



***WESTERN
MICHIGAN
UNIVERSITY***

General Purpose Financial Report
June 30, 2026



Table of Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-15
Financial Statements	
Statement of Net Position	16
Statement of Revenue, Expenses, and Changes in Net Position	17
Statement of Cash Flows	18-19
Discretely Presented Component Units – Combining Statement of Net Position	20
Discretely Presented Component Units - Combining Statement of Revenues, Expenses, and Changes in Net Position	21
Notes to Financial Statements	22-56
Required Supplementary Information	
Schedule of Pension Funding Progress	57
Schedule of Pension Contributions	58
Schedule of OPEB Funding Progress	59
Schedule of OPEB Contributions	60
Schedule of Changes in the Total OPEB Liability and Related Ratios	61
Notes to Required Supplementary Information	62-66

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, 2026 and 2025 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, 2026 and 2025 and the respective changes in its financial position and, where applicable, cash flows thereof, 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 17, 2026 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 17, 2026

Overview of Financial Statements

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, 2026. 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 17,300 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 148 bachelor's, 79 master's and 40 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 35 years in a row.

The University's undergraduate resident tuition cost ranks eighth 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 Summary

The University's financial position remained strong at June 30, 2026. Some financial highlights include:

- Total net position \$975.3 million
 - Increase in net position \$74.8 million
- Capital assets, net of accumulated depreciation \$1,077.6 million

- Increase in capital assets, net of accumulated depreciation \$72.9 million
- Long-term debt (including current portion) \$439.9 million
 - Decrease in long-term debt (\$21.1 million)

Detailed Analysis

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 2026, the University adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard established new accounting and financial reporting requirements or modified existing requirements related to management's discussion and analysis, the classification/presentation of unusual or infrequent items, the presentation of proprietary fund operating and nonoperating activities (including subsidies), and major component unit presentation.

The implementation of this standard did not result in a change to the University's total net position; however, the following line items have been reclassified on the statement of revenues, expenses, and changes in net position to conform to the new presentation requirements: Pell grant revenues, gift revenues, state appropriation revenues, and investment income. Pell grant revenues have moved to "Operating Revenue". Gift revenues and state appropriation revenues have moved to a new section titled "Noncapital Subsidies" and finally investment income moved to "Other Nonoperating Revenue (Expense)".

During fiscal year 2026, the University adopted GASB Standard No. 104, *Disclosure of Certain Capital Assets*, which requires expanded disclosures of certain types of capital assets by major category and assets held for sale by the University. GASB Statement No. 104 was applied retroactively to the comparative capital asset note disclosures. The adoption affected the presentation and disaggregation of capital asset information and did not affect amounts reported in the basic financial statements or beginning net position.

During fiscal year 2025, the University adopted GASB Statement No. 101, *Compensated Absences*. The effects of this adoption did not have a significant impact on the University financial statements as a whole.

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)

	2026	2025	2024
Net investment in capital assets	\$ 657.1	\$ 639.8	\$ 568.7
Restricted	113.4	100.8	18.2
Unrestricted - operations	352.4	336.0	466.4
Unrestricted - pension activity	(19.6)	(4.7)	(65.0)
Unrestricted - other postemployment benefit (OPEB) activity	(128.0)	(171.4)	(201.5)
Total net position	<u>\$ 975.3</u>	<u>\$ 900.5</u>	<u>\$ 786.8</u>

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

	2026	2025	2024
Net investment in capital assets	\$ 657.1	\$ 639.8	\$ 568.7
Restricted	62.5	83.8	9.7
Unrestricted - operations	<u>352.4</u>	<u>336.0</u>	<u>466.4</u>
Total net position excluding pension and OPEB	<u>\$ 1,072.0</u>	<u>\$ 1,059.6</u>	<u>\$ 1,044.8</u>
Pension net position	19.6	4.7	65.0
OPEB net position	128.0	171.4	201.5

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.



Management's Discussion and Analysis – Unaudited (Continued)

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, 2026, 2025, and 2024:

Net Position as of June 30 (in millions)

	2026	2025	2024
Assets¹			
Current assets	\$ 223.5	\$ 221.6	\$ 217.6
Noncurrent assets:			
Capital assets - Net of depreciation	1,077.6	1,004.7	951.6
Other	391.7	420.9	274.4
Total assets	1,692.8	1,647.2	1,443.6
Deferred Outflows of Resources²	20.9	28.3	32.9
Liabilities³			
Current liabilities	94.3	102.9	85.7
Noncurrent liabilities	543.0	592.6	541.2
Total liabilities	637.3	695.5	626.9
Deferred Inflows of Resources⁴	101.1	79.5	62.8
Net Position			
Net investment in capital assets	657.1	639.8	568.7
Restricted	113.4	100.8	18.2
Unrestricted	204.8	159.9	199.9
Total net position	<u><u>\$ 975.3</u></u>	<u><u>\$ 900.5</u></u>	<u><u>\$ 786.8</u></u>

[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.

Current Assets consist of cash and cash equivalents, short-term investments, receivables net of the allowance for doubtful accounts, and prepaid expenses. Current assets increased \$1.9 million from fiscal year 2025 to fiscal year 2026. Significant changes occurred in the following areas:

- Cash and cash equivalents decreased (\$1.3 million) due to timing of payments as well as an increase in expenses in fiscal year 2026.
- Accounts receivable increased \$2.9 million due to higher assessment for tuition, fees, and housing as well as a timing difference for summer II payments over the prior year. Summer II billings went out later in fiscal year 2026 than in fiscal year 2025 which led to less payments being received during the fiscal year and a larger receivable at the end of fiscal year 2026.

Current liabilities consist of accounts payable, accrued payroll and withholdings, insurance and other claims payable, tuition and fees received in advance, and the current portions of lease, subscription, debt and OPEB liabilities. Current liabilities decreased \$9.1 million from fiscal year 2025 to fiscal year 2026. Significant changes occurred in the following areas:

- Accounts payable decreased (\$3.8 million) due to higher balances in accounts payable in the prior year primarily due to timing of payments related to the construction of the new Valley Oaks residence hall.
- Accrued payroll decreased (\$2.7 million) due to the timing of the 2026 payroll accrual.
- Tuition and fees received in advance decreased (\$1.8 million) primarily due to a decrease in advance tuition payments for Summer II in fiscal year 2026 over fiscal year 2025.
- Current portion of long-term obligations increased \$1.0 million primarily due to payments starting on the 2025A bond issuance for the construction of the new Valley Oaks Residence Hall.
- Other liabilities decreased (\$1.8 million) due to a decrease in accrued interest payable related to the 2025A bond issuance in fiscal year 2025.

Noncurrent assets consist of long-term investments, student loans receivable net of allowance for doubtful accounts, lease receivable, other assets, lease and subscription assets, capital assets net of accumulated depreciation, and pension and OPEB assets. Noncurrent assets increased \$43.7 million from fiscal year 2025 to fiscal year 2026. Significant changes occurred in the following areas:

- Long-term investments decreased (\$54.8 million) primarily due to the decrease in unspent bond proceeds of (\$79.1 million) for the construction of the Valley Oaks Residence Hall partially offset by an increase in market gains of \$38.5 million.
- Leased assets increased \$4.0 million primarily due to the addition of the City of Battle Creek land lease asset for the College of Aviation which totaled \$4.1 million.
- Subscription assets increased \$2.2 million due to the addition of various significant subscription assets during fiscal year 2026. A three-year subscription to Ellucian Campus Logic for \$1.0 million and the EAB Enroll 360 Renewal of \$3.8 million are the biggest contributors.
- Capital assets net of accumulated depreciation increased \$72.9 million due to the construction of the University's new Valley Oaks residence hall in fiscal year 2026.



- Net pension and OPEB assets increased \$11.6 million and \$7.0 million, respectively. This is primarily due to significant funding being provided in previous fiscal years to fund up the MPERS pension and OPEB liability described below.

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 (MPERS) net pension liability of \$11.6 million in 2026. The University recognized a decrease in the single-employer plan total OPEB liability of \$7.0 million in fiscal year 2026 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 (MPERS) 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.

