2015 Financial Report

Michigan Tech
Create the Future

MICHIGAN TECHNOLOGICAL UNIVERSITY


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Create the Future

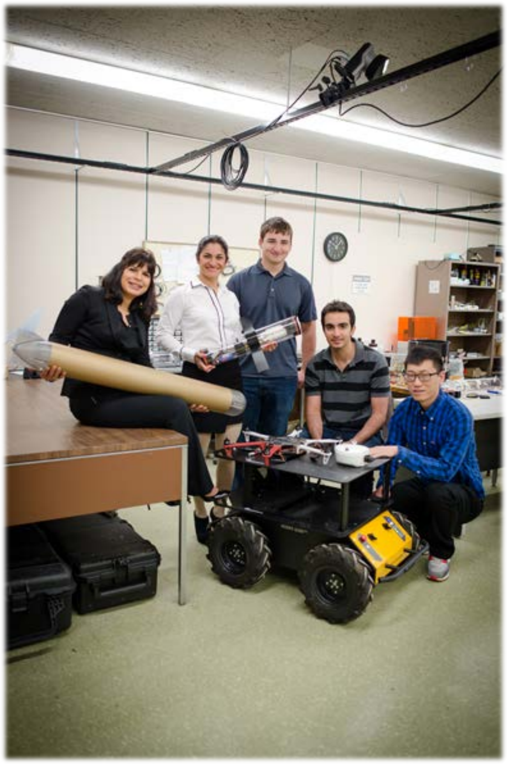

TABLE OF CONTENTS

THE MICHIGAN TECH STRATEGIC PLAN

We prepare students to create the future.

VISION

Michigan Tech will lead as a global technological university that inspires students, advances knowledge, and innovates to create a sustainable, just, and prosperous world.

MISSION

We deliver action-based undergraduate and graduate education and discover new knowledge through research and innovation. We create solutions for society's challenges through interdisciplinary education, research, and engagement to advance sustainable economic prosperity, health and safety, ethical conduct, and responsible use of resources. We attract exceptional students, faculty, and staff who understand, develop, apply, manage, and communicate science, engineering, technology, and business to attain the goal of a sustainable, just, and prosperous world. Our success is measured by accomplishments and reputation of our graduates, national and international impact of our research and scholarly activities, and investment in our University.

GOALS

1. An exceptional and diverse community of students, faculty, and staff.
2. A distinctive and rigorous action-based learning experience grounded in science, engineering, technology, sustainability, business, and an understanding of the social and cultural contexts of our contemporary world.
3. Research, scholarship, entrepreneurship, innovation, and creative work that promotes a Sustainable, just, and prosperous world.

LETTER FROM THE PRESIDENT

It's always good for an institution to look in the mirror and reflect on what it is and where it's going. Recently, the campus community came together and reflected on what Michigan Tech does best and how we should plan for the future.

The result is reinforcing our dedication to a diverse community of students, faculty, and staff—we know first-hand that the best new innovations come from the interaction of diverse ideas into tomorrow's solutions.

We are renowned for our STEM-centric educational philosophy, and we supplement that approach by recognizing the value of recognizing social and cultural contexts—that's how we find not just solutions to problems, but the right solutions for every problem.

We also renew our commitment to scholarship, research, entrepreneurship, and creativity, the engines of the giant machine of progress. And it is by walking a wise path through these areas that we do our part to maintain a just, prosperous, sustainable world.

The state of our budget and finances is strong. As state funding has decreased dramatically over recent decades, we have worked hard to be good stewards of our resources, focusing on the needs of our students so they may get the world-class, hands-on education that is a Michigan Tech hallmark. The support of industry, alumni, and friends has been and is invaluable.

We continue our vision of creating the future for 2035 and beyond, and look forward to continued increases in graduate student enrollment, a more diverse campus community, and a dedication to future technologies and work across disciplines. Thank you to everyone who shares this vision and invests in Michigan Tech.

Dr. Glenn D. Mroz
President

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UNIVERSITY UPDATE

News and Rankings

Once again, Michigan Tech has moved up in the annual *US News & World Report* rankings of the best undergraduate colleges and universities, placing 56th—in the top third—of 170 public universities. Michigan Tech's undergraduate engineering programs ranked in the top half nationwide—73rd of 157 programs ranked.

Among 268 public and private national universities—a list topped by Princeton, Harvard and Yale—Michigan Tech ranked 116th. The magazine defines national universities as ones that place an emphasis on faculty research and graduate studies. Six graduate engineering programs also rose in the annual graduate engineering specialty rankings *US News and World Report.*

Michigan Tech led colleges and universities in Michigan and ranked fourth in the nation in a new kind of evaluation released by the Brookings Institution. It measures what Brookings calls "value-added" factors such as the kinds of majors offered—particularly in STEM (science, technology, engineering and math), graduation rates, student loan repayment rates, and the difference between predicted earnings and graduates' actual earnings at mid-career and over a lifetime.

Money magazine ranked Michigan Tech second highest in the state, based on graduation rates, degree costs, and return on investment. Michigan Tech also ranked 33rd in the nation among public universities.

Michigan Tech's enrollment for fall 2014 was 7,100, the second highest since 1983. Graduate School enrollment also hit an all-time high at 1,442 or 20 percent of the student body. Michigan Tech's 1,093 international students represent another all-time high.

Awards and Honors

Each year 8,000 Fulbright grants are awarded to graduate students, university faculty and researchers worldwide. Of those, just 40 recipients are chosen for Fulbright Distinguished Chair Awards, viewed as the most prestigious appointments in the Fulbright Scholar Program. For the first time, a Michigan Tech professor, Michael Mullins of chemical engineering, has been awarded a distinguished chair award to spend the 2015-16 academic year on sabbatical at Chalmers University of Technology in Gothenburg, Sweden. Mullins was quite surprised when he was notified of the award. "This is kind of a big deal, I'm astounded that I got it," Mullins says, noting that of the 40 Fulbright Distinguished Chairs, only five or six are in STEM fields.

Tolou Shokuhfar will be investigating the inner workings of a protein that plays a key role in human health with funding from a five-year, $400,000 Faculty Early Career Development (CAREER) Award. Shokuhfar, an assistant professor of mechanical engineering-engineering mechanics, will study the biomolecule ferritin, which stores iron in the body in a non-toxic, mineralized form and releases it safely. Shokuhfar will observe ferritin molecules using a revolutionary technique she developed with colleagues at the University of Illinois-Chicago.

Nina Mahmoudian has received an NSF CAREER Award, providing $500,442 for her research. The grants are given to early career researchers who excel in both research and education, both of which are important parts of Mahmoudian's Nonlinear and Autonomous Systems Laboratory. Mahmoudian, an assistant professor of mechanical engineering-engineering mechanics, focuses on the continuous operation of autonomous vehicles. In other words, she is finding ways to make these robots do their jobs longer with no human intervention.

In the world of aquatic biology, it's a long-held belief that what goes up, must come down. As human activity causes nitrogen loads to go up along the banks of rivers and streams, nitrogen levels go down through another process. Amy Marcarelli, associate professor in biological sciences, has received an NSF CAREER Award to study this nitrogen conversion balance. She's looking at two biological processes: nitrogen fixation and denitrification, and will be working with a 5-year, $794,661 grant.

On Campus

Michigan Tech's award-winning Peace Corps Master's International (PCMI) program is offering new degree options for students in two departments: computer science and electrical and computer engineering. The School of Forest Resources and Environmental Science is also expanding its PCMI programs to include a Master of Geographic Information Science. The expanded programs will enable more students to take part in PCMI, in which students earn a master's degree while simultaneously serving in the Peace Corps. Students typically take two semesters of courses on campus before volunteering for two years overseas and then returning to Michigan Tech to complete their degree. With the program's new offerings, students can now earn their master's through ten different academic departments at Michigan Tech.

Michigan Tech has had a War Memorial Wall ever since the Memorial Union Building was dedicated in May 1952, but it only named those lost during both world wars and the Korean conflict. Vietnam veteran and Michigan Tech alumnus Charles Matrosic felt the wall should be updated to include alumni who gave their lives during the Vietnam War and subsequent conflicts. On Veterans' Day 2014, a new, companion wall was dedicated, listing 13 Michigan Tech students and alumni lost in Vietnam and Afghanistan.

Seven Michigan Tech students were invited to attend the Kiewit Women's Construction Leadership Seminar, a competitive national workshop held at the company's corporate headquarters in Omaha, Neb. Kiewit, a Fortune 500 construction company, selected 50 collegiate, female leaders to participate in a two-day event designed to challenge and develop their leadership skills. Emily Blaney, Lauren Krueger, Natalie Parker, Autumn Storteboom and Rachelle Wiegand, all civil engineering undergraduates, and mechanical engineering undergraduates Erika Harris and Erin Richie were chosen based on demonstrated leadership skills, a drive for success and a passion for the construction and/or engineering professions.

The University of Michigan's mineral collection—including some of the finest specimens of particular significance to Michigan—will have a new home at the A. E. Seaman Mineral Museum at Michigan Tech. The museum is the official mineral museum of Michigan.

Research

Only three wolves seem to remain in Isle Royale National Park. Researchers from Michigan Tech observed the wolves during their annual Winter Study, and the lone group, at an unprecedented low, is a sharp decline from nine wolves observed last winter. The study's report marks the project's 57th year of observing wolves and moose on Isle Royale. It is the longest running predator-prey study in the world. This year, along with the three resident wolves, scientists estimated 1,250 moose on the island and observed two visiting wolves, which came and then left across an ice bridge to the mainland. This growing gap between the predator and prey populations is a trend that Michigan Tech researchers have tracked over the past four years.

Mo Rastgaar is poised to take a giant step forward in the development of a better prosthetic ankle. The mechanical engineer and his team have already developed a prototype that can provide a range of motion that rivals a natural gait. Next, they aim to give their robotic ankle something different: eyes. Thus, the ankle could adapt precisely, whether the user is climbing stairs or striding over a pothole. Rastgaar's team has also refined the actuator's design, making it lighter and more streamlined. Because the foot is moved by lines similar to bicycle brake cables, the actuator does not have to be mounted on the prosthesis, where the user must to move it with every step. Instead, it could be carried in a pocket or fanny pack, for example. He hopes that eventually their robotic ankle will find its way out of the lab and onto the sidewalk.

Imagine the smart home of the future. Smart light bulbs come on low at dusk and brighten up as the sky gets darker; your washing machine starts a load of clothes when the electricity is cheapest; your smart refrigerator thaws the roast in one section, while another keeps your cheese ready to slice and yet another chills your beverages. The doors lock automatically behind you and unlock as you—but no one else—approach. But what if a hacker gained access to your central controller? If the hacker got to every smart home in the neighborhood, utility bills would shoot up and brownouts, if not blackouts, would be imminent. It's exactly what Shiyan Hu, associate professor of electrical and computer engineering, is working to prevent. His research focuses on hardware and system security for smart devices, ones with chips embedded that respond to a central controller powered by Wi-Fi.

Since the 1960s, Sun Belt states have built their roads using asphalt mixed with crumb rubber made from ground-up scrap tires. This rubberized asphalt not only provides a market for old tires, it is also quieter and longer lasting than conventional asphalt pavement. But will it work in a four-season climate?
To find out, the Michigan Department of Environmental Quality has awarded several grants to study rubberized asphalt, including two totaling $1.2 million to Michigan Tech. One will fund a study aimed at

reducing emissions and odor. The other will test a new technology that could, among other things, lower energy costs and make life easier for road crews. The work will be conducted in the lab and at two Michigan asphalt plants, one in the Upper Peninsula and the other in lower Michigan.

Sponsored research, including federal and state grants, corporate and other sponsors increased 46 percent during the second quarter of fiscal year 2015, compared to the same time last year, Vice President for Research David Reed told the Michigan Tech Board of Trustees at its regular meeting on February 19, 2015. Federal grants rose 40.9 percent.

Athletics

Michigan Tech earned a final ranking of No. 9 in both the USCHO and USA TODAY/USA Hockey Magazine polls, the first time since 1981 that the Huskies have finished the season in the top 10 of the rankings. The Huskies spent a week at No. 1 after starting the year 10-0-0, and led the nation with 29 wins. The season marked the Huskies' first home WCHA playoff series in 22 years and its first NCAA Tournament berth in 34 years.

Michigan Tech's women's soccer season came to an end in the opening round of the NCAA Tournament as Bellarmine University defeated the Huskies 2-1. Michigan Tech tied the score in the 81st minute but gave up a goal in the 88th. Three seniors—Annie Dahlquist, MacKenzie Jordon and Jenna Proctor—leave having helped the Huskies to two NCAA Tournament appearances, one GLIAC title and a combined 46-23-6 record over the last four years. Michigan Tech finished with an 11-5-2 record.

The women's basketball team had another successful season, compiling a 28-3 overall record with GLIAC regular season and tournament titles to their credit. The 28 wins tied for the fourth-most in the 40 years of the program's history. The men's basketball team earned an at-large berth into the NCAA Tournament, and senior Ben Stelzer has signed to play professionally in Spain.

Four NCAA National Championship qualifiers, eight race wins, two World Junior Championship qualifiers, 12 podium finishes and 11 Central Collegiate Ski Association Scholar-Athletes made 2015 it one of the most successful seasons in school history for the ski team.

Michigan Tech football made its second NCAA playoff appearance in school history, having tied a school record with nine wins on the season. Three previous teams have made it to the nine-win plateau: 1974 (9-0), 1992 (9-1) and 2004 (9-2).

Volleyball defeated Lake Superior State 3-1 to close out its 2015 season having improved in both overall wins and GLIAC wins from a year ago—10 and six, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis section of the Michigan Technological University (the "University") annual financial report provides an overview of its financial activities during the fiscal years ended June 30, 2015, 2014, and 2013. University management has prepared the financial statements and the related footnote disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with University management.

USING THE ANNUAL REPORT

The University's financial report includes three financial statements: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. These financial statements are prepared in accordance with generally accepted accounting principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented to focus on the University as a whole. The financial statements report information about the University using accrual accounting methods similar to those used by private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

REPORTING ENTITY

The Michigan Tech Fund (the "Fund") is a component unit of the University and its activity has been blended into the University's financial statements.

CONDENSED STATEMENTS OF NET POSITION

The Statements of Net Position include all assets and liabilities of the University. Over time, increases and decreases in net position is one indicator of the improvement or erosion of the University's financial health when considered with operating measures such as enrollment levels, research activities, and the physical condition of facilities.

Condensed Statements of Net Position As of June 30						
		2015		**2014**		**2013**
Assets						
Current assets	$	38,913,017	$	31,279,027	$	31,296,562
Noncurrent assets:						
Capital assets, net		237,368,906		246,085,350		253,799,271
Other		188,913,205		159,928,739		146,598,009
Total assets	**$**	**465,195,128**	**$**	**437,293,116**	**$**	**431,693,842**
Deferred outflows of resources	**$**	**3,794,381**	**$**	**-**	**$**	**-**
Liabilities						
Current liabilities	$	26,605,427	$	22,323,408	$	21,927,137
Noncurrent liabilities		144,519,240		85,944,459		88,484,151
Total liabilities	**$**	**171,124,667**	**$**	**108,267,867**	**$**	**110,411,288**
Deferred inflows of resources	**$**	**3,479,753**	**$**	**-**	**$**	**-**
Net position						
Net investment in capital assets	$	158,566,029	$	164,399,706	$	169,009,147
Restricted						
Nonexpendable		80,686,142		72,488,002		68,536,641
Expendable		71,916,608		76,264,509		72,263,098
Unrestricted (deficit)		(16,783,690)		15,873,032		11,473,668
Total net position	**$**	**294,385,089**	**$**	**329,025,249**	**$**	**321,282,554**

Changes from 2014 to 2015

Current assets increased by $7.6 million. Within current assets, cash increased by $4.4 million, accounts receivable and pledges receivable increased by $2.8 million, and other assets increased by $400,000.

Capital assets, net decreased by $8.7 million. Capital asset additions ($9.1 million), net of the book value of capital asset disposals ($3.2 million), were $5.9 million, and the depreciation charge for the year was $14.6 million. Capital additions for fiscal 2015 included $4.7 million for academic and research equipment, and mineral collections, and $4.4 million for the additional construction costs and renovation of facilities and additions to infrastructure.

Other noncurrent assets increased by $29.0 million, primarily due to the unspent bond proceeds of $25.1 million, increase in investments of $3.4 million, and an increase of the rest of the noncurrent assets of $500,000.

