

DRAFT



OAKLAND UNIVERSITY
**FINANCIAL
STATEMENTS**
JUNE 30, 2025 *and* 2024



Oakland University
Contents
June 30, 2025 and 2024

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Report of Independent Auditors

To the Board of Trustees
Oakland University
Rochester, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oakland University (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 the University's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Bloomfield Hills, Michigan
October 17, 2025

DRAFT

Oakland University

Management's Discussion and Analysis (unaudited)

June 30, 2025 and 2024

Introduction

Following is Management's Discussion and Analysis of the financial activities of Oakland University (University, Oakland or OU) for the fiscal year ended June 30, 2025 with selected comparative information for the years ended June 30, 2024 and 2023.

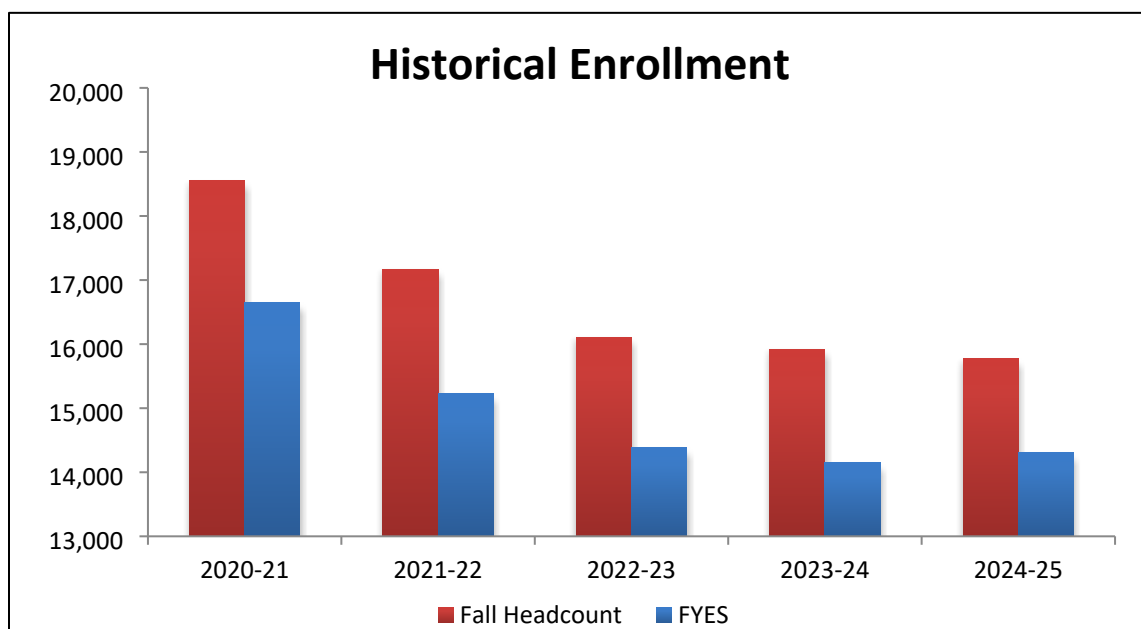
The University is a state-supported institution offering a diverse set of academic programs, from baccalaureate to doctoral levels, as well as programs in continuing education. The University is recognized as one of the country's 139 doctoral/high research activity (R2) universities by the Carnegie Foundation for the Advancement of Teaching. The University currently offers 114 baccalaureate degree programs and 136 graduate and certificate programs. The University's student-centered education offers students opportunities to work directly on research projects with expert faculty who bring current knowledge into the classroom.

The University is considered a component unit of the State of Michigan (State). Accordingly, the University's financial statements are included in the State's annual comprehensive financial report.

This analysis is designed to focus on current financial activities; it should be read in conjunction with the University's financial statements and footnotes to the financial statements. This discussion, financial statements, and related footnotes have been prepared by and are the responsibility of University management.

Fiscal Year 2025 Enrollment and Operations Highlights

- In fiscal year 2025, student headcount enrollment for the fall 2024 semester decreased by 1.0% to 15,768. Undergraduate enrollment was 12,587 (80%) and graduate enrollment was 3,181 (20%). In fiscal year 2024, student headcount enrollment for the fall 2023 semester decreased by 1.2% to 15,922. Undergraduate enrollment was 12,719 (80%) and graduate enrollment was 3,203 (20%). The enrollment decreases are attributable to the decline in high school graduates from Michigan. Projections indicate a continual decline of high school graduates through 2030.
- Enrollment based on Fiscal Year Equated Students (FYES) increased 1.1% to 14,302 and decreased 1.6% to 14,151 for fiscal years 2025 and 2024 respectively. A five-year summary of historical enrollment is presented below.



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- In July 2024, U.S. News & World Report ranked Corewell Health William Beaumont University Hospital, an affiliated training hospital with Oakland University William Beaumont School of Medicine, as the number one hospital in Michigan. Five Corewell Health Hospitals were ranked in the top eight, with the Royal Oak location tying for the top position.
- In August 2024, students of Oakland University's Master of Science in Business Analytics program won the energy track at the 2024 SAS hackathon with an innovative project on climate change and nuclear safety. This worldwide gathering unites data enthusiasts from various countries, backgrounds, and expertise levels from both academia and industry, to harness the power of diverse teams and create meaningful solutions. The goal is to innovate ideas that could transform daily life, revolutionize business practices or address humanitarian challenges.
- In September 2024, Oakland University, in collaboration with five academic institutions in the State of Alabama was awarded \$5.0 million by the National Science Foundation to support a five-year project that will provide scholarship and academic, social, and professional development opportunities to high achieving low-income students pursuing degrees and careers in STEM-related fields. It is projected that over the duration of the project scholarships for 72 unique full-time students pursuing associates, bachelor's, and master's degrees associated with STEM-related fields including chemistry, physics, mathematics, computer science, mechanical engineering, software engineering, and electrical engineering.
- In January 2025, Oakland University began offering a new Master's degree program in energy engineering. The new degree program is being offered as a collaboration between the Department of Mechanical Engineering and the Department of Electrical and Computer Science. Since energy is among one of the nation's fastest growing fields, this program was created to help students develop the skills they will need in the field by consulting with officials in this industry.
- In February 2025, Oakland University approved a new Master of Science in Bioengineering to launch in Fall 2025. This program is a forward-thinking initiative designed to meet the growing demands of industry and research in the evolving field of bioengineering. The program was developed as a joint initiative between the School of Engineering and Computer Science and the College of Arts and Sciences. The Master of Science in Bioengineering program is tailored to contribute to bioengineering research and is geared toward preparing students for impactful careers.
- In May 2025, a report released by the Anderson Economic Group calculated that in 2024 Oakland University generated more than \$1.9 billion in net new economic impact and supported nearly 6,500 jobs in Michigan. This represents direct and indirect economic activity and employment that would not have occurred without OU's operations. The study highlights the University's vital role in boosting regional development and supporting jobs across Michigan.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2025 and 2024

Overview of the Financial Statements

This annual report consists of financial statements which have been prepared in accordance with the "business-type" activities requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The fundamental objective of the financial statements is to provide an overview of the University's economic condition. The statements and their primary purpose are discussed below.

- Statement of Net Position: This statement presents information on the University's assets, deferred outflows, liabilities, deferred inflows, and net position (assets plus deferred outflows less liabilities and deferred inflows) as of the end of the fiscal year. Net position is displayed in four components – net investment in capital assets; restricted nonexpendable; restricted expendable; and unrestricted. Net position is one indicator of the current financial condition of the University, while the change in net position serves as a useful indicator of whether the financial position is improving or deteriorating.
- Statement of Revenues, Expenses, and Changes in Net Position: This statement presents the operating results of the University, as well as nonoperating revenues and expenses. The statement also presents information that shows how the University's net position has changed during the fiscal year.
- Statement of Cash Flows: This statement presents information about the University's cash receipts and cash payments during its fiscal year. Cash activities are classified in the following categories: operating activities, noncapital financing activities, capital financing activities, and investing activities.

The University's financial statements can be found on pages 16, 17, and 18 of this financial report.

Notes to the Financial Statements

The footnotes provide additional information that is essential to a full understanding of the data provided in the financial statements. The University's notes to the financial statements can be found on pages 19-50 of this financial report.

Required Supplementary Information

The required supplementary information provides additional information relative to the other postemployment benefit liability. The University's required supplementary information can be found on page 51 of this financial report.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2025 and 2024

University Financial Statement Summaries

University Statements of Net Position

The University's net position is summarized in the following Condensed Statements of Net Position:

Condensed Statements of Net Position

		June 30,		%Change	%Change
	2025	2024	2023	2025-2024	2024-2023
		(in thousands)			
Assets					
Current assets	\$ 90,922	\$ 96,291	\$ 102,495	-6%	-6%
Capital assets, net	682,862	686,478	667,597	-1%	3%
Other noncurrent assets	426,284	395,808	357,178	8%	11%
Total assets	1,200,068	1,178,577	1,127,270	2%	5%
Deferred outflows of resources	6,202	7,238	7,700	-14%	-6%
Liabilities					
Current liabilities	87,215	99,490	94,645	-12%	5%
Noncurrent liabilities	364,833	381,955	402,427	-4%	-5%
Total liabilities	452,048	481,445	497,072	-6%	-3%
Deferred inflows of resources	17,720	26,394	22,678	-33%	16%
Net investment in capital assets	328,871	319,298	288,132	3%	11%
Restricted nonexpendable	62,027	52,841	49,923	17%	6%
Restricted expendable	85,055	72,813	67,054	17%	9%
Unrestricted	260,549	233,024	210,111	12%	11%
Total net position	\$ 736,502	\$ 677,976	\$ 615,220	9%	10%

The University's total assets were \$1,200.1 million, \$1,178.6 million, and \$1,127.3 million at June 30, 2025, 2024, and 2023 respectively. The University's largest asset is its investment in capital assets, including land, land improvements, infrastructure, buildings, equipment, library acquisitions, construction in progress, and right to use subscription assets. Capital assets represent 57%, 58%, and 59% of the University's total assets at June 30, 2025, 2024 and 2023 respectively. Capital expenditures totaled \$27.8 million in 2025, \$51.4 million in 2024, and \$72.6 million in 2023. Included in capital expenditures for 2025 were \$8.9 million for West Center renovations, \$2.1 million in improvements to the Recreation Center, \$1.7 million of improvements to O'Dowd Hall, Dodge Hall, and Kresge Library for the School of Medicine, \$1.4 million for the Meadow Brook Hall Visitor Center, \$1.3 million for expansion of the Human Health Building Sim Lab and Science Complex renovation, \$1.2 million for South Foundation Hall renovation and expansion, and \$3.4 million in right to use subscription assets. Additional capital expenditures of \$7.8 million include other campus enhancement projects. Depreciation expense was \$31.0 million in 2025, \$32.4 million in 2024, and \$28.2 million in 2023.

Oakland University
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Current assets consist primarily of cash and cash equivalents and receivables due within one year. Cash and cash equivalents decreased \$0.8 million to \$45.0 million at June 30, 2025 largely due to an increase in supplier payments and a decrease in sales of investments. Accounts receivable decreased \$3.4 million to \$25.9 million. Other current assets of \$20.0 million include a State operating appropriation receivable of \$13.5 million, \$3.8 million in deposits and prepaid expenses, \$1.1 million in pledges receivable, and \$0.5 million in inventory.

Other noncurrent assets consist primarily of restricted cash and cash equivalents, endowment investments, other long-term investments and capital assets. Restricted cash decreased \$2.5 million for bond proceeds spent due to major construction related expenditures during the year. Endowment investments were \$167.9 million at June 30, 2025, \$151.5 million at June 30, 2024, and \$136.7 million at June 30, 2023. The increase in the endowment fair market value was due to favorable market returns. The total returns, net of fees, on the University's endowment investments were 12.9% for 2025, 13.7% for 2024, and 13.7% for 2023. Other long-term investments were \$252.1 million at June 30, 2025, \$232.0 at June 30, 2024, and \$199.0 million at June 30, 2023, and include fixed income and equity securities. The increase is primarily attributed to favorable market conditions. The total return on the University's other long-term investments was 7.1% for 2025, 8.4% for 2024, and 3.6% for 2023, net of fees. The University's investments are being managed according to Board policies.

All investments held by the University can be liquidated to cash within 90 days or less without incurring additional fees, with the exception of the private equity holding and hedge funds.

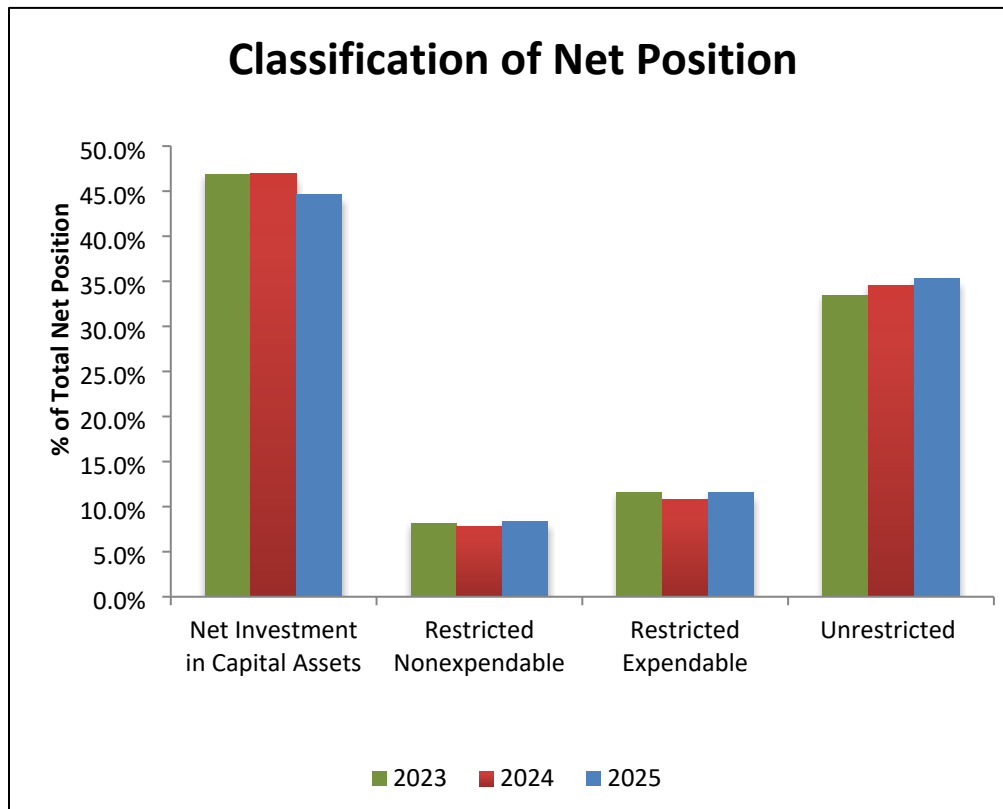
Deferred outflows of resources were \$6.2 million at June 30, 2025, \$7.2 million at June 30, 2024, and \$7.7 million at June 30, 2023. Deferred outflows of resources consists of the accumulated change in fair value of the 2008 Swap, the deferral of swap termination costs for the 2001 Bonds, and changes to the University's retiree health care plan for postemployment benefits in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The decrease in the deferred outflows of resources is primarily due to a \$1.3 million decrease to the retiree health care valuation and a \$0.3 million change in the fair market value of the 2008 Swap.

