Agendum
Oakland University
Board of Trustees Formal Session
October 18, 2024

FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023
A Recommendation

1. **Division and Department:** Finance and Administration, Controller's Office

2. **Introduction:** The Financial Statements, June 30, 2024 and 2023 for Oakland University (University) have been completed (Attachment B).

The audit opinion of Andrews Hooper Pavlik PLC (AHP) states, "We have audited the financial statements of Oakland University (University), a component unit of the State of Michigan, as of and for the year ended June 30, 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, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America."

AHP's Board of Trustees Letter (Attachment A) summarizes the audit engagement and required communications.

Representatives from AHP presented the Financial Statements in draft form to the Board of Trustees' (Board) Audit Committee at the Committee's October 18, 2024 meeting.

3. **Previous Board Action:** As a result of a competitive bid process, the public accounting firm Andrews Hooper Pavlik PLC was appointed by the Board of Trustees (Board) on April 12, 2024.

4. **Budget Implications:** The annual financial audits are budgeted for in the General Fund. No budget variances have occurred or are expected.

5. **Educational Implications:** None.

6. **Personnel Implications:** None.

7. University Reviews/Approvals: The Financial Statements were prepared by the Controller's Office and reviewed by the Senior Vice President for Finance and Administration, and President, audited by AHP, and presented to the Board's Audit Committee at its October 18, 2024 meeting.

8. Recommendation:

RESOLVED, that the Board of Trustees accepts the Financial Statements, June 30, 2024, and 2023, which were audited by the Board of Trustee's public accounting firm, Andrews Hooper Pavlik PLC.

9. Attachments:

A. Board of Trustees Letter dated October 18, 2024
B. Draft Financial Statements, June 30, 2024 and 2023

Submitted to the President
on October 10, 2024 by

Stephen W. Mackey
Senior Vice President for Finance and Administration and Treasurer to the Board of Trustees

Recommended on 10/14, 2024
to the Board of Trustees for approval by

Ora Hirsch Pescovitz, M.D.
President

Reviewed by:

Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

Audit Committee of the
Board of Trustees

Oakland University

October 18, 2024

AHP
CPAs & ADVISORS
ANDREWS HOOPER PAVLIK PLC

Oakland University

Audit Committee of the
Board of Trustees Meeting Agenda

October 18, 2024

- Introduction of Audit Team
  - AHP Representatives

    Greg Soule – Partner

    Randy Morse – Independent Review Partner

    Kate Farwell – Senior Manager

    Chas Bruske – Manager

    Jacob Boerner – Senior Accountant

- Financial Highlights

- Audit Committee of the Board of Trustees Letter
  - Services Provided and in Process
  - Results of the Audit of the Financial Statements
  - The Auditor's Communications with Those Charged with Governance

- Other Questions or Comments

AHP
CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC
43252 WOODWARD AVENUE | SUITE 150 | BLOOMFIELD HILLS, MI 48302

October 18, 2024

Audit Committee of the Board of Trustees
Oakland University
Rochester, Michigan

We are pleased to submit this report which summarizes the results of our audit of Oakland University (University) and other matters which we believe would be of interest to you.

Services Provided and Reports Issued or in Process

In accordance with our engagement letter, AHP provided the following services:

Audit Services:

- An audit in accordance with auditing standards generally accepted in the United States of America and the applicable standards in *Government Auditing Standards* of the financial statements of the University for the year ended June 30, 2024. – Completed.
- An audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and *Government Auditing Standards* for the year ended June 30, 2024. – Completed.
- An agreed-upon procedures report as required by the NCAA Financial Audit Guidelines to assist the University in complying with NCAA Bylaw 3.2.4.15.1. – In Process.
- Procedures as required by the State of Michigan related to the inclusion of the University's audited financial statements in the State's comprehensive annual financial report. Additional limited procedures will be required by the State to be performed later in the year, updating our subsequent events procedures through that date. – In Process.

Nonaudit Services:

- Procedures related to the review of the 2024 990T. – In Process.

We have reviewed the services provided and confirm that we are independent of Oakland University and its related parties.

Results of our Audit of the Financial Statements

The audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and included such tests of the accounting records and such other auditing procedures as we considered necessary for the purpose of expressing an opinion on the financial statements.

The following summarizes various matters of interest noted during our audit:

Significant Risks

As noted in our scope letter dated April 12, 2024, we identified certain areas as having significant risks related to the potential of a material misstatement. We audited each of those significant risks with audit procedures designed to mitigate those risks. Based on our procedures performed, we noted no matters that need to be communicated to you.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, entities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Entities may also be subject to financial and legal liabilities. Managing this issue is especially challenging because even an entity with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We believe management should continue to monitor and evaluate this risk, which is a critical best practice. Additionally, periodic assessments of the system in order to verify that the control environment is functioning as designed are key parts of measuring associated business risk. We encourage those charged with governance to work with management on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Adopted Audit and Accounting Standards

There were no adopted audit and accounting standards that had a material effect on the audited financial statements.

Future Accounting Standards

- GASB Statement No. 101, *Compensated Absences*

  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.

  - Leave is attributable to services already rendered when an employee has performed the services required to earn the leave.

- Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled.

- In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

The requirements of this Statement would be effective for the reporting periods beginning after December 15, 2023, (June 30, 2025 year-end). The University will be evaluating the impact this standard will have on the financial statements when adopted.

Scholarship Allowances

The University accounts for scholarship allowances in accordance with the alternate method endorsed by NACUBO. This method allocated institutional aid between the discount and student aid expense on a proportional basis. This was considered acceptable GAAP and utilized by most public institutions.

Since the alternate method was developed, there have been significant improvements in information technology systems to capture information more accurately and timely.

As a result, NACUBO will no longer endorse the alternate method and has issued new guidance which will be effective for the year ended June 30, 2025. The University is currently reviewing the new guidance and the acceptable methods for calculating the allowance.

Commitments and Contingencies

The University is the guarantor on certain faculty and staff residence mortgages. As of June 30, 2024, the amount subject to guarantee by the University was $2,892,133.

The estimated costs to complete construction projects in progress is $31.7 million as of June 30, 2024, due in large part to the construction costs associated with the renovation of West Center for $11.1 million, improvements to O'Dowd Hall, Dodge Hall, and Kresge Library in the amount of $2.8 million for the School of Medicine, Meadow Brook Hall Visitor Center for $2.7 million, Science Complex renovation for $2.5 million, South Foundation Hall renovation in the amount of $1.7 million, Human Health Building improvements of $1.3 million for the School of Nursing, and various campus enhancement projects totaling $9.6 million. The South Foundation Hall project is funded from the State Capital Outlay for $30.0 million, $10.0 million from the 2019 Bonds, and $4.2 million from University resources. The various other campus enhancements are funded from University resources.

Allowance for Doubtful Accounts

We performed a detailed analysis of the allowance for doubtful accounts related to accounts receivable, student loan receivables, and pledges receivable. The University determined these allowances were adequate. Based on our testing and review of assumptions made by management, we believe the allowance for doubtful accounts is appropriate as of June 30, 2024.

Bond Issuance

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.

Derivative Instruments

The University has one interest-rate swap agreement, the purpose of which is to reduce overall interest costs over the long term. The interest-rate swap is a hedging derivative associated with the 2008 Bonds. The estimated fair value of the 2008 Swap as of June 30, 2024 was ($658,095) and is reflected in the deferred outflows of resources section of the Statements of Net Position. The fair value represents the estimated amount that the University would pay to terminate the 2008 Swap (termination risk), taking into account current interest rates and creditworthiness of the underlying counterparty. 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, 2024, there was no collateral posted by the University. The counterparty's credit rating from Moody's Investors Service was Baa3.

Required Communications with the Audit Committee

This section discusses our responsibilities under AICPA Professional Standards AU-C Section 260, *The Auditor's Communication with Those Charged with Governance.* The following excerpts from that standard describe the specific matters required to be communicated to you and our responses thereto:

Our Responsibility under U.S. Generally Accepted Auditing Standards

The auditor's standard report emphasizes that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Governmental Auditing Standards* is designed to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatement and in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Our report dated October 18, 2024 follows this format. Because of the concept of reasonable assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

Our responsibility, as described by our professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. GAAP. Our audit does not relieve you or management of your responsibilities.

As part of the audit, we considered the internal control of the University. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our scope letter dated April 12, 2024. No matters came to our attention during our audit that resulted in a change to our timing or scope of our procedures.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the University are described in Note A to the financial statements. No new accounting policies were adopted and there were no changes in the application of existing policies. We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Fair market value of investments and swap agreement
- Other postemployment benefits

For each of the estimates listed above, we evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Significant accounting policies
- Investments and deposits with financial institutions
- Bonds payable and interest rate swaps
- Other postemployment benefits

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted the following misstatement which management has determined is not material to the financial statements:

- Library book depreciation was subject to an adjustment of $2.9 million due to an error in calculating the depreciation expense in prior years. This error was discovered and corrected by management during the year.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on financial accounting, reporting, or auditing matters, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in management's representation letter dated October 18, 2024. A copy is attached for your reference.

Management's Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Supplementary Information

With respect to the other supplementary information accompanying the financial statements, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Required Supplementary Information (RSI)

We applied certain limited procedures to management's discussion and analysis, which is required supplementary information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Communication of Fees for Nonaudit Services

As previously described in this letter, we performed certain nonaudit services at the request of management and documented in an engagement letter. Fees for those services did not exceed those noted in our engagement letter.

Management Letter

We considered the University's internal control during the course of the audit, and we remained alert for areas where procedures and controls could be improved. We noted no matters involving the internal control over financial reporting and its operation that we would consider to be material weaknesses. However, we noted a matter involving internal control that we have reported to management in a separate letter dated October 18, 2024.

