2024 FINANCIAL REPORT

WAYNE STATE
UNIVERSITY

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Bradley Dick
Senior Vice President, Deputy Chief Business Officer

Colleen Cilia
Director of Accounting

Tony L. Miller
Director of Accounting

Aleta Savage
Associate Vice President for Sponsored Program Administration

Wayne State University

Financial Report
September 30, 2024

Wayne State University

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Independent Auditor's Report

To the Board of Governors
Wayne State University

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Wayne State University (the "University") as of and for the years ended September 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise Wayne State University's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of September 30, 2024 and 2023 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audits of the Financial Statements

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

To the Board of Governors
Wayne State University

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Additional Information

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

To the Board of Governors
Wayne State University

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Plante & Moran, PLLC

February 20, 2025

Introduction

The following discussion and analysis provides an overview of the financial position of Wayne State University (the "University") at September 30, 2024 and the results of its operations and cash flows for the year then ended. Comparative information is provided as of and for the year ended September 30, 2023. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements and related notes to facilitate and enhance the reader's understanding of the 2024 financial report.

Wayne State University is a nationally recognized public research university with urban roots and a global reputation. The main campus, located in Detroit's University Cultural Center, includes more than 370 undergraduate, graduate, doctoral, certificate, and professional programs offered through the University's schools and colleges. The University ranks among the top public universities in the nation and has the most diverse student body of any university in Michigan. As the 10th largest employer in the city of Detroit, as ranked by the 2024 Crain's Business Survey of Detroit's Largest Employers, the University has a significant impact on the local economy and contributes to the state and nation as well through its research and public service programs.

Excellence in research is essential to the University's mission. Based on the 2023 National Science Foundation Research and Development Expenditures Survey, the University ranked 118th among all universities and 78th among public universities in research and development expenditures. A substantial portion of the University's research is conducted at the School of Medicine, the nation's largest single-campus medical school. The 2023 National Science Foundation Research and Development Expenditures Survey ranked the University 60th in the health sciences category. Based on the 2022 Carnegie classification of higher education, Wayne State University ranked within the top 3.7 percent of the nation's universities and colleges with the Carnegie classification of R1 (very high research activity). Wayne State University, Michigan State University, and the University of Michigan, the state's three largest research universities, are partners in the University Research Corridor (URC). The URC is an alliance among these three universities to spark regional economic development through invention, innovation, and technology transfer, by educating a work force prepared for the "knowledge economy," and by attracting smart and talented people to Michigan.

Using this Report

The University's financial report includes three financial statements: the statement of net position; the statement of revenue, expenses, and changes in net position; and the statement of cash flows. The report also includes notes to the financial statements, which are an integral component of the report, and required supplementary information (RSI). These financial statements, accompanying notes, and RSI are prepared in accordance with the principles of the Governmental Accounting Standards Board (GASB). Consistent with the GASB principles, the Wayne State University Foundation (the "Foundation"), as a controlled corporate organization, is a discretely presented component unit (DCU) of the University. The Foundation's statement of financial position and statement of activities and changes in net position are discretely presented in the University's financial statements. The management's discussion and analysis refers to the University only (excluding the Foundation), unless otherwise noted. Additional supplementary information, which provides the statement of net position and operating information for the various funds of the University, is also included in the report.

Overall Financial Highlights

The University's financial position at September 30, 2024 includes assets and deferred outflows of resources of approximately $2.01 billion and liabilities and deferred inflows of resources of $1.16 billion. Net position, which represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, was $0.85 billion as of September 30, 2024.

Financial Position

The summary table below shows the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at September 30 for the past three fiscal years:

	2024	2023	2022
		(in millions)	
Total assets	$ 1,997.3	$ 1,985.7	$ 1,928.4
Deferred outflows of resources	9.0	11.9	13.0
Total liabilities	885.3	907.7	944.9
Deferred inflows of resources	270.8	278.1	276.9
Net position	850.2	811.8	719.6

Specific discussion and analysis of the changes in the components of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position categories are provided on pages 6-10.

Operations

A summary of revenue and expenses, including the operating, nonoperating, and other categories for the years ended September 30, 2024, 2023, and 2022 are as follows:

	2024	2023	2022
Revenue:		(in millions)	
Operating revenues	$ 626.2	$ 604.7	$ 597.8
Nonoperating revenues	396.3	362.3	309.9
Other	-	51.0	4.8
Total revenues	**$ 1,022.5**	**$ 1,018.0**	**$ 912.5**
Expenses:			
Operating expenses	$ 960.0	$ 903.5	$ 894.7
Nonoperating expenses	24.1	22.3	23.3
Total expenses	**$ 984.1**	**$ 925.8**	**$ 918.0**

During fiscal year 2024, total revenue increased $4.5 million (0.4 percent) compared to 2023, while total expenses increased $58.3 million (6.3 percent). During fiscal year 2023, total revenue increased $105.5 million (11.6 percent) compared to 2022, while total expenses increased $7.8 million (0.8 percent). Specific discussion and analysis of the changes in the components of the revenue and expense categories are provided on pages 11-17.

Statement of Net Position

The statement of net position presents the financial position of the University at the end of each fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University. Net position is one key indicator of the current financial position of the University, while the change in net position is a key indicator of how the current year's operations affected the overall financial condition of the University. Assets, deferred outflows of resources, deferred inflows of resources, and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less accumulated depreciation and amortization. A summarized comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at 2024, 2023, and 2022 are as follows:

	2024	2023	2022
		(in millions)	
Current assets	$ 811.4	$ 775.9	$ 684.4
Noncurrent assets:			
Investments	46.2	56.4	122.3
Capital assets - Net of depreciation	1,081.7	1,091.6	1,063.8
Other	58.0	61.8	57.9
Total assets	1,997.3	1,985.7	1,928.4
Deferred outflows of resources	9.0	11.9	13.0
Current liabilities	330.2	327.2	334.2
Noncurrent liabilities:			
Long-term debt - Net of current portion	515.9	541.1	567.9
Other	39.2	39.4	42.8
Total liabilities	885.3	907.7	944.9
Deferred inflows of resources	270.8	278.1	276.9
Total net position	**$ 850.2**	**$ 811.8**	**$ 719.6**

Current Assets and Liabilities

Current assets comprise primarily cash and cash equivalents, current investments, and receivables. In 2024, current assets increased $35.5 million (4.6 percent) to $811.4 million compared to $775.9 million at September 30, 2023. The increase in current assets is attributable principally to a net increase in cash and cash equivalents and current investments of $23.4 million, an increase in net current receivables of $8.9 million, and an increase in other assets of $3.2 million. Changes in cash and cash equivalents and current investments are the result of the University's overall operating performance and timing. The increase in net current receivables resulted largely from an increase in grant and contract receivables attributable principally to the timing of certain State program payments. Prepaid expenses and deposits increased $3.0 million, in 2024 compared to 2023, while inventories increased $0.2 million between the two years.

In 2023, current assets increased $91.5 million (13.4 percent) to $775.9 million compared to $684.4 million at September 30, 2022. This consisted of increases in net cash and cash equivalents and current investments of $87.2 million, prepaid expenses and other assets of $2.8 million, and other assets of $1.4 million. In 2023, current investments include approximately $50.0 million in unspent capital grant funds received from the State of Michigan to partially fund the design and construction of a facility dedicated to medical education, health sciences research, and community health in the City of Detroit (discussed more fully on page 15).

Current liabilities comprise amounts payable within one year and consist primarily of accounts payable, accrued liabilities, and unearned revenue. In 2024, total current liabilities increased by $3.0 million (0.9 percent) to $330.2 million compared to $327.2 million at September 30, 2023. This includes an increase in unearned revenue of $15.8 million, partially offset by decreases in accounts payable and accrued liabilities and other current liabilities of $12.2 million and $0.6 million, respectively. Unearned revenue primarily consists of 75 percent of student tuition and fees for the current fall term received or due prior to October 1. The increase in unearned revenue primarily reflects a 4.5 percent increase in fall 2024 tuition and fee rates for full-time undergraduate and graduate students, as well as a shift in the timing of financial aid disbursements for the School of Medicine's fall term. In 2024, these disbursements occurred before October 1, whereas in 2023, the disbursements occurred subsequent to fiscal year-end. The decrease in accounts payable and accrued liabilities was principally due to the timing of disbursements for certain program funds ($10.2 million) that the University collected in an agency capacity in 2024 but disbursed to program members or participants subsequent to September 30.

In 2023, total current liabilities decreased by $7.0 million (2.1 percent) to $327.2 million compared to $334.2 million at September 30, 2022. The decrease was driven by a reduction in accounts payable and accrued liabilities of $21.0 million, partially offset by increases in unearned revenue and other current liabilities of $12.8 million and $1.2 million, respectively. The decrease in accounts payable and accrued liabilities was principally due to the timing of disbursements for certain program funds ($18.7 million) collected by the University in an agency capacity in 2022 that were disbursed to program members or participants subsequent to September 30. The increase in unearned revenue was attributable principally to fall 2023 tuition and fee rate increases for full-time undergraduate and graduate students of 3.5 percent.

The University's current ratio (current assets divided by current liabilities), a measure of liquidity, was 2.5 as of September 30, 2024, 2.4 as of September 30, 2023, and 2.0 as of September 30, 2022.

Deferred Outflow of Resources

Deferred outflow of resources totaled $9.0 million in 2024, $11.9 million in 2023, and $13.0 million in 2022. In 2024, the deferred outflows include $0.4 million for OPEB related amounts and $8.6 million related to losses recognized in the defeasance of debt. In 2023, the deferred outflows include $0.9 million for OPEB related amounts and $11.0 million related to losses recognized in the defeasance of debt.

Deferred Inflow of Resources

Deferred inflow of resources totaled $270.8 million in 2024, compared to $278.1 million in 2023 and $276.9 million in 2022, respectively. The 2024 amount includes $221.4 million related to the service concession arrangement (more fully discussed in Note 15), $40.4 million related to lease agreements in which the University serves as the lessor, $5.8 million related to the defeasance of debt, $2.6 million for OPEB-related amounts, and $0.5 million related to an irrevocable split-interest agreement. The 2023 amount includes $227.3 million related to the service concession arrangement (more fully discussed in Note 15), $43.6 million related to lease agreements in which the University serves as the lessor, $3.5 million related to the defeasance of debt, $3.2 million for OPEB-related amounts, and $0.5 million related to an irrevocable split-interest agreement.