The University's total liabilities were \$452.0 million at June 30, 2025, \$481.4 million at June 30, 2024, and \$497.1 million at June 30, 2023. Current liabilities consist primarily of accounts payable, accrued expenses, current portion of long-term liabilities, current portion of other postemployment benefits, and unearned revenue. The \$12.3 million decrease in current liabilities is largely attributable to a decrease in accounts payable and accrued expenses primarily due to a decrease in construction activity compared to 2024. Noncurrent liabilities are comprised primarily of bonds and notes payable and represent 80.7% of the University's total liabilities as of June 30, 2025, 79.3% as of June 30, 2024, and 81.0% as of June 30, 2023. Noncurrent long-term liabilities decreased by \$17.1 million primarily due to a \$16.6 million decrease in long-term liabilities related to bond principal payments and amortization of bond premiums; \$0.4 million decrease in other postemployment benefits (OPEB) as a result of actuarial analysis used to determine the cost of the current retiree health insurance benefit program; \$0.5 million decrease in unearned revenue; and a \$0.3 million increase in derivative instruments consisting of the accumulated change in fair value of the 2008 Swap.

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June 30, 2025 and 2024

Deferred inflows of resources were \$17.7 million as of June 30, 2025, \$26.4 million as of June 30, 2024, and \$22.7 million as of June 30, 2023. Deferred inflows of resources consist of \$10.5 million in OPEB assumptions in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; \$0.2 million in irrevocable split-interest agreements in accordance with GASB Statement No. 81, *Irrevocable Split Interest Agreements*; \$2.8 million in early extinguishment of debt, and \$4.2 million in recognition of leases in accordance with GASB Statement No. 87 *Leases*.

The following graph shows net position by classification and restriction:



The University's net position consists of net investment in capital assets, restricted and unrestricted. Restricted expendable net position represents assets whose use is restricted by a party independent of the University, including restrictions related to grants, contracts, and gifts. Restricted nonexpendable net position consists of gifts that have been received for endowment purposes. Unrestricted net position represents assets of the University that have not been restricted by parties independent of the University.

Unrestricted net position includes funds the Board and University management have designated for specific purposes, as well as amounts that have been contractually committed for goods and services that have not been received as of the end of the fiscal year.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2025 and 2024

The following summarizes the internal designations of unrestricted net position:

	June 30,	
	2025	2024
	<i>(in thousands)</i>	
Auxiliary enterprises	\$ 283	\$ 2,323
Capital projects and repair reserves	78,813	64,673
Funds designated for departmental use	57,615	62,174
Funds functioning as endowments	29,988	26,826
Gifts and investment income reserves	84,662	72,161
Retirement and insurance reserves	9,188	4,867
Total Unrestricted Net Position	\$ 260,549	\$ 233,024

Auxiliary enterprises consist of the operating fund balances at year end for the various auxiliary units, the largest of which are University Housing, Meadow Brook Estate, Golf & Learning Center, and Oakland Center. The decrease is primarily due to using funding for projects.

Capital projects and repair reserves consist of the unexpended portion of ongoing capital projects, reserves for plant renewal, and bond sinking funds. The increase is primarily due to an increase in repair and maintenance reserves, which was partially offset by a decrease in balances related to ongoing projects at year end.

Funds designated for departmental use consist of specific projects earmarked by various departments. The decrease is primarily due to the use of the prior year's balances for departmental funded capital projects.

Funds functioning as endowments were created by the Board utilizing University resources. These funds are invested in the endowment pool to achieve long-term growth. The funds consist of endowments for scholarships, excellence in teaching and research, and deferred plant renewal. The increase was due to a 12.9% gain on endowment investments this year.

Gifts and investment income reserves include the University's unrestricted gifts, and realized and unrealized investment income reserves. The increase was due to a 7.1% gain on working capital investments this year.

Retirement and insurance reserves include the University's reserves and liability recorded for OPEB. The University follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The actuarially determined liability at June 30, 2025 was \$26.5 million. The University has decided that future benefits will not be prefunded; however, the University has designated assets to meet future obligations through the creation of a Board-approved, quasi-endowment valued at approximately \$36.2 million, earnings from which will be used to offset annual postemployment contributions. The increase was primarily due to favorable returns in the endowment investments this year. The retirement and insurance balance also includes reserves for unemployment and workers' compensation for which the University is self-insured.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2025 and 2024

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

The University's revenues, expenses, and changes in net position are summarized in the following Condensed Statements of Revenues, Expenses, and Changes in Net Position:

Condensed Statements of Revenues, Expenses, and Changes in Net Position	2025	2024 (in thousands)	2023	% Change 2025-2024	% Change 2024-2023
Operating revenues					
Net tuition	\$ 194,214	\$ 197,541	\$ 195,842	-2%	1%
Grants and contracts	25,239	23,692	20,800	7%	14%
Departmental activities	17,309	20,323	18,193	-15%	12%
Auxiliary activities, net	36,289	33,938	33,007	7%	3%
Other	397	102	199	289%	-49%
Total operating revenues	273,448	275,596	268,041	-1%	3%
Operating expenses	374,496	364,475	343,442	3%	6%
Operating loss	(101,048)	(88,879)	(75,401)	14%	18%
Nonoperating revenues (expenses)					
State appropriations	74,047	72,289	60,762	2%	19%
Gifts	6,367	5,406	7,062	18%	-23%
Investment income, net	40,444	42,242	26,340	-4%	60%
Interest expense	(12,830)	(13,545)	(13,450)	-5%	1%
Pell grants	31,538	23,100	19,343	37%	19%
Other	3,065	843	765	264%	10%
Net nonoperating revenues	142,631	130,335	100,822	9%	29%
Income (loss) before other revenues	41,583	41,456	25,421	0%	63%
Capital appropriations	3,589	18,265	7,647	-80%	139%
Capital grants and gifts	34	106	126	-68%	-16%
Additions to permanent endowments	13,320	2,929	1,714	355%	71%
Total other revenues	16,943	21,300	9,487	-20%	125%
Increase (decrease) in net position	58,526	62,756	34,908	-7%	80%
Net position					
Beginning of year	677,976	615,220	580,312	10%	6%
End of year	\$ 736,502	\$ 677,976	\$ 615,220	9%	10%

Operating revenues were \$273.4 million in 2025, \$275.6 million in 2024, and \$268.0 million in 2023. The \$2.1 million, or 1%, decrease in 2025 over 2024 was largely due to a \$3.3 million decrease in Net tuition revenue due to a change in accounting method for scholarship allowance, and a \$3.0 million decrease in Departmental activities primarily attributable to a decline in distribution of special network access fees in the physician payment adjuster program. That decrease was partially offset by an increase in Grants and contracts and Auxiliary activities, net. The change in accounting method for scholarship allowance is considered a change in accounting estimate and has been applied prospectively. The change in accounting estimate is further described in Note 1. This change has no impact on the University's overall net position. The \$7.6 million, or 3%, increase in 2024 over 2023 was largely due to a \$2.9 million increase in grants and contracts, \$2.1 million increase in Departmental activities, \$1.7 million increase in Tuition, and \$0.9 million increase in Auxiliary activities.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2025 and 2024

In fiscal year 2025, the University earned \$40.4 million in net investment income. This growth is comprised of \$22.0 million, a 7.1% rate of return, in University pooled working capital investments and \$18.4 million, a 12.9% rate of return, in the endowment investments.

In fiscal year 2024, the University earned \$42.2 million in net investment income. This growth is comprised of \$24.7 million, an 8.4% rate of return, in University pooled working capital investments and \$17.5 million, a 13.7% rate of return, in the endowment investments.

Operating expenses were \$374.5 million in 2025, \$364.5 million in 2024, and \$343.4 million in 2023. The operating expense increase of 3% in 2025 over 2024 primarily resulted from supporting contractual agreements and increases in instruction, academic support, student services, and institutional support. The operating expense increase of 6% in 2024 over 2023 primarily resulted from increases in instruction, research, academic support, student services, and institutional support attributable to rising costs during an inflationary period. A breakdown of the University's operating expenses by functional classification follows:

University Operating Expenses

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>% Change</u>	<u>% Change</u>
		(in thousands)		2025-2024	2024-2023
Education and general					
Instruction	\$ 135,754	\$ 131,360	\$ 128,503	3%	2%
Research	17,775	18,409	14,688	-3%	25%
Public service	3,949	3,676	3,704	7%	-1%
Academic support	56,413	52,052	48,754	8%	7%
Student services	39,400	36,870	33,781	7%	9%
Institutional support	28,957	24,907	23,701	16%	5%
Operations and maintenance of plant	26,798	23,509	22,491	14%	5%
Depreciation and amortization	30,999	32,412	28,222	-4%	15%
Student aid	387	8,495	7,687	-95%	11%
Total education and general	<u>340,432</u>	<u>331,690</u>	<u>311,531</u>	3%	6%
Auxiliary activities	<u>34,064</u>	<u>32,785</u>	<u>31,911</u>	4%	3%
Total operating expenses	<u>\$ 374,496</u>	<u>\$ 364,475</u>	<u>\$ 343,442</u>	3%	6%

Total education and general expenses increased 3% in 2025 over 2024 and increased 6% in 2024 over 2023. The increase in 2025 was mainly attributable to compensation increases to maintain competitive salaries in an inflationary market coupled with the rising costs of travel and purchase of supplies and services.

Instruction for 2025 increased \$4.4 million primarily the result of compensation increases to maintain competitive salaries in an inflationary market. Additional increases in Academic support of \$4.4 million; Institutional support of \$4.1 million; and Student services of \$2.5 million are largely due to increases in compensation, the cost of travel, and purchased supplies.

Instruction for 2024 increased \$2.9 million primarily the result of compensation increases to maintain competitive salaries in an inflationary market. Additional increases in Research of \$3.7 million; Academic support of \$3.3 million; Student services of \$3.1 million; and Institutional support of \$1.2 million are largely due to increases in compensation, the cost of travel, and purchased supplies. Student aid increased \$0.8 million in 2024 due to the University's increased funding of financial aid.

Oakland University
Management's Discussion and Analysis (unaudited)
June 30, 2025 and 2024

The University's operating loss was \$101.0 million in 2025, \$88.9 million in 2024, and \$75.4 million in 2023. Offsetting these losses were net nonoperating revenues of \$142.6 million in 2025, \$130.3 million in 2024, and \$100.8 million in 2023.

Nonoperating revenue is largely comprised of State appropriations and, as reflected in the State's approved appropriations bills, was \$74.0 million in 2025, \$72.3 million in 2024, and \$60.8 million in 2023. The increase over 2023 is due to a Fiscal Year Equated Student (FYES) funding floor supplemental appropriation of \$8.1 million included as part of the 2023-2024 State of Michigan budget bill. This is a direct result of the University's "Strive for 45" campaign to get a minimum appropriation of \$4,500 per each FYES.

Nonoperating revenues also include \$31.5 million from Federal Pell Grants in 2025. Pell Grant revenue for 2024 and 2023 was \$23.1 million and \$19.3 million, respectively.

Other revenues primarily consist of \$3.6 million in capital appropriations from the State Building Authority for the completion of South Foundation Hall, and \$13.4 million of permanent endowments and capital grants and gifts.