* * *

This report is intended solely for the information and use of the Audit Committee of the Board of Trustees, the Board of Trustees, and management of Oakland University and is not intended to be, and should not be, used by anyone other than these specified parties.

We will be pleased to respond to any comments or questions you may have concerning this letter, our management letter, or any other aspects of our services to Oakland University.

It has been a pleasure to serve Oakland University during 2024. We would like to express our appreciation for the cooperation and courtesy extended to us by the Audit Committee of the Board of Trustees, the Board of Trustees, and the management and employees of the University and look forward to continuing our association in the future.

Sincerely,

Andrews Hooper Pavlik PLC

October 18, 2024

Andrews Hooper Pavlik PLC
43252 Woodward Ave Suite 150
Bloomfield Hills, Michigan 48302

This representation letter is provided in connection with your audit of the financial statements of Oakland University (University), which comprise the respective financial position and results of operations and cash flows as of and for the year ended June 30, 2024, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 18, 2024, the following representations made to you during your audits.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 12, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of the University required by U.S. GAAP to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable and in accordance with U.S. GAAP.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) The effects of the below misstatement are immaterial, both individually and in the aggregate, to the financial statements as a whole. This misstatement is summarized below:

   - Library book depreciation was subject to an adjustment of $2.9 million due to an error in calculating the depreciation expense in prior years. This error was discovered and corrected by management during the year.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the University is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

   - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

   - Additional information that you have requested from us for the purpose of the audit.

   - Unrestricted access to persons within the University from whom you determined it necessary to obtain audit evidence.

   - Minutes of the meetings of the University's Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the University and involves:

   a. Management,

   b. Employees who have significant roles in internal control, or

   c. Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the University's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the University's related parties and all the related party relationships and transactions of which we are aware.

19) We have reported and disclosed amounts as deferred inflows or outflows in accordance with the provision of GASB 87, 75, 65, and 63.

Government-specific

20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

23) The University has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net assets or net position.

24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

25) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB No. 87.

26) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASB No. 96.

27) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

29) The University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.

30) The University has complied with all aspects contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

31) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

32) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.

33) The financial statements properly classify all funds and activities in accordance with GASB No. 34, and 35.

34) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

36) Provisions for uncollectible receivables have been properly identified and recorded.

37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

38) Revenues are appropriately classified in the statement of revenues, expenses, and change in net position.

39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

41) We have appropriately disclosed the University's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under this policy.

42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

43) With respect to the Schedule of Expenditures of Federal Awards (SEFA):

- We acknowledge our responsibility for presenting the SEFA in accordance with U.S. GAAP, and we believe the SEFA, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

44) With respect to federal award programs:

- We are responsible for understanding and complying with, and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part *200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.

- We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the supplementary information and the auditor's report thereon.

- We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program

- We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

- We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

- We have received no requests from a federal agency to audit one or more specific programs as a major program.

- We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement,* relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards.

- We have disclosed any communications from federal awarding agencies and passthrough entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

- Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).

- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

- No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

- We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.

- We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse.

- We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.

- We have charged costs to federal awards in accordance with applicable cost principles.

- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

- We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

- We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

- We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

- We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

45) In regards to the Form 990, 990-T, and related state return assistance and review performed by you, we have:

- Made all management decisions and performed all management functions.

- Designated an individual with suitable skill, knowledge, or experience to oversee the services.

- Evaluated the adequacy and results of the services performed.

- Accepted responsibility for the results of the services.

General

46) Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements unless disclosed to you and agreed that disclosure is not required.

47) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

48) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries, if any, have been properly recorded.

49) Management considers the decline in value of debt or equity securities to be temporary.

50) We have complied with all aspects of debt and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

51) There were no oral or written commitments, contracts, or leases in existence during or at the end of the year that have not been brought to your attention.

52) There were no defaults in principal-interest, sinking fund, reserve requirements, or redemption provisions with respect to any issue of securities or credit agreements, and no breach of covenants of the related indenture or agreement.

53) We believe that the majority of our grants are either of a reimbursement nature or require us to return unused funds. Accordingly, we have recorded advances received as unearned revenue.

54) We have reviewed all public-private, public-public, and availability payment arrangements in accordance with GASB Statement No. 94. Our review indicated that these arrangements were considered short-term and not material; therefore, the adoption of GASB Statement No. 94 did not result in any amounts being recorded in the financial statements.

55) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the aforementioned financial statements or in the schedule of findings and questioned costs, unless otherwise disclosed.

Ora Hirsch Pescovitz, M.D., President

Stephen W. Mackey, Senior Vice President for
Finance and Administration and Treasurer to
the Board of Trustees

James Hargett, Associate Vice President and Controller

Joyce Cline, Associate Controller

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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 year ended June 30, 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, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audit. 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

Prior Period Financial Statements

The basic financial statements of Oakland University as of and for the year ended June 30, 2023 were audited by other auditors whose report dated December 4, 2023 expressed an unmodified opinion on those basic financial statements.

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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024 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.

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Bloomfield Hills, Michigan
October 18, 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, 2024 with selected comparative information for the years ended June 30, 2023 and 2022.

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 133 doctoral/high research activity (R2) universities by the Carnegie Foundation for the Advancement of Teaching. The University currently offers 117 baccalaureate degree programs and 128 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.

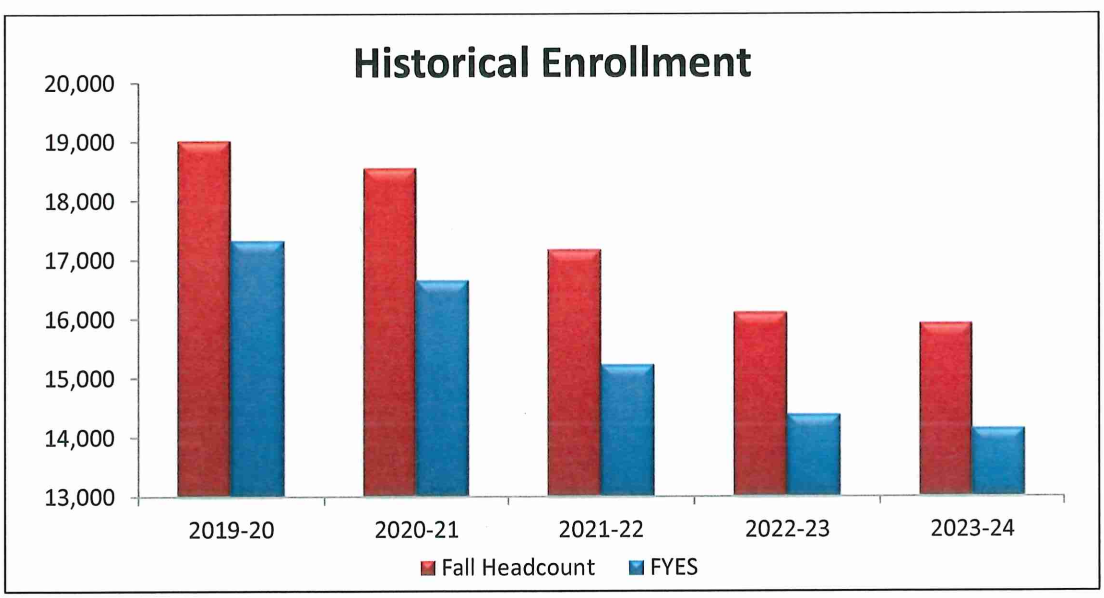
The University is considered a component unit of the State of Michigan (State). Accordingly, the University's financial statements are included in the State's annual comprehensive financial report.

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 2024 Enrollment and Operations Highlights

- 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%). In fiscal year 2023, student headcount enrollment for the fall 2022 semester decreased by 6.2% to 16,108. Undergraduate enrollment was 12,841 (80%) and graduate enrollment was 3,267 (20%). The enrollment decreases are attributable to the decline in high school graduates within Michigan. The majority of the University's students are Michigan residences and projections indicate a continual decline of high school graduates through 2030.

- Enrollment based on Fiscal Year Equated Students (FYES) decreased 1.6% to 14,151 and 5.5% to 14,386 for fiscal years 2024 and 2023 respectively. A five-year summary of historical enrollment is presented below.



- In August 2023, Oakland University opened the Career and Life Design Center (CLDC), formerly Career Services. Students are encouraged to utilize the resources provided by the CLDC to learn about career paths, Oakland's other resources, and job opportunities. The CLDC also provides resources to enhance students' professional development with resume reviews, headshots, and staff members to set students up on LinkedIn and Handshake.

- In September 2023, student minimum wages increased across campus to $15 per hour for undergraduate students and master's degree graduate assistants, and to $25 per hour for doctoral graduate assistants. The purpose of the increase was to assist students in keeping up with expenses, increasing their quality of life through education, giving more feasible job opportunities through campus employment.

- In October 2023, Oakland University approved its new Master of Science in Finance degree program beginning in the Winter 2024 semester. The program covers a wide range of topics including investments, corporate finance, risk management, and credit analysis. The Masters in Finance program provides students with a valuable addition to their knowledge surrounding finance and cultivates connections with students, faculty and industry members.

- In October 2023, Oakland University received a $2 million grant from the National Science Foundation Research Trainee Program to assist graduate students with training in data analytics, scientific research, and entrepreneurship. Students within the College of Arts and Sciences as well as students in the School of Business Administration will work collaboratively under this to utilize research and apply it in a commercial sense.