Current liabilities increased by $4.2 million, which was due to accounts payable and other accrued liabilities increasing by $1.6 million and unearned revenue increasing by $2.6 million.

Noncurrent liabilities increased by $58.6 million. Net pension liability, which is presented for the first time in fiscal year 2015, caused $36.2 million of the increase, and a bond issuance caused $25 million of the increase. Scheduled debt payments of $2.6 million decreased noncurrent liabilities.

Total net position decreased by $34.7 million. The implementation of the new accounting pronouncement regarding net pension liability, which is discussed later in this document in the notes to the financial statements, accounted for a $35.9 million decrease, whereas the net results before any pension adjustments for the fiscal year increased net position by $1.2 million. The University's net investment in capital assets decreased by $5.8 million. Expendable restricted net position decreased by $4.4 million and nonexpendable restricted net position increased by $8.2 million. Unrestricted net position decreased by $32.7 million, resulting in a net deficit of $16.7 million. The deficit was caused by the aforementioned implementation of the new accounting pronouncement and did not impact the cash position of the University or its ability to repay its obligations.

Changes from 2013 to 2014

Current assets were comparable from fiscal year 2013 to fiscal year 2014. Within current assets, cash increased by $4.6 million, whereas accounts receivable and pledges receivable decreased by approximately $2.3 million each. Accounts receivable decreased because billings for grants and contracts were down, and pledges receivable decreased as more payments are being received on pledges made during the capital campaign.

Capital assets, net decreased by $7.7 million. Capital asset additions ($8.7 million), net of the book value of capital asset disposals ($1.8 million), were $6.9 million, and the depreciation charge for the year was $14.6 million. Capital additions for fiscal 2014 included $5.6 million for academic and research equipment, and $3.1 million for the additional construction costs and renovations of facilities.

Other noncurrent assets increased by $13.3 million, primarily due to the increase in the value of investments by $13.8 million, of which $11.3 million is from the Fund.

Current liabilities increased by $396,000, which was due to a combination of slight increases in other accrued liabilities and unearned revenue, and modest decreases in insurance and benefit reserves.

Noncurrent liabilities decreased by $2.5 million as a result of scheduled debt payments.

Total net position increased by $7.7 million. The University's net investment in capital assets decreased by $4.6 million. Expendable restricted net position increased by $4.0 million and nonexpendable restricted net position increased by $3.9 million. Unrestricted net position increased by $4.4 million. The June 30, 2014 unrestricted net position of $15.8 million consists of reserves in designated funds, auxiliary funds and the plant renewal and replacement fund offset by deficits in the general fund and retirement and insurance fund.

NET POSITION

Net position represents the residual interest in the University's assets after liabilities are deducted. The composition of the University's net position is summarized as follows:

Net Position Summary As of June 30			
	2015	2014	2013
Net investment in capital assets	**$ 158,566,029**	**$ 164,399,706**	**$ 169,009,147**
Restricted-nonexpendable net position			
Corpus of permanent endowment funds	74,536,156	67,298,821	63,227,069
Remainder interests in split-interest agreements	6,149,986	5,189,181	5,309,572
Total restricted-nonexpendable net position	**80,686,142**	**72,488,002**	**68,536,641**
Restricted-expendable net position			
Gifts and sponsored programs	23,889,120	24,093,337	24,840,606
Capital projects and debt service	1,112,981	1,078,879	2,480,566
Student loans	14,558,294	14,378,688	14,080,091
Net appreciation on permanent endowment funds and land held for investment	32,356,213	36,713,605	30,861,835
Total restricted-expendable net position	**71,916,608**	**76,264,509**	**72,263,098**
Unrestricted net position (deficit)			
Capital projects and repairs	1,699,691	(645,111)	(1,061,067)
Auxiliary enterprises	8,481,985	7,882,472	9,596,143
Designated for departmental use	17,617,315	17,207,640	16,031,437
Multiple employer cost sharing pension plan	(35,879,613)	-	-
Compensated absences and insurance claims	(116,099)	(274,138)	(2,591,419)
Uncommitted	(8,586,969)	(8,297,831)	(10,501,426)
Total unrestricted net position (deficit)	**(16,783,690)**	**15,873,032**	**11,473,668**
Total net position	**$ 294,385,089**	**$ 329,025,249**	**$ 321,282,554**

Net investment in capital assets represents the University's capital assets plus unspent bond proceeds net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The net change from year to year reflects the University's improvement, maintenance, and usage of its capital assets in accordance with its long-range capital plan.

Restricted nonexpendable net position represents the historical value (corpus) of gifts to the University's permanent endowment funds. Restricted expendable net position is restricted by a party independent of the University or by law. This includes restrictions related to gifts, research contracts, grants, outstanding debt, student-loan programs, and net appreciation of permanent endowments funds.

Unrestricted net position represents those balances from operational activities of the University that have not been restricted by parties independent of the University. This includes designated funds that the Board of Trustees and management have designated for specific purposes, such as public service activities or academic and research initiatives. Unrestricted net position also includes amounts that have been contractually committed for goods and services that have not been received by fiscal year-end.

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and expenses incurred during the fiscal year. Revenues are reported as either operating or nonoperating. State appropriations and gifts are classified as nonoperating revenues which will always result in operating losses for the University.

Condensed Statements of Revenues, Expenses, and Changes in Net Position Year ended June 30	2015	2014	2013
Operating revenues			
Tuition and fees, net	$ 86,156,727	$ 83,509,973	$ 78,187,511
Grants and contracts	45,592,012	45,314,575	46,814,407
Educational activities	5,140,185	5,109,812	4,706,789
Auxiliary activities, net	27,683,666	26,348,530	25,738,765
Total operating revenues	**164,572,590**	**160,282,890**	**155,447,472**
Operating expenses	235,202,999	226,948,308	224,261,937
Operating loss	**(70,630,409)**	**(66,665,418)**	**(68,814,465)**
Nonoperating revenues (expenses)			
Federal Pell grants	5,653,714	5,715,100	5,836,503
State appropriations	46,532,519	43,785,501	42,633,969
Capital grants and gifts for all purposes	20,596,628	11,452,168	16,607,144
Other nonoperating revenues and expenses, net	(1,347,547)	13,455,344	6,738,425
Net nonoperating revenues	**71,435,314**	**74,408,113**	**71,816,041**
Net increase in net position	804,905	7,742,695	3,001,576
Net position			
Beginning of year	329,025,249	321,282,554	318,280,978
Implementation of GASB 68	(35,445,065)	-	-
Beginning of year, adjusted	293,580,184	-	-
End of year	**$ 294,385,089**	**$ 329,025,249**	**$ 321,282,554**

Changes from 2014 to 2015

Operating revenues increased by a total of $4.3 million. Tuition and fees, net of scholarship allowance, increased by $2.7 million due to an increase in enrollment of around 120 students and to average increases in tuition of 2% for undergraduate students and 4% for graduate students. Grant and contract revenues increased by $277,000, educational activities revenues increased by $30,000, and auxiliary activities revenues, net of scholarship allowance, increased by $1.3 million.

Operating expenses increased by $8.3 million. The major drivers of the increase were a $4 million increase in compensation and a $3.5 million increase in fringe benefits. Supplies and services increased by $1 million, whereas student financial support, utilities and depreciation experienced a decrease of around $200,000.

Net nonoperating revenues decreased by $3.1 million. Poor investment performance for the fiscal year is the primary cause of the decrease. State appropriations increased by $2.7 million, capital grants and gifts to the University, including gifts for capital and endowment purposes, increased by $9.1 million, investment return decreased by $14.7 million and all other net nonoperating revenues decreased by $200,000.

The net financial result for fiscal year 2015 was approximately $6.8 million less than the net result for fiscal year 2014.

Changes from 2013 to 2014

Operating revenues increased by a total of $4.8 million. Tuition and fees, net of scholarship allowance, increased by $5.3 million due to an increase in enrollment of around 50 students and to increases in tuition of 2.9% for undergraduate students and 6.0% for graduate students. Grant and contract revenues decreased by $1.5 million, educational activities revenues increased by $403,000, and auxiliary activities revenues, net of scholarship allowance, increased by $610,000.

Operating expenses increased by $2.7 million. The major drivers of the increase were $1.5 million from compensation and benefits and $800,000 from supplies and services.

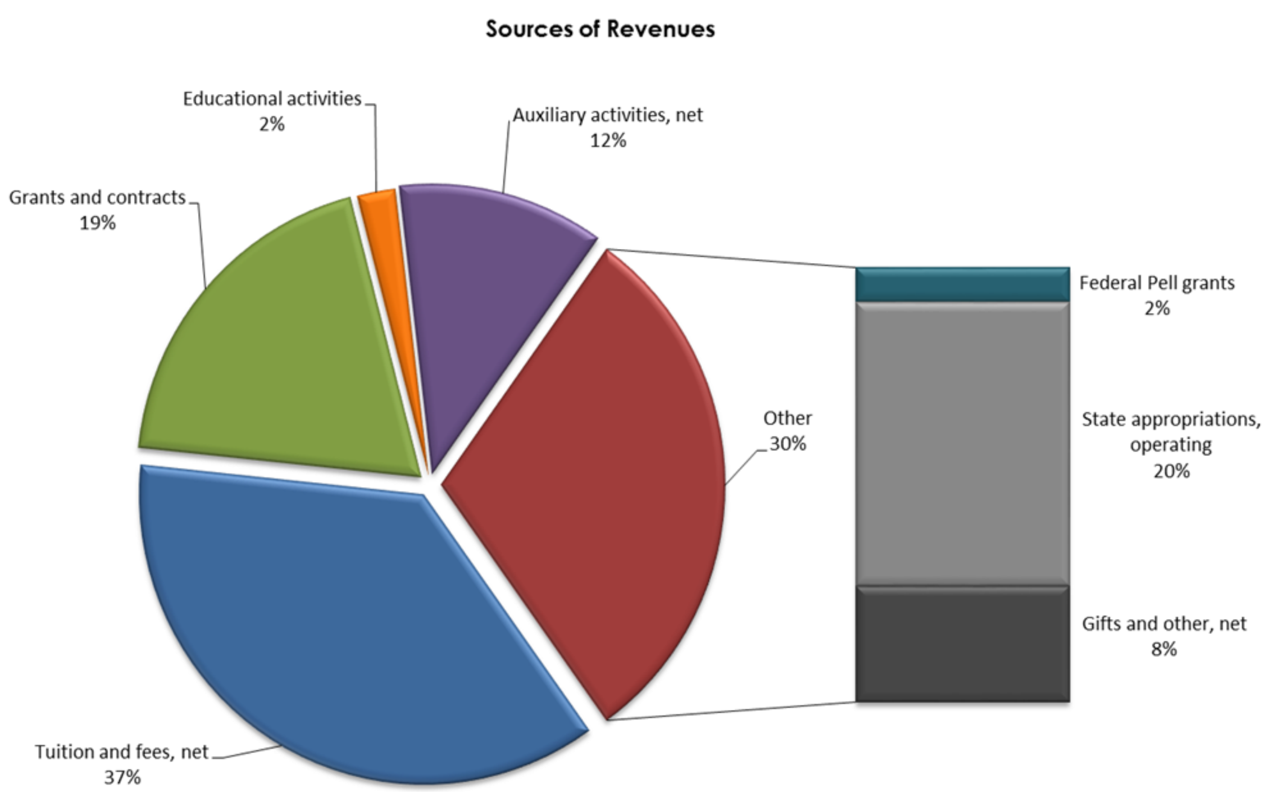
Net nonoperating revenues increased by $2.6 million. State appropriations made up $1.2 million of that increase. Capital grants and gifts to the University, including gifts for capital and endowment purposes, decreased by $5.2 million, investment return increased by $6.6 million, capital appropriations decreased by $1.5 million, and all other nonoperating revenues increased by $1.5 million.

The net result of operations for the fiscal year was an increase in net position of $7.7 million.

Revenue Diversification

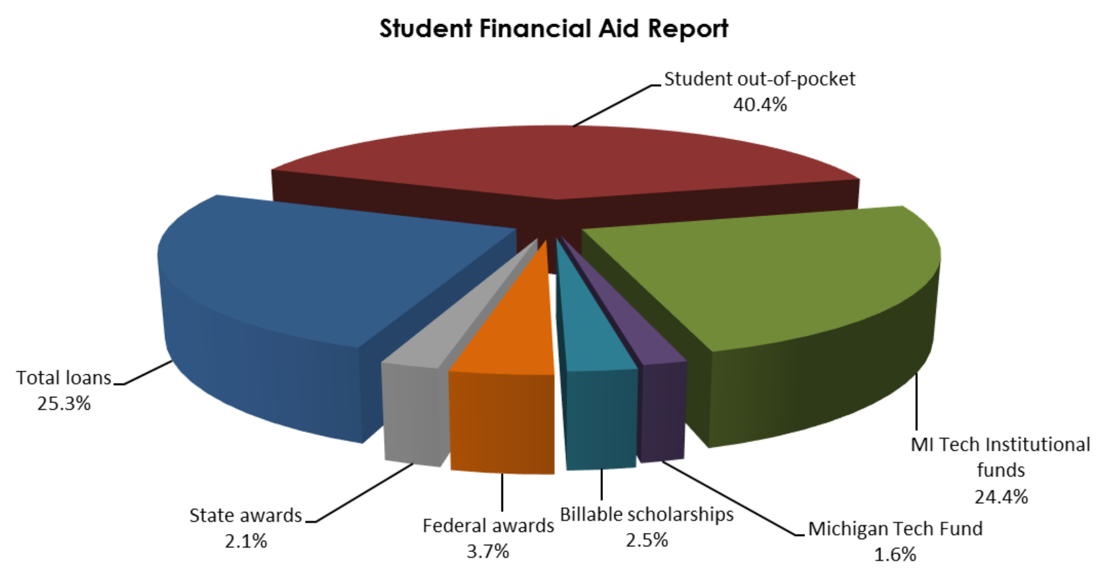
The University relies on multiple sources of revenues to supplement student tuition. The University continues to aggressively increase funding from other sources consistent with its mission.

The following graph illustrates the fiscal year 2015 revenues by source:



TUITION AND FEES REVENUE

The University provides students with the opportunity to obtain a quality education at a price that is subsidized by state funding. For fiscal year 2015, the University implemented a 2% average increase in tuition and mandatory fees for Michigan resident undergraduates. Graduate students saw a 4% increase in tuition and mandatory fees. The following graph identifies the source of funds used to pay student tuition and fees for the fiscal year ended June 30, 2015. The graph shows that 34.3% of student tuition and fees are provided by the University, donors to the University, or various grant and scholarship programs.

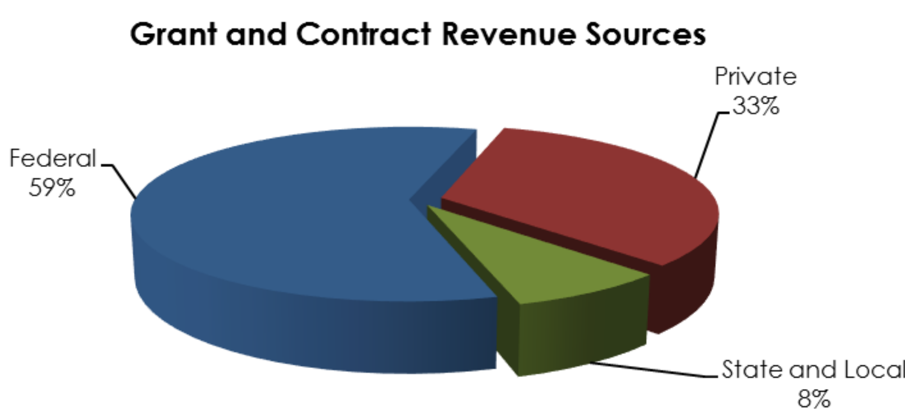


GRANT AND CONTRACT REVENUE

The University receives revenues for sponsored programs from governmental and private sources, which provide for the direct and indirect costs of performing sponsored activities. The University also receives revenues from the federal government and its agencies for student grants. There were $58.7 and $48.2 million of research and sponsored programs awarded to the University in fiscal years 2015 and 2014, respectively. The University currently has 22 interdisciplinary research institutes and centers that have enabled the University to maintain its growing recognition as a research institution. The University also operates off-campus research facilities in Hancock, Michigan and Ann Arbor, Michigan.

