University of Minnesota

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2024 Annual Financial Report

Financial Statements
as of and for the Years Ended June 30, 2024 and 2023,
Independent Auditor's Reports, and Management's Discussion and Analysis

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INDEPENDENT AUDITORS' REPORT

The Board of Regents
University of Minnesota
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University of Minnesota, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Other Matters

The financial statements of the University for the year ended June 30, 2023 were audited by another auditor, who expressed an unmodified opinion on those statements on October 26, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

The Board of Regents
University of Minnesota

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Board of Regents
University of Minnesota

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Statements of Net Position By Campus and the Statements of Revenues, Expenses, and Changes in Net Position By Campus are presented for purposes 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 GAAS. In our opinion, the Statements of Net Position By Campus and the Statements of Revenues, Expenses, and Changes in Net Position By Campus are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 25, 2024

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

The Board of Regents
University of Minnesota
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Minnesota (the "University"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

The Board of Regents
University of Minnesota

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 25, 2024

About the University of Minnesota
(Unaudited)

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

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

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

The University is among the top ten public research institutions nationally. The University is the State's major research institution with research expenditures of approximately $1.1 billion, $953.1 million, and $849.6 million in fiscal years 2024, 2023, and 2022, respectively, for research under various programs funded by governmental and private sources. Governmental and private sources also funded research activities with expenditures included in both Instruction and Public Service.

Twin Cities Campus

The Twin Cities campus is the flagship for the University system, with enrollment of approximately 54,900 students. The Twin Cities campus is among the nation's top public research universities, with award-winning faculty, state-of-the-art facilities, and world-class academics.

Duluth Campus

The Duluth campus is a comprehensive, highly ranked regional research and liberal arts university that offers instruction through the doctoral degree and has a global reputation for research in natural and freshwater resources. The Duluth campus consistently ranks among the top Midwestern regional universities with student enrollment of approximately 9,400 students.

Crookston Campus

The Crookston campus is known for its focus on experiential learning and is one of the nation's pioneers in online and distance education with a student enrollment of approximately 2,500 students.

Morris Campus

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

Rochester Campus

The Rochester campus is focused on meeting the educational needs of students in the southeastern Minnesota area at the upper division undergraduate and post-baccalaureate levels and conducts research in the areas of health sciences and biotechnology. The Rochester campus has a student enrollment of approximately 600 students.

Mission

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

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

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

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

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

- provides instruction for approximately 68,400 students;

- graduates approximately 16,200 students, 31 percent with graduate or first professional degrees on the Twin Cities campus;

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

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

Board of Regents of the University of Minnesota

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

Management's Discussion and Analysis
(Unaudited)

This discussion and analysis of the University's financial statements provides an overview of the financial position and activities of the University as of and for the years ended June 30, 2024, 2023, and 2022. The discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying Notes.

Financial Statements

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

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

Financial Highlights

The University continued to see increases in revenues related to grants from federal and state sources, as well as nongovernmental sources. Auxiliary enterprises revenues have increased year-over-year as University performances, museums, retail spaces, and athletic events increased attendance.

The University's financial position remains strong with assets of $8.7 billion, an increase of $66.9 million from fiscal year 2023. Liabilities decreased $182.9 million from fiscal year 2023 to $3.0 billion. The University's net position, the difference between total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources, increased to $5.5 billion as of June 30, 2024, compared to $5.3 billion as of June 30, 2023. The University's net position increased $215.5 million in fiscal year 2024 compared to an increase of $146.4 million in fiscal year 2023, reflecting continued solid financial results.

The University experienced an increase in total operating revenue for fiscal year 2024 of $92.4 million or 3.4 percent due to increases in grants and contracts, as well as auxiliary enterprises and educational activities. Total expenses increased for fiscal year 2024 by $445.2 million or 11.3 percent due primarily to $340.8 million in additional compensation expense as a result of increases in full-time equivalents, salary, merit increases and the $120.4 million impact of the actuarial calculations for pension expense as required by GASB 68 and GASB 71. Nonoperating revenues increased $398.5 million or 28.9 percent due to increases in net investment gain, grants, gifts and other nonoperating revenues, and state appropriations. Net investment gain increased $118.0 million in 2024, and grants and gifts and other nonoperating revenue increased $198.4 million, relative to the significant decreases in grants and gifts in 2023 from 2022.

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

Statements of Net Position

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2024, 2023, and 2022 is summarized in the table below:

	2024	2023	2022
Assets			
Current assets	$ 1,484,745	$ 1,391,402	$ 1,551,769
Noncurrent assets, excluding capital assets	3,911,493	3,947,860	3,766,406
Capital assets, net	3,325,157	3,315,278	3,347,929
Total assets	8,721,395	8,654,540	8,666,104
Deferred outflows of resources	183,302	224,875	252,530
Liabilities			
Current liabilities, excluding long-term debt	636,287	577,054	563,791
Noncurrent liabilities, excluding long-term debt	486,114	581,236	376,832
Long-term debt	1,844,676	1,991,735	1,985,203
Total liabilities	2,967,077	3,150,025	2,925,826
Deferred inflows of resources	456,772	464,030	873,891
Net position			
Unrestricted	1,614,411	1,579,690	1,426,431
Restricted—expendable	1,932,498	1,787,246	1,745,875
Restricted—nonexpendable	327,466	325,535	319,387
Net investment in capital assets	1,606,473	1,572,889	1,627,224
Total net position	$ 5,480,848	$ 5,265,360	$ 5,118,917

Assets

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

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

The following schedule summarizes the University's current and noncurrent assets as of June 30, 2024, 2023, and 2022:

				Increase (decrease)			
				From 2023 to 2024		From 2022 to 2023	
	2024	2023	2022	Amount	Percent	Amount	Percent
Current assets							
Cash and cash equivalents	$ 492,082	$ 544,510	$ 742,260	$ (52,428)	(9.6%)	$ (197,750)	(26.6%)
Receivables, net	512,413	490,183	483,941	22,230	4.5%	6,242	1.3%
Investments	434,152	313,477	280,334	120,675	38.5%	33,143	11.8%
Other assets	46,098	43,232	45,234	2,866	6.6%	(2,002)	(4.4%)
Total current assets	1,484,745	1,391,402	1,551,769	93,343	6.7%	(160,367)	(10.3%)
Noncurrent assets							
Capital assets, net	3,325,157	3,315,278	3,347,929	9,879	0.3%	(32,651)	(1.0%)
Other noncurrent assets							
Cash and cash equivalents & other assets	139,270	149,580	88,553	(10,310)	(6.9%)	61,027	68.9%
Receivables, net	346,699	380,428	399,294	(33,729)	(8.9%)	(18,866)	(4.7%)
Investments	3,425,524	3,417,852	3,278,559	7,672	0.2%	139,293	4.2%
Total other noncurrent assets	3,911,493	3,947,860	3,766,406	(36,367)	(0.9%)	181,454	4.8%
Total assets	$ 8,721,395	$ 8,654,540	$ 8,666,104	$ 66,855	0.8%	$ (11,564)	(0.1%)

As of June 30, 2024, total assets increased $66.9 million primarily due to increases in investments and capital assets, net, offset by decreases in cash and cash equivalents, and receivables, net. As of June 30, 2023, total assets decreased $11.6 million primarily due to decreases in cash and cash equivalents, receivables, net, and capital assets, net, offset by an increase in investments. Noncurrent cash and cash equivalents consist of unspent bond proceeds of $132.2 million and $140.0 million as of June 30, 2024 and 2023, respectively. Invested unspent bond proceeds of $288.3 million are included in noncurrent investments. Capital assets (net of accumulated depreciation) increased $9.9 million primarily due to increases in land acquisitions, equipment purchases, and building renovations, partially offset by continued depreciation of buildings in service and disposals of equipment assets. Refer to Note 4, Capital Assets, for additional information.

Capital Assets and Related Debt Activities

Capital additions totaled $276.4 million, $215.9 million, and $174.8 million in fiscal years 2024, 2023, and 2022, respectively. Fiscal year 2024 spending included real property purchases totaled $17.7 million, capital equipment purchases totaled $78.4 million, and various on-going construction projects totaled $123.9 million. Project spending continuing in fiscal year 2025 is projected to be $108.7 million and $70.3 million for the construction of the Fraser Hall Chemistry Undergraduate Teaching Facility and Advanced Operations Center, respectively. See Note 4, Capital Assets, for more detailed information.

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

The University structures long-term debt so that principal is mostly paid annually, which frees up capacity to issue new debt. The University also utilizes a commercial paper program with authority to issue up to

$400 million. The rating agencies factor in the maximum authorization when determining ratings, even when the outstanding commercial paper is less than the maximum authorized amount.

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

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

Deferred Outflows of Resources

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

Liabilities

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

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

The following schedule summarizes the University's current and noncurrent liabilities as of June 30, 2024, 2023, and 2022:

				Increase (decrease)			
				From 2023 to 2024		From 2022 to 2023	
	2024	2023	2022	Amount	Percent	Amount	Percent
Current liabilities							
Accounts payable	$ 226,294	$ 136,597	$ 123,017	$ 89,697	65.7%	$ 13,580	11.0%
Accrued liabilities and other	347,865	373,534	380,389	(25,669)	(6.9%)	(6,855)	(1.8%)
Unearned income	62,128	66,923	60,385	(4,795)	(7.2%)	6,538	10.8%
Long-term debt	286,638	347,086	273,833	(60,448)	(17.4%)	73,253	26.8%
Total current liabilities	922,925	924,140	837,624	(1,215)	(0.1%)	86,516	10.3%
Noncurrent liabilities							
Accrued liabilities and other	480,053	574,815	369,298	(94,762)	(16.5%)	205,517	55.7%
Unearned income	6,061	6,421	7,534	(360)	(5.6%)	(1,113)	(14.8%)
Long-term debt	1,558,038	1,644,649	1,711,370	(86,611)	(5.3%)	(66,721)	(3.9%)
Total noncurrent liabilities	2,044,152	2,225,885	2,088,202	(181,733)	(8.2%)	137,683	6.6%
Total liabilities	$ 2,967,077	$ 3,150,025	$ 2,925,826	$ (182,948)	(5.8%)	$ 224,199	7.7%

As of June 30, 2024, total liabilities decreased $182.9 million primarily due to a decrease in accrued liabilities of $104.6 million, as a result of pension actuarial assumption changes. The University's long-term debt represents 62.2 percent of total liabilities or $1.8 billion as of June 30, 2024 compared to 63.2 percent or $2.0 billion as of June 30, 2023.

Long-term debt decreased $147.1 million or 7.4 percent. The University issued Commercial Paper Notes and GO Bonds in the amount of $80.0 million and $150.5 million respectively in fiscal year 2024. Additions from the current year issuances were offset by $377.6 million in payments of outstanding debt, refunding, and normal amortization of the bonds, premiums, and discounts. Refer to Note 8, Long-Term Debt, for additional information.

Deferred Inflows of Resources

Deferred inflows of resources are items that result in the inflow of net position in the current reporting period for activities applicable to a future reporting period. As of June 30, 2024, the deferred inflows of resources decreased $7.3 million compared to June 30, 2023, primarily due to a decrease in the balances and related activity of the University's leases where the University is the lessor partially offset by increases in the balances and related activity of the University's net pension liability related to the State retirement plan. Refer to Note 5, Leases, for additional information related to the University's leases and Note 9, Pension and Other Employee Benefit Plans, for additional information related to State retirement pension plans.

Net Position

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

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

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

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

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

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

The following schedule summarizes the University's net position as of June 30, 2024, 2023, and 2022:

				Increase (decrease)			
				From 2023 to 2024		From 2022 to 2023	
	2024	2023	2022	Amount	Percent	Amount	Percent
Unrestricted	$ 1,614,411	$ 1,579,690	$ 1,426,431	$ 34,721	2.2%	$ 153,259	10.7%
Restricted:							
Expendable	1,932,498	1,787,246	1,745,875	145,252	8.1%	41,371	2.4%
Nonexpendable	327,466	325,535	319,387	1,931	0.6%	6,148	1.9%
Net investment in capital	1,606,473	1,572,889	1,627,224	33,584	2.1%	(54,335)	(3.3%)
Total net position	$ 5,480,848	$ 5,265,360	$ 5,118,917	$ 215,488	4.1%	$ 146,443	2.9%

The University's net position increased $215,488 in fiscal year 2024. The University's unrestricted net position increased $34.7 million in fiscal year 2024. The unrestricted net position increase was driven by the market value increase in unrestricted endowments of $56.4 million and an increase in nonoperating revenue offset by a decrease in net position due to operating results. The University's restricted expendable net position increased $145.3 million in fiscal year 2024 due to an increase in state and federal financial aid grants and a restricted legal settlement. The University's net investment in capital assets increased $33.6 million primarily due to a net increase in capital assets, offset by increases in capital debt used to acquire such assets.

Statements of Revenues, Expenses and Changes in Net Position

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

Total Operating Revenues

Operating revenues are those generated by the University's principal ongoing operations such as tuition, sponsored research grants and contracts, and sales and services provided by the University's educational and self-supporting auxiliary units. State appropriations are reported as nonoperating revenues, as are gifts and other revenues, for which the University does not give equal value in exchange for the resources received. Operating revenues increased 3.4 percent in fiscal year 2024 and accounted for 61.4 percent, 65.3 percent, and 63.1 percent of total revenues for fiscal years 2024, 2023, and 2022, respectively.

The following schedule summarizes the University's Operating, Nonoperating, and Other revenue for the years ended June 30, 2024, 2023, and 2022:

				Increase (decrease)			
				From 2023 to 2024		From 2022 to 2023	
	2024	2023	2022	Amount	Percent	Amount	Percent
Operating revenues							
Grants and contracts	$ 1,308,553	$ 1,256,184	$ 1,160,631	$ 52,369	4.2%	$ 95,553	8.2%
Student tuition and fees, net	798,887	794,652	764,030	4,235	0.5%	30,622	4.0%
Auxiliary enterprises, net	518,684	494,290	474,665	24,394	4.9%	19,625	4.1%
Educational activities	179,576	168,134	165,287	11,442	6.8%	2,847	1.7%
Other operating revenue	114	177	105	(63)	(35.6%)	72	68.6%
Total operating revenues	2,805,814	2,713,437	2,564,718	92,377	3.4%	148,719	5.8%
Nonoperating revenues							
Federal appropriations	20,227	18,541	16,318	1,686	9.1%	2,223	13.6%
State appropriations	796,758	716,341	727,857	80,417	11.2%	(11,516)	(1.6%)
Grants, gifts, and other nonoperating, net	731,936	533,565	629,297	198,371	37.2%	(95,732)	(15.2%)
Net investment gain	227,812	109,829	656	117,983	107.4%	109,173	16642.2%
Total nonoperating revenues	1,776,733	1,378,276	1,374,128	398,457	28.9%	4,148	0.3%
Total other revenues	85,367	60,614	122,661	24,753	40.8%	(62,047)	(50.6%)
Total revenues (noncapital)	$ 4,667,914	$ 4,152,327	$ 4,061,507	$ 515,587	12.4%	$ 90,820	2.2%

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

Nonoperating revenues increased $398.5 million or 28.9 percent due to increases in net investment gain, grants, gifts and other nonoperating revenues, and state appropriations. Net investment gain increased $118.0 million in 2024, and grants and gifts, and other nonoperating revenues increased $198.4 million, relative to the significant decreases in grants, gifts, and other nonoperating revenues in 2023 from 2022. Significant within the $198.4 million increase in 2024 was a $39.8 million gain on the sale of land to Meta and a $100.0 million UCare legal settlement.