- In March 2024, Oakland University's men's basketball team won the Horizon League and punched their ticket into the NCAA men's March Madness tournament. The team entered as the Number 14 seed within the South Region and played against Number 3 seed University of Kentucky. Oakland upset Kentucky, 80-76, with stellar performances from all players, and led by Coach Greg Kampe. This season was Kampe's 40th for Oakland, who is the current longest tenured coach in NCAA men's basketball. Oakland then fell to NC State in an overtime thriller.

- In April 2024, Oakland University's MBA and Executive MBA programs were listed in the CEO Magazine's 2024 Global MBA rankings, Oakland was also listed as a Tier One Global MBA school. The Online MBA program was listed at #49 overall globally and #1 for Michigan. The Executive MBA program was listed at #37 overall globally and #1 for Michigan as well.

- In May 2024, Oakland University opened the School of Engineering and Computer Science's Research and Innovation Center (RIC), a 48,700 square foot facility located in Rochester Hills and it will house bioengineering, mechanical, electrical, industrial, and computer science labs, and serve as a hub for research conducted in partnership with industry. The RIC will be utilized for student learning opportunities as well as providing tools for industry to test their equipment within this University facility.

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 19-49 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 50 of this financial report.

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
	2024	**2023**	**2022 (as restated)**	**2024-2023**	**2023-2022**
		(in thousands)			
Assets					
Current assets, restated	**$ 96,292**	$ 102,495	$ 113,121	-6%	-9%
Capital assets, net	**686,478**	667,597	623,261	3%	7%
Other noncurrent assets	**395,808**	357,178	371,277	11%	-4%
Total assets	**1,178,578**	1,127,270	1,107,659	5%	2%
Deferred outflows of resources	**7,238**	7,700	11,632	-6%	-34%
Liabilities					
Current liabilities	**99,490**	94,645	90,138	5%	5%
Noncurrent liabilities	**381,955**	402,427	428,919	-5%	-6%
Total liabilities	**481,445**	497,072	519,057	-3%	-4%
Deferred inflows of resources	**26,394**	22,678	19,922	16%	14%
Net investment in capital assets	**319,298**	288,132	259,364	11%	11%
Restricted nonexpendable	**52,841**	49,923	48,190	6%	4%
Restricted expendable	**72,813**	67,054	60,213	9%	11%
Unrestricted	**233,024**	210,111	212,545	11%	-1%
Total net position	**$ 677,976**	$ 615,220	$ 580,312	10%	6%

The University's total assets were $1,178.6 million, $1,127.3 million, and $1,107.7 million at June 30, 2024, 2023, and 2022 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 58%, 59%, and 56% of the University's total assets at June 30, 2024, 2023 and 2022 respectively. Capital expenditures totaled $51.4 million in 2024, $72.6 million in 2023, and $53.7 million in 2022. Included in capital expenditures for 2024 were $16.7 million for South Foundation Hall renovation and expansion, $9.6 million for West Center renovations, $8.9 million of improvements to O'Dowd Hall, Dodge Hall, and Kresge Library for the School of Medicine, $3.7 million for Varner Hall renovations, $2.4 million for the Meadow Brook Hall Visitor Center, $1.4 million in improvements to the Recreation Center, and $2.2 million in right to use subscription assets. Additional capital expenditures of $6.5 million include other campus enhancement projects. Depreciation expense was $32.4 million in 2024, $28.2 million in 2023, and $27.5 million in 2022. The financial statements for the year ended June 30, 2022 have been restated in order to adopt GASB Statement No. 96. The adoption of GASB 96 is further described in Note 1.

Current assets consist primarily of cash and cash equivalents and receivables due within one year. Cash and cash equivalents decreased $21.4 million to $45.8 million at June 30, 2024 largely due to a decrease in sales of investments and an increase in supplier payments. Accounts receivable increased $13.7 million to $29.3 million. Other current assets of $21.1 million include a State operating appropriation receivable of $13.1 million, $4.7 million in deposits and prepaid expenses, $1.6 million in inventory, and $0.9 million in pledges receivable.

Other noncurrent assets consist primarily of restricted cash and cash equivalents, endowment investments, other long-term investments and capital assets. Restricted Cash decreased $9.3 million for bond proceeds spent due to major construction related expenditures during the year. Endowment investments were $151.5 million at June 30, 2024, $136.7 million at June 30, 2023, and $124.9 million at June 30, 2022. 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 13.7% for 2024, 13.7% for 2023, and -15.1% for 2022. Other long-term investments were $232.0 million at June 30, 2024, $199.0 at June 30, 2023, and $190.9 million at June 30, 2022, 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 8.4% for 2024, 3.6% for 2023, and -4.6% for 2022, net of fees. The University's investments are being managed according to Board policies.

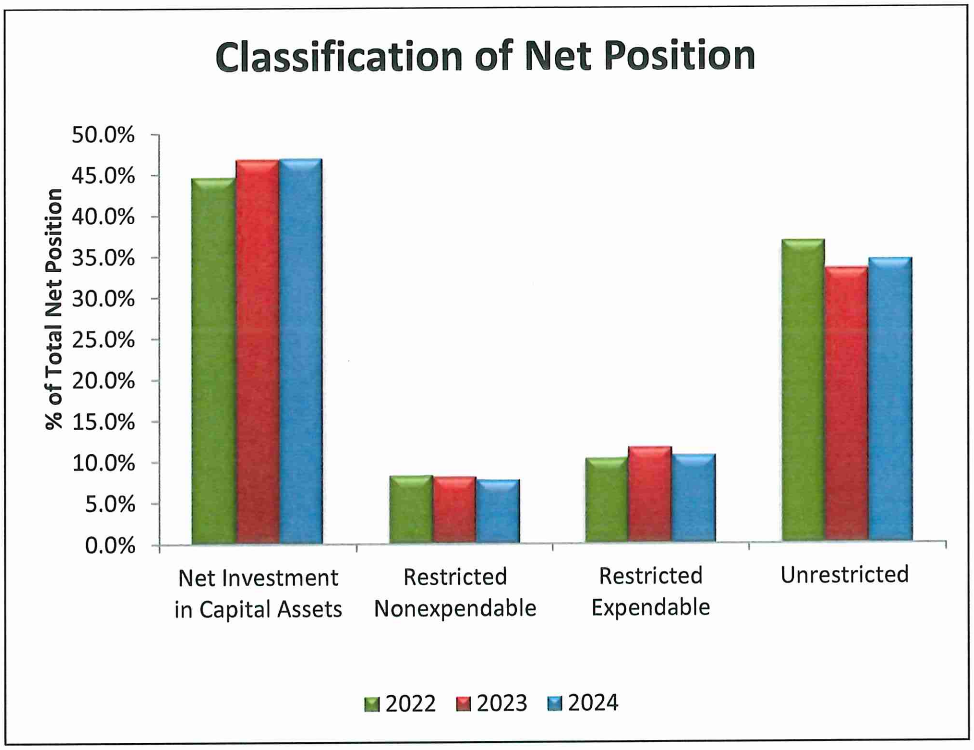
All investments held by the University can be liquidated to cash within 90 days or less without incurring additional fees, with the exception of the private equity holding and hedge funds.

Deferred outflows of resources were $7.2 million at June 30, 2024, $7.7 million at June 30, 2023, and $11.6 million at June 30, 2022. 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 (OPEB)*. The decrease in the deferred outflows of resources is primarily due to the $0.4 million change in the fair market value of the 2008 Swap, and a $0.1 million decrease to the retiree health care valuation.

The University's total liabilities were $481.4 million at June 30, 2024, $497.1 million at June 30, 2023, and $519.1 million at June 30, 2022. 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 $4.8 million increase in current liabilities is largely attributable to an increase in unearned revenue primarily due to contract revenue received in advance to fund the University's Nurse Scholars program which was partially offset by a decrease in the current portion of long-term liabilities due to the payoff of the 1998 variable rate demand bonds. Noncurrent liabilities are comprised primarily of bonds and notes payable and represent 79.3% of the University's total liabilities as of June 30, 2024, 81.0% as of June 30, 2023, and 83% as of June 30, 2022. Noncurrent long-term liabilities decreased by $20.5 million primarily due to a $17.8 million decrease in long term liabilities related to bond principal payments and amortization of bond premiums; $1.9 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; $0.4 million decrease in derivative instruments consisting of the accumulated change in fair value of the 2008 Swap; and $0.4 million decrease in unearned revenue.

Deferred inflows of resources were $26.4 million as of June 30, 2024, $22.7 million as of June 30, 2023, and $19.9 million as of June 30, 2022. Deferred inflows of resources consist of $12.3 million in OPEB assumptions in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; $9.0 million in irrevocable split-interest agreements in accordance with GASB Statement No. 81, *Irrevocable Split Interest Agreements*, $5.1 million of which is held by a third party in which the University has a beneficial interest; $2.8 million in early extinguishment of debt, and $2.3 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.

The following summarizes the internal designations of unrestricted net position:

	June 30, 2024	June 30, 2023
	(in thousands)	
Auxiliary enterprises	**$ 2,323**	$ 2,082
Capital projects and repair reserves	**64,673**	64,714
Funds designated for departmental use	**62,174**	65,373
Funds functioning as endowments	**26,826**	24,267
Gifts and investment income reserves	**72,161**	52,997
Retirement and insurance reserves	**4,867**	678
Total Unrestricted Net Position	**$ 233,024**	$ 210,111

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.

Capital projects and repair reserves consist of the unexpended portion of ongoing capital projects, reserves for plant renewal, and bond sinking funds. The decrease is primarily due to a decrease in reserves for debt service related to paying off the 1998 Bonds. This was offset by increases in repair and maintenance reserves and increases in balance related to ongoing projects at year end.

