



Financial Report 1972

UNIVERSITY OF MINNESOTA

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1971/72



UNIVERSITY OF MINNESOTA

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Finance, Planning and Operations
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December 1972

To the President and Regents :

I am pleased to forward this 1972 Financial Report for the fiscal year which ended June 30, 1972.

The Report has been substantially revised both technically and editorially. Technically, changes have been made in the various financial schedules in order to conform with the recommendations of the National Association of Colleges and Universities Business Officers manual and the proposed American Institute of Certified Public Accountants audit guide. Editorially, it has been revised to include more general discussion of the budget and other related developments during the past year and also to explain the data more easily to readers who are not familiar with financial schedules and accounts.

As in the past, the accounts of the University have been audited on a regular basis by the Public Examiner. His report is transmitted separately to the appropriate University and State officers.

A handwritten signature in black ink, reading "James F. Brinkerhoff".

James F. Brinkerhoff
Vice President
Finance, Planning and Operations

Degrees Granted

1968-

1972

68

8,524

69

9,617

70

10,126

71

9,873

72

10,431

GENERAL DEVELOPMENTS

The fiscal year which ended June 30, 1972, saw major changes and developments in the planning and implementation of University financial and budget operations. During a large part of the year the entire University community focused much of its energy on the urgent task of deciding spending priorities. To provide data for this effort, a new Office of Budget Planning and Information Services (BPIS) was established.

The unprecedented involvement of the larger University community with budgets was necessitated in part by the changed nature of the appropriations provided by the 1971 Minnesota Legislature. But the wide degree of participation in the decision-making processes that followed was achieved because the University administration made a commitment to involve as many as possible and because of the dedicated work of those involved.

1971-72 Retrenchment

The State Appropriation, providing approximately one third of the University's funds for the year, was not passed until June 7, 1971. The Legislature asked that the University reduce selected salary expenditures and reduced the University's appropriation by a corresponding amount. While the resources available for the 1971-72 general operations and maintenance fund were \$7.4 million larger than the previous year, specially allocated funds (including \$6 million in pay raises) totaled \$11.2 million, thus requiring a \$3.8 million retrenchment.

Because work on the 1971-72 budget had to be completed in so short a time after the final legislative action, the University was forced to implement across the board cutbacks in the budgets of every unit. To rectify the potential damage done by this necessary but indiscriminate, non-selective reduction, a decision was made to initiate a comprehensive and systematic program review to establish priorities for the next budget year.

Retrenchment and Reallocation

The Retrenchment and Reallocation process, carried out in the first half of 1972, served to counter the non-selective nature of the across the board cutback ordered for the 1971-72 year and allowed the University to fund new priority programs in spite of reduced spending levels. It further provided guidance for the appropriations request for 1973-75.

Although the budget retrenchment required for the 1972-73 year would have amounted to only one-half percent, the University decided to achieve a six percent retrenchment and then reallocate up to 5.5 percent to high priority programs on a selective basis. The process, known as Retrenchment and Reallocation (R & R), was originated through the

University Senate Committees on Educational Policy (SCEP) and Resources and Planning (SCRAP), both of which involve both faculty and students.

Each instructional and administrative unit was asked to cut back a total of six percent of its budget and then present programmatic support for reallocation of up to 5.5 percent of that amount for new or high priority programs. Lower priority programs were either phased out or funded at a reduced level. This was done in two phases. Up to three percent was reallocated first at the collegiate level to the departments. Another 2.5 percent was then reallocated on the basis of University-wide needs and priorities. The remaining .5 percent made up for the shortfall outlined above.

Budget Planning and Information Services

Budget Planning and Information Services was established in the late summer of 1971 with the immediate task of providing and coordinating information for the retrenchment and reallocation effort. It also brought scattered efforts dealing with budget and program planning together into one coordinated unit with ongoing responsibilities to develop management information systems to improve fiscal and budget planning data.

With its inauguration, responsibility for developing the appropriations request shifted from the Business Office to Budget Planning and Information Services. This office now generates the information necessary to more effectively allocate available resources. The Business Office is responsible for the actual disbursement of funds and providing data for expenditure control.

BPIS develops data on sources of cost changes, cost variations in different academic programs, and other pertinent factors important to budget planning and program analysis.

Other Significant Factors

During the fiscal year there was a significant shift in federal support for research efforts. While the University was ranked second in the nation in the receipt of total federal monies, this was largely due to the inclusion of the entire building support grant for Unit A of the Health Sciences complex (approximately \$22 million) during the fiscal year.

Otherwise the University would have continued to rank tenth or eleventh nationally in total federal funds received. The percent of the total University budget received from federal funds declined from 19.2 percent in 1970-71 to 17.9 percent in 1971-72, a 1.3 percent decrease.

The shift in funding adversely affected research efforts in the natural sciences and in technological

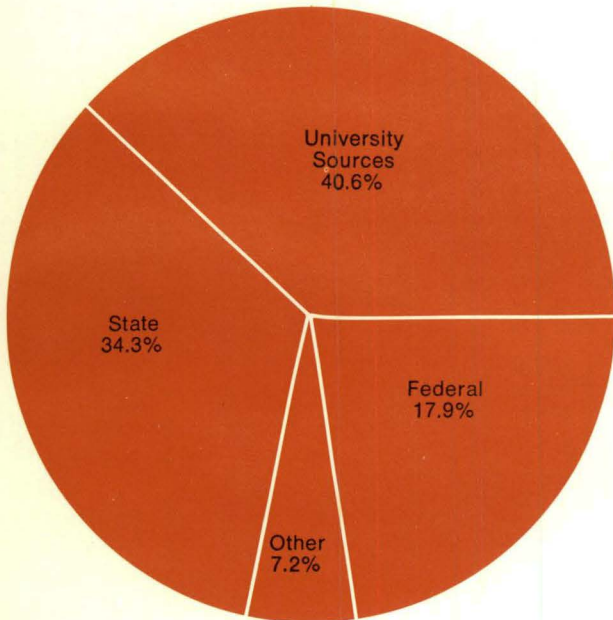


areas, which have traditionally relied heavily on federal support. Sponsored research in the Institute of Technology, for example, declined by almost \$1 million during the year. On the other hand, sponsored research increased by \$1.8 million in Health Sciences and increased by smaller amounts in agriculture and other academic areas.

