UNIVERSITY OF MINNESOTA

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# 2025 Annual Financial Report

**Financial Statements**
as of and for the Years Ended June 30, 2025 and 2024,
Independent Auditor's Reports, and Management's Discussion and Analysis

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# INDEPENDENT AUDITORS' REPORT

The Board of Regents
University of Minnesota
Minneapolis, Minnesota

## Report on the Audit of the Financial Statements

### *Opinions*

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University of Minnesota, as of June 30, 2025 and 2024, and the respective changes in 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.

We did not audit the financial statements of the discretely presented component unit, the University of Minnesota Foundation (the Foundation) for the year ended June 30, 2025, which represents 94% of the assets, 98% of net assets and 45% of revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of other auditors.

### *Basis for Opinions*

We conducted our audit 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 Auditors' Responsibilities for the Audit 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 audit. 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 the University of Minnesota Foundation and the University of Minnesota Physicians, the discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

### *Emphasis of Matter*

As discussed in note 16 to the financial statements, the 2024 financial statements of the aggregate discretely presented component units have been restated to properly reflect unrestricted and restricted net assets of the University of Minnesota Foundation. Our opinion is not modified with respect to this matter.

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***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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit 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 auditors' 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 an audit 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Employer's Contributions for other Postemployment Benefits, the Schedule of Changes in Total Other Postemployment Benefits Liability, the Schedules of the Employer's Share of Net Pension Liability, and the Schedules of Employer's Contributions for Pensions 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 who 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 GAAS, 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 audit 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 Information***

Management is responsible for the other information included in the annual report. The other information comprises the "About the University of Minnesota" section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the 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 University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
November 7, 2025

# INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Regents
University of Minnesota
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Minnesota (the "University"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 7, 2025. Our report includes a reference to other auditors who audited the financial statements of the University of Minnesota Foundation, a discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the University of Minnesota University Foundation and University of Minnesota Physicians, the discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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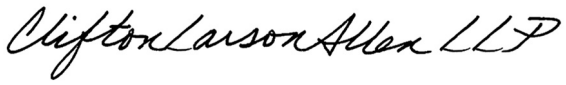
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota
November 7, 2025

**About the University of Minnesota**
(Unaudited)

The University of Minnesota (University) was founded in 1851 and has five campuses, as well as research and outreach centers, and extension service offices throughout the State of Minnesota (State).

The University is both the State's land-grant university, with a strong tradition of education and public service, and a major research institution, with faculty of national and international reputation.

The University is one of only five universities in the nation with an engineering school, a medical school, a law school, a veterinary medicine school, and an agricultural school all on one campus.

The University is among the top ten public research institutions nationally. The University is the State's major research institution with research expenditures of approximately $1.3 billion, $1.1 billion, and $953.1 million in fiscal years 2025, 2024, and 2023, respectively, for research under various programs funded by governmental and private sources. Governmental and private sources also funded research activities with expenditures included in both Instruction and Public Service.

### Twin Cities Campus

The Twin Cities campus is the flagship for the University system, with enrollment of approximately 56,700 students. The Twin Cities campus is among the nation's top public research universities, with award-winning faculty, state-of-the-art facilities, and world-class academics.

### Duluth Campus

The Duluth campus is a comprehensive, highly ranked regional research and liberal arts university that offers instruction through the doctoral degree and has a global reputation for research in natural and freshwater resources. The Duluth campus consistently ranks among the top Midwestern regional universities with student enrollment of approximately 9,200 students.

### Crookston Campus

The Crookston campus is known for its focus on experiential learning and is one of the nation's pioneers in online and distance education with a student enrollment of approximately 2,600 students.

### Morris Campus

The Morris campus is ranked as one of the top public liberal arts colleges in the nation and is a leader in environmental sustainability and diversity. The Morris campus focuses on undergraduate programs with a student enrollment of approximately 1,000 students.

### Rochester Campus

The Rochester campus is focused on meeting the educational needs of students in the southeastern Minnesota area at the upper division undergraduate and post-baccalaureate levels and conducts research

in the areas of health sciences and biotechnology. The Rochester campus has a student enrollment of approximately 600 students.

## Mission

The University's mission is carried out on multiple campuses and throughout the State and consists of the following:

- Research and Discovery—To generate and preserve knowledge, understanding, and creativity by conducting high quality research, scholarship, and artistic activities that benefit students, scholars, and communities across the State, the nation, and the world.

- Teaching and Learning—To share that knowledge, understanding, and creativity by providing a broad range of educational programs in a strong and diverse community of learners and teachers, and to prepare graduate, professional, and undergraduate students, as well as non-degree-seeking students interested in continuing education and lifelong learning, for active roles in a multiracial and multicultural world.

- Outreach, Clinical Care, and Public Service—To extend, apply, and exchange knowledge between the University and society by applying scholarly expertise to community problems, by helping organizations and individuals respond to their changing environments, and by making the knowledge and resources created and preserved at the University accessible to the citizens of the State, the nation, and the world.

The University conducts its mission activities at its campuses and other facilities throughout the State. Each year, the University:

- provides instruction for approximately 70,100 students;

- graduates approximately 15,700 students, 23 percent with graduate or first professional degrees on the Twin Cities campus;

- conducts research sponsored by the National Institutes of Health, the National Science Foundation, other federal, state, and governmental agencies, and numerous private companies and foundations;

- reaches out to more than one million Minnesotans through various outreach and public service activities.

## Board of Regents of the University of Minnesota

The Board of Regents (the Board) articulates a vision for the University and works to ensure the University fulfills its mission of education, research, and outreach. The 12 members of the Board each serve for a six-year term. Every two years, one-third of the Board seats are up for election. A joint convention of the State legislature elects one Regent from each of the State's eight congressional districts and four from the State at large. One of the four at-large Regents must be a University student at the time of election.

**Management's Discussion and Analysis**
(Unaudited)

This discussion and analysis of the University's financial statements provides an overview of the financial position and activities of the University as of and for the years ended June 30, 2025, 2024, and 2023. The discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying Notes.

## Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). The financial statements required under these reporting standards include the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. All are reported on a consolidated basis for the University as a whole. Also required are the financial results of the University's discretely presented component units.

The University records a net pension liability in accordance with GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27 and GASB Statement No. 71 (GASB 71), Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68, which represents accounting and reporting standards only. The State has not enacted any law that requires the University to assume the liability, as a participant of the pension plans, in the event the State were unable to continue paying benefits from the retirement plans. The required recording of the deferred outflows of resources, deferred inflows of resources, net pension liability, and related expenses are recorded on the University's financial statements, but have no impact to the funding provisions, nature and amount of benefits, or actual cash flows of the University. For additional information refer to the respective sections below, as well as Note 9, Pension and Other Employee Benefit Plans, GASB 68, and GASB 71.

## Financial Highlights

The University continued to see increases in revenues related to grants from federal and state sources, as well as nongovernmental sources. Auxiliary enterprises revenues have increased year-over-year as University performances, student housing and services fee rates, enrollment and attendance.

The University's financial position remains strong with assets of $9.1 billion, an increase of $414.3 million from fiscal year 2024. Liabilities decreased $3.4 million from fiscal year 2024 to $3.0 billion. The University's net position, the difference between total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources, increased to $5.8 billion as of June 30, 2025, compared to $5.5 billion as of June 30, 2024. The University's net position increased $366.7 million in fiscal year 2025 compared to an increase of $215.5 million in fiscal year 2024, reflecting continued solid financial results.

The University experienced an increase in total operating revenue for fiscal year 2025 of $137.0 million or 4.9 percent due to increases in grants and contracts, as well as auxiliary enterprises and student tuition and fees. Total operating expenses increased for fiscal year 2025 by $213.8 million or 4.9 percent due primarily to $136.0 million in additional compensation expense as a result of increases in full-time equivalents,

salary, merit increases. Nonoperating revenues increased $194.4 million or 10.9 percent due to increases in net investment gain, grants, gifts and other nonoperating revenues. Net investment gain increased $166.4 million in 2025, and grants and gifts and other nonoperating revenue increased $37.8 million.

Dollar amounts in the following discussion are presented in thousands, unless otherwise noted.

## Statements of Net Position

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2025, 2024, and 2023 is summarized in the table below:

| Statements of net position | 2025 ($) | 2024 ($) | 2023 ($) |
|---|---|---|---|
| **Assets** | | | |
| Current assets | 1,817,672 | 1,484,745 | 1,391,402 |
| Noncurrent assets, excluding capital assets | 3,977,535 | 3,911,493 | 3,947,860 |
| Capital assets, net | 3,340,495 | 3,325,157 | 3,315,278 |
| **Total assets** | 9,135,702 | 8,721,395 | 8,654,540 |
| **Deferred outflows of resources** | 158,912 | 183,302 | 224,875 |
| **Liabilities** | | | |
| Current liabilities, excluding long-term debt | 770,181 | 636,287 | 577,054 |
| Noncurrent liabilities, excluding long-term debt | 348,219 | 486,114 | 581,236 |
| Long-term debt | 1,845,292 | 1,844,676 | 1,991,735 |
| **Total liabilities** | 2,963,692 | 2,967,077 | 3,150,025 |
| **Deferred inflows of resources** | 483,338 | 456,772 | 464,030 |
| **Net position** | | | |
| Unrestricted | 1,879,818 | 1,614,411 | 1,579,690 |
| Restricted—expendable | 1,998,508 | 1,932,498 | 1,787,246 |
| Restricted—nonexpendable | 338,723 | 327,466 | 325,535 |
| Net investment in capital assets | 1,630,535 | 1,606,473 | 1,572,889 |
| **Total net position** | 5,847,584 | 5,480,848 | 5,265,360 |

## Assets

Current assets are used to support current operations and consist primarily of cash and cash equivalents, receivables, net, and short-term investments.

Noncurrent assets consist primarily of investments, capital assets net of accumulated depreciation, and student loan receivables, net.

The following schedule summarizes the University's current and noncurrent assets as of June 30, 2025, 2024, and 2023:

| Current and noncurrent assets | 2025 ($) | 2024 ($) | 2023 ($) | $ change from 2024 to 2025 | % change from 2024 to 2025 | $ change from 2023 to 2024 | % change from 2023 to 2024 |
|---|---|---|---|---|---|---|---|
| **Current assets** | | | | | | | |
| Cash and cash equivalents | 983,577 | 492,082 | 544,510 | 491,495 | 99.9% | (52,428) | -9.6% |
| Receivables, net | 538,107 | 512,413 | 490,183 | 25,694 | 5.0% | 22,230 | 4.5% |
| Investments | 250,831 | 434,152 | 313,477 | (183,321) | -42.2% | 120,675 | 38.5% |
| Other assets | 45,157 | 46,098 | 43,232 | (941) | -2.0% | 2,866 | 6.6% |
| **Total current assets** | 1,817,672 | 1,484,745 | 1,391,402 | 332,927 | 22.4% | 93,343 | 6.7% |
| **Noncurrent assets** | | | | | | | |
| Capital assets, net | 3,340,495 | 3,325,157 | 3,315,278 | 15,338 | 0.5% | 9,879 | 0.3% |
| **Other noncurrent assets** | | | | | | | |
| Cash and cash equivalents & other assets | 262,125 | 139,270 | 149,580 | 122,855 | 88.2% | (10,310) | -6.9% |
| Receivables, net | 323,463 | 346,699 | 380,428 | (23,236) | -6.7% | (33,729) | -8.9% |
| Investments | 3,391,947 | 3,425,524 | 3,417,852 | (33,577) | -1.0% | 7,672 | 0.2% |
| **Total other noncurrent assets** | 3,977,535 | 3,911,493 | 3,947,860 | 66,042 | 1.7% | (36,367) | -0.9% |
| **Total assets** | 9,135,702 | 8,721,395 | 8,654,540 | 414,307 | 4.8% | 66,855 | 0.8% |

As of June 30, 2025, total assets increased $414.3 million primarily due to increases in cash and cash equivalents, and capital assets, net, offset by decreases in investments. As of June 30, 2024, total assets increased $66.9 million primarily due to increases in investments and capital assets, net, offset by decreases in cash and cash equivalents and receivables, net. Noncurrent cash and cash equivalents consist of unspent bond proceeds of $255.5 million and $132.2 million as of June 30, 2025 and 2024, respectively. Invested unspent bond proceeds of $134.3 million and $288.3 million as of June 30, 2025 and 2024, respectively, are included in noncurrent investments. Capital assets, net increased $15.3 million and $9.9 million in 2025 and 2024, respectively, primarily due to increases in land acquisitions, equipment purchases, and building renovations, partially offset by continued depreciation of buildings in service and disposals of equipment assets. Refer to Note 4, Capital Assets, for additional information.

## Capital Assets and Related Debt Activities

Capital additions totaled $305.6 million, $276.4 million, and $215.9 million in fiscal years 2025, 2024, and 2023, respectively. Fiscal year 2025 spending included capital equipment purchases totaled $78.4 million, and various on-going construction projects totaled $187.2 million. Capital project spending continuing in fiscal year 2026 is projected to be approximately $219.2 million. Fiscal year 2024 spending included real property purchases totaled $17.7 million, capital equipment purchases totaled $78.4 million, and various on-going construction projects totaled $123.9 million. See Note 4, Capital Assets, for more detailed information.

Capital spending is mainly financed by a combination of state capital appropriations, University-issued debt, revenues generated by University departments, and donor gifts, depending on the specific capital project.

The University structures debt so that principal is mostly paid annually, which frees up capacity to issue new debt. The University also utilizes a commercial paper program. Prior to June 2025 the aggregate principal amount outstanding under the commercial paper program was not to exceed $400,000. The Board, through a Resolution of the Board of Regents dated June 12, 2025, authorized the increase of the aggregated principal amount outstanding of the commercial paper program from not to exceed $400,000 to not to exceed $700,000. The rating agencies factor in the maximum authorization when determining ratings, even when the outstanding commercial paper is less than the maximum authorized amount.

Fiscal year 2025 debt activity included the issuances of Commercial Paper Tax-exempt Notes Series H and Commercial Paper Taxable Notes Series I. Fiscal year 2024 debt activity included the issuances of the General Obligation (GO) bonds, Series 2024A and 2024B, and Commercial Paper Taxable Notes Series I. Refer to Note 8, Debt, for additional information.

The University's long-term debt is rated Aa1 by Moody's Investors Service (Moody's) and AA/Stable by S&P Global Ratings (S&P) – ratings which indicate high quality debt and results in strong demand and competitive pricing in the marketplace for University bonds.

## Deferred Outflows of Resources

Deferred outflows of resources are items that result in the outflow of net position in the current reporting period for activities applicable to a future reporting period. As of June 30, 2025, the deferred outflows of resources decreased $24.4 million compared to June 30, 2024, primarily due to the balances and related activity of the University's net pension liability related to the State retirement plans. As of June 30, 2024, the deferred outflows of resources decreased $41.6 million compared to June 30, 2023, primarily due to the balances and related activity of the University's net pension liability related to the State retirement plans. Refer to Note 9, Pension and Other Employee Benefit Plans, for additional information related to State retirement pension plans.

## Liabilities

Current liabilities are obligations that are expected to become due and payable during the next fiscal year. Current liabilities consist primarily of accounts payable and accrued liabilities including salaries and compensation-related expenditures, unearned income and the current portion of long-term debt. Current unearned income is comprised of revenue related to summer session tuition and fees deferred to the following fiscal year, and funds received in advance of expenditures on sponsored accounts.

Noncurrent liabilities consist primarily of accrued liabilities (including the net pension liability and OPEB liability), notes payable, lease liabilities, and bonds payable (long-term debt).

The following schedule summarizes the University's current and noncurrent liabilities as of June 30, 2025, 2024, and 2023:

| Current and noncurrent liabilities | 2025 ($) | 2024 ($) | 2023 ($) | $ change from 2024 to 2025 | % change from 2024 to 2025 | $ change from 2023 to 2024 | % change from 2023 to 2024 |
|---|---|---|---|---|---|---|---|
| **Current liabilities** | | | | | | | |
| Accounts payable | 343,057 | 226,294 | 136,597 | 116,763 | 51.6% | 89,697 | 65.7% |
| Accrued liabilities and other | 352,738 | 347,865 | 373,534 | 4,873 | 1.4% | (25,669) | -6.9% |
| Unearned income | 74,386 | 62,128 | 66,923 | 12,258 | 19.7% | (4,795) | -7.2% |
| Long-term debt | 357,924 | 286,638 | 347,086 | 71,286 | 24.9% | (60,448) | -17.4% |
| **Total current liabilities** | 1,128,105 | 922,925 | 924,140 | 205,180 | 22.2% | (1,215) | -0.1% |
| **Noncurrent liabilities** | | | | | | | |
| Accrued liabilities and other | 342,228 | 480,053 | 574,815 | (137,825) | -28.7% | (94,762) | -16.5% |
| Unearned income | 5,991 | 6,061 | 6,421 | (70) | -1.2% | (360) | -5.6% |
| Long-term debt | 1,487,368 | 1,558,038 | 1,644,649 | (70,670) | -4.5% | (86,611) | -5.3% |
| **Total noncurrent liabilities** | 1,835,587 | 2,044,152 | 2,225,885 | (208,565) | -10.2% | (181,733) | -8.2% |
| **Total liabilities** | 2,963,692 | 2,967,077 | 3,150,025 | (3,385) | -0.1% | (182,948) | -5.8% |

As of June 30, 2025, total liabilities decreased $3.4 million primarily due to a decrease in accrued liabilities of $133.0 million. This balance decreased due to a decrease in the Net Pension Liability from $140.5 million to $14.8 million as a result of pension actuarial assumption changes, offset by an increase in accounts payable of $116.8 million. The increase in accounts payable was primarily due an increase unsettled brokerage trades. As of June 30, 2024, total liabilities decreased $182.9 million primarily due to a decrease in accrued liabilities of $104.6 million, as a result of pension actuarial assumption changes.

The University's long-term debt represents 62.3 percent of total liabilities or $1.8 billion as of June 30, 2025 as compared to 62.2 percent of total liabilities or $1.8 billion as of June 30, 2024. Long-term debt increased $0.6 million or 0.03 percent in 2025 and decreased $147.1 million or 7.4 percent in 2024. The University issued Commercial Paper Notes in the amount of $137.0 million and $80.0 million in fiscal year 2025 and fiscal year 2024, respectively. The University issued GO Bonds in the amount of $0 and $80.0 million, respectively, in fiscal year 2025 and 2024. Additions from fiscal year 2025 issuances were offset by $136.4 million in payments of outstanding debt, refunding, and normal amortization of the bonds, premiums, and discounts. Additions from fiscal year 2024 issuances were offset by $377.6 million in payments of outstanding debt, refunding, and normal amortization of the bonds, premiums, and discounts. Refer to Note 8, Debt, for additional information.

## Deferred Inflows of Resources

Deferred inflows of resources are items that result in the inflow of net position in the current reporting period for activities applicable to a future reporting period. As of June 30, 2025, the deferred inflows of resources increased $26.6 million compared to June 30, 2024, primarily due to increases in the balances and related activity of the University's net pension liability related to the State retirement plan offset by a decrease in the gain on refunding or defeasance of debt. As of June 30, 2024, the deferred inflows of resources decreased $7.3 million compared to June 30, 2023, primarily due to a decrease in the balances and related activity of the University's leases where the University is the lessor partially offset by increases

in the balances and related activity of the University's net pension liability related to the State retirement plan. Refer to Note 9, Pension and Other Employee Benefit plans, for additional information related to State retirement pension plans and Note 8, Debt, for additional information related to the University's debt.

## Net Position

Net position represents the residual value of the University's assets and deferred outflows of resources, after deducting liabilities and deferred inflows of resources and consists of the following three classifications:

- Unrestricted net position—Includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital or endowment purposes. These assets are available for any lawful purpose of the University and include resources that may be designated for specific purposes as determined by management or the Board.

- Restricted net position, which is divided into two categories—

    - Expendable assets are available for expenditure by the University, but only in accordance with restrictions placed on their use by donors and other external entities.

    - Nonexpendable assets are also externally restricted, but are required to be retained in perpetuity, including the University's true endowments and institutional contributions to refundable loan programs.

- Net investment in capital assets—Includes property, plant, and equipment, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to these capital assets.

The following schedule summarizes the University's net position as of June 30, 2025, 2024, and 2023:

| Net position | 2025 ($) | 2024 ($) | 2023 ($) | $ change from 2024 to 2025 | % change from 2024 to 2025 | $ change from 2023 to 2024 | % change from 2023 to 2024 |
|---|---|---|---|---|---|---|---|
| Unrestricted | 1,879,818 | 1,614,411 | 1,579,690 | 265,407 | 16.4% | 34,721 | 2.2% |
| Restricted: | | | | | | | |
| Expendable | 1,998,508 | 1,932,498 | 1,787,246 | 66,010 | 3.4% | 145,252 | 8.1% |
| Nonexpendable | 338,723 | 327,466 | 325,535 | 11,257 | 3.4% | 1,931 | 0.6% |
| Net investment in capital assets | 1,630,535 | 1,606,473 | 1,572,889 | 24,062 | 1.5% | 33,584 | 2.1% |
| **Total net position** | 5,847,584 | 5,480,848 | 5,265,360 | 366,736 | 6.7% | 215,488 | 4.1% |

The University's net position increased $366.7 million and $215.5 million in fiscal year 2025 and 2024, respectively. The University's unrestricted net position increased $265.4 million in fiscal year 2025. The unrestricted net position increase in fiscal year 2025 was mainly driven by the market value increase in unrestricted endowments of $126.8 million and an increase in the pension adjustment of $42.7 million. The University's restricted expendable net position increased $66.0 million in fiscal year 2025 due to an increase in restricted expendable endowments of $54.5 million. In fiscal year 2025, the University's net

investment in capital assets increased $24.1 million primarily due to a net increase in capital assets. The University's unrestricted net position increased $34.7 million in fiscal year 2024. The unrestricted net position increase was driven by the market value increase in unrestricted endowments of $56.4 million and an increase in nonoperating revenue offset by a decrease in net position due to operating results. The University's restricted expendable net position increased $145.3 million in fiscal year 2024 due to an increase in state and federal financial aid grants and a restricted legal settlement. In fiscal year 2024, the University's net investment in capital assets increased $33.6 million primarily due to a net increase in capital assets, offset by increases in capital debt used to acquire such assets.

## Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the University's operating, nonoperating, capital, and endowment related financial activity during the year. This statement differentiates between operating and nonoperating revenues and expenses, and it displays the net income or loss from operations.

## Total Operating Revenues

Operating revenues are those generated by the University's principal ongoing operations such as tuition, sponsored research grants and contracts, and sales and services provided by the University's educational and self-supporting auxiliary units. State appropriations are reported as nonoperating revenues, as are gifts and other revenues, for which the University does not give equal value in exchange for the resources received. Operating revenues increased 4.9 percent in fiscal year 2025 and increased 3.4 percent in fiscal year 2024. Operating revenues accounted for 58.6 percent, 60.1 percent, and 65.3 percent of total revenues for fiscal years 2025, 2024, and 2023, respectively.

The following schedule summarizes the University's Operating, Nonoperating, and Other revenue for the years ended June 30, 2025, 2024, and 2023:

| Operating, nonoperating and other revenue | 2025 ($) | 2024 ($) | 2023 ($) | $ change from 2024 to 2025 | % change from 2024 to 2025 | $ change from 2023 to 2024 | % change from 2023 to 2024 |
|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | |
| Grants and contracts | 1,371,923 | 1,308,553 | 1,256,184 | 63,370 | 4.8% | 52,369 | 4.2% |
| Student tuition and fees, net | 818,753 | 798,887 | 794,652 | 19,866 | 2.5% | 4,235 | 0.5% |
| Auxiliary enterprises, net | 561,847 | 518,684 | 494,290 | 43,163 | 8.3% | 24,394 | 4.9% |
| Educational activities | 176,184 | 179,576 | 168,134 | (3,392) | -1.9% | 11,442 | 6.8% |
| Other operating revenue | 14,057 | 114 | 177 | 13,943 | 12230.7% | (63) | -35.6% |
| **Total operating revenues** | 2,942,764 | 2,805,814 | 2,713,437 | 136,950 | 4.9% | 92,377 | 3.4% |
| **Nonoperating revenues** | | | | | | | |
| Federal appropriations | 19,994 | 20,227 | 18,541 | (233) | -1.2% | 1,686 | 9.1% |
| State appropriations | 787,118 | 796,758 | 716,341 | (9,640) | -1.2% | 80,417 | 11.2% |
| Grants, gifts, & other nonoperating, net | 769,767 | 731,936 | 533,565 | 37,831 | 5.2% | 198,371 | 37.2% |
| Net investment gain | 394,208 | 227,812 | 109,829 | 166,396 | 73.0% | 117,983 | 107.4% |
| **Total nonoperating revenues** | 1,971,087 | 1,776,733 | 1,378,276 | 194,354 | 10.9% | 398,457 | 28.9% |
| **Total other revenues** | 112,540 | 85,367 | 60,614 | 27,173 | 31.8% | 24,753 | 40.8% |
| **Total revenues (noncapital)** | 5,026,391 | 4,667,914 | 4,152,327 | 358,477 | 7.7% | 515,587 | 12.4% |

Total revenues increased in fiscal year 2025 by $358.5 million primarily due to an increase in net investment gain and grants, gifts, and other nonoperating, net in nonoperating revenues, and increases in operating grants and contracts, student tuition, and auxiliary enterprises, net revenue in operating revenue. Operating revenues increased $137.0 million or 4.9 percent mainly due to increases in grants and contracts, auxiliary enterprises, net, and student tuition and fees, net. Revenues from grants and contracts increased $63.4 million due to new and existing federal, state, and non-governmental awards. Revenues from auxiliary enterprises, net increased $43.2 million due to higher enrollment, student services fees, and room and board rate increases. Revenues from student tuition increased $19.9 million due to tuition increases and increased enrollment. Total revenues increased in fiscal year 2024 by $515.6 million primarily due to an increase in net investment gain, grants, gifts, and state appropriations in nonoperating revenues, and increases in operating grants and contracts, and auxiliary enterprises, net revenue. Operating revenues increased $92.4 million or 3.4 percent mainly due to increases in grants and contracts, auxiliary enterprises, net, and educational activities. Revenues from grants and contracts increased $52.4 million due to new and existing federal, state, and non-governmental awards. Revenues from auxiliary enterprises, net increased $24.4 million due to athletics and room and board increases. Revenues from educational activities increased $11.4 million due to patent license fees, and external sales.

