

ARTHUR ANDERSEN LLP

MICHIGAN TECHNOLOGICAL UNIVERSITY



FINANCIAL STATEMENTS AND A-133 REPORTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 1995

TOGETHER WITH AUDITORS' REPORT

AS OF JUNE 30, 1995 AND 1994

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

MICHIGAN TECHNOLOGICAL UNIVERSITY



ARTHUR ANDERSEN LLP



MICHIGAN TECHNOLOGICAL UNIVERSITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of June 30, 1995 and 1994

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MICHIGAN TECHNOLOGICAL UNIVERSITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

As of June 30, 1995 and 1994

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ARTHUR ANDERSEN LLP

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Control,
Michigan Technological University:

We have audited the accompanying combined statements of financial condition of MICHIGAN TECHNOLOGICAL UNIVERSITY (the "University") as of June 30, 1995 and 1994, and the related combined statements of revenues, expenditures and changes in fund balances for the years then ended. We have also audited the statements of financial condition for each fund as of June 30, 1995 and 1994, and the related statements of changes in fund balances and the current funds revenues, expenditures, transfers and changes in fund balances for the years then ended. These financial statements and the supplementary information referred to below are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements and supplementary information based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards (1994 Revision), 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined and individual funds' financial position of Michigan Technological University as of June 30, 1995 and 1994, and the revenues, expenditures, transfers and changes in fund balances for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Exhibits I, II, III, IV and V are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report on our consideration of the University's internal control structure and a report on its compliance with laws and regulations, both dated September 22, 1995.

Arthur Andersen LLP

Detroit, Michigan,
September 22, 1995.

MICHIGAN TECHNOLOGICAL UNIVERSITY
COMBINED STATEMENTS OF FINANCIAL CONDITION

June 30, 1995 and 1994

<u>ASSETS</u>	<u>1995</u>	<u>1994</u>	<u>LIABILITIES AND FUND BALANCES</u>	<u>1995</u>	<u>1994</u>
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$14,114,000	\$14,654,000	Current portion of notes, bonds and capital lease obligations payable	\$285,000	\$251,000
Short term investments	9,796,000	8,163,000	Accounts payable	1,982,000	2,157,000
Accounts receivable, net	6,613,000	7,191,000	Accrued payroll and payroll taxes	3,783,000	3,813,000
Inventories	1,909,000	1,751,000	Unearned revenue	4,129,000	3,737,000
Deposits	70,000	70,000	Deposits	1,123,000	1,228,000
Prepaid expenses	693,000	644,000	Current portion of accrued health and liability claims	2,574,000	3,026,000
	<u>33,195,000</u>	<u>32,473,000</u>	Accrued compensated absences	2,078,000	1,922,000
				<u>15,954,000</u>	<u>16,134,000</u>
			ACCRUED HEALTH AND LIABILITY CLAIMS	6,712,000	5,603,000
STUDENT LOANS RECEIVABLE, net	7,761,000	7,204,000	NOTES, BONDS AND CAPITAL LEASE OBLIGATIONS PAYABLE	3,070,000	3,355,000
			CONTINGENCIES		
			TOTAL LIABILITIES	<u>25,736,000</u>	<u>25,092,000</u>
INVESTMENTS	1,529,000	1,446,000	FUND BALANCES:		
			Unrestricted	18,582,000	19,338,000
			Restricted	9,771,000	9,167,000
			Investment in physical properties	101,157,000	104,707,000
			Deficit to be funded in subsequent periods	(8,249,000)	(8,868,000)
PROPERTY, PLANT AND EQUIPMENT, net	<u>104,512,000</u>	<u>108,313,000</u>		<u>121,261,000</u>	<u>124,344,000</u>
TOTAL ASSETS	<u>\$146,997,000</u>	<u>\$149,436,000</u>	TOTAL LIABILITIES AND FUND BALANCES	<u>\$146,997,000</u>	<u>\$149,436,000</u>

