

Financial Report

Ferris State University

*Years ended June 30, 2025 and 2024
with Report of Independent Auditors*

Ferris State University

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Contents

Report of Independent Auditors.....	1
Management’s Discussion and Analysis	4
Financial Statements	
Statements of Net Position.....	16
Statements of Revenues, Expenses, and Changes in Net Position	17
Statements of Cash Flows.....	18
Notes to Financial Statements.....	20
Required Supplementary Information	
Schedule of the University’s Proportionate Share of the Net Pension Liability.....	53
Schedule of University’s Pension Contributions	53
Notes to Required Pension Supplementary Information	54
Schedule of the University’s Proportionate Share of the Net OPEB Asset	54
Schedule of University’s OPEB Contributions.....	55
Notes to Required OPEB Supplementary Information	55
Combining Statement of Net Position.....	56
Combining Statement of Revenues, Expenses, Transfers, and Change in Net Position.....	57

Independent Auditor's Report

To the Board of Trustees
Ferris State University

Report on the Audits of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audits of the Financial Statements

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

To the Board of Trustees
Ferris State University

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ferris State University's basic financial statements. The combining statement of net position and combining statement of revenues, expenses, transfers, and changes in net position, including comparative totals for 2024, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Additional Information

Management is responsible for the accompanying list of board of trustees, executive officers, and finance unit staff, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

To the Board of Trustees
Ferris State University

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025 on our consideration of Ferris State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ferris State University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ferris State University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 29, 2025

Ferris State University Management's Discussion and Analysis

The following discussion and analysis of Ferris State University's (the "University") financial statements provides an overview of the University's financial activities for the year ended June 30, 2025 with selected comparative information as of and for the years ended June 30, 2024 and 2023. The University includes all site locations, including the main campus in Big Rapids, Kendall College of Art and Design, and numerous sites across the State. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the University's administration.

Using this Report

This annual financial report includes the report of independent auditors, management's discussion and analysis, the financial statements, including the notes to the financial statements, required supplementary information, and other supplementary information. The financial statements included in this report are the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) accounting principles, which establish standards for public colleges and universities.

Financial Highlights

The University's operating revenues increased by \$10.9 million or 7.3% compared to prior year. Operating expenses increased \$31.8 million or 14.8% during the fiscal year ended June 30, 2025. The University's total assets increased \$63.1 million to \$585.6 million at year end. The largest increases in assets were related to the funds from the Bond Series 2025 issuance that are recorded as restricted cash and restricted investments totaling \$38.3 million. Additionally, the MPSERS OPEB and Pension assets increase \$24.7 million from 2024.

The largest component of operating revenues is tuition and fees, net of scholarships. Tuition and fees revenue increased \$2.2 million. This is a result from a 3.7% increase in undergraduate tuition. Auxiliary enterprises increased \$2.2 million as a result from a 5% increase in room and board rates.

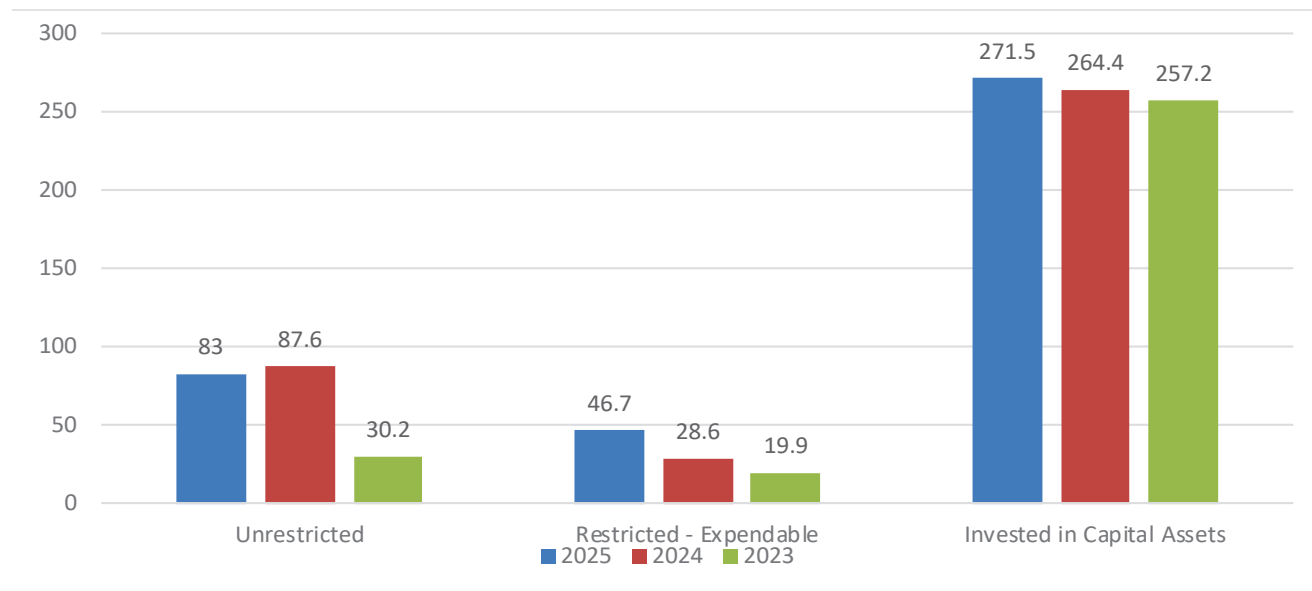
Operating expenses increased \$31.8 million. The largest increase in operating expenses was \$9.1 million for instruction, largely because of negotiated CBA agreement salary increases, and Pension and OPEB increases, \$4.5 million in institutional support, \$4.1 million in Auxiliary enterprises, and \$3.8 million in student services expenses.

For the year ended June 30, 2024, the University's operating revenues increased by \$10.6 million. The University's total assets increased \$15.9 million to \$522.4 million at year end. The University revitalized the investment in the physical properties as of July 1, 2023 and capital assets increased \$3.6 million to \$364.1 million net of depreciation for the fiscal year ended June 30, 2024.

Ferris State University Management's Discussion and Analysis

Financial Highlights (continued)

The following chart provides a graphical breakdown of net position by category for the fiscal years ended June 30, 2025, 2024, and 2023:



The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position

The statements of net position and the statements of revenues, expenses, and changes in net position report information on the University as a whole. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as Ferris State University's operating results.

These two statements report the University's net position and net position changes. Net position is the difference between assets plus deferred outflow of resources and liabilities plus deferred inflows of resources, which is one way to measure the University's financial health, or financial position. Many other non-financial factors, such as the trend in admissions, student retention, condition of the facilities, and strength of the educational offerings, also need to be considered to assess the overall health of the University.

These financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Ferris State University
Management's Discussion and Analysis

Net Position

For the year ended June 30, 2025, total net position increased by \$20.6 million to \$401.2 million. Unrestricted net position decreased by \$4.5 million to \$83.0 million. The total net position is comprised of \$22.2 million in general fund; \$32.9 million in designated fund; \$74.6 million identified for departmental use, net pension and OPEB assets, maintenance, replacement of facilities, debt service, and \$271.5 million net investment in capital assets.

For the year ended June 30, 2024, total net position increased by \$73.2 million to \$380.5 million. Unrestricted net position increased by \$51.2 million to \$87.5 million. The total net position is comprised of (\$2.9) million net unfunded pension liability; \$13.8 million net OPEB asset; \$105.2 million identified for departmental use, maintenance, replacement of facilities, debt service, and \$264.4 million net investment in capital assets.

Ferris State University
Management's Discussion and Analysis

Operating Results

The following page is a comparison of the operating results of the University for the years ended June 30:

	(in millions)		
	2025	2024	2023
Assets			
Current assets	\$ 52.4	\$ 54.0	\$ 45.8
Non-current assets:			
Capital assets - Net of depreciation	363.0	364.1	360.5
Other	170.2	104.4	100.2
Total assets	585.6	522.5	506.5
Deferred Outflows of Resources			
Net pension liability	0.3	0.9	5.9
Net OPEB liability	-	-	0.5
Refunding of debt	2.6	2.6	2.9
Total deferred outflows of resources	2.9	3.5	9.3
Liabilities			
Current liabilities	38.3	35.5	40.4
Long-term liabilities	134.1	109.9	168.0
Total liabilities	172.4	145.4	208.4
Deferred Inflows of Resources			
Net pension liability	12.7	-	-
Net OPEB liability	2.3	-	-
Total deferred inflows of resources	15.0	-	-
Net Position			
Invested in capital assets	271.5	264.4	257.2
Restricted - Expendable	46.7	28.6	19.9
Unrestricted	83.0	87.6	30.2
Total net position	\$ 401.2	\$ 380.6	\$ 307.3

Ferris State University
Management's Discussion and Analysis

	(in millions)		
	2025	2024	2023
Operating Revenues			
Tuition and fees - Net	\$ 104.8	\$ 102.6	\$ 95.8
Grants and contracts	8.9	8.7	7.1
Departmental activities	11.3	11.9	12.6
Auxiliary activities - Net	28.9	26.8	24.3
Other operating revenues	7.5	0.4	(0.1)
Total operating revenues	161.4	150.4	139.7
Operating Expenses			
Instruction	87.3	78.2	90.4
Research	2.3	2.0	1.8
Public service	3.7	4.9	5.1
Academic support	27.0	23.9	24.5
Student services	23.1	19.3	20.6
Institutional support	25.0	20.4	17.4
Operation and maintenance of plant	18.2	14.7	23.2
Depreciation	13.1	12.5	10.4
Student aid	24.1	21.3	18.5
Auxiliary enterprises	20.6	16.4	20.0
Other expenses	1.8	0.8	0.3
Total operating expenses	246.2	214.4	232.2
Operating Loss	(84.8)	(64.0)	(92.5)
Non-operating Revenues (Expenses)			
State appropriations	62.0	92.5	121.7
Federal Pell Grants	23.5	18.5	16.4
Gifts	9.6	9.9	8.3
Investment gain (loss)	9.7	9.3	6.5
Interest on capital assets - Related debt	(2.9)	(3.6)	(3.9)
Total nonoperating revenues (expenses)	101.9	126.6	149.0
Income/(Loss) - Before other revenues	17.1	62.6	56.5
Other Revenues			
State capital appropriations	3.5	10.7	11.6
Total other revenues	3.5	10.7	11.6
Increase (Decrease) in Net Position	20.6	73.3	68.1
Net Position - Beginning of year	380.6	307.3	239.2
Net Position - End of year	\$ 401.2	\$ 380.6	\$ 307.3

Ferris State University Management's Discussion and Analysis

Operating Revenues

Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, housing, and dining. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

The following major factors significantly impacted operating revenue during the year ended June 30, 2025.

- Student tuition and fees revenue increased \$2.2 million because of increased tuition rates of 3.7%.
- Auxiliary enterprises operating revenue increased by \$2.2 million. The increase is attributable to a 5% increase to the board rate and increased on campus housing occupancy over the prior year.

For the year ended June 30, 2024, the significant operating revenue factors were as follows:

- Student tuition and fees revenue increased \$6.8 million mainly due to a decrease in revenue recunts of \$2.9 million. There was also an increase in tuition rates of 3.8%.
- Auxiliary enterprises operating revenue increased by \$2.5 million. Housing and dining revenues before eliminations increased \$1.6 million and other auxiliary operations increased by \$0.9 million. The increase is attributable to a 2.3% increase to the board rate and increased on campus Housing occupancy over the prior year.

Non-operating/Other Revenues (Expenses)

Non-operating revenues (expenses) are all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, Federal Pell Grants, gifts, and investment gain (loss), (including realized and unrealized gains and losses). Also included in this category is interest on capital debt.

Non-operating revenues (expenses) were significantly impacted by the following factors during the year ended June 30, 2025:

- The State appropriations of \$62 million is a decrease of (\$30.4) million from the 2024 level. Of which (\$31.2) million is for the UAAL reimbursement for MPSERS pension liability.
- State capital appropriations of \$3.5 million were received from the State of Michigan for use towards the completion of the Center for Virtual Learning.

Ferris State University
Management's Discussion and Analysis

Non-operating/Other Revenues (Expenses) (continued)

- Investment gain increased by \$0.4 million from an investment gain of \$9.3 million in 2024 to \$9.7 million gain in 2025. The \$9.7 million investment gain includes \$6.5 million realized gains/interest and \$3.2 million of unrealized gain. The increase in investment income reflects higher returns from market performance during the year. Gains were driven by both equity and fixed income holdings.
- Pell Grants increased \$5 million from \$18.5 million in 2024 to \$23.5 million in 2025. The biggest factor driving this change was the FAFSA simplification and transition from EFC to SAI which has allowed more students to access Federal Pell Grant funds.
- Gift and in-kind contributions income decreased by \$0.3 million from \$9.9 million in 2024 to \$9.6 million in 2025. This includes new pledges receivable.