In fiscal year 2025, nonoperating revenues increased $194.4 million or 10.9 percent due to increases in net investment gain, grants, gifts and other nonoperating revenues. Net investment gain increased $166.4 million in 2025, and grants and gifts, and other nonoperating revenues increased $37.8 million. In fiscal year 2024, nonoperating revenues increased $398.5 million or 28.9 percent due to increases in net investment gain, grants, gifts and other nonoperating revenues, and state appropriations. Net investment gain increased $118.0 million in 2024, and grants and gifts, and other nonoperating revenues increased

$198.4 million. Significant within the $198.4 million increase in 2024 was a $39.8 million gain on the sale of land to Meta and a $100.0 million UCare legal settlement.

For the year ended June 30, 2025, other revenues, which consist of capital appropriations and capital endowments gifts and grants, increased $27.2 million or 31.8 percent and $24.8 million or 40.8 percent in fiscal year 2025 and fiscal year 2024, respectively. Capital appropriation revenue is received as project expenses are incurred. The University experienced increases in capital projects resulting in an increase of capital appropriation during fiscal year 2025. The University experienced increases to capital projects resulting in an increase of capital appropriation and grant revenue and increases in capital gifts and permanent endowments during fiscal year 2024.

## Total Operating Expenses

The following schedule summarizes the University's operating expenses by functional category for the years ended June 30, 2025, 2024, and 2023:

| Operating expenses by functional category | 2025 ($) | 2024 ($) | 2023 ($) | $ change from 2024 to 2025 | % change from 2024 to 2025 | $ change from 2023 to 2024 | % change from 2023 to 2024 |
|---|---|---|---|---|---|---|---|
| **Education and general** | | | | | | | |
| Instruction | 930,735 | 896,375 | 831,791 | 34,360 | 3.8% | 64,584 | 7.8% |
| Research | 1,090,352 | 1,051,959 | 953,072 | 38,393 | 3.6% | 98,887 | 10.4% |
| Public service | 371,089 | 350,016 | 299,880 | 21,073 | 6.0% | 50,136 | 16.7% |
| Academic support | 592,085 | 569,979 | 493,082 | 22,106 | 3.9% | 76,897 | 15.6% |
| Student services | 165,691 | 159,482 | 143,828 | 6,209 | 3.9% | 15,654 | 10.9% |
| Institutional support | 407,179 | 356,785 | 305,875 | 50,394 | 14.1% | 50,910 | 16.6% |
| Operation and maintenance of plant | 334,050 | 319,614 | 280,675 | 14,436 | 4.5% | 38,939 | 13.9% |
| Scholarships and fellowships | 79,926 | 70,530 | 64,370 | 9,396 | 13.3% | 6,160 | 9.6% |
| Depreciation and amortization | 265,102 | 258,080 | 245,832 | 7,022 | 2.7% | 12,248 | 5.0% |
| **Total education and general** | 4,236,209 | 4,032,820 | 3,618,405 | 203,389 | 5.0% | 414,415 | 11.5% |
| **Other operating expenses** | | | | | | | |
| Auxiliary enterprises | 359,385 | 348,945 | 318,143 | 10,440 | 3.0% | 30,802 | 9.7% |
| Other operating expenses, net | 2 | 12 | 21 | (10) | -83.3% | (9) | -42.1% |
| **Total other operating expenses** | 359,387 | 348,957 | 318,164 | 10,430 | 3.0% | 30,793 | 9.7% |
| **Total operating expenses** | 4,595,596 | 4,381,777 | 3,936,569 | 213,819 | 4.9% | 445,208 | 11.3% |

Total operating expenses increased $213.8 million or 4.9 percent in fiscal year 2025 compared to an increase of $445.2 million or 11.3 percent in fiscal year 2024. Across almost all functional categories, salaries and compensation-related expenditures continued to represent the most significant expense to the University at $3.0 billion or 65.6 percent, $2.9 billion or 65.8 percent, and $2.5 billion or 64.4 percent of operating expenses in fiscal years 2025, 2024, and 2023, respectively. See Note 14, Operating Expenses by Natural Classification, for additional information. Compensation related expenditures increased $136.0 million or 4.7 percent in 2025, and increased $340.8 million or 13.4 percent in 2024, and increased $380.7 million or 17.6 percent in fiscal year 2023. The fiscal year 2025 increase is primarily due to the $126.8 million increase in salary. The fiscal year 2024 increase is due to the actuarial driven calculation for pension expense of $120.4 million and $149.3 million increase in salary. Most functional categories experienced

increases primarily as the result of increases in compensation. Non compensated related expenditures in fiscal year 2025 increased $61.5 million or 5.2 percent compared to fiscal year 2024 which increased $36.9 million or 3.4 percent.

## Investing Activities

The University's endowment funds are invested to preserve the inflation-adjusted value of the endowment and to maximize total return within acceptable risk parameters. These objectives are assessed over a full market cycle, usually five to ten years, and monitored over shorter-term time periods by comparing the risk and return posture of the endowment to a globally diversified mix of representative private and public equity and fixed income proxies.

Investments supporting long-term endowments, as well as other investment pools had investment income, net of unrealized gains of $394.2 million, $227.8 million, and $109.8 million, in fiscal years 2025, 2024, and 2023 respectively. The Consolidated Endowment Fund (CEF) and Group Income Pool (GIP) supported annual income distributions to departments in the amounts of $99.0 million, $90.9 million, and $82.5 million in fiscal years 2025, 2024, and 2023 respectively. The income distribution amounts are primarily from the CEF pool, in the amounts of $97.3 million, $89.1 million, and $80.6 million in fiscal years 2025, 2024, and 2023, respectively.

To provide a relatively stable level of support for endowed programs, a specified percentage rate based on a five-year, moving-average market value of the endowment is distributed each year. These distributions provide funds for a variety of purposes, including instructional needs, research activities, scholarships, and academic support. An endowment spending policy requires balancing current needs with the long-term focus of the institution. The CEF distribution rate was 4.5 percent in fiscal years 2024, 2023, and 2022.

## Factors Affecting Future Financial Position and/or Results of Operations

The University is the flagship and research institution of higher education in the State. Its academic quality attracts record numbers of applications, a diversified mix of revenue streams augment tuition and State support, and the University continues to enjoy a strong credit rating, which enables a low cost of borrowing. Maintaining these competitive advantages is more important than ever to the overall results of operations. In addition, current levels of support may be at risk if unfavorable changes occur in State and federal policy, a downturn in U.S. and world economic conditions or other factors occur that might negatively impact the University's revenues and expenses.

*Strong state support* – Continued strong State support is an important component of future fiscal health for the University. During the 2025 legislative session, the Governor and Legislature did not fund the University's operating budget request, choosing instead to hold the appropriation flat in the face of a projected state budget deficit. The University's two-year biennial operating base appropriation remains at approximately $1.34 billion.

During the 2025 legislative session, the Governor and Legislature approved $68.0 million in future capital funding to the University, consisting of $60.0 million in Higher Education Asset Preservation and Replacement funds and $8 million in Transportation funds for safety-related improvements to the Washington Avenue bridge that connects the east and west banks of the University's Minneapolis campus.

*Enrollment and tuition* – Tuition revenue represents the single largest source of recurring revenue to the University, largely because the University has built a national reputation for high quality undergraduate, graduate, and professional education. The University's ability to consistently attract students who seek a world-class, affordable education will be important in the near term to maintain the tuition revenue stream. The University's official fall 2025 enrollment for all five campuses was 72,010, compared to fiscal year 2024 fall enrollment of 70,090. The Board approved FY 2026 undergraduate resident tuition increases ranging from 4.0 percent to 6.5 percent, and undergraduate nonresident tuition increases ranging from 5.0 percent to 7.5 percent. Future tuition and fee revenue will be impacted by many factors, including the Board's decisions on tuition rates, resident and non-resident enrollments, room and board rates, and course fees, as well as other factors such as demographics, federal policies on immigration, and competition for students from other higher educational institutions.

*The University's partnership with Fairview Health Services* – The University has an academic affiliation agreement (the "1997 Academic Affiliation Agreement") with Fairview Health Services (Fairview), the health care organization that acquired the University's on-campus hospital effective January 1, 1997. The initial term of the 1997 Academic Affiliation Agreement is January 1, 1997, through December 31, 2026. In 2018, the University and Fairview entered into additional agreements that built on the 1997 Academic Affiliation Agreement, creating a joint clinical enterprise operated under the brand M Health Fairview and providing increased academic support to the University from Fairview (the "2018 M Health Fairview Agreements"). The 2018 M Health Fairview Agreements are coterminous with the 1997 Academic Affiliation Agreement.

On February 9, 2024, the University and Fairview signed a nonbinding Letter of Intent (LOI) which established a framework for the University to acquire the academic health operations and facilities on and around the Twin Cities campus (collectively referred to as the University of Minnesota Medical Center, or "UMMC"). UMMC is comprised of the East Bank hospital, the West Bank hospital, the Masonic Children's Hospital, and the Clinics and Surgery Center. The LOI provided an approach whereby the University would, in phases over a period of time, gain ownership and control over UMMC facilities and operations. The LOI was also approved by Fairview's and the University of Minnesota Physicians' respective governing bodies. Ultimately, the parties could not come to an agreement and LOI expired.

The current agreements between the University and Fairview will terminate on December 31, 2026. In January 2025 the University proposed a new "All-Minnesota Health" initiative between Fairview, the University, and Duluth, MN-based Essentia Health. The All-Minnesota Health initiative was conceived to replace the current agreements, recognizing that the current arrangement was inadequate to serve the needs of all Minnesotans. Under the proposed arrangement, Fairview, Essentia, and the University's academic medical enterprise would join to create a new, single enterprise with a statewide presence that would ensure all Minnesotans have access to high quality healthcare. After Fairview rejected this proposal in mid-February 2025, the Minnesota Attorney General requested that the three parties engage in a facilitated process to work towards a solution. In March 2025, the Minnesota Attorney General appointed a strategic facilitator to engage all parties in the process, which is still ongoing.

Decisions related to the nature of a post-2026 affiliation will be important to the future success of the University of Minnesota Medical School. For the University's fiscal year ending June 30, 2025, all scheduled payments to the University under the 2018 M Health Fairview Agreements have been made by Fairview.

*Federal Funding and Policy Risks* – The University consistently ranks among the top public research universities in the United States in funding for research and development, thanks to the productivity and ingenuity of its faculty. The University ranked 12th among U.S. public universities in the FY 2023 NSF HERD expenditure rankings (the most recent rankings available), reporting $1.35 billion in sponsored research expenditures systemwide, with $1.32 billion attributable to the Twin Cities campuses. Fiscal year 2024 NSF rankings will be released in November 2025, and the University expects a similarly strong ranking.

Growth in technology commercialization is a University priority, and an integral part of helping the state of Minnesota grow its economy. During fiscal year 2024 (the most recent year available), the University reported 375 invention disclosures, 188 patents were issued to the University and its faculty, 226 new commercialization licenses were executed, and 25 new startup companies were created based on University intellectual property. Fiscal year 2025 commercialization data will be released in December 2025.

Certain federal actions and federal and state budget cuts can have a direct effect on the University's research enterprise. While the University cannot currently quantify the financial impact resulting from the totality of the potential actions at the federal level, any such developments may, directly or indirectly, have a material adverse effect on the current and future financial condition and operating performance of the University. The University is monitoring and responding to developments regarding various federal government actions or proposals that could materially adversely impact the University, including its operations and financial condition.

For example, the University's operations and financial condition may be adversely impacted by funding freezes, terminations, funding draw rejections, and stop-work orders of various federal grants and contracts pursuant to certain executive orders, departmental memos, and other governmental actions. The University has historically received substantial financial support from the federal government through grants, contracts and appropriations, which totaled approximately $687 million for the fiscal year ending June 30, 2025. Federal financial support consists of both direct and indirect research funding, often in the form of contracts or grants that span multiple years. As of September 4, 2025, sponsored contracts impacting fiscal years 2025 through 2029 with an approximate value of $33.8 million have been terminated or suspended by the federal government.

As of September 4, 2025, the University received notifications of full and partial termination or suspension affecting approximately 127 awards, 30 of which have been reinstated. The University continues to receive terminations or full stop-work orders and there are additional partial orders impacting a project by stopping certain work, temporarily halting payments, eliminating future funding, or otherwise modifying the terms under which work can be conducted. Each communication is being evaluated to ascertain whether the University has legal recourse on the specific action, given the evolving status of the temporary restraining orders and preliminary injunctions. Where a case can be made, and with the principal investigator's concurrence, the University will submit appeals.

In response to certain potential federal actions, the University started the Researcher Assistance Initiative for Supporting Emergencies ("RAISE") program in May 2025 to mitigate the impacts faced by principal investigators that have received an unexpected and formal termination of funding or stop-work order from a federal funding agency. The program emphasizes assisting early-stage researchers so that they can continue to progress along their career path, as well as providing short-term funding for continued student,

postdoctoral, and research staff employment. New requests for funds from the RAISE program ended on August 31,2025.

Additionally, investigations by Congress, governmental agencies, or others into allegations of discrimination, harassment, antisemitism and related corrective or enforcement actions may adversely impact the operations and financial condition of the University. In February 2025, the University received notice of a directed investigation from the Department of Education, Office of Civil Rights relating to alleged antisemitism, and also notice from the Department of Justice's Civil Rights Division's Task Force to Combat Anti-Semitism that it was requesting a meeting to determine whether the University had failed to protect Jewish students and faculty from unlawful discrimination. Also, in March 2025, the Department of Education, Office of Civil Rights, notified the University of two investigations, each of which related to whether specific programs violated Title VI and implementing regulations. In addition, in April 2025, the Department of Justice notified the University that it was investigating possible sex discrimination relating to policies allowing males to participate in female-designated sports. The University cooperates with all investigations and reviews. See Note 11, Commitments and Contingencies, for additional information.

Moreover, the future operations and financial condition of the University could also be adversely affected by federal legislation, such as the recently enacted One Big Beautiful Bill Act (the "Act"), federal budget cuts to programs such as Medicaid, and reduced funding for financial aid programs. Such changes included in the Act could also have a material impact on the University and its operations.

Additional federal actions or impacts that could materially adversely impact the operations and financial condition of the University include or could possibly include, but are not limited to: (a) additional cuts to federal spending on research, health care, and other programs; (b) regulatory changes to programs administered by federal agencies, including the National Institutes of Health ("NIH"), the National Science Foundation, the Department of Defense, the Department of Energy, the Department of Agriculture, the Department of Education, and others; (c) the NIH and other agencies seeking to cap indirect cost recovery at 15 percent for new and existing grants (which would represent a significant departure from the University's current negotiated rates, and could result in a loss to the University of more than $566 million over the next five years and the delay or cancellation of numerous capital projects planned to support biomedical research); (d) the effective withdrawal of financing for already built facilities and the untenability of many grant proposals; (e) Department of Justice actions, including potentially under the False Claims Act relating to grant certifications; (f) accreditation matters that could impact enrollment, tuition, and student aid funding; (vii) limitations or elimination of diversity, equity, and inclusion programs; (g) adoption and enforcement of immigration policies that adversely impact international student enrollment (the University had approximately 6,000 international students in Fall 2024 representing more than 8 percent of total enrollment); and (h) other actions that could impact the University's various forms of federal financial support and revenue sources.

It is unclear how the matters described herein (and other or future federal actions) will ultimately impact the University, including its operations, financial condition and reputation. The University cannot predict if any of the federal actions will continue and for how long, if any potential resolutions may arise, the consequences and impacts of such actions, or whether any new federal actions may be proposed or pursued by the current or future administration or legislature. No assurance can be given that these or future actions or changes or interpretations in laws, regulations or policies would not materially adversely affect the University's financial condition, operations or reputation.

**University of Minnesota**
**Statements of Net Position**
June 30, 2025 and 2024 (in thousands)

| Statements of Net Position | 2025 ($) | 2024 ($) |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | 983,577 | 492,082 |
| Short-term investments | 250,831 | 434,152 |
| Receivables, net | 527,256 | 498,545 |
| Lease receivables | 4,550 | 6,804 |
| Inventories | 22,478 | 23,499 |
| Student loans receivable, net | 6,301 | 7,064 |
| Prepaid expenses | 22,647 | 22,567 |
| Other assets | 32 | 32 |
| Total current assets | 1,817,672 | 1,484,745 |
| Noncurrent assets | | |
| Restricted cash and cash equivalents | 255,467 | 132,166 |
| Restricted investments | 134,250 | 288,258 |
| Investments | 3,257,697 | 3,137,266 |
| Receivables, net | 1,161 | 26,372 |
| Lease receivables | 285,741 | 282,986 |
| Student loan receivables, net | 36,561 | 37,341 |
| Prepaid expenses | 4,698 | 5,143 |
| Other assets | 1,960 | 1,961 |
| Capital assets, net | 3,340,495 | 3,325,157 |
| Total noncurrent assets | 7,318,030 | 7,236,650 |
| **Total assets** | 9,135,702 | 8,721,395 |
| **Deferred outflows of resources** | 158,912 | 183,302 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable | 343,057 | 226,294 |
| Accrued liabilities and other | 326,712 | 318,196 |
| Unearned income | 74,386 | 62,128 |
| Long-term debt | 357,924 | 286,638 |
| Lease liabilities, including accrued interest | 15,248 | 21,403 |
| Subscription liabilities, including accrued interest | 10,778 | 8,266 |
| Total current liabilities | 1,128,105 | 922,925 |
| Noncurrent liabilities | | |
| Accrued liabilities and other | 155,120 | 266,670 |
| Unearned income | 5,991 | 6,061 |
| Long-term debt | 1,487,368 | 1,558,038 |
| Lease liabilities | 170,152 | 199,044 |
| Subscription liabilities | 16,956 | 14,339 |
| Total noncurrent liabilities | 1,835,587 | 2,044,152 |
| **Total liabilities** | 2,963,692 | 2,967,077 |
| **Deferred inflows of resources** | 483,338 | 456,772 |
| **Net position** | | |
| Unrestricted | 1,879,818 | 1,614,411 |
| Restricted - expendable | 1,998,508 | 1,932,498 |
| Restricted - nonexpendable | 338,723 | 327,466 |
| Net investment in capital assets | 1,630,535 | 1,606,473 |
| **Total net position** | 5,847,584 | 5,480,848 |

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**University of Minnesota**
**Component Units – Statements of Financial Position**
As of June 30, 2025 and 2024 (in thousands)

| Component Units - Statements of Financial Position | 2025 ($) | 2024 (Restated) ($) |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | 207,722 | 80,924 |
| Investments, substantially at fair market value | 5,095,442 | 4,715,905 |
| Accounts and other receivables | 491,600 | 472,220 |
| Property and equipment, net | 82,557 | 83,640 |
| Right of use assets | 9,147 | 10,706 |
| Prepaids and other assets | 2,933 | 3,736 |
| Total assets | 5,889,401 | 5,367,131 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities | 422,289 | 397,172 |
| Income beneficiaries payable | 35,909 | 35,286 |
| Investments held for custody of others | 503,275 | 452,790 |
| Long-term debt | 41,153 | 42,191 |
| Lease liabilities | 10,864 | 12,650 |
| Total liabilities | 1,013,490 | 940,089 |
| **Net assets** | | |
| Without donor restrictions | 460,426 | 396,594 |
| With donor restrictions | 4,415,485 | 4,030,448 |
| Total net assets | 4,875,911 | 4,427,042 |
| **Total liabilities and net assets** | 5,889,401 | 5,367,131 |

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**University of Minnesota**
**Statements of Revenues, Expenses, and Changes in Net Position**
Years ended June 30, 2025 and 2024 (in thousands)

| Statements of Revenues, Expenses, and Changes in Net Position | 2025 ($) | 2024 ($) |
|---|---|---|
| **Revenues** | | |
| Operating revenues | | |
| Student tuition and fees, net of scholarship allowances of $424,069 in 2025; $374,529 in 2024 | 818,753 | 798,887 |
| Federal grants and contracts | 666,765 | 657,385 |
| State and other government grants | 154,655 | 119,661 |
| Nongovernmental grants and contracts | 550,503 | 531,507 |
| Student loan interest income | 546 | 416 |
| Sales and services of educational activities, net of scholarship allowances of $142 in 2025; $138 in 2024 | 175,638 | 179,160 |
| Auxiliary enterprises, net of scholarship allowances of $26,098 in 2025; $19,313 in 2024 | 561,847 | 518,684 |
| Other operating revenues | 14,057 | 114 |
| Total operating revenues | 2,942,764 | 2,805,814 |
| **Expenses** | | |
| Operating expenses | | |
| Education and general | | |
| Instruction | 930,735 | 896,375 |
| Research | 1,090,352 | 1,051,959 |
| Public service | 371,089 | 350,016 |
| Academic support | 592,085 | 569,979 |
| Student services | 165,691 | 159,482 |
| Institutional support | 407,179 | 356,785 |
| Operation & maintenance of plant | 334,050 | 319,614 |
| Scholarships & fellowships | 79,926 | 70,530 |
| Depreciation and amortization | 265,102 | 258,080 |
| Auxiliary enterprises | 359,385 | 348,945 |
| Other operating expenses | 2 | 12 |
| Total operating expenses | 4,595,596 | 4,381,777 |
| **Operating loss** | (1,652,832) | (1,575,963) |
| **Nonoperating revenues or expenses** | | |
| Federal appropriations | 19,994 | 20,227 |
| State appropriations | 787,118 | 796,758 |
| Grants | 344,186 | 288,187 |
| Gifts | 313,955 | 291,360 |
| Investment income, net | 394,208 | 227,812 |
| Interest expense on capital asset-related debt | (64,059) | (70,649) |
| Other nonoperating revenues, net | 111,626 | 152,389 |
| Net nonoperating revenues | 1,907,028 | 1,706,084 |
| **Income before other revenues** | 254,196 | 130,121 |
| Capital appropriations | 87,613 | 51,576 |
| Capital grants and gifts | 23,926 | 24,382 |
| Additions to permanent endowments | 1,001 | 9,409 |
| Total other revenues | 112,540 | 85,367 |
| **Increase in net position** | 366,736 | 215,488 |
| Net position at beginning of year | 5,480,848 | 5,265,360 |
| Net position at end of year | 5,847,584 | 5,480,848 |

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**University of Minnesota**
**Component Units – Statements of Activities**
Years ended June 30, 2025 and 2024 (in thousands)

| Component Units - Statement of Activities | 2025 ($) | 2024 (Restated) ($) |
|---|---|---|
| **Change in net assets held without donor restrictions** | | |
| Revenues | | |
| Contributions | 2,395 | 399 |
| Contract revenue | 946,866 | 856,861 |
| Patient service revenue | 39,879 | 38,101 |
| Investment income, net | 14,290 | 14,440 |
| Net realized and unrealized gains on investments | 55,416 | 55,812 |
| Loss on equity method investments | (12,047) | (28,820) |
| Change in value of trusts | (2) | 98 |
| Support services revenue | 8,856 | 8,356 |
| Rental revenue and event income | 11,734 | 10,295 |
| Other revenue | 18,026 | 5,142 |
| Other nonoperating revenues, net | 3,675 | 3,675 |
| Net assets released from restriction | 335,102 | 309,964 |
| **Total revenues** | 1,424,190 | 1,274,323 |
| Expenses | | |
| Program services | | |
| Distributions for University purposes | 302,714 | 283,517 |
| Health care services | 887,698 | 848,209 |
| Support services | | |
| Management and general | 90,021 | 77,284 |
| Promotion and development | 50,788 | 44,903 |
| Real estate activities | 29,137 | 27,550 |
| **Total expenses** | 1,360,358 | 1,281,463 |
| Increase (decrease) in net assets held without donor restrictions | 63,832 | (7,140) |
| Net assets held without donor restrictions at beginning of year, as originally stated | 396,594 | 335,185 |
| Restatement (see Note 16, Component Units) | 0 | 68,549 |
| Net assets held without donor restrictions at beginning of year, as restated | 396,594 | 403,734 |
| Net assets held without donor restrictions at end of year | 460,426 | 396,594 |
| **Change in net assets held with donor restrictions** | | |
| **Revenues** | | |
| Contributions, net of provision for uncollectibles of $15,538 in 2025; $14,414 in 2024 | 314,016 | 244,126 |
| Investment income, net | 60,874 | 67,371 |
| Net realized and unrealized gains on investments | 333,361 | 313,494 |
| Change in value of trusts | 11,888 | 5,454 |
| Net assets released from restriction | (335,102) | (309,964) |
| Increase in net assets held with donor restrictions | 385,037 | 320,481 |
| Net assets held with donor restrictions at beginning of year, as originally stated | 4,030,448 | 3,778,516 |
| Restatement (see Note 16, Component Units) | 0 | (68,549) |
| Net assets held with donor restrictions at beginning of year, as restated | 4,030,448 | 3,709,967 |
| Net assets held with donor restrictions at end of year | 4,415,485 | 4,030,448 |
| Increase in total net assets | 448,869 | 313,341 |
| Total net assets at beginning of year, as originally stated | 4,427,042 | 4,113,701 |
| Restatement (see Note 16, Component Units) | 0 | 0 |
| Net assets at beginning of year, as restated | 4,427,042 | 4,113,701 |
| Total net assets at end of year | 4,875,911 | 4,427,042 |

