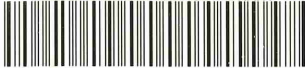


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Annual Financial Report

For the year ended June 30, 2002

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MINNESOTA STATE COLLEGES AND UNIVERSITIES

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2002

Prepared by:

Office of the Chancellor
Minnesota State Colleges and Universities
500 World Trade Center
30 East 7th Street
St. Paul, Minnesota 55101

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MINNESOTA STATE COLLEGES AND UNIVERSITIES

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2002

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INTRODUCTION

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Minnesota State Colleges & Universities

December 9, 2002

Dear Chair Choate and Trustees:

This past July, I completed my first year as Chancellor of the Minnesota State Colleges and Universities. In recent days, I have taken some time to reflect on what an exhilarating time it has been.

After visiting all 53 of our campuses and talking to most of Minnesota's 201 legislators, I continue to be impressed by the potential strength and power our institutions have to improve people's lives through higher education. The scope of our enterprise is astonishing. Our colleges and universities educate nearly as many students each year in credit-based courses as the combined populations of Bloomington, Duluth and St. Cloud. The demand for public higher education continues to grow. Our offerings encompass a complex mix of career and academic programs, ranging from technical fields to the liberal arts, touching all facets of Minnesota life.

But, to realize the full potential of our system, its many parts must work together as one. Our new strategic plan, *Designing the Future*, is intended to serve as a blueprint to assist each campus to become more efficient and effective in carrying out its mission while strengthening the system as a whole. As you know well, the plan outlines four strategic directions:

- Increase access and opportunity to provide more people from different backgrounds with the opportunity to experience the benefits of higher education.
- Expand high-quality learning programs and services that respond to student needs and document student achievement.
- Strengthen community development and economic vitality by working in new and collaborative ways to maintain and build vital communities and economies at the local, regional and state levels.
- Fully integrate the system by becoming a more fully coordinated system of distinct higher education institutions that provide high-quality education.

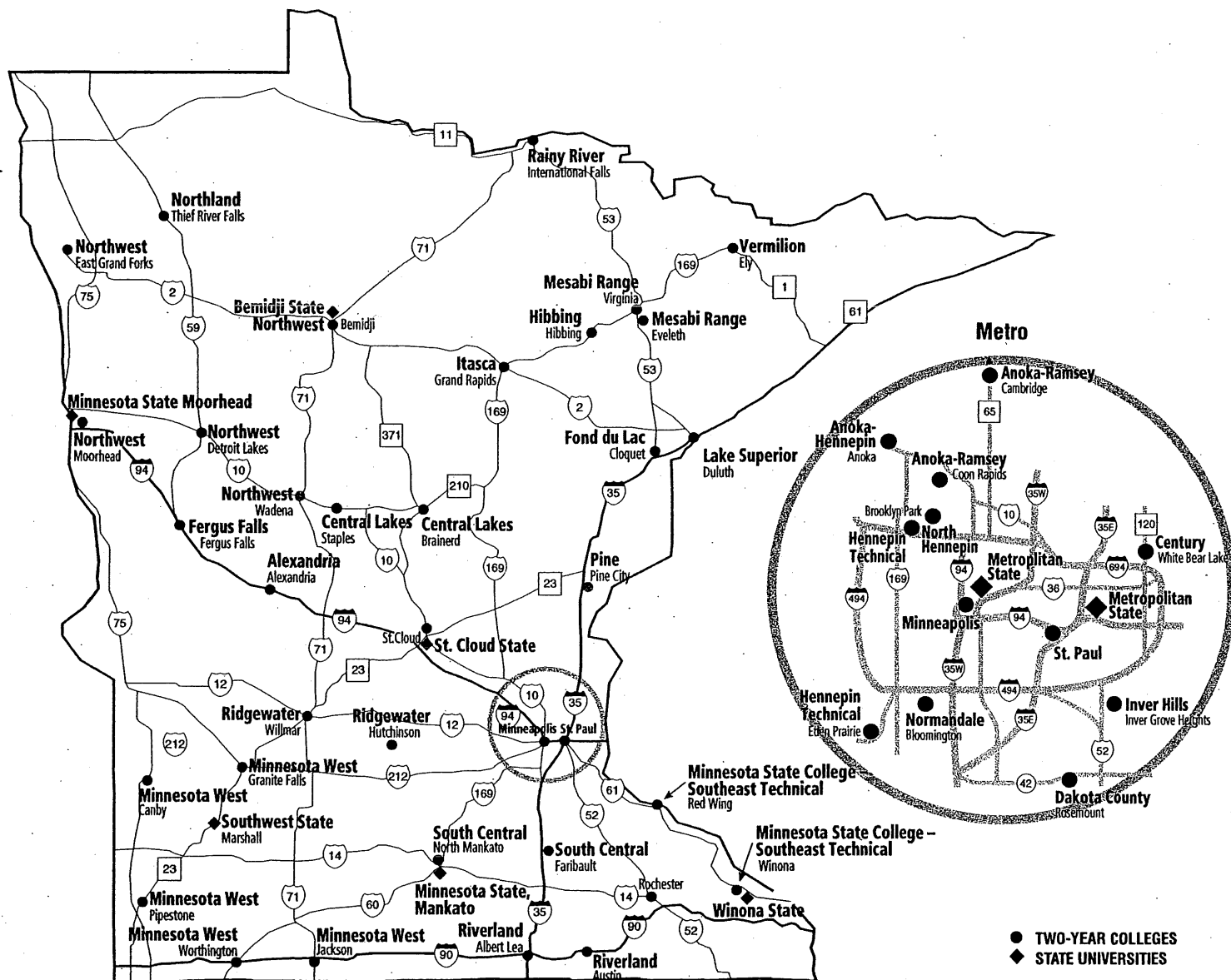
Implementation of this plan ultimately has the capacity to change the way we work with students, with each other and with our community, state and federal leaders for the good of the citizens of Minnesota. Carrying out these goals wisely and consistently will be a shared responsibility. These strategic directions require that financial capacity be in place to support this academic and service enterprise. In that regard, I am pleased to transmit to you the fiscal year 2002 Annual Financial Report.

Sincerely,

A handwritten signature in dark ink, appearing to be 'J. McCormick', is written over the printed name.

James H. McCormick
Chancellor

Minnesota State Colleges and Universities Campus Locations



TWO-YEAR COLLEGES

Alexandria Technical College
 Anoka-Hennepin Technical College
 Anoka-Ramsey Community College
 Central Lakes College
 Century College
 Dakota County Technical College
 Fergus Falls Community College
 Fond du Lac Tribal & Community College
 Hennepin Technical College
 Hibbing Community College
 Inver Hills Community College
 Itasca Community College*
 Lake Superior College
 Mesabi Range Community & Technical College*
 Minneapolis Community & Technical College

Minnesota State College-Southeast Technical
 Minnesota West Community & Technical College
 Normandale Community College
 North Hennepin Community College
 Northland Community & Technical College
 Northwest Technical College
 Pine Technical College
 Rainy River Community College*
 Ridgewater College
 Riverland Community College
 Rochester Community and Technical College
 St. Cloud Technical College
 St. Paul College
 South Central Technical College
 Vermilion Community College*

STATE UNIVERSITIES

Bemidji State University
 Metropolitan State University
 Minnesota State University, Mankato
 Minnesota State University Moorhead
 St. Cloud State University
 Southwest State University
 Winona State University

* Itasca, Mesabi Range, Rainy River and Vermilion make up the Northeast Higher Education District, a consortium of four state colleges.



Minnesota State Colleges and Universities

ALEXANDRIA TECHNICAL COLLEGE

Alexandria
Larry Shellito, President
1-888-234-1222
www.alextech.org

ANOKA-HENNEPIN TECHNICAL COLLEGE

Anoka
Anne Weyandt, President
1-800-247-5588
www.ank.tec.mn.us

**ANOKA-RAMSEY
COMMUNITY COLLEGE**
Coon Rapids and Cambridge
Patrick Johns, President
(763) 427-2600
www.anokaramsey.mnscu.edu

BEMIDJI STATE UNIVERSITY
Bemidji
Jon Quistgaard, President
1-800-475-2001
www.bemidjistate.edu

CENTRAL LAKES COLLEGE
Brainerd and Staples
Joseph Birmingham,
President
1-800-933-0346
www.clc.mnscu.edu

CENTURY COLLEGE
White Bear Lake
Larry Litecky, President
1-800-228-1978
www.century.mnscu.edu

**DAKOTA COUNTY
TECHNICAL COLLEGE**
Rosemount
Ronald E. Thomas,
President
1-800-548-5502
www.dctc.mnscu.edu

**FERGUS FALLS
COMMUNITY COLLEGE**
Fergus Falls
Ken Peeders, President
1-877-450-3322
www.ff.cc.mn.us

**FOND DU LAC TRIBAL AND
COMMUNITY COLLEGE**
Cloquet
Thomas Davis,
Interim President
1-800-657-3712
www.fdltc.edu

HENNEPIN TECHNICAL COLLEGE
Brooklyn Park and
Eden Prairie
Sharon Grossbach, President
1-800-345-4655
www.htc.mnscu.edu

HIBBING COMMUNITY COLLEGE
Hibbing
Anthony Kuznik, President
1-800-224-4422
www.hcc.mnscu.edu

**INVER HILLS
COMMUNITY COLLEGE**
Inver Grove Heights
Cheryl Frank, President
(651) 450-8500
www.inverhills.mnscu.edu

LAKE SUPERIOR COLLEGE
Duluth
Kathleen Nelson, President
1-800-432-2884
www.lsc.mnscu.edu

**METROPOLITAN STATE
UNIVERSITY**
St. Paul and Minneapolis
Wilson Bradshaw, President
(651) 772-7777
www.metrostate.edu

**MINNEAPOLIS COMMUNITY AND
TECHNICAL COLLEGE**
Minneapolis
Phillip Davis, President
1-800-247-0911
www.mctc.mnscu.edu

**MINNESOTA STATE COLLEGE -
SOUTHEAST TECHNICAL**
Red Wing and Winona
James Johnson, President
1-800-657-4849
www.southeastmn.edu

**MINNESOTA STATE UNIVERSITY,
MANKATO**
Mankato
Richard Davenport,
President,
1-800-722-0544
www.mnsu.edu

**MINNESOTA STATE UNIVERSITY
MOORHEAD**
Moorhead
Roland Barden, President
1-800-593-7246
www.mnstate.edu

**MINNESOTA WEST COMMUNITY
AND TECHNICAL COLLEGE**
Canby, Granite Falls, Jackson,
Pipestone and Worthington
Ronald A. Wood, President
1-800-657-3247
www.mnwest.mnscu.edu

**NORMANDALE
COMMUNITY COLLEGE**
Bloomington
Thomas Horak, President
1-866-880-8740
www.nr.cc.mn.us

**NORTH HENNEPIN
COMMUNITY COLLEGE**
Brooklyn Park
Ann Wynia, President
(763) 424-0702
www.nhcc-mnscu.edu

**NORTHEAST MINNESOTA HIGHER
EDUCATION DISTRICT**
Joe Sertich, President
1-800-996-6422

Itasca Community College
Grand Rapids
1-800-996-6422
www.itasca.mnscu.edu

Mesabi Range Community
and Technical College
Eveleth and Virginia
1-800-657-3860
www.mesabirange.mnscu.edu

Rainy River
Community College
International Falls
1-800-456-3996
www.rtrcc.mnscu.edu

Vermilion Community
College
Ely
1-800-657-3608
www.vcc.mnscu.edu

**NORTHLAND COMMUNITY AND
TECHNICAL COLLEGE**
Thief River Falls
Orley Gunderson, President
1-800-959-6282
www.nctc.mnscu.edu

**NORTHWEST
TECHNICAL COLLEGE**
Bemidji, Detroit Lakes,
East Grand Forks,
Moorhead and Wadena
Administered by
Orley Gunderson,
Ken Peeders and
Jon Quistgaard
1-800-942-8324
www.ntcmn.edu

PINE TECHNICAL COLLEGE
Pine City
Robert Musgrove, President
1-800-521-7463
www.ptc.tec.mn.us

RIDGEWATER COLLEGE
Willmar and Hutchinson
Colleen Thompson,
President
1-800-722-1151
www.ridgewater.mnscu.edu

**RIVERLAND
COMMUNITY COLLEGE**
Austin and Albert Lea
James Davis,
Interim President
1-800-722-5039
www.riverland.cc.mn.us

**ROCHESTER COMMUNITY AND
TECHNICAL COLLEGE**
Rochester
Don Supalla, President
1-800-247-1296
www.roch.edu

ST. CLOUD STATE UNIVERSITY
St. Cloud
Roy H. Saigo, President
1-800-369-4260
www.stcloudstate.edu

ST. CLOUD TECHNICAL COLLEGE
St. Cloud
Joan Volkmuth, President
1-800-222-1009
www.sctconline.com

ST. PAUL COLLEGE
St. Paul
Donovan Schwichtenberg,
President
1-800-227-6029
www.sptc.tec.mn.us

**SOUTH CENTRAL
TECHNICAL COLLEGE**
North Mankato and Faribault
Keith Stover, President
1-800-722-9359
www.sctc.mnscu.edu

SOUTHWEST STATE UNIVERSITY
Marshall
David Danahar, President
1-800-642-0684
www.southwest.msus.edu

WINONA STATE UNIVERSITY
Winona
Darrell Krueger, President
1-800-342-5978
www.winona.edu

2002-2003 Minnesota State Colleges and Universities Board of Trustees

Will Antell
Andrew Boss
Mary Choate, Chair
Daniel Coborn
Cheryl Dickson
Ivan Dusek
Clarence Hightower
Robert Hoffman
Vincent Ijioma
Jim Luoma, Vice Chair
Lew Moran
David Paskach
Michael Redlinger, Treasurer
Ann Curme Shaw
Shaun Williams

2002-2003 Minnesota State Colleges and Universities System Officers

James H. McCormick, Chancellor

Linda Baer, Senior Vice Chancellor
Academic and Student Affairs

Laura M. King, Vice Chancellor
Chief Financial Officer

William Tschida, Vice Chancellor
Human Resources

Gail Olson, General Counsel



Minnesota State Colleges & Universities

December 9, 2002

Members of the Board of Trustees
Chancellor James H. McCormick

It is my honor to submit to you the audited annual financial report for the Minnesota State Colleges & Universities for the fiscal year ended June 30, 2002. This report includes the financial statements and disclosures necessary to accurately present the financial condition and results of operations for the year. Also included are unaudited supplemental schedules containing institutional financial information and other information.

This year also represents the first time we are providing separately audited financial statements for six of our colleges and universities. It is worth noting that the system wide audit opinion and the opinions for the six separate audits are each without qualification, a testimony to the efforts of each and every employee with responsibility for financial information at the fifty-three campuses and in the Office of the Chancellor.

This report has been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The Finance Division is responsible for assuring the accuracy, reliability, fairness and completeness of the information presented in this report. We rely upon the administrative and finance staff at each college and university and the staff of the Office of Internal Audit in provision of that assurance. Many people assisted in this effort and are deserving of our appreciation.

Sincerely,

A handwritten signature in cursive script, appearing to read "LM King".

Laura M. King
Vice Chancellor – Chief Financial Officer

The financial activity of Minnesota State Colleges and Universities is included in this report. It is comprised of 34 colleges and universities. The Revenue Fund activity is included in both this report and the separately issued Revenue Fund annual financial report.

All financial activity of Minnesota State Colleges and Universities is included in the State of Minnesota comprehensive annual financial report. A separately issued schedule of expenditures of federal awards will be available at a later date.

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees of Minnesota
State Colleges and Universities

We have audited the financial statements of the business-type activities, and the remaining fund information of the Minnesota State Colleges and Universities (MnSCU) as of June 30, 2002 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the management of MnSCU. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Bemidji State University; Minnesota State University, Moorhead; Northwest Technical College; Minnesota State University, Mankato; St. Cloud State University; and Winona State University (collectively the Individual Universities); which represent 39% and 40%, respectively, of the assets and revenues of MnSCU. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the individual universities, is based on the reports of the other auditors.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

As described in Note 1, MnSCU adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*; GASB Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2001.

In our opinion, based on our audit and the reports of other auditors, the respective financial statements of the business-type activities, and the remaining fund information referred to above present fairly, in all material respects, the financial position of MnSCU as of June 30, 2002 and the changes in its financial position and its cash flows where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information, such as management's discussion and analysis on pages 15 through 19, is not a required part of the basic financial statements but is supplementary information required by GASB. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation

of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise MnSCU's financial statements of the business-type activities, and the remaining fund information. The accompanying supplementary information, such as the introductory section, and supplemental information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information, such as the introductory section, and supplemental information have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements of the business-type activities, and the remaining fund information and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2002 on our consideration of MnSCU's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte + Touche LLP

December 6, 2002

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MANAGEMENT'S DISCUSSION AND ANALYSIS [Unaudited]

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of Minnesota State Colleges and Universities for the year ended June 30, 2002. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes, which follow this section.

The Minnesota State Colleges and Universities system, a state supported system, is the largest single provider of higher education in the state of Minnesota and is comprised of 34 state supported technical, community, and consolidated colleges and state universities. The system serves about 235,370 students annually in credit-based courses, as measured by unduplicated headcount enrollment. An additional 129,890 students enroll in non-credit courses each year; many through the system's customized training services. The system employs more than 17,000 full-time and part-time faculty and staff.

The system is governed by a 15 member Board of Trustees who are appointed by the governor. Twelve trustees serve six-year terms, eight representing each of Minnesota's congressional districts and four serving at-large. Three student trustees – one from a state university, one from a community college and one from a technical college – serve two-year terms. The Board of Trustees selects the chancellor and has broad policy responsibility for system planning, academic programs, fiscal management, personnel, admissions requirements, tuition and fees, and policies and procedures. The present chancellor is Dr. James H. McCormick, who began his term with the Minnesota State Colleges and Universities on July 1, 2001.

The system became operational on July 1, 1995, bringing together 21 community college campuses, 34 technical college campuses and seven state universities. The merger of the state's technical college system, community college system and state university system resulted from legislation passed by the 1991 Legislature. Through consolidation and mergers, the system today has six community colleges, nine technical colleges, 12 combined community and technical colleges and seven state universities. They are located on 53 campuses in 46 communities throughout the state.

FINANCIAL HIGHLIGHTS

The system's financial position improved during fiscal year 2002 and remained strong at June 30 with assets of \$1,418.4 million and liabilities of \$468.6 million. Net assets, which represent the residual interest in the system's assets after liabilities are deducted is comprised of capital assets (net of related debt) of \$758.3 million, restricted assets of \$78.6 million and unrestricted assets of \$112.9 million.

The increase in net assets of \$120.1 million is the result of increases in tuition and fees, averaging 10.9 percent, and a state appropriation increase of 3 percent. The system is managing resources to increase the balances needed to help offset budget reductions anticipated for fiscal years 2004 and 2005.

USING THE CONSOLIDATED FINANCIAL STATEMENTS

The financial report includes five financial statements: the consolidated statement of net assets, the consolidated statement of revenues, expenses and changes in net assets and the consolidated statement of cash flows for the system, and the statement of net assets held for pension benefits and the statement of changes in net assets held for pension benefits for the system's defined contribution retirement fund. These financial statements are prepared in accordance with generally accepted accounting principles as

established by the Governmental Accounting Standards Board (GASB). A summary of significant accounting policies followed by the system is included in Note 1 to the financial statements.

During fiscal year 2002, the system adopted GASB Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the system as a whole, with resources classified for accounting and reporting purposes into three net asset categories. Previously, financial statements focused on the accountability of individual fund groups rather than on the system as a whole. The Minnesota State College and University system is considered a business type activity as defined by GASB Statement No. 35 and as recommended by the National Association of College and University Business Officers (NACUBO). Other significant changes to the financial statements are as follows:

- Revenues and expenses are now categorized as either operating or nonoperating. The state appropriation, totaling \$602.2 million for the year ended June 30, 2002, is considered nonoperating, as defined by GASB Statement No. 35.
- Unearned tuition revenue received for summer and fall semester tuition is now recorded as deferred revenue. Previously, amounts received were recognized as revenue upon receipt. Such deferred revenues totaled \$10.3 million at June 30, 2002.
- Scholarships applied to student accounts are now shown as a reduction of student tuition, fees, bookstore and room and board revenues. Previously, all scholarships were presented as expenses. For the year ended June 30, 2002, \$73.6 million of scholarships were applied to student accounts.

CONSOLIDATED STATEMENT OF NET ASSETS

The consolidated statement of net assets presents the financial position of the system at the end of the fiscal year and includes all assets and liabilities of the system. The difference between total assets and total liabilities – net assets – is one indicator of the current financial condition of the system, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summary of the system’s assets, liabilities and net assets at June 30, 2002, is as follows (in thousands).

Current assets	\$ 471,139
Current restricted assets	35,827
Noncurrent restricted assets	252
Noncurrent assets	33,880
Capital assets, net	877,306
Total assets	<u>1,418,404</u>
Current liabilities	\$ 209,246
Noncurrent liabilities	259,352
Total liabilities	<u>468,598</u>
Net assets	<u>\$ 949,806</u>

Current assets consist primarily of cash, cash equivalents and investments which totaled \$379.5 million at June 30, 2002. For the system as a whole, this represents approximately 3 1/2 months of total operating expenses (excluding depreciation and the scholarship allowance). Accounts receivable before allowance for doubtful accounts is comprised of \$25.3 from tuition receivables and \$16.5 from other receivables.

Current liabilities consist primarily of accounts and salaries payable. Salaries payable increased by \$23.8 million to a total of \$84.2 million. Several of the fiscal years 2002 - 2003 union agreements were not finalized until after July 2002. Faculty receiving their salaries over twelve months account for additional salaries payable. Deferred revenue of \$17.8 million includes \$10.3 million of summer session tuition received but not yet earned based upon the number of days in each fiscal year.

CAPITAL AND DEBT ACTIVITIES

One of the critical factors in continuing the quality of the system's academic programs and residential life is the development and renewal of its capital assets. The system continues to implement a long-range plan to modernize its complement of older facilities, balanced with new construction. Detail on current construction projects and the amounts committed for their completion is provided in Note 15 to the financial statements.

In fiscal year 2002, capital outlay totaled \$114.6 million and donated assets totaled \$24.3 million. Capital expenses are primarily comprised of replacement and renovation of academic facilities as well as significant investments in equipment.

Bonds payable totaled \$142.2 million at June 30, 2002, and included both general obligation and revenue bonds. Bonds sold for the system in fiscal year 2002, consisted of \$36.3 million in revenue bonds and \$103.5 million in general obligation bonds. Of the \$103.5 million in general obligation bonds, the system is responsible for the debt service on \$29.4 million with the remaining debt paid by the state. Additional information on capital and debt activities can be found in the notes to the financial statements.

CONSOLIDATED NET ASSETS

Net assets represent the residual interest in the system's assets after liabilities are deducted. The system's net assets at June 30, 2002, are summarized as follows (in thousands):

Invested in capital assets, net of related debt	\$ 758,340
Restricted	78,568
Unrestricted	112,898
Total net assets	<u>\$ 949,806</u>

Invested in capital assets, net of related debt represent the system's capital assets net of accumulated depreciation and the system's share of outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets are those assets which have constraints placed on their use by external creditors, grantors, contributors, laws or regulations. Restricted net assets consist primarily of net assets restricted for capital projects, debt service on bonds and restrictions imposed by bond covenants.

As a result of adopting GASB Statement No. 35 Minnesota State Colleges and Universities recorded a cumulative effect of change in accounting principle which increased net assets at the beginning of the year. See Note 16 to the financial statements for additional details.

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The consolidated statement of revenues, expenses and changes in net assets presents the system's results of operations. State appropriations, under GASB Statement No. 35 are considered nonoperating revenues. A summarized statement for the year ended June 30, 2002, follows (in thousands).

Operating revenue:	
Student tuition and fees, net of scholarships	\$ 365,722
Sales and services, net (net of scholarships)	40,328
Room and board, net of scholarships	40,001
Grants	239,713
Other	24,765
Total operating revenue	<u>710,529</u>
Nonoperating revenue:	
State appropriation	602,183
Capital appropriation	74,114
Interest and other nonoperating revenue	30,392
Total nonoperating revenue	<u>706,689</u>
Total revenues	<u>1,417,218</u>
Operating expense:	
Salaries and benefits	838,815
Supplies and services	298,515
Depreciation and amortization	66,050
Financial aid, net of scholarship allowance	80,220
Total operating expense	<u>1,283,600</u>
Nonoperating expense:	
Interest and other nonoperating expense	13,514
Total expense	<u>1,297,114</u>
Increase in net assets	120,104
Net assets, beginning of year as restated	829,702
Net assets, end of year	<u>\$ 949,806</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows provides additional information about the system's financial results, by reporting the major sources and uses of cash. A summary of the statement of cash flows for the year ended June 30, 2002, follows (in thousands):

Cash received from operations	\$ 818,983
Cash expended for operations	<u>(1,308,872)</u>
Net cash used in operating activities	(489,889)
Net cash provided by noncapital activities	594,792
Net cash provided by capital and related financing activities	3,780
Net cash used by investing activities	<u>2,937</u>
Net increase in cash and cash equivalents	111,620
Cash and cash equivalents, beginning of year	<u>276,366</u>
Cash and cash equivalents, end of year	<u>\$ 387,986</u>

The system's cash and cash equivalents increased \$111.6 million due to increases in tuition and fees of 10.9 percent, state appropriations which increased 3 percent and salaries payable which increased \$23.8 million. The system's significant source of cash provided by noncapital financing activities, as defined by GASB Statement No. 35, is the state appropriation which is used to fund operating activities.