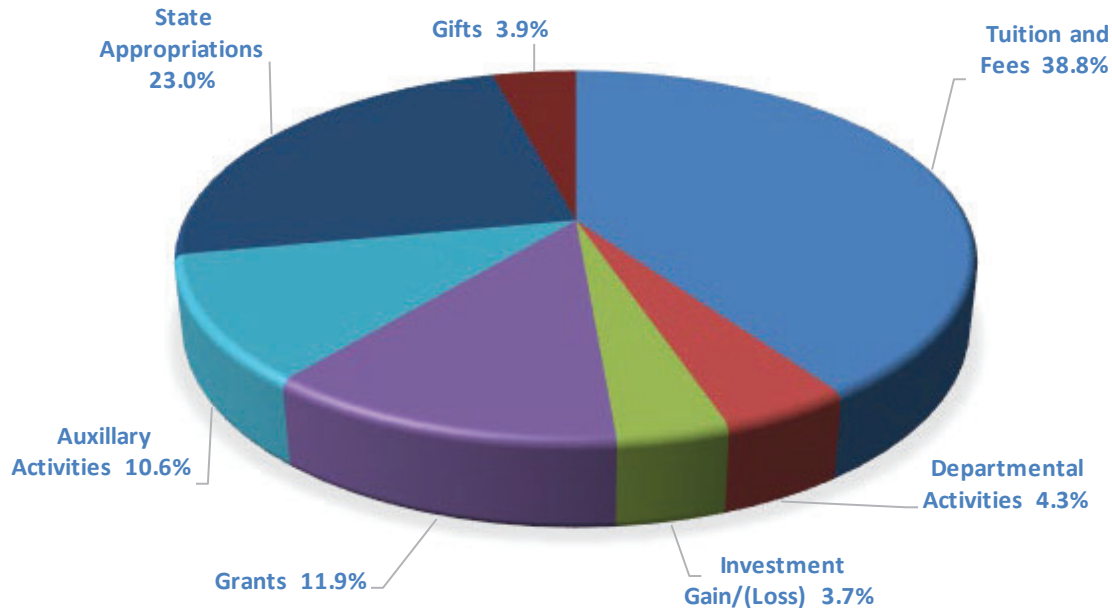
For the year ended June 30, 2024, significant non-operating revenues (expenses) factors were as follows:

- The State appropriation of \$92.5 million is a decrease of (\$29.2) million from the 2023 level. Of which (\$32.1) million is for the UAAL reimbursement for MPSERS pension liability.
- State capital appropriations of \$10.6 million were received from the State of Michigan for use towards the completion of the Center for Virtual Learning and ITEMS. Infrastructure, Technology, Equipment Maintenance, and Safety (ITEMS) funding is being used to improve existing facilities, infrastructure, technology, and campus security.
- Investment gain increased by \$2.8 million from an investment gain of \$6.5 million in 2023 to \$9.3 million gain in 2024. The \$9.3 million investment gain includes \$3.4 million realized gains and \$5.9 million of unrealized gain. The increase in investment income reflects higher returns from market performance during the year. Gains were driven by both equity and fixed income holdings.
- Pell Grants increased \$2.1 million from \$16.4 million in 2023 to \$18.5 million in 2024. An increase in the number of students who qualified for Pell Grants was the driving factor for the increase.
- Gift and in-kind contributions income increased by \$1.5 million from \$8.3 million in 2023 to \$9.8 million in 2024. This includes new pledges receivable.

Ferris State University Management's Discussion and Analysis

Total Revenues

The following is a graphic illustration of total revenues by source for year ended June 30, 2025:



Operating Expenses

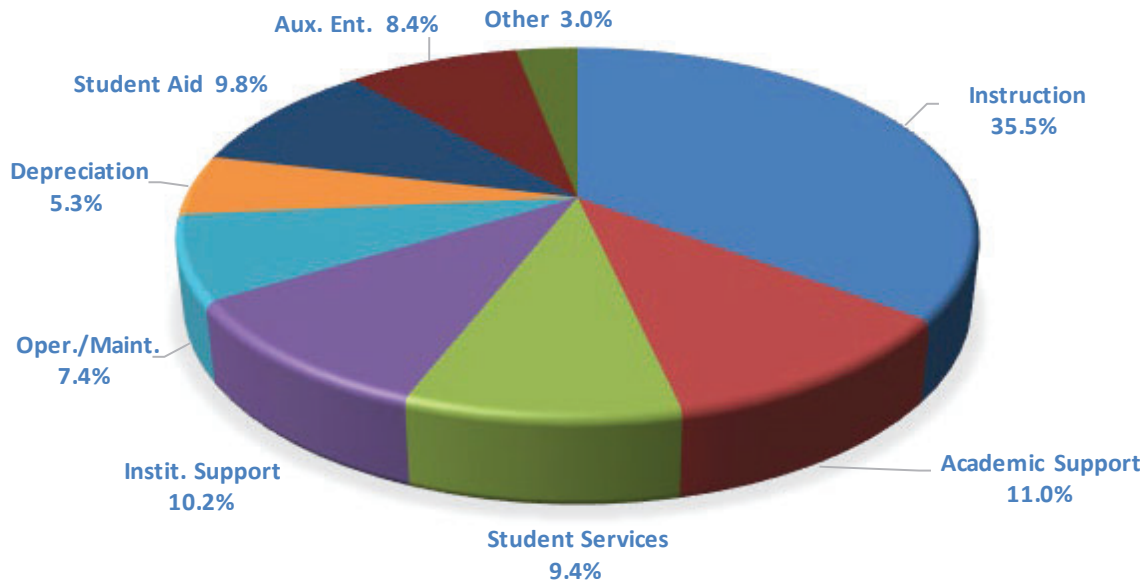
Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the University. These expenses increased by \$31.8 million from 2024 levels to a total of \$246.2 million in 2025. Instruction, student services, and student aid represent \$134.6 million, or 54.6%, of the total. Operations and maintenance of plant and depreciation total \$31.2 million, or 12.7%, and auxiliary enterprises total \$20.6 million, or 8.4%. Academic support, institutional support, and other small categories comprise the remainder of the operating expenses of \$59.8 million or 24.3%.

The largest increase in operating expenses was \$9.1 million for instruction, largely because of negotiated CBA agreement salary increases, \$4.5 million in institutional support, \$3.8 million in student services, and \$4.1 million in Auxiliary expenses. These decreases were offset by (\$1.2) in public service.

During the 2024 fiscal year, expenses decreased by (\$17.9) million from 2023 levels to \$214.4 million. Instruction, student services, and student aid represent \$118.8 million, or 55.2%, of the total. Operations and maintenance of plant and depreciation total \$27.2 million, or 12.6%, and auxiliary enterprises total \$16.4 million, or 7.6%. Academic support, institutional support, and other small categories comprise the remainder of the operating expenses of \$52 million or 24.5%.

Ferris State University Management's Discussion and Analysis

The following is a graphic illustration of operating expenses by function for year ended June 30, 2025:



Statement of Cash Flows

Another way to assess the financial health of the University is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess an entity's:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Needs for external financing

Capital Assets and Debt Administration

Capital Assets

At June 30, 2025, the University had \$363.9 million invested in capital assets, net of accumulated depreciation of \$270.9 million.

Details of these assets at June 30 are shown below (in millions):

Ferris State University
Management's Discussion and Analysis

	2025	2024	2023
Land, land improvements, and infrastructure	\$ 32.2	\$ 32.2	\$ 32.0
Buildings and improvements	507.1	511.0	439.9
Furniture, fixtures, and equipment	82.5	80.7	88.5
Construction in progress	13.1	1.3	60.8
Total	<u>\$ 634.9</u>	<u>\$ 625.2</u>	<u>\$ 621.2</u>

Expenditures totaling \$13.1 million for the Jim Crow Museum, Dawg House residence hall, and several other ongoing projects were included in construction in progress at June 30, 2025.

Debt Administration

At year end, the University had \$117.8 million in debt outstanding compared to \$90.4 million at 2024 and \$96.6 million at 2023. Bond Series 2025 was issued in February 2025 with a principal amount of \$42.8 million.

Ferris State University Management's Discussion and Analysis

Economic Factors Affecting the Future

The landscape of higher education continues to evolve, and a mixture of dynamics impact the future of our University. Michigan's challenges with declining enrollment persist as the number of students enrolling in colleges and universities has dropped significantly due to demographic shifts and changing perceptions of the value of a degree. The declining enrollment is a growing challenge for not only higher education but also for business and industry looking for talented individuals to fuel economic growth and prosperity.

Additional factors affecting the economic future include inflationary pressures and competitive pressures resulting in tuition fees continuing to rise, making higher education less accessible. Many students are reconsidering whether the financial burden is worth it. New student loan repayment requirements will begin to impact younger consumers both now and in the future. Additionally, the rise of AI and online learning is reshaping traditional education models, forcing institutions to adapt. All these situations clearly create headwinds for the University both now and into the future.

As noted in past years, the Tuition Incentive Program (TIP) is significantly important to enrollment here at Ferris State University. With the state budget being in flux, TIP funding is a top legislative priority for the University. This program is radically important in helping students and vital for their futures. Ferris has proven that this program can change the lives of students by helping prepare them for high-paying careers and to continue their growth as productive citizens. Our TIP students graduate with work-ready degrees in careers and industries that are desperately seeking highly skilled employees. Michigan needs our graduates, and Ferris continues to be committed to this mission.

The Ferris Foundation Endowment continues to expand and is currently at \$131.9 million (as of June 30, 2025). This remains an exciting and efficacious program as these assets are dedicated to supporting students and the educational mission of the University. The impact of these sources of revenue continue to position the University positively for recruitment, retention, state funding, and degree affordability.

As Ferris continues to look forward, the University's educational offerings and career-oriented focus will continue to attract students and align with the state's priorities of creating talent for industry and the economy. Ferris has a strong competitive position with a focus on unique career-driven degrees, collaborating with businesses to ensure academic programs align with labor market demands, continued partnerships with community colleges across the state, dual and concurrent agreements with high schools across the state, and hybrid & online learning models. While the University is in a good position, there is more work to be done. We must continue to align state and University resources to promote the distinctive and effective programs of this University, continue investment in new programs in high demand areas, and provide short-term certificates and opportunities for adult learners to retrain for employment. As noted in the Strategic Plan and the related progress towards this plan, Ferris State University remains steadfast in pursuit of this educational mission, the needs of industry, and needs of students.