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**University of Minnesota**
**Statements of Cash Flows**
Years ended June 30, 2025 and 2024 (in thousands)

| Statements of Cash Flows | 2025 ($) | 2024 ($) |
|---|---|---|
| **Cash flows from operating activities** | | |
| Student tuition and fees | 816,064 | 798,580 |
| Grants and contracts (federal, state, nongovernmental, other) | 1,339,869 | 1,266,417 |
| Auxiliary enterprises | 561,847 | 511,266 |
| Sales and services of educational activities | 175,809 | 179,241 |
| Collection of loans to students | 2,091 | 4,068 |
| Other operating revenues | 14,057 | (208) |
| Payments to employees including related benefits | (3,066,483) | (2,871,436) |
| Payments to suppliers for goods and services | (1,211,883) | (1,160,933) |
| Payments for scholarships and fellowships | (79,926) | (72,757) |
| **Net cash used by operating activities** | (1,448,556) | (1,345,762) |
| **Cash flows from noncapital financing activities** | | |
| State appropriations | 787,118 | 797,598 |
| Grants for other than capital purposes | 344,186 | 286,563 |
| Gifts for other than capital purposes | 313,955 | 303,970 |
| Federal appropriations | 19,994 | 19,951 |
| Other nonoperating revenues, net | 147,075 | 59,923 |
| Private gifts for endowment purposes | 1,001 | 1,801 |
| **Net cash provided by noncapital financing activities** | 1,613,329 | 1,469,806 |
| **Cash flows from capital and related financing activities** | | |
| Proceeds from capital debt | 137,000 | 250,552 |
| Capital appropriations | 87,613 | 47,495 |
| Capital grants and gifts | 27,466 | 16,672 |
| Proceeds from sale of capital assets | 8,996 | 39,397 |
| Lease receipts | 12,406 | 5,592 |
| Principal received on notes receivable | 0 | 295 |
| Interest received on notes receivable | 0 | 380 |
| Purchases of capital assets | (280,830) | (216,236) |
| Principal paid on capital debt | (126,029) | (375,070) |
| Interest paid on capital debt | (69,512) | (78,020) |
| Principal paid on lease and subscription liabilities | (65,690) | (36,498) |
| Interest paid on lease and subscription liabilities | (6,587) | (6,560) |
| **Net cash used by capital and related financing activities** | (275,167) | (352,001) |
| **Cash flows from investing activities** | | |
| Investment income, net | 214,398 | 192,981 |
| Proceeds from sales and maturities of investments | 27,535,394 | 26,168,461 |
| Purchase of investments | (27,024,601) | (26,193,717) |
| **Net cash provided by investing activities** | 725,191 | 167,725 |
| **Net increase (decrease) in cash and cash equivalents** | 614,796 | (60,232) |
| **Cash and cash equivalents at beginning of year** | 624,248 | 684,480 |
| **Cash and cash equivalents at end of year** | 1,239,044 | 624,248 |

**University of Minnesota**
**Statements of Cash Flows**
Years ended June 30, 2025 and 2024 (in thousands)

| Statements of Cash Flows (continued) | 2025 ($) | 2024 ($) |
|---|---|---|
| **Reconciliation of net operating revenues (expenses) to net cash used by operating activities** | | |
| Operating loss | (1,652,832) | (1,575,963) |
| Adjustments to reconcile operating loss to net cash used by operating activities | | |
| Depreciation and amortization expense | 265,102 | 258,080 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources | | |
| Receivables, net | (35,327) | (45,276) |
| Inventories | 1,021 | (809) |
| Student loans receivable, net | 1,545 | 4,030 |
| Prepaid and other items | 365 | 140 |
| Other assets | 0 | 175 |
| Net pension liability | (126) | 175 |
| Deferred outflows of resources related to pensions | 34,069 | 40,929 |
| Deferred outflows of resources related to OPEB | (9,978) | 344 |
| Deferred outflows of resources related to debt loss | 65 | 65 |
| Deferred outflow of resources related to other | 234 | 458 |
| Accounts payable | 4,296 | 14,767 |
| Accrued liabilities | (108,335) | (89,081) |
| Unearned income | 9,969 | (426) |
| OPEB liability | 9,456 | 956 |
| Deferred inflows of resources related to pensions | 33,246 | 46,851 |
| Deferred inflows of resources related to OPEB | (1,103) | (32) |
| Deferred inflows of resources related to PPP | (224) | (970) |
| **Net cash used by operating activities** | (1,448,556) | (1,345,587) |
| **Noncash investing, capital, and financing activities** | | |
| Net unrealized gains on investments | 163,436 | 23,407 |
| Net unsettled investment trades | 113,057 | 69,240 |
| Capital assets on account | 21,984 | 30,499 |
| Amortization of bond discount/premium | 10,355 | 24,180 |
| Contribution of capital assets | 964 | 1,952 |
| Cash and cash equivalents | 983,577 | 492,082 |
| Restricted cash and cash equivalents | 255,467 | 132,166 |
| **Total cash and cash equivalents at end of year** | 1,239,044 | 624,248 |

*The accompanying Notes to the Financial Statements are an integral part of these statements.*

**Notes to Financial Statements**
As of and for the years ended June 30, 2025 and 2024 (in thousands)

## 1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

### Organization

The University is both a State land-grant university with a strong tradition of education and public service, and a major research institution serving the State of Minnesota (State). The University has five campuses: Crookston, Duluth, Morris, Rochester, and Twin Cities.

The University is considered a constitutional corporation and, for purposes of Governmental Accounting Standards Board (GASB) reporting, an agency of the State. As a result of this unique status, authority to govern the University is reserved to the Board rather than State law. The University complies with State law when specifically included by statute or when compliance does not conflict with the University's ability to accomplish its mission and purpose as established by the constitution of the State.

Tax Status—The Internal Revenue Service (IRS) has ruled that the University is an integral part of the State. Therefore, the University is generally exempt from federal income taxes, although certain activities are subject to federal unrelated business income tax.

### Reporting Entity

The financial reporting entity for the University includes the financial results of the five campuses and, as required under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*—an amendment of GASB Statements No. 14 and No. 34 (GASB 61), its legally separate component units. The component units are included in the University's reporting entity because their exclusion would cause the University's financial statements to be misleading to the University's level of financial accountability and significance of their operational relationships with the University or its other component units.

Blended Component Units—The University has component units that provide services entirely for the University's own benefit. GASB 61 requires blended presentation—combining the component units and University financial information together, displayed as one entity. The University has six blended component units. Except as noted below, the component units are immaterial to the financial statements.

#### RUMINCO, Ltd.

RUMINCO, Ltd. (RUMINCO) is a wholly owned single parent captive insurance company. Although it is legally separate from the University, RUMINCO is reported as if it were part of the University because its sole purpose is to administer medical malpractice, general liability, directors' and officers' liability, and automobile liability on behalf of the University. Coverage includes: commercial general and professional liability, non-profit organization liability, business auto liability, excess automobile liability, property liability, and data security. RUMINCO insurance agreements limit the exposure to loss on a per-occurrence and annual aggregate basis.

Discretely Presented Component Units—The University's financial statements include the financial data of two tax-exempt component units. They are reported in total in columns by year. GASB 61 requires discrete presentation of component units when either the resources held by these entities can only be used by, or for the benefit of, the University or its component units; or the component units are closely related to, or financially integrated with the University. For a separate presentation of the two discretely presented component units, see Note 16, Component Units.

The University's discretely presented component units are nonprofit organizations, organized under IRS Code Section 501(c)(3). These units report under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, and do not meet the criteria of a blended component unit. The component units' financial data has been aggregated into like categories for presentation purposes.

### University of Minnesota Foundation

The University of Minnesota Foundation (UMF) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts to benefit the University. The UMF Board of Trustees consists of between 30 and 45 members and includes the President of the University. No less than one-fourth of the members of the Board of Trustees are nominated by the University. Although the UMF is an independent organization, the majority of resources that it holds and invests, including income from its investments, are restricted by donors to the activities of the University. The factor that contributes to the UMF being classified as a discretely presented component unit relates to the significant resources the UMF holds on behalf of the University. The University has access to these resources.

During fiscal years 2025 and 2024, UMF distributed $358,006 and $319,069, respectively, to the University. As of June 30, 2025 and 2024, accounts receivable balances due from the University to UMF were $145 and $151, respectively. As of June 30, 2025 and 2024, accounts payable balances due to the University from UMF were $28,482 and $32,713, respectively. Complete financial statements for the UMF can be obtained from the UMF office, McNamara Alumni Center, 200 Oak Street S.E., Suite 500, Minneapolis, MN 55455.

### University of Minnesota Physicians

University of Minnesota Physicians (UMP) is a legally separate, tax-exempt clinical practice organization for the faculty of the University Medical School. The board of UMP consists of 19 voting directors, ex-officio voting directors, and ex-officio non-voting directors. Included in the composition of UMP's board of directors is the dean of the University Medical School, faculty, and department heads of the University Medical School totaling 12 members. Based on the University appointing a voting majority of board members, the University has the ability to impose its will on UMP, as management and direction of the business and affairs of UMP is vested in the board. As a result, this contributes to UMP being classified as a discretely presented component unit.

During fiscal years 2025 and 2024, UMP distributed $109,051 and $95,924, respectively, to the University. As of June 30, 2025 and 2024, contract receivables balances due from the University to UMP were $3,789 and $3,258, respectively. As of June 30, 2025 and 2024, accounts payable and accrued liabilities balances due to the University from UMP were $70,703 and $62,230, respectively. Complete

financial statements for UMP can be obtained from the Accounting Director & Controller, 720 Washington Ave S.E., Suite 200, Minneapolis, MN 55414.

## Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles prescribed by GASB. These statements are prepared on a consolidated, entity-wide basis. All significant inter-fund balances have been eliminated upon consolidation.

## Basis of Accounting

The University is considered to be a special purpose government engaged primarily in business type activities (BTA). As a BTA, the University prepares its financial statements using the accrual basis of accounting and the economic-resources-measurement focus. Under the accrual basis of accounting, revenues and expenses are recognized when earned or incurred, respectively.

## Significant Accounting Policies

Cash and Cash Equivalents—For purposes of the statement of cash flows, the University defines cash and cash equivalents as highly liquid, short-term (original maturity date of 90 days or less) investments that bear little or no market risk. The intent of the Consolidated Endowment Fund (CEF), the Group Income Pool (GIP), and the Separately Invested Funds (SIF) is long-term appreciation. Any cash balances held at the date of the statements are due to the timing of reinvesting the proceeds within the funds.

Investments—Investments are reported at fair value, which represents the price that would be received to sell the investment in an orderly transaction between market participants. The University's investments are valued using a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace in accordance with GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. Observable inputs reflect market data obtained from sources independent of the University and unobservable inputs reflect the University's own assumptions about how market participants would value the investment based on the best information available. The University uses various industry standard valuation techniques that are appropriate under the circumstances and for which sufficient information is available to determine fair value—maximizing the use of observable inputs, while minimizing the use of unobservable inputs. Purchases and sales of investments are recorded on a trade date basis. Investment income includes: interest income, dividends, and realized and unrealized gains and losses, net of investment-related expenses.

The University may use derivative instruments for a variety of purposes. Financial futures are used to maintain investment portfolio asset allocations in accordance with institutional policy and to enhance the investment returns of certain asset classes. Forward foreign exchange contracts are used to protect against foreign currency exposure; gas commodity forward contracts are used to synthetically fix the price of other physical gas purchases used for University consumption; and interest rate swaps are used to manage the cost of debt. Financial futures and forward foreign exchange contracts are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value. The University is required to post collateral, typically U.S. Treasury bills, for derivative contracts held. Collateral required by these contracts is monitored daily and required

deposits or withdrawals are made as necessary. In general, the University follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Minnesota, for donor-restricted endowments. Under UPMIFA, the Board determines the prudent amount of realized and unrealized endowment appreciation to be allocated to fund current operations. Investment of the realized or unrealized appreciation in excess of the annual spending limits is discussed in Note 2, Cash and Investments.

Inventories—Inventories held for resale are carried at the lower of cost (first-in, first-out) or market value. Other inventories are carried primarily at cost, which approximates market value.

Receivables and Student Loan Receivables, Net—Receivables and student loan receivables are shown net of estimated allowance for uncollectible accounts.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent unspent bond proceeds, which are externally restricted for the construction or purchase of buildings or other capital assets. Although these funds meet the University's definition of cash and cash equivalents, they are recorded as noncurrent assets, as these funds are required to be used for long-term capital projects.

Restricted Investments—Restricted investments represent unspent bond proceeds, which are externally restricted for the construction or purchase of buildings or other capital assets. Although these funds meet the University's definition of investments, they are recorded as noncurrent assets, as these funds are required to be used for long-term capital projects and are not available for current operations.

Capital Assets, Net—Land, buildings, and other property are recorded at cost, if purchased or constructed or at acquisition value on the date of gift, if received by gift or bequest. Depreciation is determined using the straight-line method, based on the estimated useful lives of the assets. Right-of-use (ROU) lease assets are recorded at net present value of the lease payments and are amortized over the shorter of the life of the lease or asset. ROU subscription assets are recorded at net present value of the subscription payments and are amortized over the subscription term.

The following schedule summarizes the useful lives and capitalization thresholds:

| Asset category | Useful life (years) | Capitalization threshold ($) |
|---|---|---|
| Capitalized software (intangible asset) | Shorter of legal life or 5 years | 500,000 |
| Perpetual licenses (intangible asset) | License term | 500,000 |
| Non income-producing intellectual property (intangible asset) | Legal life | 500,000 |
| All other intangible assets | 5 | 500,000 |
| Buildings and improvements | 10 to 40 | 50,000 |
| Infrastructure | 10 to 40 | 50,000 |
| Equipment | 3 to 20 | 5,000 |
| ROU lease assets - buildings | Lease term | 50,000 |
| ROU lease assets - equipment | Lease term | 5,000 |
| ROU lease assets - land | Lease term | 50,000 |
| ROU lease assets - subscription assets | Subscription term | 500,000 |
| Land | Indefinite | - |
| Museums and collections | Indefinite | - |
| Library and reference books | 10 | - |
| Permanent right-of-way easements (intangible asset) | Indefinite | - |

Deferred Outflows of Resources—Deferred outflows of resources represent the use of net position in the current period that are applicable to a future reporting period. See Note 7, Deferred Outflows and Inflows of Resources, for more information.

Noncurrent Liabilities—Noncurrent liabilities represent the principal portion of bonds, notes, and lease and subscription obligations as well as estimated amounts of accrued compensated absences, net pension liability, other postemployment benefits, and other liabilities that will not be paid within the next fiscal year.

Compensated Absences—The University's liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash in a future period. The University's compensated absences are comprised of vacation leave and other leave meeting these criteria. The amount of vacation leave varies by employee group. Sick leave is recorded as an expense when paid. There is no payout provision for unused sick leave and no liability exists as sick time is not more likely than not to be used. An estimate is made to allocate this liability between its current and noncurrent components.

Deferred Inflows of Resources—Deferred inflows of resources represent the inflow of net position in the current period that is applicable to a future reporting period. See Note 7, Deferred Outflows and Inflows of Resources, for more information.

Net Position—Net position is reported in the following three components:

- **Unrestricted**: Net position that has no external restriction imposed is classified as unrestricted. Unrestricted net position may be designated for specific purposes by the Board or subject to contractual limitations, but generally are designated to fund the academic,

research, and public service mission of the University.

- **Restricted**:

  *Expendable*—Net position that is restricted for specific purposes by grantors, donors, or law is classified as restricted - expendable. Restrictions on these assets are released when the University complies with the stipulations required by the grantor, donor, or legislative act.

  *Nonexpendable*—Net position that is required to be retained permanently by the University is classified as restricted - nonexpendable. These assets represent the principal portion (historical value) of gifts to the University's true and life endowment funds, and institutional contributions to refundable loan programs.

- **Net investment in capital assets**: Net investment in capital assets represents capital assets net of accumulated depreciation and amortization, and outstanding debt used to purchase, construct, or improve such assets. If debt has been incurred, but not yet expended for capital assets, these unspent proceeds are excluded from the net investment in capital assets.

If both restricted and unrestricted resources are to be used for the same purpose, the resources are used in accordance with applicable instructions of the grantor, donor, or law.

Revenue Recognition—The University recognizes exchange revenue when the University receives something and gives something with essentially equal value and recognizes nonexchange revenue when the University receives something of value without directly giving something of equal value in exchange. Revenue is recognized in accordance with GASB Statement No. 34 (GASB 34), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and GASB Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*.

Revenue and Expense Classifications—The University has classified revenues and expenses as operating or nonoperating based upon the following criteria:

- **Operating revenues**: Operating revenues result from exchange activities that contribute to the University's mission of Research and Discovery; Teaching and Learning; and Outreach and Public Service. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. The University considers student tuition and fees (net of scholarship allowances), most grants and contracts, interest on student loans, and sales and services of auxiliary and educational activities (net of scholarship allowances) to be exchange transactions.

- **Nonoperating revenues**: Nonoperating revenues represent nonexchange activities. The primary sources of these revenues are federal and State appropriations, gifts, capital grants, federal and State financial aid grants (such as Pell and Supplemental Educational Opportunity Grants), gains or losses on the sale of capital assets, and other nonexchange grants and contracts. Although the University relies upon these revenue sources to fund the cost of operations, the grantor or donor is not the direct recipient of the goods or services

delivered under the grant or gift terms. Insurance recovery proceeds and legal settlements are classified as nonoperating revenues as part of other nonoperating revenues, net.

- **Operating expenses**: Operating expenses are paid to acquire or produce goods and services in return for operating revenues. The University has classified operating expenses based upon their functional classification. Operating expenses by natural classification are presented in Note 14.

  During fiscal years 2025 and 2024, nonsponsored departmental research of $348,809 and $317,164, respectively, were recorded in both research expense and depreciation expense.

- **Nonoperating expenses**: Nonoperating expenses are incurred in the performance of activities that are not directly related to generating University operating revenues, such as interest on capital asset-related debt.

Reclassifications—Certain prior-year amounts have been reclassified to conform to the presentation used in the current year. These reclassifications had no impact on net position as previously reported.

Use of Estimates—To prepare the financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas that require the use of management's estimates relate to investment valuations, accounts payable, receivables, allowances for uncollectible accounts, self-insurance reserves, scholarship discounts and allowances, arbitrage rebates, net pension liability, OPEB liability, useful lives in calculating depreciation expense, and vacation pay and pension accruals.

## New Accounting Pronouncements

### Adoption of New Accounting Pronouncements

GASB Statement No. 101 (GASB 101), *Compensated Absences*, defines when liabilities are required to be established for certain types of absences; establishes guidance for reporting and measuring a liability for leave that has not been used; and required note disclosures. The provisions of GASB 101 are effective for fiscal year 2025. The University implemented this statement effective for the fiscal year ended June 30, 2025, however, there was no immediate impact to the University's financial statements as a result of the implementation.

GASB Statement No. 102 (GASB 102), *Certain Risk Disclosures*, defines when additional note disclosures are required about risks related to vulnerabilities due to certain concentrations or constraints. The provisions of GASB 102 are effective for fiscal year 2025. The University implemented this statement effective for the fiscal year ended June 30, 2025, however, there was no immediate impact to the University's financial statements as a result of the implementation.

### New Accounting Pronouncements Not Yet Adopted

GASB Statement No. 103 (GASB 103), *Financial Reporting Model Improvements*, defines improved reporting requirements, including in the MD&A section that precedes the financial statements. The provisions of GASB 103 are effective for fiscal year 2026.

GASB Statement No. 104 (GASB 104), *Disclosure of Certain Capital Assets*, updates disclosure requirements for intangible assets relating to leases, public-private partnerships, and subscription-based information technology arrangements as well as for capital assets held for sale. The provisions of GASB 104 are effective for fiscal year 2026.

Management is in the process of evaluating whether these GASB statements will be applicable to the University and the impact these statements may have on the University's financial statements.

## 2. Cash and Investments

### Summary

The University maintains centralized management of substantially all of its cash and investments which are held in several investment pools. Each pool has a specific set of guidelines designed to meet its respective investment objectives within risk parameters established for that pool. Securities held in these portfolios are exposed to various types of risk such as credit, interest rates, foreign currency and other capital market risks. Material changes in the value of securities subsequent to June 30, 2025, could affect the market values reported in the financial statements.

The following table summarizes cash and investments as of June 30, 2025:

| Categories | Temporary Investment Pool ($) | Consolidated Endowment Fund ($) | Group Income Pool ($) | Separately Invested Funds and other ($) | Invested assets related to indebtedness ($) | State Small Business Credit Initiative ($) | RUMINCO, Ltd. ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 867,430 | 92,969 | 4,843 | 0 | 0 | 17,399 | 936 | 983,577 |
| Short-term investments | 167,916 | 0 | 1,028 | 0 | 0 | 0 | 81,887 | 250,831 |
| Total current assets | 1,035,346 | 92,969 | 5,871 | 0 | 0 | 17,399 | 82,823 | 1,234,408 |
| Restricted cash and cash equivalents | 0 | 0 | 0 | 0 | 255,467 | 0 | 0 | 255,467 |
| Restricted investments | 0 | 0 | 0 | 0 | 134,250 | 0 | 0 | 134,250 |
| Total restricted assets | 0 | 0 | 0 | 0 | 389,717 | 0 | 0 | 389,717 |
| Long-term investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fixed income | 801,549 | 339,126 | 54,734 | 0 | 0 | 0 | 7,717 | 1,203,126 |
| Public equity | 0 | 510,025 | 0 | 0 | 0 | 0 | 0 | 510,025 |
| Private capital | 0 | 1,208,208 | 63 | 22,003 | 0 | 3,880 | 0 | 1,234,154 |
| Inflation hedges | 0 | 158,077 | 0 | 0 | 0 | 0 | 0 | 158,077 |
| Other | 24,727 | 126,651 | 0 | 937 | 0 | 0 | 0 | 152,315 |
| Total noncurrent investments | 826,276 | 2,342,087 | 54,797 | 22,940 | 0 | 3,880 | 7,717 | 3,257,697 |
| Total cash and investments | 1,861,622 | 2,435,056 | 60,668 | 22,940 | 389,717 | 21,279 | 90,540 | 4,881,822 |

The following table summarizes cash and investments as of June 30, 2024:

| Categories | Temporary Investment Pool ($) | Consolidated Endowment Fund ($) | Group Income Pool ($) | Separately Invested Funds and other ($) | Invested assets related to indebtedness ($) | State Small Business Credit Initiative ($) | RUMINCO, Ltd. ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 395,722 | 85,016 | 1,076 | (4) | 0 | 6,694 | 3,578 | 492,082 |
| Short-term investments | 363,999 | 0 | 342 | 0 | 0 | 0 | 69,811 | 434,152 |
| Total current assets | 759,721 | 85,016 | 1,418 | (4) | 0 | 6,694 | 73,389 | 926,234 |
| Restricted cash and cash equivalents | 0 | 0 | 0 | 0 | 132,166 | 0 | 0 | 132,166 |
| Restricted investments | 0 | 0 | 0 | 0 | 288,258 | 0 | 0 | 288,258 |
| Total restricted assets | 0 | 0 | 0 | 0 | 420,424 | 0 | 0 | 420,424 |
| Long-term investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fixed income | 848,106 | 383,180 | 57,342 | 0 | 0 | 0 | 8,054 | 1,296,682 |
| Public equity | 0 | 383,465 | 0 | 0 | 0 | 0 | 0 | 383,465 |
| Private capital | 0 | 1,118,868 | 63 | 20,175 | 0 | 2,487 | 0 | 1,141,593 |
| Inflation hedges | 0 | 174,538 | 0 | 0 | 0 | 0 | 0 | 174,538 |
| Other | 22,631 | 117,420 | 0 | 937 | 0 | 0 | 0 | 140,988 |
| Total noncurrent investments | 870,737 | 2,177,471 | 57,405 | 21,112 | 0 | 2,487 | 8,054 | 3,137,266 |
| Total cash and investments | 1,630,458 | 2,262,487 | 58,823 | 21,108 | 420,424 | 9,181 | 81,443 | 4,483,924 |

## Fair Value Measurements

GASB 72 establishes the framework for measuring investments at fair value and associated hierarchy that categorizes the valuation inputs. In accordance with GASB 72, the University has categorized its investments based on the priority of the inputs into a three-level fair value hierarchy.

Fair Value Hierarchy—The three levels of the fair value hierarchy are described below:

- **Level 1**: Inputs for quoted prices (unadjusted) for identical investments in active markets that the University can access at June 30.
- **Level 2**: Inputs, other than quoted prices included within Level 1, that are observable for an investment.
- **Level 3**: Inputs that are unobservable for an investment.

The hierarchy gives the highest priority to Level 1 inputs and lowest priority to Level 3 inputs. If a price for an identical investment is not observable, the University measures fair value using a valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Per GASB 72, in instances where the University does not have a readily determinable fair value, the University is permitted to establish fair value by using the net asset value (NAV) per share (or its equivalent) if it is calculated in a manner that is consistent with FASB measurement principles for investment companies.

