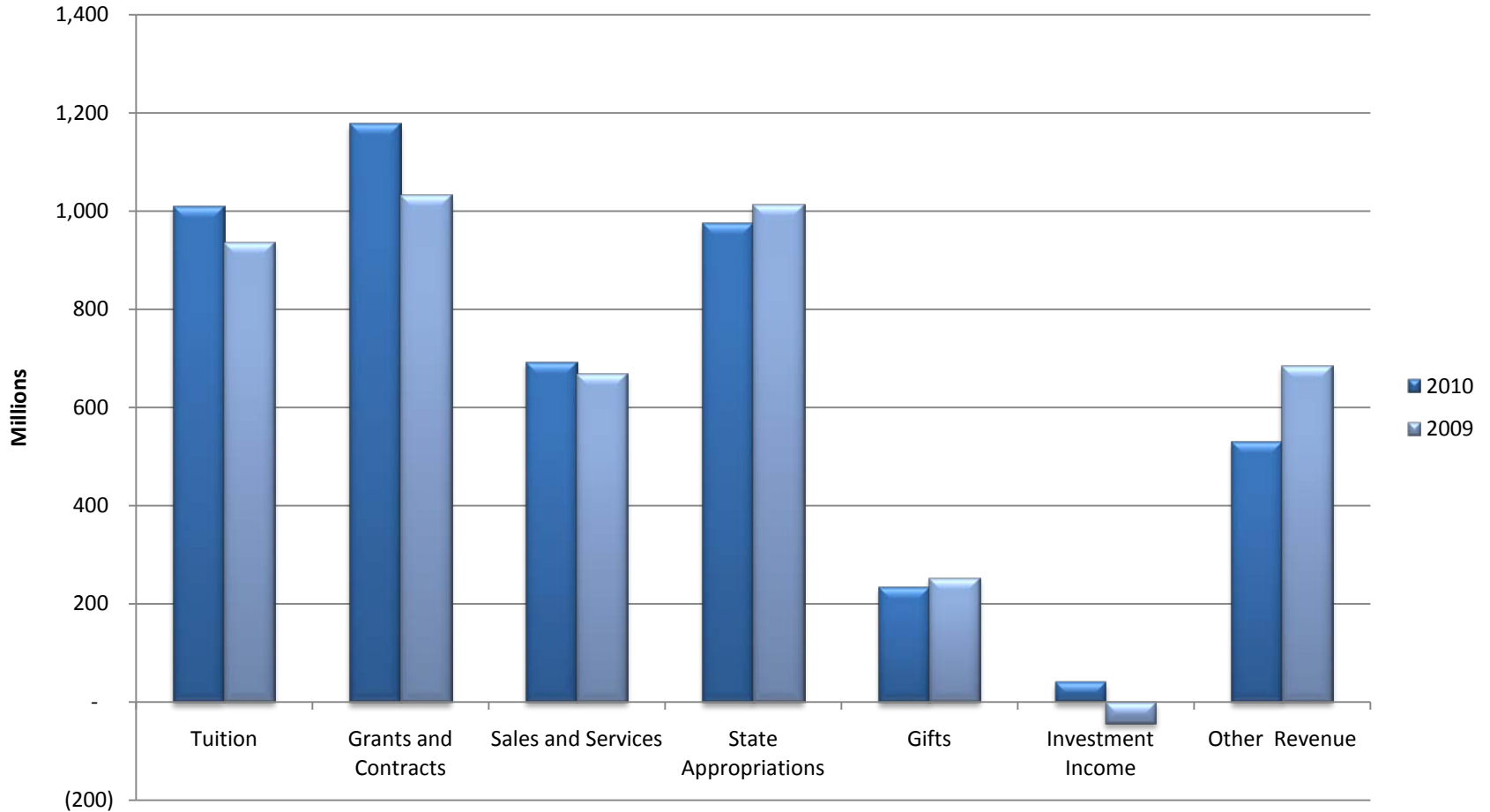
Total revenues increased by \$117.2 million or 2.6% over 2009

- Tuition increased by \$73.1 million
  - 5.5% overall rate increase
  - Enrollment up 3,900 students
- Grants and Contracts increased by \$146.7 million
  - Successful in obtaining American Recovery and Reinvestment (ARRA) grant funding
- State Appropriation decreased by \$37.7 million
  - State budget constraints allowed for less funding to UW
  - First time in recent history that tuition is greater than state appropriations
- Capital Appropriations and Contributions decreased by \$56.6 million