Ferris State University
Statements of Financial Position

	Year Ended June 30, 2025		Year Ended June 30, 2024	
	University	Foundation	University	Foundation
Assets				
Current Assets				
Cash and cash equivalents (Note 2)	\$ 2,460,257	\$ 1,163,467	\$ 4,318,777	\$ 301,527
Short-term investments (Note 2)	28,997,619	5,137,894	31,036,638	3,625,502
Accounts receivable - Net (Note 3)	18,760,145	1,786,748	16,625,046	2,541,556
Inventories	1,107,932	-	1,688,612	-
Prepaid expenses and other assets	1,075,269	-	299,792	-
Total current assets	52,401,222	8,088,110	53,968,866	6,468,584
Non-current Assets				
Restricted cash and cash equivalents	14,254,368	-	-	-
Other long-term investments (Note 2)	89,699,161	126,982,579	81,756,078	124,681,102
Restricted investments	24,014,157	-	-	-
Student loans receivable - Net (Note 3)	5,580,310	-	7,034,806	-
Other non-current assets	871,622	-	1,744,168	-
Net OPEB asset (Note 6)	20,966,642	-	13,779,912	-
Net Pension asset (Note 6)	13,817,114	-	-	-
Capital assets - Net (Note 4)	363,957,230	-	364,145,095	-
Total non-current assets	533,160,604	126,982,579	468,460,059	124,681,102
Total assets	585,561,826	135,070,689	522,428,925	131,149,686
Deferred Outflows of Resources				
Net pension asset (Note 6)	260,730	-	893,151	-
Net OPEB asset (Note 6)	45,853	-	48,396	-
Refunding of debt	2,558,742	-	2,604,749	-
Total deferred outflows of resources	2,865,325	-	3,546,296	-
Liabilities				
Current Liabilities				
Accounts payable and accrued liabilities	19,761,355	82,517	20,131,281	275,108
Unearned revenue	10,152,841	-	7,179,816	-
Long-term liabilities - Current portion (Note 5)	8,346,353	-	9,067,208	-
Total current liabilities	38,260,549	82,517	36,378,306	275,108
Non-current Liabilities				
Deposits and Federal student loan payable	871,685	-	1,707,213	-
Long-term liabilities (Note 5)	132,471,575	-	102,133,926	-
Subscription liabilities (Note 8)	744,951	-	1,460,713	-
Net pension liability (Note 6)	-	-	3,745,075	-
Total non-current liabilities	134,088,211	-	109,046,928	-
Total liabilities	172,348,760	82,517	145,425,233	275,108
Deferred Inflows of Resources				
Net pension asset (Note 6)	12,664,669	-	10,790	-
Net OPEB asset (Note 6)	2,250,726	-	-	-
Total deferred inflows of resources	14,915,395	-	10,790	-
Net Position				
Net investment in capital assets	271,482,177	-	264,422,728	-
Restricted for (Note 1):				
Non-expendable:				
Scholarships	-	72,232,084	-	79,756,142
Expendable:				
Scholarships	3,289,744	\$34,912,144	3,250,329	31,460,846
Research	44,369	-	164,605	-
Instructional department uses	2,810	16,928,579	2,618	7,353,943
Loans	7,672,930	1,277,843	8,331,767	588,001
Net pension/OPEB asset	34,783,756	-	13,779,912	-
Other	914,560	2,079,679	3,043,787	2,759,840
Unrestricted (Note 1)	82,972,652	7,557,843	87,543,452	8,955,806
Total net position	\$ 401,162,998	\$ 134,988,172	\$ 380,539,198	\$ 130,874,578

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

	Year Ended June 30, 2025		Year Ended June 30, 2024	
	University	Foundation	University	Foundation
Operating Revenues				
Tuition and fees - Net of scholarship allowances of \$36,998,624 for 2025 and \$34,865,946 for 2024	\$ 104,799,632	\$ -	\$ 102,562,568	\$ -
Federal grants and contracts	6,371,696	-	6,023,261	-
State and local grants and contracts - Net of refunds	2,297,704	-	1,810,230	-
Non-governmental grants	171,882	-	865,673	-
Departmental activities	11,290,282	-	11,939,814	-
Auxiliary enterprises - Net of scholarship allowances of \$8,087,645 for 2025 and \$7,102,728 for 2024	-	-	-	-
	28,915,894	-	26,754,366	-
Other operating revenues	7,522,712	-	439,870	-
Total operating revenues	161,369,802	-	150,395,784	-
Operating Expenses				
Instruction	87,339,344	-	78,235,817	-
Research	2,299,464	-	1,973,107	-
Public service	3,689,570	-	4,951,998	-
Academic support	26,953,646	-	23,878,392	-
Student services	23,129,727	-	19,275,686	-
Institutional support	24,980,667	11,286,255	20,426,769	9,426,816
Operation and maintenance of plant	18,176,866	-	14,710,866	-
Depreciation	13,063,869	-	12,457,107	-
Student aid	24,124,423	-	21,278,869	-
Auxiliary enterprises	20,595,375	-	16,396,414	-
Other expenses	1,846,749	-	844,699	-
Total operating expenses	246,199,700	11,286,255	214,429,724	9,426,816
Operating Loss	(84,829,898)	(11,286,255)	(64,033,940)	(9,426,816)
Non-operating Revenues (Expenses)				
State appropriations	62,006,585	-	92,455,001	-
Federal Pell Grants	23,496,569	-	18,507,809	-
Gifts & In-Kind Contributions	9,592,154	5,515,279	9,862,528	6,168,967
Investment gain	9,739,516	9,853,469	9,339,457	10,957,412
Interest on capital asset - Related debt	(2,898,334)	-	(3,594,696)	-
Net non-operating revenues (expenses)	101,936,490	15,368,749	126,570,099	17,126,378
Income (Loss) - Before other revenues	17,106,592	4,082,493	62,536,159	7,699,562
Other Revenues				
State capital appropriations	3,517,048	-	10,670,802	-
Additions to permanent endowments	-	31,100	-	(113,035)
Increase (Decrease) in Net Position	20,623,640	4,113,593	73,206,961	7,586,527
Net Position				
Beginning of year	380,539,358	130,874,578	307,332,237	123,288,051
End of year	\$401,162,998	\$134,988,172	\$380,539,358	\$130,874,578

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Ferris State University

Statements of Cash Flows

	Year Ended June 30	
	2025	2024
Cash Flows from Operating Activities		
Tuition and fees	\$ 104,799,632	\$ 102,562,568
Grants and contracts	7,932,919	6,647,132
Payments to suppliers	(136,655,860)	(108,000,157)
Payments to employees	(104,012,754)	(100,751,147)
Interest collected on student loans	215,565	439,870
Loans issued to students	(842,612)	(911,501)
Collection of loans from students	2,046,640	2,104,988
Auxiliary enterprise charges	28,915,894	26,754,366
Federal direct loan lending receipts	45,659,379	47,938,734
Federal direct loan lending disbursements	(45,624,475)	(48,016,075)
Other receipts	18,813,196	13,181,526
Net cash used in operating activities	(78,752,477)	(58,049,695)
Cash Flows from Noncapital Financing Activities		
State appropriations	62,006,585	51,689,578
Pell Grant receipts	23,496,569	18,507,809
Gifts and grants for other than capital purposes	9,592,154	9,862,528
Net cash from non-capital financing activities	95,095,308	80,059,915
Cash Flows from Capital and Related Financing Activities		
Capital appropriations	3,517,048	10,670,802
Subscription liability	715,762	(917,187)
Purchases of Capital Assets	(15,727,252)	(16,192,313)
Proceeds from sale of capital assets	3,825,536	-
Proceeds from capital debt	42,785,000	-
Principal paid on capital debt	(15,350,000)	(6,190,000)
Proceeds from capital debt premium	3,826,230	-
Interest paid on capital debt	(2,898,334)	(3,594,696)
Net cash used in capital and related financing activities	20,693,990	(16,223,394)
Cash Flows from Investing Activities		
Purchase investments - Bonds	(33,122,333)	-
Sale of investments - Bonds	9,108,176	-
Purchase investments - Bond Money Market	(47,767,730)	-
Sale of investments - Bond Money Market	33,513,369	-
Purchases of investments	(13,001,393)	(20,899,780)
Proceeds from sales and maturities of investments	13,001,546	3,017,409
Sale of Money Market	3,887,877	-
Investment income	9,739,516	9,339,457
Net cash used in investing activities	(24,640,973)	(8,542,914)
Change in Cash and Cash Equivalents	12,395,848	(2,756,087)
Cash and Cash Equivalents - Beginning of year	4,318,776	7,074,864
Cash and Cash Equivalents - End of year	\$ 16,714,625	\$ 4,318,777
Cash and Cash Equivalents	2,460,257	4,318,777
Restricted Cash and Cash Equivalents	14,254,368	-
Total Cash and Cash Equivalents	16,714,625	4,318,777

Ferris State University
Statements of Cash Flows

A reconciliation of operating loss to net cash from operating activities is as follows:

	Year Ended June 30	
	2025	2024
Operating loss	\$ (84,829,898)	\$ (64,033,940)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	13,063,869	12,457,107
Amortization of bond issuance cost	(872,546)	15,385
Loss on disposal of capital assets	2,168,948	51,231
Allowance for doubtful accounts	861,499	-
Changes in assets and liabilities		
Accounts receivable	(2,135,098)	(280,869)
Student loans receivable	1,454,496	1,633,357
Inventories, prepaid expenses, and other assets	(194,797)	(39,082)
Federal direct loan lending	(873,459)	(77,341)
Accounts payable and accrued liabilities	(1,399,887)	(6,778,687)
Deposits and unearned revenue	3,045,859	999,049
Accrued sick leave	(253,538)	(834,509)
Net pension/OPEB liability	(8,787,925)	(1,161,397)
Net cash from operating activities	<u>\$ (78,752,477)</u>	<u>\$ (58,049,695)</u>

Ferris State University
Notes to Financial Statements

1. Summary of Significant Accounting Policies

Ferris State University (University) is an institution of higher education created on September 1, 1884 as Big Rapids Industrial School. In 1885, the school name was changed to Ferris Industrial School; in 1898 to Ferris Institute; in 1950 became a component unit of the State of Michigan (State); in 1963 Ferris State College; and in 1987 to its current structure of Ferris State University. On December 31, 2000, Kendall College of Art and Design (Kendall) located in Grand Rapids, Michigan officially merged with the University. On August 28, 2013, the Urban Institute of Contemporary Art (UICA) located in Grand Rapids officially merged with Kendall.

The University's Board of Trustee members are appointed by the Governor of the State. Accordingly, the University is included in the State's financial statements as a discrete component unit. Transactions with the State relate primarily to appropriations for operations and capital improvements and grants from various state agencies.

Basis of Presentation

The financial 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 reports as a special purpose government engaged primarily in business-type activities (BTA), as defined by GASB using the economic resources measurement focus, on the accrual basis. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

The financial statements include the Ferris Foundation (Foundation). The Foundation was established as a separate non-profit corporation which exists for the sole purpose of soliciting, collecting, and investing donations for the benefit of the University. The Foundation's Board of Directors' FSU membership includes a member of the University's Board of Trustees, certain officers of the University as set forth in the Foundation bylaws, and other representatives elected by the Foundation's Board. The Foundation provides financial support for the objectives, purposes, and programs of the University. Because the resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University. The June 30, 2025 audited financial statements for the Ferris Foundation can be found at: www.ferris.edu/giving/ferris-foundation/policies.htm.

Ferris State University
Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financials statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Restricted Net Position

Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the Board of Trustees (Board), including amounts that the Board has agreed to set aside under contractual agreements with third parties. It is the University's policy to apply restricted resources first when an expense is incurred for purposes for with both restricted and unrestricted net position are available.

Unrestricted Net Balance

The University has designated the use of unrestricted net position (deficit) as follows at June 30:

	(in millions)	
	2025	2024
Designated for general fund division use	\$ 15,080,340	\$ 11,409,152
Designated for encumbrances	2,178,540	1,062,442
Designated for maintenance and replacement	18,334,498	20,883,925
Designated for unfunded pension and OPEB liability	(14,608,812)	(2,803,528)
Unrestricted and undesignated	61,988,086	56,991,460
Total unrestricted net assets (deficits)	\$ 82,972,652	\$ 87,543,453

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

Investments

Investments are recorded at fair value, based on quoted market prices or most recent valuation adjusted for capital calls and distributions.

Inventories

Inventories, consisting primarily of supplies, are stated at the lower of cost or market using the first-in, first-out method.

Ferris State University
Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance

Accounts receivables are recorded net of an allowance for uncollectible amounts. The allowance is based on management's judgement of potential uncollectible amounts, which includes such factors as historical experience and type of receivable. The allowance for uncollectible accounts receivable is \$652,860 at June 30, 2025 and \$1,008,395 at June 30, 2024.

Bond Issuance Costs

The bond issuance costs consist of bond insurance amortized over the life of the bonds using the straight-line method. Bond issuance costs amortized are included in other non-current assets on the statements of net position.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at acquisition value at the date of acquisition. Depreciation is provided for on a straight-line basis over the estimated useful life. Library books are recorded using a historically-based estimated value where volumes with publication dates within five years of purchase are depreciated over the remaining years until the volume reaches five years old.

Subscriptions

The University obtains the right to use vendors' information technology software through various long-term contracts. The University recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in the applicable governmental or business-type activities column in the government-wide financial statements. The University recognizes subscription assets and liabilities with an initial value of \$100,000 or more.

At the commencement of a subscription, the University initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the University determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term. The University uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

Ferris State University
Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

The subscription term includes the non-cancelable period of the subscription.