Funds designated for departmental use consist of specific projects earmarked by various departments. Beginning in fiscal year 2023, balances previously characterized as encumbrances and carryforward are now included in this category. Encumbrances represent financial commitments (i.e. purchase orders) for which the ordered items have not been received or paid by fiscal year end. Carryforwards are funds for departmental use in the upcoming fiscal year for which financial commitments have not been executed but have been planned. The decrease is primarily due to the use of the prior year's balances associated with encumbrances and carryforwards as well as the School of Medicine funding a major capital project from departmental funds.

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 13.7% 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 an 8.4% 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, 2024 was $26.9 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 $33.1 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 include reserves for unemployment and workers' compensation for which the University is self-insured.

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	**2024**	**2023**	**2022 (as restated)**	**% Change 2024-2023**	**% Change 2023-2022**
		(in thousands)			
Operating revenues					
Net tuition	**$ 197,541**	$ 195,842	$ 197,548	1%	-1%
Grants and contracts	**23,692**	20,800	14,797	14%	41%
Departmental activities	**20,323**	18,193	18,487	12%	-2%
Auxiliary activities, net	**33,938**	33,007	32,301	3%	2%
Other	**102**	199	305	-49%	-35%
Total operating revenues	**275,596**	268,041	263,438	3%	2%
Operating expenses	**364,475**	343,442	371,425	6%	-8%
Operating loss	**(88,879)**	(75,401)	(107,987)	18%	-30%
Nonoperating revenues (expenses)					
State appropriations	**72,289**	60,762	56,098	19%	8%
Gifts	**5,406**	7,062	6,801	-23%	4%
Investment income, net	**42,242**	26,340	(32,423)	60%	181%
Interest expense	**(13,545)**	(13,450)	(14,828)	1%	-9%
Pell grants	**23,100**	19,343	20,324	19%	-5%
Federal grants	**-**	-	48,313	0%	-100%
Other	**843**	765	118	10%	548%
Net nonoperating revenues	**130,335**	100,822	84,403	29%	19%
Income (loss) before other revenues	**41,456**	25,421	(23,584)	63%	208%
Capital appropriations	**18,265**	7,647	-	139%	N/A
Capital grants and gifts	**106**	126	170	-16%	-26%
Additions to permanent endowments	**2,929**	1,714	2,944	71%	-42%
Total other revenues	**21,300**	9,487	3,114	125%	205%
Increase (decrease) in net position	**62,756**	34,908	(20,470)	80%	271%
Net position					
Beginning of year	**615,220**	580,312	600,782	6%	-3%
End of year	**$ 677,976**	$ 615,220	$ 580,312	10%	6%

Operating revenues were $275.6 million in 2024, $268.0 million in 2023, and $263.4 million in 2022. 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. The $4.6 million, or 2%, increase in 2023 over 2022 was largely due to a $6.0 million increase in grants and contracts, and $0.7 million increase in Auxiliary activities. The increase was offset by a $1.7 million decline in Net tuition revenue resulting from enrollment decreases attributable to a decline in high school graduates from Michigan.

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.

In fiscal year 2023, the University earned $26.3 million in net investment income. This growth is comprised of $11.1 million, a 3.6% rate of return, in University pooled working capital investments and $15.2 million, a 13.7% rate of return, in the endowment investments.

Operating expenses were $364.5 million in 2024, $343.4 million in 2023, and $371.5 million in 2022. 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. The operating expense decrease of 8% in 2023 over 2022 primarily resulted from a decrease in student aid attributable to the 2022 distribution of Higher Education Emergency Relief Funds (HEERF) earmarked for direct student support. Additional decreases in instruction, academic support, and institutional support are attributable to the implementation of cost containment measures during a period of declining enrollment. A breakdown of the University's operating expenses by functional classification follows:

University Operating Expenses

	2024	2023	2022 (as restated)	% Change 2024-2023	% Change 2023-2022
		(in thousands)			
Education and general					
Instruction	**$ 131,360**	$ 128,503	$ 132,865	2%	-3%
Research	**18,409**	14,688	12,484	25%	18%
Public service	**3,676**	3,704	3,739	-1%	-1%
Academic support	**52,052**	48,754	53,908	7%	-10%
Student services	**36,870**	33,781	34,276	9%	-1%
Institutional support	**24,907**	23,701	25,945	5%	-9%
Operations and maintenance of plant	**23,509**	22,491	22,343	5%	1%
Depreciation and amortization	**32,412**	28,222	27,540	15%	2%
Student aid	**8,495**	7,687	27,031	11%	-72%
Total education and general	**331,690**	311,531	340,131	6%	-8%
Auxiliary activities	**32,785**	31,911	31,294	3%	2%
Total operating expenses	**$ 364,475**	$ 343,442	$ 371,425	6%	-8%

Total education and general expenses increased 6% in 2024 over 2023 and decreased 8% in 2023 over 2022. The increase in 2024 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 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.

Instruction for 2023 decreased $4.4 million as a result of cost containment measures during a period of declining enrollment. Additional decreases in Academic support of $5.2 million; and Institutional support of $2.2 million are largely due to a cost containment measures, including reductions in staffing, decreases in travel, and supplies. Student aid decreased $19.3 million in 2023 primarily due to the 2022 distribution of HEERF funds earmarked for direct student support.

The University's operating loss was $88.9 million in 2024, $75.4 million in 2023, and $108.0 million in 2022. Offsetting these losses were net nonoperating revenues of $130.3 million in 2024, $100.8 million in 2023, and $84.4 million in 2022.

Nonoperating revenue is largely comprised of State appropriations and, as reflected in the State's approved appropriations bills, was $72.3 million in 2024, $60.8 million in 2023, and $56.1 million in 2022. 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 $23.1 million from Federal Pell Grants in 2024. Pell Grant revenue for 2023 and 2022 was $19.3 million and $20.3 million, respectively.

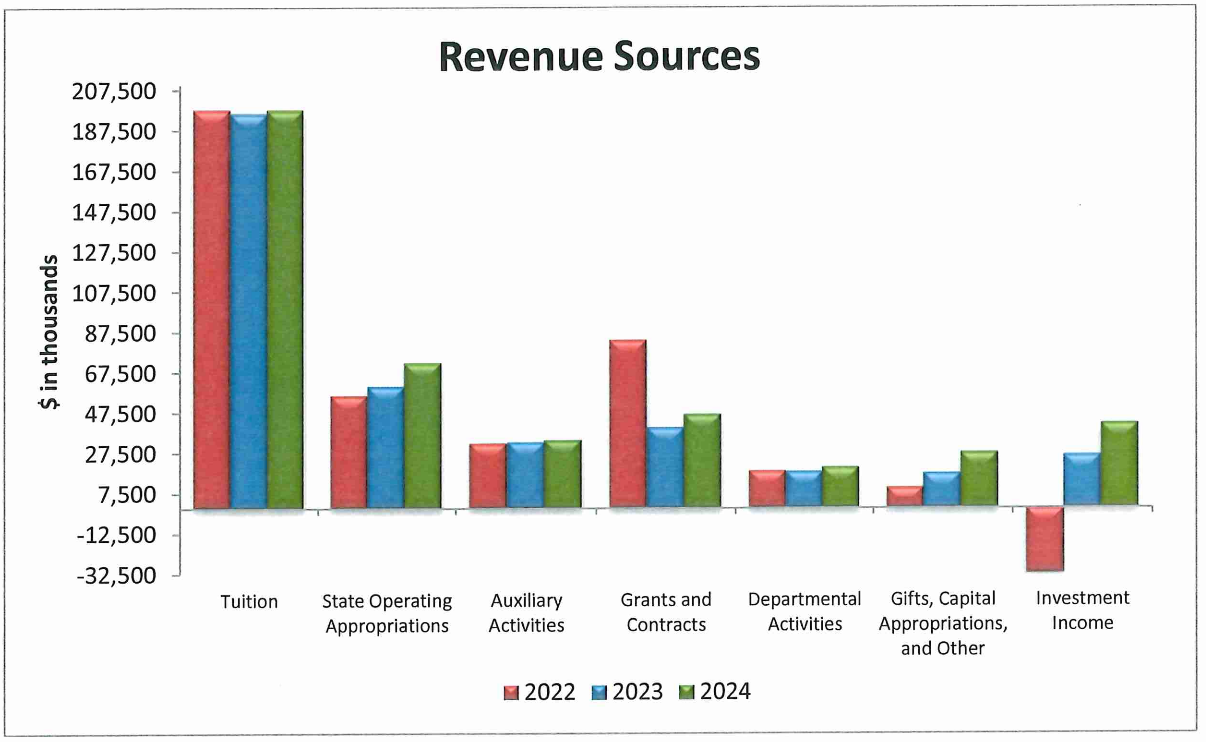
Other revenues primarily consist of $18.3 million in capital appropriations from the State Building Authority for the completion of South Foundation Hall and $3.0 million of permanent endowments and capital grants and gifts.

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.

Net position decreased $20.5 million during 2022 and is primarily attributed to a $32.4 million investment loss, a $10.5 million decline in tuition revenue, a $9.8 million increase in scholarship allowances, a $6.1 million decline in additions to permanent endowments, a $4.5 million increase in student services provided, a $3.6 million increase in academic support, and a $3.8 million decline in capital gifts. The decrease was offset by $48.3 million in federal grants and a $2.1 million one-time operational support payment provided by the State of Michigan as part of the 2022 state appropriations.