Statement of Revenue, Expenses, and Changes in Net Position

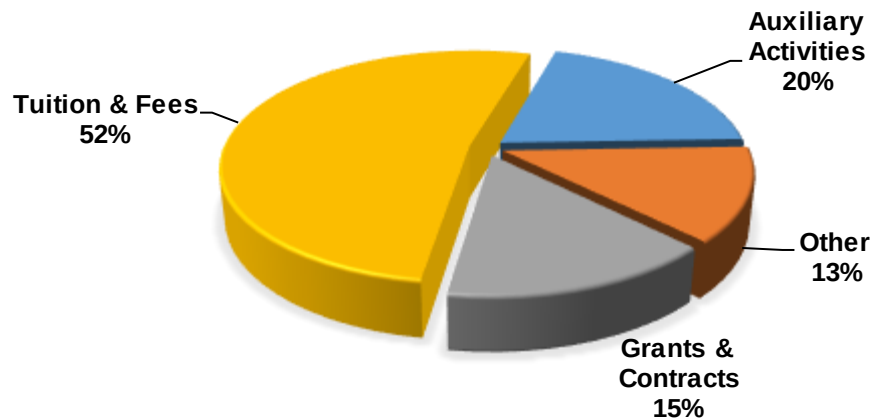
Operating Results for the Years Ended June 30 (in millions)

	2026	2025	2024
Operating Revenue			
Tuition and fees - Net	\$ 212.1	\$ 203.5	\$ 214.8
Grants and contracts	39.5	47.5	37.8
Auxiliary activities - Net	80.2	82.4	72.8
Pell grant revenue	23.9	25.1	19.6
Other	54.2	44.8	42.5
Total operating revenue	409.9	403.3	387.5
Operating Expenses			
Instruction	174.7	171.8	170.5
Departmental research	24.6	27.1	20.5
Public service	18.7	18.9	16.8
Academic support	54.2	62.3	47.1
Student services	30.6	27.0	27.9
Institutional support	69.1	63.0	55.1
Operations and maintenance of plant	41.1	36.9	34.9
Scholarships and fellowships	0.9	5.6	17.2
Auxiliary activities	97.9	85.7	72.6
Depreciation	47.2	41.3	46.9
Other adjustments	(11.6)	(33.8)	(40.7)
Total operating expenses	547.4	505.8	468.8
Net Operating Loss	(137.5)	(102.5)	(81.3)
Noncapital Subsidies			
State appropriations	130.6	126.1	167.6
Gifts	50.7	72.3	39.8
Total noncapital subsidies	181.3	198.4	207.4
Operating income (loss) and noncapital subsidies	43.8	95.9	126.1
Other Nonoperating Revenue (Expenses)			
Other net nonoperating revenue (expenses)	28.5	0.9	8.4
State capital appropriations	-	0.7	17.9
Capital grants, contracts, and other	2.5	16.2	0.8
Net nonoperating revenues (expenses)	31.0	17.8	27.1
Income (loss) before unusual or infrequent items	74.8	113.7	153.2
Increase (Decrease) in Net Position	74.8	113.7	153.2
Net Position - Beginning of year	900.5	786.8	633.6
Net Position - End of year	<u>\$ 975.3</u>	<u>\$ 900.5</u>	<u>\$ 786.8</u>

Operating Revenue and Expenses

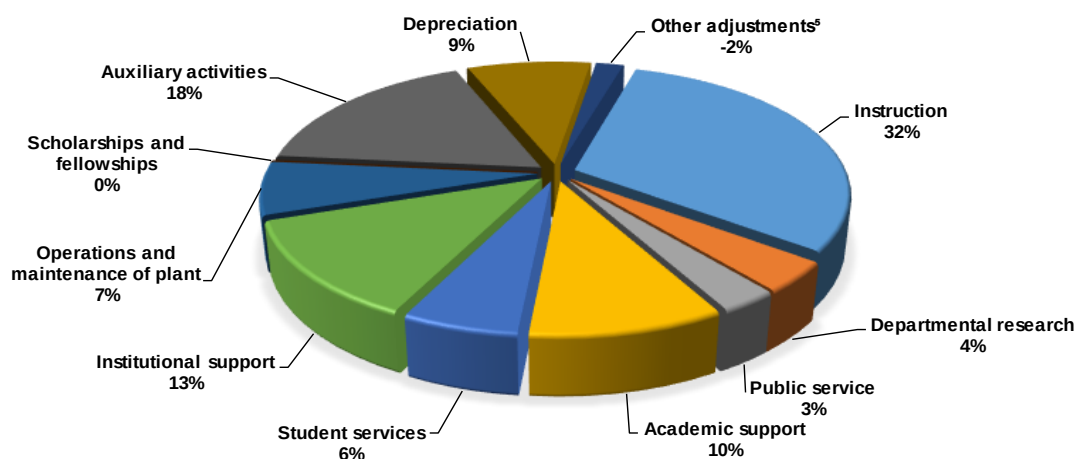
Operating revenue includes all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, housing, and dining operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered 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 2026 and 2025 are described in the following paragraphs.

Net tuition and fees revenue in fiscal year 2026 increased 4.2 percent from fiscal year 2025 due to an increase in tuition rates of 4.6 percent offset by a decline in enrollment. 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.

Auxiliary activities resulted in a net loss of \$17.7 million in fiscal year 2026 compared to a net loss of \$3.4 million in fiscal year 2025. The \$14.3 million decrease was due to an \$18.0 million increase in auxiliary expenses. This increase in expenses was comprised primarily of an increase of \$11.4 million in athletic expenditures with the primary driver being an increase in contracted services of \$6.6 million primarily due to an increase in name, image, and likeness (NIL) payments of \$3.0 million. Another driver is an increase in athletic salaries and wages of \$2.8 million which is primarily due to a flat 3% increase in wages combined with an increase of \$1.7 million in bonus payments. 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 Valley Oaks residence hall partially offset by decreased administrative expenses.

The total operating expenses increased by \$41.6 million in fiscal year 2026. The increase is primarily driven by an increase of \$6.1 million in institutional support which is primarily related to the payroll increase of 3%. Other adjustments expense increased \$22.2 million which is primarily due to the prior year MPSERS funding that was not available in 2026. The total operating expenses increased by \$36.9 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.

Scholarships and fellowships expense decreased \$4.7 million in fiscal year 2026. This was due to a change in the student financial aid awarding strategy and better leveraging of the Michigan Achievement scholarship. Scholarships and fellowships expense decreased \$11.6 million in fiscal year 2025 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.

Noncapital subsidies

Noncapital subsidies are defined as resources received from another party or fund without providing services in return, and those resources help keep current or future user charges lower than they otherwise would be. Noncapital subsidy transactions at the University consist primarily of state appropriations, and gifts that do not require any services to be performed.

State appropriations increased \$4.4 million in fiscal year 2026 over fiscal year 2025. This increase is primarily due to a one-time 1.0% increase from the State as well as a \$3.3 million base increase for operations for being a MPSERS University.

Gift revenue decreased \$21.7 million in fiscal year 2026 over fiscal year 2025. This decrease is primarily due to a decrease of \$34.7 million related to the adoption of GASB 103 partially offset by an increase of \$12.3 million in market gains from the University's endowments.

Other Nonoperating Revenue

Other nonoperating revenue is defined as contributions to endowments, financing revenues, investment income, and resources from disposal of capital assets or inventory.

Other net nonoperating revenue increased \$27.6 million from fiscal year 2025 to fiscal year 2026 primarily due to an increase of \$19.1 million related to the adoption of GASB 103 combined with a \$9.5 million increase in investment earnings due to market gains during the year. Other net nonoperating revenue decreased \$9.3 million from fiscal year 2024 to fiscal year 2025 primarily due to the adoption of GASB 103 mentioned above which resulted in the gift revenues moving to noncapital subsidies.

The University recorded \$16.2 million in capital grants in fiscal year 2025, which includes \$15.0 million from the Foundation for the Valley 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.

Significant Capital Asset and Long-Term Financing Activity

As reflected on the statement of net position, at June 30, 2026, the University had \$1.8 billion invested in capital assets and accumulated depreciation of \$727.9 million. Depreciation charges totaled \$47.2 million, \$41.2 million, and \$42.3 million for the years ended June 30, 2026, 2025, and 2024, respectively.

Capital Assets as of June 30 (in millions)

	2026	2025	2024
Land and land improvements	\$ 188.4	\$ 152.0	\$ 132.4
Buildings	1,367.4	1,243.2	1,256.7
Equipment, software, and other	116.4	116.1	96.6
Library holdings	102.1	102.4	101.1
Construction in progress	31.1	82.4	51.5
Total	<u>\$ 1,805.4</u>	<u>\$ 1,696.1</u>	<u>\$ 1,638.3</u>

Net capital assets increased \$72.9 million and \$53.1 million in fiscal years 2026 and 2025, respectively. The increases in fiscal years 2026 and 2025 were due to the construction of a new Valley Oaks residence hall, the construction of Loop Road modifications, renovations to Dunbar Hall and the addition of the new Hilltop Village parking garage.

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, 2026, the University has an outstanding balance of \$13.0 million on the note.

The University is rated by two of the major bond rating agencies. S&P Global Ratings upgraded the University's A/Positive rating to A+/Positive in July 2026, and Moody's Investor Services affirmed the University's Aa3/Stable rating in April 2025.

At June 30, 2026 the University had \$390.5 million in bonded debt obligations outstanding versus \$405.0 million the previous year, a decrease of 3.6 percent. The decrease in bonded debt obligations outstanding is due to debt payments in fiscal year 2026.

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.

Currently known Facts, Decisions, or Conditions

Acting at its June 2026 meeting, the Western Michigan University Board of Trustees adopted a \$432.2 million General Fund operating budget for fiscal year 2027, a 1.6 percent increase over the prior year's budget. The budget reflects a tuition rate increase of 4.0 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. The budget included a \$4.7 million shortfall to be funded through internal funding strategies.

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.

The University completed a campus-wide Master Plan initiative in 2025 and is currently in the post-adoption, implementation phase. This phase primarily consists of ongoing planning with community partners, internal programming and task force work, and active development of key projects. Current projects include: Pedestrian Green Space, Waldo Library Master Plan, and Knauss Hall Renovation & Addition. The Master Plan 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.

In addition to the demographic shifts, other challenges that must be navigated include rapid advances in AI, rising college costs and skepticism about the value of a degree. To address these challenges, the University embarked on the preliminary stages of an administrative redesign that aims to advance excellent teaching and research while also enhancing the student experience. The redesign is broken down into five main initiatives that will help the University fulfill its defining purpose. The five initiatives are as follows:

- **Financial and Administrative Operations Assessment:** Reduce redundancy in human resources and finance processes and provide more consistent support and greater clarity on how to make common requests.
- **Information Technology Organizational Design:** Centralize technology, tools and systems into a unified information technology team led by the Chief Information Officer. The main goal being to create a single place to go for support and decisions related to the University's technology.
- **Marketing and Communications Organizational Design:** Centralize the University's marketing teams into one University-wide team led by the Vice President for Marketing

and Strategic Communications. Create a unified brand framework that sends a crisp, clear message that advance the University.