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
 COMBINED STATEMENTS OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEARS ENDED JUNE 30, 1995 AND 1994

	1995	1994
REVENUES:		
Tuition and fees	\$28,652,000	\$27,885,000
State appropriations	41,868,000	40,860,000
Federal grants and contracts	12,160,000	11,257,000
Joint capital outlay	844,000	-
Private gifts, grants and contracts	10,818,000	8,136,000
Indirect cost recoveries	4,372,000	4,354,000
Endowment income	61,000	81,000
Other investment income	1,346,000	527,000
Educational activities	5,339,000	4,792,000
Auxiliary activities	16,614,000	16,630,000
Other	98,000	303,000
Decrease in restricted revenues held for future expenditures	179,000	2,104,000
	122,351,000	116,929,000
EXPENDITURES:		
<i>Educational and general-</i>		
Instruction	39,323,000	36,306,000
Research	21,636,000	20,202,000
Public service	770,000	779,000
Academic support	6,947,000	6,211,000
Student services	3,735,000	3,522,000
Institutional support	8,924,000	7,120,000
Student financial support	13,419,000	13,497,000
Operation and maintenance of plant	6,486,000	6,373,000
Auxiliary activities	16,957,000	16,214,000
Other	1,751,000	1,707,000
Interest expense	142,000	173,000
Depreciation allowance	8,957,000	8,367,000
Capital additions, net of retirements	(3,792,000)	(3,929,000)
	125,255,000	116,542,000
REVENUES OVER (UNDER) EXPENDITURES BEFORE EXTRAORDINARY ITEM	(2,904,000)	387,000
EXTRAORDINARY LOSS ON EARLY EXTINGUISHMENT OF DEBT	-	(383,000)
REVENUES OVER (UNDER) EXPENDITURES	(2,904,000)	4,000
DECREASE IN RESTRICTED REVENUES HELD FOR FUTURE EXPENDITURES	(179,000)	(2,104,000)
FUND BALANCES, Beginning of year	124,344,000	126,444,000
FUND BALANCES, End of year	\$121,261,000	\$124,344,000

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
GENERAL FUND
STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 1995 and 1994

	1995	1994
ASSETS:		
Cash and cash equivalents	\$1,429,000	\$1,456,000
Accounts receivable, less allowance of \$31,000 and \$30,000 in 1995 and 1994	469,000	548,000
Inventories	75,000	75,000
Prepaid expenses	343,000	242,000
Total assets	2,316,000	2,321,000
 LIABILITIES:		
Accounts payable	697,000	999,000
Accrued payroll and payroll taxes	2,427,000	2,973,000
Unearned revenue	1,977,000	1,739,000
Deposits	646,000	718,000
Total liabilities	5,747,000	6,429,000
 FUND DEFICIT	 (\$3,431,000)	 (\$4,108,000)
 ANALYSIS OF FUND DEFICIT:		
Reserve for encumbrances	\$361,000	\$811,000
Departmental funds carried forward	4,457,000	3,949,000
Deficit to be funded in subsequent years	(8,249,000)	(8,868,000)
Total fund deficit	(\$3,431,000)	(\$4,108,000)

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
 GENERAL FUND
 STATEMENTS OF CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED JUNE 30, 1995 AND 1994

	<u>1995</u>	<u>1994</u>
BALANCE AT BEGINNING OF YEAR	(\$4,108,000)	(\$4,987,000)
Revenues over expenditures and transfers	677,000	879,000
BALANCE AT END OF YEAR	(\$3,431,000)	(\$4,108,000)

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
DESIGNATED FUND
STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 1995 and 1994

	1995	1994
ASSETS:		
Cash and cash equivalents	\$2,342,000	\$1,748,000
Accounts receivable, less allowance of \$1,000 in 1995 and 1994	15,000	79,000
Prepaid expenses	304,000	307,000
Total assets	2,661,000	2,134,000
 LIABILITIES:		
Accounts payable	59,000	104,000
Accrued payroll and payroll taxes	88,000	67,000
Unearned revenue	741,000	699,000
Deposits	-	1,000
Total liabilities	888,000	871,000
 FUND BALANCE		
	\$1,773,000	\$1,263,000