The University monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources consist of gain/loss on the defeasance of the refunding of debt and outflows related to multi-employer net pension and other post-employment benefits (OPEB) assets. Deferred outflows of resources related to refunding of debt totaled \$2,558,742 at June 30, 2025 and \$2,604,749 at June 30, 2024. Refunding of debt amounts are amortized over the remaining life of the refunded bond or the life of the new bond, whichever is shorter. Deferred outflows of resources related to net pension liability amounts totaled \$260,730 at June 30, 2025 and \$893,151 at June 30, 2024. Deferred outflows of resources related to net OPEB asset amounts totaled \$45,853 at June 30, 2024 and \$48,396 at June 30, 2024. Net pension and OPEB asset amounts related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB asset the following year, while other amounts reported as net pension and OPEB asset will be amortized over the actuarial calculated expected remaining service life of the members or 5 years, in accordance with GASB standards. Deferred inflows of resources relate to multi-employer net pension and OPEB asset. Deferred inflows of resources related to net pension liability amounts totaled \$12,664,669 at June 30, 2025 and \$10,790 at June 30, 2024. Deferred inflows of resources related to net OPEB liability amounts totaled \$2,250,726 at June 30, 2025 and \$0 at June 30, 2024. Net pension and OPEB asset amounts related to funding received through state appropriations for contributions subsequent to the measurement date will be recognized the following year, while other amounts reported as net pension and OPEB liabilities will be amortized over 5 years.

Unearned Revenue

Tuition and fee revenues received and related to the period after June 30 have been recorded as unearned revenue.

Net Pension and OPEB Assets

For purposes of measuring the net pension and OPEB assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEBs, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Ferris State University
Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized when earned. State appropriation revenue is recognized in the period for which it is appropriated. Restricted grant revenue is recognized only to the extent expended. Restricted and unrestricted resources are allocated to the appropriate departments within the University that are responsible for adhering to any donor restrictions. Student tuition and fee revenues and student residence fee revenues are reported net of scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship allowances represent the difference between the stated charge for goods and services provided by the University and the amount that is paid by the students or third parties on behalf of the students, where the University has discretion over such expenses.

Operating and Non-operating Revenues

The University's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all the University's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues due to their non-exchange nature, which include state appropriations and investment income. Restricted and unrestricted resources are spent and tracked within donor guidelines, if any, by the awarded University department. Federal Pell grant revenue is also classified as non-operating.

Compensated Absences

The University compensates employees for various types of paid leave, including vacation and sick time. A liability is recognized for compensated absences that have been earned but not yet used, as well as for leave that has been used but not yet paid. All compensated absence policies are detailed in the university's policies or in the collective bargaining agreements, if applicable.

Vacation: Employees accrue vacation based on hours worked. A maximum amount of leave can be carried forward each year, and employees are paid for their unused leave upon termination or retirement. A liability is recognized for the full amount of accumulated vacation as it is considered more likely than not to be used or paid out.

Sick Leave: Employees accrue sick leave each year in accordance with the Earned Sick Time Act of 2025. Under the University's policy, the accumulated sick leave may be used for time off, but is only paid out upon employees reaching certain retirement eligibility requirements and are paid out at half of the accumulated hours. The liability for unused sick leave is based on the amount of accumulated time for employees that have met the retirement eligibility requirements as of year end as well as those employees that currently have not met the retirement eligibility requirements but are more likely than not to meet those requirements in the future.

Ferris State University
Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The University is classified as a political subdivision of the State of Michigan under Internal Revenue Code Section 115(A) and is, therefore, exempt from federal income taxes. Certain activities of the University, to the extent profitable, may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514. Any component units are also exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code for activities related to their exempt purpose.

Adoption of a New Accounting Pronouncement

During the current year, the University adopted GASB Statement No. 101, Compensated Absences. As a result, the University calculated the liability for compensated absences to comply with this new pronouncement. The effects of this adoption of a new accounting pronouncement were not significant to the University.

Upcoming Accounting Pronouncement

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

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

Subsequent Events

The financial statements and related disclosures include evaluations of events up through and including September 29, 2025, which is the date the financial statements were available to be issued.

Ferris State University
Notes to Financial Statements

2. Cash and Investments

As of June 30, 2025 and 2024 the University had the following cash and investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Cash and cash equivalents	\$ 2,460,257	\$ 2,460,257	\$ -	\$ -	\$ -
Money markets	28,997,619	28,997,619	-	-	-
Mutual bond funds	39,618,880	-	9,545,849	30,073,031	-
Mutual equity funds	31,164,497	-	-	-	31,164,497
International equity funds	17,632,873	-	-	-	17,632,873
Total	119,874,126	31,457,876	9,545,849	30,073,031	48,797,370

Cash surrender value of life insurance	1,282,910
Balance at June 30, 2025	<u>\$121,157,036</u>

	Fair Market Value	Less Than One Year	1-5 Years	6-10 Years	More Than 10 Years
Cash and cash equivalents	\$ 4,318,777	\$ 4,318,777	\$ -	\$ -	\$ -
Money markets	31,036,638	31,036,638	-	-	-
Mutual bond funds	35,481,625	-	8,937,219	26,544,406	-
Mutual equity funds	30,076,264	-	-	-	30,076,264
International equity funds	14,946,994	-	-	-	14,946,994
Total	115,860,298	35,355,415	8,937,219	26,544,406	45,023,258

Cash surrender value of life insurance	1,251,195
Balance at June 30, 2024	<u>\$117,111,493</u>

Cash and Short-term Investments

Policies for cash management and investments are set forth by the University's Board of Trustees, who authorize University administrators to invest in a variety of interest-bearing deposit and investment accounts. The primary objective of cash and short-term investments is to provide for the preservation of capital.

Intermediate and Long-term Investments

Intermediate and long-term investment policies have been established by the Board for investments with maturities over one year. The primary objective is to provide more emphasis on maximizing income without undue exposure to risk.

Ferris State University
Notes to Financial Statements

2. Cash and Investments (continued)

Concentration of Credit Risk

As a means of managing the concentration of credit risk, University investment policy limits the concentration of investments as follows:

No more than 10% of the portfolio, at cost, can be invested in any single issue, except U.S. Government Securities. The minimum acceptable credit quality at the time of purchase for individual investments shall be “AA” for the short-term pool, “BBB” for the intermediate pool and “B” for the long-term investment pool. Asset allocation, as a percent of the total market value of the total long-term portfolio, will be set with the following target percentage and within the following ranges: 55-65% Equity, 30-50% Fixed Income, and 0-5% Cash.

For the Foundation, intermediate fixed income managers must maintain an overall weighted average credit rating of “A” or better, while high yield manager rating must maintain an overall weighted average credit rating of “B” or better by Moody’s and Standard & Poor’s rating services. Asset allocation, as a percentage of the total market value of the total long-term portfolio, will be set with the following target percentage and within the following ranges: 67-87% Appreciation Assets, 3-13% Diversifying Assets, and 10-20% Preservation Assets.

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The University held six investments of this type. The following investments comprise more than 5% of total investments as of June 30:

- Fidelity Intermediate Market value on June 30, 2025 \$9,281,018 (8%); June 30, 2024 \$0 (0%)
- Baird Intermediate Market value on June 30, 2025 \$9,545,849 (8%); June 30, 2024 \$8,937,219 (8%)
- Vanguard Institutional Index Market value on June 30, 2025 \$15,501,079 (13%); June 30, 2024 \$16,101,633 (14%)
- BlackRock Strategic Market value on June 30, 2025 \$7,001,433 (6%); June 30, 2024 \$5,208,222 (5%)
- Baird Core Plus Market value on June 30, 2025 \$20,792,013 (18%); June 30, 2024 \$17,873,419 (16%)
- EuroPacific Market value on June 30, 2025 \$14,296,573 (12%); June 30, 2024 \$11,598,531 (10%)

The Foundation held five investments of this type. The following investments comprise more than 5% of total investments as of June 30:

- Invesco Rafi US 1000 Market value on June 30, 2025 \$11,254,810 (9%); June 30, 2024 \$10,104,567 (8%)
- Vanguard Institutional Index Market value on June 30, 2025 \$10,905,228 (8%); June 30, 2024 \$10,564,525 (8%)
- Kiltearn Global Equity Fund Market value on June 30, 2025 \$12,276,733 (9%); June 30, 2024 \$10,579,844 (8%)
- GQG Global Partners Equity Market value on June 30, 2025 \$11,982,226 (9%); June 30, 2024 \$11,905,901 (9%)
- Carillon Reams Core Plus Market value on June 30, 2025 \$12,796,149 (10%); June 30, 2024 \$11,011,675 (9%)

Ferris State University
Notes to Financial Statements

2. Cash and Investments (continued)

Interest Rate Risk

In accordance with Board policy, University administrators manage interest rate risk by identifying funds that are needed immediately, those funds that may not be needed for over one year, and funds that may not be needed for over five years. These pools of funds are managed so average maturities for each fund does not exceed one year on the short-term pool and five years on the intermediate pool. This practice limits the overall interest rate risk exposure on the entire pool of funds.

Liquidity Risk

In accordance with University Board policy, operating investment holdings will be sufficiently liquid to ensure that cash flow needs are maintained throughout the year. University investments are held in marketable securities that generally can be sold on one day's notice

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy for custodial credit risk. However, Board policy establishes limits on balances held in any one bank or bank account to reduce risk. The carrying amount of the University's deposits was \$8,737,919 at June 30, 2025 and \$6,389,860 at June 30, 2024. Of these amounts, \$750,000 was insured for 2025 and 2024. Of the bank balance, no amount was collateralized for 2025 and 2024. The FDIC insurance limit is \$250,000 per depositor for the University. The Foundation maintains cash balances at a local bank. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances, at times, may exceed the FDIC insured limit; however, management believes that the Foundation is subject to minimal risk.

Credit Risk

The University's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk. Market risk is the potential for changes in the value of financial instruments due to market changes. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statements of revenues, expenses, and changes in net position.

Investment funds are presented above based on the fund's segmented time distribution maturity as provided by investment advisor, CAPTRUST. Equity funds are considered to be long-term funds and, therefore, are presented as investments with maturities over 10 years. Market risks (including interest rate risk and liquidity risk) and credit risks are managed by Board policies as described below.

Ferris State University
Notes to Financial Statements

2. Cash and Investments (continued)

The primary investment objective for the short-term investment pool accounts shall be to provide for the preservation of capital, with a secondary emphasis upon the maximization of investment income without undue exposure to risk. Funds needed for expenditures in less than one year shall be considered short-term. The average weighted maturity for each short-term investment manager shall be between one day and one year. The University identifies credit quality features for the short-term pool such as utilizing banks with well capitalized bank ratios, commercial paper with the highest rating category, and minimum purchase ratings of AA or better for the short-term portfolio.

The primary investment objectives for the intermediate-term investment pool accounts shall be the preservation of capital and the maximization of income without undue exposure to risk. Funds needed for expenditures within one to five years shall be considered intermediate-term and may be placed through direct investments, the use of mutual funds, money managers, or a combination. Credit quality features identified include a weighted average credit quality of AA for the intermediate-term pool of funds. In addition, the minimum acceptable credit quality at the time of purchase for individual securities shall be BBB for the intermediate-term pool.

At June 30, the University's debt instruments and related ratings consisted of the following: ¹

	2025		2024	
	Market Value	NRSRO Rating	Market Value	NRSRO Rating
Western Asset	-		8,670,987	AA-
Baird Intermediate	9,545,849	AA-	8,937,219	AA-
Baird Core Plus	20,792,013	AA-	17,873,419	AA-
Fidelity	\$ 9,281,018	AA-	\$ -	
Total	<u>\$ 39,618,880</u>		<u>\$ 35,481,625</u>	

At June 30, the Foundation's debt instruments and related ratings consisted of the following:

	2025		2024	
	Market Value	NRSRO Rating	Market Value	NRSRO Rating
Carillon Reams Core Plus	12,796,149	AA-	11,011,675	AA-
Baird Intermediate	5,996,889	AA-	5,612,814	AA-
Loomis Sayles	<u>2,905,307</u>	BBB+	<u>2,600,557</u>	BBB+

¹ The nationally recognized securities rating organization (NRSRO) primarily utilized was Moody's Investors Services.

Ferris State University
Notes to Financial Statements

2. Cash and Investments (continued)

Foreign Currency Risk

The University does not hold any foreign currency investments as of June 30, 2025 or June 30, 2024.

3. Receivables

Accounts receivable-net consisted of the following at June 30:

	2025	2024
Student	\$ 4,583,764	\$ 4,761,858
Grants and contracts	2,406,049	485,749
State appropriations	11,115,940	10,844,816
Other	1,307,252	1,541,020
Total accounts receivable	19,413,005	17,633,442
Less: allowance for doubtful accounts	652,860	1,008,395
Total accounts receivable - net	<u>\$ 18,760,145</u>	<u>\$ 16,625,047</u>

Student loans receivable of \$5,580,310 for the year ended June 30, 2025 and \$7,034,806 for the year ended June 30, 2024 are recorded net of an allowance for doubtful accounts of \$1,156,712 at June 30, 2025 and \$684,869 for 2024.