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

Total Operating Expenses

The following schedule summarizes the University's operating expenses by functional category for the years ended June 30, 2024, 2023, and 2022:

				Increase (decrease)			
				From 2023 to 2024		From 2022 to 2023	
	2024	2023	2022	Amount	Percent	Amount	Percent
Education and general							
Instruction	$ 896,375	$ 831,791	$ 783,386	$ 64,584	7.8%	$ 48,405	6.2%
Research	1,051,959	953,072	849,632	98,887	10.4%	103,440	12.2%
Public service	350,016	299,880	255,884	50,136	16.7%	43,996	17.2%
Academic support	569,979	493,082	400,483	76,897	15.6%	92,599	23.1%
Student services	159,482	143,828	117,508	15,654	10.9%	26,320	22.4%
Institutional support	356,785	305,875	256,692	50,910	16.6%	49,183	19.2%
Operation and maintenance of plant	319,614	280,675	224,701	38,939	13.9%	55,974	24.9%
Scholarships and fellowships	70,530	64,370	82,042	6,160	9.6%	(17,672)	(21.5%)
Depreciation and amortization	258,080	245,832	247,070	12,248	5.0%	(1,238)	(0.5%)
Total education and general	4,032,820	3,618,405	3,217,398	414,415	11.5%	401,007	12.5%
Other operating expenses							
Auxiliary enterprises	348,945	318,143	284,376	30,802	9.7%	33,767	11.9%
Other operating expenses, net	12	21		(8)	100.0%	20	4168.5%
Total other operating expenses	348,957	318,164	284,376	30,794	9.7%	33,788	11.9%
Total operating expenses	$ 4,381,777	$ 3,936,569	$ 3,501,774	$ 445,209	11.3%	$ 434,795	12.4%

Total operating expenses increased $445.2 million or 11.3 percent in fiscal year 2024 compared to an increase of $434.7 million or 12.4 percent in fiscal year 2023. Across almost all functional categories, salaries and compensation-related expenditures continued to represent the most significant expense to the University at $2.9 billion or 66.4 percent, $2.5 billion or 64.4 percent, and $2.2 billion or 61.8 percent of operating expenses in fiscal years 2024, 2023, and 2022, respectively. See Note 14, Operating Expenses by Natural Classification, for additional information. Compensation related expenditures increased $340.8 million or 13.4 percent in 2024, and increased $380.7 million or 17.6 percent in 2023, and decreased $181.8 million or 7.8 percent in fiscal year 2022. The fiscal year 2024 increase is due to the actuarial driven calculation for pension expense of $120.4 million and $149.3 million increase in salary. Most functional categories experienced increases primarily as the result of increases in compensation. Supplies and services related expenditures increased $36.9 million or 3.4 percent across most functional categories due to project related activities.

Investing Activities

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

Investments supporting long-term endowments, as well as other investment pools had investment income, net of unrealized gains of $227.8 million, $109.8 million, and $0.7 million, in fiscal years 2024, 2023, and 2022 respectively. The Consolidated Endowment Fund (CEF) and Group Income Pool (GIP) supported annual income distributions to departments in the amounts of $90.9 million, $82.5 million, and $74.5 million in fiscal years 2024, 2023, and 2022 respectively. The income distribution amounts are primarily from the CEF pool, in the amounts of $89.1 million, $80.6 million, and $72.5 million in fiscal years 2024, 2023, and 2022, respectively.

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

Factors Affecting Future Financial Position and/or Results of Operations

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

Strong state support – Continued strong State support is an important component of future fiscal health for the University. During the 2023 legislative session, the Governor and Legislature enacted legislation that increased the University's fiscal year 2023-2025 two-year base funding to $1.345 billion, an 8.3 percent increase from the previous two-year base appropriation. During fiscal year 2024, the University received $55.5 million in new recurring state operating support from that two-year increase.

The University also received $136.0 million in capital funding to the University for a new chemistry teaching facility ($92.6 million) and Higher Education Asset Preservation and Replacement funds ($43.4 million). During fiscal year 2024, the University began capital projects that will benefit from these new capital investments.

Enrollment and tuition – Tuition revenue represents the single largest source of recurring revenue to the University, largely because the University has built a national reputation for high quality undergraduate, graduate, and professional education. The University's ability to consistently attract students who seek a world-class, affordable education will be important in the near term to maintain the tuition revenue stream. Fiscal year 2024 fall enrollment for all five campuses was 68,366, compared to fiscal year 2023 fall enrollment of 68,631. The Board approved tuition increases for fiscal year 2024 of 3.5% for the Twin Cities and Rochester campuses, and 1.0% for the Crookston, Duluth, and Morris campuses. Future tuition and fee revenue will be impacted by many factors, including the Board's decisions on tuition rates, resident and non-resident enrollments, room and board rates, and course fees, as well as other factors such as demographics, federal policies on immigration, and competition from other higher educational institutions for students.

Research Enterprise – The University consistently ranks among the top ten public research universities in the United States in federal funding for research and development, thanks to the productivity and ingenuity of its faculty. For fiscal year 2023 (the most recent year for which national data was available) the University ranked 12th among U.S. public universities in the NSF HERD rankings, having received $1.125 billion in sponsored project awards. Fiscal year 2024 NSF rankings will be released in November 2024, and the University expects a similarly strong ranking.

Growth in technology commercialization is a University priority, and an integral part of helping the state of Minnesota grow its economy. During fiscal year 2024, the University reported 375 invention disclosures, 188 patents were issued to the University and its faculty, 226 new commercialization licenses were executed, and 25 new startup companies were created based on University intellectual property. These statistics demonstrate the vitality and economic potential of the University's research enterprise.

The University's partnership with Fairview Health Services – The University has an academic affiliation agreement (the "1997 Academic Affiliation Agreement") with Fairview Health Services (Fairview), the health care organization that acquired the University's on-campus hospital effective January 1, 1997. The initial term of the 1997 Academic Affiliation Agreement is January 1, 1997 through December 31, 2026. If a party does not intend to renew the 1997 Academic Affiliation Agreement after 2026, either party was to give notice to the other party of that intent by December 31, 2023.

In 2018, the University and Fairview entered into additional agreements that built on the 1997 Academic Affiliation Agreement, creating a joint clinical enterprise operated under the brand M Health Fairview and providing increased academic support to the University from Fairview (the "2018 M Health Fairview Agreements"). The 2018 M Health Fairview Agreements are coterminous with the 1997 Academic Affiliation Agreement.

A strong partnership with Fairview is vital to supporting research, outreach, and medical education missions of the University of Minnesota Medical School. For the University's fiscal year ended June 30, 2024, all scheduled payments to the University under the 2018 M Health Fairview Agreements have been made by Fairview, despite having reported an operating loss of $189.0 million.

On February 9, 2024 the University, the University of Minnesota Physicians, and Fairview signed a nonbinding Letter of Intent (LOI) outlining the University's intent to purchase the four key academic health facilities and related operations that make up the M Health Fairview University of Minnesota Medical Center – the East and West Bank campuses, M Health Fairview Masonic Children's Hospital, and the M

Health Fairview Clinics and Surgery Center. As a corollary to the LOI, the University and Fairview have notified each other that they wish to end the original 1997 Academic Affiliation Agreement. Since the LOI was signed, the parties have engaged in conversations, negotiations, and diligence regarding the acquisition. The parties expect to continue working towards the completion of the transaction during fiscal year 2025. Simultaneously, both parties are engaged in regular meetings around a post-2026 affiliation, with a focus on the public and nonprofit missions of the organizations and the assets used in delivery of academic medicine in Minnesota. Decisions related to the purchase of any Fairview assets or operations, and the nature of a post-2026 affiliation, will be important to the future success of the University of Minnesota Medical School.

University of Minnesota
Statements of Net Position
June 30, 2024 and 2023 (in thousands)

		2024	2023
Assets			
Current assets			
Cash and cash equivalents		$ 492,082	$ 544,510
Short-term investments		434,152	313,477
Receivables, net		498,545	472,861
Lease receivables		6,804	10,266
Inventories		23,499	22,818
Student loans receivable, net		7,064	7,056
Prepaid expenses		22,567	20,383
Other assets		32	31
Total current assets		1,484,745	1,391,402
Noncurrent assets			
Restricted cash and cash equivalents		132,166	139,970
Restricted investments		288,258	353,686
Investments		3,137,266	3,064,166
Receivables, net		26,372	1,738
Lease receivables		282,986	337,311
Student loan receivables, net		37,341	41,379
Prepaid expenses		5,143	7,474
Other assets		1,961	2,136
Capital assets, net		3,325,157	3,315,278
Total noncurrent assets		7,236,650	7,263,138
Total assets		8,721,395	8,654,540
Deferred outflows of resources		183,302	224,875
Liabilities			
Current liabilities			
Accounts payable		226,294	136,597
Accrued liabilities and other		318,196	346,334
Unearned income		62,128	66,923
Long-term debt		286,638	347,086
Lease liabilities		21,403	18,301
Subscription liabilities, including accrued interest		8,266	8,899
Total current liabilities		922,925	924,140
Noncurrent liabilities			
Accrued liabilities and other		266,670	370,987
Unearned income		6,061	6,421
Long-term debt		1,558,038	1,644,649
Lease liabilities		199,044	185,627
Subscription liabilities, including accrued interest		14,339	18,201
Total noncurrent liabilities		2,044,152	2,225,885
Total liabilities		2,967,077	3,150,025
Deferred inflows of resources		456,772	464,030
Net position			
Unrestricted		1,614,411	1,579,690
Restricted	Expendable	1,932,498	1,787,246
	Nonexpendable	327,466	325,535
Net investment in capital assets		1,606,473	1,572,889
Total net position		$ 5,480,848	$ 5,265,360

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

University of Minnesota
Component Units – Statements of Financial Position
As of June 30, 2024 and 2023 (in thousands)

	Total 2024	Total 2023
Assets		
Cash and cash equivalents	$ 80,925	$ 154,822
Investments, substantially at fair market value	4,568,749	4,077,464
Accounts and other receivables	497,051	524,030
Property and equipment, net	82,635	84,748
Prepaids and other assets	15,447	15,973
Total assets	5,244,807	4,857,037
Liabilities		
Accounts payable and accrued liabilities	277,852	250,248
Income beneficiaries payable	35,286	32,855
Unitrusts, pooled income, and annuity trusts payable		
Investments held for custody of others	450,529	403,965
Long-term debt	42,191	43,189
Lease liabilities	11,907	13,079
Total liabilities	817,765	743,336
Net assets		
Without donor restrictions	328,178	335,185
With donor restrictions	4,098,864	3,778,516
Total net assets	4,427,042	4,113,701
Total liabilities and net assets	$ 5,244,807	$ 4,857,037

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

University of Minnesota
Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2024 and 2023 (in thousands)

			2024	2023
Revenues				
Operating revenues	Student tuition and fees, net of scholarship allowances of $374,529 in 2024; $346,151 in 2023		$ 798,887	$ 794,652
	Federal grants and contracts		657,385	611,552
	State and other government grants		119,661	117,494
	Nongovernmental grants and contracts		531,507	527,138
	Student loan interest income		416	177
	Sales and services of educational activities, net of scholarship allowances of $138 in 2024; $82 in 2023		179,160	167,957
	Auxiliary enterprises, net of scholarship allowances of $19,313 in 2024; $16,377 in 2023		518,684	494,290
	Other operating revenues		114	177
Total operating revenues			2,805,814	2,713,437
Expenses				
Operating expenses	Education and general	Instruction	896,375	831,791
		Research	1,051,959	953,072
		Public service	350,016	299,880
		Academic support	569,979	493,082
		Student services	159,482	143,828
		Institutional support	356,785	305,875
		Operation & maintenance of plant	319,614	280,675
		Scholarships & fellowships	70,530	64,370
		Depreciation and amortization	258,080	245,832
	Auxiliary enterprises		348,945	318,143
	Other operating expenses, net		12	21
Total operating expenses			4,381,777	3,936,569
Operating loss			(1,575,963)	(1,223,132)
Nonoperating revenues (expenses)				
Federal appropriations			20,227	18,541
State appropriations			796,758	716,341
Grants			288,187	260,405
Gifts			291,360	263,705
Investment income, net			227,812	109,829
Interest on capital-asset related debt			(70,649)	(69,315)
Other nonoperating revenues, net			152,389	9,455
Net nonoperating revenues			1,706,084	1,308,961
Income before other revenues			130,121	85,829
Capital appropriations			51,576	46,330
Capital grants and gifts			24,382	13,038
Additions to permanent endowments			9,409	1,246
Total other revenues			85,367	60,614
Increase in net position			215,488	146,443
Net position at beginning of year			5,265,360	5,118,917
Net position at end of year			$ 5,480,848	$ 5,265,360

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

University of Minnesota
Component Units – Statements of Activities
Years ended June 30, 2024 and 2023 (in thousands)

	Total 2024	Total 2023
Change in net assets held without donor restrictions		
Revenues		
Contributions	$ 564	$ 1,107
Contract revenue	856,861	850,195
Patient service revenue	38,101	32,375
Investment income, net	11,980	6,398
Net realized and unrealized gains on investments	22,982	4,429
Loss on equity method investments	(28,820)	(21,204)
Change in value of trusts	(33)	(286)
Support services revenue	8,356	8,356
UMF - Real Estate Advisors rental revenue	6,063	6,347
University Gateway Corporation revenue	4,232	4,765
Other revenue	5,142	17,947
Other nonoperating revenues, net	3,675	3,675
Net assets released from restriction	345,353	301,014
Total revenues	1,274,456	1,215,118
Expenses		
Program services		
Distributions for University purposes	283,517	262,653
Health care services	848,209	804,410
Support services		
Management and general	76,037	82,389
Promotion and development	44,903	41,726
UMF - Real Estate Advisors	21,293	7,160
University Gateway Corporation	7,504	7,030
Total expenses	1,281,463	1,205,368
(Decrease) increase in net assets held without donor restrictions	(7,007)	9,750
Net assets held without donor restrictions at beginning of year	335,185	325,435
Net assets held without donor restrictions at end of year	$ 328,178	$ 335,185
Change in net assets held with donor restrictions		
Revenues		
Contributions	$ 243,960	$ 254,758
Investment income, net	69,831	36,395
Net realized and unrealized gains on investments	346,324	174,274
Change in value of trusts	5,586	4,031
Net assets released from restriction	(345,353)	(301,014)
Increase in net assets held with donor restrictions	320,348	168,444
Net assets held with donor restrictions at beginning of year	3,778,516	3,610,072
Net assets held with donor restrictions at end of year	$ 4,098,864	$ 3,778,516
Total net assets at beginning of year	4,113,701	3,935,507
Increase in total net assets	313,341	178,194
Total net assets at end of year	$ 4,427,042	$ 4,113,701

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

University of Minnesota
Statements of Cash Flows
Years ended June 30, 2024 and 2023 (in thousands)

	2024	2023
Cash flows from operating activities		
Student tuition and fees	$ 798,580	$ 790,456
Grants and contracts (federal, state, nongovernmental, other)	1,266,417	1,242,007
Auxiliary enterprises	511,266	492,102
Sales and services of educational activities	179,241	172,483
Collection of loans to students	8,666	7,930
Other operating revenues	(208)	1,404
Payments to employees for services	(2,128,580)	(1,973,238)
Payments for fringe benefits	(742,856)	(718,324)
Payments to suppliers for goods and services	(1,160,933)	(1,074,941)
Payments for scholarships and fellowships	(72,757)	(67,278)
Loans issued to students	(4,598)	(6,120)
Direct lending receipts	310,936	315,872
Direct lending disbursements	(311,077)	(315,626)
Custodial transactions	141	(246)
Net cash used by operating activities	(1,345,762)	(1,133,519)
Cash flows from noncapital financing activities		
State appropriations	797,598	715,642
Grants for other than capital purposes	286,563	300,278
Gifts for other than capital purposes	303,970	252,435
Federal appropriations	19,951	16,216
Other nonoperating revenues, net	59,923	(1,339)
Private gifts for endowment purposes	1,801	23
Net cash provided by noncapital financing activities	1,469,806	1,283,255
Cash flows from capital and related financing activities		
Proceeds from capital debt	250,552	91,500
Capital appropriations	47,495	49,003
Capital grants and gifts	16,672	14,274
Proceeds from sale of capital assets	39,397	2,041
Lease receipts	5,592	5,574
Principal received on notes receivable	295	276
Interest received on notes receivable	380	411
Purchases of capital assets	(216,236)	(182,827)
Principal paid on capital debt	(375,070)	(75,029)
Interest paid on capital debt	(78,020)	(73,748)
Principal paid on lease liabilities	(36,498)	(38,088)
Interest paid on lease liabilities	(6,560)	(5,441)
Net cash (used) by capital and related financing activities	(352,001)	(212,054)
Cash flows from investing activities		
Investment income, net	192,981	150,113
Proceeds from sales and maturities of investments	26,168,461	26,007,625
Purchase of investments	(26,193,717)	(26,229,987)
Net cash (used) by investing activities	167,725	(72,249)
Net (decrease) in cash and cash equivalents	(60,232)	(134,567)
Cash and cash equivalents at beginning of year	684,480	819,047
Cash and cash equivalents at end of year	$ 624,248	$ 684,480

University of Minnesota
Statements of Cash Flows
Years ended June 30, 2024 and 2023 (in thousands)

	2024	2023
Reconciliation of net operating revenues (expenses) to net cash used by operating activities		
Operating loss	$ (1,575,963)	$ (1,223,132)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation and amortization expense	258,080	245,832
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables, net	(42,151)	5,740
Inventories	(809)	(699)
Prepaid and other items	140	4,119
Other assets	175	(230)
Net pension liability	(104,511)	229,584
Deferred outflows of resources related to pensions	40,929	30,809
Deferred inflows of resources related to pensions	46,851	(397,641)
OPEB liability	956	(3,794)
Deferred outflows of resources related to OPEB	344	1,346
Deferred inflows of resources related to OPEB	(32)	4,282
Accounts payable	14,767	7,601
Accrued liabilities	15,430	(249,011)
Unearned income	(426)	752
Deferred outflow of resources	458	59,964
Deferred inflows of resources		150,959
Net cash used by operating activities	$ (1,345,762)	$ (1,133,519)
Noncash investing, capital, and financing activities		
Net unrealized gains (losses) on investments	$ 23,407	$ (76,383)
Net unsettled investment trades	69,240	4,599
Capital assets on account	30,499	22,440
Amortization of bond discount/premium	24,180	9,939
Contribution of capital assets	1,952	1,099
Cash and cash equivalents	$ 492,082	$ 544,510
Restricted cash and cash equivalents	132,166	139,970
Total cash and cash equivalents at end of year	$ 624,248	$ 684,480

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

Notes to Financial Statements
As of and for the years ended June 30, 2024 and 2023 (in thousands)

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

Organization

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

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

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

Reporting Entity

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

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

RUMINCO, Ltd.

