General Purpose Financial Report
June 30, 2025

WESTERN MICHIGAN UNIVERSITY

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Independent Auditor's Report

To the Board of Trustees
Western Michigan University

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component units of Western Michigan University (the "University"), a component unit of State of Michigan, as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise Western Michigan University's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Western Michigan University as of June 30, 2025 and 2024 and the changes in its financial position and its cash flows, where applicable, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Western Michigan University Foundation and Paper Technology Foundation, Inc. were not audited under *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees
Western Michigan University

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of pension funding progress, schedule of pension contributions, schedule of OPEB funding progress, schedule of OPEB contributions, and schedule of changes in the total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2025 on our consideration of Western Michigan University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Western Michigan University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Western Michigan University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 25, 2025

The following discussion and analysis of Western Michigan University's (the "University") financial statements provides an overview of the University's financial activities for the year ended June 30, 2025. Management has prepared the financial statements and the related disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with University management.

Motivated by the mission and values of its institutional identity, the University follows a data-informed process that is driven by continuous improvement and anchored in an access-mindedness framework to collaboratively develop a shared vision for the future. The University is dedicated to supporting learning to foster success, promoting innovation, advancing new knowledge and value-added discovery, promoting a culture to ensure social sustainability and accessibility, and advancing economic and environmental sustainability practices and policies.

Western Michigan University is a national research university enrolling approximately 17,600 students from across the United States and other countries. Founded in 1903, it is a learner-centered, discovery-driven and globally engaged public university that stands out among America's nearly 3,700 higher education institutions. The University offers 147 bachelor's, 83 master's and 44 doctoral programs. These programs are offered through eight degree-granting colleges: arts and sciences, aviation, education and human development, engineering and applied sciences, fine arts, Haworth College of Business, health and human services, and Merze Tate College.

The Carnegie Foundation for the Advancement of Teaching places Western Michigan University among the 139 public institutions in the nation designated as research universities with high research activity. In addition, Western Michigan University is one of nine Michigan universities categorized at either the "high" or "very high" levels of research activity. U.S. News & World Report's annual ranking of American colleges and universities includes Western Michigan University as one of the best national universities for 34 years in a row.

The University's undergraduate resident tuition cost ranks seventh lowest among the state's public universities, even though it is one of Michigan's most complex, and highly regarded research institutions. The University is committed to providing financial support to students and continues to award dollars to students in an efficient and strategic way. The University has long sponsored its prestigious Medallion Scholarship program, which attracts some of the brightest and most promising students. The University also offers several other merit-based awards continuing to offer an exceptional value to its students.

Financial Highlights

The University's financial position remained strong at June 30, 2025. Some financial highlights include:

- Total net position $900.5 million
    - Change in net position $113.7 million
- Capital assets, net of accumulated depreciation $1,004.7 million
    - Change in capital assets, net of accumulated depreciation $53.1 million
- Long-term debt (including current portion) $460.4 million
    - Change in long-term debt $62.0 million

The University's financial statements were prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity (GASB Statement No. 61). These criteria include significant operational or financial relationships. Based on the application of the criteria, the University has three component units. The Western Michigan University Foundation, Paper Technology Foundation, Inc. (collectively, the "Foundations"), and Western Michigan University Homer Stryker M.D. School of Medicine's (WMed) financial statements are discretely presented as part of the University's reporting entity. The component units' financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB).

During fiscal year 2025, the University adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the statement of net position of the University has been calculated to comply with this new pronouncement. The financial statements for the year ended June 30, 2024 have not been restated in order to adopt GASB Statement No. 101. The effects of this adoption did not have a significant impact on the University financial statements as a whole.

In fiscal year 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which requires recognition of assets and liabilities for subscription contracts that previously were recognized as expenses. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use subscription asset. The University recognized a subscription liability of $5.6 million and corresponding intangible subscription asset net of accumulated amortization of $7.5 million as of June 30, 2024. The University recognized a subscription liability of $5.2 million and corresponding intangible subscription asset net of accumulated amortization of $6.8 million as of June 30, 2025.

Unrestricted net position includes long-term liabilities required to be accrued for by accounting principles issued by the GASB. These liabilities consist of the net pension liability from a statewide, cost-sharing, multiple-employer defined benefit plan and total net other postemployment benefits (OPEB) liability from a single-employer defined benefit plan. The University's unrestricted net position calculated without these liabilities continues to remain positive. The University has committed the unrestricted net position to provide for identified future needs. These needs include contractual obligations, debt service, capital outlay, insurance reserves, and academic programming needs.

The following breakdown of net position by category illustrates this impact.

Net Position as of June 30 (in millions)

	2025	2024	2023 Restated
Net investment in capital assets	$ 639.9	$ 568.7	$ 527.0
Restricted	100.7	18.2	14.1
Unrestricted - operations	321.4	376.0	359.0
Unrestricted - pension activity	(16.4)	(4.7)	(65.0)
Unrestricted - other postemployment benefit (OPEB) activity	(145.1)	(171.4)	(201.5)
Total net position	$ 900.5	$ 786.8	$ 633.6

Net Position Excluding Pension and OPEB Accounting as of June 30 (in millions)

	2025	2024	2023
Net investment in capital assets	$ 639.9	$ 568.7	$ 527.0
Restricted	49.8	1.2	5.6
Unrestricted - operations	321.4	376.0	359.0
Total net position excluding pension and OPEB	$ 1,011.1	$ 945.9	$ 891.6

The Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows

The University's financial report includes three financial statements: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. Each of these statements provide information useful in assessing the financial health of the University.

These financial statements include all assets, liabilities, deferred outflows of resources, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

Statement of Net Position

The following is a summary of the major components of the net position and operating results of the University for the years ended June 30, 2025, 2024, and 2023:

Net Position as of June 30 (in millions)

	2025	2024	2023 Restated
Assets[1]			
Current assets	$ 221.6	$ 217.6	$ 226.5
Noncurrent assets:			
Capital assets - Net of depreciation	1,004.7	951.6	913.8
Other	420.9	274.4	258.6
Total assets	1,647.2	1,443.6	1,398.9
Deferred Outflows of Resources[2]	28.3	33.0	43.7
Liabilities[3]			
Current liabilities	102.9	85.8	104.0
Noncurrent liabilities	592.6	541.2	615.8
Total liabilities	695.5	627.0	719.8
Deferred Inflows of Resources[4]	79.5	62.8	89.2
Net Position			
Net investment in capital assets	639.9	568.7	527.0
Restricted[5]	100.7	18.2	14.1
Unrestricted	159.9	199.9	92.5
Total net position	**$ 900.5**	**$ 786.8**	**$ 633.6**

[1] - An asset is a resource with economic value that the University owns and controls with the expectation that it will provide future benefit.

[2] - Deferred outflows of resources are recognized through the consumption of resources by the University that is applicable to a future reporting period.

[3] - A liability is the University's financial debt that arises during the course of its business operations.

[4] - Deferred inflows of resources are recognized through the acquisition of resources by the University that is applicable to a future reporting period.

[5] – Restricted net assets increased due to the implementation of a new endowment policy wherein funds that were previously held at the Western Michigan University Foundation were transferred to the University at the end of fiscal year 2025 totaling $30.2M. This also includes accounting for all designated funds as restricted until the donors intent has been met. The increase was also driven by an increase in the restricted net position for MPSERS pension and OPEB of $19.7 and $14.2 million respectively.

In 2025, the University implemented a new version of its endowment accounting software platform. This upgrade enhanced financial management capabilities, strengthened reporting functionality, and aligned operational practices with industry standards. A key outcome of this migration was the automation of annual endowment spending distributions, replacing the previous approach whereby spendable earnings accrued in a designated "spending bucket" and remained available for withdrawal upon request of management. As part of the transition to the automated payout model, a one-time distribution of $30.2 million was made in June 2025. This amount represented the cumulative balance of unspent, spendable earnings retained within the Foundation from prior years. This distribution was a direct result of the system transition and is not expected to recur.

Current assets increased $4.0 million from fiscal year 2024 to fiscal year 2025. The increase in current assets was primarily related to an increase in accounts receivable of $1.5 million due to higher assessment for tuition, fees, and housing. Current liabilities increased $17.8 million due to an increase in accounts payable of $14.8 million primarily due to timing of payments related to the construction of the new Golden Oaks residence hall.

Noncurrent other assets increased $112.0 million from fiscal year 2024 to fiscal year 2025 primarily due to the increase of $79.1 million of unspent bond proceeds that were invested and $30.2 million in long-term investments due to the adoption of a new endowment policy by the University during fiscal year 2025 (described above). Noncurrent other assets increased $15.8 million from fiscal year 2023 to fiscal year 2024 primarily due to the market performance on long-term investments. As of June 30, 2024, the stock market experienced gains as evidenced by the S&P 500 increasing approximately 22.6 percent over the previous fiscal year.

Pension and OPEB obligations impact multiple categories on the statement of net position. Due to the special allocation from the State of Michigan totaling $45.6 million, in fiscal year 2024, the University recognized a decrease in its proportionate share of the Michigan Public School Employees Retirement System (MPSERS) net pension liability of $24.9 million in 2025. The University recognized a decrease in the single-employer plan total OPEB liability of $3.8 million in fiscal year 2025 due to various plan changes. Due to a special allocation from the State of Michigan totaling $45.6 million, in fiscal year 2024, the University recognized a decrease in its proportionate share of the Michigan Public School Employees Retirement System (MPSERS) net pension liability of $67.7 million in 2024. The University recognized a decrease in the single-employer plan total OPEB liability of $1.5 million in fiscal year 2024 due to various plan changes.

Capital Assets

As reflected on the statement of net position, at June 30, 2025, the University had $1.7 billion invested in capital assets and accumulated depreciation of $691.4 million. Depreciation charges totaled $41.2 million, $42.3 million, and $29.6 million for the years ended June 30, 2025, 2024, and 2023, respectively.

Capital Assets as of June 30 (in millions)

	2025	2024	2023
Land and land improvements	$ 152.0	$ 132.4	$ 112.6
Buildings	1,243.2	1,256.7	1,105.3
Equipment, software, and other	116.1	96.6	88.0
Library holdings	102.4	101.1	99.8
Construction in progress	82.4	51.5	156.8
Total	$ 1,696.1	$ 1,638.3	$ 1,562.5

Net capital assets increased $53.1 million and $37.8 million in fiscal years 2025 and 2024, respectively. The increases in fiscal years 2025 and 2024 were due to the construction of a new Golden Oaks residence hall, the construction of Loop Road modifications, renovations to Dunbar Hall and the addition of the new Hilltop Village parking garage. The following paragraphs represent additional detail related to construction projects.

The University received approval in March 2021 for a $30.0 million capital outlay from the State of Michigan for renovations to Dunbar Hall, one of the most heavily used classroom buildings on campus. The University provided an additional $19.2 million in funding towards this project, which involved reconfiguring classroom layouts, adding student workspaces, upgrading technology, and improving building systems which was completed in Spring 2024.

During fiscal year 2023, the decision was made to reinvest in one of the nation's foremost aviation programs by committing to refresh and expand the number of the College of Aviation's fleet of training aircraft. The new aircraft will include the latest technology and safety equipment and allow students to receive the experience they need to excel in the aviation industry. The estimated total cost of the new fleet is $18.7 million. The University entered into an agreement with the Western Michigan University Foundation to finance the new fleet through a line of credit. As of June 30, 2025, the University has drawn $15.2 million on the note.

Long-Term Debt

The University is rated by two of the major bond rating agencies. S&P Global Ratings affirmed the University's A/Positive rating in April 2025, and Moody's Investor Services affirmed the University's Aa3/Stable rating in April 2025.

At June 30, 2025 the University had $405.0 million in bonded debt obligations outstanding versus $339.9 million the previous year, an increase of 19.2 percent. The increase in bonded debt obligations outstanding is due to the issuance of the General Revenue and Refunding Bonds, 2025A bonds totaling $162.6 million, of which $78.1 million is related to a new issuance and $84.5 million is related to refunding old issuances. In addition, the aviation note payable had an increase of $8.0 million partially offset by debt service payments.

At June 30, 2024, the University had $339.9 million in bonded debt obligations outstanding versus $345.3 million the previous year, a decrease of 1.6 percent. The decrease in bonded debt obligations outstanding is due to debt service payments partially offset by the increase of $9.0 million draw on the aviation note payable.