The following shows the balance due of unconditional promises to give to the Foundation as of June 30:

	2025	2024
Pledges receivable in less than one year	\$ 990,517	\$ 1,973,204
Pledges receivable in one to five years	883,958	671,050
Pledges receivable in more than five years	0	0
Present value discount	(87,727)	(102,698)
Total	<u>\$1,786,748</u>	<u>\$2,541,556</u>

The Federal 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. The University continues to service outstanding loans in accordance with program specifications as permitted by the Federal government. For the year ended June 30, 2025 and 2024, the University distributed \$45.6 million and \$48 million, respectively, for student loans through the U.S. Department of Education William D. Ford Direct Loan Program. These distributions and related funding sources are not included as expenses or revenues in the accompanying financial statements.

Ferris State University
Notes to Financial Statements

4. Capital Assets

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land improvements	\$ 14,400,985				\$ 14,400,985
Infrastructure	11,168,965				11,168,965
Building and building improvements	510,976,204		(4,797,518)	907,087	507,085,773
Furniture, fixtures, and equipment	80,703,967	3,035,040	(1,196,966)		82,542,041
Subtotal - Depreciable assets	617,250,121	3,035,040	(5,994,484)	907,087	615,197,765
Land	6,596,623				6,596,623
Construction in progress	1,289,285	12,692,212		(907,087)	13,074,410
Subtotal - Nondepreciable assets	7,885,908	12,692,212	-	(907,087)	19,671,032
Total	625,136,029	15,727,252	(5,994,484)	-	634,868,797
Less accumulated depreciation:					
Land improvements	9,804,200	394,154		-	10,198,354
Infrastructure	10,513,938	232,484		-	10,746,421
Building and building improvements	198,268,029	9,481,318	(1,047,204)	-	206,702,143
Furniture, fixtures, and equipment	42,404,768	1,981,625	(1,121,744)	-	43,264,648
Total accumulated depreciation	260,990,934	12,089,581	(2,168,948)	-	270,911,567
Capital assets - Net	\$ 364,145,095	\$ 3,637,671	\$ (3,825,536)	\$ -	\$ 363,957,230

Ferris State University
Notes to Financial Statements

4. Capital Assets (continued)

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

	Beginning				Ending
	Balance	Additions	Disposals	Transfers	Balance
Land improvements	\$ 14,236,660	\$ 164,325	\$ -	\$ -	\$ 14,400,985
Infrastructure	11,213,141	-	(44,176)	-	11,168,965
Building and building improvements	439,868,456		(18,695)	71,126,442	510,976,204
Furniture, fixtures, and equipment	88,450,092	3,001,972	(12,148,234)	1,400,137	80,703,967
Subtotal - Depreciable assets	553,768,350	3,166,297	(12,211,105)	72,526,579	617,250,121
Land	6,596,623	-	-	-	6,596,623
Construction in progress	60,789,849	13,026,015		(72,526,579)	1,289,285
Subtotal - Nondepreciable assets	67,386,472	13,026,015	-	(72,526,579)	7,885,908
Total	621,154,821	16,192,313	(12,211,105)	-	625,136,029
Less accumulated depreciation:					
Land improvements	9,374,450	429,750	-	-	9,804,200
Infrastructure	10,325,630	232,484	(44,176)	-	10,513,938
Building and building improvements	188,342,077	9,944,646	(18,695)	-	198,268,029
Furniture, fixtures, and equipment	52,606,902	1,849,613	(12,051,748)	-	42,404,768
Total accumulated depreciation	260,649,060	12,456,493	(12,114,619)	-	260,990,934
Capital assets - Net	\$ 360,505,761	\$ 3,735,821	\$ (96,486)	\$ -	\$ 364,145,095

The following estimated useful life for each asset class are used to compute depreciation:

Buildings	50 years
Library books (included in furniture, fixtures, and equipment)	0 to 5 years
Land improvements and infrastructure	20 years
Furniture, fixtures, and equipment	5 to 20 years

Certain institution facilities 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 building, although the University has capitalized the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA will transfer title of the building to the institution.

Ferris State University
Notes to Financial Statements

5. Long-term Liabilities

Long-term obligation activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Revenue Refunding Bonds, Series 2025	\$ -	42,785,000	\$ -	\$ 42,785,000	\$ -
Unamortized bond premium	-	3,826,230	153,049	3,673,181	153,049
General Revenue Refunding Bonds, Series 2020A	4,600,000	-	1,000,000	3,600,000	-
Unamortized bond premium	642,153	-	58,378	583,775	58,378
General Revenue Refunding Bonds, Series 2019A	26,045,000	-	2,645,000	23,400,000	2,770,000
Unamortized bond premium	4,635,804	-	309,054	4,326,750	309,054
General Revenue Refunding Bonds, Series 2016	45,060,000	-	2,185,000	42,875,000	2,310,000
Unamortized bond premium	6,121,534	-	360,090	5,761,444	360,090
General Revenue Refunding Bonds, Series 2014B	1,270,000	-	435,000	835,000	460,000
Unamortized bond premium	181,169	-	60,390	120,779	60,390
General Revenue Bonds, Series 2014A	9,065,000	-	8,595,000	470,000	470,000
Unamortized bond premium	255,805	-	255,805	-	-
General Revenue Refunding Bonds, Series 2012	4,375,000	-	490,000	3,885,000	505,000
Unamortized bond premium	218,263	-	27,283	190,980	27,283
Total bonds and notes payable	102,469,728	46,611,230	16,574,048	132,506,910	7,483,243
Other liabilities:					
Accrued sick leave	7,701,446	-	253,538	7,447,908	-
Accrued interest payable (bonds)	1,029,960	-	166,850	863,110	863,110
Total	\$ 111,201,134	\$ 46,611,230	\$ 16,994,436	\$ 140,817,928	\$ 8,346,353

Long-term obligation activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
General Revenue Refunding Bonds, Series 2020A	\$ 4,600,000	\$ -	\$ -	\$ 4,600,000	\$ 1,000,000
Unamortized bond premium	700,530	-	58,377	642,153	58,377
General Revenue Refunding Bonds, Series 2019A	28,585,000	-	2,540,000	26,045,000	2,645,000
Unamortized bond premium	4,944,857	-	309,053	4,635,804	309,053
General Revenue Refunding Bonds, Series 2016	47,370,000	-	2,310,000	45,060,000	2,185,000
Unamortized bond premium	6,481,625	-	360,091	6,121,534	360,091
General Revenue Refunding Bonds, Series 2014B	1,700,000	-	430,000	1,270,000	435,000
Unamortized bond premium	241,559	-	60,390	181,169	60,390
General Revenue Bonds, Series 2014A	9,500,000	-	435,000	9,065,000	450,000
Unamortized bond premium	272,859	-	17,054	255,805	17,054
General Revenue Refunding Bonds, Series 2012	4,850,000	-	475,000	4,375,000	490,000
Unamortized bond premium	245,546	-	27,283	218,263	27,283
Total bonds and notes payable	109,491,976	-	7,022,248	102,469,728	8,037,248
Other liabilities:					
Accrued sick leave	8,535,955	-	834,509	7,701,446	-
Accrued interest payable (bonds)	1,107,614	-	77,655	1,029,960	1,029,960
Total	\$ 119,135,545	\$ -	\$ 7,934,412	\$ 111,201,134	\$ 9,067,208

Ferris State University
Notes to Financial Statements

5. Long-term Liabilities (continued)

General Revenue Refunding Bonds, Series 2025

The University issued \$42,785,000 of General Revenue Refunding Bonds. The outstanding balance carries an interest rate of 5.00 percent. A rating of “A1” was assigned by Moody’s and “A+” by Standards and Poors. The bonds are payable from general revenues of the University, callable at a premium, and mature in varying amounts through 2050. Proceeds from the issuance were used to advance refund a portion of General Revenue Refunding Bonds, Series 2014A, in the amount of \$8,268,878. Remaining proceeds are reserved for the construction of the new Dawg House residence hall. The refunding results in net present value savings of \$290,475 over the life of the bonds.

General Revenue Refunding Bonds, Series 2020A

The University issued \$4,600,000 of General Revenue Refunding Bonds. The outstanding balance carries an interest rate of 5.00 percent. A rating of “A1” was assigned by Moody’s and “A+” by Standards and Poors. The bonds are payable from general revenues of the University, callable at a premium, and mature in varying amounts through 2035. Proceeds from the issuance along with University fundraising reserves of \$4,290,853 were used to refund the Federal Building Capital Lease, Series 2010A of \$9,845,000. The refunding decreased the University’s total debt service payments by approximately \$3,460,000. The refunding results in net present value savings of \$1,833,000 over the life of the bonds.

General Revenue Refunding Bonds, Series 2019A

The University issued \$34,655,000 of General Revenue Refunding Bonds. The outstanding balance carries interest rates of 4.00 percent to 5.00 percent. A rating of “A1” was assigned to these bonds by Moody’s and an “A+” rating by Standard and Poors. The bonds are payable from general revenues of the University and callable at par starting in year ten, and mature in varying amounts through 2040. Proceeds from the issuance were used to advance refund a portion of General Revenue Refunding Bonds, Series 2008 and for construction projects on campus. Projects include the construction of the Center for Athletic Performance; upgraded housing for information technology staff and equipment; upgraded Kendall College of Art and Design heating and ventilation system; renovation of Miller Residence Hall; and other miscellaneous projects. The refunding was done to take advantage of lower interest rates and to reduce debt payments. The refunding resulted in a net present value benefit of \$1,330,000 over the life of the bonds; a deferred outflow of resources of approximately \$1,420,000; and a total cash flow savings of \$1,327,000.

General Revenue Refunding Bonds, Series 2016

The University issued \$56,150,000 of General Revenue Refunding Bonds. The outstanding balance carries interest rates of 3.00 percent to 5.00 percent. A rating of “A1” was assigned to these bonds by Moody’s and an “A” rating by Standard and Poors. The bonds are payable from general revenues of the University and callable at par starting in year ten, and mature in varying amounts through 2042. Proceeds from the issuance were used to advance refund a portion of General Revenue Refunding Bonds, Series 2009 and for construction projects on campus. Projects include the construction and furnishing of the North Hall, a new 402 bed residence hall; renovation of the Student Recreational

Ferris State University
Notes to Financial Statements

5. Long-term Liabilities (continued)

Center; and other miscellaneous projects. The refunding was done to take advantage of lower interest rates and to reduce debt payments. The refunding resulted in a net present value benefit of \$4,236,000 over the life of the bonds; a deferred outflow of resources of approximately \$3,400,000; and a total cash flow savings of \$5,622,000.

General Revenue Refunding Bonds, Series 2014B

The University issued \$12,880,000 of General Revenue Refunding Bonds. The outstanding balance carries an interest rate of 4.00 percent. A rating of “A1” was assigned to these bonds by Moody’s. The bonds are payable from general revenues of the University and callable at par starting in year ten, and mature in varying amounts through 2027. Proceeds from the issuance were used to refund General Revenue Refunding Bonds, Series 2005. The refunding was done to take advantage of lower interest rates and to reduce debt payments. The refunding resulted in a net present value benefit of \$1,746,000 over the life of the bonds; a deferred outflow of resources of approximately \$560,000; and a total cash flow savings of \$2,000,000.

General Revenue Bonds, Series 2014A

The University issued \$12,570,000 of General Revenue Bonds. The outstanding balance carries interest rates of 3.00 percent to 4.00 percent. A rating of “A1” was assigned to these bonds by Moody’s. The bonds are payable from general revenues of the University, callable at par, and mature in varying amounts through 2039. Proceeds from the issuance were used to finance a portion of the University Center project. The University Center located in the center of campus, serves as a gathering place for the campus community and a home for its commuter students. The center includes dining options, the Ferris Bookstore, the University Center Art Gallery, community areas, meeting rooms, and offices. \$8,268,878 of Bond Series 2014A was refunded in the issuance of Bond Series 2025. The remaining principal balance of \$470,000 is to be paid in Fiscal Year 2026.

General Revenue Refunding Bonds, Series 2012

The University issued \$13,750,000 of General Revenue Refunding Bonds. The outstanding balance carries interest rates of 2.500 percent to 3.375 percent. A rating of “A” was assigned to these bonds by Standard & Poor’s. The bonds are payable from general revenues of the University, callable at par, and mature in varying amounts through 2032. Proceeds from the issuance were used to refund General Revenue Bonds, Series 2001 of \$8,940,000 and General Revenue Bonds, Series 2002 in the amount of \$4,810,000. The refunding was done in order to reduce debt payments. The refunding decreased the University’s total debt service payments by approximately \$2,800,000. The refunding resulted in a net present value benefit of \$2,218,000 over the life of the bonds; a deferred outflow of resources of approximately \$80,000; and a total cash flow savings of \$3,451,000.