INVESTMENTS

All balances related to tuition revenues and most fees are held in the state treasury. These funds are invested as part of the state's investment pool by the State Board of Investment. Revenue Fund balances are invested separately under contract with the State Board of Investment. Under state statute the system's share of earnings on the state's investment pool is based on only one third of the of the system's balance in the treasury. Note 2 of the financial statements provides additional information on cash and investments.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Looking toward the future, the Minnesota State College and University System ended the year in a strong financial condition and is positioned to continue its level of excellence and to the sustain the levels of enrollment growth. However, the system's ability to implement new programs to meet the needs of the state's workforce and to meet its ongoing operational needs is dependent on the level of state support. State appropriations for system operations average 40 percent of total revenues.

The current economic condition of the state as well as the national economy is a concern for the system. Along with the possibility of flat or reduced state appropriation, the system faces employee compensation increases and significant increases in health care costs. All of these factors require that we continue to use our resources very efficiently in order to minimize future tuition and fee increases.

The cost of the system's health benefits has increased dramatically over the past several years. The system also faces the challenge of funding faculty early retirement incentives and postretirement insurance benefits (see Note 12 to the financial statements). Under current government accounting standards, the system is not required to record this liability.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Minnesota State Colleges and Universities finances for all those with an interest in the system's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Financial Reporting Director
Minnesota State Colleges and Universities
500 World Trade Center
30 East Seventh Street
St Paul, MN 55101

MINNESOTA STATE COLLEGES AND UNIVERSITIES
CONSOLIDATED STATEMENT OF NET ASSETS
AS OF JUNE 30, 2002

Assets

Current Assets

Cash and cash equivalents	\$ 361,853,861
Investments	17,626,504
Interest receivable	116,652
Grants receivable	11,248,462
Accounts receivable, net of allowance for uncollectible accounts of \$13,844,589	27,940,609
Notes receivable	57,750
Prepaid assets	12,888,598
Inventory	7,891,681
Other assets	1,352,599
Securities lending collateral	30,161,758
Total current assets	<u>471,138,474</u>

Current Restricted Assets

Cash and cash equivalents	26,132,244
Investments	9,695,141
Total current restricted assets	<u>35,827,385</u>

Noncurrent Restricted Assets

Other assets	128,017
Construction in progress	123,881
Total noncurrent restricted assets	<u>251,898</u>
Total restricted assets	<u>36,079,283</u>

Noncurrent Assets

Loans receivable, net of allowance for uncollectible accounts of \$2,237,185	33,437,113
Notes receivable	442,750
Construction in progress	71,205,014
Equipment	249,365,201
Library collections	42,731,207
Buildings and improvements	1,360,864,455
Land	50,239,555
Less accumulated depreciation	(897,099,110)
Total noncurrent assets	<u>911,186,185</u>
Total Assets	<u>\$ 1,418,403,942</u>

The notes are an integral part of the financial statements.

Liabilities

Current Liabilities

Salaries payable	\$ 84,193,829
Accounts payable	46,738,527
Deferred revenue	17,763,346
Funds held in trust	9,243,207
Notes payable	1,792,982
Capital lease payable	1,843,544
Compensated absences	8,790,294
Workers' compensation	1,270,176
Revenue bonds payable	120,000
General obligation bonds payable	6,369,598
Other liabilities	958,908
Securities lending collateral	30,161,758
Total current liabilities	<u>209,246,169</u>

Noncurrent Liabilities

Notes payable	2,705,029
Capital lease payable	4,836,516
Compensated absences payable	80,105,201
Workers' compensation payable	3,121,814
Revenue bonds payable	37,445,000
General obligation bonds payable	98,252,465
Capital contributions payable	32,885,783
Total noncurrent liabilities	<u>259,351,808</u>
Total Liabilities	<u>468,597,977</u>

Net Assets

Invested in capital assets, net of related debt	758,340,071
Restricted	
Donations	6,243,750
Loans	4,439,846
Bond interest earnings	471,086
Capital projects	32,623,993
Debt service	12,898,574
Faculty contract obligations	6,754,625
Legislatively mandated programs	2,363,865
Bond covenants	12,772,459
Unrestricted	112,897,696
Total Net Assets	<u>\$ 949,805,965</u>

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MINNESOTA STATE COLLEGES AND UNIVERSITIES
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002

Operating Revenues

Tuition, net of scholarship allowance of \$51,429,090	\$ 313,610,849
Fees, net of scholarship allowance of \$10,542,183	52,111,632
Sales and service, net (net of scholarship allowance of \$5,629,658)	40,328,102
Room and board, net of scholarship allowance of \$5,962,657	40,000,621
Federal grants	142,865,833
State grants	68,547,131
Private grants	28,300,473
Student loan income	1,067,684
Other income	23,697,983
Total operating revenues	<u>710,530,308</u>

Operating Expenses

Salaries and benefits	838,814,949
Purchased services	129,775,370
Supplies	63,876,346
Repairs and maintenance	45,501,361
Depreciation and amortization	66,050,468
Financial aid, net of scholarship allowance of \$73,563,588	80,220,483
Other expense	59,362,091
Total operating expenses	<u>1,283,601,068</u>
Operating loss	<u>(573,070,760)</u>

Nonoperating Revenues (Expenses)

State appropriations	602,183,000
Interest income	5,624,426
Securities lending income	434,515
Interest expense	(4,792,943)
Grants to other organizations	(7,390,577)
Securities lending rebates/fees	(418,514)
Total nonoperating revenue	<u>595,639,907</u>

Income Before Other Revenues, Expenses, Gains or Losses 22,569,147

Capital appropriations	74,113,775
Donated capital assets	24,333,299
Gain (loss) on disposal of capital assets	(911,948)
Increase in net assets	<u>120,104,273</u>

Total Net Assets - Beginning of Year Before Cumulative Effect Accounting Change	329,917,177
Cumulative effect of change in accounting principle	499,784,515
Total Net Assets -Beginning of Year as Restated	829,701,692
Total Net Assets - End of Year	<u>\$ 949,805,965</u>

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002

Cash Flows from Operating Activities

Cash received from student tuition and fees	\$ 411,989,798
Federal, state and private grants	238,812,989
Sales and services	91,229,005
Student residence fees	45,963,278
Other receipts	24,765,665
Student loans collected	6,222,238
Student loans issued	(6,135,879)
Financial aid disbursements	(155,571,152)
Cash paid to suppliers for goods or services	(334,414,202)
Cash payments to employees	(812,750,286)
Net cash used in operating activities	<u>(489,888,546)</u>

Cash Flows from Noncapital and Related Financing Activities

Appropriations	602,183,000
Grants to other organizations	(7,390,577)
Net cash provided by noncapital and related financing activities	<u>594,792,423</u>

Cash Flows From Capital and Related Financing Activities

Capital appropriations	74,113,775
Proceeds from borrowing	65,657,000
Bond issuance costs	(128,017)
Interest paid on capital debt	(4,792,943)
Principal payments on capital debt	(9,700,029)
Prepaid debt service	(11,269,735)
Investment in fixed assets	(110,100,089)
Net cash provided by capital and related financing activities	<u>3,779,962</u>

Cash Flows from Investing Activities

Sale of investments	6,562,851
Investment earnings, net	6,239,278
Purchase of investments	(9,865,516)
Net cash provided by investment activities	<u>2,936,613</u>

Net Increase in Cash and Cash Equivalents

Cash and Cash Equivalents, July 1, 2001	276,365,653
Cash and Cash Equivalents, June 30, 2002	<u>\$ 387,986,105</u>

The notes are an integral part of the financial statements.

Operating Loss	<u>\$ (573,070,760)</u>
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Adjustment to Reconcile Operating Loss to

Net Cash Flows Used in Operating Activities

Depreciation and amortization	66,050,468
Loan principal payments	6,222,238
Loans issued	(6,135,879)
Bad debt expense	3,441,998
Change in assets and liabilities:	
Accounts receivable	(13,088,830)
Grants receivable	(900,448)
Inventories	485,210
Other assets	(885,702)
Accounts payable	6,319,889
Salaries payable	23,752,216
Deferred revenues	(3,110,241)
Compensated absences payable	2,210,184
Capital contribution payable	(1,787,081)
Workers compensation payable	102,263
Funds held in trust	495,115
Other liabilities	<u>10,814</u>
Net reconciling items to be added	
to operating loss	<u>83,182,214</u>
Net cash used in operating activities	<u><u>\$ (489,888,546)</u></u>

Non Cash Transactions

Donated assets	\$ 24,333,299
Equipment purchased with capital leases	4,494,792
Note receivable related to property sold	500,500

Minnesota State Colleges and Universities
Statement of Fiduciary Net Assets Held for Pension Benefits
Minnesota State Colleges and Universities Defined Contribution Retirement Fund
As of June 30, 2002

Assets

Cash and cash equivalents	\$ 500,952
Investment pools, at fair value	
Cash equivalent investments	23,565,000
Commercial paper	4,000
U.S. Treasury obligations	4,294,000
Mortgage backed	21,028,000
Corporate obligations	32,938,000
Foreign and other obligations	228,000
Corporate stocks	383,275,000
Other equity	19,000
Accrued interest and dividends	793,441
Security trades net receivables (payables)	(822,000)
Securities lending collateral	9,331,767
Total Assets	<u>475,155,160</u>

Liabilities

Accounts payable	108,995
Securities lending collateral	9,331,767
Total Liabilities	<u>9,440,762</u>

Net Assets Held in Trust for Pension Benefits	<u>\$ 465,714,398</u>
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The notes are an integral part of the financial statements.

Minnesota State Colleges and Universities
Statement of Fiduciary Changes in Net Assets Held for Pension Benefits
Minnesota State Colleges and Universities Defined Contribution Retirement Fund
For the Year Ended June 30, 2002

Additions:

Contributions

Employer \$ 21,581,883

Member 18,384,676

Total Contributions 39,966,559

Net Investment Loss (54,804,304)

Securities Lending Revenues (Expenses)

Securities lending income 2,452,936

Borrower rebates (1,705,328)

Management fees (181,596)

Net Securities Lending Revenue 566,012

Total Net Investment Loss (54,238,292)

Transfers From Other Funds

Other Additions 2,895,626

Total Additions (11,376,107)

Deductions:

Benefits and refunds paid to plan members 24,446,710

Administrative fees 1,740,117

Total Deductions 26,186,827

Net Decrease (37,562,934)

Net Assets Held in Trust for Pension Benefits, Beginning of Year 503,277,331

Net Assets Held in Trust for Pension Benefits, Ending of Year \$ 465,714,398

The notes are an integral part of the financial statements.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation — The reporting policies of Minnesota State Colleges and Universities conform to generally accepted accounting principles (GAAP) in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity — Minnesota State Colleges and Universities is an agency of the State of Minnesota and receives appropriations from the state legislature, substantially all of which are used to fund general operations. Minnesota State Colleges and Universities' financial statements include the accounts of its 34 member colleges and universities, the Office of the Chancellor and system-wide activity. The operations of most student organizations, including the student senate, are included in the reporting entity because the Board of Trustees has certain fiduciary responsibilities for these resources. Organizations that are not financially accountable to Minnesota State Colleges and Universities, such as individual institution and system-wide foundations, are not included.

Fiduciary funds are omitted from inclusion in the net assets of Minnesota State Colleges and Universities. Separate statements are included for the Minnesota State Colleges and Universities Defined Contribution Retirement Fund.

Joint Ventures and Jointly Governed Organizations — A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which participants retain an ongoing financial interest or an ongoing financial responsibility.

Minnesota State Colleges and Universities is a member of the Internet System for Education and Employment Knowledge (ISEEK), which includes the University of Minnesota and five state agencies. ISEEK is comprised of one appointee from each of the ISEEK parties. Minnesota State Colleges and Universities act as the fiscal agent, but does not have an equity interest in ISEEK. During fiscal year 2002, Minnesota State Colleges and Universities contributed \$1,038,037 to ISEEK which was recorded as an expense within the system-wide activity.

Minnesota State Colleges and Universities is the fiscal agent for the Minnesota Library Information Network (MnLINK), which is a statewide virtual library. MnLINK is funded with a state appropriation to the Minnesota Higher Education Services Office. Minnesota State Colleges and Universities provides the administrative staffing for MnLINK. During fiscal year 2002, Minnesota State Colleges and Universities incurred expenses of \$435,374 for MnLINK which were reimbursed through interagency agreements.

Minnesota State Colleges and Universities is the fiscal agent for the Northwest Telecommunications Region (NETS). NETS is a higher education consortium established to deliver interactive television in northwest Minnesota. In fiscal year 2002, the NETS consortium received \$953,098 in revenues with the primary sources being a Higher Education Services Office grant and membership dues. During fiscal year 2002, Minnesota State Colleges and Universities incurred expenses of approximately \$1.2 million for NETS.

Minnesota State Colleges and Universities is also a fiscal agent for the Project for Automated Library Services (PALS). PALS is a consortium of over 125 libraries and branches. Services are provided on a contractual basis to private college, state agency, public school and special libraries as well as the University of Minnesota and all Minnesota State Colleges and Universities' libraries. In fiscal year 2002, PALS received \$2,887,367 in revenue and incurred expenses of \$3,339,116.

Minnesota State Colleges and Universities is also a participant in a joint powers agreement with Yuwa Town, Akita, Japan for the operation of a higher education program in Akita Province. Minnesota State Colleges and Universities and Yuwa Town each appoint five members of the ten-member board. Minnesota State Colleges and Universities contributed \$2,430,722 to Akita in fiscal year 2002.

Minnesota State Colleges and Universities jointly governs the Fond du Lac Tribal and Community College. The governing boards are the Minnesota State Colleges and Universities Board of Trustees and the Tribal College Board of Directors. The Tribal College reimburses the community college for certain expenses. The financial position and results of operations of the Tribal College are reported in the financial statements of the Fond du Lac Reservation. Revenue and expenses related to operations of the community college are included in the Minnesota State Colleges and Universities financial statements.

Rochester Community and Technical College is participating in a joint project with the city of Rochester, Minnesota for the construction and operation of the Rochester Regional Sports Complex. The college retains full ownership of the complex and shares the use of the complex with the city based on a joint-use agreement. Under the joint-use agreement, the city shall reimburse the college for a portion of the operating costs of the complex. Minnesota State Colleges and Universities incurred expenses of \$3,963,118 in fiscal year 2002, for the Rochester Regional Sports Complex.

Basis of Accounting — Effective July 1, 2001, Minnesota State Colleges and Universities adopted GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements — and Management's Discussion and Analysis — for Public Colleges and Universities*; Statement No. 37, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Disclosures*.

These statements establish comprehensive, new financial reporting requirements for governmental colleges and universities. Under the new standards, the statements are prepared on a consolidated, entity-wide basis rather than the fund presentation displayed under the former accounting model. All significant interfund balances have been eliminated upon consolidation.

For the first year of implementation, Minnesota State Colleges and Universities elected to report only the current year financial results under the new reporting model. Comparative statements will be presented in future fiscal years.

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis is used in preparation of all financial statements, including the fiduciary fund. Revenues are recognized when they are earned and expenses are recognized as they are incurred. Minnesota State Colleges and Universities reports as a business-type activity, as defined by GASB Statement No. 35.

Minnesota State Colleges and Universities applies all applicable Financial Accounting Standards Board pronouncements issued prior to November 30, 1989, and GASB statements issued since that date.

Budgetary Accounting — Minnesota State Colleges and Universities' budgetary accounting, which is the basis for annual budgets and allocation of the state appropriation, differs from GAAP. Budgetary accounting includes all receipts and expenses up to the close of the books in September for the budget fiscal year. Revenues not yet received by the close of the books are not included. The criterion for recognizing expenses is the actual disbursement, and not when the goods or services are received.

The State of Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of odd-numbered years. Minnesota State Colleges and Universities is governed by a 15-member Board of Trustees appointed by the governor with the advice and consent of the state senate. The Board approves the annual allocation of the state appropriation to the colleges and universities.

Budgetary control is maintained at the campus level. Presidents have the authority and responsibility to administer the budget and can transfer money between programs within each institution without board approval. The budget of the campus can be legally amended by the authority of the Vice Chancellor/Chief Financial Officer.

State appropriations do not lapse at year-end. Any unexpended appropriation from the first year of a biennium is available for the second year. Any unexpended balance may also carry over into the next biennium.

Cash and Cash Equivalents — At June 30, 2002, the cash balance represents cash in the state treasury and in demand deposits in local bank accounts as well as cash equivalents. Cash equivalents are short-term, highly liquid investments having original maturities (remaining time to maturity at acquisition) of three months or less. Cash and cash equivalents include amounts in demand deposits, savings accounts, cash management pools, repurchase agreements and money market funds. Restricted cash is cash held in the Revenue Fund for capital projects and debt service.

All balances related to the state appropriation, tuition revenues and most fees are in the state treasury. Each campus has at least one account in a local bank. The activities handled through the local bank include financial aid, student payroll, auxiliary and student activities.

Investments — The Minnesota State Board of Investment invests Minnesota State Colleges and Universities' balances in the treasury, except for the Revenue Fund (the fund) as part of a state investment pool. This cash is reported as a cash equivalent. Cash in the Revenue Fund is invested separately. The fund contracts with the Minnesota State Board of Investment for investment management services. Investments are reported at fair value using quoted market prices. Restricted investments are investments held in the Revenue Fund for capital projects and debt service.

Inventories — Inventories are valued at cost using the first-in first-out, weighted average cost and retail cost methods.

Receivables — Receivables are shown net of an allowance for uncollectible accounts.

Prepaid Assets — Prepaid assets consist of deposits in the State of Minnesota Debt Service Fund for future obligation bond payments, and prepaid health insurance premiums.

Capital Assets — Capital assets are recorded at cost or, for donated assets, at fair value at the date of acquisition. Estimated historical cost has been used when actual cost is not available. Such assets are depreciated or amortized on a straight-line basis over the useful life of the assets.

Estimated useful lives are as follows:

Buildings	35-40 years
Building improvements	20 years
Equipment	3-20 years
Library collections	7 years

Equipment includes all items with an original cost of over \$2,000. All buildings, building improvements, land and library collection purchases are capitalized.

Notes Payable — Notes payable consists of State Energy Efficiency Program loans. Loans received under this program are interest free. Energy companies grant the loans in order to improve energy efficiency in universities and colleges buildings.

Funds Held in Trust — Funds held in trust are assets held for student organizations.

Long-Term Liabilities — The State of Minnesota appropriates for and sells general obligation bonds to support construction and renovation of the Minnesota State Colleges and Universities' facilities as approved through the state's capital budget process. Minnesota State Colleges and Universities is responsible for a portion of the debt service on the bonds sold for some college and university projects. Minnesota State Colleges and Universities may also enter into capital lease agreements for certain capital assets. Other long-term liabilities include compensated absences, workers' compensation claims, and capital contributions.

Minnesota State Colleges and Universities may finance the construction, renovation and acquisition of facilities for student residences and student unions through the sale of revenue bonds. These activities are accounted for and reported in the Revenue Fund. Details on the Revenue Fund bonds are available in the separately audited and issued Revenue Fund Financial Report.

Operating Activities — Operating activities as reported in the statement of revenues, expenses and changes in net assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations and investment income.

Deferred Revenue — Deferred revenue consists primarily of tuition received, but not yet earned, for summer session. It also includes amounts received from grants which have not yet been earned under the terms of the agreement.

Tuition, fees, room and board, sales and service — Tuition, fees, room and board and book sales are presented net of scholarships. Sales and service are also net of cost of goods sold.

Use of Estimates — To prepare the basic financial statements in conformity with generally accepted accounting principles management must make estimates and assumptions. These estimates and assumptions may affect the reported 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. The most significant areas that require the use of management's estimates relate to allowances for uncollectible accounts, scholarship allowances and compensated absences.

Change in Accounting Principle — Effective July 1, 2001, Minnesota State Colleges and Universities adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. This statement establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories:

- Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted: Net assets subject to externally imposed stipulations. Net asset restrictions for Minnesota State Colleges and Universities are as follows:
 - Restricted for donations* — restricted per donor requests.
 - Restricted for loans* — capital contribution for Perkins loans.
 - Restricted for bond interest earnings* — earnings restricted for capital projects.
 - Restricted for capital projects* — restricted for completion of capital projects.
 - Restricted for debt service* — legally restricted debt repayment.
 - Restricted for faculty contract obligations* — amounts for faculty development and travel as required by various faculty contracts.
 - Restricted for legislatively mandated programs* — programs where appropriation laws restrict the use of the funds for various programs.
 - Restricted for bond covenants* — revenue bond restrictions.
- Unrestricted: Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management, Office of the Chancellor or the Board of Trustees.

The cumulative effect of adopting GASB Statement No. 35 is \$499,784,515. Minnesota State Colleges and Universities also adopted the National Association of College and University Business Officers (NACUBO) recommendation for changing the classification of refundable capital contributions in the student loan funds from net assets to noncurrent liabilities. NACUBO's recommendation evolved as an emerging issue related to the implementation of GASB Statement No. 35.

New Accounting Pronouncement — In May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement is effective for the Minnesota State Colleges and Universities for the year ending June 30, 2004. Generally, this statement requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The effect GASB Statement No. 39 will have on the fiscal year 2004 financial statements has not been determined.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents — All balances related to the appropriation, tuition revenues and most fees are in the state treasury. In addition, each campus has at least one local bank account. The activities handled through local banks include financial aid, student payroll, auxiliary and student activities.

Minnesota Statute, Section 9.031, requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. This statute further requires that such insurance and collateral shall be in amounts sufficient to ensure that the deposits do not exceed 90 percent of the sum of the insured amount and the fair value of the collateral.

Minnesota State Colleges and Universities' cash balances increase significantly at the beginning of the fall and spring semesters. As a result, Minnesota State Colleges and Universities had insufficient collateral for several days in the fiscal year. The cumulative amount of \$13,404,952 was under-collateralized at various times during the month of January 2002, which represents the month with the highest levels of under collateralization.

Cash and cash equivalents are categorized to give an indication of the level of credit risk. Category 1 includes cash and cash equivalents insured or collateralized with securities held by the state or its agent in Minnesota State Colleges and Universities' name. Category 2 includes cash and cash equivalents collateralized with securities held by the pledging financial institution's trust department or agent in Minnesota State Colleges and Universities' name. Category 3 includes uncollateralized cash and cash equivalents. The following table summarizes cash and cash equivalents, including amounts reported as restricted cash as of June 30, 2002.

Carrying Amount	Risk Category			Total
	1	2	3	
Cash - in bank	\$ 19,625,510	\$ —	\$ 450,229	\$ 20,075,739
Repurchase agreements	7,517,170	—	—	7,517,170
Money markets	13,992,678	—	488,132	14,480,810
Total local cash and cash equivalents	41,135,358	—	938,361	42,073,719
Cash - treasury accounts	345,912,386	—	—	345,912,386
Total	<u>\$387,047,744</u>	<u>\$ —</u>	<u>\$ 938,361</u>	<u>\$ 387,986,105</u>

Per Minnesota Statute, Section 9.031, the cash in bank and money markets in category 3 should have carried \$1,387,243 in collateral to be categorized in risk category 1.

At June 30, 2002, the local bank balance was \$47,820,861. This balance was adjusted by items in transit to arrive at the cash in bank balance.

The balance in the treasury, except for the Revenue Fund, is invested by the Minnesota State Board of Investment as part of the state investment pool. This cash is reported as a cash equivalent. Cash in the Revenue Fund is invested separately. The fund contracts with the Minnesota State Board of Investment for investment management services.

Investments — Minnesota Statute, Section 11A.24 broadly restricts investment of cash in the state treasury to obligations and stocks of U.S. and Canadian governments, their agencies and their registered corporations, short-term obligations of specific high quality restricted participation in venture capital, real estate or resource equity investments and restricted participation in registered mutual funds. Investments of cash in local bank accounts are limited by the same statute.

Investments are categorized to give an indication of the level of credit risk. Category 1 includes securities insured, registered or held by Minnesota State Colleges and Universities or its agent in Minnesota State Colleges and Universities' name. Risk category 2 investments include uninsured and unregistered securities held by the pledging institution's trust department or agent in Minnesota State Colleges and Universities' name. Investments in risk category 3 include uninsured and unregistered securities held by the pledging institution's trust department or agent, but not in Minnesota State Colleges and Universities' name.

The following table summarizes investments, including amounts reported as restricted investments. Restricted investments consist of \$9,695,141 in treasury bills and commercial paper from Revenue Fund activity.