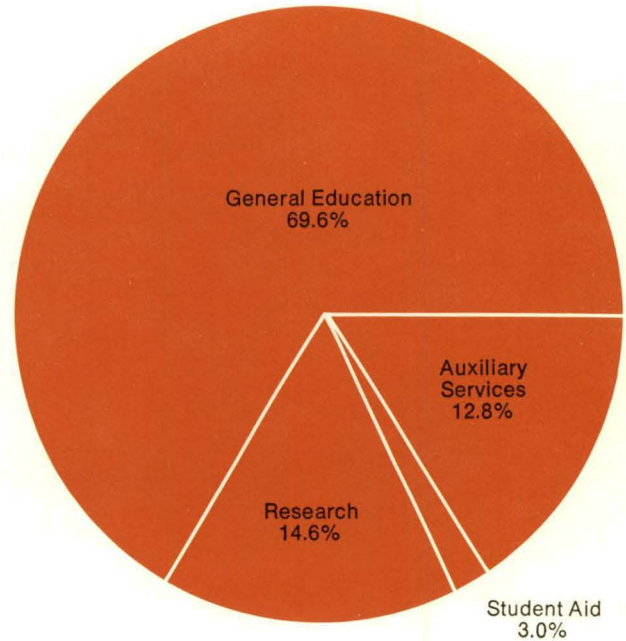
With a decline in the percentage of federal support, other areas increased percentage-wise. The largest increase, amounting to .8 percent, came from University sources such as tuition. Foundation and gift support increased by .4 percent, due largely to the increased fund raising efforts of the Office of Development. The percentage of state support increased by only .1 percent from 1970-71 to 1971-72.

The year was, in sum, one in which the problems relating to the financing of education came to the forefront. The situation here is no different than elsewhere. The effort is directed at maintaining educational quality and financing innovative programs in a period of relative constraint. It is a source of continuing concern, demanding and receiving the concerted efforts of the entire University community.

Income by Source



Expenditures by Function



THE YEAR IN REVIEW

Enrollment and Cost Increases

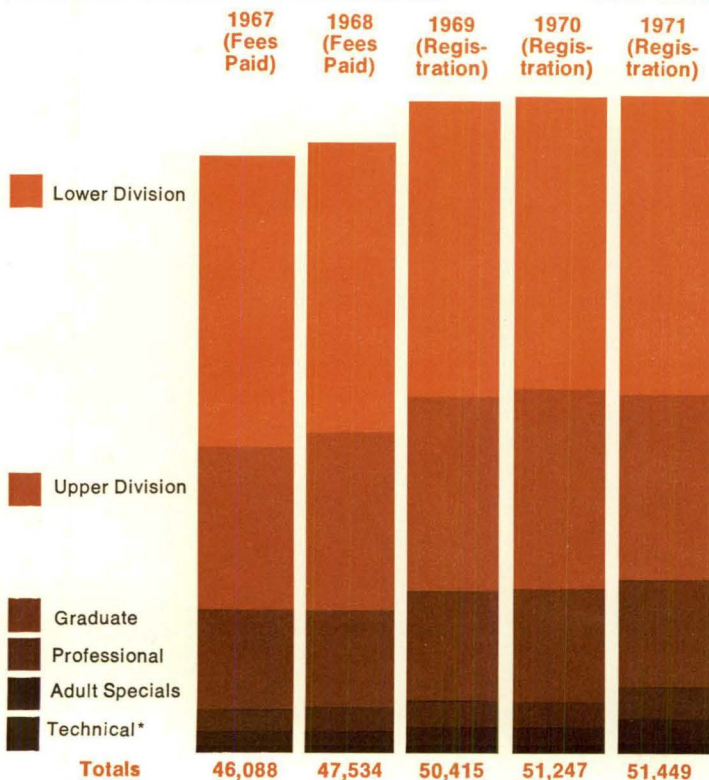
Enrollment in the fall of 1971 leveled off, following a decade of dramatic increases. Enrollment was at 51,449 compared with 51,247 in 1970. These figures do not include the 35,000 students in Continuing Education and Extension classes or Summer Session. Summer Session enrollments totaled 27,473, compared with 28,371 in 1970-71.

Changes in the total enrollments obviously had little effect on expenditures this year. Yet expenditures did continue to rise. Generally, there are three major sources of increased costs. First, there are standard inflationary increases in salaries and materials. Second, there are increased costs associated with the offering of additional programs and courses. And third, there are increased costs associated with changes in the mix of students, as the University enrolls more and more students in upper division and graduate and professional programs.

During the period 1963-72, expenditures *per student* at the University rose an average of 7.3 percent per year. Inflation was the largest component, constituting 3.3 percent annually. Real growth in staff—tied to program increases—amounted to 2.1 percent annually. Parallel growth in supplies and equipment averaged 1.4 percent yearly. And miscellaneous items accounted for the remaining .5 percent.

Five-Year Head-Count Enrollments

1967-1971



Head-Count Enrollment

Fall 1971

College of Liberal Arts	17,501
Institute of Technology	3,938
General College	3,057
College of Education	2,851
Institute of Agriculture	2,943
College of Biological Sciences	324
University College	297
College of Business Administration	1,131
Duluth	5,230
Morris	1,714
Crookston	526
Waseca	131
Graduate School	8,195
Health Sciences:	
Medical School	789
School of Nursing	307
School of Dentistry	453
Dental Hygiene	125
College of Pharmacy	325
Other Programs	615
College of Veterinary Medicine	255
Law School	742
Total	51,449

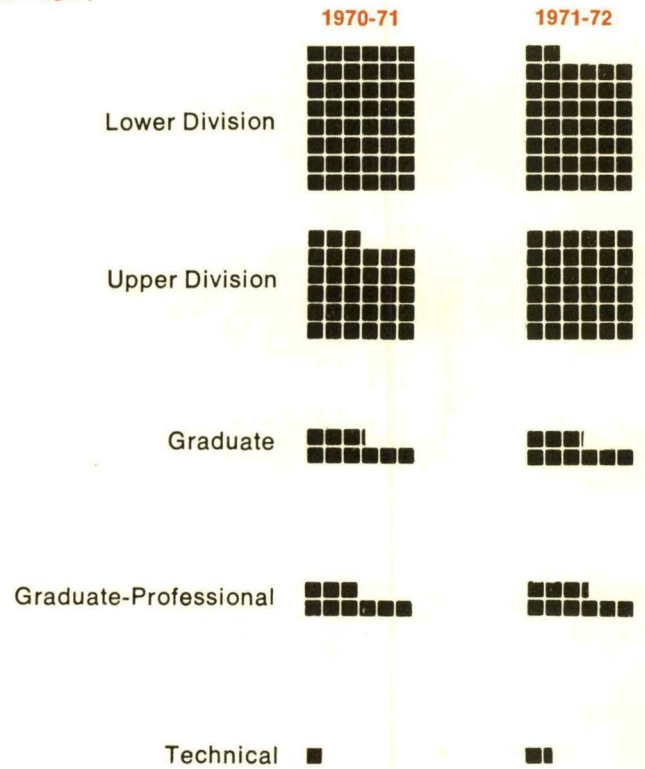
*At the Crookston and Waseca Technical Colleges.