Ferris State University
Notes to Financial Statements

5. Long-term Liabilities (continued)

Principal and Interest Maturities and Interest Expense

Total principal and interest maturities on all bonds as of June 30, 2025 are as follows:

Year	Bonds	
	Principal	Interest
2026	6,515,000	5,688,093
2027	6,635,000	5,126,214
2028	5,765,000	4,827,979
2029	6,050,000	4,542,476
2030	6,085,000	4,248,945
2031-2035	30,250,000	17,155,991
2036-2040	30,610,000	9,718,250
2041-2045	14,220,000	4,323,950
2046-2050	11,720,000	2,214,000
Total	117,850,000	<u>\$ 57,845,898</u>
Unamortized premium	14,656,910	
Total	<u>\$ 132,506,910</u>	

Bond interest expense was approximately \$2,900,000 for the year ended June 30, 2025 and approximately \$3,600,000 for the year ended June 30, 2024. Since the University adopted GASB Statement No. 89, there was no construction period interest capitalized for the year ended June 30, 2025 and 2024.

Ferris State University
Notes to Financial Statements

6. Retirement Plans

Michigan Public School Employees' Retirement System

Plan Description

The University participates in the Michigan Public School Employees' Retirement System (the "System" or "MPSERS"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan. Employees hired on or after January 1, 1996 cannot participate in MPSERS, unless they were previously enrolled in the plan at the University, or one of the other six universities that are part of MPSERS. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

In July 2015, ORS determined that MPSERS had two reporting units: universities and non-universities. ORS provided the universities a separate net pension liability and net other postemployment benefits (OPEB) liability. Separate pension and OPEB information related to universities reporting unit included in this plan is not available.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Members are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Ferris State University
Notes to Financial Statements

6. Retirement Plans (continued)

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

Contributions

Public Act 300 of 1980, as amended, required the University to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each University's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming participants in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 accounts as of their transition date, earning them a 2 percent employer match into a 403B account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 403B accounts.

The University's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. The University also contributes to MPSERS a percentage of member and non-member payrolls, determined by the plan's actuaries for the unfunded portion of future pensions and health benefits. Public Act 136 of 2016 sets a rate cap of 25.73 percent for the University employer contributions for the unfunded portion. In addition, the law establishes a requirement for a payroll floor. In a given fiscal year, each university owes contributions based on the greater of its payroll floor or its actual payroll. The payroll floor was \$38,345,000 and \$37,594,000 for fiscal year 2024 and 2023, respectively. Contribution rates are adjusted annually by the ORS. The ranges of rates are as follows:

	Normal Pension Rate	Unfunded Pension Rate	Normal Health Rate	Unfunded Health Rate
10/1/24 – 9/30/25	8.70%	8.70%	1.53%	0.00%
10/1/23 – 9/30/24	8.67%	10.94%	0.92%	0.00%
10/1/22 – 9/30/23	6.52%	10.00%	0.92%	0.00%

Employees starting between January 1, 1990 and December 31, 1995, are required to contribute between 3.0 percent and 6.29 percent. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

Ferris State University
Notes to Financial Statements

6. Retirement Plans (continued)

The University's required and actual pension contributions to the plan for the year ended June 30, 2025 and 2024 were \$555,475 and \$1,885,513, respectively, which include the University's contributions required for those members with a defined contribution benefit. The University's required and actual pension contributions include an allocation of \$868,885 and \$32,626,901 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2025 and 2024, respectively. The University's required and actual OPEB contributions to the plan for the year ended June 30, 2025 and 2024 were \$61,137 and \$58,167, respectively, which include the University's contributions required for those members with a defined contribution benefit.

Net Pension Asset

At June 30, 2025 and 2024, the University reported an asset of \$13,817,114 and liability \$3,745,075, respectively, for its proportionate share of the net pension asset. The net pension asset for fiscal year 2025 was measured as of September 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of September 30, 2023, which used updated procedures to roll forward the estimated asset to September 30, 2024. The net pension liability for fiscal year 2024 was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated liability to September 30, 2023. The University's proportion of the net pension asset or liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024, 2023 and 2022, the University's proportion was 15.76 percent, 16.24 percent, and 16.25 percent, respectively.

Net OPEB Asset

At June 30, 2025 and 2024, the University reported an asset of \$20,966,642 and \$13,779,912, respectively, for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated asset to September 30, 2024. The net OPEB asset for fiscal year 2024 was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2022, which used update procedures to roll forward the estimated asset to September 30, 2023. The University's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024, 2023 and 2022, the University's proportion was 15.02 percent, 16.30 percent, and 16.37 percent, respectively.

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

For 2025 and 2024, the University recognized pension recovery of \$3,981,465 and \$8,444,870, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025

Ferris State University
Notes to Financial Statements

6. Retirement Plans (continued)

and 2024, the University reported deferred inflows and outflows of resources to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$12,664,669		\$10,790
The University's contributions to the plan subsequent to the measurement date	\$260,730		\$893,151	
Total	\$260,730	\$12,664,669	\$893,151	\$10,790

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

Years Ending	Amount
2026	\$(4,309,895)
2027	\$(1,106,374)
2028	\$(3,965,640)
2029	\$(3,282,760)
2030	\$ -
Thereafter	\$ -

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2025 and 2024, the University recognized an OPEB recovery of \$4,886,777 and \$7,175,332, respectively. At June 30, 2025 and 2024, the University reported deferred inflows and outflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments		\$2,250,726		
The University's contributions to the plan subsequent to the measurement date	\$45,853		\$48,396	
Total	\$45,853	\$2,250,726	\$48,396	

Ferris State University
Notes to Financial Statements

6. Retirement Plans (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2026	\$(937,738)
2027	\$51,547
2028	\$(745,702)
2029	\$(618,833)
2030	\$ -
Thereafter	\$ -

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2024 and 2023 are based on the results of an actuarial valuation as of September 30, 2023 and 2022, respectively, and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

	2025		2024	
Actuarial cost method		Entry age normal		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	6.50% - 7.75%	Year 1 graded to 3.5%, in year 15, 3.0%, in year 120	6.25% - 7.50%	Year 1 graded to 3.5%, in year 15, 3.0%, in year 120
Mortality basis		Pub-T-2020 Male and Female Employee Mortality Tables, scaled 100% (retirees: 116% for males and 116% for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010		Pub-T-2020 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 116% for males and 116% for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members	3.00%	Annual non-compounded for MIP members

Ferris State University
Notes to Financial Statements

6. Retirement Plans (continued)

Assumption changes as a result of an experience study for the periods from 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Discount Rate

The discount rate used to measure the total pension asset was 6.00 percent as of September 30, 2024 and 2023. The discount rate used to measure the total OPEB asset was 6.00 percent as of September 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension asset and total OPEB asset.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	2024		2023	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.0%	5.3%	25.0%	5.8%
Private equity pools	16.0	9.0	16.0	9.6
International equity pools	15.0	6.5	15.0	6.8
Fixed-income pools	13.0	2.2	13.0	1.3
Real estate and infrastructure pools	10.0	7.1	10.0	6.4
Absolute return pools	9.0	5.2	9.0	4.8
Short-term investment pools	10.0	1.4	10.0	7.3
Real return/opportunistic pools	2.0	6.9	2.0	0.3
Total	100%		100%	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the University, calculated using the discount rate depending on the plan option. The following also reflects what the University's net pension asset would

Ferris State University
Notes to Financial Statements

6. Retirement Plans (continued)

be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 percentage point decrease	Current discount rate	1 percentage point increase
Net pension liability (asset)	\$2,735,915	\$(13,817,114)	\$(28,043,797)

	1 percentage point decrease	Current discount rate	1 percentage point increase
Net pension liability	\$21,495,565	\$3,745,075	\$(11,481,828)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the University, calculated using the current discount rate. It also reflects what the University's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 percentage point decrease	Current discount rate	1 percentage point increase
Net OPEB asset	(\$19,465,275)	(\$20,966,642)	(\$22,266,173)

	1 percentage point decrease	Current discount rate	1 percentage point increase
Net OPEB asset	(\$11,701,140)	(\$13,779,912)	(\$15,571,920)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the University, calculated using the current health care cost trend rate. It also reflects what the University's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 percentage point decrease	Current health care cost trend rate	1 percentage point increase
Net OPEB asset	(\$22,345,248)	(\$20,966,642)	(\$19,422,471)

	1 percentage point decrease	Current health care cost trend rate	1 percentage point increase
Net OPEB asset	(\$15,678,676)	(\$13,779,912)	(\$11,643,387)

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Ferris State University
Notes to Financial Statements

6. Retirement Plans (continued)

Payable to the Pension Plan and OPEB Plan

At June 30, 2025 and 2024, the University reported a payable of \$12,848 and \$509,225 for the outstanding amount of contributions to the pension plan and \$522 and \$7,671 for the OPEB plan, required for the year ended June 30, 2025 and 2024, respectively.

Defined Contribution Plan

The University provides non-contributory retirement plans for all qualified employees. Prior to March 28, 1996, faculty and non-bargaining unit job groups were eligible to participate in the Teachers Insurance and Annuity Association (TIAA) plan. TIAA is a defined contribution plan whereby the University generally contributes 12 percent of employees' pay for administration and faculty; and 10 percent for all other eligible employee groups to the plan with no liability beyond that contribution. All eligible employees hired after March 28, 1996 have the option to participate in either TIAA or a second defined contribution plan with Fidelity Investments Tax Exempt Service Company (Fidelity Investments). In May of 2023, the University revised options and we now have a Sole Source Agreement with TIAA. Individuals who have accounts with Fidelity Investments may maintain those accounts or transfer funds to TIAA. Kendall staff also participate in a defined contribution plan through TIAA with contribution rates ranging from 12 percent to 14 percent of base salary. Plan participants maintain individual annuity contracts with TIAA or Fidelity Investments, which are fully vested. For the year ended June 30, 2025, the University contributed \$11,134,944 to the TIAA and Fidelity Investment plans and \$11,157,060 for the year ended June 30, 2024.

7. Insurance

Risk-sharing Facility

The University participates in the Michigan Universities Self-insurance Corporation (MUSIC). This organization provides insurance coverage for losses commonly covered in the areas of general liability, errors and omissions, all risk property insurance, automobile liability, and automobile physical damage. In fiscal year 2022, there were 11 universities that participated in MUSIC. Each participating university is responsible for a first tier of losses up to a level that has been actuarially determined. MUSIC is financially responsible for a second tier of losses. For comprehensive general liability, errors and omissions, and all risk property insurance, MUSIC has purchased excess insurance coverage with commercial insurance carriers to cover a third tier of losses. However, in the event the insurance reserves established by MUSIC are insufficient to meet its second tier obligations, each of the participating universities share this obligation by agreements with MUSIC.

All of the participating universities are subject to additional assessments if the obligations and expenses (claims) of MUSIC exceed the combined periodic payments and accumulated operational reserves for any given year, after exhaustion of available net equity of MUSIC. The University has not been subjected to additional assessments since the formation of MUSIC in 1987. Historically, the obligations and expenses (claims) have been less than the combined periodic payments and accumulated operational reserves for any given year.

Ferris State University
Notes to Financial Statements

7. Insurance (continued)

Self-insurance

The University is self-insured for workers' compensation; unemployment compensation; and substantially all non-bargaining units. AFSCME, Police, Police Sergeants, FNTFO, and Nurses union employees' health benefits are not self-insured. Liabilities for estimates of losses retained by the University under self-insurance programs have been established.

Claims activity for the year ended June 30, 2025 is as follows:

Numbers in (000's)

	Liability June 30, 2025	Claims incurred incl.changes in estimate	Claims Payments	Liability June 30, 2024
Medical Claims	713.5	(11,889.3)	12,521.0	1,345.2
Workers Comp, Unemployment Comp	(43.3)	(121.2)	117.6	(46.9)
Total	<u>670.2</u>	<u>(12,010.5)</u>	<u>12,638.6</u>	<u>1,298.3</u>

Claims activity for the year ended June 30, 2024 is as follows:

	Liability June 30, 2024	Claims incurred incl.changes in estimate	Claims Payments	Liability June 30, 2023
Medical Claims	1,345.2	(8,645.4)	9,136.0	1,835.9
Workers Comp, Unemployment Comp	(46.9)	254.6	107.7	315.4
Total	<u>1,298.3</u>	<u>(8,390.8)</u>	<u>9,243.7</u>	<u>2,151.2</u>

Claims activity for the year ended June 30, 2023 is as follows:

	Liability June 30, 2023	Claims incurred incl.changes in estimate	Claims Payments	Liability June 30, 2022
Medical Claims	1,835.9	(8,614.0)	8,558.2	1,780.0
Workers Comp, Unemployment Comp	315.4	0.0	47.7	363.1
Total	<u>2,151.2</u>	<u>(8,614.0)</u>	<u>8,605.9</u>	<u>2,143.1</u>

8. Subscriptions and Commitments

The University obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed annually, with certain variable payments not included in the measurement of the subscription liability required based on inflationary increases in the contract.