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

	2024	2023	2022 (as restated)
		(in thousands)	
Cash from			
Operating activities	**$ (65,307)**	$ (44,626)	$ (70,201)
Noncapital financing activities	**102,604**	87,909	133,705
Capital financing activities	**(62,398)**	(96,438)	(79,345)
Investing activities	**(5,604)**	6,416	9,494
Net change in cash and cash equivalents	**(30,705)**	(46,739)	(6,347)
Cash and cash equivalents			
Beginning of year	**79,080**	125,819	132,166
End of year	**$ 48,375**	$ 79,080	$ 125,819

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 2024.

Noncapital financing activities include State appropriation cash receipts of $70.2 million in 2024, $59.5 million in 2023, and $56.0 million in 2022; Pell Grants totaling $23.1 million in 2024, $19.3 million in 2023, and $20.3 million in 2022; Federal HEERF grants totaling $49.8 million in 2022; and gift cash receipts of $9.2 million in 2024, $8.4 million in 2023, and $9.0 million in 2022.

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.

Capital financing activities for 2022 include the issuance of the 2022A Bonds for $32.1 million with a $5.3 million premium, the refunding of the 2012 Bonds for $36.8 million, capital expenditures of $49.4 million and debt service payments in the amount of $30.6 million. Cash disbursements for capital expenditures in 2022 included $15.1 million in Varner Hall renovations; $12.3 million for Wilson Hall building expansion; $7.3 million in Research Facility renovations; $2.2 million in high temperature hot water energy savings projects; $0.8 million for South Foundation Hall expansion; $0.8 million for Sharf Patio expansion; $5.3 million and $0.1 million in equipment and library books respectively; and $5.5 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 $31.7 million as of June 30, 2024, due in large part to the construction costs associated with the renovation of West Center for $11.1 million, improvements to O'Dowd Hall, Dodge Hall, and Kresge Library in the amount of $2.8 million, Meadow Brook Hall Visitor Center for $2.7 million, Science Complex renovation for $2.5 million, South Foundation Hall renovation in the amount of $1.7 million, Human Health Building improvements of $1.3 million, and various campus enhancement projects totaling an additional $9.6 million. The South Foundation Hall project is funded from the State Capital Outlay for $30.0 million, $10.0 million from the 2019 Bonds, and $4.2 million from University resources. The various other construction projects are funded from University resources.

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 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

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Oakland University
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents (Note 2)	$ 45,830,085	$ 67,217,188
Accounts receivable, net (Note 3)	29,332,190	15,626,109
Leases receivable (Note 4)	544,352	452,342
Appropriations receivable (Note 5)	13,143,414	11,047,616
Pledges receivable, net (Note 6)	915,971	1,223,014
Inventories	1,580,024	1,654,149
Deposits and prepaid expenses	4,724,685	4,964,882
Student loans receivable, net (Note 7)	220,981	309,987
Total current assets	96,291,702	102,495,287
Noncurrent assets		
Restricted cash and cash equivalents (Note 2)	2,544,886	11,863,267
Endowment investments (Note 2)	151,474,929	136,683,871
Other long-term investments (Note 2)	232,049,817	198,994,585
Leases receivable (Note 4)	1,826,315	1,903,091
Pledges receivable, net (Note 6)	1,544,099	1,757,140
Student loans receivable, net (Note 7)	640,538	699,051
Beneficial interest in assets held by others (Note 16)	5,084,157	4,658,593
Capital assets, net (Note 9)	686,477,903	667,596,545
Other assets (Note 11)	643,058	617,983
Total noncurrent assets	1,082,285,702	1,024,774,126
Total assets	1,178,577,404	1,127,269,413
Deferred outflows of resources (Note 12)	7,237,766	7,700,370
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	31,243,633	32,132,537
Accrued payroll	13,645,945	12,964,812
Long-term liabilities - current portion (Note 13)	19,211,291	21,875,263
Other postemployment benefits - current portion (Note 14)	1,445,512	1,617,974
Unearned revenue	29,747,494	21,704,467
Deposits	4,196,205	4,349,834
Total current liabilities	99,490,080	94,644,887
Noncurrent liabilities		
Unearned revenue	4,850,042	5,219,821
Derivative instruments - swap liability (Note 8)	658,095	1,039,846
Long-term liabilities (Note 13)	351,038,534	368,832,840
Other postemployment benefits (Note 14)	25,408,743	27,334,965
Total noncurrent liabilities	381,955,414	402,427,472
Total liabilities	481,445,494	497,072,359
Deferred inflows of resources (Note 16)	26,393,602	22,677,807
Net position		
Net investment in capital assets	319,298,135	288,131,827
Restricted:		
Nonexpendable	52,841,068	49,923,092
Expendable:		
Research and gifts	40,228,406	41,212,001
Quasi and term endowments	30,994,358	25,235,278
Debt service and capital projects	1,255,722	324,259
Student loans	334,257	282,089
Unrestricted	233,024,128	210,111,071
Total net position	$ 677,976,074	$ 615,219,617

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

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Oakland University

Statements of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024 and 2023

	2024	2023
Operating revenues		
Tuition (net of scholarship allowances of $66,808,279 in 2024 and $61,750,125 in 2023)	$ **197,541,243**	$ 195,841,829
Federal grants and contracts	**16,272,853**	13,100,385
State, local, and private grants and contracts	**7,419,553**	7,700,402
Departmental activities	**20,322,981**	18,193,052
Auxiliary activities (net of scholarship allowances of $5,612,620 in 2024 and $5,100,719 in 2023)	**33,937,401**	33,006,848
Other operating revenues	**101,873**	198,938
Total operating revenues	**275,595,904**	268,041,454
Operating expenses		
Education and general		
Instruction	**131,359,546**	128,502,650
Research	**18,409,223**	14,687,865
Public service	**3,676,158**	3,704,208
Academic support	**52,051,660**	48,754,332
Student services	**36,869,704**	33,781,233
Institutional support	**24,906,659**	23,700,468
Operations and maintenance of plant	**23,508,902**	22,491,183
Depreciation	**32,412,658**	28,222,178
Student aid	**8,494,686**	7,687,190
Auxiliary activities	**32,785,342**	31,911,107
Total operating expenses (Note 19)	**364,474,538**	343,442,414
Operating loss	**(88,878,634)**	(75,400,960)
Nonoperating revenues (expenses)		
State appropriations (Note 5)	**72,288,800**	60,761,900
Gifts	**5,406,362**	7,061,908
Investment income (net of investment expenses of $713,426 in 2024 and $582,658 in 2023)	**42,242,144**	26,339,428
Interest on capital asset related debt	**(13,545,235)**	(13,449,645)
Pell grants	**23,099,885**	19,343,439
Other	**843,392**	765,234
Net nonoperating revenues	**130,335,348**	100,822,264
Income before other revenues	**41,456,714**	25,421,304
Capital appropriations	**18,264,737**	7,646,445
Capital grants and gifts	**105,547**	126,337
Additions to permanent endowments	**2,929,459**	1,713,682
Total other revenues	**21,299,743**	9,486,464
Increase in net position	**62,756,457**	34,907,768
Net position		
Beginning of year	**615,219,617**	580,311,849
End of year	$ **677,976,074**	$ 615,219,617

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Oakland University
Statements of Cash Flows
Year Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Tuition	$ **183,655,890**	$ 193,143,192
Grants and contracts	**28,363,649**	24,936,393
Payments to suppliers	**(76,891,072)**	(76,176,555)
Payments to employees	**(245,947,134)**	(236,947,702)
Payments for scholarships and fellowships	**(8,494,686)**	(7,687,190)
Loans issued to students	**(200,311)**	(188,880)
Collection of loans from students	**352,038**	214,629
Federal direct lending receipts	**81,900,172**	83,091,741
Federal direct lending disbursements	**(81,900,172)**	(83,091,741)
Auxiliary enterprise charges	**33,970,570**	32,912,450
Other receipts	**19,884,214**	25,167,773
Net cash from operating activities (Note 20)	**(65,306,842)**	(44,625,890)
Cash flows from noncapital financing activities		
State appropriations	**70,193,002**	59,534,808
Gifts and grants for other than capital purposes	**29,109,370**	26,336,965
Endowment gifts	**3,301,848**	2,037,099
Net cash from noncapital financing activities	**102,604,220**	87,908,872
Cash flows from capital financing activities		
Proceeds from capital debt	**20,801,716**	49,538,299
Capital appropriations	**21,728,913**	437,624
Proceeds from leases	**720,044**	626,491
Purchases of capital assets	**(52,760,429)**	(70,831,532)
Principal paid on capital debt	**(36,252,158)**	(58,661,705)
Interest paid on capital debt	**(16,636,802)**	(17,546,946)
Net cash from capital financing activities	**(62,398,716)**	(96,437,769)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	**94,398,622**	6,085,537
Investment income	**7,864,652**	22,276,189
Purchase of investments	**(107,867,420)**	(21,945,826)
Net cash from investing activities	**(5,604,146)**	6,415,900
Net change in cash and cash equivalents	**(30,705,484)**	(46,738,887)
Cash and cash equivalents		
Beginning of year	**79,080,455**	125,819,342
End of year	$ **48,374,971**	$ 79,080,455

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

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 (U.S. GAAP) 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.

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 inventory as of June 30, 2024 and 2023 includes 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:

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

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.

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.

Upcoming Accounting Pronouncements

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, changes in the presentation of the statement of revenues, expenses, and changes in 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.

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 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, 2025.

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.

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

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 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, 2025.

Adoption of New Standards

During the year ended June 30, 2024, the University adopted GASB 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. The adoption of this guidance by the University did not have a material impact on the financial statements.

During the year ended June 30, 2023, the University adopted GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets, and when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The adoption of this guidance by the University did not have a material impact on the financial statements.

During the year ended June 30, 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. As a result, the University now includes a subscription liability and an intangible right-to-use subscription asset for SBITAs. Subscription activity is further described in Note 13.