No breakdown was possible on how much of the program increase was due to the changing mix of students, because the variables involved make such a separation difficult. However, enrollment figures show that there was a three percent increase this year in the relative percentages of those enrolled in upper division coursework, a slight (.1 percent) decrease in the graduate area, and increases of .3 and .5 percent in professional and technical areas, the two highest cost program areas. Relative enrollment percentages in lower division courses—the least expensive programs—dropped by 3.7 percent, from 47.8 percent of the total to 44.1 percent.

Yearly Instructional Expenditures Per Full-Time Student
(State Funds and Tuition Only)



Students Enrolled by Level of Instruction
(In Percentages)



Summary of Revenue Sources

Total income for 1971-72—exclusive of funds for construction projects—rose to \$287,847,857 from \$264,298,812 the previous year, a \$23.5 million increase, or approximately nine percent.

The largest increase came from University sources, which include tuition and income from University hospitals and from housing and food services. Tuition increases varied. As an example, undergraduate tuition in the College of Liberal Arts was increased by \$75 per year for residents and by \$200 for nonresidents. Total income from University sources rose from \$105,148,232 the previous year to \$116,980,189, an increase of \$11.8 million.

Total University Budgets 1962-1972 (In millions of dollars)

INCOME	YEAR	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
University Sources		\$46.1	\$51.5	\$56.2	\$63.4	\$69.7	\$79.1	\$86.1	\$96.0	\$105.1	\$117.0
State Appropriations		32.1	34.8	38.3	44.9	49.6	60.5	68.3	82.2	90.4	98.7
Federal		22.3	28.7	26.2	34.5	40.9	47.1	46.4	49.1	50.9	51.5
Other		5.4	6.0	8.3	7.9	9.1	9.8	13.1	15.1	17.9	20.6
Totals		\$105.9	\$121.0	\$129.0	\$150.7	\$169.3	\$196.5	\$213.9	\$242.4	\$264.3	\$287.8

EXPENDITURES

General Educational		\$62.8	\$69.7	\$77.3	\$88.0	\$102.6	\$123.5	\$135.1	\$159.7	\$180.7	\$188.7
Auxiliary Services		16.0	17.3	18.4	20.6	23.1	26.7	28.3	31.3	32.7	34.7
Research		21.9	25.3	28.0	31.7	35.3	39.3	39.3	38.0	38.4	39.8
Student Aid		1.9	1.9	2.0	2.3	3.0	3.7	5.0	6.2	8.0	8.4
Encumbrances, Transferrals & Adjustments		3.3	6.8	3.3	8.1	5.3	3.3	6.2	7.2	4.5	16.2
Totals		\$105.9	\$121.0	\$129.0	\$150.7	\$169.3	\$196.5	\$213.9	\$242.4	\$264.3	\$287.8

The State Appropriation rose from \$90,377,553 to \$98,729,666 in 1971-72, an increase of \$8.3 million.

Federal sources increased by less than \$.7 million, from \$50,860,558 to \$51,526,601, an increase of only 1.4 percent.

Other sources, including gifts, grants, and endowment income, rose from \$17,912,469 in 1970-71 to \$20,611,401 last year, an increase of \$2.7 million.

The increase in University sources, constituting an increase of almost one percent of its relative share (from 39.8 to 40.6 percent) is a matter of concern because it reflects higher tuition rates. Higher rates in turn make it increasingly difficult for many students to continue their education without extensive borrowing. The level of student indebtedness has been rising dramatically in recent years. And the loan funds that are available are not always adequate to meet the need.

Summary of Expenditures

The increase in the State Appropriation was more than matched by an increase in designated spending, necessitating the across the board retrenchment discussed in the introduction. The State's relative percentage of support rose .1 percent, from 34.2 to 34.3 percent.

While federal sources rose by 1.4 percent absolutely, the overall revenue increase of nine percent meant that the relative share of federal support decreased by 1.3 percent. To have maintained its relative percentage of support, the federal share would have had to increase by over \$2 million; in fact, as mentioned, it increased by less than \$.7 million.

The most encouraging aspect of revenue increases in 1971-72 is reflected in the income from other sources, which rose in relative share from 6.8 to 7.2 percent. This is the result of increased gifts from private parties and corporations. Much of the credit for the improvement in private support must go to the Office of Development, created in June of 1970 to coordinate fund raising efforts and to increase private support to ensure and enhance the excellence of University programs. In just two years, private support, including corporate sponsored research, rose from about \$15.1 million to over \$20.6 million, a substantial 36 percent increase.

Total cash expenditures for 1971-72 rose by \$11.7 million, from \$259,919,196 to \$271,636,003, an increase of approximately five percent. The difference between the total income (\$287.8 million) and the total expenditures (\$271.6 million) reflects the University's use of a cash flow and encumbrance accounting system. The increase in this difference, from \$4.5 million in 1970-71 to \$16.2 million, is due to increases in encumbrances and transfers because of changing internal priorities and delayed or changed payment times.

Approximately \$8.8 million of the \$16.2 million involved is accounted for in transfers of funds out of current funds accounts. For example, \$3.5 million was transferred from auxiliary funds to plant funds for debt service and deferred maintenance on dormitories and other auxiliary service facilities.

Increases in encumbered funds included approximately \$2 million in staff benefit payments, which were deferred and carried forward rather than being prepaid (as in the past). Another \$1.3 million for repair, maintenance, and utility rate increases were similarly treated. Finally, a large number of purchase requisitions were carried forward due to planned delays in their normal submission.