Grant and Contract Revenue Year Ended June 30			
	2015	**2014**	**2013**
Federal sources:			
Department of Agriculture	$ 1,809,348	$ 1,980,767	$ 2,552,877
Department of Defense	8,554,335	9,024,707	9,190,418
Department of Education	602,647	709,459	752,969
Department of Energy	1,073,904	822,227	2,222,351
Department of Interior	618,004	836,327	800,301
Department of Transportation	1,070,790	1,319,838	1,490,529
Environmental Protection Agency	377,908	578,148	778,160
National Aeronautics and Space Administration	1,917,263	2,450,124	2,524,346
National Science Foundation	9,784,932	10,508,728	9,697,470
Health and Human Services	781,362	706,210	1,046,529
Other federal sources	303,240	218,274	311,964
Total federal sources	**26,893,733**	**29,154,809**	**31,367,914**
Non-federal sources:			
State and local	3,644,029	3,201,394	2,445,292
Private	15,054,250	12,958,372	13,001,201
Total non-federal sources	**18,698,279**	**16,159,766**	**15,446,493**
Total all sources	**$ 45,592,012**	**$ 45,314,575**	**$ 46,814,407**

The following graph illustrates the fiscal year 2015 grant and contract revenue by source.



CONDENSED STATEMENTS OF CASH FLOWS

Another way to assess the financial health of an institution is to look at its Statement of Cash Flows. Its primary purpose is to provide relevant information about sources and uses of cash of an entity during a period. The Statements of Cash Flows also help users assess an entity's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its needs for external financing. The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities.

Condensed Statements of Cash Flows Year Ended June 30			
	2015	**2014**	**2013**
Cash (used in) provided by			
Operating activities	$ (52,152,113)	$ (49,004,478)	$ (55,431,295)
Noncapital financing activities	60,311,823	57,319,600	60,308,314
Capital and related financing activities	22,799,036	(8,871,107)	(5,020,393)
Investing activities	(1,415,400)	5,175,649	(6,286,999)
Net increase (decrease) in cash and cash equivalents	**29,543,346**	**4,619,664**	**(6,430,373)**
Cash and cash equivalents, beginning of the year	12,449,982	7,830,318	14,260,691
Cash and cash equivalents, end of the year	**$ 41,993,328**	**$ 12,449,982**	**$ 7,830,318**

Changes from 2014 to 2015

Cash used in operations increased by $3.2 million. Significant changes in cash used in operations include an increase in payments to employees and for employee benefits of $5.7 million. A decrease in grants and contracts revenue of $1.2 million and a decrease in collections of student loans of $300,000 also contributed to the increase in cash used in operations. Tuition and student residence fees increased cash provided by operations by $3.2 million, as did a reduction of payments to suppliers and payments for utilities of $817,000.

Cash provided by noncapital financing activities increased by $3.0 million. That was primarily due to an increase in state appropriations of $2.6 million and an increase in gifts of around $400,000.

Cash provided by capital and related financing activities increased by $31.6 million. During fiscal year 2015, the University received $25.3 million from the issuance of general revenue bonds. In addition, cash gifts received increased by $5.9 million, cash used for the purchase of capital assets decreased by $600,000, and cash received for capital appropriations decreased by $200,000.

Cash used in investing activities increased by $6.6 million primarily due to the net purchase of investments, whereas in the prior year, there were nets sales of investments.

Overall, cash and cash equivalents, including restricted cash, increased by $29.5 million for the fiscal year ended June 30, 2015.

Changes from 2013 to 2014

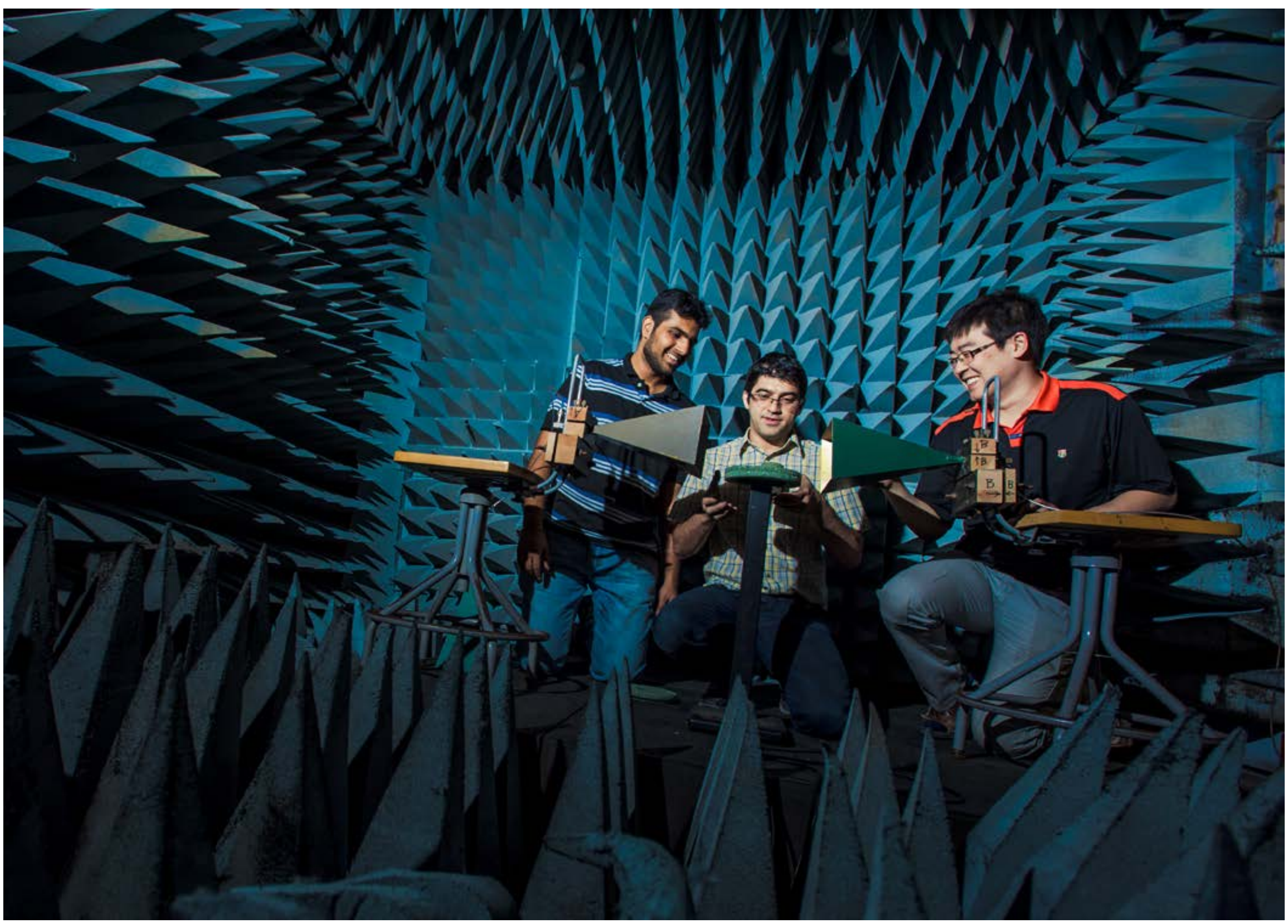
Cash used in operations decreased by $6.4 million. Significant changes in cash used in by operations include an increase in payments to employees and for employee benefits of $1.0 million, an increase in payments to suppliers of $1.4 million and a decrease in payments for utilities of $507,000. A significant change in cash provided by operations was due to an increase in tuition payments of $7.2 million.

Cash provided by noncapital financing activities decreased by $3.0 million. That was due to a decrease in gifts to the University of $3.8 million, an increase in state appropriations of $1.3 million, and a decrease in all other receipts of $400,000.

Cash used in capital and related financing activities increased by $3.8 million. During fiscal year 2014 there was a decrease in cash provided by the issuance and payment of long-term debt of $2.5 million, and a $1.3 million decrease in cash received for capital appropriations. Cash gifts received decreased by $2.4 million and cash used for the purchase of capital assets decreased by $2.4 million.

Cash provided by investing activities increased by $11.5 million primarily due to the net sales of investments, whereas in the prior year, there was a net purchase of investments.

Overall, cash and cash equivalents increased by $4.6 million for the year ended June 30, 2014.



FACTORS IMPACTING FUTURE PERIODS

Enrollment

Admission is open to all students on a competitive basis. The University's incoming first-year students consistently have average ACT scores greater than the national average. The following tables show that about 31% of accepted students enroll at the University. Michigan residents account for 64% of the University's enrollment. Enrollment has been a priority of the University and is a part of its Strategic Plan.

Accepted Students Summer and Fall Terms	2014	2013	2012	2011	2010
First-Year Students	3,859	3,815	3,462	3,441	3,353
Transfer Students	365	326	400	401	415
Graduate Students	1,629	1,499	1,306	1,258	1,252
Total	**5,853**	**5,640**	**5,168**	**5,100**	**5,020**

Average ACT Scores for Incoming First-Year Students, Fall	MTU	National
2014	27.0	21.0
2013	26.7	20.9
2012	26.3	21.1
2011	26.4	21.1
2010	26.1	21.0

Selected Enrollment Data* Summer and Fall Terms	2014	2013	2012	2011	2010
First-Year Students	1,199	1,253	1,153	1,161	1,115
New Transfer Students	207	195	257	219	230
Graduate Students	394	404	393	402	364
Total	**1,800**	**1,852**	**1,803**	**1,782**	**1,709**

Enrollment by Residency	2014	2013	2012	2011	2010
Resident	4,487	4,374	4,408	4,511	4,550
Non-Resident	1,455	1,471	1,426	1,404	1,381
International	1,084	1,057	1,018	1,011	985
Total	**7,026**	**6,902**	**6,852**	**6,926**	**6,916**

Full-Time Equivalent Students by Residency	2014	2013	2012	2011	2010
Resident	4,189	4,069	4,079	4,200	4,239
Non-Resident	1,370	1,386	1,349	1,319	1,307
International	1,005	988	953	962	925
Total	**6,564**	**6,443**	**6,381**	**6,481**	**6,471**

**Does not include Distance Learning*

Degrees Awarded
The University awards four levels of degrees: Associate, Bachelor's, Master's, and Doctoral/Professional. Listed below is a five-year history of degrees awarded.

Degrees Awarded**					
	2014	2013	2012	2011	2010
Associate	0	1	0	3	6
Bachelor's	1,084	1,156	1,222	1,065	1,177
Master's	325	282	289	269	202
Doctorate	73	75	63	55	56
Total	**1,482**	**1,514**	**1,574**	**1,392**	**1,441**

**Includes Degrees in Second Major

Budget and Tuition Update

A preliminary budget approved by Michigan Tech's Board of Trustees May 1, 2015 included a 3.9 percent tuition increase, based on the expectation that the University would receive no increase in state appropriations. At that time, the Board promised to adjust the budget and tuition based on the appropriations and tuition cap set by the State. Keeping that promise, Michigan Tech lowered its resident undergraduate tuition rates for the 2015-16 academic year from the 3.9 percent voted on by the Board to an average of 3.1 percent, under the mandated 3.2 percent tuition cap. Michigan Tech has never exceeded the State's tuition cap. Non-resident tuition increases average 3.9 percent. Graduate tuition will increase 5 percent, with a corresponding 5 percent increase in graduate assistant stipends.

Also, in support of the strategic plan, the Board approved issuing $25 million in general revenue bonds to fund renovations to student living space, as well as University-wide safety improvements. The bonds will fund a Daniell Heights apartments renovation project, improvements to chemical storage and chemistry labs, as well as renovation of bathrooms in McNair Hall, central heating plant fuel tanks, Memorial Union retail dining upgrades and upgrading the IT fiber backbone. The Board passed a preliminary budget for the upcoming fiscal year, including a general fund operating budget of $173.3 million, a 3 percent increase over the 2014-15 operating budget.

Rehmann

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INDEPENDENT AUDITORS' REPORT

November 13, 2015

Board of Trustees
Michigan Technological University
Houghton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of ***Michigan Technological University (*** the "University"), a component unit of the State of Michigan, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Michigan Technological University as of June 30, 2015 and 2014, and the results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68

As described in Notes 1 and 9, the University implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans* in the current year. Accordingly, beginning net position of business-type activities as of July 1, 2014 was restated. Application of this new standard to July 1, 2013, the earliest year presented, is not practical as complete information is not available. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules for the pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 13, 2015, on our consideration of Michigan Technological University's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Rehmann Robson LLC

MICHIGAN TECHNOLOGICAL UNIVERSITY
STATEMENTS OF NET POSITION

	June 30	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$ 16,872,417	$ 12,449,982
Accounts receivable, net	17,463,885	15,336,095
Pledges receivable, net	2,304,857	1,588,087
Other assets	2,271,858	1,904,863
Total current assets	**38,913,017**	**31,279,027**
Noncurrent assets		
Student loans receivable, net	12,085,485	11,865,226
Pledges receivable, net of allowance and current portion	2,278,234	2,433,799
Restricted cash for capital projects - unspent bond proceeds	25,120,911	-
Investments	131,839,618	128,235,204
Beneficial interest in charitable remainder trusts	5,586,394	5,349,710
Land held for investment	10,014,197	10,093,197
Capital assets, net	237,368,906	246,085,350
Other assets	1,988,366	1,951,603
Total noncurrent assets	**426,282,111**	**406,014,089**
Total assets	**465,195,128**	**437,293,116**
Deferred outflows of resources		
Deferred pension amounts (Notes 1 and 9)	3,794,381	-
Liabilities		
Current liabilities		
Accounts payable	5,534,027	4,703,043
Other accrued liabilities	10,648,711	9,899,373
Unearned revenue	5,809,354	3,250,484
Annuity obligations, current portion	426,094	352,703
Insurance and benefit reserves, current portion	1,303,193	1,273,406
Long-term debt, current portion	2,884,048	2,844,399
Total current liabilities	**26,605,427**	**22,323,408**
Noncurrent liabilities		
Funds held for others	691,500	678,049
Annuity obligations, net of current portion	4,920,740	4,812,564
Insurance and benefit reserves, net of current portion	539,888	543,581
Long-term debt, net of current portion	102,172,871	79,910,265
Net pension liability (Notes 1 and 9)	36,194,241	-
Total noncurrent liabilities	**144,519,240**	**85,944,459**
Total liabilities	**171,124,667**	**108,267,867**
Deferred inflows of resources		
Deferred pension amounts (Notes 1 and 9)	3,479,753	-
Net position		
Net investment in capital assets	158,566,029	164,399,706
Restricted:		
Nonexpendable	80,686,142	72,488,002
Expendable	71,916,608	76,264,509
Unrestricted (deficit) (Note 1)	(16,783,690)	15,873,032
Total net position	**$ 294,385,089**	**$ 329,025,249**

The accompanying notes are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended June 30	
	2015	**2014**
Revenues		
Operating revenues		
Student tuition and fees (net of scholarship allowances of $34,510,488 and $33,292,090 in 2015 and 2014, respectively)	$ 86,156,727	$ 83,509,973
Federal grants and contracts	26,893,733	29,154,809
State and local grants and contracts	3,644,029	3,201,394
Nongovernmental grants and contracts	15,054,250	12,958,372
Educational activities	5,140,185	5,109,812
Departmental activities	9,335,561	8,868,780
Student residence fees (net of scholarship allowances of $6,983,425 and $6,756,136 in 2015 and 2014, respectively)	18,348,105	17,479,750
Total operating revenues	**164,572,590**	**160,282,890**
Expenses		
Operating expenses		
Compensation and benefits	154,670,598	147,171,944
Supplies and services	51,863,016	50,823,198
Student financial support	6,545,747	6,732,569
Utilities	7,497,312	7,572,383
Depreciation	14,626,326	14,648,214
Total operating expenses	**235,202,999**	**226,948,308**
Operating loss	**(70,630,409)**	**(66,665,418)**
Nonoperating revenues (expenses)		
Federal Pell grants	5,653,714	5,715,100
Federal grants, other	517,635	523,687
State appropriations	46,532,519	43,785,501
Gifts	9,860,476	6,510,256
Investment return	1,923,865	16,430,829
Interest on capital asset-related debt	(3,789,016)	(3,689,272)
Loss on disposal of capital assets	(164,634)	(200,098)
Net nonoperating revenues	**60,534,559**	**69,076,003**
(Loss) income before other revenues	**(10,095,850)**	**2,410,585**
Other revenues		
Capital appropriations	-	210,482
Capital grants and gifts	2,538,012	990,551
Gifts for permanent endowment purposes	8,198,140	3,951,361
Other nonoperating revenues	164,603	179,716
Total other revenues	**10,900,755**	**5,332,110**
Change in net position	**804,905**	**7,742,695**
Net position		
Beginning of year	329,025,249	321,282,544
Implementation of GASB 68 (Notes 1 and 9)	(35,445,065)	-
Beginning of year, adjusted	293,580,184	321,282,544
End of year	**$ 294,385,089**	**$ 329,025,239**

