2017
FINANCIAL REPORT

Michigan Technological University


Michigan
Technological
University
1885

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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

What a year we've had at Michigan Tech! I'm happy to report our enrollment, fundraising, and research expenditures all reached great heights during the 2016-17 academic year.

Our fall enrollment was 7,268—the highest the school has seen since 1983, and 30 students more than last fall. Female enrollment reached a record high, with 1,957 women making up 27 percent of the student body. New first-year undergraduate enrollment saw an eight-percent increase with 1,580 students, 119 more than last year. Majors in computer science, general engineering, environmental engineering, mechanical engineering technology, and forestry saw some of the biggest gains.

The academic profile of the entering class has never been higher, with an average ACT composite score of 27.2, compared to 26.8 last year. And Michigan Tech has never had a more domestically diverse undergraduate entering class, with nine percent of the 2016 entering class composed of underrepresented populations.

Our budget and finances remain strong. This year, thanks to the generosity of our alumni and industry partners, Michigan Tech's fundraising efforts gleaned record results, with our total endowment reaching $106.4 million as of June 30, 2017. Our sponsored research expenditures now total more than $72.5 million. In fact, Michigan Tech is number one in the state for both inventions and technology licenses per dollar of research.

Undoubtedly, a Michigan Tech education is a wise investment. Our undergraduate job placement rate has reached 94 percent and we have the sixth highest starting salaries among US public universities. Research indicates that 18 percent of our students move up two or more income quintiles over the course of their careers, and the chance of a student moving from the bottom 20 percent of household income to the top 20 percent is 47 percent.

While we've had a banner year here in the Keweenaw, there is still work to do. With an eye on our Portrait of 2045 goals, we continue to push for a more diverse campus, ever-greater investments in our people and technology, and increased recognition of our research, development, and innovation.

Thank you for sharing our vision and for supporting Michigan Tech.

Glenn D. Mroz
President

ADMINISTRATIVE OFFICERS

BOARD OF TRUSTEES

TERMS ENDING DECEMBER 31 OF YEAR SHOWN

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UNIVERSITY UPDATE

News and Rankings

Fall 2016 enrollment at Michigan Technological University (“Michigan Tech” or “Tech”) was 7,268, the highest the school has seen since 1983. New first-year undergraduate enrollment totaled 1,580 students, 119 more than last year for an eight-percent increase. This is the largest incoming undergraduate first-year class since 1983. Graduate enrollment held steady at 1,521 students, accounting for 21 percent of the student body.

Female enrollment was also at a record high, with 1,957 women making up 27 percent of the student body. Nine percent of Michigan Tech’s 2016 entering class was composed of underrepresented populations, the most domestically diverse undergraduate entering class in University history. ACT scores have never been higher, with an average ACT composite score of 27.2, compared to 26.8 last year.

In rankings, *US News & World Report* placed Michigan Tech well into the top half of public universities by ranking us 53rd in the nation out of 130 public universities. Last year, we ranked 59th. In the overall rankings of 280 public and private national universities, Tech ranked 118th. Michigan Tech’s undergraduate engineering ranking rose from 70th nationwide to 63rd.

In global university rankings, *US News & World Report* ranked Michigan Technological University 136th in international collaboration out of 1,000 universities worldwide. Tech’s College of Engineering and Department of Materials Science and Engineering (“MSE”) also ranked high, with MSE in the top one-third at 273rd, and engineering at 356th of the 1,000 universities ranked. As a whole, Michigan Tech came in at 676th out of the top 1,000 research universities worldwide, tied with Chongqing University in China and the University of Sofia in Bulgaria.

Princeton Review included Michigan Tech on its *Best 381 Colleges* list, as it has every year since 1994. The *Review* does not assign numerical rankings.

CNBC ranked Michigan Tech No. 14 for 20-year net return on investment (ROI) among public colleges and universities.

SmartAsset ranked Michigan Tech second in Michigan for ROI when comparing the cost of a college education to graduates’ average starting salaries.

In its 2016-17 College Salary Report, Payscale ranked 171 colleges and universities with computer science programs based on the median early-career and mid-career pay of the schools' computer science alumni. Tech is 18th among the top 25 university computer science programs in the country. Tech's early-career computer science salaries were listed at $63,900 and mid-career median pay at $126,000.

Awards and Honors

The National Science Foundation’s (NSF) prestigious Faculty Early Career Development Program (CAREER) recognizes junior faculty across the nation as the next generation of academic leaders. In 2016, three Michigan Tech faculty were honored with the award: Xiaohu Xia, an assistant professor of chemistry; Lucia Gauchia, an assistant professor of electrical engineering and mechanical engineering; and Zhaohui Wang, an assistant professor of electrical and computer engineering. Their projects are funded for five years, up to $500,000. The NSF Engineering Directorate granted 156 CAREER awards total to 88 institutions across 34 states.

Three faculty members—Jeremy Bos, Bruce Lee, and Steve Techtmann—received early career research awards from the military. Bos, an assistant professor of electrical engineering, received a 2016 Young Investigator Program (YIP) award through the Air Force Office of Scientific Research for his work in imaging theory and mitigation in extreme turbulence-induced anisoplanatism (when different parts of an image blur or distort differently). Lee, an assistant professor of biomedical engineering, received his YIP award through the Office of Naval Research (ONR) for his research in adhesives, specifically the natural glues made by mussels that anchor them to rocks, boats, and docks. YIP supports academic scientists and engineers who are in their first or second full-time tenure-track or tenure-track-equivalent academic appointment and who show exceptional promise for doing creative research. Techtmann, an assistant professor in biology and researcher at the Great Lakes Research Center, won a Defense Advanced Research Projects Agency (DARPA) Young Faculty Award (YFA) to study microbial biosignatures in the bilge water of boats traveling through 22 ports around the world. The YFA identifies and engages rising research stars in junior faculty positions at US academic institutions and introduces them to Department of Defense needs as well as DARPA's program development process.

Professor Greg Odegard will lead a new, multidisciplinary and multi-institution Space Technology Research Institute (STRI). The institute is funded by a $15 million five-year grant from the National Aeronautics and Space Administration (NASA). Odegard is the Richard and Elizabeth Henes Professor of Computational Mechanics at Michigan Tech and associate chair and director of undergraduate studies in the Department of Mechanical Engineering-Engineering Mechanics.

Diversity in Focus

Michigan Tech is committed to including in our educational institution populations who have been traditionally underrepresented or otherwise disadvantaged, whether through economic or structural barriers.

The Office of Institutional Equity and the Center for Diversity and Inclusion support these populations and our community through a variety of efforts. In 2016-17, a new CommUNITY campaign was launched to promote mutual respect and dialogue, celebrate the exchange of ideas and individual differences, and foster and sustain an inclusive and respectful community atmosphere. The campaign helps faculty, staff, and students show their support for an inclusive, diverse campus environment that reflects Michigan Tech's commitment to respectful, kind, and courteous communication.

Research

Yun Hang Hu, the Charles and Carroll McArthur Professor of Materials Science and Engineering, won the 2017 Michigan Tech Research Award for his outstanding research achievements in advanced carbon materials and clean energy. He was also selected for the 2017 Bhakta Rath Award with his PhD student, Wei Wei, for inventing a new graphene-based material for energy storage devices. This is the first time a faculty member has won both awards. The Research Award recognizes an individual for outstanding achievement in research. The Bhakta Rath Award is given to an exceptional doctoral student and adviser pair at Michigan Tech who are making a difference with their research. The award was established in 2010 by an endowment from Bhakta B. Rath and his wife, Sushama Rath, to promote and reward excellence in scientific and engineering research at Michigan Tech.

Michigan Technological University received $2.8 million from the US Department of Energy (DOE) to develop next-generation control systems for light-duty hybrid electric vehicles. Tech is one of three Michigan recipients of a total of $8.5 million in new grants from DOE’s Advanced Research Projects Agency-Energy (ARPA-E). The Michigan Tech team, in partnership with General Motors, will work to reduce the energy consumption by 20 percent in automotive electrified vehicles, including hybrid electric, plug-in hybrid, extended range and fully electric. Contributing to the Michigan Tech project are Jeff Naber, Bo Chen, Chris Morgan, Chris Pinnow, Darrell Robinette, Mahdi Shahbakhti, Jeremy Worm, and Kuilin Zhang; also Marlene Lappeus and Jennifer Bukovich in the proposal development and submission.

A team led by Michigan Tech Professor of Physics John Jaszczak discovered a new mineral, merelaniite, named for the region in Tanzania where it comes from. Michigan Tech, in one way or another, was associated with five new minerals: merelaniite, jaszczakite (which was named after Jaszczak), redcanyonite, leesite, and leószilárdite. Owen Mills worked with two Michigan Tech alumni, Travis Olds ‘12 and Shawn Carlson ‘91, on the last three, all small uranium crystals from Utah’s San Juan Mining District.

The Environmental Protection Agency (EPA) named Michigan Tech the new home of its Region 5 environmental finance center, a recognition that comes with a six-year grant of up to $5.6 million. EPA Region 5 covers Michigan, Minnesota, Wisconsin, Illinois, Indiana, and Ohio. The new EPA regional center—one of 10 nationwide—will help counties, cities, villages, and state agencies find better ways to manage and maintain their infrastructure and to minimize their impact on the environment.

Athletics

The men’s ice hockey team won the WCHA Championship and Broadmoor Trophy on March 18 with a double overtime game-winning goal by Shane Hanna in front of a sold-out John MacInnes Student Ice Arena crowd. The win secured Tech’s second NCAA Tournament appearance in three years. Tech lost in the first round to top-ranked Denver. Joe Shawhan was named the team’s head coach when Mel Pearson took the head coaching position at the University of Michigan after the season ended.

The new Michigan Tech Huskies spirit mark ranked No. 10 in the best new primary logo from among more than 250 unveiled in 2016, according to the annual Creamer Awards. A judging panel led by Chris Creamer, founder of SportsLogos.net, determines the best and worst designs from eligible entries representing amateur and professional sports teams. Tech’s logo was the top collegiate pick and was the only university listed until Elon’s logo in 20th place.

Five Huskies—Tom Bye, Gaspard Cuenot, Sonja Hedblom, Carolyn Lucca, and Tomi Mikkonen—qualified for the Nordic skiing NCAA Championships in Jackson, New Hampshire. At season’s end, Joe Haggenmiller stepped down as head coach after 14 years. He coached 40 national qualifiers, seven NCAA All-Americans, and was twice named CCSA Coach of the Year.

In football, Tech won the Miner's Cup for the seventh consecutive year, defeating Northern Michigan University 51-45 in overtime at the Superior Dome. Tom Kearly retired after his 11th season as head coach. His record: 70-44 overall. He won the 2012 GLIAC North Title, and qualified for the 2014 NCAA Tournament.

The men's basketball team led NCAA Division II in free throw percentage, connecting on 81.6 percent of its shots from the charity stripe. Head coach Kevin Luke won his 400th career game on January 20 against Northwood.

Kim Cameron, head coach of the women's basketball team, won her 150th career game on January 21 against Lake Superior State. Cameron has coached seven seasons for the Huskies and is 158-47 for a 77.1 winning percentage.

The women's soccer team made its first-ever appearance in the GLIAC Championship Game in 2016. Kirsen Hudak was named the GLIAC Goalkeeper of the Year and to the All-GLIAC First Team. She was in the GLIAC's top three in saves, wins, and shutouts.

In volleyball, the Huskies made an appearance in the GLIAC Tournament for the second straight season. Tech swept Northern Michigan on November 1 at the Wood Gym for the first home win over the Wildcats since 2009 and first sweep since 2002.

In track and field, Matthew Pahl (10,000) and Kyle Petermann (Discus) qualified for the NCAA Championships. Distance runner Jason Saliga was named a CoSIDA Third Team Academic All-American.

The women's tennis team qualified for the GLIAC Tournament. Kwang Suthijindawong was named to the All-GLIAC First Team, earning all-conference honors all four years. She ended her career tied for most wins at Tech.