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
DESIGNATED FUND
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 1995 AND 1994

	1995	1994
BALANCE AT BEGINNING OF YEAR	\$1,263,000	\$338,000
Revenues over expenditures and transfers	510,000	925,000
BALANCE AT END OF YEAR	\$1,773,000	\$1,263,000

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
 AUXILIARY ACTIVITIES FUND
 STATEMENTS OF FINANCIAL CONDITION
 JUNE 30, 1995 and 1994

	1995	1994
ASSETS:		
Cash and cash equivalents	\$1,282,000	\$2,631,000
Accounts receivable, less allowance of \$1,500 in 1995 and 1994	406,000	493,000
Inventories	1,834,000	1,676,000
Prepaid expenses	31,000	80,000
Due from other funds	1,836,000	2,206,000
Total assets	5,389,000	7,086,000
 LIABILITIES:		
Accounts payable	524,000	381,000
Accrued payroll and payroll taxes	256,000	278,000
Unearned revenue	3,000	5,000
Deposits	222,000	224,000
Total liabilities	1,005,000	888,000
 FUND BALANCE	 \$4,384,000	 \$6,198,000

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MICHIGAN TECHNOLOGICAL UNIVERSITY
 AUXILIARY ACTIVITIES FUND
 STATEMENTS OF CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED JUNE 30, 1995 AND 1994

	1995	1994
BALANCE AT BEGINNING OF YEAR	\$6,198,000	\$5,525,000
Revenues over (under) expenditures and transfers	(1,814,000)	673,000
BALANCE AT END OF YEAR	\$4,384,000	\$6,198,000

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
 RETIREMENT AND INSURANCE FUND
 STATEMENTS OF FINANCIAL CONDITION
 JUNE 30, 1995 and 1994

	1995	1994
ASSETS:		
Cash and cash equivalents	\$1,881,000	\$2,313,000
Short term investments	9,796,000	8,163,000
Accounts receivable	20,000	19,000
Deposits	70,000	70,000
Total assets	11,767,000	10,565,000
LIABILITIES:		
Accounts payable	1,000	14,000
Accrued payroll taxes	402,000	-
Current portion of accrued health and liability claims	2,574,000	3,026,000
Accrued compensated absences	2,078,000	1,922,000
Accrued health and liability claims	6,712,000	5,603,000
Total liabilities	11,767,000	10,565,000
FUND BALANCE	\$ -	\$ -

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
 RETIREMENT AND INSURANCE FUND
 STATEMENTS OF CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED JUNE 30, 1995 AND 1994

	1995	1994
BALANCE AT BEGINNING OF YEAR	\$ -	\$ -
Deposits from operating funds	18,686,000	15,845,000
Transfer to operating funds	(2,353,000)	(2,623,000)
(Increase)/decrease in accrued liabilities	(1,202,000)	1,051,000
Benefit payments and self-insured losses, net	(15,131,000)	(14,273,000)
BALANCE AT END OF YEAR	\$ -	\$ -

The accompanying notes, starting on page 21, are an integral part of these financial statements.

MICHIGAN TECHNOLOGICAL UNIVERSITY
EXPENDABLE RESTRICTED FUND
STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 1995 and 1994

	1995	1994
ASSETS:		
Accounts receivable, less allowance of \$176,000 in 1995 and 1994	\$5,459,000	\$5,795,000
Total assets	5,459,000	5,795,000
LIABILITIES:		
Accounts payable	395,000	417,000
Accrued payroll and payroll taxes	594,000	473,000
Unearned revenue	1,408,000	1,294,000
Due to other funds	1,836,000	2,206,000
Total liabilities	4,233,000	4,390,000
FUND BALANCE	\$1,226,000	\$1,405,000

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