Statement of Revenue, Expenses, and Changes in Net Position

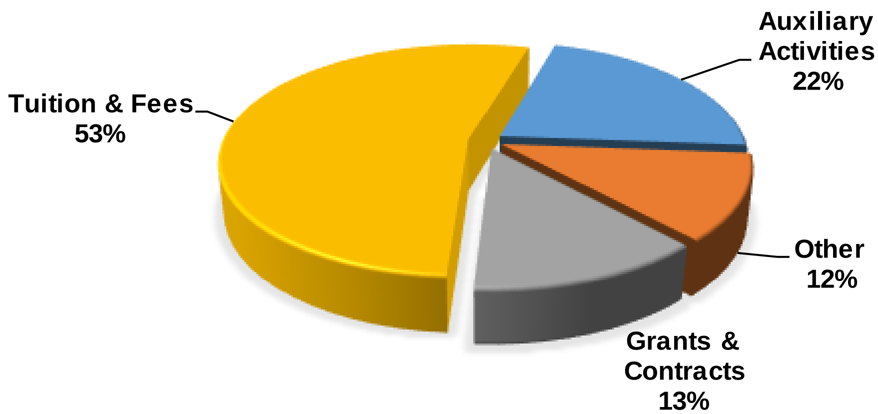
Operating Results for the Years Ended June 30 (in millions)

	2025	2024	2023
Operating Revenue			
Tuition and fees - Net	$ 203.4	$ 214.8	$ 214.6
Grants and contracts	47.5	37.8	32.3
Auxiliary activities - Net	82.4	72.8	70.1
Other	44.8	42.5	38.1
Total operating revenue	378.1	367.9	355.1
Operating Expenses			
Instruction	171.8	170.5	171.6
Departmental research	27.1	20.5	19.6
Public service	18.9	16.8	13.9
Academic support	62.3	47.2	54.3
Student services	27.0	27.9	24.0
Institutional support	63.0	55.1	51.2
Operations and maintenance of plant	36.9	34.9	35.0
Scholarships and fellowships	5.6	17.2	16.0
Auxiliary activities	85.7	72.6	71.2
Depreciation	41.3	46.9	35.1
Other adjustments	(33.8)	(40.7)	(9.8)
Total operating expenses	505.8	468.9	482.1
Net Operating Loss	(127.7)	(101.0)	(127.0)
Nonoperating Revenue			
State appropriations	126.2	167.6	206.2
Gifts	72.3	39.8	47.0
Other net nonoperating revenue	26.0	28.1	17.9
Total nonoperating revenue	224.5	235.5	271.1
Other			
State capital appropriations	0.7	17.9	18.5
Capital grants, contracts, and other	16.2	0.8	0.8
Total other	16.9	18.7	19.3
Net Change in Net Position	113.7	153.2	163.4
Net Position - Beginning of year	786.8	633.6	470.2
Net Position - End of year	**$ 900.5**	**$ 786.8**	**$ 633.6**

Operating Revenue and Expenses

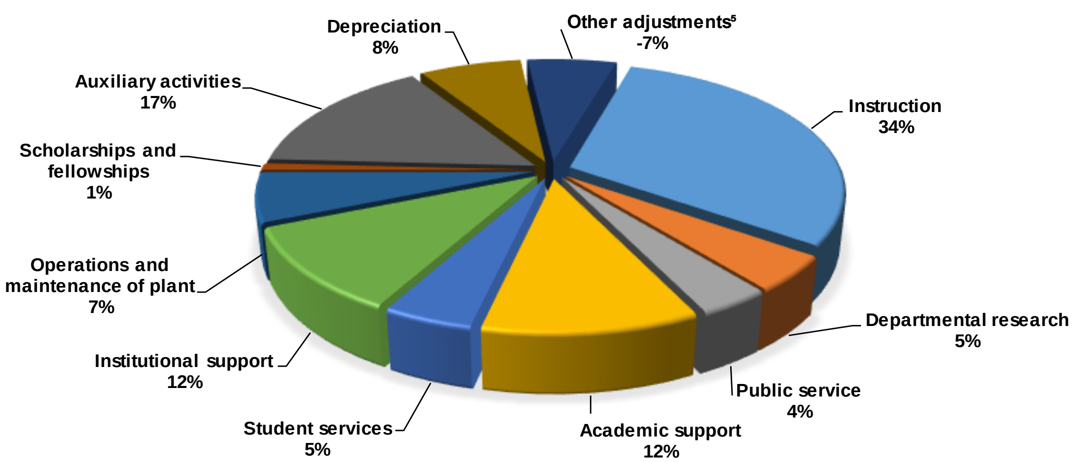
Operating revenue includes all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, housing, and dining operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

The following is a graphic illustration of operating revenue by source:



Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the University.

The following is a graphic illustration of operating expenses by source:



[5] - Other adjustments are negative due to updated pension and OPEB experience studies and actuarial assumptions.

The significant changes in revenues and expenses in fiscal years 2025 and 2024 are described in the following paragraphs.

Net tuition and fees revenue in fiscal year 2025 decreased 5.3 percent from fiscal year 2024 due to an increase in the scholarship allowance due to the implementation of NACUBO Advisory 2023-01, *Public Institutions: Accounting for and Reporting Financial Aid as a Discount* during fiscal year 2025 (the "Advisory"). The Advisory focuses on transitioning from treating institutional aid as expenses to identifying them as reductions of revenue. The Advisory also emphasizes student account details to formulate the estimate as opposed to aggregate analysis. The Advisory also includes Pell grants in the estimate. Utilizing the old methodology, the net tuition and fees revenue would have increased 1.0 percent by comparison. As a result of this implementation institutional aid that was previously accounted for as expense was treated as a reduction to tuition and fee revenues. This was partially offset by an increase in enrollment in fall 2024 and an increase in tuition rates of 4.5 percent. Net tuition and fees revenue in fiscal year 2024 increased 0.1 percent from fiscal year 2023 due to an increase in the tuition rate of 4.62 percent. This was offset by a decrease in enrollment.

Auxiliary activities resulted in net loss of $3.4 million in fiscal year 2025 compared to a net income of $0.2 million in fiscal year 2024. The $3.2 million decrease was due to capital outlays related to the new Golden Oaks residence hall partially offset by decreased administrative expenses. Auxiliary activities resulted in net income of $0.2 million in fiscal year 2024 compared to a net loss of $1.1 million in fiscal year 2023. The $1.3 million improvement was due to an increase in students living in residence halls offset by increased intercollegiate athletics outlays.

The total operating expenses increased by $38.1 million in fiscal year 2025. This was primarily due to an increase of $28.3 million in capital outlays primarily in academic support and auxiliary activities as well as an increase of $6.6 million in research expenditures due to increased activity during fiscal year 2025 this was partially offset by a decrease of $11.6 million in scholarship expense due to the adoption of the new scholarship allowance advisory mentioned above. The total operating expenses decreased $13.1 million in fiscal year 2024. This was primarily due to a decrease of $7.2 million in capital outlays in academic support as well as a decrease of $1.1 million in capital outlays in instruction, which is primarily due to the completion of the Dunbar Hall and new student center projects in fiscal year 2024.

As expected, Scholarships and fellowships expense decreased $11.6 million. This was due to the implementation of NACUBO Advisory 2023-01, *Public Institutions: Accounting for and Reporting Financial Aid as a Discount* (the "Advisory") during fiscal year 2025. The Advisory focuses on transitioning from treating institutional aid as expenses to identifying them as reductions of revenue. As a result of this implementation institutional aid that was previously accounted for as expense was treated as a reduction to tuition and fee revenues. Scholarships and fellowships expense increased $1.2 million in fiscal year 2024. This was due to the University increasing the student need-based aid need to assist with offsetting tuition increases.

Nonoperating Revenue and Expenses

Nonoperating revenue and expenses are primarily nonexchange in nature. In a nonexchange transaction, the University receives value without directly giving equal value in return. This is different from an exchange transaction, in which each party receives and gives up essentially equal values. Nonexchange transactions at the University consist primarily of state appropriations, gifts, investment income (including realized and unrealized gains and losses), and grants and contracts that do not require any services to be performed.

State appropriations decreased $41.5 million in fiscal year 2025 over fiscal year 2024. This decrease includes a decrease in the special allocation to support the MPSERS pension plan of $61.9 million in fiscal year 2025 offset by a 1.5 percent increase in the base allocation from the State combined with a one-time 1.0 percent allocation from the State.

Other net nonoperating revenue increased $30.4 million from fiscal year 2024 to fiscal year 2025 primarily due to the new endowment policy pushing out spendable market earnings to the University from the foundation. Other net nonoperating revenue increased $3.0 million from fiscal year 2023 to fiscal year 2024 due to improved market performance of long-term investments of $8.2 million and increased Pell grant revenue of $2.0 million offset by a $7.2 million decrease in gift funding.

Other

Other activity consists of items that are typically nonrecurring, extraordinary, or unusual to the University. An example would be capital appropriations from the state or federal government.

The University recorded $16.2 million in capital grants, which includes $15.0 million from the Foundation for the Golden Oaks residence Hall project in fiscal year 2025. The University recorded $17.9 million in state capital appropriations, which includes $8.1 million for the Michigan ITEMS Funding (Infrastructure, Technology, Equipment, Maintenance, and Safety Funds) as well as $9.8 million for the completion of the Dunbar Hall capital outlay in fiscal year 2024.

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide relevant information about the cash receipts and cash payments of an entity during a period.

Cash Flows for the Years Ended June 30 (in millions)

	2025	2024	2023
Cash (Used in) Provided by			
Operating activities	$ (92.0)	$ (144.2)	$ (201.7)
Noncapital financing activities	204.0	208.1	259.6
Capital and related financing activities	(112.3)	(73.4)	(71.6)
Investing activities	2.0	7.8	1.4
Net Increase (Decrease) in Cash	1.7	(1.7)	(12.3)
Cash - Beginning of year	162.2	163.9	176.2
Cash - End of year	**$ 163.9**	**$ 162.2**	**$ 163.9**

The most significant components of cash flows received from operating activities are tuition and fees, auxiliary activities, and grants and contracts. The most significant components of cash flows spent on operations are payments to suppliers and employees and payments for scholarships and fellowships. Net cash used in operating activities was $92.1 million for the year ended June 30, 2025. This is compared to net cash used in operating activities in the amounts of $148.7 million and $201.7 million for the years ended June 30, 2024 and 2023, respectively.

To offset the $92.1 million operating use, the net cash provided by noncapital financing activities was $204.7 million for the year ended June 30, 2025, which consisted primarily of cash provided State appropriations of 125.6 million, gifts of $72.3 million, and Pell grant receipts of $25.1 million. Net cash provided by noncapital financing activities was $208.1 million and $259.6 million for the years ended June 30, 2024 and 2023, respectively.

Cash used in capital and related financing activities totaled $113.0 million for the year ended June 30, 2025, primarily the result of capital additions during the year in the amount of $93.7 million, interest paid on capital debt of $16.8 million, cash used for debt instruments of $104.7 million, and unspent bond proceeds placed with a trustee of $79.1 million offset by cash provided by debt issuance proceeds of $162.6 million. This is compared to cash used in capital and related financing activities of $73.4 million and $71.6 million for the years ended June 30, 2024 and 2023, respectively.

Cash provided by investing activities was $2.0 million for the year ended June 30, 2025. This is compared to cash provided by investing activities of $7.8 million for the year ended June 30, 2024 and cash provided by investing activities of $1.4 million for the year ended June 30, 2023.

Economic Factors That Will Affect the Future

Acting at its June 2025 meeting, the Western Michigan University Board of Trustees adopted a $425.2 million General Fund operating budget for fiscal year 2026, a 2.2 percent increase over the prior year's budget. The budget reflects a tuition rate increase of 4.5 percent. The budget reflects the University's practice and commitment to present a balanced general fund budget. This reinforces commitment to strong fiscal management and long-term strategic planning.

Access to high quality education has also been enhanced for high school graduates by the State of Michigan through the Michigan Achievement Scholarship. The largest amount of this aid is directed toward public colleges and universities, making up to $5,500 available per student per year. It is estimated that 76 percent of Michigan families would qualify for the scholarship. In combination with the newly instituted Bronco Promise Scholarship, the University is optimistic about the positive impact this could have on future enrollment.

In January 2024, the University announced plans to build a new residence hall for first-year students on the current Valley 3 site. Planning and site work began on the project in May 2024. The building is planned to facilitate community among its first-year residents and will offer a variety of single and double-occupancy rooms to students. The project is planned to cost approximately $125 million and will be ready to house new students for the fall 2026 semester. Funding for the new residence hall will include internal resources that have been strategically planned over the past several years with the remainder to be funded with a bond issuance. Series General Revenue and Refunding Bonds, 2025A were issued in May 2025 with total proceeds of $78.1 million related to the Golden Oaks residence hall project.

The University has embarked on its Master Plan initiative and is currently in phase 3 which includes working with the Space Advisory Committee task forces to orchestrate continued development of campus as well as planning work for current projects. Current projects include: the New Golden Oaks residence Hall and the Pedestrian Green Space renovation. This initiative has the goals of advancing learning and discovery, fostering a sense of community, engaging the local region, recalibrating campus, integrating sustainability, and promoting health and access.

