

Supplementary Information to Financial Statements



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Report of Independent Auditors on Supplementary Information

The Regents of the University of Michigan

Our report on the audits of the financial statements of the University of Michigan as of June 30, 2007 and 2006 and the years then ended appears on page 47. These audits were conducted for the purpose of forming an opinion on the financial statements, taken as a whole, which are set forth on pages 66 through 88, inclusive. The supplementary information included herein on pages 90 through 97 is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

August 30, 2007

Consolidating Schedule of Net Assets at June 30, 2007

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(in thousands)	General Fund	Designated Fund	Auxiliary Fund
Assets			
Current Assets:			
Cash and cash equivalents	\$ 47,364	\$ 83,970	\$ 195,467
Operating investments	68,254	121,005	281,679
Investments for capital activities			
Investments for student loan activities			
Investment trade settlements receivable	318	528	1,000
Accounts receivable, net	44,028	10,997	249,051
Current portion of notes and pledges receivable, net			
Current portion of prepaid expenses and other assets	5,790	1,721	42,608
Total Current Assets	165,754	218,221	769,805
Noncurrent Assets:			
Endowment, life income and other investments			169,513
Notes and pledges receivable, net			
Prepaid expenses and other assets			13,991
Capital assets, net			
Total Noncurrent Assets	-	-	183,504
Total Assets	\$ 165,754	\$ 218,221	\$ 953,309
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 11,251	\$ 7,342	\$ 76,096
Investment trade settlements payable	513	850	1,610
Accrued compensation and other	53,870	8,170	108,861
Deferred revenue	18,081	9,635	42,557
Current portion of insurance and benefits obligations			57,677
Commercial paper and current portion of bonds payable			
Deposits of affiliates and others			
Total Current Liabilities	83,715	25,997	286,801
Noncurrent Liabilities:			
Accrued compensation	57,689		23,485
Insurance and benefits obligations			166,847
Obligations under life income agreements			
Government loan advances			
Bonds payable			
Deposits of affiliates and other			2,276
Total Noncurrent Liabilities	57,689	-	192,608
Total Liabilities	141,404	25,997	479,409
Net Assets:			
Invested in capital assets, net of related debt			
Restricted:			
Nonexpendable			
Expendable			
Unrestricted, designated	24,350	192,224	473,900
Total Net Assets	24,350	192,224	473,900
Total Liabilities and Net Assets	\$ 165,754	\$ 218,221	\$ 953,309

Expendable Restricted Fund	Student Loan Fund	Endowment and Other Invested Funds	Plant Fund	Agency Fund	Total
\$ 114,537				\$ 40,150	\$ 481,488
165,056				57,857	693,851
			\$ 720,143		720,143
	\$ 27,873				27,873
744	77		1,562	269	4,498
75,761			1,010		380,847
19,519	21,493		21,373		62,385
2,218	228	\$ 135	6,179	799	59,678
377,835	49,671	135	750,267	99,075	2,430,763
		7,210,323			7,379,836
43,709	93,142		110,297		247,148
			1,792		15,783
			3,755,398		3,755,398
43,709	93,142	7,210,323	3,867,487	-	11,398,165
\$ 421,544	\$ 142,813	\$ 7,210,458	\$ 4,617,754	\$ 99,075	\$ 13,828,928
\$ 14,200			\$ 108,892		\$ 217,781
1,198	\$ 124		2,516	\$ 433	7,244
20,571			4,681	72,431	268,584
95,022					165,295
			4,365		62,042
			145,148		145,148
				26,211	26,211
130,991	124		265,602	99,075	892,305
					81,174
					166,847
		\$ 59,739			59,739
	85,940				85,940
			897,618		897,618
		145,888			148,164
-	85,940	205,627	897,618	-	1,439,482
130,991	86,064	205,627	1,163,220	99,075	2,331,787
			2,864,340		2,864,340
		959,614			959,614
290,553	53,183	2,973,083	288,394		3,605,213
	3,566	3,072,134	301,800		4,067,974
290,553	56,749	7,004,831	3,454,534	-	11,497,141
\$ 421,544	\$ 142,813	\$ 7,210,458	\$ 4,617,754	\$ 99,075	\$ 13,828,928