Regarding routine expenditures, the largest increase came in the general educational expenditure, which

Sponsored Research 1967-1972

Expenditures by Area

(In millions of dollars)

Area	1967-68	1968-69	1969-70	1970-71	1971-72
Health Sciences*	\$15.7	\$16.5	\$17.8	\$16.6	\$18.4
Technological**	11.2	9.7	9.6	9.6	8.7
Other Academic	4.8	5.0	5.7	6.8	6.9
Agricultural	3.9	4.2	4.9	5.4	5.7
Totals	\$35.6	\$35.4	\$38.0	\$38.4	\$39.8

*Includes Medical School, Veterinary Medicine, Pharmacy, and Dentistry

**Includes Institute of Technology and Space Science Center

rose from \$176,291,368 to \$183,943,489, an increase of \$7.7 million.

Research expenditures rose to \$44,557,695 in 1971-72, an increase of \$1.6 million over the 1970-71 level of \$42,918,404.

Auxiliary service expenditures rose by \$2 million, from \$32,698,792 to \$34,731,001 in 1971-72.

Student aid expenditures rose from \$8,010,632 in 1970-71 to \$8,403,818, an increase of about \$.4 million.

The increase in general educational expenditures was due primarily to salary increases granted to the staff during the year. The percent expended for general educational purposes remained at 69.6 percent of the total.

Research support in some areas decreased, even though the total expended in this area rose by \$1.6 million. This was because research expenditures in Health Sciences areas rose by approximately \$2.4 million, from \$15,474,594 to \$17,850,277 in 1971-72.*

The most significant decrease came in the Institute of Technology, where research expenditures dropped from \$9,384,990 to \$8,540,897, a decrease of over \$.8 million.

The rise in auxiliary expenditures was due in great part to inflation on goods and services purchased.

The \$.4 million increase in direct student aid in 1971-72 reflects a special 1971 legislative appropriation to aid students who otherwise would not have been able to continue their education because of the burden of increased tuition rates. Other funds remained at the same approximate levels.

*Part of this increase is due to the inclusion of approximately \$.6 million of research in pharmacy and dentistry under Health Sciences. Previously, these were separate categories.

Sponsored Research 1967-1972

Source of Income

(In millions of dollars)

Source	1967-68	1968-69	1969-70	1970-71	1971-72
Federal	\$29.6	\$28.2	\$29.4	\$28.7	\$29.2
Gift	3.0	3.7	4.4	5.2	5.5
State	2.7	3.1	3.7	4.1	4.7
Endowed	.3	.4	.5	.4	.4
Totals	\$35.6	\$35.4	\$38.0	\$38.4	\$39.8

Detail of Expenditures for Sponsored Research

	1971-72	1970-71
Technological Areas		
Institute of Technology	\$ 8,540,897	\$ 9,384,990
Space Science Center	240,487	251,351
Health Sciences Areas		
Health Sciences	17,850,277	15,474,594
College of Veterinary Medicine	507,344	527,096
College of Dentistry*	...	386,167
College of Pharmacy*	...	203,910
Agricultural Areas		
Institute of Agriculture	5,744,938	5,359,615
Other Academic Areas		
College of Liberal Arts	1,768,607	1,869,946
College of Biological Sciences	1,188,376	1,240,347
College of Education	1,312,282	1,325,978
College of Business Administration	347,956	417,818
Duluth	176,915	144,443
Graduate School	1,561,033	1,445,328
Other Units	543,585	389,713
Totals	\$39,782,697	\$38,421,296

*Included in the general Health Sciences Areas in 1971-72.

Student Aid Funds

The University provides financial assistance in several forms including scholarships, fellowships, and loans.

Scholarships and fellowships granted increased from \$8,010,632 in 1970-71 to \$8,403,818 last year, an increase of \$.4 million or approximately five percent.

New student loans increased from \$3,821,254 to \$5,228,207 in 1971-72, an increase of \$1.4 million or 37 percent in a single year. In just two years, new loans increased by over \$2 million, or by 62 percent.

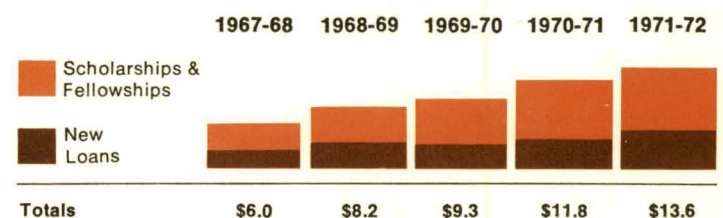
This dramatic increase in student loans made during the last two years represents a source of concern to the University. It reflects the limitations of scholarships and grants and the increased reliance of many students on loans to finance their education.

A University survey in 1971 showed that graduating seniors had accumulated average debts of \$2,068 with individual indebtedness running as high as \$5,167. Rising costs also mean that more students find it necessary to borrow; over a thousand additional students applied for aid in 1971-72 than in the previous year. One out of five students now receives some form of financial assistance.

A major source of loan funds is the federal student loan program for which the University provides 10 percent matching funds. The total principal for loan funds grew to \$20.7 million, of which \$19.3 million was in notes receivable leaving \$1.4 million available for future use. An estimated \$9.1 million—or almost half—of the outstanding loans have been made in the last three years.

Scholarships and grants are supported primarily by gifts, grants, and endowment income. The endowment income is generated from the invested total of the \$12.7 million dedicated for student aid, based on market value as of June 30, 1972.

Student Aid Expenditures 1967-1972
(In millions of dollars)



Endowment Funds

Total market value of University endowment funds rose to \$93,211,761 in 1971-72, an \$11.6 million increase over the previous total of \$81,627,373.