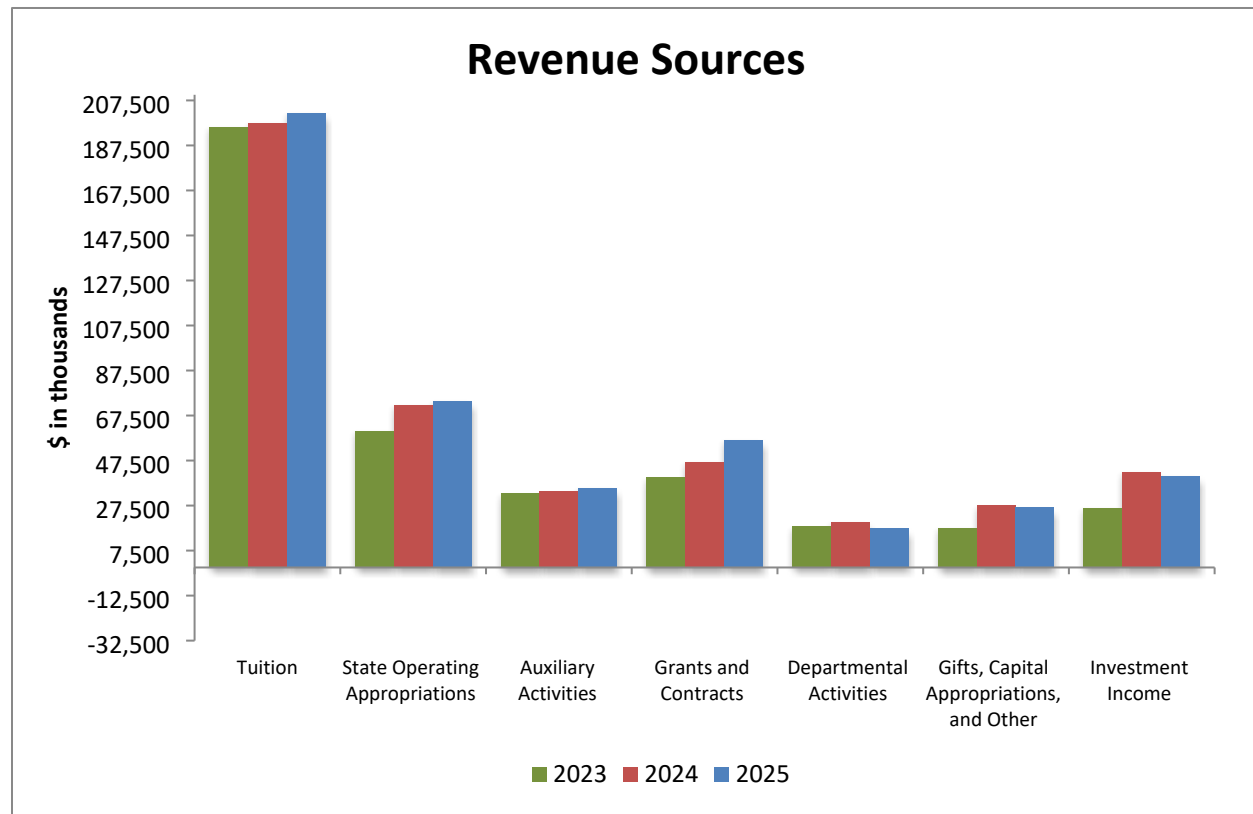
Net position increased \$58.5 million in 2025 and is primarily attributed to nonoperating activities including \$40.4 million of investment income, \$8.4 million increase in Pell grants, and \$10.3 million increase in additions to permanent endowments.

Net position increased \$62.8 million in 2024 and is primarily attributed to nonoperating activities including \$42.2 million of investment income, \$11.5 million increase in state appropriations, and \$10.6 million increase in capital appropriations.

Net position increased \$34.9 million during 2023 and is primarily attributed to nonoperating activities including \$26.3 million of investment income, \$7.6 million of capital appropriations, \$4.7 million increase in state appropriations, and \$1.7 million of additions to permanent endowments. This increase was offset by a \$1.7 million decline in tuition revenue.

Oakland University
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A graphic illustration of each revenue source is as follows:



University Statements of Cash Flows

The University's cash flows are summarized in the following Condensed Statements of Cash Flows:

Condensed Statements of Cash Flows

	2025	2024	2023
		<i>(in thousands)</i>	
Cash from			
Operating activities	\$ (74,849)	\$ (65,307)	\$ (44,626)
Noncapital financing activities	121,711	102,604	87,909
Capital financing activities	(54,138)	(62,398)	(96,438)
Investing activities	3,980	(5,604)	6,416
Net change in cash and cash equivalents	(3,296)	(30,705)	(46,739)
Cash and cash equivalents			
Beginning of year	48,375	79,080	125,819
End of year	\$ 45,079	\$ 48,375	\$ 79,080

Oakland University
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The primary cash receipts from operating activities consist of tuition, auxiliary activities, and grant and contract revenues. Cash disbursements primarily include salaries and wages, benefits, supplies, utilities, and scholarships. The decrease in net cash from operating activities is primarily the result of increased accounts receivable balances for departmental activities and increased payments to employees in 2025.

Noncapital financing activities include State appropriation cash receipts of \$73.7 million in 2025, \$70.2 million in 2024, and \$59.5 million in 2023; Pell Grants totaling \$31.5 million in 2025, \$23.1 million in 2024, and \$19.3 million in 2023; and gift cash receipts of \$16.3 million in 2025, \$9.2 million in 2024, and \$8.4 million in 2023.

Capital financing activities for 2025 include capital expenditures of \$32.3 million and debt service payments of \$28.3 million. Cash disbursements for capital expenditures in 2025 included \$10.4 million for the Oakland West Center renovations; \$4.4 million for the South Foundation Hall renovation and expansion; \$2.0 million for the Meadow Brook Hall visitor center; \$1.5 million for improvements to the Recreation Center, \$1.4 million in Varner Hall renovations; \$1.4 million for the School of Medicine renovation and expansion; \$1.1 million for the expansion of the Human Health Building Sim Lab and Science Complex renovation; \$4.8 million and \$0.1 million in equipment and library books respectively; and \$5.2 million in various infrastructure and building improvements and repairs.

Capital financing activities for 2024 include the issuance of the 2024A Bonds for \$18.8 million with a \$2.0 million premium, capital expenditures of \$52.8 million and debt service payments in the amount of \$52.9 million including \$20.4 million for the refunding of the 2014 Bonds. Cash disbursements for capital expenditures in 2024 included \$19.1 million for the South Foundation Hall expansion; \$7.8 million for West Center renovations; \$7.9 million for the School of Medicine renovation and expansion; \$5.7 million in Varner Hall renovations; \$1.8 million for the Meadow Brook Hall Visitor Center; \$1.0 million for improvements to the Recreation Center; \$0.9 million for Golf Course improvements; \$2.9 million and \$0.1 million in equipment and library books respectively; and \$5.6 million in various infrastructure and building improvements and repairs.

Capital financing activities for 2023 include the issuance of the 2022B Bonds for \$44.8 million with a \$4.7 million premium, the refunding of the 2013A Bonds for \$48.2 million, capital expenditures of \$70.8 million and debt service payments in the amount of \$28.0 million. Cash disbursements for capital expenditures in 2023 included \$21.8 million in Varner Hall renovations; \$17.8 million for South Foundation Hall expansion; \$9.4 million for West Center; \$7.9 million in Research Facility renovations; \$4.0 million for Wilson Hall expansion and parking lot; \$4.7 million and \$0.1 million in equipment and library books respectively; and \$5.1 million in various infrastructure and building improvements and repairs.

Cash from investing activities is due to the timing variations of purchases, sales, and investment income.

Commitments

The estimated costs to complete construction projects in progress is \$59.9 million as of June 30, 2025, due in large part to the construction costs associated with the Science Complex renovation of \$44.3 million, improvements to O'Dowd Hall in the amount of \$3.3 million, renovation of the Oakland West Center of \$2.2 million, an addition to the Research and Innovation Center of \$1.3 million, and various campus enhancement projects totaling \$8.8 million. The Science Complex renovation project is anticipated to be funded from the State Capital Outlay for \$30.0 million and \$14.3 million from University resources. The various other campus enhancements are funded from University resources.

Oakland University
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University Credit Rating

On March 29, 2024, Moody's Investors Service reaffirmed the University's underlying credit rating as A1 - Stable.

Deferred Plant Renewal

The University annually surveys the campus to identify deferred plant renewal, adding new items and deleting items that were addressed during the year. Each year, general revenues are allocated to address deferred plant renewal items. In addition, the University has established a quasi-endowment that provides investment earnings that are used to address deferred plant renewal needs.

Factors or Conditions Impacting Future Periods

Financial and budget planning is directly related to and supportive of the University's mission, strategic plan, and operational needs. The ability to plan effectively is influenced by an understanding of the following factors which impact the University's finances:

- Enrollment Management
- Demographics, including number of high school graduates
- Stability of State appropriations (including floor funding)
- Increased globalization and mobilization of student population
- New program growth and development
- New and emergent technologies
- Productivity improvements
- Inflationary and supply chain pressures
- Alternative sources of revenue

Oakland University
Statements of Net Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents (Note 2)	\$ 45,005,451	\$ 45,830,085
Accounts receivable, net (Note 3)	25,925,984	29,332,190
Leases receivable (Note 4)	783,550	544,352
Appropriations receivable (Note 5)	13,463,122	13,143,414
Pledges receivable, net (Note 6)	1,137,806	915,971
Inventories	540,907	1,580,024
Deposits and prepaid expenses	3,778,034	4,724,685
Student loans receivable, net (Note 7)	287,371	220,981
Total current assets	<u>90,922,225</u>	<u>96,291,702</u>
Noncurrent assets		
Restricted cash and cash equivalents (Note 2)	73,505	2,544,886
Endowment investments (Note 2)	167,858,415	151,474,929
Other long-term investments (Note 2)	252,129,695	232,049,817
Leases receivable (Note 4)	3,241,437	1,826,315
Pledges receivable, net (Note 6)	1,500,620	1,544,099
Student loans receivable, net (Note 7)	841,720	640,538
Beneficial interest in assets held by others (Note 16)	-	5,084,157
Capital assets, net (Note 9)	682,861,615	686,477,903
Other assets (Note 11)	638,829	643,058
Total noncurrent assets	<u>1,109,145,836</u>	<u>1,082,285,702</u>
Total assets	<u>1,200,068,061</u>	<u>1,178,577,404</u>
Deferred outflows of resources (Note 12)	6,201,581	7,237,766
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	17,965,205	31,243,633
Accrued payroll	14,913,092	13,645,945
Long-term liabilities - current portion (Note 13)	19,368,601	19,211,291
Other postemployment benefits - current portion (Note 14)	1,515,457	1,445,512
Unearned revenue	29,785,267	29,747,494
Deposits	3,666,872	4,196,205
Total current liabilities	<u>87,214,494</u>	<u>99,490,080</u>
Noncurrent liabilities		
Unearned revenue	4,380,538	4,850,042
Derivative instruments - swap liability (Note 8)	962,804	658,095
Long-term liabilities (Note 13)	334,491,134	351,038,534
Other postemployment benefits (Note 14)	24,998,833	25,408,743
Total noncurrent liabilities	<u>364,833,309</u>	<u>381,955,414</u>
Total liabilities	<u>452,047,803</u>	<u>481,445,494</u>
Deferred inflows of resources (Note 16)	17,719,743	26,393,602
Net position		
Net investment in capital assets	328,871,256	319,298,135
Restricted:		
Nonexpendable	62,027,020	52,841,068
Expendable:		
Research and gifts	40,334,122	40,228,406
Quasi and term endowments	43,894,183	30,994,358
Debt service and capital projects	315,371	1,255,722
Student loans	511,358	334,257
Unrestricted	260,548,786	233,024,128
Total net position	<u>\$ 736,502,096</u>	<u>\$ 677,976,074</u>

The accompanying notes are an integral part of these financial statements.

Oakland University

Statements of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2025 and 2024

	2025	2024
Operating revenues		
Tuition (net of scholarship allowances of \$84,942,650 in 2025 and \$66,808,279 in 2024)	\$ 194,213,760	\$ 197,541,243
Federal grants and contracts	16,300,968	16,272,853
State, local, and private grants and contracts	8,938,048	7,419,553
Departmental activities	17,309,642	20,322,981
Auxiliary activities (net of scholarship allowances of \$5,819,008 in 2025 and \$5,612,620 in 2024)	36,288,757	33,937,401
Other operating revenues	396,810	101,873
Total operating revenues	273,447,985	275,595,904
Operating expenses		
Education and general		
Instruction	135,753,968	131,359,546
Research	17,775,005	18,409,223
Public service	3,948,702	3,676,158
Academic support	56,412,720	52,051,660
Student services	39,400,524	36,869,704
Institutional support	28,957,224	24,906,659
Operations and maintenance of plant	26,797,672	23,508,902
Depreciation	30,999,464	32,412,658
Student aid	387,375	8,494,686
Auxiliary activities	34,063,790	32,785,342
Total operating expenses (Note 19)	374,496,444	364,474,538
Operating loss	(101,048,459)	(88,878,634)
Nonoperating revenues (expenses)		
State appropriations (Note 5)	74,047,200	72,288,800
Gifts	6,366,861	5,406,362
Investment income (net of investment expenses of \$577,135 in 2025 and \$713,426 in 2024)	40,443,534	42,242,144
Interest on capital asset related debt	(12,829,974)	(13,545,235)
Pell grants	31,538,386	23,099,885
Other	3,065,024	843,392
Net nonoperating revenues	142,631,031	130,335,348
Income before other revenues	41,582,572	41,456,714
Capital appropriations	3,588,680	18,264,737
Capital grants and gifts	34,470	105,547
Additions to permanent endowments	13,320,300	2,929,459
Total other revenues	16,943,450	21,299,743
Increase in net position	58,526,022	62,756,457
Net position		
Beginning of year	677,976,074	615,219,617
End of year	\$ 736,502,096	\$ 677,976,074

The accompanying notes are an integral part of these financial statements.