Investment Type	Risk Category			Fair Value
	1	2	3	
Certificates of deposit	\$ 3,811,784	\$ —	\$ 781,677	\$ 4,593,461
Treasury bills	6,280,845	—	—	6,280,845
GNMA	2,851,618	—	—	2,851,618
Bonds	1,025,188	—	—	1,025,188
Stocks	616,822	—	—	616,822
Commercial paper	7,902,083	—	—	7,902,083
Other investments	4,051,628	—	—	4,051,628
Total	<u>\$ 26,539,968</u>	<u>\$ —</u>	<u>\$ 781,677</u>	<u>\$ 27,321,645</u>

Per Minnesota Statute, Section 9.031, the certificates of deposit in category 3 should have carried \$894,630 in collateral to be categorized in risk category 1.

Securities Lending Transactions — State statutes do not prohibit the State of Minnesota from participating in securities lending transactions. The Minnesota State Board of Investment has, by way of Custodial Trust Agreements, authorized State Street Bank and Trust Company (State Street) and Wells Fargo Bank, Minnesota, N.A., ("Wells Fargo") to act as agents in lending the State of Minnesota's securities to broker-dealers and banks pursuant to a form of loan agreement.

During the fiscal year, State Street and Wells Fargo lent, on behalf of the State of Minnesota, certain securities held by State Street and Wells Fargo as custodian and received cash (both United States and foreign currency) and securities issued or guaranteed by the United States government, sovereign debt of foreign countries and irrevocable bank letters of credit as collateral. Neither State Street nor Wells Fargo has the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan in amounts equal to not less than 100 percent of the fair value of the loaned securities.

The State of Minnesota did not impose any restrictions during the fiscal year on the amount of the loans that either State Street or Wells Fargo made on its behalf. State Street indemnified the State of Minnesota by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return a loaned security or pay distributions thereon.

Wells Fargo protects Minnesota by purchasing replacement securities or returning the cash collateral. No borrower failed to return loaned securities or pay distributions thereon during the fiscal year. In addition, there were no losses during the fiscal year resulting from default of the borrowers, State Street or Wells Fargo.

On June 30, 2002, the State of Minnesota had no credit risk from borrowers. The following table provides information related to the securities invested by Wells Fargo and State Street.

Securities Lending Analysis
June 30, 2002

	<u>Wells Fargo</u>	<u>State Street</u>
Fair value of securities on loan	\$547,122,619	\$3,268,957,488
Collateral held	\$553,508,488	\$3,357,511,244
Average duration	40 days	66 days
Average weighted maturity	40 days	423 days

During the fiscal year, the State of Minnesota and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in the separately managed funds of the Minnesota State Board of Investment. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. On June 30, 2002, the State of Minnesota had no credit risk exposure to borrowers.

3. LOANS RECEIVABLE

Loans receivable balance is made up primarily of loans under the Federal Perkins Loan program. The federal government provides the funding for the loans with amounts collected used for new loan advances. The Minnesota State Colleges and Universities loans collections unit and the colleges and universities are responsible for loan collections. At June 30, 2002, the total loans receivable for this program was \$35,674,298 less an allowance for uncollectible loans of \$2,237,185.

4. ACCOUNTS RECEIVABLE

The accounts receivable balance is made up primarily of receivables from individuals. At June 30, 2002, the total accounts receivable balance was \$41,785,198 less an allowance for uncollectible receivables of \$13,844,589.

The allowance for uncollectible accounts was determined for each college and university based on historical experience of their collections and using the following assumptions:

- 80 to 100 percent of gross receivables aged over two years
- 30 to 50 percent of gross receivables aged between one and two years
- 2 to 10 percent of gross receivables aged less than one year

5. PREPAID ASSETS

Prepaid assets consist of \$11,269,735 that has been deposited in the state's Debt Service Fund for future general obligations bond payments. Minnesota Statutes, Section 16A.641 requires all state agencies to have on hand on December 1 of each year an amount sufficient to pay all general obligations bond principal and interest due, and to become due, through July 1 in the second year.

The remaining \$1,618,863 in prepaid assets represents a health insurance premium for faculty who are only employed nine months of the year.

6. CAPITAL ASSETS

Adjusted beginning balances include the cumulative effect of the change in accounting principle for those assets that were previously reported in the general fixed asset account group and previously reported beginning balances for enterprise activity. Equipment includes all items over \$2,000 which is consistent with the enterprise activities that were previously reported in the financial statements. However, it is a change from the threshold level previously reported in the general fixed asset account group. See Note 16 for additional details. A summary of changes in capital assets follows:

	Adjusted Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital assets, not depreciated:					
Land and improvements	\$ 47,920,000	\$ 2,319,555	\$ —	\$ —	\$ 50,239,555
Construction-in-progress	54,437,472	55,034,804	—	(38,143,381)	71,328,895
Total capital assets, not depreciated	<u>102,357,472</u>	<u>57,354,359</u>	<u>—</u>	<u>(38,143,381)</u>	<u>121,568,450</u>
Capital assets, depreciated:					
Buildings and improvements	1,278,907,946	47,354,187	3,541,059	38,143,381	1,360,864,455
Equipment	243,789,411	27,927,091	22,351,301	—	249,365,201
Library collections	43,331,389	6,292,545	6,892,727	—	42,731,207
Total capital assets depreciated	<u>1,566,028,746</u>	<u>81,573,823</u>	<u>32,785,087</u>	<u>38,143,381</u>	<u>1,652,960,863</u>
Less accumulated depreciation:					
Buildings and improvements	682,847,492	36,643,771	2,426,848	—	717,064,415
Equipment	151,726,861	23,317,554	18,414,491	—	156,629,924
Library collections	24,193,041	6,104,457	6,892,727	—	23,404,771
Total accumulated depreciation	<u>858,767,394</u>	<u>66,065,782</u>	<u>27,734,066</u>	<u>—</u>	<u>897,099,110</u>
Total capital assets depreciated, net	<u>707,261,352</u>	<u>15,508,041</u>	<u>5,051,021</u>	<u>38,143,381</u>	<u>755,861,753</u>
Total capital assets, net	<u>\$ 809,618,824</u>	<u>\$ 72,862,400</u>	<u>\$ 5,051,021</u>	<u>\$ —</u>	<u>\$ 877,430,203</u>

7. LONG-TERM OBLIGATIONS

Adjusted beginning balances include the cumulative effect of change in accounting principle, for those liabilities that were previously reported in the general long-term obligation account group and previously reported beginning balances for enterprise type activity. See Note 16 for additional details.

A summary of long-term obligations at June 30, 2002, and the changes during the fiscal year are as follows:

	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Liabilities for:				
General obligation bonds	\$ 80,746,319	\$ 29,382,000	\$ 5,506,256	\$ 104,622,063
Revenue bonds	1,410,000	36,275,000	120,000	37,565,000
Compensated absences	86,685,311	2,210,184	—	88,895,495
Workers' compensation	4,289,727	102,263	—	4,391,990
Capital leases	4,175,711	4,494,792	1,990,443	6,680,060
Capital contributions payable	34,672,864	—	1,787,081	32,885,783
Notes payable	6,581,341	—	2,083,330	4,498,011
Totals	<u>\$ 218,561,273</u>	<u>\$ 72,464,239</u>	<u>\$ 11,487,110</u>	<u>\$ 279,538,402</u>

General Obligation Bonds Liability — The State of Minnesota sells general obligation bonds to finance most of Minnesota State Colleges and Universities' capital projects. The interest rate on these bonds ranges from 2.5 to 7.0 percent. Minnesota State Colleges and Universities is responsible for paying one-third of the debt service for certain general obligation bonds sold for capital projects, as specified in the authorizing legislation. This debt obligation is allocated to the colleges and universities based upon the specific projects funded.

Revenue Bonds — The Revenue Fund is authorized by Minnesota Statute, Section 136F.98, to issue revenue bonds whose aggregate principal shall not exceed \$100,000,000 at any time. The proceeds of these bonds are used to finance the acquisition, construction and remodeling of buildings for dormitory, residence hall, student union and food service purposes at six of the state universities. In addition, the Mesabi Range/Vermillion Community College has issued revenue bonds through the Higher Education Facility Authority. On February 19, 2002, revenue bonds were issued totaling \$36,275,000.

On June 18, 2001, the Revenue Fund defeased the series 1993-A and 1993-B Revenue Bonds as well as the 1993-C Refunding Bonds by placing investments in an irrevocable trust to provide for all future debt service of the bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Revenue Fund's financial statements. At June 30, 2001, the amount of debt that is considered extinguished is \$7,220,000 for the Series D 1963, Series E 1964, Series 1967, Series 1968(A) and 1968(B) revenue bonds, and \$27,390,000 for 1993-A, 1993-B and 1993-C revenue bonds.

Compensated Absences — Minnesota State Colleges and Universities employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in the collective bargaining agreements. The liability for compensated absences is payable as severance pay under specific conditions. Such leave is liquidated in cash only at the time of termination from state employment.

Workers' Compensation — Reported liability for workers' compensation of \$4,391,990 is based on claims filed for injuries to state employees occurring prior to June 30, 2002, and is an undiscounted estimate of future payments.

Capital Leases — Liabilities for capital leases include those leases that meet the criteria in FASB Statement No. 13 *Accounting for Leases*. See Note 9 for details.

Capital Contributions — The \$32,885,783 liability represents the amount Minnesota State Colleges and Universities would owe the federal government if it were to discontinue the Perkins loan program.

Notes Payable — Notes payable consists of state energy efficiency program loans. Loans received under this program are interest free. The loans are granted by energy companies in order to improve energy efficiency in college and university buildings.

Principal and interest payment schedules are provided in the following table for revenue bonds, notes payable, general obligation bonds, and capital leases. There are no payment schedules for compensated absence, workers' compensation, or capital contributions.

Long-term debt repayment schedule:

Fiscal Years	Revenue Bonds	Notes Payable	General Obligation Bonds	Capital Leases	Total	Total Payments
2003: Interest	\$ 2,343,475	\$ —	\$ 4,900,137	\$ 318,353	\$ 7,561,965	\$ —
Principal	120,000	1,792,982	6,369,598	1,843,544	10,126,124	17,688,089
2004: Interest	1,986,839	—	5,282,514	248,856	7,518,209	—
Principal	1,215,000	1,243,562	6,898,385	1,259,394	10,616,341	18,134,550
2005: Interest	1,923,108	—	4,698,372	199,186	6,820,666	—
Principal	1,265,000	698,398	6,916,102	1,079,013	9,958,513	16,779,179
2006: Interest	1,854,901	—	4,328,992	165,042	6,348,935	—
Principal	1,330,000	363,545	6,926,388	583,621	9,203,554	15,552,489
2007: Interest	1,783,023	—	3,956,039	671,478	6,410,540	—
Principal	1,525,000	197,167	7,092,614	411,691	9,226,472	15,637,012
2008-2012: Interest	7,741,053	—	14,183,947	671,602	22,596,602	—
Principal	7,605,000	202,357	33,149,012	1,502,797	42,459,166	65,055,768
2013-2017 Interest	5,524,850	—	6,334,588	—	11,859,438	—
Principal	9,345,000	—	24,315,955	—	33,660,955	45,520,393
2018-2022: Interest	2,585,413	—	1,380,485	—	3,965,898	—
Principal	12,265,000	—	12,954,009	—	25,219,009	29,184,907
2023-2027: Interest	80,588	—	—	—	80,588	—
Principal	2,895,000	—	—	—	2,895,000	2,975,588
Total: Interest	25,823,250	—	45,065,074	2,274,517	73,162,841	—
Principal Payments	\$ 37,565,000	\$ 4,498,011	\$ 104,622,063	\$ 6,680,060	\$ 153,365,134	\$ 226,527,975

8. ACCOUNTS PAYABLE

Accounts payable represents amounts due at June 30, 2002, for goods and services received prior to the end of the fiscal year. The following is a summary of payables at June 30, 2002:

Purchased services	\$ 16,023,901
Capital projects	9,695,999
Other payables	6,197,671
Supplies	4,094,020
Repairs and maintenance	3,447,920
Employee benefits	3,221,598
Capital expenditures	2,612,776
Cost of goods sold	1,444,642
Total	<u>\$46,738,527</u>

9. LEASE AGREEMENTS

Operating Leases — Minnesota State Colleges and Universities is committed under various leases primarily for building space. These leases are considered for accounting purposes to be operating leases. Lease expenses for the year ended June 30, 2002, totaled \$10,231,354.

Future minimum lease payments for existing lease agreements are as follows:

Year Ending June 30	Amount
2003	\$ 10,767,005
2004	8,938,607
2005	3,485,754
2006	1,477,028
2007	1,177,435
2008-2012	382,003
Total	<u>\$ 26,227,832</u>

Capital Leases — Minnesota State Colleges and Universities have entered into several capital lease agreements. The leases meet the criteria of a capital lease as defined by Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. Current and noncurrent portions are reported separately.

Outstanding capital leases include the Warren Building, for Minnesota State University, Mankato which is leasing this building from the foundation over a 30-year period at the end of which (fiscal year 2010) ownership of the building will be transferred to the university. Other outstanding capital leases include a generator for Winona State University with a final payment occurring in fiscal year 2012, and a flight simulator for St. Cloud State University with a final payment occurring in fiscal year 2008, and other equipment with all final payments to be made by 2008.

10. EMPLOYEE PENSION PLANS

Minnesota State Colleges and Universities participates in four retirement plans. The State Employees' Retirement Fund, administered by the Minnesota State Retirement System; the Teachers' Retirement Fund, administered by the Teachers' Retirement Association; the Public Employees' Retirement Fund, administered by the Public Employees' Retirement Association; and the Minnesota State Colleges and Universities' Defined Contribution Retirement Plan.

State Employees Retirement Fund (SERF)

Pension fund information is provided by the Minnesota State Retirement System (MSRS), who prepares and publishes their own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of the report may be obtained directly from MSRS at 60 Empire Drive, Suite 300, St. Paul, Minnesota 55103-3000.

The SERF is a cost sharing multiple employer defined benefit plan. All classified employees are covered by this plan. The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement or a level rate (the higher step rate) with an actuarial reduction for early retirement. The applicable rates are 1.2 and 1.7 percent. Minnesota State Colleges and Universities, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

The statutory authority for SERF is Minnesota Statute, Chapter 352. The funding requirements are 4 percent for both employer and employee. Actual contributions were 100 percent of required contributions. Required contributions for Minnesota State Colleges and Universities were:

<u>Fiscal Year</u>	<u>Amount</u>
2002	\$ 5,726,458
2001	5,327,967
2000	4,903,440

Teachers Retirement Fund (TRF)

Pension fund information is provided by the Minnesota Teachers Retirement Association (TRA); who prepares and publishes their own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of the report may be obtained directly from TRA at 60 Empire Drive, Suite 400, St. Paul, Minnesota 55103-4000.

The TRF is a cost sharing multiple employer defined benefit plan. Teachers and other related professionals may participate in TRF. The annuity formula is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for basic members are 2.2 and 2.7 percent, and for coordinated members, 1.2 and 1.7 percent. Minnesota State Colleges and Universities, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund. Currently, TRF does not have an unfunded actuarial accrued liability.

The statutory authority for TRF is Minnesota Statute, Chapter 354. The funding requirements are 5 percent for both employer and employee. Actual contributions were 100 percent of required contributions. Required contributions for Minnesota State Colleges and Universities were:

<u>Fiscal Year</u>	<u>Amount</u>
2002	\$ 10,030,591
2001	10,450,806
2000	10,095,404

Public Employees Retirement Fund (PERF)

Pension fund information is provided by the Public Employees Retirement Association of Minnesota (PERA), who prepares and publishes their own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of the report may be obtained directly from PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103.

PERF is a cost sharing multiple employer defined benefit plan. Former employees of various governmental subdivisions including counties, cities, school districts and related organizations participate in the plan. The annuity formula is the greater of a step rate with a flat reduction for each month of early retirement or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The applicable rates for members is 1.2 and 1.7 percent. Minnesota State Colleges and Universities, as an employer for some participants, is liable for a portion of any unfunded accrued liability of this fund.

The statutory authority for PERF is Minnesota Statute, Chapter 353. The funding requirements for the period July 1 through December 31, 2001, was 4.75 percent for employees and 5.18 percent for employers. In January the rates increased to 5.10 percent for employees and 5.53 percent for employers. Actual contributions were 100 percent of required contributions. Required contributions for Minnesota State Colleges and Universities were:

<u>Fiscal year</u>	<u>Employer</u>	<u>Employee</u>
2002	\$ 1,513,019	\$ 1,323,307
2001	1,472,790	1,303,065
2000	1,473,017	1,307,163

Minnesota State Colleges and Universities Defined Contribution Retirement Fund

General Information — The Minnesota State Colleges and Universities Defined Contribution Retirement Fund includes two plans; an Individual Retirement Account Plan (IRAP) and a Supplemental Retirement Plan (SRP). Both plans are mandatory tax-deferred, single employer defined contribution plans authorized by Minnesota Statutes, Chapters 354B and 354C. The plans are designed to provide retirement benefits to Minnesota State Colleges and Universities unclassified employees. The plans cover unclassified teachers, librarians, administrators and certain other staff who have been employed full-time for a minimum of two academic years. The plans are mandatory for qualified employees. Vesting occurs immediately. The administrative agent of the two plans is Wells Fargo Bank, N.A. Separately issued financial statements can be obtained from Wells Fargo, Institutional Investments Group, Retirement Plan Services, Suite 300, 2700 Snelling Avenue North, Roseville, MN 55113.

I.R.A.P. —

Participation — Each employee who is in unclassified service is required to participate in TRA or IRAP upon achieving eligibility. Eligibility begins with the employment contract for the first year of unclassified service in which the employee is hired for more than 25 percent of a full academic year, excluding summer session. An employee remains a participant of the plan, even if he/she is employed for less than 25 percent of a full academic year in subsequent years.

Contributions — There are two member groups participating in the IRAP, a faculty group and an administrators group. For faculty, the employer and employee statutory contribution rates are 6.0 and 4.5 percent, respectively. For administrators, the employer rate is 6.0 percent and the employee rate is 4.0 percent. The contributions are made under the authority of Minnesota Statute, Chapter 354B. Required contributions for Minnesota State Colleges and Universities were:

<u>Fiscal Year</u>	<u>Employer</u>	<u>Employee</u>
2002	\$ 12,498,172	\$ 9,279,052
2001	11,829,931	8,775,986
2000	10,090,586	7,469,349

S.R.P. —

Participation — Each unclassified employee who has completed two full-time years of unclassified service with Minnesota State Colleges and Universities must participate upon achieving eligibility. The eligible employee is enrolled on the 1st day of the fiscal year following completion of two full-time years.

Contributions — Participants contribute to the SRP portion of the plan five percent of the eligible compensation as follows:

Member Group	Eligible Compensation	Maximum Annual Contributions
Inter Faculty Organization (IFO)	\$6,000 to \$50,000	\$ 2,200
Minnesota Community College Faculty Association (MCCFA)	6,000 to 46,000	2,000
Minnesota State University Association of Administrative and Service Faculty (MSUAASF)	6,000 to 48,000	2,100
Administrators	6,000 to 46,000	2,000
United Technical College Educators (UTCE)	6,000 to 30,000	1,200
Middle Management Association (MMA) Unclassified	6,000 to 19,000	650
Minnesota Association of Professional Employees (MAPE) Unclassified	6,000 to 18,000	600
Other Unclassified Members	6,000 to 15,000	450

Minnesota State Colleges and Universities match amounts equal to the contributions made by participants. The contributions are made under the authority of Minnesota Statute, Chapter 354B. Required contributions for Minnesota State Colleges and Universities were:

Fiscal Year	Amount
2002	\$ 9,083,711
2001	8,786,505
2000	7,252,129

11. CONTINGENT LIABILITIES – LITIGATION

Lawsuits furnish a basis for potential liability. The following cases, or categories of cases, in which the Minnesota State Colleges and Universities, its officers, or employees are defendants have been noted because an adverse decision in each case or category of cases could result in an expenditure of Minnesota State Colleges and Universities' monies of over \$300,000.

- *Sachs v. Minneapolis Community and Technical College, et al.* State District Court. The suit filed alleges breach of contract, promissory estoppel, consumer fraud, deceptive trade practices, and denial of equal protection. The case is in discovery. Management believes that the probability of an unfavorable outcome being material to the financial statements is remote.

- *Redden v. Minneapolis Community and Technical College*. State District Court. The suit filed alleges discrimination, breach of contract, promissory estoppel, consumer fraud, deceptive trade practices and denial of equal protection. The case is in discovery. Management believes that the probability of an unfavorable outcome being material to the financial statements is remote.
- *DeVries v. Normandale Community College*. State District Court. The suit filed alleges discrimination. Defendant's option for summary judgment was heard in October 2002. Management believes that the probability of an unfavorable outcome being material to the financial statements is remote.
- *Burum v. Minnesota State University, Mankato*. Federal District Court, District of Minnesota. The suit alleges discrimination in pay. The case has been certified as a class action. Trial is scheduled for early 2003. The university is contesting the case vigorously, but if unsuccessful, plaintiffs may claim in excess of \$1,000,000.
- *Karjala v. Winona State University*. Federal District Court, District of Minnesota. The suit alleges discrimination in pay. The case has been certified as a class action. Trial is scheduled for mid-2003. The university is contesting the case vigorously, but if unsuccessful, plaintiffs may claim in excess of \$1,000,000.
- Claim presented by prime building contractor, Schroeder/Leverington. The prime contractor has presented claims related to alleged owner-caused delays and other issues totaling nearly \$500,000. The claims are under review.

12. POSTRETIREMENT BENEFITS

The faculty contracts provided early retirement incentives for faculty meeting specific requirements. The specific circumstances usually pertain to faculty members hired before June 30, 1996, and require the faculty member to have served a specified number of years of service. The faculty member has the right to continue, at the employer's expense, health insurance benefits after separation. Certain faculty have the right to continue health insurance benefits until age 65.

The cost of health insurance benefits was \$2,587,188 during fiscal year 2002, for retired employees. There are 694 retired faculty, currently receiving this benefit.

13. RISK MANAGEMENT

Minnesota State Colleges and Universities is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; error or omissions; and employer obligations. Minnesota State Colleges and Universities manages these risks through State of Minnesota insurance plans including the State of Minnesota Risk Management Fund, a self-insurance fund, and through purchased insurance coverage.

Automobile liability coverage is required by the state and is provided by the Risk Management Fund. Some colleges and universities also purchase optional physical damage coverage for their newest or most expensive vehicles.

While property and casualty coverage is required by Minnesota State Colleges and Universities' policy, colleges and universities may select optional coverage such as international accident, international liability, professional liability for employed physicians and student health services professional liability. The Risk Management Fund also provides these coverages.

Property coverages offer institutions a deductible between \$1,000 and \$100,000; the Risk Management Fund covers the balance of the claim up to \$500,000. The primary reinsurer covers losses up to \$25,000,000 after which the excess loss is shared among three reinsurers up to \$400,000,000. The liability coverage is up to the statutory limit of \$300,000 per person for property damage or \$1,000,000 for bodily injury per occurrence. Once annual losses paid by the Risk Management Fund reach \$3,500,000, the reinsurer will cover those losses in excess of the covered deductible. The fund must pay a \$10,000 maintenance deductible for each of these additional claims.

Minnesota State Colleges and Universities retains the risk of loss. Minnesota State Colleges and Universities did not have any settlements in excess of coverage in the last three years.

The Risk Management Fund purchases other insurance on the open market for some campuses. These generally include student intern professional liability, dental clinics professional liability, aviation insurance and a variety of bonds.

Minnesota State Colleges and Universities participates in the State Employee Group Insurance Plan, which provides life insurance and hospital, medical, and dental benefits coverage through provider organizations.

Workers' compensation is covered through state participation in the Workers' Compensation Reinsurance Association, which pays for catastrophic workers' compensation claims. Other workers' compensation risks are covered through self-insurance for which Minnesota State Colleges and Universities pays the cost of claims through the State Workers' Compensation Fund.

A Minnesota State Colleges and Universities Workers' Compensation Payment Pool helps institutions manage the volatility of such claims. Annual premiums are assessed by the pool based on salary dollars. From this pool, all workers' compensation claims are paid to the State Workers' Compensation Fund. The following table presents changes in the balances of workers' compensation claims liability during the fiscal years ended June 30, 2001 and 2002.

	Beginning Liability	Net Additions and Changes	Payments	Ending Liability
Fiscal Year Ended 6/30/01	\$ 4,335,925	\$ 4,356,332	\$ 4,402,530	\$ 4,289,727
Fiscal Year Ended 6/30/02	\$ 4,289,727	\$ 4,109,234	\$ 4,006,971	\$ 4,391,990

14. SEGMENT INFORMATION

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses, assets and liabilities that are required by an external party to be accounted for separately. Minnesota State Colleges and Universities has two segments that meet the reporting requirements of GASB Statement No. 35.

Minnesota State Colleges and Universities issues revenue bonds to finance university dormitories and student unions. Mesabi Range/Vermilion Community College dormitories were financed by revenue bonds sold by the Minnesota Higher Education Facilities Authority. Summary financial information for the Revenue Fund and Mesabi Range/Vermilion Community College as of and for the year ended June 30, 2002, follows.