Student enrollment and retention remain a key focus of the University as it addresses the declining demographics of the high-school aged population over the next few years in Michigan and surrounding states. The University is focusing on growth and retention efforts in alignment with the Strategic Plan 2022-2032. Positive indicators for enrollment include improved retention rates at all levels, a slight increase in the Fall 2024 freshman class, improved residence hall occupancy, and on-campus apartments are anticipated to be near full capacity.

The State of Michigan's higher education budget for fiscal year 2025 included a fiscal year 2024 supplemental appropriation of $10 million toward the MPSERS unfunded pension liability to be allocated between the seven participating universities in September 2024. This supplemental appropriation paid down most of the current remaining unfunded accrued liability. The University received its recalculated share of the unfunded liability in October 2024.

The current federal landscape presents growing uncertainty surrounding the availability and stability of grant funding programs that are critical to supporting the University's research, student aid, and institutional initiatives. Ongoing debates over federal budget priorities, shifting policy agendas, and potential changes to agency funding levels have introduced risk into the long-term planning and execution of federally supported projects. Additionally, the expiration of pandemic-related relief funding has created a more competitive environment for limited federal resources. As a result, the University continues to closely monitor federal appropriations, advocate for sustained investment in higher education, and diversify its funding portfolio to mitigate potential impacts on operations and strategic priorities. The current federal landscape also adds uncertainty to State resources and its higher education institutions.

Statement of Net Position

	June 30	
	2025	2024
Current Assets		
Cash and cash equivalents	$ 163,902,458	$ 162,184,441
Short-term investments	186,884	211,927
Accounts receivable - Net	48,459,745	46,910,528
Deposits, prepaid expenses, and other assets	9,063,854	8,318,220
Total current assets	221,612,941	217,625,116
Noncurrent Assets		
Long-term investments	358,260,830	245,369,274
Student loans receivable - Net	330,279	879,937
Lease receivable	3,042,120	2,372,272
Other assets	1,298,987	898,316
Leased assets - Net	180,467	376,492
Subscription assets - Net	6,849,215	7,511,310
Capital assets - Net	1,004,698,536	951,554,477
Net Pension asset	19,666,432	-
Net OPEB asset	31,240,184	17,021,431
Total noncurrent assets	1,425,567,050	1,225,983,509
Total assets	1,647,179,991	1,443,608,625
Deferred Outflows of Resources	28,287,302	32,904,909
Current Liabilities		
Accounts payable	31,946,735	17,147,412
Accrued payroll and withholdings	22,654,761	22,013,240
Insurance and other claims payable	3,238,450	3,317,583
Tuition and fees received in advance	4,960,885	4,957,960
Current portion of lease liability	87,316	275,244
Current portion of subscription liability	3,409,012	3,227,074
Current portion of long-term obligations	18,585,565	17,586,143
Current portion of total OPEB liability	6,328,407	5,749,675
Other liabilities	11,615,337	11,487,656
Total current liabilities	102,826,468	85,761,987
Noncurrent Liabilities		
Lease liability - Net of current portion	94,565	111,256
Subscription liability - Net of current portion	1,752,776	2,422,648
Other long-term obligations - Net of current portion	442,480,226	380,768,063
Total OPEB liability - Net of current portion	148,308,975	152,690,492
Net pension liability	-	5,227,673
Total noncurrent liabilities	592,636,542	541,220,132
Total liabilities	695,463,010	626,982,119
Deferred Inflows of Resources	79,479,239	62,766,750
Net Position		
Net investment in capital assets	639,864,691	568,611,714
Restricted Expendable for:		
Other	34,584,351	963,138
Loans	126,241	242,403
Pension Asset	19,666,432	-
OPEB Asset	31,240,184	17,021,431
Scholarships	15,183,360	-
Unrestricted	159,859,785	199,925,979
Total net position	**$ 900,525,044**	**$ 786,764,665**

See accompanying notes to the financial statements.

Statement of Revenue, Expenses and Changes in Net Position

	Year Ended June 30 2025	Year Ended June 30 2024
Operating Revenue		
Tuition and fees	$ 287,018,251	$ 276,896,902
Scholarship allowance	(83,477,575)	(62,070,481)
Net tuition and fees	203,540,676	214,826,421
Governmental grants and contracts	39,259,292	29,836,880
Other grants and contracts	8,285,016	7,991,423
Departmental and other educational activities	39,579,640	38,488,302
Auxiliary activities - Net	82,354,614	72,825,808
Other revenue	5,224,753	4,027,864
Total operating revenue	378,243,991	367,996,698
Operating Expenses		
Instruction	171,896,746	170,490,716
Departmental research	27,083,591	20,547,104
Public service	18,879,523	16,843,622
Academic support	62,273,758	47,095,097
Student services	27,029,502	27,920,815
Institutional support	62,985,389	55,138,729
Operations and maintenance of plant	36,855,324	34,906,751
Scholarships and fellowships	5,621,871	17,199,074
Auxiliary activities	85,741,028	72,635,197
Depreciation and amortization	41,268,888	46,896,620
Other adjustments	(33,801,613)	(40,725,061)
Total operating expenses	505,834,007	468,948,664
Net Operating Loss	(127,590,016)	(100,951,966)
Nonoperating Revenue (Expenses)		
State appropriations	126,128,551	167,561,493
Gifts	72,341,636	39,788,350
Pell grant revenue	25,078,337	19,635,461
Other expense	(19,104,842)	(10,936,015)
Investment income (loss) and other interest	35,656,130	31,690,729
Interest on capital asset-related debt	(15,605,759)	(12,318,540)
Net nonoperating revenue	224,494,053	235,421,478
Income - Before other	96,904,037	134,469,512
Other		
State capital appropriations	675,140	17,906,142
Other revenue and capital gifts and grants	16,181,202	838,000
Total other	16,856,342	18,744,142
Net Change in Net Position	113,760,379	153,213,654
Net Position		
Beginning of year	786,764,665	633,551,011
End of year	**$ 900,525,044**	**$ 786,764,665**

See accompanying notes to the financial statements.

Statement of Cash Flows

	Year Ended June 30	
	2025	2024
Cash Flows from Operating Activities		
Tuition and fees	$ 203,425,890	$ 213,325,409
Grants and contracts	44,527,317	37,232,626
Payments to suppliers	(95,119,545)	(125,205,022)
Payments to employees	(367,025,932)	(368,126,832)
Payments for scholarships and fellowships	(5,621,871)	(17,199,074)
Collection of loans from students	549,658	441,874
Student loan interest	23,269	49,741
Auxiliary enterprise charges	82,354,614	72,825,808
Departmental and other	44,804,393	42,516,166
William D. Ford direct lending receipts	51,006,082	60,712,267
William D. Ford direct lending disbursements	(51,006,082)	(60,712,267)
PLUS loan receipts	23,087,910	24,499,278
PLUS loan disbursements	(23,087,910)	(24,499,278)
Net cash used in operating activities	(92,082,207)	(144,139,304)
Cash Flows from Noncapital Financing Activities		
Gifts and contributions for other than capital purposes	72,341,636	39,788,350
Pell grant revenue	25,078,337	19,635,461
Agency transactions	127,681	(6,950,871)
Other	(19,104,842)	(10,936,015)
State appropriations	125,572,935	166,537,491
Net cash provided by noncapital financing activities	204,015,747	208,074,416
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(93,684,140)	(68,656,624)
Proceeds net of deposits from disposal of assets	945,025	683,722
(Purchase of) proceeds from lease assets	(4,810,204)	(5,268,224)
Proceeds from issuance of debt	166,551,593	9,021,748
Principal paid on capital debt	(104,417,553)	(26,635,153)
Capital grant, gift, and other proceeds	16,181,202	838,000
Capital appropriations	2,816,241	26,094,131
Payments (Proceeds) from trustee to purchase capital assets	(79,049,865)	5,316,705
Interest paid on capital debt	(16,785,977)	(14,806,508)
Net cash used in capital and related financing activities	(112,253,678)	(73,412,203)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	76,516,571	157,025,986
Interest on investments	(207,768)	2,838,603
Purchase of investments	(74,270,648)	(152,110,228)
Net cash provided by investing activities	2,038,155	7,754,361
Net Increase (Decrease) in Cash and Cash Equivalents	1,718,017	(1,722,730)
Cash and Cash Equivalents - Beginning of year	162,184,441	163,907,171
Cash and Cash Equivalents - End of year	**$ 163,902,458**	**$ 162,184,441**

See accompanying notes to the financial statements.

	Year Ended June 30	
	2025	2024
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (127,590,016)	$ (100,951,966)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	36,270,421	42,334,575
Lease amortization	276,648	1,628,327
Gain on conversion of lease asset	-	(1,010,308)
Gain on sale of assets	(3,324,635)	-
SBITA amortization	4,721,828	3,944,027
(Increase) decrease in assets:		
Federal and state grants receivable	(3,016,991)	(595,677)
Accounts receivable - Net	(117,711)	(1,421,550)
Prepaid assets and other current assets	(792,530)	1,897,243
Other assets	3,387,185	(709,837)
Loans to students	572,927	491,615
Net Pension and OPEB asset	(42,915,643)	(74,683,783)
Increase (decrease) in liabilities:		
Accounts payable	14,799,323	693,114
Accrued payroll and other compensation	1,491,069	390,169
Other liabilities and deferreds	24,152,993	(16,065,791)
Unearned tuition and fees	2,925	(79,462)
Net cash used in operating activities	**$ (92,082,207)**	**$ (144,139,304)**

Non-cash Transactions

Property acquired under lease and subscription-based information technology arrangements:	$ 4,140,352	$ 3,963,387

See accompanying notes to the financial statements.

Discretely Presented Component Units – Balance Sheet and Statement of Activities and Changes in Net Assets

Balance Sheet	Western Michigan University Foundation		Paper Technology Foundation, Inc.		Western Michigan University Homer Stryker M.D. School of Medicine	
	June 30		June 30		June 30	
	2025	2024	2025	2024	2025	2024
Assets						
Cash and short-term investments	$ 17,183,807	$ 23,650,536	$ 637,664	$ 481,425	$ 18,799,330	$ 20,435,792
Note Receivable	16,531,885	9,182,906	-	-	-	-
Investments	815,867,993	730,913,131	6,054,943	5,643,075	32,806,929	28,335,726
Pledges receivable - Net	235,399,306	302,954,644	284,760	299,270	548,000	2,081,500
Cash surrender value of life insurance policies	1,082,755	1,035,109	-	-	-	-
Other receivables	-	-	-	-	7,026,444	4,721,198
Other assets	-	-	-	-	1,364,592	1,497,597
Right-of-use lease assets	-	-	-	-	4,179,223	5,849,698
Land, land contracts, and other property	1,500,000	1,500,000	-	-	88,321,628	89,525,574
Interest in net assets of WMU Foundation	-	-	-	-	318,743,045	297,341,635
Total assets	**$ 1,087,565,746**	**$ 1,069,236,326**	**$ 6,977,367**	**$ 6,423,770**	**$ 471,789,191**	**$ 449,788,720**
Liabilities						
Accounts payable	$ 7,211	$ 5,737	$ 215	$ 4,958	$ 1,533,879	$ 1,713,843
Accrued payroll, withholdings, and other	-	-	-	-	16,767,237	18,167,504
Deferred compensation	-	-	-	-	19,009,451	16,648,878
Other long-term obligations	-	-	-	-	56,921,450	59,892,310
Total liabilities	7,211	5,737	215	4,958	94,232,017	96,422,535
Net Assets						
Without donor restrictions	331,338,133	324,400,845	733,019	495,243	26,279,842	25,350,655
With donor restrictions	756,220,402	744,829,744	6,244,133	5,923,569	351,277,332	328,015,530
Total net assets	1,087,558,535	1,069,230,589	6,977,152	6,418,812	377,557,174	353,366,185
Total liabilities and net assets	**$ 1,087,565,746**	**$ 1,069,236,326**	**$ 6,977,367**	**$ 6,423,770**	**$ 471,789,191**	**$ 449,788,720**

Statement of Activities and Changes in Net Assets	Year Ended June 30		Year Ended June 30		Year Ended June 30	
	2025	2024	2025	2024	2025	2024
Revenue Gains, Losses, and Other Support						
Gifts, contributions, and other	$ 29,360,630	$ 26,702,926	$ 815,635	$ 831,341	$ 41,383,773	$ 28,363,727
Investment income	15,444,039	13,273,839	93,162	74,276	-	-
Contracted services and support	-	-	-	-	44,985,844	49,179,180
Patient service revenue	-	-	-	-	11,002,740	11,040,847
Governmental grants and contracts	-	-	-	-	32,016,088	33,190,607
Other income	114,201	46,941	11,315	5,551	-	-
Net (loss) gain from security and other investment transactions	73,094,884	52,660,396	619,292	470,655	18,950,562	8,760,771
Transfers from related parties	4,414,558	3,863,618	307,025	22,808	-	-
Total revenue gains, losses, and other support	122,428,312	96,547,720	1,846,429	1,404,631	148,339,007	130,535,132
Expenditures and Distributions						
Program services	4,082,224	4,221,583	190,587	188,426	111,462,932	110,728,458
Management and general	2,907,316	2,774,853	98,872	96,580	12,685,086	13,173,716
Fundraising	5,716,326	6,033,446	139,825	161,403	-	-
Total expenditures	12,705,866	13,029,882	429,284	446,409	124,148,018	123,902,174
Distributions to related parties	91,394,500	43,305,601	858,805	293,088	-	-
Total expenditures and distributions	104,100,366	56,335,483	1,288,089	739,497	124,148,018	123,902,174
Change in Net Assets	18,327,946	40,212,237	558,340	665,134	24,190,989	6,632,958
Net Assets - Beginning of year	1,069,230,589	1,029,018,352	6,418,812	5,753,678	353,366,185	346,733,227
Net Assets - End of year	**$ 1,087,558,535**	**$ 1,069,230,589**	**$ 6,977,152**	**$ 6,418,812**	**$ 377,557,174**	**$ 353,366,185**

See accompanying notes to the financial statements.