The following table summarizes investments according to the fair value hierarchy and NAV as of June 30, 2025:

| Categories | Level 1 fair value measurement ($) | Level 2 fair value measurement ($) | Level 3 fair value measurement ($) | Total ($) |
|---|---|---|---|---|
| US Agency fixed income | 0 | 470,009 | 0 | 470,009 |
| US Treasury fixed income | 0 | 367,824 | 0 | 367,824 |
| Other asset-backed securities fixed income | 0 | 10,684 | 0 | 10,684 |
| Mortgage-backed securities fixed income | 0 | 29,822 | 0 | 29,822 |
| Corporate bonds fixed income | 0 | 98,647 | 0 | 98,647 |
| Foreign governmental bonds fixed income | 0 | 2,249 | 0 | 2,249 |
| Other fixed income funds | 33,161 | 0 | 0 | 33,161 |
| Global developed listed equity | 194,761 | 0 | 0 | 194,761 |
| Diversifiers listed equity | 13,527 | 0 | 0 | 13,527 |
| **Private capital** | 0 | 0 | 26,748 | 26,748 |
| **Other** | 0 | 3,666 | 0 | 3,666 |
| **Totals** | 241,449 | 982,901 | 26,748 | 1,251,098 |
| **Investments measured at NAV** | | | | 2,391,680 |
| **Total investments** | | | | 3,642,778 |

The following table summarizes investments according to the fair value hierarchy and NAV as of June 30, 2024:

| Categories | Level 1 fair value measurement ($) | Level 2 fair value measurement ($) | Level 3 fair value measurement ($) | Total ($) |
|---|---|---|---|---|
| US Agency fixed income | 0 | 467,494 | 0 | 467,494 |
| US Treasury fixed income | 0 | 502,526 | 0 | 502,526 |
| Other asset-backed securities fixed income | 0 | 12,529 | 0 | 12,529 |
| Mortgage-backed securities fixed income | 0 | 34,252 | 0 | 34,252 |
| Corporate bonds fixed income | 0 | 319,386 | 0 | 319,386 |
| Foreign governmental bonds fixed income | 0 | 3,165 | 0 | 3,165 |
| Other fixed income funds | 44,551 | 0 | 0 | 44,551 |
| Global developed listed equity | 170,687 | 0 | 0 | 170,687 |
| Diversifiers listed equity | 0 | 0 | 0 | 0 |
| **Private capital** | 1,582 | 0 | 20,175 | 21,757 |
| **Other** | 16,469 | 3,445 | 0 | 19,914 |
| **Totals** | 233,289 | 1,342,797 | 20,175 | 1,596,261 |
| **Investments measured at NAV** | | | | 2,263,415 |
| **Total investments** | | | | 3,859,676 |

GASB 72 also requires additional disclosure information related to investments valued using NAV.

The following table summarizes NAV investments as of June 30, 2025:

| Categories | NAV ($) | Unfunded commitments ($) | Redemption frequency | Redemption notice period |
|---|---|---|---|---|
| Private capital | 1,207,406 | 381,669 | None | None |
| Fixed income | 507,070 | 137,433 | None, daily, or quarterly | None; 2, or 60 days |
| Global equity | 254,158 | 0 | None, daily, quarterly, or semi annually | None; 2, 60, or 90 days |
| Hedge fund | 148,649 | 0 | None, monthly, quarterly, or semi annually | None; 30, 45, 60, 75, or 90 days |
| Real estate | 34,422 | 15,512 | None | None |
| Natural resources | 87,857 | 20,809 | None, quarterly | None; 90 days |
| Other | 152,118 | 106,251 | None, monthly, quarterly | None; 30 or 90 days |
| **Total** | 2,391,680 | 661,674 | | |

The following table summarizes NAV investments as of June 30, 2024:

| Categories | NAV ($) | Unfunded commitments ($) | Redemption frequency | Redemption notice period |
|---|---|---|---|---|
| Private capital | 1,118,972 | 342,148 | None | None |
| Fixed income | 577,346 | 108,861 | None, daily, or annually | None; 2, 60 or 90 days |
| Global equity | 234,477 | 0 | None, daily, monthly, quarterly, or semi annually | None; 2, 30, 45, 60, or 90 days |
| Hedge fund | 137,544 | 0 | None, monthly, quarterly, or semi annually | None; 30, 45, 60, 75, or 90 days |
| Real estate | 35,142 | 20,835 | None | None |
| Natural resources | 88,440 | 8,888 | None, quarterly | None; 90 days |
| Other | 71,494 | 82,053 | None, quarterly | None; 90 days |
| **Total** | 2,263,415 | 562,785 | | |

Private Capital—This category includes investments in private capital funds, generally through limited partnerships that invest in private companies and venture capital. These investments cannot be redeemed at the University's discretion. It is estimated that the underlying assets of the fund would be liquidated over time.

Fixed Income—This category includes investments in private funds that invest in debt securities. Distributions from each fund are received when the underlying investments in the funds generate distributable cash flows or when the underlying investments are liquidated.

Global Equity—This category includes investments in funds that invest in listed equity securities of companies. Distributions from each fund are received when the underlying investments in the funds generate distributable cash flows or when the underlying investments are sold. The managers of the funds have the flexibility to change their exposure based on their view of particular securities, and the overall market.

Hedge Funds—This category includes investments in hedge funds that invest in equity and debt. Debt securities include corporate debt, mortgage debt, and derivative securities. The managers of the funds have the flexibility to change their exposure based on their view of particular securities, and the overall market. Some of these investments have lock-up and / or gate provisions that restrict the University's ability to redeem these investments.

Real Estate—This category includes investments in real asset funds that invest in real estate.

Natural Resources—This category includes investments in funds that invest in energy firms and forestry product firms. Distributions from each fund are received when the underlying investments in the funds generate distributable cash flows or when the underlying investments are liquidated. It is estimated that the underlying assets of the fund would be liquidated over time.

Other Investments—This category includes investments in other pooled fund interests.

**Authorizations**

The Board establishes the investment policies and objectives for all University funds. RUMINCO has a separate board of directors that establishes the investment policies and objectives for its reserves. Guidelines to manage the investment pools are described below:

Temporary Investment Pool (TIP)—Short-Term Reserves—The TIP funds are intended to meet the current obligations of the University. The investment objectives for the TIP are to maximize current income and investment returns, maintain sufficient liquidity for University operations, and provide backup liquidity for certain University short-term or variable-rate debt obligations. The pool may invest in money market funds, corporate obligations, and U.S. government and agency securities, within specified credit quality and term constraints.

The Board's Investment of Reserves policy allows for up to 30 percent of the pool to be invested in the Consolidated Endowment Fund (CEF) or other illiquid fixed income securities. As of June 30, 2025, and 2024, the market value of the TIP assets invested in the CEF was $239,469 and $229,120, respectively. These assets are reported in the total cash and investments of the CEF. In addition, the Investment of Reserves policy guidelines include the following: average duration of four years or less for the entire pool and maximum duration of seven years for any individual holding; average credit quality of A1/A+ or better; no use of leverage; and credit ratings of investment grade defined as Baa3/BBB- or better by Moody's or Standard & Poor's. Retention of a lower rated security requires approval by the President or delegate with notification to the Board.

As of June 30, 2025 and 2024, the Standard & Poor's credit rating for instruments subject to credit ratings held in TIP was AA- and AA-, respectively.

Consolidated Endowment Fund (CEF)—The CEF represents the pooling of funds from both public and private sources for which donor intent, law, or institutional decree determines the principal amount that must be invested in perpetuity or other specified time frames. The funds are invested to achieve an inflation-adjusted rate of return, after expenses are deducted, that exceeds the current payout rate of 4.5 percent of the average of the endowment's trailing month-end market values for the prior 60 months. The

Board reserves the authority to approve asset allocation ranges for this pool. For fiscal years ended June 30, 2025 and 2024, $97,273 and $89,097, respectively, was made available for departmental spending.

Minnesota State Chapter 309, Section 745, governs the expenditure or accumulation of endowment funds. An institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent.

The University makes distributions from the CEF for activities targeted by the individual endowments. When the CEF investment return is less than the payout rate, accumulated capital gains are used to supplement the distribution payout to meet the spending policy. If investment income exceeds the amount needed for distribution, the excess remains as a capital gain in the respective endowment.

The CEF is a diversified portfolio that utilizes external investment managers. The CEF assets are held in separately managed accounts, commingled pools, and limited partnerships (LP). Each of these fund structures has different risk and return characteristics and different liquidity characteristics. LP investments are privately negotiated transactions with very restricted liquidity. LPs are required to conduct an external audit annually in accordance with the FASB or the International Accounting Standards Board.

Group Income Pool (GIP)—Long-Term Reserves—The GIP represents assets invested for the benefit of various University units for long-term capital purposes. The investment objective of the GIP is to maximize the total investment return while preserving capital balances until such time as the principal is required to fund the intended use. The GIP is invested in fixed-income funds through external investment managers. Additionally, up to 50 percent of the pool can be invested in the CEF. As of June 30, 2025 and 2024, the fair value of the GIP assets invested in the CEF was $28,327 and $26,891, respectively. These assets are reported in the total cash and investments of the CEF.

Separately Invested Funds (SIF) and Other—The SIF primarily represents investments in private equity companies that were acquired through University-developed technology, as well as investments in start-up companies through the University's Discovery Capital Investment Program.

Invested Assets Related to Indebtedness—Invested Assets Related to Indebtedness are held in custodial accounts, which are managed both internally by the University's Office of Investment and Banking and externally by investment managers. These assets are invested in high quality, short-term and long-term fixed income investments until needed for capital projects for which the debt was issued.

State Small Business Credit Initiative (SSBCI)—The University entered into a contract with the State and performs professional services to the state-sponsored multi-fund venture capital program and direct investment venture capital program under the State Small Business Credit Initiative (SSBCI). These assets are invested in venture capital. SSBCI assets are held in custodial accounts, which are managed internally by the University's Office of Investment and Banking. The University receives compensation for the performance of the professional services. Realized investment returns will be distributed to the State until the program fund's principal is repaid, after which time, realized investment returns will be shared and distributed equally between the State and the University.

Regents of the University of Minnesota Insurance Company, Ltd. (RUMINCO)—RUMINCO is a wholly-owned captive insurance company (see Note 1, Organization, Basis of Presentation, and Summary of Significant

Accounting Policies, and Note 12, Self-Insurance Programs) whose principal activities are the insurance of certain risks to the University. The investment objectives for the liability reserves, which cover specific known and expected claims, are capital preservation and near-term liquidity. The investment objectives for the capital surplus in excess of the liability reserves are to maximize the total return within acceptable risk parameters and to achieve at least 400 basis points of return above the inflation rate over multiple year periods.

Components of the Investment Income, Net—Components of the investment income, net include interest, dividends, and realized and unrealized gains or losses on investments, net of investment related expenses. Investment income is current year investment income that could include net increases or decreases in fair market values of investments from prior years.

## Investment Risks

Credit and Interest Rate Risk—Credit risk is the risk that company specific events may cause a debt issuer to default, which results in a failure to repay principal or interest owed to the University in a timely manner. The majority of the University's investment pools have exposure to credit risk, which is managed through appropriate asset allocation and portfolio construction. Furthermore, the Board's Investment of Reserves policy limits fixed income investments within TIP to those with credit ratings of investment grade as a means of managing its exposure to market value losses arising from credit deterioration or defaults. Interest rate risk is the risk that changes in interest rates will adversely affect the market value of the University’s fixed income investments. The majority of the University's investment pools have exposure to interest rate risk, which is managed through appropriate asset allocation and portfolio construction. Furthermore, the Board's Investment of Reserves policy limits the duration of fixed income investments within TIP as a means of managing its exposure to market value losses arising from increasing interest rates.

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2025:

| Fixed-income securities: | Value ($) | Maturity (years) | AA or better | BBB to A | BB or lower | Not rated |
|---|---|---|---|---|---|---|
| US Agency | 470,009 | 2.7 | 100% | 0% | 0% | 0% |
| US Treasury | 367,824 | 1.5 | 100% | 0% | 0% | 0% |
| Mortgage-backed securities | 29,822 | 9.2 | 92% | 0% | 0% | 8% |
| Other asset-backed securities | 10,684 | 2.5 | 95% | 0% | 0% | 5% |
| Corporate bonds | 98,647 | 1.1 | 2% | 86% | 12% | 0% |
| Foreign governmental bonds | 2,249 | 1.3 | 0% | 100% | 0% | 0% |
| Other fixed income funds | 33,161 | 7.8 | 78% | 16% | 6% | 0% |
| **Total** | 1,012,396 | 2.5 | | | | |

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2024:

| Fixed-income securities: | Value ($) | Maturity (years) | AA or better | BBB to A | BB or lower | Not rated |
|---|---|---|---|---|---|---|
| US Agency | 467,494 | 2.4 | 100% | 0% | 0% | 0% |
| US Treasury | 502,526 | 2.1 | 100% | 0% | 0% | 0% |
| Mortgage-backed securities | 34,252 | 10.2 | 93% | 0% | 0% | 7% |
| Other asset-backed securities | 12,529 | 3.6 | 99% | 0% | 0% | 1% |
| Corporate bonds | 319,386 | 1.1 | 31% | 58% | 11% | 0% |
| Foreign governmental bonds | 3,165 | 1.9 | 0% | 100% | 0% | 0% |
| Other fixed income funds | 44,551 | 7.9 | 85% | 13% | 2% | 0% |
| **Total** | 1,383,903 | 2.4 | | | | |

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the exposure of the University's investment in a single issuer. The majority of the University's investment pools have exposure to concentration of credit risk, which is managed through appropriate asset allocation and portfolio construction. The Board's Endowment Fund policy prohibits investing directly in individual issuers in the CEF and places limits on exposures to individual managers and funds. The Board's Investment of Reserves policy places limits on concentrations to a single corporate issuer in the TIP of no more than 5.0 percent. As of June 30, 2025 and 2024, all securities held in the pools were in compliance with policy guidelines.

Foreign Currency Risk—The University invests in foreign currency denominated assets. Fluctuations in exchange rates may adversely affect the fair market value of such investments when expressed in U.S. dollar equivalents.

The following table summarizes the University's exposure to foreign currency risk, stated in U.S. dollar equivalents, as of June 30, 2025 and 2024:

| Investment type | Foreign currency | Market value 2025 ($) | Market value 2024 ($) |
|---|---|---|---|
| Equity/debt/real estate | Euro | 103,795 | 63,658 |
| Equity | British Pound Sterling | 37,842 | 32,184 |
| **Total** | - | 141,637 | 95,842 |

## Financial Institution Credit Risk

Deposits—Depository credit risk is the risk that in the event of a bank failure, the University's deposits may not be recovered. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits that are held in the same ownership category, and the Federal Deposit Insurance Corporation (FDIC) insured amount is $250 for bank balances held in the United States and Bermuda Deposit Insurance Corporation (BDIC) insured amount of $25 for bank balances held in Bermuda that relate to RUMINCO. As of June 30, 2025 and 2024, the University's bank balances subject to depository credit risk of $123,376 and $193,166, respectively were uninsured and uncollateralized.

Investment Securities—Custodial credit risk is the risk that, in the event of failure of the counterparty, the University may not be able to recover the value of its investments held in custodial accounts. The University is not exposed to custodial credit risk as of June 30, 2025 and 2024, because the investment securities are held by the University and not by a counterparty.

### 3. Other Asset and Liability Information

Receivables, net, and student loans receivable as of June 30, 2025, consisted of the following:

| Categories | Current ($) | Noncurrent ($) | Total ($) |
|---|---|---|---|
| State and federal appropriations | 5,616 | 0 | 5,616 |
| Sponsored grants and contracts | 222,916 | 0 | 222,916 |
| Student receivables | 33,185 | 0 | 33,185 |
| Trade receivables | 226,108 | 0 | 226,108 |
| Accrued interest | 7,330 | 0 | 7,330 |
| Other | 39,348 | 1,161 | 40,509 |
| Allowance for uncollectible accounts | (7,247) | 0 | (7,247) |
| Total receivables, net | 527,256 | 1,161 | 528,417 |
| | | | |
| Student loans receivable | 9,354 | 36,561 | 45,915 |
| Allowance for uncollectible accounts | (3,053) | 0 | (3,053) |
| Student loans receivable, net | 6,301 | 36,561 | 42,862 |

Receivables, net, and student loans receivable as of June 30, 2024, consisted of the following:

| Categories | Current ($) | Noncurrent ($) | Total ($) |
|---|---|---|---|
| State and federal appropriations | 4,794 | 0 | 4,794 |
| Sponsored grants and contracts | 167,730 | 0 | 167,730 |
| Notes receivable | 171 | 0 | 171 |
| Student receivables | 32,049 | 0 | 32,049 |
| Trade receivables | 237,562 | 0 | 237,562 |
| Accrued interest | 7,288 | 0 | 7,288 |
| Other | 55,532 | 26,372 | 81,904 |
| Allowance for uncollectible accounts | (6,581) | 0 | (6,581) |
| Total receivables, net | 498,545 | 26,372 | 524,917 |
| | | | |
| Student loans receivable | 9,940 | 37,341 | 47,281 |
| Allowance for uncollectible accounts | (2,876) | 0 | (2,876) |
| Student loans receivable, net | 7,064 | 37,341 | 44,405 |

Accrued liabilities as of June 30, 2025, consisted of the following:

| Types of liabilities | Current ($) | Noncurrent ($) | Total ($) |
|---|---|---|---|
| Trade liabilities | 11,145 | 12,437 | 23,582 |
| Compensation and benefits | 119,534 | 0 | 119,534 |
| Compensated absences | 97,070 | 29,785 | 126,855 |
| Net pension liability | 0 | 14,832 | 14,832 |
| OPEB liability | 4,974 | 56,593 | 61,567 |
| Self-insurance reserves | 58,722 | 12,057 | 70,779 |
| Accrued interest | 18,742 | 0 | 18,742 |
| Refundable advances | 1,900 | 29,416 | 31,316 |
| Other | 14,625 | 0 | 14,625 |
| Total accrued liabilities | 326,712 | 155,120 | 481,832 |

Accrued liabilities as of June 30, 2024, consisted of the following:

| Types of liabilities | Current ($) | Noncurrent ($) | Total ($) |
|---|---|---|---|
| Trade liabilities | 8,126 | 12,124 | 20,250 |
| Compensation and benefits | 108,442 | 0 | 108,442 |
| Compensated absences | 113,293 | 27,149 | 140,442 |
| Net pension liability | 0 | 140,532 | 140,532 |
| OPEB liability | 4,498 | 44,062 | 48,560 |
| Self-insurance reserves | 49,296 | 12,026 | 61,322 |
| Accrued interest | 18,514 | 0 | 18,514 |
| Refundable advances | 2,758 | 30,777 | 33,535 |
| Other | 13,269 | 0 | 13,269 |
| Total accrued liabilities | 318,196 | 266,670 | 584,866 |

Activity for certain liabilities consisted of the following as of June 30, 2025:

| Types of liabilities | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|
| Compensated balances* | 140,442 | 0 | (13,587) | 126,855 | 97,070 |
| Self-insurance reserves (see Note 12) | 61,322 | 480,580 | (471,123) | 70,779 | 58,722 |

*Compensated absences is presented net of additions and reductions.

Activity for certain liabilities consisted of the following as of June 30, 2024:

| Types of liabilities | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|
| Compensated balances* | 120,341 | 20,101 | 0 | 140,442 | 113,293 |
| Self-insurance reserves (see Note 12) | 59,702 | 421,562 | (419,942) | 61,322 | 49,296 |

*Compensated absences is presented net of additions and reductions.

## 4. Capital Assets

Capital assets including right-of-use (ROU) assets, net as of June 30, 2025, consisted of the following:

| Depreciable/amortizable capital assets | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| Buildings and improvements | 5,113,099 | 0 | 133,360 | 86 | 5,246,545 |
| Equipment | 894,943 | 78,356 | 0 | (32,745) | 940,554 |
| Infrastructure | 460,704 | 0 | 368 | 0 | 461,072 |
| Library and reference books | 188,089 | 2,961 | 0 | 0 | 191,050 |
| Capitalized software (intangible asset) | 203,924 | 418 | 0 | 0 | 204,342 |
| All other intangible assets | 6,903 | 0 | 0 | 0 | 6,903 |
| ROU lease assets - buildings | 291,849 | 7,636 | 0 | (44,391) | 255,094 |
| ROU lease assets - equipment | 4,349 | 5,878 | 0 | (585) | 9,642 |
| ROU lease assets - land | 2,348 | 1,467 | 0 | (117) | 3,698 |
| ROU subscription assets | 59,010 | 19,095 | 0 | (8,879) | 69,226 |
| Total depreciable/amortizable capital assets | 7,225,218 | 115,811 | 133,728 | (86,631) | 7,388,126 |

| Non-depreciable/amortizable capital assets | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| Land | 271,830 | 646 | 0 | (4) | 272,472 |
| Museums and collections | 122,802 | 1,917 | 0 | 0 | 124,719 |
| Construction in progress | 162,540 | 187,237 | (133,728) | 0 | 216,049 |
| Permanent right-of-way easements (intangible asset) | 5 | 0 | 0 | 0 | 5 |
| Total non-depreciable/amortizable capital assets | 557,177 | 189,800 | (133,728) | (4) | 613,245 |

| Accumulated depreciation/amortization | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| Buildings and improvements | (2,915,880) | (146,684) | 0 | (88) | (3,062,652) |
| Equipment | (694,655) | (57,565) | 0 | 30,003 | (722,217) |
| Infrastructure | (386,349) | (12,870) | 0 | 0 | (399,219) |
| Library and reference books | (150,726) | (3,684) | 0 | 0 | (154,410) |
| Capitalized software (intangible asset) | (195,593) | (4,205) | 0 | 0 | (199,798) |
| All other intangible assets | (6,903) | 0 | 0 | 0 | (6,903) |
| ROU lease assets - buildings | (78,994) | (23,313) | 0 | 22,066 | (80,241) |
| ROU lease assets - equipment | (1,904) | (1,031) | 0 | 554 | (2,381) |
| ROU lease assets - land | (391) | (202) | 0 | 117 | (476) |
| ROU subscription assets | (25,843) | (15,548) | 0 | 8,812 | (32,579) |
| Total accumulated depreciation/amortization | (4,457,238) | (265,102) | 0 | 61,464 | (4,660,876) |
| Capital assets, net | 3,325,157 | 40,509 | 0 | (25,171) | 3,340,495 |

| Summary of totals | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| Depreciable/amortizable capital assets | 7,225,218 | 115,811 | 133,728 | (86,631) | 7,388,126 |
| Non-depreciable/amortizable capital assets | 557,177 | 189,800 | (133,728) | (4) | 613,245 |
| Total capital assets | 7,782,395 | 305,611 | 0 | (86,635) | 8,001,371 |
| Less accumulated depreciation/amortization | (4,457,238) | (265,102) | 0 | 61,467 | (4,660,876) |
| Capital assets, net | 3,325,157 | 40,509 | 0 | (25,171) | 3,340,495 |

Capital assets including right-of-use (ROU) assets, net as of June 30, 2024, consisted of the following:

| Depreciable/amortizable capital assets | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| Buildings and improvements | 5,032,699 | 0 | 80,787 | (387) | 5,113,099 |
| Equipment | 856,054 | 78,386 | 0 | (39,497) | 894,943 |
| Infrastructure | 458,770 | 0 | 1,934 | 0 | 460,704 |
| Library and reference books | 185,300 | 2,789 | 0 | 0 | 188,089 |
| Capitalized software (intangible asset) | 202,119 | 1,805 | 0 | 0 | 203,924 |
| All other intangible assets | 6,903 | 0 | 0 | 0 | 6,903 |
| ROU lease assets - buildings | 257,516 | 41,420 | 0 | (7,087) | 291,849 |
| ROU lease assets - equipment | 3,996 | 568 | 0 | (215) | 4,349 |
| ROU lease assets - land | 723 | 1,661 | 0 | (36) | 2,348 |
| ROU subscription assets | 57,378 | 6,511 | 0 | (4,879) | 59,010 |
| Total depreciable/amortizable capital assets | 7,061,458 | 133,140 | 82,721 | (52,101) | 7,225,218 |

| Non-depreciable/amortizable capital assets | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| Land | 254,489 | 17,741 | 0 | (400) | 271,830 |
| Museums and collections | 121,204 | 1,598 | 0 | 0 | 122,802 |
| Construction in progress | 121,335 | 123,926 | (82,721) | 0 | 162,540 |
| Permanent right-of-way easements (intangible asset) | 5 | 0 | 0 | 0 | 5 |
| Total non-depreciable/amortizable capital assets | 497,033 | 143,265 | (82,721) | (400) | 557,177 |

| Accumulated depreciation/amortization | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| Buildings and improvements | (2,770,095) | (145,894) | 0 | 109 | (2,915,880) |
| Equipment | (675,908) | (55,481) | 0 | 36,734 | (694,655) |
| Infrastructure | (373,410) | (12,939) | 0 | 0 | (386,349) |
| Library and reference books | (147,675) | (3,051) | 0 | 0 | (150,726) |
| Capitalized software (intangible asset) | (190,057) | (5,536) | 0 | 0 | (195,593) |
| All other intangible assets | (6,903) | 0 | 0 | 0 | (6,903) |
| ROU lease assets - buildings | (59,253) | (22,334) | 0 | 2,593 | (78,994) |
| ROU lease assets - equipment | (1,059) | (984) | 0 | 139 | (1,904) |
| ROU lease assets - land | (275) | (152) | 0 | 36 | (391) |
| ROU subscription assets | (18,578) | (11,709) | 0 | 4,444 | (25,843) |
| Total accumulated depreciation/amortization | (4,243,213) | (258,080) | 0 | 44,055 | (4,457,238) |
| Capital assets, net | 3,315,278 | 18,325 | 0 | (8,446) | 3,325,157 |

| Summary of totals | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| Depreciable/amortizable capital assets | 7,061,458 | 133,140 | 82,721 | (52,101) | 7,225,218 |
| Non-depreciable/amortizable capital assets | 497,033 | 143,265 | (82,721) | (400) | 557,177 |
| Total capital assets | 7,558,491 | 276,405 | 0 | (52,501) | 7,782,395 |
| Less accumulated depreciation/amortization | (4,243,213) | (258,080) | 0 | 44,055 | (4,457,238) |
| Capital assets, net | 3,315,278 | 18,325 | 0 | (8,446) | 3,325,157 |

## 5. Leases

The University has entered various leasing arrangement types where the University is either the lessee or the lessor. Under GASB 87, *Leases*, the University classifies leases that are 12 months or greater in length at the commencement of the lease term, including the evaluation of options to extend the lease, in the Statements of Net Position. The University records a lease receivable and deferred inflow of resources for lessor arrangements. The University records a lease liability and an underlying right-of-use lease asset for lessee arrangements. The University has applied thresholds, referenced in Note 1, Organization, Basis of Presentation, and Summary of Significant Accounting Policies, based on the minimum net present value (NPV) of receipts for lessor arrangements and payments for lessee arrangements. The NPV calculation is determined by the total receipts or payments over the noncancelable lease term and an interest rate that is stated within the lease contract or, when an interest rate is not stated, the University's incremental borrowing rate as determined by an independent third party. The incremental borrowing rate is applied based on the noncancelable lease term at the commencement of the lease term.