	Revenue Fund	Mesabi Range/ Vermilion
CONDENSED STATEMENT OF NET ASSETS		
Assets		
Current assets	\$ 28,689,289	\$ 84,054
Restricted assets	36,079,283	588,226
Capital assets, net	72,643,993	2,466,510
Total assets	<u>137,412,565</u>	<u>3,138,790</u>
Liabilities		
Current liabilities	8,271,178	185,482
Noncurrent liabilities	37,636,290	1,160,000
Total liabilities	<u>45,907,468</u>	<u>1,345,482</u>
Net Assets:		
Invested in capital assets, net of related debt	70,767,876	1,176,510
Restricted	1,804,282	588,226
Unrestricted	18,932,939	28,572
Total net assets	<u>\$ 91,505,097</u>	<u>\$ 1,793,308</u>
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS		
Operating revenues	\$ 54,870,726	\$ 531,820
Operating expenses	53,819,781	418,485
Net operating income	1,050,945	113,335
Nonoperating revenues	1,213,424	12,037
Nonoperating expenses	(803,840)	(100,760)
Other	277,322	—
Change in net assets	1,737,851	24,612
Net assets, beginning of year	89,767,246	1,768,696
Net assets, end of year	<u>\$ 91,505,097</u>	<u>\$ 1,793,308</u>
CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided by (used in)		
Operating activities	\$ 7,133,553	\$ (976)
Investing activities	(2,705,501)	(10,851)
Capital and related financing activities	31,361,887	(120,000)
Net increase	35,789,939	(131,827)
Cash, beginning of year	13,475,596	131,827
Cash, end of year	<u>\$ 49,265,535</u>	<u>\$ —</u>

15. COMMITMENTS

Minnesota State Colleges and Universities is involved in several ongoing projects as follows:

- Winona State University is constructing a new science building. The expected completion date is fall of 2004, at a program cost of \$30 million.
- Minnesota State University, Mankato is expected to complete construction on their student athletic facility in November 2002, at a program cost of \$9.8 million.
- Metropolitan State University is constructing a new library at a program cost of \$17 million. Completion is anticipated in early 2004.
- St. Cloud State University entered into an agreement with the St. Cloud State University Foundation to construct and operate a new multipurpose stadium, an addition to the Atwood Memorial Center, and a new student fitness and recreational facility. These projects started in fiscal year 2003 and are expected to be complete in 2005 at an estimated cost of \$16.5 million.
- Minnesota State University Moorhead is constructing a new science center at an estimated program cost of \$20.5 million. The building is scheduled to open in the summer of 2004.

Minnesota State University Moorhead also entered into an agreement with the Minnesota State University Moorhead Alumni Foundation to construct and operate a student housing project on campus. The housing was opened for business in the fall of 2002, at a cost of \$3.9 million.

- Normandale Community College is in phase one of their science building construction. The estimated cost of this phase is \$11.6 million, expected to be complete by December 2002. Phase two, with a program cost of \$9.3 million, is expected to begin construction in early 2003.
- Alexandria Technical College is constructing a technology building at an estimated program cost of \$9.0 million in early 2003.
- Minneapolis Community and Technical College is completing a new \$11.7 million dollar library this winter and beginning the final consolidation-remodeling project with Metropolitan State University at an estimated program cost of \$9.0 million.

- Fond du Lac Tribal and Community College began an academic building expansion project at a program cost of \$7.5 million. Completion is expected in late 2003.
- Itasca Community College completed a \$4.6 million engineering building in the fall of 2002.
- North Hennepin Community College began an \$11.0 million renovation project for the general education building. In 2002, a \$10.4 million science building addition and renovation project was completed.

16. CHANGE IN ACCOUNTING PRINCIPLE

Change in Accounting Principle — Minnesota State Colleges and Universities implemented GASB Statement No. 35 as amended by GASB Statements No. 37 and No. 38. This statement establishes standards for external financial reporting for public colleges and universities. Minnesota State Colleges and Universities is reporting as a business-type activity. Capital assets and long-term obligations, previously reported in general fixed assets and general long-term obligations account groups, are now reported in the statement of net assets. Other adjustments include the effect of the change from modified to full accrual accounting. The cumulative effective adjustments resulted in the following increases and decreases:

Combined fund balance as previously reported		\$ 329,917,177
Buildings	\$ 521,619,358	
Equipment	88,746,431	
Construction in progress	54,437,472	
Land	47,920,000	
Library collections	19,138,348	
Other	(977,010)	
Workers' compensation payable	(4,114,727)	
Capital leases	(4,175,711)	
Energy loans payable	(6,483,319)	
Deferred revenue	(8,995,106)	
Accounts receivable, net	(14,167,203)	
Capital contribution liability for Perkins loans	(33,668,213)	
Bonds payable	(75,240,064)	
Compensated absences payable	(84,255,741)	
Total cumulative effect of changes in accounting principles	\$ 499,784,515	
Combined fund balance, restated as net assets		<u>\$ 829,701,692</u>

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SUPPLEMENTARY SECTION

Supplementary Information - System and Individual Institutions

Included in the supplementary section are both system level and individual institution reports.

The system level reports include the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets presented by fund type. These statements were prepared using full accrual accounting for all institutions, with the exception of the interfund activities which were not eliminated, and the scholarship allowances which were not applied to these statements.

The reconciliation schedule shows a generally accepted accounting principle (GAAP) to budgetary reconciliation of net assets to fund balance for the General Fund. This reconciliation begins with total assets for all funds from the Statement of Net Assets and reconciles it to the budgetary General Fund balance by eliminating all other fund types and GAAP adjustments. Differences between budgetary and GAAP include the effect of full accrual accounting (revenue recognized when earned and expense when incurred) vs. budgetary basis (revenue and expenses recognized when cash is received or expended).

The budgetary fund balance includes state grant revenue and budgetary restrictions which are eliminated. The remaining fund balance may be designated by the colleges and universities for board required reserves and specific programs.

Following the system level reports are the Statements of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets presented for each institution. These statements were also prepared using full accrual accounting for all institutions with the exception of the interfund activities which were not eliminated, and the scholarship allowances which were not applied to these statements

The final supplementary schedule shows a generally accepted accounting principle (GAAP) to budgetary reconciliation for each institution's General Fund utilizing the methodology described above.

FUND TYPES

Activities included in the fund types are as follows:

GENERAL FUND

- General operations
- Customized training
- State grants
- Capital projects
- Imprest cash

SPECIAL REVENUE

- Student activities
- Health services
- Intercollegiate activities
- Child care
- Federal grants
- Federal financial aid
- State financial aid
- Private gifts and grants
- Miscellaneous special revenues
- Private scholarships
- Endowments

ENTERPRISE

- Bookstore
- Computer store
- Food service
- Parking

REVENUE

- Residence halls
- Student union

AGENCY

- Custodial accounts
- Temporary accounts

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Consolidated Statement of Net Assets by Fund Type (Unaudited)
As of June 30,2002

	<u>General</u>	<u>Special Revenue</u>
Assets		
Cash and cash equivalents	\$ 290,868,059	\$ 13,521,476
Investments	-	5,308,120
Interest receivable	-	25,947
Grants receivable	749,475	10,498,987
Accounts receivable	18,948,688	2,130,988
Loans receivable	-	-
Notes receivable	500,500	-
Prepaid assets	12,845,777	-
Inventory	30,707	6,936
Restricted assets	-	-
Other assets	245,127	273,258
Due from other funds	26,904,690	2,780,217
Advances from other funds	419,000	-
Securities lending collateral	27,667,815	-
Total current and noncurrent assets	<u>379,179,838</u>	<u>34,545,929</u>
Capital Assets		
Construction in progress	70,267,391	-
Equipment	241,956,634	-
Library collections	42,731,207	-
Buildings and improvements	1,188,080,657	-
Land	50,239,555	-
Less accumulated depreciation	(792,996,484)	-
Total capital assets	<u>800,278,960</u>	<u>-</u>
Total Assets	<u>\$1,179,458,798</u>	<u>\$ 34,545,929</u>

Subtotals and totals may not agree due to rounding.

<u>Enterprise</u>	<u>Revenue</u>	<u>Agency</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 26,082,090	\$ 23,133,289	\$ 8,248,947	\$ -	\$ 361,853,861
8,968,092	-	3,350,292	-	17,626,504
67,662	23,043	-	-	116,652
-	-	-	-	11,248,462
2,733,352	1,359,915	2,767,666	-	27,940,609
33,437,113	-	-	-	33,437,113
-	-	-	-	500,500
42,821	-	-	-	12,888,598
7,854,038	-	-	-	7,891,681
-	36,079,283	-	-	36,079,283
459,624	-	374,590	-	1,352,599
2,790,030	2,568,022	3,343,209	-	38,386,168
80,459	-	-	-	499,459
95,731	2,398,212	-	-	30,161,758
<u>82,611,012</u>	<u>65,561,764</u>	<u>18,084,704</u>	<u>-</u>	<u>579,983,247</u>
-	937,623	-	-	71,205,014
3,973,174	3,435,393	-	-	249,365,201
-	-	-	-	42,731,207
3,587,624	169,196,174	-	-	1,360,864,455
-	-	-	-	50,239,555
<u>(3,177,429)</u>	<u>(100,925,197)</u>	<u>-</u>	<u>-</u>	<u>(897,099,110)</u>
<u>4,383,369</u>	<u>72,643,993</u>	<u>-</u>	<u>-</u>	<u>877,306,322</u>
<u>\$ 86,994,381</u>	<u>\$ 138,205,757</u>	<u>\$ 18,084,704</u>	<u>\$ -</u>	<u>\$1,457,289,569</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Consolidated Statement of Net Assets by Fund Type (Unaudited)
As of June 30, 2002

	<u>General</u>	<u>Special Revenue</u>
Liabilities		
Salaries payable	\$ 81,213,935	\$ 2,070,543
Accounts payable	32,394,704	4,464,171
Deferred revenue	11,784,072	2,332,602
Funds held in trust	39,500	47,576
Notes payable	4,498,011	-
Capital lease payable	6,680,060	-
Compensated absences payable	83,151,275	3,075,951
Workers' compensation payable	4,391,990	-
Revenue bond payable	-	-
General obligation bonds payable	104,622,063	-
Capital contributions payable	-	-
Other liabilities	146,639	106,425
Payable to other funds	25,843,145	4,863,214
Advances to other funds	419,000	-
Securities lending collateral	27,667,815	-
Total Liabilities	<u>382,852,209</u>	<u>16,960,482</u>
Net Assets		
Invested in capital assets, net of related debt	684,478,823	-
Restricted		
Donations	-	6,243,750
Loans	-	-
Bond interest earnings	-	-
Capital projects	26,463,513	-
Debt services	11,565,378	-
Faculty contract obligations	6,754,625	-
Legislatively mandated programs	2,363,865	-
Bond covenants	-	-
Unrestricted	<u>64,980,385</u>	<u>11,341,697</u>
Total Net Assets	<u>\$ 796,606,589</u>	<u>\$ 17,585,447</u>

Subtotals and totals may not agree due to rounding.

<u>Enterprise</u>	<u>Revenue</u>	<u>Agency</u>	<u>Capital Projects</u>	<u>Total</u>
\$ 421,252	\$ 440,883	\$ 47,216	\$ -	\$ 84,193,829
3,622,348	3,408,573	2,848,731	-	46,738,527
933,994	1,813,861	898,817	-	17,763,346
15,453	-	9,140,678	-	9,243,207
-	-	-	-	4,498,011
-	-	-	-	6,680,060
1,123,418	1,522,198	22,653	-	88,895,495
-	-	-	-	4,391,990
1,290,000	36,275,000	-	-	37,565,000
-	-	-	-	104,622,063
32,885,783	-	-	-	32,885,783
324,394	-	381,450	-	958,908
2,092,717	841,933	4,745,159	-	38,386,168
80,459	-	-	-	499,459
95,731	2,398,212	-	-	30,161,758
<u>42,885,549</u>	<u>46,700,660</u>	<u>18,084,704</u>	<u>-</u>	<u>507,483,604</u>
3,093,372	70,767,876	-	-	758,340,071
-	-	-	-	6,243,750
4,439,846	-	-	-	4,439,846
-	471,086	-	-	471,086
-	6,160,480	-	-	32,623,993
-	1,333,196	-	-	12,898,574
-	-	-	-	6,754,625
-	-	-	-	2,363,865
-	12,772,459	-	-	12,772,459
36,575,614	-	-	-	112,897,696
<u>\$ 44,108,832</u>	<u>\$ 91,505,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 949,805,965</u>

Concluded

MINNESOTA STATE COLLEGES AND UNIVERSITIES

Consolidated Statement of Revenues, Expenses and Changes in Net Assets by Fund Type (Unaudited) For the year ended June 30, 2002

	General	Special Revenue
Operating Revenues		
Tuition	\$ 365,039,939	\$ -
Fees	31,515,824	20,711,744
Sales and service, net	14,202,903	6,176,096
Room and board	199,210	-
Federal grants	19,607	142,740,818
State grants	15,493,607	53,045,148
Private grants	8,730,301	19,360,949
Student loan income	54,164	1,224
Other income	17,375,817	1,476,694
Total operating revenues	<u>452,631,372</u>	<u>243,512,673</u>
Operating Expenses		
Salaries and benefits	759,336,938	51,426,889
Purchased services	98,041,475	12,618,693
Supplies	50,102,499	7,967,602
Repairs and maintenance	30,748,385	4,405,814
Depreciation and amortization	60,013,444	-
Financial aid	2,400,653	149,647,248
Other expense	39,555,283	9,065,605
Total operating expenses	<u>1,040,198,677</u>	<u>235,131,851</u>
Operating income (loss)	<u>(587,567,305)</u>	<u>8,380,822</u>
Nonoperating Revenues (Expenses)		
State appropriations	602,183,000	-
Interest income	3,183,383	410,333
Securities lending income	434,515	-
Interest expense	(2,180,939)	(24,711)
Grants to other organizations	(495,268)	(6,544,415)
Securities lending rebates / fees	(418,514)	-
Total nonoperating revenue (expenses)	<u>602,706,177</u>	<u>(6,158,793)</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	15,138,872	2,222,029
Capital appropriations	74,113,775	-
Donated capital assets	24,333,299	-
Transfers in	121,309,626	15,623,543
Transfers out	(117,991,886)	(15,931,240)
Gain (loss) on disposal of capital assets	(1,238,853)	(2,104)
Increase in net assets	<u>115,664,833</u>	<u>1,912,228</u>
Total Net Assets - Beginning of Year	147,064,896	18,553,326
Cumulative effect of changes in accounting principle	537,102,025	(2,880,107)
Change in reporting entity	(3,225,165)	-
Total Net Assets - Beginning of Year as Restated	<u>680,941,756</u>	<u>15,673,219</u>
Total Net Assets - End of Year	<u>\$ 796,606,589</u>	<u>\$ 17,585,447</u>

Subtotals and totals may not agree due to rounding.

Enterprise	Revenue	Capital Projects	Total
\$ -	\$ -	\$ -	\$ 365,039,939
3,534,477	6,891,770	-	62,653,815
21,896,076	3,682,689	-	45,957,760
1,728,926	44,035,142	-	45,963,278
105,408	-	-	142,865,833
8,376	-	-	68,547,131
209,223	-	-	28,300,473
1,012,296	-	-	1,067,684
4,587,852	257,619	-	23,697,983
<u>33,082,634</u>	<u>54,867,220</u>	<u>-</u>	<u>784,093,896</u>
12,299,754	15,751,368	-	838,814,949
5,151,769	13,963,433	-	129,775,370
2,397,055	3,409,190	-	63,876,346
3,202,986	7,144,176	-	45,501,361
465,791	5,571,233	-	66,050,468
1,736,170	-	-	153,784,071
3,011,970	7,729,233	-	59,362,091
<u>28,265,495</u>	<u>53,568,633</u>	<u>-</u>	<u>1,357,164,656</u>
<u>4,817,139</u>	<u>1,298,587</u>	<u>-</u>	<u>(573,070,760)</u>
-	-	-	602,183,000
817,286	1,213,424	-	5,624,426
-	-	-	434,515
(1,783,453)	(803,840)	-	(4,792,943)
(350,894)	-	-	(7,390,577)
-	-	-	(418,514)
<u>(1,317,061)</u>	<u>409,584</u>	<u>-</u>	<u>595,639,907</u>
3,500,078	1,708,171	-	22,569,147
-	-	-	74,113,775
-	-	-	24,333,299
3,919,622	3,506	-	140,856,298
(6,682,026)	(251,148)	-	(140,856,298)
51,687	277,322	-	(911,948)
<u>789,361</u>	<u>1,737,851</u>	<u>-</u>	<u>120,104,273</u>
77,756,872	89,767,246	(3,225,165)	329,917,177
(34,437,401)	-	-	499,784,515
-	-	3,225,165	-
<u>43,319,471</u>	<u>89,767,246</u>	<u>-</u>	<u>829,701,692</u>
<u>\$ 44,108,832</u>	<u>\$ 91,505,097</u>	<u>\$ -</u>	<u>\$ 949,805,965</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Consolidated Reconciliation of Net Assets to Budgetary Fund Balance -
General Fund (Unaudited)
As of June 30, 2002

Total net assets	\$ 949,805,965
Less	
Imprest cash	(797,033)
Special Revenue	(17,585,447)
Enterprise	(44,108,832)
Revenue	(91,505,097)
General and Capital Project funds net assets, net of imprest cash	<u>795,809,556</u>
Add (subtract) GAAP adjustments	
Assets	
Grants receivable	(749,475)
Accounts receivable	(18,934,815)
Notes receivable	(500,500)
Prepaid assets	(12,845,777)
Other assets	(81,159)
Due from other funds	(26,870,976)
Advances from other schools	(419,000)
Capital assets net of accumulated depreciation	(800,278,960)
Liabilities	
Salaries payable	81,213,935
Accounts payable	32,356,859
Deferred revenue	11,777,281
Notes payable	4,498,011
Capital leases payable	6,680,060
Compensated absences	83,151,275
Workers' compensation	4,391,990
General obligation bonds	104,622,063
Other liabilities	88,162
Payable to other funds	25,807,757
Advances to other schools	419,000
Less capital projects cash	(25,803,023)
Add (subtract) cash basis activity after June 30	
Cash receipts	54,710,652
Transfer summer session revenues to fiscal year 2003	(23,077,018)
Cash expenditures	<u>(122,610,676)</u>
Budgetary fund balance - General fund	<u>173,355,224</u>

Less state grants and other	(2,482,916)
General fund appropriation	<u>170,872,308</u>
Add amounts due from other funds	695,249
Less restrictions	
Faculty contract obligations	(6,754,625)
Minnesota State Colleges Faculty contract obligations	(14,467,701)
Less designations	
Designated for programs	(68,863,139)
Board required reserve	(46,672,951)
Planned for fiscal year 2003 budget	(16,189,292)
Planned for fiscal year 2004 budget	(9,987,011)
Prior year encumbrances	(5,691,047)
External programs	<u>(1,965,304)</u>
Undesignated budgetary fund balance - General fund	<u>\$ 976,487</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Alexandria Technical College	Anoka- Hennepin Technical College	Anoka-Ramsey Community College
Assets			
Current Assets			
Cash and cash equivalents	\$ 4,159,040	\$ 917,535	\$ 10,698,941
Investments	-	-	758,104
Interest receivable	-	-	-
Grants receivable	267,933	186,038	919,015
Accounts receivable	306,072	366,471	327,051
Notes receivable	-	-	-
Prepaid assets	50,240	309,715	593,814
Inventory	-	105,405	454,842
Other assets	108,403	1,518	62,729
Due from other funds	-	-	-
Advances from other schools	-	-	-
Securities lending collateral	391,362	134,192	972,027
Total current assets	<u>5,283,050</u>	<u>2,020,874</u>	<u>14,786,523</u>
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Assets			
Loans receivable	-	-	498,150
Notes receivable	-	-	-
Construction in progress	-	9,886,145	-
Equipment	5,733,101	4,183,941	2,119,840
Library collections	220,124	254,925	619,298
Buildings and improvements	10,937,789	11,502,484	33,861,454
Land	640,449	1,057,118	1,786,778
Less accumulated depreciation	<u>(8,782,352)</u>	<u>(11,863,844)</u>	<u>(12,090,226)</u>
Total noncurrent assets	<u>8,749,111</u>	<u>15,020,769</u>	<u>26,795,294</u>
Total Assets	<u>\$ 14,032,161</u>	<u>\$ 17,041,643</u>	<u>\$ 41,581,817</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Alexandria Technical College	Anoka- Hennepin Technical College	Anoka-Ramsey Community College
Liabilities			
Current Liabilities			
Salaries payable	\$ 1,396,031	\$ 1,664,594	\$ 1,592,858
Accounts payable	558,973	1,677,385	1,285,402
Deferred revenue	218,631	248,670	422,518
Funds held in trust	181,061	90,994	742,914
Notes payable	-	-	12,910
Capital lease payable	251,402	152,607	-
Compensated absences payable	211,742	119,056	183,997
Workers' compensation payable	12,846	9,438	10,936
Revenue bonds payable	-	-	-
General obligation bonds payable	20,332	141,688	325,836
Other liabilities	-	200	27,914
Payable to other schools	-	-	-
Advances to other schools	-	75,000	-
Securities lending collateral	391,362	134,192	972,027
Total current liabilities	<u>3,242,380</u>	<u>4,313,824</u>	<u>5,577,312</u>
Noncurrent Liabilities			
Notes payable	-	-	6,209
Capital lease payable	-	100,910	-
Compensated absences payable	1,795,428	810,441	1,682,999
Workers' compensation payable	31,574	23,198	26,878
Revenue bonds payable	-	-	-
General obligation bonds payable	297,882	3,340,626	4,537,624
Capital contributions payable	-	-	443,290
Total noncurrent liabilities	<u>2,124,884</u>	<u>4,275,175</u>	<u>6,697,000</u>
Total Liabilities	<u>5,367,264</u>	<u>8,588,999</u>	<u>12,274,312</u>
Net Assets			
Invested in capital assets, net of related debt	8,179,495	11,284,938	21,414,565
Restricted			
Donations	-	-	445,974
Loans	-	-	54,860
Bond interest earnings	-	-	-
Capital projects	75,950	-	-
Debt service	35,526	289,472	535,738
Faculty contract obligations	386,028	-	180,245
Legislatively mandated programs	32,776	-	-
Bond covenants	-	-	-
Unrestricted	<u>(44,878)</u>	<u>(3,121,766)</u>	<u>6,676,123</u>
Total Net Assets	<u>\$ 8,664,897</u>	<u>\$ 8,452,644</u>	<u>\$ 29,307,505</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	<u>Bemidji State University</u>	<u>Central Lakes College</u>	<u>Century College</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 19,458,972	\$ 6,106,878	\$ 8,533,181
Investments	568,221	-	-
Interest receivable	-	-	-
Grants receivable	243,060	174,758	139,076
Accounts receivable	300,698	375,555	1,902,824
Notes receivable	-	-	-
Prepaid assets	551,837	815,020	278,315
Inventory	8,000	304,696	670,572
Other assets	44,686	33,574	20,553
Due from other funds	141,355	-	-
Advances from other schools	-	-	-
Securities lending collateral	1,324,554	582,149	637,837
Total current assets	<u>22,641,383</u>	<u>8,392,630</u>	<u>12,182,358</u>
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Assets			
Loans receivable	4,804,716	64,510	-
Notes receivable	-	-	-
Construction in progress	996,185	-	-
Equipment	9,994,505	9,013,350	6,258,784
Library collections	2,526,991	177,276	1,028,508
Buildings and improvements	72,400,487	43,640,862	27,704,032
Land	1,049,155	1,824,900	1,012,041
Less accumulated depreciation	(49,833,600)	(22,987,624)	(23,687,683)
Total noncurrent assets	<u>41,938,439</u>	<u>31,733,274</u>	<u>12,315,682</u>
Total Assets	<u>\$ 64,579,822</u>	<u>\$ 40,125,904</u>	<u>\$ 24,498,040</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	<u>Bemidji State University</u>	<u>Central Lakes College</u>	<u>Century College</u>
Liabilities			
Current Liabilities			
Salaries payable	\$ 3,424,559	\$ 1,958,477	\$ 2,708,283
Accounts payable	1,306,033	852,857	347,590
Deferred revenue	835,541	170,534	426,277
Funds held in trust	681,379	111,435	617,336
Notes payable	-	-	230,060
Capital lease payable	-	-	-
Compensated absences payable	377,400	183,998	288,497
Workers' compensation payable	13,184	7,676	4,218
Revenue bonds payable	-	-	-
General obligation bonds payable	289,439	489,932	112,858
Other liabilities	9,574	2,999	-
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	1,324,554	582,149	637,837
Total current liabilities	<u>8,261,663</u>	<u>4,360,057</u>	<u>5,372,956</u>
Noncurrent Liabilities			
Notes payable	-	-	221,865
Capital lease payable	-	-	-
Compensated absences payable	3,323,776	1,664,256	2,964,530
Workers' compensation payable	32,402	18,868	10,367
Revenue bonds payable	-	-	-
General obligation bonds payable	4,635,165	5,631,244	1,498,537
Capital contributions payable	4,347,871	71,682	-
Total noncurrent liabilities	<u>12,339,214</u>	<u>7,386,050</u>	<u>4,695,299</u>
Total Liabilities	<u>20,600,877</u>	<u>11,746,107</u>	<u>10,068,255</u>
Net Assets			
Invested in capital assets, net of related debt	32,209,119	25,547,589	10,252,361
Restricted			
Donations	426,867	3,726	-
Loans	544,073	12,287	-
Bond interest earnings	-	-	-
Capital projects	6,205,750	-	429,769
Debt service	505,940	774,303	199,416
Faculty contract obligations	305,180	-	243,208
Legislatively mandated programs	-	-	-
Bond covenants	-	-	-
Unrestricted	<u>3,782,016</u>	<u>2,041,892</u>	<u>3,305,031</u>
Total Net Assets	<u>\$ 43,978,945</u>	<u>\$ 28,379,797</u>	<u>\$ 14,429,785</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Dakota County Technical College	Fergus Falls Community College	Fond du Lac Tribal & Community College
Assets			
Current Assets			
Cash and cash equivalents	\$ 7,033,072	\$ 1,793,204	\$ 656,886
Investments	399,410	-	-
Interest receivable	415	-	-
Grants receivable	127,542	40,611	180,783
Accounts receivable	495,931	677,035	715,671
Notes receivable	-	-	-
Prepaid assets	57,981	112,509	290,274
Inventory	157,967	124,315	27,565
Other assets	14,780	9,300	6,267
Due from other funds	-	-	-
Advances from other schools	-	-	21,417
Securities lending collateral	662,055	123,067	56,379
Total current assets	8,949,153	2,880,041	1,955,242
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	-	-	-
Noncurrent Assets			
Loans receivable	-	243,308	-
Notes receivable	-	-	-
Construction in progress	13,397	-	243,404
Equipment	8,781,175	594,472	630,035
Library collections	551,023	251,643	230,991
Buildings and improvements	26,242,974	6,545,321	11,077,945
Land	1,064,000	781,634	50,052
Less accumulated depreciation	(27,135,375)	(4,577,659)	(2,941,722)
Total noncurrent assets	9,517,194	3,838,719	9,290,705
Total Assets	\$ 18,466,347	\$ 6,718,760	\$ 11,245,947