- **Strategic Sourcing and Non-Personnel Spending:** Shift to a more coordinated, data-informed approach to purchasing to secure better value and align spending with what matters most to the University.
- **Strategic Space Utilization:** Make greater use of shared tools and standards to enhance the utilization of the University's spaces to improve the student and teaching experience.



Statement of Net Position

	June 30			
	2026		2025	
	Western Michigan University	Discretely Presented Component Units	Western Michigan University	Discretely Presented Component Units
Current Assets				
Cash and cash equivalents	\$ 162,581,647	\$ 80,174,233	\$ 163,902,458	\$ 36,620,801
Short-term investments	211,787	-	186,884	-
Accounts receivable - Net	51,407,747	7,149,620	48,459,745	7,026,444
Pledges receivable - Net	-	174,160,535	-	236,232,066
Deposits, prepaid expenses, and other assets	9,309,588	3,667,826	9,063,854	5,261,978
Total current assets	223,510,769	265,152,214	221,612,941	285,141,289
Noncurrent Assets				
Long-term investments	303,501,242	1,023,044,504	358,260,830	854,729,865
Note Receivable	-	13,539,822	-	16,531,885
Student loans receivable - Net	-	-	330,279	-
Lease receivable	3,975,075	-	3,042,120	-
Other assets	1,426,762	347,169,600	1,298,987	320,107,637
Leased assets - Net	4,207,369	-	180,467	-
Subscription assets - Net	9,072,699	-	6,849,215	-
Capital assets - Net	1,077,552,067	87,518,553	1,004,698,536	89,821,628
Net Pension asset	31,275,515	-	19,666,432	-
Net OPEB asset	38,253,482	-	31,240,184	-
Total noncurrent assets	1,469,264,211	1,471,272,479	1,425,567,050	1,281,191,015
Total assets	1,692,774,980	1,736,424,693	1,647,179,991	1,566,332,304
Deferred Outflows of Resources	20,891,582	-	28,287,302	-
Current Liabilities				
Accounts payable	28,218,231	1,374,930	31,946,735	1,541,305
Accrued payroll and withholdings	19,963,012	14,060,623	22,654,761	16,767,237
Insurance and other claims payable	3,981,830	-	3,238,450	-
Tuition and fees received in advance	3,185,940	-	4,960,885	-
Current portion of lease liability	26,413	-	87,316	-
Current portion of subscription liability	3,541,801	-	3,409,012	-
Current portion of long-term obligations	19,595,572	-	18,585,565	-
Current portion of total OPEB liability	5,846,940	-	6,328,407	-
Other liabilities	9,828,931	-	11,615,337	-
Total current liabilities	94,188,670	15,435,553	102,826,468	18,308,542
Noncurrent Liabilities				
Lease liability - Net of current portion	4,291,092	-	94,565	-
Subscription liability - Net of current portion	4,096,047	-	1,752,776	-
Other long-term obligations - Net of current portion	420,332,762	77,507,801	442,480,226	75,930,901
Total OPEB liability - Net of current portion	114,278,908	-	148,308,975	-
Total noncurrent liabilities	542,998,809	77,507,801	592,636,542	75,930,901
Total liabilities	637,187,479	92,943,354	695,463,010	94,239,443
Deferred Inflows of Resources	101,143,341	-	79,479,239	-
Net Position				
Net investment in capital assets	657,085,766	-	639,864,691	-
Restricted Expendable for:				
Other	29,493,271	1,222,968,936	34,584,351	1,113,741,867
Loans	-	-	126,241	-
Pension Asset	31,275,515	-	19,666,432	-
OPEB Asset	38,253,482	-	31,240,184	-
Scholarships	14,402,989	-	15,183,360	-
Unrestricted	204,824,719	420,512,403	159,859,785	358,350,994
Total net position	\$ 975,335,742	\$ 1,643,481,339	\$ 900,525,044	\$ 1,472,092,861

See accompanying notes to the financial statements.



Statement of Revenue, Expenses and Changes in Net Position

	Year Ended June 30			
	2026		2025	
	Western Michigan University	Discretely Presented Component Units	Western Michigan University	Discretely Presented Component Units
Operating Revenue				
Tuition and fees	\$ 295,360,994	\$ -	\$ 287,018,251	\$ -
Scholarship allowance	(83,293,906)	-	(83,477,575)	-
Net tuition and fees	212,067,088	-	203,540,676	-
Governmental grants and contracts	31,355,911	37,050,478	39,259,292	32,016,088
Other grants and contracts	8,182,285	-	8,285,016	-
Departmental and other educational activities	48,981,525	62,596	39,579,640	125,516
Pell grant revenue	23,916,257	-	25,078,337	-
Auxiliary activities - Net	80,241,117	-	82,354,614	-
Other revenue	5,243,921	92,656,245	5,224,753	60,710,167
Total operating revenue	409,988,104	129,769,319	403,322,328	92,851,771
Operating Expenses				
Instruction	174,742,120	-	171,896,746	-
Departmental research	24,597,796	-	27,083,591	-
Public service	18,727,658	-	18,879,523	-
Academic support	54,188,089	-	62,273,758	-
Student services	30,614,999	-	27,029,502	-
Institutional support	69,098,540	22,169,302	62,985,389	21,547,425
Operations and maintenance of plant	41,055,118	-	36,855,324	-
Scholarships and fellowships	888,733	-	5,621,871	-
Auxiliary activities	97,901,783	-	85,741,028	-
Depreciation and amortization	47,191,423	-	41,268,888	-
Other adjustments	(11,562,240)	-	(33,801,613)	-
Program services	-	118,704,132	-	115,735,743
Distributions to related parties	-	88,555,519	-	92,253,305
Total operating expenses	547,444,019	229,428,953	505,834,007	229,536,473
Operating Income (Loss)	(137,455,915)	(99,659,634)	(102,511,679)	(136,684,702)
Noncapital Subsidies (Detailed)				
State appropriations	130,562,224	-	126,128,551	-
Gifts	50,684,608	102,670,115	72,341,636	71,560,038
Total noncapital subsidies	181,246,832	102,670,115	198,470,187	71,560,038
Operating income (loss) and noncapital subsidies	43,790,917	3,010,481	95,958,508	(65,124,664)
Other Nonoperating Revenue (Expenses)				
State capital appropriations	-	-	675,140	-
Other revenue and capital gifts and grants	2,470,220	-	16,181,202	-
Other expense	-	-	(19,104,842)	-
Investment income (loss) and other interest	45,184,549	168,377,997	35,656,130	108,201,939
Interest on capital asset-related debt	(16,634,988)	-	(15,605,759)	-
Net nonoperating revenues (expenses)	31,019,781	168,377,997	17,801,871	108,201,939
Income (loss) before unusual or infrequent items	74,810,698	171,388,478	113,760,379	43,077,275
Increase (Decrease) in Fund Net Position	74,810,698	171,388,478	113,760,379	43,077,275
Net Position				
Beginning of year	900,525,044	1,472,092,861	786,764,665	1,429,015,586
End of year	<u>\$ 975,335,742</u>	<u>\$ 1,643,481,339</u>	<u>\$ 900,525,044</u>	<u>\$ 1,472,092,861</u>

See accompanying notes to the financial statements.



Statement of Cash Flows

	Year Ended June 30	
	2026	2025
Cash Flows from Operating Activities		
Tuition and fees	\$ 207,593,305	\$ 203,425,890
Grants and contracts	40,358,068	44,527,317
Payments to suppliers	(204,579,112)	(95,119,545)
Payments to employees	(334,256,039)	(367,025,932)
Payments for scholarships and fellowships	(888,733)	(5,621,871)
Collection of loans from students	330,279	549,658
Student loan interest	2,424	23,269
Auxiliary enterprise charges	80,241,117	82,354,614
Departmental and other	54,225,446	44,804,393
William D. Ford direct lending receipts	49,838,162	51,006,082
William D. Ford direct lending disbursements	(49,838,162)	(51,006,082)
PLUS loan receipts	24,328,414	23,087,910
PLUS loan disbursements	(24,328,414)	(23,087,910)
Net cash used in operating activities	(156,973,245)	(92,082,207)
Cash Flows from Noncapital Financing Activities		
Gifts and contributions for other than capital purposes	50,684,608	72,341,636
Pell receipts	23,916,257	25,078,337
Agency transactions	(1,786,406)	127,681
Other	-	(19,104,842)
State appropriations	129,493,188	125,572,935
Net cash provided by noncapital financing activities	202,307,647	204,015,747
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(112,280,243)	(93,684,140)
Proceeds from disposal of assets	-	945,025
Cash paid for lease and subscription assets	(7,357,909)	(4,810,204)
Proceeds from issuance of debt	-	166,551,593
Principal paid on capital debt	(12,069,500)	(104,417,553)
Capital grant, gift, and other proceeds	2,470,220	16,181,202
Capital appropriations	-	2,816,241
Payments (Proceeds) from trustee to purchase capital assets	75,164,557	(79,049,865)
Interest paid on capital debt	(18,207,940)	(16,785,977)
Net cash used in capital and related financing activities	(72,280,815)	(112,253,678)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	72,394,836	76,516,571
Interest on investments	25,686,424	(207,768)
Purchase of investments	(72,455,658)	(74,270,648)
Net cash provided by investing activities	25,625,602	2,038,155
Net (Decrease) Increase in Cash and Cash Equivalents	(1,320,811)	1,718,017
Cash and Cash Equivalents - Beginning of year	163,902,458	162,184,441
Cash and Cash Equivalents - End of year	\$ 162,581,647	\$ 163,902,458

See accompanying notes to the financial statements.