Oakland University
Statements of Cash Flows
Year Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Tuition	\$ 207,355,439	\$ 183,655,890
Grants and contracts	14,179,846	28,363,649
Payments to suppliers	(92,659,734)	(76,891,072)
Payments to employees	(256,549,523)	(245,947,134)
Payments for scholarships and fellowships	(387,375)	(8,494,686)
Loans issued to students	(512,794)	(200,311)
Collection of loans from students	243,787	352,038
Federal direct lending receipts	83,922,821	81,900,172
Federal direct lending disbursements	(83,922,821)	(81,900,172)
Auxiliary enterprise charges	36,291,275	33,970,570
Other receipts	17,189,773	19,884,214
Net cash from operating activities (Note 20)	<u>(74,849,306)</u>	<u>(65,306,842)</u>
Cash flows from noncapital financing activities		
State appropriations	73,727,492	70,193,002
Gifts and grants for other than capital purposes	39,982,447	29,109,370
Endowment gifts	8,000,699	3,301,848
Net cash from noncapital financing activities	<u>121,710,638</u>	<u>102,604,220</u>
Cash flows from capital financing activities		
Proceeds from capital debt	-	20,801,716
Capital appropriations	7,333,324	21,728,913
Proceeds from payments on leases	(840,623)	720,044
Purchases of capital assets	(32,292,557)	(52,760,429)
Principal paid on capital debt	(12,280,736)	(36,252,158)
Interest paid on capital debt	(16,056,925)	(16,636,802)
Net cash from capital financing activities	<u>(54,137,517)</u>	<u>(62,398,716)</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	40,361,536	94,398,622
Investment income	11,536,726	7,864,652
Purchase of investments	(47,918,092)	(107,867,420)
Net cash from investing activities	<u>3,980,170</u>	<u>(5,604,146)</u>
Net change in cash and cash equivalents	<u>(3,296,015)</u>	<u>(30,705,484)</u>
Cash and cash equivalents		
Beginning of year	48,374,971	79,080,455
End of year	<u>\$ 45,078,956</u>	<u>\$ 48,374,971</u>

The accompanying notes are an integral part of these financial statements.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

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

Organization

Oakland University (University) is an institution of higher education and is considered to be a component unit of the State of Michigan (State). Its Board of Trustees (Board) 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, capital improvements and grants from various Federal and State agencies.

Basis of Presentation

The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. The statements incorporate all fund groups utilized internally by the University. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The University follows the "business-type" activities requirements of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These statements require the following components of the University's financial statements:

- Management's Discussion and Analysis
- Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, and Statements of Cash Flows
- Notes to the financial statements

GASB Statements No. 34 and 35 establish standards for external financial reporting for public colleges and universities and require that resources be classified for accounting and reporting purposes into the following four net asset categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- Restricted:
 - Nonexpendable – Net position subject to externally imposed constraints which permanently restrict the University from expending such assets. Such assets include the University's permanent endowment funds.

Expendable – Net position where use by the University is subject to externally imposed constraints that can be fulfilled by actions of the University pursuant to those constraints or that expire by the passage of time.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

- Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the Board or may otherwise be limited by contractual agreements with outside parties. Substantially all of the unrestricted net position is designated for academic, research, and outreach programs and initiatives, postemployment benefits, operating and stabilization reserves, capital projects and capital asset renewals, and replacements.

GASB Statements No. 34 and 35 also require the University to report revenues net of discounts and allowances. Gift and grant revenues are recognized at the later of the pledge date or when the eligibility requirement of the gifts and grants are met.

Significant Accounting Policies

Cash and Cash Equivalents

The University considers all investments with an original maturity of 90 days or less when purchased to be cash equivalents. Restricted cash and cash equivalents consist of unexpended bond proceeds which are restricted for use as noted in the bond documents.

Cash Flow Reporting

For the purpose of presentation in the Statements of Cash Flows, cash and cash equivalents includes restricted cash.

Investments

Investments are stated at fair value.

Inventories

Inventories are stated at actual cost. The 2025 inventory did not include homes in the Meadow Brook Subdivision. In 2024 inventory included five homes in the Meadow Brook Subdivision owned by the University valued at \$1,061,500.

Physical Properties

Physical properties are stated at cost or, if acquired by gift, at acquired value at the date of acquisition. A capitalization threshold of \$5,000 is used for equipment. In addition, all equipment under a unit cost of \$5,000 purchased in bulk for a newly constructed building is capitalized and depreciated over seven years. Depreciation is computed using the straight-line method over the estimated useful life of the property. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The costs of maintenance and repairs are expended as incurred. The University does not capitalize certain works of art or historical treasures that are held for exhibition, education, research or public service. The following are asset classifications and the respective estimated useful lives:

<u>Classifications</u>	<u>Life</u>
Buildings	40 years
Land improvements and infrastructure	20 years
Library acquisitions	10 years
Equipment and software	7 years

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

Deferred Outflows of Resources

The Statements of Net Position include 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 expense until then. Deferred outflows of resources consist of differences between expected and actual experiences in the OPEB valuation in addition to contributions remitted to the University's retiree health care plan after the measurement date of the plan, interest rate swap accumulated change in fair value, and the deferral of the swap termination cost for the 2001 Bonds.

Unearned Revenue

Unearned revenue consists primarily of summer semester tuition not earned during the current year and contractual advances.

Deferred Inflows of Resources

The Statements of Net Position include 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 revenue until then. Deferred inflows of resources consist of other postemployment benefit (OPEB) assumption changes, beneficial interest in assets held by others, split interest agreements, deferred amortization on refunding of debt, and leasing arrangements.

Revenue Recognition

Operating revenues represent revenue earned from exchange transactions and consist of tuition, certain grants and contracts, departmental activities, auxiliary activities, and other miscellaneous revenues. Nonoperating revenues include State appropriations, gifts, certain grants, and investment income. When an expense is incurred for which both restricted and unrestricted net position are available, the University applies the restricted or unrestricted resources at its discretion.

Tuition revenue related to the summer semester is recognized in the fiscal year in which the semester is conducted.

Scholarship allowance is the difference between the stated charge for tuition and the amount paid by the student or third parties making payments on behalf of the student. Student financial aid such as fee waivers, Pell grants, and scholarship awards are considered to be scholarship allowances if used to pay tuition and room and board. These allowances are netted against tuition and auxiliary revenues in the Statements of Revenues, Expenses, and Changes in Net Position.

Funds are appropriated to the University for operations by the State covering the State's fiscal year, October 1 through September 30. The appropriation is for the University's fiscal year ending June 30 and is considered earned when appropriated.

Bond Issuance Costs

Bond issuance costs are expensed when incurred.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

Income Tax Status

The University is classified as a political subdivision of the State of Michigan under Section 115 of the Internal Revenue Code and is therefore exempt from federal income taxes. Certain activities of the University may be subject to taxation as unrelated business income.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Change in Accounting Estimate—Scholarship Discount Method

Effective in fiscal year 2025, the University changed its accounting for scholarship discounts to better reflect the specific allocation of institutional aid. Previously, the University used the alternate method, which estimated the portion of scholarships reducing tuition revenue. With the availability of a student information system, the University can now apply a specific identification method that more accurately distinguishes between institutional aid used to reduce tuition and fees (recorded as a discount to revenue) and amounts paid to students for other purposes (recorded as a student aid expense). The University believes this new method directly assigns institutional aid to tuition and fee charges, allowing for a more accurate reflection of institutional aid allocated to tuition discounts versus scholarship expense. The effect of this change in accounting estimate was to decrease scholarship and fellowship expense by \$6.9 million, with a corresponding decrease in net tuition and fee revenue of \$6.9 million for the year ended June 30, 2025. This change had no impact on the University's overall net position. The change was applied prospectively and has no effect on prior-period financial statements.

Upcoming Accounting Pronouncements

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. This Statement requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the University has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. This Statement requires that capital assets held for sale be evaluated each reporting period. The statement requires disclosure of (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2026.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A) enhanced with detailed analyses that explains why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. Additionally, this Statement requires additional disclosures and discussion of unusual or infrequent items, presentation of proprietary fund statement of revenues, expenses and changes in fund net position, major component unit information, budgetary comparison information, and financial trends information in the statistical section. The University is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2026.

Adoption of New Standards

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of government financial statements with essential information about risks related to vulnerabilities due to certain concentrations or constraints. As a result, an assessment will be required to determine whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the vulnerability to the risk of a substantial impact. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025. The adoption of this guidance by the University did not have a material impact on the financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which replaces GASB 16, *Accounting Compensated Absences* to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The provisions of this statement are effective for the University's financial statements for the year ending June 30, 2025. The adoption of this guidance by the University did not have a material impact on the financial statements.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

1. Organization, Basis of Presentation, and Significant Accounting Policies (continued)

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections* to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. Provisions of this statement are effective for the University's financial statements for the year ending June 30, 2024. The adoption of this guidance by the University did not have a material impact on the financial statements.

2. Investments and Deposits with Financial Institutions

Operating cash is pooled into investments and deposits, which are uninsured and uncollateralized. This pool is administered according to the University's "Working Capital Management and Investment Policy." The University's working capital is divided into three investment groups: short-term, intermediate-term, and long-term investments. Short-term investments are immediately available for use and have an average maturity of one year or less. Intermediate-term investments are liquid within five business days or less and have an average maturity of no more than five years. Long-term investments are liquid within 20 business days or less and have average maturities over five years. The long-term investment asset class is limited to 30% of the total investment pool and includes equities. All investment classes are rated investment grade or better by at least one rating agency.

The working capital at June 30, 2025 does not involve any concentration of credit risk as investments in any one entity, except the United States Government or its agencies, may not exceed 5% of the total investment pool. For non-amortizing securities, the maturity of any single debt instrument shall not exceed 15 years. No more than 50% of equity and bond investments are assigned to a single investment manager.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

2. Investments and Deposits with Financial Institutions (continued)

The University's working capital consists of the following as of June 30, 2025 and 2024:

		Investment Maturities (In Years)				
June 30, 2025	Fair Market Value	<1 Year	1-5 years	6-10 years	>10 years	N/A
University Working Capital						
Cash and Cash Equivalents	\$ 45,005,451	\$ 45,005,451	\$ -	\$ -	\$ -	\$ -
Commonfund						
Intermediate Bond Fund	66,667,761	7,600,125	57,667,613	1,220,020	180,003	-
High Quality Bond Fund	55,358,881	2,125,781	24,058,970	19,868,302	9,305,828	-
Contingent Asset Portfolio	53,099,892	5,336,539	26,491,536	15,552,959	5,718,858	-
Core Equity Fund	30,260,251	-	-	-	-	30,260,251
Strategic Equity Fund	46,498,812	-	-	-	-	46,498,812
Fidelity	244,098	-	-	-	-	244,098
Cash with Trustees	73,505	73,505	-	-	-	-
Operating investments	\$ 297,208,651	\$ 60,141,401	\$108,218,119	\$ 36,641,281	\$15,204,689	\$ 77,003,161

As Reported on the Statement of Net Position

Cash and cash equivalents	\$ 45,005,451
Restricted cash and cash equivalents	73,505
Other long-term investments	252,129,695
	<u>\$ 297,208,651</u>

		Investment Maturities (In Years)				
June 30, 2024	Fair Market Value	<1 Year	1-5 years	6-10 years	>10 years	N/A
University Working Capital						
Cash and Cash Equivalents	\$ 45,830,085	\$ 45,830,085	\$ -	\$ -	\$ -	\$ -
Commonfund						
Intermediate Bond Fund	63,012,472	3,072,067	57,233,112	2,347,390	359,903	-
High Quality Bond Fund	50,504,632	1,700,430	16,685,426	22,132,016	9,986,760	-
Contingent Asset Portfolio	50,160,151	14,677,030	24,374,701	6,607,087	4,501,333	-
Core Equity Fund	28,776,370	-	-	-	-	28,776,370
Strategic Equity Fund	39,382,644	-	-	-	-	39,382,644
Fidelity	213,548	-	-	-	-	213,548
Cash with Trustees	2,544,886	2,544,886	-	-	-	-
Operating investments	\$ 280,424,788	\$ 67,824,498	\$ 98,293,239	\$ 31,086,493	\$14,847,996	\$ 68,372,562

As Reported on the Statement of Net Position

Cash and cash equivalents	\$ 45,830,085
Restricted cash and cash equivalents	2,544,886
Other long-term investments	232,049,817
	<u>\$ 280,424,788</u>

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

2. Investments and Deposits with Financial Institutions (continued)

Investment duration describes the level of interest rate risk in the portfolio. Changes in interest rates over time can impact the market value of the fixed income portion of the portfolio. At June 30, 2025, the Commonfund Intermediate Term Bond Fund had a duration of 2 years and an average credit quality of AA. The Commonfund Contingent Asset Portfolio had a duration of 2.2 years and an average credit quality of AA+. The Commonfund High Quality Bond Fund had a duration of 5.9 years and average credit quality of AA-. At June 30, 2024, the Commonfund Intermediate Term Bond Fund had a duration of 2 years and an average credit quality of AA. The Commonfund Contingent Asset Portfolio had a duration of 1.6 years and an average credit quality of AA+. The Commonfund High Quality Bond fund had a duration of 6.3 years and an average credit quality of AA-.

For deposits, custodial credit risk is present if the deposits are not covered by depository insurance and are 1) uncollateralized; 2) collateralized with securities held by the pledging financial institution; or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the University's name. The carrying amount of deposits, excluding investments classified as cash equivalents, was \$22,313,585 at June 30, 2025 and \$19,358,619 at June 30, 2024. The deposits were reflected in the accounts of the banks at \$23,092,448 at June 30, 2025 and \$23,005,201 at June 30, 2024. Of the bank balance, \$22,589,010 at June 30, 2025 and \$22,690,619 at June 30, 2024 was uninsured and uncollateralized.

As of June 30, 2025 and June 30, 2024, the University's working capital is not exposed to foreign currency risk.

These working capital funds produced a net rate of return of 7.1% and 8.4% for the years ended June 30, 2025 and 2024, respectively.

The University's endowment investments are administered according to the University's "Endowment Management and Investment Policy." The investment policy seeks to diversify investments among asset classes to provide a strategic asset allocation that enhances total returns and avoids undue credit risk exposure in any single asset class or investment category. The "Endowment Management and Investment Policy" restricts fixed income investments to "high quality" (primarily A to AAA rated) corporate bonds, U.S. Treasury, and agency securities or issues of supranational organizations and foreign sovereigns and no more than 20% of the fixed income portfolio may be invested in securities rated less than BBB or that are illiquid.