MINNESOTA STATE COLLEGES AND UNIVERSITIES

Statement of Net Assets by Institution

(Unaudited)

As of June 30, 2002

	Dakota County Technical College	Fergus Falls Community College	Fond du Lac Tribal & Community College
Liabilities			
Current Liabilities			
Salaries payable	\$ 1,074,414	\$ 973,623	\$ 563,611
Accounts payable	682,361	215,149	222,835
Deferred revenue	232,550	85,448	49,676
Funds held in trust	-	88,310	56,216
Notes payable	-	23,553	-
Capital lease payable	3,056	-	-
Compensated absences payable	149,039	76,094	14,341
Workers' compensation payable	10,690	16,762	983
Revenue bonds payable	-	-	-
General obligation bonds payable	26,278	59,464	181,317
Other liabilities	158,344	70,266	80
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	662,055	123,067	56,379
Total current liabilities	<u>2,998,787</u>	<u>1,731,736</u>	<u>1,145,438</u>
Noncurrent Liabilities			
Notes payable	-	157,017	-
Capital lease payable	5,733	-	-
Compensated absences payable	1,258,390	496,848	235,706
Workers' compensation payable	26,272	41,196	2,415
Revenue bonds payable	-	-	-
General obligation bonds payable	280,317	487,741	1,916,189
Capital contributions payable	-	211,637	-
Total noncurrent liabilities	<u>1,570,712</u>	<u>1,394,439</u>	<u>2,154,310</u>
Total Liabilities	<u>4,569,499</u>	<u>3,126,175</u>	<u>3,299,748</u>
Net Assets			
Invested in capital assets, net of related debt	9,201,810	2,867,635	7,193,199
Restricted			
Donations	5,101	-	-
Loans	-	34,824	-
Bond interest earnings	-	-	-
Capital projects	-	3,150	-
Debt service	41,119	90,195	284,997
Faculty contract obligations	49,659	19,366	16,000
Legislatively mandated programs	-	1,949	-
Bond covenants	-	-	-
Unrestricted	<u>4,599,159</u>	<u>575,466</u>	<u>452,003</u>
Total Net Assets	<u>\$ 13,896,848</u>	<u>\$ 3,592,585</u>	<u>\$ 7,946,199</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Hennepin Technical College	Hibbing Community College	Inver Hills Community College
Assets			
Current Assets			
Cash and cash equivalents	\$ 12,410,762	\$ 8,978,995	\$ 5,847,092
Investments	-	-	329,132
Interest receivable	-	-	1,995
Grants receivable	244,510	153,857	13,333
Accounts receivable	421,775	410,079	681,646
Notes receivable	-	57,750	-
Prepaid assets	74,674	584,676	393,582
Inventory	276,775	119,839	268,702
Other assets	18,072	24,595	68,205
Due from other funds	-	-	-
Advances from other schools	-	27,221	-
Securities lending collateral	1,184,542	301,152	483,689
Total current assets	14,631,110	10,658,164	8,087,376
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	-	-	-
Noncurrent Assets			
Loans receivable	-	477,741	43,498
Notes receivable	-	442,750	-
Construction in progress	-	34,635	-
Equipment	16,497,543	4,111,253	1,735,630
Library collections	404,627	281,679	584,793
Buildings and improvements	30,439,176	31,604,482	21,919,969
Land	2,631,063	1,028,809	286,030
Less accumulated depreciation	(37,357,288)	(12,217,007)	(9,677,009)
Total noncurrent assets	12,615,121	25,764,342	14,892,911
Total Assets	\$ 27,246,231	\$ 36,422,506	\$ 22,980,287

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Hennepin Technical College	Hibbing Community College	Inver Hills Community College
Liabilities			
Current Liabilities			
Salaries payable	\$ 2,125,355	\$ 1,349,220	\$ 1,768,681
Accounts payable	1,382,129	145,396	1,123,304
Deferred revenue	530,622	173,449	406,506
Funds held in trust	225,684	177,400	107,774
Notes payable	1,292	-	50,665
Capital lease payable	-	-	32,205
Compensated absences payable	239,896	82,405	136,068
Workers' compensation payable	105,606	1,391	289
Revenue bonds payable	-	-	-
General obligation bonds payable	-	281,433	165,615
Other liabilities	6,698	137,892	6,252
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	1,184,542	301,152	483,689
Total current liabilities	<u>5,801,824</u>	<u>2,649,738</u>	<u>4,281,048</u>
Noncurrent Liabilities			
Notes payable	-	-	-
Capital lease payable	-	-	-
Compensated absences payable	2,393,256	936,213	1,395,415
Workers' compensation payable	259,559	3,419	711
Revenue bonds payable	-	-	-
General obligation bonds payable	-	5,310,294	3,269,859
Capital contributions payable	-	426,917	46,845
Total noncurrent liabilities	<u>2,652,815</u>	<u>6,676,843</u>	<u>4,712,830</u>
Total Liabilities	<u>8,454,639</u>	<u>9,326,581</u>	<u>8,993,878</u>
Net Assets			
Invested in capital assets, net of related debt	12,613,829	19,252,124	11,331,069
Restricted			
Donations	825	123,138	-
Loans	-	89,824	86,112
Bond interest earnings	-	-	-
Capital projects	-	5,916,428	-
Debt service	-	584,676	347,115
Faculty contract obligations	489,389	13,400	407,810
Legislatively mandated programs	-	-	-
Bond covenants	-	-	-
Unrestricted	<u>5,687,549</u>	<u>1,116,335</u>	<u>1,814,303</u>
Total Net Assets	<u>\$ 18,791,592</u>	<u>\$ 27,095,925</u>	<u>\$ 13,986,409</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Itasca Community College	Lake Superior College	Mesabi Range / Vermilion Community & Technical College
Assets			
Current Assets			
Cash and cash equivalents	\$ 3,652,990	\$ 11,614,801	\$ 4,286,727
Investments	-	-	14,653
Interest receivable	-	-	760
Grants receivable	172,851	162,299	181,381
Accounts receivable	157,643	544,623	1,027,529
Notes receivable	-	-	-
Prepaid assets	70,163	370,517	80,338
Inventory	53,946	148,413	155,779
Other assets	8,497	12,439	38,331
Due from other funds	-	-	-
Advances from other schools	25,770	-	51,432
Securities lending collateral	177,551	1,106,889	320,038
Total current assets	<u>4,319,411</u>	<u>13,959,981</u>	<u>6,156,968</u>
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Assets			
Loans receivable	688,133	-	188,731
Notes receivable	-	-	-
Construction in progress	2,210,940	-	196,509
Equipment	1,416,412	3,642,713	4,069,889
Library collections	265,829	71,544	480,487
Buildings and improvements	10,234,483	36,056,076	18,853,462
Land	-	23,800	174,152
Less accumulated depreciation	<u>(6,811,187)</u>	<u>(16,294,683)</u>	<u>(15,142,786)</u>
Total noncurrent assets	<u>8,004,610</u>	<u>23,499,450</u>	<u>8,820,445</u>
Total Assets	<u>\$ 12,324,021</u>	<u>\$ 37,459,431</u>	<u>\$ 14,977,413</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Itasca Community College	Lake Superior College	Mesabi Range / Vermilion Community & Technical College
Liabilities			
Current Liabilities			
Salaries payable	\$ 878,257	\$ 2,125,466	\$ 1,182,364
Accounts payable	564,007	316,043	505,928
Deferred revenue	80,434	134,550	94,897
Funds held in trust	72,263	82,619	61,244
Notes payable	-	-	-
Capital lease payable	20,565	-	37,129
Compensated absences payable	61,915	177,821	64,178
Workers' compensation payable	7,370	6,982	283,987
Revenue bonds payable	-	-	120,000
General obligation bonds payable	23,761	207,649	30,923
Other liabilities	48,640	-	63,294
Payable to other schools	-	-	-
Advances to other schools	150,000	-	70,000
Securities lending collateral	177,551	1,106,889	320,038
Total current liabilities	<u>2,084,763</u>	<u>4,158,019</u>	<u>2,833,982</u>
Noncurrent Liabilities			
Notes payable	-	-	-
Capital lease payable	686	-	14,490
Compensated absences payable	599,204	1,417,429	821,539
Workers' compensation payable	18,114	17,159	697,973
Revenue bonds payable	-	-	1,170,000
General obligation bonds payable	799,452	2,526,758	364,995
Capital contributions payable	594,042	-	204,187
Total noncurrent liabilities	<u>2,011,498</u>	<u>3,961,346</u>	<u>3,273,184</u>
Total Liabilities	<u>4,096,261</u>	<u>8,119,365</u>	<u>6,107,166</u>
Net Assets			
Invested in capital assets, net of related debt	6,472,013	20,765,042	6,894,177
Restricted			
Donations	5,240	-	44
Loans	128,692	-	36,678
Bond interest earnings	-	-	-
Capital projects	982,701	-	-
Debt service	57,080	330,988	51,863
Faculty contract obligations	32,452	460,000	36,360
Legislatively mandated programs	-	28,423	53,011
Bond covenants	-	-	-
Unrestricted	<u>549,582</u>	<u>7,755,613</u>	<u>1,798,114</u>
Total Net Assets	<u>\$ 8,227,760</u>	<u>\$ 29,340,066</u>	<u>\$ 8,870,247</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	<u>Metropolitan State University</u>	<u>Minneapolis Community and Technical College</u>	<u>Minnesota State College, Southeast Technical</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 15,612,848	\$ 11,272,609	\$ 4,161,428
Investments	98,231	-	-
Interest receivable	-	-	-
Grants receivable	310,224	803,160	237,329
Accounts receivable	1,212,127	2,723,093	182,133
Notes receivable	-	-	-
Prepaid assets	734,589	280,538	177,898
Inventory	-	577,909	86,924
Other assets	7,409	14,352	693
Due from other funds	-	-	-
Advances from other schools	-	-	-
Securities lending collateral	1,459,367	903,649	341,614
Total current assets	<u>19,434,795</u>	<u>16,575,310</u>	<u>5,188,019</u>
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Assets			
Loans receivable	-	2,927	-
Notes receivable	-	-	-
Construction in progress	36,752	7,037,128	-
Equipment	2,054,614	13,974,465	4,065,633
Library collections	684,556	940,646	99,020
Buildings and improvements	28,240,738	125,261,374	17,803,140
Land	2,809,257	3,754,613	654,802
Less accumulated depreciation	<u>(5,453,491)</u>	<u>(81,794,781)</u>	<u>(13,830,534)</u>
Total noncurrent assets	<u>28,372,425</u>	<u>69,176,372</u>	<u>8,792,061</u>
Total Assets	<u>\$ 47,807,220</u>	<u>\$ 85,751,682</u>	<u>\$ 13,980,080</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	<u>Metropolitan State University</u>	<u>Minneapolis Community and Technical College</u>	<u>Minnesota State College, Southeast Technical</u>
Liabilities			
Current Liabilities			
Salaries payable	\$ 1,852,969	\$ 2,787,851	\$ 1,015,488
Accounts payable	860,336	2,457,091	199,842
Deferred revenue	911,149	334,681	117,301
Funds held in trust	259,253	229,425	6,491
Notes payable	-	123,135	53,188
Capital lease payable	5,451	-	-
Compensated absences payable	160,524	288,294	83,942
Workers' compensation payable	14,324	49,574	8,366
Revenue bonds payable	-	-	-
General obligation bonds payable	454,072	90,940	106,266
Other liabilities	147	665	-
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	1,459,367	903,649	341,614
Total current liabilities	<u>5,977,592</u>	<u>7,265,305</u>	<u>1,932,498</u>
Noncurrent Liabilities			
Notes payable	-	1,330	49,269
Capital lease payable	-	-	-
Compensated absences payable	1,744,445	2,565,530	1,043,551
Workers' compensation payable	35,204	121,841	20,562
Revenue bonds payable	-	-	-
General obligation bonds payable	5,428,209	2,824,212	1,248,333
Capital contributions payable	-	8,943	-
Total noncurrent liabilities	<u>7,207,858</u>	<u>5,521,856</u>	<u>2,361,715</u>
Total Liabilities	<u>13,185,450</u>	<u>12,787,161</u>	<u>4,294,213</u>
Net Assets			
Invested in capital assets, net of related debt	22,484,694	66,133,828	7,335,005
Restricted			
Donations	3,627	16,911	-
Loans	-	1,669	-
Bond interest earnings	-	-	-
Capital projects	-	-	636,603
Debt service	726,494	211,213	176,395
Faculty contract obligations	333,598	45,000	10,027
Legislatively mandated programs	44,490	187,095	-
Bond covenants	-	-	-
Unrestricted	<u>11,028,867</u>	<u>6,368,805</u>	<u>1,527,837</u>
Total Net Assets	<u>\$ 34,621,770</u>	<u>\$ 72,964,521</u>	<u>\$ 9,685,867</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Minnesota State University, Mankato	Minnesota State University, Moorhead	Minnesota West Community & Technical College
Assets			
Current Assets			
Cash and cash equivalents	\$ 28,482,542	\$ 9,953,337	\$ 4,459,874
Investments	2,068,656	2,641,980	-
Interest receivable	26,537	46,269	-
Grants receivable	838,320	49,102	162,473
Accounts receivable	1,876,425	1,632,958	274,975
Notes receivable	-	-	-
Prepaid assets	526,989	330,556	93,523
Inventory	33,280	663,398	234,726
Other assets	142,990	74,858	2,553
Due from other funds	98,292	60,965	-
Advances from other schools	-	-	-
Securities lending collateral	2,607,739	959,634	392,132
Total current assets	36,701,770	16,413,057	5,620,256
Restricted Assets			
Cash and cash equivalents	14,475,651	2,103,246	-
Investments	5,201,143	1,987,672	-
Other assets	66,393	13,578	-
Construction in progress	109,534	-	-
Total restricted assets	19,852,721	4,104,496	-
Noncurrent Assets			
Loans receivable	6,745,729	5,300,108	187,157
Notes receivable	-	-	-
Construction in progress	5,146,422	1,374,449	-
Equipment	26,779,134	8,127,988	7,047,198
Library collections	7,982,819	2,824,087	433,651
Buildings and improvements	143,108,477	60,405,825	24,698,149
Land	910,695	6,759,173	275,050
Less accumulated depreciation	(86,049,269)	(45,581,617)	(28,457,693)
Total noncurrent assets	104,624,007	39,210,013	4,183,512
Total Assets	\$ 161,178,498	\$ 59,727,565	\$ 9,803,768

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Minnesota State University, Mankato	Minnesota State University, Moorhead	Minnesota West Community & Technical College
Liabilities			
Current Liabilities			
Salaries payable	\$ 8,248,923	\$ 4,152,042	\$ 1,736,878
Accounts payable	4,200,691	1,118,946	780,073
Deferred revenue	1,611,572	1,246,939	107,107
Funds held in trust	178,176	458,481	83,980
Notes payable	292,560	145,666	51,551
Capital lease payable	172,050	69,771	-
Compensated absences payable	1,016,235	585,358	163,102
Workers' compensation payable	36,651	34,102	7,856
Revenue bonds payable	-	-	-
General obligation bonds payable	230,343	121,828	46,304
Other liabilities	159,035	71,140	8,623
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	2,607,739	959,634	392,132
Total current liabilities	<u>18,753,975</u>	<u>8,963,907</u>	<u>3,377,606</u>
Noncurrent Liabilities			
Notes payable	218,179	206,360	72,987
Capital lease payable	622,513	283,252	-
Compensated absences payable	7,785,739	4,677,616	1,800,893
Workers' compensation payable	90,081	83,815	19,309
Revenue bonds payable	18,920,285	3,862,843	-
General obligation bonds payable	3,277,060	1,661,336	406,989
Capital contributions payable	6,754,916	5,315,915	206,153
Total noncurrent liabilities	<u>37,668,773</u>	<u>16,091,137</u>	<u>2,506,331</u>
Total Liabilities	<u>56,422,748</u>	<u>25,055,044</u>	<u>5,883,937</u>
Net Assets			
Invested in capital assets, net of related debt	93,175,106	31,421,692	3,418,523
Restricted			
Donations	1,287,121	8,268	28,101
Loans	812,988	635,146	27,200
Bond interest earnings	256,558	47,258	-
Capital projects	259,207	-	-
Debt service	1,486,158	415,152	70,751
Faculty contract obligations	825,927	441,144	9,082
Legislatively mandated programs	1,072,518	23,939	-
Bond covenants	2,116,212	1,747,591	-
Unrestricted	<u>3,463,955</u>	<u>(67,664)</u>	<u>366,174</u>
Total Net Assets	<u>\$ 104,755,750</u>	<u>\$ 34,672,526</u>	<u>\$ 3,919,831</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Normandale Community College	North Hennepin Community College	Northland Community & Technical College
Assets			
Current Assets			
Cash and cash equivalents	\$ 12,843,543	\$ 12,325,718	\$ 4,091,961
Investments	841,882	727,950	-
Interest receivable	-	-	-
Grants receivable	120,206	150,762	103,862
Accounts receivable	1,743,445	302,696	187,664
Notes receivable	-	-	-
Prepaid assets	542,210	848,901	285,574
Inventory	564,453	282,199	44,467
Other assets	150,898	22,996	3,243
Due from other funds	-	-	-
Advances from other schools	-	-	-
Securities lending collateral	827,634	647,940	274,933
Total current assets	17,634,271	15,309,162	4,991,704
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	-	-	-
Noncurrent Assets			
Loans receivable	898,629	1,109,831	129,792
Notes receivable	-	-	-
Construction in progress	6,212,612	734,889	4,647,536
Equipment	3,085,277	2,047,747	1,940,409
Library collections	1,406,028	582,649	307,836
Buildings and improvements	24,558,229	31,067,661	22,039,014
Land	532,424	895,867	121,353
Less accumulated depreciation	(15,598,684)	(11,332,429)	(7,738,186)
Total noncurrent assets	21,094,515	25,106,215	21,447,754
Total Assets	\$ 38,728,786	\$ 40,415,377	\$ 26,439,458

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Normandale Community College	North Hennepin Community College	Northland Community & Technical College
Liabilities			
Current Liabilities			
Salaries payable	\$ 3,338,739	\$ 1,814,392	\$ 1,065,195
Accounts payable	2,874,242	1,183,342	516,429
Deferred revenue	891,330	389,271	25,880
Funds held in trust	178,108	89,415	21,411
Notes payable	-	44,604	-
Capital lease payable	7,927	-	-
Compensated absences payable	202,208	149,654	103,401
Workers' compensation payable	26,660	229,401	4,517
Revenue bonds payable	-	-	-
General obligation bonds payable	259,696	404,481	132,580
Other liabilities	-	652	365
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	827,634	647,940	274,933
Total current liabilities	<u>8,606,544</u>	<u>4,953,152</u>	<u>2,144,711</u>
Noncurrent Liabilities			
Notes payable	-	29,736	-
Capital lease payable	8,997	-	-
Compensated absences payable	2,410,348	1,535,053	992,892
Workers' compensation payable	65,524	563,815	11,102
Revenue bonds payable	-	-	-
General obligation bonds payable	4,863,409	7,846,853	2,676,576
Capital contributions payable	810,660	1,587,832	139,227
Total noncurrent liabilities	<u>8,158,938</u>	<u>11,563,289</u>	<u>3,819,797</u>
Total Liabilities	<u>16,765,482</u>	<u>16,516,441</u>	<u>5,964,508</u>
Net Assets			
Invested in capital assets, net of related debt	15,055,858	15,670,710	18,508,806
Restricted			
Donations	2,837	-	483
Loans	183,694	300,519	25,046
Bond interest earnings	-	-	-
Capital projects	2,343,997	3,053,444	635,951
Debt service	478,369	787,078	266,336
Faculty contract obligations	421,850	12,400	6,026
Legislatively mandated programs	-	37,942	-
Bond covenants	-	-	-
Unrestricted	<u>3,476,699</u>	<u>4,036,843</u>	<u>1,032,302</u>
Total Net Assets	<u>\$ 21,963,304</u>	<u>\$ 23,898,936</u>	<u>\$ 20,474,950</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Northwest Technical College	Pine Technical College	Rainy River Community College
Assets			
Current Assets			
Cash and cash equivalents	\$ 7,471,482	\$ 146,815	\$ 847,722
Investments	271,747	-	131,933
Interest receivable	-	-	-
Grants receivable	652,676	45,065	82,864
Accounts receivable	888,009	79,574	36,972
Notes receivable	-	-	-
Prepaid assets	262,994	57,574	45,974
Inventory	490,424	32,946	20,671
Other assets	21,826	4,397	29,497
Due from other funds	-	-	-
Advances from other schools	-	-	24,160
Securities lending collateral	740,197	19,757	40,671
Total current assets	10,799,355	386,128	1,260,464
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	-	-	-
Noncurrent Assets			
Loans receivable	-	-	89,254
Notes receivable	-	-	-
Construction in progress	1,067,942	1,347,973	-
Equipment	8,563,252	1,549,465	545,239
Library collections	506,744	34,995	120,810
Buildings and improvements	36,160,321	4,614,685	6,610,026
Land	498,855	83,087	91,375
Less accumulated depreciation	(25,348,224)	(4,522,321)	(4,125,914)
Total noncurrent assets	21,448,890	3,107,884	3,330,790
Total Assets	\$ 32,248,245	\$ 3,494,012	\$ 4,591,254

MINNESOTA STATE COLLEGES AND UNIVERSITIES

Statement of Net Assets by Institution

(Unaudited)

As of June 30, 2002

	Northwest Technical College	Pine Technical College	Rainy River Community College
Liabilities			
Current Liabilities			
Salaries payable	\$ 2,232,872	\$ 420,161	\$ 343,486
Accounts payable	1,998,189	574,936	512,325
Deferred revenue	465,536	24,885	85,005
Funds held in trust	-	27,612	83,729
Notes payable	52,276	-	-
Capital lease payable	4,908	-	-
Compensated absences payable	255,728	34,852	15,151
Workers' compensation payable	1,386	8,658	14,354
Revenue bonds payable	-	-	-
General obligation bonds payable	139,619	24,662	24,279
Other liabilities	-	-	29
Payable to other schools	-	-	-
Advances to other schools	-	80,459	124,000
Securities lending collateral	740,197	19,757	40,671
Total current liabilities	5,890,711	1,215,982	1,243,029
Noncurrent Liabilities			
Notes payable	326,425	-	-
Capital lease payable	-	-	-
Compensated absences payable	2,438,314	387,944	244,041
Workers' compensation payable	3,409	21,279	35,279
Revenue bonds payable	-	-	-
General obligation bonds payable	1,588,869	493,689	199,135
Capital contributions payable	-	-	117,827
Total noncurrent liabilities	4,357,017	902,912	596,282
Total Liabilities	10,247,728	2,118,894	1,839,311
Net Assets			
Invested in capital assets, net of related debt	19,336,793	2,589,534	3,018,122
Restricted			
Donations	303,080	2,812	1,276
Loans	-	-	24,443
Bond interest earnings	-	-	-
Capital projects	-	-	-
Debt service	215,363	52,150	36,825
Faculty contract obligations	25,218	-	1,488
Legislatively mandated programs	79,538	-	-
Bond covenants	-	-	-
Unrestricted	2,040,525	(1,269,378)	(330,211)
Total Net Assets	\$ 22,000,517	\$ 1,375,118	\$ 2,751,943

