



GRAND
VALLEY
STATE
UNIVERSITY

ANNUAL
FINANCIAL
REPORT
2025



Grand Valley State University

**Financial Report
with Additional Information
June 30, 2025**

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As of June 30, 2025

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Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

Report on the Audits of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Additional Information

Management is responsible for the accompanying list of administrative officials, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinions on the financial statements do not cover such 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 whether 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.

To the Board of Trustees
Grand Valley State University

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025 on our consideration of Grand Valley State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Grand Valley State 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 Grand Valley State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 24, 2025

Management's Discussion and Analysis – Unaudited

As management of Grand Valley State University (the "university"), we offer readers of the university's annual report this narrative overview and analysis of the financial activities of the university for the fiscal year ended June 30, 2025.

Financial and Enrollment Summary for the Year Ended June 30, 2025

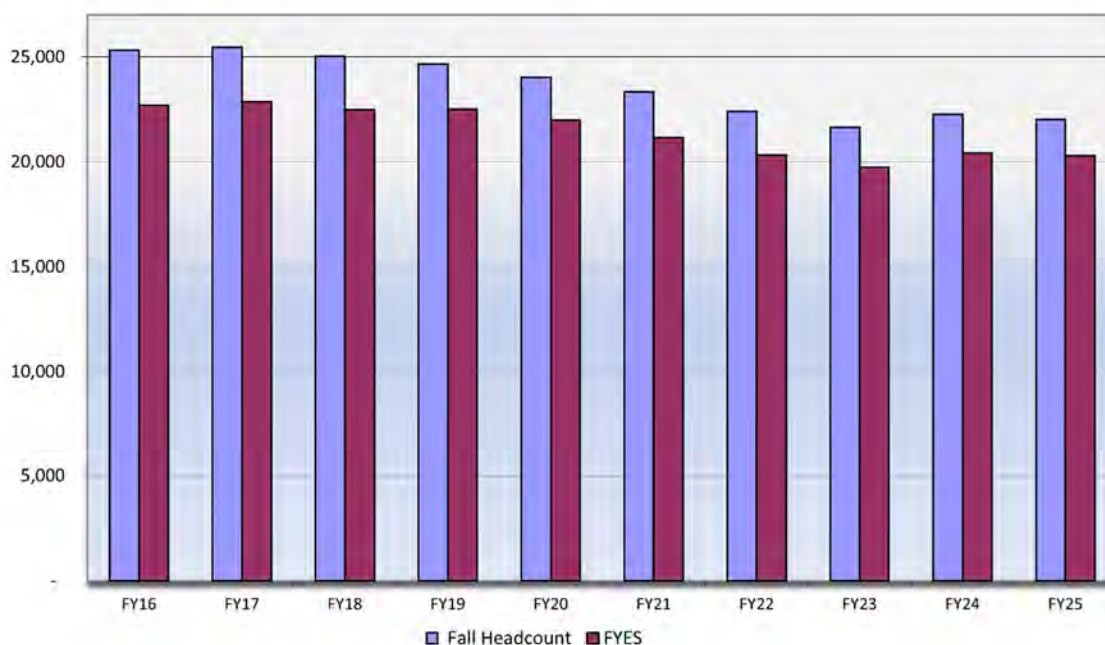
The financial statements, which follow this Management's Discussion and Analysis, include these significant changes during the 2025 fiscal year:

- In April 2023, NACUBO issued Advisory Report 2023-01 *Public Institutions: Accounting for and Reporting Financial Aid as a Discount*. Advisory Report 2023-01 provides estimation and measurement methodologies that more accurately reflect how financial aid is provided to students at public colleges and universities and applies the basic concepts for dealing with scholarship allowances found in NACUBO Advisory Report (AR) 97-1, *Accounting and Reporting Scholarship Allowances to Tuition and Other Fee Revenues by Higher Education*. The change in estimate was applied prospectively starting in 2025 and therefore created variances between 2024 and 2025 recorded in tuition revenue, auxiliary revenue and scholarship expense. However, the total amount of scholarship allowance remains unchanged due to the adoption of the new estimate methodology, which is referenced throughout this report as changes resulting from NACUBO AR 2023-01. More information can be found in Note 1.
- Enrollment decreased 0.6 percent with FYES (fiscal year equated students) decreasing from 20,431 to 20,307. Fall semester headcount decreased 1.2 percent from 22,269 to 22,011.
- Operating revenue decreased 2.6% percent or \$10.3 million from 2024 to 2025. If not for *NACUBO AR 2023-01*, operating revenue increased by 2.8% percent or \$11.1 million from 2024 to 2025. This was due to the increases in revenue from tuition, auxiliary operations and other educational activities mainly related to the increase in rates.
- State appropriations increased 2.2 percent from 2024 to 2025, equating to \$2.2 million. The appropriation in 2025 was an increase of 1.5 percent and \$1.0 million in one-time funding for operational support.
- Endowment cash and investments climbed to \$232.4 million as a result of a 9.9 percent investment gain, which generated investment income of \$23.5 million and generous donor support added \$6.2 million.
- The university adopted GASB Statement No. 101, *Compensated Absences*. The result is an increase in accrued liabilities of \$2 million and the associated expense resulting from the increase has been reflected in the current year statement of revenue, expense and changes in net position.
- During the year, the University refunded General Revenue Refunding Bonds Series 2014B, General Revenue Bonds Series 2015A, and partially General Revenue Bonds Series 2017 into General Revenue Bonds Series 2024A and General Revenue Bonds Series 2025A. See Note 4 for more information.
- Overall net position increased \$43.2 million, or 3.8 percent from 2024 to 2025.

Management's Discussion and Analysis – Unaudited (Continued)

The following chart depicts the historical enrollment activity over the last 10 years:

Historical Enrollment



Overview of the Financial Statements

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of the university. The report consists of three basic financial statements that provide information on the university as a whole: the Statement of Net Position, the Statement of Revenue, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements begin on page 20 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide the readers with an overview of the financial statements.

The Statement of Net Position

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. Net position, as determined by assets, and deferred outflows of resources offset by liabilities and deferred inflows of resources, is one way to measure the financial health of the university. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. Investments are stated at fair value, and capital assets are stated at historical cost less an allowance for depreciation. Net position from 2023 to 2025 increased 11 percent, from \$1.05 billion to \$1.17 billion.

Management's Discussion and Analysis – Unaudited (Continued)

A three-year summarized comparison of the university's statement of net position at June 30 follows:

	June 30		
	2025	2024	2023
	(in 000s)		
Current Assets			
Cash and short-term investments	\$ 146,500	\$ 143,058	\$ 109,075
Receivables	128,039	120,735	106,383
Inventory, prepaid expenses, and other	6,495	6,426	7,549
Total current assets	281,034	270,219	223,007
Noncurrent Assets			
Restricted cash and investments	4,087	9,741	14,273
Endowment cash and investments	232,398	207,915	183,274
Other long-term investments	261,025	259,691	258,159
Long-term receivables	16,858	13,195	12,120
Capital assets - Net of depreciation	800,075	801,738	776,483
Derivative Instruments - swap asset	2,634	3,253	3,237
Other	6,129	1,843	9,469
Total assets	1,604,240	1,567,595	1,480,022
Deferred Outflows of Resources	7,477	8,897	13,870
Current Liabilities			
Accounts payable and accrued liabilities	130,661	122,443	107,117
Unearned revenue	27,593	30,473	26,654
Long-term liabilities - Current portion	21,624	19,828	16,534
Total current liabilities	179,878	172,744	150,305
Noncurrent Liabilities			
Unearned revenue - Net of current portion	883	1,325	1,766
Federal student loan payable	918	1,396	2,049
Long-term liabilities - Net of current portion	199,589	217,126	222,307
Derivative instruments - swap liability	773	626	885
Net retirement liabilities	31,038	34,999	42,088
Total liabilities	413,079	428,216	419,400
Deferred Inflows of Resources	25,401	18,281	17,228
Net Position			
Net investment in capital assets	583,578	571,808	545,476
Restricted	265,305	246,277	218,798
Unrestricted	324,354	311,910	292,990
Total net position	<u>\$ 1,173,237</u>	<u>\$ 1,129,995</u>	<u>\$ 1,057,264</u>

Management's Discussion and Analysis – Unaudited (Continued)

Cash and short-term investments include unrestricted funds, which are used for operating expenditures and are managed within the parameters of the university's investment policy.

Other long-term investments should be looked at in conjunction with cash and short-term investments. This combination of funds comprises the overall pool of cash and investments. There was an increase of \$4.7 million in cash and investments from 2024 to 2025 and a \$35.5 million increase of cash and investments from 2023 to 2024. Restricted cash and investments decreased \$5.7 million from 2024 to 2025 and decreased \$4.5 million from 2023 to 2024 due to the use of scholarship awards earmarked in this investment account. The statement of cash flows on page 22 explains the sources and uses of cash.

Current receivables include grants, State appropriations, capital appropriations, pledges, student notes, financing lease receivables, and various operating receivables expected to be collected within a year. Current receivables increased \$7.3 million from 2024 to 2025 related to outstanding grant balances and current gift pledges. The increase of \$14.4 million from 2023 to 2024 is due to higher State appropriations as both the university and public school academies received increases in base funding.

Other current assets consist mainly of inventories and prepaid expenses. These assets may fluctuate based on timing of inventory purchases and payments of vendor service agreements. Balances remained consistent from 2024 to 2025 and decreased by \$1.2 million from 2023 to 2024.

Endowment investments increased \$24.5 million from 2024 to 2025 due to gifts and other additions of \$6.9 million, an investment gain of \$23.5 million less the spending distribution for scholarships and academic programs of \$7.9 million, and transfers of \$2.0 million previously held in pooled operating investments. From 2023 to 2024, endowment assets increased \$24.6 million due to gifts and additions of \$7.1 million and an investment gain of \$25.5 million less the spending distribution for scholarships and academic programs of \$8.0 million. The university (along with its investment advisory committee and outside consultants) continues to closely monitor endowment investment strategy and asset allocations.

Long-term receivables, which include financing leases, pledges, and student notes receivable increased from 2024 to 2025 by \$3.7 million due to an increase in financing leases. From 2023 to 2024, long-term receivables increased \$1.1 million due to an increase in pledges of \$2.0 million mostly to support athletic facility renovations. The increase in both years was offset by a decrease in student loans driven by the continuing wind-down of the Perkins loan program by the US Department of Education. Both financing lease arrangements and long-term pledges are discounted to net present value for financial statement purposes.

Capital assets decreased \$1.7 million from 2024 to 2025 and increased \$25.3 million from 2023 to 2024.

- During 2025, there were capital additions of \$59.3 million, offset by depreciation expense of \$43.3 million and disposals of mostly fully depreciated equipment. The most significant capital additions were buildings of \$11.5 million, SBITA right-to-use assets of \$6.3 million and a net increase in construction in progress of \$9.0 million. Building additions consisted primarily of football stadium concession and restroom renovations and the purchase of remaining building units in the Bicycle Factory Building near Pew Campus. SBITA additions consisted primarily of licensing for network equipment and renewal of the university's Learning Management System contract.
- In 2024 there were capital additions of \$78.6 million, offset by depreciation expense of \$37.9 million and disposals of mostly fully depreciated equipment. The most significant capital additions were buildings of \$26.9 million and SBITA right-to-use assets of \$27.7 million. There was an addition to the fieldhouse on the Allendale campus and purchases near Pew Campus in downtown Grand Rapids. The ERP project comprised most of the SBITA activity and includes prepaid subscription and implementation costs of \$7.2 million that were incurred during 2023 and 2024. Previously, these costs were presented as other noncurrent assets, as prescribed by GASB Statement No 96, Subscription-based Information Technology Arrangements ("GASB 96").

Management's Discussion and Analysis – Unaudited (Continued)

Other noncurrent assets increased by \$4.3 million from 2024 to 2025 due to new SBITA implementation costs and decreased \$7.6 million from 2023 to 2025 due to the reduction of prepaid subscription and implementation SBITA costs for the completed ERP project described above.

Deferred outflows of resources are funds expended by the university that are applicable to a future accounting period. There are three categories that are explained more fully in the notes to the financial statements:

- Accumulated changes in the fair value of hedging derivative instruments – see Note 5 on page 56
- Refunding of bonds payable – see Note 4 on page 51 for Series 2014B and 2016A
- Retirement-related deferrals – see Note 6 on page 59 for defined benefit plans and on page 68 for other post-employment benefit (“OPEB”) plans

Accounts payable and accrued liabilities increased by \$8.2 million from 2024 to 2025 and increased \$15.3 million from 2023 to 2024 mainly due to the timing of payroll and other benefits due to year-end fluctuations as well as the increase in compensated absences resulting from recognition of unused sick leave in accordance with GASB 101. The increase in 2024 also represents an increase in the Charter School payable of \$10.8 million, related to the increase in the Charter School receivable.

Unearned revenue includes receipts from tuition, grants, and contracts that pertain to the upcoming fiscal year. In 2024, unearned revenue increased \$3.8 million due to prefunded scholarships and infrastructure costs under a consulting arrangement for additional nursing students to be employed by a local hospital. In 2025, unearned income decreased \$2.8 million mainly due to spending of this support.

The current portion of long-term liabilities increased \$1.8 million from 2024 to 2025 and \$3.3 million from 2023 to 2024. A complete disclosure of current and noncurrent liabilities is presented in Note 4.

Noncurrent liabilities include unearned revenue, federal student loans payable, derivative instruments, net retirement liabilities, which pertain to both pension and OPEB plans, right-to-use liabilities, and the long-term portion of bonds payable.

- Federal student loans payable decreased \$1.1 million from 2023 to 2025 as a result of principal payments to the US Department of Education in the phased elimination of the Perkins Loan program.
- Long-term debt (net of current portion) decreased \$17.5 million from 2024 to 2025 primarily due to two separate refundings and scheduled debt payments. From 2023 to 2024, the decrease of \$5.2 million was due to the increase of \$10.2 million from the SBITA right-to-use liability offset by \$15.4 million in scheduled principal payments. The university maintains an A1 bond credit rating from Moody's Investors Service with a stable outlook and an A+ rating with a stable outlook from S&P Global. Between 2023 and 2025, there was no new debt issued.
- Variable interest rate swap agreements have been executed in previous years and the negative fair value of the derivative instruments (liabilities) represents the approximate cost of terminating the remaining swap agreements. It is mostly offset by deferred outflows of resources, with the difference resulting from an adjustment to market value of the embedded borrowing, which is reflected in long-term liabilities.
- Net retirement liabilities (including related deferred inflows of resources) decreased by \$1.8 million and \$6.7 million from 2024 to 2025 and 2023 to 2024, respectively. The decrease in 2025 was due to an investment gain of 11.8 percent and the full amortization of a 2020 change in benefit terms. The decrease in 2024 was mostly due to an investment gain of 13.0 percent. The liability was also lowered as a result of the fluctuation in the discount rate, which increased 1.5 percent and 12.5 percent for the pension plans and OPEB, respectively from 2024 to 2025. From 2023 to 2024 the discount rate fluctuated to a 3.4 percent increase and a 1.9 percent increase for the pension plans and OPEB, respectively. In addition to the detailed information provided in Note 6 concerning these benefits, there is also a comprehensive analysis provided in the required supplemental information beginning on page 74.

Management's Discussion and Analysis – Unaudited (Continued)

The total net position of the university increased \$115.9 million from 2023 to 2025. The increase reflects high investment returns, investments in infrastructure, as well as generous support from donors to facilities, endowments, and new initiatives that are underway. Unrestricted net position, a component of total net position includes funds that the Board of Trustees and university management have designated for specific purposes. The following summarizes the internal designations of unrestricted net position:

	2025	2024	2023
	(in 000s)		
Funds functioning as endowment	\$ 16,570	\$ 15,550	\$ 13,321
Capital projects in progress	19,673	19,824	16,586
Housing and auxiliary repair and maintenance	26,856	27,715	26,502
Debt service funds	52,509	46,672	42,225
Academic initiatives	39,036	42,860	44,988
Future capital projects	57,462	61,464	88,267
Operations and cash flow	112,248	97,825	61,101
	<u>\$ 324,354</u>	<u>\$ 311,910</u>	<u>\$ 292,990</u>

Management's Discussion and Analysis – Unaudited (Continued)

The Statement of Revenue, Expenses, and Changes in Net Position

The Statement of Revenue, Expenses, and Changes in Net Position presents the operating results of the university, as well as the nonoperating revenue and expenses. Annual State appropriations, while budgeted for operations, are considered nonoperating revenue according to accounting principles generally accepted in the United States of America.

	Year Ended June 30		
	2025	2024	2023
	(in 000s)		
Operating Revenue			
Student tuition and fees	\$ 365,565	\$ 357,121	\$ 330,982
Less scholarship allowance	(114,524)	(86,871)	(79,352)
Auxiliary	80,303	82,783	69,765
Less scholarship allowance	(9,431)	(15,676)	(12,815)
Grants and contracts	39,344	36,226	33,301
Other	29,943	28,066	24,339
Total operating revenue	391,200	401,649	366,220
Operating Expenses	567,361	534,489	503,069
Net Operating Loss	(176,161)	(132,840)	(136,849)
Nonoperating Revenue (Expense) and Other			
State appropriations	99,837	97,662	81,254
Government grants	43,431	31,288	24,938
Gifts (including endowment and capital)	16,306	22,420	15,668
Capital appropriations, grants, and other	10,209	8,388	1,231
Investment (loss) income - Net of fees	53,703	52,245	26,276
Other	(4,083)	(6,432)	(8,115)
Net nonoperating revenue	219,403	205,571	141,252
Net Increase in Net Position	43,242	72,731	4,403
Net Position - Beginning of year	1,129,995	1,057,264	1,052,861
Net Position - End of year	<u>\$ 1,173,237</u>	<u>\$ 1,129,995</u>	<u>\$ 1,057,264</u>

Management's Discussion and Analysis – Unaudited (Continued)

Revenue generated by tuition and fees increased 2.4 and 7.9 percent from 2024 to 2025 and 2023 to 2024, respectively. Tuition rates increased 3.5 percent in 2025, 4.7 percent in 2024, and 2.9 percent in 2023. The increase in rates was offset by a decrease in enrollment in 2025 and 2023 and an increase in 2024.

Scholarship allowances as a percentage of tuition and fees were 31.3 percent in 2025, as compared to 24.3 percent in 2024, and 24.0 percent in 2023. The increased percentage in 2025 is directly related to *NACUBO AR 2023-01* and the revised calculation. The university continues to provide significant levels of scholarship support to mitigate the financial impact of tuition rate increases. The method to calculate scholarship allowance is described further in Note 1.

Auxiliary revenue consists of housing, dining, parking, bookstores, vending, golf course, health center, and conference fees from external customers. In 2025, there was a decrease of revenue of \$2.5 million due to the decrease in enrollment. The increase in rates and enrollment directly attributed to the \$13.0 million increase in revenue in 2024.

Grants and contracts remained steady overall from 2023 to 2025 with new awards mostly offsetting those expiring.

Operating expenses continued to increase from 2023 to 2025. Further analysis of operating expenses by program function begins on page 13. Salaries, wages, and benefits comprise the largest operating expense, while instruction is the largest functional category.

State appropriations increased 2.2 percent from 2024 to 2025, equating to \$2.2 million. State appropriations increased 20.2 percent from 2023 to 2024, equating to \$16.4 million due to a base appropriation funding increase.

From 2023 to 2025, nonoperating government grants increased 74 percent or \$18.5 million due to increases by the federal government in the maximum amount of Pell award and higher number of Pell eligible students in attendance.

Gifts, including capital and endowment gifts remained steady between 2023 to 2025. The increase in 2024 was due to donor support for new project initiatives and increase in endowed giving due to large estate gifts received.

Capital appropriations, grants, and other income include awards and other capital income received for special purpose capital projects.

Net investment income consists of realized income (interest, dividends, and realized gain (loss) on the sale of investments), unrealized gain (loss), and investment expenses (primarily bank fees).