These endowment investment funds are uninsured and uncollateralized and produced a total net return of 12.9% and 13.7% for the years ended June 30, 2025 and 2024, respectively.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

2. Investments and Deposits with Financial Institutions (continued)

University endowment funds consist of the following as of June 30, 2025 and 2024:

		Investment Maturities (In Years)				
June 30, 2025	Total	<1 Year	1-5 years	6-10 years	>10 years	N/A
UBS Endowment Investment Pool						
Large Cap Value	\$ 26,635,851	\$ 526,419	\$ -	\$ -	\$ -	\$ 26,109,432
Large Cap Growth	40,341,500	238,088	-	-	-	40,103,412
Mid Cap Value	6,272,575	-	-	-	-	6,272,575
Mid Cap Growth	12,888,679	-	-	-	-	12,888,679
Small Cap Core	8,050,183	17	-	-	-	8,050,166
Small Cap Growth	4,173,339	-	-	-	-	4,173,339
International Value	5,193,832	-	-	-	-	5,193,832
International Growth	7,935,061	84	-	-	-	7,934,977
Developing Markets	6,242,610	2	-	-	-	6,242,608
Fixed Income Core	19,883,368	1,475,594	6,233,660	7,337,267	4,836,847	-
Fixed Income Mutual Fund	4,102,998	-	-	4,102,998	-	-
High Yield Bonds	2,712,627	370,799	1,736,147	556,744	48,937	-
Hedge Funds	4,842,182	-	-	-	-	4,842,182
Private Equity	15,588,344	-	-	-	-	15,588,344
Money Market Funds	2,995,266	2,995,266	-	-	-	-
	\$167,858,415	\$ 5,606,269	\$ 7,969,807	\$11,997,009	\$ 4,885,784	\$137,399,546

		Investment Maturities (In Years)				
June 30, 2024	Total	<1 Year	1-5 years	6-10 years	>10 years	N/A
UBS Endowment Investment Pool						
Large Cap Value	\$ 24,616,032	\$ 291,777	\$ -	\$ -	\$ -	\$ 24,324,255
Large Cap Growth	36,617,188	203,747	-	-	-	36,413,441
Mid Cap Value	6,749,173	-	-	-	-	6,749,173
Mid Cap Growth	13,054,055	-	-	-	-	13,054,055
Small Cap Core	8,145,852	-	-	-	-	8,145,852
Small Cap Growth	4,282,157	-	-	-	-	4,282,157
International Value	4,320,033	-	-	-	-	4,320,033
International Growth	6,883,519	-	-	-	-	6,883,519
Developing Markets	5,392,643	-	-	-	-	5,392,643
Fixed Income Core	15,295,173	828,838	4,061,789	4,243,349	4,225,359	1,935,838
Fixed Income Mutual Fund	3,788,694	-	-	-	-	3,788,694
High Yield Bonds	2,535,162	357,564	1,533,536	523,645	120,417	-
Hedge Funds	4,039,641	-	-	-	-	4,039,641
Private Equity	15,710,376	-	-	-	-	15,710,376
Money Market Funds	45,231	45,231	-	-	-	-
	\$151,474,929	\$ 1,727,157	\$ 5,595,325	\$ 4,766,994	\$ 4,345,776	\$135,039,677

The fixed income investments within the Endowment pool have a fair market value of \$26.7 million as of June 30, 2025. The breakdown of market value, related percentage of the overall endowment pool and associated credit quality for the fixed income investments is as follows: \$4.0 million (2.4%) rated AAA, \$6.6 million (4.0%) rated AA+, \$9.4 million (5.6%) rated A-, \$4.1 million (2.4%) rated BBB and \$2.6 million (1.5%) rated BB. Money market funds carry credit ratings of A-1, P-1, and F-1.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

2. Investments and Deposits with Financial Institutions (continued)

The University is not exposed to foreign currency risk within the endowment investment balance as of June 30, 2025.

The private equity investment's estimated fair value as measured by net asset value is \$15,588,344 as of June 30, 2025. Hedge fund investments are estimated at a net asset value of \$4,842,182 as of June 30, 2025. As of June 30, 2024, the private equity investment's estimated net asset value is \$15,710,376. Hedge fund investments are estimated at a net asset value of \$4,039,641. Estimated net asset values and returns are reviewed by the UBS Alternative Investments U.S. Team through the University's endowment investment adviser UBS Financial Services, Inc.

Fair value is most often determined by open market prices except for the private equity and hedge funds. The estimated fair values are provided by external investment managers and advisers as of June 30, 2025. Alternative investments are not readily marketable; therefore, their estimated value may differ from the value that would have been used had a ready market value for such investments existed.

For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan, permits the University to appropriate an amount of realized and unrealized endowment appreciation as determined to be prudent. The majority (91%) of the endowment investment pool can be liquidated within 90 days or less at fair market value.

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 the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs that reflect a company's own assessment about the assumptions that market participants would use in pricing an asset or liability.

The fair value of various debt securities held at June 30, 2025 and 2024 was determined primarily 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.

The investment objective of the Core Equity Fund is to outperform its benchmark, the S&P 500 Index, over a full market cycle while managing risk through diversification of manager allocations. The Core Equity Fund consists principally of investments where the emphasis is on companies that the managers perceive to have values not fully reflected in current market prices. This fund uses Sub-Advisers who select stocks using quantitative and bottom-up fundamental analysis. The fund will provide access to large capitalization and, to a lesser extent, mid-capitalization companies.

The investment objective of the Equity Index Fund is replicating the performance of the S&P 500 Index Capitalization Weighted. The Equity Index Fund relies on a replication approach, accumulating all the securities in the relevant index. Replication is subject to managed exceptions to reduce transaction costs by avoiding odd lot purchases. Transactions are designated to be cost effective and "nearly right" without precisely replicating index weights.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

2. Investments and Deposits with Financial Institutions (continued)

The investment objective of the High Quality Bond Fund is to outperform its benchmark, the Bloomberg Barclays U. S. Aggregate Index, over a full market cycle while managing risk through diversification of manager allocations. This fund will consist of investments that are chosen by managers because of their emphasis on securities they believe to be of high credit quality and highly liquid. The securities in the fund will consist primarily of U.S. Treasury and Agency issues, corporate bonds, mortgage bonds and other asset-backed securities.

Hedge funds in the Endowment portfolio utilize a diversified strategy approach by mixing managers focused on Fund of Funds investments, to managers focused on specific sectors, such as credit or commodities. Within the Fund of Funds, manager's investment intent is further marginalized into event driven, opportunistic trading, as well as industry specific preferences.

	Fair Value as of 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:				
Other Long-term Investments:				
Commonfund				
Intermediate Bond Fund	\$ 66,667,761	\$ 4,446,740	\$ 62,221,021	\$ -
High Quality Bond Fund	55,358,881	2,463,470	52,895,411	-
Contingent Asset Portfolio	53,099,892	2,378,875	50,721,017	-
Core Equity Fund	28,689,744	28,689,744	-	-
Strategic Equity Fund	2,390,039	2,390,039	-	-
Fidelity	244,098	244,098	-	-
	<u>206,450,415</u>	<u>40,612,966</u>	<u>165,837,449</u>	<u>-</u>
Endowment Investment:				
Large Cap Value	26,635,851	26,635,851	-	-
Large Cap Growth	40,341,500	40,341,500	-	-
Mid Cap Value	6,272,575	6,272,575	-	-
Mid Cap Growth	12,888,679	12,888,679	-	-
Small Cap Core	8,050,183	8,050,183	-	-
Small Cap Growth	4,173,339	4,173,339	-	-
International Value	5,193,832	5,193,832	-	-
International Growth	7,935,061	7,935,061	-	-
Developing Markets	6,242,610	6,242,610	-	-
Fixed Income Core	19,883,368	19,883,368	-	-
Fixed Income Mutual Fund	4,102,998	4,102,998	-	-
High Yield Bonds	2,712,627	2,712,627	-	-
Money Market Funds	2,995,266	2,995,266	-	-
	<u>147,427,889</u>	<u>147,427,889</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 353,878,304</u>	<u>\$ 188,040,855</u>	<u>\$ 165,837,449</u>	<u>\$ -</u>
Investments measured at the net asset value (NAV)				
	June 30, 2025	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Core Equity Fund	\$ 1,570,507	\$ -	Weekly	5 Days
Equity Index Fund	44,108,773	-	Weekly	5 Days
Hedge Funds	4,842,182	-	Quarterly	7-105 Days
Private Equity	15,588,344	1,029,432	Not Applicable	Not Applicable
Total investments measured at NAV	<u>66,109,806</u>	<u>1,029,432</u>		
Total	<u>\$ 419,988,110</u>	<u>\$ 1,029,242</u>		
As Reported on the Statement of Net Position				
Endowment investments	\$ 167,858,415			
Other long-term investments	252,129,695			
Total	<u>\$ 419,988,110</u>			

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

2. Investments and Deposits with Financial Institutions (continued)

Most of the funds align into the low volatility category with the objective to participate consistently in up markets and provide favorable performance to the broader markets during depressed or down-market cycles.

	Fair Value as of 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:				
Other Long-term Investments:				
Commonfund				
Intermediate Bond Fund	\$ 63,012,472	\$ 1,417,781	\$ 61,594,691	\$ -
High Quality Bond Fund	50,504,632	1,060,597	49,444,035	-
Contingent Asset Portfolio	50,160,151	2,051,550	48,108,601	-
Core Equity Fund	27,562,007	27,562,007	-	-
Strategic Equity Fund	886,109	886,109	-	-
Fidelity	213,548	213,548	-	-
	<u>192,338,919</u>	<u>33,191,592</u>	<u>159,147,327</u>	<u>-</u>
Endowment Investment:				
Large Cap Value	24,616,032	24,616,032	-	-
Large Cap Growth	36,617,188	36,617,188	-	-
Mid Cap Value	6,749,173	6,749,173	-	-
Mid Cap Growth	13,054,055	13,054,055	-	-
Small Cap Core	8,145,852	8,145,852	-	-
Small Cap Growth	4,282,157	4,282,157	-	-
International Value	4,320,033	4,320,033	-	-
International Growth	6,883,519	6,883,519	-	-
Developing Markets	5,392,643	5,392,643	-	-
Fixed Income Core	15,295,173	15,295,173	-	-
Fixed Income Mutual Fund	3,788,694	3,788,694	-	-
High Yield Bonds	2,535,162	2,535,162	-	-
Money Market Funds	45,231	45,231	-	-
	<u>131,724,912</u>	<u>131,724,912</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 324,063,831</u>	<u>\$ 164,916,504</u>	<u>\$ 159,147,327</u>	<u>\$ -</u>

Investments measured at the net asset value (NAV)

	June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Core Equity Fund	\$ 1,214,363	\$ -	Weekly	5 Days
Equity Index Fund	38,496,535	-	Weekly	5 Days
Hedge Funds	4,039,641	-	Quarterly	7-105 Days
Private Equity	15,710,376	1,281,308	Not Applicable	Not Applicable
Total investments measured at NAV	<u>59,460,915</u>	<u>1,281,308</u>		
Total	<u>\$ 383,524,746</u>	<u>\$ 1,281,308</u>		

As Reported on the Statement of Net Position

Endowment investments	\$ 151,474,929
Other long-term investments	232,049,817
Total	<u>\$ 383,524,746</u>

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

3. Accounts Receivable

Accounts receivable consist of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Tuition	\$ 5,387,393	\$ 6,501,024
Auxiliary enterprises	1,617,585	1,211,600
Contracts and grants	5,699,115	5,245,860
Other receivables	17,859,833	19,641,298
Total accounts receivable	<u>30,563,926</u>	<u>32,599,782</u>
Less: Allowance for doubtful accounts	<u>(4,637,942)</u>	<u>(3,267,592)</u>
Total accounts receivable, net	<u>\$ 25,925,984</u>	<u>\$ 29,332,190</u>

4. Leases Receivable

As prescribed in GASB 87, the University includes a receivable for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. The University leases certain assets to various third parties. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease receivable. As of June 30, 2025 and 2024, the University had \$4,024,987 and \$2,370,667 in leases receivable, respectively.

In January 2015, the University entered into a lease for its Sports Dome. Under the lease, the lessee pays the University \$30,519 monthly in exchange for operating its business within a 107,800 square foot multipurpose domed athletic facility to provide youth and adult teams, leagues, clubs, organizations, and individuals an area for indoor sports practices, sports camps and events, and athletic performance training. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.67%. In fiscal year 2025, the University recognized \$314,156 in lease revenue and \$61,760 of interest revenue under the lease. As of June 30, 2025 and 2024, the University had \$1,517,000 and \$1,821,467 in leases receivable, respectively for the Sports Dome.

In October 2014, the University entered into a lease for its Amphitheater. The lease was amended and remeasured as of January 1, 2025. Under the amended lease, the lessee pays the University \$175,000 annually in exchange for operating its business within a certain area on the University's campus that is commonly known as the Amphitheater to provide a variety of live entertainment attractions. The Amphitheater includes all of the University's buildings, fixtures, furnishings, dedicated equipment, grounds and parking areas contained thereon. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2025, the University recognized \$163,983 in lease revenue and \$30,019 of interest revenue under the lease. As of June 30, 2025 and 2024, the University had \$1,362,602 and \$81,624 in leases receivable, respectively for the Amphitheater.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

4. Leases Receivable (continued)

In July 2023, the University entered into a lease for its Meadow Brook Theatre. Under the lease, the lessee pays the University \$2,687.46 per production week with a minimum of 37 productions annually in exchange for operating its business within the Meadow Brook Theatre auditorium and related spaces to present theatre productions and operate the Meadow Brook Theatre as a local producing house and as a member of the League of Resident Theatres. Fixed rent will increase an additional 2% at July 1 each Agreement Year thereafter. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2025, the University recognized \$93,259 in lease revenue and \$5,234 of interest revenue under the lease. As of June 30, 2025 and 2024, the University had \$96,586 and \$188,838 in leases receivable, respectively for the Meadow Brook Theatre.