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, 2024 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.

2. Investments and Deposits with Financial Institutions (continued)

The University's working capital consists of the following as of June 30, 2024 and 2023:

June 30, 2024	Fair Market Value	Investment Maturities (In Years) <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
Equity Index 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
	$ 280,424,788

June 30, 2023	Fair Market Value	Investment Maturities (In Years) <1 Year	1-5 years	6-10 years	>10 years	N/A
University Working Capital						
Cash and Cash Equivalents	$ 67,217,188	$ 67,217,188	$ -	$ -	$ -	$ -
Commonfund						
Intermediate Bond Fund	54,794,791	8,531,549	43,857,751	1,994,530	410,961	-
High Quality Bond Fund	39,330,768	1,549,632	11,811,030	16,833,569	9,136,537	-
Contingent Asset Portfolio	39,881,993	14,321,624	17,994,755	5,017,155	2,548,459	-
Core Equity Fund	25,137,170	-	-	-	-	25,137,170
Strategic Equity Fund	39,728,065	-	-	-	-	39,728,065
Fidelity	121,798	-	-	-		121,798
Cash with Trustees	11,863,267	11,863,267	-	-	-	-
Operating investments	$ 278,075,040	$ 103,483,260	$ 73,663,536	$ 23,845,254	$12,095,957	$ 64,987,033

As Reported on the Statement of Net Position	
Cash and cash equivalents	$ 67,217,188
Restricted cash and cash equivalents	11,863,267
Other long-term investments	198,994,585
	$ 278,075,040

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, 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 average credit quality of AA-. At June 30, 2023, 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 1.8 years and an average credit quality of AA. The Commonfund High Quality Bond fund had a duration of 6.7 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 $19,358,619 at June 30, 2024 and $42,031,237 at June 30, 2023. The deposits were reflected in the accounts of the banks at $23,005,201 at June 30, 2024 and $44,150,738 at June 30, 2023. Of the bank balance, $22,690,619 at June 30, 2024 and $43,724,085 at June 30, 2023 was uninsured and uncollateralized.

As of June 30, 2024 and June 30, 2023, the University's working capital is not exposed to foreign currency risk.

These working capital funds produced net rate of return of 8.4% and 3.6% for the years ended June 30, 2024 and 2023, 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 13.7% for the years ended June 30, 2024 and 2023.

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2. Investments and Deposits with Financial Institutions (continued)

University endowment funds consist of the following as of June 30, 2024 and 2023:

June 30, 2024	Total	Investment Maturities (In Years) <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

June 30, 2023	Total	Investment Maturities (In Years) <1 Year	1-5 years	6-10 years	>10 years	N/A
UBS Endowment Investment Pool						
Large Cap Value	$ 23,312,904	$ 503,715	$ -	$ -	$ -	$ 22,809,188
Large Cap Growth	34,129,950	272,984	-	-	-	33,856,966
Mid Cap Value	5,983,008	-	-	-	-	5,983,008
Mid Cap Growth	11,859,562	-	-	-	-	11,859,562
Small Cap Core	8,031,375	-	-	-	-	8,031,375
Small Cap Growth	3,743,191	-	-	-	-	3,743,191
International Value	3,854,708	-	-	-	-	3,854,708
International Growth	6,305,633	-	-	-	-	6,305,633
Developing Markets	4,860,429	-	-	-	-	4,860,429
Fixed Income Core	14,896,807	852,874	3,673,945	5,876,651	2,645,488	1,847,849
Fixed Income Mutual Fund	3,552,525	-	-	-	-	3,552,524
High Yield Bonds	2,448,307	166,971	1,384,509	715,783	181,046	-
Hedge Funds	3,047,274	-	-	-	-	3,047,274
Private Equity	10,599,070	-	-	-	-	10,599,070
Money Market Funds	59,128	59,128	-	-	-	-
	$ 136,683,871	$ 1,855,672	$ 5,058,454	$ 6,592,434	$ 2,826,534	$120,350,777

The fixed income investments within the Endowment pool have a fair market value of $21.6 million as of June 30, 2024. The breakdown of market value, related percentage of the overall endowment pool and associated credit quality for the fixed income investments is as follows: $0.5 million (0.3%) rated AAA, $5.1 million (3.4%) rated AA+, $1.9 million (1.3%) rated AA-, $7.8 million (5.2%) rated A-, $3.8 million (2.5%) rated BBB and $2.5 million (1.6%) rated BB. Money market funds carry credit ratings of A-1, P-1, and F-1.

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, 2024.

The private equity investment's estimated fair value as measured by net asset value is $15,710,376 as of June 30, 2024. Hedge fund investments are estimated at a net asset value of $4,039,641 as of June 30, 2024. As of June 30, 2023, the private equity investment's estimated net asset value is $10,599,070. Hedge fund investments are estimated at a net asset value of $3,047,274. 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, 2024. 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 (90%) 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 U.S. GAAP. 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 equity and debt securities held at June 30, 2024 and 2023 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.

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, the manager's investment intent is further marginalized into event driven, opportunistic trading, as well as industry specific preferences.

	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	-	-
Equity Index Fund	886,109	886,109	-	-
Fidelity	213,548	213,548		
	192,338,919	33,191,592	159,147,327	-
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	-	-
	131,724,912	131,724,912	-	-
Total investments by fair value level	$ 324,063,831	$ 164,916,504	$ 159,147,327	$ -

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	59,460,915	1,281,308		
Total	$ 383,524,746	$ 1,281,308		

As Reported on the Statement of Net Position	
Endowment investments	$ 151,474,929
Other long-term investments	232,049,817
Total	$ 383,524,746

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.

Private Equity (PE) strategies in the Endowment portfolio are divided into five fund types, with varying investment objectives. A Fund of Funds approach is utilized by one of the managers that provides the University access to numerous PE investment deals in multiple industries. This strategy provides built in diversification within this sector and helps mitigate downside exposure to the overall PE asset class. The investment strategy for the remaining PE investments is to provide additional layers of diversity to the pool. Specifically, these investments span markets or industries that cover the aviation industry, technology and healthcare, and distressed debt opportunities.

	Fair Value as of June 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other Long-term Investments:				
Common fund				
Intermediate Bond Fund	$ 54,794,791	$ 1,934,256	$ 52,860,535	$ -
High Quality Bond Fund	39,246,993	669,803	38,577,190	-
Contingent Asset Fund	39,881,993	1,124,672	38,757,321	-
Core Equity Fund	24,350,377	24,350,377	-	-
Strategic Equity Fund	39,728,065	39,728,065	-	-
Fidelity	121,798	121,798	-	-
	198,124,017	67,928,971	130,195,046	-
Endowment Investment:				
Large Cap Value	23,312,903	23,312,903	-	-
Large Cap Growth	34,129,950	34,129,950	-	-
Mid Cap Value	5,983,008	5,983,008	-	-
Mid Cap Growth	11,859,562	11,859,562	-	-
Small Cap Core	8,031,375	8,031,375	-	-
Small Cap Growth	3,743,191	3,743,191	-	-
International Value	3,854,708	3,854,708	-	-
International Growth	6,305,633	6,305,633	-	-
Developing Markets	4,860,429	4,860,429	-	-
Fixed Income Core	14,896,807	14,896,807	-	-
Fixed Income Mutual Fund	3,552,524	3,552,524	-	-
High Yield Bonds	2,448,309	2,448,309	-	-
Money Market Mutual Funds	59,128	59,128	-	-
	123,037,527	123,037,527	-	-
Total investments by fair value level	$ 321,161,544	$ 190,966,498	$ 130,195,046	$ -

Investments measured at the net asset value (NAV)

	June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
High Quality Bond Fund	$ 83,775	$ -	Weekly	5 Days
Core Equity Fund	786,793	-	Weekly	5 Days
Hedge Funds	3,047,274	-	Quarterly	7-105 Days
Private Equity	10,599,070	1,452,785	Not Applicable	Not Applicable
Total investments measured at NAV	14,516,912	1,452,785		
Total	$ 335,678,456	$ 1,452,785		

As Reported on the Statement of Net Position	
Endowment investments	$ 136,683,871
Other long-term investments	198,994,585
Total	$ 335,678,456

3. Accounts Receivable

Accounts receivable consist of the following as of June 30, 2024 and 2023:

	2024	2023
Tuition	**$ 6,501,024**	$ 6,154,182
Auxiliary enterprises	**1,211,600**	980,629
Contracts and grants	**5,245,860**	1,953,429
Other receivables	**19,641,298**	9,613,675
Total accounts receivable	**32,599,782**	18,701,915
Less: Allowance for doubtful accounts	**(3,267,592)**	(3,075,806)
Total accounts receivable, net	**$ 29,332,190**	$ 15,626,109

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, 2024 and 2023, the University had $2,370,667 and $2,355,433 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 2024, the University recognized $314,156 in lease revenue and $72,715 of interest revenue under the lease. As of June 30, 2024 and 2023, the University had $1,821,467 and $2,114,980 in leases receivable, respectively for the Sports Dome.

In October 2014, the University entered into a lease for its Amphitheater. Under the lease, the lessee pays the University $165,000 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 3.67%. In fiscal year 2024, the University recognized $154,621 in lease revenue and $6,171 of interest revenue under the lease. As of June 30, 2024 and 2023 the University had $81,624 and $240,453 in leases receivable, respectively for the Amphitheater.

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 2024, the University recognized $93,259 in lease revenue and $8,498 of interest revenue under the lease. As of June 30, 2024, the University had $188,838 in leases receivable 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 2024, the University recognized $74,470 in lease revenue and $11,388 of interest revenue under the lease. As of June 30, 2024, the University had $278,738 in leases receivable for the Oakland University Gear Shop.