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis section of the Michigan Technological University ("University") annual financial report provides an overview of its financial activities during the fiscal years ended June 30, 2017, 2016, and 2015. 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 accounting principles generally accepted in the United States of America, 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 ("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 as well as deferred outflows and inflows of resources. 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

	2017	2016	2015
Assets			
Current assets	$ 44,970,148	$ 45,336,612	$ 38,913,017
Noncurrent assets:			
Capital assets, net	238,861,379	236,692,525	237,368,906
Other	203,300,999	201,738,105	188,913,205
Total assets	**487,132,526**	**483,767,242**	**465,195,128**
Deferred outflows of resources	**5,385,421**	**4,642,730**	**3,794,381**
Liabilities			
Current liabilities	33,073,538	32,809,832	26,605,427
Noncurrent liabilities	166,002,171	160,316,179	145,320,792
Total liabilities	**199,075,709**	**193,126,011**	**171,926,219**
Deferred inflows of resources	**397,808**	**349,518**	**3,479,753**
Net position			
Net investment in capital assets	149,999,746	155,579,540	158,566,029
Restricted			
Nonexpendable	90,789,469	87,005,623	80,471,916
Expendable	72,233,176	69,835,762	71,329,282
Unrestricted (deficit)	(19,977,961)	(17,486,482)	(16,783,690)
Total net position	**$ 293,044,430**	**$ 294,934,443**	**$ 293,583,537**

Changes from 2016 to 2017

Current assets decreased by $366,000. Within current assets, cash decreased by $1.4 million, accounts receivable and pledges receivable increased by $1.1 million, and other assets decreased by $39,000.

Capital assets, net increased by $2.2 million. Capital asset additions were greater than capital assets disposals by $15.8 million and the depreciation charge for the year was $14.2 million. Capital additions for fiscal 2017 included $5.2 million for academic and research equipment and $11.2 million for additional construction costs and renovation of facilities and additions to infrastructure.

Other noncurrent assets increased by $1.6 million, due to a decrease in unspent bond proceeds of $9.0 million, an increase in investments of $11.1 million, and a decrease of the rest of the noncurrent assets of $500,000.

Current liabilities increased by $264,000, which was primarily due to accounts payable and other accrued liabilities increasing by $1.2 million, unearned revenue decreasing by $1.3 million, and other current liabilities increasing by $364,000.

Noncurrent liabilities increased by $5.7 million. Net pension liability caused $7.9 million of the increase, whereas long-term debt drove a $2.2 million decrease.

Total net position decreased by $1.9 million. The University's net investment in capital assets decreased by $5.6 million. Expendable restricted net position increased by $2.4 million and nonexpendable restricted net position increased by $3.8 million. Unrestricted net deficit increased by $2.5 million.

Changes from 2015 to 2016

Current assets increased by $6.4 million. Within current assets, cash increased by $7.0 million, accounts receivable and pledges receivable decreased by $660,000, and other assets increased by $106,000.

Capital assets, net decreased by $676,000. Capital asset additions were greater than capital assets disposals by $13.6 million and the depreciation charge for the year was $14.3 million. Capital additions for fiscal 2016 included $6.5 million for academic and research equipment and $10.6 million for additional construction costs and renovation of facilities and additions to infrastructure.

Other noncurrent assets increased by $12.8 million, due to a decrease in unspent bond proceeds of $4.4 million, an increase in investments of $18.1 million, and a decrease of the rest of the noncurrent assets of $885,000.

Current liabilities increased by $6.2 million, which was primarily due to accounts payable and other accrued liabilities increasing by $4.3 million, unearned revenue increasing by $1.7 million, and the current portion of long-term debt increasing by $424,000.

Noncurrent liabilities increased by $15.0 million. Net pension liability caused $18.7 million of the increase, long-term debt drove a $3.6 million decrease, and other noncurrent liabilities decreased by $100,000.

Total net position increased by $1.4 million. The University's net investment in capital assets decreased by $3.0 million. Expendable restricted net position decreased by $1.5 million and nonexpendable restricted net position increased by $6.5 million. Unrestricted net deficit increased by $700,000.

NET POSITION

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

NET POSITION SUMMARY
AS OF JUNE 30

	2017	2016	2015
Net investment in capital assets	**$ 149,999,746**	**$ 155,579,540**	**$ 158,566,029**
Restricted-nonexpendable net position			
Corpus of permanent endowment funds	85,567,958	81,675,297	74,536,156
Remainder interests in split-interest agreements	5,221,511	5,330,326	5,935,760
Total restricted-nonexpendable net position	**90,789,469**	**87,005,623**	**80,471,916**
Restricted-expendable net position			
Gifts and sponsored programs	25,318,816	26,219,851	23,301,794
Capital projects and debt service	1,484,789	1,479,272	1,112,981
Student loans	14,019,916	14,766,464	14,558,294
Net appreciation on permanent endowment funds and land held for investment	31,409,655	27,370,175	32,356,213
Total restricted-expendable net position	**72,233,176**	**69,835,762**	**71,329,282**
Unrestricted net position (deficit)			
Capital projects and repairs	3,995,389	3,197,611	1,699,691
Auxiliary enterprises	6,756,854	7,706,459	8,481,985
Designated for departmental use	19,185,954	18,412,487	17,617,315
Multiple employer cost sharing pension plan	(57,771,612)	(50,595,335)	(35,879,613)
Uncommitted	7,855,454	3,792,296	(8,703,068)
Total unrestricted net position (deficit)	**(19,977,961)**	**(17,486,482)**	**(16,783,690)**
Total net position	**$ 293,044,430**	**$ 294,934,443**	**$ 293,583,537**

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

	2017	2016	2015
Operating revenues			
Tuition and fees, net	$ 95,869,984	$ 91,129,651	$ 86,156,727
Grants and contracts	43,394,464	45,416,083	45,592,012
Educational activities	4,977,106	5,603,375	5,140,185
Auxiliary and departmental activities, net	29,453,836	28,176,653	27,683,666
Total operating revenues	**173,695,390**	**170,325,762**	**164,572,590**
Operating expenses	256,022,538	239,045,324	235,202,999
Operating loss	**(82,327,148)**	**(68,719,562)**	**(70,630,409)**
Nonoperating revenues (expenses)			
Federal Pell grants	5,408,211	5,701,124	5,653,714
State appropriations	48,586,922	46,912,320	46,532,519
Capital grants and gifts for all purposes	15,136,855	21,319,225	20,596,628
Other nonoperating revenues and expenses, net	11,305,147	(3,862,201)	(1,347,547)
Net nonoperating revenues	**80,437,135**	**70,070,468**	**71,435,314**
Net increase (decrease) in net position	(1,890,013)	1,350,906	804,905
Net position			
Beginning of year, as restated	294,934,443	293,583,537	292,778,632
End of year	**$ 293,044,430**	**$ 294,934,443**	**$ 293,583,537**

Changes from 2016 to 2017

Operating revenues increased by a total of $3.4 million. Tuition and fees, net of scholarship allowance, increased by $4.7 million due to increases in student enrollment and increases in tuition. Grant and contract revenues decreased by $2.0 million, educational activities revenues decreased by $626,000, and auxiliary and departmental activities revenues, net of scholarship allowance, increased by $1.3 million.

Operating expenses increased by $17.0 million. Compensation increased by $4.7 million and fringe benefits increased by $7.8 million ($7.5 million of the increase was a non-cash pension expense). Supplies and services, student financial support, and utilities all increased for a total of $4.6 million and depreciation decreased by $88,000.

Net nonoperating revenues and expenses increased by $10.4 million. Strong investment performance caused a $15.4 million increase, State appropriations increased by $1.7 million, capital grants and gifts to the University, including gifts for capital and endowment purposes, decreased by $6.6 million, federal grants decreased by $300,000, and interest expense increased by $167,000.

Overall, the net financial result for fiscal year 2017 was approximately $3.2 million less than the net result for fiscal year 2016.

Changes from 2015 to 2016

Operating revenues increased by a total of $5.8 million. Tuition and fees, net of scholarship allowance, increased by $5.0 million due to increases in student enrollment and increases in tuition of 3.1% for undergraduate students (on average) and 5% for graduate students. Grant and contract revenues decreased by $176,000, educational increased by $463,000, and auxiliary and departmental activities revenues, net of scholarship allowance, increased by $493,000.

Operating expenses increased by $3.8 million. Whereas compensation increased by $4.6 million and fringe benefits increased by $1.4 million, supplies and services, student financial support, utilities, and depreciation each decreased, which totaled $2.2 million.

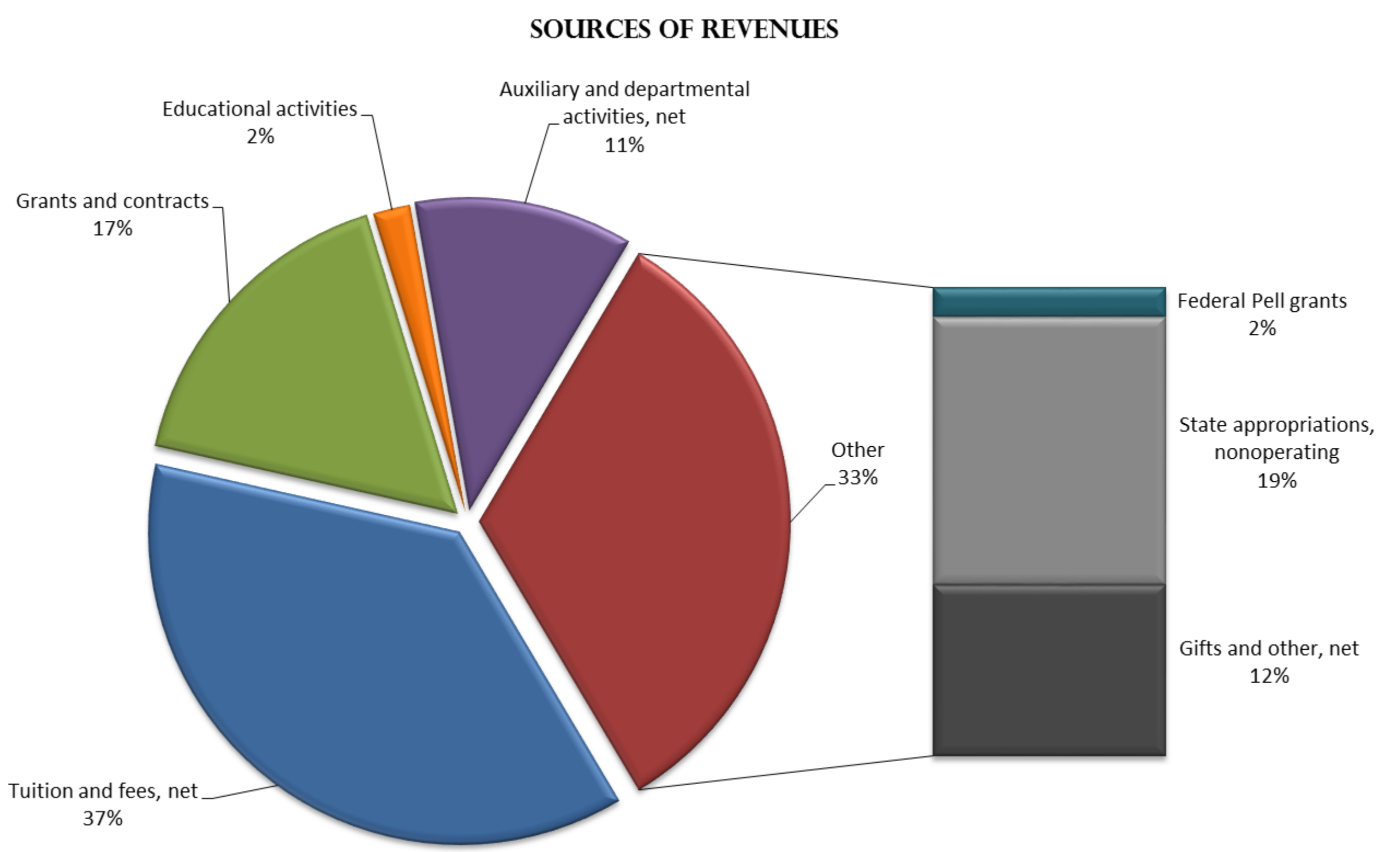
Net nonoperating revenues and expenses decreased by $1.4 million. Poor investment performance caused a $2.1 million decrease, State appropriations increased by $380,000, capital grants and gifts to the University, including gifts for capital and endowment purposes, increased by $723,000, and interest expense increased by $474,000.