Note 1 – Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The financial statements of Western Michigan University (the "University") have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The University follows the "business-type" activities reporting requirements of GASB Statement No. 34.

The financial statements of the University have been prepared on the accrual basis, whereby all revenue is recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

GASB Statement No. 34 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 categories:

- Net Investment in Capital Assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- Restricted - Net position subject to externally imposed constraints such that they may be maintained permanently by the University, or net position whose use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.

- Unrestricted - Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees (the "Board") or may otherwise be limited by contractual agreements with outside parties.

These statements have also been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity (GASB Statement No. 61). These criteria include significant operational or financial relationships with the University. Based on application of the criteria, the University has three component units.

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Summary of Significant Accounting Policies

Component Unit - Western Michigan University is an institution of higher education located in Kalamazoo, Michigan, and is considered to be a component unit of the State of Michigan (the "State") because its board of trustees is appointed by the governor of the State of Michigan. Accordingly, the University is included in the State's financial statements as a discretely presented component unit. Transactions with the State of Michigan relate primarily to appropriations for operations, grants from various state agencies, and payments to state retirement programs for the benefit of University employees.

Component Units of the University - Western Michigan University Foundation, Paper Technology Foundation, Inc., and Western Michigan University Homer Stryker M.D. School of Medicine (WMed) statements are discretely presented as part of the University's reporting entity. These financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB) and have not been modified for GASB. The officers of Western Michigan University Foundation and Paper Technology Foundation, Inc. include certain University administrative officials, but the University does not have controlling interest in those foundations' boards. The University does have controlling interest in WMed.

Western Michigan University Foundation (the "Foundation") operates exclusively for the benefit of Western Michigan University. The Foundation provides support for the objectives, goals, and mission of the University. The Foundation assists in accomplishing the educational purposes of the University.

Paper Technology Foundation, Inc. was established to aid and promote, by financial assistance and guidance, education and research in paper technology and related areas at Western Michigan University.

WMed operates and manages medical education and training programs. WMed's clinics provide medical services to patients, a substantial portion of which are Medicaid and Medicare recipients.

Cash and Investments - Cash and cash equivalents are defined as highly liquid investments with a maturity of three months or less when purchased. The University's cash, comprised of working capital and permanent-core assets, is principally invested in investment-grade securities that are readily convertible to cash. The cash is allocated to securities that meet short and long-term investment objectives. Investments, except those held by Western Michigan University's Biosciences Research Commercialization Center (BRCC), are reported at fair value, based on quoted market prices, with changes in fair value reported as investment income in the statement of revenue, expenses, and changes in net position. The net carrying value of investments held at cost by BRCC was $6.2 million and $5.4 million at June 30, 2025 and 2024, respectively. There was approximately $79.1 million and $89 thousand of restricted unspent bond proceeds included in long-term investments at June 30, 2025 and 2024, respectively.

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Accounts Receivable - The University records accounts receivable at net collectible value. Management reviews all the individual student accounts receivable as of June 30 and establishes an allowance for doubtful accounts based on specific assessment of each account as necessary. All amounts deemed uncollectible are charged against income for that fiscal year. More detailed information can be found in Note 4.

Operating and Nonoperating Revenue - Operating activities as reported on the statement of revenue, expenses, and changes in net position are those activities 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 University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenue, as defined by GASB Statement No. 34, including state appropriations, federal Pell grant revenue, gifts, and investment income. Restricted and unrestricted resources are spent and tracked at the discretion of the recipient University department within the guidelines of donor restrictions, if any.

Auxiliary Activities – As of June 30, 2025 and 2024, auxiliary activities consisted of the following:

	2025	2024
Auxiliary activities revenue, gross	$ 86,733,826	$ 82,930,305
Less: Scholarship allowance	(4,379,212)	(10,104,497)
Auxiliary activities revenue, net	$ 82,354,614	$ 72,825,808

Capital Assets - Capital assets are stated at cost, if purchased, or at acquisition value at the date of the gift for donated property. Physical properties, with the exception of land, are depreciated on the straight-line method over the estimated useful service lives of the respective assets. Estimated service lives are as follows:

Land Improvements	20 Years
Buildings	50 Years
Equipment and Software	3-15 Years
Library Holdings	10 Years

Bond Issuance Costs - Bond issuance costs are expensed in the period incurred while prepaid insurance costs related to bond issuance are amortized over the life of the bonds using the straight-line method. Gains and losses resulting from refunding bonds are booked as deferred outflows of resources and deferred inflows of resources and recognized as a component of interest expense over the shorter of the remaining term of the old debt or the term of the new debt.

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

The University reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as changes in assumptions and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 10 and Note 11.

As of June 30, 2025 and 2024, deferred outflows of resources consisted of the following:

Deferred Outflows of Resources

	2025	2024
Loss on refunding of bonds payable	$ 6,238,823	$ 6,645,061
Pension related	1,582,927	945,687
OPEB related	20,465,552	25,314,161
	$ 28,287,302	$ 32,904,909

Note 1 – Basis of Presentation and Significant Accounting Policies (Continued)

Deferred Inflows of Resources - In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The University reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments and changes in key assumptions. More detailed information can be found in Note 10 and Note 11.

As of June 30, 2025 and 2024, deferred inflows of resources consisted of the following:

Deferred Inflows of Resources

	2025	2024
Gain on refunding of bonds payable	$ 11,492,551	$ -
Lease related	2,926,097	2,253,767
Annuity and trust related	4,833,734	4,817,366
Pension related	18,026,113	411,344
OPEB related	42,200,744	55,284,273
	$ 79,479,239	$ 62,766,750

Recently Adopted Accounting Pronouncements - During fiscal year 2025, the University adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the statement of net position of the University has been calculated to comply with this new pronouncement. The financial statements for the year ended June 30, 2024 have not been restated in order to adopt GASB Statement No. 101. The effects of this adoption did not have a significant impact on the University financial statements as a whole.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, Certain Risk Disclosures, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement were adopted during the current year. The effects of this adoption did not have a significant impact on the University financial statements as a whole.

Note 2 - Cash and Investments

The University uses the "pooled cash" method of accounting for substantially all of its cash and investments. In order to maximize earnings, the cash and certain investments of Western Michigan University Foundation and Paper Technology Foundation, Inc. are pooled with those of the University, as well as funds held for affiliates and others.

As of June 30, 2025, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Cash/Cash Equivalents	$ 243,228,067	$ 243,228,067	$ -	$ -	$ -
Corporate Stock	9,131	-	-	-	9,131
Equity Funds	137,902,333	-	-	-	137,902,333
Bond Funds	134,576,981	-	12,158,208	122,418,773	-
Real Estate Investment Trust	405,419	-	-	-	405,419
Total	$ 516,121,931	$ 243,228,067	$ 12,158,208	$ 122,418,773	$ 138,316,883

As of June 30, 2024, the University had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Cash/Cash Equivalents	$ 162,485,229	$ 162,485,229	$ -	$ -	$ -
Corporate Stock	15,120	-	-	-	15,120
Equity Funds	116,566,315	-	-	-	116,566,315
Bond Funds	122,882,112	-	11,127,869	111,754,243	-
Real Estate Investment Trust	392,800	-	-	-	392,800
Total	$ 402,341,576	$ 162,485,229	$ 11,127,869	$ 111,754,243	$ 116,974,235

The University has certain investments it holds at cost rather than at fair market value. The amount of those investments was $6,228,241 and $5,424,066 as of June 30, 2025 and 2024, respectively.

Note 2 - Cash and Investments (Continued)

Investments at Western Michigan University Foundation, Paper Technology Foundation, Inc., and WMed are as follows:

	Western Michigan University Foundation		Paper Technology Foundation, Inc.		Western Michigan University Homer Stryker M.D. School of Medicine	
	2025	2024	2025	2024	2025	2024
Money market funds	$ 754,993	$ 1,425,308	$ 5,904	$ 12,039	$ 310,235	$ 855,820
Corporate stock	4,077,581	3,589,841	31,963	30,477	72,835	63,119
Equity funds	365,644,688	323,143,539	2,747,323	2,509,246	9,434,593	9,540,862
Bond funds	147,323,910	153,748,576	858,947	952,870	2,914,872	3,040,671
Target date blended funds	-	-	-	-	14,580,852	10,406,517
Land and land contracts	2,242,369	2,533,933	17,577	21,513	40,054	44,554
Private equity/venture capita	112,789,380	87,560,345	884,126	743,383	2,014,672	1,539,554
Hedge funds	36,063,042	36,653,269	282,689	311,184	644,167	644,466
Credit/distressed	48,291,465	32,742,273	508,133	355,943	1,157,891	737,161
Private real assets	98,680,565	89,516,047	718,281	706,420	1,636,758	1,463,002
Total	$ 815,867,993	$ 730,913,131	$ 6,054,943	$ 5,643,075	$ 32,806,929	$ 28,335,726

Net gains and losses from security transactions are as follows for each foundation and WMed:

	Western Michigan University Foundation		Paper Technology Foundation, Inc.		Western Michigan University Homer Stryker M.D. School of Medicine	
	2025	2024	2025	2024	2025	2024
Unrealized gains (losses)	$ 20,123,116	$ 37,779,192	$ 224,790	$ 326,593	$ 17,663,340	$ 8,467,937
Realized gains (losses)	52,971,768	14,881,204	394,502	144,062	1,287,222	292,834
Total	$ 73,094,884	$ 52,660,396	$ 619,292	$ 470,655	$ 18,950,562	$ 8,760,771

Western Michigan University Foundation, Paper Technology Foundation, Inc., and WMed investments are stated at fair value based upon quoted market prices or are based on information provided by the fund managers or the general partners of the investment funds.

Note 2 - Cash and Investments (Continued)

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the University's operating investment policy provides for a diversified portfolio comprised of short and long-term investments. The investment policy does not specifically limit or restrict asset allocation except for the long-term investment pool.

The asset allocation, as a percentage of the total market value of the long-term investment pool, is targeted as follows:

Asset Category	Target	Range
U.S. equities	24.0%	10-30%
International equities	21.0%	10-30%
Fixed income	55.0%	45-65%

The University is also exposed to risk indirectly since its mutual fund investees hold investments such as futures, options, and collateralized mortgage obligations (generally referred to as "derivatives").

The annuity and life income funds are invested and held to maturity; therefore, the interest rate risk is not considered in its decisions. The investment policy is to maintain a permanent core asset allocation committed to both equity and fixed-income securities.

Credit Risk - For investments in non-mutual and non-pooled funds, no more than 10 percent of the portfolio, at cost, can be invested in any single issue, except the investments in U.S. government securities. The weighted average credit quality is to be no less than "AAA" (or its equivalent rating by two national rating agencies) for the short-term investment pool accounts.

In addition, the minimum acceptable credit quality at the time of purchase for individual securities shall be "A" for the short-term pool accounts.