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	<u>Ridgewater College</u>	<u>Riverland Community College</u>	<u>Rochester Community & Technical College</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 5,790,786	\$ 5,288,130	\$ 4,812,700
Investments	-	65,145	878,815
Interest receivable	-	-	17,631
Grants receivable	201,762	45,263	165,069
Accounts receivable	462,126	539,112	774,886
Notes receivable	-	-	-
Prepaid assets	390,966	247,681	318,281
Inventory	361,565	215,211	247,490
Other assets	103,858	11,106	70,680
Due from other funds	-	-	-
Advances from other schools	-	-	80,459
Securities lending collateral	433,847	441,689	469,034
Total current assets	<u>7,744,910</u>	<u>6,853,337</u>	<u>7,835,045</u>
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Assets			
Loans receivable	95,432	113,287	1,339,628
Notes receivable	-	-	-
Construction in progress	7,539,578	-	5,931,159
Equipment	7,156,562	4,083,536	7,856,857
Library collections	665,265	538,724	1,002,426
Buildings and improvements	30,368,634	24,909,746	64,243,842
Land	747,602	481,933	1,580,663
Less accumulated depreciation	<u>(23,366,961)</u>	<u>(18,719,181)</u>	<u>(31,903,446)</u>
Total noncurrent assets	<u>23,206,112</u>	<u>11,408,045</u>	<u>50,051,129</u>
Total Assets	<u>\$ 30,951,022</u>	<u>\$ 18,261,382</u>	<u>\$ 57,886,174</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	<u>Ridgewater College</u>	<u>Riverland Community College</u>	<u>Rochester Community & Technical College</u>
Liabilities			
Current Liabilities			
Salaries payable	\$ 2,313,381	\$ 1,711,897	\$ 2,121,179
Accounts payable	1,470,993	413,738	1,865,531
Deferred revenue	328,791	154,984	328,469
Funds held in trust	-	57,021	137,498
Notes payable	-	-	-
Capital lease payable	-	97,749	-
Compensated absences payable	302,406	134,765	203,182
Workers' compensation payable	9,043	39,979	15,830
Revenue bonds payable	-	-	-
General obligation bonds payable	187,521	144,972	152,116
Other liabilities	-	4,693	-
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	433,847	441,689	469,034
Total current liabilities	<u>5,045,982</u>	<u>3,201,487</u>	<u>5,292,839</u>
Noncurrent Liabilities			
Notes payable	-	-	-
Capital lease payable	-	101,682	-
Compensated absences payable	2,352,233	1,302,522	2,218,275
Workers' compensation payable	22,227	98,261	38,908
Revenue bonds payable	-	-	-
General obligation bonds payable	2,884,223	1,664,150	2,599,952
Capital contributions payable	94,085	189,374	1,339,759
Total noncurrent liabilities	<u>5,352,768</u>	<u>3,355,989</u>	<u>6,196,894</u>
Total Liabilities	<u>10,398,750</u>	<u>6,557,476</u>	<u>11,489,733</u>
Net Assets			
Invested in capital assets, net of related debt	20,038,936	9,286,210	45,959,433
Restricted			
Donations	-	7,694	-
Loans	14,942	28,387	171,696
Bond interest earnings	-	-	-
Capital projects	74,793	361,742	-
Debt service	351,177	233,319	270,037
Faculty contract obligations	428,404	15,766	10,643
Legislatively mandated programs	-	19,861	-
Bond covenants	-	-	-
Unrestricted	<u>(355,980)</u>	<u>1,750,927</u>	<u>(15,368)</u>
Total Net Assets	<u>\$ 20,552,272</u>	<u>\$ 11,703,906</u>	<u>\$ 46,396,441</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	South Central Technical College	Southwest State University	St. Cloud State University
Assets			
Current Assets			
Cash and cash equivalents	\$ 6,294,748	\$ 10,991,957	\$ 32,930,188
Investments	-	750,000	2,604,787
Interest receivable	-	-	-
Grants receivable	203,263	276,921	959,426
Accounts receivable	297,698	526,973	1,835,077
Notes receivable	-	-	-
Prepaid assets	17,042	223,450	1,390,587
Inventory	154,736	-	37,473
Other assets	13,713	24,797	90,920
Due from other funds	-	170,948	190,844
Advances from other schools	-	-	-
Securities lending collateral	604,463	1,098,298	2,579,316
Total current assets	<u>7,585,663</u>	<u>14,063,344</u>	<u>42,618,618</u>
Restricted Assets			
Cash and cash equivalents	-	2,398,887	3,278,111
Investments	-	903,494	1,475,799
Other assets	-	11,485	22,764
Construction in progress	-	-	14,347
Total restricted assets	<u>-</u>	<u>3,313,866</u>	<u>4,791,021</u>
Noncurrent Assets			
Loans receivable	-	1,010,475	7,078,521
Notes receivable	-	-	-
Construction in progress	-	1,258,348	2,024,286
Equipment	5,410,052	5,843,957	20,363,327
Library collections	274,793	1,729,044	9,467,474
Buildings and improvements	29,877,705	49,292,231	123,445,650
Land	235,582	202,737	11,435,712
Less accumulated depreciation	(32,763,853)	(37,913,986)	(78,661,710)
Total noncurrent assets	<u>3,034,279</u>	<u>21,422,806</u>	<u>95,153,260</u>
Total Assets	<u>\$ 10,619,942</u>	<u>\$ 38,800,016</u>	<u>\$ 142,562,899</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	South Central Technical College	Southwest State University	St. Cloud State University
Liabilities			
Current Liabilities			
Salaries payable	\$ 2,100,416	\$ 2,246,240	\$ 9,875,939
Accounts payable	714,515	2,006,652	2,623,400
Deferred revenue	203,052	81,703	2,850,002
Funds held in trust	-	183,514	2,642,000
Notes payable	88,584	-	305,603
Capital lease payable	-	58,850	161,674
Compensated absences payable	171,723	276,236	935,380
Workers' compensation payable	4,524	7,745	116,706
Revenue bonds payable	-	-	-
General obligation bonds payable	-	118,722	657,375
Other liabilities	-	106,402	75,001
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	604,463	1,098,298	2,579,316
Total current liabilities	<u>3,887,277</u>	<u>6,184,362</u>	<u>22,822,396</u>
Noncurrent Liabilities			
Notes payable	145,324	-	970,663
Capital lease payable	-	63,048	467,635
Compensated absences payable	1,698,285	2,536,205	9,069,017
Workers' compensation payable	11,118	19,035	286,837
Revenue bonds payable	-	3,288,766	6,476,021
General obligation bonds payable	-	1,273,199	10,309,253
Capital contributions payable	-	1,000,143	6,686,133
Total noncurrent liabilities	<u>1,854,727</u>	<u>8,180,396</u>	<u>34,265,559</u>
Total Liabilities	<u>5,742,004</u>	<u>14,364,758</u>	<u>57,087,955</u>
Net Assets			
Invested in capital assets, net of related debt	2,800,371	18,898,512	73,216,882
Restricted			
Donations	-	-	763,593
Loans	-	122,339	789,225
Bond interest earnings	-	59,524	-
Capital projects	-	-	2,965,716
Debt service	-	187,041	1,516,316
Faculty contract obligations	23,152	235,387	895,850
Legislatively mandated programs	297,368	270,178	-
Bond covenants	-	1,939,988	5,955,837
Unrestricted	<u>1,757,047</u>	<u>2,722,289</u>	<u>(628,475)</u>
Total Net Assets	<u>\$ 4,877,938</u>	<u>\$ 24,435,258</u>	<u>\$ 85,474,944</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	St. Cloud Technical College	St. Paul College - A Community & Technical College	Winona State University
Assets			
Current Assets			
Cash and cash equivalents	\$ 8,277,984	\$ 8,798,531	\$ 22,242,531
Investments	-	-	4,475,858
Interest receivable	-	-	-
Grants receivable	197,612	909,729	152,553
Accounts receivable	261,751	1,439,857	1,038,719
Notes receivable	-	-	-
Prepaid assets	178,419	387,375	913,822
Inventory	444	137,073	829,476
Other assets	-	44,250	42,010
Due from other funds	-	-	130,789
Advances from other schools	-	-	-
Securities lending collateral	562,676	537,568	1,870,571
Total current assets	9,478,886	12,254,383	31,696,329
Restricted Assets			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Other assets	-	-	-
Construction in progress	-	-	-
Total restricted assets	-	-	-
Noncurrent Assets			
Loans receivable	-	-	2,327,556
Notes receivable	-	-	-
Construction in progress	5,606,486	-	7,658,239
Equipment	4,707,107	4,454,397	16,686,662
Library collections	409,459	494,680	4,275,763
Buildings and improvements	14,590,054	28,456,339	78,091,619
Land	988,637	668,252	3,101,905
Less accumulated depreciation	(13,209,764)	(15,310,939)	(44,619,557)
Total noncurrent assets	13,091,979	18,762,729	67,522,187
Total Assets	\$ 22,570,865	\$ 31,017,112	\$ 99,218,516

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	St. Cloud Technical College	St. Paul College - A Community & Technical College	Winona State University
Liabilities			
Current Liabilities			
Salaries payable	\$ 1,593,593	\$ 1,156,060	\$ 5,297,913
Accounts payable	1,870,866	1,004,503	3,500,851
Deferred revenue	304,658	465,188	555,676
Funds held in trust	142,742	132,228	636,052
Notes payable	94,319	92,247	130,769
Capital lease payable	35,820	44,762	174,581
Compensated absences payable	159,687	120,701	710,423
Workers' compensation payable	13,011	24,064	100,767
Revenue bonds payable	-	-	-
General obligation bonds payable	71,156	145,074	501,067
Other liabilities	-	-	-
Payable to other schools	-	-	-
Advances to other schools	-	-	-
Securities lending collateral	562,676	537,568	1,870,571
Total current liabilities	<u>4,848,528</u>	<u>3,722,395</u>	<u>13,478,670</u>
Noncurrent Liabilities			
Notes payable	66,214	67,807	165,644
Capital lease payable	4,123	146,673	2,066,254
Compensated absences payable	1,271,758	1,454,214	5,136,322
Workers' compensation payable	31,978	59,145	247,663
Revenue bonds payable	-	-	-
General obligation bonds payable	2,113,490	2,904,051	7,092,794
Capital contributions payable	-	-	2,288,345
Total noncurrent liabilities	<u>3,487,563</u>	<u>4,631,890</u>	<u>16,997,022</u>
Total Liabilities	<u>8,336,091</u>	<u>8,354,285</u>	<u>30,475,692</u>
Net Assets			
Invested in capital assets, net of related debt	10,706,857	15,362,114	55,063,522
Restricted			
Donations	-	89,319	2,717,713
Loans	-	-	315,202
Bond interest earnings	-	-	-
Capital projects	413,523	3,170,435	5,094,834
Debt service	163,629	306,764	819,579
Faculty contract obligations	-	9,235	365,331
Legislatively mandated programs	148,720	-	66,057
Bond covenants	-	-	-
Unrestricted	<u>2,802,045</u>	<u>3,724,960</u>	<u>4,300,586</u>
Total Net Assets	<u>\$ 14,234,774</u>	<u>\$ 22,662,827</u>	<u>\$ 68,742,824</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	<u>Office of the Chancellor</u>	<u>System-wide</u>	<u>Revenue</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 5,430,990	\$ 33,176,361	\$ -
Investments	-	-	-
Interest receivable	-	23,045	-
Grants receivable	-	1,373,774	-
Accounts receivable	30,674	883,062	-
Notes receivable	-	-	-
Prepaid assets	-	-	-
Inventory	-	-	-
Other assets	-	3,600	-
Due from other funds	-	-	-
Advances from other schools	-	269,000	-
Securities lending collateral	-	3,891,546	-
Total current assets	<u>5,461,664</u>	<u>39,620,388</u>	<u>-</u>
Restricted Assets			
Cash and cash equivalents	-	3,876,349	-
Investments	-	127,033	-
Other assets	-	13,797	-
Construction in progress	-	-	-
Total restricted assets	<u>-</u>	<u>4,017,179</u>	<u>-</u>
Noncurrent Assets			
Loans receivable	-	-	-
Notes receivable	-	-	-
Construction in progress	-	-	-
Equipment	14,239,680	-	-
Library collections	-	-	-
Buildings and improvements	-	-	-
Land	-	-	-
Less accumulated depreciation	(9,396,525)	-	-
Total noncurrent assets	<u>4,843,155</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 10,304,819</u>	<u>\$ 43,637,567</u>	<u>\$ -</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	Office of the Chancellor	System-wide	Revenue
Liabilities			
Current Liabilities			
Salaries payable	\$ 195	\$ 1,982,226	\$ -
Accounts payable	1,525,663	1,279,985	-
Deferred revenue	-	2,169,865	-
Funds held in trust	-	399,442	-
Notes payable	-	-	-
Capital lease payable	513,037	-	-
Compensated absences payable	319,882	31,014	-
Workers' compensation payable	-	10,300	-
Revenue bonds payable	-	-	-
General obligation bonds payable	-	-	-
Other liabilities	-	-	-
Payable to other schools	-	793,193	-
Advances to other schools	-	-	-
Securities lending collateral	-	3,891,546	-
Total current liabilities	<u>2,358,777</u>	<u>10,557,571</u>	<u>-</u>
Noncurrent Liabilities			
Notes payable	-	-	-
Capital lease payable	950,520	-	-
Compensated absences payable	3,376,049	268,523	-
Workers' compensation payable	-	25,317	-
Revenue bonds payable	-	3,727,085	-
General obligation bonds payable	-	-	-
Capital contributions payable	-	-	-
Total noncurrent liabilities	<u>4,326,569</u>	<u>4,020,925</u>	<u>-</u>
Total Liabilities	<u>6,685,346</u>	<u>14,578,496</u>	<u>-</u>
Net Assets			
Invested in capital assets, net of related debt	3,379,598	-	-
Restricted			
Donations	-	-	-
Loans	-	-	-
Bond interest earnings	-	107,746	-
Capital projects	-	-	-
Debt service	-	-	-
Faculty contract obligations	-	-	-
Legislatively mandated programs	-	-	-
Bond covenants	-	1,012,831	-
Unrestricted	<u>239,875</u>	<u>27,938,494</u>	<u>-</u>
Total Net Assets	<u>\$ 3,619,473</u>	<u>\$ 29,059,071</u>	<u>\$ -</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Net Assets by Institution
(Unaudited)
As of June 30, 2002

	<u>Total</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 361,853,861
Investments	17,626,504
Interest receivable	116,652
Grants receivable	11,248,462
Accounts receivable	27,940,609
Notes receivable	57,750
Prepaid assets	12,888,598
Inventory	7,891,681
Other assets	1,352,599
Due from other funds	793,193
Advances from other schools	499,459
Securities lending collateral	30,161,758
Total current assets	<u>472,431,126</u>
Restricted Assets	
Cash and cash equivalents	26,132,244
Investments	9,695,141
Other assets	128,017
Construction in progress	123,881
Total restricted assets	<u>36,079,283</u>
Noncurrent Assets	
Loans receivable	33,437,113
Notes receivable	442,750
Construction in progress	71,205,014
Equipment	249,365,201
Library collections	42,731,207
Buildings and improvements	1,360,864,455
Land	50,239,555
Less accumulated depreciation	<u>(897,099,110)</u>
Total noncurrent assets	<u>911,186,185</u>
Total Assets	<u>\$ 1,419,696,594</u>

MINNESOTA STATE COLLEGES AND UNIVERSITIES

Statement of Net Assets by Institution

(Unaudited)

As of June 30, 2002

	<u>Total</u>
Liabilities	
Current Liabilities	
Salaries payable	\$ 84,193,829
Accounts payable	46,738,527
Deferred revenue	17,763,346
Funds held in trust	9,243,207
Notes payable	1,792,982
Capital lease payable	1,843,544
Compensated absences payable	8,790,294
Workers' compensation payable	1,270,176
Revenue bonds payable	120,000
General obligation bonds payable	6,369,598
Other liabilities	958,908
Payable to other schools	793,193
Advances to other schools	499,459
Securities lending collateral	30,161,758
Total current liabilities	<u>210,538,821</u>
Noncurrent Liabilities	
Notes payable	2,705,029
Capital lease payable	4,836,516
Compensated absences payable	80,105,201
Workers' compensation payable	3,121,814
Revenue bonds payable	37,445,000
General obligation bonds payable	98,252,465
Capital contributions payable	32,885,783
Total noncurrent liabilities	<u>259,351,808</u>
Total Liabilities	<u>469,890,629</u>
Net Assets	
Invested in capital assets, net of related debt	758,340,071
Restricted	
Donations	6,243,750
Loans	4,439,846
Bond interest earnings	471,086
Capital projects	32,623,993
Debt service	12,898,574
Faculty contract obligations	6,754,625
Legislatively mandated programs	2,363,865
Bond covenants	12,772,459
Unrestricted	<u>112,897,696</u>
Total Net Assets	<u>\$ 949,805,965</u>

Concluded

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Revenues, Expenses and Changes in Net Assets by Institution (Unaudited)
For the Year Ended June 30, 2002

	Alexandria Technical College	Anoka-Hennepin Technical College
Operating Revenues		
Tuition	\$ 4,105,849	\$ 4,399,056
Fees	490,304	228,342
Sales and service, net	1,012,805	1,271,973
Room and board	-	-
Federal grants	2,661,226	1,350,756
State grants	1,547,059	686,369
Private grants	164,147	74,443
Student loan income	-	2,357
Other income	-	185,343
Total operating revenues	9,981,390	8,198,639
Operating Expenses		
Salaries and benefits	13,392,451	12,866,324
Purchased services	1,412,318	2,335,841
Supplies	2,116,846	1,259,262
Repairs and maintenance	943,655	954,548
Depreciation and amortization	948,267	542,959
Financial aid	1,587,275	624,507
Other expense	843,082	412,044
Total operating expenses	21,243,894	18,995,485
Operating income (loss)	(11,262,504)	(10,796,846)
Nonoperating Revenues (Expenses)		
State appropriations	11,784,438	8,832,729
Interest income	567	30
Securities lending income	28	5
Interest expense	(29,924)	(76,328)
Grants to other organizations	-	-
Securities lending rebates/fees	(27)	(4)
Total nonoperating revenue (expenses)	11,755,082	8,756,432
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	492,578	(2,040,413)
Capital appropriations	329,815	5,310,791
Donated capital assets	-	140,095
Transfers in	213,956	210,187
Transfers out	-	-
Gain (loss) on disposal of capital assets	78,667	(33,030)
Increase in net assets	1,115,016	3,587,630
Total Net Assets - Beginning of Year	1,522,436	1,381,370
Cumulative effect of change in accounting principle	6,045,090	3,515,841
Change to reporting entity	(17,645)	(32,197)
Total Net Assets - Beginning of Year as Restated	7,549,881	4,865,014
Total Net Assets - End of Year	\$ 8,664,897	\$ 8,452,644

Anoka-Ramsey Community College	Bemidji State University	Central Lakes College	Century College	Dakota County Technical College
\$ 9,264,572	\$ 11,260,995	\$ 5,163,878	\$ 12,246,769	\$ 6,736,448
1,359,558	2,354,771	793,744	1,762,666	980,530
234,656	1,296,414	552,399	686,225	323,047
-	4,406,197	-	-	-
2,814,579	6,072,946	3,668,241	5,378,664	2,026,538
1,386,532	3,515,240	3,093,725	1,418,865	1,643,559
64,279	2,016,285	194,361	3,328	1,047,451
29,627	-	10,432	-	-
163,209	26,004	119,827	628,048	679,487
<u>15,317,012</u>	<u>30,948,852</u>	<u>13,596,607</u>	<u>22,124,565</u>	<u>13,437,060</u>
19,072,669	33,270,293	17,643,591	29,320,202	13,805,504
2,069,934	5,802,914	2,778,856	3,051,765	3,900,082
1,154,496	2,519,002	1,858,156	1,887,143	1,634,383
1,043,924	1,518,170	1,181,460	1,407,798	1,599,867
1,286,446	3,187,214	2,057,241	1,594,590	1,451,307
1,593,522	3,437,198	2,123,694	2,582,609	957,702
1,544,552	3,621,568	964,129	1,839,770	1,096,171
<u>27,765,543</u>	<u>53,356,359</u>	<u>28,607,127</u>	<u>41,683,877</u>	<u>24,445,016</u>
<u>(12,448,531)</u>	<u>(22,407,507)</u>	<u>(15,010,520)</u>	<u>(19,559,312)</u>	<u>(11,007,956)</u>
13,731,012	22,378,143	14,340,597	19,175,595	12,277,609
27,900	270,820	12,868	709	12,792
24	-	106	57	163
(198,816)	(138,873)	(307,911)	(65,740)	(16,764)
-	-	-	-	-
(23)	-	(102)	(55)	(157)
<u>13,560,097</u>	<u>22,510,090</u>	<u>14,045,558</u>	<u>19,110,566</u>	<u>12,273,643</u>
1,111,566	102,583	(964,962)	(448,745)	1,265,687
398,873	3,444,463	633,017	1,369,704	550,857
-	-	120,246	122,691	33,193
208,079	673,667	137,271	241,878	124,678
-	-	-	-	-
(9,180)	(31,226)	(377,107)	(92,465)	(161,957)
<u>1,709,338</u>	<u>4,189,487</u>	<u>(451,535)</u>	<u>1,193,063</u>	<u>1,812,458</u>
8,485,711	12,999,308	4,139,658	6,136,709	5,270,619
19,195,400	16,857,770	24,707,919	7,236,140	6,817,541
(82,944)	9,932,380	(16,245)	(136,127)	(3,770)
<u>27,598,167</u>	<u>39,789,458</u>	<u>28,831,332</u>	<u>13,236,722</u>	<u>12,084,390</u>
<u>\$ 29,307,505</u>	<u>\$ 43,978,945</u>	<u>\$ 28,379,797</u>	<u>\$ 14,429,785</u>	<u>\$ 13,896,848</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Revenues, Expenses and Changes in Net Assets by Institution (Unaudited)
For the Year Ended June 30, 2002

	Fergus Falls Community College	Fond du Lac Tribal & Community College
Operating Revenues		
Tuition	\$ 2,474,253	\$ 987,815
Fees	441,887	268,944
Sales and service, net	248,698	1,331
Room and board	288,915	34,173
Federal grants	1,150,694	1,412,337
State grants	622,963	442,364
Private grants	86,795	110,121
Student loan income	16,905	-
Other income	12,579	1,675,647
Total operating revenues	<u>5,343,689</u>	<u>4,932,732</u>
Operating Expenses		
Salaries and benefits	7,269,567	4,883,867
Purchased services	767,107	632,761
Supplies	366,482	252,410
Repairs and maintenance	281,952	251,134
Depreciation and amortization	273,644	418,673
Financial aid	719,489	801,266
Other expense	721,969	246,501
Total operating expenses	<u>10,400,210</u>	<u>7,486,612</u>
Operating income (loss)	<u>(5,056,521)</u>	<u>(2,553,880)</u>
Nonoperating Revenues (Expenses)		
State appropriations	5,008,019	2,757,666
Interest income	4,410	264
Securities lending income	173	-
Interest expense	(36,283)	(58,920)
Grants to other organizations	-	(150)
Securities lending rebates/fees	(167)	(3)
Total nonoperating revenue (expenses)	<u>4,976,152</u>	<u>2,698,857</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(80,369)	144,977
Capital appropriations	181,038	105,261
Donated capital assets	-	-
Transfers in	66,001	24,016
Transfers out	-	-
Gain (loss) on disposal of capital assets	10,140	-
Increase in Net Assets	<u>176,810</u>	<u>274,254</u>
Total Net Assets - Beginning of Year	1,202,722	688,647
Cumulative effect of change in accounting principle	2,219,119	6,984,089
Change to reporting entity	(6,066)	(791)
Total Net Assets - Beginning of Year as Restated	<u>3,415,775</u>	<u>7,671,945</u>
Total Net Assets - End of Year	<u>\$ 3,592,585</u>	<u>\$ 7,946,199</u>