Overall, the net financial result for fiscal year 2016 was approximately $546,000 more than the net result for fiscal year 2015.

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.

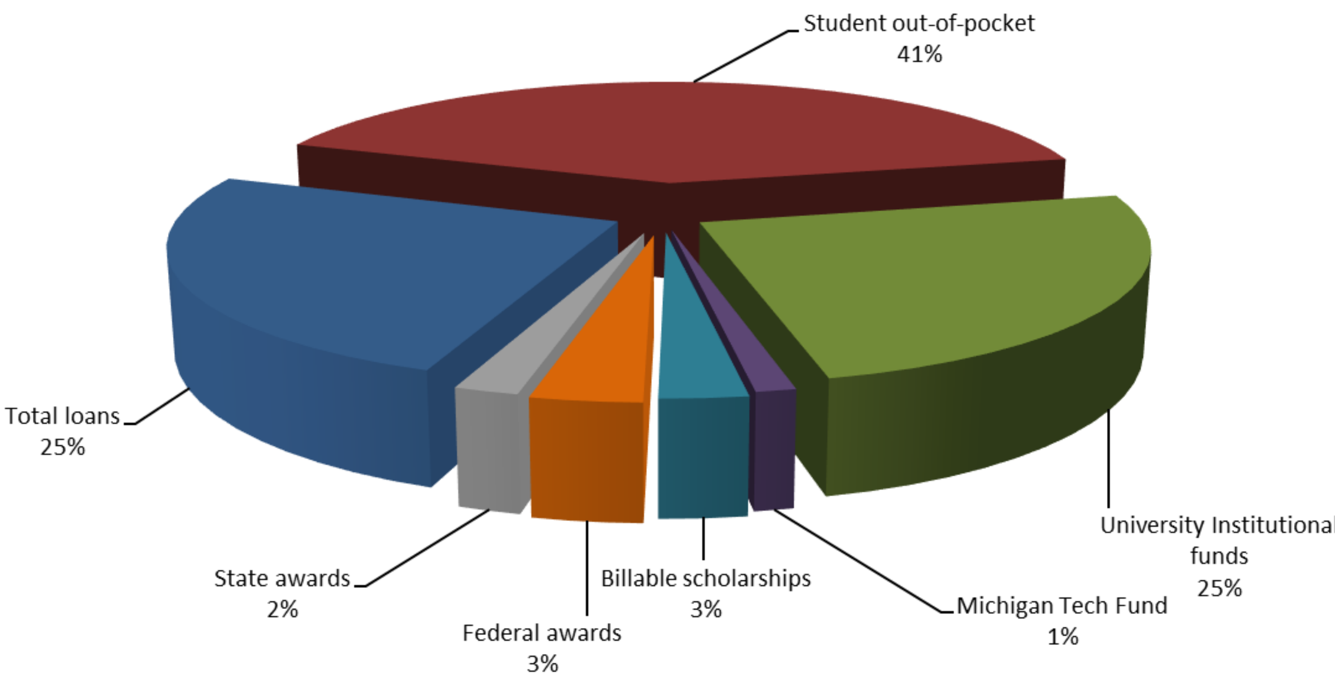
The following graph illustrates the fiscal year 2017 revenues by source:



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 2017, the University implemented a 4.2% average increase in tuition and mandatory fees for Michigan resident undergraduates. Graduate students saw a 5% 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, 2017. The graph shows that 34% of student tuition and fees are provided by the University, donors to the University, or various grant and scholarship programs.

STUDENT FINANCIAL AID REPORT



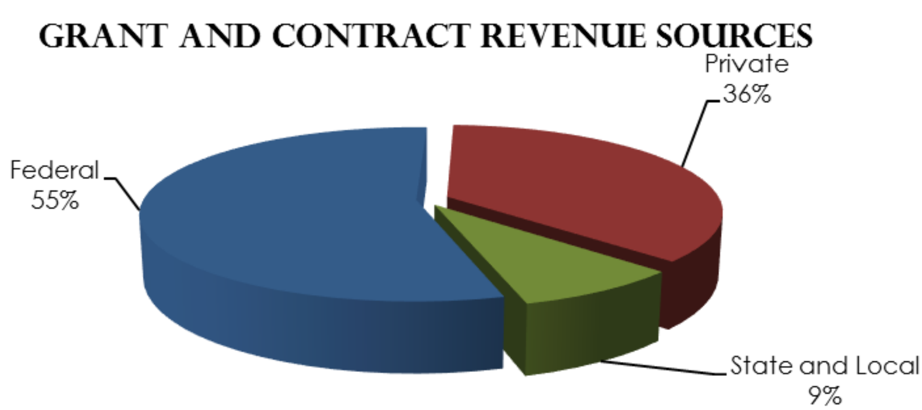
GRANT AND CONTRACT REVENUE

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 $59.7 and $51.7 million of research and sponsored programs awarded to the University in fiscal years 2017 and 2016, respectively. The University currently has 19 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

	2017	2016	2015
Federal sources:			
Department of Agriculture	$ 2,274,139	$ 1,822,976	$ 1,809,348
Department of Defense	8,337,797	8,493,232	8,554,335
Department of Education	526,589	571,506	602,647
Department of Energy	952,999	704,017	1,073,904
Department of Interior	671,075	491,253	618,004
Department of Transportation	395,919	585,467	1,070,790
Environmental Protection Agency	790,027	285,930	377,908
National Aeronautics and Space Administration	1,392,741	1,388,561	1,917,263
National Science Foundation	7,427,005	10,198,268	9,784,932
Health and Human Services	1,560,038	1,504,435	781,362
Other federal sources	356,359	276,332	303,240
Repayments	(778,503)	(798,799)	-
Total federal sources	**23,906,185**	**25,523,178**	**26,893,733**
Non-federal sources:			
State and local	3,686,015	3,912,193	3,644,029
Private	15,802,264	15,980,712	15,054,250
Total non-federal sources	**19,488,279**	**19,892,905**	**18,698,279**
Total all sources	**$ 43,394,464**	**$ 45,416,083**	**$ 45,592,012**

The following graph illustrates the fiscal year 2017 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

	2017	2016	2015
Cash (used in) provided by			
Operating activities	$ (61,894,215)	$ (48,740,755)	$ (52,152,113)
Noncapital financing activities	63,464,528	77,512,648	60,311,823
Capital and related financing activities	(16,780,081)	(13,194,009)	22,799,036
Investing activities	4,810,288	(12,978,036)	(1,415,400)
Net change in cash and cash equivalents	**(10,399,480)**	**2,599,848**	**29,543,346**
Cash and cash equivalents, beginning of the year	44,593,176	41,993,328	12,449,982
Cash and cash equivalents, end of the year	**$ 34,193,696**	**$ 44,593,176**	**$ 41,993,328**

Changes from 2016 to 2017

Cash from operations decreased by $13.2 million. Tuition and student residence fees increased cash provided by operations by $5.1 million, whereas grants and contracts revenue decreased by $5.7 million. Significant changes in cash used in operations include an increase in payments to employees and for employee benefits of $6.9 million. The other components of operating activities contributed $5.7 million to the cash decrease.

Cash from noncapital financing activities decreased by $14.0 million. That was primarily due to a $12.0 million refund received from the State retirement system during fiscal year 2016. Gift income decreased by $2.4 million, State appropriations increased by $883,000 and all other receipts decreased by $483,000.

Cash from capital and related financing activities decreased by $3.6 million compared to the previous year. During fiscal year 2017, $311,000 less cash was used to purchase capital assets, $598,000 less cash was received for disposals, and $2.8 million less was received in capital gifts and grants. Also decreasing cash was the $528,000 more paid for interest and principal on capital debt.

Cash from investing activities increased by $17.8 million primarily due to net purchase of investments decreasing.

Overall, cash and cash equivalents, including restricted cash, decreased by $10.4 million for the fiscal year ended June 30, 2017.

Changes from 2015 to 2016

Cash from operations increased by $3.4 million. Tuition and student residence fees increased cash provided by operations by $4.7 million, as did an increase of grants and contracts revenue of $936,000. Significant changes in cash used in operations include an increase in payments to employees and for employee benefits of $4.7 million. The other components of operating activities contributed $2.5 million to cash.

Cash from noncapital financing activities increased by $17.2 million. That was primarily due to a $12.0 million refund received from the State retirement system. Gifts income increased by $4.1 million, State appropriations increased by $1.0 million and other receipts increased by $100,000.

Cash from capital and related financing activities decreased by $36.0 million compared to the previous year. That was mostly due to the $25.3 million bond issuance that was done during fiscal year 2015. During fiscal year 2016, $7.0 million more cash was used to purchase capital assets (net of cash received for disposals) and $2.9 million less was received in capital gifts and grants. Also decreasing cash was the $909,000 more paid for interest on capital debt.

Cash from investing activities decreased by $11.6 million primarily due to the net purchase of investments. The refund received from the State retirement system was invested.

Overall, cash and cash equivalents, including restricted cash, increased by $2.6 million for the fiscal year ended June 30, 2016.

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 33% of accepted students enroll at the University. Michigan residents account for 65% 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

	2016	2015	2014	2013	2012
First-Year Students	4,272	4,063	3,859	3,815	3,462
Transfer Students	377	345	365	326	400
Graduate Students	1,327	1,665	1,629	1,499	1,306
Total	**5,976**	**6,073**	**5,853**	**5,640**	**5,168**

AVERAGE ACT SCORES FOR
INCOMING FIRST-YEAR STUDENTS, FALL

	Michigan Tech	National
2016	27.2	20.8
2015	26.8	21.0
2014	27.0	21.0
2013	26.7	20.9
2012	26.3	21.1

SELECTED ENROLLMENT DATA*
SUMMER AND FALL TERMS

	2016	2015	2014	2013	2012
First-Year Students	1,381	1,277	1,199	1,253	1,153
New Transfer Students	199	184	207	195	257
Graduate Students	378	468	394	404	359
Total	**1,958**	**1,929**	**1,800**	**1,852**	**1,769**

ENROLLMENT BY RESIDENCY*

	2016	2015	2014	2013	2012
Resident	4,644	4,544	4,487	4,374	4,408
Non-Resident	1,498	1,455	1,455	1,471	1,426
International	1,056	1,156	1,084	1,057	1,018
Total	**7,198**	**7,155**	**7,026**	**6,902**	**6,852**

**Does not include Distance Learning*

FULL-TIME EQUIVALENT STUDENTS BY RESIDENCY*

	2016	2015	2014	2013	2012
Resident	4,361	4,270	4,189	4,069	4,079
Non-Resident	1,416	1,372	1,370	1,386	1,349
International	990	1,068	1,005	988	953
Total	**6,767**	**6,710**	**6,564**	**6,443**	**6,381**

**Does not include Distance Learning*

Degrees Awarded

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

DEGREES AWARDED**

	2016	2015	2014	2013	2012
Associate	3	0	0	1	0
Bachelor's	1,065	1,158	1,084	1,156	1,222
Master's	416	358	325	282	289
Doctoral	86	75	73	75	63
Total	**1,570**	**1,591**	**1,482**	**1,514**	**1,574**

**Includes Degrees in Second Major

Report of Independent Auditors

Board of Trustees
Michigan Technological University
Houghton, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Michigan Technological University, a component unit of the State of Michigan, which comprise the statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risk 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 Michigan Technological University as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, amounts have been restated in the 2016 financial statements for errors discovered by management. These errors reduced 2016 revenue and increased accounts payable and the pooled income obligation. Accordingly, these amounts have been restated in the 2016 financial statements. Beginning net position was also restated by reducing the July 1, 2015 expendable and nonexpendable net position balances. 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 Required Supplementary Information (Schedule of the University's Proportionate Share of the Net Pension Liability, Schedule of University Contributions, and Notes to Required Supplementary Information) be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 Supplementary Information

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The Schedule of Net Position by Fund; Schedule of Revenues, Expenses and Changes in Net Position by Fund by Object; and Schedule of Revenues, Expenses and Changes in Net Position by Fund by Function are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory sections listed in the table of contents on pages 1 through 7 have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 on our consideration of Michigan Technological University's internal control over financial reporting and on 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 Michigan Technological University's internal control over financial reporting and compliance.