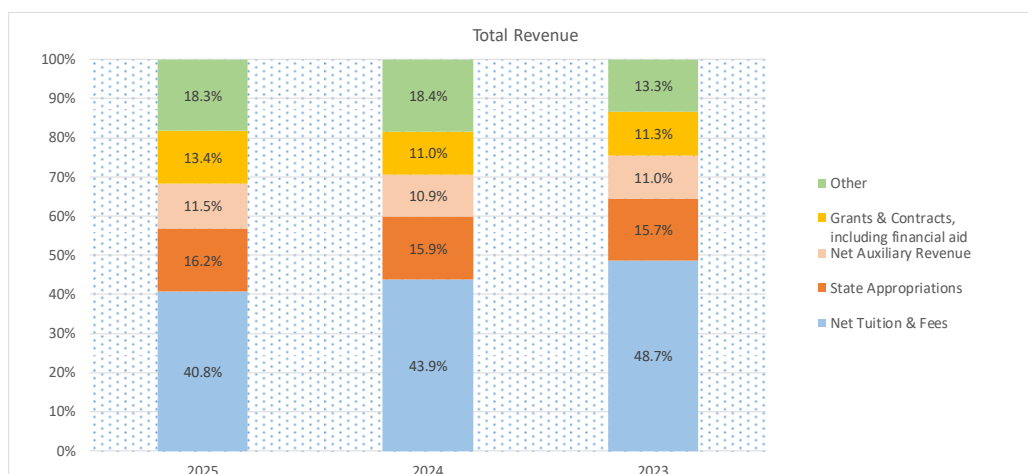
- Endowment investments generated an investment gain of 9.9 percent in 2025, 13.5 percent in 2024, and 9.8 percent in 2023.
- Operating investments generated an investment gain of 7.7 percent in 2025, 6.0 percent in 2024 and 2.6 percent in 2023.

Other nonoperating includes interest expense, financing lease revenue, and gains or losses from disposal of assets.

Management's Discussion and Analysis – Unaudited (Continued)

Revenue for the university consists of five main categories: tuition, State appropriation, auxiliary activities, grants, and other. Other includes sales and services of educational revenue, other operating income, investment income (loss), gifts, additions to endowment, financing lease revenue, and capital grants and appropriations.

The following table shows the breakdown of total revenue, net of scholarship allowances, for the university:



In 2025, tuition and fees (net) continued to make the largest contribution to the total revenue of the university with other revenue a distant second.

Operating Expenses by Functional Classification

Functional classifications are the traditional categories that universities have used. They represent the types of programs and services that the university provides.

	2025	2024	2023
	(in 000s)		
Instruction	193,090	\$ 180,190	\$ 173,052
Research	8,153	7,597	7,351
Public service	43,727	41,951	38,059
Academic support	73,186	63,893	59,847
Student services	40,575	38,624	37,361
Institutional support	56,716	54,090	46,448
Operation and maintenance of facilities	52,515	44,244	45,213
Depreciation	43,261	37,892	35,580
Scholarships and related expenses	7,552	18,338	18,709
Auxiliary activities	48,462	47,563	41,354
Other expenditures	124	107	95
Total	\$ 567,361	\$ 534,489	\$ 503,069

Management's Discussion and Analysis – Unaudited (Continued)

Instructional expenses increased 7.2 percent from 2024 to 2025 and 4.1 percent from 2023 to 2024 mainly due to the annual salary program.

Research expenses include the continuing activities at the Annis Water Resources Institute, Johnson Center for Philanthropy, and the Center for Scholarly and Creative Excellence (CSCE). After factoring in the annual salary increases, program expenses remained relatively consistent between 2023 and 2025.

Public service expenses include WGVU public broadcasting, the Michigan Small Business Development Center (SBDC), and the Charter Schools Office administration. Expenses increased 4.2 percent from 2024 to 2025 due to the annual salary program. Expenses increased 10.2 percent from 2023 to 2024 due to the annual salary program and a full year impact of positions added by WGVU-TV and charter school administration to support new program initiatives.

Academic support expenses include continuing education, information technology, student advising, the libraries, academic resources, and administration expenses for the academic deans. Expenses increased 14.5 percent from 2024 to 2025 due to the annual salary program and implementation costs related to a major IT-related project. Expenses increased 6.8 percent from 2023 to 2024 due to the annual salary program and higher level of federal and state grant expenditures to benefit students from disadvantaged backgrounds and to support student special needs.

Student services expenses represent student life programming, admissions, records, registration, financial aid administration, and intercollegiate athletics. Expenses increased 5.0 percent from 2024 to 2025 and 3.4 percent from 2023 to 2024 due to the annual salary program.

Institutional support expenses include administration for the business operations, human resources, executive offices, marketing and communications, public safety, development, and alumni relations. Expenses increased 4.9 and 16.4 percent from 2024 to 2025 and 2023 to 2024, respectively. In addition to the annual salary program, significant costs were incurred in 2024 related to major IT-related projects.

Operation and maintenance of facilities increased 18.7 percent from 2024 to 2025 due to more renovation and maintenance projects and equipment purchases, in addition to the annual salary program. Operation and maintenance of facilities decreased 2.1 percent from 2023 to 2024 due to fewer renovation and maintenance projects offset by the annual salary program.

Depreciation includes both academic and auxiliary buildings.

Scholarships and related expenses include work-study programs as well as the portion of financial aid that is not considered a scholarship allowance. To mitigate the impact of tuition increases on enrollment, the university has significantly increased need-based scholarships, including establishing The Grand Valley Pledge in 2021, which provides free tuition to qualifying students.

Management's Discussion and Analysis – Unaudited (Continued)

To look at the overall picture for scholarships and financial aid, it is important to also consider the scholarship allowance that is recorded net of tuition revenue and auxiliary revenue to identify the total amount of scholarships awarded. As discussed in the opening and in more detail in Note 1, NACUBO issued Advisory Report 2023-01 *Public Institutions: Accounting for and Reporting Financial Aid as a Discount* created variances between 2024 and 2025 scholarship allowance calculation as shown in the chart below. However, the change in methodology did not change the determination of the overall scholarship amount.

In total, from 2024 to 2025, scholarships awarded increased by 8.8 percent and from 2023 to 2024 increased by 9.0 percent, mostly due to the increase in university need-based scholarships and increase in Pell awards.

	2025	2024	2023
	(in 000s)		
Scholarship allowance - Tuition	\$ 114,524	\$ 86,871	\$ 79,352
Scholarship allowance - Auxiliary	9,431	15,676	12,815
Scholarship and fellowship expense	<u>7,552</u>	<u>18,338</u>	<u>18,709</u>
Total	<u>\$ 131,507</u>	<u>\$ 120,885</u>	<u>\$ 110,876</u>

Auxiliary activities include housing, dining, parking, bookstores, vending, golf course, health center, and conference services. Debt service, depreciation, and repairs related to housing are included in the other categories of expense. Auxiliary expenses remained consistent from 2024 to 2025 and increased 15.0 percent from 2023 to 2024, mostly due to the higher food and student labor costs as a result of higher sales volume.

Operating Expenses by Natural Classification

Operating expenses are summarized here by natural classification. Natural classifications show the type of expense regardless of program function.

	2025	2024	2023
	(in 000s)		
Salaries and benefits	\$ 353,405	\$ 330,124	\$ 313,332
Scholarships and awards	10,779	21,395	20,796
Utilities	9,069	9,543	8,575
Supplies and other	150,847	135,535	124,786
Depreciation	<u>43,261</u>	<u>37,892</u>	<u>35,580</u>
Total	<u>\$ 567,361</u>	<u>\$ 534,489</u>	<u>\$ 503,069</u>

Salaries and benefits expenses represent 64.1, 61.8, and 62.3 percent of total operating expenses in 2025, 2024, and 2023, respectively. The fluctuation of this percentage is directly related to fluctuations in other categories. From 2024 to 2025 and 2023 to 2024, overall salary and benefit expenses increased 7.0 and 5.4 percent, respectively, mainly due to the overall staffing levels and the salary increase program.

Scholarships and awards represent financial aid expense less scholarship allowances and work-study wages. In addition, this category includes awards for graduate assistants and corporate-sponsored programs. To obtain the overall financial aid picture, one must also consider the scholarship allowances as shown above and the impact of NACUBO AR 2023-01.

Utilities decreased 5.0 percent from 2024 to 2025 mostly due to a lower number of heating days from milder winter temperatures. Utilities increased 11.3 percent from 2023 to 2024 due to higher energy prices.

Management's Discussion and Analysis – Unaudited (Continued)

Supplies and other expenses increased by 11.3 percent from 2024 to 2025 and 8.6 percent from 2023 to 2024 as a result of major IT-related projects and inflationary increases.

Depreciation continues to rise as a result of capital additions. Depreciation includes both academic and auxiliary buildings.

The Statement of Cash Flows

The Statement of Cash Flows provides information about the cash receipts and cash disbursements of the university during the year. This statement also helps users assess the university's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

	2025	2024	2023
	(in 000s)		
Net Cash (Used in) Provided by			
Operating activities	\$ (133,343)	\$ (87,967)	\$ (91,617)
Noncapital financing activities	158,506	150,643	121,852
Capital and related financing activities	(55,838)	(59,128)	(55,365)
Investing activities	53,210	(4,796)	(9,278)
Net Increase (Decrease) in Cash and Cash Equivalents	22,535	(1,248)	(34,408)
Cash and Cash Equivalents - Beginning of year	64,880	66,128	100,536
Cash and Cash Equivalents - End of year	<u><u>\$ 87,415</u></u>	<u><u>\$ 64,880</u></u>	<u><u>\$ 66,128</u></u>

The primary cash receipts from operating activities consist of tuition and housing revenue. Cash outlays include payment of wages, benefits, supplies, utilities, and scholarships. From 2024 to 2025, net cash receipts from operating activities decreased \$45.4 million due to significant increase in operating outlays and spend down of advances received by certain sponsors of scholarship programs. From 2023 to 2024, net cash receipts from operating activities increased \$3.6 million due to higher tuition and housing receipts that were substantially offset by higher operating outlays. Within operating activities, tuition and auxiliary residence hall receipts would have remained steady from 2024 to 2025 if not for the NACUBO AR 2023-01 adoption and payments for scholarships and fellowships would have increased by \$11 million.

Noncapital financing activity is categorized as nonoperating and includes State appropriation, Pell grants, gifts, and non-exchange grants for other than capital purposes. State appropriation is the primary source of noncapital financing and is categorized as nonoperating. State appropriation receipts increased 4.9 and 18.5 percent or \$4.9 million and \$14.8 million from 2024 to 2025 and 2023 to 2024, respectively due to increase in the university's base appropriation.

From 2024 to 2025, cash flow from financing activities increased by \$3.3 million due to higher capital gift receipts offset by larger principal debt payments. From 2023 to 2024, cash flow from financing activities decreased by \$3.8 million due to higher capital additions that were mostly offset by lower principal debt payments, higher capital gift receipts and financing rental activity driven by new property purchases. Expenditures related to capital outlays and construction were \$43.2 million, \$43.5 million, and \$31.3 million, in 2025, 2024, and 2023, respectively.

Investing activities reflect purchases, sales, and interest income earned on investments. From 2024 to 2025 and 2023 to 2024, there was significant improvement of investment returns and fewer noncurrent investment purchases due to higher short-term interest rates. Investments identified in the cash flows statement include both restricted and unrestricted short- and long-term investments.

Management's Discussion and Analysis – Unaudited (Continued)

Economic Factors that Will Affect the Future

The university experienced a slight decrease in enrollment this past fiscal year, down 0.6 percent from fiscal year 2024 enrollment numbers. Some of this decrease may have been partially attributable to the significantly flawed revision and roll-out of the updated Free Application for Federal Student Aid ("FAFSA") carried out under the Department of Education throughout 2024. Website errors and end-user frustration with the FAFSA process were widely reported as obstacles to college entry, impacting enrollment numbers across the entire higher education sector.

The projected declining demographics of the high-school aged population over the next decade in Michigan and throughout the country is certainly a headwind to increasing enrollment. Driving a growth strategy and mindset at the university remain a top priority. The university continues to implement its Strategic Enrollment Management Plan ("SEMP") which focuses on growth and retention. Further, increased promotion of student support services, e.g., advising, tutoring, career counseling, etc., seeks to achieve retention goals.

The university strategy – Reach Higher 2025 – aims to provide new learning opportunities across a dynamic and competitive higher education landscape. The strategy focuses on providing an empowered educational experience, promoting lifetime learning, and creating a culture of educational equity which works to eliminate barriers to student success. The strategy emphasizes learner outcomes, relevant skills demanded by employers in an evolving world, and personal growth derived through continued educational pursuits to help shape the communities where university graduates live and work. The university strategy is undergoing a campus-wide review in anticipation of the new strategy – Reach Higher Together - to be implemented next year.

Omni by Grand Valley State University, an initiative that began last year to support educational delivery to learners, particularly working adults, has shown initial signs of success and seeks to drive enrollment growth in this demographic. Omni utilizes the university's network of regional campuses and partners to expand access to degrees and certificate programs, meeting student where they are with flexible educational delivery methods. The university continues to support other enrollment efforts through the SEM, such as the Lifelong Educational Attainment for Determined Students (LEADS) program. These programs directly support Michigan's Sixty by 30 campaign goal to increase the number of working-age adults with a skill certificate or college degree from 51.8 percent today to 60 percent by 2030. The university is being aggressive to meet learners at each level of existing knowledge and career experience by providing the highest value and relevance for their educational goals. Further, the university continues to aggressively pursue partnerships with local and regional businesses to become a talent pipeline for their organizations through the Laker Accelerated Talent Link, a work and learning opportunity that partners with regional employers. The initiative provides experiential learning opportunities during college and links Grand Valley talent to partner companies post-graduation.

The university continues its partnership arrangements with Historically Black Colleges and Universities/Hispanic Serving Institutions through a pipeline consortium to grow enrollment. These partnerships offer graduate degree opportunities and targeted relationships with businesses focusing on building the skills necessary to succeed in the knowledge and digital economy.

Management's Discussion and Analysis – Unaudited (Continued)

The State of Michigan passed the state budget for fiscal year 2026 in early October after a temporary budget was passed to keep the State of Michigan operating under a temporary funding measure. Last fiscal year's base appropriation, an increase of 1.5 percent, was below observed inflation metrics. Additionally in fiscal year 2025, the State approved \$1.0 million in one-time funding for operations support. For fiscal year 2026, the State Higher Education budget saw 3% across-the-board increase to base operations, offset by the removal of last year's one-time operations funding. This resulted in a net 2% base operations increase. However, the sector-wide increase was only one-time funding, so some uncertainty exists for State support of higher education in fiscal year 2027. This will impact university planning and strategy execution in the upcoming fiscal year. With the legislature being split between parties, there remains sharp policy differences in how each party views funding priorities for higher education. Legislative oversight through reporting requirements and governance provisions could become problematic in the future, especially considering some of the boilerplate provisions contained in the current appropriation. With the state appropriation making up approximately twenty-five percent of the general fund budget, the various pressures on the sector are a source of risk until policy clarity is realized.

The state's higher education funding model negatively impacts the university. The average funding per FYES at Michigan public universities is currently \$7,005. Grand Valley lags well below this average funding per FYES by over \$2,100, a significant funding difference given the university's total enrollment of over 20,000 FYES, the fourth largest enrollment total of all Michigan four-year public universities. It is not anticipated that the legislature will alter the current higher education funding model in the foreseeable future.

The Michigan Achievement Scholarship, a \$560 million financial aid program for post-secondary education for Michigan high school graduates, continues to provide valuable financial aid support to prospective learners. The university will continue to leverage this program as a source of aid to offset college expenses. This State aid program, combined with Grand Valley's general fund and institutional financial aid support, help keep the total cost of attendance low for many students. Grand Valley's Total Cost of Attendance (tuition, plus room and board) ranks 13th of 14 Michigan four-year higher education institutions.

The State of Michigan previously approved planning authorization and pledged \$30 million in state funding support for the Blue Dot Lab project. The State Budget Office recently gave final approval of the project and recommended to the legislature passage of an appropriations bill reflecting the same so construction can commence. This project is part of a regional campaign to significantly grow the technology sector in West Michigan through creation of a Blue Dot Ecosystem. The Blue Dot Ecosystem supports the intersection of technology, digital literacy, and connections within the business community, powered by unique programs and learning spaces. The effort also aims to increase the digital literacy of all university graduates. The newly established College of Computing will play a key role in this effort by growing this field of graduates to support regional economic development and integrating digital literacy skills across multiple disciplines. Additionally, the Blue Dot ecosystem includes university initiatives such as the Institute for Cybersecurity Education and Research, Project Grand Path, the futurEDlab, X>STUDIO, and the Applied Computing Institute, among others. This project is the cornerstone of a key growth strategy for Grand Valley.

At the federal level, the current administration has made a marked shift in higher education policy and other areas of federal oversight with university interest. Several provisions in the One Big Beautiful Bill Act ("OBBBA") impact the higher education sector. Further, some of the conditions on federal grant funding may impact the availability and use of these funds. Moreover, funding for the Corporation for Public Broadcasting ("CPB") was eliminated in the OBBBA, which will have an impact on Grand Valley, as local programming for WGVSU was funded in part through the CPB's Community Service Grants. Many of the significant higher education policy changes will not have an immediate impact on the university given Grand Valley's current positioning and size in the sector. Lifetime caps from federal loans may have an impact on enrollment so the university will be monitoring this data closely over the next several years. Federal grants make up a relatively small amount of annual operations so it is not anticipated to have a major impact on the university. WGVSU is evaluating operational changes to adapt to the loss of CPB funding.

Management's Discussion and Analysis – Unaudited (Continued)

The overall macroeconomic environment remains dynamic. Inflation has started to ease and stabilize somewhat, but rates are still above the Federal Reserve's two percent target inflation rate. Prices, and prevailing interest rates, remain elevated and inflationary factors across all sectors of the economy have impacted portions of university operations, such as energy prices, construction, services, wages, and food cost. Average wage growth has outpaced inflation but only marginally. Contributing factors to the dynamism are the United States' trade policy and associated tariffs, which are expected to increase the costs of goods and services as companies pass the costs of the tariffs to consumers. Many of the administration's directives on trade and tariffs are being challenged in the court system further adding to market uncertainty. Both fiscal and monetary policy will influence how long inflationary conditions exist. Relatedly, the university's debt profile consists of fixed-rate or synthetically fixed-rate debt instruments so there is minimal to no interest rate risk with rising rates at current debt levels until new debt is issued. Market consensus is that the overnight federal funds rate will be reduced in the next year but given all the factors in play, including circumstances surrounding the Federal Reserve, policy action and direction is less clear relative to interest rates and the debt market is a potential source of risk to monitor.

Despite some of the challenging issues present, the university continues to be a leader in providing a high-quality education at relatively low cost, with outstanding facilities, and a positive student experience. Tuition has and continues to be much lower than the State average for Michigan public universities. The university ranks 10th in tuition cost among Michigan four-year public institutions – a significant point despite the university's state appropriation per FYES as noted earlier. The university keeps higher education affordable with the lowest room and board costs amongst all four-year Michigan public universities.

Meanwhile, the university continues to be recognized as an outstanding choice for learners. Grand Valley State University is consistently named as one of the best colleges for value and one of America's best colleges by multiple assessments, including Money © Magazine and U.S. News and World Report ©.