Note 2 - Cash and Investments (Continued)

At June 30, 2025 and 2024, the University's debt instruments (subject to fluctuations in interest rates) and related ratings consisted of the following:

	2025 Market Value	NRSRO Rating	2024 Market Value	NRSRO Rating
Bond mutual funds:				
Baird Core Plus Bond Fund	$ 23,877,968	AA-	$ 21,949,039	AA-
BlackRock High Yield Bond Portfolio	98,445	B	92,563	B
Intermediate Credit Index CTF	69,962	A3	69,723	A3
iShares TIPS ETF	330,340	AA	314,147	AA
Nuveen Core Impact Bond Portfolio	47,423,409	AA2/AA3	43,217,845	AA3/A1
Passive Bond Market SL CTF	268,400	AA3	263,778	AA3
Passive Emerging Markets Local Currency Bond NL CTF	98,971	BAA2	97,563	BAA2
Passive High Yield CTF	98,479	B1	97,882	B1
PIMCO Income Inst Fund	24,508,576	AA-	21,960,034	A+
Shenkman Capital Short Duration High Income Fund	11,891,321	BB-	10,867,702	BB-
SPDR Portfolio Aggregate Bond ETF	196,992	AA-	181,501	AA-
Treasury Inflation Protected Securities Index CTF Fund	136,534	AA1	135,023	AA1
Vanguard Total Bond Market Index Fund	1,860,820	AA	1,770,105	AA
Western Asset US Core Plus LLC	23,716,764	A	21,865,207	A+
Total	$ 134,576,981		$ 122,882,112	

At June 30, 2025 and 2024, Western Michigan University Foundation's and Paper Technology Foundation, Inc.'s debt instruments pooled with the University's debt instruments (subject to fluctuations in interest rates) and related ratings consisted of the following:

	Western Michigan University Foundation				Paper Technology Foundation, Inc.			
	2025		2024		2025		2024	
Baird Core Plus Bond Fund	$ 847,595	AA-	$ 1,258,320	AA-	$ 33,183	AA-	$ 25,778	AA-
Nuveen Core Impact Bond Portfolio	1,683,386	AA2/AA3	2,477,642	AA3/A1	65,904	AA2/AA3	50,757	AA-
PIMCO Income Inst Fund	869,979	AA-	1,258,950	A	34,059	AA-	25,791	A
Shenkman Capital Short Duration High Income Fund	422,105	BB-	623,036	BB-	16,525	BB-	12,763	BB-
Western Asset US Core Plus LLC	841,872	A	1,253,514	A+	32,959	A	25,679	A+
Total	$ 4,664,937		$ 6,871,462		$ 182,630		$ 140,768	

The nationally recognized statistical rating organization (NRSRO) utilized was primarily Moody's Investors Services. The corporate bonds NRSRO rating is based on a weighted average of the individual investment ratings.

Note 2 - Cash and Investments (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the bank or counterparty, the University will not be able to recover the value of its deposits or investments that are in the possession of an outside party. The University's cash investment policy does not limit the value of deposits or investments that may be held by an outside party. Investments in external investment pools and in open-ended mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form. At June 30, 2025 and 2024, the carrying amount of the University's deposits was $92,503,796 and $27,748,606, respectively. These amounts include the Foundations' balances of $4,690,505 and $1,873,901, respectively. Of that amount, $1,251,138 and $1,270,646 was insured as of June 30, 2025 and 2024, respectively. The remaining $91,252,658 and $26,477,960 at June 30, 2025 and 2024, respectively, was uninsured and uncollateralized. The University does not require deposits to be insured or collateralized.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University's cash investment policy provides that investment pool direct placements are to be sufficiently diversified and provides that no more than 10 percent of its assets can be in any particular issue. The foregoing restrictions do not apply to securities that are issued or fully guaranteed by the United States government. The University did not have investments in any single issuer that equaled 10 percent or more in fiscal year 2025 or 2024. Additionally, the University did not have investments in any single issuer that equaled 5 percent or more in fiscal year 2025 or 2024.

Foreign Currency Risk – All of the University's and foundations' holdings of foreign investments were in U.S. dollars at June 30, 2025 and 2024; therefore, the University and foundations have no direct exposure to foreign currency risk.

Note 3 – Fair Value Measurements

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 3 – Fair Value Measurements (Continued)

The University has the following recurring fair value measurements:

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025:

	Balance at June 30, 2025	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Market Funds	$ 243,228,067	$ 243,228,067	$ -	$ -
Corporate Stock	9,131	9,131	-	-
Equity Funds	137,902,333	57,771,333	80,131,000	-
Bond Funds	134,576,981	110,187,870	24,389,111	-
Real Estate Investment Trust Fund	405,419	364,067	41,352	-
Total investments by fair value level	$ 516,121,931	$ 411,560,468	$104,561,463	$ -

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024:

	Balance at June 30, 2024	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Money Market Funds	$ 162,485,229	$ 162,485,229	$ -	$ -
Corporate Stock	15,120	15,120	-	-
Equity Funds	116,566,315	48,981,207	67,585,108	-
Bond Funds	122,882,112	100,352,936	22,529,176	-
Real Estate Investment Trust Fund	392,800	350,721	42,079	-
Total investments by fair value level	$ 402,341,576	$ 312,185,213	$ 90,156,363	$ -

Corporate stock, equity funds, bond funds, and the real estate investment trust fund classified in Level 1 are valued using prices quoted in active markets for those securities. Money market funds classified in Level 1 are included as cash and cash equivalents on the statement of net position.

A portion of the fair value of equity funds, bond funds, and real estate investment trust funds at June 30, 2025 and 2024 was determined based on level 2 inputs. Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and other inputs such as appraisals that are observable and obtained annually.

Note 4 – Receivables

As of June 30, 2025 and 2024, accounts receivable consisted of the following:

	2025	2024
Appropriations from the State of Michigan for operations	$ 22,370,868	$ 21,815,252
Sponsored research grants receivable	10,694,519	7,677,528
Student accounts receivable	13,284,509	11,881,901
Capital appropriations from the State of Michigan	-	2,141,101
Other	7,966,072	8,410,160
Total	54,315,968	51,925,942
Less allowances for doubtful accounts	(5,856,223)	(5,015,414)
Net accounts receivable	$ 48,459,745	$ 46,910,528

As of June 30, 2025 and 2024, student loans receivable consisted of the following:

	2025	2024
Student loans receivable	$ 360,023	$ 1,220,573
Less: allowance for doubtful accounts	(29,744)	(340,636)
Net student loans receivable	$ 330,279	$ 879,937

As of June 30, 2025 and 2024, pledges receivable at the component units consisted of the following:

	Western Michigan University Foundation		Paper Technology Foundation, Inc.		Western Michigan University Homer Stryker M.D. School of Medicine	
	2025	2024	2025	2024	2025	2024
Pledges expected to be collected within 1 year	$ 8,568,294	$ 5,578,298	$ 133,700	$ 90,528	$ 245,000	$ 1,047,500
Pledges expected to be collected in 1-5 years	187,899,362	207,323,516	188,900	262,500	303,000	1,034,000
Pledges expected to be collected in 6-10 years	55,000,000	110,000,000	-	-	-	-
Total	251,467,656	322,901,814	322,600	353,028	548,000	2,081,500
Less:						
Allowance for uncollectible contributions	(961,481)	(768,996)	(16,130)	(17,651)	-	-
Present value discount	(15,106,869)	(19,178,174)	(21,710)	(36,107)	-	-
Net pledges receivable	$ 235,399,306	$ 302,954,644	$ 284,760	$ 299,270	$ 548,000	$ 2,081,500

Note 4 – Receivables (Continued)

Pledges receivable are presented net of a discount to present value and an allowance for uncollectible contributions. Upon initial recognition, contributions are discounted to present value using the yield on a three-year Treasury bill rate at the time the commitment is recorded, which is equal to 3.68 percent and 4.52 percent as of June 30, 2025 and 2024, respectively for receivables payable in five years or less. Receivables payable in 10 years were discounted at the 10-year Treasury bill rate of 1.45 percent at the date of commitment. The allowance for uncollectible contributions is a general valuation allowance of 5 percent for 2025 and 2024, established based on historical contribution collection history. The Foundation has received certain commitments which management believes are fully collectible and has not recorded a valuation allowance for 2025 or 2024. Estate gifts receivable of $5,455,728 and $6,423,119 at June 30, 2025 and 2024, respectively, included in the total pledges receivable, have no allowance for uncollectible contributions. Pledges deemed uncollectible are charged against the allowance for uncollectible contributions in the period in which the determination is made.

In June 2021, a gift was pledged for $550 million to the Foundation for the benefit of the University and WMed to fund scholarships, advance medical education and research, support faculty expertise, increase athletic competitiveness and fuel numerous other initiatives. The pledge payments will be made in annual amounts of $55 million over a ten-year period, which began in fiscal year 2022.

Note 5 – Capital Assets

The following table presents the changes in the various capital asset class categories for the year ended June 30, 2025:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:				
Land	$ 13,478,527	$ -	$ 113,796	$ 13,364,731
Construction in progress	51,452,483	86,793,837	55,860,950	82,385,370
Total nondepreciable property	64,931,010	86,793,837	55,974,746	95,750,101
Land improvements	119,063,827	20,385,660	819,703	138,629,784
Buildings	1,256,660,782	19,138,995	32,583,438	1,243,216,339
Equipment, software, and other	96,623,245	21,880,650	2,394,638	116,109,257
Library holdings	101,056,400	1,346,436	-	102,402,836
Total depreciable property	1,573,404,254	62,751,741	35,797,779	1,600,358,216
Total capital assets	1,638,335,264	149,545,578	91,772,525	1,696,108,317
Less accumulated depreciation:				
Land improvements	49,735,742	5,436,513	82,539	55,089,716
Buildings	470,584,715	23,089,297	29,342,308	464,331,704
Equipment, software, and other	71,506,894	6,493,268	2,216,580	75,783,582
Library holdings	94,953,436	1,251,343	-	96,204,779
Total accumulated depreciation	686,780,787	36,270,421	31,641,427	691,409,781
Capital assets - Net	$ 951,554,477			$ 1,004,698,536

Note 5 – Capital Assets (Continued)

The following table presents the changes in the various capital asset class categories for the year ended June 30, 2024:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:				
Land	$ 13,478,527	$ -	$ -	$ 13,478,527
Construction in progress	156,797,813	69,256,106	174,601,436	51,452,483
Total nondepreciable property	170,276,340	69,256,106	174,601,436	64,931,010
Land improvements	99,142,782	20,712,880	791,835	119,063,827
Buildings	1,105,306,602	151,354,180	-	1,256,660,782
Equipment, software, and other	87,965,411	12,101,866	3,444,032	96,623,245
Library holdings	99,773,372	1,283,028	-	101,056,400
Total depreciable property	1,392,188,167	185,451,954	4,235,867	1,573,404,254
Total capital assets	1,562,464,507	254,708,060	178,837,303	1,638,335,264
Less accumulated depreciation:				
Land improvements	45,595,665	4,928,774	788,697	49,735,742
Buildings	438,603,061	31,981,654	-	470,584,715
Equipment, software, and other	70,823,964	4,124,547	3,441,617	71,506,894
Library holdings	93,653,837	1,299,599	-	94,953,436
Total accumulated depreciation	648,676,527	42,334,574	4,230,314	686,780,787
Capital assets - Net	$ 913,787,980			$ 951,554,477

The estimated additional costs to be incurred for major construction projects in progress and scheduled to begin is approximately $112.7 million as of June 30, 2025. Construction has begun for the $124.5 million Golden Oaks residence hall. In addition, a renovation project of $8.6 million for the Hilltop Village Road was in progress during the year.

Note 6 – Leases

The University is a lessee for noncancelable leases of various buildings. The University recognizes a lease liability and an intangible right-of-use lease asset (“leased assets”). At the commencement of a lease, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the University determines the discount rate it uses to discount the expected lease payments to present value.

The University is a lessor for noncancelable leases of land, land improvements, and buildings. The University recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the University determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

Lessee

The University leases certain assets from various third parties. The assets leased include buildings. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability required based on the number of credit hours offered and fees collected from certain programs. There are no residual value guarantees.

The University also leases a certain asset that is subsequently subleased by the University to a third party. The noncancelable terms of this leasing arrangement mature in July 2025. The discount rate applicable to this leasing arrangement is 0.719 percent. There are no variable payments required or residual value guarantees associated with this leasing arrangement.

Note 6 – Leases (Continued)

Lease asset activity of the University for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Leased asset class (lessee)				
Buildings	$ 1,413,001	$ 80,622	$ 383,411	$ 1,110,212
Total leased assets	1,413,001	80,622	383,411	1,110,212
Less accumulated amortization:				
Buildings	1,036,509	276,647	383,411	929,745
Total accumulated amortization	1,036,509	276,647	383,411	929,745
Leased assets (lessee) - Net	$ 376,492			$ 180,467

Lease asset activity of the University for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Leased asset class (lessee)				
Buildings	$ 15,527,134	$ 75,475	$ 14,189,608	$ 1,413,001
Total leased assets	15,527,134	75,475	14,189,608	1,413,001
Less accumulated amortization:				
Buildings	3,966,429	618,019	3,547,939	1,036,509
Total accumulated amortization	3,966,429	618,019	3,547,939	1,036,509
Leased assets (lessee) - Net	$ 11,560,705			$ 376,492

During the year ended June 30, 2025 and 2024, the University recognized the following outflows as a result of certain items that were properly excluded from the initial measurement of the lease liability:

	2025	2024
Variable payments	$ 150,000	$ 150,000
Residual value guarantees	-	-
Termination penalties	-	-

Note 6 – Leases (Continued)

Future principal and interest payment requirements related to the University's lease liability at June 30, 2025 are as follows:

	Principal	Interest	Total
2026	$ 87,316	$ 3,008	$ 90,324
2027	57,482	1,158	58,640
2028	7,221	496	7,717
2029	7,317	399	7,716
2030	7,415	301	7,716
2031-3032	15,130	304	15,434
Total	$ 181,881	$ 5,666	$ 187,547

Lessor

The University leases certain assets to various third parties. The assets leased include land, land improvements, and buildings. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable required based on the number of parking spaces leased.