The accompanying notes are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2015	**2014**
Cash flows from operating activities		
Student tuition and fees	$ 86,620,651	$ 84,268,185
Grants and contracts	46,255,425	47,437,742
Payments to employees	(116,789,808)	(113,164,800)
Payments for benefits	(36,256,688)	(34,132,400)
Payments to suppliers	(50,180,250)	(50,903,356)
Payments for utilities	(7,494,580)	(7,588,305)
Payments for financial aid	(6,545,747)	(6,732,569)
Loans issued to students	(2,285,576)	(2,095,361)
Collection of loans to students	2,065,318	2,371,489
Departmental activities	9,151,249	8,904,220
Educational activities	4,939,820	5,085,163
Student residence fees	18,374,643	17,496,351
Other (disbursements) receipts	(6,570)	49,163
Net cash used in operating activities	**(52,152,113)**	**(49,004,478)**
Cash flows from noncapital financing activities		
Federal Pell grants	5,660,723	5,680,880
Federal grants, other	517,635	523,687
State appropriations	46,087,192	43,622,828
Gifts and grants for other than capital purposes	8,234,455	7,746,287
Payments to annuitants	(379,889)	(344,184)
Other receipts	131,737	179,716
William D. Ford direct lending cash received	29,041,667	28,825,328
William D. Ford direct lending cash disbursed	(28,981,697)	(28,914,942)
Net cash provided by noncapital financing activities	**60,311,823**	**57,319,600**
Cash flows from capital and related financing activities		
Capital appropriations	-	210,482
Grants and gifts received for capital and endowment purposes	10,136,678	4,215,696
Proceeds from sale of capital assets	41,211	22,600
Purchases of capital assets	(6,070,018)	(6,702,241)
Proceeds from issuance of debt	25,309,141	-
Principal paid on capital debt and leases	(3,006,886)	(2,957,272)
Interest paid on capital debt and leases	(3,611,090)	(3,660,372)
Net cash provided by (used in) capital and related financing activities	**22,799,036**	**(8,871,107)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	36,402,067	46,416,579
Purchase of investments	(39,962,861)	(44,498,335)
Income on investments	2,145,394	3,257,405
Net cash (used in) provided by investing activities	**(1,415,400)**	**5,175,649**
Net increase in cash and cash equivalents	29,543,346	4,619,664
Cash and cash equivalents, beginning of year	12,449,982	7,830,318
Cash and cash equivalents, end of year	**$ 41,993,328**	**$ 12,449,982**
Cash and cash equivalents per statement of net position	$ 16,872,417	$ 12,449,782
Restricted cash for capital projects - unspent bond proceeds	25,120,911	-
Total cash and cash equivalents per statement of net position	**$ 41,993,328**	**$ 12,449,782**

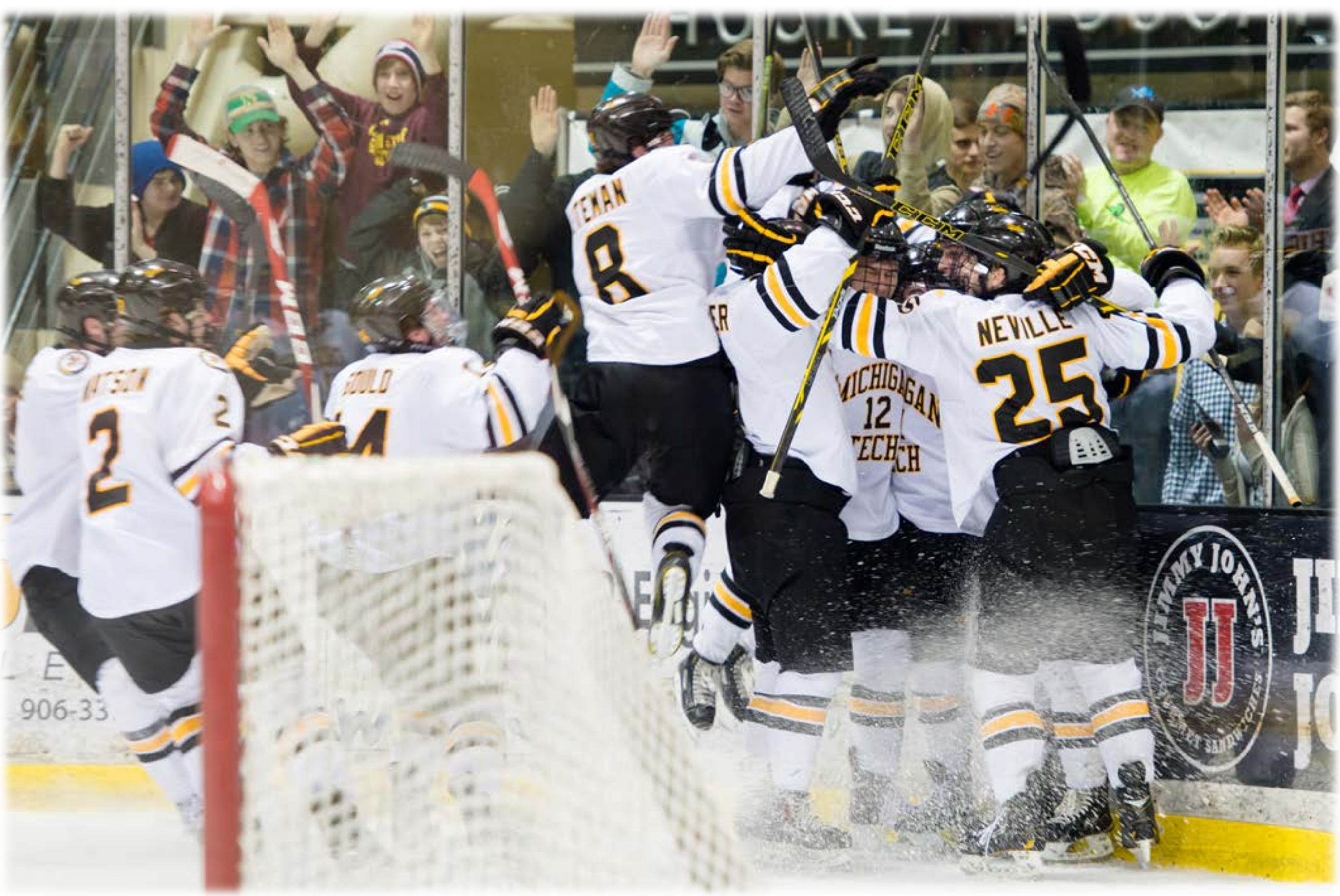
The accompanying notes are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY

STATEMENTS OF CASH FLOWS (continued)

	Year Ended June 30	
	2015	**2014**
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (70,630,409)	$ (66,665,418)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	14,626,326	14,648,214
Changes in operating assets and liabilities:		
Receivables, net	(51,108)	2,525,166
Other assets	(652,589)	65,839
Student loans receivable	(220,259)	276,129
Accounts payable	1,053,595	(119,577)
Other accrued liabilities	749,338	710,539
Unearned revenue	2,498,900	311,220
Funds held for others	13,451	7,099
Insurance and benefit reserves	26,094	(763,689)
Change in net pension liability and deferred amounts	434,548	-
Net cash used in operating activities	**$ (52,152,113)**	**$ (49,004,478)**

The accompanying notes are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Reporting Entity
Michigan Technological University (the "University") is an institution of higher education and is considered to be a component unit of the State of Michigan because its Board of Trustees is appointed by the Governor of the State of Michigan. Accordingly, the University is included in the State's financial statements as a discretely presented component unit. Transactions with the State of Michigan relate primarily to appropriations for operations, grants from various state agencies, State Building Authority (SBA) revenues, and payments to the state retirement program for University employees.

The University has two component units which are described below. The descriptions include the impact that each component unit has on the University.

The Michigan Tech Fund (the "Fund") is a legally separate tax-exempt component unit of the University. The primary purpose of the Fund is to receive, invest, and disburse gifts received on behalf of the University. The Fund provides services entirely to the University and has substantially the same governing body. The Fund is blended into the University's financial statements because management of the University has operational responsibility for the Fund and the Fund exclusively benefits the University. The June 30, 2015, audited financial statements of the Fund can be obtained from its office at 1400 Townsend Drive, Houghton, MI 49931.

The Michigan Tech Entrepreneurial Support Corporation (MTESC) is a legally separate tax-exempt component unit of the University. The primary purpose of the MTESC is to support the entrepreneurial and commercial development efforts of the University. The MTESC meets the criteria for blending its financial activity into the University's financial statements. The MTESC provides services entirely to the University and has substantially the same governing body. The University, however, has excluded the MTESC's financial activity from the financial statements due to insignificance.

The financial statements include the operations of the University and the Fund, collectively known as the University's financial statements. All significant accounts and transactions between the Fund and the University have been eliminated.

Condensed financial information for the Michigan Tech Fund is provided below:

Michigan Tech Fund Condensed Statements of Net Position As of June 30		
	2015	**2014**
Assets		
Current assets	$ 4,797,197	$ 5,705,934
Noncurrent assets:		
Investments	117,068,482	113,830,960
Other	9,029,750	9,065,368
Total assets	**130,895,429**	**128,602,262**
Liabilities		
Current liabilities:		
Accounts payable to University	400,317	325,707
Other	517,605	460,841
Noncurrent liabilities	4,920,740	4,812,564
Total liabilities	**5,838,662**	**5,599,112**
Net position		
Restricted		
Nonexpendable	80,686,142	72,488,002
Expendable	42,289,305	47,170,149
Unrestricted	2,081,320	3,344,999
Total net position	**$ 125,056,767**	**$ 123,003,150**

Michigan Tech Fund Condensed Statements of Revenues, Expenses, and Changes in Net Position Year Ended June 30				
		2015		2014
Operating expenses				
Supplies and services	$	16,125,093	$	12,146,303
Student financial support		2,933,865		3,903,293
Depreciation		-		2,947
Total operating expenses		**19,058,958**		**16,052,543**
Operating loss		**(19,058,958)**		**(16,052,543)**
Nonoperating revenues and expenses				
Gifts		9,860,476		6,499,056
Investment return		748,247		13,357,340
Gifts for capital and permanent endowment purposes		10,372,115		4,129,016
Other nonoperating revenues		131,737		179,716
Net nonoperating revenues		**21,112,575**		**24,165,128**
Change in net position		2,053,617		8,112,585
Net position				
Beginning of year		123,003,150		114,890,565
End of year	**$**	**125,056,767**	**$**	**123,003,150**

Michigan Tech Fund Condensed Statements of Cash Flows Year Ended June 30				
		2015		2014
Cash (used in) provided by				
Operating activities	$	(17,514,453)	$	(15,970,431)
Noncapital financing activities		7,986,303		7,570,619
Capital and related financing activities		10,058,624		4,015,804
Investing activities		(2,241,415)		4,636,025
Net (decrease) increase in cash and cash equivalents		**(1,710,941)**		**252,017**
Cash and cash equivalents, beginning of year		3,975,050		3,723,033
Cash and cash equivalents, end of year	**$**	**2,264,109**	**$**	**3,975,050**

Basis of Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. In accordance with governmental accounting standards, the University follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. In applying these accounting pronouncements, the University follows the guidance for special-purpose governments engaged only in "business type" activities rather than issuing financial statements that focus on accountability of individual funds.

Use of Estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include, but are not limited to, the allowance for doubtful accounts and pledges receivable, accrued compensated absences, net pension liability, other postemployment benefit liabilities, insurance claims incurred but not reported, fair value of investments that are not readily marketable, and life expectancies for split-interest gift agreements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents
The University considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. On the Statement of Net Position, restricted cash (unspent bond proceeds) is segregated from cash and cash equivalents and included in noncurrent assets. For the Statement of Cash Flows, however, restricted cash is included in the beginning and ending balances of cash and cash equivalents.

Pledges Receivable and Gifts
Pledges receivable and gifts are recognized at their fair values as revenues in the periods received. Pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All pledges receivable are recorded at their net realizable values.

Investments
The University's investments in marketable securities are carried at quoted fair market value whenever possible. The University also holds land for investment purposes which functions as an endowment and is recorded at fair value. Fair value is arrived at through independent appraisals of the land and of the timber holdings.

Fund investments in marketable securities including hedge funds are carried at quoted fair market value whenever possible. Hedge funds' fair values are based on information provided by the administrators of each underlying fund. Real estate and natural resources are accounted for on the equity method. Private equity funds that do not have readily determinable market values as of June 30 are valued based on the most recent available partner capital account balances as reported by the partnerships to the Fund. The partnership valuations involve assumptions and methods that are reviewed by the Fund. Because of the inherent uncertainty of valuations in the absence of a highly liquid market, private equity funds' estimated values may differ materially from the values that would have been used if a ready market for the securities existed. Gifts of securities are recorded at their fair value based on the mean of the high and low quoted price of stock transactions at the date of the gift. Except for investments that are not readily marketable or where donors specifically provide otherwise, investments are maintained by custodial institutions responsible for consummating investment transactions at the request of the Fund to facilitate cash flow requirements. The Fund employs an asset allocation investment policy and uses the services of an investment advisor to facilitate the implementation of this policy. Asset allocations are reviewed monthly and rebalanced as necessary. The Fund's Investment Committee of the Board of Directors provides oversight of the investment advisor and makes recommendations to the Board of Directors concerning any changes in the asset allocation. Each month, the Fund allocates and credits investment earnings (including realized and unrealized gains and losses) on nonexpendable restricted, expendable restricted, and unrestricted net position to departmental funds based on an average of each fund's beginning and ending monthly balances. Any unrealized losses on amounts invested for donor-restricted endowments are recorded as expendable restricted to the extent of unexpended earnings of the respective endowment fund. Any unrealized losses in excess of that amount are charged to unrestricted net position. Subsequent unrealized appreciation on the related investments is recorded as unrestricted up to the amount of losses previously absorbed by unrestricted net position.

Capital Assets
The University currently uses a $5,000 capitalization threshold for capital assets acquired with an estimated useful life in excess of one year. Physical properties are stated at cost when purchased. Other acquisitions are stated at appraised value on date of receipt. Depreciation is provided for physical properties on a straight-line basis over the estimated useful life of the property, generally as follows:

Classification	Life
Land improvements and infrastructure	20 years
Buildings	40 years
Computer equipment	5 years
Equipment	7 years
Library books	5 years

Goodwill
The University purchased the assets of Environmental and Emerging Technologies Division (EETD) (a division of Altarum Institute) for a price of $1.4 million. The University operates this research center under the name of Michigan Tech Research Institute (MTRI). The purchase price exceeded the value of net assets by $978,544 and was considered goodwill. The University does not amortize goodwill. Management annually analyzes the goodwill for impairment. At year end, management concludes there is no impairment of goodwill. Goodwill is included with other assets (noncurrent) on the Statements of Net Position.

Revenue Recognition
Revenues are recognized when earned. State appropriation revenue is recognized in the period for which it is appropriated. Restricted grant revenue is recognized only to the extent expended. Restricted and unrestricted resources are allocated to the appropriate departments within the University that are responsible for adhering to any donor restrictions.

Classification of Revenues
The University and the Fund classify revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues
Operating revenues of the University include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) auxiliary enterprises; and (3) most federal, state, and local grants and contracts and federal appropriations.

Nonoperating Revenues
Nonoperating revenues of the University include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, investment income, interest on institutional student loans, and other revenue sources that are defined as nonoperating revenues by governmental accounting standards.

Classification of Expenses
Expenses are recognized when the service is provided or when materials are received. The University and the Fund have classified expenses as either operating or nonoperating expenses according to the following criteria:

Operating Expenses

Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation expense related to University capital assets.

Nonoperating Expenses

Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital asset-related debt and other expenses that are defined as nonoperating expenses by governmental accounting standards.

Income Taxes

The University is classified as a political subdivision of the State of Michigan under Internal Revenue Code Section 115(A) and is, therefore, exempt from federal income taxes. Certain activities of the University, to the extent profitable, may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514. No such taxes were incurred for either fiscal year presented in this report. The Fund is exempt from federal income taxes under Internal Revenue Code section 501(c)(3).