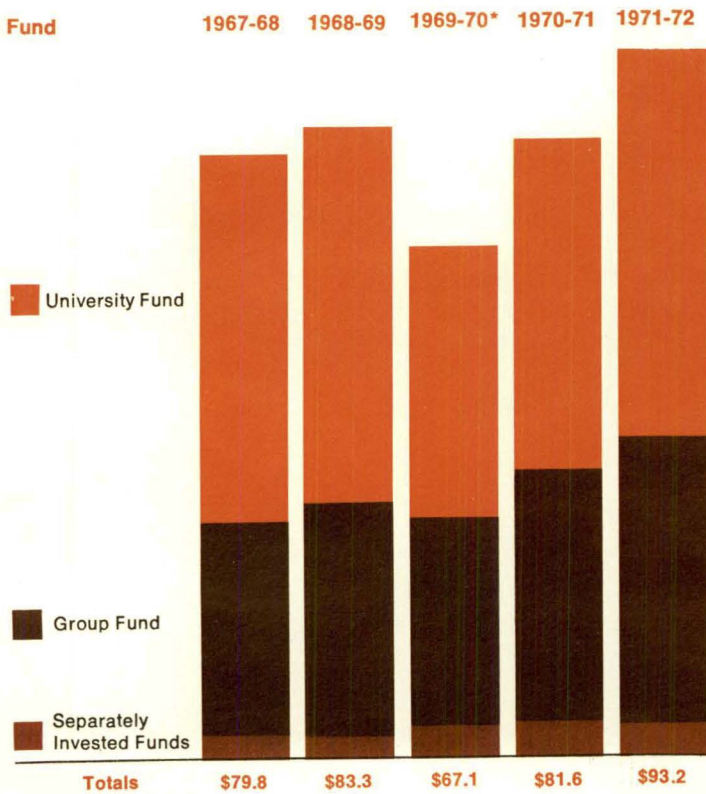
In January 1970, the University began using market rather than book value to account for and measure the performance of its endowment funds. Also at that time responsibility for management of the investment portfolios was turned over to several investment firms. Since that change, the market value of the various endowments has risen from \$67.1 million to \$93.2 million, an increase of over \$26 million—or 39 percent—in two and a half years. Much of this increase is due to improvement in the general market situation. A part is due to the addition of new gifts to the endowment base. But increased efficiency in the management of the funds has also been realized.

The largest endowment fund, the Permanent University Fund, grew in value from \$42,961,924 to \$50,394,824 in the last year. The most significant source of additions to the fund since it was established has been the 10 percent occupational tax on iron ore. Income from the Permanent University Fund is treated as an offset to the State General Operations and Maintenance Appropriation.

The majority of gifts from private sources are pooled and invested in a single fund. This Group Investment Fund is the other major University endowment fund with a market value of \$37,356,829, up from \$32,875,640 in 1970-71. The income on these 532 pooled funds is distributed proportionately each June 30. The gains on the sale of securities and the undistributed income are reinvested to improve income on the funds involved.

Thirty-four separately invested funds had a total value of \$5,460,108, up from \$4,920,484 on June 30, 1971.

Endowment Value 1967-1972 (In millions of dollars)



*In this and subsequent years, the market value is given. Previously, the University had listed book values on endowment funds.

Estimated Market Value of Endowment Funds by Purpose Excluding Permanent University Fund (In millions of dollars)

	1971-72	1970-71
Research	\$ 8.4	\$ 8.8
Student Aid	12.7	11.8
Other Purposes	8.6	8.5
Subject to Annuity	.5	.5
Temporary Endowments	6.2	5.2
Student Loans	.3	.3
Instructional Trust Funds	6.1	6.5

STATEMENTS OF FINANCIAL CONDITION

The accounts of the University are maintained on the balanced fund principle. The accounts are divided into five major funds based on their source and the use made of them. These categories are: Current Funds (used in the daily operations of the University), Student Loan Funds, Endowment and similar funds, Plant Funds, and Agency Funds.

Three statements are included in this report to indicate the financial status of the University and to show the results of operations during the year. The first statement is the Balance Sheet, which shows the financial position of the University as of June 30, 1972. The second is the Statement of Changes in Fund Balances, which shows the effect of the year's operations. The third is the Statement of Expenditures and Resources Utilized, which details the expenditures made during the year and the income received to cover the expenses.

BALANCE SHEET

Assets

	June 30, 1972	June 30, 1971
Current Funds:		
UNRESTRICTED:		
Cash and Temporary Investments (1)	\$ 19,507,363	\$ 13,944,207
Contingent Fund	170,000	170,000
Accounts Receivable	40,000	13,413
Stores and Postage Inventory	150,000	150,000
Permanent University Fund — Accrued Interest Receivable	568,290	550,042
TOTAL UNRESTRICTED	20,435,653	14,827,662
RESTRICTED:		
Cash and Temporary Investments (1)	16,060,685	11,351,312
Contingent Fund	60,000	60,000
Accounts Receivable	422,260	519,179
Cash in Foreign Currency		2,510
Stores and Postage Inventory	21,461	35,242
Jobs in Process	1,048,774	704,200
Insurance Premium Deposit	3,932,108	2,624,924
Group Investment Fund — Accrued Interest Receivable	268,285	268,804
Payroll Clearing Account		12,237
TOTAL RESTRICTED	21,813,573	15,578,408
AUXILIARY FUNDS:		
Cash and Temporary Investments (1)	7,341,491	7,547,008
Contingent Fund	25,000	25,000
Accounts Receivable	350,000	317,267
Stores and Postage Inventory	479,324	548,127
TOTAL AUXILIARY	8,195,815	8,437,402
Total Current Funds	\$ 50,445,041	\$ 38,843,472
Student Loan Funds:		
Cash and Temporary Investments (1)	\$ 1,364,861	\$ 1,617,691
Notes Receivable	19,297,045	15,942,321
Collateral at Bank	25,210	25,210
Total Student Loan Funds	\$ 20,687,116	\$ 17,585,222

See accompanying Notes to Financial Statements.

BALANCE SHEET

Liabilities and Fund Balances

	June 30, 1972	June 30, 1971
Current Funds:		
UNRESTRICTED:		
Stores and Contingent Fund	\$ 320,000	\$ 320,000
Investment Expense	37,609	33,118
Fee Refunds	(6,749)	9,988
Deferred Revenue	1,361,374	1,176,879
Fund Balances:		
Open Requisitions (Includes Accounts Payable)	11,248,123	6,953,752
Open Authorizations	7,422,852	6,270,258
Fund Balances	52,444	63,667
TOTAL UNRESTRICTED	20,435,653	14,827,662
RESTRICTED:		
Contingent Fund	60,000	60,000
State and Federal Taxes Payable	1,488,455	529,027
Insurance Premium and OASI Deposits	5,425,327	3,931,758
Deposits and Revolving Accounts	173,808	21,689
Federal Advance Payments	2,894,144	2,600,978
Cash in Foreign Funds		2,510
Temporary Investment Balances (2)	1,157,807	
Fund Balances:		
Open Requisitions	8,343,799	7,204,387
Open Authorizations	1,106,137	1,270,618
Temporary Investment Reserve	431,358	431,358
Fund Balances	732,738	(473,917)
TOTAL RESTRICTED	21,813,573	15,578,408
AUXILIARY SERVICES:		
Stores and Contingent Fund	258,787	258,787
Deposits and Revolving Accounts	51,462	111,822
Deferred Revenue	866,850	921,668
Fund Balances:		
Open Requisitions	1,116,082	1,004,818
Open Authorizations	386,559	560,904
Food Store Reserves	230,000	230,000
Fund Balances	5,286,075	5,349,403
TOTAL AUXILIARY	8,195,815	8,437,402
Total Current Funds	\$ 50,445,041	\$ 38,843,472
Student Loan Funds:		
Loan Funds	\$ 20,684,616	\$ 17,582,722
Reserve for Loan Funds (3)	2,500	2,500
Total Student Loan Funds	\$ 20,687,116	\$ 17,585,222

See accompanying Notes to Financial Statements.