In June 2023, the University entered into a lease for space to operate the Oakland University Gear Shop. Under the lease, the lessee pays the University a capital investment expense of \$35,000, a signing bonus of \$3,000 annually, scholarship contribution of \$2,000 annually, and guaranteed commissions of \$70,000 annually in exchange for operating its business within a 10,000 square foot space in the Oakland Center. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2025, the University recognized \$74,470 in lease revenue and \$8,991 of interest revenue under the lease. As of June 30, 2025 and 2024, the University had \$212,729 and \$278,738 in leases receivable, respectively for the Oakland University Gear Shop.

In January 2025, the University entered into a lease for space at the Oakland West Center. Under the lease, the lessee pays the University \$27,600 annually in exchange for the exclusive use of one suite and the nonexclusive use of a conference room and building common spaces. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2025, the University recognized \$13,069 in lease revenue and \$1,306 of interest revenue under the lease. As of June 30, 2025 and 2024, the University had \$65,918 and \$0 in leases receivable, respectively for the Oakland West Center.

In April 2025, the University entered into a lease for space at the Oakland West Center. Under the lease, the lessee pays the University \$176,508 annually in exchange for the exclusive use of 8,610 square feet of office space and the nonexclusive use of building common spaces. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.57%. In fiscal year 2025, the University recognized \$40,359 in lease revenue and \$7,090 of interest revenue under the lease. As of June 30, 2025 and 2024, the University had \$770,152 and \$0 in leases receivable, respectively for the Oakland West Center.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

4. Leases Receivable (continued)

Variable payments received related to the University's lease agreements during 2025 and 2024 were not significant. The University does not have any significant agreements to lease assets from other entities. Future principal and interest payment requirements related to the University's leases receivable at June 30, 2025 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 783,549	\$ 135,244	\$ 918,793
2027	712,211	108,122	820,333
2028	724,483	82,050	806,533
2029	660,852	56,881	717,733
2030	466,415	34,078	500,493
2031 and beyond	677,477	62,523	740,000
Total	<u>\$ 4,024,987</u>	<u>\$ 478,898</u>	<u>\$ 4,503,885</u>

5. Appropriations Receivable

In fiscal year 2025, the annual State operating appropriation paid to the University was made in 11 monthly installments from October through August, as approved in the State of Michigan 2024-2025 Higher Education Appropriation Act totaling \$74,047,200. Consistent with State of Michigan legislation, the University accrued, as of the end of its fiscal year, the payments to be received in July and August. As of June 30, 2025, the accrual of the July and August State operating appropriation payments created an appropriation receivable of \$13,463,122.

Capital appropriation is paid to the University on a cost reimbursement basis for the renovation of South Foundation Hall from the State Building Authority. The University incurred \$3,588,680 of reimbursable cost for the year ended June 30, 2025.

In fiscal year 2024, the annual State operating appropriation paid to the University was made in 11 monthly installments from October through August, as approved in the State of Michigan 2023-2024 Higher Education Appropriation Act totaling \$72,288,800. Consistent with State of Michigan legislation, the University accrued, as of the end of its fiscal year, the payments to be received in July and August. As of June 30, 2024, the accrual of the July and August State operating appropriation payments created an appropriation receivable of \$13,143,414.

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6. Pledges Receivable

Pledges receivable consist of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Pledges outstanding		
Unrestricted	\$ 2,895	\$ 3,782
Restricted expendable	<u>3,329,416</u>	<u>3,104,941</u>
Total pledges outstanding	<u>3,332,311</u>	<u>3,108,723</u>
Less:		
Allowance for doubtful pledges	(333,231)	(310,872)
Present value discount	<u>(360,654)</u>	<u>(337,781)</u>
Total pledges outstanding, net	<u>2,638,426</u>	<u>2,460,070</u>
Less: Current portion, net	<u>(1,137,806)</u>	<u>(915,971)</u>
Noncurrent portion, net	<u>\$ 1,500,620</u>	<u>\$ 1,544,099</u>

Pledges receivable from donors are recorded at net present value less allowances for doubtful accounts. As of June 30, 2025 and 2024, the interest rate used to discount pledges to present value was 5%. The aggregate allowance for doubtful accounts was 10% net of discount at June 30, 2025 and 2024. Payments on pledges receivable as of June 30, 2025 are expected to be received in the following years:

Past due	\$ 187,911
Due in one year	1,076,302
Due in two-five years	1,530,042
Thereafter	<u>538,056</u>
Total	<u>\$ 3,332,311</u>

Bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met because of uncertainties with regard to their reliability and valuation. As of June 30, 2025, and 2024, the University had \$38,398,926 and \$37,372,857, respectively, in conditional pledge commitments receivable not included in the accompanying financial statements.

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7. Student Loans Receivable

Student loans receivable consist of the following as of June 30, 2025 and 2024:

	2025	2024
Student loans		
Federal loan programs	\$ 845,948	\$ 644,072
University loan funds	284,143	218,447
	1,130,091	862,519
Less: Allowance for doubtful loans	(1,000)	(1,000)
Total student loans, net	1,129,091	861,519
Less: Current portion, net	(287,371)	(220,981)
Noncurrent portion, net	\$ 841,720	\$ 640,538

In addition, the University distributed \$83,922,821 and \$81,900,172 for the years ended June 30, 2025 and 2024, respectively, for student loans through the U.S. Department of Education Federal Direct Loan program. These distributions and related funding sources are not included as expenses and revenues in the accompanying financial statements, but are reflected in the University's Statements of Cash Flows.

The Perkins loan program expired on September 30, 2017, which ended the issuance of new loans under this program, and disallowed any new disbursements after June 30, 2018. During the year ended June 30, 2024, the University liquidated the Perkins loan program and assigned all outstanding loans to the U.S. Department of Education.

8. Hedging Derivative Instruments

The University follows the provisions of GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The derivatives are valued using an independent pricing service. The following provides a description of each swap agreement.

2008 Interest Rate Swap Agreement

In connection with the 2008 Bonds, the University entered into an interest rate hedging swap agreement (2008 Swap) with Dexia Credit Local, New York Branch in an initial notional amount of \$53,280,000 effective June 13, 2008, the purpose of which is to synthetically fix interest rates on the 2008 Bonds. The agreement swaps the University's variable rate for a fixed rate of 3.37% and was based on 67% of U.S. Dollar LIBOR. Effective July 1, 2023, the LIBOR rate was replaced with the Secured Overnight Financing Rate (SOFR). The notional amount declines over time and terminates March 1, 2031. The notional amount as of June 30, 2025 was \$29,705,000. Under the 2008 Swap agreement, the University pays a synthetic fixed rate of 3.37%. No amounts were paid or received when the 2008 Swap was initiated.

The University is currently making payments under the 2008 Swap agreement. The estimated fair value of the 2008 Swap as of June 30, 2025 and 2024 was (\$962,804) and (\$658,095), respectively. These fair values are reflected as Derivative Instruments – swap liability on the Statements of Net Position. The fair value of the hedging derivative instrument classified as Level 2 (significant other observable inputs) at June 2025 and 2024 were valued based on 67% of U.S. Dollar SOFR and LIBOR respectively, and represents the estimated amount that the University would pay to terminate

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8. Hedging Derivative Instruments (continued)

the 2008 Swap (termination risk), considering current interest rates and creditworthiness of the underlying counterparty. In accordance with GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the 2008 Swap is treated as an Effective Hedging Derivative Instrument. The accumulated change in fair value is recorded as a deferred outflow of resources.

The University is exposed to credit risk, which is the risk that the counterparty will not fulfill its obligations. The 2008 Swap includes collateral requirements intended to mitigate credit risk. The University is required to post collateral under the agreement when the fair value is less than a negative \$5,000,000 at the University's current credit rating. As of June 30, 2025, and June 30, 2024, there was no collateral posted by the University. The counterparty's credit rating from Moody's Investors Service was Baa3.

Additionally, the 2008 Swap exposes the University to basis risk, which is the risk that arises when variable interest rates on a derivative and an associated bond or other interest-paying financial instruments are based on different indexes. The University is also exposed to interest rate risk which is the risk that as the swap index decreases, the University's net payment on the 2008 Swap increases.

The 2008 Swap is based on an International Swaps and Derivatives Association, Inc. Master Agreement, which includes standard termination events such as failure to pay and bankruptcy, or termination risk. In addition, the Master Agreement includes additional termination events. If the 2008 Swap is terminated, the 2008 Bonds will no longer carry a synthetic interest rate, and the University may be required to pay an amount equal to the fair value if it is negative.

9. Capital Assets

The following tables present the changes in the various capital asset categories for the University for fiscal years 2025 and 2024:

Asset Classification	Balance June 30, 2024	Additions	Reductions/ Transfers	Balance June 30, 2025
Land	\$ 8,658,299	\$ -	\$ -	\$ 8,658,299
Land improvements and infrastructure	99,343,189	3,311,701	-	102,654,890
Buildings	797,856,361	94,222,831	-	892,079,192
Equipment	80,302,652	4,836,706	1,601,000	83,538,358
Library acquisitions	24,947,136	120,323	1,002,642	24,064,817
Right to use subscriptions	9,174,932	3,383,308	2,506,115	10,052,125
Construction in progress	121,700,292	23,262,103	101,339,174	43,623,221
Total	1,141,982,861	129,136,972	106,448,931	1,164,670,902
Accumulated depreciation				
Land improvements and infrastructure	(65,569,915)	(3,664,205)	-	(69,234,120)
Buildings	(295,076,860)	(19,868,572)	-	(314,945,432)
Equipment	(66,117,887)	(4,368,322)	(1,186,379)	(69,299,830)
Library acquisitions	(24,005,061)	(238,833)	(1,002,642)	(23,241,252)
Right to use subscriptions	(4,735,235)	(2,859,533)	(2,506,115)	(5,088,653)
Total	(455,504,958)	(30,999,465)	(4,695,136)	(481,809,287)
Total capital assets, net	\$ 686,477,903	\$ 98,137,507	\$ 101,753,795	\$ 682,861,615

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9. Capital Assets (continued)

Asset Classification	Balance June 30, 2023	Additions	Reductions/ Transfers	Balance June 30, 2024
Land	\$ 8,658,299	\$ -	\$ -	\$ 8,658,299
Land improvements and infrastructure	98,876,634	466,555	-	99,343,189
Buildings	796,490,825	1,365,536	-	797,856,361
Equipment	78,861,535	2,931,827	1,490,710	80,302,652
Library acquisitions	24,887,536	110,906	51,306	24,947,136
Right to use subscriptions	7,001,722	2,173,210	-	9,174,932
Construction in progress	77,355,993	45,730,774	1,386,475	121,700,292
Total	<u>1,092,132,544</u>	<u>52,778,808</u>	<u>2,928,491</u>	<u>1,141,982,861</u>
Accumulated depreciation				
Land improvements and infrastructure	(61,962,652)	(3,607,263)	-	(65,569,915)
Buildings	(276,449,822)	(18,627,038)	-	(295,076,860)
Equipment	(63,005,387)	(4,504,892)	(1,392,392)	(66,117,887)
Library acquisitions	(20,864,484)	(3,191,883)	(51,306)	(24,005,061)
Right to use subscriptions	(2,253,654)	(2,481,581)	-	(4,735,235)
Total	<u>(424,535,999)</u>	<u>(32,412,657)</u>	<u>(1,443,698)</u>	<u>(455,504,958)</u>
Total capital assets, net	<u>\$ 667,596,545</u>	<u>\$ 20,366,151</u>	<u>\$ 1,484,793</u>	<u>\$ 686,477,903</u>

10. State Building Authority

Certain University facilities, including South Foundation Hall, the School of Education and Human Services Building (Pawley Hall), the Business and Technology Building (Elliott Hall), the Human Health Building, and the Engineering Center have been financed in part by State Building Authority (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 Institution. While the SBA bonds are outstanding, the SBA will hold title to the respective buildings, the State of Michigan will make annual payments to the SBA for SBA's bond payments, and the University records the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA transfers title of the building to the institution.

11. Cash Surrender Value of Life Insurance Policies

Included in other assets are the cash surrender value of life insurance policies in the amount of \$638,828 and \$643,058 for 2025 and 2024, respectively. The face value of these life insurance policies totaled \$7,933,072 and \$7,933,072 in 2025 and 2024, respectively.

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Notes to Financial Statements
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12. Deferred Outflows of Resources

As of June 30, 2025, the University recorded deferred outflows of \$6,201,581, which includes \$962,805 for the accumulated change in fair value of the 2008 Swap, and \$5,238,776 for differences between expected and actual experiences in the OPEB valuation in addition to contributions remitted to the University's retiree health care plan after the measurement date of the plan as discussed in Note 14. As of June 30, 2024, the University recorded deferred outflows of \$7,237,766, which includes \$658,096 for the accumulated change in fair value of the 2008 Swap, and \$6,579,670 for differences between expected and actual experiences in the OPEB valuation in addition to contributions remitted to the University's retiree health care plan after the measurement date of the plan as discussed in Note 14.