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

2407 University Investment, LLC

On October 20, 2022, the University purchased United Properties Investment, LLC's 51 percent ownership of 2407 University Investment, LLC. As of that date, the joint venture of 2407 University Investment, LLC became a wholly-owned company of the University and the results are presented on a blended basis in the financial statements. The company owns and operates a hotel and acts as a lessor of a restaurant on property adjacent to the Twin Cities campus. This blended component unit's results are immaterial to the financial statements.

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

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

University of Minnesota Foundation

The University of Minnesota Foundation (UMF) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts to benefit the University. The board of trustees of the UMF consists of between 30 and 45 members and includes the President of the University. One-fourth of the members of the board of trustees are appointed by the University. Although the UMF is an independent organization, the majority of resources that it holds and invests, including income from its investments, are restricted by donors to the activities of the University. The factor that contributes to the UMF being classified as a discretely presented component unit relates to the significant resources the UMF holds on behalf of the University. The University has access to these resources.

During fiscal years 2024 and 2023, UMF distributed $319,069 and $295,732, respectively, to the University. As of June 30, 2024 and 2023, accounts receivable balances due from the University to UMF were $151 and $206, respectively. As of June 30, 2024 and 2023, accounts payable balances due to the University from UMF were $32,713 and $25,865, respectively. Complete financial statements for the UMF can be obtained from the UMF office, McNamara Alumni Center, 200 Oak Street S.E., Suite 500, Minneapolis, MN 55455.

University of Minnesota Physicians

University of Minnesota Physicians (UMP) is a legally separate, tax-exempt clinical practice organization for the faculty of the University Medical School. The board of UMP consists of 18 voting directors, ex-officio voting directors, and ex-officio non-voting directors. Included in the composition of UMP's board of directors is the dean of the University Medical School, faculty, and department heads of the University Medical School totaling 12 members. Based on the University appointing a voting majority of board members, the University has the ability to impose its will on UMP, as management and direction of the business and affairs of UMP is vested in the board. As a result, this contributes to UMP being classified as a discretely presented component unit.

During fiscal years 2024 and 2023, UMP distributed $95,924 and $107,369, respectively, to the University. As of June 30, 2024 and 2023, contract receivables balances due from the University to UMP were $3,258 and $3,991, respectively. As of June 30, 2024 and 2023, accrued medical school expenses balances due to the University from UMF were $21,235 and $36,072, respectively. Complete financial statements for UMP can be obtained from the Chief Financial Officer, 720 Washington Ave S.E., Suite 200, Minneapolis, MN 55414.

Financial Statement Presentation

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

Basis of Accounting

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

Significant Accounting Policies

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

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

The University may use derivative instruments for a variety of purposes. Financial futures are used to maintain investment portfolio asset allocations in accordance with institutional policy and to enhance the investment returns of certain asset classes. Forward foreign exchange contracts are used to protect against foreign currency exposure; gas commodity forward contracts are used to synthetically fix the price of other physical gas purchases used for University consumption; and interest rate swaps are used to manage the cost of debt. Financial futures and forward foreign exchange contracts are recorded on the contract date and are carried at fair value using listed price quotations or amounts that approximate fair value. The University is required to post collateral, typically U.S. Treasury bills, for derivative contracts held. Collateral required by these contracts is monitored daily and required deposits or withdrawals are made as necessary. In general, the University follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Minnesota, for donor-restricted endowments. Under UPMIFA, the Board determines the prudent amount of realized and unrealized endowment appreciation to be allocated to fund current operations. Investment of the realized or unrealized appreciation in excess of the annual spending limits is discussed in Note 2, Cash and Investments.

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

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

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

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

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

The following schedule summarizes the useful lives and capitalization thresholds:

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

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

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

Compensated Absences—The University accrues a liability for vacation leave and other compensated absences that were earned, but not used, during the current or prior fiscal year for which employees can receive compensation in a future period. The amount of vacation leave varies by employee group. An estimate is made to allocate this liability between its current and noncurrent components. Sick leave is recorded as an expense when paid. There is no payout provision for unused sick leave and no liability exists.

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

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

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

- **Restricted**:

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

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

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

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

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

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

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

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

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

  During fiscal years 2024 and 2023, nonsponsored departmental research of $317,164 and $289,604 respectively, were recorded in both research expense and depreciation expense.

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

Accounting Change – Change to or within the Financial Reporting Entity—The University has elected to omit the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position, which were initially adopted with the implementation of GASB No. 84, *Fiduciary Activity* (GASB 84). The University has determined that the impact of GASB 84 is inconsequential to the results of the University's annual financial report.

The Statements referenced relate to fiduciary activity including custodial funds for pass-through scholarships from private parties outside the University and other agency funds like student groups. The activity also includes employee benefit trust funds for a supplemental benefits plan that is now closed to new participants and is currently in run out. In addition, fiduciary funds are not used to operate the University's programs, and, additionally, the net position for fiduciary activity has not exceeded $1,000 since GASB 84 was implemented.

As a result of this change, the impact to fiduciary funds being removed is as follows:

		Previously Reported Fiduciary Funds 2023				
Additions		Pension (and other employee benefit) trust funds	Custodial funds	Removal of three month or less activity as allowed by GASB 84, paragraph 19	Removal of remaining fiduciary information due to change in entity	Final reported fiduciary information
Contributions	Student financial aid and loans		$ 390,167	$ (390,167)		
	External financial aid awards		20,122	(20,122)		
	Services provided		3,132		$ (3,132)	
	Memberships collected		1,257		(1,257)	
	Student fees		1,172		(1,172)	
	Supplemental benefit plan contributions	$ 190			(190)	
	Investment income (loss)	(8)			8	
Total contributions		182	415,850	(410,289)	(5,743)	
Deductions						
	Student aid and awards		410,124	(410,124)		
	Other deductions to vendors		4,972	(4,972)		
	Benefits to participants and beneficiaries					
Total deductions			415,096	(415,096)		
Net change in fiduciary net position (deficit)		182	754	4,807	(5,743)	
Net position (deficit) at beginning of year		286	(1,221)			
Net position (deficit) at end of year		$ 468	$ (467)			

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

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

New Accounting Pronouncements

Adoption of New Accounting Pronouncements

GASB Statement No. 100 (GASB 100), *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62; defines accounting changes; prescribes accounting and financial reporting for accounting changes and error corrections; and required note disclosures. The provisions of GASB 100 are effective for fiscal year 2024.

New Accounting Pronouncements Not Yet Adopted

GASB Statement No. 101 (GASB 101), *Compensated Absences*, defines when liabilities are required to be established for certain types of absences; establishes guidance for reporting and measuring a liability for leave that has not been used; and required note disclosures. The provisions of GASB 101 are effective for fiscal year 2025.

GASB Statement No. 102 (GASB 102), *Certain Risk Disclosures*, defines when additional note disclosures are required about risks related to vulnerabilities due to certain concentrations or constraints. The provisions of GASB 102 are effective for fiscal year 2025.

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

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

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

2. Cash and Investments

Summary

The University maintains centralized management of substantially all of its cash and investments which are held in several investment pools. Each pool has a specific set of guidelines designed to meet its respective investment objectives within risk parameters established for that pool. Securities held in these portfolios are exposed to various types of risk such as credit, interest rates, foreign currency and other capital market risks. Material changes in the value of securities subsequent to June 30, 2024, could affect the market values reported in the financial statements.

The following table summarizes cash and investments, including State Small Business Credit Initiative (SSBCI) first funded in the year ended June 30, 2023, and RUMINCO as of June 30, 2024:

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

The following table summarizes cash and investments, including RUMINCO as of June 30, 2023:

	Temporary Investment Pool	Consolidated Endowment Fund	Group Income Pool	Separately Invested Funds and other	Invested assets related to indebtedness	State Small Business Credit Initiative	RUMINCO, Ltd.	Total
Cash and cash equivalents	$ 524,371	$ 18,417	$ 512	$ 923			$ 287	$ 544,510
Short-term investments	271,294		417		$ 41,766			313,477
Total current assets	795,665	18,417	929	923	41,766		287	857,987
Restricted cash and cash equivalents					139,970			139,970
Restricted investments					353,686			353,686
Total restricted assets					493,656			493,656
Long-term investments								
Fixed income	763,593	359,567	60,470					1,183,630
Public equity		340,427						340,427
Private capital		1,147,808		12,277		$ 1,433		1,161,518
Inflation hedges		178,359						178,359
Other	20,402	107,017		1,880			70,933	200,232
Total noncurrent investments	783,995	2,133,178	60,470	14,157		1,433	70,933	3,064,166
Total cash and investments	$ 1,579,660	$ 2,151,595	$ 61,399	$ 15,080	$ 535,422	$ 1,433	$ 71,220	$ 4,415,809

Fair Value Measurements

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

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

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

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

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

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

	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Fixed income				
US Agency		$ 467,494		$ 467,494
Return generated fixed income	$ 4,862	252,435		257,297
US Treasury		499,823		499,823
Risk mitigating fixed income	39,689			39,689
Mortgage-backed securities		22,206		22,206
Corporate bonds		97,394		97,394
Listed equity				
Global developed equity	170,687			170,687
Diversifiers				
Private capital	1,582		$ 20,175	21,757
Other	16,469	3,445		19,914
Total	233,289	1,342,797	20,175	1,596,261
Investments measured at Net Asset Value (NAV)				2,263,415
Total investments				$ 3,859,676

The following table summarizes investments according to the fair value hierarchy and NAV as of June 30, 2023:

	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Fixed income				
US Agency		$ 533,743		$ 533,743
Return generated fixed income	$ 4,612	352,838		357,450
US Treasury		338,239		338,239
Risk mitigating fixed income	48,375			48,375
Mortgage-backed securities		27,892		27,892
Listed equity				
Global developed equity	154,306			154,306
Diversifiers		20,167		20,167
Private capital	12,170		$ 12,277	24,447
Other	15,706	3,382		19,088
Total	235,169	1,276,261	12,277	1,523,707
Investments measured at Net Asset Value (NAV)				2,207,622
Total investments				$ 3,731,329

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

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

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

The following table summarizes NAV investments as of June 30, 2023:

	Net Asset Value	Unfunded commitments	Redemption frequency	Redemption notice period
Private capital	$ 1,137,071	$ 343,776	None, monthly, or annually	None; 1 or 90 days
Fixed income	565,894	121,847	None, daily, or annually	None; 2 or 60 days
Global equity	189,866		None, daily, monthly, or quarterly	None; 2, 30, 45, or 90 days
Hedge fund	124,972		None, monthly, quarterly, semi annually, or annually	None; 20, 30, 45, 60, 65, 75, or 90 days
Real estate	37,615	10,213	None	None
Natural resources	91,019	11,380	None, quarterly	None; 90 days
Other	61,185	5,919	None	None
Total	$ 2,207,622	$ 493,135		

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

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

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

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

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

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

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

Authorizations

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

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

The Board's Investment of Reserves policy allows for up to 30 percent of the pool to be invested in the Consolidated Endowment Fund (CEF) or other illiquid fixed income securities. As of June 30, 2024, and 2023, the market value of the TIP assets invested in the CEF was $229,120 and $230,789, respectively. These assets are reported in the total cash and investments of the CEF. In addition, the Investment of Reserves policy guidelines include the following: average duration of four years or less for the entire pool and maximum duration of seven years for any individual holding; average credit quality of A1/A+ or better; no use of leverage; and credit ratings of investment grade defined as Baa3/BBB- or better by Moody's or Standard & Poor's. Retention of a lower rated security requires approval by the President or delegate with notification to the Board.

As of June 30, 2024 and 2023, the Standard & Poor's credit rating for instruments subject to credit ratings held in TIP was AA- and AA-, respectively.

Consolidated Endowment Fund (CEF)—The CEF represents the pooling of funds from both public and private sources for which donor intent, law, or institutional decree determines the principal amount that must be invested in perpetuity or other specified time frames. The funds are invested to achieve an inflation-adjusted rate of return, after expenses are deducted, that exceeds the current payout rate of 4.5 percent of the average of the endowment's trailing month-end market values for the prior 60 months. The Board reserves the authority to approve asset allocation ranges for this pool. For fiscal years ended June 30, 2024 and 2023, $89,097 and $80,595, respectively, was made available for departmental spending.

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

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

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

Group Income Pool (GIP)—Long-Term Reserves—The GIP represents assets invested for the benefit of various University units for long-term capital purposes. The investment objective of the GIP is to maximize the total investment return while preserving capital balances until such time as the principal is required to fund the intended use. The GIP is invested in fixed-income funds through external investment managers. Additionally, up to 50 percent of the pool can be invested in the CEF. As of June 30, 2024 and 2023, the fair value of the GIP assets invested in the CEF was $26,891 and $26,861, respectively. These assets are reported in the total cash and investments of the CEF.

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

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

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

Regents of the University of Minnesota Insurance Company, Ltd. (RUMINCO)—RUMINCO is a wholly-owned captive insurance company (see Notes 1, Organization, Basis of Presentation, and Summary of Significant Accounting Policies, and 12, Self-Insurance Programs) whose principal activities are the insurance of certain risks to the University. The investment objectives for the liability reserves, which cover specific known and expected claims, are capital preservation and near-term liquidity. The investment objectives for the capital surplus in excess of the liability reserves are to maximize the total return within acceptable risk parameters and to achieve at least 400 basis points of return above the inflation rate over multiple year periods.

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

Investment Risks

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

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

Fixed-income securities:	Value	Maturity (years)	AA or better	BBB to A	BB or lower	Not rated
Mortgage-backed securities	$ 22,206	12.4	100 %			
US Agency	467,494	2.4	100 %			
US Treasury	499,823	2.1	100 %			
Corporate bonds	97,394	0.5	100 %			
Mutual funds	296,986	2.8	22 %	66 %	11 %	1 %
Total	$ 1,383,903	2.4				

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2023:

Fixed-income securities:	Value	Maturity (years)	AA or better	BBB to A	BB or lower	Not rated
Mortgage-backed securities	$ 27,892	13.1	100 %			
US Agency	533,743	1.7	100 %			
US Treasury	338,239	2.0	100 %			
Mutual funds	405,825	3.3	19 %	63 %	17 %	1 %
Total	$ 1,305,699	2.5				

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the exposure of the University's investment in a single issuer. The majority of the University's investment pools have exposure to concentration of credit risk, which is managed through appropriate asset allocation and portfolio construction. The Board's Endowment Fund policy prohibits investing directly in individual issuers in the CEF and places limits on exposures to individual managers and funds. The Board's Investment of Reserves policy places limits on concentrations to a single corporate issuer in the TIP of no more than 5 percent. As of June 30, 2024 and 2023, all securities held in the pools were in compliance with policy guidelines.

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

The following table summarizes the University's exposure to foreign currency risk, stated in U.S. dollar equivalents, as of June 30, 2024 and 2023:

Investment type	Foreign currency	Market value 2024	Market value 2023
Equity/debt/real estate	Euro	$ 63,658	$ 59,031
Equity	British Pound Sterling	32,184	37,495
Total		$ 95,842	$ 96,526

Financial Institution Credit Risk

Deposits—Depository credit risk is the risk that in the event of a bank failure, the University's deposits may not be recovered. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits that are held in the same ownership category, and the Federal Deposit Insurance Corporation (FDIC) insured amount is $250 for bank balances held in the United States and Bermuda Deposit Insurance Corporation (BDIC) insured amount of $25 for bank balances held in Bermuda that relate to RUMINCO. As of June 30, 2024 and 2023, the University's bank balances subject to depository credit risk of $193,166 and $38,238, respectively were uninsured and uncollateralized.

Investment Securities—Custodial credit risk is the risk that, in the event of failure of the counterparty, the University may not be able to recover the value of its investments held in custodial accounts. The University is not exposed to custodial credit risk as of June 30, 2024 and 2023, because the investment securities are held by the University and not by a counterparty.