Consolidating Schedule of Net Assets at June 30, 2006

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(in thousands)	General Fund	Designated Fund	Auxiliary Fund
Assets			
Current Assets:			
Cash and cash equivalents	\$ 40,115	\$ 46,170	\$ 193,935
Operating investments	65,109	74,935	350,572
Investments for capital activities			
Investments for student loan activities			
Investment trade settlements receivable	1,658	2,378	5,501
Accounts receivable, net	86,390	9,765	218,860
Current portion of notes and pledges receivable, net			
Current portion of prepaid expenses and other assets	5,681	1,356	44,477
Total Current Assets	198,953	134,604	813,345
Noncurrent Assets:			
Endowment, life income and other investments			210,035
Notes and pledges receivable, net			
Prepaid expenses and other assets			15,421
Capital assets, net			
Total Noncurrent Assets	-	-	225,456
Total Assets	\$ 198,953	\$ 134,604	\$ 1,038,801
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 8,815	\$ 6,313	\$ 126,167
Investment trade settlements payable	3,203	4,594	10,628
Accrued compensation and other	48,475	7,852	101,537
Deferred revenue	16,932	7,973	52,765
Current portion of insurance and benefits obligations			51,634
Commercial paper and current portion of bonds payable			
Deposits of affiliates and others			
Total Current Liabilities	77,425	26,732	342,731
Noncurrent Liabilities:			
Insurance and benefits obligations			151,213
Obligations under life income agreements			
Government loan advances			
Bonds payable			
Deposits of affiliates and others			2,145
Total Noncurrent Liabilities	-	-	153,358
Total Liabilities	77,425	26,732	496,089
Net Assets:			
Invested in capital assets, net of related debt			
Restricted:			
Nonexpendable			
Expendable			
Unrestricted, designated	121,528	107,872	542,712
Total Net Assets	121,528	107,872	542,712
Total Liabilities and Net Assets	\$ 198,953	\$ 134,604	\$ 1,038,801

Expendable Restricted Fund	Student Loan Fund	Endowment and Other Invested Funds	Plant Fund	Agency Fund	Total
\$ 99,511				\$ 33,874	\$ 413,605
161,508				54,977	707,101
			\$ 649,176		649,176
	\$ 30,084				30,084
3,963	474		8,737	1,398	24,109
70,198			3,016		388,229
14,671	23,466		26,379		64,516
2,111	252	\$ 111	5,717	742	60,447
351,962	54,276	111	693,025	90,991	2,337,267
		5,753,389			5,963,424
35,564	85,863		105,452		226,879
			1,631		17,052
			3,453,441		3,453,441
35,564	85,863	5,753,389	3,560,524	-	9,660,796
\$ 387,526	\$ 140,139	\$ 5,753,500	\$ 4,253,549	\$ 90,991	\$ 11,998,063
\$ 13,824			\$ 81,785		\$ 236,904
7,657	\$ 917		16,880	\$ 2,702	46,581
20,509			4,216	67,001	249,590
88,356			198		166,224
			4,352		55,986
			136,851		136,851
				21,288	21,288
130,346	917		244,282	90,991	913,424
			4,900		156,113
		\$ 51,399			51,399
	85,672				85,672
			781,521		781,521
		123,644			125,789
-	85,672	175,043	786,421	-	1,200,494
130,346	86,589	175,043	1,030,703	90,991	2,113,918
			2,615,289		2,615,289
		884,209			884,209
257,180	50,331	2,261,812	205,396		2,774,719
	3,219	2,432,436	402,161		3,609,928
257,180	53,550	5,578,457	3,222,846	-	9,884,145
\$ 387,526	\$ 140,139	\$ 5,753,500	\$ 4,253,549	\$ 90,991	\$ 11,998,063

Consolidating Schedule of Revenues, Expenses and Changes in Net Assets for the Year Ended June 30, 2007