13. Long-Term Liabilities

Long-term liabilities consist of the following as of June 30, 2025 and 2024:

	Balance June 30, 2024	Additions/ Transfers	Reductions	Balance June 30, 2025	Current Portion
Note and installment purchase agreements payable	\$ 4,264,022	\$ -	\$ 1,161,303	\$ 3,102,719	\$ 1,206,029
General revenue bonds:					
Series 2024A bonds	18,810,000	-	1,030,000	17,780,000	905,000
Unamortized premium	1,959,116	-	222,126	1,736,990	215,584
Series 2022B bonds	43,670,000	-	1,185,000	42,485,000	1,255,000
Unamortized premium	4,132,434	-	375,472	3,756,962	360,801
Series 2022A bonds	30,950,000	-	455,000	30,495,000	480,000
Unamortized premium	4,404,727	-	391,341	4,013,386	389,769
Series 2019 bonds	75,175,000	-	1,450,000	73,725,000	1,500,000
Unamortized premium	14,050,847	-	959,756	13,091,091	929,480
Series 2016 bonds	100,790,000	-	2,435,000	98,355,000	2,555,000
Unamortized premium	12,009,790	-	923,879	11,085,911	880,735
Series 2013B bonds	4,360,000	-	2,140,000	2,220,000	2,220,000
Series 2008 bonds	31,870,000	-	2,165,000	29,705,000	2,255,000
2014 Certificates of participation	9,935,000	-	905,000	9,030,000	1,060,000
Unamortized premium	535,945	-	118,853	417,092	108,027
Total note, installment agreement, and bonds payable	356,916,881	-	15,917,730	340,999,151	16,320,425
Other liabilities:					
Subscription liability	3,398,992	3,383,308	2,737,742	4,044,558	2,114,592
Compensated absences	7,772,740	1,425,400	965,993	8,232,147	812,552
Annuities payable and other	2,161,212	152,312	1,729,645	583,879	121,032
Total other liabilities	13,332,944	4,961,020	5,433,380	12,860,584	3,048,176
Total long-term liabilities	\$ 370,249,825	\$ 4,961,020	\$ 21,351,110	\$ 353,859,735	\$ 19,368,601
Total long-term liabilities	\$ 370,249,825			\$ 353,859,735	
Less current portion	19,211,291			19,368,601	
Noncurrent portion	\$ 351,038,534			\$ 334,491,134	

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13. Long-Term Liabilities (continued)

	Balance June 30, 2023	Additions/ Transfers	Reductions	Balance June 30, 2024	Current Portion
Note and installment purchase agreements payable	\$ 5,382,258	\$ -	\$ 1,118,236	\$ 4,264,022	\$ 1,161,303
General revenue bonds:					
Series 2024A bonds	-	18,810,000	-	18,810,000	1,030,000
Unamortized premium	-	1,991,716	32,600	1,959,116	222,126
Series 2022B bonds	44,795,000	-	1,125,000	43,670,000	1,185,000
Unamortized premium	4,522,291	-	389,857	4,132,434	375,472
Series 2022A bonds	31,390,000	-	440,000	30,950,000	455,000
Unamortized premium	4,797,767	-	393,040	4,404,727	391,341
Series 2019 bonds	76,555,000	-	1,380,000	75,175,000	1,450,000
Unamortized premium	15,039,072	-	988,225	14,050,847	959,756
Series 2016 bonds	103,105,000	-	2,315,000	100,790,000	2,435,000
Unamortized premium	12,976,178	-	966,388	12,009,790	923,879
Series 2014 bonds	21,330,000	-	21,330,000	-	-
Unamortized premium	1,809,310	-	1,809,310	-	-
Series 2013B bonds	6,435,000	-	2,075,000	4,360,000	2,140,000
Series 2008 bonds	33,950,000	-	2,080,000	31,870,000	2,165,000
Series 1998 variable rate demand bonds	3,720,000	-	3,720,000	-	-
2014 Certificates of participation	10,695,000	-	760,000	9,935,000	905,000
Unamortized premium	663,890	-	127,945	535,945	118,853
Total note, installment agreement, and bonds payable	<u>377,165,766</u>	<u>20,801,716</u>	<u>41,050,601</u>	<u>356,916,881</u>	<u>15,917,730</u>
Other liabilities:					
Subscription liability	3,307,912	2,173,210	2,082,130	3,398,992	1,774,394
Compensated absences	7,501,546	1,440,744	1,169,550	7,772,740	941,509
Annuities payable and other	2,410,327	9,710	258,825	2,161,212	577,658
Federal portion of Perkins loan program	322,552	-	322,552	-	-
Total other liabilities	<u>13,542,337</u>	<u>3,623,664</u>	<u>3,833,057</u>	<u>13,332,944</u>	<u>3,293,561</u>
Total long-term liabilities	<u>\$ 390,708,103</u>	<u>\$ 24,425,380</u>	<u>\$ 44,883,658</u>	<u>\$ 370,249,825</u>	<u>\$ 19,211,291</u>
Total long-term liabilities	\$ 390,708,103			\$ 370,249,825	
Less current portion	<u>21,875,263</u>			<u>19,211,291</u>	
Noncurrent portion	<u>\$ 368,832,840</u>			<u>\$ 351,038,534</u>	

Note and Installment Purchase Agreements Payable

In December 2005, the University entered into a general revenue note payable over 264 months in the amount of \$18,253,776 at a fixed interest rate of 3.785% to finance Phase II of its Energy Service Agreement projects.

Required annual payments for the notes payable for the fiscal years ending June 30 are as follows:

	Principal	Interest	Total
2026	\$ 1,206,029	\$ 96,658	\$ 1,302,687
2027	1,252,477	50,210	1,302,687
2028	644,213	7,131	651,344
Total	<u>\$ 3,102,719</u>	<u>\$ 153,999</u>	<u>\$ 3,256,718</u>

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13. Long-Term Liabilities (continued)

General Revenue Bonds Payable

In May 2024, the University issued \$18,810,000 of general revenue refunding bonds (2024A Bonds), with an average coupon rate of 5.0% and a net original issue premium of \$1,991,716. The 2024A Bonds were issued with a final maturity date of March 1, 2039. The proceeds were utilized to refund the Series 2014 general revenue bonds (2014 Bonds) which were utilized to refund the Series 2009 Taxable-Build America Bonds (2009 Bonds) which funded a portion of the Human Health Building and several infrastructure projects. As a result of the refunding, the University will reduce its aggregate debt service payments over the remaining 15-year period by approximately \$2,583,000. The refunding will result in an economic gain of \$2,023,000. The aggregate outstanding principal on the 2014 Bonds totaled \$20,430,000. A trust account was established to redeem the 2014 Bonds on their call date of August 5, 2024. The assets and liabilities of this trust account are not recorded as assets or liabilities in the financial statements of the University. The pricing resulted in a 3.57% true interest cost.

In March 2022, the University entered into a Forward Delivery Bond Purchase Agreement whereby the University agreed to issue \$44,795,000 of general revenue refunding bonds (2022B Bonds). The 2022B Bonds were priced on April 19, 2022 with a Forward Delivery on December 8, 2022. The 2022B Bonds have an average coupon of 5% and a net original premium of \$4,743,299, with a final maturity date of March 1, 2043. The pricing resulted in a 3.93% true interest cost. The proceeds of the 2022B Bonds were utilized to refund the Series 2013A Bonds which funded the construction of Oak View Hall; a facilities management building; a 1,240 space parking structure; road improvements; and an athletic and recreation complex. The refunding will reduce the aggregate debt service payments over the remaining 20-year period by approximately \$4,855,000 and resulted in an economic gain of \$4,234,000. The aggregate outstanding principal on the 2013A Bonds totaled \$48,160,000, and was redeemed on March 1, 2023 leaving a zero balance as of June 30, 2023.

In March 2022, the University issued \$32,155,000 of general revenue refunding bonds (2022A Bonds), with an average coupon rate of 5.0% and a net original issue premium of \$5,282,125. The 2022A Bonds were issued with a final maturity date of March 1, 2042. The proceeds were utilized to refund the Series 2012 general revenue bonds (2012 Bonds) which funded a portion of the Engineering Center. As a result of the refunding, the University will reduce its aggregate debt service payments over the remaining 20-year period by approximately \$5,791,000. The refunding will result in an economic gain of \$5,222,000. The aggregate outstanding principal on the 2012 Bonds totaled \$36,770,000, and was redeemed April 19, 2022 leaving a zero balance as of June 30, 2022. The pricing resulted in a 3.42% true interest cost.

In September 2019, the University issued \$79,205,000 of general revenue bonds (2019 Bonds), with an average coupon rate of 5.00% and a net original issue premium of \$18,986,496. The proceeds of the bond were used to fund renovations for the following; South Foundation Hall in the amount of \$10.0 million, Varner Hall for \$45.0 million, Wilson Hall totaling \$14.8 million, an off campus research facility for \$8.5 million, Central Heating Infrastructure in the amount of \$5.0 million, renovations at Dodge Hall for \$3.0 million, and other capital projects. The 2019 Bonds were issued with a final maturity of March 1, 2050. The pricing resulted in a 3.29% true interest cost.

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13. Long-Term Liabilities (continued)

In June 2016, the University issued \$113,130,000 of general revenue bonds (2016 Bonds), with an average coupon rate of 5.00% and a net original issue premium of \$20,773,191. The proceeds were utilized to fund the construction of a new 750 bed student residence complex (Hillcrest Hall), expansion of the Oakland Center, and other capital projects. The 2016 Bonds were issued with a final maturity of March 1, 2047. The pricing resulted in a 3.66% true interest cost.

In December 2014, the University partnered with UMB Bank to issue Certificates of Participation (2014 Certificates) for \$14,225,000 at a net original issue premium of \$1,729,013. The proceeds were used to finance the construction and installation of a combined heat and power cogeneration system at the central heating plant on the University's campus. The 2014 Certificates consist of four term certificates with maturity dates ranging from July 1, 2022 to July 1, 2031, yield rates ranging from 2.45% to 3.45%. The pricing resulted in a 3.88% true interest cost. The debt service on the 2014 Certificates will be funded by monthly payments the University will make through July 2031.

In October 2014, the University issued \$28,060,000 of general revenue refunding bonds (2014 Bonds), with an average coupon rate of 4.98% and a net original issue premium of \$4,383,960. The 2014 Bonds were issued with a final maturity date of March 1, 2039. The proceeds were utilized to refund the Series 2009 Taxable-Build America Bonds (2009 Bonds) which funded a portion of the Human Health Building and several infrastructure projects. The refunding of the 2009 Bonds was subject to a redemption price equal to 103% of the par value of Bonds redeemed, or \$924,450 to be amortized over the term of the 2014 Bonds and is recorded as a deferred outflow. As a result of the refunding, the University will reduce its aggregate debt service payments over the remaining 24 year period by approximately \$3,016,000. The refunding will result in an economic gain of \$2,251,000. The aggregate outstanding principal on the 2009 Bonds totaled \$30,815,000, and was redeemed November 28, 2014 leaving a zero balance as of June 30, 2015. The pricing resulted in a 3.56% true interest cost. The 2014 Bonds were refunded with the issuances of the 2024A Bonds.

In June 2013, the University issued \$23,290,000 of federally taxable general revenue refunding bonds (2013B Bonds), with an average coupon rate of 2.99%. The proceeds were utilized to refund the Series 2004 general revenue refunding bonds (2004 Bonds) with an average coupon rate of 5.12%. The advance refunding of the 2004 Bonds resulted in a deferral on early extinguishment of \$1,134,224 that will be amortized over the term of the 2013B Bonds and is recorded as a deferred outflow. The 2013 Bonds were issued with a final maturity date of May 15, 2026. The pricing resulted in a 2.99% true interest cost.

In June 2008, the University issued \$53,280,000 of general revenue refunding bonds (2008 Bonds) to refund the 2001 general revenue bonds (2001 Bonds). The 2008 Bonds are variable-rate demand obligations with a maturity date of March 1, 2031. In conjunction with this issue, the University terminated the related 2001 Swap at a termination value of \$4,860,000 paid to the counterparty and reissued a new 2008 Swap synthetically fixing the rate on the full amount of the issue to 3.37%. The 2001 Swap termination cost has been deferred and will be amortized over the term of the refunding bonds and is recorded as a deferred outflow. The 2008 Bonds were issued with a final maturity date of March 1, 2031.

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13. Long-Term Liabilities (continued)

The following table summarizes debt service requirements for the outstanding bonds and certificates payable as of June 30, 2025:

	Principal	Interest	Hedging Derivative, Net	Total
2026	\$ 12,230,000	\$ 14,531,694	\$ 122,096	\$ 26,883,790
2027	12,895,000	13,966,152	108,651	26,969,803
2028	14,245,000	13,422,948	87,046	27,754,994
2029	15,670,000	12,816,295	64,555	28,550,850
2030	16,500,000	12,142,801	41,123	28,683,924
2031-2035	63,090,000	51,118,970	16,713	114,225,683
2036-2040	69,415,000	35,517,750	-	104,932,750
2041-2045	63,175,000	17,930,250	-	81,105,250
2046-2050	36,575,000	4,563,000	-	41,138,000
	<u>303,795,000</u>	<u>\$ 176,009,860</u>	<u>\$ 440,184</u>	<u>\$ 480,245,044</u>
Unamortized premium	34,101,432			
	<u>\$ 337,896,432</u>			

Other Liabilities

Accrued compensated absences include accrued vacation and sick pay for University employees. University employees earn vacation and sick leave benefits based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation. Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination. Unused hours exceeding these limitations are forfeited.

Charitable gift annuities are arrangements in which donors contribute assets to the University in exchange for a promise by the University to pay a fixed amount for a specified period of time (typically for the life of the donor or other beneficiary). Annuities payable are established based on the present value of the estimated annuity payouts over the life expectancy of the donor or other beneficiary.

In September 2013, the University received a charitable gift annuity (CGA) totaling \$7.0 million as a result of realizing a donor's bequest. Based on the life expectancy of the annuitant at the time the CGA was received, the University's obligation, or present value liability, of the annuity payments approximated \$3.7 million. The CGA terminated in fiscal year 2025. The annuity payable was \$0.00 as of June 30, 2025 and approximately \$1.7 million as of June 30, 2024.