Noncurrent Assets and Liabilities

Noncurrent Assets

Noncurrent assets comprise primarily investments, capital assets, and noncurrent receivables. Notable changes from 2023 to 2024 in noncurrent assets include a decrease in investments of $10.2 million and net capital assets of $9.9 million.

Investments

Noncurrent investments are comprised primarily of the Endowment Fund and Plant Fund investments. The Endowment Fund investments consist of gift annuity, life income funds, and endowments not managed by the Foundation. Investments in the Plant Fund consist primarily of invested bond proceeds and related earnings, which are restricted for capital projects. The invested bond proceeds and the majority of these endowment fund investments are managed by the University.

The composition of noncurrent investments at September 30, 2024, 2023, and 2022 are as follows:

	2024	2023	2022
		(in millions)	
Endowment Fund	$ 9.8	$ 8.1	$ 7.8
Plant Fund - Restricted invested bond proceeds	36.0	47.3	113.0
Other restricted investments	0.4	1.0	1.5
Total noncurrent investments	**$ 46.2**	**$ 56.4**	**$ 122.3**

The invested bond proceeds component of noncurrent investments decreased $11.3 million and $65.7 million in 2024 and 2023, respectively, as funds were spent for planned capital projects.

Foundation Investments

The Foundation manages approximately 99 percent of the University's endowment funds. The composition of the Foundation's noncurrent investments at September 30, 2024, 2023, and 2022 are as follows:

	2024	2023	2022
		(in millions)	
Endowment Fund investments	**$ 595.8**	**$ 501.0**	**$ 445.7**

In 2024, the Foundation Endowment Fund investments increased $94.8 million (18.9 percent) to $595.8 million. The 2024 increase is principally because of a net investment gain ($103.1 million) and new gifts ($11.8 million), offset partially by net distributions to the University ($22.7 million),

In 2023, the Foundation Endowment Fund investments increased $55.3 million (12.4 percent) to $501.0 million. The 2023 increase is principally because of a net investment gain ($56.0 million) and new gifts ($15.7 million), offset partially by net distributions to the University ($20.4 million),

Capital Assets

One factor critical to enhancing the quality of the University's academic and research programs and residential life is the development and renewal of its capital assets. The University continues to modernize its older teaching, research, and administrative buildings as well as construct new facilities.

Capital additions during 2024 totaled $67.6 million, compared to $99.8 million in 2023 and $70.9 million in 2022. The 2024 capital additions include expenditures for the Hilberry Gateway Performance Complex expansion, construction, and renovation project ($8.6 million), the Art Building HVAC improvement project ($8.3 million), the Matthaei HVAC and electrical upgrade project ($3.4 million), as well as renovations and upgrades to many other university buildings.

The 2023 capital additions include expenditures for the State Hall renovation project ($59.0 million), the Hilberry Gateway Performance Complex expansion, construction, and renovation project ($4.7 million), the Art Building HVAC improvement project ($2.85 million), as well as renovations and upgrades to many other university buildings.

Capital asset additions are funded primarily with bond proceeds, gifts, state capital appropriations, service concessionaire arrangements, and unrestricted net assets designated for capital purposes.

Noncurrent Liabilities

Notable changes in the noncurrent liability section of the statement of net position from 2023 to 2024 include decreases in long-term debt (net of the current portion) of $25.2 million and other noncurrent liabilities of $0.2 million.

<u>Long-term Debt</u>

Total long-term debt (including the current portion) totaled $542.7 million, $567.7 million, and $593.7 million, at September 30, 2024, 2023, and 2022, respectively.

For 2024, total long-term debt decreased $25.0 million. The decline primarily represented principal payments made during the year and the net impact of the partial advance refunding of the University’s Series 2015A bonds (more fully discussed below).

For 2023, total long-term debt decreased $26.0 million. The decline primarily represented principal payments made during the year and the net impact of the partial advance refunding of the University’s Series 2013A bonds.

When economically feasible, the University considers defeasance or refunding of prior debt issuances to reduce borrowing costs. In September 2024, the University issued tax-exempt Series 2024A bonds to partially refund the 2015A bonds par amount of $31,885,000. This refunding resulted in an economic gain of $2,068,122 and total debt service payments decreased by $2,117,981 (more fully discussed in Note 6 to the financial statements). In September 2023, the University issued tax-exempt Series 2023A bonds to partially refund the 2013A bonds par amount $42,550,000. This refunding resulted in an economic gain of $3,604,749 and total debt service payments decreased by $3,789,093.

Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities. The University's net position at September 30, 2024, 2023, and 2022 is summarized as follows:

	2024	2023	2022
		(in millions)	
Net investment in capital assets	$ 358.9	$ 353.8	$ 363.3
Restricted:			
Nonexpendable	8.8	8.7	8.8
Expendable	149.0	144.8	88.0
Unrestricted	333.5	304.5	259.5
Total net position	**$ 850.2**	**$ 811.8**	**$ 719.6**

Descriptions of the components of total net position are as follows:

- **Net Investment in Capital Assets** - The University's investment in capital assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt issued for the acquisition, construction, or improvement of those assets. Changes from year-to-year result from capital additions, issuance and payments of long-term debt, retirement of assets, and depreciation and amortization expense.

- **Restricted:**
  - **Nonexpendable** - The corpus portion of gifts to the University's permanent true endowment funds, certain University funds, which have been specifically allocated and restricted pursuant to specific agreements with individuals or entities, and the University's required funding match for federal student loans and donor-restricted University loans.

  - **Expendable** - Gifts and sponsored and governmental grants and contracts, which are subject to externally imposed restrictions governing their use (scholarships, academic and research programs, and capital projects). This category of net position also includes undistributed accretion from investments of permanent true endowments and funds functioning as endowments with externally imposed restrictions.

    The restricted nonexpendable funds and the funds functioning as endowments included in the restricted expendable components of net position are directly affected by the performance of the University's long-term investments and its spending policy. Restricted expendable net position was $149.0 million at September 30, 2024, compared to $144.8 million and $88.0 million at September 30, 2023 and 2022, respectively. The increase of $4.2 million in 2024 follows a significant increase of $56.8 million in 2023, which was principally attributable to unspent capital grant funds received from the State of Michigan to partially finance the design and construction of a facility dedicated to medical education, health sciences research, and community health in the City of Detroit.

- **Unrestricted** - Funds which are not subject to externally imposed restrictions; however, most of the University's unrestricted net position is designated by the board of governors and/or management for various academic, research and administrative programs, and capital projects. Unrestricted net position was $333.5 million at September 30, 2024, compared to $304.5 million at September 30, 2023 and $259.5 million in 2022.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the operating results of the University, as well as the nonoperating revenues and expenses.

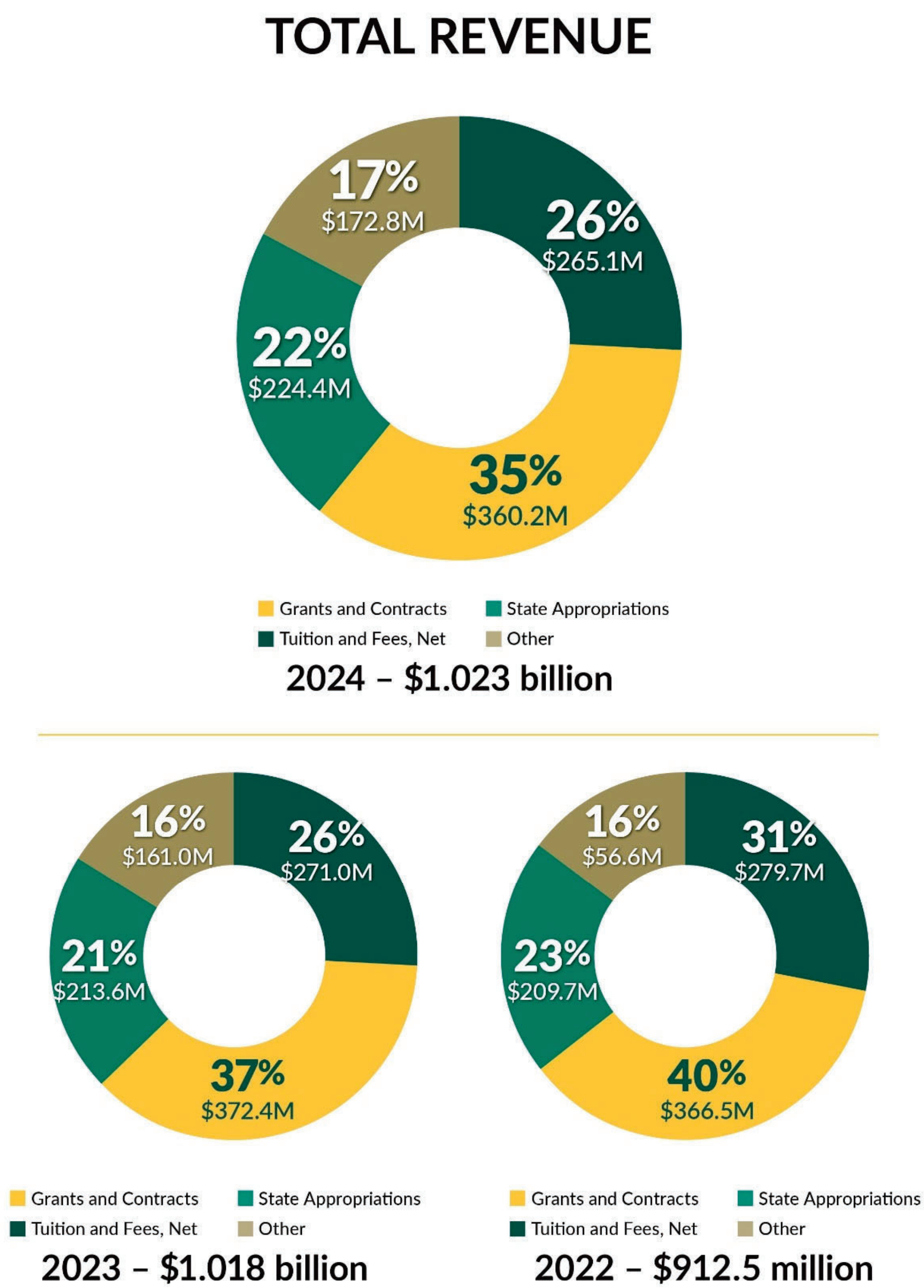
Revenues

Consistent with GASB principles, revenues are categorized as operating, nonoperating, or other. Operating revenues generally result from exchange transactions, such as revenues received for tuition and fees or grants and contracts revenue for services performed on sponsored programs. Nonoperating revenues are primarily nonexchange in nature, such as state operating appropriations and investment income. Other represents capital and endowment transactions.