Hennepin Technical College	Hibbing Community College	Inver Hills Community College	Itasca Community College	Lake Superior College
\$ 9,150,748	\$ 3,119,497	\$ 7,570,125	\$ 1,705,413	\$ 5,795,742
689,672	778,621	1,117,454	284,864	1,281,171
3,009,679	(41,479)	249,021	47,201	40,173
-	725	-	3,200	-
2,953,217	2,608,169	1,328,348	1,991,203	3,878,087
873,068	764,827	785,775	589,035	1,007,968
282,391	13,389	134,709	1,629,149	146,630
465	17,563	8,005	35,684	-
-	255,394	18,640	130,023	83,368
<u>16,959,240</u>	<u>7,516,706</u>	<u>11,212,077</u>	<u>6,415,772</u>	<u>12,233,139</u>
23,848,967	10,801,243	15,302,500	6,999,308	16,086,692
4,047,526	1,284,529	1,605,768	1,028,931	2,026,207
3,049,261	1,188,188	792,046	354,705	1,347,912
914,033	670,427	954,102	174,692	418,654
1,966,948	1,346,671	713,796	506,377	1,346,433
1,438,451	1,359,224	819,069	957,213	1,807,394
1,090,831	459,754	861,198	777,069	1,225,218
<u>36,356,017</u>	<u>17,110,036</u>	<u>21,048,479</u>	<u>10,798,295</u>	<u>24,258,510</u>
<u>(19,396,777)</u>	<u>(9,593,330)</u>	<u>(9,836,402)</u>	<u>(4,382,523)</u>	<u>(12,025,371)</u>
21,667,738	9,116,242	9,836,473	4,735,657	12,695,277
2,323	24,712	26,084	56,306	18,301
168	598	144	4,926	15
(710)	(219,140)	(65,850)	(801)	(126,599)
(12,250)	-	-	-	(81,000)
(162)	(576)	(139)	(4,745)	(14)
<u>21,657,107</u>	<u>8,921,836</u>	<u>9,796,712</u>	<u>4,791,343</u>	<u>12,505,980</u>
2,260,330	(671,494)	(39,690)	408,820	480,609
428,467	4,836,050	2,894,755	1,540,719	70,870
-	-	-	-	-
248,502	121,694	122,389	165,590	116,947
-	-	-	-	-
<u>(176,875)</u>	<u>29,904</u>	<u>(11,486)</u>	<u>(60,926)</u>	<u>(271,929)</u>
<u>2,760,424</u>	<u>4,316,154</u>	<u>2,965,968</u>	<u>2,054,203</u>	<u>396,497</u>
9,413,246	2,402,102	4,016,180	2,079,636	8,518,374
6,709,427	20,590,801	7,382,968	4,118,416	20,429,208
(91,505)	(213,132)	(378,707)	(24,495)	(4,013)
<u>16,031,168</u>	<u>22,779,771</u>	<u>11,020,441</u>	<u>6,173,557</u>	<u>28,943,569</u>
<u>\$ 18,791,592</u>	<u>\$ 27,095,925</u>	<u>\$ 13,986,409</u>	<u>\$ 8,227,760</u>	<u>\$ 29,340,066</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Revenues, Expenses and Changes in Net Assets by Institution (Unaudited)
For the Year Ended June 30, 2002

	Mesabi Range / Vermilion Community & Technical College	Metropolitan State University
Operating Revenues		
Tuition	\$ 4,955,871	\$ 10,795,772
Fees	1,061,310	793,746
Sales and service, net	(6,430)	332,054
Room and board	1,031,434	-
Federal grants	3,043,359	2,864,252
State grants	850,913	1,153,008
Private grants	7,507	767,482
Student loan income	3,123	3,150
Other income	279,509	525,103
Total operating revenues	<u>11,226,596</u>	<u>17,234,567</u>
Operating Expenses		
Salaries and benefits	12,873,142	24,953,054
Purchased services	1,846,891	5,037,463
Supplies	800,553	1,250,808
Repairs and maintenance	368,827	726,014
Depreciation and amortization	916,054	1,405,535
Financial aid	2,634,177	2,515,162
Other expense	811,801	1,168,032
Total operating expenses	<u>20,251,445</u>	<u>37,056,068</u>
Operating income (loss)	<u>(9,024,849)</u>	<u>(19,821,501)</u>
Nonoperating Revenues (Expenses)		
State appropriations	9,750,917	20,305,314
Interest income	23,117	6,204
Securities lending income	63	238
Interest expense	(115,437)	(286,902)
Grants to other organizations	-	-
Securities lending rebates/fees	(61)	(229)
Total nonoperating revenue (expenses)	<u>9,658,599</u>	<u>20,024,625</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	633,750	203,124
Capital appropriations	225,988	475,470
Donated capital assets	-	-
Transfers in	140,230	389,383
Transfers out	-	-
Gain (loss) on disposal of capital assets	60,451	(43,551)
Increase in net assets	<u>1,060,419</u>	<u>1,024,426</u>
Total Net Assets - Beginning of Year	3,731,940	12,123,226
Cumulative effect of change in accounting principle	4,083,632	21,495,511
Change to reporting entity	(5,744)	(21,393)
Total Net Assets - Beginning of Year as Restated	<u>7,809,828</u>	<u>33,597,344</u>
Total Net Assets - End of Year	<u>\$ 8,870,247</u>	<u>\$ 34,621,770</u>

Minneapolis Community & Technical College	Minnesota State College, Southeast Technical	Minnesota State University, Mankato	Minnesota State University, Moorhead	Minnesota West Community & Technical College
\$ 11,723,087	\$ 3,181,997	\$ 37,830,529	\$ 15,020,966	\$ 4,670,540
1,654,964	306,124	7,402,096	3,816,657	427,182
1,291,420	216,941	7,262,837	2,737,265	89,927
-	-	9,866,328	4,747,548	-
12,703,303	1,835,574	9,518,634	5,916,543	2,837,715
2,990,942	752,240	6,343,043	2,585,479	1,737,413
376,635	43,120	1,189,394	1,996,093	38,469
32	15	139,073	273,778	19,076
583,209	138,717	682,873	1,141,725	93,083
<u>31,323,592</u>	<u>6,474,728</u>	<u>80,234,807</u>	<u>38,236,054</u>	<u>9,913,405</u>
33,048,189	8,954,929	84,495,489	47,146,131	16,635,715
4,147,060	1,685,972	10,079,814	6,855,083	2,155,329
1,708,542	812,609	6,935,440	2,667,668	1,205,950
3,102,544	462,344	3,358,683	3,087,831	1,346,530
5,724,489	779,561	7,536,722	2,596,964	731,700
4,203,573	644,166	10,157,850	2,476,409	1,756,005
1,557,954	363,655	5,885,179	3,970,425	821,997
<u>53,492,351</u>	<u>13,703,236</u>	<u>128,449,177</u>	<u>68,800,511</u>	<u>24,653,226</u>
<u>(22,168,759)</u>	<u>(7,228,508)</u>	<u>(48,214,370)</u>	<u>(30,564,458)</u>	<u>(14,739,821)</u>
19,864,731	6,924,216	54,027,716	31,290,672	14,053,707
3,002	7,134	604,640	97,611	15,960
153	5	5,378	22	126
(69,241)	(96,646)	(586,064)	(158,850)	(29,418)
-	-	(133,008)	-	-
(147)	(5)	(5,180)	(22)	(121)
<u>19,798,498</u>	<u>6,834,704</u>	<u>53,913,482</u>	<u>31,229,433</u>	<u>14,040,254</u>
(2,370,261)	(393,804)	5,699,112	664,975	(699,567)
5,106,238	534,657	5,141,437	1,302,014	686,697
896,015	-	16,526,710	-	-
193,132	334,029	1,959,222	428,264	248,920
-	-	-	-	-
165,180	(103,629)	(1,089,885)	(222,778)	6,046
<u>3,990,304</u>	<u>371,253</u>	<u>28,236,596</u>	<u>2,172,475</u>	<u>242,096</u>
6,860,826	2,329,232	21,883,124	11,197,814	2,378,782
62,290,789	7,037,237	37,107,448	10,242,909	1,311,778
(177,398)	(51,855)	17,528,582	11,059,327	(12,825)
<u>68,974,217</u>	<u>9,314,614</u>	<u>76,519,154</u>	<u>32,500,050</u>	<u>3,677,735</u>
<u>\$ 72,964,521</u>	<u>\$ 9,685,867</u>	<u>\$ 104,755,750</u>	<u>\$ 34,672,526</u>	<u>\$ 3,919,831</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Revenues, Expenses and Changes in Net Assets by Institution (Unaudited)
For the Year Ended June 30, 2002

	Normandale Community College	North Hennepin Community College
Operating Revenues		
Tuition	\$ 14,005,952	\$ 9,819,969
Fees	1,608,859	1,108,056
Sales and service, net	558,171	(155,024)
Room and board	-	-
Federal grants	3,980,249	3,105,429
State grants	1,734,077	1,396,686
Private grants	81,234	-
Student loan income	14,617	79,382
Other income	268,532	502,841
Total operating revenues	22,251,692	15,857,339
Operating Expenses		
Salaries and benefits	26,939,761	18,083,899
Purchased services	2,717,018	2,845,277
Supplies	1,285,277	1,127,910
Repairs and maintenance	163,397	674,832
Depreciation and amortization	1,119,748	1,009,143
Financial aid	2,411,909	1,944,829
Other expense	2,026,196	1,200,059
Total operating expenses	36,663,306	26,885,949
Operating income (loss)	(14,411,614)	(11,028,610)
Nonoperating Revenues (Expenses)		
State appropriations	15,998,349	11,823,818
Interest income	63,918	35,587
Securities lending income	12	35
Interest expense	(121,082)	(166,905)
Grants to other organizations	-	-
Securities lending rebates/fees	(11)	(34)
Total nonoperating revenue (expenses)	15,941,186	11,692,501
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	1,529,572	663,891
Capital appropriations	5,147,272	7,711,682
Donated capital assets	-	-
Transfers in	312,162	153,026
Transfers out	-	-
Gain (loss) on disposal of capital assets	(26,804)	15,273
Increase in net assets	6,962,202	8,543,872
Total Net Assets - Beginning of Year	6,152,015	8,238,719
Cumulative effect of change in accounting principle	8,872,170	7,484,168
Change to reporting entity	(23,083)	(367,823)
Total Net Assets - Beginning of Year as Restated	15,001,102	15,355,064
Total Net Assets - End of Year	\$ 21,963,304	\$ 23,898,936

Northland Community & Technical College	Northwest Technical College	Pine Technical College	Rainy River Community College	Ridgewater College
\$ 3,146,332	\$ 9,269,984	\$ 1,369,111	\$ 435,633	\$ 6,001,940
542,556	1,255,973	116,161	113,102	1,161,827
263,595	196,500	50,437	(74,364)	693,848
-	-	-	196,765	-
1,772,832	8,687,795	683,759	788,246	4,580,294
1,154,601	2,490,695	862,390	233,873	2,769,650
64,341	381,300	2,690,346	66,316	131,231
13,612	518	-	179	3,478
165,962	47,978	441,078	72,851	332,280
<u>7,123,831</u>	<u>22,330,743</u>	<u>6,213,282</u>	<u>1,832,601</u>	<u>15,674,548</u>
10,117,780	25,519,873	5,012,421	3,808,952	21,159,493
1,501,301	4,126,069	954,359	541,378	2,121,703
1,013,470	2,741,657	275,272	163,873	2,284,359
752,944	345,742	525,757	194,183	1,023,953
926,719	2,069,020	224,062	259,774	1,678,623
1,615,707	4,309,946	2,141,005	111,609	2,400,958
483,673	2,211,193	261,868	99,570	1,447,579
<u>16,411,594</u>	<u>41,323,500</u>	<u>9,394,744</u>	<u>5,179,339</u>	<u>32,116,668</u>
<u>(9,287,763)</u>	<u>(18,992,757)</u>	<u>(3,181,462)</u>	<u>(3,346,738)</u>	<u>(16,442,120)</u>
9,196,681	21,527,273	2,999,860	2,708,707	16,724,796
11,190	17,933	2,195	17,743	142
-	236	18	475	20
(111,977)	(80,341)	(9,024)	(22,633)	(103,983)
-	(80,735)	-	(1,652)	(630)
-	(228)	(17)	(457)	(19)
<u>9,095,894</u>	<u>21,384,138</u>	<u>2,993,032</u>	<u>2,702,183</u>	<u>16,620,326</u>
(191,869)	2,391,381	(188,430)	(644,555)	178,206
3,352,889	562,506	869,861	24,035	2,803,918
-	-	-	-	-
128,412	406,981	25,006	216,672	148,661
-	-	-	-	-
-	(273,267)	10,908	(3,469)	(46,878)
<u>3,289,432</u>	<u>3,087,601</u>	<u>717,345</u>	<u>(407,317)</u>	<u>3,083,907</u>
2,095,953	2,863,117	241,868	529,869	2,112,285
15,293,303	16,473,895	425,947	2,630,675	15,846,107
(203,738)	(424,096)	(10,042)	(1,284)	(490,027)
<u>17,185,518</u>	<u>18,912,916</u>	<u>657,773</u>	<u>3,159,260</u>	<u>17,468,365</u>
<u>\$ 20,474,950</u>	<u>\$ 22,000,517</u>	<u>\$ 1,375,118</u>	<u>\$ 2,751,943</u>	<u>\$ 20,552,272</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Revenues, Expenses and Changes in Net Assets by Institution (Unaudited)
For the Year Ended June 30, 2002

	Riverland Community College	Rochester Community & Technical College
Operating Revenues		
Tuition	\$ 4,644,528	\$ 8,125,285
Fees	1,022,321	1,610,303
Sales and service, net	530,795	259,478
Room and board	752	-
Federal grants	2,293,112	4,112,269
State grants	995,073	1,680,182
Private grants	196,166	332,341
Student loan income	11,095	59,856
Other income	419,628	1,442,981
Total operating revenues	10,113,470	17,622,695
Operating Expenses		
Salaries and benefits	15,233,316	22,524,210
Purchased services	2,603,147	2,422,163
Supplies	1,301,002	2,165,788
Repairs and maintenance	277,247	709,857
Depreciation and amortization	1,121,505	2,599,666
Financial aid	1,093,194	1,807,533
Other expense	954,493	1,319,185
Total operating expenses	22,583,904	33,548,402
Operating income (loss)	(12,470,434)	(15,925,707)
Nonoperating Revenues (Expenses)		
State appropriations	12,799,864	13,859,817
Interest income	19,980	62,731
Securities lending income	90	26
Interest expense	(89,502)	(80,424)
Grants to other organizations	-	-
Securities lending rebates/fees	(87)	(25)
Total nonoperating revenue (expenses)	12,730,345	13,842,125
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	259,911	(2,083,582)
Capital appropriations	253,646	2,735,716
Donated capital assets	-	4,753,579
Transfers in	134,746	3,193,120
Transfers out	-	-
Gain (loss) on disposal of capital assets	(197,844)	262,971
Increase in net assets	450,459	8,861,804
Total Net Assets - Beginning of Year	2,638,605	7,160,923
Cumulative effect of change in accounting principle	8,631,194	30,596,511
Change to reporting entity	(16,352)	(222,797)
Total Net Assets - Beginning of Year as Restated	11,253,447	37,534,637
Total Net Assets - End of Year	\$ 11,703,906	\$ 46,396,441

South Central Technical College	Southwest State University	St. Cloud State University	St. Cloud Technical College	St. Paul College - A Community & Technical College
\$ 4,372,168	\$ 8,427,591	\$ 37,644,745	\$ 5,815,337	\$ 6,842,995
770,802	1,554,148	7,415,407	556,817	664,256
183,346	1,105,286	6,868,903	774,643	970,551
-	2,715,874	8,791,406	-	-
2,493,166	2,608,558	8,945,106	1,874,121	4,205,019
2,478,620	2,830,466	7,633,645	2,479,877	944,006
39,223	1,118,433	3,768,621	112,980	158,570
-	24,600	295,646	-	5,416
1,094,248	634,544	2,102,186	10,049	609,215
<u>11,431,573</u>	<u>21,019,500</u>	<u>83,465,665</u>	<u>11,623,824</u>	<u>14,400,028</u>
17,391,255	24,098,742	94,690,416	14,360,351	17,897,546
2,927,627	5,433,083	9,980,128	1,818,250	4,145,735
1,481,417	1,845,360	5,300,169	1,242,789	1,734,556
856,171	796,707	4,436,749	1,422,669	780,467
1,058,511	2,137,989	6,399,902	906,052	1,064,810
1,178,112	2,102,413	8,041,904	1,659,660	1,286,976
653,489	2,879,245	7,828,078	844,461	1,016,467
<u>25,546,582</u>	<u>39,293,539</u>	<u>136,677,346</u>	<u>22,254,232</u>	<u>27,926,557</u>
<u>(14,115,009)</u>	<u>(18,274,039)</u>	<u>(53,211,681)</u>	<u>(10,630,408)</u>	<u>(13,526,529)</u>
13,998,036	18,152,013	57,479,427	11,153,548	14,190,692
-	232,371	348,057	17,701	19,833
107	298	1,822	556	12
-	(154,568)	(612,362)	(26,187)	(106,656)
(10,108)	(6,549)	(46,966)	(48,813)	-
(103)	(287)	(1,756)	(536)	(11)
<u>13,987,932</u>	<u>18,223,278</u>	<u>57,168,222</u>	<u>11,096,269</u>	<u>14,103,870</u>
(127,077)	(50,761)	3,956,541	465,861	577,341
513,465	365,601	3,308,258	3,745,783	2,732,203
-	-	1,740,770	-	-
147,712	211,981	924,476	101,720	122,199
-	-	-	-	-
11,832	185,213	(13,657)	(23,018)	66,823
<u>545,932</u>	<u>712,034</u>	<u>9,916,388</u>	<u>4,290,346</u>	<u>3,498,566</u>
3,411,368	5,314,621	14,775,467	4,471,449	5,000,393
920,638	6,563,842	41,957,923	5,484,135	14,179,571
-	11,844,767	18,825,166	(11,156)	(15,703)
<u>4,332,006</u>	<u>23,723,230</u>	<u>75,558,557</u>	<u>9,944,428</u>	<u>19,164,261</u>
<u>\$ 4,877,938</u>	<u>\$ 24,435,258</u>	<u>\$ 85,474,944</u>	<u>\$ 14,234,774</u>	<u>\$ 22,662,827</u>

Continued...

MINNESOTA STATE COLLEGES AND UNIVERSITIES
Statement of Revenues, Expenses and Changes in Net Assets by Institution (Unaudited)
For the Year Ended June 30, 2002

	Winona State University	Office of the Chancellor
Operating Revenues		
Tuition	\$ 21,048,502	\$ -
Fees	4,070,639	750
Sales and service, net	5,261,641	52,587
Room and board	7,720,542	-
Federal grants	5,009,393	709,209
State grants	3,263,694	-
Private grants	1,825,759	-
Student loan income	-	-
Other income	921,175	6,268
Total operating revenues	49,121,345	768,814
Operating Expenses		
Salaries and benefits	49,975,509	13,510,019
Purchased services	12,518,483	3,056,406
Supplies	3,337,686	293,756
Repairs and maintenance	2,783,816	13,974
Depreciation and amortization	3,896,952	2,246,045
Financial aid	2,814,575	-
Other expense	4,842,579	541,786
Total operating expenses	80,169,600	19,661,986
Operating income (loss)	(31,048,255)	(18,893,172)
Nonoperating Revenues (Expenses)		
State appropriations	31,605,496	16,316,517
Interest income	250,351	78,521
Securities lending income	727	-
Interest expense	(327,423)	(8,894)
Grants to other organizations	(445,957)	-
Securities lending rebates/fees	(701)	-
Total nonoperating revenue (expenses)	31,082,493	16,386,144
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	34,238	(2,507,028)
Capital appropriations	4,419,759	-
Donated capital assets	-	-
Transfers in	510,950	-
Transfers out	-	(734,983)
Gain (loss) on disposal of capital assets	25,236	-
Increase in net assets	4,990,183	(3,242,011)
Total Net Assets - Beginning of Year	17,505,906	6,861,484
Cumulative effect of change in accounting principle	29,296,555	-
Change to reporting entity	16,950,180	-
Total Net Assets - Beginning of Year as Restated	63,752,641	6,861,484
Total Net Assets - End of Year	\$ 68,742,824	\$ 3,619,473

System-wide	Revenue	Total
\$ 480,856	\$ -	\$ 313,610,849
245,048	-	52,111,632
1,931,553	-	40,328,102
196,762	-	40,000,621
9,002,891	-	142,865,833
809,209	-	68,547,131
6,947,434	-	28,300,473
-	-	1,067,684
7,204,354	-	23,697,983
26,818,107	-	710,530,308
5,821,579	-	838,814,949
5,511,092	-	129,775,370
1,120,141	-	63,876,346
4,975,709	-	45,501,361
356	-	66,050,468
104,197	-	80,220,483
469,261	-	59,362,091
18,002,335	-	1,283,601,068
8,815,772	-	(573,070,760)
7,093,638	-	602,183,000
3,230,419	-	5,624,426
417,688	-	434,515
(85,765)	-	(4,792,943)
(6,522,759)	-	(7,390,577)
(402,304)	-	(418,514)
3,730,917	-	595,639,907
12,546,689	-	22,569,147
-	-	74,113,775
-	-	24,333,299
-	-	13,105,860
(12,370,875)	-	(13,105,860)
1,430,369	-	(911,948)
1,606,183	-	120,104,273
25,239,398	89,767,246	333,142,340
(1,251,133)	-	499,784,515
3,464,633	(89,767,246)	(3,225,163)
27,452,898	-	829,701,692
\$ 29,059,071	\$ -	\$ 949,805,965

Concluded

Minnesota State Colleges and Universities
Reconciliation of Net Assets to Budgetary General Fund Balance (Unaudited)
As of June 30, 2002

	Alexandria Technical College	Anoka-Hennepin Technical College
Total Net Assets	\$ 8,664,897	\$ 8,452,644
Less		
Imprest cash	(20,000)	(15,000)
Enterprise	49,109	(220,212)
Revenue	-	-
Special Revenue	(80,657)	(45,337)
General and Capital Project Funds Net Assets, net of imprest cash	8,613,349	8,172,095
Add (subtract) GAAP Adjustments		
Assets		
Accounts receivable	(229,617)	(330,930)
Notes receivable	-	-
Grants receivable	-	-
Prepaid assets	(50,240)	(309,715)
Other assets	-	-
Advance from other schools	-	-
Due from other funds	(722,912)	(633,799)
Capital assets, net of accumulated depreciation	(8,742,455)	(15,013,914)
Liabilities		
Accounts payable	460,351	1,570,511
Salaries payable	1,324,670	1,654,351
Deferred revenue	211,679	220,681
Compensated absences	1,865,384	913,841
Workers' compensation	44,420	32,636
Payable to other funds	494,719	628,072
Capital leases payable	251,402	253,517
Notes payable	-	-
Other liabilities	-	200
Advance to other schools	-	75,000
Funds held in trust	-	-
General obligation bonds payable	318,214	3,482,314
Add (Subtract) Capital Project Cash	(75,950)	573,511
Add (Subtract) Cash Basis Activity After June 30		
Transfers in / out, net	431,765	513,705
Transfer summer session revenues to fiscal year 2003	(478,260)	(333,622)
Cash receipts	246,164	900,359
Cash expenditures	(1,614,690)	(1,756,238)
Budgetary Fund Balance - General fund	2,347,993	612,575
Less state grant appropriation	(148,050)	-
General fund appropriation	2,199,943	612,575
Less restrictions		
Faculty contract obligations	(386,028)	-
Minnesota State College Faculty contract obligations, fiscal yr 2002	(260,825)	(225,000)
Less designations		
Designated for programs	(376,736)	-
Board required reserve	(1,225,000)	(481,279)
Balance fiscal year 2003 budget	-	-
Balance fiscal year 2004 budget	-	-
Prior year encumbrance	-	-
Due from / to other funds	55,000	93,704
External programs	-	-
Undesignated budgetary fund balance - General fund	\$ 6,354	\$ -

Anoka-Ramsey Community College	Bemidji State University	Central Lakes College	Century College	Dakota County Technical College
\$ 29,307,505	\$ 43,978,945	\$ 28,379,797	\$ 14,429,785	\$ 13,896,848
(50,378)	(30,788)	(29,400)	(41,665)	-
(1,226,271)	(1,263,117)	(513,326)	(1,793,802)	(654,793)
-	(10,669,125)	-	-	-
(944,105)	(1,080,756)	(312,354)	(61,108)	(327,234)
27,086,751	30,935,159	27,524,717	12,533,210	12,914,821
(266,961)	(152,982)	(50,061)	(1,750,919)	(386,584)
-	-	-	-	-
-	-	-	-	-
(593,814)	(551,836)	(815,020)	(278,315)	(57,981)
-	-	-	-	-
-	-	-	-	-
(1,931,238)	(76,218)	(1,367,106)	(97,508)	(881,635)
(26,208,175)	(28,467,679)	(31,538,180)	(12,304,020)	(9,510,601)
912,862	668,620	482,845	248,879	535,751
1,555,275	3,282,733	1,916,065	2,624,043	1,004,104
391,404	529,759	148,386	358,751	209,240
1,784,675	3,369,212	1,758,823	3,121,891	1,331,966
37,814	45,586	26,544	14,585	36,962
1,617,173	79,877	1,396,031	78,804	859,187
-	-	-	-	8,789
19,119	-	-	451,925	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,863,460	4,924,604	6,121,176	1,611,395	306,595
41,090	(4,191,784)	(20,225)	(467,610)	(4,852)
1,103,165	1,407,233	1,319,636	1,099,569	436,672
(757,655)	(1,023,727)	(311,991)	(1,148,464)	-
473,721	190,806	287,813	1,221,844	993,541
(2,686,081)	(4,858,604)	(2,662,193)	(3,009,103)	(2,647,997)
7,442,585	6,110,759	4,217,259	4,308,957	5,147,978
(154,183)	(43,717)	(13,756)	(4,049)	(746)
7,288,402	6,067,042	4,203,503	4,304,908	5,147,232
(180,245)	(305,180)	-	(243,208)	(49,659)
(775,000)	-	(625,000)	(1,100,000)	(103,069)
(3,669,871)	(2,856,168)	(1,408,051)	(863,268)	(1,970,220)
(1,773,357)	(550,000)	(1,197,816)	(1,700,000)	(1,010,000)
-	(1,364,807)	-	(343,500)	(1,276,478)
(773,000)	(500,000)	(450,000)	-	(565,873)
(27,300)	(167,208)	-	(54,932)	(211,698)
-	-	-	-	61,081
-	-	(522,636)	-	(21,316)
\$ 89,629	\$ 323,679	\$ -	\$ -	\$ -

Continue...