Statement of Cash Flows

	Year Ended June 30	
	2026	2025
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (137,455,915)	\$ (102,511,679)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	38,363,273	36,270,421
Pell grants	(23,916,257)	(25,078,337)
Lease amortization	174,568	276,648
Gain on sale of assets	(1,063,439)	(3,324,635)
SBITA amortization	8,653,583	4,721,828
(Increase) decrease in assets:		
Federal and state grants receivable	819,872	(3,016,991)
Accounts receivable - Net	(2,698,838)	(117,711)
Prepaid assets and other current assets	(187,748)	(792,530)
Other assets	1,030,701	3,387,185
Loans to students	332,703	572,927
Net Pension and OPEB asset	(53,133,915)	(42,915,643)
Increase (decrease) in liabilities:		
Accounts payable	(3,728,504)	14,799,323
Accrued payroll and other compensation	(3,323,351)	1,491,069
Other liabilities and deferreds	20,934,967	24,152,993
Unearned tuition and fees	(1,774,945)	2,925
Net cash used in operating activities	<u><u>\$ (156,973,245)</u></u>	<u><u>\$ (92,082,207)</u></u>
Non-cash Transactions		
Property acquired under lease and subscription-based information technology arrangements:	\$ 14,019,237	\$ 4,140,352

See accompanying notes to the financial statements.



Discretely Presented Component Units – Combining Statement of Net Position

	Western Michigan University Foundation		Western Michigan University Homer Stryker M.D. School of Medicine		Paper Technology Foundation, Inc.		Total Discretely Presented Component Units	
	June 30		June 30		June 30		June 30	
	2026	2025	2026	2025	2026	2025	2026	2025
Current Assets								
Cash and cash equivalents	\$ 47,636,345	\$ 17,183,807	\$ 32,015,776	\$ 18,799,330	\$ 522,112	\$ 637,664	\$ 80,174,233	\$ 36,620,801
Accounts receivable - Net	-	-	7,149,620	7,026,444	-	-	7,149,620	7,026,444
Pledges receivable - Net	173,488,672	235,399,306	428,500	548,000	243,363	284,760	174,160,535	236,232,066
Deposits, prepaid expenses, and other assets	<u>1,160,452</u>	<u>1,082,755</u>	<u>4,050,448</u>	<u>5,543,815</u>	<u>-</u>	<u>-</u>	<u>5,210,900</u>	<u>6,626,570</u>
Total current assets	222,285,469	253,665,868	43,644,344	31,917,589	765,475	922,424	266,695,288	286,505,881
Noncurrent Assets								
Long-term investments	974,695,249	815,867,993	40,861,629	32,806,929	7,487,626	6,054,943	1,023,044,504	854,729,865
Note Receivable	13,539,822	16,531,885	-	-	-	-	13,539,822	16,531,885
Interest in Net Assets of WMU Foundation	-	-	345,626,526	318,743,045	-	-	345,626,526	318,743,045
Capital assets - Net	<u>1,500,000</u>	<u>1,500,000</u>	<u>86,018,553</u>	<u>88,321,628</u>	<u>-</u>	<u>-</u>	<u>87,518,553</u>	<u>89,821,628</u>
Total noncurrent assets	<u>989,735,071</u>	<u>833,899,878</u>	<u>472,506,708</u>	<u>439,871,602</u>	<u>7,487,626</u>	<u>6,054,943</u>	<u>1,469,729,405</u>	<u>1,279,826,423</u>
Total assets	1,212,020,540	1,087,565,746	516,151,052	471,789,191	8,253,101	6,977,367	1,736,424,693	1,566,332,304
Current Liabilities								
Accounts payable	1,988	7,211	1,372,942	1,533,879	-	215	1,374,930	1,541,305
Accrued liabilities	-	-	4,905,084	5,360,139	-	-	4,905,084	5,360,139
Current portion of long-term debt	-	-	1,880,000	1,790,000	-	-	1,880,000	1,790,000
Deferred revenue	-	-	6,369,752	8,469,117	-	-	6,369,752	8,469,117
Other liabilities	<u>-</u>	<u>-</u>	<u>905,787</u>	<u>1,147,981</u>	<u>-</u>	<u>-</u>	<u>905,787</u>	<u>1,147,981</u>
Total current liabilities	1,988	7,211	15,433,565	18,301,116	-	215	15,435,553	18,308,542
Noncurrent Liabilities								
Other long-term obligations - Net of current portion	<u>-</u>	<u>-</u>	<u>77,507,801</u>	<u>75,930,901</u>	<u>-</u>	<u>-</u>	<u>77,507,801</u>	<u>75,930,901</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>77,507,801</u>	<u>75,930,901</u>	<u>-</u>	<u>-</u>	<u>77,507,801</u>	<u>75,930,901</u>
Total liabilities	1,988	7,211	92,941,366	94,232,017	-	215	92,943,354	94,239,443
Net Position								
Restricted Expendable for:								
Other	824,687,627	756,220,402	391,126,742	351,277,332	7,154,567	6,244,133	1,222,968,936	1,113,741,867
Unrestricted	<u>387,330,925</u>	<u>331,338,133</u>	<u>32,082,944</u>	<u>26,279,842</u>	<u>1,098,534</u>	<u>733,019</u>	<u>420,512,403</u>	<u>358,350,994</u>
Total net position	<u>\$ 1,212,018,552</u>	<u>\$ 1,087,558,535</u>	<u>\$ 423,209,686</u>	<u>\$ 377,557,174</u>	<u>\$ 8,253,101</u>	<u>\$ 6,977,152</u>	<u>\$ 1,643,481,339</u>	<u>\$ 1,472,092,861</u>

See accompanying notes to the financial statements.



Discretely Presented Component Units – Combining Statement of Revenues, Expenses and Changes in Net Position

	Western Michigan University Foundation		Western Michigan University Homer Stryker M.D. School of Medicine		Paper Technology Foundation, Inc.		Total Discretely Presented Component Units	
	June 30		June 30		June 30		June 30	
	2026	2025	2026	2025	2026	2025	2026	2025
Operating Revenue								
Governmental grants and contracts	\$ -	\$ -	\$ 37,050,478	\$ 32,016,088	\$ -	\$ -	\$ 37,050,478	\$ 32,016,088
Departmental and other educational activities	51,982	114,201	-	-	10,614	11,315	62,596	125,516
Other revenue	<u>35,735,134</u>	<u>4,414,558</u>	<u>56,863,617</u>	<u>55,988,584</u>	<u>57,494</u>	<u>307,025</u>	<u>92,656,245</u>	<u>60,710,167</u>
Total operating revenue	35,787,116	4,528,759	93,914,095	88,004,672	68,108	318,340	129,769,319	92,851,771
Operating Expenses								
Institutional support	8,697,707	8,623,642	13,256,225	12,685,086	215,370	238,697	22,169,302	21,547,425
Program services	3,569,123	4,082,224	114,939,474	111,462,932	195,535	190,587	118,704,132	115,735,743
Distributions to related parties	<u>88,308,850</u>	<u>91,394,500</u>	<u>-</u>	<u>-</u>	<u>246,669</u>	<u>858,805</u>	<u>88,555,519</u>	<u>92,253,305</u>
Total operating expenses	100,575,680	104,100,366	128,195,699	124,148,018	657,574	1,288,089	229,428,953	229,536,473
Operating Income (Loss)	(64,788,564)	(99,571,607)	(34,281,604)	(36,143,346)	(589,466)	(969,749)	(99,659,634)	(136,684,702)
Noncapital Subsidies (Detailed)								
State appropriations	-	-	-	-	-	-	-	-
Gifts	<u>57,983,108</u>	<u>29,360,630</u>	<u>43,855,311</u>	<u>41,383,773</u>	<u>831,696</u>	<u>815,635</u>	<u>102,670,115</u>	<u>71,560,038</u>
Total noncapital subsidies	57,983,108	29,360,630	43,855,311	41,383,773	831,696	815,635	102,670,115	71,560,038
Operating income (loss) and noncapital subsidies	(6,805,456)	(70,210,977)	9,573,707	5,240,427	242,230	(154,114)	3,010,481	(65,124,664)
Other Nonoperating Revenue (Expenses)								
Investment income (loss) and other interest	<u>131,265,473</u>	<u>88,538,923</u>	<u>36,078,805</u>	<u>18,950,562</u>	<u>1,033,719</u>	<u>712,454</u>	<u>168,377,997</u>	<u>108,201,939</u>
Net nonoperating revenues (expenses)	131,265,473	88,538,923	36,078,805	18,950,562	1,033,719	712,454	168,377,997	108,201,939
Income (loss) before unusual or infrequent items	124,460,017	18,327,946	45,652,512	24,190,989	1,275,949	558,340	171,388,478	43,077,275
Increase (Decrease) in Fund Net Position	124,460,017	18,327,946	45,652,512	24,190,989	1,275,949	558,340	171,388,478	43,077,275
Net Position								
Beginning of year	<u>1,087,558,535</u>	<u>1,069,230,589</u>	<u>377,557,174</u>	<u>353,366,185</u>	<u>6,977,152</u>	<u>6,418,812</u>	<u>1,472,092,861</u>	<u>1,429,015,586</u>
End of year	<u>\$ 1,212,018,552</u>	<u>\$ 1,087,558,535</u>	<u>\$ 423,209,686</u>	<u>\$ 377,557,174</u>	<u>\$ 8,253,101</u>	<u>\$ 6,977,152</u>	<u>\$ 1,643,481,339</u>	<u>\$ 1,472,092,861</u>