3. Other Asset and Liability Information

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

	Current	Noncurrent	Total
State and federal appropriations	$ 4,794		$ 4,794
Sponsored grants and contracts	167,730		167,730
Notes receivable	171		171
Student receivables	32,049		32,049
Trade receivables	237,562		237,562
Accrued interest	7,288		7,288
Other	55,532	$ 26,372	81,904
Allowance for uncollectible accounts	(6,581)		(6,581)
Total receivables, net	$ 498,545	$ 26,372	$ 524,917
Student loans receivable	9,940	37,341	47,281
Allowance for uncollectible accounts	(2,875)		(2,875)
Student loans receivable, net	$ 7,064	$ 37,341	$ 44,406

Receivables, net, and student loans receivable as of June 30, 2023, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	$ 4,140		$ 4,140
Sponsored grants and contracts	131,313		131,313
Notes receivable	114	$ 139	253
Student receivables	31,067		31,067
Trade receivables	270,355		270,355
Accrued interest	3,845		3,845
Other	39,176	1,599	40,775
Allowance for uncollectible accounts	(7,149)		(7,149)
Total receivables, net	$ 472,861	$ 1,738	$ 474,599
Student loans receivable	10,435	41,379	51,814
Allowance for uncollectible accounts	(3,379)		(3,379)
Student loans receivable, net	$ 7,056	$ 41,379	$ 48,435

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

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

Accrued liabilities as of June 30, 2023, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	$ 5,284	$ 11,331	$ 16,615
Compensation and benefits	158,829		158,829
Compensated absences	96,712	23,629	120,341
Net pension liability		245,107	245,107
OPEB liability	4,026	43,578	47,604
Self-insurance reserves	47,659	12,043	59,702
Accrued interest	20,002		20,002
Refundable advances	3,113	33,273	36,386
Other	10,709	2,026	12,735
Total accrued liabilities	$ 346,334	$ 370,987	$ 717,321

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

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Compensated absences	$ 120,341	$ 36,954	$ (16,853)	$ 140,442	$ 113,293
Self-insurance reserves (see Note 12)	$ 59,702	$ 421,562	$ (419,942)	$ 61,322	$ 49,296

Activity for certain liabilities consisted of the following as of June 30, 2023:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Compensated absences	$ 120,251	$ 19,350	$ (19,260)	$ 120,341	$ 96,712
Self-insurance reserves (see Note 12)	$ 58,253	$ 391,818	$ (390,369)	$ 59,702	$ 47,659

4. Capital Assets

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

	Beginning balance	Additions	Transfers	Retirements & reductions	Ending balance
Depreciable / amortizable capital assets					
Buildings and improvements	$ 5,032,699		$ 80,787	$ (387)	$ 5,113,099
Equipment	856,054	$ 78,386		(39,497)	894,943
Infrastructure	458,770		1,934		460,704
Library and reference books	185,300	2,789			188,089
Capitalized software (intangible asset)	202,119	1,805			203,924
All other intangible assets	6,903				6,903
ROU lease assets - buildings	257,516	41,420		(7,087)	291,849
ROU lease assets - equipment	3,996	568		(215)	4,349
ROU lease assets - land	723	1,661		(36)	2,348
ROU subscription assets	57,378	6,511		(4,879)	59,010
Total depreciable / amortizable capital assets	7,061,458	133,140	82,721	(52,101)	7,225,218
Non-depreciable / amortizable capital assets					
Land	254,489	17,741		(400)	271,830
Museums and collections	121,204	1,598			122,802
Construction in progress	121,335	123,926	(82,721)		162,540
Permanent right-of-way easements (intangible asset)	5				5
Total non-depreciable / amortizable capital assets	497,033	143,265	(82,721)		557,177
Accumulated depreciation / amortization					
Buildings and improvements	(2,770,095)	(145,894)		109	(2,915,880)
Equipment	(675,908)	(55,481)		36,734	(694,655)
Infrastructure	(373,410)	(12,939)			(386,349)
Library and reference books	(147,675)	(3,051)			(150,726)
Capitalized software (intangible asset)	(190,057)	(5,536)			(195,593)
All other intangible assets	(6,903)				(6,903)
ROU lease assets - buildings	(59,253)	(22,334)		2,593	(78,994)
ROU lease assets - equipment	(1,059)	(984)		139	(1,904)
ROU lease assets - land	(275)	(152)		36	(391)
ROU subscription assets	(18,578)	(11,709)		4,444	(25,843)
Total accumulated depreciation / amortization	(4,243,213)	(258,080)		44,055	(4,457,238)
Capital assets, net	$ 3,315,278	$ 18,325		$ (8,046)	$ 3,325,157
Summary					
Depreciable / amortizable capital assets	$ 7,061,458	$ 133,140	$ 82,721	$ (52,101)	$ 7,225,218
Non-depreciable / amortizable capital assets	497,033	143,265	(82,721)		557,177
Total capital assets	7,558,491	276,405		(52,101)	7,782,395
Less accumulated depreciation / amortization	(4,243,213)	(258,080)		44,055	(4,457,238)
Capital assets, net	$ 3,315,278	$ 18,325		$ (8,046)	$ 3,325,157

Capital assets including right-of-use (ROU) assets, net as of June 30, 2023, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements & reductions	Ending balance
Depreciable / amortizable capital assets					
Buildings and improvements	$ 4,954,779	$ 2,018	$ 75,902		$ 5,032,699
Equipment	849,475	54,971		$ (48,392)	856,054
Infrastructure	458,345		425		458,770
Library and reference books	181,406	3,894			185,300
Capitalized software (intangible asset)	201,004	1,115			202,119
All other intangible assets	6,903				6,903
ROU lease assets - buildings	257,320	3,531		(3,335)	257,516
ROU lease assets - equipment	3,605	1,316		(925)	3,996
ROU lease assets - land	513	216		(6)	723
ROU subscription assets	37,090	20,288			57,378
Total depreciable / amortizable capital assets	6,950,440	87,349	76,327	(52,658)	7,061,458
Non-depreciable / amortizable capital assets					
Land	240,028	14,461			254,489
Museums and collections	119,975	1,229			121,204
Construction in progress	84,851	112,811	(76,327)		121,335
Permanent right-of-way easements (intangible asset)	5				5
Total non-depreciable / amortizable capital assets	444,859	128,501	(76,327)		497,033
Accumulated depreciation / amortization					
Buildings and improvements	(2,629,059)	(141,036)			(2,770,095)
Equipment	(670,745)	(51,282)		46,119	(675,908)
Infrastructure	(360,318)	(13,092)			(373,410)
Library and reference books	(145,819)	(1,856)			(147,675)
Capitalized software (intangible asset)	(184,159)	(5,898)			(190,057)
All other intangible assets	(6,903)				(6,903)
ROU lease assets - buildings	(41,707)	(20,519)		2,973	(59,253)
ROU lease assets - equipment	(942)	(1,012)		895	(1,059)
ROU lease assets - land	(184)	(93)		2	(275)
ROU subscription assets	(7,534)	(11,044)			(18,578)
Total accumulated depreciation / amortization	(4,047,370)	(245,832)		49,989	(4,243,213)
Capital assets, net	$ 3,347,929	$ (29,982)		$ (2,669)	$ 3,315,278
Summary					
Depreciable / amortizable capital assets	$ 6,950,440	$ 87,349	$ 76,327	$ (52,658)	$ 7,061,458
Non-depreciable / amortizable capital assets	444,859	128,501	(76,327)		497,033
Total capital assets	7,395,299	215,850		(52,658)	7,558,491
Less accumulated depreciation / amortization	(4,047,370)	(245,832)		49,989	(4,243,213)
Capital assets, net	$ 3,347,929	$ (29,982)		$ (2,669)	$ 3,315,278

5. Leases

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

Lessor Arrangements

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

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

	2024	2023
Sales and services of educational activities, net of scholarship allowances	$ 870	$ 866
Auxiliary enterprises, net of scholarship allowances	10,077	11,061
Other nonoperating revenues, net	12,584	12,373
Total	$ 23,531	$ 24,300

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

	Principal	Interest	Total receivables
Fiscal year ending June 30			
2025	$ 6,804	$ 12,733	$ 19,537
2026	2,937	12,635	15,572
2027	2,307	12,566	14,873
2028	2,025	12,522	14,547
2029	2,117	12,431	14,548
2030-2034	10,434	61,059	71,493
2035-2039	6,415	59,567	65,982
2040-2044	8,783	58,664	67,447
2045-2049	18,829	57,694	76,523
2050-2054	56,192	47,283	103,475
2055-2059	71,721	31,876	103,597
2060-2064	47,027	14,583	61,610
2065-2069	9,649	10,028	19,677
2070-2074	10,502	7,923	18,425
2075-2079	11,406	5,768	17,174
2080-2084	13,942	3,202	17,144
2085-2089	8,132	537	8,669
2090-2094	289	87	376
2095-2099	279	21	300
Total	$ 289,790	$ 421,179	$ 710,969

Lessee Arrangements

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

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

Lease liability for the years ended June 30, 2024 and 2023, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements & reductions	Ending balance
Lease liability					
2024	$ (203,928)	$ (42,284)		$ 25,765	$ (220,447)
2023	$ (217,376)	$ (5,063)		$ 18,511	$ (203,928)

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

	Principal	Interest	Total obligations
Fiscal year ending June 30			
2025	$ 21,403	$ 5,967	$ 27,370
2026	20,768	5,625	26,393
2027	20,175	5,281	25,456
2028	20,114	4,931	25,045
2029	11,968	4,619	16,587
2030-2034	41,995	19,353	61,348
2035-2039	8,407	15,659	24,066
2040-2044	3,475	14,918	18,393
2045-2049	3,508	14,261	17,769
2050-2054	3,313	13,564	16,877
2055-2059	2,523	12,906	15,429
2060-2064	2,377	12,476	14,853
2065-2069	3,401	11,893	15,294
2070-2074	4,668	11,079	15,747
2075-2079	6,222	9,979	16,201
2080-2084	8,099	8,534	16,633
2085-2089	10,465	6,659	17,124
2090-2094	13,378	4,251	17,629
2095-2099	14,188	1,234	15,422
Total	$ 220,447	$ 183,189	$ 403,636

Variable Receipts and Payments

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

Amounts recognized as variable receipts in the form of inflows not included in the measurement of the lease receivable are $1,505 and $780 for fiscal years ended June 30, 2024 and 2023, respectively. Whereas amounts recognized as variable payments in the form of outflows not included in the measurement of the lease liability are $6,657 and $6,189 for fiscal years ended June 30, 2024 and 2023, respectively.

6. Subscription-Based Information Technology Arrangements

The University has entered various arrangements with external vendors to use the vendor's IT software as specified in the contracts. Under GASB 96, *Subscription-Based Information Technology Arrangements (SBITA)*, the University classifies SBITA that are 12 months or greater in length at the commencement of the SBITA term, including the evaluation of options to extend the SBITA, to the Statements of Net Position. The University records a subscription liability and an underlying right-of-use subscription asset for SBITA. The nature of the SBITA includes firewall services, customer relationship manager solutions, and online solutions for creating, fulfilling, and viewing course reading lists. The University does not consider content-subscription agreements that allow authorized University users only access to search, browse, view, download, print, and store the subscribed products which include books, databases, and conference proceedings from a number of publishers to be software subscriptions. Non-software subscription contracts are excluded from being reported as subscription assets. The University has applied a threshold based on the minimum net present value (NPV) of payments for the SBITA. The NPV calculation is determined by the total payments over the noncancelable SBITA term and an interest rate that is stated within the SBITA or, when an interest rate is not stated, the University's incremental borrowing rate as determined by an independent third party. The incremental borrowing rate is applied based on the noncancelable SBITA term at the commencement of the SBITA term.

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

Subscription liability for the years ended June 30, 2024 and 2023, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements & reductions	Ending balance
Subscription liability					
2024	$ (27,100)	$ (6,238)		$ 10,733	$ (22,605)
2023	$ (26,390)	$ (20,226)		$ 19,516	$ (27,100)

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

	Principal	Interest	Total obligations
Fiscal year ending June 30			
2025	$ 8,266	$ 402	$ 8,668
2026	5,936	262	6,198
2027	4,776	138	4,914
2028	2,388	43	2,431
2029	1,239	7	1,246
2030-2034			
Total	$ 22,605	$ 852	$ 23,457

Variable Payments

There are no amounts recognized as variable payments in the form of outflows not included in the measurement of the subscription liability for fiscal years ended June 30, 2024 and 2023, respectively.

7. Deferred Outflows and Inflows of Resources

The composition of deferred outflows of resources at June 30, 2024 and 2023 is summarized as follows:

	2024	2023
Pensions and other employee benefit plan changes (see Note 9)	$ 171,138	$ 212,066
Other postemployment benefits (see Note 13)	7,525	7,870
Loss on refunding or defeasance of debt	309	374
Purchase consideration that exceeded net position	4,330	4,565
Total deferred outflows of resources	$ 183,302	$ 224,875

The composition of deferred inflows of resources at June 30, 2024 and 2023 is summarized as follows:

	2024	2023
Pensions and other employee benefit plan changes (see Note 9)	$ 155,989	$ 109,137
Other postemployment benefits (see Note 13)	9,094	9,126
Gain on refunding or defeasance of debt	25,521	13,954
Leases	264,600	329,276
Consideration to be received as part of a public-private partnership	1,568	2,537
Total deferred inflows of resources	$ 456,772	$ 464,030

8. Long-Term Debt

Long-term debt as of June 30, 2024, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Coupon rates	Due at various dates through fiscal year	FY2024 beginning balance	Additions	Reductions	FY2024 ending balance	Current portion
General obligation bonds									
Series 2024A (tax-exempt)	$ 106,680	2024	5.000%	2044		$106,680		$ 106,680	$ 4,765
Series 2024B (tax-exempt)	43,825	2024	5.000%	2038		43,825		43,825	2,545
Series 2022 (taxable)	500,000	2022	4.048%	2052	$ 500,000			500,000	
Series 2021C (taxable)	36,875	2022	0.130%-2.590%	2039	32,945		$ 2,245	30,700	2,255
Series 2020A (tax-exempt)	31,310	2021	5.000%	2046	29,970		725	29,245	760
Series 2020B (taxable)	84,690	2021	0.400%-2.875%	2046	78,955		2,890	76,065	2,905
Series 2019A (tax-exempt)	104,215	2019	5.000%	2044	94,180		2,635	91,545	2,765
Series 2019B (tax-exempt)	51,240	2019	5.000%	2030	41,255		5,735	35,520	6,030
Series 2019C (taxable)	20,000	2019	2.466%-3.974%	2044	17,825		600	17,225	615
Series 2017A (tax-exempt)	117,095	2018	2.000%-5.000%	2043	103,130		3,075	100,055	3,235
Series 2017B (tax-exempt)	292,955	2018	2.000%-5.000%	2037	144,600		10,540	134,060	11,160
Series 2017C (taxable)	13,240	2018	1.375%-2.915%	2029	6,940		1,085	5,855	1,110
Series 2016A (tax-exempt)	122,475	2016	3.000%-5.000%	2041	101,010		3,710	97,300	3,895
Series 2015B (taxable)	10,110	2016	0.799%-4.039%	2032	6,260		605	5,655	620
Series 2014B (tax-exempt)	145,760	2015	2.000%-5.000%	2044	124,095		124,095		
Series 2013D (taxable)	12,760	2014	0.600%-4.848%	2039	9,550		420	9,130	440
Series 2013B (taxable)	13,780	2013	2.600%-3.750%	2038	9,560		510	9,050	520
Series 2013A (tax-exempt)	73,570	2013	2.000%-5.000%	2038	52,435		52,435		
Series 2011C (taxable)	19,335	2012	0.900%-4.560%	2037	13,180		695	12,485	725
Series 2010B (taxable)	41,720	2011	0.740%-5.020%	2036	25,385		1,610	23,775	1,655
Commercial paper notes									
Series B (tax-exempt)	61,000	2007	3.694%	2025	12,400		3,100	9,300	9,300
Series C (tax-exempt)	70,000	2008	3.694%	2025	15,500		3,500	12,000	12,000
Series D (tax-exempt)	25,000	2010	3.414%	2025	11,977			11,977	11,977
Series E (taxable)	51,620	2015	5.388%	2025	36,220		2,200	34,020	34,020
Series F (tax-exempt)	50,100	2017	3.518%	2025	38,100		2,000	36,100	36,100
Series G (tax-exempt)	33,372	2018	3.534%	2025	12,168		1,650	10,518	10,518
Series H (tax-exempt)	34,000	2022	3.125%	2025	59,900		59,900		
Series I (taxable)	34,000	2022	5.366%	2025	94,100	80,000	75,688	98,412	98,412
Infrastructure development bonds	109,234	1995-2006	3.550%-5.290%	2025	567		532	35	36
Note payable	4,500	2020	1.900%	2025	4,500			4,500	4,500
Special purpose revenue bonds									
Series 2021A (tax-exempt)	92,385	2022	4.000%-5.000%	2037	87,750		4,825	82,925	5,020
Series 2021B (taxable)	31,100	2022	0.210%-2.630%	2039	29,450		1,655	27,795	1,665
Series 2015A (tax-exempt)	90,075	2016	2.000%-5.000%	2032	53,095		6,410	46,685	6,735
Unamortized premiums and discounts	239,739	2009-2024		2046	144,733	21,685	24,180	142,239	10,355
Total	$2,767,760				$1,991,735	$252,190	$ 399,250	$1,844,676	$286,638