Andrews Hooper Pavlik PLC

Bay City, Michigan
October 19, 2017

MICHIGAN TECHNOLOGICAL UNIVERSITY

STATEMENTS OF NET POSITION

		June 30	
		2017	**2016**
Assets			
Current assets			
Cash and cash equivalents		$ 22,460,178	$ 23,850,247
Accounts receivable, net		18,935,282	18,628,710
Pledges receivable, net		1,236,023	479,668
Other assets		2,338,665	2,377,987
Total current assets		**44,970,148**	**45,336,612**
Noncurrent assets			
Student loans receivable, net		11,824,449	11,780,464
Pledges receivable, net of allowance and current portion		1,192,869	2,215,007
Restricted cash for capital projects - unspent bond proceeds		11,733,518	20,742,929
Investments		161,049,485	149,927,774
Beneficial interest in charitable remainder trusts		5,660,795	5,181,700
Land held for investment		9,873,697	9,950,597
Capital assets, net		238,861,379	236,692,525
Other assets		1,966,186	1,939,634
Total noncurrent assets		**442,162,378**	**438,430,630**
Total assets		**487,132,526**	**483,767,242**
Deferred outflows of resources			
Deferred pension amounts		5,385,421	4,642,730
Liabilities			
Current liabilities			
Accounts payable		8,681,934	8,959,235
Other accrued liabilities		12,972,250	11,483,811
Unearned revenue		6,202,939	7,483,737
Annuity obligations, current portion		412,239	465,401
Insurance and benefit reserves, current portion		1,111,346	1,109,463
Long-term debt, current portion		3,692,830	3,308,185
Total current liabilities		**33,073,538**	**32,809,832**
Noncurrent liabilities			
Funds held for others		743,950	724,700
Annuity obligations, net of current portion		5,712,158	5,623,834
Insurance and benefit reserves, net of current portion		418,377	499,512
Long-term debt, net of current portion		96,368,461	98,579,586
Net pension liability		62,759,225	54,888,547
Total noncurrent liabilities		**166,002,171**	**160,316,179**
Total liabilities		**199,075,709**	**193,126,011**
Deferred inflows of resources			
Deferred pension amounts		397,808	349,518
Net position			
Net investment in capital assets		149,999,746	155,579,540
Restricted:			
Nonexpendable		90,789,469	87,005,623
Expendable		72,233,176	69,835,762
Unrestricted (deficit)		(19,977,961)	(17,486,482)
Total net position		**$ 293,044,430**	**$ 294,934,443**

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 2017	2016
Revenues		
Operating revenues		
Student tuition and fees (net of scholarship allowances of $36,560,188 and $36,498,154 in 2017 and 2016, respectively)	$ 95,869,984	$ 91,129,651
Federal grants and contracts	23,906,185	25,523,178
State and local grants and contracts	3,686,015	3,912,193
Nongovernmental grants and contracts	15,802,264	15,980,712
Educational activities	4,977,106	5,603,375
Departmental activities	9,922,747	9,645,896
Student residence fees (net of scholarship allowances of $7,387,628 and $7,312,176 in 2017 and 2016, respectively)	19,531,089	18,530,757
Total operating revenues	**173,695,390**	**170,325,762**
Expenses		
Operating expenses		
Compensation and benefits	173,186,978	160,685,451
Supplies and services	51,746,778	50,826,898
Student financial support	8,814,735	6,438,047
Utilities	8,088,258	6,821,070
Depreciation	14,185,789	14,273,858
Total operating expenses	**256,022,538**	**239,045,324**
Operating loss	**(82,327,148)**	**(68,719,562)**
Nonoperating revenues (expenses)		
Federal Pell grants	5,408,211	5,701,124
Federal grants, other	501,082	508,799
State appropriations	48,586,922	46,912,320
Gifts	10,219,625	13,848,536
Investment return	15,221,757	(149,603)
Interest on capital asset-related debt	(4,429,956)	(4,262,895)
Loss on disposal of capital assets	(99,107)	(252,201)
Net nonoperating revenues	**75,408,534**	**62,306,080**
Loss before other revenues	**(6,918,614)**	**(6,413,482)**
Other revenues		
Capital grants and gifts	1,133,384	1,080,090
Gifts for permanent endowment purposes	3,783,846	6,390,599
Other nonoperating revenues	111,371	293,699
Total other revenues	**5,028,601**	**7,764,388**
Change in net position	**(1,890,013)**	**1,350,906**
Net position		
Beginning of year, as restated	294,934,443	293,583,537
End of year	**$ 293,044,430**	**$ 294,934,443**

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

MICHIGAN TECHNOLOGICAL UNIVERSITY

STATEMENTS OF CASH FLOWS

	Year Ended June 30 2017	Year Ended June 30 2016
Cash flows from operating activities		
Student tuition and fees	$ 95,066,769	$ 91,279,062
Grants and contracts	41,500,076	47,191,394
Payments to employees	(125,738,927)	(121,282,490)
Payments for benefits	(38,852,584)	(36,428,782)
Payments to suppliers	(52,078,733)	(49,925,682)
Payments for utilities	(8,143,088)	(6,664,030)
Payments for financial aid	(8,814,735)	(6,438,047)
Loans issued to students	(2,052,632)	(1,913,963)
Collection of loans to students	2,008,645	2,218,884
Departmental activities	9,907,747	10,222,326
Educational activities	5,287,382	4,687,036
Student residence fees	19,707,058	18,387,707
Other receipts (disbursements)	308,807	(74,170)
Net cash from operating activities	**(61,894,215)**	**(48,740,755)**
Cash flows from noncapital financing activities		
Federal Pell grants	5,313,833	5,703,363
Federal grants, other	501,082	508,799
State appropriations	47,993,259	47,110,635
Refund from defined benefit pension plan	-	12,036,386
Gifts and grants for other than capital purposes	9,966,481	12,366,017
Payments to annuitants	(423,838)	(429,681)
Other receipts	121,293	293,699
William D. Ford direct lending cash received	29,383,659	28,790,435
William D. Ford direct lending cash disbursed	(29,391,241)	(28,867,005)
Net cash from noncapital financing activities	**63,464,528**	**77,512,648**
Cash flows from capital and related financing activities		
Grants and gifts received for capital and endowment purposes	4,465,297	7,236,869
Proceeds from sale of capital assets	15,000	612,502
Purchases of capital assets	(13,328,994)	(13,639,695)
Principal paid on capital debt and leases	(3,308,185)	(2,884,048)
Interest paid on capital debt and leases	(4,623,199)	(4,519,637)
Net cash from capital and related financing activities	**(16,780,081)**	**(13,194,009)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	42,424,853	44,134,736
Purchase of investments	(42,738,356)	(61,099,298)
Income on investments	5,123,791	3,986,526
Net cash from investing activities	**4,810,288**	**(12,978,036)**
Net change in cash and cash equivalents	(10,399,480)	2,599,848
Cash and cash equivalents, beginning of year	44,593,176	41,993,328
Cash and cash equivalents, end of year	**$ 34,193,696**	**$ 44,593,176**
Cash and cash equivalents per statement of net position	$ 22,460,178	$ 23,850,247
Restricted cash for capital projects - unspent bond proceeds	11,733,518	20,742,929
Total cash and cash equivalents per statement of net position	**$ 34,193,696**	**$ 44,593,176**

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

MICHIGAN TECHNOLOGICAL UNIVERSITY
STATEMENTS OF CASH FLOWS (CONTINUED)

	Year Ended June 30	
	2017	**2016**
Reconciliation of operating loss to net cash from operating activities		
Operating loss	$ (82,327,148)	$ (68,719,562)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	14,185,789	14,273,858
Noncash gifts	(147,802)	(2,512,824)
Changes in operating assets and liabilities:		
Receivables, net	(1,139,660)	(63,907)
Other assets	(70,466)	(70,461)
Student loans receivable	(43,985)	305,021
Accounts payable	(369,195)	3,408,725
Other accrued liabilities	1,488,439	835,100
Unearned revenue	(1,280,798)	1,674,383
Funds held for others	19,250	33,200
Insurance and benefit reserves	(79,252)	(234,106)
Change in net pension liability and deferred amounts	7,870,613	2,329,818
Net cash from operating activities	**$ (61,894,215)**	**$ (48,740,755)**

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 ("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 ("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, 2017, 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

	2017	2016
Assets		
Current assets	$ 7,113,290	$ 3,180,451
Noncurrent assets:		
Investments	129,358,769	122,541,653
Other	7,933,006	8,449,497
Total assets	**144,405,065**	**134,171,601**
Liabilities		
Current liabilities:		
Accounts payable to University	662,500	405,092
Other	880,989	521,518
Noncurrent liabilities	5,712,158	5,623,834
Total liabilities	**7,255,647**	**6,550,444**
Net position		
Restricted		
Nonexpendable	90,789,469	87,005,623
Expendable	42,619,727	40,476,202
Unrestricted	3,740,222	139,332
Total net position	**$ 137,149,418**	**$ 127,621,157**

MICHIGAN TECH FUND
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30

	2017	2016
Operating expenses		
Supplies and services	$ 13,072,482	$ 13,735,318
Student financial support	2,151,490	2,548,167
Total operating expenses	**15,223,972**	**16,283,485**
Operating loss	**(15,223,972)**	**(16,283,485)**
Nonoperating revenues and expenses		
Gifts	9,133,228	14,185,916
Investment return	11,723,788	(1,220,787)
Gifts for capital and permanent endowment purposes	3,783,846	6,390,599
Other nonoperating revenues	111,371	293,699
Net nonoperating revenues	**24,752,233**	**19,649,427**
Change in net position	9,528,261	3,365,942
Net position		
Beginning of year, as restated	127,621,157	124,255,215
End of year	**$ 137,149,418**	**$ 127,621,157**

MICHIGAN TECH FUND
CONDENSED STATEMENTS OF CASH FLOWS
YEAR ENDED JUNE 30

	2017	2016
Cash flows from		
Operating activities	$ (14,562,088)	$ (19,159,049)
Noncapital financing activities	8,507,715	13,566,383
Capital and related financing activities	3,810,280	7,218,676
Investing activities	5,510,883	(1,434,233)
Net increase in cash and cash equivalents	**3,266,790**	**191,777**
Cash and cash equivalents, beginning of year	2,455,886	2,264,109
Cash and cash equivalents, end of year	**$ 5,722,676**	**$ 2,455,886**

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 accounting principles generally accepted in the United States of America 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 Statements 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 concluded 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 net; 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 Statements 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 Statements 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 and appropriations received for the pension plan subsequent to the measurement date. 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.

Reclassification

Certain amounts as reported in the 2016 financial statements have been reclassified to conform to the 2017 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 of $34,376,620 and $45,289,738 as of June 30, 2017 and 2016, respectively. The University had $16,967,974 and $22,964,243 exposed to custodial credit risk because the deposits were uninsured or uncollateralized, as of June 30, 2017 and 2016, respectively.