# TEN-YEAR COMPARISON OF CURRENT FUNDS REVENUES ADJUSTED FOR INFLATION



# Revenue by Category



# Fiscal Summary

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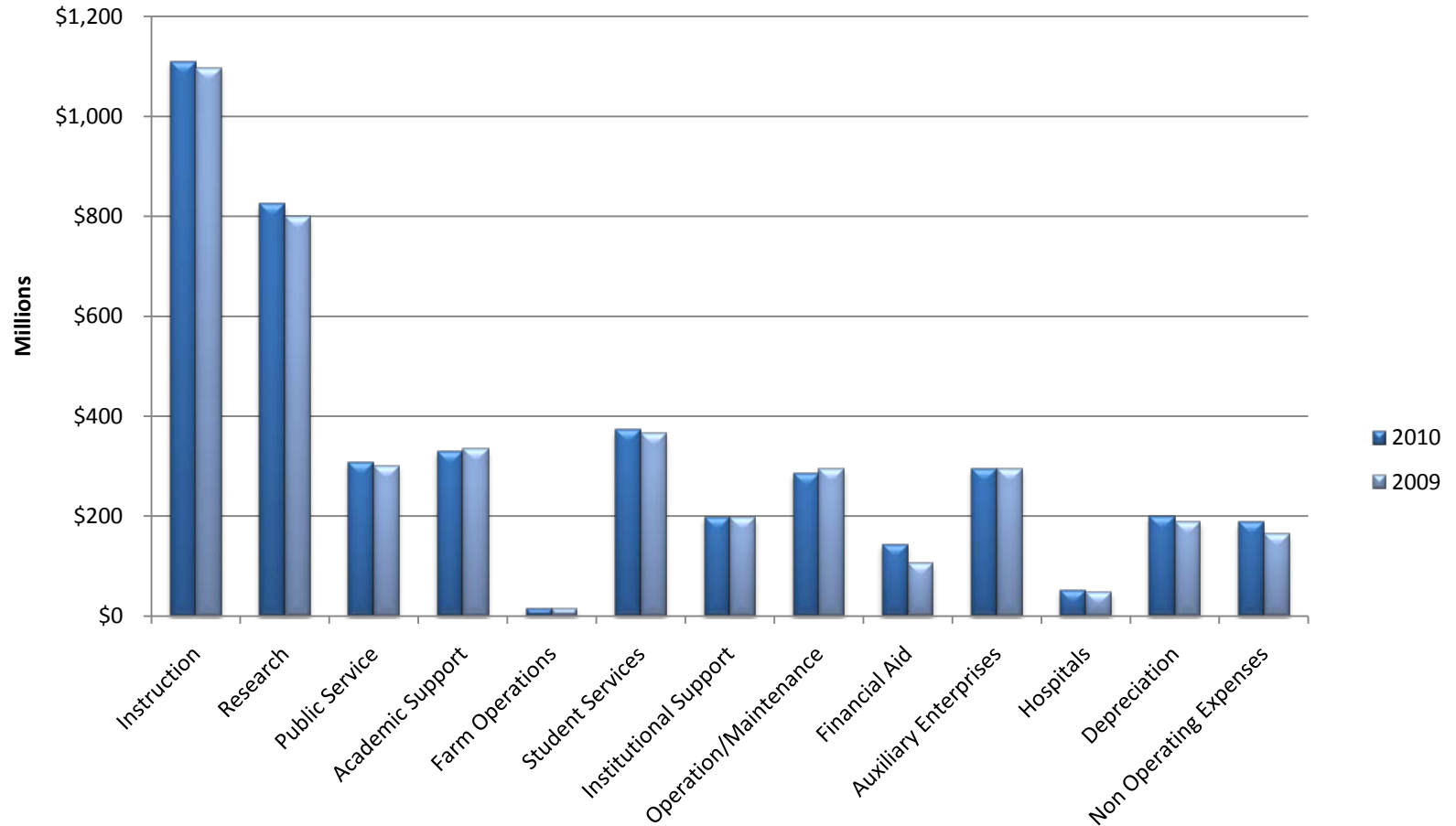