As of June 30, 2025 and 2024, the following amounts are included on the statement of net position:

	2025	2024
Lease receivable	$ 3,042,120	$ 2,372,272
Lease-related deferred inflows of resources	2,926,097	2,253,767

The University also subleases a certain asset that it initially leases from a third party. The noncancelable terms of this leasing arrangement mature in July 2025. The discount rate applicable to this leasing arrangement is 0.719 percent. There are no variable payments required or residual value guarantees associated with this leasing arrangement.

Note 6 – Leases (Continued)

During the year ended June 30, 2025 and 2024, the University recognized the following related to its lessor agreements:

	2025	2024
Lease revenue	$ 530,238	$ 545,047
Interest income related to its leases	52,823	39,790
Revenue from variable payments not previously included in the measurement of the lease receivable	17,100	17,100
Revenue from residual value guarantees	-	-
Revenue from termination penalties	-	-

Note 7 – Subscription-Based Information Technology Arrangements (SBITAs)

The University obtains the right to use vendors' information technology software through various long-term contracts. The University recognizes a subscription liability and an intangible right-of-use subscription asset ("subscription assets"). At the commencement of a subscription, the University initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the University determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

The University has subscription agreements to use the IT assets of various third parties. Payments are fixed amounts made monthly or annually.

Subscription asset activity of the University for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Subscription asset class				
Software	$ 16,646,688	$ 4,059,730	$ 6,074,465	$ 14,631,953
Total subscription assets	16,646,688	4,059,730	6,074,465	14,631,953
Less accumulated amortization:				
Software	9,135,378	4,721,820	6,074,460	7,782,738
Total accumulated amortization	9,135,378	4,721,820	6,074,460	7,782,738
Subscription assets - Net	$ 7,511,310			$ 6,849,215

Note 7 – Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

Subscription asset activity of the University for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Subscription asset class				
Software	$ 13,308,570	$ 3,887,912	$ 549,794	$ 16,646,688
Total subscription assets	13,308,570	3,887,912	549,794	16,646,688
Less accumulated amortization:				
Software	5,741,145	3,944,027	549,794	9,135,378
Total accumulated amortization	5,741,145	3,944,027	549,794	9,135,378
Subscription assets - Net	$ 7,567,425			$ 7,511,310

Future principal and interest payment requirements related to the University's subscription liability at June 30, 2025 are as follows:

	Principal	Interest	Total
2026	$ 3,409,012	$ 129,907	$ 3,538,919
2027	826,235	51,995	878,230
2028	641,175	26,886	668,061
2029	285,366	8,019	293,385
Total	$ 5,161,788	$ 216,807	$ 5,378,595

Note 8 – Long Term Obligations

Long-term obligation activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
General Revenue and Refunding Bonds, Series 2025A, with interest ranging from 5.00% to 5.25% maturing May 15, 2055	$ -	$ 162,625,000	$ -	162,625,000	$ 8,455,000
General Revenue and Refunding Bonds, Series 2021C, with interest at 5.00%, maturing November 15, 2040	33,135,000	-	1,270,000	31,865,000	1,330,000
General Revenue and Refunding Bonds, Series 2021A, with interest at 5.00%, maturing November 15, 2053	51,405,000	-	750,000	50,655,000	795,000
General Revenue Refunding Bonds, Series 2021B, with interest ranging from 0.275% to 2.878%, maturing November 15, 2043	63,175,000	-	2,680,000	60,495,000	2,710,000
General Revenue and Refunding Bonds, Series 2019A, with interest at 5.00%, maturing November 15, 2049	62,290,000	-	1,195,000	61,095,000	1,260,000
General Revenue Bonds, Series 2019B, with interest ranging from 2.29% to 3.77%, maturing November 15, 2049	15,200,000	-	380,000	14,820,000	390,000
General Revenue and Refunding Bonds, Series 2015A, with interest ranging from 3.00% to 5.00%, maturing November 15, 2045	75,270,000	-	75,270,000	-	-
General Revenue Refunding Bonds, Series 2014, with interest ranging from 3.00% to 5.00%, maturing November 15, 2035	21,365,000	-	21,365,000	-	-
General Revenue Bonds, Series 2002B, with interest ranging from 5.25% to 5.42%, maturing November 15, 2032	9,025,000	-	815,000	8,210,000	855,000
Total bonds payable	330,865,000	162,625,000	103,725,000	389,765,000	15,795,000
Notes Payable					
Note payable for school of Aviation plane fleet, with an effective rate of 8.00%	9,021,750	8,659,106	1,764,866	15,915,990	1,274,548
Total bonds and notes payable	339,886,750	171,284,106	105,489,866	405,680,990	17,069,548
Other Long-term Obligations					
Annuities payable	1,104,461	51,162	26,205	1,129,418	-
Charitable remainder trusts payable	2,632,603	365,164	-	2,997,767	-
Unamortized bond premiums	44,996,456	8,237,964	12,560,288	40,674,132	1,516,017
Accrued compensated absences	9,733,936	849,548	-	10,583,484	-
Total long-term obligations	$ 398,354,206	$ 180,787,944	$ 118,076,359	$ 461,065,791	$ 18,585,565

Note 8 – Long Term Obligations (Continued)

Long-term obligation activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
General Revenue and Refunding Bonds, Series 2021C, with interest at 5.00%, maturing November 15, 2040	$ 33,635,000	$ -	$ 500,000	$ 33,135,000	$ 1,270,000
General Revenue and Refunding Bonds, Series 2021A, with interest at 5.00%, maturing November 15, 2053	52,125,000	-	720,000	51,405,000	750,000
General Revenue Refunding Bonds, Series 2021B, with interest ranging from 0.275% to 2.878%, maturing November 15, 2043	64,405,000	-	1,230,000	63,175,000	2,680,000
General Revenue and Refunding Bonds, Series 2019A, with interest at 5.00%, maturing November 15, 2049	63,430,000	-	1,140,000	62,290,000	1,195,000
General Revenue Bonds, Series 2019B, with interest ranging from 2.29% to 3.77%, maturing November 15, 2049	15,570,000	-	370,000	15,200,000	380,000
General Revenue and Refunding Bonds, Series 2015A, with interest ranging from 3.00% to 5.00%, maturing November 15, 2045	81,460,000	-	6,190,000	75,270,000	6,600,000
General Revenue Refunding Bonds, Series 2014, with interest ranging from 3.00% to 5.00%, maturing November 15, 2035	22,660,000	-	1,295,000	21,365,000	1,360,000
General Revenue and Refunding Bonds, Series 2013, with interest ranging from 5.00% to 5.25%, maturing November 15, 2024	2,195,000	-	2,195,000	-	-
General Revenue Bonds, Series 2002B, with interest ranging from 5.25% to 5.42%, maturing November 15, 2032	9,795,000	-	770,000	9,025,000	815,000
Total bonds payable	345,275,000	-	14,410,000	330,865,000	15,050,000
Notes Payable					
Note payable for school of Aviation plane fleet, with an effective rate of 8.00%	-	9,021,750	-	9,021,750	-
Total bonds and notes payable	345,275,000	9,021,750	14,410,000	339,886,750	15,050,000
Other Long-term Obligations					
Annuities payable	676,961	1,032,835	605,335	1,104,461	-
Charitable remainder trusts payable	2,607,575	677,749	652,721	2,632,603	-
Unamortized bond premiums	47,827,267	-	2,830,811	44,996,456	2,536,143
Accrued compensated absences	10,175,132	-	441,196	9,733,936	-
Total long-term obligations	$ 406,561,935	$ 10,732,334	$ 18,940,063	$ 398,354,206	$ 17,586,143

Note 8 – Long Term Obligations (Continued)

The bonds payable are generally callable by the University. The principal and interest amounts are payable as follows:

	Bonds Payable		
	Principal	Interest	Total
2026	$ 15,795,000	$ 17,379,622	$ 33,174,622
2027	16,480,000	16,688,074	33,168,074
2028	17,385,000	15,949,483	33,334,483
2029	18,170,000	15,163,575	33,333,575
2030	18,995,000	14,335,880	33,330,880
2031-2035	78,775,000	60,188,150	138,963,150
2036-2040	68,640,000	44,883,820	113,523,820
2041-2045	65,930,000	29,696,579	95,626,579
2046-2050	54,405,000	15,979,623	70,384,623
2051-2055	35,190,000	4,409,056	39,599,056
Total	$ 389,765,000	$ 234,673,862	$ 624,438,862

Interest expense for the University on all indebtedness was $15,487,166 and $12,231,757 for the years ended June 30, 2025 and 2024, respectively.

When economically feasible, the University considers defeasance or refunding of prior debt issuances to reduce borrowing costs. In April 2025, the University issued tax-exempt Series 2025A to refund the 2014 and 2015A bonds par amount of $84,480,000. This refunding resulted in an economic gain of $11,492,551 and total debt service payments decreased by $4,298,250. A portion of the defeased amount in the amount of approximately $10,000,000 was held in trust until August 2025.

Note Payable

In May 2023, the University signed a new multi-draw term note agreement with the Foundation at an amount not to exceed $20,000,000 with an interest rate of 8.00 percent for the purchase of 32 new Cirrus aircraft. Acquisition of the new fleet and sale of the old fleet will take place over approximately two years. The University will repay the note over a ten-year payment period. Flight fees and the sale of the old fleet will be used to pay the principal and interest to the Foundation. As of June 30, 2025, the University has drawn $15,219,454 on the note.

Note 9 – Insurance

The University participates in the Michigan Universities Self-Insurance Corporation ("M.U.S.I.C."), which provides indemnity to members against comprehensive general liability, errors and omissions, and property losses commonly covered by insurance. M.U.S.I.C. also provides risk management and loss control services and programs. Loss coverages are structured on a three-

Note 9 – Insurance (Continued)

layer basis with each member retaining a portion of its losses, M.U.S.I.C. covering the second layer and commercial carriers covering the third. Comprehensive general liability coverage is provided on an occurrence basis. Errors and omissions and property coverage are provided on a claims-made basis. The payments made to M.U.S.I.C. and premiums to excess carriers reflect the claims experience of each university.

The University is also self-insured for workers' compensation, unemployment compensation and substantially all employee health benefits. Liabilities for estimates of losses retained by the University under M.U.S.I.C. and reserves for claims incurred but not reported under self-insurance programs have been established.

Claims activity for the year ended June 30, 2025 is as follows:

	Liability - Beginning of Year	Claims Incurred, Including Changes in Estimates	Claim Payments	Liability - End of Year
Hospital/Medical claims	$ 1,862,500	$ 41,405,360	$ (41,180,461)	$ 2,087,399
Workers' compensation claims	830,685	1,090,498	(1,270,123)	651,060
Long-term disability claims	228,600	621,268	(775,768)	74,100
General liability claims	395,798	(439,814)	469,907	425,891
	$ 3,317,583	$ 42,677,312	$ (42,756,445)	$ 3,238,450

Claims activity for the year ended June 30, 2024 is as follows:

	Liability - Beginning of Year	Claims Incurred, Including Changes in Estimates	Claim Payments	Liability - End of Year
Hospital/Medical claims	$ 2,524,000	$ 35,965,826	$ (36,627,326)	$ 1,862,500
Workers' compensation claims	1,001,385	718,352	(889,052)	830,685
Long-term disability claims	186,600	991,025	(949,025)	228,600
General liability claims	338,745	450,428	(393,375)	395,798
	$ 4,050,730	$ 38,125,631	$ (38,858,778)	$ 3,317,583

Note 10 – Retirement Plans

Defined Contribution Plan

The University offers employees eligible for the WMU retirement plan the opportunity to participate in the TIAA-CREF plan. Funding for the plan consists of an employer contribution of 11 percent of covered compensation for employees hired before January 1, 2013. For participating employees hired on or after January 1, 2013, the University contributes 9 percent of covered compensation. The University contribution increases to 10 percent if the employee contributes at least 1 percent but less than 2 percent, and to 11 percent if the employee contributes 2 percent or more. The University has no liability beyond its contribution. Benefits vest immediately for the

Note 10 – Retirement Plans (Continued)

majority of eligible employees. Contributions for the years ended June 30, 2025 and 2024 were approximately $20.6 million and $21.6 million, respectively.