Custodial credit risk: investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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, 2017 and 2016, are categorized as follows:

INVESTMENT PORTFOLIO

	2017	2016
Marketable securities		
Equities	$ 967,029	$ 852,293
Equity mutual funds	92,351,726	77,230,851
Fixed income mutual funds	52,540,446	58,309,844
Total marketable securities	**145,859,201**	**136,392,988**
Alternative investments		
Hedge funds	9,706,173	7,757,681
Real estate and natural resources	464,640	570,478
Private equity limited partnerships	3,371,459	3,436,785
Total alternative investments	**13,542,272**	**11,764,944**
Precious metals	1,628,012	1,749,842
Closely-held stock	20,000	20,000
Total investments	**$ 161,049,485**	**$ 149,927,774**

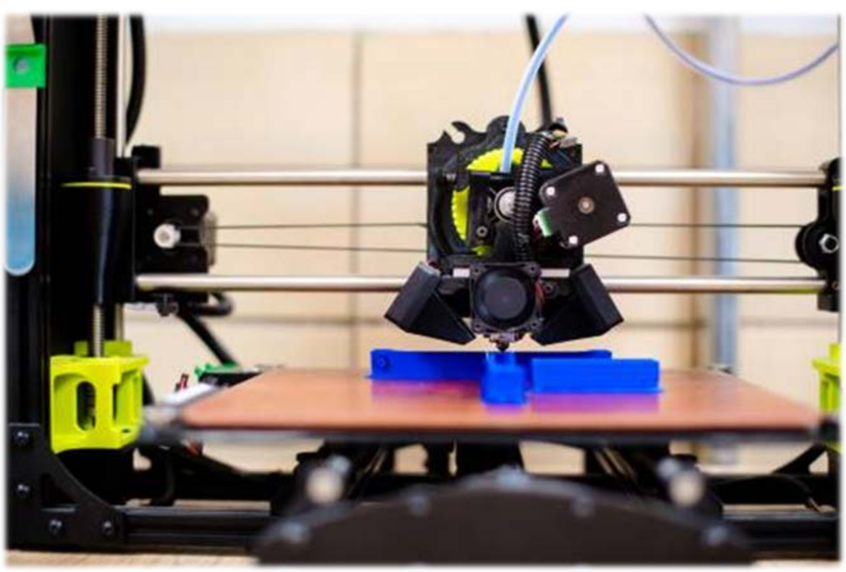
The University's net investment return is comprised of the following for the years ended June 30, 2017 and 2016.

INVESTMENT RETURN

	2017	2016
Dividends and interest	$ 3,927,038	$ 3,649,950
Capital gain distributions	1,628,577	846,738
Net gain on sale of investments	1,358,258	666,453
Net increase (decrease) in the fair value of investments	8,822,944	(4,838,249)
Asset-based management and administrative fees	(515,060)	(474,495)
Total investment return	**$ 15,221,757**	**$ (149,603)**

The fair values of investments measured on a recurring basis at June 30, 2017 are as follows:

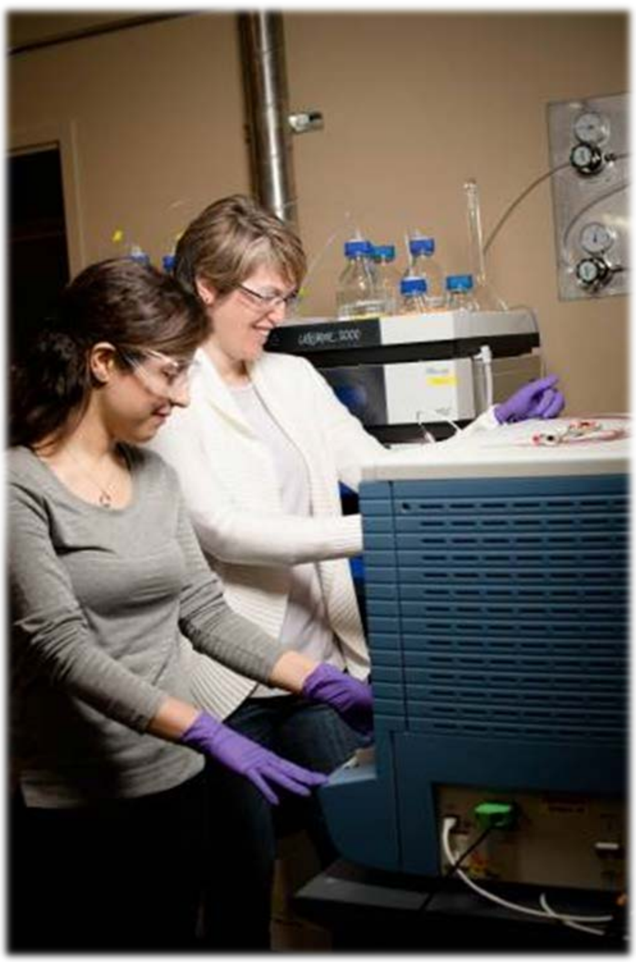
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 967,029	$ 967,029	$ -	$ -
Equity mutual funds	92,351,726	92,351,726	-	-
Fixed income mutual funds	52,540,446	43,140,605	9,399,841	-
Precious metals	1,628,012	-	-	1,628,012
Closely-held stock	20,000	-	-	20,000
Total investments by fair value level	**147,507,213**	**$ 136,459,360**	**$ 9,399,841**	**$ 1,648,012**
Investments measured at the net asset value:				
Hedge funds	9,706,173			
Real estate and natural resources	464,640			
Private equity limited partnerships	3,371,459			
Total investments at the net asset value	**13,542,272**			
Total investments at fair value	**$ 161,049,485**			



The fair values of investments measured on a recurring basis at June 30, 2016 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 852,293	$ 852,293	$ -	$ -
Equity mutual funds	77,230,851	77,230,851	-	-
Fixed income mutual funds	58,309,844	44,540,371	13,769,473	-
Precious metals	1,749,842	-	-	1,749,842
Closely-held stock	20,000	-	-	20,000
Total investments by fair value level	**138,162,830**	**$ 122,623,515**	**$ 13,769,473**	**$ 1,769,842**
Investments measured at the net asset value:				
Hedge funds	7,757,681			
Real estate and natural resources	570,478			
Private equity limited partnerships	3,436,785			
Total investments at the net asset value	**11,764,944**			
Total investments at fair value	**$ 149,927,774**			

Remaining commitments in private equity limited partnerships were $12,104,263 and $2,459,699 at June 30, 2017 and 2016, respectively.



(3) RECEIVABLES

Accounts receivable of the University are summarized as follows as of June 30, 2017 and 2016.

ACCOUNTS RECEIVABLE

	2017	2016
Student tuition and fees	$ 962,773	$ 951,340
State appropriations		
Operating	8,745,005	8,500,860
Capital	2,158	3,528
Grants and contracts	7,937,272	7,675,614
Auxiliary activities	447,587	761,950
Other	946,140	841,071
Less allowance for doubtful accounts	(105,653)	(105,653)
Accounts receivable, net	**$ 18,935,282**	**$ 18,628,710**

In addition, the University has student loans receivable in the amount of $11,824,449 and $11,780,464, recorded at June 30, 2017 and 2016, 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, 2017 and 2016.

PLEDGES RECEIVABLE

	2017	2016
Pledges receivable in less than one year	$ 3,547,801	$ 3,029,498
Pledges receivable in one to five years	1,200,837	2,295,147
Pledges receivable in more than five years	126,615	118,760
Less:		
Allowance for uncollectible pledges	(2,311,778)	(2,549,830)
Present value discount	(134,583)	(198,900)
Net pledges receivable	**$ 2,428,892**	**$ 2,694,675**

The present value of future cash flows were estimated using .25% over the risk-adjusted rate at the date of the gift. For fiscal year 2017, rates range from 1.62% to 2.48%.

(4) CAPITAL ASSETS

The following table presents the changes in the capital asset class categories for the year ended June 30, 2017:

CHANGES IN CAPITAL ASSETS
2017

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Nondepreciable capital assets				
Land	$ 9,889,310	$ -	$ (7,800)	$ 9,881,510
Mineral collections	6,221,172	-	-	6,221,172
Timber holdings	376,088	-	-	376,088
Construction in progress	2,836,639	11,226,345	(7,628,302)	6,434,682
Cost of nondepreciable capital assets	**19,323,209**	**11,226,345**	**(7,636,102)**	**22,913,452**
Depreciable capital assets				
Land improvements	1,571,426	-	-	1,571,426
Infrastructure	6,374,927	649,464	-	7,024,391
Buildings	365,604,960	6,978,839	-	372,583,799
Equipment	40,472,903	5,210,885	(686,715)	44,997,073
Library books	323,450	22,044	-	345,494
Cost of depreciable capital assets	**414,347,666**	**12,861,232**	**(686,715)**	**426,522,183**
Total cost of capital assets	**433,670,875**	**24,087,577**	**(8,322,817)**	**449,435,635**
Less: accumulated depreciation				
Land improvements	1,040,738	72,967	-	1,113,705
Infrastructure	3,051,196	216,420	-	3,267,616
Buildings	170,138,210	8,681,339	-	178,819,549
Equipment	22,549,065	5,174,489	(589,883)	27,133,671
Library books	199,141	40,574	-	239,715
Total accumulated depreciation	**196,978,350**	**14,185,789**	**(589,883)**	**210,574,256**
Capital assets, net	**$ 236,692,525**	**$ 9,901,788**	**$ (7,732,934)**	**$ 238,861,379**

The following table presents the changes in the capital asset class categories for the year ended June 30, 2016:

CHANGES IN CAPITAL ASSETS
2016

	Beginning Balance	Additions/ Transfers	Disposals/ Transfers	Ending Balance
Nondepreciable capital assets				
Land	$ 9,507,942	$ 437,800	$ (56,432)	$ 9,889,310
Mineral collections	6,221,172	-	-	6,221,172
Timber holdings	400,752	-	(24,664)	376,088
Construction in progress	2,274	6,100,506	(3,266,141)	2,836,639
Cost of nondepreciable capital assets	**16,132,140**	**6,538,306**	**(3,347,237)**	**19,323,209**
Depreciable capital assets				
Land improvements	1,572,426	-	(1,000)	1,571,426
Infrastructure	5,371,366	1,003,561	-	6,374,927
Buildings	362,729,206	3,076,230	(200,476)	365,604,960
Equipment	43,392,238	6,424,678	(9,344,013)	40,472,903
Library books	533,735	73,044	(283,329)	323,450
Cost of depreciable capital assets	**413,598,971**	**10,577,513**	**(9,828,818)**	**414,347,666**
Total cost of capital assets	**429,731,111**	**17,115,819**	**(13,176,055)**	**433,670,875**
Less: accumulated depreciation				
Land improvements	963,167	78,571	(1,000)	1,040,738
Infrastructure	2,779,104	272,092	-	3,051,196
Buildings	161,779,824	8,538,814	(180,428)	170,138,210
Equipment	26,406,974	5,335,047	(9,192,956)	22,549,065
Library books	433,136	49,334	(283,329)	199,141
Total accumulated depreciation	**192,362,205**	**14,273,858**	**(9,657,713)**	**196,978,350**
Capital assets, net	**$ 237,368,906**	**$ 2,841,961**	**$ (3,518,342)**	**$ 236,692,525**

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, 2017 and 2016, respectively, construction in progress consisted of several building renovation projects and the costs of one new building as detailed below.

CONSTRUCTION IN PROGRESS

Project		2017		2016
Daniell Heights Apartments renovations	$	2,425,587	$	919,303
Retail Dining remodel		285,007		655,625
McNair Residence Hall renovations		2,173,327		85,910
Safety upgrades		218,869		222,962
Sherman Field and SDC upgrades		334,300		331,434
Dillman Hall renovations		-		161,919
Undergraduate chemical laboratory and storage upgrades		569,494		172,572
STEM Facility		165,500		165,500
Other projects		262,598		121,414
Total	**$**	**6,434,682**	**$**	**2,836,639**

The estimate to complete the above construction projects approximated $11.7 million at June 30, 2017. The expected sources of financing for these projects are University unspent bond proceeds 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 were no amounts outstanding under the line of credit at June 30, 2017 and 2016. There are no restrictive covenants associated with this line of credit. The line of credit expires on January 31, 2018.

(6) ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and other accrued liabilities of the University are summarized as follows as of June 30, 2017 and 2016.