Minnesota State Colleges and Universities
Reconciliation of Net Assets to Budgetary General Fund Balance (Unaudited)
As of June 30, 2002

	Fergus Falls Community College	Fond du Lac Tribal & Community College
Total Net Assets	\$ 3,592,585	\$ 7,946,199
Less		
Imprest cash	(15,000)	(10,692)
Enterprise	(600,860)	(381,206)
Revenue	-	-
Special Revenue	(37,578)	(49,070)
General and Capital Project Funds Net Assets, net of imprest cash	2,939,147	7,505,231
Add (subtract) GAAP Adjustments		
Assets		
Accounts receivable	(626,685)	(536,132)
Notes receivable	-	-
Grants receivable	-	-
Prepaid assets	(112,509)	(290,274)
Other assets	-	-
Advance from other schools	-	(21,417)
Due from other funds	(399,147)	(422,184)
Capital assets, net of accumulated depreciation	(3,587,105)	(9,288,627)
Liabilities		
Accounts payable	163,028	119,747
Salaries payable	969,520	549,747
Deferred revenue	71,370	26,585
Compensated absences	564,604	154,748
Workers' compensation	57,958	3,398
Payable to other funds	397,167	422,444
Capital leases payable	-	-
Notes payable	180,570	-
Other liabilities	12,776	-
Advance to other schools	-	-
Funds held in trust	-	-
General obligation bonds payable	547,205	2,097,506
Add Capital Project Cash	(3,150)	219,185
Add (Subtract) Cash Basis Activity After June 30		
Transfers in / out, net	327,255	358,832
Transfer summer session revenues to fiscal year 2003	(119,648)	(106,598)
Cash receipts	462,945	307,415
Cash expenditures	(898,648)	(811,251)
Budgetary Fund Balance - General fund	946,652	288,355
Less state grant appropriation	(1,950)	-
General fund appropriation	944,702	288,355
Less restrictions		
Faculty contract obligations	(19,366)	(16,000)
Minnesota State College Faculty contract obligations, fiscal yr 2002	(377,222)	(176,000)
Less designations		
Designated for programs	(90,986)	-
Board required reserve	(275,000)	(96,355)
Balance fiscal year 2003 budget	(175,878)	-
Balance fiscal year 2004 budget	-	-
Prior year encumbrance	(6,250)	-
Due from / to other funds	-	-
External programs	-	-
Undesignated budgetary fund balance - General fund	\$ -	\$ -

Hennepin Technical College	Hibbing Community College	Inver Hills Community College	Itasca Community College	Lake Superior College
\$ 18,791,592	\$ 27,095,925	\$ 13,986,409	\$ 8,227,760	\$ 29,340,066
(47,175)	(15,034)	(20,000)	(13,457)	(37,499)
(745,867)	(598,488)	(921,814)	(554,730)	(811,639)
(280,945)	(94,480)	(48,532)	(433,178)	(245,100)
17,717,605	26,387,923	12,996,063	7,226,395	28,245,828
(214,357)	(356,606)	(603,377)	(112,700)	(460,728)
-	(500,500)	-	-	-
-	-	-	-	-
(74,674)	(584,676)	(393,582)	(69,828)	(370,517)
-	-	-	(336)	-
-	(27,221)	-	(25,770)	-
(1,171,775)	(113,054)	(907,384)	(402,287)	(1,499,776)
(12,552,143)	(24,815,871)	(14,822,257)	(7,310,292)	(23,457,546)
1,062,144	94,960	977,792	386,590	243,288
2,104,453	1,299,073	1,723,885	833,443	2,064,255
454,661	91,451	281,295	3,752	101,482
2,540,839	973,613	1,455,593	609,935	1,511,679
365,165	4,810	1,000	25,484	24,141
1,107,687	144,389	970,007	417,327	1,500,801
-	-	32,205	21,251	-
1,292	-	50,665	-	-
-	-	-	-	-
-	-	-	150,000	-
-	-	-	-	-
-	5,591,727	3,435,474	823,213	2,734,407
22,865	(5,417,168)	(585,933)	(1,308,044)	5,041
767,256	719,389	658,793	241,207	824,194
(889,496)	(180,937)	(600,725)	(82,362)	(315,887)
1,528,941	104,430	293,166	84,224	245,848
(3,030,553)	(1,802,057)	(1,698,429)	(662,246)	(2,066,389)
9,739,910	1,613,675	3,264,251	848,957	9,330,121
	(14,187)	(4,133)	-	(39,013)
9,739,910	1,599,488	3,260,118	848,957	9,291,108
(489,389)	(13,400)	(407,810)	(32,452)	(460,000)
(459,016)	(254,000)	(696,127)	(280,879)	(981,000)
(4,894,568)	(392,000)	(1,176,956)	(120,621)	(6,056,599)
(1,707,615)	(720,088)	(848,000)	(243,301)	(1,300,000)
(450,000)	(70,000)	(106,225)	(150,000)	(289,188)
(1,050,000)	(150,000)	-	-	-
(689,322)	-	(25,000)	(33,086)	(220,421)
-	-	-	34,947	28,000
-	-	-	(23,565)	(11,900)
\$ -	\$ -	\$ -	\$ -	\$ -

Continue...

Minnesota State Colleges and Universities
Reconciliation of Net Assets to Budgetary General Fund Balance (Unaudited)
As of June 30, 2002

	Mesabi Range / Vermilion Community & Technical College	Metropolitan State University
Total Net Assets	\$ 8,870,247	\$ 34,621,770
Less		
Imprest cash	(24,008)	(18,000)
Enterprise	(2,591,306)	(555,523)
Revenue	-	-
Special Revenue	(93,760)	(832,459)
General and Capital Project Funds Net Assets, net of imprest cash	6,161,173	33,215,788
Add (subtract) GAAP Adjustments		
Assets		
Accounts receivable	(611,464)	(889,153)
Notes receivable	-	-
Grants receivable	-	-
Prepaid assets	(80,338)	(734,589)
Other assets	-	-
Advance from other schools	(51,432)	-
Due from other funds	(529,804)	(489,626)
Capital assets, net of accumulated depreciation	(6,184,282)	(28,372,426)
Liabilities		
Accounts payable	284,904	675,643
Salaries payable	1,122,356	1,787,431
Deferred revenue	77,294	797,921
Compensated absences	834,147	1,882,534
Workers' compensation	981,960	49,528
Payable to other funds	504,918	385,691
Capital leases payable	51,619	5,451
Notes payable	-	-
Other liabilities	-	146
Advance to other schools	70,000	-
Funds held in trust	-	-
General obligation bonds payable	395,918	5,882,281
Add Capital Project Cash	32,924	(200,374)
Add (Subtract) Cash Basis Activity After June 30		
Transfers in / out, net	483,209	1,532,207
Transfer summer session revenues to fiscal year 2003	(141,732)	(1,958,860)
Cash receipts	601,780	240,403
Cash expenditures	(1,761,986)	(3,026,864)
Budgetary Fund Balance - General fund	2,241,164	10,783,132
Less state grant appropriation	(45,575)	(48,593)
General fund appropriation	2,195,589	10,734,539
Less restrictions		
Faculty contract obligations	(36,360)	(333,598)
Minnesota State College Faculty contract obligations, fiscal yr 2002	(527,613)	-
Less designations		
Designated for programs	(418,668)	(6,631,932)
Board required reserve	(796,363)	(1,348,567)
Balance fiscal year 2003 budget	-	(2,423,000)
Balance fiscal year 2004 budget	(253,953)	-
Prior year encumbrance	(151,527)	(129,241)
Due from / to other funds	-	132,601
External programs	-	-
Undesignated budgetary fund balance -General fund	\$ 11,105	\$ 802

Minneapolis Community & Technical College	Minnesota State College, Southeast Technical	Minnesota State University, Mankato	Minnesota State University, Moorhead	Minnesota West Community & Technical College
\$ 72,964,521	\$ 9,685,867	\$ 104,755,750	\$ 34,672,526	\$ 3,919,831
(15,266)	(7,921)	(23,796)	(30,131)	(26,000)
(1,727,498)	(318,211)	(3,010,464)	(3,710,357)	(461,985)
-	-	(19,913,782)	(10,831,008)	-
(405,719)	(57,674)	(2,138,325)	(571,978)	(224,615)
70,816,038	9,302,061	79,669,383	19,529,052	3,207,231
(1,870,859)	(98,640)	(1,322,019)	(795,758)	(192,442)
-	-	-	-	-
-	-	(216,050)	-	(25,505)
(280,538)	(177,898)	(526,989)	(288,071)	(93,523)
-	-	(24,492)	(54,655)	-
-	-	-	-	-
(509,491)	(596,035)	(3,839,688)	(4,914)	(868,659)
(69,073,878)	(8,792,061)	(80,552,038)	(24,931,563)	(3,964,058)
1,693,985	155,228	2,576,643	602,207	538,841
2,602,053	968,304	7,840,194	4,018,811	1,725,522
296,363	64,536	679,526	581,104	88,569
2,432,838	1,081,392	8,155,723	4,872,349	1,914,943
171,415	28,928	126,732	117,917	27,165
12,714	528,413	3,940,824	54,451	833,400
-	-	794,563	353,023	-
124,465	102,457	510,739	352,026	124,538
-	-	39	-	-
-	-	-	-	-
-	-	-	-	-
2,915,152	1,354,599	3,507,403	1,783,164	453,293
(653,204)	(636,603)	461,796	1,177,375	1,105
1,034,741	382,150	3,055,400	1,647,392	545,516
(995,369)	(158,526)	(2,926,257)	(1,132,691)	(192,486)
828,649	210,236	517,060	1,056,485	362,361
(2,858,213)	(1,278,130)	(13,377,307)	(7,270,081)	(2,198,415)
6,686,861	2,440,411	9,051,185	1,667,622	2,287,396
(17,684)	(161,259)	(76,721)	(34,327)	(61,132)
6,669,177	2,279,151	8,974,464	1,633,295	2,226,264
(45,000)	(10,027)	(825,927)	(441,144)	(9,082)
(1,100,000)	(338,000)	-	-	(450,000)
(3,586,862)	(195,000)	(4,877,813)	(507,940)	(259,116)
(1,550,000)	(600,740)	(2,265,963)	(580,206)	(1,102,789)
(425,000)	(871,922)	-	(104,005)	(200,000)
-	(220,493)	(899,999)	-	(150,000)
-	(77,949)	(104,763)	-	(10,524)
37,685	34,980	-	-	-
-	-	-	-	(44,753)
\$ -	\$ -	\$ -	\$ -	\$ -

Continue...

Minnesota State Colleges and Universities
Reconciliation of Net Assets to Budgetary General Fund Balance (Unaudited)
As of June 30, 2002

	Normandale Community College	North Hennepin Community College
Total Net Assets	\$ 21,963,304	\$ 23,898,936
Less		
Imprest cash	(20,001)	(25,955)
Enterprise	(3,063,451)	(2,429,861)
Revenue	-	-
Special Revenue	(477,592)	(395,062)
General and Capital Project Funds Net Assets, net of imprest cash	18,402,260	21,048,058
Add (subtract) GAAP Adjustments		
Assets		
Accounts receivable	(1,337,048)	(247,471)
Notes receivable	-	-
Grants receivable	-	-
Prepaid assets	(542,210)	(848,901)
Other assets	-	-
Advance from other schools	-	-
Due from other funds	(1,125,871)	(45,427)
Capital assets, net of accumulated depreciation	(20,177,586)	(23,996,384)
Liabilities		
Accounts payable	2,573,981	509,190
Salaries payable	3,289,117	1,766,920
Deferred revenue	782,133	309,341
Compensated absences	2,528,673	1,591,801
Workers' compensation	92,184	793,216
Payable to other funds	999,783	69,074
Capital leases payable	16,924	-
Notes payable	-	74,340
Other liabilities	-	-
Advance to other schools	-	-
Funds held in trust	-	-
General obligation bonds payable	5,123,105	8,251,334
Add Capital Project Cash	(2,664,747)	(3,053,444)
Add (Subtract) Cash Basis Activity After June 30		
Transfers in / out, net	1,357,810	1,274,976
Transfer summer session revenues to fiscal year 2003	(1,454,991)	(724,374)
Cash receipts	263,417	173,950
Cash expenditures	(3,276,770)	(2,615,318)
Budgetary Fund Balance - General fund	4,850,164	4,330,881
Less state grant appropriation	-	(173,806)
General fund appropriation	4,850,164	4,157,075
Less restrictions		
Faculty contract obligations	(421,850)	(12,400)
Minnesota State College Faculty contract obligations, fiscal yr 2002	(1,335,613)	(460,800)
Less designations		
Designated for programs	(610,253)	(1,065,900)
Board required reserve	(1,700,000)	(1,034,000)
Balance fiscal year 2003 budget	-	(300,000)
Balance fiscal year 2004 budget	(381,788)	(1,000,000)
Prior year encumbrance	(400,660)	(103,500)
Due from / to other funds	-	-
External programs	-	(118,600)
Undesignated budgetary fund balance - General fund	\$ -	\$ 61,875

Northland Community & Technical College	Northwest Technical College	Pine Technical College	Rainy River Community College	Ridgewater College
\$ 20,474,950	\$ 22,000,517	\$ 1,375,118	\$ 2,751,943	\$ 20,552,272
-	(98,521)	(4,227)	(15,000)	(50,000)
(531,756)	(884,610)	(4,012)	(195,810)	(1,305,283)
-	-	-	-	-
(163,276)	(329,053)	200,712	(35,816)	256,787
19,779,918	20,688,333	1,567,591	2,505,317	19,453,776
(41,062)	(626,391)	(61,189)	(13,200)	(354,940)
-	-	-	-	-
-	(239,414)	-	-	-
(285,574)	(262,994)	(57,574)	(45,974)	(390,966)
-	-	-	-	-
-	-	-	(24,160)	-
(711,437)	(244,393)	-	(193,347)	(1,028,189)
(21,311,157)	(21,380,807)	(3,107,884)	(3,241,536)	(23,092,615)
415,110	1,730,459	282,958	480,652	923,164
1,050,339	2,160,468	366,637	330,420	2,241,256
23,388	260,053	18,727	13,585	299,662
1,045,682	2,522,302	320,750	233,320	2,561,246
15,619	4,795	29,937	49,633	31,270
717,467	245,937	962	190,269	1,101,117
-	4,908	-	-	-
-	378,701	-	-	-
-	-	-	-	-
-	-	-	124,000	-
-	-	-	-	-
2,809,156	1,728,488	518,351	223,414	3,071,744
(863,929)	153,270	310,698	(244,475)	(645,005)
494,842	1,035,053	149,408	113,891	881,791
(108,924)	(661,229)	(44,767)	(27,114)	(467,077)
212,634	742,473	456,236	50,703	1,157,218
(1,346,881)	(4,290,654)	(567,238)	(448,137)	(3,341,376)
1,895,191	3,949,358	183,603	77,261	2,402,076
(40,331)	(79,538)	-	-	(13,578)
1,854,860	3,869,820	183,603	77,261	2,388,498
(6,026)	(25,218)	-	(1,488)	(428,404)
(310,000)	(489,138)	(100,000)	(62,292)	(457,310)
(277,228)	(699,170)	-	(4,162)	(631,802)
(683,512)	(1,683,750)	(106,333)	-	(1,015,982)
-	-	-	-	-
(400,000)	(855,800)	-	-	-
-	-	(45,665)	(9,319)	-
-	-	68,395	-	145,000
-	(116,744)	-	-	-
\$ 178,094	\$ -	\$ -	\$ -	\$ -

Continue...

Minnesota State Colleges and Universities
Reconciliation of Net Assets to Budgetary General Fund Balance (Unaudited)
As of June 30, 2002

	Riverland Community College	Rochester Community & Technical College
Total Net Assets	\$ 11,703,906	\$ 46,396,441
Less		
Imprest cash	(10,000)	(20,992)
Enterprise	(682,092)	(3,102,843)
Revenue	-	-
Special Revenue	(87,350)	(228,202)
General and Capital Project Funds Net Assets, net of imprest cash	10,924,464	43,044,404
Add (subtract) GAAP Adjustments		
Assets		
Accounts receivable	(470,746)	(616,788)
Notes receivable	-	-
Grants receivable	-	-
Prepaid assets	(247,681)	(318,281)
Other assets	-	-
Advance from other schools	-	-
Due from other funds	(711,958)	(69,369)
Capital assets, net of accumulated depreciation	(11,285,830)	(48,629,368)
Liabilities		
Accounts payable	305,582	1,358,439
Salaries payable	1,692,153	2,060,478
Deferred revenue	149,286	295,783
Compensated absences	1,391,281	2,281,096
Workers' compensation	138,240	54,738
Payable to other funds	697,159	77,092
Capital leases payable	199,431	-
Notes payable	-	-
Other liabilities	-	-
Advance to other schools	-	-
Funds held in trust	-	-
General obligation bonds payable	1,809,122	2,752,068
Add Capital Project Cash	(361,742)	2,218,260
Add (Subtract) Cash Basis Activity After June 30		
Transfers in / out, net	648,992	873,781
Transfer summer session revenues to fiscal year 2003	(276,155)	(544,695)
Cash receipts	268,997	1,043,665
Cash expenditures	(2,008,136)	(3,228,205)
Budgetary Fund Balance - General fund	2,862,459	2,653,098
Less state grant appropriation	(70,880)	(88,447)
General fund appropriation	2,791,579	2,564,651
Less restrictions		
Faculty contract obligations	(15,766)	(10,642)
Minnesota State College Faculty contract obligations, fiscal yr 2002	(500,000)	(440,809)
Less designations		
Designated for programs	-	(483,056)
Board required reserve	(1,029,003)	(1,346,595)
Balance fiscal year 2003 budget	(337,437)	(133,548)
Balance fiscal year 2004 budget	(493,221)	-
Prior year encumbrance	(416,152)	(150,000)
Due from / to other funds	-	3,856
External programs	-	-
Undesignated budgetary fund balance - General fund	\$ -	\$ 3,856

South Central Technical College	Southwest State University	St. Cloud State University	St. Cloud Technical College
\$ 4,877,938	\$ 24,435,258	\$ 85,474,944	\$ 14,234,774
(6,068)	589	(44,999)	32,402
(479,166)	(729,725)	(3,312,158)	(554,047)
-	(10,554,982)	(20,383,424)	-
(137,956)	(345,130)	(1,314,301)	(197,510)
4,254,748	12,806,010	60,420,062	13,515,619
(237,654)	(200,127)	(400,748)	(229,790)
-	-	-	-
-	-	(268,507)	-
(17,042)	(223,450)	(1,390,587)	(178,419)
-	-	-	-
-	-	-	-
(550,845)	(912,198)	-	(209,082)
(3,011,870)	(11,824,376)	(71,797,275)	(13,062,689)
512,805	1,298,717	1,135,737	1,737,531
2,047,392	2,188,145	9,523,968	1,535,813
186,081	-	1,270,029	133,490
1,778,603	2,648,876	9,272,228	1,326,924
15,642	26,780	403,543	44,989
552,564	997,282	6,751	287,569
-	121,898	629,309	39,943
233,908	-	1,276,266	160,533
-	-	75,001	-
-	-	-	-
-	-	-	-
-	1,391,921	10,966,628	2,184,646
175	(100,655)	(2,908,014)	(1,925,493)
534,377	915,654	3,726,821	540,210
(332,147)	(420,834)	(2,647,474)	(187,592)
432,830	309,759	575,215	108,847
(2,523,790)	(4,226,394)	(13,630,445)	(1,975,530)
3,875,777	4,797,008	6,238,508	3,847,520
(488,095)	(236,917)	(148,543)	(55,995)
3,387,682	4,560,091	6,089,965	3,791,525
(23,152)	(235,387)	(895,850)	-
(770,000)	-	-	(421,488)
(862,134)	(1,910,955)	(1,988,232)	(1,543,465)
(1,069,944)	(830,000)	(3,205,882)	(941,782)
(427,978)	(820,000)	-	(238,699)
(109,474)	-	-	(350,000)
(125,000)	(662,660)	-	(96,091)
-	-	-	-
-	-	-	-
\$ -	\$ 101,089	\$ -	\$ 200,000

Continue...

Minnesota State Colleges and Universities
Reconciliation of Net Assets to Budgetary General Fund Balance (Unaudited)
As of June 30, 2002

	St. Paul College - A Community & Technical College	Winona State University
Total Net Assets	\$ 22,662,827	\$ 68,742,824
Less		
Imprest cash	1,268	(35,000)
Enterprise	(695,897)	(2,708,328)
Revenue	-	(18,032,199)
Special Revenue	(174,540)	(3,852,133)
General and Capital Project Funds Net Assets, net of imprest cash	21,793,658	44,115,164
Add (subtract) GAAP Adjustments		
Assets		
Accounts receivable	(980,519)	(594,564)
Notes receivable	-	-
Grants receivable	-	-
Prepaid assets	(387,379)	(913,822)
Other assets	-	-
Advance from other schools	-	-
Due from other funds	(352,513)	(3,205,012)
Capital assets, net of accumulated depreciation	(18,755,855)	(51,271,401)
Liabilities		
Accounts payable	548,593	2,157,425
Salaries payable	1,068,436	5,133,858
Deferred revenue	237,807	62,670
Compensated absences	1,419,525	5,472,409
Workers' compensation	83,209	348,430
Payable to other funds	263,669	3,226,879
Capital leases payable	191,435	2,240,835
Notes payable	160,054	296,413
Other liabilities	-	-
Advance to other schools	-	-
Funds held in trust	-	-
General obligation bonds payable	3,049,125	7,593,861
Add Capital Project Cash	(3,170,435)	(1,517,482)
Add (Subtract) Cash Basis Activity After June 30		
Transfers in / out, net	690,452	2,340,914
Transfer summer session revenues to fiscal year 2003	(603,705)	(720,646)
Cash receipts	371,758	346,770
Cash expenditures	(1,938,438)	(7,771,980)
Budgetary Fund Balance - General fund	3,688,877	7,340,721
Less state grant appropriation	(84,411)	(33,300)
General fund appropriation	3,604,466	7,307,421
Less restrictions		
Faculty contract obligations	(9,235)	(365,331)
Minnesota State College Faculty contract obligations, fiscal yr 2002	(391,500)	-
Less designations		
Designated for programs	(525,920)	(3,195,699)
Board required reserve	(1,543,729)	(2,140,000)
Balance fiscal year 2003 budget	(352,913)	-
Balance fiscal year 2004 budget	(476,451)	(906,956)
Prior year encumbrance	(70,230)	(699,435)
Due from / to other funds	-	-
External programs	(234,488)	-
Undesignated budgetary fund balance - General fund	\$ -	\$ -

Office of the Chancellor	System-wide	Total
\$ 3,619,473	\$ 29,059,071	\$ 949,805,965
-	(9,319)	(797,033)
-	(817,440)	(44,108,832)
-	(1,120,576)	(91,505,097)
-	(1,940,061)	(17,585,447)
3,619,473	25,171,675	795,809,556
(30,674)	(632,930)	(18,934,815)
-	-	(500,500)
-	-	(749,475)
-	-	(12,845,777)
-	(1,676)	(81,159)
-	(269,000)	(419,000)
-	(47,095)	(26,870,976)
(4,843,155)	-	(800,278,960)
1,525,663	406,035	32,356,859
195	1,788,053	81,213,935
-	2,049,437	11,777,281
3,326,295	299,538	83,151,275
-	35,617	4,391,990
-	87	25,807,757
1,463,557	-	6,680,060
-	-	4,498,011
-	-	88,162
-	-	419,000
-	-	-
-	-	104,622,063
-	-	(25,803,023)
-	(34,459,597)	8,661
-	-	(23,077,018)
369,636	36,668,353	54,710,652
-	(7,454,570)	(122,619,338)
5,430,990	23,553,927	173,355,223
-	(100,000)	(2,482,916)
5,430,990	23,453,927	170,872,300
-	-	(6,754,624)
-	-	(14,467,701)
(3,219,508)	(11,492,280)	(68,863,139)
-	(6,970,000)	(46,672,951)
(1,208,369)	(4,120,345)	(16,189,292)
-	-	(9,987,008)
(1,003,113)	-	(5,691,047)
-	-	695,249
-	(871,302)	(1,965,304)
\$ -	\$ -	\$ 976,483



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees of Minnesota
State Colleges and Universities

We have audited the basic financial statements of the Minnesota State Colleges and Universities (MnSCU) as of and for the year ended June 30, 2002 and have issued our report thereon dated December 6, 2002. 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.

Compliance:

As part of obtaining reasonable assurance about whether MnSCU's basic financial statements are free of material misstatement, we performed tests of MnSCU's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* with the exception of certain colleges and universities which did not maintain depository insurance or a combination of depository insurance and collateral securities at minimum levels required by Minnesota Statutes Chapter 118A at several times during the year.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered MnSCU's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, state funding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

December 6, 2002