Long-term debt as of June 30, 2023, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Coupon rates	Due at various dates through fiscal year	FY2023 beginning balance	Additions	Reductions	FY2023 ending balance	Current portion
General obligation bonds									
Series 2022 (taxable)	$ 500,000	2022	4.048%	2052	$ 500,000			$ 500,000	
Series 2021C (taxable)	36,875	2022	0.130%-2.590%	2039	35,185		$ 2,240	32,945	$ 2,245
Series 2020A (tax-exempt)	31,310	2021	5.000%	2046	30,660		690	29,970	725
Series 2020B (taxable)	84,690	2021	0.400%-2.875%	2046	81,830		2,875	78,955	2,890
Series 2019A (tax-exempt)	104,215	2019	5.000%	2044	96,690		2,510	94,180	2,635
Series 2019B (tax exempt)	51,240	2019	5.000%	2030	46,720		5,465	41,255	5,735
Series 2019C (taxable)	20,000	2019	2.466%-3.974%	2044	18,405		580	17,825	600
Series 2017A (tax-exempt)	117,095	2018	2.000%-5.000%	2043	106,100		2,970	103,130	3,075
Series 2017B (tax-exempt)	292,955	2018	2.000%-5.000%	2037	154,730		10,130	144,600	10,540
Series 2017C (taxable)	13,240	2018	1.375%-2.915%	2029	8,000		1,060	6,940	1,085
Series 2016A (tax-exempt)	122,475	2016	3.000%-5.000%	2041	104,540		3,530	101,010	3,710
Series 2015B (taxable)	10,110	2016	0.799%-4.039%	2032	6,845		585	6,260	605
Series 2014B (tax-exempt)	145,760	2015	2.000%-5.000%	2044	127,580		3,485	124,095	3,660
Series 2013D (taxable)	12,760	2014	0.600%-4.848%	2039	9,955		405	9,550	420
Series 2013B (taxable)	13,780	2013	2.600%-3.750%	2038	10,050		490	9,560	510
Series 2013A (tax-exempt)	73,570	2013	2.000%-5.000%	2038	54,930		2,495	52,435	2,620
Series 2011C (taxable)	19,335	2012	0.900%-4.560%	2037	13,850		670	13,180	695
Series 2010B (taxable)	41,720	2011	0.740%-5.020%	2036	26,945		1,560	25,385	1,610
Commercial paper notes									
Series B (tax-exempt)	61,000	2007	2.266%	2024	15,500		3,100	12,400	12,400
Series C (tax-exempt)	70,000	2008	2.260%	2024	19,000		3,500	15,500	15,500
Series D (tax-exempt)	25,000	2010	2.293%	2024	11,977			11,977	11,977
Series E (taxable)	51,620	2015	3.543%	2024	38,420		2,200	36,220	36,220
Series F (tax-exempt)	50,100	2017	2.142%	2024	40,100		2,000	38,100	38,100
Series G (tax-exempt)	33,372	2018	2.171%	2024	16,124		3,956	12,168	12,168
Series H (tax-exempt)	34,000	2022	2.261%	2024	34,000	$ 25,900		59,900	59,900
Series I (taxable)	34,000	2022	3.896%	2024	34,000	65,600	5,500	94,100	94,100
Infrastructure development bonds	109,234	1995-2006	3.550%-5.290%	2025	1,220		653	567	532
Note payable	4,500	2020	1.900%	2025	4,500			4,500	
Special purpose revenue bonds									
Series 2021A (tax exempt)	92,385	2022	4.000%-5.000%	2037	92,385		4,635	87,750	4,825
Series 2021B (taxable)	31,100	2022	0.210%-2.630%	2039	31,100		1,650	29,450	1,655
Series 2015A (tax-exempt)	90,075	2016	2.000%-5.000%	2032	59,190		6,095	53,095	6,410
Unamortized premiums and discounts	218,054	2009-2023		2046	154,672		9,939	144,733	9,939
Total	$2,595,570				$1,985,203	$ 91,500	$ 84,968	$1,991,735	$347,086

General Obligation Bonds

All General Obligation (GO) bonds of the University are secured by the full faith and credit of the University.

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

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

Special Purpose Revenue Bonds

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

The University did not issue Special Purpose Revenue Bonds during fiscal years 2024 and 2023.

Commercial Paper Notes

The University issues tax-exempt and taxable Commercial Paper (CP) Notes through a revolving CP facility for short or long-term financing of capital projects, including the purchase of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as for certain operating purposes. The aggregate principal amount outstanding under the facility shall not exceed $400,000, including any previously issued Notes still outstanding and additional CP Notes to be issued.

During fiscal year 2024, the entire outstanding principal balance of $59,900 of the Series H was fully paid off.

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

During fiscal year 2023, the University issued a combined total of $91,500 in CP Notes Series H and CP Taxable Notes Series I for purposes of funding new capital projects in fiscal year 2023, ongoing capital projects, and operating purposes.

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

Infrastructure Development Bond Obligations

Pursuant to Minnesota law, the University is obligated to pay the State one third of the debt service of infrastructure development bonds issued by the State for University capital projects. Debt was issued for this purpose between July 1990 and October 2005. The total amount of outstanding debt issued by the State on behalf of the University was $108 and $1,702 as of June 30, 2024 and 2023, respectively, of which the University owes $36 and $567, respectively.

Note Payable

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

Future Debt Service Requirements

Interest payments on CP will vary depending on current market conditions from week to week. Using rates as of June 30, 2024, debt service requirements of the University's outstanding long-term debt obligations for the next five years and in subsequent five-year periods are as follows:

	Bonds and obligations	Commercial paper notes	Total principal	Interest	Total obligations
Fiscal year ending June 30					
2025	$ 74,311	$ 212,327	$ 286,638	$ 71,641	$ 358,279
2026	70,670		70,670	60,715	131,385
2027	73,465		73,465	58,005	131,470
2028	76,215		76,215	55,139	131,354
2029	79,160		79,160	52,118	131,278
2030-2034	332,078		332,078	219,929	552,007
2035-2039	255,820		255,820	162,210	418,030
2040-2044	156,589		156,589	120,868	277,457
2045-2049	14,040		14,040	101,658	115,698
2050-2054	500,000		500,000	60,720	560,720
	$ 1,632,348	$ 212,327	$ 1,844,676	$ 963,003	$ 2,807,679

Defeased Bonds

The University has defeased various bonds by placing the proceeds from new bond issuances into an irrevocable trust to provide for all future debt service payments on the old bonds or to immediately pay off existing debt. Neither the outstanding indebtedness nor the related trust account assets for the defeased bonds are included in the University's financial statements. The defeased bonds as of June 30, 2024 are as follows:

Associated bond issue	Refunding date	Amount defeased	Refunded amount	Amount outstanding on June 30, 2024	Bond call date
Special purpose revenue bonds					
Series 2013C	9/30/2021	$ 28,430	$ 28,430		8/1/2023

The Series 2013C SPR bonds were issued in November 2013 to finance biomedical research facilities. It was defeased on September 30, 2021 by the SPR Bonds, Series 2021B. A deferred gain of $73 was recognized during the year ended June 30, 2022, and is being amortized over the life of Series 2021B. There were no defeased bonds as of June 30, 2023.

Arbitrage

University GO debt and SPRB issuances after the Federal Tax Reform Act of 1986 are subject to federal arbitrage regulations. This results when earnings on the invested gross proceeds of a bond issue exceed the issuer's tax-exempt borrowing rates. The University continues to monitor and report any arbitrage in accordance with the Internal Revenue Code. The University had no arbitrage liability as of June 30, 2024 or 2023.

9. Pension and Other Employee Benefit Plans

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

Defined Benefit Plans

Cost-sharing, multiple-employer plans

State of Minnesota Retirement Plans

Basis of Accounting and Valuation of Investments

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS) and the Public Employee Police and Fire Fund (PEPFF) and additions to/deductions from MSRS's and PEPFF's fiduciary net position have been determined on the same basis as they are reported by MSRS and PEPFF, respectively. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employee Police and Fire Fund (PEPFF)

The PEPFF is administered by the Public Employees Retirement Association (PERA). PEPFF, in total, provides coverage to approximately 430 local governmental subdivisions within the State. The University's participation in PEPFF covers 78 active law enforcement staff. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by state statute and can only be modified by the State legislature. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 55. The annuity formula for each member is 3.0 percent of average salary for each year of service in that plan. Benefits for members first hired after June 30, 2010, vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. For members hired prior to July 1, 1989, a full annuity is available when the member's age plus years of service equal at least 90. Annual benefits increase by 1.0 percent each year to annuitants who have been receiving the benefit for at least 36 months as of the June 30 before the effective date of the increase (pro rata increase for annuitants receiving benefits for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase). Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service. Prior to 1981, these employees were not covered by a local relief association. The fund covers all those hired since 1980. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained at https://mnpera.org or by writing the Public Employees Retirement Association (PERA), 60 Empire Drive, Suite 200, St. Paul, MN 55103.

State Employees Retirement Fund (SERF)

The SERF is administered by the Minnesota State Retirement System (MSRS). SERF, in total, provides coverage to 26 employers within the State. The University's participation in SERF covers approximately 8,600 active Civil Service and non-faculty bargaining unit employees. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by state statute and can only be modified by the State legislature. Benefits are based on a member's age, years of allowable service, and the highest average salary for any 60 successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants receive benefit increases of 1.0 percent each year for five years beginning January 1, 2019, and 1.5 percent each year beginning January 1, 2024 to annuitants who have been receiving benefits for at least 12 months as of the June 30 of the calendar year before the effective date of the increase (pro rata increase for annuitants receiving benefits for at least one month but less than 12 months as of the June 30 of the calendar year before the effective date of the increase).

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

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

Funding Policy and Contribution Rates

		PEPFF		SERF
Statutory authority				
Minnesota chapter		353		352
Required contribution rates				
Active plan members		11.80% *		5.50% **
University		17.70% *		6.25% ***
Required contributions				
University				
2024	$	1,951	$	33,078
2023	$	1,652	$	30,321
Non-employer contributing entity				
2024	$	64		
2023	$	61		

** Rates effective 1/1/2020 through 6/30/2024*

*** 6.00% rate effective 7/1/2019 through 6/30/2023; 5.50% rate effective 7/1/2023 - 6/30/2024*

**** Rate effective 7/1/2019 through 6/30/2024*

Net pension liability amounts recorded in accordance with GASB 68 and GASB 71 within the University's financial statements are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2023. The University's proportion of the respective plans' net pension liability was based on the University's contributions to the respective plans during the measurement period July 1, 2022 through June 30, 2023, relative to the total contributions from all participating employers, as well as on-behalf State contributions paid directly to PEPFF. As a result, contributions made to the respective plans during fiscal year 2024, are recorded as deferred outflows of resources per GASB 68 and GASB 71. The State has not enacted any law that requires the University to assume the liability, as a participant of the pension plans, in the event the State were unable to continue paying benefits from the retirement plans.

Summary of Pension Amounts

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

	2023		
	PEPFF	SERF	Total
Proportionate share of the net pension liability ($)	$ 29,443	$ 215,664	$ 245,107
Proportionate share of the net pension liability (%)	0.677%	13.124%	
Change in the proportionate share of the net pension liability (%) from prior fiscal year	0.053%	-0.012%	
Deferred outflows of resources	$ 22,124	$ 189,942	$ 212,066
Deferred inflows of resources	$ 448	$ 108,689	$ 109,137
Net pension expense	$ 2,400	$ (107,629)	$ (105,229)
Non-operating grant revenue	$ 61		$ 61

Deferred Outflows of Resources

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

	2023		
	PEPFF	SERF	Total
Differences between expected and actual experience	$ 1,798	$ 1,682	$ 3,480
Changes in actuarial assumptions	17,332	147,659	164,991
Differences between projected and actual investment	395	10,276	10,671
Changes in proportion and contributions allocated	947	4	951
Contributions paid to plan subsequent to measurement date	1,652	30,321	31,973
Total	$ 22,124	$ 189,942	$ 212,066

Deferred Inflows of Resources

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

	2023		
	PEPFF	SERF	Total
Differences between expected and actual experience		$ 1,384	$ 1,384
Changes in actuarial assumptions	$ 177	78,415	78,592
Changes in proportion and contributions allocated	271	28,890	29,161
Total	$ 448	$ 108,689	$ 109,137

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

As of June 30, 2024, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Fiscal year	PEPFF	SERF	Total
	2025	$ 814	$ (15,622)	$ (14,808)
	2026	260	(12,821)	(12,561)
	2027	3,158	26,028	29,186
	2028	(612)	(18,125)	(18,737)
	2029	(2,960)		(2,960)
Net pension expense		$ 660	$ (20,540)	$ (19,880)
Contributions paid to plan subsequent to measurement date that will reduce net pension liability		1,951	33,078	35,029
Net deferred outflows		$ 2,611	$ 12,538	$ 15,149

The University's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date by the respective plans. The total pension liability was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial Methods and Assumptions

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

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

** Mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2021.*

*** Mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2018.*

**** Based on the Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023.*

***** Updated for economic assumptions in 2023.*

Actuarial methods and assumptions as of June 30, 2023 were as follows:

	PEPFF*		SERF**	
Valuation date	6/30/2022		6/30/2022	
Actuarial cost method	Entry age normal		Entry age normal	
Asset valuation method	5-year smoothed fair market value		Fair value	
Long-term expected rate of return	6.50%		6.75%	
20-year municipal bond rate	3.69%	***	3.69%	***
Inflation	2.25%		2.25%	
Salary increases	Service related rates		Service related rates	
Payroll growth	3.00%		3.00%	
Experience study dates	2015 - 2019	****	2014-2018	****

** Mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2021.*

*** Mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2018.*

**** Based on the Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022.*

***** Updated for economic assumptions in 2022.*

The long-term expected rate of return was used to measure the total pension liability as of June 30, 2023 and 2022 of the respective plans. The actual selection of the rate was determined by looking at the asset class target allocations and long-term rate of return expectations from the State Board of Investments (SBI), along with other information, such as the Social Security Trustees Report, the U.S. Department of the Treasury yield curve rates, and historical observations of inflation statistics and investment returns.

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

SBI Asset Class

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

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

The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in the statute. Based on that assumption, each of the pension plan's fiduciary net position as of June 30, 2023, was projected to be available to make all projected future benefit payments of current and active employees. The long-term expected rate of return on pension plan investments of 7.0 percent was applied to all periods of projected benefit payments through June 30, 2123 for SERF and PEPFF to determine the total pension liability.

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

Discount Rate Sensitivity

	2024			
	PEPFF		SERF	
	Rate	Liability	Rate	Liability (benefit)
1% Decrease	6.00%	$ 24,354	6.00%	$ 432,372
Discount rate	7.00%	$ 12,275	7.00%	$ 128,257
1% Increase	8.00%	$ 2,343	8.00%	$ (105,225)

	2023			
	PEPFF		SERF	
	Rate	Liability	Rate	Liability (benefit)
1% Decrease	4.40%	$ 44,558	5.75%	$ 506,119
Discount rate	5.40%	$ 29,443	6.75%	$ 215,664
1% Increase	6.40%	$ 17,223	7.75%	$ (24,605)

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

Defined Contribution Plans

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

Faculty Retirement Plan (FRP)

The FRP is a mandatory retirement savings/investment plan contingent on meeting certain prescribed eligibility requirements. Pursuant to the Board's governing authority, in compliance with Section 401(a) of the Internal Revenue Code, it authorizes the University to contribute to the plan and governs the requirements of this plan. Eligibility requirements involve an employee appointment of at least nine months; employee appointments between 67 to 99 percent time are granted prorated participation. The plan is funded through employee pre-tax contributions and University contributions. Eligible academic employees with hire dates prior to January 2, 2012 contribute 2.5 percent of covered salary and the University contributes 13.0 percent. Eligible employees with a start date on or after January 2, 2012 contribute 5.5 percent of covered salary and the University contributes 10.0 percent. The FRP covers approximately 10,200 active faculty and professional and administrative (P&A) staff. This amount includes approximately 7,200 with hire dates on or after January 2, 2012.

FRP Contributions Made

	2024	2023
Employee	$ 51,392	$ 46,330
University	$ 132,257	$ 124,007

Due to plan at June 30*

	2024	2023
Employee	$ 2,044	$ 1,876
University	$ 5,210	$ 4,945

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

University of Minnesota Optional Retirement Plan (ORP)

The ORP is a voluntary retirement savings/investment plan covered under Section 403(b) of the Internal Revenue Code. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. This plan is funded mainly through employee pre-tax contributions. However, participants may elect to make after-tax Roth contributions into the plan and the University may make discretionary contributions for select staff based on employment contracts. Approximately 5,900 full- and part-time employees contribute to this plan.