Net Position

The University's net position is classified as follows:

Net investment in capital assets

Capital assets, net of accumulated depreciation, unspent bond proceeds, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted for nonexpendable purposes

Net position from gifts and other inflows of assets that represent permanent endowments. Use of these gifts is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the University.

Restricted for expendable purposes

Net position whose use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time. Such net position includes net appreciation of permanent endowment funds and funds designated for student financial aid and other University programs.

Unrestricted

Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the University's Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The University reports deferred outflows of resources for certain pension-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 9.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The University reports deferred inflows of resources for certain pension-related amounts, such as the difference between projected and actual earnings of the pension plan's investments. More detailed information can be found in Note 9.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Accounting Pronouncement

As of July 1, 2014, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* This statement requires that the University recognize a net pension liability on the statement of net position, equal to the University's proportionate share of the net pension liability of the Michigan Public School Employees Retirement System (MPSERS), as defined and calculated in accordance with the new standard. More detailed information can be found in Note 9. As a result of this change, the University recognized a net pension liability of $37,860,467 and deferred outflows of resources of $2,415,402, which resulted in a decrease in net position of $35,455,065 as of July 1, 2014. Application of this new standard to July 1, 2013, the earliest year presented, is not practical as complete information is not available.

Reclassification

Certain amounts as reported in the 2014 financial statements have been reclassified to conform to the 2015 presentation.

(2) CASH AND INVESTMENTS

Authorizations

The University utilizes the "pooled cash" method of accounting for substantially all of its cash and cash equivalents. The University investment policies are governed and authorized by University Bylaws and the Board of Trustees. The Fund's investment policies are governed by its Board of Directors and the performance of its investments is monitored by its Investment Committee.

Interest rate risk

Neither the University nor the Fund has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investment policies for cash and cash equivalents, as set forth by the Board of Trustees, authorize the University to invest, with limitations, in commercial paper rated within the two highest classifications of prime as established by at least one of the standard rating services. Investments may also be made in securities of the US Treasury and federal agencies, or in mutual funds holding securities of the US Treasury and federal agencies, and in time savings accounts. University policies regarding investments and marketable securities, as set forth by the Board of Trustees, authorize the University to invest in US Treasury obligations; commercial paper rated within the two highest classifications of prime as established by at least one of the standard rating services; federal agency securities; certificates of deposit issued by FDIC insured banks or an NCUA credit union member; or Eurodollar time deposits in Tier 1, 2, or 3 banks.

Custodial credit risk: deposits

For deposits, custodial credit risk is present if the University's deposits would not be covered by depository insurance or collateralized by the bank. State law does not require and the University does not have a policy for deposit custodial credit risk. Deposits were reflected in the accounts of the banks at $42,185,728 and $9,479,775 as of June 30, 2015 and 2014, respectively. The University had $27,316,162 and $9,152 exposed to custodial credit risk because the deposits were uninsured or uncollateralized, as of June 30, 2015 and 2014, respectively.

Custodial credit risk: investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Neither the University nor the Fund has a policy for investment custodial risk. However, all investments are in the name of the University or the Fund, as applicable, and the investments are held in accounts with each financial institution from which they were purchased.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Neither the University's nor the Fund's investment policy has specific limits on concentration of credit risk. The majority of the University's and Fund's investments are in mutual funds; accordingly, concentration of credit risk is considered to be insignificant.

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University and Fund invest in mutual funds whose underlying investments are in foreign currency; however, management of the University and Fund does not believe that there is significant risk as a result of these investments.

Investments and Investment Return

Investments, carried at fair value, at June 30, 2015 and 2014, are categorized as follows:

Investment Portfolio	2015	2014
Marketable securities		
Equities	$ 813,309	$ 615,150
Equity mutual funds	67,105,182	65,250,062
Fixed income mutual funds	42,132,055	39,741,789
Total marketable securities	**110,050,546**	**105,607,001**
Alternative investments		
Hedge funds	16,522,088	16,361,123
Real estate and natural resources	756,463	914,973
Private equity	4,490,521	5,332,107
Total alternative investments	**21,769,072**	**22,608,203**
Closely-held stock	20,000	20,000
Total investments	**$ 131,839,618**	**$ 128,235,204**

The University's net investment return is comprised of the following for the years ended June 30, 2015 and 2014.

Investment Return				
		2015		2014
Dividends and interest	$	2,684,657	$	2,480,699
Capital gain distributions		1,717,824		1,214,307
Net gain on sale of investments		3,078,847		2,848,941
Net (decrease) increase in the fair value of investments		(5,135,134)		10,128,832
Net increase in the fair value of land held for investment		74,500		218,096
Asset-based management and administrative fees		(496,829)		(460,046)
Total investment return	**$**	**1,923,865**	**$**	**16,430,829**

(3) RECEIVABLES

Accounts receivable of the University are summarized as follows as of June 30, 2015 and 2014.

Accounts Receivable				
		2015		2014
Student tuition and fees	$	597,002	$	1,024,215
State appropriations				
Operating		8,349,657		7,904,330
Capital		-		121
Grants and contracts		7,151,144		5,273,422
Auxiliary activities		623,101		452,040
Other		848,634		783,672
Less allowance for doubtful accounts		(105,653)		(101,705)
Accounts receivable, net	**$**	**17,463,885**	**$**	**15,336,095**

In addition, the University has student loans receivable in the amount of $12,085,485 and $11,865,226, recorded at June 30, 2015 and 2014, respectively. These amounts are net of an allowance for uncollectible accounts of $169,461 for both years.

Pledges receivable of the University are summarized as follows as of June 30, 2015 and 2014.

Pledges Receivable				
		2015		2014
Pledges receivable in less than one year	$	4,358,710	$	3,254,675
Pledges receivable in one to five years		2,408,851		2,583,406
Pledges receivable in more than five years		112,760		179,665
Less:				
Allowance for uncollectible pledges		(2,053,853)		(1,666,588)
Present value discount		(243,377)		(329,272)
Net pledges receivable	**$**	**4,583,091**	**$**	**4,021,886**

The present value of future cash flows were estimated using .25% over the risk-adjusted rate at the date of the gift. Risk-adjusted rates range from .89% to 2.60%.

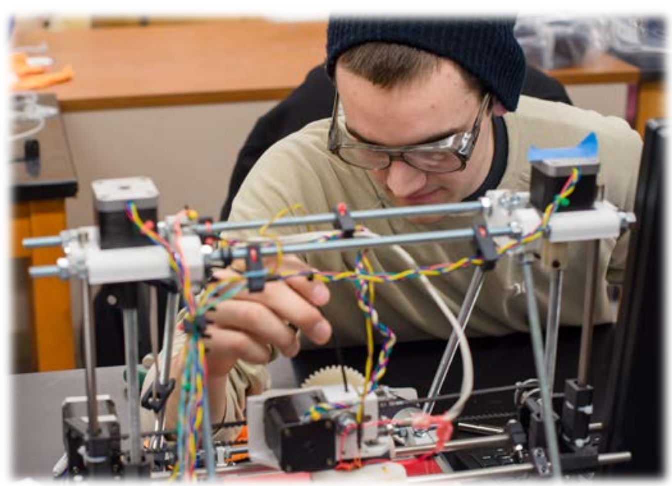
(4) CAPITAL ASSETS

The following table presents the changes in the capital asset class categories for the year ended June 30, 2015:

Changes in Capital Assets 2015	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Nondepreciable capital assets				
Land	$ 9,507,942	$ -	$ -	$ 9,507,942
Mineral collections	5,926,170	295,002	-	6,221,172
Timber holdings	400,752	-	-	400,752
Construction in progress	1,606,809	1,417,711	(3,022,246)	2,274
Cost of nondepreciable capital assets	**17,441,673**	**1,712,713**	**(3,022,246)**	**16,132,140**
Depreciable capital assets				
Land improvements	1,572,426	-	-	1,572,426
Infrastructure	5,017,453	353,913	-	5,371,366
Buildings	360,060,873	2,668,333	-	362,729,206
Equipment	39,578,732	4,338,586	(525,080)	43,392,238
Library books	510,518	23,217	-	533,735
Cost of depreciable capital assets	**406,740,002**	**7,384,049**	**(525,080)**	**413,598,971**
Total cost of capital assets	**424,181,675**	**9,096,762**	**(3,547,326)**	**429,731,111**
Less: accumulated depreciation				
Land improvements	884,596	78,571	-	963,167
Infrastructure	2,522,936	256,168	-	2,779,104
Buildings	153,066,703	8,713,121	-	161,779,824
Equipment	21,263,791	5,503,629	(360,446)	26,406,974
Library books	358,299	74,837	-	433,136
Total accumulated depreciation	**178,096,325**	**14,626,326**	**(360,446)**	**192,362,205**
Capital assets, net	**$ 246,085,350**	**$ (5,529,564)**	**$ (3,186,880)**	**$ 237,368,906**

The following table presents the changes in the capital asset class categories for the year ended June 30, 2014:

Changes in Capital Assets 2014				
	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Nondepreciable capital assets				
Land	$ 9,427,942	$ 80,000	$ -	$ 9,507,942
Mineral collections	5,861,639	64,531	-	5,926,170
Timber holdings	400,752	-	-	400,752
Construction in progress	2,218,052	993,250	(1,604,493)	1,606,809
Cost of nondepreciable capital assets	**17,908,385**	**1,137,781**	**(1,604,493)**	**17,441,673**
Depreciable capital assets				
Land improvements	1,645,508	-	(73,082)	1,572,426
Infrastructure	5,194,537	-	(177,084)	5,017,453
Buildings	358,066,995	2,020,803	(26,925)	360,060,873
Equipment	43,124,944	5,563,951	(9,110,163)	39,578,732
Library books	947,926	16,349	(453,757)	510,518
Cost of depreciable capital assets	**408,979,910**	**7,601,103**	**(9,841,011)**	**406,740,002**
Total cost of capital assets	**426,888,295**	**8,738,884**	**(11,445,504)**	**424,181,675**
Less: accumulated depreciation				
Land improvements	879,057	78,621	(73,082)	884,596
Infrastructure	2,449,014	251,006	(177,084)	2,522,936
Buildings	144,446,131	8,641,103	(20,531)	153,066,703
Equipment	24,599,788	5,580,462	(8,916,459)	21,263,791
Library books	715,034	97,022	(453,757)	358,299
Total accumulated depreciation	**173,089,024**	**14,648,214**	**(9,640,913)**	**178,096,325**
Capital assets, net	**$ 253,799,271**	**$ (5,909,330)**	**$ (1,804,591)**	**$ 246,085,350**



Construction in Progress

One of the critical factors in continuing the quality of the University's academic programs, research programs, and residential life is the development and renewal of its capital assets. The University continues to maintain and amend its long-range capital plan to modernize its complement of older facilities balanced with new construction. Construction in progress reflects multiyear projects which, once completed and placed into service, are categorized as buildings, land improvements, and infrastructure. At June 30, 2015 and 2014, respectively, construction in progress consisted of several building renovation projects and the costs of one new building as detailed below.

Construction in Progress				
Project		**2015**		**2014**
Keweenaw Research Center building addition	$	-	$	776,755
John E. McAllister Welcome Center		-		301,259
ATDC building upgrades		-		142,983
Lakeshore Center building upgrades		-		203,595
Other projects		2,274		182,217
Total	**$**	**2,274**	**$**	**1,606,809**

The expected sources of financing for these projects are University funds and private gifts.

(5) LINE OF CREDIT

The University has an unused line of credit arrangement with one bank, under which it may borrow up to $20 million. This agreement is set at variable rates of interest, based on the 30-day London Interbank Offered Rate ("LIBOR") plus 150 basis points. There are no restrictive covenants associated with this line of credit. The line of credit expires on January 31, 2016.

(6) ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and other accrued liabilities of the University are summarized as follows as of June 30, 2015 and 2014.

Accounts Payable				
		2015		**2014**
Vendors for supplies and services	$	3,159,049	$	2,701,161
Employee benefits		1,316,107		703,323
Construction payables		1,058,871		1,298,559
Total accounts payable	**$**	**5,534,027**	**$**	**4,703,043**

Other Accrued Liabilities				
		2015		**2014**
Payroll and payroll taxes	$	5,232,031	$	4,734,535
Compensated absences		4,559,680		4,342,094
Deposits payable		857,000		822,744
Total other accrued liabilities	**$**	**10,648,711**	**$**	**9,899,373**

(7) NONCURRENT LIABILITIES

Noncurrent Liabilities As of June 30, 2015					
General revenue bonds	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**
General revenue bonds, 2006	$ 145,000	$ -	$ 70,000	$ 75,000	$ 75,000
General revenue bonds, 2008	5,340,000	-	125,000	5,215,000	125,000
General revenue bonds, 2009A/2009B	16,785,000	-	385,000	16,400,000	395,000
General revenue bonds, 2010A	9,570,000	-	670,000	8,900,000	345,000
General revenue bonds, 2012A	32,475,000	-	1,155,000	31,320,000	1,185,000
General revenue bonds, 2013A	14,110,000	-	115,000	13,995,000	465,000
General revenue bonds, 2015A	-	24,295,000	-	24,295,000	-
Total bonds payable	**78,425,000**	**24,295,000**	**2,520,000**	**100,200,000**	**2,590,000**
Bond premium	3,393,215	1,014,141	147,670	4,259,686	-
Capital leases	936,449	-	339,216	597,233	294,048
Total debt	**82,754,664**	**25,309,141**	**3,006,886**	**105,056,919**	**2,884,048**
Other liabilities					
Insurance and postemployment benefits	1,816,987	1,661,410	1,635,316	1,843,081	1,303,193
Funds held for others	678,049	203,450	189,999	691,500	-
Annuity and pooled income obligations	5,165,267	561,456	379,889	5,346,834	426,094
Total	**$ 90,414,967**	**$ 27,735,457**	**$ 5,212,090**	**112,938,334**	**$ 4,613,335**
Due within one year				(4,613,335)	
Total noncurrent liabilities (excluding net pension liability)				**$ 108,324,999**	

Noncurrent Liabilities As of June 30, 2014					
General revenue bonds	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**	**Current Portion**
General revenue bonds, 2004A	$ 785,000	$ -	$ 785,000	$ -	$ -
General revenue bonds, 2006	210,000	-	65,000	145,000	70,000
General revenue bonds, 2008	5,465,000	-	125,000	5,340,000	125,000
General revenue bonds, 2009A/2009B	17,160,000	-	375,000	16,785,000	385,000
General revenue bonds, 2010A	10,230,000	-	660,000	9,570,000	670,000
General revenue bonds, 2012A	32,800,000	-	325,000	32,475,000	1,155,000
General revenue bonds, 2013A	14,265,000	-	155,000	14,110,000	115,000
Total bonds payable	**80,915,000**	**-**	**2,490,000**	**78,425,000**	**2,520,000**
Bond premium	3,540,886	-	147,671	3,393,215	-
Capital lease	1,256,050	-	319,601	936,449	324,399
Total debt	**85,711,936**	**-**	**2,957,272**	**82,754,664**	**2,844,399**
Other liabilities					
Insurance and postemployment benefits	2,580,676	2,522,690	3,286,379	1,816,987	1,273,406
Funds held for others	670,950	198,599	191,500	678,049	-
Annuity and pooled income obligations	4,473,344	1,093,289	401,366	5,165,267	352,703
Total	**$ 93,436,906**	**$ 3,814,578**	**$ 6,836,517**	**$ 90,414,967**	**$ 4,470,508**
Due within one year				(4,470,508)	
Total noncurrent liabilities				**$ 85,944,459**	

Bonds

The principal and interest on bonds are payable only from certain general revenues. The obligations are generally callable. Premiums on bonds payable are recorded in total and amortized over the life of the bonds using straight line amortization.

All bonds of the University, unless otherwise specified, have received an underlying rating of A1 from Moody's.

During fiscal year 2006, the University's Board of Trustees approved the issuance of bonds for the general campus renovation project and the addition of a child care center. On July 19, 2006, the University issued $2.99 million of General Revenue Bonds, Series 2006. These bonds bear interest at an average rate of 4.7% and mature at various dates from October 2007 through October 2036. These General Revenue Bonds are limited obligations of the bond payable from and secured solely by an irrevocable pledge of General Revenues as provided in the Indenture. These bonds are rated Aaa by Moody's due to a municipal bond insurance policy. Outstanding principal of $2.715 million was refunded with the Series 2013A bonds.

