

Financial Statements

CONSOLIDATED STATEMENT OF NET ASSETS

(in thousands)	June 30,	
	2009	2008
Assets		
Current Assets:		
Cash and cash equivalents	\$ 358,373	\$ 495,137
Operating investments	345,207	686,218
Investments for capital activities	541,577	697,269
Investments for student loan activities	31,483	29,869
Investment trade settlements receivable	128	56,289
Accounts receivable, net	434,798	443,375
Current portion of notes and pledges receivable, net	64,055	73,832
Current portion of prepaid expenses and other assets	49,401	54,037
Total Current Assets	1,825,022	2,536,026
Noncurrent Assets:		
Endowment, life income and other investments	6,215,286	7,854,562
Notes and pledges receivable, net	219,823	233,572
Prepaid expenses and other assets	21,425	17,153
Capital assets, net	4,627,498	4,129,830
Total Noncurrent Assets	11,084,032	12,235,117
Total Assets	\$ 12,909,054	\$ 14,771,143
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 184,595	\$ 191,694
Investment trade settlements payable	5,658	64,442
Accrued compensation and other	305,563	297,725
Deferred revenue	187,519	178,638
Current portion of insurance and benefits reserves	67,133	64,117
Current portion of obligations for postemployment benefits	58,401	60,792
Commercial paper and current portion of bonds payable	178,690	172,939
Long-term bonds payable subject to remarketing, net	652,285	706,870
Deposits of affiliates and others	29,705	27,933
Total Current Liabilities	1,669,549	1,765,150
Noncurrent Liabilities:		
Accrued compensation	76,924	78,578
Insurance and benefits reserves	85,912	78,448
Obligations for postemployment benefits	1,504,569	1,431,021
Obligations under life income agreements	47,843	60,437
Government loan advances	87,548	86,567
Bonds payable	656,341	362,408
Deposits of affiliates and other	113,393	153,860
Total Noncurrent Liabilities	2,572,530	2,251,319
Total Liabilities	4,242,079	4,016,469
Net Assets:		
Invested in capital assets, net of related debt	3,275,855	3,030,110
Restricted:		
Nonexpendable	1,143,668	1,070,958
Expendable	2,705,369	3,733,022
Unrestricted	1,542,083	2,920,584
Total Net Assets	8,666,975	10,754,674
Total Liabilities and Net Assets	\$ 12,909,054	\$ 14,771,143

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

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

(in thousands)	Year Ended June 30,	
	2009	2008
Operating Revenues		
Student tuition and fees	\$ 1,029,240	\$ 975,316
Less scholarship allowances	202,946	184,095
Net student tuition and fees	826,294	791,221
Federal grants and contracts	766,416	712,963
State and local grants and contracts	7,240	9,649
Nongovernmental sponsored programs	148,578	130,634
Sales and services of educational departments	117,690	138,484
Auxiliary enterprises:		
Patient care revenues	2,220,551	2,105,439
Student residence fees (net of scholarship allowances of \$16,542,000 in 2009 and \$16,701,000 in 2008)	81,391	74,759
Other revenues	142,988	139,410
Student loan interest income and fees	2,334	2,049
Total Operating Revenues	4,313,482	4,104,608
Operating Expenses		
Compensation and benefits	3,390,470	3,234,232
Supplies and services	1,255,078	1,167,616
Depreciation	341,462	319,351
Scholarships and fellowships	107,127	98,847
Total Operating Expenses	5,094,137	4,820,046
Operating loss	(780,655)	(715,438)
Nonoperating Revenues (Expenses)		
State educational appropriations	373,816	404,003
Private gifts for other than capital and endowment purposes	96,529	136,713
Net investment (loss) income	(1,851,234)	621,878
Interest expense	(25,136)	(33,644)
Total Nonoperating Revenues (Expenses), Net	(1,406,025)	1,128,950
(Loss) income before other revenues (expenses)	(2,186,680)	413,512
Other Revenues (Expenses)		
State capital appropriations	12,244	11,796
Capital gifts and grants	27,791	66,372
Private gifts for permanent endowment purposes	60,602	93,777
Implementation of GASB Statement No. 45, postemployment benefits obligations as of July 1, 2007		(1,306,859)
Other	(1,656)	(21,065)
Total Other Revenues (Expenses), Net	98,981	(1,155,979)
Decrease in net assets	(2,087,699)	(742,467)
Net Assets, Beginning of Year	10,754,674	11,497,141
Net Assets, End of Year	\$ 8,666,975	\$ 10,754,674

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

Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended June 30,	
	2009	2008
Cash Flows From Operating Activities		
Student tuition and fees	\$ 826,536	\$ 798,616
Federal, state and local grants and contracts	774,376	735,478
Nongovernmental sponsored programs	147,246	134,387
Sales and services of educational departments	260,275	275,134
Patient care revenues	2,228,907	2,073,439
Student residence fees	81,203	75,412
Payments to employees	(2,578,312)	(2,413,442)
Payments for benefits	(739,668)	(681,369)
Payments to suppliers	(1,258,755)	(1,182,195)
Payments for scholarships and fellowships	(107,081)	(98,783)
Student loans issued	(15,488)	(15,866)
Student loans collected	14,319	14,700
Student loan interest and fees collected	2,334	2,049
Net Cash Used in Operating Activities	(364,108)	(282,440)
Cash Flows From Investing Activities		
Interest and dividends on investments, net	84,634	294,545
Proceeds from sales and maturities of investments	4,635,466	5,039,730
Purchases of investments	(4,535,346)	(5,252,622)
Net decrease in cash equivalents from noncurrent investments	57,479	100,741
Net increase in deposits of affiliates and others	13,852	7,288
Net Cash Provided by Investing Activities	256,085	189,682
Cash Flows From Capital and Related Financing Activities		
State capital appropriations	22,379	1,773
Private gifts and other receipts	39,527	65,013
Proceeds from issuance of capital debt	336,440	393,770
Principal payments on capital debt	(90,893)	(193,644)
Interest payments on capital debt	(27,908)	(35,072)
Payments for bond refunding and related costs	(277)	(251)
Purchases of capital assets	(855,834)	(710,638)
Proceeds from sales of capital assets	1,501	483
Net Cash Used in Capital and Related Financing Activities	(575,065)	(478,566)
Cash Flows From Noncapital Financing Activities		
State educational appropriations	373,143	364,159
Private gifts and other receipts	173,729	217,599
Student direct lending receipts	299,404	253,462
Student direct lending disbursements	(298,857)	(255,765)
Amounts received for annuity and life income funds	5,034	15,029
Amounts paid to annuitants and life beneficiaries and related expenses	(6,129)	(6,992)
Other		(2,519)
Net Cash Provided by Noncapital Financing Activities	546,324	584,973
Net (decrease) increase in cash and cash equivalents	(136,764)	13,649
Cash and Cash Equivalents, Beginning of Year	495,137	481,488
Cash and Cash Equivalents, End of Year	\$ 358,373	\$ 495,137

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

CONSOLIDATED STATEMENT OF CASH FLOWS | *continued*

(in thousands)	Year Ended June 30,	
	2009	2008
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (780,655)	\$ (715,438)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	341,462	319,351
Changes in assets and liabilities:		
Accounts receivable, net	(2,655)	(24,602)
Prepaid expenses and other assets	(4,920)	2,841
Accounts payable	(1,075)	(6,403)
Accrued compensation and other	(1,302)	26,991
Deferred revenue	8,881	13,343
Insurance and benefits reserves	4,999	4,210
Obligations for postemployment benefits	71,157	97,267
Net cash used in operating activities	\$ (364,108)	\$ (282,440)

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