BALANCE SHEET

Assets

	June 30, 1972	June 30, 1971
Endowment and Similar Funds:		
ENDOWMENT FUNDS:		
Cash	\$ 390,375	\$ 1,694,095
Investments (4)	92,413,761	78,652,027
TOTAL ENDOWMENT FUNDS	92,804,136	80,346,122
ANNUITY FUNDS:		
Cash	4,773	13,880
Investments	402,852	398,046
TOTAL ANNUITY FUNDS	407,625	411,925
FUNDS HELD IN TRUST (5)		869,325
Total Endowments and Similar Funds	\$ 93,211,761	\$ 81,627,373
Plant Funds:		
UNEXPENDED:		
Cash and Temporary Investments (1)	\$ 32,024,424	\$ 34,169,613
Accounts Receivable	65,456	92,915
Anticipated Income	81,711,123	64,716,541
Anticipated Income — Notes and Bonds Payable	3,319,626	2,239,895
Discount on Sale of Bonds		22,404
TOTAL UNEXPENDED	117,120,629	101,241,368
REPAIRS AND REPLACEMENT:		
Assets Held by Trustee	1,478,397	1,175,880
RETIREMENT OF INDEBTEDNESS:		
Cash	3,030	(13,165)
Assets Held by Trustee	1,735,749	1,433,398
TOTAL RETIREMENT OF INDEBTEDNESS	1,738,779	1,420,233
Total Plant Funds	\$ 120,337,805	\$ 103,837,481
Investment in Plant:		
Land	\$ 19,839,933	\$ 19,110,476
Buildings	289,758,331	249,191,428
Improvements other than Buildings	19,137,980	16,800,804
Equipment	97,196,724	92,412,959
Museum Collections	3,440,400	3,282,563
Library and Reference Books	20,310,920	18,355,731
Livestock	637,594	533,403
Total Plant Investment	\$ 450,321,882	\$ 399,687,364
Agency Funds:		
Investments	\$ 292,529	\$ 239,192

See accompanying Notes to Financial Statements.

BALANCE SHEET

Liabilities and Fund Balances

	June 30, 1972	June 30, 1971
Endowment and Similar Funds:		
ENDOWMENT FUNDS:		
Fund Balances:		
Permanent University Fund	\$ 50,394,824	\$ 42,961,924
Group Investment Fund	36,949,204	32,553,973
Separately Invested Funds	5,460,108	4,830,225
TOTAL ENDOWMENT FUNDS	92,804,136	80,346,122
ANNUITY FUNDS:		
Fund Balances	407,625	411,926
FUNDS HELD IN TRUST		
		869,325
Total Endowments and Similar Funds	\$ 93,211,761	\$ 81,627,373
Plant Funds:		
UNEXPENDED:		
Notes Payable	\$ 1,413,110	\$ 1,942,858
Bonds Payable	1,906,516	297,037
Fund Balances:		
Open Requisitions	52,328,105	36,108,828
Open Authorizations	4,118,654	3,114,437
Reserves for Certificates	3,222,496	69,179
Fund Balances	54,131,748	59,709,029
TOTAL UNEXPENDED	117,120,629	101,241,368
REPAIRS AND REPLACEMENT:		
Fund Balances	1,478,397	1,175,880
RETIREMENT OF INDEBTEDNESS:		
Fund Balances	1,738,779	1,420,233
Total Plant Funds	\$ 120,337,805	\$ 103,837,481
Investment in Plant:		
Notes Payable	\$ 9,352,730	\$ 8,405,801
Bonds Payable	20,839,484	15,956,963
Net Investment in Plant	420,129,668	375,324,600
Total Plant Investment	\$ 450,321,882	\$ 399,687,364
Agency Funds:		
Deposits Held in Custody for Others	\$ 292,529	\$ 239,192

See accompanying Notes to Financial Statements.

Statement of Changes in Fund Balances

Year Ended June 30, 1972

		Current Funds			
		Unrestricted	Restricted	Auxiliary Services	
Revenues and Other Additions	STUDENT FEES	\$ 27,927,540	\$ 324,445	\$	
	PUBLIC APPROPRIATIONS:				
		State Maintenance	77,747,228		
		State Specials		20,982,438	
		State Specials — Plant			
		Federal		5,653,365	
		SALES, SERVICES AND MISCELLANEOUS INCOME	15,032,770	35,292,432	
		ENDOWMENT INCOME		1,062,040	
		CONTRACTS, GIFTS AND GRANTS:			
		Research		33,662,847	
		Instruction, Public Service		23,685,569	
		AUXILIARY SERVICES			36,402,612
		INTERCOLLEGIATE ATHLETICS — ALL CAMPUSES			2,000,390
		STUDENT AID:			
		Gifts and Grants		7,597,996	
		Endowment Income		476,185	
		STUDENT LOAN FUNDS:			
		Gifts			
		Interest Income			
		ENDOWMENT FUNDS:			
	Gifts				
	Earnings Reinvested				
	Adjustments				
	PLANT FUNDS OTHER THAN STATE:				
	Unrestricted				
	Restricted				
	BONDS ISSUED				
	NOTES ISSUED				
		120,707,538	128,737,317	38,403,002	
Expenditures and Other Deductions	CURRENT FUND EXPENDITURES:				
	Salaries and Wages	82,020,713	66,685,897	11,561,333	
	Supplies and Expense	29,819,360	51,875,412	22,566,161	
	Equipment	1,327,098	4,068,328	594,739	
	Other	668,347	265,941	182,673	
	LOAN CANCELLATIONS — OTHER DEDUCTIONS				
	ANNUITY DEDUCTIONS AND PAYMENTS				
	PLANT FUNDS: (6)				
	Unrestricted				
	State Appropriations				
	Auxiliary Services				
	Other Restricted				
	RETIREMENT OF INDEBTEDNESS				
			113,835,518	122,895,578	34,904,906
	Transfers and Adjustments	TRANSFERS TO CURRENT TO PROVIDE FOR INTEREST ON INDEBTEDNESS			
TRANSFERS BETWEEN FUNDS — ADDITIONS (DEDUCTIONS)		(1,442,918)	(3,686,725)	(3,624,505)	
INCREASE IN ANTICIPATED INCOME —					
OTHER ADJUSTMENTS AND CORRECTIONS (7)		6,640	26,571		
Net Increase (Decrease) for the Year		\$ 5,435,742	\$ 2,181,585	\$ (126,409)	
Fund Balances at Beginning of the Year		\$ 13,287,677	\$ 8,432,447	\$ 7,145,125	
Fund Balances at End of the Year		\$ 18,723,419	\$ 10,614,032	\$ 7,018,716	
Detail of Balances at End of the Year	ENCUMBRANCES	\$ 18,670,975	\$ 9,449,936	\$ 1,502,641	
	FOOD STORES			230,000	
	TEMPORARY INVESTMENTS		431,358		
	UNOBLIGATED ALLOTMENTS	49,759	668,541	3,565,115	
	UNALLOTTED FUNDS	2,685	64,197	1,720,960	
	RESTRICTED BALANCES				
	ANTICIPATED INCOME				
			\$ 18,723,419	\$ 10,614,032	\$ 7,018,716