Summarized operating, nonoperating, and other revenues for the years ended September 30, 2024, 2023, and 2022 are presented below:

	2024	2023	2022
		(in millions)	
Operating Revenues			
Student tuition and fees - Gross	$ 430.4	$ 411.1	$ 410.1
Less scholarship allowances	(165.3)	(140.1)	(130.4)
Net student tuition and fees	265.1	271.0	279.7
Grants and contracts	312.3	283.4	271.0
Departmental activities, auxiliary enterprises, and other	48.8	50.3	47.1
Total operating revenues	626.2	604.7	597.8
Nonoperating Revenues			
State operating appropriation	224.4	213.6	205.5
Federal Pell grants	47.9	39.0	38.1
Federal economic relief funds	-	-	57.4
Gifts	27.7	35.6	34.6
Investment income:			
Income and realized gains	19.8	18.0	15.7
Unrealized (loss) gain	43.0	10.9	(59.6)
Change in fair value of derivatives	0.7	(0.3)	(0.8)
Net distributions from the Foundation	22.7	20.4	8.9
Other	10.1	25.1	10.1
Total nonoperating revenues	396.3	362.3	309.9
Other			
State capital appropriation	-	-	4.2
Capital gifts and grants	-	51.0	0.6
Total other	-	51.0	4.8
Total revenues	**$ 1,022.5**	**$ 1,018.0**	**$ 912.5**

The charts below graphically depict total revenue by source for the years ended September 30, 2024, 2023, and 2022:



Primary Revenue Sources

The University's research and public service mission and significant components of instruction are supported primarily by federal, state, and nongovernmental grants and contracts, which, in the aggregate, typically comprise the largest revenue source to the University. The state operating appropriation and student tuition and fees represent the majority of resources available to fund the University's General Fund operations.

Operating Revenues

Operating revenue totaled $626.2 million in 2024, compared to $604.7 million in 2023 and $597.8 million in 2022, respectively. The 2024 increase in total operating revenues of $21.5 million (3.6 percent) was attributable to several offsetting factors:

Student Tuition and Fees - In fiscal year 2024, gross student tuition and fees increased $19.3 million and scholarship allowances increased by $25.2 million, resulting in a decrease in net student tuition and fees of $5.9 million. The increase in gross student tuition and fees was attributable principally to the fall 2023 tuition rate increases for undergraduate and graduate students of 3.5 percent.

The 2023 increase in gross student tuition and fees was attributable principally to a decline in student credit hours, partially offset by fall 2022 tuition rate increases for undergraduate and graduate students of 4.5 percent.

For financial reporting purposes, student tuition and fees and auxiliary enterprise revenue are reduced by "scholarship allowances." These scholarship allowances represent financial aid granted to students, which is applied directly to their accounts to pay tuition and fee assessments (in the General Fund) and room and board assessments (in the Auxiliary Activities Fund).

The University continues to provide a substantial amount of financial aid to mitigate the impact of tuition rate increases. In 2024, 2023, and 2022, the University provided total scholarships and fellowships of $180.2 million, $154.9 million, and $184.1 million, respectively. For 2024, the $25.3 million increase represents a 16.3 percent increase in financial aid. The increase in 2024 was primarily driven by a $10.8 million increase in Michigan Achievement Scholarships, which were awarded for a full academic year in 2024 compared to one semester in 2023. Additionally, Federal Pell awards increased by $8.9 million (more fully discussed in the nonoperating section), along with a $5.6 million overall increase in other scholarships. The decrease in 2023 was largely attributable to a $28.7 million reduction in student financial aid grants paid from the federal economic relief funds. The changes in 2023 and 2022, respectively, represent a percentage decrease of 15.9 percent and an increase of 12.9 percent.

Grants and Contracts - Grants and contracts revenues increased $28.9 million (10.2 percent) to $312.3 million in 2024, compared to $283.4 million and $271.0 million in 2023 and 2022, respectively. The 2024 increase consisted of increases in federal grants and contracts of $7.2 million, state and local grants and contracts of $19.8 million, and nongovernmental grants and contracts of $1.9 million. The 2024 increase in federal grants and contracts was attributable principally to an increase in grant activity from the National Institutes of Health, Centers for Disease Control and Prevention, and the National Heart, Lung, and Blood Institute. The increase in state and local grants and contracts revenue was primarily due to an overall increase in Michigan Department of Health and Human Services grant revenue (approximately $6.7 million) and state financial aid programs ($11.2 million), largely due to the expansion of the Michigan Achievement Scholarships (more fully discussed above). Additionally, revenue from the Wayne County Medical Examiner's Office (MEO) increased by $1.2 million, further contributing to the overall growth.

The 2023 increase consisted of increases in federal grants and contracts of $0.9 million, state and local grants and contracts of $20.7 million, offset partially by a decrease in nongovernmental grants and contracts of $9.2 million. The 2023 increase in state and local grants and contracts revenue resulted from an overall increase in the Department of Health and Human Services grant revenue of $6.5 million and state financial aid programs of $2.3 million, combined with $10.2 million in activity from the Wayne County Medical Examiner's Office (MEO), which was new in fiscal year 2023. The decrease in nongovernmental grants and contracts revenue was driven by a decrease in School of Medicine salary reimbursement revenue ($16.0 million), offset partially by an increase in KCI clinical trials grants and contracts revenue ($6.0 million) in 2023.

Departmental Activities, Auxiliary Enterprises, and Other - Departmental activities, auxiliary enterprises, and other revenue decreased $1.5 million (3.0 percent) to $48.8 million in 2024, compared to $50.3 million and $47.1 million in 2023 and 2022, respectively. The 2024 decrease consisted of a reduction in departmental activities revenue of $3.0 million, partially offset by increases in auxiliary enterprises revenue and other revenue of $1.1 million and $0.4 million, respectively. The 2023 increase consisted of a rise in auxiliary enterprises and departmental activities of $1.7 million and $1.5 million, respectively.

Nonoperating and Other Revenues

Nonoperating and other revenues were $396.3 million in 2024, compared to $413.3 million in 2023 and $314.7 million in 2022, respectively. Factors affecting this change are as follows:

Nonoperating Revenues

- The State operating appropriation is the University's primary source of nonoperating revenue. The state operating appropriation, increased $10.8 million (5.1 percent) to $224.4 million in 2024, compared to $213.6 million and $205.5 million in 2023 and 2022, respectively.
- Federal Pell grant revenue and the related expense increased by $8.9 million during 2024. This growth was primarily due to regulatory changes that raised the maximum Pell award for the 2023-24 academic year, which was in effect for the full fiscal year in 2024, as compared to only part of fiscal year 2023. Additionally, a change in federal methodology, which increased eligibility for the 2024-25 academic year, resulted in an increase in the number of students awarded Pell in Fall 2024.
- The fund components of investment income included in nonoperating revenues for the past three years are as follows:

Investment Income
(including realized and unrealized income)

	2024	2023	2022
		(in millions)	
Net investment income:			
Income and realized gains	$ 19.8	$ 18.0	$ 15.7
Unrealized (loss) gain	43.0	10.9	(59.6)
Change in fair value of derivatives	0.7	(0.3)	(0.8)
Total net investment income, including the change in fair value of derivatives	**$ 63.5**	**$ 28.6**	**$ (44.7)**

Investment income is attributable principally to cash pool investments. In 2024, there was an increase in net investment income of $34.9 million which was driven largely by the increase in the unrealized market value of $32.1 million. In 2023, there was an increase in net investment income of $73.3 million, which was driven largely by the growth in the unrealized market value of $70.5 million.

Other Revenues

- Total other revenues were $0.0 million, 51.0 million, and $4.8 million for the years ended September 30, 2024, 2023, and 2022, respectively. Other revenues decreased $51.0 million in 2024 compared with 2023, principally because of the $50 million State capital grant received in 2023. During fiscal year 2023, the University was awarded a $100 million grant from the State of Michigan to partially fund the design and construction of a facility dedicated to medical education, health sciences research, and community health in the City of Detroit. The $100.0 million grant was appropriated by the State in Public Act 166 of 2022, Section 1094n. As of September 30, 2023, the University met the eligibility requirements for 50.0 percent of the grant award. The remaining award amount will be recognized as revenue when the applicable eligibility requirements are met. As of September 30, 2024, the eligibility requirements were not met.

Expenses

Operating and nonoperating expenses for the years ended September 30, 2024, 2023, and 2022 are summarized below:

	2024	2023	2022
		(in millions)	
Operating expenses	$ 960.0	$ 903.5	$ 894.7
Nonoperating expenses:			
Interest	24.1	22.3	23.3
Total nonoperating expenses	24.1	22.3	23.3
Total expenses	**$ 984.1**	**$ 925.8**	**$ 918.0**

Operating expenses by both functional and natural classification for the years ended September 30, 2024, 2023, and 2022 are as follows:

	2024		2023		2022	
	Dollars	Percentage of Total Operating Expenses	Dollars	Percentage of Total Operating Expenses	Dollars	Percentage of Total Operating Expenses
			(in millions)			
Natural Classification						
Compensation and benefits	$ 638.0	66.5%	$ 599.8	66.4%	$ 581.2	65.0%
Supplies, services, and other	231.7	24.1%	218.0	24.1%	188.4	21.0%
Depreciation and amortization	77.1	8.0%	72.0	8.0%	72.4	8.1%
Scholarships and fellow ships (1)	13.2	1.4%	13.7	1.5%	52.7	5.9%
Total	**$ 960.0**	**100%**	**$ 903.5**	**100%**	**$ 894.7**	**100%**
Functional Classification						
Instruction	$ 294.4	30.7%	$ 272.5	30.2%	$ 273.1	30.5%
Research	165.5	17.2%	160.1	17.7%	151.0	16.9%
Public service	85.2	8.9%	73.7	8.1%	60.0	6.7%
Academic support	83.1	8.7%	85.4	9.5%	68.8	7.7%
Student services	46.9	4.9%	44.3	4.9%	40.4	4.5%
Institutional support	101.9	10.6%	94.3	10.4%	87.3	9.8%
Operation and maintenance of plant	71.2	7.4%	67.9	7.5%	67.8	7.6%
Scholarships and fellow ships (1)	13.2	1.4%	13.7	1.5%	52.7	5.9%
Auxiliary enterprises	21.5	2.2%	19.6	2.2%	21.2	2.4%
Depreciation and amortization	77.1	8.0%	72.0	8.0%	72.4	8.0%
Total	**$ 960.0**	**100%**	**$ 903.5**	**100%**	**$ 894.7**	**100%**

(1) Excludes "scholarship allowances" applied directly to students' tuition and room and board (see pages 11, 13, and 16).