# Expenses

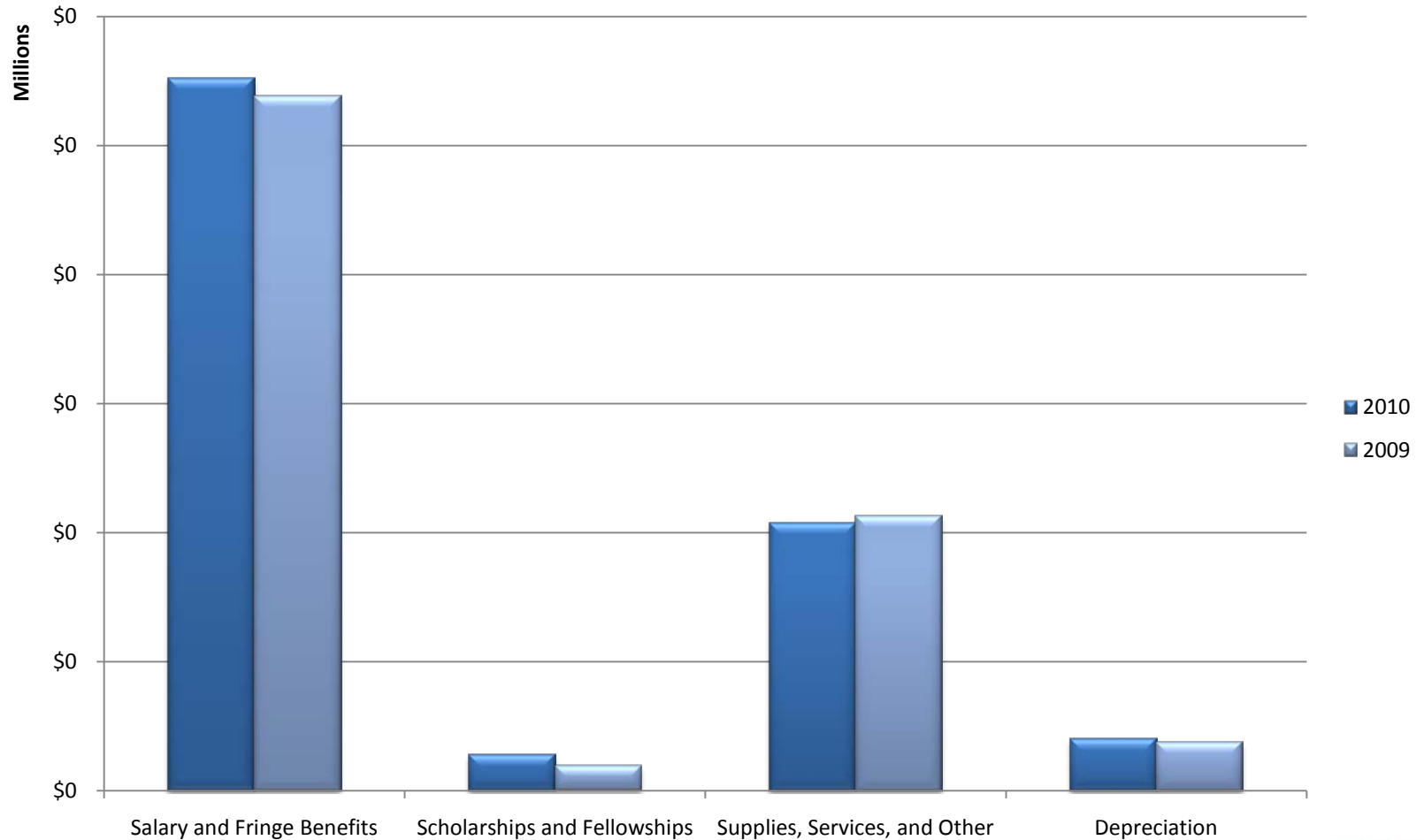
Total Expenses increased by \$117.3 million or 2.8% over 2009

- Less than half of the increase from 2008 to 2009
- State-driven salary actions are the primary contributor to the smaller increase (2009 increase of \$113.8 million, 2010 increase of \$67.5 million)
- Scholarships and Fellowships expenses increased by \$41.4 million or nearly 42.8%

# EXPENSES BY FUNCTIONAL CLASSIFICATION



# OPERATING EXPENSES BY NATURAL CLASSIFICATION



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Net Assets	\$5,025.3	\$4,696.3	\$329.0	7.0%

# STATEMENT OF NET ASSETS

(in millions)	2010	2009
<b>Assets</b>		
–Current Assets	\$1,418	\$1,282
–Noncurrent Assets	<u>5,293</u>	<u>4,938</u>
<b>Total Assets</b>	<b>\$6,710</b>	<b>\$6,220</b>
<b>Liabilities</b>		
–Current Liabilities	\$ 650	\$ 570
–Noncurrent Liabilities	<u>1,035</u>	<u>953</u>
<b>Total Liabilities</b>	<b>\$1,685</b>	<b>\$1,523</b>
<b>Net Assets</b>		
–Invested in Capital Assets	\$3,764	\$3,516
–Restricted	761	799
–Unrestricted	<u>503</u>	<u>382</u>
<b>Total Net Assets</b>	<b>\$5,025</b>	<b>\$4,696</b>
<b>Ratios</b>		
–Return on Net Assets	7%	7%
–Primary Reserve	15%	12%

# Net Assets

- Return on Net Assets at 7.0% for both years
  - Well above the 4% standard suggested by NACUBO
- Primary reserve ratio is an indication of how long UW System can function using only expendable and unrestricted net assets
  - 15% equates to approximately 2 months
- Investments in capital items continue to account for a significant portion of Assets (71%), Liabilities (60%) and Net Assets (75%)

# Legislative Audit Bureau

## AUDITOR COMMUNICATION

Janice Mueller, State Auditor  
Carolyn Stittleburg, Audit Director



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