During fiscal year 2009, the University's Board of Trustees approved the issuance of General Revenue Bonds, Series 2008 in the amount of $15.88 million. The proceeds of this bond issue were used to refund the $10 million of Series 1998 bonds outstanding with the remainder funding the remodeling of the Michigan Tech Lakeshore Center building, remodeling of the Memorial Union ballroom and providing initial construction funds for the Keweenaw Research Center. These bonds bear fixed interest rates at 3.0% to 5.25% and mature at various dates from October 2009 through October 2038. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture. Outstanding principal of $11.550 million was refunded with the series 2013A bonds.

During fiscal year 2010, the University's Board of Trustees approved the issuance of General Revenue Bonds, Series 2009A and 2009B. The combined amount of bonds issued was $18.235 million. Series 2009A, in the amount of $17.885 million, was issued as taxable Build America Bonds. Under this federal program, thirty-five percent of the interest related to this bond issue in the principal and interest amounts due is anticipated to be paid by the federal government for the life of the Build America Bonds. This bond series consists of serial bonds in the amount of $3.580 million with maturities of October 2011 through October 2019 and interest rates ranging from 2.58% to 5.30%. Two term bonds totaling $14.305 million were also issued in this series. The first term bond in the amount of $5.650 million matures in October 2029 and bears an interest rate of 6.44%. The second term bond in the amount of $8.655 million matures in October 2039 and bears an interest rate of 6.69%. Series 2009B, issued as a tax-exempt bond in the amount of $350,000 matured in October 2010. The proceeds of this bond issue were used to construct a student residential facility and for the construction of a new facility at the Keweenaw Research Center. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture.

During fiscal year 2011, the University's Board of Trustees approved the issuance of General Revenue Bonds, Series 2010A in the amount of $10.975 million. The Series 2010A bonds were issued as taxable Build America Bonds. Under this federal program, 35% of the interest related to this bond issue in the principal and interest amounts due is anticipated to be paid by the federal government for the life of the Build America Bonds. This bond series consists of serial bonds in the amount of $2.855 million with maturities of October 2011 through October 2017 and interest rates ranging from 1.37% to 3.84%. Three term bonds totaling $8.12 million were also issued in this series. The first term bond in the amount of $2.085 million matures in October 2025 and bears an interest rate of 5.569%. The second term bond in the amount of $1.66 million matures in October 2030 and bears an interest rate of 6.2%. The third term bond in the amount of $4.375 million matures in October 2040 and bears an interest rate of 6.55%. The proceeds of this bond issue were used to construct, acquire, and equip new research facilities and to construct and equip a new museum building. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture and have been rated as Aa3 by Moody's.

During fiscal year 2012, the University's Board of Trustees approved the issuance of General Revenue and Refunding Bonds, Series 2012A in the amount of $33,070,000. The proceeds of this bond issue were used to partially refund Series 2003 bonds in the amount of $3.965 million, to partially refund Series 2004 bonds in the amount of $27.150 million with the remainder funding the replacement of the ice plant and rink slab in the hockey arena and partial replacement of the roof of the Student Development Center. The Series 2003 bonds refunded were called for redemption on April 1, 2013 and the Series 2004 bonds refunded were called for redemption on October 1, 2013 each at a redemption price equal 100% of the principal amount plus accrued interest. The 2012A bond series consists of serial bonds in the amount of $19.75 million with maturities of October 2012 through October 2027 and interest rates ranging from 3.0% to 5.0%. The issue also included two term bonds totaling $13.32 million. The first term bond in the amount of $5.32 million matures in October 2030 and bears an interest rate of 4.0%. The second term bond in the amount of $8.0 million matures in October 2034 and bears an interest rate of 5.0%. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture and have been rated as Aa3 by Moody's.

During fiscal year 2013, the University's Board of Trustees approved the issuance of General Revenue Refunding Bonds, Series 2013A in the amount of $14,265,000. The proceeds of this bond issue were used to refund Series 2006 bonds in the amount of $2.715 million and to partially refund Series 2008 bonds in the amount of $11.550 million. The Series 2006 bonds to be refunded will be called for redemption on April 1, 2016 at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest to the redemption date. Principal and interest on the Series 2008 bonds will be paid at maturity on October 1, 2016, October 1, 2017, and October 1, 2018, respectively. The advance refunding of the $2.715 million of Series 2006 bonds and the $11.550 million of Series 2008 bonds provided resources to purchase US government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on $14.265 million of refunded debt. The 2013A bond series consists of serial bonds in the amount of $8.325 million with maturities of October 2013 through October 2026 and interest rates ranging from 2.0% to 5.0%. The issue also included three term bonds totaling $5.940 million. The first term bond in the amount of $2.200 million matures in October 2025 and bears an interest rate of 3.0%. The second term bond in the amount of $2.470 million matures in October 2028 and bears an interest rate of 3.25%. The third term bond in the amount of $1.270 million matures in October 2036 and bears an interest rate of 4.0%. These bonds are secured by an irrevocable pledge of general revenues as provided in the indenture and have been rated as A1 by Moody's.

During fiscal year 2015, the University's Board of Trustees approved the issuance of General Revenue Bonds, Series 2015A in the amount of $24.295 million. The proceeds of this bond issue will be used to renovate Daniell Heights student apartments, construct a fuel storage tank facility, renovate a campus dining facility, upgrade information technology and safety systems, renovate a chemical storage facility and undergraduate laboratories, and renovate bathrooms in the McNair Hall dormitory. The bonds bear fixed interest rates ranging from 2% to 5%, and mature at various dates from October 2016 through October 2045. All bonds of this issuance are rated A1 by Moody's; $8.605 million of the issuance are insured and rated AA by Standard & Poor's.

At June 30, 2015, the amount that remains in escrow to refund Series 2006 bonds and partially refund Series 2008 bonds was $13,770,084.

Principal and Interest Amounts Due on Bonded Debt For Fiscal Years Ending June 30						
Fiscal Year		**Principal**		**Interest**		**Total**
2016	$	2,590,000	$	4,496,926	$	7,086,926
2017		3,005,000		4,609,561		7,614,561
2018		3,095,000		4,510,681		7,605,681
2019		3,205,000		4,392,830		7,597,830
2020		3,330,000		4,256,869		7,586,869
Total 5 years		**15,225,000**		**22,266,867**		**37,491,867**
2021 to 2025		19,005,000		18,693,456		37,698,456
2026 to 2030		22,270,000		13,809,652		36,079,652
2031 to 2035		21,845,000		8,669,595		30,514,595
2036 to 2040		13,830,000		3,884,415		17,714,415
2041 to 2046		8,025,000		1,190,169		9,215,169
Total bonds	**$**	**100,200,000**	**$**	**68,514,154**	**$**	**168,714,154**

Capital and Operating Lease Obligations

At June 30, 2015, the capitalized cost of equipment purchased under capital leases was $1.576 million, and its net book value was $423,556.

Commitments and related rental expenses for the University under operating leases with initial or remaining noncancelable lease terms in excess of one year as of and for the years ended June 30, 2015 and 2014 are insignificant.

Scheduled Maturities of Capital Leases For Fiscal Years Ending June 30						
Fiscal Year		**Principal**		**Interest**		**Total**
2016	$	294,048	$	18,558	$	312,606
2017		303,185		9,421		312,606
Total lease payments	**$**	**597,233**	**$**	**27,979**	**$**	**625,212**

(8) INSURANCE

Self-Insurance

The University is essentially self-insured for medical benefits claims, unemployment compensation, and workers' compensation. Stop-loss coverage has been purchased by the University for its workers' compensation coverage. Liabilities for estimates of losses retained by the University under self-insurance programs have been determined and accrued for and included in insurance and benefit reserves on the accompanying statements of net position. Changes in the estimated liability for self-insured plans during the past two fiscal years are as follows:

Self-Insured Claims Liability				
		2015		**2014**
Balance, beginning of year	$	1,251,505	$	1,730,846
Claims incurred, including changes in estimates		14,688,085		12,632,034
Less: claims paid		(14,647,637)		(13,111,375)
Balance, end of year	**$**	**1,291,953**	**$**	**1,251,505**

Liability and Property Insurance

The University participates with eleven other Michigan universities in the Michigan Universities Self-Insurance Corporation ("MUSIC"). MUSIC's purpose is to provide indemnity to members against auto, comprehensive general liability, errors and omissions, and property losses commonly covered by insurance. Premiums are assessed annually for (1) insurance risks retained by MUSIC, (2) costs related to excess coverage, and (3) general and administrative expenses. MUSIC also provides risk-management and loss control services and programs.

Loss coverages are structured on a three-layer basis with each member retaining a portion of its losses, MUSIC covering the second layer of losses, and commercial carriers covering the third layer.

Comprehensive general liability coverage is provided on a per-occurrence basis; errors and omissions coverage is provided on a claims-made basis. In the event of excess assets, MUSIC will return the surplus, credit the surplus toward future payments, or provide for increased coverage. Recommended reserves for both MUSIC and each member are actuarially determined on an annual basis. MUSIC will be self-sustaining through member payments and will purchase commercial coverage for claims in excess of established annual limits for each line of coverage. Members may fund their respective reserves as they deem appropriate.

(9) POSTEMPLOYMENT BENEFITS

Retirement Plans

The University has a defined contribution retirement plan and a defined benefit retirement plan for qualified employees. The defined benefit plan is closed to new participants, unless they were previously enrolled in the plan at the University or enrolled in the plan at one of the other six participating universities in Michigan.

Defined Contribution Plan

The University has a defined contribution plan with Teachers Insurance and Annuities Association College Retirement Equities Fund (TIAA-CREF) and Fidelity. All employees who work at least three-quarter time are eligible to participate in the defined contribution plan. For employees hired between December 31, 1995 and December 31, 2007, employer contributions began two years after date of hire or age 35 whichever was sooner. For employees hired on or after January 1, 2008, employer contributions begin immediately and employee benefits vest immediately. Plan participants maintain individual investment accounts with TIAA-CREF and/or with Fidelity Investments. At June 30, 2015 and 2014, the University had approximately 3,070 plan participants. Employees may also deposit supplemental retirement funds into 403(b) and/or 457(b) plans up to permissible limits. The University contributes a specified percentage of employee wages and has no liability beyond its own contribution. University contributions to this program are summarized in the Retirement Plan Contributions table.

Prior to January 1, 2010, the University would contribute 10.55% of participating employee's salary to the employee's investment account and would then match up to an additional 2% of employee's voluntary contribution. On January 1, 2010, participating employees were given a choice between a 5-5-5 plan and a 0-7.5-7.5 plan. Under the 5-5-5 plan, the University would contribute 5% of an employee's base salary and will then match up to 5% of base salary contributed by a participating employee. Employees who chose this plan also received a 2% salary increase. Employees who chose the 0-7.5-7.5 plan received no base contribution from the University but received a matching contribution of up to 7.5% of base salary along with a 4.5% increase in base salary. Employees hired after January 1, 2010 will participate in the 0-7.5-7.5 plan.

Defined Contribution Retirement Plan Contributions						
		2015		2014		2013
University contributions to TIAA-CREF/Fidelity	$	6,004,020	$	5,748,143	$	5,565,592
Payroll covered under TIAA-CREF/Fidelity	$	85,173,945	$	81,443,319	$	78,809,697

Defined Benefit Plan

The University contributes to the Michigan Public School Employees Retirement System (MPSERS), a cost-sharing multi-employer pension plan administered by the State of Michigan Department of Management and Budget, Office of Retirement Services. Benefit provisions are established and may be amended by state statute. Due to State of Michigan House Bill HB4047, University employees hired after December 31, 1995 can no longer participate in this retirement plan, unless they were previously enrolled in the plan at the University or one of the other six universities that are part of MPSERS. The Office of Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees' Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909 or by calling (517) 322-5103.

University participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Member Investment Plan (MIP)	Defined Benefit	Closed
Basic	Defined Benefit	Closed
Defined Contribution	Defined Contribution	Open

The Member Investment Plan (MIP) includes additional subgroups based on hire date. The *MIP Fixed* plan includes members hired prior to January 1, 1990. The *MIP Graded* plan includes members first hired from January 1, 1990 through December 31, 1995. The *MIP Plus* plan includes members first hired from July 1, 2008 through June 30, 2010. Members who initially enrolled in the *MIP* plan and made a voluntary election to contribute a higher rate are participants in the *MIP 7 %* plan.

Members hired between July 1, 2010 and September 3, 2012 were enrolled in the *Pension* Plus plan. Members hired on or after September 4, 2012 are automatically enrolled in this plan unless an election is made to participate in the defined contribution plan. The plan includes a pension component as well as a savings component. Member contributions to the savings component are matched at a rate of 50% by the employer (up to a maximum of 1%) and invested in a 401(k) plan.

Effective February 1, 2013, members that initially enrolled in MIP were provided the option to convert to a defined contribution plan *(Basic 4%).* In these instances, any service credit accumulated under the defined benefit plan before February 1, 2013 is retained. For service performed after this date, the converted plan member receives 4% employer contributions to a personal 401(k) account.

A member first enrolling in MPSERS on or after September 4, 2012 may elect to enroll in the *defined contribution* plan. Employer and employee contribution rates and vesting requirements are consistent with the defined contribution component of the Pension Plus plan as described above.

Benefits Provided

MPSERS provides retirement, death, disability and postemployment benefits to eligible participants. Retirement benefits are calculated as a percentage of the employee's final average compensation times the employee's years of service. All participants qualify for a benefit multiplier of 1.5% for the first 30 years of service. Certain benefit groups receive a reduced rate of 1.25% for service above 30 years. Disability benefits are calculated the same as regular service retirement. Participants are eligible to receive full retirement benefits upon reaching the age and years of service requirements below. Most plans offer additional options for early retirement if certain stipulations have been met. Voluntary contributions vest immediately.

Plan Name	Eligibility Based on Years of Service	Vesting
Member Investment Plan (MIP)	Age 46 with 30 years or age 60 with 10 years	10 years
Basic	Age 55 with 30 years or age 60 with 10 years	10 years
Defined Contribution	Age 46 with 30 years or age 60 with 10 years	4 years

Contributions

Employer contributions to the plans are based on a percentage of covered payroll that has been actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Member contributions are determined based on date of hire and the plan selected. In addition, the University is invoiced monthly an amount that approximates 17.72% of covered payroll for "MPSERS UAAL Stabilization." This additional contribution is offset by monthly State aid payments equal to the amounts actually billed by the Office of Retirement Services. Employer contribution requirements for pension and retiree healthcare, inclusive of the MPSERS UAAL Stabilization, range from 27.52% to 31.83% of covered payroll. Plan member contributions range from 0.0% to 7.0% of covered payroll.

The University's contributions to MPSERS under all pension plans as described above for the years ended June 30, 2015, 2014, and 2013 were $3,395,404, $2,836,637, and $3,026,364, respectively, equal to the required contributions for each year.

On September 30, 2015, the University received $11,784,204 from the plan for a plan error in requiring excess contributions. The refund reduced the plan's net position and will impact the University's net pension liability as of June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the University reported a liability of $36,194,241 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating universities, actuarially determined. At September 30, 2014, the University's proportion (as calculated by MPSERS) was 9.64907%.

For the year ended June 30, 2015, the University recognized pension expense of $3,829,952. At June 30, 2015, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	$ 1,078,301	-	$ 1,078,301
Contributions subsequent to measurement date	2,713,238	-	2,713,238
Changes in proportionate share	2,842	-	2,842
Net difference between projected and actual earnings on pension plan contributions	-	3,479,753	(3,479,753)
Total	**$ 3,794,381**	**$ 3,479,753**	**$ 314,628**

The amount of deferred outflows of resources related to University contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	Amount
2016	211,205
2017	(869,938)
2018	(869,938)
2019	(869,939)
Total	**$ (2,398,610)**

Actuarial Assumptions

The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.5%
Salary increases	3.5% to 12.3%, including wage inflation of 3.5%
Investment rate of return	8% (7% for the Pension-Plus plan), net of pension plan investment expenses, including inflation
Cost of Living adjustments	3.0% annual, non-compounded for MIP members
Healthcare cost trend rate	8.5% year 1 graded to 3.5% year 12

The mortality table used in this valuation was the RP-2000 Male and Female Combined Healthy Life Mortality Table, adjusted for mortality improvements to 2025 using projection Scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by MPSERS for use in the annual pension valuations beginning with the September 30, 2014 valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	4.80%	1.34%
Alternative investment pools	18.00%	8.50%	1.53%
International equity pools	16.00%	6.10%	0.98%
Fixed income pools	10.50%	1.50%	0.16%
Real estate and infrastructure pools	10.00%	30.00%	0.53%
Absolute return pools	15.50%	6.30%	0.98%
Short-term investment pools	2.00%	-0.02%	-0.02%
	100.00%		5.50%
Inflation			2.50%
Investment rate of return			**8.00%**

Discount Rate

The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the University's contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the University, calculated using the discount rate of 8.0%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
University's proportionate share of the net pension liability	$ 45,298,278	$ 36,194,241	$ 28,349,389

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Other Postemployment Benefits

Retirees enrolled in MPSERS before December 31, 1995 have the option of participating in the *Premium Subsidy* plan, a defined benefit postemployment healthcare plan, which is funded by employers on a cash disbursement basis. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension. Employer contributions range from 2.20% to 2.71% of covered payroll. Plan participants contribute 3% of covered payroll to the Retiree Healthcare Fund. At retirement, these individuals receive a subsidy for healthcare premiums that covers up to 80% of cost.