### Lessor Arrangements

The University has various lessor arrangements for buildings spanning the University system to various third parties and component units. The assets leased include buildings and land and payments are generally fixed. The University also has a sale-leaseback lease arrangement where the University purchased the property and is subsequently leasing the property back to the original owner.

The following table reflects the total amount of inflows of resources reflected in the Statements of Revenues, Expenses, and Changes in Net Position by revenue line:

| Revenue line | 2025 ($) | 2024 ($) |
|---|---|---|
| Sales and services of educational activities, net of scholarship allowances | 855 | 870 |
| Auxiliary enterprises, net of scholarship allowances | 8,474 | 10,077 |
| Other nonoperating revenues, net | 12,907 | 12,584 |
| **Total** | 22,236 | 23,531 |

The following table reflects the total future principal and interest payments where the University is the lessor:

| Fiscal year ending June 30 | Principal ($) | Interest ($) | Total receivables ($) |
|---|---|---|---|
| 2026 | 4,550 | 12,822 | 17,372 |
| 2027 | 2,728 | 12,741 | 15,469 |
| 2028 | 2,355 | 12,685 | 15,040 |
| 2029 | 2,470 | 12,583 | 15,053 |
| 2030 | 2,541 | 12,500 | 15,041 |
| 2031-2035 | 11,070 | 61,256 | 72,326 |
| 2036-2040 | 7,563 | 59,691 | 67,254 |
| 2041-2045 | 9,510 | 58,529 | 68,039 |
| 2046-2050 | 27,620 | 56,856 | 84,476 |
| 2051-2055 | 59,140 | 44,644 | 103,784 |
| 2056-2060 | 75,375 | 28,453 | 103,828 |
| 2061-2065 | 32,362 | 12,674 | 45,036 |
| 2066-2070 | 10,137 | 9,721 | 19,858 |
| 2071-2075 | 10,533 | 7,575 | 18,108 |
| 2076-2080 | 12,004 | 5,351 | 17,355 |
| 2081-2085 | 14,632 | 2,656 | 17,288 |
| 2086-2090 | 5,141 | 282 | 5,423 |
| 2091-2095 | 317 | 82 | 399 |
| 2096-2100 | 243 | 16 | 259 |
| **Total** | 290,291 | 411,117 | 701,408 |

## Lessee Arrangements

The University leases certain assets from various third parties. The assets leased include buildings, land, and equipment and payments are generally fixed. The University also has one sale-leaseback lease arrangement.

See Note 4, Capital Assets, for a summary of the University's right-of-use lease assets.

Lease liability for the years ended June 30, 2025 and 2024, consisted of the following:

| Year of lease liability | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| 2025 | 220,447 | 13,237 | 0 | (48,284) | 185,400 |
| 2024 | 209,328 | 42,284 | 0 | (25,765) | 220,447 |

The following table reflects the total principal and interest payments where the University is the lessee:

| Fiscal year ending June 30 | Principal ($) | Interest ($) | Total obligations ($) |
|---|---|---|---|
| 2026 | 15,248 | 5,718 | 20,966 |
| 2027 | 15,052 | 5,381 | 20,433 |
| 2028 | 12,753 | 5,085 | 17,838 |
| 2029 | 11,915 | 4,795 | 16,710 |
| 2030 | 11,047 | 4,523 | 15,570 |
| 2031-2035 | 38,246 | 18,788 | 57,034 |
| 2036-2040 | 5,244 | 15,750 | 20,994 |
| 2041-2045 | 4,462 | 14,900 | 19,362 |
| 2046-2050 | 3,274 | 14,146 | 17,420 |
| 2051-2055 | 3,289 | 13,496 | 16,785 |
| 2056-2060 | 1,825 | 12,936 | 14,761 |
| 2061-2065 | 2,191 | 12,567 | 14,758 |
| 2066-2070 | 3,172 | 12,024 | 15,196 |
| 2071-2075 | 4,387 | 11,259 | 15,646 |
| 2076-2080 | 5,865 | 10,221 | 16,086 |
| 2081-2085 | 7,673 | 8,854 | 16,527 |
| 2086-2090 | 9,943 | 7,073 | 17,016 |
| 2091-2095 | 12,737 | 4,781 | 17,518 |
| 2096-2100 | 16,174 | 1,859 | 18,033 |
| 2101-2105 | 903 | 3 | 906 |
| **Total** | 185,400 | 184,159 | 369,559 |

### Variable Receipts and Payments

Variable receipts for lessor arrangements and payments for lessee arrangements based on future performance of the leasing party or usage of the underlying asset are not factored into the lease receivable or liability. These types of receipts or payments are most common in building leases where it requires tenants to share in the costs of taxes, insurance, utilities, and other common area maintenance costs or includes parking usage where the occupancy is determined based on a specific event in the future.

Amounts recognized as variable receipts in the form of inflows not included in the measurement of the lease receivable are $3,714 and $1,505 for fiscal years ended June 30, 2025 and 2024, respectively. Whereas amounts recognized as variable payments in the form of outflows not included in the measurement of the lease liability are $7,150 and $6,657 for fiscal years ended June 30, 2025 and 2024, respectively.

## 6. Subscription-Based Information Technology Arrangements

The University has entered various arrangements with external vendors to use the vendor's IT software as specified in the contracts. Under GASB 96, *Subscription-Based Information Technology Arrangements (SBITA)*, the University classifies SBITA that are 12 months or greater in length at the commencement of the SBITA term, including the evaluation of options to extend the SBITA, to the Statements of Net Position. The University records a subscription liability and an underlying right-of-use subscription asset for SBITA. The nature of the SBITA includes firewall services, customer relationship manager solutions, and online solutions for creating, fulfilling, and viewing course reading lists. The University does not consider content-

subscription agreements that allow authorized University users only access to search, browse, view, download, print, and store the subscribed products which include books, databases, and conference proceedings from a number of publishers to be software subscriptions. Non-software subscription contracts are excluded from being reported as subscription assets. The University has applied a threshold based on the minimum net present value (NPV) of payments for the SBITA. The NPV calculation is determined by the total payments over the noncancelable SBITA term and an interest rate that is stated within the SBITA or, when an interest rate is not stated, the University's incremental borrowing rate as determined by an independent third party. The incremental borrowing rate is applied based on the noncancelable SBITA term at the commencement of the SBITA term.

See Note 4, Capital Assets, for a summary of the University's right-of-use subscription assets.

Subscription liability for the years ended June 30, 2025 and 2024, consisted of the following:

| Year of subscription liability | Beginning balance ($) | Additions ($) | Transfers ($) | Retirements & reductions ($) | Ending balance ($) |
|---|---|---|---|---|---|
| 2025 | 22,605 | 19,095 | 0 | (13,966) | 27,734 |
| 2024 | 27,100 | 6,238 | 0 | (10,733) | 22,605 |

The following table reflects the total principal and interest payments for the subscription liability:

| Fiscal year ending June 30 | Principal ($) | Interest ($) | Total obligations ($) |
|---|---|---|---|
| 2026 | 10,778 | 500 | 8,668 |
| 2027 | 9,343 | 265 | 9,608 |
| 2028 | 5,959 | 74 | 6,033 |
| 2029 | 1,654 | 7 | 1,661 |
| 2030 | 0 | 0 | 0 |
| 2031-2035 | 0 | 0 | 0 |
| **Total** | 27,734 | 846 | 25,970 |

### Variable Payments

There are no amounts recognized as variable payments in the form of outflows not included in the measurement of the subscription liability for fiscal years ended June 30, 2025 and 2024.

## 7. Deferred Outflows and Inflows of Resources

The composition of deferred outflows of resources at June 30, 2025 and 2024 is summarized as follows:

| Resources | 2025 ($) | 2024 ($) |
|---|---|---|
| Pensions and other employee benefit plan changes (see Note 9) | 137,069 | 171,138 |
| Loss on refunding or defeasance of debt | 244 | 309 |
| Other postemployment benefits (see Note 13) | 17,503 | 7,525 |
| Purchase consideration that exceeded net position | 4,096 | 4,330 |
| **Total deferred outflows of resources** | 158,912 | 183,302 |

The composition of deferred inflows of resources at June 30, 2025 and 2024 is summarized as follows:

| Resources | 2025 ($) | 2024 ($) |
|---|---|---|
| Pensions and other employee benefit plan changes (see Note 9) | 189,235 | 155,989 |
| Gain on refunding or defeasance of debt | 23,608 | 25,521 |
| Other postemployment benefits (see Note 13) | 7,991 | 9,094 |
| Leases | 261,160 | 264,600 |
| Consideration to be received as part of a public-private partnership | 1,344 | 1,568 |
| **Total deferred inflows of resources** | 483,338 | 456,772 |

## 8. Debt

The University-issued debt as of June 30, 2025, consisted of the following:

| General obligation bonds | Fiscal year issued | Coupon rates (%) | Due at various dates through fiscal year | Original issued amount (par) ($) | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|---|---|---|---|
| Series 2024A (tax-exempt) | 2024 | 5.000% | 2044 | 106,680 | 106,680 | 0 | 4,765 | 101,915 | 3,730 |
| Series 2024B (tax-exempt) | 2024 | 5.000% | 2038 | 43,825 | 43,825 | 0 | 2,545 | 41,280 | 2,330 |
| Series 2022 (taxable) | 2022 | 4.048% | 2052 | 500,000 | 500,000 | 0 | 0 | 500,000 | 0 |
| Series 2021C (taxable) | 2022 | 0.130% to 2.590% | 2039 | 36,875 | 30,700 | 0 | 2,255 | 28,445 | 2,275 |
| Series 2020A (tax-exempt) | 2021 | 5.000% | 2046 | 31,310 | 29,245 | 0 | 760 | 28,485 | 795 |
| Series 2020B (taxable) | 2021 | 0.400% to 2.875% | 2046 | 84,690 | 76,065 | 0 | 2,905 | 73,160 | 2,930 |
| Series 2019A (tax-exempt) | 2019 | 5.000% | 2044 | 104,215 | 91,545 | 0 | 2,765 | 88,780 | 2,905 |
| Series 2019B (tax-exempt) | 2019 | 5.000% | 2030 | 51,240 | 35,520 | 0 | 6,030 | 29,490 | 6,325 |
| Series 2019C (taxable) | 2019 | 2.466% to 3.974% | 2044 | 20,000 | 17,225 | 0 | 615 | 16,610 | 635 |
| Series 2017A (tax-exempt) | 2018 | 2.000% to 5.000% | 2043 | 117,095 | 100,055 | 0 | 3,235 | 96,820 | 3,400 |
| Series 2017B (tax-exempt) | 2018 | 2.000% to 5.000% | 2037 | 292,955 | 134,060 | 0 | 11,160 | 122,900 | 11,665 |
| Series 2017C (taxable) | 2018 | 1.375% to 2.915% | 2029 | 13,240 | 5,855 | 0 | 1,110 | 4,745 | 1,140 |
| Series 2016A (tax-exempt) | 2016 | 3.000% to 5.000% | 2041 | 122,475 | 97,300 | 0 | 3,895 | 93,405 | 4,085 |
| Series 2015B (taxable) | 2016 | 0.799% to 4.039% | 2032 | 10,110 | 5,655 | 0 | 620 | 5,035 | 645 |
| Series 2013D (taxable) | 2014 | 0.600% to 4.848% | 2039 | 12,760 | 9,130 | 0 | 440 | 8,690 | 455 |
| Series 2013B (taxable) | 2013 | 2.600% to 3.750% | 2038 | 13,780 | 9,050 | 0 | 520 | 8,530 | 535 |
| Series 2011C (taxable) | 2012 | 0.895% to 4.563% | 2037 | 19,335 | 12,485 | 0 | 725 | 11,760 | 755 |
| Series 2010B (taxable) | 2011 | 0.744% to 5.018% | 2036 | 41,720 | 23,775 | 0 | 1,655 | 22,120 | 1,705 |
| Total general obligation bonds | - | - | - | 1,622,305 | 1,328,170 | 0 | 46,000 | 1,282,170 | 46,310 |

| Special purpose revenue bonds | Fiscal year issued | Coupon rates (%) | Due at various dates through fiscal year | Original issued amount (par) ($) | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|---|---|---|---|
| Series 2021A (tax-exempt) | 2022 | 4.000% to 5.000% | 2037 | 92,385 | 82,925 | 0 | 5,020 | 77,905 | 5,250 |
| Series 2021B (taxable) | 2022 | 0.210% to 2.630% | 2039 | 31,100 | 27,795 | 0 | 1,665 | 26,130 | 1,675 |
| Series 2015A (tax-exempt) | 2016 | 2.000% to 5.000% | 2032 | 90,075 | 46,685 | 0 | 6,735 | 39,950 | 7,080 |
| Total special purpose revenue bonds | - | - | - | 213,560 | 157,405 | 0 | 13,420 | 143,985 | 14,005 |

| Commercial paper notes | Fiscal year issued | Coupon rates (%) | Due at various dates through fiscal year | Original issued amount (par) ($) | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|---|---|---|---|
| Series B (tax-exempt) | 2007 | 3.198% | 2026 | 61,000 | 9,300 | 0 | 3,100 | 6,200 | 6,200 |
| Series C (tax-exempt) | 2008 | 3.198% | 2026 | 70,000 | 12,000 | 0 | 3,500 | 8,500 | 8,500 |
| Series D (tax-exempt) | 2010 | 3.260% | 2026 | 25,000 | 11,977 | 0 | 0 | 11,977 | 11,977 |
| Series E (taxable) | 2015 | 4.807% | 2026 | 51,620 | 34,020 | 0 | 2,200 | 31,820 | 31,820 |
| Series F (tax-exempt) | 2017 | 3.358% | 2026 | 50,100 | 36,100 | 0 | 2,000 | 34,100 | 34,100 |
| Series G (tax-exempt) | 2018 | 3.250% | 2026 | 33,372 | 10,518 | 0 | 5,372 | 5,146 | 5,146 |
| Series H (tax-exempt) | 2025 | 3.042% | 2026 | 50,000 | 0 | 123,600 | 0 | 123,600 | 123,600 |
| Series I (taxable) | 2022 | 4.863% | 2026 | 34,000 | 98,412 | 13,400 | 45,901 | 65,911 | 65,911 |
| Total commercial paper notes | - | - | - | 375,092 | 212,327 | 137,000 | 62,073 | 287,254 | 287,254 |

| Other debt Instruments | Fiscal year issued | Coupon rates (%) | Due at various dates through fiscal year | Original issued amount (par) ($) | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|---|---|---|---|
| Infrastructure development bonds | 1995 to 2006 | 3.550% to 5.290% | 2025 | 109,234 | 36 | 0 | 36 | 0 | 0 |
| Note payable | 2020 | 1.900% | 2025 | 4,500 | 4,500 | 0 | 4,500 | 0 | 0 |
| Total other debt instruments | - | - | - | 113,734 | 4,536 | 0 | 4,536 | 0 | 0 |
| Total outstanding debt | - | - | - | 2,324,691 | 1,702,438 | 137,000 | 126,029 | 1,713,409 | 347,569 |
| Unamortized premiums and discounts | 2012 to 2024 | - | 2046 | 196,116 | 142,238 | 0 | 10,355 | 131,883 | 10,355 |
| **Total** | - | - | - | 2,520,807 | 1,844,676 | 137,000 | 136,384 | 1,845,292 | 357,924 |

The University-issued debt as of June 30, 2024, consisted of the following:

| General obligation bonds | Fiscal year issued | Coupon rates (%) | Due at various dates through fiscal year | Original issued amount (par) ($) | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|---|---|---|---|
| Series 2024A (tax-exempt) | 2024 | 5.000% | 2044 | 106,680 | 0 | 106,680 | 0 | 106,680 | 4,765 |
| Series 2024B (tax-exempt) | 2024 | 5.000% | 2038 | 43,825 | 0 | 43,825 | 0 | 43,825 | 2,545 |
| Series 2022 (taxable) | 2022 | 4.048% | 2052 | 500,000 | 500,000 | 0 | 0 | 500,000 | 0 |
| Series 2021C (taxable) | 2022 | 0.130% to 2.590% | 2039 | 36,875 | 32,945 | 0 | 2,245 | 30,700 | 2,255 |
| Series 2020A (tax-exempt) | 2021 | 5.000% | 2046 | 31,310 | 29,970 | 0 | 725 | 29,245 | 760 |
| Series 2020B (taxable) | 2021 | 0.400% to 2.875% | 2046 | 84,690 | 78,955 | 0 | 2,890 | 76,065 | 2,905 |
| Series 2019A (tax-exempt) | 2019 | 5.000% | 2044 | 104,215 | 94,180 | 0 | 2,635 | 91,545 | 2,765 |
| Series 2019B (tax-exempt) | 2019 | 5.000% | 2030 | 51,240 | 41,255 | 0 | 5,735 | 35,520 | 6,030 |
| Series 2019C (taxable) | 2019 | 2.466% to 3.974% | 2044 | 20,000 | 17,825 | 0 | 600 | 17,225 | 615 |
| Series 2017A (tax-exempt) | 2018 | 2.000% to 5.000% | 2043 | 117,095 | 103,130 | 0 | 3,075 | 100,055 | 3,235 |
| Series 2017B (tax-exempt) | 2018 | 2.000% to 5.000% | 2037 | 292,955 | 144,600 | 0 | 10,540 | 134,060 | 11,160 |
| Series 2017C (taxable) | 2018 | 1.375% to 2.915% | 2029 | 13,240 | 6,940 | 0 | 1,085 | 5,855 | 1,110 |
| Series 2016A (tax-exempt) | 2016 | 3.000% to 5.000% | 2041 | 122,475 | 101,010 | 0 | 3,710 | 97,300 | 3,895 |
| Series 2015B (taxable) | 2016 | 0.799% to 4.039% | 2032 | 10,110 | 6,260 | 0 | 605 | 5,655 | 620 |
| Series 2014B (tax-exempt) | 2015 | 2.000% to 5.000% | 2044 | 145,760 | 124,095 | 0 | 124,095 | 0 | 0 |
| Series 2013D (taxable) | 2014 | 0.600% to 4.848% | 2039 | 12,760 | 9,550 | 0 | 420 | 9,130 | 440 |
| Series 2013B (taxable) | 2013 | 2.600% to 3.750% | 2038 | 13,780 | 9,560 | 0 | 510 | 9,050 | 520 |
| Series 2013A (tax-exempt) | 2013 | 2.000% to 5.000% | 2038 | 73,570 | 52,435 | 0 | 52,435 | 0 | 0 |
| Series 2011C (taxable) | 2012 | 0.895% to 4.563% | 2037 | 19,335 | 13,180 | 0 | 695 | 12,485 | 725 |
| Series 2010B (taxable) | 2011 | 0.744% to 5.018% | 2036 | 41,720 | 25,385 | 0 | 1,610 | 23,775 | 1,655 |
| Total general obligation bonds | - | - | - | 1,841,635 | 1,391,275 | 150,505 | 213,610 | 1,328,170 | 46,000 |

| Special purpose revenue bonds | Fiscal year issued | Coupon rates (%) | Due at various dates through fiscal year | Original issued amount (par) ($) | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|---|---|---|---|
| Series 2021A (tax-exempt) | 2022 | 4.000% to 5.000% | 2037 | 92,385 | 87,750 | 0 | 4,825 | 82,925 | 5,020 |
| Series 2021B (taxable) | 2022 | 0.210% to 2.630% | 2039 | 31,100 | 29,450 | 0 | 1,655 | 27,795 | 1,665 |
| Series 2015A (tax-exempt) | 2016 | 2.000% to 5.000% | 2032 | 90,075 | 53,095 | 0 | 6,410 | 46,685 | 6,735 |
| Total special purpose revenue bonds | - | - | - | 213,560 | 170,295 | 0 | 12,890 | 157,405 | 13,420 |

| Commercial paper notes | Fiscal year issued | Coupon rates (%) | Due at various dates through fiscal year | Original issued amount (par) ($) | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|---|---|---|---|
| Series B (tax-exempt) | 2007 | 3.694% | 2025 | 61,000 | 12,400 | 0 | 3,100 | 9,300 | 9,300 |
| Series C (tax-exempt) | 2008 | 3.694% | 2025 | 70,000 | 15,500 | 0 | 3,500 | 12,000 | 12,000 |
| Series D (tax-exempt) | 2010 | 3.414% | 2025 | 25,000 | 11,977 | 0 | 0 | 11,977 | 11,977 |
| Series E (taxable) | 2015 | 5.388% | 2025 | 51,620 | 36,220 | 0 | 2,200 | 34,020 | 34,020 |
| Series F (tax-exempt) | 2017 | 3.518% | 2025 | 50,100 | 38,100 | 0 | 2,000 | 36,100 | 36,100 |
| Series G (tax-exempt) | 2018 | 3.534% | 2025 | 33,372 | 12,168 | 0 | 1,650 | 10,518 | 10,518 |
| Series H (tax-exempt) | 2022 | 3.125% | 2025 | 34,000 | 59,900 | 0 | 59,900 | 0 | 0 |
| Series I (taxable) | 2022 | 5.366% | 2025 | 34,000 | 94,100 | 80,000 | 75,688 | 98,412 | 98,412 |
| Total commercial paper notes | - | - | - | 359,092 | 280,365 | 80,000 | 148,038 | 212,327 | 212,327 |

| Other debt Instruments | Fiscal year issued | Coupon rates (%) | Due at various dates through fiscal year | Original issued amount (par) ($) | Beginning balance ($) | Additions ($) | Reductions ($) | Ending balance ($) | Current portion ($) |
|---|---|---|---|---|---|---|---|---|---|
| Infrastructure development bonds | 1995 to 2006 | 3.550% to 5.290% | 2025 | 109,234 | 567 | 0 | 532 | 36 | 36 |
| Note payable | 2020 | 1.900% | 2025 | 4,500 | 4,500 | 0 | 0 | 4,500 | 4,500 |
| Total other debt instruments | - | - | - | 113,734 | 5,067 | 0 | 532 | 4,536 | 4,536 |
| Total outstanding debt | - | - | - | 2,528,021 | 1,847,002 | 230,505 | 375,070 | 1,702,438 | 276,283 |
| Unamortized premiums and discounts | 2009 to 2024 | - | 2046 | 239,739 | 144,733 | 21,685 | 24,180 | 142,238 | 10,355 |
| **Total** | - | - | - | 2,767,760 | 1,991,735 | 252,190 | 399,250 | 1,844,676 | 286,638 |

## General Obligation Bonds

All General Obligation (GO) bonds of the University are secured by the full faith and credit of the University. The University did not issue GO bonds during fiscal year 2025.

On March 27, 2024, the University issued GO bonds, Series 2024A in the par amount of $106,680, at a coupon rate of 5.000 percent. Proceeds were used to refund, on a current basis, all of the University's outstanding GO Bonds, Series 2014B, and certain costs of issuance. The debt service requirements on the old debt balance were $181,828, and the debt service requirements on the new debt balance are $166,987. The economic gain on the refunding, using an effective interest rate of 2.939 percent, was $10,142. A deferred gain on refunding of $8,258 was recognized during the year ended June 30, 2024 and will be amortized over the life of the new debt. The refunded bonds were called for redemption within 90 days of the date of delivery of the 2024A bonds.

On March 27, 2024, the University issued GO bonds, Series 2024B in the par amount of $43,825 at a coupon rate of 5.000 percent. Proceeds were used to refund, on a current basis, all of the University's outstanding GO Bonds, Series 2013A, and certain costs of issuance. The debt service requirements on the old debt balance were $66,023, and the debt service requirements on the new debt balance are $61,525. The economic gain on the refunding, using an effective interest rate of 2.703 percent, was $3,709. A deferred gain on refunding of $4,663 was recognized during the year ended June 30, 2024 and will be amortized over the life of the new debt. The refunded bonds were called for redemption within 90 days of the date of delivery of the 2024B bonds.

## Special Purpose Revenue Bonds

Special Purpose Revenue Bonds are special limited obligations of the University and do not constitute a general obligation of the University. The State legislation provides annual appropriation for the payment of debt service on the Bonds.

The University did not issue Special Purpose Revenue Bonds during fiscal years 2025 and 2024.

## Commercial Paper Notes

The University issues tax-exempt and taxable Commercial Paper (CP) notes through a revolving CP Facility for short or long-term financing of capital projects and for certain operating purposes. Prior to June 2025, the aggregate principal amount outstanding under the CP Facility shall not exceed $400,000, including any previously issued notes still outstanding and additional CP notes to be issued.

The Board of Regents of the University, through a Resolution of the Board of Regents dated June 12, 2025, authorized the increase of the aggregated principal amount outstanding of the CP Facility from not to exceed $400,000 to not to exceed $700,000 and the issuance of notes for certain operating purposes. On September 8, 2025, the University issued a Supplement to the Commercial Paper Offering Memorandum dated November 9, 2021. The Supplement was issued to reference the Board of Regents of the University's resolution.

During fiscal year 2025, the University issued a total of $123,600 in CP Tax Exempt Notes Series H for purposes of paying off a $39,584 portion of the outstanding CP Taxable Notes Series I in fiscal year 2025, and for ongoing capital projects. During fiscal year 2024, the entire outstanding principal balance of $59,900 of the Series H was fully paid off.

During fiscal year 2025, the University issued a total of $13,400 of CP Taxable Notes Series I for funding ongoing capital projects. During fiscal year 2024, the University issued a total of $80,000 in CP Taxable Notes Series I for purposes of funding new capital projects in fiscal year 2024, ongoing capital projects, and operating purposes.

All the University's outstanding CP Facility is secured by the full faith and credit of the University and backed by the University's self-liquidity. Commercial paper is short-term in nature and classified as current liabilities in the financial statements.

## Infrastructure Development Bond Obligations

Pursuant to Minnesota law, the University is obligated to pay the State one third of the debt service of infrastructure development bonds issued by the State for University capital projects. Debt was issued for this purpose between July 1990 and October 2005. The total amount of outstanding debt issued by the State on behalf of the University was $0 and $108 as of June 30, 2025 and 2024, respectively, of which the University owes $0 and $36, respectively.