(in thousands)	General Fund	Designated Fund	Auxiliary Activities Fund	
			Operations	Hospital and Other Similar Activities
Operating Revenues				
Student tuition and fees	\$ 891,634			
Less scholarship allowances				
Net student tuition and fees	891,634			
Federal grants and contracts	777			
State and local grants and contracts				
Nongovernmental sponsored programs				
Sales and services of educational departments	8,867	\$ 103,043		
Auxiliary enterprises:				
Patient care revenues and managed care premiums				\$ 2,194,902
Student residence fees, net of scholarship allowances			\$ 85,945	
Other revenues			888,002	
Student loan interest income and fees	363			
Indirect cost recoveries	166,807			
Total Operating Revenues	1,068,448	103,043	973,947	2,194,902
Operating Expenses				
Compensation and benefits	902,939	73,252	296,441	1,284,781
Supplies and services	271,091	46,267	666,785	787,098
Depreciation				
Scholarships and fellowships	139,797	2,986	53	1,172
Total Operating Expenses	1,313,827	122,505	963,279	2,073,051
Operating (loss) income	(245,379)	(19,462)	10,668	121,851
Nonoperating Revenues (Expenses)				
State educational appropriations	332,446			
Private gifts for other than capital and endowment purposes		755		
Net investment income	15,071	(12,111)	54,359	34,050
Distributions of endowment ordinary income and gains		21,229	4	54,544
Equipment	(8,759)	(2,396)	(1,682)	(5,893)
Books	(17,178)	(17)		(21)
Interest expense				
Total Nonoperating Revenues, Net	321,580	7,460	52,681	82,680
Income (loss) before other revenues (expenses)	76,201	(12,002)	63,349	204,531
Other Revenues (Expenses)				
State capital appropriations				
Capital gifts and grants				
Private gifts for endowment purposes				
Other	(59,500)	36		139,876
Total Other (Expenses) Revenues, Net	(59,500)	36	-	139,876
Net revenues (expenses) before transfers	16,701	(11,966)	63,349	344,407
Transfers (Out) In				
Mandatory:				
Debt service	(19,170)	(1,498)	(12,712)	(38,766)
Plant improvement			(100)	
Non-mandatory:				
Plant improvement	(57,787)	(101,149)	(57,682)	(172,812)
Other	(36,922)	198,965	(74,210)	(120,286)
Total Transfers (Out) In	(113,879)	96,318	(144,704)	(331,864)
(Decrease) increase in net assets	(97,178)	84,352	(81,355)	12,543
Net Assets, Beginning of Year	121,528	107,872	99,812	442,900
Net Assets, End of Year	\$ 24,350	\$ 192,224	\$ 18,457	\$ 455,443

Expendable Restricted Fund	Consolidating Entries	Subtotal Current Funds	Student Loan Fund	Endowment and Other Invested Funds	Plant Fund	Total
		\$ 891,634				\$ 891,634
	\$ 172,952	172,952				172,952
	(172,952)	718,682				718,682
\$ 694,512		695,289				695,289
12,937		12,937				12,937
115,498		115,498				115,498
2,110		114,020				114,020
	(211,266)	1,983,636				1,983,636
	(15,690)	70,255				70,255
	(764,851)	123,151				123,151
		363	\$ 1,540			1,903
(166,807)		-				-
658,250	(1,164,759)	3,833,831	1,540			3,835,371
455,686	(51,185)	2,961,914				2,961,914
213,570	(924,933)	1,059,878	1,546		\$ 42,504	1,103,928
		-			284,048	284,048
128,345	(188,641)	83,712				83,712
797,601	(1,164,759)	4,105,504	1,546		326,552	4,433,602
(139,351)	-	(271,673)	(6)		(326,552)	(598,231)
		332,446				332,446
109,611		110,366	326			110,692
14,195		105,564	1,271	\$ 1,423,142	42,614	1,572,591
116,447		192,224	1,186	(193,410)		-
(14,158)		(32,888)			32,888	-
(1,829)		(19,045)			19,045	-
		-			(30,606)	(30,606)
224,266	-	688,667	2,783	1,229,732	63,941	1,985,123
84,915	-	416,994	2,777	1,229,732	(262,611)	1,386,892
		-			6,413	6,413
		-			64,870	64,870
		-		94,798		94,798
4,403		84,815	60	(12,863)	(11,989)	60,023
4,403	-	84,815	60	81,935	59,294	226,104
89,318	-	501,809	2,837	1,311,667	(203,317)	1,612,996
(117)		(72,263)			72,263	-
		(100)			100	-
(30,353)		(419,783)		(28,000)	447,783	-
(25,475)		(57,928)	362	142,707	(85,141)	-
(55,945)	-	(550,074)	362	114,707	435,005	-
33,373	-	(48,265)	3,199	1,426,374	231,688	1,612,996
257,180		1,029,292	53,550	5,578,457	3,222,846	9,884,145
\$ 290,553	\$ -	\$ 981,027	\$ 56,749	\$ 7,004,831	\$ 3,454,534	\$ 11,497,141

Consolidating Schedule of Revenues, Expenses and Changes in Net Assets for the Year Ended June 30, 2006