Statement of Net Position

	June 30	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 87,415,267	\$ 64,880,622
Short-term investments (Note 2)	59,084,322	78,177,519
Accounts receivable - Net of allowance of \$1,597,000 and \$1,369,000 in 2025 and 2024, respectively	27,471,481	22,712,844
State appropriation receivable - Net	94,598,272	94,359,169
Pledges receivable - Net	5,445,590	3,454,365
Inventories	1,515,905	1,166,033
Prepaid expenses and other	4,979,987	5,260,735
Student notes receivable - Current portion	523,597	208,114
Total current assets	<u>281,034,421</u>	<u>270,219,401</u>
Noncurrent assets:		
Restricted investments (Note 2)	4,087,404	9,741,175
Endowment investments (Note 2)	232,398,319	207,915,467
Other long-term investments (Note 2)	261,024,719	259,690,954
Accounts and Interest Receivable	12,547,336	6,537,792
Pledges receivable - Net	4,125,707	5,668,328
Student notes receivable - Net	183,048	989,135
Capital assets - Net (Note 3)	800,075,358	801,737,339
Derivative instrument (Note 5)	2,634,000	3,253,000
Other assets	6,129,480	1,842,913
Total noncurrent assets	<u>1,323,205,371</u>	<u>1,297,376,103</u>
Total assets	<u>1,604,239,792</u>	<u>1,567,595,504</u>
Deferred Outflows of Resources		
Accumulated changes in the fair value of hedging derivative instruments (Note 5)	773,000	626,000
Refunding of bonds payable (Note 4)	4,079,488	6,276,193
Retirement benefit related deferrals (Note 6)	2,624,246	1,994,875
Total deferred outflows	<u>7,476,734</u>	<u>8,897,068</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	120,627,347	115,033,785
Compensated absences	10,032,742	7,409,326
Unearned revenue	27,593,212	30,472,873
Long-term liabilities - Current portion (Note 4)	21,624,433	19,827,994
Total current liabilities	<u>179,877,734</u>	<u>172,743,978</u>
Noncurrent liabilities:		
Unearned revenue - Net of current portion	883,120	1,324,679
Federal student loan payable	917,842	1,396,270
Long-term liabilities - Net of current portion (Note 4)	199,589,130	217,125,923
Derivative instruments (Note 5)	773,000	626,000
Other post-employment benefits (Note 6)	17,184,852	18,236,152
Net pension liability (Note 6)	13,853,274	16,763,353
Total noncurrent liabilities	<u>233,201,218</u>	<u>255,472,377</u>
Total liabilities	<u>413,078,952</u>	<u>428,216,355</u>
Deferred Inflows of Resources		
Accumulated changes in the fair value of hedging derivative instruments (Note 5)	2,634,000	3,253,000
Retirement benefit related deferrals (Note 6)	8,837,454	6,718,196
Leases	13,929,428	8,309,633
Total deferred inflows	<u>25,400,882</u>	<u>18,280,829</u>
Net Position		
Net investment in capital assets	583,577,760	571,808,108
Restricted:		
Nonexpendable - Scholarships and academic support	104,188,659	97,664,009
Expendable:		
Scholarships and academic support	152,182,395	140,986,950
Capital projects	8,677,167	7,227,187
Loans	256,914	398,844
Unrestricted	324,353,797	311,910,290
Total net position	<u>\$ 1,173,236,692</u>	<u>\$ 1,129,995,388</u>

See Notes to Financial Statements

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2025	2024
Operating Revenue		
Student tuition and fees	\$ 365,564,940	\$ 357,120,785
Scholarship allowances	(114,524,000)	(86,871,020)
Net student tuition and fees	251,040,940	270,249,765
Government grants and contracts	37,334,046	34,517,286
Nongovernmental grants	2,009,837	1,708,910
Sales and services of educational activities	21,527,174	20,470,465
Auxiliary activities	80,303,094	82,783,061
Scholarship allowances	(9,431,400)	(15,676,342)
Net auxiliary activities	70,871,694	67,106,719
Other operating revenue	8,415,803	7,595,607
Total operating revenue	391,199,494	401,648,752
Operating Expenses - Education and general		
Instruction	193,090,368	180,189,416
Research	8,153,074	7,597,327
Public service	43,727,068	41,951,578
Academic support	73,186,133	63,893,066
Student services	40,574,824	38,624,194
Institutional support	56,715,451	54,089,723
Operation and maintenance - Plant	52,515,279	44,243,728
Depreciation expense	43,261,408	37,892,177
Scholarships and related expenses	7,552,183	18,337,674
Auxiliary activities	48,461,648	47,563,120
Loan administrative fees and collection costs	123,765	107,303
Total operating expenses	567,361,201	534,489,306
Operating Loss	(176,161,707)	(132,840,554)
Nonoperating Revenue (Expense)		
State appropriations	99,837,200	97,661,500
Government grants	43,430,675	31,288,463
Gifts	10,077,040	15,901,992
Investment income:		
Interest, dividends, and gains on investments		
Net of investment expense of \$1,802,921 and \$1,768,616 in 2025 and 2024, respectively	53,702,841	52,245,318
Interest on capital asset - Related debt	(6,319,458)	(8,481,085)
Gain (Loss) on disposal of assets	(10,420)	144,776
Other nonoperating revenues	2,247,057	1,904,324
Net nonoperating revenue	202,964,935	190,665,288
Income (Loss) - Before other revenues, expenses gains, or losses	26,803,228	57,824,734
Other		
Capital grants and gifts	9,548,347	7,652,582
Other capital income	660,452	735,908
Additions to permanent endowments	6,229,277	6,518,178
Total other	16,438,076	14,906,668
Increase in Net Position	43,241,304	72,731,402
Net Position		
Beginning of year	1,129,995,388	1,057,263,986
End of year	<u>\$ 1,173,236,692</u>	<u>\$ 1,129,995,388</u>

See Notes to Financial Statements

Statement of Cash Flows

	Year Ended June 30	
	2025	2024
Cash Flows from Operating Activities		
Tuition and fees	253,483,976	265,937,831
Grants and contracts	38,511,980	40,093,850
Payments to suppliers	(152,960,131)	(129,693,369)
Payments for utilities	(8,958,881)	(9,542,594)
Payments to employees	(258,732,768)	(245,115,077)
Payments for benefits	(91,180,476)	(86,483,910)
Payments for scholarships and fellowships	(7,552,183)	(21,395,355)
Loans issued to students	(56,645,238)	(56,122,077)
Collection of loans from students	57,135,842	57,794,134
Auxiliary enterprise charges:		
Residence halls	49,759,033	47,693,946
Bookstore	8,857,661	8,693,020
Other	9,439,493	10,318,798
Sales and service of educational activities	16,942,018	21,865,912
Other receipts	8,815,656	7,629,945
Federal direct loan receipts	118,505,905	127,541,794
Federal direct loan lending disbursements	(118,891,417)	(126,864,620)
Public school academy funding receipts	408,035,253	385,438,280
Public school academy funding disbursements	(407,908,620)	(385,757,195)
Net cash used in operating activities	(133,342,897)	(87,966,687)
Cash Flows from Noncapital Financing Activities		
State appropriations	99,387,714	94,732,192
Government grants	42,156,344	32,173,696
Gifts and grants for other than capital purposes	11,083,400	17,818,335
Private gifts for endowment purposes	6,396,986	6,518,178
Charitable annuities payments - Net	(40,467)	53,969
Return of federal student Perkins loan principal	(478,428)	(652,989)
Net cash provided by noncapital financing activities	158,505,549	150,643,381
Cash Flows from Capital and Related Financing Activities		
Proceeds from capital debt	56,070,000	-
Capital grants and gifts received	8,196,536	4,256,312
Other receipts	1,820,935	2,258,470
Proceeds from sale of capital assets	42,630	134,604
Purchases of capital assets and construction	(43,234,096)	(43,494,344)
Principal paid on capital debt	(74,889,115)	(13,153,936)
Interest paid on capital debt	(3,844,572)	(9,129,178)
Net cash used in capital and related financing activities	(55,837,682)	(59,128,072)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	66,595,629	9,666,122
Interest on investments	13,881,328	14,233,320
Purchase of investments	(27,267,282)	(28,695,456)
Net cash provided by (used in) investing activities	53,209,675	(4,796,014)
Net Increase (Decrease) in Cash and Cash Equivalents	22,534,645	(1,247,392)
Cash and Cash Equivalents - Beginning of year	64,880,622	66,128,014
Cash and Cash Equivalents - End of year	\$ 87,415,267	\$ 64,880,622

See Notes to Financial Statements

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2025	2024
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (176,161,707)	\$ (132,840,554)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization expense	43,261,408	37,892,177
Changes in assets and liabilities:		
Receivables - Net	(2,611,047)	(11,121,676)
Inventories	(349,872)	410,373
Other assets	12,470	1,374,943
Accounts payable, accrued liabilities, and deposits	8,011,378	15,356,045
Retirement related deferrals and noncurrent liabilities	(2,625,867)	(2,856,959)
Unearned revenue	(2,879,660)	3,818,964
Net cash used in operating activities	\$ (133,342,897)	\$ (87,966,687)
Significant Noncash Disclosures		
Property acquired under lease and subscription-based information technology arrangements	\$ 8,791,240	\$ 28,568,276

See Notes to Financial Statements

Statement of Fiduciary Net Position

Pension Trust Funds

	June 30	
	2025	2024
Assets		
Money market funds	\$ 1,930,645	\$ 1,320,394
Time deposits	3,086,978	-
Domestic equities	36,429,771	33,981,018
International equities	14,844,337	13,178,773
Domestic bonds	19,337,778	21,869,514
International bonds	906,380	1,316,585
Alternative strategies	8,887,922	8,751,888
Total cash and cash equivalents and investments	85,423,811	80,418,172
Accrued income	200,631	193,324
Net Position - Restricted for Pensions	\$ 85,624,442	\$ 80,611,496

Statement of Changes in Fiduciary Net Position

Pension Trust Funds

	Year Ended June 30	
	2025	2024
Additions		
Investment income:		
Interest and dividend income	\$ 2,493,489	\$ 2,026,427
Net appreciation in fair value of investments	6,621,539	6,619,751
Income (Loss) on sale of investments	(119,169)	265,512
Total investment income	8,995,859	8,911,690
Employer contributions	1,905,473	1,834,386
Other income	280,444	320,377
Total additions - Net	11,181,776	11,066,453
Deductions		
Benefit payments	6,000,258	5,729,633
Administrative expense	168,572	157,688
Total deductions	6,168,830	5,887,321
Net Increase	5,012,946	5,179,132
Net Position - Restricted for Pensions		
Beginning of year	80,611,496	75,432,364
End of year	\$ 85,624,442	\$ 80,611,496

See Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting Entity - Grand Valley State University (the “university”) is an institution of higher education created by the Michigan Constitution of 1963 and is considered to be a component unit of the State of Michigan (the “State”). Its Board of Trustees is appointed by the Governor of the State. Accordingly, the university is included in the State’s financial statements as a discretely presented component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various State agencies.

The university has six affiliated organizations that were evaluated in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the university adopted on July 1, 2011, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*, which the university adopted on July 1, 2016. Each organization is described below, with additional information provided regarding the impact to the university’s financial statements and accompanying condensed financial statements.

Grand Valley University Foundation (“GVUF”) is a Michigan nonprofit corporation established to solicit, collect, receive, and administer funds to advance the mission and goals of the university. In accordance with the provisions of GASB Statement No. 61, GVUF is blended into the university’s financial statements because the university has operational responsibility for GVUF and GVUF provides services entirely for the benefit of the university. GVUF obtains an annual financial audit as required by the Michigan Department of Attorney General. The June 30, 2025 audited financial statements for GVUF are located at the university’s Business and Finance Office.

University Properties, Inc. (“UPI”) is a Michigan nonprofit corporation established for the purpose of holding, administering, and further improving real property held by the university. In accordance with the provisions of GASB Statement No. 61, UPI is blended into the university’s financial statements because the university has operational responsibility for UPI and services are provided entirely for the benefit of the university.

Grand Valley Research Corporation (“GVRC”) is a Michigan nonprofit corporation established for educational and scientific purposes. In accordance with the provisions of GASB Statement No. 61, GVRC is considered a component unit of the university because a financial benefit and burden relationship exists. The blending method is appropriate for inclusion in the university’s financial statements because the university has operational responsibility for GVRC and services are provided entirely for the benefit of the university.

Lafayette-Hastings, LLC and Two Zero One Front, LLC are Michigan limited liability companies formed in fiscal year 2011 and 2025, respectively for the purpose of real estate management on behalf of the university. In accordance with the provisions of GASB Statement No. 61, both companies are blended into the university’s financial statements because the university has operational responsibility for both and services are provided entirely for the benefit of the university.

K12C Solutions was formed in 2023 as a Michigan nonprofit corporation to further the university’s mission by providing training, personnel, and services to schools, community groups, and families in support of academic, social-emotional, and career achievement. In accordance with the provisions of GASB Statement No. 61, K12C Solutions is blended into the university’s financial statements because the university has operational responsibility for K12C Solutions and services are provided entirely for the benefit of the university. K12C discontinued operations in August 2025.

The Board of Trustees has fiduciary responsibility for employee benefit plans, which includes two defined benefit plans that are further described in Note 6 on page 58. The plans are considered fiduciary component units. As a result, the plans’ fiduciary net position and changes in plans’ fiduciary net position are shown as a fiduciary fund in the university’s financial statements.

Notes to Financial Statements

June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Presented below are the financial statements for each entity blended into the university's financial reporting, including the real estate management companies of Lafayette-Hastings, LLC and Two Zero Front, LLC, which were combined in 2025 table with the formation of Two Zero Front, LLC. The condensed financial information for 2025 and 2024 are as follows:

Condensed Statement of Net Position

June 30, 2025

	Grand Valley University Foundation	University Properties, Inc.	Grand Valley Research Corporation	Real Estate Management LLCs	K12C Solutions
Assets					
Current assets	\$ 264,078	\$ 294,484	\$ 423,777	\$ 274,533	\$ 738,693
Capital assets (net)	-	4,958	-	-	-
Other assets	4,769,739	-	1,097,846	-	-
Total assets	<u>\$ 5,033,817</u>	<u>\$ 299,442</u>	<u>\$ 1,521,623</u>	<u>\$ 274,533</u>	<u>\$ 738,693</u>
Liabilities					
Current liabilities	\$ -	\$ -	\$ -	\$ 1,513,599	\$ 201,163
Noncurrent liabilities	-	-	-	-	-
Total liabilities	-	-	-	1,513,599	201,163
Net Position					
Net investment in capital assets	-	4,958	-	-	-
Restricted:					
Nonexpendable	2,777,260	-	-	-	-
Expendable	2,256,557	-	-	-	-
Unrestricted	-	294,484	1,521,623	(1,239,066)	537,530
Total net position	<u>5,033,817</u>	<u>299,442</u>	<u>1,521,623</u>	<u>(1,239,066)</u>	<u>537,530</u>
Total liabilities and net position	<u>\$ 5,033,817</u>	<u>\$ 299,442</u>	<u>\$ 1,521,623</u>	<u>\$ 274,533</u>	<u>\$ 738,693</u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Condensed Statement of Net Position
June 30, 2024

	Grand Valley University Foundation	University Properties, Inc.	Grand Valley Research Corporation	Lafayette Hastings, LLC	K12C Solutions
Assets					
Current assets	\$ 297,403	\$ 258,375	\$ 412,660	\$ 333,983	\$ 1,992,596
Capital assets (net)	-	4,958	-	-	-
Other assets	4,353,174	-	1,232,378	-	-
Total assets	<u>\$ 4,650,577</u>	<u>\$ 263,333</u>	<u>\$ 1,645,038</u>	<u>\$ 333,983</u>	<u>\$ 1,992,596</u>
Liabilities					
Current liabilities	\$ -	\$ 7,144	\$ -	\$ 1,152,913	\$ -
Noncurrent liabilities	-	-	-	-	-
Total liabilities	-	7,144	-	1,152,913	-
Net Position					
Net investment in capital assets	-	4,958	-	-	-
Restricted:					
Nonexpendable	2,684,043	-	-	-	-
Expendable	1,966,534	-	-	-	-
Unrestricted	-	251,231	1,645,038	(1,139,418)	1,992,596
Total net position	<u>4,650,577</u>	<u>256,189</u>	<u>1,645,038</u>	<u>(1,139,418)</u>	<u>1,992,596</u>
Total liabilities and net position	<u>\$ 4,650,577</u>	<u>\$ 263,333</u>	<u>\$ 1,645,038</u>	<u>\$ 13,495</u>	<u>\$ 1,992,596</u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Condensed Statement of Revenue, Expenses, and Changes in Net Position
year ended June 30, 2025

	Grand Valley University Foundation	University Properties, Inc.	Grand Valley Research Corporation	Real Estate Management LLCs	K12C Solutions
Operating Revenue					
Sales and services of educational activities	\$ -	\$ -	\$ -	\$ -	\$ 997,970
Auxiliary enterprises	-	144,626	-	-	-
Other	-	-	25,000	1,007,974	-
Total operating revenue	-	144,626	25,000	1,007,974	997,970
Operating Expense					
Personnel costs	17,215	-	-	-	1,987,989
Supplies and other	1,007,704	85,656	17,011	1,107,622	381,086
Total operating expense	1,024,919	85,656	17,011	1,107,622	2,369,075
Nonoperating Revenue (Expense)					
Gifts and additions to endowments	931,832	-	-	-	(100,000)
Grants	-	-	-	-	-
Investment (loss) income	476,327	-	(131,404)	-	16,039
Other	-	(15,717)	-	-	-
Total nonoperating revenue	1,408,159	(15,717)	(131,404)	-	(83,961)
Increase in Net Position	383,240	43,253	(123,415)	(99,648)	(1,455,066)
Net Position - Beginning of year	4,650,577	256,189	1,645,038	(1,139,418)	1,992,596
Net Position - End of year	\$ 5,033,817	\$ 299,442	\$ 1,521,623	\$ (1,239,066)	\$ 537,530

Notes to Financial Statements

June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

Condensed Statement of Revenue, Expenses, and Changes in Net Position
year ended June 30, 2024

	Grand Valley University Foundation	University Properties, Inc.	Grand Valley Research Corporation	Lafayette Hastings, LLC	K12C Solutions
Operating Revenue					
Sales and services of educational activities	\$ -	\$ -	\$ -	\$ -	\$ 1,537,915
Auxiliary enterprises	-	132,150	-	-	-
Other	-	-	10,000	881,500	-
Total operating revenue	-	132,150	10,000	881,500	1,537,915
Operating Expense					
Personnel costs	1,505	-	-	-	-
Supplies and other	965,493	78,470	9,380	1,014,813	1,150,869
Total operating expense	966,998	78,470	9,380	1,014,813	1,150,869
Nonoperating Revenue (Expense)					
Gifts and additions to endowments	1,055,923	-	-	-	1,420,000
Grants	-	-	-	-	-
Investment (loss) income	503,578	-	(13,245)	-	(1,955)
Other	-	-	-	-	-
Total nonoperating revenue	1,559,501	-	(13,245)	-	1,418,045
Increase in Net Position	592,503	53,680	(12,625)	(133,313)	1,805,091
Net Position - Beginning of year	4,058,074	202,509	1,657,663	(1,006,105)	187,505
Net Position - End of year	<u><u>\$ 4,650,577</u></u>	<u><u>\$ 256,189</u></u>	<u><u>\$ 1,645,038</u></u>	<u><u>\$ (1,139,418)</u></u>	<u><u>\$ 1,992,596</u></u>

Condensed Statement of Cash Flows
year ended June 30, 2025

	Grand Valley University Foundation	University Properties, Inc.	Grand Valley Research Corporation	Real Estate Management LLCs	K12C Solutions
Net cash (used in) provided by operating activities	\$ (80,411)	\$ 35,071	\$ 11,117	\$ (43,637)	\$ (1,492,566)
Net cash used in investing activities	23,369	-	-	-	16,039
Net cash provided by financing activities	93,217	-	-	-	-
Net increase (decrease) in cash and cash equivalents	36,175	35,071	11,117	(43,637)	(1,476,527)
Cash and Cash Equivalents - Beginning of year	227,903	248,592	412,660	320,488	1,992,596
Cash and Cash Equivalents - End of year	<u><u>\$ 264,078</u></u>	<u><u>\$ 283,663</u></u>	<u><u>\$ 423,777</u></u>	<u><u>\$ 276,851</u></u>	<u><u>\$ 516,069</u></u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies (Continued)**Condensed Statement of Cash Flows**

year ended June 30, 2024

	Grand Valley University Foundation	University Properties, Inc.	Grand Valley Research Corporation	Lafayette Hastings, LLC	K12C Solutions
Net cash (used in) provided by operating activities	\$ (12,217)	\$ 50,874	\$ (276,251)	\$ 1,190,608	\$ 1,789,472
Net cash used in investing activities	(185,509)	-	-	-	-
Net cash provided by financing activities	160,355	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(37,371)	50,874	(276,251)	1,190,608	1,789,472
Cash and Cash Equivalents - Beginning of year	<u>265,274</u>	<u>197,718</u>	<u>688,911</u>	<u>(870,120)</u>	<u>203,124</u>
Cash and Cash Equivalents - End of year	<u>\$ 227,903</u>	<u>\$ 248,592</u>	<u>\$ 412,660</u>	<u>\$ 320,488</u>	<u>\$ 1,992,596</u>

Basis of Presentation – The financial statements have been prepared in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board (GASB) using the economic resource measurement focus. The university follows all applicable GASB pronouncements. The university follows the “business-type activities” reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the university’s financial activities.