Other Postemployment Benefit Plan

Plan Description - The University provides other postemployment benefits (OPEB) to retired employees, their spouses, and dependent children. Benefits are provided to all retired faculty, academic, and support staff that retired at the age of 55 or older and had provided 10 years or more of service to the University for employees hired on or before September 1, 2010. Employees who are professional and support staff hired after September 1, 2010 pay 100 percent of the premium upon retirement and must be at the age of 60 or older and have provided 15 or more years of service to the University. Other employee groups' agreements vary based on contracts.

This is a single-employer defined benefit plan administered by the University. The benefits are provided under collective bargaining agreements. There are no assets accumulated in a trust for this plan. Administrative costs are paid by the plan through employer contributions (or by the employer if not funded through the plan).

Benefits Provided - The University OPEB plan provides retiree life insurance, health, and dental care benefits, including prescription drug coverage to retired employees, their spouses, and dependent children. Benefits are provided through the University's self-insurance program and the full cost of benefits is covered by the plan.

Employees Covered by Benefit Terms - As of January 1, 2024, the plan had 935 active retiree medical participants and 1,069 retired retiree medical participants, and the plan had 1,971 active life insurance participants and 1,124 retired life insurance participants.

Contributions - Retiree healthcare costs are paid by the University on a "pay-as-you-go" basis. The University has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal years ended June 30, 2025 and 2024, the University made payments for postemployment health benefit premiums of $5,749,675 and $6,739,472, respectively. Retirees or their surviving spouses are required to make annual contributions between $1,895 to $17,803, depending on their age and if their spouses or dependents are covered.

Total OPEB Liability - The June 30, 2025 total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation performed as of January 1, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025, the measurement date. The June 30, 2024 total OPEB liability has a measurement date of June 30, 2023, based on an actuarial valuation performed as of January 1, 2022, which used update procedures to roll forward the liability to June 30, 2023.

Note 10 – Retirement Plans (Continued)

Changes in the total OPEB liability during the measurement year were as follows:

	Increase (Decrease) Total OPEB Liability 2025	Increase (Decrease) Total OPEB Liability 2024
Balance as of July 1	$ 158,440,167	$ 156,979,342
Changes for the fiscal year:		
Service cost	1,946,606	2,043,731
Interest on the total OPEB liability	5,750,126	5,511,166
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(2,940,366)
Changes of assumptions	(5,749,842)	3,585,766
Benefit payments	(5,749,675)	(6,739,472)
Net changes	(3,802,785)	1,460,825
Balance as of June 30	$ 154,637,382	$ 158,440,167

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65 percent to 3.93 percent as of June 30, 2025 and a change in the discount rate from 3.54 percent to 3.65 percent as of June 30, 2024. The maximum healthcare cost trend rate decreased from 7.82 percent as of June 30, 2023 to 7.47 percent as of June 30, 2024. The percentage of employees eligible for subsidized healthcare benefits at retirement assumed to elect coverage remained the same at 65 percent. The percentage of employees assumed to elect spouse coverage at retirement remained the same at 20 percent for male employees and 0 percent for female employees as of June 30, 2023.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2025 and 2024, the University recognized OPEB recovery of $9,056,862 and OPEB recovery of $16,538,416, respectively.

At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 658,859	$ (4,917,268)	$ 1,104,035	$ (8,797,613)
Changes of assumptions	13,413,401	(33,929,906)	18,386,761	(46,471,849)
Total amortized deferrals	14,072,260	(38,847,174)	19,490,796	(55,269,462)
University contributions subsequent to the measurement date	6,328,407	-	5,749,675	-
Total	$ 20,400,667	$ (38,847,174)	$ 25,240,471	$ (55,269,462)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions

Note 10 – Retirement Plans (Continued)

subsequent to the measurement date will reduce the total OPEB liability and therefore will not be included in future OPEB expense):

Year Ending June 30	Amount
2026	$ (6,171,346)
2027	(4,526,165)
2028	(5,960,359)
2029	(6,978,821)
2030	(821,303)
Thereafter	(316,920)
Total	$ (24,774,914)

Actuarial Assumptions - The total OPEB liability as of June 30, 2024 is based on the results of an actuarial valuation as of January 1, 2024 and rolled forward. The total OPEB liability as of June 30, 2023 is based on the results of an actuarial valuation as of January 1, 2023 and rolled forward.

The total OPEB liability was determined using the following actuarial assumptions as of June 30, 2024:

Actuarial cost method	Entry Age Normal, Level Percentage of Pay
Discount rate	3.93%
20-year municipal bond rate	3.93%, based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2024
Salary increases	3.00%
Healthcare participation rate	65.00%
Healthcare Cost Trend Rate	4.5%-7.47%
Mortality basis	PUB-2010 General Employees headcount-weighted Mortality Tables, projected generationally from 2010 with MP-2021

The total OPEB liability was determined using the following actuarial assumptions as of June 30, 2023:

Actuarial cost method	Entry age normal cost actuarial cost method
Discount rate	3.65%
20-year municipal bond rate	3.65%, based on the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2023
Salary increases	3.00%
Healthcare participation rate	65.00%
Healthcare Cost Trend Rate	4.50%-7.82%
Mortality basis	PUB-2010 General Employees headcount-weighted Mortality Tables, projected generationally from 2010 with MP-2021

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2022 through December 31, 2024 for medical

Note 10 – Retirement Plans (Continued)

and dental and vision costs were based on Blue Cross Blue Shield renewal rates furnished by the University effective January 1, 2025.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.93 percent and 3.65 percent as of June 30, 2024 and 2023, respectively. The discount rate is based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2024 and June 30, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the University, calculated using the discount rate, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2025		
1.00 percent decrease (2.93 percent)	Current Discount Rate (3.93 percent)	1.00 percent increase (4.93 percent)
$ 176,934,741	$ 154,637,382	$ 136,281,360

2024		
1.00 percent decrease (2.65 percent)	Current Discount Rate (3.65 percent)	1.00 percent increase (4.65 percent)
$ 182,249,101	$ 158,440,167	$ 138,924,338

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate The following presents the total OPEB liability of the University, calculated using the healthcare cost trend rate, as well as what the University's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2025		
1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
$ 135,162,325	$ 154,637,382	$ 178,580,437

2024		
1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
$ 137,736,722	$ 158,440,167	$ 184,059,502

Note 11 – Michigan Public School Employees' Retirement System

Plan Description - The University participates in the Michigan Public School Employees' Retirement System (MPSERS or the "System"), a cost-sharing, multiple-employer, state-wide defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan (State) that covers substantially all hourly employees and some salary employees hired prior to January 1, 1996. Employees hired on or after January 1, 1996 cannot participate in MPSERS, unless they previously were enrolled in the plan at the University, or one of the other six universities that are part of MPSERS. Certain University employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided - Benefit provisions of the defined benefit (DB) pension plan and the postemployment healthcare plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment healthcare plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension, but is permanently reduced to 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the Defined Contribution (DC) plan that provides a 50.00 percent employer match (up to 3.00 percent of salary) on employee contributions.

Members are eligible for non-duty disability benefits after 10 years of service and for duty related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100.00 percent of the participant's final average compensation, with an increase of 2.00 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits, but with an actuarial reduction.

Note 11 – Michigan Public School Employees' Retirement System (Continued)

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3.00 percent. For some members who do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS with the balance deducted from the monthly pension of each retiree healthcare recipient. Depending on the member's date of hire, this subsidized portion ranges from 80.00 percent to the maximum allowed by the statute.

Contributions - Public Act 300 of 1980, as amended, required the University to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these provisions, each university's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10.00 percent, or 20.00 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3.00 percent contribution to the retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3.00 percent contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2.00 percent employee contribution into their 457 account as of their transition date, earning them a 2.00 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3.00 percent contribution to the retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

The University's contributions are determined based on employee elections. There are multiple different pension and healthcare benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

Note 11 – Michigan Public School Employees' Retirement System (Continued)

The rates are as follows:

	Pension	OPEB
October 1, 2022 - September 30, 2023	16.52%	0.92%
October 1, 2023 - September 30, 2024	10.94%	1.53%
October 1, 2024 - September 30, 2025	8.70%	1.53%

	Pension	OPEB
October 1, 2021 - September 30, 2022	26.38%	6.79%
October 1, 2022 - September 30, 2023	16.52%	0.92%
October 1, 2023 - September 30, 2024	10.94%	1.53%

Depending on the plan selected, member pension contributions range from 0.00 percent up to 7.00 percent of gross wages. For certain plan members, a 4.00 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3.00 percent employer match is provided to the defined contribution pension plan.

The University's required and actual pension contributions to the plan for the years ended June 30, 2025 and 2024 were $2,000,139 and $50,360,075, respectively, which include the University's contributions required for those members with a defined contribution benefit. The State of Michigan allocated $1,213,970 and $45,584,356 to the University through Section 236(h) of HB4400 as part of the $50,360,075 contribution in fiscal years 2025 and 2024, respectively.

The University's required and actual OPEB contributions to the plan for the years ended June 30, 2025 and 2024 were $89,255 and $90,281, respectively, which include the University's contributions required for those members with a defined contribution benefit.

Net Pension Asset - At June 30, 2025 and 2024, the University reported an asset of $19,666,432 and a liability of $5,227,673, respectively, for its proportionate share of the net pension asset and liability as calculated for the universities reporting unit of MPSERS. The net pension asset and liability were measured as of September 30, 2024 and 2023 and the total pension asset and liability used to calculate the net pension liability were determined by an actuarial valuation as of September 30, 2023 and 2022, which used updated procedures to roll forward the estimated asset and liability to September 30, 2024 and 2023. The University's proportion of the net pension asset and liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating universities, actuarially determined. At September 30, 2024, 2023, and 2022 the University's proportion was 22.44 percent, 22.66 percent, and 22.80 percent, respectively, of the universities reporting unit.

Net OPEB Asset - At June 30, 2025 and 2024, the University reported an asset of $31,240,184 and $17,021,431, respectively, for its proportionate share of the net OPEB asset as calculated for the universities reporting unit of MPSERS. The net OPEB asset was measured as of September 30, 2024 and 2023 and the total OPEB liability used to calculate the net OPEB asset was

Note 11 – Michigan Public School Employees' Retirement System (Continued)

determined by an actuarial valuation as of September 30, 2023 and 2022, which used updated procedures to roll forward the estimated asset to September 30, 2024 and 2023. The University's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating universities, actuarially determined. At September 30, 2024, 2023, and 2022, the University's proportion was 22.38 percent, 20.13 percent, and 22.78 percent, respectively, of the universities reporting unit.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the years ended June 30, 2025 and 2024, the University recognized a pension recovery of $5,556,820 and $12,086,346, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan assets	$ -	$ (18,026,113)	$ -	$ (411,344)
Total amoritzed deferrals	-	(18,026,113)	-	(411,344)
University contributions subsequent to the measurement date	1,582,927	-	945,687	-
Total	$ 1,582,927	$ (18,026,113)	$ 945,687	$ (411,344)

Note 11 – Michigan Public School Employees' Retirement System (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	(6,134,440)
2027	(1,574,745)
2028	(5,644,449)
2029	(4,672,479)
2030	-
Thereafter	-
Total	$ (18,026,113)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

The University had deferred inflows of resources related to revenue in support of pension payments made subsequent to the measurement date totaling $18,026,113 and $411,344 at June 30, 2025 and 2024, respectively.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2025 and 2024, the University recognized OPEB recovery of $10,790,112 and $7,721,539, respectively.

At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan assets	$ -	$ (3,353,570)	$ -	$ (14,811)
Total amoritzed deferrals	-	(3,353,570)	-	(14,811)
University contributions subsequent to the measurement date	64,885	-	73,690	-
Total	$ 64,885	$ (3,353,570)	$ 73,690	$ (14,811)

Note 11 – Michigan Public School Employees' Retirement System (Continued)

There were no amounts reported as deferred inflows of resources resulting from the OPEB portion of state aid payments received pursuant to Section 236(4) of the State School Aid Act (PA 94 of 1979) that will be recognized as state appropriations revenue for the years ended June 30, 2026 or 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future OPEB expense):

Year Ending June 30	Amount
2026	(1,397,225)
2027	76,805
2028	(1,111,091)
2029	(922,059)
2030	-
Thereafter	-
Total	$ (3,353,570)

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2024 and 2023 are based on the results of an actuarial valuation as of September 30, 2023 and 2022, respectively, and rolled forward.