(in thousands)	General Fund	Designated Fund	Auxiliary Activities Fund	
			Operations	Hospital and Other Similar Activities
Operating Revenues				
Student tuition and fees	\$ 834,365			
Less scholarship allowances				
Net student tuition and fees	834,365			
Federal grants and contracts	1,045			
State and local grants and contracts				
Nongovernmental sponsored programs				
Sales and services of educational departments	7,592	\$ 97,702		
Auxiliary enterprises:				
Patient care revenues and managed care premiums				\$ 2,341,722
Student residence fees, net of scholarship allowances			\$ 85,918	
Other revenues			920,692	
Student loan interest income and fees				
Indirect cost recoveries	169,804			
Total Operating Revenues	1,012,806	97,702	1,006,610	2,341,722
Operating Expenses				
Compensation and benefits	846,114	67,900	267,715	1,173,775
Supplies and services	277,578	56,715	660,884	1,021,099
Depreciation				
Scholarships and fellowships	129,947	5,254	1,425	1,146
Total Operating Expenses	1,253,639	129,869	930,024	2,196,020
Operating (loss) income	(240,833)	(32,167)	76,586	145,702
Nonoperating Revenues (Expenses)				
State educational appropriations	364,908			
Private gifts for other than capital and endowment purposes		600		
Net investment income	11,722	(32,213)	35,205	21,462
Distributions of endowment ordinary income and gains		14,549	3	52,555
Equipment	(11,054)	(2,438)	276	(5,532)
Books	(15,871)	(22)	654	(33)
Interest expense				
Total Nonoperating Revenues (Expenses), Net	349,705	(19,524)	36,138	68,452
Income (loss) before other revenues (expenses)	108,872	(51,691)	112,724	214,154
Other Revenues (Expenses)				
State capital appropriations				
Capital gifts and grants				
Private gifts for endowment purposes				
Other		32		537
Total Other Revenues, Net	-	32	-	537
Net revenues (expenses) before transfers	108,872	(51,659)	112,724	214,691
Transfers (Out) In				
Mandatory:				
Debt service	(18,516)	(1,217)	(11,721)	(31,850)
Plant improvement			(77)	
Non-mandatory:				
Plant improvement	(73,084)	(91,149)	(52,000)	(181,317)
Other	(23,259)	108,993	(31,470)	28,585
Total Transfers (Out) In	(114,859)	16,627	(95,268)	(184,582)
(Decrease) increase in net assets	(5,987)	(35,032)	17,456	30,109
Net Assets, Beginning of Year	127,515	142,904	82,356	412,791
Net Assets, End of Year	\$ 121,528	\$ 107,872	\$ 99,812	\$ 442,900

Expendable Restricted Fund	Consolidating Entries	Subtotal Current Funds	Student Loan Fund	Endowment and Other Invested Funds	Plant Fund	Total
		\$ 834,365				\$ 834,365
	\$ 158,659	158,659				158,659
	(158,659)	675,706				675,706
\$ 690,889		691,934				691,934
9,282		9,282				9,282
117,213		117,213				117,213
1,731		107,025				107,025
	(351,269)	1,990,453				1,990,453
	(15,689)	70,229				70,229
	(800,952)	119,740				119,740
		-	\$ 1,368			1,368
(169,804)		-				-
649,311	(1,326,569)	3,781,582	1,368			3,782,950
449,591	(47,175)	2,757,920				2,757,920
201,171	(1,105,046)	1,112,401	1,210		\$ 36,603	1,150,214
		-			264,028	264,028
120,415	(174,348)	83,839				83,839
771,177	(1,326,569)	3,954,160	1,210		300,631	4,256,001
(121,866)	-	(172,578)	158		(300,631)	(473,051)
		364,908				364,908
89,426		90,026	16			90,042
12,806		48,982	964	\$ 879,765	30,130	959,841
108,091		175,198	1,185	(176,383)		-
(12,615)		(31,363)			31,363	-
(1,653)		(16,925)			16,925	-
		-			(27,128)	(27,128)
196,055	-	630,826	2,165	703,382	51,290	1,387,663
74,189	-	458,248	2,323	703,382	(249,341)	914,612
		-			20,126	20,126
		-			64,787	64,787
		-		86,228		86,228
3,683		4,252	70	(17,047)	768	(11,957)
3,683	-	4,252	70	69,181	85,681	159,184
77,872	-	462,500	2,393	772,563	(163,660)	1,073,796
(194)		(63,498)			63,498	-
		(77)			77	-
(22,761)		(420,311)			420,311	-
(16,862)		65,987	225	(66,212)		-
(39,817)	-	(417,899)	225	(66,212)	483,886	-
38,055	-	44,601	2,618	706,351	320,226	1,073,796
219,125		984,691	50,932	4,872,106	2,902,620	8,810,349
\$ 257,180	\$ -	\$ 1,029,292	\$ 53,550	\$ 5,578,457	\$ 3,222,846	\$ 9,884,145