ACCOUNTS PAYABLE

	2017	2016
Vendors for supplies and services	$ 4,002,083	$ 4,130,052
Employee benefits	1,335,173	1,292,416
Construction payables	3,344,678	2,737,968
Federal government	-	798,799
Total accounts payable	**$ 8,681,934**	**$ 8,959,235**

OTHER ACCRUED LIABILITIES

	2017	2016
Payroll and payroll taxes	$ 6,829,728	$ 6,047,265
Compensated absences	4,972,191	4,646,604
Deposits payable	1,170,331	789,942
Total other accrued liabilities	**$ 12,972,250**	**$ 11,483,811**

(7) NONCURRENT LIABILITIES

NONCURRENT LIABILITIES
AS OF JUNE 30, 2017

General revenue bonds	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
General revenue and refunding bonds, 2008	$ 5,090,000	$ -	$ -	$ 5,090,000	$ -
General revenue bonds, 2009A/2009B	16,005,000	-	405,000	15,600,000	420,000
General revenue bonds, 2010A	8,555,000	-	215,000	8,340,000	220,000
General revenue and refunding bonds, 2012A	30,135,000	-	1,220,000	28,915,000	1,255,000
General revenue refunding bonds, 2013A	13,530,000	-	740,000	12,790,000	765,000
General revenue bonds, 2015A	24,295,000	-	425,000	23,870,000	435,000
Total bonds payable	**97,610,000**	**-**	**3,005,000**	**94,605,000**	**3,095,000**
Bond premium	3,974,586	-	194,748	3,779,838	-
Capital lease	303,185	1,676,453	303,185	1,676,453	597,830
Total debt	**101,887,771**	**1,676,453**	**3,502,933**	**100,061,291**	**3,692,830**
Other liabilities					
Insurance and postemployment benefits	1,608,975	402,139	481,391	1,529,723	1,111,346
Funds held for others	724,700	208,500	189,250	743,950	-
Annuity and pooled income obligations	6,089,235	720,110	684,948	6,124,397	412,239
Total	**$ 110,310,681**	**$ 3,007,202**	**$ 4,858,522**	**$ 108,459,361**	**$ 5,216,415**
Due within one year				(5,216,415)	
Total noncurrent liabilities (excluding net pension liability)				**$ 103,242,946**	

NONCURRENT LIABILITIES
AS OF JUNE 30, 2016

General revenue bonds	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
General revenue bonds, 2006	$ 75,000	$ -	$ 75,000	$ -	$ -
General revenue and refunding bonds, 2008	5,215,000	-	125,000	5,090,000	-
General revenue bonds, 2009A/2009B	16,400,000	-	395,000	16,005,000	405,000
General revenue bonds, 2010A	8,900,000	-	345,000	8,555,000	215,000
General revenue and refunding bonds, 2012A	31,320,000	-	1,185,000	30,135,000	1,220,000
General revenue refunding bonds, 2013A	13,995,000	-	465,000	13,530,000	740,000
General revenue bonds, 2015A	24,295,000	-	-	24,295,000	425,000
Total bonds payable	**100,200,000**	**-**	**2,590,000**	**97,610,000**	**3,005,000**
Bond premium	4,259,686	-	285,100	3,974,586	-
Capital leases	597,233	-	294,048	303,185	303,185
Total debt	**105,056,919**	**-**	**3,169,148**	**101,887,771**	**3,308,185**
Other liabilities					
Insurance and postemployment benefits	1,843,081	1,459,489	1,693,595	1,608,975	1,109,463
Funds held for others	691,500	222,600	189,400	724,700	-
Annuity and pooled income obligations	6,148,387	410,508	469,660	6,089,235	465,401
Total	**$ 113,739,887**	**$ 2,092,597**	**$ 5,521,803**	**$ 110,310,681**	**$ 4,883,049**
Due within one year				(4,883,049)	
Total noncurrent liabilities (excluding net pension liability)				**$ 105,427,632**	

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 and Refunding 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, 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 $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 million. 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 to 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 million. 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 were 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 2.0% to 5.0%, 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, 2017, the amount that remains in escrow to refund Series 2006 bonds and partially refund Series 2008 bonds was $9.162 million.

PRINCIPAL AND INTEREST AMOUNTS DUE ON BONDED DEBT
FOR FISCAL YEARS ENDING JUNE 30

Fiscal Year	Principal	Interest	Total
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
2021	3,470,000	4,099,731	7,569,731
2022	3,630,000	3,925,386	7,555,386
Total 5 years	**16,730,000**	**21,185,497**	**37,915,497**
2023 to 2027	20,710,000	16,818,943	37,528,943
2028 to 2032	21,745,000	11,799,829	33,544,829
2033 to 2037	19,125,000	6,540,435	25,665,435
2038 to 2042	11,055,000	2,522,713	13,577,713
2043 to 2046	5,240,000	540,250	5,780,250
Total bonds	**$ 94,605,000**	**$ 59,407,667**	**$ 154,012,667**

Capital and Operating Lease Obligations

At June 30, 2017, the capitalized cost of equipment purchased under capital leases was $541,423, and its net book value was $532,399.

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, 2017 and 2016 are insignificant.

SCHEDULED MATURITIES OF CAPITAL LEASES
FOR FISCAL YEAR ENDING JUNE 30

Fiscal Year	Principal	Interest	Total
2018	$ 597,830	$ 61,053	$ 658,883
2019	289,522	42,852	332,374
2020	297,804	30,394	328,198
2021	306,408	17,349	323,757
2022	184,889	3,685	188,574
Total lease payments	**$ 1,676,453**	**$ 155,333**	**$ 1,831,786**

(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

	2017	2016
Balance, beginning of year	$ 1,109,463	$ 1,291,953
Claims incurred, including changes in estimates	14,963,461	13,528,874
Less: claims paid	(14,961,578)	(13,711,364)
Balance, end of year	**$ 1,111,346**	**$ 1,109,463**

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, 2017 and 2016, the University had approximately 3,489 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 2.0% 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 5.0% of an employee's base salary and will then match up to 5.0% of base salary contributed by a participating employee. Employees who chose this plan also received a 2.0% 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

	2017	2016	2015
University contributions to TIAA-CREF/Fidelity	$ 6,629,170	$ 6,344,926	$ 6,004,020
Payroll covered under TIAA-CREF/Fidelity	$ 93,237,315	$ 89,651,072	$ 85,173,945

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 multiplied by 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. During fiscal year 2017, the University was invoiced monthly an amount that approximated 18.75% 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, ranged from 25.73% to 30.41% of covered payroll. Plan member contributions range from 0.0% to 6.0% of covered payroll.

The University’s contributions to MPSERS under all pension plans as described above for the years ended June 30, 2017 and 2016 were $4,865,930 and $3,433,137, respectively, equal to the required contributions for each year.

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

At June 30, 2017 and 2016, the University reported a liability of $62.759 million and $54.889 million respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016 and 2015, 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, 2016 and 2015, the University's proportion (as calculated by MPSERS) was 11.20220 % and 10.00520%, respectively.

For the years ended June 30, 2017 and 2016, the University recognized pension expense of $11.995 million and $18.439 million, respectively. At June 30, 2017 and 2016, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017		
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Net Deferred Outflows of Resources**
Differences between expected and actual experience	$ 100,481	$ -	$ 100,481
Contributions subsequent to measurement date	3,403,231	-	3,403,231
Rate stabilization appropriations received subsequent to the measurement date	-	375,963	(375,963)
Changes in proportionate share and differences between contributions and proportionate share of contributions	1,273,253	21,845	1,251,408
Net difference between projected and actual earnings on pension plan contributions	608,456	-	608,456
Total	**$ 5,385,421**	**$ 397,808**	**$ 4,987,613**

	2016		
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Net Deferred Outflows (Inflows) of Resources**
Differences between expected and actual experience	$ 753,927	$ -	$ 753,927
Contributions subsequent to measurement date	3,315,161	-	3,315,161
Rate stabilization appropriations received subsequent to the measurement date	-	349,518	(349,518)
Changes in proportionate share and differences between contributions and proportionate share of contributions	414,688	-	414,688
Net difference between projected and actual earnings on pension plan contributions	158,954	-	158,954
Total	**$ 4,642,730**	**$ 349,518**	**$ 4,293,212**

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, 2018. The amount of deferred inflows of resources related to appropriations received subsequent to the measurement date will be recognized as an increase in revenue for the fiscal year ending June 30, 2018. 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
2018	1,199,512
2019	(152,377)
2020	857,588
2021	55,622
Total	**$ 1,960,345**

Actuarial Assumptions

The total pension liability in the September 30, 2015 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

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, 2015 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%	5.90%	1.65%
Private equity pools	18.00%	9.20%	1.65%
International equity pools	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.90%	0.09%
Real estate and infrastructure pools	10.00%	4.30%	0.43%
Absolute return pools	15.50%	6.00%	0.93%
Short-term investment pools	2.00%	0.00%	0.00%
	100.00%		5.90%
Inflation			2.10%
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:

NET PENSION LIABILITY

Fiscal Year	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
2017	$ 73,334,942	$ 62,759,225	$ 53,618,685
2016	$ 64,402,759	$ 54,888,547	$ 46,676,338

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 3.0% 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 2.0% employee contribution into a personal tax-deferred account, which is matched by an additional 2.0% 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 3.0% 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 $1.893 million, $2.052 million, and $2.155 million for the years ended June 30, 2017, 2016, and 2015, 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. There was no RSVP liability at June 30, 2017 and 2016.

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, 2017 and 2016 respectively:

OPEB COST AND OBLIGATION

	2017	2016
Annual required contribution	$ 339,700	$ 409,652
Interest on net OPEB obligation	19,980	21,596
Adjustment to annual required contribution	(28,887)	(31,222)
Annual OPEB cost	**330,793**	**400,026**
Contributions made	-	-
Total benefits paid (pay-as-you go)	(411,928)	(440,402)
Decrease in net OPEB obligation	**(81,135)**	**(40,376)**
Net OPEB obligation - beginning of year	499,512	539,888
Net OPEB obligation - end of year	**$ 418,377**	**$ 499,512**

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, 2015	$	408,217	101%	$	539,888
June 30, 2016	$	400,026	110%	$	499,512
June 30, 2017	$	330,793	125%	$	418,377

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, 2017, 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, 2015	$	-	$	7,515,561	$	7,515,561	0.0%	$	118,065,755	6.4%
June 30, 2016	$	-	$	7,367,059	$	7,367,059	0.0%	$	121,972,999	6.0%
June 30, 2017	$	-	$	6,109,075	$	6,109,075	0.0%	$	126,521,389	4.8%

***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 medical and prescription drug benefits, the trend rate assumption is initially at 7.37% for pre-65 year old retirees and 8.36% for post-65 year old retirees, decreasing to a 5.00% long-term trend rate after eleven years for both age groups. The assumptions for dental benefits were 5.00% for each year. The assumptions also included a 4.00% discount rate. 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, 2017, was twenty-one 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. 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.

In the normal course of its activities, the University is a party in various legal actions. Although some actions have been brought for large amounts, the University has not experienced any significant losses or costs. The University and its legal counsel are of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

(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

	2017	2016
Instruction	$ 68,189,643	$ 64,625,424
Research	54,601,808	53,941,825
Public service	10,982,915	9,916,188
Academic support	23,101,105	22,082,095
Student services	14,782,242	14,338,179
Institutional support	25,583,897	20,377,479
Operations and maintenance of plant	16,036,327	13,928,124
Student financial support	9,750,600	7,602,180
Departmental activities	7,072,384	6,954,635
Student residents	11,735,828	11,005,337
Depreciation	14,185,789	14,273,858
Total	**$ 256,022,538**	**$ 239,045,324**

(12) RESTATEMENT

The financial statements as of and for the year ended June 30, 2016, have been restated for two reasons: to account for a refund made to the Federal Government in the proper fiscal year and to account for an error in the fair value of Pooled Income Obligations.

Federal Government Refund

During fiscal year 2017, the University was notified by the Office of Naval Research that the Federal Government was due its equitable share of the $12,036,386 pension refund that the University received from the State of Michigan during fiscal year 2016. The University negotiated an amount of $798,799 which was returned to the Federal Government. To properly account for the obligation in the correct fiscal year, the June 30, 2016 financial statements have been restated. As a result of the restatement, expendable restricted net position decreased by $798,799 and federal grants and contract revenue decreased by the same amount for the year ended June 30, 2016.

Pooled Income Obligations

The fair value of Pooled Income Obligations is calculated using the life expectancies of donors, the fair market values of the property transferred by donors, and the pooled income fund's highest rate of return during the preceding three years. An incorrect rate of return for the preceding three years had been used in the calculation prior to fiscal year 2017.