The total pension liability and total OPEB liability were determined using the following actuarial assumptions as of September 30, 2023:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Healthcare Cost Trend Rate	Pre-65:	7.25% Year 1 graded to 3.5% Year 15
	Post-65:	6.50% Year 1 graded to 3.5% Year 15
Mortality basis	Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
	Active:	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Cost of living pension adjustments	3.00%	Annual Non-Compounded for MIP Members

Note 11 – Michigan Public School Employees' Retirement System (Continued)

The total pension liability and total OPEB liability were determined using the following actuarial assumptions as of September 30, 2022:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Healthcare Cost Trend Rate	Pre-65:	7.50% Year 1 graded to 3.5% Year 15
	Post-65:	6.25% Year 1 graded to 3.5% Year 15
Mortality basis	Retirees:	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
	Active Members:	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the Sept. 30, 2023 valuation. The total pension liability and OPEB asset as of Sept. 30, 2024, is based on the results of an actuarial valuation date of Sept. 30, 2023 and rolled forward using generally accepted actuarial procedures, including the experience study.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percent for members under 65 and an increase of 0.25 percent for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Discount Rate - The discount rate used to measure the total pension liability was 6.0 percent as of September 30, 2024 and 2023, respectively. The discount rate used to measure the total OPEB liability was 6.0 percent as of September 30, 2024 and 2023, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that University contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

Note 11 – Michigan Public School Employees' Retirement System (Continued)

The long term expected rate of return on pension plan and OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	September 30, 2024		September 30, 2023	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	25.0%	5.3%	25.0%	5.8%
Private Equity Pools	16.0%	9.0%	16.0%	9.6%
International Equity Pools	15.0%	6.5%	15.0%	6.8%
Fixed-income Pools	13.0%	2.2%	13.0%	1.3%
Real Estate and Infrastructure Pools	10.0%	7.1%	10.0%	6.4%
Absolute Return Pools	9.0%	5.2%	9.0%	4.8%
Real Return/Opportunistic Pools	10.0%	6.9%	10.0%	7.3%
Short Term Investment Pools	2.0%	1.4%	2.0%	0.3%
Total	100.0%		100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the University, calculated using the discount rate depending on the plan option. The following also reflects what the University's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2025		
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
$ 3,894,134	$ (19,666,432)	$ (39,915,820)

2024		
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
$ 30,005,221	$ 5,227,673	$ (16,027,250)

Note 11 – Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate - The following presents the net OPEB Asset of the University, calculated using the current discount rate. The following also reflects what the University's net OPEB Asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2025		
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
$ (29,003,156)	$ (31,240,184)	$ (33,176,480)

2024		
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
$ (14,453,659)	$ (17,021,431)	$ (19,234,981)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate - The following presents the net OPEB Asset of the University, calculated using the current healthcare cost trend rate. The following also reflects what the University's net OPEB Asset would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2025		
1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
$ (33,294,301)	$ (31,240,184)	$ (28,939,379)

2024		
1.00 percent decrease	Current Healthcare Cost Trend Rate	1.00 percent increase
$ (19,366,851)	$ (17,021,431)	$ (14,382,320)

Pension Plan and OPEB Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan - At June 30, 2025, there was a payable to the pension plan of $19,970 and a payable to the OPEB plan of $812. At June 30, 2024, the University reported a payable of $41,706 to the pension plan and a payable of $15,161 to the OPEB plan.

Note 12 – Commitments and Contingencies

In the normal course of its activities, the University is a party in various legal and regulatory actions. The University believes that the outcome of these actions will not have a material effect on the financial statements.

Note 13 – Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, Financial Reporting Model Improvements, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; and financial trends information in the statistical section. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2026.

In September 2024, the Government Accounting Standards Board issued Statement No. 104, Disclosure of Certain Capital Assets, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the University’s financial statements for the year ending June 30, 2026.

Required Supplementary Information

Schedule of Pension Funding Progress
Michigan Public School Employee's Retirement System
(amounts were determined as of September 30 of each fiscal year):

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
University's proportion of the universities collective MPSERS net pension liability:										
As a percentage	22.44%	22.66%	22.80%	22.81%	22.84%	22.86%	22.78%	22.58%	22.68%	21.51%
Amount	$ (19,666,432)	$ 5,227,673	$ 72,880,357	$128,163,238	$155,972,566	$153,069,975	$145,574,677	$129,887,690	$127,039,098	$118,006,895
University's covered payroll	$ 53,574,000	$ 52,523,000	$ 51,493,000	$ 50,484,000	$ 49,494,000	$ 48,523,000	$ 47,571,816	$ 48,271,000	$ 46,639,000	$ 18,109,793
University's proportional share of the collective pension liability (amount), as a percentage of the University's covered payroll	-36.71%	9.95%	141.53%	253.87%	315.13%	315.46%	306.01%	269.08%	272.39%	651.62%
University-only plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	74.39%	52.26%	43.07%	44.24%	45.87%	47.42%	46.77%	47.45%

See accompanying notes to required supplementary information.

Schedule of Pension Contributions

Michigan Public School Employee's Retirement System

(Amounts were determined as of June 30 of each fiscal year):

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 769,625	$ 47,966,006	$ 76,429,353	$ 31,168,805	$ 11,575,525	$ 11,131,258	$ 11,146,090	$ 11,669,886	$ 8,818,750	$ 8,480,013
Contributions in relation to the actuarially determined contractually required contribution	$ 769,625	$ 47,966,006	$ 76,429,353	$ 31,168,805	$ 11,575,525	$ 11,131,258	$ 11,146,090	$ 11,669,886	$ 8,818,750	$ 8,480,013
Covered payroll	$ 54,377,610	$ 53,310,845	$ 52,265,395	$ 51,241,260	$ 50,236,410	$ 49,250,845	$ 48,285,204	$ 47,746,750	$ 47,863,000	$ 17,156,507
Contributions as a percentage of covered payroll	1.42%	89.97%	146.23%	60.83%	23.04%	22.60%	23.08%	24.44%	18.42%	49.43%

Schedule of OPEB Funding Progress
Michigan Public School Employee's Retirement System
(Amounts were determined as of September 30 of each fiscal year):

	2024	2023	2022	2021	2020	2019	2018	2017
University's proportion of the universities collective MPSERS net OPEB liability:								
As a percentage	22.38%	20.13%	22.78%	22.79%	22.82%	22.80%	22.80%	22.56%
Amount	$(31,240,184)	$(17,021,431)	$ (8,529,507)	$ (9,774,047)	$ 9,640,545	$20,928,583	$27,048,712	$32,104,204
University's covered payroll	$ 53,574,000	$ 52,523,000	$51,493,000	$50,484,000	$49,494,000	$48,523,000	$47,571,816	$48,271,000
University's proportional share of the collective OPEB liability (amount), as a percentage of the University's covered payroll	-58.31%	-32.41%	-16.56%	-19.36%	19.48%	43.13%	56.86%	66.51%
University-only plan fiduciary net position as a percentage of the total OPEB liability	143.08%	158.96%	121.19%	123.91%	77.20%	61.07%	51.90%	44.11%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Schedule of OPEB Contributions
Michigan Public School Employee's Retirement System
(Amounts were determined as of June 30 of each fiscal year):

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 86,514	$ 88,460	$ 981,078	$ 2,535,419	$ 2,606,741	$ 2,888,952	$ 2,888,696	$ 3,110,164
OPEB contributions in relation to the actuarially determined contractually required contribution	$ 86,514	$ 88,460	$ 981,078	$ 2,535,419	$ 2,606,741	$ 2,888,952	$ 2,888,696	$ 3,110,164
Covered payroll (OPEB)	$ 54,377,610	$ 53,310,845	$52,265,395	$51,241,260	$50,236,410	$49,250,845	$48,285,204	$47,746,750
OPEB contributions as a percentage of covered payroll	0.16%	0.17%	1.88%	4.95%	5.19%	5.87%	5.98%	6.51%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Schedule of Changes in the Total OPEB Liability and Related Ratios

Western Michigan University OPEB Plan

(Amounts were determined as of June 30 of each fiscal year):

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 1,946,606	$ 2,043,731	$ 3,495,376	$ 4,939,533	$ 3,854,859	$ 4,577,061	$ 4,774,226	$ 11,313,559
Interest cost	5,750,126	5,511,166	4,458,313	4,807,466	6,283,147	7,283,275	6,827,765	9,128,719
Changes of benefit terms	-	-	(13,532,226)	-	-	-	-	-
Differences between expected and actual experiences	-	(2,940,366)	-	(4,810,345)	(1,471,296)	3,329,915	-	(36,247,242)
Changes of assumptions	(5,749,842)	3,585,766	(36,788,535)	(8,383,430)	33,135,407	(18,120,506)	(8,469,080)	(102,088,976)
Benefit payments	(5,749,675)	(6,739,472)	(7,085,333)	(5,399,210)	(4,338,724)	(5,699,240)	(5,223,162)	(5,128,658)
Net change in total OPEB liability	(3,802,785)	1,460,825	(49,452,405)	(8,845,986)	37,463,393	(8,629,495)	(2,090,251)	(123,022,598)
Total OPEB liability (beginning)	158,440,167	156,979,342	206,431,747	215,277,733	177,814,340	186,443,835	188,534,086	311,556,684
Total OPEB liability (ending)	$ 154,637,382	$ 158,440,167	$ 156,979,342	$ 206,431,747	$ 215,277,733	$ 177,814,340	$ 186,443,835	$ 188,534,086
Covered-employee payroll	$ 163,749,951	$ 163,749,951	$ 159,058,516	$ 159,058,516	$ 176,159,000	$ 176,159,000	$ 157,594,000	$ 157,594,000
Total OPEB liability as a percentage of payroll	94.44%	96.76%	98.69%	129.78%	122.21%	100.94%	118.31%	119.63%

See accompanying notes to required supplementary information.

Pension Information

RSI covered-payroll - The employer's covered payroll to be reported in the required supplementary information is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll represents payroll on which contributions to both plans are based.

Benefit Changes - There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions - There were no changes of assumptions for each of the reported plan years ended September 30, except for the following:

2023 The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

2022 The discount rate used in the September 30, 2021 actuarial valuation decreased from 6.80 percent to 6.00 percent.

2021 There were no changes in assumptions used in the September 30, 2020 actuarial valuation.

2020 There were no changes in assumptions used in the September 30, 2019 actuarial valuation.

2019 The discount rate used in the September 30, 2018 actuarial valuation decreased from 7.05 percent to 6.80 percent.

2018 The discount rate used in the September 30, 2017 actuarial valuation decreased from 7.50 percent to 7.05 percent. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2017 The discount rate used in the September 30, 2016 actuarial valuation decreased from 8.00 percent to 7.50 percent.

OPEB Information

RSI covered-payroll – The employer's covered payroll to be reported in the required supplementary information is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll represents payroll on which contributions to both plans are based.

Benefit Changes –

There were no significant changes of assumptions for MPSERS for each of the reported plan years ended September 30.

There were no significant changes of assumptions for the MPSERS plan for each of the reported plan years ended June 30, except for the following:

2023 The plan deductibles and out-of-pocket maximums used in the June 30, 2022 actuarial valuation increased by up to 50 percent for in-network and out-of-network coverage.

Changes in Assumptions –

There were no significant changes of assumptions for MPSERS for each of the reported plan years ended September 30, except for the following:

2024 The healthcare cost trend rate used in the September 30, 2024 actuarial valuation decrease by 0.25 percent for members under 65 and decreased 0.25 percent for members over 65.

2023 The mortality rate tables for retirees were updated to reflect an increase from 82 percent to 116 percent for males and 78 percent to 116 percent for females.

2022 The discount rate used in the September 30, 2021 actuarial valuation decreased from 6.95 percent to 6.00 percent.

2021 The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percent for pre-65 and decreased by 1.75 percent for post-65.

2020 The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percent and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020, including a reduction of $42.0 million for the university employer portion of the total OPEB liability.

2019 The discount rate used in the September 30, 2018 actuarial valuation decreased from 7.15 percent to 6.95 percent.

2018 The discount rate used in the September 30, 2017 actuarial valuation decreased from 7.50 percent to 7.15 percent. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

OPEB Information (Continued)

There were no significant changes of assumptions for the single-employer plan for each of the reported plan years ended June 30, except for the following:

2025 The discount rate used in the June 30, 2024 actuarial valuation increased from 3.65 percent to 3.93 percent.

2024 The discount rate used in the June 30, 2023 actuarial valuation increased from 3.54 percent to 3.65 percent.

2023 The discount rate used in the June 30, 2022 actuarial valuation increased from 2.16 percent to 3.54 percent.

2022 The discount rate used in the June 30, 2021 actuarial valuation decreased from 2.21 percent to 2.16 percent. The percentage of employees assumed to elect spouse coverage at retirement decreased from 50 percent to 30 percent for male employees and 10 percent for female employees.

2021 The discount rate used in the June 30, 2020 actuarial valuation decreased from 3.50 percent to 2.21 percent.

2020 The discount rate used in the June 30, 2019 actuarial valuation decreased from 3.87 percent to 3.50 percent. The mortality basis changed to the PUB2010 general employees classification headcount-weighted mortality table projected using scale MP-2018 from the RP-2014 aggregate mortality table projected using scale MP-2016.

2019 The discount rate used in the June 30, 2018 actuarial valuation increased from 3.58 percent to 3.87.

2018 The discount rate used in the June 30, 2017 actuarial valuation decreased from 2.85 percent to 3.58 percent.