University of Minnesota Section 457 Deferred Compensation Plan

The 457 Deferred Compensation Plan is a voluntary retirement savings plan authorized under Section 457 of the Internal Revenue Code. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. This plan is funded mainly through employee pre-tax contributions. However, participants may elect to make after-tax Roth contributions into the plan. Approximately 3,000 full- and part-time employees contribute to this plan.

10. Related Organization

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

On August 31, 2023, The University entered into a legal settlement agreement with UCare. Under the terms of the agreement the University relinquishes all rights to ownership, control, or influence in UCare. UCare agreed to total payments of $100,000, $96,000 of which will be used to fund University of Minnesota Medical school projects that assist traditionally underserved populations for health care services. The payments are reflected in Other nonoperating revenues, net on the Statement of Revenues, Expenses, and Changes in Net Position, of which $50,000 was received during 2024. Two additional payments of $25,000 will be received on December 31, 2024, and 2025 and are included in current and noncurrent Receivables, net on the Statements of Net Position.

11. Commitments and Contingencies

Construction projects in progress, principally buildings, approximated $162,540 as of June 30, 2024. The estimated cost to complete these facilities is $324,916, which is to be funded from plant fund assets and $77,896 in appropriations available from the State as of June 30, 2024.

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

The future minimum payment for steam plant operations as of June 30, 2024, are as follows:

		Steam plant
Fiscal year ending June 30		
2025	$	579
2026		330
2027		340
2028		350
2029 and beyond		544
Total commitments	$	2,143

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

The University is a defendant in cases involving claims of medical malpractice, personal injuries, breach of contract, and other civil matters.

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

12. Self-Insurance Programs

The University is insured for professional, general, non-profit organization, data security and automobile liability and indemnified for property insurance deductible expenditures through RUMINCO (see Note 1, Organization, Basis of Presentation, and Summary). Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In addition, an actuarial liability is established for incurred but not reported (IBNR) claims using a discount rate based on a rate of return of 4.71 percent.

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

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

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

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

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

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

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

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

Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.

Reported liabilities as of June 30, 2023, are shown below:

	Liability beginning of year	New claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	$ 9,890	$ 5,265	$ (3,437)	$ 118	$ 11,836
Workers' compensation	9,542	2,754	(2,754)	(255)	9,287
UPlan medical	25,050	329,308	(331,602)	3,200	25,956
UPlan dental	1,051	20,666	(20,867)	(12)	838
Graduate assistant health plan	5,287	30,328	(30,328)	(73)	5,214
Student health plan	6,580			(1,041)	5,539
Medical residents & fellows	853			179	1,032
Total	$ 58,253	$ 388,321	$ (388,988)	$ 2,116	$ 59,702

Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.

13. Other Postemployment Benefits

Description of Plan

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

Contributions and Benefits Provided

The UPlan is currently financed on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria prescribed in GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The University has established that a former employee must pay the entire premium for continuation coverage, except as otherwise provided in a collective bargaining agreement or personnel policy. Non-Medicare retirees and eligible participants under the Academic Disability Plan (ADP) can purchase medical and dental insurance coverage at the full premium rate. These rates are based on a blended active and pre-Medicare retiree rate. With the University being self-insured, the University becomes liable for the actual cost of retiree and disability related healthcare costs in excess of premiums collected. As a result, an implicit subsidy is created, which is reflected in the OPEB liability that is recorded. These liabilities are recorded in Accrued liabilities and other on the Statements of Net Position.

UPlan Membership Covered by Benefit Terms

UPlan membership	2024	2023
Active plan members	19,755	19,755
Inactive plan members or beneficiaries currently receiving benefits	484	484
Total	20,239	20,239

OPEB Liability

The University's OPEB liability was measured and determined as of June 30, 2024 and 2023, respectively, in accordance with GASB 75.

The components that contributed to the change in the University's OPEB liability are as follows:

	2024	2023
OPEB liability—beginning of year	$ 47,604	$ 51,399
Changes in net OPEB liability:		
Service cost	3,992	4,054
Interest	1,798	1,888
Differences between expected and actual experience	1,121	(69)
Changes of actuarial assumptions or other inputs	(1,258)	(5,368)
Benefit payments	(4,697)	(4,300)
Increase (decrease) in OPEB liability	956	(3,795)
OPEB liability—end of year	$ 48,560	$ 47,604

Actuarial Methods and Assumptions

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

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

Valuation date	6/30/2024		6/30/2023	
Actuarial cost method	Entry age normal, level percent of pay		Entry age normal, level percent of pay	
Asset valuation method	N/A		N/A	
Discount rate	3.93%	*	3.65%	*
Inflation	2.75%		2.75%	
Salary increases	4.00%		4.00%	
Mortality	PubT-2010.H for Faculty and PubG-2010.H for all others		PubT-2010.H for Faculty and PubG-2010.H for all others	
Experience applied	2015-2017		2015-2017	

** Based on a AA/Aa or higher rated 20-year tax exempt muncipal bond rate.*

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

Discount Rate Sensitivity

	2024			2023		
	Rate	Liability		Rate	Liability	
1.0% Decrease	2.93%	$	52,041	2.65%	$	50,974
Discount rate	3.93%	$	48,560	3.65%	$	47,604
1.0% Increase	4.93%	$	45,279	4.65%	$	44,417

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

Healthcare Cost Trend Rate Sensitivity

	2024			2023		
	Rate	Liability		Rate	Liability	
1.0% Decrease	4.75% decreasing to 3.50%	$	42,525	5.00% decreasing to 3.50%	$	42,028
Discount rate	5.75% decreasing to 4.50%	$	48,560	6.00% decreasing to 4.50%	$	47,604
1.0% Increase	6.75% decreasing to 5.50%	$	55,744	7.00% decreasing to 5.50%	$	54,233

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

In accordance with GASB 75, the University recorded $5,966 and $6,132 in OPEB expense for the fiscal years ended June 30, 2024 and 2023, respectively. In addition, the University reported the following deferred outflows of resources and deferred inflows of resources from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources

	2024		2023	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 3,522	$ 185	$ 2,986	$ 228
Changes in assumptions	4,003	8,909	4,884	8,898
Total	$ 7,525	$ 9,094	$ 7,870	$ 9,126

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

Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense or a Reduction in OPEB Liability

	Fiscal year	Total
	2025	$ 176
	2026	176
	2027	176
	2028	89
	2029	(252)
	After 2029	(1,934)
Net deferred inflows		$ (1,569)

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

14. Operating Expenses by Natural Classification

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

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

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

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation and amortization	Total
Instruction	$ 763,560	$ 68,231			$ 831,791
Research	600,133	352,939			953,072
Public service	184,965	114,915			299,880
Academic support	400,152	92,930			493,082
Student services	113,004	30,824			143,828
Institutional support	234,071	71,804			305,875
Operation and maintenance of plant	117,939	162,736			280,675
Scholarships and fellowships			$ 64,370		64,370
Depreciation and amortization				$ 245,832	245,832
Auxiliary enterprises	126,366	191,777			318,143
Other operating expense		21			21
	$ 2,540,190	$ 1,086,177	$ 64,370	$ 245,832	$ 3,936,569

15. Subsequent Events

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

16. Component Units

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

Discretely Presented Component Units

The following tables report the University's discretely presented component units in separate columns on combining statements.

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

	University of Minnesota Foundation	University of Minnesota Physicians	Total component units
Assets			
Cash and cash equivalents	$ 38,234	$ 42,691	$ 80,925
Investments, substantially at fair market value	4,513,863	54,886	4,568,749
Accounts and other receivables	295,708	201,343	497,051
Property and equipment, net	73,226	9,409	82,635
Prepaids and other assets	4,238	11,209	15,447
Total assets	4,925,269	319,538	5,244,807
Liabilities			
Accounts payable and accrued liabilities	42,749	235,103	277,852
Income beneficiaries payable	35,286		35,286
Investments held for custody of others	450,529		450,529
Long-term debt	42,191		42,191
Lease liabilities	2,807	9,100	11,907
Total liabilities	573,562	244,203	817,765
Net assets			
Without donor restrictions	252,843	75,335	328,178
With donor restrictions	4,098,864		4,098,864
Total net assets	4,351,707	75,335	4,427,042
Total liabilities and net assets	$ 4,925,269	$ 319,538	$ 5,244,807

The Component Units' Statements of Financial Position as of June 30, 2023 are as follows:

	University of Minnesota Foundation	University of Minnesota Physicians	Total component units
Assets			
Cash and cash equivalents	$ 35,163	$ 119,659	$ 154,822
Investments, substantially at fair market value	4,033,087	44,377	4,077,464
Accounts and other receivables	376,504	147,526	524,030
Property and equipment, net	73,670	11,078	84,748
Prepaids and other assets	4,527	11,446	15,973
Total assets	4,522,951	334,086	4,857,037
Liabilities			
Accounts payable and accrued liabilities	35,259	214,989	250,248
Income beneficiaries payable	32,855		32,855
Investments held for custody of others	403,965		403,965
Long-term debt	43,189		43,189
Lease liabilities	2,764	10,315	13,079
Total liabilities	518,032	225,304	743,336
Net assets			
Without donor restrictions	226,403	108,782	335,185
With donor restrictions	3,778,516		3,778,516
Total net assets	4,004,919	108,782	4,113,701
Total liabilities and net assets	$ 4,522,951	$ 334,086	$ 4,857,037

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

	University of Minnesota Foundation	University of Minnesota Physicians	Total component units
Change in net assets held without donor restrictions			
Revenues			
Contributions	$ 564		$ 564
Contract revenue		$ 856,861	856,861
Patient service revenue		38,101	38,101
Investment income, net	9,672	2,308	11,980
Net realized and unrealized gains on investments	21,522	1,460	22,982
Loss on equity method investments		(28,820)	(28,820)
Change in value of trusts	(33)		(33)
Support services revenue	8,356		8,356
UMF - Real Estate Advisors rental revenue	6,063		6,063
University Gateway Corporation revenue	4,232		4,232
Other revenue	3,066	2,076	5,142
Other nonoperating revenues, net		3,675	3,675
Net assets released from restriction	345,353		345,353
Total revenues	398,795	875,661	1,274,456
Expenses			
Program services			
Distributions for University purposes	283,517		283,517
Health care services		848,209	848,209
Support services			
Management and general	15,138	60,899	76,037
Promotion and development	44,903		44,903
UMF - Real Estate Advisors	21,293		21,293
University Gateway Corporation	7,504		7,504
Total expenses	372,355	909,108	1,281,463
Increase (decrease) in net assets held without donor restrictions	26,440	(33,447)	(7,007)
Net assets held without donor restrictionss at beginning of year	226,403	108,782	335,185
Net assets held without donor restrictions at end of year	$ 252,843	$ 75,335	$ 328,178
Change in net assets held with donor restrictions			
Revenues			
Contributions	$ 243,960		$ 243,960
Investment income, net	69,831		69,831
Net realized and unrealized gains on investments	346,324		346,324
Change in value of trusts	5,586		5,586
Net assets released from restriction	(345,353)		(345,353)
Increase in net assets held with donor restrictions	320,348		320,348
Net assets held with donor restrictions at beginning of year	3,778,516		3,778,516
Net assets held with donor restrictions at end of year	$ 4,098,864		$ 4,098,864
Increase (decrease) in total net assets	346,788	(33,447)	313,341
Total net assets at beginning of year	4,004,919	108,782	4,113,701
Total net assets at end of year	$ 4,351,707	$ 75,335	$ 4,427,042

The Component Units' Statements of Activities as of June 30, 2023 are as follows:

	University of Minnesota Foundation	University of Minnesota Physicians	Total component units
Change in net assets held without donor restrictions			
Revenues			
Contributions	$ 1,107		$ 1,107
Contract revenue		$ 850,195	850,195
Patient service revenue		32,375	32,375
Investment income, net	5,155	1,243	6,398
Net realized and unrealized gains on investments	3,341	1,088	4,429
Loss on equity method investments		(21,204)	(21,204)
Change in value of trusts	(286)		(286)
Support services revenue	8,356		8,356
UMF - Real Estate Advisors rental revenue	6,347		6,347
University Gateway Corporation revenue	4,765		4,765
Other revenue	2,391	15,556	17,947
Other nonoperating revenues, net		3,675	3,675
Net assets released from restriction	301,014		301,014
Total revenues	332,190	882,928	1,215,118
Expenses			
Program services			
Distributions for University purposes	262,653		262,653
Health care services		804,410	804,410
Support services			
Management and general	13,556	68,833	82,389
Promotion and development	41,726		41,726
UMF - Real Estate Advisors	7,160		7,160
University Gateway Corporation	7,030		7,030
Total expenses	332,125	873,243	1,205,368
Increase (decrease) in net assets held without donor restrictions	65	9,685	9,750
Net assets held without donor restrictions at beginning of year	226,338	99,097	325,435
Net assets held without donor restrictions at end of year	$ 226,403	$ 108,782	$ 335,185
Change in net assets Held with donor restrictions			
Revenues			
Contributions	$ 254,758		$ 254,758
Investment income, net	36,395		36,395
Net realized and unrealized gains on investments	174,274		174,274
Change in value of trusts	4,031		4,031
Net assets released from restriction	(301,014)		(301,014)
Increase in net assets held with donor restrictions	168,444		168,444
Net assets held with donor restrictions at beginning of year	3,610,072		3,610,072
Net assets held with donor restrictions at end of year	$ 3,778,516		$ 3,778,516
Increase in total net assets	168,509	9,685	178,194
Total net assets at beginning of year	3,836,410	99,097	3,935,507
Total net assets at end of year	$ 4,004,919	$ 108,782	$ 4,113,701

University of Minnesota Foundation

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

Investments

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

	2024		
	Traditional structures	Alternate structures	Total
Cash and cash equivalents	$ 1,096,987		$ 1,096,987
Fixed income	717,917	$ 1,690,466	2,408,383
Global equity	920	36,803	37,723
Hedge funds		261,475	261,475
Natural resources	393	55,211	55,604
Real estate		23,539	23,539
Private equity		598,779	598,779
Other investments		5,710	5,710
Subtotal	1,816,217	2,671,983	4,488,200
Assets held in charitable trusts			24,552
Charitable gift annuities reported separately			1,111
Total			$ 4,513,863

	2023		
	Traditional structures	Alternate structures	Total
Cash and cash equivalents	$ 917,670		$ 917,670
Fixed income	740,242	$ 1,439,507	2,179,749
Global equity	1,052	17,052	18,104
Hedge funds	23,693	205,774	229,467
Natural resources	1,937	60,155	62,092
Real estate		26,696	26,696
Private equity		572,493	572,493
Other investments		3,998	3,998
Subtotal	1,684,594	2,325,675	4,010,269
Assets held in charitable trusts			21,738
Charitable gift annuities reported separately			1,080
Total			$ 4,033,087

Fixed income investments include high yield bonds, factored receivables, line of credit, bank loans, mortgage, and related securitizations.

Investments held in traditional structures represent those held directly by the UMF in custodial accounts with financial institutions. Investments held in alternative structures include those held through interests in collective trust funds, limited partnerships, commingled funds, and limited liability companies.

Net asset values provided by external investment managers for alternative structures include estimates, appraisals, assumptions, and methods that are reviewed by management. It is possible that the redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and, consequently, the fair value of the UMF's interests in the funds. As of June 30, 2024 and 2023, the UMF has $2,671,984 and $2,325,674 respectively, of investments in alternative structures which are reported at net asset value as a practical expedient, except those reported as Level 3, investments held at cost, investments held at the equity method and consolidated investments in Note 3 of the UMF's annual report. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the UMF were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

Fair Value Measurements

The UMF follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the UMF has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- **Level 1:** Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access.

- **Level 2:** Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fixed income securities are generally traded in the over-the-counter market and are valued at a price that reflects fair value as quoted by dealers in these securities or by an independent pricing service. These prices are based on observable market data for the same or similar securities, including quoted prices in markets that are not active, or matrix pricing or other similar techniques that use observable market inputs, such as benchmark yields, expected prepayment speeds and volumes, and issuer ratings.