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

Cash and Cash Equivalents – The university considers all investments with an original maturity date of three months or less when purchased to be cash equivalents.

Note 1 – Summary of Significant Accounting Policies (Continued)

Investments - Investments are reported at fair value. Alternative investments are recorded at their most recent available valuation and updated for capital contributions and distributions. Alternative investments consist of investments that seek absolute-based return in hedge markets, investments in the private equity class investing in various ventures, private credit, or investments in a pool of assets invested in the following subclasses: global natural resources, commodities, and global real estate. The net realized and unrealized appreciation (depreciation) in market value of investments is included in the accompanying Statement of Revenue, Expenses, and Changes in Net Position. Gains, losses, and investment income are reported as increases or decreases in unrestricted net position unless their use is restricted by explicit donor stipulations or law.

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All trade amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2025 and 2024, there was an allowance of \$1,597,000 and \$1,369,000 respectively.

In addition, the university leases space on buildings to cellular companies and office space to external parties. In accordance with GASB 87, the university recorded lease receivables of \$14,434,074 and \$8,231,198 at June 30, 2025 and 2024, respectively. Of the total balance, noncurrent accounts receivable was \$12,547,336 and \$6,537,792 at June 30, 2025 and 2024, respectively. The expected receipts over the term of the respective leases are discounted to present value, using the interest rate stated on the lease, if available or otherwise discounted using the university's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2025 and 2024, the university recognized revenues related to these lease agreements totaling \$2,247,057 and \$1,904,318, respectively, which are reflected as nonoperating revenue.

Inventories - Inventories, consisting principally of bookstore merchandise, golf equipment, and apparel, are determined on the first-in, first-out (FIFO) method and stated at the lower of cost or market. The cost is recorded as an expense as the inventory is consumed.

Pledges Receivable - The carrying amount of pledges receivable represents recorded promises to contribute, measured at fair value when received, net of estimated uncollectible promises. Pledges receivable are recorded at their net present value using a discount rate of 4.23 and 4.24 percent for the years ended June 30, 2025 and 2024, respectively. Included in pledges receivable are an unamortized discount of \$725,265 and \$914,670 at June 30, 2025 and 2024, respectively, and an allowance of \$66,530 and \$16,435 at June 30, 2025 and 2024, respectively.

Student Notes Receivable – The carrying amount of student notes receivable consists of the balance due from loans to students for cost of attendance. Amounts that become uncollectible are offset to tuition and housing revenue. At June 30, 2025 and June 30, 2024, there was an allowance of \$108,682 and \$140,636, respectively.

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets with a unit cost of over \$5,000 and all library books are recorded at cost at the date of acquisition or at acquisition value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred.

Right-to-use assets established by financing leases and subscriptions to vendor's information technology software are recorded at present value at the date that use begins and amortized over the shorter of the contract term or the useful life of the underlying asset. In addition, the university's policy establishes a threshold of \$250,000 for capitalizing vendor's information technology software, whereas activity under this threshold is expensed as incurred.

Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activity facilities.

Derivative Instruments - Derivative instruments consist primarily of interest rate swap agreements associated with the university's outstanding long-term debt obligations. Derivative instruments are stated at fair value as established by major securities markets.

Unearned Revenue - Tuition and fee revenue and certain exchange grants and contracts received and related to the period after June 30 has been deferred.

Compensated Absences - University employees accrue compensated absences for vacation on a per pay period basis. Vacation pay is fully vested when accrued. Upon separation from service, employees are paid accumulated vacation based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation that employees may accumulate and carry over for payment at death, retirement, or termination. Unused hours exceeding these limitations are forfeited. As a result, compensated absences are recorded as a current accrued liability.

During the current year, the university adopted GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and measures a liability for leave that has accumulated, but is expected to be used. As a result, the liability for compensated absences, which includes vacation as described above and sick time has been calculated to comply with this new pronouncement and presented in the statement of net position. The associated expense resulting from the increase in liability at June 30, 2025 is reflected in the current year statement of revenue, expenses and changes in net position

Operating Revenue - All revenue from programmatic sources is considered operating revenue.

Nonoperating Revenue - Included in nonoperating revenue are State appropriations, investment income, Pell Grant revenue, financing lease revenue, and gifts. Financing lease arrangements and gifts (pledges) that are received on an installment basis are recorded at net present value.

Note 1 – Summary of Significant Accounting Policies (Continued)

Scholarship Allowances and Student Aid – In April 2023, the National Association of College and University Business Officers (NACUBO) issued Advisory Report 2023-01 *Public Institutions: Accounting for and Reporting Financial Aid as a Discount*. Advisory Report (AR) 2023-01 provides estimation and measurement methodologies that more accurately reflect how financial aid is provided to students at public colleges and universities and applies the basic concepts for dealing with scholarship allowances found in NACUBO Advisory Report (AR) 97-1, *Accounting and Reporting Scholarship Allowances to Tuition and Other Fee Revenues by Higher Education*. The amount reported as operating expense continues to represent the portion of aid that was provided to the student in the form of excess of the amounts charged by the university for student tuition and auxiliary services. Scholarship allowances continue to represent the portion of aid provided to the student in the form of reduced tuition.

The university adopted NACUBO AR 2023-01 in 2025, which resulted in use of a new calculation to estimate the scholarship allowance. Previously, the use of pooled student refunds as the basis for allocation of the allowance introduced non-discountable transactions into the calculation process, reducing the accuracy of estimates. Enterprise system advancements have created the capacity for more accurate estimates using a methodology that reflects the financial aid process flow. The scholarship allowances for “Student tuition and fees” and “Auxiliary activities” and the “Scholarships and related expenses” line items within the *Statement of Revenues, Expenses, and Changes in Net Position* are affected by the allocation change described in the methodology,

Federal Financial Assistance Programs - The university participates in Federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal Direct Lending, and Perkins Loans programs. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”), and the compliance supplement.

During 2025 and 2024, the university distributed \$118,891,417 and \$126,864,620 respectively, for direct lending through the U.S. Department of Education, which is a fiduciary activity. However, it meets the business-type activities exception and therefore is not included as revenue and expenditures on the accompanying financial statements.

Encumbrances - The university maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. Encumbrances totaled approximately \$39,568,000, which represents the estimated amount of expenses ultimately to result if unperformed contracts in progress at June 30, 2025 are completed. Approximately \$28,442,000 of the total is committed for capital projects.

Encumbrances outstanding do not constitute expenses or liabilities and are not reflected in the financial statements.

Fiduciary Activity - The university establishes fiduciary funds to manage amounts held in a fiduciary capacity for others. These amounts are not used to operate the university’s programs.

Net Position - Net position is classified according to external donor restrictions or availability of assets for satisfaction of university obligations. Nonexpendable restricted net position consists of gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted for specific purposes and funds held in Federal loan programs. Unrestricted net position represents assets of the university that have not been restricted by parties independent of the university.

It is the university’s policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Note 1 – Summary of Significant Accounting Policies (Continued)

Net Position (Continued) - Net investment in capital assets consists of capital assets, net of accumulated depreciation, right-to-use assets, net of accumulated amortization, unspent bond proceeds, components of debt structuring, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Use of Estimates - The preparation of financial statements in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Certain estimates are more susceptible to change based on the potential changes in estimates and assumptions, including estimates such as the allowance for doubtful accounts and self-insurance healthcare claims.

Pensions - For the purpose 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 university defined benefit plans was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the university to the plan. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

Postemployment Benefits Other Than Pensions - For purposes of measuring the total Other Postemployment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, the OPEB expense, information about the liability of the university defined benefit plan was calculated by a certified actuary. The plan is unfunded and contributions to the plan are based on the timing and occurrence of the benefit payments. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms.

Deferred Outflows of Resources - In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources relate to the net pension liability, other post-retirement liabilities, and components of long-term obligations, including a debt refunding. See Notes 4 through 6 for more information.

Deferred Inflows of Resources - In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources relate to the calculation of the net pension liability and other post-retirement liabilities, derivative instruments, and leases. Detailed information is provided in Note 5 regarding the derivative instrument and Note 6 regarding retirement related benefit deferrals. The deferred inflow related to leases results from future inflows resulting from the university's lessor arrangements, as referenced in the Accounts Receivable accounting policy.

Restatement - Certain 2024 amounts have been reclassified to conform to 2025 presentation.

Note 2 - Cash and Investments

The operating portfolio is invested in accordance with university policy.

Cash and Short-term Investments - Investment policies for cash and short-term investments, as set forth by the Board of Trustees, authorize the university to invest in interest-bearing time deposits, short-term cash funds, money market funds, intermediate cash funds, U.S. government-backed obligations, and commercial paper. All investments must be held by financial institutions organized under federal or state law.

Restricted Short-term Investments - Restricted short-term investments received for a scholarship program were \$4,087,404 and \$9,741,175 at June 30, 2025 and 2024, respectively.

Investments - Investment policies, as set forth by the Board of Trustees, also authorize the university to invest in equity securities, bonds, or similar securities and real estate investments for production of rental income. The Board of Trustees has authorized the Treasurer or Assistant Treasurer of the Board of Trustees to make the university's investment decisions, subject to review with the members of the Advisory Committee. In accordance with policies set forth by the Board of Trustees, complete discretion in selecting individual investments of endowment assets is assigned to two or more money managers who are chosen at the discretion of the university's Treasurer. The university's Treasurer and the appropriate Board committee monitor the asset managers' performance.

The Board of Trustees has established an investment policy with the objectives of protecting the principal of these funds and maximizing total investment return without assuming extraordinary risks. Under Michigan law set forth in the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan in 2009 ("UPMIFA"), the Board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the university and the purposes of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. Annually, the Board of Trustees approves an endowment spending rate consistent with these objectives. For the years ended June 30, 2025 and 2024, the endowment spending rate was 4.5 percent.

As of June 30, 2025, the university has remaining commitments of \$39.5 million in alternative asset investments. As of June 30, 2025 and 2024, the university had approximately \$126.9 million and \$122.7 million respectively, invested in alternative investments.

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

The university's cash and investments are included in the Statement of Net Position under the following classifications:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 87,415,267	\$ 64,880,622
Short-term investments	59,084,322	78,177,519
Restricted Investments	4,087,404	9,741,175
Endowment investments	232,398,319	207,915,467
Other long-term investments	<u>261,024,719</u>	<u>259,690,954</u>
Total cash and investments	<u>\$ 644,010,031</u>	<u>\$ 620,405,737</u>

The university's cash and investments consist of the following:

	<u>2025</u>	<u>2024</u>
Money markets	\$ 83,272,881	\$ 78,353,583
Time deposits	10,112,550	153,998
Fixed-income securities	242,096,815	279,396,003
Equity security investments	164,353,136	124,361,557
Mutual bond funds	17,259,098	15,473,959
Alternative investments	<u>126,915,551</u>	<u>122,666,637</u>
Total cash and investments	<u>\$ 644,010,031</u>	<u>\$ 620,405,737</u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

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

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 83,272,881	\$ 81,390,121	\$ 1,882,760	\$ -	\$ -
Time deposits	10,112,550	10,112,550	-	-	-
Fixed income securities	242,096,815	62,789,557	175,329,355	3,508,792	469,111
Mutual bond funds	17,259,098	-	795,766	16,463,332	-
Mutual equity funds	134,173,756	-	18,445,024	114,670,848	1,057,884
Mutual international equity funds	29,209,271	-	-	29,209,271	-
U.S. equities	970,109	-	-	-	398,602
Real estate	3,797,506	-	-	-	3,797,506
Venture capital and private equity	58,848,424	-	-	-	59,419,931
Private credit	9,950,601	-	-	-	9,950,601
Hedge funds	44,201,902	-	-	-	44,201,902
Other investments	10,117,118	-	-	-	10,117,118
Total investments and maturities	<u>\$ 644,010,031</u>	<u>\$ 154,292,228</u>	<u>\$ 196,452,905</u>	<u>\$ 163,852,243</u>	<u>\$ 129,412,655</u>

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

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 78,353,583	\$ 74,621,797	\$ 3,731,786	\$ -	\$ -
Time deposits	153,998	153,998	-	-	-
Fixed income securities	279,396,003	78,177,519	201,218,484	-	-
Mutual bond funds	15,473,959	-	696,074	14,777,885	-
Mutual equity funds	89,446,375	-	12,265,000	77,181,375	-
Mutual international equity funds	34,073,114	-	4,758,277	29,314,837	-
U.S. equities	842,068	-	-	-	842,068
Real estate	3,395,738	-	-	1,856,427	1,539,311
Venture capital and private equity	56,019,246	-	-	-	56,019,246
Private credit	6,086,406	-	-	-	6,086,406
Hedge funds	46,384,004	-	-	-	46,384,004
Other investments	10,781,243	-	7,410,855	-	3,370,388
Total investments and maturities	<u>\$ 620,405,737</u>	<u>\$ 152,953,314</u>	<u>\$ 230,080,476</u>	<u>\$ 123,130,524</u>	<u>\$ 114,241,423</u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

As of June 30, 2025, the university's fiduciary fund had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 1,930,645	\$ 1,930,645	\$ -	\$ -	\$ -
Time deposits	3,086,977	250,974	2,836,003		
Fixed-income securities	18,685,632	3,985,867	8,348,774	4,344,419	2,006,572
Mutual bond funds	1,558,526	-	-	1,558,526	
Equities	51,274,108	-	-	-	51,274,108
Infrastructure funds	3,863,392	-	-	-	3,863,392
Real estate investment funds	3,430,421	-	-	-	3,430,421
Other alternative funds	1,524,810	-	-	-	1,524,810
Pooled investment funds	69,300	-	-	-	69,300
Total investments and maturities	<u>\$ 85,423,811</u>	<u>\$ 6,167,486</u>	<u>\$ 11,184,777</u>	<u>\$ 5,902,945</u>	<u>\$ 62,168,603</u>

As of June 30, 2024, the university's fiduciary fund had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Money markets	\$ 1,320,394	\$ 1,320,394	\$ -	\$ -	\$ -
Fixed-income securities	20,933,242	4,533,271	8,508,341	6,107,313	1,784,317
Mutual bond funds	2,252,857	-	-	2,252,857	-
Equities	47,159,791	-	-	-	47,159,791
Infrastructure funds	2,840,554	-	-	-	2,840,554
Real estate investment funds	4,135,376	-	-	-	4,135,376
Other alternative funds	1,707,607	-	-	-	1,707,607
Pooled investment funds	68,351	-	-	-	68,351
Total investments and maturities	<u>\$ 80,418,172</u>	<u>\$ 5,853,665</u>	<u>\$ 8,508,341</u>	<u>\$ 8,360,170</u>	<u>\$ 57,695,996</u>

Note 2 - Cash and Investments (Continued)

Concentration of Credit Risk - The university’s investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes and is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. Risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the Statement of Revenue, Expenses, and Changes in Net Position.

Investments are presented above based on the segmented time distribution maturity. Mutual equity funds are considered to be long-term funds and therefore are presented as investments with a maturity over one year, whereas the mutual bond funds as of June 30, 2025 have average maturities between 3.7 years and 15.5 years. At June 30, 2024, mutual bond funds have average maturities between 3.11 years and 13.95 years. Both are presented as an investment with a maturity over one year. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by Board policies.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the university’s operating investment policy limits the amount of the university’s operating portfolio that can be invested in securities with maturities of more than one year. Operating investment maturities are limited as follows:

Less than one year	10%-100%
One to five years	0%-90%
More than five years	0%-30%

Investments held by the endowment funds are invested based on the policy that they are held to maturity; therefore, the interest rate risk is not considered in the university’s decisions.

Custodial Credit Risk - Custodial Credit Risk is the risk that in the event of a bank failure, the university’s deposits may not be available or returned. The university does not have a deposit policy for Custodial Credit Risk. The university’s investments are held by a custody agent. At June 30, 2025 and 2024, the carrying amount of the university’s deposits was \$87,415,267 and \$64,880,622, respectively. Cash balances in the bank were \$90,713,664 and \$66,257,667 at June 30, 2025 and 2024, respectively. Of the cash balances in the bank, \$1,735,377 and \$1,300,194, respectively, was insured.

The remaining cash balances in the bank of \$88,978,287 and \$64,957,473 at June 30, 2025 and 2024, respectively, were uninsured and uncollateralized. The university does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

Credit Risk - The university's operating investment policy limits its short-term operating investments to 0.5 percent of total bank assets or to investment vehicles that possess the highest ratings available by two national services. The university's operating investment policy limits its longer-term investments to investment grade or better securities.

The endowment funds are invested based on the policy that they are held permanently. Therefore, it is possible to invest in alternative investments that have a higher credit risk, but over the long term have the opportunity to yield higher rates of return.