Variable payments received related to the University's lease agreements during 2024 and 2023 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, 2024 are as follows:

	Principal	Interest	Total
2025	$ 544,352	$ 76,862	$ 621,214
2026	480,818	58,871	539,689
2027	398,499	42,729	441,228
2028	413,296	27,932	441,228
2029	352,532	13,696	366,228
2030	181,170	1,944	183,114
Total	$ 2,370,667	$ 222,034	$ 2,592,701

5. Appropriations Receivable

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.

5. Appropriations Receivable (continued)

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 $18,264,737 of reimbursable cost for the year ended June 30, 2024.

In fiscal year 2023, 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 2022-2023 Higher Education Appropriation Act totaling $60,761,900. 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, 2023, the accrual of the July and August State operating appropriation payments created an appropriation receivable of $11,047,616.

6. Pledges Receivable

Pledges receivable consist of the following as of June 30, 2024 and 2023:

	2024	2023
Pledges outstanding		
Unrestricted	$ 3,782	$ 3,260
Restricted expendable	3,104,941	3,663,874
Total pledges outstanding	3,108,723	3,667,134
Less:		
Allowance for doubtful pledges	(310,872)	(366,714)
Present value discount	(337,781)	(320,266)
Total pledges outstanding, net	2,460,070	2,980,154
Less: Current portion, net	(915,971)	(1,223,014)
Noncurrent portion, net	$ 1,544,099	$ 1,757,140

Pledges receivable from donors are recorded at net present value less allowances for doubtful accounts. As of June 30, 2024 and 2023, 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, 2024 and 2023. Payments on pledges receivable as of June 30, 2024 are expected to be received in the following years:

Past due	$ 143,603
Due in one year	873,804
Due in two-five years	1,762,564
Thereafter	328,752
Total	$ 3,108,723

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, 2024, and 2023, the University had $37,372,857 and $34,521,188, respectively, in conditional pledge commitments receivable not included in the accompanying financial statements.

7. Student Loans Receivable

Student loans receivable consist of the following as of June 30, 2024 and 2023:

	2024	2023
Student loans		
Federal loan programs	$ 644,072	$ 795,076
University loan funds	218,447	214,962
	862,519	1,010,038
Less: Allowance for doubtful loans	(1,000)	(1,000)
Total student loans, net	861,519	1,009,038
Less: Current portion, net	(220,981)	(309,987)
Noncurrent portion, net	$ 640,538	$ 699,051

In addition, the University distributed $81,900,172 and $83,091,741 for the years ended June 30, 2024 and 2023, 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, 2024 was $31,870,000. 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, 2024 and 2023 was ($658,095) and ($1,039,846), 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 2024 and 2023 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

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, 2024, and June 30, 2023 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 2024 and 2023:

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	1,092,132,544	52,778,808	2,928,491	1,141,982,861
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)	(4,504,893)	(1,392,393)	(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	(424,535,999)	(32,412,658)	(1,443,699)	(455,504,958)
Total capital assets, net	$ 667,596,545	$ 20,366,150	$ 1,484,792	$ 686,477,903

9. Capital Assets (continued)

Asset Classification	Balance June 30, 2022 (as restated)	Additions	Reductions/ Transfers	Balance June 30, 2023
Land	$ 4,624,914	$ 4,033,385	$ -	$ 8,658,299
Land improvements and infrastructure	93,246,925	5,629,709	-	98,876,634
Buildings	752,674,553	43,816,272	-	796,490,825
Equipment	75,244,026	4,809,814	1,192,305	78,861,535
Library acquisitions	25,197,355	98,431	408,250	24,887,536
Right to use subscriptions	2,632,194	4,369,528	-	7,001,722
Construction in progress	67,475,212	64,942,043	55,061,262	77,355,993
Total	1,021,095,179	127,699,182	56,661,817	1,092,132,544
Accumulated depreciation				
Land improvements and infrastructure	(58,351,441)	(3,611,211)	-	(61,962,652)
Buildings	(258,335,238)	(18,114,584)	-	(276,449,822)
Equipment	(59,515,276)	(4,601,971)	(1,111,860)	(63,005,387)
Library acquisitions	(20,949,103)	(323,631)	(408,250)	(20,864,484)
Right to use subscriptions	(682,873)	(1,570,781)	-	(2,253,654)
Total	(397,833,931)	(28,222,178)	(1,520,110)	(424,535,999)
Total capital assets, net	$ 623,261,248	$ 99,477,004	$ 55,141,707	$ 667,596,545

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 $643,058 and $617,983 for 2024 and 2023, respectively. The face value of these life insurance policies totaled $7,933,072 and $7,933,072 in 2024 and 2023, respectively.

12. Deferred Outflows of Resources

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. As of June 30, 2023, the University recorded deferred outflows of $7,700,370, which includes $1,039,847 for the accumulated change in fair value of the 2008 Swap, and $6,660,523 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, 2024 and 2023:

	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	377,165,766	20,801,716	41,050,601	356,916,881	15,917,730
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	13,542,337	3,623,664	3,833,057	13,332,944	3,293,561
Total long-term liabilities	$ 390,708,103	$ 24,425,380	$ 44,883,658	$ 370,249,825	$ 19,211,291
Total long-term liabilities	$ 390,708,103			$ 370,249,825	
Less current portion	21,875,263			19,211,291	
Noncurrent portion	$ 368,832,840			$ 351,038,534	

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13. Long-Term Liabilities (continued)

	Balance June 30, 2022 (as restated)	Additions/ Transfers	Reductions	Balance June 30, 2023	Current Portion
Note and installment purchase agreements payable	$ 6,459,024	$ -	$ 1,076,766	$ 5,382,258	$ 1,118,236
General revenue bonds:					
Series 2022B bonds	-	44,795,000	-	44,795,000	1,125,000
Unamortized premium	-	4,743,299	221,008	4,522,291	389,857
Series 2022A bonds	32,155,000	-	765,000	31,390,000	440,000
Unamortized premium	5,201,603	-	403,836	4,797,767	393,040
Series 2019 bonds	77,880,000	-	1,325,000	76,555,000	1,380,000
Unamortized premium	16,054,134	-	1,015,062	15,039,072	988,225
Series 2016 bonds	105,310,000	-	2,205,000	103,105,000	2,315,000
Unamortized premium	13,984,414	-	1,008,236	12,976,178	966,387
Series 2014 bonds	22,190,000	-	860,000	21,330,000	900,000
Unamortized premium	2,043,327	-	234,017	1,809,310	217,157
Series 2013A bonds	49,575,000	-	49,575,000	-	-
Unamortized premium	3,394,634	-	3,394,634	-	-
Series 2013B bonds	8,445,000	-	2,010,000	6,435,000	2,075,000
Series 2008 bonds	35,945,000	-	1,995,000	33,950,000	2,080,000
Series 1998 variable rate demand bonds	3,720,000	-	-	3,720,000	3,720,000
2014 Certificates of participation	11,540,000	-	845,000	10,695,000	760,000
Unamortized premium	801,944	-	138,054	663,890	127,945
Total note, installment agreement, and bonds payable	394,699,080	49,538,299	67,071,613	377,165,766	18,995,847
Other liabilities:					
Subscription liability	1,312,852	3,566,029	1,570,969	3,307,912	1,418,579
Compensated absences	7,291,195	1,214,065	1,003,714	7,501,546	884,355
Annuities payable and other	2,545,563	26,125	161,361	2,410,327	576,482
Federal portion of Perkins loan program	450,490	-	127,938	322,552	-
Total other liabilities	11,600,100	4,806,219	2,863,982	13,542,337	2,879,416
Total long-term liabilities	$ 406,299,180	$ 54,344,518	$ 69,935,595	$ 390,708,103	$ 21,875,263
Total long-term liabilities	$ 406,299,180			$ 390,708,103	
Less current portion	17,440,856			21,875,263	
Noncurrent portion	$ 388,858,324			$ 368,832,840	

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
2025	$ 1,161,303	$ 141,384	$ 1,302,687
2026	1,206,029	96,659	1,302,688
2027	1,252,477	50,210	1,302,687
2028	644,213	7,131	651,344
Total	$ 4,264,022	$ 295,384	$ 4,559,406

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 5.00% 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 5.00% 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 5.00% 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 will be 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.

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 $57,860,000 of general revenue bonds (2013A Bonds), with an average coupon rate of 4.98% and a net original issue premium of $7,141,047. The proceeds were utilized to fund 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 2013A Bonds were issued with a final maturity of March 1, 2043. The pricing resulted in a 4.03% true interest cost. The 2013A Bonds were refunded with the issuances of the 2022B 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.

13. Long-Term Liabilities (continued)

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.

The following table summarizes debt service requirements for the outstanding bonds and certificates payable as of June 30, 2024:

	Principal	Interest	Hedging Derivative, Net	Total
2025	$ 11,765,000	$ 15,302,108	$ (39,746)	$ 27,027,362
2026	12,230,000	14,675,651	(36,944)	26,868,707
2027	12,895,000	14,091,763	(32,877)	26,953,886
2028	14,245,000	13,519,665	(26,339)	27,738,326
2029	15,670,000	12,882,884	(19,534)	28,533,350
2030-2034	67,310,000	54,163,274	(17,500)	121,455,774
2035-2039	67,825,000	38,779,416	-	106,604,416
2040-2044	66,680,000	21,264,250	-	87,944,250
2045-2049	41,950,000	6,660,500	-	48,610,500
2050	4,990,000	249,500	-	5,239,500
	315,560,000	$ 191,589,011	$ (172,940)	$ 506,976,071
Unamortized premium	37,092,859			
	$ 352,652,859			

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.