During 2025, subscription asset additions totaled \$101,742 and were amortized \$974,288 for an ending balance of \$871,622 recorded in other non-current assets. Also during 2025, subscription liability additions totaled \$101,742 and had payments of \$872,689 for an ending balance of \$744,951.

During 2024, subscription asset additions totaled \$865,088 and were amortized \$866,754 for an ending balance of \$1,744,168 recorded in other non-current assets. Also during 2024, subscription liability additions totaled \$865,088 and had payments of \$917,187 for an ending balance of \$1,460,713.

Ferris State University
Notes to Financial Statements

8. Subscriptions and Commitments (continued)

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

Future Minimum Payment of Contracts:

Year	Amount
2026	390,186
2027	253,494
2028	156,456
2029	-
Less: Interest	(55,185)
Total	<u>\$ 744,951</u>

As of June 30, 2025, the University has no commitments related to subscriptions for which the subscription term has not commenced and none of the contracts had termination penalties.

In the normal course of its activities, the University is a party to various legal actions. The University is of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

The University has several active construction projects as of June 30, 2025 resulting in the following commitments to vendors:

	Spent to Date	Construction Commitments at Year End
Jim Crow Museum	4,310,141	15,754,706
Campus Security & Access Controls	2,655,372	2,847,725
KCAD Roof Replacement	794,353	-
The Dawg House	4,202,573	33,230,706
Starbucks Site Refresh	49,570	682,524
Elevator Code Updates	1,062,402	2,616,610
Total	<u>\$ 13,074,411</u>	<u>\$ 55,132,271</u>

9. Fair Value Measurement

The following tables present information about the University's assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the University to determine those fair values.

Ferris State University
Notes to Financial Statements

9. Fair Value Measurement (continued)

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the University has the ability to access. Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The University's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset. The University's policy is to recognize transfers between levels of the fair value hierarchy as of the end of the reporting period. For the years ended June 30, 2025 and 2024, there were no transfers between levels of the fair value hierarchy.

Assets measured at fair value on a recurring basis at June 30, 2025 included the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Mutual bond funds	\$ 39,618,880	\$ -	\$ -	\$ 39,618,880
Mutual equity funds	31,164,497	-	-	31,164,497
International equity funds	17,632,873	-	-	17,632,873
Total	<u>\$ 88,416,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>88,416,250</u>
Cash surrender value of life insurance				1,282,910
Balance at June 30, 2025				<u>\$ 89,699,160</u>

Ferris State University
Notes to Financial Statements

9. Fair Value Measurement (continued)

Assets measured at fair value on a recurring basis at June 30, 2024 included the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Mutual bond funds	\$ 35,481,625	\$ -	\$ -	\$ 35,481,625
Mutual equity funds	30,023,301	-	-	30,023,301
International equity funds	14,946,994	-	-	14,946,994
Total	<u>\$ 80,451,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>80,451,921</u>
Cash surrender value of life insurance				1,251,194
Balance at June 30, 2024				<u>\$ 81,703,115</u>

Mutual bond funds, mutual equity funds, real estate funds, marketable securities, and international equity funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The Foundation assets measured at fair value on a recurring basis as of June 30, 2025 include the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30
Public equity mutual funds	\$ 44,747,882	-	-	\$ 44,747,882
Fixed-income mutual funds	25,183,824			25,183,824
Charitable gift annuity funds	149,177			149,177
Pledges receivable			1,786,748	1,786,748
Total	<u>\$ 70,080,884</u>	<u>-</u>	<u>\$ 1,786,748</u>	<u>71,867,631</u>
Limited partnerships that calculate net asset value per share				56,901,696
Balance as of June 30, 2025				<u>\$128,769,327</u>

Ferris State University
Notes to Financial Statements

9. Fair Value Measurement (continued)

The Foundation assets measured at fair value on a recurring basis as of June 30, 2024 include the following:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30
Public equity mutual funds	\$ 42,090,477	-	-	\$ 42,090,477
Fixed-income mutual funds	22,812,427			22,812,427
Charitable gift annuity funds	140,182			140,182
Pledges receivable			2,541,556	2,541,556
Total	<u>\$ 65,043,086</u>	<u>-</u>	<u>\$ 2,541,556</u>	67,584,642
Limited partnerships that calculate net asset value per share				59,638,016
Balance as of June 30, 2024				<u>\$127,222,658</u>

The Foundation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

Investments held as of June 30, 2025 include the following:

	Fair Value	Unfunded Commitments
Limited partnerships – real estate	\$ 4,956,501	\$ 1,820,029
Limited partnerships – private equity/distressed	25,768,917	8,718,397
Limited partnerships – institutional commingled funds	24,258,959	0
Limited partnerships – private credit	1,917,319	708,394
Balance as of June 30, 2025	<u>\$ 56,901,696</u>	<u>\$ 11,246,820</u>

Investments held as of June 30, 2024 include the following:

	Fair Value	Unfunded Commitments
Limited partnerships – real estate	\$ 5,519,277	\$ 2,002,092
Limited partnerships – private equity/distressed	27,238,497	5,419,236
Limited partnerships – hedge funds	1,929,133	0
Limited partnerships – institutional commingled funds	22,485,745	0
Limited partnerships – private credit	2,465,364	703,709
Balance as of June 30, 2024	<u>\$ 59,638,016</u>	<u>\$ 8,125,037</u>

Ferris State University
Notes to Financial Statements

9. Fair Value Measurement (continued)

Real Estate

Six limited partnerships comprise the total investment in real estate.

Each limited partnership invests in office, multifamily, apartment, industrial, retail, and other commercial real estate properties primarily in the United States, and in real estate related securities. Each limited partnership diversifies by geography and property type. The initial commitment date for each of the six real estate limited partnerships ranges from 2014 through 2024. It is anticipated that each limited partnership will sell most of the investments within ten years and make distributions to the Foundation. The limited partnerships may request an extension to finish selling investments if market conditions are not favorable during the typical 10-year fund term.

Private Equity

Combined for financial statement presentation purposes, the private equity manager(s) are limited partnerships (fund of funds managers and direct placement fund managers) investing in a program of venture capital, domestic private equity, distressed and buyout strategies, natural resource strategies, and international private capital investments. The Foundation has active commitments in twenty-six private equity funds. Investment commitments are spread across multiple years to create vintage year diversification in addition to program diversification. The initial commitment date for the 26 active limited partnerships range from 2005 – 2025.

Hedge Funds

Two limited partnerships make up the investments in hedge funds.

Investment manager (a) employs a fundamental approach to identify macroeconomic trends across both developed and emerging markets. The funds seek to generate absolute returns across the market cycles with high single/low double digit returns with low volatility. The process seeks to take advantage of non-optimal policy settings or imbalances in a market or country that are forecasted to reprice in the next one to three months.

Investment manager (b) is a global multi-strategy hedge fund comprised of three primary strategies: credit, value, and arbitrage. Arbitrage is focused on mergers, including corporate takeover situations where the team looks to capture the spread between acquirer and the company being acquired by being long and short the two companies. Credit is focused on stressed, distressed, restructuring, in liquidation, undervalued, or companies experiencing an event where there is a catalyst to unlock value. The team purchases equities with an event that can unlock value for equity holders where the equities are selling at a discount to intrinsic value.

Ferris State University
Notes to Financial Statements

9. Fair Value Measurement (continued)

Private Credit

Two limited partnerships and one interval fund comprise the total investments in private credit.

The strategies typically include loans or securities in the following categories: real estate lending, asset-based lending, corporate loans, and distressed debt. The limited partnerships are both 2020 vintages that typically return capital through distributions over six-to-ten years, depending on the fund. The interval fund investment was made in June 2025 and offers quarterly liquidity with the potential for limits on withdrawals.

Institutional Commingled Funds

There are two institutional commingled funds that comprise public equity securities. The investment managers primarily invest in publicly traded companies domiciled in the U.S., developed non-U.S. or emerging markets. These funds offer monthly liquidity for either new investments or redemptions. Both investment managers seek to outperform public market benchmarks on a risk-adjusted basis.

Liquidity and Redemption Notice Requirements

Investments in entities that calculate net asset value per share have illiquid properties associated with the nature and type of investment in private capital. Certain lock-up periods and redemption notification requirements are mandatory to liquidate these funds. Limited secondary markets exist for certain types of investment vehicles. For private equity, real estate, and private credit investments that calculate net asset value per share, the Foundation must hold these assets and receive distributions through the period of investment until the partnership terminates. Although distributions are made throughout the period of time the investment is held, this is not considered a liquid market.

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**Schedule of the University's Proportionate Share of the Net Pension Liability (Asset)
(amounts determined as of 9/30 of the fiscal year)**

University's proportionate share of the net pension liability:	2024	2023	2022	2021	2020	2019	2018	2017
As a percentage	15.76%	16.24%	16.25%	16.28%	16.28%	16.33%	16.55%	16.62%
Amount	\$ (13,817,114)	\$ 3,745,075	\$ 51,939,759	\$ 91,480,811	\$ 111,194,455	\$ 109,335,758	\$ 105,739,673	\$ 95,596,170
University's covered payroll	\$ 38,345,000	\$ 37,594,000	\$ 36,856,000	\$ 36,134,000	\$ 35,425,000	\$ 34,731,000	\$ 34,050,000	\$ 34,551,000
University's proportionate share of the net pension liability, as a percentage of the University's covered payroll	-36.03%	9.96%	140.93%	253.17%	313.89%	314.81%	310.54%	276.68%
MPERS fiduciary net position as a percentage of the University's net pension liability	74.44%	65.91%	60.77%	72.32%	59.49%	62.12%	62.12%	63.96%

**Schedule of University's Pension Contributions
(amounts determined as of 6/30 of the fiscal year)**

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 555,475	\$ 1,885,072	\$ 5,022,056	\$ 20,477,841	\$ 6,643,105	\$ 6,191,021	\$ 6,658,134	\$ 7,324,888
Contributions in relation to the statutorily required contribution	\$ 555,475	\$ 1,885,072	\$ 5,022,056	\$ 20,477,841	\$ 6,643,105	\$ 6,191,021	\$ 6,658,134	\$ 7,324,888
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 38,920,175	\$ 38,157,910	\$ 37,408,840	\$ 36,676,010	\$ 35,956,375	\$ 35,251,965	\$ 34,560,768	\$ 34,175,250
Contributions as a percentage of covered payroll	1.43%	4.94%	13.42%	55.83%	18.48%	17.56%	19.27%	21.43%

Notes to Required Pension Supplementary Information

The employers' covered payroll to be reported in the required supplementary information is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll represents payroll on which contributions to both plans are based. There were no changes of benefit terms for each of the reported plan years ended September 30.

There were no significant changes of assumptions for each of the reported plan years ended September 30, except the following:

- 2023 – The valuation includes the impact of an updated experience study for the periods of 2017 to 2022.
- 2022 – The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.80% percentage points.
- 2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25% percentage points

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45% percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50% percentage points.