## Note Payable

On December 20, 2019, the University executed a long-term promissory note payable to Otto Bremer Trust in the amount of $4,500. The proceeds were used to fund a portion of the property acquisition at 2025 East River Parkway, Minneapolis, the future home of the Masonic Institute for the Developing Brain. Interest only was due at the rate of 1.900 percent annually for four years with the final interest payment and principal paid off in January 2025.

## Future Debt Service Requirements

Interest payments on CP will vary depending on current market conditions from week to week. Using rates as of June 30, 2025, debt service requirements of the University's outstanding long-term debt obligations for the next five years and in subsequent five-year periods are as follows:

| Fiscal year ending June 30 | Long term bonds principal ($) | Short term commercial paper notes ($) | Total principal ($) | Interest ($) | Total obligations ($) |
|---|---|---|---|---|---|
| 2026 | 60,315 | 287,254 | 347,569 | 71,382 | 418,951 |
| 2027 | 63,110 | 0 | 63,110 | 58,005 | 121,115 |
| 2028 | 65,860 | 0 | 65,860 | 55,139 | 120,999 |
| 2029 | 68,805 | 0 | 68,805 | 52,118 | 120,923 |
| 2030 | 59,700 | 0 | 59,700 | 49,212 | 108,912 |
| 2031-2035 | 279,455 | 0 | 279,455 | 207,377 | 486,832 |
| 2036-2040 | 206,775 | 0 | 206,775 | 152,614 | 359,389 |
| 2041-2045 | 115,650 | 0 | 115,650 | 114,387 | 230,037 |
| 2046-2050 | 6,485 | 0 | 6,485 | 101,316 | 107,801 |
| 2051-2055 | 500,000 | 0 | 500,000 | 40,480 | 540,480 |
| Totals ($) | 1,426,155 | 287,254 | 1,713,409 | 902,030 | 2,615,439 |

## Defeased Bonds

The University has defeased various bonds by placing the proceeds from new bond issuances into an irrevocable trust to provide for all future debt service payments on the old bonds or to immediately pay off existing debt. Neither the outstanding indebtedness nor the related trust account assets for the defeased bonds are included in the University's financial statements. There were no defeased bonds during fiscal year 2024 and 2025.

The Series 2013C SPR bonds were issued in November 2013 to finance biomedical research facilities. It was defeased on September 30, 2021 by the SPR Bonds, Series 2021B. A deferred gain of $73 was recognized during the year ended June 30, 2022, and is being amortized over the life of Series 2021B.

The amount defeased is as follows:

| Associated bond issue | Series | Refunding date | Amount defeased ($) | Refunded amount ($) | Amount outstanding on June 30, 2025 ($) | Bond call date |
|---|---|---|---|---|---|---|
| Special purpose revenue bonds | 2013C | 9/30/2021 | 28,430 | 28,430 | 0 | 8/1/2023 |

## Arbitrage

University GO debt and SPRB issuances after the Federal Tax Reform Act of 1986 are subject to federal arbitrage regulations. This results when earnings on the invested gross proceeds of a bond issue exceed the issuer's tax-exempt borrowing rates. The University continues to monitor and report any arbitrage in

accordance with the Internal Revenue Code. The University had no arbitrage liability as of June 30, 2025 or 2024.

## 9. Pension and Other Employee Benefit Plans

The University and its employees contribute to pension and benefit plans characterized as either a defined benefit (specifies the amount of pension benefits to be provided at a future date) or defined contribution (specifies how contributions are to be determined, rather than an amount) plan.

### Defined Benefit Plans

#### Cost-sharing, multiple-employer plans

##### State of Minnesota Retirement Plans

Basis of Accounting and Valuation of Investments

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 Minnesota State Retirement System (MSRS) and the Public Employee Police and Fire Fund (PEPFF) and additions to/deductions from MSRS's and PEPFF's fiduciary net position have been determined on the same basis as they are reported by MSRS and PEPFF, respectively. 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.

Public Employee Police and Fire Fund (PEPFF)

The PEPFF is administered by the Public Employees Retirement Association (PERA). PEPFF, in total, provides coverage to approximately 430 local governmental subdivisions within the State. The University's participation in PEPFF covers 77 active law enforcement staff. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by state statute and can only be modified by the State legislature. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 55. The annuity formula for each member is 3.0 percent of average salary for each year of service in that plan. Benefits for members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. For members hired prior to July 1, 1989, a full annuity is available when the member's age plus years of service equal at least 90. Annual benefits increase by 1.0 percent each year to annuitants who have been receiving the benefit for at least 36 months as of the June 30 before the effective date of the increase (pro rata increase for annuitants receiving benefits for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase). Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service. Prior to 1981, these employees were not covered by a local relief association. The fund covers all those hired since 1980. A publicly available financial report, which includes financial statements and required supplementary information for this plan,

can be obtained at https://mnpera.org or by writing the Public Employees Retirement Association (PERA), 60 Empire Drive, Suite 200, St. Paul, MN 55103.

State Employees Retirement Fund (SERF)

The SERF is administered by the Minnesota State Retirement System (MSRS). SERF, in total, provides coverage to 26 employers within the State. The University's participation in SERF covers 8,859 active Civil Service and non-faculty bargaining unit employees. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by state statute and can only be modified by the State legislature. Benefits are based on a member's age, years of allowable service, and the highest average salary for any 60 successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants receive benefit increases of 1.0 percent each year for five years beginning January 1, 2019, and 1.5 percent each year beginning January 1, 2024 to annuitants who have been receiving benefits for at least 12 months as of the June 30 of the calendar year before the effective date of the increase (pro rata increase for annuitants receiving benefits for at least one month but less than 12 months as of the June 30 of the calendar year before the effective date of the increase).

The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement or a level rate (the higher step rate) with an actuarial reduction for early retirement. The applicable rates if the employee was first hired before July 1, 1989, are 1.2 percent for the first 10 years of allowable service and 1.7 percent for each subsequent year. The applicable rate if the employee is first hired after June 30, 1989, is 1.7 percent of average salary for each year of allowable service. Average salary is defined as the highest salary paid in a 60 successive month period. A publicly available financial report, which includes financial statements, required supplementary information, and detailed information about the plan's fiduciary net position, can be obtained at https://www.msrs.state.mn.us or by writing to the MSRS, 60 Empire Drive, Suite 300, St. Paul, MN 55103.

Information pertaining to both PEPPF and SERF in accordance with GASB 68 and GASB 71 follows:

## Funding Policy and Contribution Rates

| Statutory authority | PEPFF | SERF |
|---|---|---|
| Minnesota chapter | 353 | 352 |

| Required contribution rates | PEPFF | SERF |
|---|---|---|
| Active plan members | 11.80% | 5.50% |
| University | 17.70% | 6.25% |

| Required contributions | PEPFF ($) | SERF ($) |
|---|---|---|
| University | | |
| 2025 | 2,176 | 34,855 |
| 2024 | 1,951 | 33,078 |
| Non-employer contributing entity | | |
| 2025 | 226 | 0 |
| 2024 | 61 | 0 |

Required contribution rates notes:
1 – Required contribution rates for PEPFF are effective 1/1/2020 through 6/30/2025
2 – Active plan members contribution rates for SERF is 5.50% effective 7/1/2023 through 6/30/2025
3 – Required University contribution rate for SERF is 6.25% effective 7/1/2019 through 6/30/2025

Net pension liability amounts recorded in accordance with GASB 68 and GASB 71 within the University's financial statements are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2024. The University's proportion of the respective plans' net pension liability was based on the University's contributions to the respective plans during the measurement period July 1, 2023 through June 30, 2024, relative to the total contributions from all participating employers, as well as on-behalf State contributions paid directly to PEPFF. As a result, contributions made to the respective plans during fiscal year 2025, are recorded as deferred outflows of resources per GASB 68 and GASB 71. The State has not enacted any law that requires the University to assume the liability, as a participant of the pension plans, in the event the State were unable to continue paying benefits from the retirement plans.

## Summary of Pension Amounts

| Fiscal year 2025 | PEPFF | SERF | Total |
|---|---|---|---|
| Proportionate share of the net pension liability ($) | 10,475 | 4,357 | 14,832 |
| Proportionate share of the net pension liability (%) | 0.796% | 13.100% | - |
| Change in the proportionate share of the net pension liability (%) from prior fiscal year (%) | 0.085% | -0.249% | - |
| Deferred outflows of resources ($) | 19,732 | 117,337 | 137,069 |
| Deferred inflows of resources ($) | 18,942 | 170,293 | 189,235 |
| Net pension expense ($) | 2,425 | (13,537) | (11,112) |
| Non-operating grant revenue ($) | 226 | 10,014 | 10,240 |

| Fiscal year 2024 | PEPFF | SERF | Total |
|---|---|---|---|
| Proportionate share of the net pension liability ($) | 12,275 | 128,257 | 140,532 |
| Proportionate share of the net pension liability (%) | 0.711% | 13.349% | - |
| Change in the proportionate share of the net pension liability (%) from prior fiscal year (%) | 0.034% | 0.225% | - |
| Deferred outflows of resources ($) | 20,650 | 150,488 | 171,138 |
| Deferred inflows of resources ($) | 18,039 | 137,950 | 155,989 |
| Net pension expense ($) | 3,911 | 14,386 | 18,297 |
| Non-operating grant revenue ($) | 64 | 0 | 64 |

## Deferred Outflows of Resources

| Fiscal year 2025 | PEPFF ($) | SERF ($) | Total ($) |
|---|---|---|---|
| Differences between expected and actual experience | 4,082 | 31,953 | 36,035 |
| Changes in actuarial assumptions | 11,515 | 49,130 | 60,645 |
| Differences between projected and actual investment | 0 | 0 | 0 |
| Changes in proportion and contributions allocated | 1,959 | 1,399 | 3,358 |
| Contributions paid to plan subsequent to measurement date | 2,176 | 34,855 | 37,031 |
| Total | 19,732 | 117,337 | 137,069 |

| Fiscal year 2024 | PEPFF ($) | SERF ($) | Total ($) |
|---|---|---|---|
| Differences between expected and actual experience | 3,385 | 15,417 | 18,802 |
| Changes in actuarial assumptions | 14,244 | 100,127 | 114,371 |
| Differences between projected and actual investment | 0 | 0 | 0 |
| Changes in proportion and contributions allocated | 1,070 | 1,866 | 2,936 |
| Contributions paid to plan subsequent to measurement date | 1,951 | 33,078 | 35,029 |
| Total | 20,650 | 150,488 | 171,138 |

## Deferred Inflows of Resources

| Fiscal year 2025 | PEPFF ($) | SERF ($) | Total ($) |
|---|---|---|---|
| Differences between expected and actual experience | 0 | 351 | 351 |
| Changes in actuarial assumptions | 15,426 | 79,665 | 95,091 |
| Differences between projected and actual investment | 3,406 | 81,077 | 84,483 |
| Changes in proportion and contributions allocated | 110 | 9,200 | 9,310 |
| Total | 18,942 | 170,293 | 189,235 |

| Fiscal year 2024 | PEPFF ($) | SERF ($) | Total ($) |
|---|---|---|---|
| Differences between expected and actual experience | 0 | 883 | 883 |
| Changes in actuarial assumptions | 17,259 | 108,040 | 125,299 |
| Differences between projected and actual investment | 589 | 12,790 | 13,379 |
| Changes in proportion and contributions allocated | 191 | 16,237 | 16,428 |
| Total | 18,039 | 137,950 | 155,989 |

## Net Deferred Outflows or Inflows of Resources Recognized as Pension Expense or a Reduction in Net Pension Liability

As of June 30, 2025, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal year | PEPFF ($) | SERF ($) | Total ($) |
|---|---|---|---|
| 2026 | (132) | (33,426) | (33,558) |
| 2027 | 3,108 | 4,831 | 7,939 |
| 2028 | (1,119) | (38,497) | (39,616) |
| 2029 | (3,735) | (20,719) | (24,454) |
| 2030 | 492 | 0 | 492 |
| Net pension expense | (1,386) | (87,811) | (89,197) |
| Contributions paid to plan subsequent to measurement date that will reduce net pension liability | 2,176 | 34,855 | 35,029 |
| Net deferred outflows | 790 | (52,956) | (54,168) |

The University's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date by the respective plans. The total pension liability was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

## Actuarial Methods and Assumptions

Actuarial methods and assumptions as of June 30, 2025 were as follows:

| Fiscal year 2025 | PEPFF | SERF |
|---|---|---|
| Valuation date | 6/30/2024 | 6/30/2024 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Asset valuation method | 5-year smoothed fair market value | Fair value |
| Long-term expected rate of return | 7.00% | 7.00% |
| 20-year municipal bond rate | 3.97% | 3.97% |
| Inflation | 2.25% | 2.25% |
| Salary increases | Service related rates | Service related rates |
| Payroll growth | 3.00% | 3.00% |
| Experience study dates | 2015 to 2019 | 2018 to 2022 |

Actuarial method and assumptions notes:
1 – PEPFF mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2021.
2 – SERF mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2018.
3 – 20-year municipal bond rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024.
4 – Experience study dates are updated for economic assumptions in 2024.

Actuarial methods and assumptions as of June 30, 2024 were as follows:

| Fiscal year 2024 | PEPFF | SERF |
|---|---|---|
| Valuation date | 6/30/2023 | 6/30/2023 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Asset valuation method | 5-year smoothed fair market value | Fair value |
| Long-term expected rate of return | 7.00% | 7.00% |
| 20-year municipal bond rate | 3.86% | 3.86% |
| Inflation | 2.25% | 2.25% |
| Salary increases | Service related rates | Service related rates |
| Payroll growth | 3.00% | 3.00% |
| Experience study dates | 2015 to 2019 | 2018 to 2022 |

Actuarial method and assumptions notes:
1 – PEPFF mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2021.
2 – SERF mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2018.
3 – 20-year municipal bond rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.
4 – Experience study dates are updated for economic assumptions in 2023.

The long-term expected rate of return was used to measure the total pension liability as of June 30, 2024 and 2023 of the respective plans. The actual selection of the rate was determined by looking at the asset class target allocations and long-term rate of return expectations from the State Board of Investments (SBI), along with other information, such as the Social Security Trustees Report, the U.S. Department of the Treasury yield curve rates, and historical observations of inflation statistics and investment returns.

The SBI, which manages the investments of the respective plans, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best estimates of expected future real rates of return are developed for each major asset class. These asset class estimates, and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

SBI Asset Class

| Asset class | Target allocation | Long-term expected real rate of return (geometric mean) |
|---|---|---|
| Domestic equity | 33.50% | 5.10% |
| International equity | 16.50% | 5.30% |
| Private markets | 25.00% | 5.90% |
| Fixed income | 25.00% | 0.75% |

GASB includes a specific requirement for the discount rate that is used for the purpose of the measurement of the SERF's and PEPFF's total pension liability. This rate considers the ability of SERF and PEPFF to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. SERF's and PEPFF's Fiduciary Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in the future, the long-term expected rate of return is used as the discount rate. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" municipal bond rate is required. The single discount rate is equivalent to applying these two rates (long-term expected rate of return and "risk-free" municipal bond rate) to the benefits that are projected to be paid during the different time periods.

The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in the statute. Based on that assumption, each of the pension plan's fiduciary net position as of June 30, 2024, was projected to be available to make all projected future benefit payments of current and active employees. The long-term expected rate of return on pension plan investments of 7.0 percent was applied to all periods of projected benefit payments through June 30, 2124 for SERF and PEPFF to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability, calculated using the discount rate of 7.0 percent for SERF and PEPFF, as well as what the impact would be if the net pension liability were calculated using a discount rate that was 1.0 percentage point lower or 1.0 percentage point higher than these percentages:

Discount Rate Sensitivity

| Fiscal year 2025 | PEPFF rate | PEPFF liability or benefit ($) | SERF rate | SERF liability or benefit ($) |
|---|---|---|---|---|
| 1% Decrease | 6.00% | 24,754 | 6.00% | 299,837 |
| Discount rate | 7.00% | 10,475 | 7.00% | 4,357 |
| 1% Increase | 8.00% | (1,251) | 8.00% | (241,073) |

| Fiscal year 2024 | PEPFF rate | PEPFF liability or benefit ($) | SERF rate | SERF liability or benefit ($) |
|---|---|---|---|---|
| 1% Decrease | 6.00% | 24,354 | 6.00% | 432,372 |
| Discount rate | 7.00% | 12,275 | 7.00% | 128,257 |
| 1% Increase | 8.00% | 2,343 | 8.00% | (105,225) |

Additional information related to the respective plans is presented in Required Supplementary Information (RSI) following the Notes to the Financial Statements.

## Defined Contribution Plans

The University's defined contribution plans represent benefits to be received. They are limited to the value of the participant's account balance, depending on the plan. There is no liability associated with these plans. A description of the plans and contribution information follows.

### Faculty Retirement Plan (FRP)

The FRP is a mandatory retirement savings/investment plan contingent on meeting certain prescribed eligibility requirements. Pursuant to the Board's governing authority, in compliance with Section 401(a) of the Internal Revenue Code, it authorizes the University to contribute to the plan and governs the requirements of this plan. Eligibility requirements involve an employee appointment of at least nine months; employee appointments between 67 to 99 percent time are granted prorated participation. The plan is funded through employee pre-tax contributions and University contributions. Eligible academic employees with hire dates prior to January 2, 2012 contribute 2.5 percent of covered salary and the University contributes 13.0 percent. Eligible employees with a start date on or after January 2, 2012 contribute 5.5 percent of covered salary and the University contributes 10.0 percent. The FRP covers approximately 11,395 active faculty and professional and administrative (P&A) staff. This amount includes approximately 8,200 with hire dates on or after January 2, 2012.

| FRP contributions made by | 2025 ($) | 2024 ($) |
|---|---|---|
| Employee | 55,611 | 51,392 |
| University | 139,254 | 132,257 |

| Due to plan at June 30* | 2025 ($) | 2024 ($) |
|---|---|---|
| Employee | 2,368 | 2,044 |
| University | 5,863 | 5,210 |

**Due to plan represents a liability the University has incurred for the employer and the employee portion of contributions as of fiscal year end.*

### University of Minnesota Optional Retirement Plan (ORP)

The ORP is a voluntary retirement savings/investment plan covered under Section 403(b) of the Internal Revenue Code. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. This plan is funded mainly through employee pre-tax contributions. However, participants may elect to make after-tax Roth contributions into the plan and the University may make discretionary contributions for select staff based on employment contracts. Approximately 6,400 full- and part-time employees contribute to this plan.

### University of Minnesota Section 457 Deferred Compensation Plan

The 457 Deferred Compensation Plan is a voluntary retirement savings plan authorized under Section 457 of the Internal Revenue Code. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. This plan is funded mainly through employee pre-tax contributions. However, participants may elect to make after-tax Roth contributions into the plan. Approximately 3,050 full- and part-time employees contribute to this plan.

## 10. Related Organization

Until August 31, 2023, the University was responsible for appointing eight members of the 15-member Board of Directors of UCare Minnesota, a licensed nonprofit health maintenance organization (HMO) that provides medical services for its members. The University's accountability for this organization, however, did not extend beyond making board appointments. The dean of the University of Minnesota Medical School and the head of the University's Department of Family Medicine and Community Health appointed six board members; two members were automatically appointed by virtue of the University positions that they held.

In fiscal year 2024, the University entered into a legal settlement agreement with UCare. Under the terms of the agreement the University relinquished all rights to ownership, control, or influence in UCare. UCare agreed to total payments of $100,000, $96,000 of which will be used to fund University of Minnesota Medical school projects that assist traditionally underserved populations for health care services. The revenue is reflected in Other nonoperating revenues, net on the Statement of Revenues, Expenses, and Changes in Net Position, of which $25,000 and $50,000 were received during the year ended June 30, 2025 and during the year ended June 30, 2024, respectively. The remaining $25,000 will be received on December 31, 2025, and is included in current Receivables, net on the Statements of Net Position.

## 11. Commitments and Contingencies

Construction projects in progress, principally buildings, approximated $216,049 as of June 30, 2025. The estimated cost to complete these facilities is $219,168, which is to be funded from plant fund assets and $26,775 in appropriations available from the State as of June 30, 2025.

The University owns steam production facilities that produce steam for heating and cooling the Twin Cities campus, which by agreement are managed, operated, and maintained by an unaffiliated company. The original agreement was for five years and began May 17, 2019, with a contract end date of May 2024 which was extended for a six month period to transition the servicing to another operator for five years ending December 2029. Under the agreement, the University must make minimum fixed payments for certain operating and maintenance costs, as well as contingent payments based upon performance requirements.

The future minimum payment for steam plant operations as of June 30, 2025, are as follows:

| Fiscal year ending June 30 | Steam plant ($) |
|---|---|
| 2026 | 330 |
| 2027 | 340 |
| 2028 | 350 |
| 2029 | 361 |
| 2030 and beyond | 183 |
| **Total commitments** | 1,564 |

The University receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the University. Management is not aware of any material disallowed claims at this time.

The University is a defendant in cases involving claims of medical malpractice, personal injuries, breach of contract, and other civil matters. While any litigation has an element of uncertainty and the University cannot, therefore, predict how these cases will be finally resolved, management and its general counsel believe the outcomes of other cases, individually and combined, will not have a material adverse effect on the overall financial position of the University.

## 12. Self-Insurance Programs

The University is insured for professional, general, non-profit organization, data security and automobile liability and indemnified for property insurance deductible expenditures through RUMINCO (see Note 1, Organization, Basis of Presentation, and Summary). Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In addition, an actuarial liability is established for incurred but not reported (IBNR) claims using a discount rate based on a rate of return of 3.85 percent.

The University is also self-insured for workers' compensation through an internally maintained fund, and excess claims insurance is maintained through the Workers' Compensation Reinsurance Association

(WCRA). The internal fund for workers' compensation is maintained only to fund the current year's expected payouts. Each year, an actuarial estimate of the University's liability for workers' compensation is compiled and recorded within the statements of net position, but the liability is not separately funded. The University's medical coverage for faculty and staff and their dependents is a self-insured program (UPlan). Under UPlan Medical, the University pays claims and establishes reserves, and the administration of the program is handled by two independent administrators: Medica for medical plan administration, and Prime Therapeutics for pharmacy benefit management. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than $1,000 in a single year. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded within the statements of net position.

The University's dental coverage for faculty and staff and their dependents is also a self-insured program (UPlan). Under UPlan Dental, the University pays claims and establishes reserves, and the administration of the program is handled by one independent administrator, Delta Dental. An annual actuarial estimate of the University's liability for dental claims, including IBNR, is recorded within the statements of net position.

Medical coverage for eligible graduate assistants is a self-insured program. Under the graduate assistant medical plan, the University pays claims and establishes reserves. The program is administered by Blue Cross and Blue Shield of Minnesota. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than $400 in a single year in addition to aggregate stop-loss coverage for claims totals over 115 percent of plan year claims. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded within the Statements of Net Position. The Graduate Assistant Plan also offers self-insured Dental Plan benefits without a third-party administrator.

The University's medical coverage for eligible students and their dependents is a self-insured program (Student Health Benefit Plan). Under the Student Health Benefit Plan (SHBP), the University pays claims and establishes reserves, and the administration of the program is handled by Blue Cross and Blue Shield of Minnesota. The administrator offers medical conversion policies to eligible University students who are able to convert their SHBP coverage to single coverage after graduation. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than $400 in a single year in addition to aggregate stop-loss coverage for claims totals over 115 percent of plan year claims. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded within the Statements of Net Position. The SHBP also offers self-insured Dental Plan benefits and the program is administered by Delta Dental.

Medical coverage for eligible Medical Residents and Fellows is a self-insured program. Under the Medical & Resident medical plan, the University pays claims and establishes reserves. The program is administered by Blue Cross and Blue Shield of Minnesota. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded within the Statements of Net Position. The Medical & Resident group also offers a fully insured Dental Benefit Plan through Delta Dental.

These liabilities are recorded in Accrued liabilities and other on the Statements of Net Position.

Reported liabilities as of June 30, 2025, are shown below:

| Liabilities | Liability beginning of year ($) | New claims ($) | Claim payments ($) | Changes in reserve & in estimated IBNR ($) | Liability end of year ($) |
|---|---|---|---|---|---|
| RUMINCO, Ltd. | 11,735 | 7,431 | (7,952) | (679) | 10,535 |
| Workers' compensation | 8,922 | 3,747 | (3,747) | (174) | 8,748 |
| UPlan medical | 27,686 | 398,886 | (398,565) | 10,600 | 38,607 |
| UPlan dental | 1,002 | 23,086 | (23,023) | (178) | 887 |
| Graduate assistant health plan | 5,340 | 36,719 | (36,719) | 19 | 5,359 |
| Student health plan | 5,581 | 0 | 0 | (7) | 5,574 |
| Medical residents & fellows | 1,056 | 0 | 0 | 12 | 1,068 |
| Totals | 61,322 | 469,869 | (470,006) | 9,593 | 70,778 |

Reported liabilities as of June 30, 2024, are shown below:

| Liabilities | Liability beginning of year ($) | New claims ($) | Claim payments ($) | Changes in reserve & in estimated IBNR ($) | Liability end of year ($) |
|---|---|---|---|---|---|
| RUMINCO, Ltd. | 11,836 | 5,580 | (4,178) | (1,503) | 11,735 |
| Workers' compensation | 9,287 | 4,321 | (4,321) | (365) | 8,922 |
| UPlan medical | 25,956 | 354,462 | (353,732) | 1,000 | 27,686 |
| UPlan dental | 838 | 22,280 | (22,223) | 107 | 1,002 |
| Graduate assistant health plan | 5,214 | 33,620 | (33,620) | 126 | 5,340 |
| Student health plan | 5,539 | 0 | 0 | 42 | 5,581 |
| Medical residents & fellows | 1,032 | 0 | 0 | 24 | 1,056 |
| Totals | 59,702 | 420,263 | (418,074) | (569) | 61,322 |

## 13. Other Postemployment Benefits

### Description of Plan

The University administers the UPlan—a self-insured, single-employer, defined benefit healthcare plan. It is a partnership between the University and its employees to provide quality, cost-effective health benefits to employees, retirees, and their families. Pursuant to the Board's governing authority, non-Medicare retirees and former employees can purchase medical and dental insurance coverage. The benefit provision process is initiated through the Benefits Advisory Committee (BAC). The BAC comprises representatives from all employee groups who advise the University administration on health program benefit offerings. An internal UPlan financial report is prepared on a calendar year basis. Questions regarding the UPlan may be directed to Total Compensation, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

### Contributions and Benefits Provided

The UPlan is currently financed on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria prescribed in GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The University has established that a former employee must pay the entire premium for continuation coverage, except as otherwise provided in a collective bargaining agreement or personnel policy. Non-Medicare retirees and eligible participants under the Academic Disability Plan (ADP) can purchase medical and dental insurance coverage at the full premium

rate. These rates are based on a blended active and pre-Medicare retiree rate. With the University being self-insured, the University becomes liable for the actual cost of retiree and disability related healthcare costs in excess of premiums collected. As a result, an implicit subsidy is created, which is reflected in the OPEB liability that is recorded. These liabilities are recorded in Accrued liabilities and other on the Statements of Net Position.