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 \$7.2 million and \$6.2 million at June 30, 2026 and 2025, respectively. There was approximately \$4.0 million and \$79.1 million of restricted unspent bond proceeds included in long-term investments at June 30, 2026 and 2025, 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 and Expense – Operating revenues and expenses, as reported in the statement of revenues, expenses, and changes in net position, include all revenues and expenses other than those defined as nonoperating, subsidies, or unusual or infrequent items under GASB Statement No. 103. Nonoperating revenues and expenses include, among other items, investment income and related expenses, revenues and expenses associated with financing activities, gains and losses from the disposal of capital assets, and contributions to permanent and term endowments. State appropriations, federal Pell Grant revenues, and certain other resources provided to support operations are reported as subsidies in accordance with GASB Statement No. 103. Restricted and unrestricted resources are expended and tracked in accordance with applicable donor, grantor, legislative, or other external requirements.

Auxiliary Activities – As of June 30, 2026 and 2025, auxiliary activities consisted of the following:

	2026	2025
Auxiliary activities revenue, gross	\$ 83,337,987	\$ 86,733,826
Less: Scholarship allowance	(3,096,870)	(4,379,212)
Auxiliary activities revenue, net	<u>\$ 80,241,117</u>	<u>\$ 82,354,614</u>

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
Leased assets	30 years
Subscription assets	5 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

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

As of June 30, 2026 and 2025, deferred outflows of resources consisted of the following:

	2026	2025
Loss on refunding of bonds payable	\$ 5,903,024	\$ 6,238,823
Pension related	350,292	1,582,927
OPEB related	14,638,266	20,465,552
	<u>\$ 20,891,582</u>	<u>\$ 28,287,302</u>

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, 2026 and 2025, deferred inflows of resources consisted of the following:

	2026	2025
Gain on refunding of bonds payable	\$ 10,815,925	\$ 11,492,551
Lease related	3,829,242	2,926,097
Annuity and trust related	5,776,025	4,833,734
Pension related	19,920,909	18,026,113
OPEB related	60,801,240	42,200,744
	<u>\$ 101,143,341</u>	<u>\$ 79,479,239</u>

Recently Adopted Accounting Pronouncements –

During fiscal year 2026, the University adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard established new accounting and financial reporting requirements or modified existing requirements related to management's discussion and analysis, the classification/presentation of unusual or infrequent items, the presentation of proprietary fund operating and nonoperating activities (including subsidies), and major component unit presentation.

The implementation of this standard did not result in a change to the University's total net position; however, the following line items have been reclassified on the statement of revenues, expenses, and changes in net position to conform to the new presentation requirements: Pell grant revenues, gift revenues, state appropriation revenues, and investment income.

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

During fiscal year 2026, the University adopted GASB Standard No. 104, *Disclosure of Certain Capital Assets*, which requires expanded disclosures of certain types of capital assets by major category and assets held for sale by the University. GASB Statement No. 104 was applied retroactively to the comparative capital asset note disclosures. The adoption affected the presentation and disaggregation of capital asset information and did not affect amounts reported in the basic financial statements or beginning net position.

During fiscal year 2025, the University adopted GASB Statement No. 101, *Compensated Absences*. 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.

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, 2026, 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	\$ 166,767,609	\$ 166,767,609	\$ -	\$ -	\$ -
Corporate Stock	770,035	-	-	-	770,035
Equity Funds	148,669,230	-	-	-	148,669,230
Bond Funds	142,393,970	-	13,715,766	128,678,204	-
Real Estate Investment Trust	460,715	-	-	-	460,715
Total	<u>\$ 459,061,559</u>	<u>\$ 166,767,609</u>	<u>\$ 13,715,766</u>	<u>\$ 128,678,204</u>	<u>\$ 149,899,980</u>

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	<u>\$ 516,121,931</u>	<u>\$ 243,228,067</u>	<u>\$ 12,158,208</u>	<u>\$ 122,418,773</u>	<u>\$ 138,316,883</u>

Note 2 - Cash and Investments (Continued)

The University has certain investments it holds at cost rather than at fair market value. The amount of those investments was \$7,233,117 and \$6,228,241 as of June 30, 2026 and 2025, respectively.

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	
	2026	2025	2026	2025	2026	2025
Money market funds	\$ 3,877,634	\$ 754,993	\$ 29,999	\$ 5,904	\$ 743,170	\$ 310,235
Corporate stock	5,440,963	4,077,581	43,031	31,963	99,877	72,835
Equity funds	413,437,811	365,644,688	3,188,354	2,747,323	10,888,890	9,434,593
Bond funds	168,892,310	147,323,910	1,151,620	858,947	3,823,811	2,914,872
Target date blended funds	-	-	-	-	18,169,580	14,580,852
Land and land contracts	2,241,136	2,242,369	17,725	17,577	41,139	40,054
Private equity/venture capita	161,793,390	112,789,380	1,279,581	884,126	2,969,950	2,014,672
Hedge funds	48,566,841	36,063,042	384,102	282,689	891,514	644,167
Credit/distressed	47,291,444	48,291,465	481,098	508,133	1,116,645	1,157,891
Private real assets	123,153,720	98,680,565	912,116	718,281	2,117,053	1,636,758
Total	<u>\$ 974,695,249</u>	<u>\$ 815,867,993</u>	<u>\$ 7,487,626</u>	<u>\$ 6,054,943</u>	<u>\$ 40,861,629</u>	<u>\$ 32,806,929</u>

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	
	2026	2025	2026	2025	2026	2025
Unrealized gains (losses)	\$ 27,018,953	\$ 20,123,116	\$ 256,513	\$ 224,790	\$ 33,941,739	\$ 17,663,340
Realized gains (losses)	85,667,120	52,971,768	639,830	394,502	2,137,066	1,287,222
Total	<u>\$ 112,686,073</u>	<u>\$ 73,094,884</u>	<u>\$ 896,343</u>	<u>\$ 619,292</u>	<u>\$ 36,078,805</u>	<u>\$ 18,950,562</u>

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.



Notes to the Financial Statements June 30, 2026 and 2025

Note 2 - Cash and Investments (Continued)

At June 30, 2026 and 2025, the University's debt instruments (subject to fluctuations in interest rates) and related ratings consisted of the following:

	2026	NRSRO	2025	NRSRO
	Market Value	Rating	Market Value	Rating
Bond mutual funds:				
Baird Core Plus Bond Fund	\$ 26,320,601	AA-	\$ 23,877,968	AA-
BlackRock High Yield Bond Portfolio	106,577	B+	98,445	B
Intermediate Credit Index CTF	72,499	A3	69,962	A3
iShares TIPS ETF	368,889	AA	330,340	AA
Nuveen Core Impact Bond Portfolio	46,108,280	AA3/A1	47,423,409	AA2/AA3
Passive Bond Market SL CTF	282,793	AA3	268,400	AA3
Passive Emerging Markets Local Currency Bond NL CTF	101,637	BAA2	98,971	BAA2
State Street US High Yield BB-B Constrained Index Non-Lending QIB CTF	102,797	B1	98,479	B1
PIMCO Income Inst Fund	26,747,566	AA-	24,508,576	AA-
Shenkman Capital Short Duration High Income Fund	13,433,893	BB-	11,891,321	BB-
SPDR Portfolio Aggregate Bond ETF	244,328	AA-	196,992	AA-
Treasury Inflation Protected Securities Index CTF Fund	151,197	AA1	136,534	AA1
Vanguard Total Bond Market Index Fund	2,071,998	AA-	1,860,820	AA
Western Asset US Core Plus LLC	26,280,915	A	23,716,764	A
Total	<u>\$ 142,393,970</u>		<u>\$ 134,576,981</u>	

At June 30, 2026 and 2025, 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.			
	2026		2025		2026		2025	
Baird Core Plus Bond Fund	\$ 2,608,321	AA-	\$ 847,595	AA-	\$ 28,638	AA-	\$ 33,183	AA-
Nuveen Core Impact Bond Portfolio	4,569,242	AA3/A1	1,683,386	AA2/AA3	50,167	AA3/A1	65,904	AA2/AA3
PIMCO Income Inst Fund	2,650,633	AA-	869,979	AA-	29,102	AA-	34,059	AA-
Shenkman Capital Short Duration High Income Fund	1,331,273	BB-	422,105	BB-	14,617	BB-	16,525	BB-
Western Asset US Core Plus LLC	2,604,388	A	841,872	A	28,595	A	32,959	A
Total	<u>\$ 13,763,857</u>		<u>\$ 4,664,937</u>		<u>\$ 151,119</u>		<u>\$ 182,630</u>	

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, 2026 and 2025, the carrying amount of the University's deposits was \$108,880,752 and \$92,503,796, respectively. These amounts include the Foundations' balances of \$11,241,028 and \$4,690,505, respectively. Of that amount, \$1,061,095 and \$1,251,138 was insured as of June 30, 2026 and 2025, respectively. The remaining \$107,819,657 and \$91,252,658 at June 30, 2026 and 2025, 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 2026 or 2025. Additionally, the University did not have investments in any single issuer that equaled 5 percent or more in fiscal year 2026 or 2025.