Operating Expenses

Compensation and benefit expenses increased by $38.2 million (6.4 percent) in 2024 to $638.0 million compared to $599.8 million and $581.2 million in 2023 and 2022, respectively. The increase in 2024 was driven largely by inflationary growth in salary and benefit costs, including contractual adjustments and one-time bonuses for certain represented employee groups, and merit increases for non-represented employees. The increase in 2023 was driven largely by inflationary increases in salary and benefit costs including a one-time 2.5 percent lump sum bonus paid to non-represented employees and salary costs related to the Wayne County Medical Examiner's Office (MEO) which was new in fiscal year 2023.

Supplies, services, and other expenses increased $13.7 million (6.3 percent) in 2024 to $231.7 million compared to $218.0 million and $188.4 million in 2023 and 2022, respectively. The increase in 2024 was primarily driven by higher costs across multiple expense categories including contracted services, sub-recipient grant and contract expenses, utilities, and patient services. The 2023 increase is generally attributable to an overall return to normal business activities, combined with costs related to the MEO, which was new in fiscal year 2023.

Total scholarships and fellowships granted in 2024 increased $25.3 million (16.3 percent) to $180.2 million, compared to $154.9 million in 2023. As previously mentioned, the increase was primarily due to higher Michigan Achievement Scholarship awards ($10.8 million), a rise in Federal Pell awards ($8.9 million), and an overall increase in university scholarships and other financial aid ($5.6 million) in 2024 compared to 2023. Total scholarships and fellowships granted in 2023 decreased $29.2 million (15.9 percent) to $154.9 million, compared to $184.1 million in 2022. The decrease was largely attributable to a $28.7 million decrease in student financial aid grants paid from the federal economic relief funds in 2023 compared to 2022.

Total scholarships and fellowships granted have two components. The scholarships and fellowships reflected on the table on page 15 of $13.2 million, $13.7 million, and $52.7 million are disbursed directly to students and are reported as operating expenses in 2024, 2023, and 2022, respectively. The remaining amounts for 2024, 2023, and 2022 of $167.0 million, $141.2 million, and $131.4 million, respectively, are applied directly to the students' accounts receivable balances. These amounts are netted against student tuition and fees, or room and board in the Auxiliary Activities Fund, as "scholarship allowances" in the statement of revenue, expenses, and changes in net position on page 20.

Another way to analyze this same pool of operating expenses is by function.

In this regard, expenses for instruction increased $21.9 million (8.0 percent) to $294.4 million in 2024, compared to $272.5 million and $273.1 million in 2023, and 2022, respectively. The 2024 increase includes increases in compensation-related expenses of $14.3 million and direct expenses of $7.6 million.

Research expenses increased $5.4 million (3.4 percent) in 2024 to $165.5 million, compared to $160.1 million and $151.0 million in 2023 and 2022, respectively. The 2024 increase was driven largely by an increase in compensation-related expenses. The 2023 increase includes an increase in direct expenses of $10.1 million, partially offset by a decrease in compensation-related expenses of $1.0 million.

Academic support expenses decreased $2.3 million (2.7 percent) to $83.1 million in 2024, compared to $85.4 million and $68.8 million in 2023 and 2022, respectively. The 2023 increase was driven largely by additional funding provided to support service centers and certain auxiliary operations.

Public service expenses increased $11.5 million (15.6 percent) to $85.2 million in 2024, compared to $73.7 million and $60.0 million in 2023 and 2022, respectively. The 2024 increase was primarily driven by growth in the Michigan Department of Health and Human Services grant activity and a rise in costs related to the MEO. The 2023 increase was driven largely by the costs related to the MEO, which was new in fiscal year 2023.

Nonoperating Expenses

Interest expenses totaled $24.1 million, $22.3 million, and $23.3 million in 2024, 2023, and 2022, respectively.

Statement of Cash Flows

The statement of cash flows provides information about the University's cash receipts and cash disbursements during the fiscal year. Unlike the statement of revenues, expenses, and changes in net position, which reports revenue when it is earned and expenses when they are incurred regardless of when cash is received or disbursed; the statement of cash flows reports actual cash received and disbursed during the period. The focus of the statement of cash flows is on the resulting increase or decrease in cash and cash equivalents. The statement of cash flows assists the users in assessing the University's ability to meet its obligations as they come due and the needs for external financing.

A comparative summary of the statement of cash flows for the years ended September 30, 2024, 2023, and 2022 (as restated) is as follows:

	2024	2023	2022
		(in millions)	
Cash and cash equivalents (used in) provided by:			
Operating activities	$ (239.6)	$ (234.8)	$ (247.2)
Noncapital financing activities	311.0	313.2	360.3
Capital and related financing activities	(118.8)	(85.2)	(102.4)
Investing activities	9.3	(10.0)	35.5
Net increase (decrease) in cash and cash equivalents	(38.1)	(16.8)	46.2
Cash and cash equivalents - Beginning of year	188.6	205.4	159.2
Cash and cash equivalents - End of year	**$ 150.5**	**$ 188.6**	**$ 205.4**

Cash flows used in operating activities reflect tuition and fees, grants and contracts, and auxiliary and departmental activities. Major uses include payment of wages, employee benefits, supplies, utilities, and scholarships. The most significant source of cash flows provided by noncapital financing activities is the state operating appropriation, which totaled $224.4 million in 2024 compared to $213.6 million in 2023 and $213.5 million in 2022. Cash flows from capital and related financing activities represent Plant Fund and related long-term debt activities and capital gifts. Cash flows from investing activities include uses of cash to purchase investments, increases in cash and cash equivalents as a result of selling investments, and income earned on cash and cash equivalents. Investing activities also include cash proceeds from the sale of bond-related investments to finance construction expenditures.

Economic Factors That Will Affect the Future

Wayne State University continues to navigate an evolving economic landscape that may impact its financial position in the coming years. Several key factors are expected to influence the University's operations and financial performance:

State Funding – The level of state appropriations remains a critical factor in the University's financial stability. While recent state budgets have provided moderate increases in higher education funding, ongoing economic uncertainties and potential shifts in legislative priorities could impact future appropriations.

Enrollment Trends and Demographics – The University's financial health is closely tied to student enrollment levels, which are influenced by demographic shifts, competition among higher education institutions, and evolving student preferences. While efforts to enhance recruitment and retention continue, broader trends in declining birth rates and changes in student demand for specific programs could pose challenges.

Tuition and Affordability – As tuition and fee rates are a significant revenue source, balancing affordability with the need for revenue growth remains a key consideration. The University continues to evaluate tuition pricing strategies while expanding financial aid opportunities to support access and affordability for students.

Research and Innovation – Wayne State's position as a major research institution depends on its ability to attract external funding and maintain competitive research facilities. Continued investment in research infrastructure and partnerships with industry, government, and private entities will be critical for sustaining research growth. However, potential shifts in federal funding priorities, including the risk of disinvestment in research initiatives, could affect the University's ability to sustain the financial viability of federally funded research. These proposed changes could strain institutional resources and necessitate alternative funding strategies to support research infrastructure and operations. The University will continue to monitor federal policy developments and explore strategies to mitigate potential funding shortfalls.

Facilities and Deferred Maintenance – The University faces ongoing capital needs related to infrastructure improvements and deferred maintenance. Securing funding for these projects, whether through increased operational support, state appropriations, bond financing, or donor contributions, will be essential for maintaining campus facilities and supporting academic programs.

The University will continue positioning itself to address its challenges and opportunities guided by its five-year strategic plan, "*Our Moment in Time"*. The strategic plan sets forth five strategic focus areas:

- **Research and Discovery**: An unrelenting quest
- **Teaching, Learning and Student Success**: The heart of our University
- **Outreach and Engagement**: Our inextricable ties with our community
- **Diversity, Equity, and Inclusion**: An unwavering commitment
- **Financial Sustainability and Operational Excellence**: The building blocks for a strong future

