

# Unrestricted Net Assets

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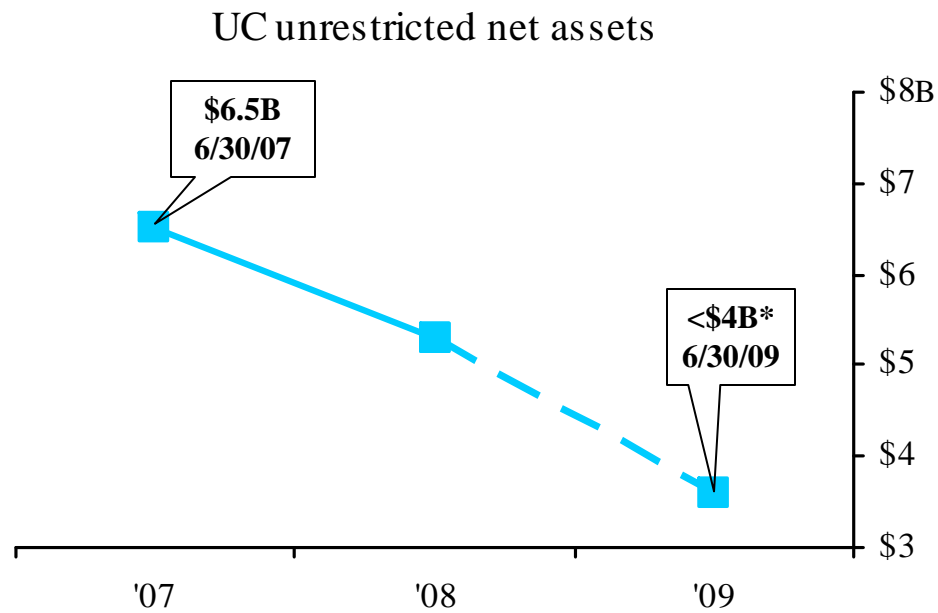
# “Unrestricted” Net Assets

- UC does not have billions of dollars in uncommitted funds that it can use to make up for massive reductions in state support.
- UC’s June 2008 financial statements reference \$5.3 billion in "unrestricted net assets" — terminology required to be used under requirements of the Government Accounting Standards Board (“GASB”).
- The definition of “unrestricted” must be used for any funds that are not subject to externally imposed restrictions. “Unrestricted assets” does not mean uncommitted assets.
- Funds are kept in over 76,000 funds and accounts that each individual campus controls for very specific uses including:
  - some of UC’s endowment
  - capital project funding
  - medical centers
  - operating funds to support academic programs and research initiatives on a multiple-year basis
  - liening funds for authorized equipment purchases and services that have not been expended by the end of the fiscal year

# “Unrestricted” Net Assets, cont’d

- As illustrated on the next page, the upcoming issuance of our audited financial statements summarizing UC’s financial condition as of June 30, 2009 will show a substantial drop in our unrestricted net assets to an amount *below* \$4 billion.
- Some of this drop is attributable to the growth in our unfunded retiree health care obligations and investment losses.
- The financial statements will also show a decrease in operating cash balances at our campuses. These accounts are used by campuses to meet a variety of expenses throughout the year for core instructional needs.
- The substantial budget cuts from the State – including those in the middle-and-end of the 2008-09 fiscal year – hit our campus programs so late that all available funds had to be tapped to help bridge over to the current fiscal year.

# “Unrestricted” Net Assets, cont’d



\* Approximate, pending finalization of financial statements

# Preview of Unrestricted Net Assets for FY 2008-09

Total to be reported: Below \$4 billion

## Highlights:\*

- Capital Projects \$ 820 M
- Medical Centers \$ 700 M
- Endowment Income/FFEs \$1,084 M
- Debt Service Funds \$ 35 M
- Misc. Student Fee & Auxiliary Payments \$ 640 M

\* amounts are approximates