Foreign Currency Risk – All of the University's and foundations' holdings of foreign investments were in U.S. dollars at June 30, 2026 and 2025; 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, 2026:

	Balance at June 30, 2026	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	\$ 166,767,607	\$ 166,767,607	\$ -	\$ -
Corporate Stock	770,035	770,035	-	-
Equity Funds	148,669,230	64,652,721	84,016,509	-
Bond Funds	142,393,971	115,402,132	26,991,839	-
Real Estate Investment Trust Fund	460,716	415,924	44,792	-
Total investments by fair value level	<u>\$ 459,061,559</u>	<u>\$ 348,008,419</u>	<u>\$111,053,140</u>	<u>\$ -</u>

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	<u>\$ 516,121,931</u>	<u>\$ 411,560,468</u>	<u>\$104,561,463</u>	<u>\$ -</u>

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, 2026 and 2025 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, 2026 and 2025, accounts receivable consisted of the following:

	2026	2025
Appropriations from the State of Michigan for operations	\$ 23,439,904	\$ 22,370,868
Sponsored research grants receivable	9,874,647	10,694,519
Student accounts receivable	15,032,597	13,284,509
Other	9,491,821	7,966,072
Total	57,838,969	54,315,968
Less allowances for doubtful accounts	(6,431,222)	(5,856,223)
Net accounts receivable	<u>\$ 51,407,747</u>	<u>\$ 48,459,745</u>

As of June 30, 2026 and 2025, 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	
	2026	2025	2026	2025	2026	2025
Pledges expected to be collected within 1 year	\$ 16,087,802	\$ 8,568,294	\$ 157,761	\$ 133,700	\$ 20,000	\$ 245,000
Pledges expected to be collected in 1-5 years	170,268,864	187,899,362	109,951	188,900	408,500	303,000
Pledges expected to be collected in 6-10 years	-	55,000,000	-	-	-	-
Total	186,356,666	251,467,656	267,712	322,600	428,500	548,000
Less:						
Allowance for uncollectible contributions	(1,659,805)	(961,481)	(15,494)	(16,130)	-	-
Present value discount	(11,208,189)	(15,106,869)	(8,855)	(21,710)	-	-
Net pledges receivable	<u>\$ 173,488,672</u>	<u>\$ 235,399,306</u>	<u>\$ 243,363</u>	<u>\$ 284,760</u>	<u>\$ 428,500</u>	<u>\$ 548,000</u>

Note 4 – Receivables (Continued)

Pledges receivable are presented net of a discount to present value and an allowance for uncollectible contributions. Upon initial recognition, pledges 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 4.14 percent and 3.68 percent as of June 30, 2026 and 2025, 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 2026 and 2025, 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 2026 or 2025. Estate gifts receivable of \$3,353,812 and \$5,455,728 at June 30, 2026 and 2025, 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.

Note 5 – Capital Assets

The following table presents the changes in the various capital asset class categories for the year ended June 30, 2026:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:				
Land	\$ 13,364,731	\$ 400,000	\$ 376,137	\$ 13,388,594
Construction in progress	82,385,370	110,485,570	161,723,188	31,147,752
Total nondepreciable property	95,750,101	110,885,570	162,099,325	44,536,346
Land improvements	138,629,784	36,296,005	-	174,925,789
Buildings	1,243,216,339	124,171,875	-	1,367,388,214
Equipment, software, and other	116,109,257	2,441,713	2,117,918	116,433,052
Library holdings	102,402,836	188,595	468,801	102,122,630
Total depreciable property	1,600,358,216	163,098,188	2,586,719	1,760,869,685
Total capital assets	1,696,108,317	273,983,758	164,686,044	1,805,406,031
Right-to-use assets				
Leased Buildings	1,110,212	4,201,469	868,805	4,442,876
Subscription software	14,631,953	14,019,237	11,823,296	16,827,894
Total right-to-use assets	15,742,165	18,220,706	12,692,101	21,270,770
Total capital assets and right-to-use assets	1,711,850,482	292,204,464	177,378,145	1,826,676,801
Less accumulated depreciation:				
Land improvements	55,089,716	6,198,019	-	61,287,735
Buildings	464,331,704	23,648,957	-	487,980,661
Equipment, software, and other	75,783,582	7,337,927	1,450,290	81,671,219
Library holdings	96,204,779	1,178,371	468,801	96,914,349
Total accumulated depreciation	691,409,781	38,363,274	1,919,091	727,853,964
Capital assets - Net	1,004,698,536			1,077,552,067
Less accumulated amortization:				
Leased buildings	929,745	174,567	868,805	235,507
Subscription based assets - software	7,782,738	8,513,735	8,541,278	7,755,195
Total accumulated amortization	8,712,483	8,688,302	9,410,083	7,990,702
Capital assets and right-of-use assets - Net	<u>\$ 1,011,728,218</u>			<u>\$ 1,090,832,135</u>

Note 5 – Capital Assets (Continued)

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
Right-to-use assets				
Leased Buildings	1,413,001	80,622	383,411	1,110,212
Subscription software	16,646,688	4,059,730	6,074,465	14,631,953
Total right-to-use assets	18,059,689	4,140,352	6,457,876	15,742,165
Total capital assets and right-to-use assets	1,656,394,953	153,685,930	98,230,401	1,711,850,482
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
Less accumulated amortization:				
Leased buildings	1,036,509	276,647	383,411	929,745
Subscription based assets - software	9,135,378	4,721,820	6,074,460	7,782,738
Total accumulated amortization	10,171,887	4,998,467	6,457,871	8,712,483
Capital assets and right-of-use assets - Net	\$ 959,442,279			\$ 1,011,728,218

The estimated additional costs to be incurred for major construction projects in progress and scheduled to begin is approximately \$36.4 million as of June 30, 2026. Construction has begun for a \$5.3 million renovation to the Oaklands. In addition, renovation projects totaling \$7.0 million for Waldo Stadium and Seelye Center were in progress during the year ended June 30, 2026.

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.

Note 6 – Leases (Continued)

Future principal and interest payment requirements related to the University's lease liability at June 30, 2026 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 26,413	\$ 210,178	\$ 236,591
2028	-	188,885	188,885
2029	-	192,167	192,167
2030	-	195,514	195,514
2031	-	198,928	198,928
2032-3041	<u>4,291,092</u>	<u>8,145,954</u>	<u>12,437,046</u>
Total	<u>\$ 4,317,505</u>	<u>\$ 9,131,626</u>	<u>\$ 13,449,131</u>

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, 2026 and 2025, the following amounts are included on the statement of net position:

	<u>2026</u>	<u>2025</u>
Lease receivable	\$ 3,975,074	\$ 3,042,120
Lease-related deferred inflows of resources	3,829,242	2,926,097

Note 6 – Leases (Continued)

During the year ended June 30, 2026 and 2025, the University recognized the following related to its lessor agreements:

	<u>2026</u>	<u>2025</u>
Lease revenue	\$ 443,713	\$ 530,238
Interest income related to its leases	79,327	52,823
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.

Future principal and interest payment requirements related to the University's subscription liability at June 30, 2026 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$ 3,541,802	\$ 198,758	\$ 3,740,560
2028	3,227,897	98,851	3,326,748
2029	533,168	23,510	556,678
2030	219,937	8,777	228,714
2031	115,044	3,075	118,119
Total	<u>\$ 7,637,848</u>	<u>\$ 332,971</u>	<u>\$ 7,970,819</u>

Note 8 – Long Term Obligations

Long-term obligation activity for the year ended June 30, 2026 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	\$ -	\$ 8,455,000	154,170,000	\$ 8,895,000
General Revenue and Refunding Bonds, Series 2021C, with interest at 5.00%, maturing November 15, 2040	31,865,000	-	1,330,000	30,535,000	1,400,000
General Revenue and Refunding Bonds, Series 2021A, with interest at 5.00%, maturing November 15, 2053	50,655,000	-	795,000	49,860,000	835,000
General Revenue Refunding Bonds, Series 2021B, with interest ranging from 0.275% to 2.878%, maturing November 15, 2043	60,495,000	-	2,710,000	57,785,000	2,720,000
General Revenue and Refunding Bonds, Series 2019A, with interest at 5.00%, maturing November 15, 2049	61,095,000	-	1,260,000	59,835,000	1,325,000
General Revenue Bonds, Series 2019B, with interest ranging from 2.29% to 3.77%, maturing November 15, 2049	14,820,000	-	390,000	14,430,000	405,000
General Revenue Bonds, Series 2002B, with interest ranging from 5.25% to 5.42%, maturing November 15, 2032	8,210,000	-	855,000	7,355,000	900,000
Total bonds payable	389,765,000	-	15,795,000	373,970,000	16,480,000
Notes Payable					
Note payable for school of Aviation plane fleet, with an effective rate of 8.00%	15,915,990	-	2,886,183	13,029,807	1,206,821
Total bonds and notes payable	405,680,990	-	18,681,183	386,999,807	17,686,821
Other Long-term Obligations					
Annuities payable	1,129,418	38,109	45,511	1,122,016	-
Charitable remainder trusts payable	2,997,767	258,937	167,455	3,089,249	-
Unamortized bond premiums	40,674,132	-	1,908,751	38,765,381	1,908,751
Accrued compensated absences	10,583,484	-	631,603	9,951,881	-
Lease liability	181,879	4,201,469	65,843	4,317,505	26,413
Subscription Liability	5,161,788	10,877,066	8,401,006	7,637,848	3,541,801
Total long-term obligations	<u>\$ 466,409,458</u>	<u>\$ 15,375,581</u>	<u>\$ 29,901,352</u>	<u>\$ 451,883,687</u>	<u>\$ 23,163,786</u>