Schedule of the University's Proportionate Share of the Net OPEB Liability (Asset) (amounts determined as of 9/30 of the fiscal year)

University's proportionate share of the net OPEB liability:	2024	2023	2022	2021	2020	2019	2018
As a percentage	15.02%	16.30%	16.18%	16.37%	16.30%	16.29%	16.32%
Amount	\$ (20,966,642)	\$ (13,779,912)	\$ (6,056,141)	\$ (7,019,272)	\$ 6,888,809	\$ 14,953,741	\$ 19,365,447
University's covered payroll	\$ 38,345,000	\$ 37,594,000	\$ 36,856,000	\$ 36,134,000	\$ 35,425,000	\$ 34,731,000	\$ 34,050,070
University's proportionate share of the net OPEB liability,	-54.68%	-36.65%	-16.43%	-19.43%	19.45%	43.06%	56.87%
as a percentage of the University's covered payroll							
MPERS fiduciary net position as a percentage of the University	143.08%	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%
employers OPEB liability							

Schedule of University's OPEB Contributions (amounts determined as of 6/30 of the fiscal year)

	2025	2024	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 61,137	\$ 58,096	\$ 586,843	\$ 1,324,502	\$ 1,362,316	\$ 1,523,762	\$ 1,660,269
Contributions in relation to the statutorily required contribution	\$ 61,137	\$ 58,096	\$ 586,843	\$ 1,324,502	\$ 1,362,316	\$ 1,523,762	\$ 1,660,269
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 38,920,175	\$ 38,157,910	\$ 37,408,840	\$ 36,676,010	\$ 35,956,375	\$ 35,425,000	\$ 34,560,768
Contributions as a percentage of covered payroll	0.16%	0.15%	1.57%	3.61%	3.79%	4.30%	4.80%

Notes to Required OPEB Supplementary Information

The employers' covered payroll to be reported in the required supplementary information is defined by GASB 82, Pension Issues—an amendment to GASB Statements No. 67, No. 68, and No. 73, as payroll on which contributions to a pension plan are based; and by GASB 85, Omnibus 2017, as payroll on which contributions to the OPEB plan are based. For university employers, covered payroll for both pension and OPEB is the greater of 1) university payroll on which contributions to the plan are based or 2) the required minimum payroll amount required by PA 136 of 2016. For non-university employers, covered payroll represents payroll on which contributions to both plans are based. There were no changes of benefit items for each of the reported plan years ended September 30.

There were no significant changes of assumptions for each of the reported plan years ended September 30, except the following:

- 2024 – The healthcare cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25% for members under 65 and increased by 0.25% for members over 65.
- 2023 – The healthcare cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25% for members under 65 and increased by 1.00% for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 – The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95% percentage points.
- 2021 – The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75% for members under 65 and decreased by 1.75% for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 – The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50% percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020, including a reduction of \$42 million for the university employer portion of the total OPEB liability.
- 2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20% percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2018 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35% percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

Ferris State University
Combining Statement of Financial Position
Year Ended June 30, 2025 (with comparative totals for 2024)

	General Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund	Pension	OPEB	2025 Combined Total	2024 Combined Total
Assets											
Current Assets											
Cash and cash equivalents	\$ (93,267,073)	\$ 32,708,525	\$ 1,761,267	\$ 3,602,776	\$ 2,052,294	\$ 42,657,830	\$ 12,944,638	\$ -	\$ -	\$ 2,460,257	\$ 4,318,777
Short-term investments	28,997,619	-	-	-	-	-	-	-	-	28,997,619	31,036,638
Accounts receivable - Net	15,088,189	157,848	996,689	2,406,049	-	87,090	24,280	-	-	18,760,145	16,625,046
Inventories	-	191,357	916,575	-	-	-	-	-	-	1,107,932	1,688,612
Prepaid expenses and other assets	844,955	29,500	200,814	-	-	-	-	-	-	1,075,269	299,792
Total current assets	(48,336,310)	33,087,230	3,875,345	6,008,825	2,052,294	42,744,920	12,968,918	-	-	52,401,222	53,968,866
Noncurrent Assets											
Restricted cash and cash equivalents	-	-	-	-	-	14,254,368	-	-	-	14,254,368	-
Other long-term investments	89,699,161	-	-	-	-	-	-	-	-	89,699,161	81,756,078
Restricted investments	-	-	-	-	-	24,014,157	-	-	-	24,014,157	-
Student loans receivable - Net	-	-	-	-	5,580,310	-	-	-	-	5,580,310	7,034,806
Other noncurrent assets	-	-	-	-	-	871,622	-	-	-	871,622	1,744,168
Net OPEB asset	-	-	-	-	-	-	-	-	20,966,642	20,966,642	13,779,912
Net Pension asset	-	-	-	-	-	-	-	13,817,114	-	13,817,114	-
Capital assets - Net	-	-	-	-	-	363,957,230	-	-	-	363,957,230	364,145,095
Total noncurrent assets	89,699,161	-	-	-	5,580,310	403,097,377	-	13,817,114	20,966,642	533,160,604	468,460,059
Total assets	41,362,851	33,087,230	3,875,345	6,008,825	7,632,604	445,842,297	12,968,918	13,817,114	20,966,642	585,561,826	522,428,925
Deferred Outflows of Resources											
Net pension asset	-	-	-	-	-	-	-	260,730	-	260,730	893,151
Net OPEB asset	-	-	-	-	-	-	-	-	45,853	45,853	48,396
Refunding of debt	-	-	-	-	-	2,558,742	-	-	-	2,558,742	2,604,749
Total deferred outflows of resources	-	-	-	-	-	2,558,742	-	260,730	45,853	2,865,325	3,546,296
Liabilities											
Current liabilities:											
Accounts payable and accrued liabilities	3,977,388	86,919	459,842	-	-	2,428,855	12,808,351	-	-	19,761,355	20,131,281
Unearned revenue	7,894,003	108,799	392,697	1,757,342	-	-	-	-	-	10,152,841	7,179,816
Long-term liabilities - Current portion	-	-	-	-	-	8,346,353	-	-	-	8,346,353	9,067,208
Total current liabilities	11,871,391	195,718	852,539	1,757,342	-	10,775,208	12,808,351	-	-	38,260,549	36,378,306
Noncurrent liabilities:											
Deposits and Federal student loan payable	-	-	751,444	-	(40,326)	-	160,567	-	-	871,685	1,707,213
Long-term liabilities	7,267,835	17,256	162,817	-	-	125,023,667	-	-	-	132,471,575	102,133,926
Subscription liabilities	-	-	-	-	-	744,951	-	-	-	744,951	1,460,713
Net pension liability	-	-	-	-	-	-	-	-	-	-	3,745,075
Total noncurrent liabilities	7,267,835	17,256	914,261	-	(40,326)	125,768,618	160,567	-	-	134,088,211	109,046,928
Total liabilities	19,139,226	212,974	1,766,800	1,757,342	(40,326)	136,543,826	12,968,918	-	-	172,348,760	145,425,233
Deferred Inflows of Resources											
Net pension asset	-	-	-	-	-	-	-	12,664,669	-	12,664,669	10,790
Net OPEB asset	-	-	-	-	-	-	-	-	2,250,726	2,250,726	-
Total deferred inflows of resources	-	-	-	-	-	-	-	12,664,669	2,250,726	14,915,395	10,790
Net Position											
Net investment in capital assets	-	-	-	-	-	271,482,177	-	-	-	271,482,177	264,422,728
Restricted for:											
Expendable:											
Scholarships	-	-	-	3,289,744	-	-	-	-	-	3,289,744	3,250,329
Research	-	-	-	44,369	-	-	-	-	-	44,369	164,605
Instructional department uses	-	-	-	2,810	-	-	-	-	-	2,810	2,618
Loans	-	-	-	-	7,672,930	-	-	-	-	7,672,930	8,331,767
Net pension liability/OPEB asset	-	-	-	-	-	-	-	13,817,114	20,966,642	34,783,756	13,779,912
Other	-	-	-	914,560	-	-	-	-	-	914,560	3,043,787
Unrestricted	22,223,626	32,874,256	2,108,545	-	-	40,375,037	-	(12,403,939)	(2,204,873)	82,972,652	87,543,453
Total net position	\$ 22,223,626	\$ 32,874,256	\$ 2,108,545	\$ 4,251,483	\$ 7,672,930	\$ 311,857,214	\$ -	\$ 1,413,175	\$ 18,761,769	\$ 401,162,998	\$ 380,539,198

Ferris State University
Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position
Year Ended June 30, 2025 (with comparative totals for 2024)

	Eliminations	General Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Pension	OPEB	2025 Combined Total	2024 Combined Total
Operating Revenues											
Tuition and fees - Net	\$ (36,998,624)	\$ 141,798,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 104,799,632	\$ 102,562,568
Federal grants and contracts	-	-	1,950	18,369	6,351,377	-	-	-	-	6,371,696	6,023,261
State and local grants and contracts - Net	-	-	-	-	2,297,704	-	-	-	-	2,297,704	1,810,230
Nongovernmental grants	-	-	91,733	-	80,149	-	-	-	-	171,882	865,673
Departmental activities	(89,447)	2,892,218	-	-	673,261	-	209,071	-	-	11,290,282	11,939,814
Auxiliary enterprises - Net	(11,062,560)	-	-	-	-	-	-	-	-	28,915,894	26,754,366
Other operating revenues	(5,246,752)	33,003	2,287,921	39,978,454	-	-	-	-	-	7,522,712	439,870
Total operating revenues	(53,397,383)	144,723,477	9,986,783	40,042,714	9,402,491	215,565	10,396,155	-	-	161,369,802	150,395,782
Operating Expenses											
Instruction	(48,050)	87,954,734	2,797,849	-	-	-	-	(1,372,071)	(1,993,118)	87,339,344	78,235,817
Research	(57,370)	233,803	27,249	-	2,095,782	-	-	-	-	2,299,464	1,973,107
Public service	(1,787,893)	8,470	3,402,480	-	2,199,787	-	-	(54,339)	(78,935)	3,689,570	4,951,998
Academic support	(133,096)	25,327,449	638,597	-	2,128,587	-	-	(410,942)	(596,949)	26,953,646	23,878,392
Student services	(46,453)	20,620,207	1,495,160	-	1,527,275	-	-	(190,188)	(276,274)	23,129,727	19,275,686
Institutional support	(1,692,449)	22,724,737	3,468,879	-	881,383	-	464,403	(353,206)	(513,080)	24,980,667	20,426,769
Operations and maintenance of plant	(1,740,617)	10,999,469	(2,576)	-	1,303,676	-	8,466,541	(346,414)	(503,213)	18,176,866	14,710,866
Depreciation	-	-	-	-	-	-	13,063,869	-	-	13,063,869	12,457,107
Student aid	(36,998,624)	28,890,486	14,421	5,204	32,212,936	-	-	-	-	24,124,423	21,278,869
Auxiliary enterprises	(10,892,830)	-	-	33,129,151	-	-	-	(669,054)	(971,892)	20,595,375	16,396,414
Other expenses	-	-	-	-	-	750,373	1,096,376	-	-	1,846,749	844,699
Total operating expenses	(53,397,383)	196,759,355	11,842,059	33,134,355	42,349,426	750,373	23,091,189	(3,396,214)	(4,933,461)	246,199,700	214,429,724
Operating (Loss) Income	-	(52,035,878)	(1,855,276)	6,908,359	(32,946,935)	(534,808)	(12,692,034)	3,396,214	4,933,461	(84,829,898)	(64,033,942)
Nonoperating Revenues (Expenses)											
State appropriations	-	61,137,700	-	-	-	-	-	868,885	-	62,006,585	92,455,001
Federal Pell Grants	-	-	-	-	23,496,569	-	-	-	-	23,496,569	18,507,809
Gifts & In-Kind Contributions	-	13,700	2,617,216	20,695	6,898,556	41,987	-	-	-	9,592,154	9,862,528
Investment gain	-	8,199,278	2,590	-	17,103	4,308	1,516,237	-	-	9,739,516	9,339,457
Interest on capital asset - Related debt	-	-	-	-	-	-	(2,898,334)	-	-	(2,898,334)	(3,594,696)
Net nonoperating revenues (expenses)	-	69,350,678	2,619,806	20,695	30,412,228	46,295	(1,382,097)	868,885	-	101,936,490	126,570,099
Income (Loss) - Before other revenues	-	17,314,800	764,530	6,929,054	(2,534,707)	(488,513)	(14,077,131)	4,265,099	4,933,461	17,106,592	62,536,159
Other Revenues											
State capital appropriations	-	-	-	-	-	-	3,517,048	-	-	3,517,048	10,670,802
Income (Decrease) in Net Position - Before transfers	-	-	-	-	-	-	-	-	-	-	-
Transfers In (Out)											
Net Increase (Decrease) in Net Position	-	17,314,800	764,530	6,929,054	(2,534,707)	(488,513)	(10,560,083)	4,265,099	4,933,461	20,623,640	73,206,961
Net Position - Beginning of year	-	14,236,511	34,424,302	3,073,670	6,461,339	8,331,767	303,035,385	(2,851,924)	13,828,308	380,539,198	307,332,238
Net Position - End of year	\$ -	\$ 22,223,626	\$ 32,874,256	\$ 2,108,545	\$ 4,251,484	\$ 7,672,930	\$ 311,857,214	\$ 1,413,175	\$ 18,761,769	\$ 401,162,998	\$ 380,539,198