Wayne State University

Statement of Net Position

	September 30, 2024			September 30, 2023		
	University	Wayne State University Foundation (DCU)	Total	University	Wayne State University Foundation (DCU)	Total
Assets			(in thousands)			
Current Assets						
Cash and cash equivalents	$ 150,528	$ -	$ 150,528	$ 188,639	$ 2,858	$ 191,497
Investments	477,691	-	477,691	390,827	-	390,827
Restricted investments	4,839	-	4,839	30,221	-	30,221
Current receivables - Net (Note 4)	123,092	316	123,408	114,178	266	114,444
Inventories	1,343	-	1,343	1,126	-	1,126
Prepaid expenses and deposits	53,935	-	53,935	50,946	-	50,946
Total current assets	811,428	316	811,744	775,937	3,124	779,061
Noncurrent Assets						
Endowment investments	9,781	595,844	605,625	8,078	500,981	509,059
Restricted investments	36,399	-	36,399	48,324	-	48,324
Noncurrent receivables - Net (Note 4)	57,881	131	58,012	61,737	69	61,806
Derivative instruments (Note 7)	200	-	200	-	-	-
Capital assets - Net (Note 5)	1,081,656	-	1,081,656	1,091,589	-	1,091,589
Total noncurrent assets	1,185,917	595,975	1,781,892	1,209,728	501,050	1,710,778
Total assets	1,997,345	596,291	2,593,636	1,985,665	504,174	2,489,839
Deferred Outflows of Resources	9,042	-	9,042	11,890	-	11,890
Liabilities						
Current Liabilities						
Accounts payable and accrued liabilities	109,224	151	109,375	121,391	224	121,615
Unearned revenue	187,024	-	187,024	171,164	-	171,164
Deposits	7,174	-	7,174	7,974	-	7,974
Long-term debt - Current portion (Note 6)	26,831	-	26,831	26,633	-	26,633
Total current liabilities	330,253	151	330,404	327,162	224	327,386
Noncurrent Liabilities						
Federal portion of student loan funds	15,017	-	15,017	15,630	-	15,630
Accrued employee benefits and other liabilities	24,213	-	24,213	23,294	-	23,294
Derivative instruments (Note 7)	-	-	-	505	-	505
Long-term debt - Net of current portion (Note 6)	515,867	-	515,867	541,054	-	541,054
Total noncurrent liabilities	555,097	-	555,097	580,483	-	580,483
Total liabilities	885,350	151	885,501	907,645	224	907,869
Deferred Inflows of Resources (Note 1)	270,846	-	270,846	278,140	-	278,140
Net Position						
Net investment in capital assets	358,866	-	358,866	353,797	-	353,797
Restricted nonexpendable:						
Scholarships, research, academic support, and other	2,312	293,036	295,348	2,058	281,661	283,719
Loans	6,534	-	6,534	6,628	-	6,628
Restricted expendable:						
Scholarships, research, academic support, and other	140,989	277,908	418,897	84,276	201,886	286,162
Capital projects	7,965	-	7,965	60,481	-	60,481
Unrestricted	333,525	25,196	358,721	304,530	20,403	324,933
Total net position	**$ 850,191**	**$ 596,140**	**$ 1,446,331**	**$ 811,770**	**$ 503,950**	**$ 1,315,720**

See Notes to Financial Statements.

Wayne State University

Statement of Revenues, Expenses, and Changes in Net Position

	Year Ended September 30, 2024			Year Ended September 30, 2023		
	University	Wayne State University Foundation (DCU)	Total	University	Wayne State University Foundation (DCU)	Total
			(in thousands)			
Operating Revenues						
Student tuition and fees	$ 430,358	$ -	$ 430,358	$ 411,136	$ -	$ 411,136
Less scholarship allowances	(165,271)	-	(165,271)	(140,118)	-	(140,118)
Net student tuition and fees	265,087	-	265,087	271,018	-	271,018
Federal grants and contracts	123,827	-	123,827	116,615	-	116,615
State and local grants and contracts	74,421	-	74,421	54,635	-	54,635
Nongovernmental grants and contracts	114,091	-	114,091	112,132	-	112,132
Departmental activities	23,719	-	23,719	26,718	-	26,718
Auxiliary enterprises - Net of scholarship allowances of $1,749 in 2024 and $1,127 in 2023	20,123	-	20,123	18,986	-	18,986
Other operating revenues	4,908	-	4,908	4,641	-	4,641
Total operating revenues	626,176	-	626,176	604,745	-	604,745
Operating Expenses (Note 11)						
Instruction	294,380	-	294,380	272,459	-	272,459
Research	165,552	-	165,552	160,097	-	160,097
Public service	85,211	-	85,211	73,732	-	73,732
Academic support	83,081	-	83,081	85,419	-	85,419
Student services	46,895	-	46,895	44,276	-	44,276
Institutional support	101,869	-	101,869	94,318	-	94,318
Operation and maintenance of plant	71,169	-	71,169	67,892	-	67,892
Scholarships and fellowships	13,236	-	13,236	13,701	-	13,701
Auxiliary enterprises	21,543	-	21,543	19,632	-	19,632
Depreciation and amortization expense	77,068	-	77,068	72,014	-	72,014
Total operating expenses	960,004	-	960,004	903,540	-	903,540
Operating Loss	(333,828)	-	(333,828)	(298,795)	-	(298,795)
Nonoperating Revenues (Expenses)						
State operating appropriation	224,393	-	224,393	213,640	-	213,640
Federal Pell grants	47,896	-	47,896	38,980	-	38,980
Gifts	27,738	328	28,066	35,636	208	35,844
Investment income including change in fair value of derivatives of $705 in 2024 and $(252) in 2023	63,469	103,091	166,560	28,593	55,976	84,569
Net distributions from the Foundation	22,703	(22,703)	-	20,441	(20,441)	-
Interest on capital asset - Related debt	(23,967)	-	(23,967)	(22,289)	-	(22,289)
Gain (Loss) on capital assets retired	(83)	-	(83)	185	-	185
Other	10,057	-	10,057	24,825	-	24,825
Net nonoperating revenues	372,206	80,716	452,922	340,011	35,743	375,754
Income Before Other	38,378	80,716	119,094	41,216	35,743	76,959
Other						
Capital gifts and grants	43	-	43	50,963	-	50,963
Gifts for permanent endowments	-	11,474	11,474	-	15,509	15,509
Total other	43	11,474	11,517	50,963	15,509	66,472
Change in Net Position	38,421	92,190	130,611	92,179	51,252	143,431
Net Position						
Beginning of year	811,770	503,950	1,315,720	719,591	452,698	1,172,289
End of year	**$ 850,191**	**$ 596,140**	**$ 1,446,331**	**$ 811,770**	**$ 503,950**	**$ 1,315,720**

Statement of Cash Flows

	Year Ended September 30 2024	2023
	University	
	(in thousands)	
Cash Flows from Operating Activities		
Tuition and fees - Net	$ 280,458	$ 272,689
Grants and contracts	302,597	287,422
Auxiliary enterprises	20,263	18,429
Departmental activities	24,443	26,503
Loans issued to students	(1,036)	(1,187)
Collection of loans from students	3,551	3,164
Scholarships and fellowships	(14,696)	(13,788)
Payments to suppliers	(229,317)	(240,454)
Payments to employees and benefit providers	(632,250)	(599,308)
Direct lending, scholarship, and other receipts	177,893	185,654
Direct lending, scholarship, and other disbursements	(176,400)	(178,523)
Other receipts	4,933	4,626
Net cash used in operating activities	(239,561)	(234,773)
Cash Flows from Noncapital Financing Activities		
State operating appropriation	224,393	213,640
Federal Pell grants	47,896	38,980
Gifts	26,709	36,060
Net distributions from the Foundation	16,120	20,441
Other	(4,164)	4,037
Net cash provided by noncapital financing activities	310,954	313,158
Cash Flows from Capital and Related Financing Activities		
Capital gifts and grants	87	50,448
Expenditures for capital assets	(72,446)	(91,681)
Principal paid on capital debt	(25,703)	(24,725)
Interest paid on capital debt	(21,125)	(22,027)
Other	427	2,816
Net cash used in capital and related financing activities	(118,760)	(85,169)
Cash Flows from Investing Activities		
Investment income - Net	6,500	4,234
Proceeds from sales and maturities of investments	4,826	35,938
Purchase of investments	(2,070)	(50,138)
Net cash (used in) provided by investing activities	9,256	(9,966)
Net (Decrease) Increase in Cash and Cash Equivalents	(38,111)	(16,750)
Cash and Cash Equivalents - Beginning of year	188,639	205,389
Cash and Cash Equivalents - End of year	**$ 150,528**	**$ 188,639**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (333,828)	$ (298,795)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization expense	77,068	72,014
Changes in assets and liabilities:		
Receivables - Net	(4,756)	(6,106)
Prepaid expenses and inventories	(1,567)	(3,857)
Accounts payable and accrued liabilities	5,612	1,280
Deposits	(1,604)	451
Unearned income	15,860	12,314
Deferred inflow of resources	978	1,201
Accrued employee benefits and other liabilities	2,676	(13,275)
Net cash used in operating activities	**$ (239,561)**	**$ (234,773)**
Noncash Transactions		
Property acquired under lease and subscription-based information technology arrangements	$ 4,927	$ 3,511
Unrealized (loss) gain	42,961	10,813
Proceeds from issuance of bonds	36,039	46,654
Payments related to partial refunding of bonds	(35,692)	(46,279)

Note 1 - Basis of Presentation and Significant Accounting Policies

Overview

Wayne State University (the "University") is a state-supported institution with a fall 2024 enrollment of approximately 24,000 students. The financial statements include the individual schools, colleges, and departments of the University (the primary government) and the controlled organization, which is a discretely presented component unit (DCU). The controlled organization of the University is the Wayne State University Foundation (the "Foundation"), which manages approximately 99 percent of the University's endowment funds. The Foundation is a legally separate, tax-exempt entity, which meets the criteria set forth for component units under GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* as amended by GASB No. 61. The Foundation provides financial support for the objectives, purposes, and programs of the University. The University controls the timing and amount of its receipts from the Foundation and the resources (and income thereon), which the Foundation holds and invests are dedicated to benefit the University. Because the resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit (DCU) of the University and its statement of net position and statement of revenues, expenses, and changes in net position are discretely presented in the University's financial statements. The Foundation does not issue its own financial statements.

While the University is a political subdivision of the State of Michigan, it is not a component unit of the State of Michigan, as defined by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB No. 61. The University is classified as a state instrumentality under Internal Revenue Code Section 115 and is also classified as an educational organization under Internal Revenue Code Section 501(c)(3) and is generally exempt from federal and state income taxes. Certain activities of the University may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

Basis of Presentation

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States as prescribed by the Governmental Accounting Standards Board (GASB). The University reports as a special purpose government engaged primarily in business-type activities (BTA), as defined by the GASB using the economic resources measurement focus, on the accrual basis. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

Summary of Significant Accounting Policies

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

Scholarships and fellowships applied directly to student accounts are shown as a reduction to gross student tuition and fees and auxiliary enterprises revenue. Scholarships and fellowships disbursed directly to students are presented as scholarship and fellowship expenses.