Plan members enrolled on or after September 4, 2012 participate in the *Personal Healthcare Fund*. This defined contribution other postemployment benefits plan includes a required 2% employee contribution into a personal tax-deferred account, which is matched by an additional 2% employer contribution. Employees are fully vested in these contributions which can be used, along with earnings thereon, to pay for postemployment healthcare expenses. Plan members working prior to September 4, 2012 were given the option to convert from the Premium Subsidy plan to the Personal Healthcare Fund option. Effective February 1, 2013, these members are no longer required to make the 3% employee contribution. Amounts paid into the Retiree Healthcare Fund between September 4, 2012 and February 1, 2013 were credited to each individual's Personal Healthcare Fund account. Any contributions made prior to September 4, 2012 are pending a Supreme Court resolution.

The University's contributions to MPSERS for other postemployment benefits amounted to $2,155,003, $2,500,742, and $2,698,154 for the years ended June 30, 2015, 2014, and 2013, respectively.

Retirement Supplemental Voluntary Plan

The University has a Retirement Supplemental Voluntary Plan (RSVP) to facilitate the voluntary retirement of eligible employees. The RSVP is not an early retirement program. The decision to retire is left to the discretion of the individual employee and remains entirely voluntary. However, if an employee decides to retire, the RSVP provides several options upon retirement: a monetary option; a phased retirement option; a combination of the monetary and phased retirement options; and a program for employment after retirement. The University recognizes the related costs in the year the employee decides to retire. The value of the RSVP liability was approximately $12,000 and $22,000 at June 30, 2015 and 2014, respectively.

Health Care Plan

Plan Description

The University currently offers retirees a self-funded preferred provider health care plan (MTU-PPO) administered by Blue Cross Blue Shield of Michigan. The University follows the COBRA regulations for its terminated employee's health care plan. MTU-PPO provides medical, dental, and vision insurance benefits to eligible participants in the TIAA-CREF plan.

Funding Policy

The contribution requirements of the plan members are established annually by the University. The required contribution is based on annual projected pay-as-you go financing requirements. Prior to 2007, the University utilized its COBRA rates as the full cost value of early retiree medical and dental benefits. Depending upon specific fiscal years of retirement, these non-Medicare retirees paid a certain percentage of this COBRA rate. Even for those early retirees where their contribution requirement was 100% of the COBRA rate, there was an implied subsidy as the age-adjusted full cost for pre-Medicare eligible retirees is significantly higher. Beginning in 2007, the University began a seven year phase out of the subsidy implied when utilizing the COBRA rates so that starting on January 1, 2014 retiree contributions were established on the expected full cost of the retiree medical and dental plans (pre-Medicare and Medicare eligible populations).

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of generally accepted accounting principles. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the University's annual OPEB cost, the amount actually contributed to the plan, and changes in the University's net OPEB obligation for the years ending June 30, 2015 and 2014 respectively:

OPEB Cost and Obligation	2015	2014
Annual required contribution	$ 417,909	$ 481,828
Interest on net OPEB obligation	21,743	30,801
Adjustment to annual required contribution	(31,435)	(44,531)
Annual OPEB cost	**408,217**	**468,098**
Contributions made	-	-
Total benefits paid (pay-as-you go)	(411,910)	(694,553)
Decrease in net OPEB obligation	**(3,693)**	**(226,455)**
Net OPEB obligation - beginning of year	543,581	770,036
Net OPEB obligation, end of year	**$ 539,888**	**$ 543,581**

The University's historical annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Historical Annual OPEB Cost and Net OPEB Obligation					
Fiscal Year Ended	Annual OPEB Cost		Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
June 30, 2013	$	481,828	136%	$	770,036
June 30, 2014	$	468,098	148%	$	543,581
June 30, 2015	$	408,217	101%	$	539,888

Funded Status and Funding Progress

The University has not prefunded any of its OPEB liability, nor does it presently intend to prefund its OPEB liability. Therefore, as of June 30, 2015, the most recent actuarial valuation date, the Plan was 0% funded.

Schedule of Funding Progress										
Actuarial Valuation Date	Actuarial Value of Assets* (a)		Actuarial Accrued Liability (AAL) Unit Credit (b)		Unfunded AAL (UAAL) (b)-(a)		Funded Ratio (a)/(b)	Covered Payroll (c)		UAAL as a Percent of Covered Payroll ((b)-(a))/(c)
June 30, 2013	$	-	$	8,957,775	$	8,957,775	0.0%	$	74,643,945	12.0%
June 30, 2014	$	-	$	8,608,363	$	8,608,363	0.0%	$	73,148,829	11.8%
June 30, 2015	$	-	$	7,515,561	$	7,515,561	0.0%	$	118,065,755	6.4%
*Actuarial value of assets are $0 because the University has not prefunded this OPEB liability.										

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as shown above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial valuations performed for the University use the unit credit actuarial cost method. For pre-65 year old retirees, the health care trend assumptions were 7.20% in 2014 grading down by .2% each year to 5.40% in 2022 and then by .4% until 5% in year 2023 and each year thereafter. For post-65 year old retirees, the health care trend assumptions were 8.75% in 2014 grading down by .25% each year to 8.0% in 2017 and then by .5% to 5% in year 2023 and each year thereafter. The assumptions for dental benefits were 5% in 2014 and each year thereafter. The assumptions also included a 4% salary scale assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. For actuarial purposes, the University has chosen a thirty year amortization period, so the remaining amortization period at June 30, 2015, was twenty-three years. However, with the implementation of the seven year phased elimination of the retiree health care subsidy, the University's actual amortization period decreases accordingly.

(10) COMMITMENTS AND CONTINGENCIES

The University has internally funded reserves for certain employee benefits. Accrued liabilities are generally based on actuarial valuations and represent the present value of unpaid expected claims, including estimates of claims incurred but not reported.

The University receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. University administration believes there is no liability for reimbursement which may arise as the result of audits.

The University has an arrangement with the State of Michigan and the State Building Authority (the "SBA") to finance a large portion of the Great Lakes Research Center currently under construction on the campus of the University. The arrangement is based upon a lease agreement that is signed by the University which stipulates that the SBA will hold title to the building and the State will make all the lease payments to the SBA on behalf of the University, and the University will pay all operating and maintenance costs. At the expiration of the lease, the SBA has agreed to sell the building to the University for $1.

(11) FUNCTIONAL CLASSIFICATION OF OPERATING EXPENSES

The University's operating expenses by functional classification were as follows for years ended June 30:

Operating Expenses by Functional Classification				
		2015		2014
Instruction	$	65,431,641	$	62,340,302
Research		52,321,902		51,389,065
Public service		9,297,856		9,254,420
Academic support		21,025,582		18,383,408
Student services		14,558,486		13,200,759
Institutional support		19,350,779		17,450,550
Operations and maintenance of plant		14,685,916		16,517,027
Student financial support		6,984,531		7,078,498
Departmental activities		5,755,170		5,218,935
Student residents		11,164,810		11,467,130
Depreciation		14,626,326		14,648,214
Total	**$**	**235,202,999**	**$**	**226,948,308**

REQUIRED SUPPLEMENTARY INFORMATION

MPSERS Cost-sharing Multiple Employer Plan

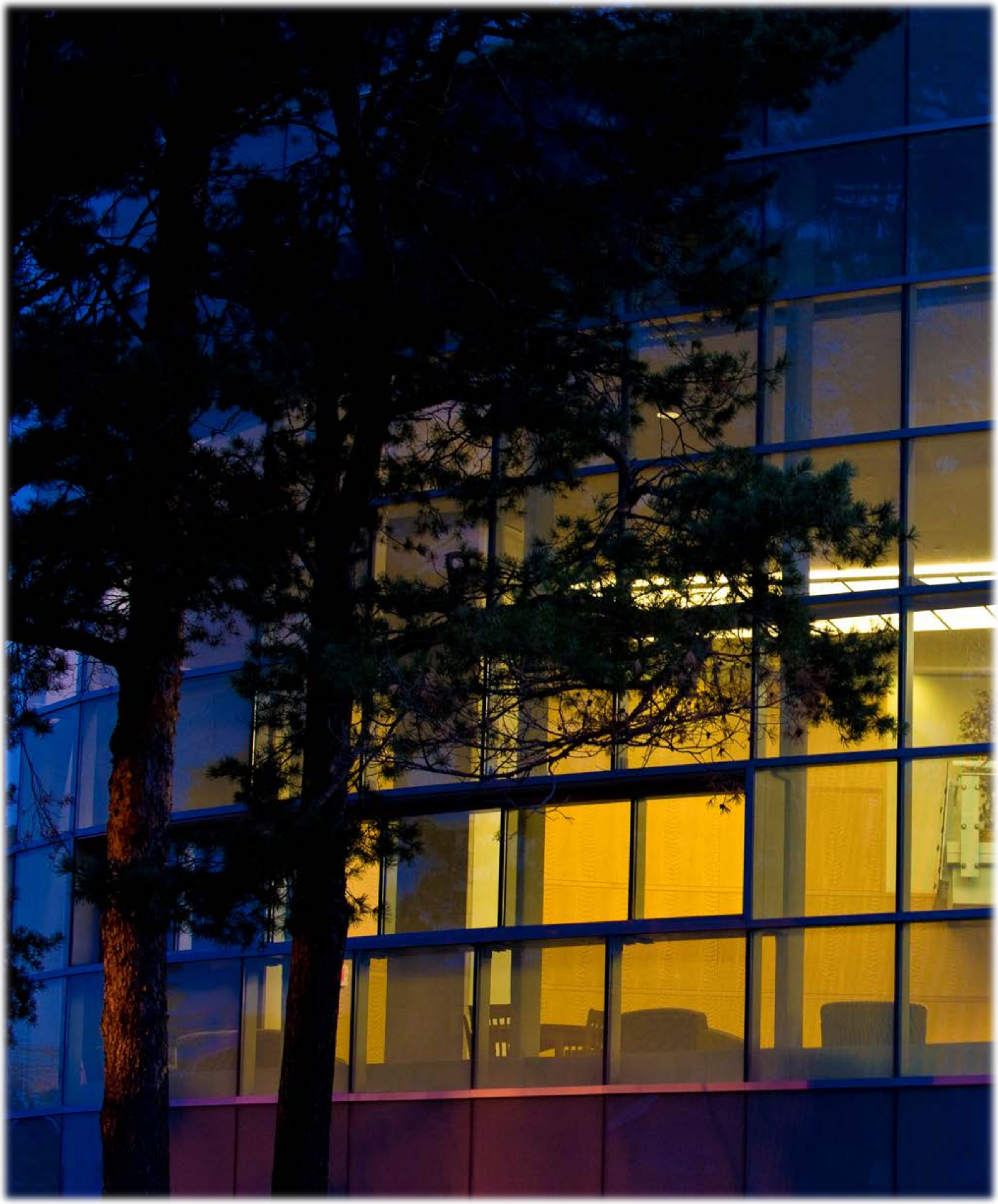
Schedule of the University's Proportionate Share of the Net Pension Liability	2015
University's proportion of the net pension liability	9.64907%
University's proportionate share of the net pension liability	$ 36,194,241
University's covered-employee payroll	9,156,216
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	252.97%
Plan fiduciary net position as a percentage of the total pension liability	63.00%

Schedule of University Contributions	2015
Contractually required contribution	$ 3,395,404
Contributions in relation to the contractually required contribution	$ (3,395,404)
Contribution deficiency (excess)	$ -
University's covered-employee payroll	$ 8,877,145
Contributions as a percentage of covered-employee payroll	38.25%

The amounts presented for the fiscal year in the above Schedule of the University's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year.

GASB 68 was implemented in fiscal year 2015. These schedules are being built prospectively. Ultimately, 10 years of data will be presented.

SUPPLEMENTARY INFORMATION



Michigan Technological University Schedule of Net Position by Fund at June 30, 2015	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Agency	Michigan Tech Fund	Eliminations	Combined Total 2015	Combined Total 2014
Assets													
Current assets:													
Cash and cash equivalents	$ (13,494,473)	$ 17,687,107	$ 6,970,939	$ (7,776,254)	$ 2,635,331	$ 6,022,650	$ 2,352,027	$ 4,488,171	$ 1,745,460	$ 2,264,109	$ -	$ 16,872,417	$ 12,449,982
Accounts receivable, net	8,916,659	520,110	601,662	212,153	7,523,303	17,773,887	-	3,546	86,769	-	(400,317)	17,463,885	15,336,095
Pledges receivable, net	-	-	-	-	-	-	-	-	-	2,304,857	-	2,304,857	1,588,087
Other assets	174,871	13,525	1,459,497	395,734	-	2,043,627	-	-	-	228,231	-	2,271,858	1,904,863
Total current assets	**(4,402,943)**	**18,220,742**	**9,032,098**	**(7,168,367)**	**10,158,634**	**25,840,164**	**2,352,027**	**4,491,717**	**1,832,229**	**4,797,197**	**(400,317)**	**38,913,017**	**31,279,027**
Noncurrent assets:													
Student loans receivable, net	-	-	-	-	-	-	12,085,485	-	-	-	-	12,085,485	11,865,226
Pledges receivable, net	-	-	-	-	-	-	-	-	-	2,278,234	-	2,278,234	2,433,799
Restricted cash for capital projects	-	-	-	-	-	-	-	25,120,911	-	-	-	25,120,911	-
Investments	-	-	-	14,771,136	-	14,771,136	-	-	-	117,068,482	-	131,839,618	128,235,204
Beneficial interest in charitable remainder trusts	-	-	-	-	-	-	-	-	-	5,586,394	-	5,586,394	5,349,710
Land held for investment	-	-	-	-	-	-	-	9,858,897	-	155,300	-	10,014,197	10,093,197
Capital assets, net	-	-	-	-	-	-	-	237,368,906	-	-	-	237,368,906	246,085,350
Other assets	-	-	-	-	-	-	-	978,544	-	1,009,822	-	1,988,366	1,951,603
Total noncurrent assets	**-**	**-**	**-**	**14,771,136**	**-**	**14,771,136**	**12,085,485**	**273,327,258**	**-**	**126,098,232**	**-**	**426,282,111**	**406,014,089**
Total assets	**(4,402,943)**	**18,220,742**	**9,032,098**	**7,602,769**	**10,158,634**	**40,611,300**	**14,437,512**	**277,818,975**	**1,832,229**	**130,895,429**	**(400,317)**	**465,195,128**	**437,293,116**
Deferred outflows of resources													
Deferred pension amounts	**-**	**-**	**-**	**3,794,381**	**-**	**3,794,381**	**-**	**-**	**-**	**-**	**-**	**3,794,381**	**-**
Liabilities													
Current liabilities													
Accounts payable	1,197,214	603,427	431,857	1,316,107	830,323	4,378,928	1,305	1,058,870	3,413	491,828	(400,317)	5,534,027	4,703,043
Other accrued liabilities	4,140,501	-	118,256	4,559,680	-	8,818,437	-	1,458	1,828,816	-	-	10,648,711	9,899,373
Unearned revenue	236,131	-	-	-	5,241,973	5,478,104	-	331,250	-	-	-	5,809,354	3,250,484
Annuity obligations, current portion	-	-	-	-	-	-	-	-	-	426,094	-	426,094	352,703
Insurance and benefit reserves, current portion	-	-	-	1,303,193	-	1,303,193	-	-	-	-	-	1,303,193	1,273,406
Long-term debt, current portion	-	-	-	-	-	-	-	2,884,048	-	-	-	2,884,048	2,844,399
Total current liabilities	**5,573,846**	**603,427**	**550,113**	**7,178,980**	**6,072,296**	**19,978,662**	**1,305**	**4,275,626**	**1,832,229**	**917,922**	**(400,317)**	**26,605,427**	**22,323,408**
Noncurrent liabilities													
Funds held for others	691,500	-	-	-	-	691,500	-	-	-	-	-	691,500	678,049
Annuity obligations, net of current portion	-	-	-	-	-	-	-	-	-	4,920,740	-	4,920,740	4,812,564
Insurance and benefit reserves, net of current port	-	-	-	539,888	-	539,888	-	-	-	-	-	539,888	543,581
Long-term debt, net of current portion	-	-	-	-	-	-	-	102,172,871	-	-	-	102,172,871	79,910,265
Net pension liability	-	-	-	36,194,241	-	36,194,241	-	-	-	-	-	36,194,241	-
Total noncurrent liabilities	**691,500**	**-**	**-**	**36,734,129**	**-**	**1,231,388**	**-**	**102,172,871**	**-**	**4,920,740**	**-**	**144,519,240**	**85,944,459**
Total liabilities	**6,265,346**	**603,427**	**550,113**	**43,913,109**	**6,072,296**	**21,210,050**	**1,305**	**106,448,497**	**1,832,229**	**5,838,662**	**(400,317)**	**171,124,667**	**108,267,867**
Deferred inflows of resources													
Deferred pension amounts	**-**	**-**	**-**	**3,479,753**	**-**	**3,479,753**	**-**	**-**	**-**	**-**	**-**	**3,479,753**	**-**
Net position													
Net investment in capital assets	-	-	-	-	-	-	-	158,566,029	-	-	-	158,566,029	164,399,706
Restricted:													
Nonexpendable	-	-	-	-	-	-	-	-	-	80,686,142	-	80,686,142	72,488,002
Expendable	-	-	-	-	4,086,338	4,086,338	14,436,207	11,104,758	-	42,289,305	-	71,916,608	76,264,509
Unrestricted (deficit)	(10,668,289)	17,617,315	8,481,985	(35,995,712)	-	(20,564,701)	-	1,699,691	-	2,081,320	-	(16,783,690)	15,873,032
Total net position	**$ (10,668,289)**	**$ 17,617,315**	**$ 8,481,985**	**$ (35,995,712)**	**$ 4,086,338**	**$ (16,478,363)**	**$ 14,436,207**	**$ 171,370,478**	**$ -**	**$ 125,056,767**	**$ -**	**$ 294,385,089**	**$ 329,025,249**