Note 8 – Long Term Obligations (Continued)

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	-
Lease liability	386,499	80,622	285,242	181,879	87,316
Subscription liability	5,649,724	4,030,192	4,518,128	5,161,788	3,409,012
Total long-term obligations	\$ 404,390,429	\$ 184,898,758	\$ 122,879,729	\$ 466,409,458	\$ 22,081,893

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
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	19,865,000	13,463,049	33,328,049
2032-2036	73,290,000	56,868,731	130,158,731
2037-2041	69,385,000	41,860,673	111,245,673
2042-2046	61,880,000	26,827,562	88,707,562
2047-2051	50,275,000	13,366,813	63,641,813
2052-2055	28,245,000	2,770,400	31,015,400
Total	<u>\$ 373,970,000</u>	<u>\$ 217,294,240</u>	<u>\$ 591,264,240</u>

Interest expense for the University on all indebtedness was \$16,244,899 and \$15,487,166 for the years ended June 30, 2026 and 2025, 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, 2026 and 2025, the University has drawn \$13,029,807 and \$15,219,454, respectively, 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

Note 9 – Insurance (Continued)

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-

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, 2026 is as follows:

	Liability - Beginning of Year	Claims Incurred, Including Changes in Estimates	Claim Payments	Liability - End of Year
Hospital/Medical claims	\$ 2,087,399	\$ 47,558,265	\$ (46,591,865)	\$ 3,053,799
Workers' compensation claims	651,060	823,102	(1,077,814)	396,348
Long-term disability claims	74,100	822,991	(843,691)	53,400
General liability claims	425,891	(395,218)	447,610	478,283
	<u>\$ 3,238,450</u>	<u>\$ 48,809,140</u>	<u>\$ (48,065,760)</u>	<u>\$ 3,981,830</u>

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
	<u>\$ 3,317,583</u>	<u>\$ 42,677,312</u>	<u>\$ (42,756,445)</u>	<u>\$ 3,238,450</u>

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

Note 10 – Retirement Plans (Continued)

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 majority of eligible employees. Contributions for the years ended June 30, 2026 and 2025 were approximately \$26.9 million and \$20.6 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, 2025, the plan had 804 active retiree medical participants and 1,022 retired retiree medical participants, and the plan had 2,085 active life insurance participants and 1,129 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, 2026 and 2025, the University made payments for postemployment health benefit premiums of \$4,338,724 and \$5,749,675, 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, 2026 total OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation performed as of January 1, 2025, which used update procedures to roll forward the estimated liability to June 30, 2026, the measurement date. The June 30, 2025 total OPEB liability has a measurement date of June 30, 2024, based on an actuarial valuation performed as of January 1, 2024, which used update procedures to roll forward the liability to June 30, 2025.

Note 10 – Retirement Plans (Continued)

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

	Increase (Decrease) Total OPEB Liability	
	2026	2025
Balance as of July 1	\$ 154,637,382	\$ 158,440,167
Changes for the fiscal year:		
Service cost	1,693,700	1,946,606
Interest on the total OPEB liability	6,020,657	5,750,126
Changes of benefit terms	-	-
Differences between expected and actual experience	(3,804,605)	-
Changes of assumptions	(32,092,879)	(5,749,842)
Benefit payments	(6,328,407)	(5,749,675)
Net changes	(34,511,534)	(3,802,785)
Balance as of June 30	\$ 120,125,848	\$ 154,637,382

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93 percent to 5.20 percent as of June 30, 2026 and a change in the discount rate from 3.65 percent to 3.93 percent as of June 30, 2025. The maximum healthcare cost trend rate increased from 7.47 percent as of June 30, 2025 to 9.00 percent as of June 30, 2026. 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 increased from 0 to 10 percent for female employees as of June 30, 2026.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2026 and 2025, the University recognized OPEB recovery of \$4,110,136 and OPEB recovery of \$9,056,862, respectively.

At June 30, 2026 and 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2026		June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 213,683	\$ (6,882,907)	\$ 658,859	\$ (4,917,268)
Changes of assumptions	8,440,041	(50,618,722)	13,413,401	(33,929,906)
Total amortized deferrals	8,653,724	(57,501,629)	14,072,260	(38,847,174)
University contributions subsequent to the measurement date	5,846,940	-	6,328,407	-
Total	\$ 14,500,664	\$ (57,501,629)	\$ 20,400,667	\$ (38,847,174)

Note 10 – Retirement Plans (Continued)

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 total OPEB liability and therefore will not be included in future OPEB expense):

Year Ending	
June 30	Amount
2027	\$ (10,179,312)
2028	(11,613,506)
2029	(12,631,968)
2030	(6,474,450)
2031	(5,970,067)
Thereafter	(1,978,602)
Total	<u>\$ (48,847,905)</u>

Actuarial Assumptions - The total OPEB liability as of June 30, 2025 is based on the results of an actuarial valuation as of January 1, 2025 and rolled forward. 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 was determined using the following actuarial assumptions as of June 30, 2025:

Actuarial cost method	Entry Age Normal, Level Percentage of Pay
Discount rate	5.20%
20-year municipal bond rate	5.20%, 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, 2025.
Salary increases	3.00%
Healthcare participation rate	65.00%
Healthcare Cost Trend Rate	4.0%-9.00%
Mortality basis	PUB-2010 General Employees headcount-weighted Mortality Tables, projected generationally from 2010 with MP-2021

Note 10 – Retirement Plans (Continued)

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 actuarial assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2023 through December 31, 2025 for medical and dental and vision costs were based on Blue Cross Blue Shield renewal rates furnished by the University effective January 1, 2026.

Discount Rate - The discount rate used to measure the total OPEB liability was 5.20 percent and 3.93 percent as of June 30, 2025 and 2024, 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, 2025 and June 30, 2024.

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:

2026		
1.00 percent decrease (4.20 percent)	Current Discount Rate (5.20 percent)	1.00 percent increase (6.20 percent)
\$ 135,753,066	\$ 120,125,848	\$ 107,124,534
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

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:

Note 10 – Retirement Plans (Continued)

2026		
Current Healthcare		
1.00 percent decrease	Cost Trend Rate	1.00 percent increase
\$ 106,452,144	\$ 120,125,848	\$ 136,677,773
2025		
Current Healthcare		
1.00 percent decrease	Cost Trend Rate	1.00 percent increase
\$ 135,162,325	\$ 154,637,382	\$ 178,580,437

Note 11 – Michigan Public School Employees' Retirement System

Plan Description - The University participates in the Michigan Public School Employees' Retirement System (MPERS 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 MPERS, unless they previously were enrolled in the plan at the University, or one of the other six universities that are part of MPERS. 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.

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

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.

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

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

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.

The rates are as follows:

	Pension	OPEB
October 1, 2023 - September 30, 2024	10.94%	1.53%
October 1, 2024 - September 30, 2025	8.70%	1.53%
October 1, 2025 - September 30, 2026	9.75%	3.83%

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, 2026 and 2025 were \$468,923 and \$2,000,139, respectively, which include the University's contributions required for those members with a defined contribution benefit. The State of Michigan allocated \$1,213,970 to the University through Section 236(h) of HB4400 as part of the \$50,360,075 contribution in fiscal year 2025.

The University's required and actual OPEB contributions to the plan for the years ended June 30, 2026 and 2025 were \$160,638 and \$89,255, respectively, which include the University's contributions required for those members with a defined contribution benefit.

Net Pension Asset - At June 30, 2026 and 2025, the University reported an asset of \$31,275,515 and a liability of \$19,666,432, 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, 2025 and 2024 and the total pension asset and liability used to calculate the net pension liability were determined by an actuarial valuation as of September 30, 2024 and 2023, which used updated procedures to roll forward the estimated asset and liability to September 30, 2025 and 2024. 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, 2025, 2024, and 2023 the University's proportion was 22.35 percent, 22.44 percent, and 22.66 percent, respectively, of the universities reporting unit.

Net OPEB Asset - At June 30, 2026 and 2025, the University reported an asset of \$38,253,482 and \$31,240,184, respectively, for its proportionate share of the net OPEB asset as calculated for

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

the universities reporting unit of MPSERS. The net OPEB asset was measured as of September 30, 2025 and 2024 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2024 and 2023, which used updated procedures to roll forward the estimated asset to September 30, 2025 and 2024. 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, 2025, 2024, and 2023, the University’s proportion was 21.90 percent, 22.38 percent, and 20.13 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, 2026 and 2025, the University recognized a pension recovery of \$8,034,080 and \$5,556,820, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

At June 30, 2026 and 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2026		June 30, 2025	
	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	\$ -	\$ (19,920,909)	\$ -	\$ (18,026,113)
Total amortized deferrals	-	(19,920,909)	-	(18,026,113)
University contributions subsequent to the measurement date	350,292	-	1,582,927	-
Total	<u>\$ 350,292</u>	<u>\$ (19,920,909)</u>	<u>\$ 1,582,927</u>	<u>\$ (18,026,113)</u>

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
2027	(3,587,016)
2028	(7,642,275)
2029	(6,673,756)
2030	(2,017,862)
2031	-
Thereafter	-
Total	<u>\$ (19,920,909)</u>

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 \$19,920,909 and \$18,026,113 at June 30, 2026 and 2025, respectively.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2026 and 2025, the University recognized OPEB recovery of \$6,984,585 and \$10,790,112, respectively.