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13. Long-Term Liabilities (continued)

Subscriptions

The university obtains the right to use vendors' information technology software through various long-term contracts. Payments are fixed annually. Subscription asset activity of the University is included in Note 9. As of June 30, 2025, and 2024 the University had \$4,044,558 and \$3,398,992 in subscription liability, respectively.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,114,592	\$ 98,043	\$ 2,212,635
2027	1,375,395	42,235	1,417,630
2028	380,090	11,705	391,795
2029	174,481	519	175,000
Total	<u>\$ 4,044,558</u>	<u>\$ 152,502</u>	<u>\$ 4,197,060</u>

14. Postemployment Benefits Other than Pensions

Plan Description

In addition to the employee benefits discussed in Note 15, the University provides postemployment healthcare benefits to eligible University retirees and their spouses as part of a single-employer defined benefit plan. The plan is administered by the University. Substantially all University employees may become eligible for coverage if they meet retirement eligibility requirements. In general, retirees at least 62 years of age with 15 years of service who were hired before July 1, 2005, depending on the employee group, are eligible for medical benefits in accordance with various labor agreements or within the provisions of University policy. Employees with 25 years of service are eligible for retirement at any age. Except for certain prior retirees, the University shares the cost of coverage with retirees, charging the retirees a contribution equal to the excess of the prevailing premium cost of coverage over a stipulated University subsidy amount. At June 30, 2025, the University had 1,814 active employees in the plan and 159 retirees currently receiving postemployment healthcare benefits. Certain employees hired after July 1, 2005, depending on the employee group, may be eligible for participation in the University's postemployment healthcare benefits as "access only" for retirees and spouses, at retiree rates, paid in full by the retiree.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

14. Postemployment Benefits Other than Pensions (continued)

Contributions

The contribution requirements of plan members and the University are established in accordance with various labor agreements or within the provisions of University policy. For the year ended June 30, 2025, the University and plan members receiving benefits contributed \$1.4 million and \$1.1 million, respectively, to the plan. Approximately 56% of total premiums were paid by the University with the remaining 44% paid by plan members. Required contributions for plan members ranged from \$67 to \$1,418 per month for retiree-only coverage, and from \$167 to \$3,356 per month for retiree and spouse coverage.

For the year ended June 30, 2024, the University and plan members receiving benefits contributed \$1.6 million and \$1.0 million, respectively, to the plan. Approximately 62% of total premiums were paid by the University with the remaining 38% paid by plan members. Required contributions for plan members ranged from \$60 to \$1,254 per month for retiree-only coverage, and from \$149 to \$3,010 per month for retiree and spouse coverage.

Funded Status and Funding Progress

GASB Statement No. 75 requires the measurement of OPEB expense as it is incurred, rather than as it is funded. The University has decided that future benefits will not be prefunded; however, the University has designated assets to meet future obligations through the creation of a Board-approved, quasi-endowment valued at approximately \$36.2 million, which will be used to offset annual OPEB contributions. Other postemployment healthcare benefits are financed on a pay-as-you-go basis.

OPEB Liability and Actuarial Assumptions

As of June 30, 2025, the University reported a liability for OPEB totaling \$26.5 million. The liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2023, which used updated procedures to roll forward the liability to June 30, 2025.

As of June 30, 2024, the University reported a liability for OPEB totaling \$26.9 million. The liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2023, which used updated procedures to roll forward the liability to June 30, 2024.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

14. Postemployment Benefits Other than Pensions (continued)

The liability was calculated based on the following actuarial assumptions:

	2025	2024
Discount Rate/investment rate of return*	3.93%	3.65%
Salary increases including inflation	3.00%	3.00%
Mortality basis	Pri-2012 White Collar Mortality Table with generational projection using Projection Scale MP-2021	Pri-2012 White Collar Mortality Table with generational projection using Projection Scale MP-2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Health Care Trend Rate	3.7% - 6.7% over 50 years	3.7% - 6.7% over 50 years

* 20 Year Tax-Exempt Municipal Bond Yield based on the 20-year Bond Buyer GO Index.

The plan has not had a formal actuarial experience study performed.

Schedule of Changes in Total OPEB Liability and Related Ratios

	2025	2024
Total OPEB Liability	<i>In thousands</i>	
Service Cost	\$ 873	\$ 860
Interest on total OPEB liability	986	1,027
Changes of benefit terms	-	-
Effect of economic/demographic gains or (losses)	-	1,502
Effect of assumption changes or inputs	(754)	(3,870)
Benefit payments	(1,445)	(1,618)
Net Change in total OPEB liability	(340)	(2,099)
Total OPEB Liability, beginning	26,854	28,953
Total OPEB Liability, ending	\$ 26,514	\$ 26,854
Covered Payroll	\$ 145,858	\$ 137,215
Total OPEB liability as a % of covered payroll	18.18%	19.57%

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

14. Postemployment Benefits Other than Pensions (continued)

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

The University recognized OPEB expense of \$0.6 million and \$0.6 million at June 30, 2025 and June 30, 2024, respectively.

The University reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	\$ 2,027,331	\$ 921,457	\$ 2,740,232	\$ 1,192,474
Change of assumptions	\$ 1,695,988	\$ 9,536,072	\$ 2,393,926	\$ 11,098,992
Contributions made after measurement date	\$ 1,515,457	\$ -	\$ 1,445,512	\$ -

Changes of assumptions: For 2025 and 2024, the discount rate increased to 3.93% and 3.65% respectively. The discount rate was 3.54% and 2.16% in 2023 and 2022, respectively. The decrease in liability is primarily due to a decrease in the healthcare trend rate and plan participation.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as a reduction of the University's OPEB expense as follows:

Year ending June 30	
2026	\$ (1,092,127)
2027	(1,147,565)
2028	(1,587,223)
2029	(1,280,538)
2030	(530,115)
Thereafter	(1,096,642)
Total	\$ (6,734,210)

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

14. Postemployment Benefits Other than Pensions (continued)

Sensitivity of the OPEB Liability to Changes in the Discount and Healthcare Cost Trend Rates

The following presents the OPEB liability of the University, calculated using the current discount and healthcare rates. The following also reflects what the University's OPEB liability would be if it were calculated using rates that are one percentage point lower or one percentage point higher than the current rate:

	Year ending June 30, 2025		
	1% Decrease	Current Rate	1% Increase
Discount Rate:			
Total OPEB Liability	\$ 29,361,896	\$ 26,514,290	\$ 23,689,922
Health Care Trend Rate:			
Total OPEB Liability	\$ 25,329,133	\$ 26,514,290	\$ 27,953,032

	Year ending June 30, 2024		
	1% Decrease	Current Rate	1% Increase
Discount Rate:			
Total OPEB Liability	\$ 29,794,105	\$ 26,854,255	\$ 24,331,490
Health Care Trend Rate:			
Total OPEB Liability	\$ 25,764,178	\$ 26,854,255	\$ 28,171,673

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

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

15. Employee Benefits

The University has contributory, defined-contribution retirement plans for all qualified employees. The plans consist of employee-owned retirement contracts funded on a current basis by employer contributions. Participants may elect to contribute additional amounts to the plan within specified limits. The plans are administered by Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments. Contributions by the University for the years ended June 30, 2025 and 2024 were \$19,062,188 and \$18,510,636, respectively.

The University also maintains a noncontributory, defined-benefit retirement plan, which is not open to new participants. The plan is administered by TIAA-CREF. At January 1, 2025, the date of the most recent actuarial valuation, the plan had a total liability of approximately \$70,343 and was over funded by approximately \$56,480.

The University provides benefits to eligible employees for unused sick days upon retirement and unused vacation days upon termination. This liability is accounted for as part of accrued compensated absences.

The University is self-insured for workers' compensation and unemployment compensation. Liabilities for claims incurred but not reported under these self-insurance programs have been established. Changes in the self-insured employee benefit liabilities during 2025, 2024, and 2023 were considered current and are as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 226,742	\$ 160,145	\$ 423,646
Claims incurred and changes in estimates	417,540	400,371	(48,251)
Claim payments	(295,919)	(333,774)	(215,250)
Balance, end of year	<u>\$ 348,363</u>	<u>\$ 226,742</u>	<u>\$ 160,145</u>

16. Deferred Inflows of Resources

The University accounts for deferred inflows of resources in accordance with authoritative guidance. The University recorded deferred inflows of \$17,719,743 as of June 30, 2025. This amount is comprised of \$10,457,529 from changes in OPEB assumptions, \$2,829,886 from an early extinguishment of general revenue bonds, \$4,209,329 from lease agreements, and an irrevocable split-interest agreements where the University acts as the trustee in the amount of \$222,999.

As of June 30, 2024, the University recorded deferred inflows of \$26,393,602, which includes \$12,291,466 from changes in OPEB assumptions, \$2,763,146 from early extinguishment of general revenue bonds, \$2,289,565 from lease agreements, an irrevocable split-interest agreement where the University acts as the trustee in the amount of \$3,965,268, and an additional irrevocable split-interest agreement held by a third party in which the University has \$5,084,157 beneficial interest in assets held by others.

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

17. Liability and Property Insurance

The University is one of 11 Michigan universities participating in the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.) which provides insurance coverage for errors and omissions liability, commercial general liability, property loss, automobile liability, and automobile physical damage coverage. M.U.S.I.C. provides coverage for claims in excess of agreed-upon deductibles.

Loss coverages, except for the automobile physical damage program, are structured on a three-layer basis with each member retaining a portion of its losses, M.U.S.I.C. covering the second layer, and commercial carriers covering the third. Automobile physical damage coverage is structured on a two-layer basis with no excess coverage from a commercial carrier. Commercial general liability and property coverage are provided on an occurrence basis. Errors and omissions coverage is provided on a claims-made basis. The payments made to M.U.S.I.C. and premiums to excess carriers reflect the claims experience of each university. Property insurance coverage is provided outside of the M.U.S.I.C. program.

18. Contingencies and Commitments

In the normal course of its activities, the University is a party in various legal actions. Although some actions have been brought for large amounts, the University has not experienced any significant losses or costs. The University and its legal counsel are of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

The University is the guarantor on certain faculty and staff residence mortgages. As of June 30, 2025, the amount subject to guarantee by the University was \$2,816,074.

The estimated costs to complete construction projects in progress is \$59.9 million as of June 30, 2025, due in large part to the construction costs associated with the Science Complex renovation of \$44.3 million, improvements to O'Dowd Hall in the amount of \$3.3 million, renovation of the Oakland West Center of \$2.2 million, an addition to the Research and Innovation Center of \$1.3 million, and various campus enhancement projects totaling \$8.8 million. The Science Complex renovation project is anticipated to be funded from the State Capital Outlay for \$30.0 million and \$14.3 million from University resources. The various other campus enhancements are funded from University resources.

19. Expenditures by Natural Classification

Operating expenses by natural classification for the years ended June 30, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Employee compensation and benefits	\$ 257,443,069	\$ 245,922,107
Supplies and other services	85,666,535	77,645,087
Student aid	387,375	8,494,686
Depreciation	30,999,465	32,412,658
Total	<u>\$ 374,496,444</u>	<u>\$ 364,474,538</u>

Oakland University
Notes to Financial Statements
June 30, 2025 and 2024

20. Cash Flow Statement

The table below details the reconciliation of the net operating loss to net cash used by operating activities:

	<u>2025</u>	<u>2024</u>
Operating loss	\$ (101,048,459)	\$ (88,878,634)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation expense	30,999,464	32,412,658
Changes in assets and liabilities:		
Accounts receivable, net	1,581,326	(17,154,637)
Inventories	1,039,117	74,125
Deposits and prepaid expense	946,651	240,197
Student loans receivable	(267,572)	147,519
Accounts payable and accrued expenses	(8,032,315)	679,891
Accrued payroll	1,267,147	681,133
Compensated absences	459,407	271,193
Unearned revenue	(431,731)	7,673,248
Deposits	(529,333)	(153,629)
Federal portion of student loan program	-	(322,552)
OPEB liability	(339,965)	(2,098,684)
Deferred outflow of resources	1,340,894	80,853
Deferred inflow of resources	(1,833,937)	1,040,477
Net cash used by operating activities	<u>\$ (74,849,306)</u>	<u>\$ (65,306,842)</u>

21. Related-Party Transactions

The Oakland University Foundation (Foundation) is a related party of the University. The Foundation had net assets of \$292,516 and \$269,255 as of June 30, 2025 and 2024 respectively, consisting of three endowment funds. The University's financial statements do not include the Foundation's assets or activity.

Oakland University
Required Supplementary Information
June 30, 2025

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability	<i>In thousands</i>							
Service Cost	\$ 873	\$ 860	\$ 1,108	\$ 1,261	\$ 933	\$ 791	\$ 814	\$ 940
Interest on total OPEB liability	986	1,027	718	893	1,208	1,289	1,218	1,050
Changes of benefit terms	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	1,502	-	(2,006)	-	4,226	-	-
Effect of assumption changes or inputs	(754)	(3,870)	(4,266)	(5,478)	5,186	(3,503)	(1,079)	(2,973)
Benefit payments	(1,445)	(1,618)	(1,483)	(1,829)	(1,760)	(1,693)	(1,592)	(1,831)
Net Change in total OPEB liability	(340)	(2,099)	(3,923)	(7,159)	5,567	1,110	(639)	(2,814)
Total OPEB Liability, beginning	26,854	28,953	32,876	40,035	34,468	33,358	33,997	36,811
Total OPEB Liability, ending	\$ 26,514	\$ 26,854	\$ 28,953	\$ 32,876	\$ 40,035	\$ 34,468	\$ 33,358	\$ 33,997
Covered Payroll	\$ 145,858	\$ 137,215	\$ 130,098	\$ 133,657	\$ 133,224	\$ 134,662	\$ 129,568	\$ 125,045
Total OPEB liability as a % of covered payroll	18.18%	19.57%	22.25%	24.60%	30.05%	25.59%	25.75%	27.19%

Changes of benefit terms: There were no changes in the benefit terms in 2025, 2024, 2023, 2022, 2021, 2020, 2019, or 2018.

Changes of assumptions: For 2025 and 2024, the discount rate increased to 3.93% and 3.65% respectively. The discount rate was 3.54% and 2.16% in 2023 and 2022, respectively. The decrease in liability is primarily due to a decrease in the healthcare trend rate and plan participation.

GASB Statement No. 75 requires the measurement of OPEB expense as it is incurred, rather than as it is funded. The University has decided that future benefits will not be prefunded; however, the University has designated assets to meet future obligations through the creation of a Board-approved, quasi-endowment valued at approximately \$36.2 million, which will be used to offset annual postemployment benefit contributions.

Note: GASB 75 was implemented in fiscal year 2018. These schedules are being built prospectively. Ultimately 10 years of data will be presented.

DRAFT



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