13. Long-Term Liabilities (continued)

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 annuity payable was approximately $1.7 million and $1.9 million as of June 30, 2024 and 2023 respectively.

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, 2024, and 2023 the University had $3,398,992 and $3,307,912 in subscription liability, respectively.

Future principal and interest payment requirements related to the University's subscription liability at June 30, 2024 are as follows:

	Principal	Interest	Total
2025	$ 1,774,394	$ 83,564	$ 1,857,958
2026	1,104,744	33,191	1,137,935
2027	290,691	15,084	305,775
2028	229,163	5,132	234,295
Total	$ 3,398,992	$ 136,971	$ 3,535,963

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, 2024, the

14. Postemployment Benefits Other than Pensions (continued)

University had 1,773 active employees in the plan and 172 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 health care benefits as "access only" for retirees and spouses, at retiree rates, paid in full by the retiree.

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, 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.

For the year ended June 30, 2023, the University and plan members receiving benefits contributed $1.5 million and $0.9 million, respectively, to the plan. Approximately 63% of total premiums were paid by the University with the remaining 37% paid by plan members. Required contributions for plan members ranged from $40 to $994 per month for retiree-only coverage, and from $101 to $2,385 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 $33.1 million, which will be used to offset annual OPEB contributions. Other postemployment health care benefits are financed on a pay-as-you-go basis.

OPEB Liability and Actuarial Assumptions

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.

As of June 30, 2023, the University reported a liability for OPEB totaling $29.0 million. The liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021, which used updated procedures to roll forward the liability to June 30, 2023.

14. Postemployment Benefits Other than Pensions (continued)

The liability was calculated based on the following actuarial assumptions:

	2024	2023
Discount Rate/investment rate of return*	3.65%	3.54%
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 60 years	3.7% - 5.8% over 60 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

	2024	2023
Total OPEB Liability	*In thousands*	
Service Cost	$ 860	$ 1,108
Interest on total OPEB liability	1,027	718
Changes of benefit terms	-	-
Effect of economic/demographic gains or (losses)	1,502	-
Effect of assumption changes or inputs	(3,870)	(4,266)
Benefit payments	(1,618)	(1,483)
Net Change in total OPEB liability	**(2,099)**	**(3,923)**
Total OPEB Liability, beginning	28,953	32,876
Total OPEB Liability, ending	**$ 26,854**	**$ 28,953**
Covered Payroll	$ 137,215	$ 130,098
Total OPEB liability as a % of covered payroll	19.57%	22.25%

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 and $0.3 million at June 30, 2024 and June 30, 2023, respectively.

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

	2024		2023	
	Deferred Outflow	Deferred Inflow	Deferred Outflow	Deferred Inflow
Differences between expected and actual experience	$ 2,740,232	$ 1,192,474	$ 1,950,685	$ 1,463,491
Change of assumptions	$ 2,393,926	$ 11,098,992	$ 3,091,864	$ 9,787,498
Contributions made after measurement date	$ 1,445,512	$ -	$ 1,617,974	$ -

Changes of assumptions: For 2024 and 2023, the discount rate increased to 3.65% and 3.54% respectively. The discount rate was 2.16% and 2.21% in 2022 and 2021, respectively. The decrease in liability is primarily due to a decrease in the health care 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	
2025	$ (1,104,359)
2026	(1,019,806)
2027	(1,075,244)
2028	(1,514,902)
2029	(1,208,217)
2030	(457,794)
Thereafter	(776,986)
Total	**$ (7,157,308)**

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, 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

	Year ending June 30, 2023		
	1% Decrease	**Current Rate**	**1% Increase**
Discount Rate:			
Total OPEB Liability	$ 31,956,126	$ 28,952,939	$ 25,982,162
Health Care Trend Rate:			
Total OPEB Liability	$ 27,960,439	$ 28,952,939	$ 30,090,675

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.

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, 2024 and 2023 were $18,510,636 and $17,942,951, respectively.

15. Employee Benefits (continued)

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, 2023, the date of the most recent actuarial valuation, the plan had a total liability of approximately $63,078 and was over funded by approximately $52,270.

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 2024, 2023, and 2022 were considered current and are as follows:

	2024	2023	2022
Balance, beginning of year	**$ 160,145**	$ 423,646	$ 274,461
Claims incurred and changes in estimates	**400,371**	(48,251)	267,308
Claim payments	**(333,774)**	(215,250)	(118,123)
Balance, end of year	**$ 226,742**	$ 160,145	$ 423,646

16. Deferred Inflows of Resources

The University accounts for deferred inflows of resources in accordance with authoritative guidance. The University recorded deferred inflows of $26,393,602 as of June 30, 2024. This amount is comprised of $12,291,466 from changes in OPEB assumptions, $2,763,146 from an early extinguishment of general revenue bonds, $2,289,565 from lease agreements, irrevocable split-interest agreements 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. The University's beneficial interest in this charitable remainder trust is held by Morgan Stanley and also recognized as an asset at fair value. Beneficial interest in assets held by others are classified in Level 3 of the fair value hierarchy, is not traded on an open market, and is valued using an approach that utilizes the present value of annuity payments based on the life expectancy of the annuitant.

As of June 30, 2023, the University recorded deferred inflows of $22,677,807, which includes $11,250,989 from changes in OPEB assumptions, $1,150,515 from early extinguishment of general revenue bonds, $2,273,946 from lease agreements, an irrevocable split-interest agreement where the University acts as the trustee in the amount of $3,343,764, and an additional irrevocable split-interest agreement held by a third party in which the University has $4,658,593 beneficial interest in assets held by others.

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 educators legal 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, automobile liability, and property coverage are provided on an occurrence basis. Educators legal liability coverage is provided on a claims-made basis. The payments made to M.U.S.I.C. and premiums to excess and reinsurance 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, 2024, the amount subject to guarantee by the University was $2,892,133.

The estimated costs to complete construction projects in progress is $31.7 million as of June 30, 2024, due in large part to the construction costs associated with the renovation of West Center for $11.1 million, improvements to O'Dowd Hall, Dodge Hall, and Kresge Library in the amount of $2.8 million, Meadow Brook Hall Visitor Center for $2.7 million, Science Complex renovation for $2.5 million, South Foundation Hall renovation in the amount of $1.7 million, Human Health Building improvements of $1.3 million, and various campus enhancement projects totaling an additional $9.6 million. The South Foundation Hall project is funded from the State Capital Outlay for $30.0 million, $10.0 million from the 2019 Bonds, and $4.2 million from University resources. The various other construction projects are funded from University resources.

19. Expenditures by Natural Classification

Operating expenses by natural classification for the years ended June 30, 2024 and 2023 are summarized as follows:

	2024	**2023**
Employee compensation and benefits	**$ 245,922,107**	$ 236,808,468
Supplies and other services	**77,645,087**	70,724,578
Student aid	**8,494,686**	7,687,190
Depreciation	**32,412,658**	28,222,178
Total	**$ 364,474,538**	$ 343,442,414

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20. Cash Flow Statement

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

	2024	2023
Operating loss	**$ (88,878,634)**	$ (75,400,960)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation expense	**32,412,658**	28,222,178
Changes in assets and liabilities:		
Accounts receivable, net	**(17,154,637)**	6,764,361
Inventories	**74,125**	211,684
Deposits and prepaid expense	**240,197**	(877,064)
Student loans receivable	**147,519**	16,431
Accounts payable and accrued expenses	**679,891**	(5,663,663)
Accrued payroll	**681,133**	857,165
Compensated absences	**271,193**	210,351
Unearned revenue	**7,673,248**	1,758,937
Deposits	**(153,629)**	609,376
Federal portion of student loan program	**(322,552)**	(127,938)
OPEB liability	**(2,098,684)**	(3,922,620)
Deferred outflow of resources	**80,853**	1,131,394
Deferred inflow of resources	**1,040,477**	1,584,478
Net cash used by operating activities	**$ (65,306,842)**	$ (44,625,890)

21. Related-Party Transactions

The Oakland University Foundation (Foundation) is a related party of the University. The Foundation had net assets of $269,255 and $247,720 as of June 30, 2024 and 2023 respectively, consisting of three endowment funds. The University's financial statements do not include the Foundation's assets or activity.

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Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

		2024		2023		2022		2021		2020		2019		2018
Total OPEB Liability								*In thousands*						
Service Cost	$	860	$	1,108	$	1,261	$	933	$	791	$	814	$	940
Interest on total OPEB liability		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		(3,870)		(4,266)		(5,478)		5,186		(3,503)		(1,079)		(2,973)
Benefit payments		(1,618)		(1,483)		(1,829)		(1,760)		(1,693)		(1,592)		(1,831)
Net Change in total OPEB liability		**(2,099)**		**(3,923)**		**(7,159)**		**5,567**		**1,110**		**(639)**		**(2,814)**
Total OPEB Liability, beginning		28,953		32,876		40,035		34,468		33,358		33,997		36,811
Total OPEB Liability, ending	**$**	**26,854**	**$**	**28,953**	**$**	**32,876**	**$**	**40,035**	**$**	**34,468**	**$**	**33,358**	**$**	**33,997**
Covered Payroll	$	137,215	$	130,098	$	133,657	$	133,224	$	134,662	$	129,568	$	125,045
Total OPEB liability as a % of covered payroll		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 2024, 2023, 2022, 2021, 2020, 2019, or 2018.

Changes of assumptions: For 2024 and 2023 the discount rate increased to 3.65% and 3.54% respectively. The discount rate was 2.16% and 2.21% in 2022 and 2021, respectively. The decrease in liability is primarily due to a decrease in the health care 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 $33.1 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.