- **Level 3:** Inputs that are unobservable inputs for the asset or liability, including bankruptcy claims and auction rate securities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables summarize the UMF's financial assets and other liabilities measured at fair value on a recurring basis as of June 30, 2024 and 2023:

	2024			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income				
Asset backed securities		$ 7,282		$ 7,282
Mortgages	$ 1,399	23,936		25,335
Corporate bonds		5,302		5,302
Government		643,539		643,539
Large cap	5,509	30,027		35,536
Other		923		923
Global equity				
Small cap	920			920
Hedge funds				
Long/short non-equity				
Natural resources	392			392
Total investments	$ 8,220	$ 711,009		$ 719,229
Cash and cash equivalents				1,096,988
Investments measured at net asset value or its equivalent				1,365,087
Investments held at cost				66,050
Investments at equity method				150,460
Consolidated investments				1,090,387
Total investments and cash				$ 4,488,201
Gift annuities not categorized above	$ 822	$ 289		$ 1,111
Beneficial interest in perpetual trusts	$ 8,536	$ 7,760	$ 52,537	$ 68,833
Assets held in charitable trusts	$ 24,552			$ 24,552
Beneficial interest in trusts			$ 800	$ 800

	2023			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income				
Asset-backed securities		$ 8,335		$ 8,335
Mortgages	$ 1,537	16,443		17,980
Corporate bonds		7,472		7,472
Government		694,451		694,451
Preferred stock	9,005			9,005
Other		3,000		3,000
Global equity				
Small cap	1,052			1,052
Hedge funds				
Long/short non-equity	23,693		$ 1,353	25,046
Natural resources	1,936			1,936
Total investments	$ 37,223	$ 729,701	$ 1,353	$ 768,277
Cash and cash equivalents				917,670
Investments measured at net asset value or its equivalent				1,211,713
Investments held at cost				48,819
Investments at equity method				161,920
Consolidated investments				901,870
Total investments and cash				$ 4,010,269
Gift annuities not categorized above	$ 774	$ 306		$ 1,080
Beneficial interest in perpetual trusts	$ 9,520	$ 7,850	$ 51,242	$ 68,612
Assets held in charitable trusts	$ 21,738			$ 21,738
Beneficial interest in trusts			$ 704	$ 704

Assets held in charitable trusts consist of equities, bonds, and cash.

The following is a summarization of the Level 3 significant unobservable inputs:

	Fair value		Principal valuation	Unobservable
Instrument	2024	2023	technique	inputs
Auction rate securities		$ 1,353	Price based	Weighted average transaction price
Beneficial interest in perpetual trusts	$ 52,537	$ 51,242	FMV of trust investments	Amount and timing of future
Beneficial interest in trusts	$ 800	$ 704	Discounted cash flows	Distributions discount rates duration

The changes in investments measured at fair value on a recurring basis included as Level 3 measurements are summarized as follows for the years ended June 30:

	Beginning balance at July 1, 2023	Investment income	Net realized and unrealized gain (loss)	Purchases	Sales	Ending balance at June 30, 2024
Hedge funds						
Long/short non-equity	$ 1,353	$ 45	$ (50)	$ (1,348)		
Total	$ 1,353	$ 45	$ (50)	$ (1,348)		

	Beginning balance at July 1, 2022	Investment income	Net realized and unrealized gain (loss)	Purchases	Sales	Ending balance at June 30, 2023
Hedge funds						
Long/short non-equity	$ 1,373	$ 95	$ (20)	$ (95)		$ 1,353
Total	$ 1,373	$ 95	$ (20)	$ (95)		$ 1,353

The changes in other investments or financial assets measured at fair value on a recurring basis included as Level 3 measurements are summarized as follows:

	Beginning balance at July 1, 2023	Change in carrying value of trusts	Ending balance at June 30, 2024
Beneficial interest in trusts	$ 704	$ 96	$ 800
Beneficial interest in perpetual trusts	$ 51,242	$ 1,295	$ 52,537

	Beginning balance at July 1, 2022	Change in carrying value of trusts	Ending balance at June 30, 2023
Beneficial interest in trusts	$ 702	$ 2	$ 704
Beneficial interest in perpetual trusts	$ 54,267	$ (3,025)	$ 51,242

The following is a summary of the investments whose net asset value approximates fair value and the related unfunded commitments and redemption restrictions associated with each major category at June 30:

	2024			
	Net asset value	Unfunded commitments	Redemption frequency	Redemption notice period
Alternative investments				
Fixed income	$ 397,369	$ 238,633	None or quarterly	None or 60 days
Global equity	23,003		None or daily to quarterly	None or 0-60 days
Hedge funds	261,475		None or monthly to quarterly	None or 0-90 days
Natural resources	55,212	3,764	None	None
Real estate	23,539	8,950	None	None
Private equity	598,779	121,654	None	None
Other investments	5,710		None	None
Total	$ 1,365,087	$ 373,001		

	2023					
	Net asset value		Unfunded commitments		Redemption frequency	Redemption notice period
Alternative investments						
Fixed income	$	340,870	$	299,641	None or quarterly	None or 60 days
Global equity		3,252			None or daily to quarterly	None or 0-60 days
Hedge funds		204,422			None or monthly to quarterly	None or 0-90 days
Natural resources		60,155		4,186	None	None
Real estate		26,696		9,360	None	None
Private equity		572,321		135,856	None	None
Other investments		3,997			None	None
Total	$	1,211,713	$	449,043		

The UMF's alternative investments which are redeemable at net asset value under the original terms of the partnership agreements and/or subscription agreements and operations of the underlying funds may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the UMF's interest in the funds.

Investment Commitments

As of June 30, 2024, the UMF also had unfunded commitments for investments held at cost of $142,603, unfunded commitments for investments at equity method of $159,412, and unfunded commitments for consolidated investments of $677,296.

The UMF had unfunded commitment for investments held as of June 30, 2023, which are allowed to be cancelled by the UMF. This was approximately $1,000,000 and is included in the commitment disclosure above. In addition to the unfunded commitments noted above, the UMF has entered into investment commitments of $160,500 since June 30, 2024, which are expected to be paid within one year.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the UMF and changes therein are classified into the following two categories:

- **Net Assets without Donor Restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

- **Net Assets with Donor Restrictions:** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 are restricted for the following purposes:

	2024	2023
Gifts and other unexpended revenues and gains available	$ 1,389,863	$ 1,334,218
Endowments - original donor-restricted gift amount and amounts required to be maintained in perpetuity	1,591,588	1,549,126
Endowments - subject to foundation endowment spending policy and appropriation	1,016,243	822,081
Total endowments	$ 2,607,831	$ 2,371,207
Not subject to spending policy or appropriation	101,170	73,091
Total net assets with donor restrictions	$ 4,098,864	$ 3,778,516

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2024	2023
Capital improvement/facilities	$ 15,679	$ 22,321
Faculty and staff support	6,525	4,617
Scholarships and fellowships	74,458	68,971
Lectureships, professorships, and chairs	41,896	39,285
Program support	133,894	101,939
Research and outreach/community engagement	52,793	52,003
Other	20,108	11,878
Total net assets released from donor restrictions	$ 345,353	$ 301,014

University of Minnesota Physicians

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

Revenue Recognition – Contract Revenue

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

Significant Customer Concentration

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

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

Contract revenue recorded by UMP, and included in contract revenue, under these agreements was $772,794 and $729,892 for 2024 and 2023, respectively. Accounts receivable from Fairview, and included in contract receivables, was $166,060 and $75,022 at June 30, 2024 and 2023, respectively.

Blended Component Unit

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

Condensed statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows for fiscal years ended June 30, 2024 and 2023 for the University's significant blended component unit, RUMINCO are as follows:

Condensed statements of net position	2024	2023
Current assets	$ 73,433	$ 811
Noncurrent assets	8,054	70,933
Total assets	81,487	71,744
Deferred outflows of resources		
Total assets & deferred outflows of resources	81,487	71,744
Current liabilities	5,164	3,612
Noncurrent liabilities	2,485	2,565
Total liabilities	7,649	6,177
Deferred inflows of resources		
Total liabilities & deferred inflows of resources	7,649	6,177
Unrestricted net position	$ 73,838	$ 65,567

Condensed statements of revenues, expenses, and changes in net position	2024	2023
Operating revenues:		
Net underwriting income	$ 1,958	$ 3,427
Operating expenses	2,531	1,859
Operating income, net	(573)	1,568
Nonoperating revenues:		
Investment income (loss), net	8,844	7,359
Other revenues:		
Capital contributions		
Increase in net position	8,271	8,927
Net position at beginning of year	65,567	56,640
Net position at end of year	$ 73,838	$ 65,567

Condensed statements of cash flows	2024	2023
Net cash provided (used) by:		
Operating activities	$ 2,752	$ 2,564
Noncapital financing activities		
Investing activities	(2,833)	(2,501)
Net (decrease) increase in cash	(81)	63
Cash at beginning of year	89	26
Cash at end of year	$ 8	$ 89

Required Supplementary Information (RSI) (Unaudited)

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Required Supplementary Information (RSI) (Unaudited)
Years ended June 30, 2024 and 2023 (in thousands)

Other Postemployment Benefits (OPEB)

Schedule of Employer's Contributions

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

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Changes in Total OPEB Liability

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

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

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

Changes of benefit terms:

2024 – The Health Savings Account (HSA) for retiree contributions was updated to $4,150 single and $8,300 family; the HAS in-network deductible limit was increased from $1,500 for single and $3,000 for family coverage to $1,600 for single and $3,200 for family coverage.
2023 – The Health Savings Account (HSA) for retiree contributions was updated to $3,850 single and $7,750 family.
2022 – The Health Savings Account (HSA) for retiree contributions was updated to $3,650 single and

$7,300 family.

2021 – The Health Savings Account (HSA) for retiree contributions was updated to $3,600 single and $7,200 family.

2020 – The Health Savings Account (HSA) for retiree contributions was updated from $3,500 single and $7,000 family to $3,550 single and $7,100 family; HealthPartners dental option was eliminated.

Changes of assumptions:

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

Schedules of the Employer's Share of Net Pension Liability

Public Employee Police and Fire Fund (PEPFF)

Measurement date	University's proportion of the net pension liability (a)	University's proportionate share of the net pension liability (b)	University's covered-employee payroll (c)	University's proportionate share of the net pension liability as a percentage of its covered payroll (d) = (b)/(c)	Plan fiduciary net position as a percentage of the total pension liability (e)
6/30/2023	0.711%	$ 12,275	$ 9,334	131.508%	86.47%
6/30/2022	0.677%	$ 29,443	$ 8,219	358.231%	70.53%
6/30/2021	0.624%	$ 4,814	$ 7,370	65.319%	93.66%
6/30/2020	0.635%	$ 8,371	$ 7,015	119.330%	87.19%
6/30/2019	0.652%	$ 6,939	$ 6,723	103.213%	89.26%
6/30/2018	0.597%	$ 6,367	$ 6,295	101.144%	88.84%
6/30/2017	0.589%	$ 7,952	$ 6,046	131.525%	85.43%
6/30/2016	0.604%	$ 24,240	$ 5,818	416.638%	63.88%
6/30/2015	0.613%	$ 6,965	$ 5,781	120.481%	86.61%
6/30/2014	0.608%	$ 6,567	$ 5,255	124.967%	87.07%

State Employees Retirement Fund (SERF)

Measurement date	University's proportion of the net pension liability (a)	University's proportionate share of the net pension liability (b)	University's covered-employee payroll (c)	University's proportionate share of the net pension liability as a percentage of its covered payroll (d) = (b)/(c)	Plan fiduciary net position as a percentage of the total pension liability (e)
6/30/2023	13.349%	$ 128,257	$ 485,133	26.437%	94.54%
6/30/2022	13.124%	$ 215,664	$ 446,644	48.285%	90.60%
6/30/2021	13.136%	$ 10,709	$ 433,670	2.469%	99.53%
6/30/2020	13.970%	$ 185,543	$ 455,886	40.699%	91.25%
6/30/2019	14.200%	$ 199,773	$ 442,079	45.189%	90.73%
6/30/2018	14.648%	$ 203,027	$ 437,428	46.414%	90.56%
6/30/2017	14.906%	$ 1,105,713	$ 428,771	257.880%	62.73%
6/30/2016	15.200%	$ 1,884,630	$ 417,703	451.189%	47.51%
6/30/2015	15.424%	$ 237,436	$ 451,306	52.611%	88.32%
6/30/2014	16.031%	$ 259,954	$ 410,364	63.347%	87.64%

Notes to Required Supplementary Information

Changes of benefit terms:

Public Employee Police and Fire Fund (PEPFF)

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

2022 – No changes to benefit terms.

2021 – No changes to benefit terms.

2020 – No changes to benefit terms.

2019 – No changes to benefit terms.

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

2017 – No changes to benefit terms.

2016 – No changes to benefit terms.

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

2014 – Effective January 1, 2015 member contributions increased from 10.20 percent to 10.80 percent and employer contributions increased from 15.30 percent to 16.20 percent. State of Minnesota required to begin contributing $9 million to the fund annually in fiscal year 2014 and continues until the fund is 90 percent funded or the State Patrol Plan, administered by the Minnesota State Retirement System, is 90 percent funded, which occurs later.

State Employees Retirement Fund (SERF)

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

2022 – No changes to benefit terms.

2021 – No changes to benefit terms.

2020 – No changes to benefit terms.

2019 – No changes in benefit terms.

2018 – Effective July 1, 2018 member contributions increased to 5.75 percent of pay, then to 6.00 percent of pay effective July 1, 2019; effective July 1, 2018 employer contributions increased to 5.875 percent of pay, then to 6.25 percent effective July 1, 2019; effective July 1, 2018 interest credited on member contributions decreased from 4.0 percent to 3.0 percent; effective January 1, 2019, deferred augmentation was changed from 0.0 percent for future accruing benefit; contribution stabilizer provisions were repealed; post-retirement benefit increases changed to a fixed rate of 1.0 percent for five years beginning January 1, 2019 and 1.5 percent per year thereafter; augmentation adjustment in early retirement factors eliminated over a five year period beginning July 1, 2019 resulting in actuarial equivalence after June 30, 2024; the first benefit increase is delayed until the retiree reaches normal retirement age for retirements on or after January 1, 2024.

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

2016 – No changes in benefit terms.

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

2014 – Effective July 1, 2014 member and employer contribution rates increased from 5.0 percent to 5.5 percent of pay; funded ratio threshold that must be met to pay 2.5 percent post-retirement benefit increase to benefit recipients changed from 90.0 percent for one year to 90.0 percent for two consecutive years.

Changes of assumptions:

Public Employee Police and Fire Fund (PEPFF)

2023 – Long-term expected rate of return and discount rate updated to 7.00 percent; 20-year municipal bond rate updated to 3.86 percent.
2022 – Discount rate updated to 5.40 percent; 20-year municipal bond rate update to 3.69 percent; mortality updated to Pub-2010 Mortality Tables using projection scale MP-2021.
2021 – Long-term expected rate of return and discount rate updated to 6.50 percent; 20-year municipal bond rate updated to 1.92 percent; inflation updated to 2.25 percent; payroll growth updated to 3.00 percent; experience study updated to 2015 – 2019; mortality updated to Pub-2010 Mortality Tables using projection scale MP-2020; assumed rates of salary increase were modified as recommended in July 14, 2020 experience study and the overall impact is a decrease in gross salary increase rates; assumed rates of retirement were changed as recommended in July 14, 2020 experience study resulting in slightly more unreduced retirements and fewer assumed early retirements; assumed rates of withdrawal were changed from select and ultimate rates to service-based rates resulting in more assumed terminations; assumed rates of disability were increased for ages 25 to 44 and decreased for ages over 49 resulting in more projected disabilities; assumed percent married for active female members was changed from 60 percent to 70 percent and minor changes to form of payment assumptions were applied.
2020 – 20-year municipal bond rate updated to 2.45 percent; mortality updated to RP-2014 Mortality Tables projected with mortality improvement scale MP-2019 from a base year of 2006.
2019 – 20-year municipal bond rate updated to 3.13 percent; mortality updated to MP-2018.
2018 – 20-year municipal bond rate updated to 3.62 percent; mortality updated to MP-2017.
2017 – Discount rate updated to 7.50 percent; 20-year municipal bond rate updated to 3.56 percent; experience study updated to 2016; mortality updated to RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96 and mortality improvement scale was changed from Scale AA to Scale MP-2016; the base mortality table for disabled annuitants was changed from RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees; assumed termination rates decreased to 3.0 percent for the first three years of service and rates beyond the select period of three years were adjusted, resulting in more expected terminations overall; assumed percentage of married female members decreased from 65 percent to 60 percent; assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females; assumed percentage of female members electing joint and survivor annuities was increased; assumed salary increases changed as recommended in June 30, 2016 experience study and net effect is proposed rates average 0.34 percent lower than previous rates; assumed rates of retirement changed resulting in fewer retirements; Combined Service Annuity (CSA) load was 30 percent for vested and non-vested, deferred members; CSA has been changed to 33 percent for vested members and 2 percent for non-vested members; assumed annual benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50% thereafter.
2016 – Long-term expected rate of return updated to 7.50 percent; discount rate updated to 5.60

percent; 20-year municipal bond rate updated to 2.85 percent; inflation updated to 2.50 percent; payroll growth updated to 3.25 percent; assumed annual benefit increase rate was changed to 1.0 percent per year for all future years.