At June 30, 2026 and 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2026		June 30, 2025	
	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	\$ -	\$ (3,299,611)	\$ -	\$ (3,353,570)
Total amortized deferrals	-	(3,299,611)	-	(3,353,570)
University contributions subsequent to the measurement date	137,602	-	64,885	-
Total	<u>\$ 137,602</u>	<u>\$ (3,299,611)</u>	<u>\$ 64,885</u>	<u>\$ (3,353,570)</u>

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
2027	(271,577)
2028	(1,433,096)
2029	(1,248,261)
2030	(346,677)
2031	-
Thereafter	-
Total	<u>\$ (3,299,611)</u>

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2025 and 2024 are based on the results of an actuarial valuation as of September 30, 2024 and 2023, respectively, and rolled forward.

The total pension liability and total OPEB liability were determined using the following actuarial assumptions as of September 30, 2024:

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:	7.75% 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, 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

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, 2024 valuation. The total pension liability and OPEB asset as of Sept. 30, 2025, is based on the results of an actuarial valuation date of Sept. 30, 2024 and rolled forward using generally accepted actuarial procedures, including the experience study.

Significant assumption changes since the prior measurement date, September 30, 2024, for the OPEB plans include an increase in the health care cost trend rate of 0.50 percent for members under 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2024.

Discount Rate - The discount rate used to measure the total pension liability was 6.0 percent as of September 30, 2025 and 2024, respectively. The discount rate used to measure the total OPEB liability was 6.0 percent as of September 30, 2025 and 2024, 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, 2025		September 30, 2024	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	21.0%	5.8%	25.0%	5.3%
Private Equity Pools	16.0%	9.3%	16.0%	9.0%
International Equity Pools	14.0%	5.6%	15.0%	6.5%
Fixed-income Pools	15.0%	2.5%	13.0%	2.2%
Real Estate and Infrastructure Pools	8.0%	7.0%	10.0%	7.1%
Absolute Return Pools	13.0%	4.4%	9.0%	5.2%
Real Return/Opportunistic Pools	9.0%	7.0%	10.0%	6.9%
Short Term Investment Pools	4.0%	1.3%	2.0%	1.4%
Total	100.0%		100.0%	

Sensitivity of the Net Pension Liability (Asset) 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:

2026		
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
\$ (8,682,999)	\$ (31,275,515)	\$ (50,727,502)
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)

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:

2026		
1.00 percent decrease (5.00 percent)	Current Discount Rate (6.00 percent)	1.00 percent increase (7.00 percent)
\$ (36,585,499)	\$ (38,253,482)	\$ (39,705,434)
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)

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:

2026		
Current Healthcare		
1.00 percent decrease	Cost Trend Rate	1.00 percent increase
\$ (39,792,303)	\$ (38,253,482)	\$ (36,545,219)
2025		
Current Healthcare		
1.00 percent decrease	Cost Trend Rate	1.00 percent increase
\$ (33,294,301)	\$ (31,240,184)	\$ (28,939,379)

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, 2026, there was a payable to the pension plan of \$28,361 and a payable to the OPEB plan of \$4,091. At June 30, 2025, the University reported a payable of \$19,970 to the pension plan and a payable of \$812 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 December 2025, the Government Accounting Standards Board issued Statement No. 105, Subsequent Events, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2027.

Required Supplementary Information



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):

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
University's proportion of the universities collective MPSERS net pension liability (asset):										
As a percentage	22.36%	22.44%	22.66%	22.80%	22.81%	22.84%	22.86%	22.78%	22.58%	22.68%
Amount	\$ (31,275,515)	\$ (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
University's covered payroll	\$ 54,645,000	\$ 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
University's proportional share of the collective pension liability (amount), as a percentage of the University's covered payroll	-57.23%	-36.71%	9.95%	141.53%	253.87%	315.13%	315.46%	306.01%	269.08%	272.39%
University-only plan fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%	74.39%	52.26%	43.07%	44.24%	45.87%	47.42%	46.77%

See accompanying notes to required supplementary information.



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):

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 454,482	\$ 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
Contributions in relation to the actuarially determined contractually required contribution	\$ 454,482	\$ 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
Covered payroll	\$ 55,464,675	\$ 54,377,610	\$ 53,310,845	\$ 52,265,395	\$ 51,241,260	\$ 50,236,410	\$ 49,250,845	\$ 48,285,204	\$ 47,746,750	\$ 47,746,612
Contributions as a percentage of covered payroll	0.82%	1.42%	89.97%	146.23%	60.83%	23.04%	22.60%	23.08%	24.44%	18.47%

See accompanying notes to required supplementary information.



Schedule of OPEB Funding Progress

Michigan Public School Employee's Retirement System

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

	2025	2024	2023	2022	2021	2020	2019	2018
University's proportion of the universities collective MPSERS net OPEB liability (asset):								
As a percentage	21.88%	22.38%	20.13%	22.78%	22.79%	22.82%	22.80%	22.80%
Amount	\$(38,253,482)	\$(31,240,184)	\$(17,021,431)	\$ (8,529,507)	\$ (9,774,047)	\$ 9,640,545	\$20,928,583	\$27,048,712
University's covered payroll	\$ 54,645,000	\$ 53,574,000	\$ 52,523,000	\$51,493,000	\$50,484,000	\$49,494,000	\$48,523,000	\$47,571,816
University's proportional share of the collective OPEB liability (amount), as a percentage of the University's covered payroll	-70.00%	-58.31%	-32.41%	-16.56%	-19.36%	19.48%	43.13%	56.86%
University-only plan fiduciary net position as a percentage of the total OPEB liability	143.08%	143.08%	158.96%	121.19%	123.91%	77.20%	61.07%	51.90%

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



Required Supplementary Information

Schedule of OPEB Contributions

Michigan Public School Employee's Retirement System

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

	2026	2025	2024	2023	2022	2021	2020	2019
Statutorily required OPEB contributions	\$ 155,925	\$ 86,514	\$ 88,460	\$ 981,078	\$ 2,535,419	\$ 2,606,741	\$ 2,888,952	\$ 2,888,696
OPEB contributions in relation to the actuarially determined contractually required contribution	\$ 155,925	\$ 86,514	\$ 88,460	\$ 981,078	\$ 2,535,419	\$ 2,606,741	\$ 2,888,952	\$ 2,888,696
Covered payroll (OPEB)	\$ 55,464,675	\$ 54,377,610	\$ 53,310,845	\$ 52,265,395	\$ 51,241,260	\$ 50,236,410	\$ 49,250,845	\$ 48,285,204
OPEB contributions as a percentage of covered payroll	0.28%	0.16%	0.17%	1.88%	4.95%	5.19%	5.87%	5.98%

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



Required Supplementary Information

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):

	2026	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability								
Service cost	\$ 1,693,700	\$ 1,946,606	\$ 2,043,731	\$ 3,495,376	\$ 4,939,533	\$ 3,854,859	\$ 4,577,061	\$ 4,774,226
Interest cost	6,020,657	5,750,126	5,511,166	4,458,313	4,807,466	6,283,147	7,283,275	6,827,765
Changes of benefit terms	-	-	-	(13,532,226)	-	-	-	-
Differences between expected and actual experiences	(3,804,605)	-	(2,940,366)	-	(4,810,345)	(1,471,296)	3,329,915	-
Changes of assumptions	(32,092,879)	(5,749,842)	3,585,766	(36,788,535)	(8,383,430)	33,135,407	(18,120,506)	(8,469,080)
Benefit payments	(6,328,407)	(5,749,675)	(6,739,472)	(7,085,333)	(5,399,210)	(4,338,724)	(5,699,240)	(5,223,162)
Net change in total OPEB liability	(34,511,534)	(3,802,785)	1,460,825	(49,452,405)	(8,845,986)	37,463,393	(8,629,495)	(2,090,251)
Total OPEB liability (beginning)	154,637,382	158,440,167	156,979,342	206,431,747	215,277,733	177,814,340	186,443,835	188,534,086
Total OPEB liability (ending)	\$ 120,125,848	\$ 154,637,382	\$ 158,440,167	\$ 156,979,342	\$ 206,431,747	\$ 215,277,733	\$ 177,814,340	\$ 186,443,835
Covered-employee payroll	\$ 181,870,227	\$ 163,749,951	\$ 163,749,951	\$ 159,058,516	\$ 159,058,516	\$ 176,159,000	\$ 176,159,000	\$ 157,594,000
Total OPEB liability as a percentage of payroll	66.05%	94.44%	96.76%	98.69%	129.78%	122.21%	100.94%	118.31%

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:

- 2025 The healthcare cost trend rate used in the September 30, 2025 actuarial valuation increase by 0.50 percent for members under 65.
- 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:

- 2026 The discount rate used in the June 30, 2025 actuarial valuation increased from 3.93 percent to 5.20 percent. The percentage of female employees assumed to elect spouse coverage at retirement was increased from 0 percent to 10 percent. The maximum healthcare cost trend rate increased from 7.47 percent as of June 30, 2025 to 9.00 percent as of June 30, 2026.
- 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.