### UPlan Membership Covered by Benefit Terms

| UPlan membership | 2025 | 2024 |
|---|---|---|
| Active plan members | 20,945 | 19,755 |
| Inactive plan members or beneficiaries currently receiving benefits | 380 | 484 |
| Total | 21,325 | 20,239 |

## OPEB Liability

The University's OPEB liability was measured and determined as of June 30, 2025 and 2024, respectively, in accordance with GASB 75.

The components that contribute to the change in the University's OPEB liability for fiscal years ending June 30, 2025 and 2024 are shown in the table below:

| Changes in net OPEB liability: | 2025 ($) | 2024 ($) |
|---|---|---|
| Service cost | 3,539 | 3,992 |
| Interest | 1,949 | 1,798 |
| Differences between expected and actual experience | (209) | 1,121 |
| Changes of actuarial assumptions or other inputs | 12,785 | (1,258) |
| Benefit payments | (5,057) | (4,697) |
| Total increase in OPEB liability | 13,007 | 956 |
| OPEB liability—beginning of year | 48,560 | 47,604 |
| OPEB liability—end of year | 61,567 | 48,560 |

## Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan, the plan as understood by the employer and plan members. This includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions applied to the measurement of the OPEB liability are as follows:

| | | |
|---|---|---|
| Valuation date | 6/30/2025 | 6/30/2024 |
| Actuarial cost method | Entry age normal, level percent of pay | Entry age normal, level percent of pay |
| Asset valuation method | N/A | N/A |
| Discount rate | 5.20% | 3.93% |
| Inflation | 2.75% | 2.75% |
| Salary increases | 4.00% | 4.00% |
| Mortality | PubT.H-2016 (A) faculty and PubG.H-2016 for all others | PubT-2010.H for faculty and PubG-2010.H for all others |
| Experience applied | 2015 to 2017 | 2015 to 2017 |

*Note: The discount rate in the table is based on a AA/Aa or higher rated 20-year tax exempt municipal bond rate.*

The University's OPEB liability is sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the OPEB liability of the University, as well as what the University's OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower and/or 1.0 percentage point higher than the current discount rate:

### Discount Rate Sensitivity

| Rate description | 2025 rate | 2025 liability ($) | 2024 rate | 2024 liability ($) |
|---|---|---|---|---|
| 1.0% Decrease | 4.20% | 66,343 | 2.93% | 52,041 |
| Discount rate | 5.20% | 61,567 | 3.93% | 48,560 |
| 1.0% Increase | 6.20% | 57,125 | 4.93% | 45,279 |

The following presents the OPEB liability of the University, as well as what the University's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current healthcare cost trend rates:

### Healthcare Cost Trend Rate Sensitivity

| Rate description | 2025 rate | 2025 liability ($) | 2024 rate | 2024 liability ($) |
|---|---|---|---|---|
| 1.0% Decrease | 6.50% decreasing to 3.50% | 54,362 | 4.75% decreasing to 3.50% | 42,525 |
| Discount rate | 7.50% decreasing to 4.50% | 61,567 | 5.75% decreasing to 4.50% | 48,560 |
| 1.0% Increase | 8.50% decreasing to 5.50% | 70,078 | 6.75% decreasing to 5.50% | 55,744 |

## OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

In accordance with GASB 75, the University recorded $6,983 and $5,966 in OPEB expense for the fiscal years ended June 30, 2025 and 2024, respectively. In addition, the University reported the following deferred outflows of resources and deferred inflows of resources from the following sources:

### Deferred Outflows of Resources and Deferred Inflows of Resources

| Description | 2025 deferred outflows of resources ($) | 2025 deferred inflows of resources ($) | 2024 deferred outflows of resources ($) | 2024 deferred inflows of resources ($) |
|---|---|---|---|---|
| Differences between expected and actual experience | 2,938 | 329 | 3,522 | 185 |
| Changes in assumptions | 14,565 | 7,662 | 4,003 | 8,909 |
| Total | 17,503 | 7,991 | 7,525 | 9,094 |

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

### Net Deferred Outflows of Resources Recognized as Pension Expense or a Reduction in OPEB Liability

| Fiscal year | Total ($) |
|---|---|
| 2026 | 1,495 |
| 2027 | 1,495 |
| 2028 | 1,409 |
| 2029 | 1,068 |
| 2030 | 522 |
| After 2030 | 3,523 |
| Net deferred inflows | 9,512 |

Additional information related to OPEB is presented in Required Supplementary Information (RSI) following the Notes to the Financial Statements.

## 14. Operating Expenses by Natural Classification

Operating expenses by natural classification for the year ended June 30, 2025, are summarized as follows:

| Function | Compensation & benefits ($) | Supplies & services ($) | Scholarships & fellowships ($) | Depreciation & amortization ($) | Total ($) |
|---|---|---|---|---|---|
| Instruction | 851,941 | 78,794 | 0 | 0 | 930,735 |
| Research | 707,501 | 382,851 | 0 | 0 | 1,090,352 |
| Public service | 242,555 | 128,534 | 0 | 0 | 371,089 |
| Academic support | 487,246 | 104,839 | 0 | 0 | 592,085 |
| Student services | 132,110 | 33,581 | 0 | 0 | 165,691 |
| Institutional support | 294,723 | 112,456 | 0 | 0 | 407,179 |
| Operation & maintenance of plant | 154,076 | 179,974 | 0 | 0 | 334,050 |
| Scholarships & fellowships | 0 | 0 | 79,926 | 0 | 79,926 |
| Depreciation & amortization | 0 | 0 | 0 | 265,102 | 265,102 |
| Auxiliary enterprises | 146,835 | 212,550 | 0 | 0 | 359,385 |
| Other operating expense | 0 | 2 | 0 | 0 | 2 |
| Totals | 3,016,987 | 1,233,581 | 79,926 | 265,102 | 4,595,596 |

Operating expenses by natural classification for the year ended June 30, 2024, are summarized as follows:

| Function | Compensation & benefits ($) | Supplies & services ($) | Scholarships & fellowships ($) | Depreciation & amortization ($) | Total ($) |
|---|---|---|---|---|---|
| Instruction | 820,277 | 76,098 | 0 | 0 | 896,375 |
| Research | 671,392 | 380,567 | 0 | 0 | 1,051,959 |
| Public service | 223,987 | 126,029 | 0 | 0 | 350,016 |
| Academic support | 465,526 | 104,453 | 0 | 0 | 569,979 |
| Student services | 128,791 | 30,691 | 0 | 0 | 159,482 |
| Institutional support | 274,322 | 82,463 | 0 | 0 | 356,785 |
| Operation & maintenance of plant | 148,854 | 170,760 | 0 | 0 | 319,614 |
| Scholarships & fellowships | 0 | 0 | 70,530 | 0 | 70,530 |
| Depreciation & amortization | 0 | 0 | 0 | 258,080 | 258,080 |
| Auxiliary enterprises | 147,883 | 201,062 | 0 | 0 | 348,945 |
| Other operating expense | 0 | 12 | 0 | 0 | 12 |
| Totals | 2,881,032 | 1,172,135 | 70,530 | 258,080 | 4,381,777 |

## 15. Subsequent Events

The University has evaluated subsequent events through the report date of this Annual Report and determined that there have been no events that have occurred that would require adjustments to our disclosures in the financial statements.

## 16. Component Units

The financial statements for the University includes its legally separate component units, as required under GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*—an amendment of GASB Statements No. 14 and No. 34 (GASB 61).

## Discretely Presented Component Units

During the year ended June 30, 2025, certain material misstatements were identified in the separately issued audited financial statements for UMF in the June 30, 2024, consolidated financial statements. The errors are related to misstatements in the classification of certain assets and liabilities within the consolidated statement of financial position. In addition, an error related to the classification of net assets with donor restrictions and net assets without donor restrictions was identified and corrected as of July 1, 2023, which also required correction of the activity in the restated funds for the year ending June 30, 2024. As a result, certain disclosures required restatement and are identified as “restated”.

The effects of the restatement on the consolidated financial statements as of and for the year ended June 30, 2024, are summarized as follows:

| Statement of Financial Position | As originally reported ($) | Adjustment ($) | As restated ($) |
|---|---|---|---|
| Investments, substantially at fair market value | 4,513,863 | 147,156 | 4,661,019 |
| Accounts and other receivables | 295,708 | (24,831) | 270,877 |
| Total assets | 4,925,269 | 122,324 | 5,047,593 |
| Accounts payable and accrued liabilities | 42,749 | 119,319 | 162,068 |
| Investments held for custody of others | 450,529 | 2,261 | 452,790 |
| Lease liabilities | 2,807 | 743 | 3,550 |
| Total liabilities | 573,562 | 122,324 | 695,886 |
| Net assets without donor restrictions | 252,843 | 68,416 | 321,259 |
| Net assets with donor restrictions | 4,098,864 | (68,416) | 4,030,448 |
| Total net assets | 4,351,707 | 0 | 4,351,707 |
| Total liabilities and net assets | 4,925,269 | 122,324 | 5,047,593 |

| Statement of Activities | As originally reported ($) | Adjustment ($) | As restated ($) |
|---|---|---|---|
| Contributions - without donor restrictions | 564 | (164) | 400 |
| Investment income, net - without donor restrictions | 9,672 | 2,460 | 12,132 |
| Net realized and unrealized gains on investments - without donor restrictions | 21,522 | 32,830 | 54,352 |
| Change in value of trusts - without donor restrictions | (33) | 131 | 98 |
| Net assets released from restriction - without donor restrictions | 345,353 | (35,389) | 309,964 |
| Total revenues - without donor restrictions | 398,795 | (133) | 398,662 |
| Net assets held without donor restrictions at beginning of year | 226,403 | 68,549 | 294,952 |
| Net assets held without donor restrictions at end of year | 252,843 | 68,416 | 321,259 |
| Contributions - with donor restrictions | 243,960 | 165 | 244,125 |
| Investment income, net - with donor restrictions | 69,831 | (2,459) | 67,372 |
| Net realized and unrealized gains on investments - with donor restrictions | 346,324 | (32,830) | 313,494 |
| Change in value of trusts - with donor restrictions | 5,586 | (132) | 5,454 |
| Net assets released from restriction - with donor restrictions | (345,353) | 35,389 | (309,964) |
| Total revenues - with donor restrictions | 320,348 | 133 | 320,481 |
| Net assets held with donor restrictions at beginning of year | 3,778,516 | (68,549) | 3,709,967 |
| Net assets held with donor restrictions at end of year | 4,098,864 | (68,416) | 4,030,448 |

Within the footnotes to the UMF consolidated financial statements, the presentation and disclosure of investment assets as of June 30, 2024, have been restated to correct the classification of the underlying investment assets and align them to their respective valuation methods utilized.

The effects of the restatement on the UMF's investments and related basis of accounting as of and for the year ended June 30, 2024, are summarized as follows:

| UMF investments as of June 30, 2024 | As originally reported ($) | Adjustment ($) | As restated ($) |
|---|---|---|---|
| Cash and cash equivalents | 1,096,987 | (452,379) | 644,608 |
| Derivative assets | 0 | 577,956 | 577,956 |
| Fixed income | 2,408,383 | (220,984) | 2,187,399 |
| Global equity | 37,723 | 34,846 | 72,569 |
| Hedge funds | 261,475 | (4,161) | 257,314 |
| Natural resources | 55,604 | 0 | 55,604 |
| Real estate | 23,539 | 0 | 23,539 |
| Private equity | 598,779 | (10,256) | 588,523 |
| Other investments | 5,710 | (5,710) | 0 |
| Assets held in charitable trusts | 24,552 | (24,552) | 0 |
| Charitable gift annuities reported separately | 1,111 | (1,111) | 0 |
| Direct loans and participations, net of credit losses | 0 | 227,636 | 227,636 |
| Investments at cost | 0 | 0 | 24,521 |
| Life insurance policies at cash surrender value | 0 | 1,350 | 1,350 |

The Component Units' Statements of Financial Position as of June 30, 2025 are as follows:

| Component Units' Statements of Financial Position | University of Minnesota Foundation ($) | University of Minnesota Physicians ($) | Total component units ($) |
|---|---|---|---|
| Assets | | | |
| Cash and cash equivalents | 45,734 | 161,988 | 207,722 |
| Investments, substantially at fair market value | 5,046,547 | 48,895 | 5,095,442 |
| Accounts and other receivables | 341,489 | 150,111 | 491,600 |
| Property and equipment, net | 75,393 | 7,164 | 82,557 |
| Right of use assets | 3,112 | 6,035 | 9,147 |
| Prepaids and other assets | 0 | 2,933 | 2,933 |
| Total assets | 5,512,275 | 377,126 | 5,889,401 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 165,412 | 256,877 | 422,289 |
| Income beneficiaries payable | 35,909 | 0 | 35,909 |
| Investments held for custody of others | 503,275 | 0 | 503,275 |
| Long-term debt | 41,153 | 0 | 41,153 |
| Lease liabilities | 3,461 | 7,403 | 10,864 |
| Total liabilities | 749,210 | 264,280 | 1,013,490 |
| Net assets | | | |
| Without donor restrictions | 347,580 | 112,846 | 460,426 |
| With donor restrictions | 4,415,485 | 0 | 4,415,485 |
| Total net assets | 4,763,065 | 112,846 | 4,875,911 |
| Total liabilities and net assets | 5,512,275 | 377,126 | 5,889,401 |

The Component Units' Statements of Financial Position as of June 30, 2024 are as follows:

| Component Units' Statements of Financial Position | University of Minnesota Foundation (Restated) ($) | University of Minnesota Physicians ($) | Total component units (Restated) ($) |
|---|---|---|---|
| Assets | | | |
| Cash and cash equivalents | 38,233 | 42,691 | 80,924 |
| Investments, substantially at fair market value | 4,661,019 | 54,886 | 4,715,905 |
| Accounts and other receivables | 270,877 | 201,343 | 472,220 |
| Property and equipment, net | 74,231 | 9,409 | 83,640 |
| Right of use assets | 3,233 | 7,473 | 10,706 |
| Prepaids and other assets | 0 | 3,736 | 3,736 |
| Total assets | 5,047,593 | 319,538 | 5,367,131 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | 162,069 | 235,103 | 397,172 |
| Income beneficiaries payable | 35,286 | 0 | 35,286 |
| Investments held for custody of others | 452,790 | 0 | 452,790 |
| Long-term debt | 42,191 | 0 | 42,191 |
| Lease liabilities | 3,550 | 9,100 | 12,650 |
| Total liabilities | 695,886 | 244,203 | 940,089 |
| Net assets | | | |
| Without donor restrictions | 321,259 | 75,335 | 396,594 |
| With donor restrictions | 4,030,448 | 0 | 4,030,448 |
| Total net assets | 4,351,707 | 75,335 | 4,427,042 |
| Total liabilities and net assets | 5,047,593 | 319,538 | 5,367,131 |

The Component Units' Statements of Activities as of June 30, 2025 are as follows:

| Component Units' Statements of Activities | University of Minnesota Foundation ($) | University of Minnesota Physicians ($) | Total component units ($) |
|---|---|---|---|
| Change in net assets held without donor restrictions | | | |
| Contributions | 2,395 | 0 | 2,395 |
| Contract revenue | 0 | 946,866 | 946,866 |
| Patient service revenue | 0 | 39,879 | 39,879 |
| Investment income, net | 11,528 | 2,762 | 14,290 |
| Net realized and unrealized gains on investments | 54,073 | 1,343 | 55,416 |
| Loss on equity method investments | 0 | (12,047) | (12,047) |
| Change in value of trusts | (2) | 0 | (2) |
| Support services revenue | 8,856 | 0 | 8,856 |
| Rental revenue and event income | 11,734 | 0 | 11,734 |
| Other revenue | 2,508 | 15,518 | 18,026 |
| Other nonoperating revenues, net | 0 | 3,675 | 3,675 |
| Net assets released from restriction | 335,102 | 0 | 335,102 |
| Total revenues | 426,194 | 997,996 | 1,424,190 |
| Program services | | | |
| Distributions for University purposes | 302,714 | 0 | 302,714 |
| Health care services | 0 | 887,698 | 887,698 |
| Support services | | | |
| Management and general | 17,234 | 72,787 | 90,021 |
| Promotion and development | 50,788 | 0 | 50,788 |
| Real estate activities | 29,137 | 0 | 29,137 |
| Total expenses | 399,873 | 960,485 | 1,360,358 |
| Increase in net assets held without donor restrictions | 26,321 | 37,511 | 63,832 |
| Net assets held without donor restrictions at beginning of year | 321,259 | 75,335 | 396,594 |
| Net assets held without donor restrictions at end of year | 347,580 | 112,846 | 460,426 |
| Change in net assets held with donor restrictions | | | |
| Contributions, net of provision for uncollectibles of $15,538 in 2025 | 314,016 | 0 | 314,016 |
| Investment income, net | 60,874 | 0 | 60,874 |
| Net realized and unrealized gains on investments | 333,361 | 0 | 333,361 |
| Change in value of trusts | 11,888 | 0 | 11,888 |
| Net assets released from restriction | (335,102) | 0 | (335,102) |
| Increase in net assets held with donor restrictions | 385,037 | 0 | 385,037 |
| Net assets held with donor restrictions at beginning of year | 4,030,448 | 0 | 4,030,448 |
| Net assets held with donor restrictions at end of year | 4,415,485 | 0 | 4,415,485 |
| Increase in total net assets | 411,358 | 37,511 | 448,869 |
| Total net assets at beginning of year | 4,351,707 | 75,335 | 4,427,042 |
| Total net assets at end of year | 4,763,065 | 112,846 | 4,875,911 |

The Component Units' Statements of Activities as of June 30, 2024 are as follows:

| Component Units' Statement of Activities | University of Minnesota Foundation (Restated) ($) | University of Minnesota Physicians ($) | Total component units (Restated) ($) |
|---|---|---|---|
| Change in net assets held without donor restrictions | | | |
| Contributions | 399 | 0 | 399 |
| Contract revenue | 0 | 856,861 | 856,861 |
| Patient service revenue | 0 | 38,101 | 38,101 |
| Investment income, net | 12,132 | 2,308 | 14,440 |
| Net realized and unrealized gains on investments | 54,352 | 1,460 | 55,812 |
| Loss on equity method investments | 0 | (28,820) | (28,820) |
| Change in value of trusts | 98 | 0 | 98 |
| Support services revenue | 8,356 | 0 | 8,356 |
| Rental revenue and event income | 10,295 | 0 | 10,295 |
| Other revenue | 3,066 | 2,076 | 5,142 |
| Other nonoperating revenues, net | 0 | 3,675 | 3,675 |
| Net assets released from restriction | 309,964 | 0 | 309,964 |
| Total revenues | 398,662 | 875,661 | 1,274,323 |
| Program services | | | |
| Distributions for University purposes | 283,517 | 0 | 283,517 |
| Health care services | 0 | 848,209 | 848,209 |
| Support services | | | |
| Management and general | 16,385 | 60,899 | 77,284 |
| Promotion and development | 44,903 | 0 | 44,903 |
| Real estate activities | 27,550 | 0 | 27,550 |
| Total expenses | 372,355 | 909,108 | 1,281,463 |
| Increase (decrease) in net assets held without donor restrictions | 26,307 | (33,447) | (7,140) |
| Net assets held without donor restrictions at beginning of year, as originally stated | 226,403 | 108,782 | 335,185 |
| Restatement | 68,549 | 0 | 68,549 |
| Net assets held without donor restrictions at beginning of year, as restated | 294,952 | 108,782 | 403,734 |
| Net assets held without donor restrictions at end of year | 321,259 | 75,335 | 396,594 |
| Change in net assets held with donor restrictions | | | |
| Contributions, net of provision for uncollectibles of $14,414 in 2024 | 244,126 | 0 | 244,126 |
| Investment income, net | 67,371 | 0 | 67,371 |
| Net realized and unrealized gains on investments | 313,494 | 0 | 313,494 |
| Change in value of trusts | 5,454 | 0 | 5,454 |
| Net assets released from restriction | (309,964) | 0 | (309,964) |
| Increase in net assets held with donor restrictions | 320,481 | 0 | 320,481 |
| Net assets held with donor restrictions at beginning of year, as originally stated | 3,778,516 | 0 | 3,778,516 |
| Restatement | (68,549) | 0 | (68,549) |
| Net assets held with donor restrictions at beginning of year, as restated | 3,709,967 | 0 | 3,709,967 |
| Net assets held with donor restrictions at end of year | 4,030,448 | 0 | 4,030,448 |
| Increase (decrease) in total net assets | 346,788 | (33,447) | 313,341 |
| Total net assets at beginning of year, as originally stated | 4,004,919 | 108,782 | 4,113,701 |
| Restatement | 0 | 0 | 0 |
| Net assets at beginning of year, as restated | 4,004,919 | 108,782 | 4,113,701 |
| Total net assets at end of year | 4,351,707 | 75,335 | 4,427,042 |

## University of Minnesota Foundation

Based on significant balances reported in the University's discretely presented component units' Statements of Financial Position, select note disclosures for investments and net assets with donor restrictions, as reported in the separately issued financial statements of the UMF, are presented below.

### Investments

The UMF investments as of June 30 are summarized as follows:

| UMF investments as of June 30, 2025 | Traditional structures ($) | Alternate structures ($) | Total ($) |
|---|---|---|---|
| Cash and cash equivalents | 989,569 | 0 | 989,569 |
| Derivative assets | 582,984 | 0 | 582,984 |
| Fixed income | 655,123 | 1,630,929 | 2,286,052 |
| Global equity | 22,458 | 23,368 | 45,826 |
| Hedge funds | 0 | 226,439 | 226,439 |
| Natural resources | 0 | 39,061 | 39,061 |
| Real estate | 0 | 17,482 | 17,482 |
| Private equity | 0 | 584,347 | 584,347 |
| Direct loans and participations, net of credit losses | 249,266 | 0 | 249,266 |
| Investments at cost | 2,139 | 22,114 | 24,253 |
| Life insurance policies at cash surrender value | 1,268 | 0 | 1,268 |
| Total | 2,502,807 | 2,543,740 | 5,046,547 |

| UMF investments as of June 30, 2024 | Traditional structures ($) | Alternate structures ($) | Total ($) |
|---|---|---|---|
| Cash and cash equivalents | 644,608 | 0 | 644,608 |
| Derivative assets | 577,956 | 0 | 577,956 |
| Fixed income | 696,121 | 1,491,278 | 2,187,399 |
| Global equity | 49,565 | 23,004 | 72,569 |
| Hedge funds | 0 | 257,314 | 257,314 |
| Natural resources | 393 | 55,211 | 55,604 |
| Real estate | 0 | 23,539 | 23,539 |
| Private equity | 0 | 588,523 | 588,523 |
| Direct loans and participations, net of credit losses | 227,636 | 0 | 227,636 |
| Investments at cost | 2,141 | 22,380 | 24,521 |
| Life insurance policies at cash surrender value | 1,350 | 0 | 1,350 |
| Total | 2,199,770 | 2,461,249 | 4,661,019 |

UMF categorizes its investments into two categories as follows:

- **Traditional structures:** Investments held in traditional structures represent those held directly by the UMF in custodial accounts with financial institutions, direct loans and participations, investments at cost (real estate and other directly owned assets), and life insurance policies. Investments in this category, excluding direct loans and participations, investments at cost and life insurance policies, are reported at fair value, and comprised primarily of marketable securities, including cash equivalents, fixed income securities (asset-backed securities, mortgages, corporate and government bonds, and other fixed income securities), equity securities, and natural resources as well as derivatives with readily determinable fair values.

- **Alternative structures:** Investments held in alternative structures include those held through interests in collective trust funds, limited partnerships, commingled funds, and limited liability companies. The UMF has elected to report the fair value of its investments in alternative structures using the NAV per share practical expedient when permitted. The UMF reviews organizational documents, management agreements, analyst notes, audited financial statements, and underlying investment holdings to (1) determine if a fund is an investment company in accordance with ASC 946 and (2) evaluate the fund manager's valuation methodology (i.e. determine whether the fund manager follows ASC 820). When both criteria are met, the investments are carried at NAV as reported by the investee fund. When the criteria are not met, the UMF has elected the fair value option available under ASC 825, Financial Instruments, and reports the investments at fair value, as this is the most useful information to the financial statement users. In limited circumstances, when the UMF does not have significant influence and ongoing reporting from the investee fund is not available, the UMF will elect to report the investment using the cost measurement alternative.

  The practical expedient allows for the use of NAV, as reported by the investee fund. Investments in alternative funds are not readily marketable; therefore, the estimated fair value is subject to uncertainty and may differ materially from the value that would have been used had a ready market for such investments existed. Although a secondary market exists for these investments, it is not active, and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the UMF were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

  Net asset values provided by external investment managers for alternative structures include estimates, appraisals, assumptions, and methods that are reviewed by management. It is possible that the redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and, consequently, the fair value of the UMF interests in the funds. Occasionally, when management is evaluating the NAV reported by the investee fund, they may determine such amounts are not representative of the current fair value and will adjust the NAV resulting in a Level 3 measurement.