See accompanying Notes to Financial Statements.

Student Loan Funds	Endowment and Similar Funds	Annuity Funds	Plant Funds			Net Investment in Plant
			Unexpended	Equipment, Repairs and Replacement	Retirement of Indebtedness	
\$	\$	\$	\$	\$	\$	\$
			17,709,121			
2,668,602						
219,745						
	2,101,845					
	209,610					
	9,569,655	11,557				
			243,749			
			10,461,607	74,667	96,444	
			6,845,000			
			1,020,000			
2,888,347	11,881,110	11,557	36,279,477	74,667	96,444	
						5,990,166
						1,116,961
452,014						
	(15,858)	15,858				
			681,170			454,564
			29,319,748			27,564,805
			7,665,746			7,107,479
			8,295,995			7,793,624
			637,820		353,000	
452,014	(15,858)	15,858	46,600,479		353,000	50,027,599
					(578,852)	
191,878	(307,355)		8,066,673	227,850	1,153,954	
			17,098,883			
473,684	(924)		(45,024)			606,919
\$ 3,101,895	\$ 11,588,689	\$ (4,301)	\$ 14,799,530	\$ 302,517	\$ 318,546	\$ 50,634,518
\$ 17,585,222	\$ 81,215,447	\$ 411,926	\$ 99,001,473	\$ 1,175,880	\$ 1,420,233	\$ 399,687,364
\$ 20,687,117	\$ 92,804,136	\$ 407,625	\$ 113,801,003	\$ 1,478,397	\$ 1,738,779	\$ 450,321,882
\$	\$	\$	\$ 56,446,759	\$	\$	\$
			(31,542,250)			
20,687,117	92,804,136	407,625	7,185,371	1,478,397	1,738,779	450,321,882
			81,711,123			
\$ 20,687,117	\$ 92,804,136	\$ 407,625	\$ 113,801,003	\$ 1,478,397	\$ 1,738,779	\$ 450,321,882

Statement of Current Funds Expenditures and Resources Utilized

	June 30, 1972			June 30, 1971
	Unrestricted	Restricted	Total	Total
Expenditures:				
EDUCATIONAL AND GENERAL:				
General Administration	\$ 5,358,404	\$ 521,273	\$ 5,879,677	\$ 4,767,047
General Expense (8)	5,000,733	400,492	5,401,225	20,936,521
Instruction & Departmental Research	61,920,302	21,244,948	83,165,250	74,192,835
Libraries	4,386,446	835,466	5,221,912	4,703,701
Organized Activities Relating to				
Instructional Departments	4,670,897	33,593,469	38,264,366	33,657,550
Extension and Public Service	6,686,622	17,238,994	23,925,616	22,335,737
Budgeted and Sponsored Research	4,254,288	40,303,407	44,557,695	42,918,404
Physical Plant Operations	16,148,815	604,488	16,753,303	15,697,977
Auxiliary Services (9)	34,721,771	9,230	34,731,001	32,698,792
Student Services	5,028,807	303,333	5,332,140	
Student Aid	563,339	7,840,479	8,403,818	8,010,632
Total Expenditures:	\$ 148,740,424	\$ 122,895,579	\$ 271,636,003	\$ 259,919,196
Resources Utilized:				
EDUCATIONAL AND GENERAL:				
Student Tuition and Fees	\$ 27,927,540	\$ 324,445	\$ 28,251,985	\$ 24,860,738
Governmental Appropriations:				
State	77,747,228	20,982,438	98,729,666	90,377,553
Federal		5,653,365	5,653,365	5,170,960
Sales, Services of Educational Departments	15,032,769	35,292,432	50,325,201	44,372,979
Endowment Income		1,062,040	1,062,040	1,330,778
Contracts, Gifts & Grants for Research		33,662,847	33,662,847	33,538,876
Other Current Purposes		23,685,569	23,685,569	21,867,145
TOTAL EDUCATIONAL AND GENERAL	\$ 120,707,537	\$ 120,663,136	\$ 241,370,673	\$ 221,519,029
Auxiliary Services	38,403,003		38,403,003	35,914,515
Student Aid		8,074,181	8,074,181	6,865,268
SUB-TOTALS	\$ 159,110,540	\$ 128,737,317	\$ 287,847,857	\$ 264,298,812
Transfers, Increases in Obligations and other Adjustments	10,370,116	5,841,738	16,211,854	4,379,616
Total Resources Utilized:	\$ 148,740,424	\$ 122,895,579	\$ 271,636,003	\$ 259,919,196

See accompanying Notes to Financial Statements.

Yearly Student Expenditures

Lower Division \$1467

Upper Division 2222

Graduate 3562

Professional and

Graduate 4572

Technical 3803

BUILDING PROGRAM

Expenditures for construction and remodeling totaled \$45,962,659 in 1971-72, up from \$33,291,481 in the previous year. This increase was due in large part to the work on a number of substantial projects, such as Unit A of the Health Sciences complex. Over \$10.1 million was expended on that project alone.

The State of Minnesota continued to provide the largest portion of these funds, contributing about \$30 million, or 65 percent of the revenues. Federal support totaled \$6.4 million. University sources, including transfers from auxiliary services funds, amounted to \$8.3 million with the remaining \$1.3 million expended coming from trust funds.