The effect of the restatement was to reduce expendable restricted net position by $587,326 and nonexpendable restricted net position by $214,226 as of July 1, 2015. As of June 30, 2016, Pooled Income Obligations liability was increased by $785,759 to $1,748,523 and the change in value of the Pooled Income Obligations decreased by $15,793 to $32,429 for the year ended June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

MPSERS Cost-sharing Multiple Employer Plan

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	2017	2016	2015
University's proportion of the net pension liability	11.20220%	10.00520%	9.64907%
University's proportionate share of the net pension liability	$ 62,759,225	$ 54,888,547	$ 36,194,241
University's covered-employee payroll	$ 8,943,572	$ 9,118,081	$ 9,156,216
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	701.72%	601.97%	252.97%
Plan fiduciary net position as a percentage of the total pension liability	46.77%	47.45%	63.00%

SCHEDULE OF UNIVERSITY CONTRIBUTIONS	2017	2016	2015
Contractually required contribution	$ 4,283,370	$ 4,150,666	$ 3,395,404
Contributions in relation to the contractually required contribution	$ 4,283,370	$ (4,150,666)	$ (3,395,404)
Contribution deficiency (excess)		$ -	$ -
University's covered-employee payroll	$ 8,526,091	$ 8,606,261	$ 8,877,145
Contributions as a percentage of covered-employee payroll	50.24%	48.23%	38.25%

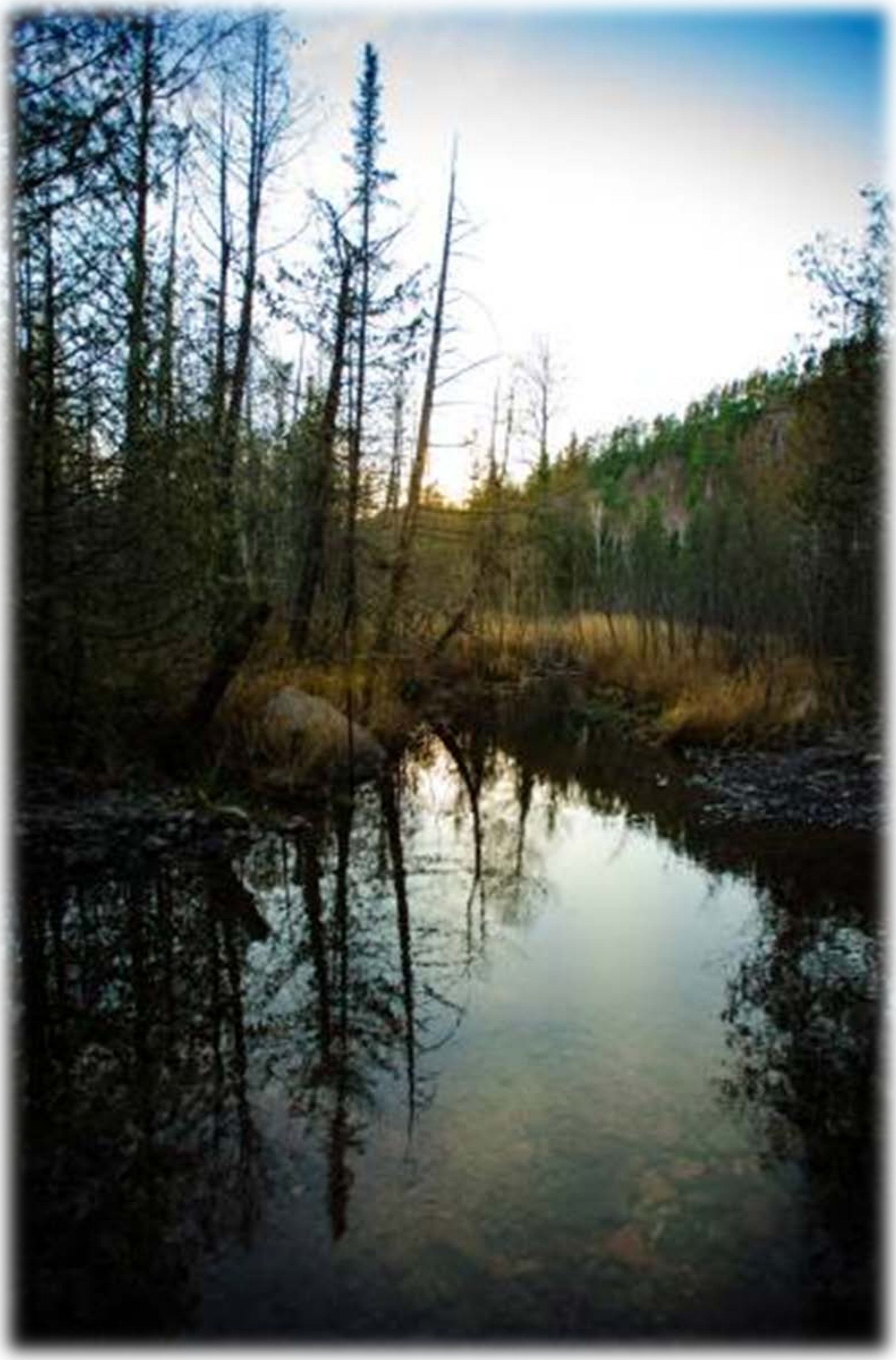
Notes to Required Supplementary Information

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.

Changes of benefit terms: There were no changes of benefit terms in FY 2017.
Changes of assumptions: There were no changes of benefit assumptions in FY 2017.

SUPPLEMENTARY INFORMATION



MICHIGAN TECHNOLOGICAL UNIVERSITY
SCHEDULE OF NET POSITION BY FUND AT JUNE 30, 2017

	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Agency	Michigan Tech Fund	Eliminations	Combined Total 2017	Combined Total 2016
Assets													
Current assets:													
Cash and cash equivalents	$ (17,930,204)	$ 18,402,384	$ 5,707,211	$ (4,166,456)	$ 2,360,919	$ 4,373,854	$ 2,116,536	$ 7,593,002	$ 2,654,110	$ 5,722,676	$ -	$ 22,460,178	$ 23,850,247
Accounts receivable, net	10,341,346	86,567	426,087	234,355	8,391,689	19,480,044	-	2,158	115,580	-	(662,500)	18,935,282	18,628,710
Pledges receivable, net	-	-	-	-	-	-	-	-	-	1,236,023	-	1,236,023	479,668
Other assets	274,422	13,525	1,365,204	530,923	-	2,184,074	-	-	-	154,591	-	2,338,665	2,377,987
Total current assets	**(7,314,436)**	**18,502,476**	**7,498,502**	**(3,401,178)**	**10,752,608**	**26,037,972**	**2,116,536**	**7,595,160**	**2,769,690**	**7,113,290**	**(662,500)**	**44,970,148**	**45,336,612**
Noncurrent assets:													
Student loans receivable, net	-	-	-	-	-	-	11,824,449	-	-	-	-	11,824,449	11,780,464
Pledges receivable, net	-	-	-	-	-	-	-	-	-	1,192,869	-	1,192,869	2,215,007
Restricted cash for capital projects	-	-	-	-	-	-	-	11,733,518	-	-	-	11,733,518	20,742,929
Investments	16,063,001	1,000,000	-	14,627,715	-	31,690,716	-	-	-	129,358,769	-	161,049,485	149,927,774
Beneficial interest in charitable remainder trusts	-	-	-	-	-	-	-	-	-	5,660,795	-	5,660,795	5,181,700
Land held for investment	-	-	-	-	-	-	-	9,781,997	-	91,700	-	9,873,697	9,950,597
Capital assets, net	-	-	-	-	-	-	-	238,861,379	-	-	-	238,861,379	236,692,525
Other assets	-	-	-	-	-	-	-	978,544	-	987,642	-	1,966,186	1,939,634
Total noncurrent assets	**16,063,001**	**1,000,000**	**-**	**14,627,715**	**-**	**31,690,716**	**11,824,449**	**261,355,438**	**-**	**137,291,775**	**-**	**442,162,378**	**438,430,630**
Total assets	**8,748,565**	**19,502,476**	**7,498,502**	**11,226,537**	**10,752,608**	**57,728,688**	**13,940,985**	**268,950,598**	**2,769,690**	**144,405,065**	**(662,500)**	**487,132,526**	**483,767,242**
Deferred outflows of resources													
Deferred pension amounts	**-**	**-**	**-**	**5,385,421**	**-**	**5,385,421**	**-**	**-**	**-**	**-**	**-**	**5,385,421**	**4,642,730**
Liabilities													
Current liabilities													
Accounts payable	1,931,791	316,522	588,227	1,335,172	666,284	4,837,996	6,332	3,344,678	24,178	1,131,250	(662,500)	8,681,934	8,959,235
Other accrued liabilities	5,142,203	-	110,887	4,972,191	-	10,225,281	-	1,458	2,745,511	-	-	12,972,250	11,483,811
Unearned revenue	118,418	-	-	-	5,803,271	5,921,689	-	281,250	-	-	-	6,202,939	7,483,737
Annuity obligations, current portion	-	-	-	-	-	-	-	-	-	412,239	-	412,239	465,401
Insurance and benefit reserves, current portion	-	-	-	1,111,346	-	1,111,346	-	-	-	-	-	1,111,346	1,109,463
Long-term debt, current portion	-	-	-	-	-	-	-	3,692,830	-	-	-	3,692,830	3,308,185
Total current liabilities	**7,192,412**	**316,522**	**699,114**	**7,418,709**	**6,469,555**	**22,096,312**	**6,332**	**7,320,216**	**2,769,689**	**1,543,489**	**(662,500)**	**33,073,538**	**32,809,832**
Noncurrent liabilities							-						
Funds held for others	743,950	-	-	-	-	743,950	-	-	-	-	-	743,950	724,700
Annuity obligations, net of current portion	-	-	-	-	-	-	-	-	-	5,712,158	-	5,712,158	5,623,834
Insurance and benefit reserves, net of current portion	-	-	-	418,377	-	418,377	-	-	-	-	-	418,377	499,512
Long-term debt, net of current portion	-	-	-	-	-	-	-	96,368,461	-	-	-	96,368,461	98,579,586
Net pension liability	-	-	-	62,759,225	-	62,759,225	-	-	-	-	-	62,759,225	54,888,547
Total noncurrent liabilities	**743,950**	**-**	**-**	**63,177,602**	**-**	**63,921,552**	**-**	**96,368,461**	**-**	**5,712,158**	**-**	**166,002,171**	**160,316,179**
Total liabilities	**7,936,362**	**316,522**	**699,114**	**70,596,311**	**6,469,555**	**86,017,864**	**6,332**	**103,688,677**	**2,769,689**	**7,255,647**	**(662,500)**	**199,075,709**	**193,126,011**
Deferred inflows of resources													
Deferred pension amounts	**-**	**-**	**-**	**397,808**	**-**	**397,808**	**-**	**-**	**-**	**-**	**-**	**397,808**	**349,518**
Net position													
Net investment in capital assets	-	-	-	-	-	-	-	149,999,746	-	-	-	149,999,746	155,579,540
Restricted:													
Nonexpendable	-	-	-	-	-	-	-	-	-	90,789,469	-	90,789,469	87,005,623
Expendable	1,160	-	42,533	-	4,283,054	4,326,747	14,019,916	11,266,786	-	42,619,727	-	72,233,176	69,835,762
Unrestricted (deficit)	811,044	19,185,954	6,756,854	(54,382,161)	-	(27,628,309)	(85,263)	3,995,389	-	3,740,222	-	(19,977,961)	(17,486,482)
Total net position	**$ 812,204**	**$ 19,185,954**	**$ 6,799,387**	**$ (54,382,161)**	**$ 4,283,054**	**$ (23,301,562)**	**$ 13,934,653**	**$ 165,261,921**	**$ -**	**$ 137,149,418**	**$ -**	**$ 293,044,430**	**$ 294,934,443**

MICHIGAN TECHNOLOGICAL UNIVERSITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUND BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2017