The mutual fixed income funds held by the university had the following credit ratings at June 30, 2025 and 2024:

	Market Value 2025	Morningstar Rating	Market Value 2024	Morningstar Rating
Eaton Vance Income Fund of Boston I	8,509,944	4 star	7,386,650	4 star
Federated Hermes Instl High Yield Bd IS	7,953,387	4 star	7,391,235	4 star
AQR Diversified Arbitrage I	283,847	n/a	229,533	n/a
Cohen & Steers Preferred Sec & Inc I	252,722	4 star	235,437	4 star
Virtus-AllianzGI Convertible Inst	259,198	4 star	231,104	5 star
Total	<u>\$ 17,259,098</u>		<u>\$ 15,473,959</u>	

At June 30, 2025, the university held fixed-income securities of \$242,096,815 of which \$114,442,762 were invested in US Governmental agencies. The remaining \$127,654,053 was invested in securities that were rated by S&P Global as follows:

	A	A-	A+	AA	AA-	AA+	AAA	BBB	BBB-	BBB+	Not Available	Total
Local government bond	-	-	-	-	100,915	-	178,783	-	-	-	-	279,698
Asset backed bonds	-	-	-	45,505	-	-	113,338	-	-	-	30,629	189,472
Non U.S. corporate bonds	-	9,035,486	25,406	-	-	-	-	3,460,847	1,770,448	9,446,001	2,079,689	25,817,877
U.S. corporate bonds	<u>20,640,342</u>	<u>29,507,937</u>	<u>12,465,432</u>	<u>1,245,671</u>	<u>4,397,302</u>	<u>1,070,619</u>	<u>237,211</u>	<u>20,035,667</u>	<u>1,305,323</u>	<u>10,381,376</u>	<u>80,126</u>	<u>101,367,006</u>
	<u>\$ 20,640,342</u>	<u>\$ 38,543,423</u>	<u>\$ 12,490,838</u>	<u>\$ 1,291,176</u>	<u>\$ 4,498,217</u>	<u>\$ 1,070,619</u>	<u>\$ 529,332</u>	<u>\$ 23,496,514</u>	<u>\$ 3,075,771</u>	<u>\$ 19,827,377</u>	<u>\$ 2,190,444</u>	<u>\$ 127,654,053</u>

At June 30, 2024, the university held fixed-income securities of \$279,396,003 of which \$131,402,606 were invested in US Governmental agencies. The remaining \$147,993,397 was invested in securities that were rated by S&P Global as follows:

	A	A-	A+	AA	AA-	AA+	AAA	BBB	BBB-	BBB+	Total
Local government bond	-	-	-	50,601	47,500	-	118,749	-	-	-	216,850
Asset backed bonds	-	-	-	-	-	-	264,963	-	-	-	264,963
Mortgage-backed bonds	-	-	-	-	-	136,898	24,326	-	-	-	161,224
Non U.S. corporate bonds	1,745,261	7,151,759	302,643	-	-	-	-	5,124,792	4,884,233	4,168,288	23,376,976
U.S. corporate bonds	<u>8,280,545</u>	<u>37,102,872</u>	<u>9,902,833</u>	<u>96,337</u>	<u>7,464,428</u>	<u>5,761,949</u>	<u>5,928,152</u>	<u>24,310,502</u>	<u>5,470,142</u>	<u>19,655,623</u>	<u>123,973,385</u>
	<u>\$ 10,025,806</u>	<u>\$ 44,254,631</u>	<u>\$ 10,205,476</u>	<u>\$ 146,938</u>	<u>\$ 7,511,928</u>	<u>\$ 5,898,847</u>	<u>\$ 6,336,190</u>	<u>\$ 29,435,294</u>	<u>\$ 10,354,375</u>	<u>\$ 23,823,911</u>	<u>\$ 147,993,397</u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

The university's fiduciary fund held the following types of mutual fixed-income funds at June 30, 2025 and 2024:

	Market Value 2025	Morningstar Rating	Market Value 2024	Morningstar Rating
AQR Diversified Arbitrage I	856,984	n/a	746,483	n/a
Cohen & Steers Preferred Sec & Inc I	775,966	4 star	754,780	4 star
Virtus-AllianzGI Convertible Inst	782,560	4 star	751,594	4 star
	<u>\$ 2,415,510</u>		<u>\$ 2,252,857</u>	

At June 30, 2025, the university's fiduciary fund held fixed-income securities of \$17,828,648 of which \$8,860,097 were invested in US Governmental agencies. The remaining \$8,968,551 was invested in securities that were rated by S&P Global as follows:

	<u>A</u>	<u>A-</u>	<u>A+</u>	<u>AA</u>	<u>AA-</u>	<u>AA+</u>	<u>AAA</u>	<u>BBB</u>	<u>BBB+</u>	<u>Not Available</u>	<u>Total</u>
Non U.S. corporate bonds	-	512,521	132,091	-	261,674	-	-	-	-	-	906,286
U.S. corporate bonds	1,541,027	1,727,250	956,849	345,521	825,888	160,914	200,569	1,297,270	786,430	220,547	8,062,265
	<u>\$ 1,541,027</u>	<u>\$ 2,239,771</u>	<u>\$ 1,088,940</u>	<u>\$ 345,521</u>	<u>\$ 1,087,562</u>	<u>\$ 160,914</u>	<u>\$ 200,569</u>	<u>\$ 1,297,270</u>	<u>\$ 786,430</u>	<u>\$ 220,547</u>	<u>\$ 8,968,551</u>

At June 30, 2024, the university's fiduciary fund held fixed-income securities of \$20,933,242 of which \$7,093,338 were invested in US Governmental agencies and \$2,880,634 were invested in bonds of various financial institutions that were unrated. The remaining \$10,959,270 was invested in securities that were rated by S&P Global as follows:

	<u>A</u>	<u>A-</u>	<u>A+</u>	<u>AA</u>	<u>AA-</u>	<u>AA+</u>	<u>AAA</u>	<u>BBB</u>	<u>BBB+</u>	<u>Total</u>
Non U.S. corporate bonds	2,270,491	1,627,864	843,354	284,402	902,539	506,177	127,826	1,783,639	1,204,401	9,550,693
U.S. corporate bonds	511,548	327,895	-	-	420,481	148,653	-	-	-	1,408,577
	<u>\$ 2,782,039</u>	<u>\$ 1,955,759</u>	<u>\$ 843,354</u>	<u>\$ 284,402</u>	<u>\$ 1,323,020</u>	<u>\$ 654,830</u>	<u>\$ 127,826</u>	<u>\$ 1,783,639</u>	<u>\$ 1,204,401</u>	<u>\$ 10,959,270</u>

Note 2 - Cash and Investments (Continued)

Foreign Credit Risk - The university holds investments in some international mutual funds denominated in US Dollars that invest in international equity funds and investments in non-US corporate and government bonds. These funds are invested in various countries throughout the world and therefore expose the university to foreign credit risk. The international equity and debt investments represent approximately 9 percent at June 30, 2025 and June 30, 2024. Investments in these funds were approximately \$57.5 million for the ended June 30, 2025 and June 30, 2024.

Alternative Assets - The other investments, private equities, and venture capital are comprised of investments in alternative assets.

Fair Value Measurements - The university categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy on the following page.

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

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

The university has the following recurring fair value measurements as of June 30, 2025:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using			
	Quoted Prices in			
	Active Markets	Significant Other	Significant	
	for Identical	Observable	Unobservable	
	Assets	Inputs	Inputs	
	(Level 1)	(Level 2)	(Level 3)	
Balance at				
June 30, 2025				
Investments by Fair Value Level				
Debt securities - Mutual bond funds	\$ 17,259,098	\$ 17,259,098	\$ -	\$ -
Equity securities:				
Preferred stock	646,507	-	-	646,507
Common stock	323,602	-	-	323,602
U.S. equities	-	-	-	-
Money market funds	29,471,376	29,471,376	-	-
Mutual equity funds	134,173,756	134,173,756	-	-
Mutual international security funds	29,209,271	29,209,271	-	-
Mutual alternative strategies	8,205,613	8,205,613	-	-
Real asset funds	2,550,840	2,550,840	-	-
Total equity securities	204,580,965	203,610,856	-	970,109
U.S. governmental agencies	114,442,762	57,369,913	57,072,849	-
Local government bonds	279,698	-	279,698	-
Non-U.S. corporate bonds	26,250,705	-	26,250,705	-
Corporate bonds	100,934,178	-	100,934,178	-
Asset backed security bonds	189,472	-	189,472	-
Land	543,480	-	-	543,480
Beneficial interest	1,911,505	-	-	1,911,505
Total investments by fair value level		\$ 278,239,867	\$ 184,726,902	\$ 3,425,094
Investments Measured at Net Asset Value (NAV)				
Hedge funds	44,201,901			
Private equity/venture capital	58,848,424			
Private credit	9,950,601			
Real estate funds	703,187			
Total investments measured at NAV	113,704,113			
Total investments measured at fair value	\$ 580,095,976			
Bank deposits *	63,914,055			
Total Cash and Investments	\$ 644,010,031			

Investment Derivative Instruments - Interest
rate swaps

\$ 1,861,000

\$ 1,861,000

* Bank deposits include brokerage funds of \$9,984,965, which are included in cash and cash equivalents on the statement of Net Position.

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

The university has the following recurring fair value measurements as of June 30, 2024:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
		Quoted Prices in		
		Active Markets	Significant Other	Significant
		for Identical	Observable	Unobservable
	Balance at	Assets	Inputs	Inputs
	June 30, 2024	(Level 1)	(Level 2)	(Level 3)
Investments by Fair Value Level				
Debt securities - Mutual bond funds	\$ 15,473,958	\$ 15,473,958	\$ -	\$ -
Equity securities:				
Preferred stock	646,507	-	-	646,507
Common stock	323,602	-	-	323,602
U.S. equities	842,068	842,068	-	-
Money market funds	49,046,426	49,046,426	-	-
Mutual equity funds	89,446,375	89,446,375	-	-
Mutual international security funds	34,073,114	34,073,114	-	-
Mutual alternative strategies	7,935,919	7,935,919	-	-
Real asset funds	1,856,427	1,856,427	-	-
Total equity securities	184,170,438	183,200,329	-	970,109
U.S. governmental agencies	131,402,606	90,879,690	40,522,916	-
Local government bonds	216,850	-	216,850	-
Non-U.S. corporate bonds	23,377,276	-	23,377,276	-
Corporate bonds	124,399,271	-	124,399,271	-
Land	543,480	-	-	543,480
Beneficial interest	1,875,215	-	-	1,875,215
Total investments by fair value level		\$ 289,553,977	\$ 188,516,313	\$ 3,388,804
Investments Measured at Net Asset Value (NAV)				
Hedge funds	46,384,005			
Private equity/venture capital	56,019,246			
Private credit	6,086,406			
Real estate funds	995,831			
Total investments measured at NAV	109,485,487			
Total investments measured at fair value	\$ 590,944,581			
Bank deposits *	29,461,156			
Total Cash and Investments	\$ 620,405,737			

Investment Derivative Instruments - Interest rate swaps

\$ (626,000)\$ (626,000)

* Bank deposits include brokerage funds of \$12,477,095, which are included in cash and cash equivalents on the statement of Net Position.

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

The university's fiduciary funds have the following recurring fair value measurements as of June 30, 2025:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Fair Value Measurements Using

	Balance at June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Money market mutual funds	\$ 1,930,644	\$ 1,930,644	\$ -	\$ -
Developed international equity funds	9,874,776	9,874,776	-	-
Emerging markets equity funds	4,969,561	4,969,561	-	-
Large-cap domestic equity funds	29,816,810	29,816,810	-	-
Real estate investment funds	3,430,421	3,430,421	-	-
Small- and mid-cap domestic equity funds	5,500,615	5,500,615	-	-
Equity-related strategy funds	1,112,346	1,112,346	-	-
Infrastructure funds	3,863,392	3,863,392	-	-
Alternative strategies funds	1,524,810	1,524,810	-	-
Total equity securities	62,023,375	62,023,375	-	-
Fixed-income securities:				
Domestic fixed-income	17,999,067	6,274,535	11,724,532	-
International developed market fixed-income	906,286	-	906,286	-
Inflation indexed fixed-income	414,875	172,148	242,727	-
High-Yield fixed-income	66,946	-	66,946	-
Fixed income-related strategy	856,984	856,984	-	-
Total fixed-income securities	20,244,158	7,303,667	12,940,491	-
Total investments by fair value level		<u>\$ 69,327,042</u>	<u>\$ 12,940,491</u>	<u>\$ -</u>
Investments Measured at Net Asset Value (NAV)				
Pooled investment funds	69,300			
Total investments measured at fair value	<u>\$ 82,336,833</u>			

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

The university's fiduciary funds have the following recurring fair value measurements as of June 30, 2024:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using			
	Balance at June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Money market mutual funds	\$ 1,320,394	\$ 1,320,394	\$ -	\$ -
Developed international equity funds	8,698,678	8,698,678	-	-
Emerging markets equity funds	4,480,095	4,480,095	-	-
Large-cap domestic equity funds	27,698,901	27,698,901	-	-
Real estate investment funds	4,135,376	4,135,376	-	-
Small- and mid-cap domestic equity funds	5,224,675	5,224,675	-	-
Equity-related strategy funds	1,057,442	1,057,442	-	-
Infrastructure funds	2,840,554	2,840,554	-	-
Alternative strategies funds	1,707,607	1,707,607	-	-
Total equity securities	57,163,722	57,163,722	-	-
Fixed-income securities:				
Domestic fixed-income	20,575,285	1,506,374	19,068,911	-
International developed market fixed-income	1,316,585	1,316,585	-	-
Inflation indexed fixed-income	547,746	547,746	-	-
Fixed income-related strategy	746,483	746,483	-	-
Total fixed-income securities	23,186,099	4,117,188	19,068,911	-
Total investments by fair value level		\$ 61,280,910	\$ 19,068,911	\$ -
Investments Measured at Net Asset Value (NAV)				
Pooled investment funds	68,351			
Total investments measured at fair value	\$ 80,418,172			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. U.S. Governmental agency securities purchased at first issue (on-the-run) are also classified in Level 1.

The fair value of fixed-income securities, corporate bonds, and foreign and U.S. Governmental agency securities that were purchased after first issue (off-the-run) were determined primarily based on Level 2 inputs. The university estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Derivative instruments classified in Level 2 reflect the fair values of the interest rate swaps estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future settlement on the swap.

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Cash and Investments (Continued)

The fair value of land, preferred and common stock holdings, and the beneficial interest account held at Grand Rapids Community Foundation at June 30, 2025 and 2024 was determined primarily based on Level 3 inputs. The university estimates the fair value of these investments using the university's own estimates using pricing models, discounted cash flow methodologies, or similar techniques, after considering the characteristics of the asset.

Investments in Entities that Calculate Net Asset Value per Share

The university holds shares or interests in investment companies whereby the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year-end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	June 30, 2025 Fair Value	June 30, 2024 Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds (A)	\$ 44,201,901	\$ 46,384,005	\$ -	See (A) below	See (A) below
Private equity/venture capital (B)	58,848,424	56,019,246	32,733,800	Not redeemable	N/A
Private credit (C)	9,950,601	6,086,406	6,311,446	Not redeemable	N/A
Real estate funds (D)	<u>703,187</u>	<u>995,831</u>	<u>411,804</u>	Not redeemable	N/A
Total	<u>\$ 113,704,113</u>	<u>\$ 109,485,488</u>	<u>\$ 39,457,050</u>		

(A) This category includes investments in hedge funds that invest primarily in limited partnerships and investment companies. Management of these funds employs a variety of strategies and has the ability to shift investments based on market, economic, political, and government-driven events. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. These investments can be redeemed as follows, with the following restrictions:

1. Adage Capital Partners - Quarterly redemptions with a 60-day advance notice.
2. Varde Investment Partners - Redeemable on anniversary date of admission to the fund with a 90-day advance written notice.
3. Himalaya Capital Investors LP - Redeemable annually, last calendar day of the year with a 60-day notice.

Note 2 - Cash and Investments (Continued)

- (B) This category includes several private equity funds that invest in early stage, high-growth private companies, growth equity financing, leverage buyouts, securities, and other obligations of distressed businesses and financially troubled companies. The nature of the investments in this category is that distributions are received through the liquidation for the underlying assets of the funds. These investments are planned to be held for a various number of years depending on the individual fund contract. In addition, this category includes venture capital funds that will invest in three to five companies, primarily from within the Michigan Accelerator Fund portfolio. The fair value of the investment in this class has been estimated using the net asset value of the university's ownership interest in partners' capital.
- (C) This category consists of two funds that provide financing to companies and primarily generates income through investments in cash paying, floating rate senior secured debt, complemented by capital appreciation-focused credit strategies. The nature of these investments in this category is that distributions are received through the periodic repayment of debt obligations. The fair value of the investment in this class has been estimated using the next asset value of the university's ownership interest in the partners' capital.
- (D) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the university's ownership interest in partners' capital.

Notes to Financial Statements

June 30, 2025 and 2024

Note 3 - Capital Assets

Capital asset activity for the university for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 73,456,357	\$ 794,151	\$ -	\$ 74,250,508
Nondepreciable artwork and historical treasures	8,006,436	33,729	-	8,040,165
Nondepreciable land improvements	1,722,820		-	1,722,820
Construction in progress	13,775,884	26,633,490	17,609,969	22,799,405
Total cost of nondepreciable capital assets	96,961,497	27,461,370	17,609,969	106,812,898
Land improvements & infrastructure	165,702,102	4,585,532		170,287,634
Buildings	949,135,012	11,509,922	-	960,644,934
Equipment, including financed equipment	80,966,235	6,807,983	2,538,397	85,235,821
Library books	17,704,667	178,077	436,902	17,445,842
Total cost of depreciable capital assets	1,213,508,016	23,081,514	2,975,299	1,233,614,231
Right-to-Use Buildings	1,215,523	2,237,981	155,586	3,297,918
Right-to-Use Equipment	1,002,325	1,452	-	1,003,777
Right-to-Use Vehicles	628,931	168,402	193,363	603,970
Right-to-Use Subscription IT Arrangements	34,575,214	6,383,405	2,505,042	38,453,577
Total cost of Right-to-Use capital assets	37,421,993	8,791,240	2,853,991	43,359,242
Total cost of capital assets	1,347,891,506	\$ 59,334,124	\$ 23,439,259	1,383,786,371
Less accumulated depreciation for:				
Land improvements & infrastructure	98,932,658	6,646,723	-	105,579,381
Buildings	358,083,496	22,460,262	-	380,543,758
Equipment, including financed equipment	65,257,492	4,657,078	2,431,035	67,483,535
Library books	16,491,807	371,044	436,902	16,425,949
Total accumulated depreciation	538,765,453	34,135,107	2,867,937	570,032,623
Less accumulated amortization for:				
Right-to-Use Buildings	817,792	1,802,638	155,586	2,464,844
Right-to-Use Equipment	362,144	154,490	-	516,634
Right-to-Use Vehicles	272,169	187,333	175,997	283,505
Right-to-Use Subscription IT Arrangements	5,936,609	6,981,840	2,505,042	10,413,407
Total accumulated amortization	7,388,714	9,126,301	2,836,625	13,678,390
Total accumulated depreciation and amortization	546,154,167	\$ 43,261,408	\$ 5,704,562	583,711,013
University capital assets - Net	\$ 801,737,339			\$ 800,075,358

Notes to Financial Statements

June 30, 2025 and 2024

Note 3 - Capital Assets (Continued)

Capital asset activity for the university for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Land	\$ 71,977,990	\$ 1,478,367	\$ -	\$ 73,456,357
Nondepreciable artwork and historical treasures	6,432,686	1,573,750	-	8,006,436
Nondepreciable land improvements	1,722,820	-	-	1,722,820
Construction in progress	15,872,292	13,205,369	15,301,777	13,775,884
Total cost of nondepreciable capital assets	96,005,788	16,257,486	15,301,777	96,961,497
Land improvements & infrastructure	162,139,824	3,562,278		165,702,102
Buildings	922,253,507	26,893,705	12,200	949,135,012
Equipment	78,980,893	3,113,726	1,128,384	80,966,235
Library books	17,640,873	161,893	98,099	17,704,667
Total cost of depreciable capital assets	1,181,015,097	33,731,602	1,238,683	1,213,508,016
Right-to-Use Buildings	1,153,820	312,817	251,114	1,215,523
Right-to-Use Equipment	788,677	213,648	-	1,002,325
Right-to-Use Vehicles	498,681	330,193	199,943	628,931
Right-to-Use Subscription IT Arrangements	6,863,596	27,711,618	-	34,575,214
Total cost of Right-to-Use capital assets	9,304,774	28,568,276	451,057	37,421,993
Total cost of capital assets	1,286,325,659	\$ 78,557,364	\$ 16,991,517	1,347,891,506
Less accumulated depreciation for:				
Land improvements & infrastructure	92,400,807	6,531,851	-	98,932,658
Buildings	335,747,399	22,340,459	4,362	358,083,496
Equipment	61,861,039	4,422,759	1,026,306	65,257,492
Library books	16,154,947	434,959	98,099	16,491,807
Total accumulated depreciation	506,164,192	33,730,028	1,128,767	538,765,453
Less accumulated amortization for:				
Right-to-Use Buildings	706,904	362,002	251,114	817,792
Right-to-Use Equipment	250,818	111,326	-	362,144
Right-to-Use Vehicles	293,432	179,941	201,204	272,169
Right-to-Use Subscription IT Arrangements	2,427,729	3,508,880	-	5,936,609
Total accumulated amortization	3,678,883	4,162,149	452,318	7,388,714
Total accumulated depreciation and amortization	509,843,075	\$ 37,892,177	\$ 1,581,085	546,154,167
University capital assets - Net	\$ 776,482,584			\$ 801,737,339

Notes to Financial Statements

June 30, 2025 and 2024

Note 3 - Capital Assets (Continued)

The following estimated useful lives are used to compute depreciation:

Land improvements and infrastructure	20 years
Buildings	40-50 years
Equipment	3-25 years
Library books	10 years

Note 4 - Long-term Liabilities

Long-term liabilities of the university consist of bonds payable, charitable gift annuities payable, and other noncurrent liabilities, including liabilities resulting from right-to-use assets.