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

2014 – Long-term expected rate of return 7.90 percent; discount rate: 7.90 percent; 20-year municipal bond rate 4.29 percent; inflation 2.75 percent; payroll growth 3.50 percent; experience study 2010; Actuarial Cost Method: entry age normal; Asset Valuation Method: 5-year smoothed market; salary increases: service related rates; mortality: RP-2000 Generational Mortality Tables.

State Employees Retirement Fund (SERF)

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

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

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

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

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

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

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

2016 – Long-term expected rate of return updated to 7.50 percent; discount rate updated to 4.17 percent; 20-year municipal bond rate updated to 2.85 percent; inflation updated to 2.50 percent; payroll growth updated to 3.25 percent; mortality updated to RP-2014 Mortality tables projected with mortality improvement scale MP-2015 from a base year of 2014;

assumed salary increase rates changed to rates that average 0.2 percent greater than previous rates; assumed rates of retirement were changed, resulting in fewer unreduced retirements and fewer Rule of 90 retirements; distinct rates for reduced (Early) retirements were adopted for members hired prior to July 1, 1989 and members hired after June 30, 1989; assumed rates of termination were changed, with new rates generally greater than previous rates for years 3 through 9 and less than the previous rates after 15 years; assumed rates of disability for females were reduced to 75.0 percent of previous rates; rates for male members were lower by utilizing the same disability rates for females; percent married assumption was changed from 85 percent of active male members and 70 percent of female members to 80 percent active male members to 65 percent of active female members; assumed number of married male new retirees electing the 75 percent joint and survivor option changed from 10 percent to 15 percent; assumed number of married female new retirees electing 75 percent and 100 percent joint and survivor option changed from 0 percent to 10 percent and from 25 percent to 30 percent, respectively; corresponding number of married new retirees electing the Life annuity option was adjusted accordingly; assumed post-retirement benefit increase rate was changed from 2.0 percent per year through 2043 and 2.5 percent per year thereafter, to 2.0 percent per year for all future years.

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

2014 – Long-term expected rate of return and discount rate: 7.90 percent; 20-year municipal bond rate 4.29 percent, inflation: 2.75 percent; payroll growth: 3.50 percent; experience study 2004 - 2008; Actuarial Cost Method: entry age normal; Asset Valuation Method: Fair value; salary increases: service related rates; Mortality: RP-2000 Generational Mortality Tables; assumed post-retirement benefit increase rate was changed from 2.0 percent per year indefinitely, to 2.0 percent per year through 2015 and 2.5 percent per year thereafter.

Pensions

Schedules of Employer's Contributions – Last 10 Years

Public Employee Police and Fire Fund (PEPFF)

Year ended June 30	Contractually required contribution (a)	Contributions in relation to the contractually required contribution (b)	Contribution deficiency (excess) (c) = a - b	University's covered-employee payroll (d)	Contributions as a percentage of covered-employee payroll (e) = b / d
2024	$ 1,951	$ 1,951		$ 11,025	17.70%
2023	$ 1,652	$ 1,652		$ 9,334	17.70%
2022	$ 1,455	$ 1,455		$ 8,219	17.70%
2021	$ 1,305	$ 1,305		$ 7,370	17.70%
2020	$ 1,242	$ 1,242		$ 7,015	17.70%
2019	$ 1,140	$ 1,140		$ 6,723	16.95%
2018	$ 1,020	$ 1,020		$ 6,295	16.20%
2017	$ 979	$ 979		$ 6,046	16.20%
2016	$ 943	$ 943		$ 5,818	16.20%
2015	$ 885	$ 885		$ 5,781	15.30%

State Employees Retirement Fund (SERF)

Year ended June 30	Contractually required contribution (a)	Contributions in relation to the contractually required contribution (b)	Contribution deficiency (excess) (c) = a - b	University's covered-employee payroll (d)	Contributions as a percentage of covered-employee payroll (e) = b / d
2024	$ 33,078	$ 33,078		$ 529,248	6.25%
2023	$ 30,321	$ 30,321		$ 485,133	6.25%
2022	$ 27,915	$ 27,915		$ 446,644	6.25%
2021	$ 27,104	$ 27,104		$ 433,670	6.25%
2020	$ 28,493	$ 28,493		$ 455,886	6.25%
2019	$ 25,972	$ 25,972		$ 442,079	5.88%
2018	$ 24,059	$ 24,059		$ 437,428	5.50%
2017	$ 23,582	$ 23,582		$ 428,771	5.50%
2016	$ 22,974	$ 22,974		$ 417,703	5.50%
2015	$ 22,565	$ 22,565		$ 451,306	5.00%

Supplemental Schedules

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University of Minnesota
Statements of Net Position by Campus
As of June 30, 2024 (in thousands)
(Unaudited)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Assets						
Current assets						
Cash and cash equivalents	$ 3,940	$ 57,512	$ 10,495	$ 13,879	$ 406,256	$ 492,082
Short-term investments					434,152	434,152
Receivables, net	2,666	10,918	1,696	221	483,044	498,545
Lease receivables		71			6,733	6,804
Inventories	217	2,309	33		20,940	23,499
Student loans receivable, net	29	654	55		6,326	7,064
Prepaid expenses	9	564	55		21,939	22,567
Other assets					32	32
Total current assets	6,861	72,028	12,334	14,100	1,379,422	1,484,745
Noncurrent assets						
Restricted cash and cash equivalents					132,166	132,166
Restricted investments					288,258	288,258
Investments	5,002	170,255	7,130		2,954,879	3,137,266
Receivables, net					26,372	26,372
Lease receivables		344			282,642	282,986
Student loan receivables, net	64	1,892	125		35,260	37,341
Prepaid expenses		4			5,139	5,143
Other assets					1,961	1,961
Capital assets, net	37,833	198,696	38,104	88,382	2,962,142	3,325,157
Total noncurrent assets	42,899	371,191	45,359	88,382	6,688,819	7,236,650
Total assets	49,760	443,219	57,693	102,482	8,068,241	8,721,395
Deferred outflows of resources					183,302	183,302
Liabilities						
Current liabilities						
Accounts payable	5,861	22,391	4,492	1,711	191,839	226,294
Accrued liabilities and other	1,359	9,350	1,720	514	305,253	318,196
Unearned income	850	3,948	191	147	56,992	62,128
Long-term debt					286,638	286,638
Lease liabilities	441	653	4	6,203	14,102	21,403
Subscription liabilities, including accrued interest					8,266	8,266
Total current liabilities	8,511	36,342	6,407	8,575	863,090	922,925
Noncurrent liabilities						
Accrued liabilities and other	214	3,573	358	350	262,175	266,670
Unearned income					6,061	6,061
Long-term debt					1,558,038	1,558,038
Lease liabilities	32	5,201		66,145	127,666	199,044
Subscription liabilities, including accrued interest					14,339	14,339
Total noncurrent liabilities	246	8,774	358	66,495	1,968,279	2,044,152
Total liabilities	8,757	45,116	6,765	75,070	2,831,369	2,967,077
Deferred inflows of resources		393			456,379	456,772
Net position						
Unrestricted	(2,282)	80,913	(2,421)	24,073	1,514,128	1,614,411
Restricted						
Expendable	8,154	78,954	10,441	3,939	1,831,010	1,932,498
Nonexpendable	960	69,860	2,074		254,572	327,466
Net investment in capital assets	34,171	167,983	40,834	(600)	1,364,085	1,606,473
Total net position	$ 41,003	$ 397,710	$ 50,928	$ 27,412	$ 4,963,795	$ 5,480,848

University of Minnesota
Statements of Net Position by Campus
As of June 30, 2023 (in thousands)
(Unaudited)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Assets						
Current assets						
Cash and cash equivalents	$ 4,079	$ 51,211	$ 9,301	$ 19,443	$ 460,476	$ 544,510
Short-term investments					313,477	313,477
Receivables, net	2,446	8,034	1,448	341	460,592	472,861
Lease receivables, net		67			10,199	10,266
Inventories	146	2,329	39		20,304	22,818
Student loans receivable, net	36	744	64		6,212	7,056
Prepaid expenses	13	341	66		19,963	20,383
Other assets					31	31
Total current assets	6,720	62,726	10,918	19,784	1,291,254	1,391,402
Noncurrent assets						
Restricted cash and cash equivalents					139,970	139,970
Restricted investments					353,686	353,686
Investments	5,161	170,816	7,173		2,881,016	3,064,166
Receivables, net					1,738	1,738
Lease receivables, net		414			336,897	337,311
Student loan receivables, net	125	2,758	220		38,276	41,379
Prepaid expenses		14	1		7,459	7,474
Other assets					2,136	2,136
Capital assets, net	40,239	196,338	40,441	63,351	2,974,909	3,315,278
Total noncurrent assets	45,525	370,340	47,835	63,351	6,736,087	7,263,138
Total assets	52,245	433,066	58,753	83,135	8,027,341	8,654,540
Deferred outflows of resources					224,875	224,875
Liabilities						
Current liabilities						
Accounts payable	3,865	15,128	3,448	1,343	112,813	136,597
Accrued liabilities and other	1,292	8,974	1,412	459	334,197	346,334
Unearned income	879	4,073	126	120	61,725	66,923
Long-term debt					347,086	347,086
Lease liabilities	462	584		4,140	13,115	18,301
Subscription liabilities, including accrued interest					8,899	8,899
Total current liabilities	6,498	28,759	4,986	6,062	877,835	924,140
Noncurrent liabilities						
Accrued liabilities and other	269	4,297	423	332	365,666	370,987
Unearned income					6,421	6,421
Long-term debt					1,644,649	1,644,649
Lease liabilities	422	5,404		42,730	137,071	185,627
Subscription liabilities, including accrued interest					18,201	18,201
Total noncurrent liabilities	691	9,701	423	43,062	2,172,008	2,225,885
Total liabilities	7,189	38,460	5,409	49,124	3,049,843	3,150,025
Deferred inflows of resources		468			463,562	464,030
Net position						
Unrestricted	(1,595)	63,920	944	13,784	1,502,637	1,579,690
Restricted						
Expendable	6,329	70,036	9,875	3,746	1,697,260	1,787,246
Nonexpendable	967	69,832	2,084		252,652	325,535
Net investment in capital assets	39,355	190,350	40,441	16,481	1,286,262	1,572,889
Total net position	$ 45,056	$ 394,138	$ 53,344	$ 34,011	$4,738,811	$5,265,360

University of Minnesota
Statements of Revenues, Expenses, and Changes in Net Position by Campus
Year ended June 30, 2024 (in thousands)
(Unaudited)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Revenues						
Operating revenues						
Student tuition and fees, net	$ 9,474	$ 78,214	$ 4,072	$ 7,848	$ 699,279	$ 798,887
Federal grants and contracts	97	9,906	1,094		646,288	657,385
State and other government grants	437	7,412	207		111,605	119,661
Nongovernmental grants and contracts	388	3,119	189		527,811	531,507
Student loan interest income	1	12	3		400	416
Sales and services of educational activities, net	394	4,680	261	16	173,809	179,160
Auxiliary enterprises, net	4,916	40,994	5,702	5,042	462,030	518,684
Other operating revenues		3	45		66	114
Total operating revenues	15,707	144,340	11,573	12,906	2,621,288	2,805,814
Expenses						
Operating expenses						
Educational and general						
Instruction	11,486	67,831	12,376	3,949	800,733	896,375
Research	325	23,539	586	976	1,026,533	1,051,959
Public service	1,115	7,461	1,690	33	339,717	350,016
Academic support	3,541	25,813	4,935	2,233	533,457	569,979
Student services	3,453	16,552	5,245	2,749	131,483	159,482
Institutional support	3,488	14,549	3,534	5,410	329,804	356,785
Operation and maintenance of plant	4,154	26,913	6,611	1,111	280,825	319,614
Scholarships and fellowships	799	3,737	1,396	4,031	60,567	70,530
Depreciation and amortization	2,753	11,981	2,876	8,251	232,219	258,080
Auxiliary enterprises	8,957	37,062	9,058	2,358	291,510	348,945
Other operating expenses, net			1		11	12
Total operating expenses	40,071	235,438	48,308	31,101	4,026,859	4,381,777
Operating loss	(24,364)	(91,098)	(36,735)	(18,195)	(1,405,571)	(1,575,963)
Nonoperating revenues (expenses)						
Federal appropriations					20,227	20,227
State appropriations	15,500	71,328	27,889	10,017	672,024	796,758
Grants	5,750	24,354	4,748	3,256	250,079	288,187
Gifts	1,875	7,993	1,728	459	279,305	291,360
Investment income, net	700	8,336	670	210	217,896	227,812
Interest on capital asset-related debt	(16)	(101)		(3,004)	(67,528)	(70,649)
Other nonoperating revenues (expenses), net	275	798	455	(115)	150,976	152,389
Net nonoperating revenues	24,084	112,708	35,490	10,823	1,522,979	1,706,084
Income (loss) gain before other revenues	(280)	21,610	(1,245)	(7,372)	117,408	130,121
Capital appropriations					51,576	51,576
Capital grants and gifts	4	51	185		24,142	24,382
Additions to permanent endowments		2,394	5		7,010	9,409
Transfers	99	2,777	2,826	4,867	(10,569)	
Other internal charges	(3,876)	(23,260)	(4,187)	(4,094)	35,417	
Total other (expenses) revenues	(3,773)	(18,038)	(1,171)	773	107,576	85,367
Increase (decrease) in net position	(4,053)	3,572	(2,416)	(6,599)	224,984	215,488
Net position at beginning of year	45,056	394,138	53,344	34,011	4,738,811	5,265,360
Net position at end of year	$ 41,003	$ 397,710	$ 50,928	$ 27,412	$ 4,963,795	$ 5,480,848

University of Minnesota
Statements of Revenues, Expenses, and Changes in Net Position by Campus
Year ended June 30, 2023 (in thousands)
(Unaudited)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Revenues						
Operating revenues						
Student tuition and fees, net	$ 8,203	$ 81,315	$ 4,375	$ 8,144	$ 692,615	$ 794,652
Federal grants and contracts	163	8,782	1,447	18	601,142	611,552
State and other government grants	303	5,814	212	6	111,159	117,494
Nongovernmental grants and contracts	372	2,966	213	14	523,573	527,138
Student loan interest income	4	25	7		141	177
Sales and services of educational activities, net	394	4,408	190	62	162,903	167,957
Auxiliary enterprises, net	4,759	40,961	5,401	3,038	440,131	494,290
Other operating revenues		4	47		126	177
Total operating revenues	14,198	144,275	11,892	11,282	2,531,790	2,713,437
Expenses						
Operating expenses						
Educational and general						
Instruction	10,183	68,362	11,939	3,720	737,587	831,791
Research	251	20,375	547	1,106	930,793	953,072
Public service	1,067	7,551	1,823	2	289,437	299,880
Academic support	3,288	24,384	4,225	3,799	457,386	493,082
Student services	2,837	15,555	5,376	2,418	117,642	143,828
Institutional support	3,259	14,285	3,361	5,665	279,305	305,875
Operation and maintenance of plant	4,965	28,076	6,578	192	240,864	280,675
Scholarships and fellowships	592	3,045	1,368	4,107	55,258	64,370
Depreciation and amortization	2,814	12,309	2,932	5,883	221,894	245,832
Auxiliary enterprises	8,010	35,872	8,182	(55)	266,134	318,143
Other operating expenses, net	2		2		17	21
Total operating expenses	37,268	229,814	46,333	26,837	3,596,317	3,936,569
Operating loss	(23,070)	(85,539)	(34,441)	(15,555)	(1,064,527)	(1,223,132)
Nonoperating revenues (expenses)						
Federal appropriations					18,541	18,541
State appropriations	13,536	57,320	25,723	9,557	610,205	716,341
Grants	4,542	22,067	4,344	3,198	226,254	260,405
Gifts	1,565	7,442	1,603	466	252,629	263,705
Investment income, net	1,036	16,225	972	207	91,389	109,829
Interest on capital asset-related debt	(20)	(99)		(894)	(68,302)	(69,315)
Other nonoperating revenues (expenses), net	6	69	161	(61)	9,280	9,455
Net nonoperating revenues	20,665	103,024	32,803	12,473	1,139,996	1,308,961
Income (loss) gain before other revenues	(2,405)	17,485	(1,638)	(3,082)	75,469	85,829
Capital appropriations					46,330	46,330
Capital grants and gifts	200	206		234	12,398	13,038
Additions to permanent endowments			15		1,231	1,246
Transfers	2,017	11,093	2,662	1,618	(17,390)	
Other internal charges	(3,122)	(18,778)	(3,678)	(3,753)	29,331	
Total other (expenses) revenues	(905)	(7,479)	(1,001)	(1,901)	71,900	60,614
Increase in net position	(3,310)	10,006	(2,639)	(4,983)	147,369	146,443
Net position at beginning of year	48,366	384,132	55,983	38,994	4,591,442	5,118,917
Net position at end of year	$ 45,056	$ 394,138	$ 53,344	$ 34,011	$ 4,738,811	$ 5,265,360