	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Michigan Tech Fund	Eliminations	2017	2016
Revenues												
Operating revenues												
Student tuition and fees, net	$ 131,248,698	$ -	$ 1,181,474	$ -	$ -	$ 132,430,172	$ -	$ -	$ -	$ (36,560,188)	$ 95,869,984	$ 91,129,651
Federal grants and contracts	138,452	-	-	-	24,621,821	24,760,273	(854,088)	-	-	-	23,906,185	25,523,178
State and local grants and contracts	-	5,332	-	-	3,680,683	3,686,015	-	-	-	-	3,686,015	3,912,193
Nongovernmental grants and contracts	-	-	-	-	15,802,264	15,802,264	-	-	-	-	15,802,264	15,980,712
Indirect cost recoveries	12,383,610	-	-	-	(12,383,610)	-	-	-	-	-	-	-
Educational activities	303,123	3,594,161	909,782	7,312	156,629	4,971,007	-	6,099	-	-	4,977,106	5,603,375
Departmental activities	9,878	145,925	9,717,523	(3,032)	1,552	9,871,846	-	50,901	-	-	9,922,747	9,645,896
Student residence fees, net	-	-	26,819,437	-	-	26,819,437	-	99,280	-	(7,387,628)	19,531,089	18,530,757
Total operating revenues	**144,083,761**	**3,745,418**	**38,628,216**	**4,280**	**31,879,339**	**218,341,014**	**(854,088)**	**156,280**	**-**	**(43,947,816)**	**173,695,390**	**170,325,762**
Expenses												
Operating expenses												
Salaries and wages	88,447,918	6,281,992	10,616,503	2,452,290	18,722,685	126,521,388	-	-	-	-	126,521,388	121,856,124
Fringe benefits	30,911,131	1,425,916	2,922,311	7,139,323	4,266,909	46,665,590	-	-	-	-	46,665,590	38,829,327
Supplies and services	17,555,934	9,303,774	13,888,813	939,440	10,409,294	52,097,255	81,493	16,193,267	13,072,482	(29,697,719)	51,746,778	50,826,898
Student financial support	41,183,411	885,058	449,744	-	10,244,338	52,762,551	-	-	2,151,490	(46,099,306)	8,814,735	6,438,047
Utilities	4,697,552	195,619	3,176,675	-	18,412	8,088,258	-	-	-	-	8,088,258	6,821,070
Depreciation	-	-	-	-	-	-	-	14,185,789	-	-	14,185,789	14,273,858
Total operating expenses	**182,795,946**	**18,092,359**	**31,054,046**	**10,531,053**	**43,661,638**	**286,135,042**	**81,493**	**30,379,056**	**15,223,972**	**(75,797,025)**	**256,022,538**	**239,045,324**
Operating (loss) income	**(38,712,185)**	**(14,346,941)**	**7,574,170**	**(10,526,773)**	**(11,782,299)**	**(67,794,028)**	**(935,581)**	**(30,222,776)**	**(15,223,972)**	**31,849,209**	**(82,327,148)**	**(68,719,562)**
Net transfers (out) in	**(11,992,697)**	**11,084,852**	**(8,953,926)**	**(1,805,473)**	**2,121,338**	**(9,545,906)**	**-**	**9,545,906**	**-**	**-**	**-**	**-**
Nonoperating revenues (expenses)												
Federal Pell grants	-	-	-	-	5,408,211	5,408,211	-	-	-	-	5,408,211	5,701,124
Federal grants, other	-	-	-	-	-	-	-	501,082	-	-	501,082	508,799
State appropriations	48,586,922	-	-	-	-	48,586,922	-	-	-	-	48,586,922	46,912,320
Gifts	4,504,569	4,035,556	457,485	-	5,297,296	14,294,906	-	-	8,917,825	(12,993,106)	10,219,625	13,848,536
Investment return	598,382	-	-	2,536,919	34	3,135,335	285,822	76,812	11,723,788	-	15,221,757	(149,603)
Interest on capital asset-related debt	-	-	(555)	-	-	(555)	-	(4,429,401)	-	-	(4,429,956)	(4,262,895)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(99,107)	(99,107)	(252,201)
Net nonoperating revenues (expenses)	**53,689,873**	**4,035,556**	**456,930**	**2,536,919**	**10,705,541**	**71,424,819**	**285,822**	**(3,851,507)**	**20,641,613**	**(13,092,213)**	**75,408,534**	**62,306,080**
Income (loss) before other revenues	**2,984,991**	**773,467**	**(922,826)**	**(9,795,327)**	**1,044,580**	**(5,915,115)**	**(649,759)**	**(24,528,377)**	**5,417,641**	**18,756,996**	**(6,918,614)**	**(6,413,482)**
Other revenues												
Capital grants and gifts	-	-	-	-	-	-	-	2,150,894	215,403	(1,232,913)	1,133,384	1,080,090
Gifts for permanent endowment purposes	-	-	-	-	-	-	-	-	3,783,846	-	3,783,846	6,390,599
Other nonoperating revenues	-	-	-	-	-	-	-	-	111,371	-	111,371	293,699
Fund additions	-	-	-	-	-	-	-	17,524,083	-	(17,524,083)	-	-
Total other revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,674,977**	**4,110,620**	**(18,756,996)**	**5,028,601**	**7,764,388**
Net increase (decrease) in net position	**2,984,991**	**773,467**	**(922,826)**	**(9,795,327)**	**1,044,580**	**(5,915,115)**	**(649,759)**	**(4,853,400)**	**9,528,261**	**-**	**(1,890,013)**	**1,350,906**
Net position, beginning of year, as restated	(2,172,787)	18,412,487	7,722,213	(44,586,834)	3,238,474	(17,386,447)	14,584,412	170,115,321	127,621,157	-	294,934,443	293,583,537
Net position, end of year	**$ 812,204**	**$ 19,185,954**	**$ 6,799,387**	**$ (54,382,161)**	**$ 4,283,054**	**$ (23,301,562)**	**$ 13,934,653**	**$ 165,261,921**	**$ 137,149,418**	**$ -**	**$ 293,044,430**	**$ 294,934,443**

MICHIGAN TECHNOLOGICAL UNIVERSITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUND BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2017

	General	Designated	Auxiliary Activities	Retirement & Insurance	Expendable Restricted	Total Current Funds	Student Loan	Plant	Michigan Tech Fund	Eliminations	2017	2016
Revenues												
Operating revenues												
Student tuition and fees, net	$ 131,248,698	$ -	$ 1,181,474	$ -	$ -	$ 132,430,172	$ -	$ -	$ -	$ (36,560,188)	$ 95,869,984	$ 91,129,651
Federal grants and contracts	138,452	-	-	-	24,621,821	24,760,273	(854,088)	-	-	-	23,906,185	25,523,178
State and local grants and contracts	-	5,332	-	-	3,680,683	3,686,015	-	-	-	-	3,686,015	3,912,193
Nongovernmental grants and contracts	-	-	-	-	15,802,264	15,802,264	-	-	-	-	15,802,264	15,980,712
Indirect cost recoveries	12,383,610	-	-	-	(12,383,610)	-	-	-	-	-	-	-
Educational activities	303,123	3,594,161	909,782	7,312	156,629	4,971,007	-	6,099	-		4,977,106	5,603,375
Departmental activities	9,878	145,925	9,717,523	(3,032)	1,552	9,871,846	-	50,901	-	-	9,922,747	9,645,896
Student residence fees, net	-	-	26,819,437	-	-	26,819,437	-	99,280	-	(7,387,628)	19,531,089	18,530,757
Total operating revenues	**144,083,761**	**3,745,418**	**38,628,216**	**4,280**	**31,879,339**	**218,341,014**	**(854,088)**	**156,280**	**-**	**(43,947,816)**	**173,695,390**	**170,325,762**
Expenses												
Operating expenses												
Instruction	62,395,040	3,186,887	-	3,010,062	113,317	68,705,306	-	-	-	(515,663)	68,189,643	64,625,424
Research	17,451,235	10,392,494	-	2,163,483	26,803,168	56,810,380	-	-	-	(2,208,572)	54,601,808	53,941,825
Public service	1,431,055	900,781	-	282,193	8,390,711	11,004,740	-	-	-	(21,825)	10,982,915	9,916,188
Academic support	21,332,493	762,886	-	1,034,710	12,429	23,142,518	-	-	-	(41,413)	23,101,105	22,082,095
Student services	7,496,121	1,646,857	4,827,037	564,388	212,208	14,746,611	-	-	-	35,631	14,782,242	14,338,179
Institutional support	20,983,358	179,077	-	2,150,293	17,644	23,330,372	-	1,998,909	13,072,482	(12,817,866)	25,583,897	20,377,479
Student financial support	38,117,135	-	-	-	8,112,161	46,229,296	81,493	-	2,151,490	(38,711,679)	9,750,600	7,602,180
Operations and maintenance of plant	13,589,509	1,023,377	-	667,475	-	15,280,361	-	14,194,358	-	(13,438,392)	16,036,327	13,928,124
Sales and services of dept activities	-	-	26,227,009	658,449	-	26,885,458	-	-	-	(19,813,074)	7,072,384	6,954,635
Student residents	-	-	-	-	-	-	-	-	-	11,735,828	11,735,828	11,005,337
Depreciation	-	-	-	-	-	-	-	14,185,789	-	-	14,185,789	14,273,858
Total operating expenses	**182,795,946**	**18,092,359**	**31,054,046**	**10,531,053**	**43,661,638**	**286,135,042**	**81,493**	**30,379,056**	**15,223,972**	**(75,797,025)**	**256,022,538**	**239,045,324**
Operating (loss) income	**(38,712,185)**	**(14,346,941)**	**7,574,170**	**(10,526,773)**	**(11,782,299)**	**(67,794,028)**	**(935,581)**	**(30,222,776)**	**(15,223,972)**	**31,849,209**	**(82,327,148)**	**(68,719,562)**
Net transfers (out) in	**(11,992,697)**	**11,084,852**	**(8,953,926)**	**(1,805,473)**	**2,121,338**	**(9,545,906)**	**-**	**9,545,906**	**-**	**-**	**-**	**-**
Nonoperating revenues (expenses)												
Federal Pell grants	-	-	-	-	5,408,211	5,408,211	-	-	-	-	5,408,211	5,701,124
Federal grants, other	-	-	-	-	-	-	-	501,082	-	-	501,082	508,799
State appropriations	48,586,922	-	-	-	-	48,586,922	-	-	-	-	48,586,922	46,912,320
Gifts	4,504,569	4,035,556	457,485	-	5,297,296	14,294,906	-	-	8,917,825	(12,993,106)	10,219,625	13,848,536
Investment return	598,382	-	-	2,536,919	34	3,135,335	285,822	76,812	11,723,788	-	15,221,757	(149,603)
Interest on capital asset-related debt	-	-	(555)	-	-	(555)	-	(4,429,401)	-	-	(4,429,956)	(4,262,895)
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(99,107)	(99,107)	(252,201)
Net nonoperating revenues (expenses)	**53,689,873**	**4,035,556**	**456,930**	**2,536,919**	**10,705,541**	**71,424,819**	**285,822**	**(3,851,507)**	**20,641,613**	**(13,092,213)**	**75,408,534**	**62,306,080**
Income (loss) before other revenues	**2,984,991**	**773,467**	**(922,826)**	**(9,795,327)**	**1,044,580**	**(5,915,115)**	**(649,759)**	**(24,528,377)**	**5,417,641**	**18,756,996**	**(6,918,614)**	**(6,413,482)**
Other revenues												
Capital grants and gifts	-	-	-	-	-	-	-	2,150,894	215,403	(1,232,913)	1,133,384	1,080,090
Gfits for permanent endowment purposes	-	-	-	-	-	-	-	-	3,783,846	-	3,783,846	6,390,599
Other nonoperating revenues	-	-	-	-	-	-	-	-	111,371	-	111,371	293,699
Fund additions	-	-	-	-	-	-	-	17,524,083	-	(17,524,083)	-	-
Total other revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**19,674,977**	**4,110,620**	**(18,756,996)**	**5,028,601**	**7,764,388**
Net increase (decrease) in net position	**2,984,991**	**773,467**	**(922,826)**	**(9,795,327)**	**1,044,580**	**(5,915,115)**	**(649,759)**	**(4,853,400)**	**9,528,261**	**-**	**(1,890,013)**	**1,350,906**
Net position, beginning of year as restated	(2,172,787)	18,412,487	7,722,213	(44,586,834)	3,238,474	(17,386,447)	14,584,412	170,115,321	127,621,157	-	294,934,443	293,583,537
Net position, end of year	**$ 812,204**	**$ 19,185,954**	**$ 6,799,387**	**$ (54,382,161)**	**$ 4,283,054**	**$ (23,301,562)**	**$ 13,934,653**	**$ 165,261,921**	**$ 137,149,418**	**$ -**	**$ 293,044,430**	**$ 294,934,443**

2017
FINANCIAL REPORT

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