Operating activities, as reported in the statement of revenues, expenses, and changes in net position, are those activities that generally result from exchange transactions, such as revenues received for tuition and fees, grants and contracts revenue for services performed on sponsored programs, or expenses paid for goods or services. Nonoperating revenues are generally nonexchange in nature. State appropriations, Pell grant revenue, gifts, and investment activity are nonexchange transactions.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid, short-term investments (90 days or less) that bear little if no market risk and includes the liquidity pool component of the University's cash pool. Small allocations to cash and cash equivalents are also held in the liquidity reserve pool and the diversified pool components of the cash pool, and the Foundation's endowments. Any cash balances held in these funds at the date of these financial statements are due to timing of reinvesting the proceeds in the fund.

Investments - Investments in marketable securities are recorded at market value as established by the major securities markets. Purchases and sales of investments are accounted for on the trade date basis. Realized and unrealized gains and losses are reported as investment income. Nonmarketable investments are valued based on the most recent available data. Investments include the liquidity reserve pool and the diversified pool components of the cash pool and the Foundation's endowments. Investments also include invested bond proceeds and related earnings.

For donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Acts, as adopted in Michigan on September 15, 2009, permits the board of governors to spend, as they deem prudent. The annual distribution rate is 5.00 percent. Of the annual distribution, 4.00 percent will be transferred to the beneficiary or operating program accounts and 1.00 percent will be used for administration of the University's development efforts. The Foundation follows the spending policy established by the University.

Unearned Revenue - Unearned revenue represents amounts received in advance of an event or in advance of incurring the related costs. This includes 75 percent of the student tuition and fees for the current fall term received or due prior to October 1, with the remaining 25 percent being recognized as revenue during the current fiscal year. It also includes amounts received from grant and contract sponsors which have not yet been earned under the terms of the underlying agreements. Unearned revenue will be recognized as revenue in subsequent periods commensurate with generally accepted accounting principles and/or the applicable grant and contract terms and conditions.

Derivative Instruments - Derivative instruments consist of interest rate swap agreements and are stated at fair value based on the proprietary pricing model.

Compensated Absences - Certain University employees earn vacation and sick leave benefits based, in part, on length of service. After the completion of the probation period, vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at death, retirement, or termination. Unused hours exceeding these limitations are forfeited. For the year-ended September 30, 2024, the beginning balance, increases, decreases, and ending balance are $32,425,000, $21,545,000, $18,299,000, and $35,671,000, respectively. For the year-ended September 30, 2023, the beginning balance, increases, decreases, and ending balance are $32,411,000, $19,917,000, $19,903,000, and $32,425,000, respectively. The current portion of compensated absences is $26,881,000 and $24,087,000 at September 30, 2024 and 2023, respectively.

Inventories - Inventories are stated at the lower of cost or market, determined by the first-in, first-out method.

Prepaid Expenses and Deposits - Prepaid expenses and deposits primarily represent cash payments made in advance of when the related expenditures are recognized for financial statement purposes. The balances at fiscal year-end consist primarily of prepaid student financial aid, which is paid to students at the beginning of the fall term each fiscal year, with the expense recognized for accounting purposes over the financial reporting period (fall semester) to which it relates.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Capital Assets - Capital assets are recorded at cost or, if acquired by gift, at the acquisition value as of the date of donation. Depreciation is computed on the straight-line method over the estimated service lives (5 to 40 years) of the respective assets.

Leases - The University is a lessee for noncancelable leases of building space. The University recognizes a lease liability and an intangible right-of-use lease asset (lease asset) on the statement of net position. The University recognizes lease assets and liabilities with an initial value of $200,000 or more.

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

Key estimates and judgments related to leases include how the University determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The University uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the University is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The University is a lessor for noncancelable leases of land, building space, and equipment. The University recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the University determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

The University uses the actual rate charged to lessees as the discount rate for leases.

Key estimates and judgments include how the University determines the discount rate it uses to discount

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The University monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription Based Information Technology Arrangements (SBITAs) - The University obtains the right to use vendors' information technology software through various long-term contracts. The University recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") on the statement of net position. The University recognizes subscription assets and liabilities with an initial value of $250,000 or more.

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

Key estimates and judgments related to subscriptions include how the University determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

The University uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the University generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancelable period of the subscription.

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

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The University reports deferred outflows of resources of $396,000 for OPEB-related amounts discussed in Note 12 and $8,646,000 related to the losses recognized in debt defeasance as of September 30, 2024. The University reports deferred outflows of resources of $858,000 for OPEB-related amounts discussed in Note 12 and $11,032,000 related to the losses recognized in debt defeasance as of September 30, 2023.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

The University reports deferred inflows of resources of $2,636,000 for OPEB-related amounts discussed in Note 12, $5,840,000 related to the defeasance of debt, $221,430,000 related to the service concession arrangement discussed in Note 15, $40,449,000 related to lease agreements in which the University serves as the lessor, and $491,000 related to an irrevocable split-interest agreement at September 30, 2024.The University reports deferred inflows of resources of $3,173,000 for OPEB-related amounts discussed in Note 12, $3,466,000 related to the defeasance of debt, $227,344,000 related to the service concession arrangement discussed in Note 15, $43,666,000 related to lease agreements in which the University serves as the lessor, and $491,000 related to an irrevocable split-interest agreement at September 30, 2023.

Net Position - Consistent with GASB principles, the University reports its net position in four categories as follows:

- **Net Investment in Capital Assets** - The University's investment in capital assets, net of accumulated depreciation and amortization, and outstanding principal balances of debt issued for the acquisition, construction, or improvement of those assets. Deferred inflows of resources associated with the aforementioned are also included in this component of net position. Changes from year-to-year result from capital additions, issuance and payments of long-term debt, retirement of assets, amortization of deferred inflows of resources and depreciation expense.
- **Restricted Nonexpendable** - The corpus portion of gifts to the University's permanent true endowment funds, certain university funds which have been specifically allocated and restricted pursuant to specific agreements with individuals or entities, and the University's required funding match for federal student loans and donor-restricted university loans.
- **Restricted Expendable** - Gifts and sponsored and governmental grants and contracts, which are subject to externally imposed restrictions governing their use (scholarships, academic and research programs, and capital projects). This category of net position also includes undistributed accretion from investments of permanent true endowments and funds functioning as endowments with externally imposed restrictions.
- **Unrestricted** - Funds which are not subject to externally imposed restrictions; however, most of the University's unrestricted net position is designated by the board of governors and/or management for various academic, research, and administrative programs and capital projects.

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

Revenue Recognition - State operating appropriations are recognized in the period for which they are appropriated. Grants and contract revenue are recognized as the related expenditures are incurred. State capital appropriations, funded through the State Building Authority, are recognized as eligible capital project expenditures are incurred.

Pledges and bequests of financial support from corporations, foundations, and individuals are recognized as revenue when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges and conditional promises do not meet eligibility requirements, as defined by GASB Statement No. 33, *Financial Reporting for Non-Exchange Transactions*, and are not recorded as assets until the related gifts are received.

Note 1 - Basis of Presentation and Significant Accounting Policies (Continued)

Donor unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. The allowance for uncollectible pledge receivables is provided based on management's judgment of potential uncollectible amounts.

The University disbursed approximately $189,927,000 and $172,214,000 in 2024 and 2023, respectively, for student loans through the U.S. Department of Education federal direct lending and federal guaranteed student loan programs. These disbursements and the related receipts are not included as revenue or expenditures in the accompanying statement of revenues, expenses, and changes in net position. The disbursements and related receipts are reflected in the operating activities section of the statement of cash flows.

Note 2 - Cash and Investments

University cash and investments, by classification and investment type, at September 30, 2024 and 2023 are as follows (in thousands):

Classification	2024	2023
Cash and cash equivalents, current	$ 150,528	$ 188,639
Investments:		
Investments, current	477,691	390,827
Restricted investments, current	4,839	30,221
Endowment Fund, noncurrent	9,781	8,078
Restricted investments, noncurrent	36,399	48,324
Total investments	528,710	477,450
Total cash and investments	$ 679,238	$ 666,089

Type	2024	2023
Cash and cash equivalents	$ 127,163	$ 167,317
Fixed income	421,282	387,040
Equity securities	70,009	56,198
Hedge funds	15,112	12,941
Real assets	22,179	18,181
Other	23,493	24,412
Total cash and investments	$ 679,238	$ 666,089

The University's cash pool, which consists of cash, cash equivalents, and current investments, provided a return of 10.2 percent and 4.6 percent for the fiscal years ended September 30, 2024 and 2023, respectively. Restricted investments include invested bond proceeds and related earnings, which are restricted for capital projects, totaling $40,834,000 and other restricted investments of $404,000 as of September 30, 2024. As of September 30, 2023, restricted investments include invested bond proceeds and related earnings, which are restricted for capital projects, totaling $77,480,000 and other restricted investments of $1,065,000.

Note 2 - Cash and Investments (Continued)

Investment Policies

Cash and cash equivalents and bond proceed investments are managed in accordance with the board of governors' cash management policy. This policy sets a general target allocation for its investments as follows:

Asset Class	Liquidity Pool	Liquidity Reserve Pool	Diversified	Total Portfolio	Range (Diversified Pool)	Actual at September 30, 2024
Cash	100%	0%	0%	30%		33%
Fixed Income	0%	100%	30%	56%	+/- 7%	51%
Equities	0%	0%	45%	9%	+/- 7%	11%
Hedge Funds	0%	0%	10%	2%	+/- 5%	2%
Real Assets	0%	0%	15%	3%	+/- 5%	3%

The University's cash pool investment policy permits investments in money market funds, U.S. government and government agency obligations, municipal obligations, certificates of deposit, commercial paper, corporate debt and securitized investments, certain additional securitized investments and fixed-income funds with intermediate duration, multi-strategy, and short-term high-yield strategies. In addition, cash pool investments comprise equities, hedge funds, and real assets.

The cash pool's three tiers (liquidity pool, liquidity reserve pool, and diversified pool) have different time horizons and liquidity needs; therefore, they have different permissible asset classes, credit quality, and maturity/interest rate risk characteristics. These risks are considered as part of the overall risk versus investment return characteristics of the aggregate investment portfolio when establishing its asset allocation and selecting its investment managers. Investments are managed in accordance with the investment policy and are monitored according to the risk versus investment return characteristics as compared to applicable benchmarks in the investment industry.