### Net Assets

Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. UMF is required to report information regarding its financial position and activities according to two classes of net assets as follows:

- **Net Assets without Donor Restrictions:** Net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of trustees (the Trustees). The Trustees have designated certain net assets without donor restrictions for a board-designated endowment.

- **Net Assets with Donor Restrictions:** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of assets with perpetual restrictions permit the UMF to use all or part of the income earned on these resources for general or specific purposes.

  Net asset classification of revenues, gains and losses, and expenses. Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

  Net assets released from restrictions. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## University of Minnesota Physicians

Based on significant balances reported in the University's discretely presented component units' Statement of Financial Position and Statement of Activity, certain note disclosures for revenue recognition (contract revenue) and significant customer concentration, as reported in the separately issued financial statements of the UMP, are presented below.

### Revenue Recognition – Contract Revenue

UMPs primary source of revenue is provided by a Master Professional and Related Services Agreement (MPSA) with Fairview. UMP recognizes MPSA and other contract revenue at the amount that reflects the consideration to which UMP expects to be entitled in exchange for providing physicians, advanced practice providers, and other staff.

### Significant Customer Concentration

UMP employs or has contracts with Medical School faculty members whose primary practice site is in clinics located at University of Minnesota Medical Center, Fairview. UMP has entered into an agreement with Fairview that provides, among other things, that the primary clinical site for UMP shall be the University of Minnesota Medical Center, including specialty clinics, and that Fairview will maintain the University of Minnesota Medical Center facility in accordance with specified standards.

In addition, UMP and Fairview entered into a management services agreement pursuant to which UMP agreed to manage the Fairview owned outpatient specialty clinics located at the University of Minnesota Medical Center. Additional service agreements provide for medical direction, professional laboratory and pathology services, and other purchased services.

Contract revenue recorded by UMP, and included in contract revenue, under these agreements was $759,670 and $772,794 for 2025 and 2024, respectively. Accounts receivable from Fairview, and included in contract receivables, was $111,552 and $166,060 at June 30, 2025 and 2024, respectively.

### Blended Component Unit

The University has component units that provide services entirely for the University's own benefit. GASB 61 requires blended presentation—combining the component units and University financial information together, displayed as one entity. The University has six blended component units. Except as noted below, the component units are immaterial to the financial statements.

Condensed statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows for fiscal years ended June 30, 2025 and 2024 for the University's significant blended component unit, RUMINCO are as follows:

| Condensed statements of net position | 2025 ($) | 2024 ($) |
|---|---|---|
| Current assets | 82,948 | 74,750 |
| Noncurrent assets | 7,717 | 8,054 |
| Total assets | 90,665 | 82,804 |
| Deferred outflows of resources | 0 | 0 |
| Total assets & deferred outflows of resources | 90,665 | 82,804 |
| Current liabilities | 3,973 | 5,670 |
| Noncurrent liabilities | 2,369 | 2,485 |
| Total liabilities | 6,342 | 8,155 |
| Deferred inflows of resources | 0 | 0 |
| Total liabilities & deferred inflows of resources | 6,342 | 8,155 |
| Unrestricted net position | 84,323 | 74,649 |

| Condensed statements of revenues, expenses, and changes in net position | 2025 ($) | 2024 ($) |
|---|---|---|
| Operating revenues: | | |
| Net underwriting income | 490 | 1,080 |
| Operating expenses | 2,397 | 2,102 |
| Operating income, net | (1,907) | (1,022) |
| Nonoperating revenues: | | |
| Investment income, net | 11,581 | 10,104 |
| Other revenues: | | |
| Capital contributions | 0 | 0 |
| Increase in net position | 9,674 | 9,082 |
| Net position at beginning of year | 74,649 | 65,567 |
| Net position at end of year | 84,323 | 74,649 |

| Condensed statements of cash flows | 2025 ($) | 2024 ($) |
|---|---|---|
| Net cash (used) provided by: | | |
| Operating activities | (2,364) | 2,803 |
| Noncapital financing activities | 0 | 0 |
| Investing activities | 2,495 | (2,833) |
| Net increase (decrease) in cash | 131 | (30) |
| Cash at beginning of year | 59 | 89 |
| Cash at end of year | 190 | 59 |

**Required Supplementary Information (RSI) (Unaudited)**

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**Required Supplementary Information (RSI) (Unaudited)**
Years ended June 30, 2025 and 2024 (in thousands)

## Other Postemployment Benefits (OPEB)

### Schedule of Net OPEB Liability as a Percentage of Covered-Employee Payroll

| Year ended June 30 | OPEB liability ($) a | University's covered-employee payroll ($) b | Contributions as a percentage of covered-employee payroll c = a / b |
|---|---|---|---|
| 2025 | 61,567 | 1,907,613 | 3.23% |
| 2024 | 48,560 | 1,720,399 | 2.82% |
| 2023 | 47,604 | 1,654,230 | 2.88% |
| 2022 | 51,399 | 1,520,185 | 3.38% |
| 2021 | 54,111 | 1,461,717 | 3.70% |
| 2020 | 46,686 | 1,485,066 | 3.14% |
| 2019 | 40,283 | 1,427,948 | 2.82% |
| 2018 | 34,936 | 1,439,621 | 2.43% |
| 2017 | 32,461 | 1,384,251 | 2.35% |
| 2016 | 32,447 | 1,350,645 | 2.40% |

### Schedule of Changes in Total OPEB Liability

| Total OPEB liability at June 30 | 2025 ($) | 2024 ($) | 2023 ($) | 2022 ($) | 2021 ($) | 2020 ($) | 2019 ($) | 2018 ($) | 2017 ($) | 2016 ($) |
|---|---|---|---|---|---|---|---|---|---|---|
| Service cost | 3,539 | 3,992 | 4,054 | 4,700 | 4,571 | 3,682 | 3,870 | 3,763 | 3,446 | 2,961 |
| Interest | 1,949 | 1,798 | 1,888 | 1,227 | 1,098 | 1,496 | 1,361 | 1,202 | 973 | 1,150 |
| Differences between expected and actual experience | (209) | 1,121 | (69) | 297 | 3,024 | 1,148 | (344) | 2,596 | (281) | 3,374 |
| Changes of actuarial assumptions or other inputs | 12,785 | (1,258) | (5,368) | (5,183) | 1,940 | 3,683 | 2,879 | (120) | 1,023 | 1,674 |
| Benefit payments | (5,057) | (4,697) | (4,300) | (3,753) | (3,208) | (3,606) | (2,419) | (4,966) | (5,147) | (5,794) |
| Increase or decrease in OPEB liability | 13,007 | 956 | (3,795) | (2,712) | 7,425 | 6,403 | 5,347 | 2,475 | 14 | 3,365 |
| Total OPEB liability—beginning | 48,560 | 47,604 | 51,399 | 54,111 | 46,686 | 40,283 | 34,936 | 32,461 | 32,447 | 29,082 |
| Total OPEB liability—ending | 61,567 | 48,560 | 47,604 | 51,399 | 54,111 | 46,686 | 40,283 | 34,936 | 32,461 | 32,447 |

## Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria prescribed in GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

*Changes of benefit terms:*

2025 – The Health Savings Account (HSA) for retiree contributions was updated to $4,300 single and $8,550 for family; the HSA in-network deductible limit was increased from $1,600 for single and $3,200 for family coverage to $1,650 for single and $3,300 for family coverage.
2024 – The HSA for retiree contributions was updated to $4,150 single and $8,300 family; the HSA

in-network deductible limit was increased from $1,500 for single and $3,000 for family coverage to $1,600 for single and $3,200 for family coverage.

2023 – The HSA for retiree contributions was updated to $3,850 single and $7,750 family.
2022 – The HSA for retiree contributions was updated to $3,650 single and $7,300 family.
2021 – The HSA for retiree contributions was updated to $3,600 single and $7,200 family.
2020 – The HSA for retiree contributions was updated from $3,500 single and $7,000 family to $3,550 single and $7,100 family; HealthPartners dental option was eliminated.

*Changes of assumptions:*

2025 – Discount rate updated to 5.20 percent.
2024 – Discount rate updated to 3.93 percent.
2023 – Discount rate updated to 3.65 percent.
2022 – Discount rate updated to 3.54 percent.
2021 – Discount rate updated to 2.15 percent.
2020 – Discount rate updated to 2.21 percent.
2019 – Discount rate updated to 3.50 percent; mortality updated to PubT-2010.H for Faculty and PubG-2010.H for all others.
2018 – Actuarial cost method: entry age normal level percent of pay; discount rate updated to 3.62 percent; inflation updated to 2.75 percent; salary increases updated to 4.00 percent average including inflation; mortality RP-2014 rolled back to 2006 and projected by modified 2016 scale; experience applied fiscal year 2015 – 2017.
2017 – Investment rate of return updated to 3.228 percent; healthcare cost trend initial rate updated to 7.00 percent; healthcare cost trend second year rate updated to 6.80 percent.
2016 – Actuarial cost method: entry age; amortization method: level dollar, open group; remaining amortization period 20 years; investment rate of return 3.325 percent; projected payroll growth 4.00 percent; inflation rate: 3.00 percent; healthcare cost trend initial rate 7.50 percent; healthcare cost trend second year rate 7.30 percent; healthcare cost trend ultimate rate 5.00 percent and year ultimate rate reached 2050.

## Schedules of the Employer's Share of Net Pension Liability

### Public Employee Police and Fire Fund (PEPFF)

| Measurement date | University's proportion of the net pension liability (%) a | University's proportionate share of the net pension liability ($) b | University's covered-employee payroll ($) c | University's proportionate share of the net pension liability as a percentage of its covered payroll d = b/c | Plan fiduciary net position as a percentage of the total pension liability e |
|---|---|---|---|---|---|
| 6/30/2024 | 0.796% | 10,475 | 11,025 | 95.011% | 90.17% |
| 6/30/2023 | 0.711% | 12,275 | 9,334 | 131.508% | 86.47% |
| 6/30/2022 | 0.677% | 29,443 | 8,219 | 358.231% | 70.53% |
| 6/30/2021 | 0.624% | 4,814 | 7,370 | 65.319% | 93.66% |
| 6/30/2020 | 0.635% | 8,371 | 7,015 | 119.330% | 87.19% |
| 6/30/2019 | 0.652% | 6,939 | 6,723 | 103.213% | 89.26% |
| 6/30/2018 | 0.597% | 6,367 | 6,295 | 101.144% | 88.84% |
| 6/30/2017 | 0.589% | 7,952 | 6,046 | 131.525% | 85.43% |
| 6/30/2016 | 0.604% | 24,240 | 5,818 | 416.638% | 63.88% |
| 6/30/2015 | 0.613% | 6,965 | 5,781 | 120.481% | 86.61% |

### State Employees Retirement Fund (SERF)

| Measurement date | University's proportion of the net pension liability (%) a | University's proportionate share of the net pension liability ($) b | University's covered-employee payroll ($) c | University's proportionate share of the net pension liability as a percentage of its covered payroll d = b/c | Plan fiduciary net position as a percentage of the total pension liability e |
|---|---|---|---|---|---|
| 6/30/2024 | 13.100% | 4,357 | 529,248 | 0.823% | 99.82% |
| 6/30/2023 | 13.349% | 128,257 | 485,133 | 26.437% | 94.54% |
| 6/30/2022 | 13.124% | 215,664 | 446,644 | 48.285% | 90.60% |
| 6/30/2021 | 13.136% | 10,709 | 433,670 | 2.469% | 99.53% |
| 6/30/2020 | 13.970% | 185,543 | 455,886 | 40.699% | 91.25% |
| 6/30/2019 | 14.200% | 199,773 | 442,079 | 45.189% | 90.73% |
| 6/30/2018 | 14.648% | 203,027 | 437,428 | 46.414% | 90.56% |
| 6/30/2017 | 14.906% | 1,105,713 | 428,771 | 257.880% | 62.73% |
| 6/30/2016 | 15.200% | 1,884,630 | 417,703 | 451.189% | 47.51% |
| 6/30/2015 | 15.424% | 237,436 | 451,306 | 52.611% | 88.32% |

## Notes to Required Supplementary Information

### Changes of benefit terms:

#### Public Employee Police and Fire Fund (PEPFF)

2024 – The State contribution of $9.0 million per year will continue until the earlier of 1) both the Police and Fire Plan and the State Patrol Retirement Fund attain 90 percent funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90 percent funded status for one year. The additional $9.0 million contribution will continue until the Police and Fire Plan

is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

2023 – Vesting requirement for new hires after June 30, 2014, updated from graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years up to 100 percent after 10 years. A one-time, non-compounding benefit increase of 3.00 percent payable in a lump sum for calendar year 2024 by March, 31, 2024; additional one-time direct state aid contribution of $19.4 million contributed to the Plan on October 1, 2023; effective July 1, 2023 psychological treatment is required prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation; effective July 1, 2023 total and permanent duty disability benefit was increased.

2022 – No changes to benefit terms.

2021 – No changes to benefit terms.

2020 – No changes to benefit terms.

2019 – No changes to benefit terms.

2018 – Annual increases changed to 1.00 percent for all years with no trigger; an end date of July 1, 2048 was added to the existing $9 million state contribution; new annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier; member contributions changed to 11.3 percent of pay effective January 1, 2019 and 11.8 percent of pay effective January 1, 2020; employer contributions were changed to 16.95 percent of pay effective January 1, 2019 and 17.7 percent of pay, effective January 1, 2020; interest credit on member contributions decreased from 4.0 percent to 3.0 percent effective July 1, 2018; deferred augmentation was changed to 0.0 percent effective January 1, 2019 and augmentation that has already accrued for deferred members still applies; actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 – No changes to benefit terms.

2016 – No changes to benefit terms.

2015 – Annual increase to be paid after attainment of the 90 percent funding threshold was changed from inflation up to 2.5 percent to a fixed rate of 2.5 percent.

### State Employees Retirement Fund (SERF)

2024 – The actuarial equivalent factors were updated to reflect changes in assumptions.

2023 – Effective July 1, 2023, member contribution rate changed to 5.50 percent of pay for two years; a one-time direct state aid contribution of $76.4 million contributed to the plan on October 1, 2023; eliminated benefit increase delay for early retirements on or after January 1, 2024; a 1.00 percent one-time, non-compounding benefit increase payable in a lump sum by March 31, 2024; updated vesting period from five years to three years for members hired after June 30, 2010.

2022 – No changes to benefit terms.

2021 – No changes to benefit terms.

2020 – No changes to benefit terms.

2019 – No changes in benefit terms.

2018 – Effective July 1, 2018, member contributions increased to 5.75 percent of pay, then to 6.00

percent of pay effective July 1, 2019; effective July 1, 2018 employer contributions increased to 5.875 percent of pay, then to 6.25 percent effective July 1, 2019; effective July 1, 2018 interest credited on member contributions decreased from 4.0 percent to 3.0 percent; effective January 1, 2019, deferred augmentation was changed from 0.0 percent for future accruing benefit; contribution stabilizer provisions were repealed; post-retirement benefit increases changed to a fixed rate of 1.0 percent for five years beginning January 1, 2019 and 1.5 percent per year thereafter; augmentation adjustment in early retirement factors eliminated over a five year period beginning July 1, 2019 resulting in actuarial equivalence after June 30, 2024; the first benefit increase is delayed until the retiree reaches normal retirement age for retirements on or after January 1, 2024.

2017 – Effective January 1, 2017, actuarial equivalent factors updated to reflect current mortality and interest assumptions.

2016 – No changes in benefit terms.

2015 – Contribution stabilizer statutes were revised to make contribution rate changes less prescriptive and more flexible; effective July 1, 2015, if 2.5 percent post-retirement benefit increase is triggered and the funded ratio subsequently drops below 80.0 percent for the most recent valuation year or 85.0 percent for two consecutive years, the post-retirement benefit increase will change to 2.0 percent until the plan again reaches 90.0 percent funded ratio for two consecutive years.

**Changes of assumptions:**

Public Employee Police and Fire Fund (PEPFF)

2024 – There were no changes in actuarial assumptions since the prior valuation.

2023 – Long-term expected rate of return and discount rate updated to 7.00 percent; 20-year municipal bond rate updated to 3.86 percent.

2022 – Discount rate updated to 5.40 percent; 20-year municipal bond rate update to 3.69 percent; mortality updated to Pub-2010 Mortality Tables using projection scale MP-2021.

2021 – Long-term expected rate of return and discount rate updated to 6.50 percent; 20-year municipal bond rate updated to 1.92 percent; inflation updated to 2.25 percent; payroll growth updated to 3.00 percent; experience study updated to 2015 – 2019; mortality updated to Pub-2010 Mortality Tables using projection scale MP-2020; assumed rates of salary increase were modified as recommended in July 14, 2020 experience study and the overall impact is a decrease in gross salary increase rates; assumed rates of retirement were changed as recommended in July 14, 2020 experience study resulting in slightly more unreduced retirements and fewer assumed early retirements; assumed rates of withdrawal were changed from select and ultimate rates to service-based rates resulting in more assumed terminations; assumed rates of disability were increased for ages 25 to 44 and decreased for ages over 49 resulting in more projected disabilities; assumed percent married for active female members was changed from 60 percent to 70 percent and minor changes to form of payment assumptions were applied.

2020 – 20-year municipal bond rate updated to 2.45 percent; mortality updated to RP-2014 Mortality Tables projected with mortality improvement scale MP-2019 from a base year of 2006.

2019 – 20-year municipal bond rate updated to 3.13 percent; mortality updated to MP-2018.

2018 – 20-year municipal bond rate updated to 3.62 percent; mortality updated to MP-2017.

2017 – Discount rate updated to 7.50 percent; 20-year municipal bond rate updated to 3.56 percent; experience study updated to 2016; mortality updated to RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96 and mortality improvement scale was changed from Scale AA to Scale MP-2016; the base mortality table for disabled annuitants was changed from RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees; assumed termination rates decreased to 3.0 percent for the first three years of service and rates beyond the select period of three years were adjusted, resulting in more expected terminations overall; assumed percentage of married female members decreased from 65 percent to 60 percent; assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females; assumed percentage of female members electing joint and survivor annuities was increased; assumed salary increases changed as recommended in June 30, 2016 experience study and net effect is proposed rates average 0.34 percent lower than previous rates; assumed rates of retirement changed resulting in fewer retirements; Combined Service Annuity (CSA) load was 30 percent for vested and non-vested, deferred members; CSA has been changed to 33 percent for vested members and 2.00 percent for non-vested members; assumed annual benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

2016 – Long-term expected rate of return updated to 7.50 percent; discount rate updated to 5.60 percent; 20-year municipal bond rate updated to 2.85 percent; inflation updated to 2.50 percent; payroll growth updated to 3.25 percent; assumed annual benefit increase rate was changed to 1.00 percent per year for all future years.

2015 – 20-year municipal bond rate updated to 3.80 percent; assumed annual benefit increase rate changed from 1.00 percent per year through 2030 and 2.50 percent each year thereafter to 1.00 percent per year through 2037 and 2.50 percent thereafter.

### State Employees Retirement Fund (SERF)

2024 – The adjustments applied to the mortality table rates were modified slightly. Mortality improvement scale was updated from MP-2019 to MP-2021. Assumed rates of salary increases Modified, resulting in decrease in gross salary increase rates. Assumed rates of retirement changed, resulting in slightly higher normal retirement rates, slightly lower Rule of 90 rates, slightly higher early retirement rates for Tier 1 members, and slightly lower early retirement rates for Tier 2 members. Assumed rates of withdrawal were changed as recommended, reflecting more assumed terminations for males and fewer for females. Assumed rates of disability were lowered. Assumed percent married for retirees was changed from 80 to 75 percent for males and from 60 to 65 percent for females. Minor changes to form of payment assumptions and missing participant data assumptions were made.

2023 – Long-term expected rate of return and discount rate updated to 7.00 percent; 20-year municipal bond rate updated to 3.86 percent; experience study updated to 2018-2022.

2022 – Long-term expected rate of return and discount rate updated to 6.75 percent; 20-year municipal bond rate updated to 3.69 percent.

2021 – Long-term expected rate of return and discount rate updated to 6.50 percent; 20-year municipal bond rate updated to 1.92 percent.

2020 – 20-year municipal bond rate updated to 2.45 percent; inflation updated to 2.25 percent; payroll growth updated to 3.00 percent; assumed salary increase rates changed resulting in proposed rates that average 0.25 percent less than previous rates; assumed rates of retirement changed, resulting in more unreduced (normal) retirements, fewer Rule of 90 retirements and fewer early retirements; assumed rates of termination changed, resulting in new rates which are generally lower than the previous rates for years 1 to 5 and slightly higher thereafter; assumed rates of disability changed, resulting in fewer predicted disability retirements; mortality updated to Pub-2010 Mortality Tables using projection scale MP-2018; the percent married assumption for female members was changed from 65 percent to 60 percent; assumed age difference was changed from three years younger for males to two years younger; assumed number of married male new retirees electing 50 percent and 100 percent joint and survivor options changed from 15 percent to 10 percent and from 30 percent to 65 percent, respectively; assumed number of married female new retirees electing 100 percent joint and survivor option changed from 30 percent to 40 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 – 20-year municipal bond rate updated to 3.13 percent.

2018 – Discount rate updated to 7.50 percent; 20-year municipal bond rate updated to 3.62 percent.

2017 – Discount rate updated to 5.42 percent; 20-year municipal bond rate updated to 3.56 percent; combined service annuity loads were changed from 1.2 percent for active members and 40.0 percent for deferred members, to 0.0 percent for active members, 4.0 percent for vested deferred members, and 5.0 percent for non-vested members.

2016 – Long-term expected rate of return updated to 7.50 percent; discount rate updated to 4.17 percent; 20-year municipal bond rate updated to 2.85 percent; inflation updated to 2.50 percent; payroll growth updated to 3.25 percent; mortality updated to RP-2014 Mortality tables projected with mortality improvement scale MP-2015 from a base year of 2014; assumed salary increase rates changed to rates that average 0.2 percent greater than previous rates; assumed rates of retirement were changed, resulting in fewer unreduced retirements and fewer Rule of 90 retirements; distinct rates for reduced (Early) retirements were adopted for members hired prior to July 1, 1989 and members hired after June 30, 1989; assumed rates of termination were changed, with new rates generally greater than previous rates for years 3 through 9 and less than the previous rates after 15 years; assumed rates of disability for females were reduced to 75.0 percent of previous rates; rates for male members were lower by utilizing the same disability rates for females; percent married assumption was changed from 85 percent of active male members and 70 percent of female members to 80 percent active male members to 65 percent of active female members; assumed number of married male new retirees electing the 75 percent joint and survivor option changed from 10 percent to 15 percent; assumed number of married female new retirees electing 75 percent and 100 percent joint and survivor option changed from 0 percent to 10 percent and from 25 percent to 30 percent, respectively; corresponding number of married new retirees electing the Life annuity option was adjusted accordingly; assumed post-retirement benefit increase rate was changed from 2.0 percent per year

through 2043 and 2.5 percent per year thereafter, to 2.0 percent per year for all future years.

2015 – 20-year municipal bond rate updated to 3.80 percent; experience study updated to 2008 – 2014; assumed post-retirement benefit increase rate was changed from 2.0 percent per year through 2015 and 2.5 percent per year thereafter, to 2.0 percent per year through 2043 and 2.5 percent per year thereafter.

## Pensions

### Schedules of Employer's Contributions – Last 10 Years

#### Public Employee Police and Fire Fund (PEPFF)

| Year ended June 30 | Contractually required contribution ($) a | Contributions in relation to the contractually required contribution ($) b | Contribution deficiency or excess ($) c = a - b | University's covered-employee payroll ($) d | Contributions as a percentage of covered-employee payroll e = b / d |
|---|---|---|---|---|---|
| 2025 | 2,176 | 2,176 | 0 | 12,296 | 17.70% |
| 2024 | 1,951 | 1,951 | 0 | 11,025 | 17.70% |
| 2023 | 1,652 | 1,652 | 0 | 9,334 | 17.70% |
| 2022 | 1,455 | 1,455 | 0 | 8,219 | 17.70% |
| 2021 | 1,305 | 1,305 | 0 | 7,370 | 17.70% |
| 2020 | 1,242 | 1,242 | 0 | 7,015 | 17.70% |
| 2019 | 1,140 | 1,140 | 0 | 6,723 | 16.95% |
| 2018 | 1,020 | 1,020 | 0 | 6,295 | 16.20% |
| 2017 | 979 | 979 | 0 | 6,046 | 16.20% |
| 2016 | 943 | 943 | 0 | 5,818 | 16.20% |

#### State Employees Retirement Fund (SERF)

| Year ended June 30 | Contractually required contribution ($) a | Contributions in relation to the contractually required contribution ($) b | Contribution deficiency or excess ($) c = a - b | University's covered-employee payroll ($) d | Contributions as a percentage of covered-employee payroll e = b / d |
|---|---|---|---|---|---|
| 2025 | 34,855 | 34,855 | 0 | 557,677 | 6.25% |
| 2024 | 33,078 | 33,078 | 0 | 529,248 | 6.25% |
| 2023 | 30,321 | 30,321 | 0 | 485,133 | 6.25% |
| 2022 | 27,915 | 27,915 | 0 | 446,644 | 6.25% |
| 2021 | 27,104 | 27,104 | 0 | 433,670 | 6.25% |
| 2020 | 28,493 | 28,493 | 0 | 455,886 | 6.25% |
| 2019 | 25,972 | 25,972 | 0 | 442,079 | 5.88% |
| 2018 | 24,059 | 24,059 | 0 | 437,428 | 5.50% |
| 2017 | 23,582 | 23,582 | 0 | 428,771 | 5.50% |
| 2016 | 22,974 | 22,974 | 0 | 417,703 | 5.50% |