Michigan Technological University
Schedule of Revenues, Expenses and Changes in Net Position by Fund by Object
For the Year Ended June 30, 2015

	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Michigan Tech Fund	Eliminations	2015	2014
Revenues												
Operating revenues												
Student tuition and fees, net	$ 119,523,675	$ 1,176	$ 1,142,364	$ -	$ -	$ 120,667,215	$ -	$ -	$ -	$ (34,510,488)	$ 86,156,727	$ 83,509,973
Federal grants and contracts	146,363	-	-	-	26,805,841	26,952,204	(58,471)	-	-	-	26,893,733	29,154,809
State and local grants and contracts	-	-	-	-	3,644,029	3,644,029	-	-	-	-	3,644,029	3,201,394
Nongovernmental grants and contracts	-	7,000	-	-	15,047,250	15,054,250	-	-	-	-	15,054,250	12,958,372
Indirect cost recoveries	11,898,303	-	-	-	(11,898,303)	-	-	-	-	-	-	-
Educational activities	296,627	3,465,917	1,024,012	152,273	187,438	5,126,267	948	12,970	-		5,140,185	5,109,812
Departmental activities	6,164	123,068	9,495,164	(32)	35,283	9,659,647	-	50,387	-	(374,473)	9,335,561	8,868,780
Student residence fees, net	-	-	24,850,904	-	-	24,850,904	-	106,153	-	(6,608,952)	18,348,105	17,479,750
Total operating revenues	**131,871,132**	**3,597,161**	**36,512,444**	**152,241**	**33,821,538**	**205,954,516**	**(57,523)**	**169,510**	**-**	**(41,493,913)**	**164,572,590**	**160,282,890**
Expenses												
Operating expenses												
Salaries and wages	78,702,051	7,711,235	10,983,944	2,246,953	17,639,017	117,283,200	-	-	-	-	117,283,200	113,282,076
Fringe benefits	26,995,378	2,044,457	2,967,213	1,365,098	4,015,252	37,387,398	-	-	-	-	37,387,398	33,889,868
Supplies and services	16,153,031	10,644,357	11,313,624	1,060,074	12,427,705	51,598,791	80,041	3,966,405	16,125,093	(19,907,314)	51,863,016	50,823,198
Student financial support	35,485,313	618,444	401,715	-	11,534,189	48,039,661	-	-	2,933,865	(44,427,779)	6,545,747	6,732,569
Utilities	4,005,270	257,179	3,193,007	-	41,856	7,497,312	-	-	-	-	7,497,312	7,572,383
Depreciation	-	-	-	-	-	-	-	14,626,326	-	-	14,626,326	14,648,214
Total operating expenses	**161,341,043**	**21,275,672**	**28,859,503**	**4,672,125**	**45,658,019**	**261,806,362**	**80,041**	**18,592,731**	**19,058,958**	**(64,335,093)**	**235,202,999**	**226,948,308**
Operating (loss) income	**(29,469,911)**	**(17,678,511)**	**7,652,941**	**(4,519,884)**	**(11,836,481)**	**(55,851,846)**	**(137,564)**	**(18,423,221)**	**(19,058,958)**	**22,841,180**	**(70,630,409)**	**(66,665,418)**
Net transfers (out) in	**(16,582,376)**	**9,583,473**	**(7,539,753)**	**3,434,094**	**2,585,886**	**(8,518,676)**	**-**	**8,518,676**	**-**	**-**	**-**	**-**
Nonoperating revenues (expenses)												
Federal Pell grants	-	-	-	-	5,653,714	5,653,714	-	-	-	-	5,653,714	5,715,100
Federal grants, other	-	-	-	-	-	-	-	517,635	-	-	517,635	523,687
State appropriations	46,532,519	-	-	-	-	46,532,519	-	-	-	-	46,532,519	43,785,501
Gifts	405,056	8,476,713	479,779	-	3,830,795	13,192,343	-	-	9,860,476	(13,192,343)	9,860,476	6,510,256
Investment return	-	-	-	809,281	28	809,309	290,882	75,427	748,247	-	1,923,865	16,430,829
Interest on capital asset-related debt	-	-	-	-	-	-	-	(3,789,016)	-	-	(3,789,016)	(3,689,272)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(164,634)	(164,634)	(200,098)
Net nonoperating revenues (expenses)	**46,937,575**	**8,476,713**	**479,779**	**809,281**	**9,484,537**	**66,187,885**	**290,882**	**(3,195,954)**	**10,608,723**	**(13,356,977)**	**60,534,559**	**69,076,003**
Income (loss) before other revenues	**885,288**	**381,675**	**592,967**	**(276,509)**	**233,942**	**1,817,363**	**153,318**	**(13,100,499)**	**(8,450,235)**	**9,484,203**	**(10,095,850)**	**2,410,585**
Other revenues												
Capital appropriations	-	-	-	-	-	-	-	-	-	-	-	210,482
Capital grants and gifts	-	28,000	-	-	-	28,000	-	2,586,108	2,173,975	(2,250,071)	2,538,012	990,551
Gifts for permanent endowment purposes	-	-	-	-	-	-	-	-	8,198,140	-	8,198,140	3,951,361
Other nonoperating revenues	-	-	-	-	-	-	-	32,866	131,737	-	164,603	179,716
Fund additions	-	-	-	-	-	-	-	7,234,132	-	(7,234,132)	-	-
Total other revenues	**-**	**28,000**	**-**	**-**	**-**	**28,000**	**-**	**9,853,106**	**10,503,852**	**(9,484,203)**	**10,900,755**	**5,332,110**
Net increase (decrease) in net position	**885,288**	**409,675**	**592,967**	**(276,509)**	**233,942**	**1,845,363**	**153,318**	**(3,247,393)**	**2,053,617**	**-**	**804,905**	**7,742,695**
Net position, beginning of year	(11,553,577)	17,207,640	7,889,018	(274,138)	3,852,396	17,121,339	14,282,889	174,617,871	123,003,150	-	329,025,249	321,282,554
Implementation of GASB 68	-	-	-	(35,445,065)	-	(35,445,065)	-	-	-	-	(35,445,065)	-
Adjusted net position, beginning of year	(11,553,577)	17,207,640	7,889,018	(35,719,203)	3,852,396	(18,323,726)	14,282,889	174,617,871	123,003,150	-	293,580,184	321,282,554
Net position, end of year	**$ (10,668,289)**	**$ 17,617,315**	**$ 8,481,985**	**$ (35,995,712)**	**$ 4,086,338**	**$ (16,478,363)**	**$ 14,436,207**	**$ 171,370,478**	**$ 125,056,767**	**$ -**	**$ 294,385,089**	**$ 329,025,249**

Michigan Technological University
Schedule of Revenues, Expenses and Changes in Net Position by Fund by Function
For the Year Ended June 30, 2015

	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Michigan Tech Fund	Eliminations	2015	2014
Revenues												
Operating revenues												
Student tuition and fees, net	$ 119,523,675	$ 1,176	$ 1,142,364	$ -	$ -	$ 120,667,215	$ -	$ -	$ -	$ (34,510,488)	$ 86,156,727	$ 83,509,973
Federal grants and contracts	146,363	-	-	-	26,805,841	26,952,204	(58,471)	-	-	-	26,893,733	29,154,809
State and local grants and contracts	-	-	-	-	3,644,029	3,644,029	-	-	-	-	3,644,029	3,201,394
Nongovernmental grants and contracts	-	7,000	-	-	15,047,250	15,054,250	-	-	-	-	15,054,250	12,958,372
Indirect cost recoveries	11,898,303	-	-	-	(11,898,303)	-	-	-	-	-	-	-
Educational activities	296,627	3,465,917	1,024,012	152,273	187,438	5,126,267	948	12,970	-		5,140,185	5,109,812
Departmental activities	6,164	123,068	9,495,164	(32)	35,283	9,659,647	-	50,387	-	(374,473)	9,335,561	8,868,780
Student residence fees, net	-	-	24,850,904	-	-	24,850,904	-	106,153	-	(6,608,952)	18,348,105	17,479,750
Total operating revenues	**131,871,132**	**3,597,161**	**36,512,444**	**152,241**	**33,821,538**	**205,954,516**	**(57,523)**	**169,510**	**-**	**(41,493,913)**	**164,572,590**	**160,282,890**
Expenses												
Operating expenses												
Instruction	59,629,464	4,117,417	-	956,139	156,387	64,859,407	-	-	-	572,234	65,431,641	62,340,302
Research	15,638,807	9,721,856	-	678,658	28,592,443	54,631,764	-	-	-	(2,309,862)	52,321,902	51,389,065
Public service	881,487	889,037	-	87,133	7,469,899	9,327,556	-	-	-	(29,700)	9,297,856	9,254,420
Academic support	18,489,327	1,851,311	-	281,224	26,976	20,648,838	-	-	-	376,744	21,025,582	18,383,408
Student services	6,815,639	2,220,087	4,443,747	167,281	207,797	13,854,551	-	-	-	703,935	14,558,486	13,200,759
Institutional support	15,595,327	1,140,958	-	1,532,456	105,862	18,374,603	-	353,878	16,125,093	(15,502,795)	19,350,779	17,450,550
Student financial support	32,316,323	-	-	-	9,098,655	41,414,978	80,041	-	2,933,865	(37,444,353)	6,984,531	7,078,498
Operations and maintenance of plant	11,974,669	1,335,006	-	776,987	-	14,086,662	-	3,612,527	-	(3,013,273)	14,685,916	16,517,027
Sales and services of dept activities	-	-	24,415,756	192,247	-	24,608,003	-	-	-	(18,852,833)	5,755,170	5,218,935
Student residents	-	-	-	-	-	-	-	-	-	11,164,810	11,164,810	11,467,130
Depreciation	-	-	-	-	-	-	-	14,626,326	-	-	14,626,326	14,648,214
Total operating expenses	**161,341,043**	**21,275,672**	**28,859,503**	**4,672,125**	**45,658,019**	**261,806,362**	**80,041**	**18,592,731**	**19,058,958**	**(64,335,093)**	**235,202,999**	**226,948,308**
Operating (loss) income	**(29,469,911)**	**(17,678,511)**	**7,652,941**	**(4,519,884)**	**(11,836,481)**	**(55,851,846)**	**(137,564)**	**(18,423,221)**	**(19,058,958)**	**22,841,180**	**(70,630,409)**	**(66,665,418)**
Transfers												
Net transfers (out) in	**(16,582,376)**	**9,583,473**	**(7,539,753)**	**3,434,094**	**2,585,886**	**(8,518,676)**	**-**	**8,518,676**	**-**	**-**	**-**	**-**
Nonoperating revenues (expenses)												
Federal Pell grants	-	-	-	-	5,653,714	5,653,714	-	-	-	-	5,653,714	5,715,100
Federal grants, other	-	-	-	-	-	-	-	517,635	-	-	517,635	523,687
State appropriations	46,532,519	-	-	-	-	46,532,519	-	-	-	-	46,532,519	43,785,501
Gifts	405,056	8,476,713	479,779	-	3,830,795	13,192,343	-	-	9,860,476	(13,192,343)	9,860,476	6,510,256
Investment return	-	-	-	809,281	28	809,309	290,882	75,427	748,247	-	1,923,865	16,430,829
Interest on capital asset-related debt	-	-	-	-	-	-	-	(3,789,016)	-	-	(3,789,016)	(3,689,272)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(164,634)	(164,634)	(200,098)
Net nonoperating revenues (expenses)	**46,937,575**	**8,476,713**	**479,779**	**809,281**	**9,484,537**	**66,187,885**	**290,882**	**(3,195,954)**	**10,608,723**	**(13,356,977)**	**60,534,559**	**69,076,003**
Income (loss) before other revenues	**885,288**	**381,675**	**592,967**	**(276,509)**	**233,942**	**1,817,363**	**153,318**	**(13,100,499)**	**(8,450,235)**	**9,484,203**	**(10,095,850)**	**2,410,585**
Other revenues												
Capital appropriations	-	-	-	-	-	-	-	-	-	-	-	210,482
Capital grants and gifts	-	28,000	-	-	-	28,000	-	2,586,108	2,173,975	(2,250,071)	2,538,012	990,551
Gfits for permanent endowment purposes	-	-	-	-	-	-	-	-	8,198,140	-	8,198,140	3,951,361
Other nonoperating revenues	-	-	-	-	-	-	-	32,866	131,737	-	164,603	179,716
Fund additions	-	-	-	-	-	-	-	7,234,132	-	(7,234,132)	-	-
Total other revenues	**-**	**28,000**	**-**	**-**	**-**	**28,000**	**-**	**9,853,106**	**10,503,852**	**(9,484,203)**	**10,900,755**	**5,332,110**
Net increase (decrease) in net position	**885,288**	**409,675**	**592,967**	**(276,509)**	**233,942**	**1,845,363**	**153,318**	**(3,247,393)**	**2,053,617**	**-**	**804,905**	**7,742,695**
Net position, beginning of year	(11,553,577)	17,207,640	7,889,018	(274,138)	3,852,396	17,121,339	14,282,889	174,617,871	123,003,150	-	329,025,249	321,282,554
Implementation of GASB 68	-	-	-	(35,445,065)	-	(35,445,065)	-	-	-	-	(35,445,065)	-
Adjusted net position, beginning of year	(11,553,577)	17,207,640	7,889,018	(35,719,203)	3,852,396	(18,323,726)	14,282,889	174,617,871	123,003,150	-	293,580,184	321,282,554
Net position, end of year	**$ (10,668,289)**	**$ 17,617,315**	**$ 8,481,985**	**$ (35,995,712)**	**$ 4,086,338**	**$ (16,478,363)**	**$ 14,436,207**	**$ 171,370,478**	**$ 125,056,767**	**$ -**	**$ 294,385,089**	**$ 329,025,249**

2015 Financial Report

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