Custodial Credit Risk

For amounts deposited in commercial banks, custodial credit risk is the risk that, in the event of a bank failure, the University's deposits may not be available or returned. The University does not have a deposit policy governing custodial credit risk. At September 30, 2024 and 2023, the carrying amount of these deposits totaled $125,787,000 and $172,232,000, respectively. Of these amounts, $125,037,000 and $171,482,000 were uninsured and not collateralized at September 30, 2024 and 2023, respectively.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University may not be able to recover the value of its investments that are in the possession of an outside party. The counterparty is the firm that sells investments to or buys them from the University. Cash management investment policies do not limit the value of investments that may be held by an outside party. Investments in external investment pools and open-ended mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The University's counterparties held $2,474,000 and $2,174,000 of its portfolio at September 30, 2024 and 2023, respectively. These investments are either held in the name of the University or a nominee's name for the benefit of the University and would not be subject to any general creditor claims.

Note 2 - Cash and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Nationally Recognized Statistical Rating Organizations (NRSRO), such as Moody's and Standard & Poor's, assign credit ratings to security issuers and issues that indicate a measure of potential credit risk to investors. As discussed previously, specific credit standards are applied to each of the three tiers of the Cash Pool based on their ability to take risk, which is tied to their time horizon and liquidity needs. The minimum credit quality for the Liquidity Pool is A-/A3 for bank deposits, money market funds shall have at least two of the three NRSRO's A1/P1/F1, and short-term bond funds must have an average credit rating of A or better. The Liquidity Reserve Pool must have a credit rating of BBB-/Baa3 or better. The Diversified Pool must have an average credit rating of B-/B3 or better. For both years, the University was in compliance with its credit risk policy.

Fixed-income investments classified by credit ratings at September 30, 2024 and 2023 were as follows (in thousands):

	2024 Credit Rating (in thousands)					
Investment Type	AAA	AA	A	BBB	Below BB	Total
Money market mutual funds	$ 60,729	$ -	$ -	$ -	$ -	$ 60,729
Fixed-income institutional bond funds	-	66,546	204,463	35,745	53,799	360,553
Investments by rating	$ 60,729	$ 66,546	$ 204,463	$ 35,745	$ 53,799	$ 421,282

	2023 Credit Rating (in thousands)					
Investment Type	AAA	AA	A	BBB	Below BB	Total
Money market mutual funds	$ 60,681	$ -	$ -	$ -	$ -	$ 60,681
Fixed-income institutional bond funds	-	60,703	188,710	29,467	47,479	326,359
Investments by rating	$ 60,681	$ 60,703	$ 188,710	$ 29,467	$ 47,479	$ 387,040

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer of fixed-income securities. The cash management policy provides that investment pool funds be sufficiently diversified. For the liquidity and liquidity reserve pools, investment in the securities of a single issuer shall not be in excess of 5 percent of the total market value of the assets under management at the time of purchase (excluding U.S. Treasury and agency obligations and commingled funds). For the diversified pool, concentration of credit risk is managed in accordance with the fund managers' policies.

The University is in compliance with the concentration limits set forth in the cash pool investment policy.

As of September 30, 2024 and 2023, the University's liquidity and liquidity reserve pools did not have investments with a particular issuer which equaled or exceeded 5 percent.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The maximum maturity duration for the liquidity pool is one year. The maximum average duration for the liquidity reserve pool is five years. The diversified pool has no duration restriction.

Note 2 - Cash and Investments (Continued)

For both years, the University was in compliance with the maturity/duration limit set forth in the cash pool investment policy.

The University held the following types of fixed-income investments and maturities at September 30, 2024 and 2023 (in thousands):

	2024 Maturities (in Years)			
Investment Type	Less Than 1	1-5	6-10	Total
Money market mutual funds [1]	$ 60,729	$ -	$ -	$ 60,729
Fixed-income institutional bond funds [1]	33,140	252,636	74,777	360,553
Total fixed-income investments	$ 93,869	$ 252,636	$ 74,777	$ 421,282

	2023 Maturities (in Years)			
Investment Type	Less Than 1	1-5	6-10	Total
Money market mutual funds [1]	$ 60,681	$ -	$ -	$ 60,681
Fixed-income institutional bond funds [1]	32,642	227,041	66,676	326,359
Total fixed-income investments	$ 93,323	$ 227,041	$ 66,676	$ 387,040

[1] The maturities indicated for these funds are the average of the overall pool.

Foreign Currency Risk

Foreign currency risk represents the risk that changes in exchange rates will adversely affect the fair value of an investment. The University's cash management policy does not specifically limit foreign currency exposure.

Note 3 - Foundation Investments

The Foundation's investments, by statement of net position classification and investment type, at September 30, 2024 and 2023 are as follows (in thousands):

Type	2024	2023
Fixed income	$ 101,557	$ 92,149
Equity securities	307,772	262,368
Other investment instrument types not included above:		
Limited partnerships	186,515	146,464
Total investments	$ 595,844	$ 500,981

The Foundation's investments had investment performance of 20.3 and 13.9 percent for the years ended September 30, 2024 and 2023, respectively.

Note 3 - Foundation Investments (Continued)

Investment Policy

The Foundation investments are managed in accordance with the Statement of Investment Policy (Foundation Investment Policy) as approved by the Foundation's board of directors. The policy sets a target allocation and ranges for its investments as follows:

Investment Instrument	Target	Range	Actual at September 30, 2024
Global equities	38%	37%-57%	53%
Fixed-income securities	20%	6%-47%	18%
Real assets	10%	1%-25%	10%
Private markets	22%	2%-22%	10%
Diversifying strategies	10%	0%-15%	9%

The Foundation's investment policy uses diversification as a fundamental risk management strategy and these funds are broadly diversified. This policy does not specifically limit interest rate, credit, concentration of credit, or foreign currency risks. These risks are considered as part of the overall risk versus investment return characteristics of the aggregate investment portfolio when establishing its asset allocation and selecting its investment managers. Investments are managed in accordance with the investment policy and are monitored according to the risk versus investment return characteristics as compared to applicable benchmarks in the investment industry.

Other investment instrument types in the Foundation's endowment fund comprise limited partnership investments, hedge fund managers, and private markets investment managers who invest in U.S. and international equities and fixed-income instruments. Due to the pooled nature of these investments, the related amounts are not included in the disclosures that follow. Additionally, certain managers utilize derivatives to manage investment risks to increase their portfolio liquidity and flexibility and to increase investment return within the level of risk defined in the manager's investment guidelines.

Custodial Credit Risk

Custodial credit risk for investments was discussed previously in Note 2 - Cash and Investments. The Foundation's investment policies do not limit the value of investments that may be held by an outside party. The Foundation's counterparties held $6,657,000 and $53,731,000 of its portfolio at September 30, 2024 and 2023, respectively. These investments are held in a nominee's name for the benefit of the Foundation and would not be subject to any general creditor claims.

Credit Risk

As discussed previously, the Foundation's investment policy does not specifically limit the credit risk that an issuer or counterparty to an investment assumes.

Note 3 - Foundation Investments (Continued)

Fixed-income investments classified by credit ratings at September 30, 2024 and 2023 were as follows (in thousands):

	2024 Credit Rating					
Investment Type	AAA	AA	BB	B	Not Rated	Total
Money market mutual funds [(1)]	$ 6,657	$ -	$ -	$ -	$ -	$ 6,657
Fixed-income investments [(1)]	6,232	88,668	-	-	-	94,900
Direct loan fund [(1)]	-	-	-	-	-	-
Investments by rating	$ 12,889	$ 88,668	$ -	$ -	$ -	$ 101,557

	2023 Credit Rating					
Investment Type	AAA	AA	BB	B	Not Rated	Total
Money market mutual funds [(1)]	$ 8,491	$ -	$ -	$ -	$ -	$ 8,491
Fixed-income investments [(1)]	5,117	49,288	29,253	-	-	83,658
Direct loan fund [(1)]	-	-	-	-	-	-
Investments by rating	$ 13,608	$ 49,288	$ 29,253	$ -	$ -	$ 92,149

[(1)] The credit ratings indicated for these funds are the average of the overall pool.

Concentration of Credit Risk

As discussed previously, the Foundation's investment policy does not specifically limit the concentration of credit risk. As of September 30, 2024 and 2023, the Foundation's investment portfolio did not have investments with a particular issuer that equaled or exceeded 5 percent.

Interest Rate Risk

As discussed previously, the Foundation's investment policy does not specifically limit the interest rate risk of its investments.

The Foundation held the following types of fixed-income investments and maturities at September 30, 2024 and 2023 (in thousands):

	2024 Maturities (in Years)				
Investment Type	Less Than 1	1-5	6-10	More Than 10	Total
Money market mutual funds	$ 6,657	$ -	$ -	$ -	$ 6,657
Fixed-income investments [(1)]	-	34,873	60,027		94,900
Direct loan fund [(1)]	-	-	-	-	-
Total fixed-income investments	$ 6,657	$ 34,873	$ 60,027	$ -	$ 101,557

	2023 Maturities (in Years)				
Investment Type	Less Than 1	1-5	6-10	More Than 10	Total
Money market mutual funds	$ 8,491	$ -	$ -	$ -	$ 8,491
Fixed-income investments [(1)]	-	-	83,658		83,658
Direct loan fund [(1)]	-	-	-	-	-
Total fixed-income investments	$ 8,491	$ -	$ 83,658	$ -	$ 92,149

(1) The maturities indicated for these funds are the average of the overall pool.

Note 3 - Foundation Investments (Continued)

Foreign Currency Risk

As discussed previously, the Foundation's investment policy does not specifically limit foreign currency risk.

Investment Commitments

The Foundation had approximately $135,107,000 and $138,016,000 of investment commitments outstanding at September 30, 2024 and 2023, respectively.