The changes in long-term liabilities for the year ended June 30, 2025 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Refunding Variable Rate Bonds, Series 2008B	\$ 21,530,000	-	2,320,000	\$ 19,210,000	2,415,000
General Revenue Refunding Bonds, Series 2014B	29,760,000	-	29,760,000	-	-
General Revenue Bonds, Series 2015A	20,815,000	-	20,815,000	-	-
General Revenue Refunding Bonds, Series 2016A	48,910,000	-	3,730,000	45,180,000	4,050,000
General Revenue Bonds, Series 2017	18,530,000	-	15,280,000	3,250,000	-
General Revenue Bonds, Series 2018	37,130,000	-	1,470,000	35,660,000	1,545,000
General Revenue Refunding Bonds, Series 2024A	-	37,920,000	-	37,920,000	3,760,000
General Revenue Refunding Bonds, Series 2025A	-	18,150,000	-	18,150,000	1,270,000
Subtotal	176,675,000	56,070,000	73,375,000	159,370,000	13,040,000
General Revenue, Series 2014A Direct Purchase Bonds	26,880,000	-	1,510,000	25,370,000	1,590,000
Subtotal	26,880,000	-	1,510,000	25,370,000	1,590,000
Total bonds payable	203,555,000	56,070,000	74,885,000	184,740,000	14,630,000
Noncurrent accrued liabilities	334,301	99,188	-	433,489	-
Unamortized bond premiums	15,181,344	5,859,309	5,557,186	15,483,467	1,383,807
Charitable gift annuities payable	422,126	71,471	89,703	403,894	89,313
Construction loan payable	270,585	-	4,115	266,470	4,301
Right-to-Use lease liability	1,420,962	2,407,836	2,106,685	1,722,113	609,817
Financed Equipment purchase liability	-	2,315,995	804,818	1,511,177	739,637
Right-to-Use subscription IT liability	15,769,599	6,383,404	5,500,050	16,652,953	4,167,558
Total	236,953,917	73,207,203	88,947,557	221,213,563	21,624,433
Due within one year	16,534,306			21,624,433	
Total long-term liabilities	<u>\$ 220,419,611</u>			<u>\$ 199,589,130</u>	

Notes to Financial Statements

June 30, 2025 and 2024

Note 4 - Long-term Liabilities (Continued)

The changes in long-term liabilities for the year ended June 30, 2024 are as shown below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Revenue Refunding Variable Rate Bonds, Series 2008B	\$ 23,755,000	-	2,225,000	\$ 21,530,000	2,320,000
General Revenue Refunding Bonds, Series 2014B	32,230,000	-	2,470,000	29,760,000	3,010,000
General Revenue Bonds, Series 2015A	22,055,000	-	1,240,000	20,815,000	1,305,000
General Revenue Refunding Bonds, Series 2016A	52,365,000	-	3,455,000	48,910,000	3,730,000
General Revenue Bonds, Series 2017	19,445,000	-	915,000	18,530,000	965,000
General Revenue Bonds, Series 2018	38,530,000	-	1,400,000	37,130,000	1,470,000
Subtotal	188,380,000	-	11,705,000	176,675,000	12,800,000
General Revenue, Series 2014A Direct Purchase Bonds	28,325,000	-	1,445,000	26,880,000	1,510,000
Subtotal	28,325,000	-	1,445,000	26,880,000	1,510,000
Total bonds payable	216,705,000	-	13,150,000	203,555,000	14,310,000
Noncurrent accrued liabilities	209,238	125,063	-	334,301	-
Unamortized bond premiums	16,454,879		1,273,535	15,181,344	1,273,535
Charitable gift annuities payable	470,999	41,220	90,093	422,126	90,093
Construction loan payable	274,521		3,936	270,585	4,115
Right-to-Use lease liability	1,223,752	857,683	660,473	1,420,962	609,713
Right-to-Use subscription IT liability	3,503,350	14,531,588	2,265,339	15,769,599	3,540,538
Total	238,841,739	15,555,554	17,443,376	236,953,917	19,827,994
Due within one year	16,534,306			19,827,994	
Total long-term liabilities	<u>\$ 222,307,433</u>			<u>\$ 217,125,923</u>	

Note 4 - Long-term Liabilities (Continued)

The General Revenue Refunding Bonds, Series 2008A, and the General Revenue Refunding Variable Rate Bonds, Series 2008B, were issued in April 2008 by the Board of Trustees for the refunding and extinguishment of \$20,730,000 of Series 2001B bonds, \$14,775,000 of Series 2002A bonds, \$25,445,000 of Series 2003 bonds, \$22,660,000 of Series 2004 bonds, and \$61,535,000 of Series 2007B bonds and to provide funds for the termination of a prior swap agreement. In addition to the scheduled payments of \$3,090,000 in 2016 and \$3,660,000 in 2017, \$64,955,000 was defeased through a refunding in 2016 and \$4,505,000 was defeased through a refunding in 2017. The defeased bonds from 2016 were held in trust until callable on June 1, 2018 and the defeased bonds from 2017 were held in trust until callable on December 1, 2018. The interest rate on the Series 2008A bonds ranges from 4.13 percent to 5.00 percent. The Series 2008A bonds matured in 2019 and the Series 2008B bonds mature in 2032.

The Series 2008B bonds bear interest based on a weekly rate determined by the remarketing agent (1.97 percent and 3.89 percent at June 30, 2025 and 2024, respectively). The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted to include a daily-rate mode, a commercial paper-rate mode, a term-rate mode, and a fixed-rate mode. The bonds are subject to purchase on demand of the holder at a price equal to the principal amount plus accrued and unpaid interest, without premium, upon a seven day notice and delivery to the remarketing agent. Liquidity for the payment of the purchase price of the bonds on any mandatory or optional tender will be provided by an irrevocable direct pay letter of credit. The letter of credit will terminate at the final bond maturity date of December 1, 2031, unless the university initiates an early termination, which requires a 30 day prior written notice to the bank. In addition, the letter of credit contains a stated expiration date that will require extension or replacement after November 17, 2027.

The General Revenue Bonds, Series 2014A, were issued in February 2014 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip a classroom and laboratory building, a building for the relocation of the university's bookstore and printing activities, as well as an addition to Au Sable Hall, which are all located on the Allendale campus. This is a draw-down bond in which a portion was drawn during fiscal year 2014 and the remainder in fiscal year 2015.

The Series 2014A bonds bear interest of 3.92 percent and 4.69 percent at June 30, 2025 and 2024, respectively, based on a reset rate calculated as a factor of SOFR, plus an applicable spread. The bonds may be converted and subject to a different interest rate mode, provided certain conditions are met. The interest rate modes to which the bonds could potentially be converted include a daily-rate mode, a weekly-rate mode, a term-rate mode, a bank-rate mode, and a fixed-rate mode. The bonds mature in 2040.

The Series 2014A bonds were issued using a direct purchase agreement that identifies events of default requiring immediate payment of the outstanding debt if they are not cured within the allowable cure period. The primary events of default consist of (1) general revenues collected do not equal at least 200% of amounts required for debt service (principal, interest, and other related costs) during the preceding twelve months (2) the university's credit rating issued by S&P Global drops below BBB, or (3) the university fails to pay when due any amount of principal or interest.

The General Revenue Refunding Bonds, Series 2014B, were issued in September 2014 by the Board of Trustees for the advance refunding of \$37,905,000 of Series 2009 bonds. In addition to the scheduled payment of \$3,010,000, the remaining \$26,750,000 of the bonds were defeased through a refunding in September 2024. The defeased bonds were held in trust until callable on December 2, 2024.

Note 4 - Long-term Liabilities (Continued)

The General Revenue Bonds, Series 2015A, were issued in June 2015 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip a student housing and academic building on the Allendale campus. In addition to the scheduled payment of \$1,305,000, the remaining \$19,510,000 of the bonds were defeased through a refunding in March 2025. The defeased bonds were held in trust until callable on June 1, 2025.

The General Revenue Refunding Bonds, Series 2016A, were issued in May 2016 by the Board of Trustees for the advance refunding of \$64,955,000 of Series 2008A bonds. The interest rates on these bonds range from 3.00 percent to 5.00 percent. The bonds mature in 2034. The advance refunding resulted in a deferred outflow of \$6,806,169, which is amortized over the life of the original debt.

The General Revenue Bonds, Series 2017, were issued in December 2017 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip Raleigh J. Finkelstein Hall on the Health Campus. In addition, \$5,145,000 and \$4,505,000 was used for the advance refunding of Series 2007A and Series 2008A bonds, respectively. In addition to the scheduled payment of \$965,000, \$14,315,000 was defeased through a refunding in September 2024. The defeased bonds were held in trust until callable on December 2, 2024. The interest rates on the Series 2017 bonds range from 3.125 percent to 4.00 percent. The bonds mature in 2037. The advance refunding resulted in a deferred outflow of \$81,945, which is amortized over the life of the original debt.

The General Revenue Bonds, Series 2018, were issued in November 2018 by the Board of Trustees to provide a portion of the funds needed to construct, furnish, and equip a building and related facilities and improvements on the university's Health Campus. The interest rate on these bonds is 5.00 percent. The bonds mature in 2044.

The General Revenue Refunding Bonds, Series 2024A, were issued in September 2024 by the Board of Trustees for a full refunding of \$26,750,000 of Series 2014B bonds and a partial refunding of \$14,315,000 of Series 2017 Bonds. The interest rates on these bonds is 5.00 percent. The bonds mature in 2037. The difference between the cash flows to service the old debt and those required to service the new debt was a net reduction of \$2,878,245. The economic gain (difference between the present value of the old and new debt service requirements, discounted at the effective interest rate) was \$2,509,411. The advance refunding resulted in a deferred outflow of \$388,043, which is amortized over the life of the original debt.

The General Revenue Refunding Bonds, Series 2025A, were issued in March 2025 by the Board of Trustees for a full refunding of \$19,510,000 of Series 2015A bonds. The interest rates on these bonds is 5.00 percent. The bonds mature in 2037. The difference between the cash flows to service the old debt and those required to service the new debt was a net reduction of \$1,417,050. The economic gain (difference between the present value of the old and new debt service requirements, discounted at the effective interest rate) was \$1,238,911. The advance refunding resulted in a deferred outflow of \$279,069, which is amortized over the life of the debt.

The university leases building space, laundry equipment, cell tower equipment and vehicles from external parties. In accordance with GASB 87, the university records right-to-use assets and lease liabilities based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the university's incremental borrowing rate. The university did not have any significant leases with variable payments, and these are excluded from the valuations. For leases, including payments tied to an index or market rate, the valuation is based on the initial index or market rate. The university does not have any leases subject to a residual value guarantee.

Notes to Financial Statements

June 30, 2025 and 2024

Note 4 - Long-term Liabilities (Continued)

The University obtains the right to use of vendors' information technology software through various long-term contracts. Payments are generally fixed annually, with variable payments excluded from the valuations. In accordance with GASB 96, the university records right-to-use assets and subscription liabilities based on the present value of expected payments over the term of the respective contract. The expected payments are discounted using the interest rate charged on the subscription contract, if available and are otherwise discounted using the university's incremental borrowing rate.

The University financed an equipment purchase through a three year contract commencing in the year ended June 30, 2025. Payments are fixed annually. The university records financed purchase assets and liabilities based on the present value of expected payments over the term of the respective contract. The expected payments are discounted using the university's incremental borrowing rate.

Scheduled maturities of long-term liabilities are as follows:

Fiscal Year	Revenue Bonds		Direct Purchase Bonds		Annuities Payable	Lease Liability		SBITA Liability		Financed Equipment Liability	
	Principal	Interest	Principal	Interest		Principal	Interest	Principal	Interest	Principal	Interest
2026	13,040,000	6,911,955	1,590,000	1,017,495	89,313	609,818	56,100	4,167,558	598,643	739,637	48,393
2027	14,610,000	6,287,933	1,670,000	953,345	89,313	356,543	38,633	3,062,657	461,399	771,539	15,766
2028	15,320,000	5,609,780	685,000	910,308	89,313	204,412	27,245	2,541,275	344,572	1	0
2029	16,070,000	4,898,054	770,000	881,520	89,313	55,456	22,200	2,688,472	230,140	-	-
2030	16,835,000	4,176,969	850,000	849,515	46,642	59,537	19,759	2,028,971	138,479	-	-
2031-2035	59,525,000	12,058,697	9,260,000	3,417,910	-	321,096	56,299	2,164,020	47,920	-	-
2036-2040	18,810,000	2,987,938	10,545,000	1,324,773	-	42,926	20,505	-	-	-	-
2041-2045	5,160,000	497,500	-	-	-	64,497	8,986	-	-	-	-
2046	-	-	-	-	-	7,828	72	-	-	-	-
University maturities	<u>\$ 159,370,000</u>	<u>\$ 43,428,826</u>	<u>\$ 25,370,000</u>	<u>\$ 9,354,866</u>	<u>\$ 403,894</u>	<u>\$ 1,722,113</u>	<u>\$ 249,799</u>	<u>\$ 16,652,954</u>	<u>\$ 1,821,153</u>	<u>\$ 1,511,177</u>	<u>\$ 64,159</u>

Note 5 - Derivative Instruments

The university is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statement of net position at June 30, 2025 and 2024. The fair value is calculated by the counterparty to the transactions and approximates the termination value of the interest rate swaps.

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2025, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2025 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2025		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred inflow of resources	\$ (619,000)	Asset	\$ 2,634,000	25,370,000
Pay-fixed interest rate swap	Deferred outflow of resources	\$ (147,000)	Liability	\$ (773,000)	19,210,000

Notes to Financial Statements

June 30, 2025 and 2024

Note 5 - Derivative Instruments (Continued)

The fair value balances and notional amounts of the derivative instruments outstanding at June 30, 2024, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the 2024 financial statements are as follows:

Type	Changes in Fair Value		Fair Value at June 30, 2024		Notional
	Classification	Amount	Classification	Amount	
Hedging Derivatives					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred inflow of resources	16,000	Asset	3,253,000	26,880,000
Pay-fixed interest rate swap	Deferred outflow of resources	\$ 259,000	Liability	\$ (626,000)	21,530,000

As of the Statement of Net Position date, the swap agreements can be summarized as follows:

Effective Date	Type	Objective	Notional Amount	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating
9/6/2007	Pay-fixed, Receive variable	Cash flow hedge for Series 2008B bonds	\$ 19,210,000	3.616% Fixed	70% of one-month SOFR	12/1/2031	Aa3/A+
11/20/2019	Pay-fixed, Receive variable	Cash flow hedge for Series 2014A bonds	\$ 25,370,000	1.388% Fixed	80% of one-month SOFR	12/1/2038	Aa3/A+

At June 30, 2025, the university holds two derivative instruments that are pay fixed, receivable-variable interest rate swaps. The notional amounts of the swaps match the principal amount of the associated debt and the swap agreements contain scheduled reductions to outstanding notional amounts that follow scheduled reductions in the associated "bonds payable" category; the intent of entering into these swap agreements was to create a synthetic fixed-rate debt at an interest rate that is lower than if fixed-rate debt were to have been issued directly. Both outstanding swap agreements are effective cash flow hedges.

Note 5 - Derivative Instruments (Continued)

The fair values of the interest rate swaps were calculated by an independent consultant as of June 30, 2025 and 2024. The fair values represent the future net settlement payments or receipts required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates.

The interest rate swaps are subject to the following risks:

Credit Risk - The university is exposed to credit risk on hedging derivative instruments that are in asset positions. The terms of the swap agreement require collateralization of the fair value of hedging derivative instruments in asset positions based on a scale that evaluates both the market value of the swap and the counterparty's credit rating. The university has never needed to access collateral from the counterparty.

It is the university's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

All of the contracts are held with one counterparty. That counterparty is rated Aa3/A+ at June 30, 2025.

Interest Rate Risk - The university is exposed to interest rate risk on its interest rate swaps. The university adopted the use of SOFR as a LIBOR replacement as of November 1, 2022. On its pay-fixed, receive-variable interest rate swaps, as SOFR rates decrease, the university's net payment on each swap increases.

Basis Risk - The university is exposed to basis risk on its SOFR/LIBOR-based interest rate swaps due to variable-rate payments received by the university on these instruments based on a rate or index other than interest rates the university pays on its variable-rate debt, which is remarketed every seven days. As of June 30, 2025 and 2024, the weighted average interest rate on the university's hedged variable-rate debt is 3.08 percent and 4.33 percent, respectively, while 70 percent of SOFR is 3.02 percent and 3.74 percent, respectively. The 80 percent of SOFR, used in the 2019 swap calculation is 3.45 percent and 4.27 percent as of June 30, 2025 and 2024, respectively.

Termination Risk - The university or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract.

Hedging Derivative Instrument Payments and Hedged Debt - As of June 30, 2025, aggregate debt service requirements of the university's debt (fixed rate and variable rate) and net receipts/payments on associated hedging derivative instruments follow. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Notes to Financial Statements

June 30, 2025 and 2024

Note 5 - Derivative Instruments (Continued)

Fiscal Year	<u>Associated with Swap Agreements</u>			Total
	Principal	Interest	Interest Rate Swaps - Net	
2026	4,005,000	1,309,107	(397,694)	4,916,413
2027	4,190,000	1,196,180	(378,741)	5,007,439
2028	3,310,000	1,102,298	(371,522)	4,040,776
2029	3,505,000	1,020,539	(372,441)	4,153,098
2030	3,700,000	933,338	(372,342)	4,260,996
2031-2035	15,325,000	3,233,005	(1,608,460)	16,949,545
2036-2040	10,545,000	1,028,813	(541,153)	11,032,660
Total	<u>\$ 44,580,000</u>	<u>\$ 9,823,280</u>	<u>\$ (4,042,353)</u>	<u>\$ 50,360,927</u>

Note 6 - Retirement Plans

Defined Contribution Plans

The Executive, Administrative, and Professional Staff and Faculty are covered under a defined contribution retirement plan through TIAA-CREF (Teachers Insurance and Annuity Association of America - College Retirement Equities Fund) or Fidelity Investments. Employees may contribute an amount not to exceed the Internal Revenue Service's designated maximum. Participants become fully vested upon completion of two years of employment. Discretionary university contributions equal to 12 percent of participants' base salaries were made in each year.

The total expense under this discretionary plan was approximately \$22,222,000 and \$20,368,000 for the years ended June 30, 2025 and 2024, respectively. Total payroll covered under this plan was approximately \$185,183,800 in 2025 and \$170,668,000 in 2024.

Maintenance, Grounds, and Service staff hired after October 8, 2004 and Professional Support Staff hired on or after February 2, 2006 participate in a defined contribution plan with university contributions equal to 8 percent of wages. The university will also match the employees' contribution up to an additional 2 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$2,034,700 in 2025 and \$1,857,500 in 2024. Total payroll covered under this plan was approximately \$21,368,500 in 2025 and \$19,830,800 in 2024.

Note 6 - Retirement Plans (Continued)**Defined Benefit Plans**

The university has two defined benefit retirement plans - the GVSU Professional Support Staff Employees' Retirement Plan and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan.

Plan Administration - Grand Valley State University (GVSU) administers the GVSU Professional Support Staff Employees' Retirement Plan (PSSE), a single-employer defined benefit pension plan that provides pensions for all Professional Support Staff of the university hired before February 2, 2006, and the GVSU Maintenance, Grounds, Service Employees' Retirement Plan (MGSE), a single-employer defined benefit pension plan that provides pensions for all permanent full-time Maintenance, Grounds, and Service employees of the university hired before October 9, 2004. The management of the plans is vested in the Treasurer of the Board of Trustees. Benefit terms have been established by contractual agreements between the university and the various employee union representation; amendments are subject to the same process.