Building expenditures by campus included approximately \$26.5 million at Minneapolis and \$10.1 million at St. Paul, on the Twin Cities campus, \$4 million at Duluth, \$2.5 million at Morris, and another \$3 million at Crookston, Waseca, and various branch stations.

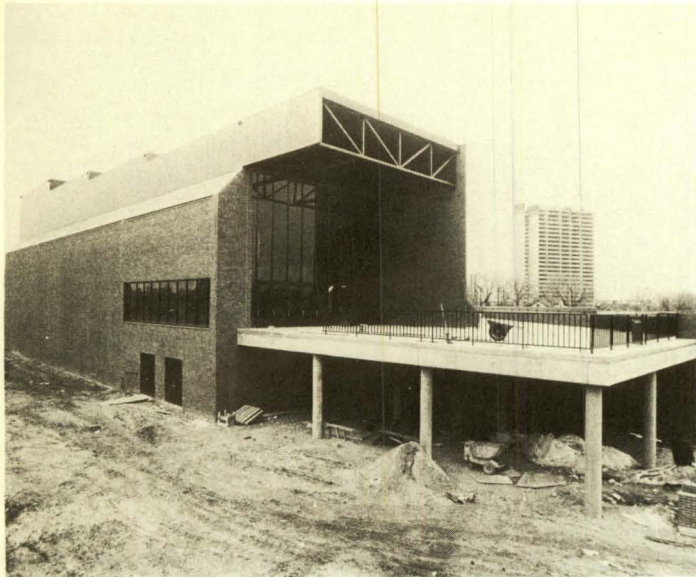
Detail of Plant Fund Expenditures

	1971-72	1970-71
Minneapolis	\$26,462,382	\$15,732,178
St. Paul	10,093,378	6,422,623
Duluth	3,977,139	5,333,922
Morris	2,467,995	2,962,472
Crookston, Waseca, & Branch Stations	2,961,765	2,840,286
Totals	\$45,962,659	\$33,291,481

In addition to the \$10.1 million expended on the Health Sciences Unit A, other major Minneapolis building projects included \$4.5 million for the Performing Arts Building, \$3.1 million for an addition to Elliott Hall, \$1.7 million for a new classroom building, and \$2.1 million for the Bierman Field Athletic Complex.

Major building expenditures in St. Paul included \$5.4 million for the Biological Sciences Building, \$1.4 million on the Rural Sociology and Agricultural Economics Building, and \$1.5 million on the Meats Processing Laboratory.

New building programs in Duluth included \$1.6 million for the Reception Center for Residence Halls Food Services, about \$.5 million on the Theatre Building, and approximately \$.5 million on planning for the Administration Building.



Morris projects included expenditures of \$1.1 million for a new residence hall, \$.6 million for food service facilities, and \$.4 million for Phase I of the Humanities Building.

Major projects at other locations included \$.8 million for a classroom building and \$.3 million for a residence hall at Crookston. Other expenditures were for minor projects at all locations.

Land Value

Location	Acquisition Cost
Minneapolis	\$ 16,434,381
St. Paul	1,591,397
Duluth	228,415
Morris	169,859
Crookston	234,580
Waseca	120,285
Branch Stations	958,790
Total	\$ 19,737,707

Capital Assets

Detail of Building Valuation (by location)	Original Cost
Minneapolis	\$ 180,340,253
St. Paul	52,231,228
Duluth	27,650,557
Morris	12,647,851
Crookston	4,393,475
Waseca	3,402,791
Rosemount Research Center	779,146
Off-Campus Buildings	2,891,674
Branch Stations	5,421,356
Total	\$ 289,758,331

Other Capital Assets

	Equipment	Books & Museum Collections	Livestock	Total by Campus
Minneapolis Campus	\$ 50,457,300	\$ 19,883,835		\$ 70,341,135
St. Paul Campus & Stations	7,340,441	1,574,318	\$ 637,594	9,552,353
Duluth Campus	7,085,772	1,636,053		8,721,825
Morris Campus	767,928	527,010		1,294,938
Crookston Campus	435,379	79,184		514,563
Waseca	136,001	49,370		185,371
Support Services	12,277,106			12,277,106
Trust Funds	18,696,797	1,550		18,698,347
Totals	\$ 97,196,724	\$ 23,751,320	\$ 637,594	\$ 121,585,638

NOTES TO FINANCIAL STATEMENTS

(1) The increase in the cash level in unrestricted funds is due to the lateness of the receipt and deposit of the final payment from the State for the 1971-72 General Appropriation. This payment, in the amount of \$6,606,604, was made June 30, 1972. The corresponding payment was made about June 1st in 1971.

Amounts shown as Cash and Temporary Investments represent the respective equities of the several funds in an undivided cash and securities pool, which had market values of:

	<u>June 30, 1972</u>	<u>June 30, 1971</u>
Cash	\$ (2,209,692)	\$ (4,671,853)
Temporary Investments	78,511,545	73,288,519
	<u>\$ 76,301,853</u>	<u>\$ 68,616,666</u>

Also affecting the total pool are increases in the open requisitions and the open authorizations categories. One of the factors contributing to this increase is that the payment for staff insurance and retirement was made in June of 1971 but was encumbered in June of 1972 in the amount of \$1,642,000. Also, there was a \$300,000 increase in encumbrances for OASI payable.

(2) The substantial increase in Temporary Investment Balances (Restricted Funds) is due to a change in accounting including initial write-up to market value, \$1,594,955, and accrual of income, \$444,777.

(3) Reserve for Loan Funds does not reflect funds in the amount of \$271,280 which are invested in the Group Investment Pool.

(4) Endowments are carried at market value except for a minor amount of assets held by the University for which a market value is not readily available. Endowments are reduced by a mortgage payable in the amount of \$43,963 and overstated land contracts in the amount of \$640. A detailed listing of the securities in the Endowment Funds is available on request.

(5) Trust Funds were written off the records in 1971-72 to conform with recommendations of the National Association of Colleges and Universities manual. A supplemental record is maintained.

(6) The difference between total expenditures and investment in plant totals represents non-capitalized expense.

(7) These amounts are primarily due to entries made on an incorrect type of document, which resulted in an inconsistency with the computer program. The entries have been identified and reconciled.

(8) In 1971-72 the fringe benefits were distributed to the related departments. Also, the expenditures for student services were put in a separate category.

(9) Funds in the amount of \$186,979 were expended in other categories. Special allotments from other sources in the amount of \$13,073 are included in this figure.