The financial statements of the plans are included in these financial statements as a pension trust fund (a fiduciary fund).

At July 1, 2024 and 2023, retirement plan membership consisted of the following:

	Professional Support Staff Employees' Plan		Maintenance, Grounds, Service Employees' Plan	
	2024	2023	2024	2023
Inactive plan members receiving benefits	279	275	87	82
Inactive members entitled to, not yet receiving benefits	82	85	5	8
Active plan members	77	84	38	38
Total participants	438	444	130	128

Benefits Provided - The plans provide retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the university with less than 10 years of continuous service may withdraw his or her contributions. The plan does not provide cost-of-living adjustments.

Contributions - Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The university retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, active members also contribute to the plan.

For the PSSE plan, through December 31, 2018, the active members' contribution rate was 4.5 percent, and 5.0 percent beginning January 1, 2019 and continues at 5.0 percent. The university's contribution rate of annual payroll was 24.9 percent and 23.8 percent for the years ended June 30, 2025 and 2024, respectively.

Note 6 - Retirement Plans (Continued)

For the MGSE plan, the active members' contribution rate increased from 4.25 percent to 6.25 percent beginning May 1, 2025. The university's contribution rate of annual payroll was 35.6 percent and 30.2 percent for the years ended June 30, 2025 and 2024, respectively.

Investments

Investment Policy - The retirement plan's policy in regard to the allocation of invested assets is established and may be amended by the Treasurer of the Board of Trustees in consultation with the GVSU Pension Plans Investment Committee. It is the policy of the Board of Trustees that the Treasurer pursue an investment strategy that is long term and primarily equity based. The retirement plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

The following was the asset allocation policy for the plans as of June 30, 2025 and 2024:

Asset Class	Target Allocation	
	2025	2024
Global equities	62%	62%
Fixed income	18%	18%
Cash	3%	3%
Real estate	10%	10%
Alternative Investments	7%	7%

Concentrations - The retirement plans held no investment in any one organization that represents 5 percent or more of the retirement plan's fiduciary net position.

Rate of Return - The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was a gain of 11.8 percent and 13.0 percent for the years ended June 30, 2025 and 2024, respectively, for the PSSE plan. The annual money-weighted rate of return on retirement plan investments, net of retirement plan investment expense, was a gain of 11.8 percent and 13.0 percent for the years ended June 30, 2025 and 2024, respectively, for the MGSE plan. The money-weighted rate of return expresses investment performance, net of investment expense.

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

The financial statements of the trust funds held for each retirement plan follow:

Schedule of Fiduciary Net Position by Pension Trust Fund

	Professional Support Staff Employees' Retirement Plan		Maintenance, Grounds, and Service Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2025	2024	2025	2024
Assets				
Money market funds	\$ 1,347,939	\$ 778,157	\$ 582,705	\$ 542,237
Time deposits	2,276,883	1	810,095	-
Domestic equities	26,183,161	24,574,600	10,246,610	9,406,418
International equities	10,668,204	9,597,646	4,176,134	3,581,128
Domestic bonds	14,509,718	16,400,073	4,828,060	5,469,441
International bonds	710,388	948,938	195,992	367,648
Alternative strategies	<u>6,388,974</u>	<u>6,319,772</u>	<u>2,498,948</u>	<u>2,432,116</u>
Total cash and cash equivalents and investments	62,085,267	58,619,187	23,338,544	21,798,988
Accrued income	<u>149,501</u>	<u>145,195</u>	<u>51,130</u>	<u>48,131</u>
Net Position - Restricted for Pensions	<u>\$ 62,234,768</u>	<u>\$ 58,764,382</u>	<u>\$ 23,389,674</u>	<u>\$ 21,847,119</u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

Schedule of Changes in Fiduciary Net Position by Pension Trust Fund

	Professional Support Staff Employees' Retirement Plan		Maintenance, Grounds, and Service Employees' Retirement Plan	
	Year Ended June 30		Year Ended June 30	
	2025	2024	2025	2024
Additions				
Investment income:				
Interest and dividends	\$ 1,808,207	\$ 1,476,394	\$ 685,282	\$ 550,033
Appreciation in fair value of investments	4,764,902	4,769,333	1,856,637	1,850,418
Income (Loss) on sale of investments	(83,762)	199,293	(35,407)	66,219
Total investment income	6,489,347	6,445,020	2,506,512	2,466,670
Employer contributions	1,200,714	1,170,700	704,759	663,686
Other income	223,458	241,308	56,986	79,069
Total additions - Net	7,913,519	7,857,028	3,268,257	3,209,425
Deductions				
Benefit payments	4,333,484	4,195,780	1,666,774	1,533,853
Administrative expense	109,645	101,878	58,927	55,810
Total deductions	4,443,129	4,297,658	1,725,701	1,589,663
Net Increase	3,470,390	3,559,370	1,542,556	1,619,762
Net Position - Restricted for Pensions				
Beginning of year	58,764,378	55,205,008	21,847,118	20,227,356
End of year	<u>\$ 62,234,768</u>	<u>\$ 58,764,378</u>	<u>\$ 23,389,674</u>	<u>\$ 21,847,118</u>

Net Pension Liability of the University

The university's net pension liability was measured as of June 30, 2025 and 2024. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2024 and 2023, which used updated procedures to roll forward the estimated liability to June 30, 2025 and 2024, respectively.

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

Changes in the net pension liability for the PSSE plan during the measurement years are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 71,673,698	\$ 55,205,008	\$ 16,468,690
Changes for the Year			
Service cost - Beginning of year	425,661	-	425,661
Interest on average adjusted total pension liability	4,165,088	-	4,165,088
Differences between expected and actual experience	110,993	-	110,993
Changes in assumptions	(2,042,353)	-	(2,042,353)
Benefit payments, including refunds of member contributions	(4,195,779)	(4,195,779)	-
Contributions - Employer	-	1,170,700	(1,170,700)
Contributions - Member	-	241,308	(241,308)
Net investment income	-	6,445,019	(6,445,019)
Administrative expenses	-	(101,878)	101,878
Other	-	-	-
Net Changes	(1,536,390)	3,559,370	(5,095,760)
Balance at June 30, 2024	\$ 70,137,308	\$ 58,764,378	\$ 11,372,930
Changes for the Year			
Service cost - Beginning of year	350,770	-	350,770
Interest on average adjusted total pension liability	4,201,761	-	4,201,761
Differences between expected and actual experience	1,003,349	-	1,003,349
Changes in assumptions	(1,331,543)	-	(1,331,543)
Benefit payments, including refunds of member contributions	(4,333,484)	(4,333,484)	-
Contributions - Employer	-	1,200,714	(1,200,714)
Contributions - Member	-	223,458	(223,458)
Net investment income	-	6,489,347	(6,489,347)
Administrative expenses	-	(109,645)	109,645
Net Changes	(109,147)	3,470,390	(3,579,537)
Balance at June 30, 2025	\$ 70,028,161	\$ 62,234,768	\$ 7,793,393

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

Changes in the net pension liability for the MGSE plan during the measurement years are as follows:

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2023	\$ 27,415,339	\$ 20,227,356	\$ 7,187,983
Changes for the Year			
Service cost - Beginning of year	206,768	-	206,768
Interest on average adjusted total pension liability	1,597,884	-	1,597,884
Differences between expected and actual experience	183,856	-	183,856
Changes in assumptions	(632,453)	-	(632,453)
Benefit payments, including refunds of member contributions	(1,533,853)	(1,533,853)	-
Contributions - Employer	-	663,686	(663,686)
Contributions - Member	-	79,069	(79,069)
Net investment income	-	2,466,670	(2,466,670)
Administrative expenses	-	(55,810)	55,810
Net Changes	(177,798)	1,619,762	(1,797,560)
Balance at June 30, 2024	\$ 27,237,541	\$ 21,847,118	\$ 5,390,423
Changes for the Year			
Service cost - Beginning of year	200,192	-	200,192
Interest on average adjusted total pension liability	1,636,168	-	1,636,168
Differences between expected and actual experience	914,306	-	914,306
Changes in assumptions	1,022,763	-	1,022,763
Change in benefit terms	105,089	-	105,089
Benefit payments, including refunds of member contributions	(1,666,774)	(1,666,774)	-
Contributions - Employer	-	704,759	(704,759)
Contributions - Member	-	56,986	(56,986)
Net investment income	-	2,506,512	(2,506,512)
Administrative expenses	-	(58,927)	58,927
Net Changes	2,211,744	1,542,556	669,188
Balance at June 30, 2025	\$ 29,449,285	\$ 23,389,674	\$ 6,059,611

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2025 and 2024, the university recognized pension expense of (\$1,069,940) and (\$899,308), respectively, for the PPSE plan and \$1,141,355 and \$256,379 respectively, for the MSGE Plan.

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

	Professional Support Staff		Maintenance, Grounds, Service	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 219,483	\$ -	\$ 328,212	\$ -
Changes in assumptions	-	291,275	367,146	-
Net difference between projected and actual earnings on plan investments	-	2,966,741	-	1,163,246
Total	<u>\$ 219,483</u>	<u>\$ 3,258,016</u>	<u>\$ 695,358</u>	<u>\$ 1,163,246</u>

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

	Professional Support Staff		Maintenance, Grounds, Service	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 75,468	\$ -	\$ 80,566	\$ -
Changes in assumptions	95,263	860,466	-	277,142
Net difference between projected and actual earnings on plan investments	-	1,040,185	-	503,904
Total	<u>\$ 170,731</u>	<u>\$ 1,900,651</u>	<u>\$ 80,566</u>	<u>\$ 781,046</u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

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

Amortization of Deferred Outflows/Inflows Years Ended June 30	PPSE Amount Recognized	MSGE Amount Recognized
2026	\$ 520,798	\$ 881,295
2027	(1,596,523)	(614,491)
2028	(1,319,058)	(496,180)
2029	(643,750)	(238,512)
	<u>\$ (3,038,533)</u>	<u>\$ (467,888)</u>

Actuarial Assumptions - The total pension liability as of June 30, 2025 and 2024 for both plans was determined by an actuarial valuation as of July 1, 2024 and 2023, respectively, using updated procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases including inflation, PPSE	2.75%
Salary increases including inflation, MSGE	3.00%
Investment rate of return	6.24% as of July 1, 2025 and 6.15% as of July 1, 2024, net of pension plan investment expense

For the July 1, 2024 actuarial valuation, the mortality was used from the PUB-2016 Mortality for Public Plans. For the July 1, 2023 actuarial valuation, the mortality improvement projection scale was updated from MP-2021 to 2024 IRS Adjusted Improvement Scale MP-2021, since the prior measurement date. There were no significant changes in benefit terms during either period.

Discount Rate - The discount rate used to measure the total pension liability of the PPSE plan was 6.24 percent and 6.15 percent for years ended June 30, 2025 and 2024, respectively. The discount rate used to measure the total pension liability of the MSGE plan was 6.24 percent and 6.15 percent for the years ended June 30, 2025 and 2024, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that university contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the retirement plan's fiduciary net position is projected to be available to make all projected future benefit payments of active and inactive plan members.

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

The long-term expected rate of return on retirement plan investments for both plans was determined using a building-block model in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2025 and 2024 (see discussion of the retirement plans' investment policy) are summarized in the table below:

Asset Class	Target Allocation	2025	2024
		Long-term Expected Real Rate of Return	Long-term Expected Real Rate of Return
Global equities	62%	7.06%	7.13%
Fixed income	18%	3.82%	3.86%
Cash	3%	2.29%	2.16%
Real estate	10%	8.75%	7.18%
Alternatives	7%	3.41%	3.65%

The sum of the target allocations times the long-term expected rates is 6.24 percent and 6.15 percent for years ended June 30, 2025 and 2024, respectively.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the university, calculated using the current discount rates, as well as what the university's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for each plan.

For the year ended June 30, 2025:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff			
Employees' Plan	\$ 15,306,422	\$ 7,793,393	\$ 1,404,202
Maintenance, Grounds, Service Employees' Plan	\$ 9,064,592	\$ 6,059,611	\$ 3,480,932

For the year ended June 30, 2024:

Plan	1% Decrease	Current Discount Rate	1% Increase
Professional Support Staff			
Employees' Plan	\$ 19,283,053	\$ 11,372,930	\$ 4,681,088
Maintenance, Grounds, Service Employees' Plan	\$ 8,153,597	\$ 5,390,423	\$ 3,015,809

Note 6 - Retirement Plans (Continued)

Other Postemployment Benefit Plan (OPEB)

The university has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. As of June 30, 2025, the most recent valuation date, the plan covered 2,328 members, which includes 1,056 active members, 894 inactive members receiving benefits and 378 covered spouses of retirees and does not require active members to contribute to the plan. At January 1, 2014, the plan was closed to new participants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Description - The plan requirements are established and may be amended by the university's Board of Trustees. Substantially all of the university's employees hired prior to January 1, 2014 may become eligible for certain healthcare benefits if they reach retirement age while working for the university, are vested in a university-sponsored retirement plan, and their years of university service and age total a minimum of 75.

Funding Policy - The plan's policy is that the employer will fund the plan on a pay-as-you-go basis. An investment fund has been established for the purpose of prefunding retiree benefits, with a market value of \$25,927,246 and \$23,172,354 at June 30, 2025 and 2024, respectively. However, because the funds are not held in an irrevocable trust, these assets are excluded for GASB Statement No. 75 purposes.

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

Total OPEB Liability - The June 30, 2025 total OPEB liability was measured as of June 30, 2025 based on an actuarial valuation performed at June 30, 2025 in compliance with GASB Statement No. 75. The June 30, 2024 total OPEB liability was measured as of June 30, 2024 based on an actuarial valuation performed at June 30, 2023, which used update procedures to roll forward the estimated liability to June 30, 2024. Changes in the total OPEB liability during the measurement year were as follows:

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 19,379,610	\$ -	\$ 19,379,610
Changes for the Year			
Service cost - Beginning of year	309,726	-	309,726
Interest on average adjusted total OPEB liability	795,284	-	795,284
Differences between expected and actual experience	(170,890)	-	(170,890)
Changes in assumptions	(345,441)	-	(345,441)
Benefits payments, including refunds of member contributions	(866,137)	(866,137)	-
Contributions - Employer	-	866,137	(866,137)
Net Changes	(277,458)	-	(277,458)
Balance at June 30, 2024	\$ 19,102,152	\$ -	\$ 19,102,152
Changes for the Year			
Service cost - Beginning of year	290,360	-	290,360
Interest on average adjusted total OPEB liability	796,134	-	796,134
Difference between expected and actual experience	557,565	-	557,565
Changes in assumptions	(1,671,439)	-	(1,671,439)
Benefits payments, including refunds of member contributions	(963,920)	(963,920)	-
Contributions - Employer	-	963,920	(963,920)
Net Changes	(991,300)	-	(991,300)
Balance at June 30, 2025	\$ 18,110,852	\$ -	\$ 18,110,852
Current	\$ 926,000		\$ 926,000
Noncurrent	17,184,852		17,184,852
	\$ 18,110,852		\$ 18,110,852

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the years ended June 30, 2025 and 2024, the university recognized OPEB expense of \$386,486 and \$624,268, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 825,557	\$ 684,889
Changes in assumptions	883,848	3,731,303
Total	<u>\$ 1,709,405</u>	<u>\$ 4,416,192</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 493,172	\$ 919,538
Changes in assumptions	1,250,406	3,116,961
Total	<u>\$ 1,743,578</u>	<u>\$ 4,036,499</u>

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

Amortization of Deferred Outflows/Inflows Years Ended June 30	Amount Recognized
2026	\$ (700,008)
2027	(695,978)
2028	(854,559)
2029	(438,698)
2030	(17,544)

Actuarial Assumptions - The total OPEB liability in the June 30, 2025 actuarial valuation was determined using an inflation assumption of 0 percent as assets held are not allowable for inclusion under GASB 75 requirements; assumed salary increases (including inflation) of 3.0 percent; an investment rate of 0 percent as assets held are not allowable for inclusion under GASB 75 requirements; a healthcare cost trend rate of 7.5 percent and 7.25 percent in 2025 and 2024, respectively, grading down .25 percent per year to an ultimate rate of 4.5 percent; and using the Public Teacher 2016 mortality tables with the 2024 IRS modified MP-2021 improvement scale in 2025 and 2024.

There were no changes in benefit terms during 2025 or 2024.

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 4.81 percent and 4.21 percent at June 30, 2025 and June 30, 2024, respectively. The impact of this change is presented as a change in assumption. Because the plan does not have an irrevocable OPEB trust, there are not assets projected to be sufficient to make projected future benefit payment to current plan members, and therefore the discount rate reflects the S & P Municipal Bond 20 Year High Grade Rate Index.

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

June 30, 2025	1% Decrease	Current Discount Rate 4.81%	1% Increase
Total OPEB Liability	\$ 20,052,454	\$ 18,110,852	\$ 16,448,187
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 20,052,454</u>	<u>\$ 18,110,852</u>	<u>\$ 16,448,187</u>

June 30, 2024	1% Decrease	Current Discount Rate 4.21%	1% Increase
Total OPEB Liability	\$ 21,528,247	\$ 19,102,152	\$ 17,056,029
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 21,528,247</u>	<u>\$ 19,102,152</u>	<u>\$ 17,056,029</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the university, calculated using the pertinent healthcare cost trend rate of 7.5 percent and 7.25 percent for 2025 and 2024, respectively as well as what the university's total liability would be if it were calculated using a healthcare cost trend that is 1 percentage point lower or 1 percentage point higher than the current rate:

June 30, 2025	1% Decrease	Current Healthcare Trend Rate 7.5%	1% Increase
Total OPEB Liability	\$ 18,087,274	\$ 18,110,852	\$ 18,137,420
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 18,087,274</u>	<u>\$ 18,110,852</u>	<u>\$ 18,137,420</u>

June 30, 2024	1% Decrease	Current Healthcare Trend Rate 7.25%	1% Increase
Total OPEB Liability	\$ 19,083,641	\$ 19,102,152	\$ 19,123,323
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 19,083,641</u>	<u>\$ 19,102,152</u>	<u>\$ 19,123,323</u>

Notes to Financial Statements

June 30, 2025 and 2024

Note 7 - Commitments

The university has an arrangement with the State of Michigan and State Building Authority (the "SBA") to finance a large portion of the following buildings:

- Padnos College of Engineering and Computing (Pew Campus in downtown Grand Rapids)
- Graduate School of Business and Graduate Library Building (Pew Campus)
- P. Douglas Kindschi Hall of Science (Allendale Campus)
- Daniel and Pamella DeVos Center for Interprofessional Health (Health Campus in downtown Grand Rapids)

The projects were financed in part by SBA bond issuances, which are secured by a pledge of rentals to be received by the State of Michigan pursuant to an arrangement between the SBA, the State of Michigan, and the university. While the SBA bonds are outstanding, the SBA will hold title to the respective building, although the university has capitalized the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA will transfer title of the building to the university.

Note 8 - Contingencies

The university is self-funded for coverage under portions of its hospital/medical benefits and for all unemployment compensation and workers' compensation. The university also offers one HMO plan to employees. Stop-loss coverage has been purchased by the university for the self-funded hospital/medical benefits and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$300,000 per individual in fiscal year 2025 and 2024, with no lifetime limit. The workers' compensation stop-loss insurance continues to limit its liability for claims paid per individual to \$500,000. Current liabilities for estimated claims retained by the university under self-insurance programs have been established at \$3,389,495 and \$2,319,081 as of June 30, 2025 and 2024, respectively.

	2025	2024	2023
Balance - Beginning of year	\$ 2,319,081	\$ 2,145,075	\$ 1,950,362
Claims incurred and changes in estimates	37,517,666	36,569,078	34,353,646
Claim payments	(36,447,252)	(36,395,072)	(34,158,933)
Balance - End of year	<u>\$ 3,389,495</u>	<u>\$ 2,319,081</u>	<u>\$ 2,145,075</u>

The university established a line of credit as required by a particular utility agreement. To secure payment for this agreement, the university requested a \$450,000 letter of credit during August 2007, which has been extended through March 31, 2026. As of June 30, 2025, there were no funds drawn.

Note 8 – Contingencies (Continued)

The university is a participant in the Michigan Universities Self-Insurance Corporation (MUSIC). This organization provides insurance coverage for errors and omissions liability, comprehensive general liability, and all risk property insurance. In fiscal year 2025 and 2024, there are 11 universities participating in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability errors and omissions and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second-tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

In the normal course of its activities, the university has been a party in various legal actions. Historically, the university has not experienced significant losses from such actions. After taking into consideration legal counsel's evaluation of pending actions, the university is of the opinion that the outcome thereof will not have a material effect on its financial statements.

Pursuant to State of Michigan Public Act 362 of 1993, as amended, the university has previously authorized 62 public school academies. All 62 of these public school academies can operate schools funded by the State School Aid Act. The university, as fiscal agent, provides guidance in and review of compliance with State requirements and forwards the State payment to the public-school academies. Public funding is provided by the State of Michigan on a per-pupil basis. Funding of \$407,824,870 and \$396,514,787 was appropriated by the State in 2025 and 2024, respectively, to be allocated to the public school academies, net of approximately a 3.0 percent administrative fee retained by the university. At June 30, 2025, \$76,446,060 was outstanding as a receivable from the State, of which \$74,507,276 was subsequently forwarded to support the public school academies. At June 30, 2024, \$76,656,443 was outstanding as a receivable from the State, of which \$74,723,515 was subsequently forwarded to support the public school academies. This activity is treated as a fiduciary custodial transaction. However, it meets the business-type activities exception and therefore is not included as revenue and expenditures on the accompanying financial statements.

Note 9 – Subsequent Events

The State of Michigan has approved the 2026 fiscal year appropriation of \$101,727,400, which includes \$2,955,400 of one-time operations funding under Sec 236d.

Note 10 - Upcoming Pronouncements

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

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

Required Supplementary Information

Required Supplementary Information

Professional Support Staff Employee's Retirement Plan

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total Pension Liability (TPL)										
Service cost - Beginning of year	\$ 350,770	\$ 425,661	\$ 532,262	\$ 527,546	\$ 610,659	\$ 701,687	\$ 718,850	\$ 797,818	\$ 718,706	\$ 785,499
Interest on average adjusted TPL	4,201,761	4,165,088	4,125,654	4,284,466	4,153,358	4,120,388	4,103,753	3,976,774	3,918,820	3,718,896
Difference between expected and actual experience	1,003,349	110,993	(771,419)	(469,744)	561,716	(780,109)	(787,903)	209,400	197,571	154,810
Changes in assumptions	(1,331,543)	(2,042,353)	(1,880,873)	6,705,695	(2,519,297)	(484,636)	1,935,559	(312,926)	5,444,091	(2,009,843)
Benefits payments, including refunds of member contributions	(4,333,484)	(4,195,779)	(4,105,628)	(3,918,551)	(3,586,482)	(3,138,347)	(2,761,440)	(2,515,721)	(2,183,758)	(1,987,377)
Net change in total pension liability	(109,147)	(1,536,390)	(2,100,004)	7,129,412	(780,046)	418,983	3,208,819	2,155,345	8,095,430	661,985
Total pension liability - Beginning of year	70,137,308	71,673,698	73,773,702	66,644,290	67,424,336	67,005,353	63,796,534	61,641,189	53,545,759	52,883,774
Total pension liability - End of year	<u>\$ 70,028,161</u>	<u>\$ 70,137,308</u>	<u>\$ 71,673,698</u>	<u>\$ 73,773,702</u>	<u>\$ 66,644,290</u>	<u>\$ 67,424,336</u>	<u>\$ 67,005,353</u>	<u>\$ 63,796,534</u>	<u>\$ 61,641,189</u>	<u>\$ 53,545,759</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,200,714	\$ 1,170,700	\$ 809,389	\$ 1,195,438	\$ 1,464,957	\$ 1,680,087	\$ 1,846,741	\$ 2,080,143	\$ 2,078,728	\$ 1,600,653
Contributions - Member	233,458	241,308	258,661	281,682	342,492	330,806	347,440	305,305	286,728	304,178
Net investment income (loss)	6,489,347	6,445,019	4,379,029	(6,865,266)	12,668,293	2,005,546	2,961,581	4,032,968	4,633,461	(311,149)
Administrative expenses	(109,645)	(101,878)	(98,671)	(114,441)	(109,160)	(155,623)	(197,614)	(200,506)	(186,466)	(178,037)
Other	-	-	114	243	-	579,138	-	-	-	-
Benefit payments, including refunds of member contributions	(4,333,484)	(4,195,779)	(4,105,628)	(3,918,551)	(3,586,482)	(3,138,347)	(2,761,440)	(2,515,721)	(2,183,758)	(1,987,377)
Net change in plan fiduciary net position	3,480,390	3,559,370	1,242,894	(9,420,895)	10,780,100	1,301,607	2,196,708	3,702,189	4,628,693	(571,732)
Plan fiduciary net position - Beginning of year	58,764,378	55,205,008	53,962,114	63,383,009	52,602,909	51,301,302	49,104,594	45,402,405	40,773,712	41,345,444
Plan fiduciary net position - End of year	<u>\$ 62,244,768</u>	<u>\$ 58,764,378</u>	<u>\$ 55,205,008</u>	<u>\$ 53,962,114</u>	<u>\$ 63,383,009</u>	<u>\$ 52,602,909</u>	<u>\$ 51,301,302</u>	<u>\$ 49,104,594</u>	<u>\$ 45,402,405</u>	<u>\$ 40,773,712</u>
Net pension liability - End of year	<u>\$ 7,783,393</u>	<u>\$ 11,372,930</u>	<u>\$ 16,468,690</u>	<u>\$ 19,811,588</u>	<u>\$ 3,261,281</u>	<u>\$ 14,821,427</u>	<u>\$ 15,704,051</u>	<u>\$ 14,691,940</u>	<u>\$ 16,238,784</u>	<u>\$ 12,772,047</u>
Plan fiduciary net position as a percentage of total pension liability	88.9%	83.8%	77.0%	73.1%	95.1%	78.0%	76.6%	77.0%	73.7%	76.1%
Covered payroll	\$ 4,829,439	\$ 4,916,775	\$ 4,910,942	\$ 5,455,790	\$ 7,428,812	\$ 7,515,171	\$ 8,001,192	\$ 10,857,657	\$ 9,966,093	\$ 10,482,326
Net pension liability as a percentage of covered payroll	161.2%	231.3%	335.3%	363.1%	43.9%	197.2%	196.3%	135.3%	162.9%	121.8%

Required Supplementary Information Professional Support Staff Employee's Retirement Plan Schedule of Investment Returns

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Annual money-weighted rate of return, net of investment expense	11.8%	13.0%	9.4%	-11.6%	27.9%	2.7%	5.8%	9.7%	12.8%	-1.9%

Required Supplementary Information Professional Support Staff Employee's Retirement Plan Schedule of Employer Contributions

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Actuarially determined contribution offset by employee contributions	\$ 1,086,584	\$ 1,172,703	\$ 1,061,381	\$ 1,115,729	\$ 1,529,466	\$ 1,609,192	\$ 1,754,781	\$ 1,913,108	\$ 2,101,207	\$ 1,816,300
Actual contributions by the University	1,200,714	1,170,700	809,389	1,195,438	1,464,957	1,680,087	1,846,741	2,080,143	2,078,728	1,600,653
Contribution deficiency (excess)	(114,130)	2,003	251,992	(79,709)	64,509	(70,895)	(91,960)	(167,035)	22,479	215,647
Covered payroll	4,829,439	4,916,775	4,910,942	5,455,790	7,428,812	7,515,171	8,001,192	10,857,657	9,966,093	10,482,326
Actual contributions as a percentage of covered payroll	24.9%	23.8%	16.5%	21.9%	19.7%	22.4%	23.1%	19.2%	20.9%	15.3%

Required Supplementary Information

Professional Support Staff Employee's Retirement Plan

Notes to Required Supplementary Information

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Discount rate	6.24%/year	6.15%/year	5.95%/year	5.71%/year	6.57%/year	6.27%/year	6.23%/year	6.50%/year	6.50%/year	7.37%/year
Funding	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	7.00%/year
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization period	14 years	15 years	16 years	17 years	18 years	19 years	20 years	21 years	22 years	23 years
Asset valuation method	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average
Salary increases (including inflation)	2.75%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Mortality	PUB-2016 Mortality for Public Plans 2024 IRS modified MP- 2021	RP-2014 with Projection Table MP-2021	RP-2014 with Projection Table MP-2021	RP-2014 with Projection Table MP-2020	RP-2014 with Projection Table MP-2019	RP-2014 with Projection Table MP-2018	RP-2014 with Projection Table MP-2017	RP-2014 with Projection Table MP-2018	RP-2014 with Projection Table MP-2014	RP-2014 with Projection Table MP-2014
Changes in Benefit Terms	None	None	None	None	None	Participants' eligible age for early retirement from 55 to 60	None	None	None	None

Required Supplementary Information

Maintenance, Grounds, Service Employees' Retirement Plan

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Total Pension Liability (TPL)										
Service cost - Beginning of year	\$ 200,192	\$ 206,768	\$ 233,183	\$ 197,176	\$ 236,543	\$ 279,560	\$ 265,172	\$ 318,061	\$ 284,832	\$ 360,568
Interest on average adjusted TPL	1,636,168	1,597,884	1,547,661	1,639,495	1,600,115	1,602,853	1,571,020	1,535,483	1,547,098	1,321,895
Differences between expected and actual experience	914,306	183,856	221,686	(449,977)	(67,173)	(568,836)	252,845	5,766	(50,039)	(305,849)
Changes in assumptions	1,127,852	(632,453)	(654,211)	2,268,217	(864,928)	(178,142)	651,124	(132,170)	1,865,214	(1,669,232)
Benefits payments, including refunds of member contributions	<u>(1,666,774)</u>	<u>(1,533,853)</u>	<u>(1,608,367)</u>	<u>(1,473,258)</u>	<u>(1,388,918)</u>	<u>(1,211,502)</u>	<u>(1,180,738)</u>	<u>(1,074,315)</u>	<u>(1,024,385)</u>	<u>(1,065,199)</u>
Net change in total pension liability	2,211,744	(177,798)	(260,048)	2,181,653	(484,361)	(76,067)	1,559,423	652,825	2,622,720	(1,357,817)
Total pension liability - Beginning of year	<u>27,237,541</u>	<u>27,415,339</u>	<u>27,675,387</u>	<u>25,493,734</u>	<u>25,978,095</u>	<u>26,054,162</u>	<u>24,494,739</u>	<u>23,841,914</u>	<u>21,219,194</u>	<u>22,577,011</u>
Total pension liability - End of year	<u>\$ 29,449,285</u>	<u>\$ 27,237,541</u>	<u>\$ 27,415,339</u>	<u>\$ 27,675,387</u>	<u>\$ 25,493,734</u>	<u>\$ 25,978,095</u>	<u>\$ 26,054,162</u>	<u>\$ 24,494,739</u>	<u>\$ 23,841,914</u>	<u>\$ 21,219,194</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 704,759	\$ 663,686	\$ 501,383	\$ 614,659	\$ 730,977	\$ 846,413	\$ 829,005	\$ 904,245	\$ 908,222	\$ 580,156
Contributions - Member	56,986	79,069	93,675	102,109	102,842	113,610	112,328	123,132	134,960	137,686
Net investment income (loss)	2,506,512	2,466,670	1,681,041	(2,521,062)	4,755,886	624,612	1,065,492	1,485,370	1,741,566	(162,055)
Administrative expenses	(58,927)	(55,810)	(54,129)	(60,678)	(58,280)	(54,590)	(51,172)	(53,062)	(50,013)	(48,255)
Other	-	-	35	78	-	20	-	-	-	-
Benefit payments, including refunds of member contributions	<u>(1,666,774)</u>	<u>(1,533,853)</u>	<u>(1,608,367)</u>	<u>(1,473,258)</u>	<u>(1,388,918)</u>	<u>(1,211,502)</u>	<u>(1,180,738)</u>	<u>(1,074,315)</u>	<u>(1,024,385)</u>	<u>(1,065,199)</u>
Net change in plan fiduciary net position	1,542,556	1,619,762	613,638	(3,338,152)	4,142,507	318,563	774,915	1,385,370	1,710,350	(557,667)
Plan fiduciary net position - Beginning of year	<u>21,847,118</u>	<u>20,227,356</u>	<u>19,613,718</u>	<u>22,951,870</u>	<u>18,809,363</u>	<u>18,490,800</u>	<u>17,715,885</u>	<u>16,330,515</u>	<u>14,620,165</u>	<u>15,177,832</u>
Plan fiduciary net position - End of year	<u>\$ 23,389,674</u>	<u>\$ 21,847,118</u>	<u>\$ 20,227,356</u>	<u>\$ 19,613,718</u>	<u>\$ 22,951,870</u>	<u>\$ 18,809,363</u>	<u>\$ 18,490,800</u>	<u>\$ 17,715,885</u>	<u>\$ 16,330,515</u>	<u>\$ 14,620,165</u>
Net pension liability - End of year	<u>\$ 6,059,611</u>	<u>\$ 5,390,423</u>	<u>\$ 7,187,983</u>	<u>\$ 8,061,669</u>	<u>\$ 2,541,864</u>	<u>\$ 7,168,732</u>	<u>\$ 7,563,362</u>	<u>\$ 6,778,854</u>	<u>\$ 7,511,399</u>	<u>\$ 6,559,029</u>
Plan fiduciary net position as a percentage of total pension liability	79.4%	80.2%	73.8%	70.9%	90.0%	72.4%	71.0%	72.3%	68.5%	68.9%
Covered payroll	\$ 1,979,120	\$ 2,195,318	\$ 2,545,503	\$ 2,662,649	\$ 3,093,181	\$ 2,971,700	\$ 2,984,013	\$ 3,716,780	\$ 3,435,936	\$ 3,534,057
Net pension liability as a percentage of covered payroll	306.2%	245.5%	282.4%	302.8%	82.2%	241.2%	253.5%	182.4%	218.6%	185.6%

Required Supplementary Information Maintenance, Grounds, Service Employees' Retirement Plan Schedule of Investment Returns

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Annual money-weighted rate of return, net of investment expense	11.8%	13.0%	9.4%	-11.6%	27.7%	2.5%	5.8%	9.6%	12.8%	-1.7%

Required Supplementary Information Maintenance, Grounds, Service Employees' Retirement Plan Schedule of Employer Contributions

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Actuarially determined contribution offset by employee contributions	\$ 627,738	\$ 693,112	\$ 591,049	\$ 568,847	\$ 720,913	\$ 777,954	\$ 857,482	\$ 867,707	\$ 905,259	\$ 812,813
Actual contributions by University	704,759	663,686	501,383	614,659	730,977	846,413	829,005	904,245	908,222	580,156
Contribution deficiency (excess)	(77,021)	29,426	89,666	(45,812)	(10,064)	(68,459)	28,477	(36,538)	(2,963)	232,657
Covered payroll	1,979,120	2,195,318	2,545,503	2,662,649	3,093,181	2,971,700	2,984,013	3,716,780	3,435,936	3,534,057
Actual contributions as a percentage of covered payroll	35.6%	30.2%	19.7%	23.1%	23.6%	28.5%	27.8%	24.3%	26.4%	16.4%

Required Supplementary Information

Maintenance, Grounds, Service Employees' Retirement Plan

Notes to Required Supplementary Information

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Discount rate	6.24%/year	6.15%/year	5.95%/year	5.71%/year	6.57%/year	6.27%/year	6.23%/year	6.50%/year	6.50%/year	7.37%/year
Funding	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	6.50%/year	7.00%/year
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed	Level dollar amount, closed
Remaining amortization period	14 years	15 years	16 years	17 years	18 years	19 years	20 years	21 years	22 years	23 years
Asset valuation method	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average	4-year moving market value average
Salary increases (including inflation)	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Mortality	PUB-2016 Mortality for Public Plans 2024 IRS modified MP-2021	RP-2014 with Projection Table MP-2021	RP-2014 with Projection Table MP-2021	RP-2014 with Projection Table MP-2020	RP-2014 with Projection Table MP-2019	RP-2014 with Projection Table MP-2018	RP-2014 with Projection Table MP-2018	RP-2014 with Projection Table MP-2016	RP-2014 with Projection Table MP-2014	RP-2014 with Projection Table MP-2014
Changes in Benefit Terms	None	None	None	None	None	None	None	None	None	None

Required Supplementary Information

Other Postemployment Benefits

Schedule of Changes in OPEB Liability and Related Ratios

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<u>Total OPEB Liability</u>								
Service cost	\$ 290,360	\$ 309,726	\$ 359,712	\$ 745,442	\$ 622,951	\$ 622,951	\$ 719,962	\$ 725,755
Interest	796,134	795,284	758,192	509,000	609,325	703,145	614,057	612,140
Difference between expected and actual experience	557,565	(170,890)	629,059	(143,511)	(1,079,291)	(314,544)	175,403	(111,193)
Changes in assumptions	(1,671,439)	(345,441)	(70,745)	(4,557,776)	1,087,927	1,676,212	(301,810)	220,509
Benefits payments, including refunds of member contributions	(963,920)	(866,137)	(949,219)	(1,007,419)	(836,133)	(579,322)	(725,085)	(713,556)
Net change in total OPEB liability	(991,300)	(277,458)	726,999	(4,454,264)	404,779	2,108,442	482,527	733,655
Total OPEB liability - Beginning of year	<u>19,102,152</u>	<u>19,379,610</u>	<u>18,652,611</u>	<u>23,106,875</u>	<u>22,702,096</u>	<u>20,593,654</u>	<u>20,111,127</u>	<u>19,377,472</u>
Total OPEB liability - End of year	18,110,852	19,102,152	19,379,610	18,652,611	23,106,875	22,702,096	20,593,654	20,111,127
<u>Plan Fiduciary Net Position</u>								
Contributions/benefit payments made from general operating funds	963,920	866,137	949,219	1,007,419	836,133	579,322	725,085	713,556
Benefit payments, including refunds of member contributions	(963,920)	(866,137)	(949,219)	(1,007,419)	(836,133)	(579,322)	(725,085)	(713,556)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Net OPEB liability - End of year	<u>\$ 18,110,852</u>	<u>\$ 19,102,152</u>	<u>\$ 19,379,610</u>	<u>\$ 18,652,611</u>	<u>\$ 23,106,875</u>	<u>\$ 22,702,096</u>	<u>\$ 20,593,654</u>	<u>\$ 20,111,127</u>
Covered payroll	114,318,000	108,561,800	100,255,000	106,292,000	120,567,500	125,070,500	128,421,700	132,267,000
Net OPEB liability as a percentage of covered payroll	15.84%	17.60%	19.33%	17.55%	19.17%	18.15%	16.04%	15.20%

Required Supplementary Information Other Postemployment Benefits Notes to Required Supplementary Information

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Discount rate	4.81%	4.21%	4.13%	4.09%	2.18%	2.66%	3.36%	3.00%
Salary increases (including inflation)	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Healthcare cost trend rate	7.50%	7.25%	7.25%	6.00%	6.50%	7.00%	7.50%	8.00%
Mortality	PUB-2016 Mortality for Public Plans 2024 IRS modified MP- 2021	RP-2014 with Projection Table 2024 IRS Adjusted Improvement Scale MP-2021	RP-2014 with Projection Table MP-2021	RP-2014 with Projection Table MP-2021	RP-2014 with Projection Table MP-2020	RP-2014 with Projection Table MP-2019	RP-2014 with Projection Table MP-2018	RP-2014 with Projection Table MP-2017
Changes in Benefit Terms	None	None	None	None	None	None	None	None

No assets are accumulated in an irrevocable trust to pay related other postemployment benefits.



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