Note 4 - University Receivables

At September 30, 2024 and 2023, receivables consisted of the following (in thousands):

	2024	2023
Grants and contracts receivable	$ 49,362	$ 37,607
Pledged gifts receivable	6,396	5,458
Student notes receivable	13,792	15,363
Student accounts receivable	59,487	60,789
Lease receivable	39,707	41,892
Other	41,371	35,660
Total	210,115	196,769
Less:		
Provision for loss on receivables	(28,791)	(20,557)
Unamortized discount to present value on pledged gifts receivable	(351)	(297)
Total	180,973	175,915
Less net current portion of receivables	(123,092)	(114,178)
Net noncurrent receivables	$ 57,881	$ 61,737

Payments on pledged gifts receivable at September 30, 2024 are expected to occur in the following fiscal years (in thousands):

2025	$ 4,090
2026-2030	2,306
Total	$ 6,396

Student notes receivable consist of loans to students made from both federal and university resources. Principal repayment and interest rate terms on these loans vary considerably. The provision for loss on receivables does not apply to the federal portion of federal student notes receivable, since federal regulations do not require the University to provide reserves on the federal portion of uncollectible student loans. Federal loan programs are funded principally with federal advances to the University from the Perkins and various health profession loan programs. The Federal Perkins loan program expired on September 30, 2017, which ended the issuance of new loans under this program. Pending additional information from the federal government, the University will continue to service all outstanding loans in accordance with program specifications.

Note 4 - University Receivables (Continued)

The University leases land, building space, and equipment to external parties. In accordance with GASB 87, the University records lease receivables which totaled $39,707,000 and $41,892,000 at September 30, 2024 and 2023, respectively. Of the total balances, noncurrent accounts receivable was $38,070,000 and $40,150,000 at September 30, 2024 and 2023, respectively. The expected receipts over the term of the respective leases are discounted to present value, using the interest rate stated on the lease, if available or otherwise discounted using the university's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. During the fiscal years ended September 30, 2024 and 2023, the University recognized revenues related to these lease agreements totaling $4,018,000 and $3,873,000, respectively.

Note 5 - Capital Assets

Capital asset activity for the years ended September 30, 2024 and 2023 was as follows (in thousands):

	Balance October 1, 2023	Additions	Retirements	Transfers	Balance September 30, 2024
Non-depreciated capital assets:					
Land	$ 43,919	$ -	$ (332)	$ -	$ 43,587
Construction in progress	12,309	20,385	-	(5,642)	27,052
Total - Nondepreciable assets	56,228	20,385	(332)	(5,642)	70,639
Depreciable capital assets:					
Land improvements	34,393	87	-	263	34,743
Buildings	1,872,702	12,326	-	5,379	1,890,407
Library materials	222,927	8,669	(12)	-	231,584
Equipment and softw are	220,679	20,970	(16,750)	-	224,899
Right-to-use assets - SBITAs	12,654	4,987	(1,084)		16,557
Right-to-use assets - Building	10,773	221	-	-	10,994
Total - Depreciable assets	2,374,128	47,260	(17,846)	5,642	2,409,184
Less accumulated depreciation:					
Land improvements	24,635	831	-	-	25,466
Buildings	939,529	51,864	-	-	991,393
Library materials	181,256	7,415	(1)	-	188,670
Equipment and softw are	182,221	10,688	(16,583)	-	176,326
Right-to-use assets - SBITAs	4,483	4,057	(1,084)		7,456
Right-to-use assets - Building	6,643	2,213	-	-	8,856
Total accumulated depreciation	1,338,767	77,068	(17,668)	-	1,398,167
Total depreciable capital assets, Net	1,035,361	(29,808)	(178)	5,642	1,011,017
Net capital assets	$ 1,091,589	$ (9,423)	$ (510)	$ -	$ 1,081,656

Note 5 - Capital Assets (Continued)

	Balance October 1, 2022	Additions	Retirements	Transfers	Balance September 30, 2023
Non-depreciated capital assets:					
Land	$ 43,933	$ -	$ (14)	$ -	$ 43,919
Construction in progress	66,795	8,836	-	(63,322)	12,309
Total - Nondepreciable assets	110,728	8,836	(14)	(63,322)	56,228
Depreciable capital assets:					
Land improvements	33,417	97	(2)	881	34,393
Buildings	1,756,448	65,952	(12,139)	62,441	1,872,702
Library materials	213,805	9,124	(2)	-	222,927
Equipment and softw are	210,290	12,278	(1,889)	-	220,679
Right-to-use assets - SBITAs	9,396	3,511	(253)		12,654
Right-to-use assets - Building	14,419	-	(3,646)	-	10,773
Total - Depreciable assets	2,237,775	90,962	(17,931)	63,322	2,374,128
Less accumulated depreciation:					
Land improvements	23,689	948	(2)	-	24,635
Buildings	902,841	48,827	(12,139)	-	939,529
Library materials	174,096	7,160	-	-	181,256
Equipment and softw are	174,402	9,708	(1,889)	-	182,221
Right-to-use assets - SBITAs	1,971	2,765	(253)	-	4,483
Right-to-use assets - Building	7,683	2,606	(3,646)	-	6,643
Total accumulated depreciation	1,284,682	72,014	(17,929)	-	1,338,767
Total depreciable capital assets, Net	953,093	18,948	(2)	63,322	1,035,361
Net capital assets	$ 1,063,821	$ 27,784	$ (16)	$ -	$ 1,091,589

Construction in progress represents expenditures for new projects that are underway but not yet completed. As projects are completed, they are removed from construction in progress and recorded as “transfers” and reflected in the applicable asset classification.

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

The University has entered into various Subscription-Based Information Technology Arrangements (SBITAs) to allow access to external software for set terms. In accordance with GASB 96, the University records right-to-use assets and subscription liabilities (see Note 6) based on the present value of expected payments over the term of the respective agreements.

Note 6 - Long-term Debt

Long-term debt activity for the years ended September 30, 2024 and 2023 was as follows (in thousands):

2024	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
General Revenue Bonds, Series 2024A, with interest ranging from 3.0% to 5.0%, maturing November 15, 2036	$ -	$ 31,885	$ -	$ 31,885	$ -
General Revenue Bonds, Series 2023, with interest ranging from 4.0% to 5.0%, maturing November 15, 2040	42,550	-	-	42,550	575
General Revenue Bonds, Series 2020, with interest ranging from 3.392% to 3.492%, maturing November 15, 2050	109,645	-	2,715	106,930	2,750
General Revenue and Refunding Bonds, Series 2019A, with interest ranging from 3.375% to 5.0%, maturing November 15, 2039	56,075	-	3,310	52,765	3,470
General Revenue and Refunding Bonds, Series 2019B, with interest ranging from 3.32% to 3.47%, maturing November 15, 2049	25,685	-	-	25,685	-
General Revenue and Refunding Bonds, Series 2018A, with interest ranging from 3.375% to 5.0%, maturing on November 15, 2049	114,225	-	2,265	111,960	2,375
General Revenue and Refunding Bonds, Series 2016A, with interest ranging from 2.5% to 5.0%, maturing on November 15, 2037	77,815	-	6,180	71,635	6,185
General Revenue and Refunding Bonds, Series 2016B, with interest ranging from 1.5% to 4.0%, maturing on November 15, 2037	8,310	-	490	7,820	285
General Revenue and Refunding Bonds, Series 2015A, with interest ranging from 3.0% to 5.0%, maturing on November 15, 2036	39,470	-	37,315	2,155	2,155
General Revenue Bonds, Series 2013A, with interest ranging from 3.0% to 5.0%, maturing on November 15, 2044	25,100	-	1,975	23,125	-
Taxable General Revenue Bonds, Series 2007B, with interest at 6.01%, maturing on November 15, 2030	4,220	-	-	4,220	530
Financed purchase payable, with interest at 3.8%, expiring on March 11, 2038 and 2.9% expiring on April 13, 2023	15,309	-	801	14,508	831
Right-to-use SBITA liability	6,765	4,693	3,618	7,840	2,661
Right-to-use lease liability	4,385	234	2,305	2,314	2,198
Various notes payable with varying interest rates maturing through 2024	13	546	-	559	157
Gross long-term debt	529,567	37,358	60,974	505,951	24,172
Plus unamortized bond premium - Net	38,120	4,294	5,667	36,747	2,659
Total long-term debt	$ 567,687	$ 41,652	$ 66,641	$ 542,698	$ 26,831

Note 6 - Long-term Debt (Continued)

2023	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
General Revenue Bonds, Series 2023, with interest ranging from 4.0% to 5.0%, maturing November 15, 2040	$ -	$ 42,550	$ -	$ 42,550	$ -
General Revenue Bonds, Series 2020, with interest ranging from 3.392% to 3.492%, maturing November 15, 2050	112,330	-	2,685	109,645	2,715
General Revenue and Refunding Bonds, Series 2019A, with interest ranging from 3.375% to 5.0%, maturing November 15, 2039	59,225	-	3,150	56,075	3,310
General Revenue and Refunding Bonds, Series 2019B, with interest ranging from 3.32% to 3.47%, maturing November 15, 2049	25,685	-	-	25,685	-
General Revenue and Refunding Bonds, Series 2018A, with interest ranging from 3.375% to 5.0%, maturing on November 15, 2049	116,375	-	2,150	114,225	2,265
General Revenue and Refunding Bonds, Series 2016A, with interest ranging from 2.5% to 5.0%, maturing on November 15, 2037	83,695	-	5,880	77,815	6,180
General Revenue and Refunding Bonds, Series 2016B, with interest ranging from 1.5% to 4.0%, maturing on November 15, 2037	8,790	-	480	8,310	490
General Revenue and Refunding Bonds, Series 2015A, with interest ranging from 3.0% to 5.0%, maturing on November 15, 2036	41,420	-	1,950	39,470	2,045
General Revenue Bonds, Series 2013A, with interest ranging from 3.0% to 5.0%, maturing on November 15, 2044	72,625	-	47,525	25,100	1,975
Taxable General Revenue Bonds, Series 2007B, with interest at 6.01%, maturing on November 15, 2030	4,220	-	-	4,220	-
Financed purchase, with interest at 3.8%, expiring on March 11, 2038 and 2.9% expiring on April 13, 2023	16,253	-	944	15,309	801
Right-to-use SBITA liability	6,852	3,511	3,598	6,765	2,254
Right-to-use lease liability	7,009	-	2,624	4,385	2,263
Various notes payable with varying interest rates maturing through 2024	36	-	23	13	13
Gross long-term debt	554,515	46,061	71,009	529,567	24,311
Plus unamortized bond premium - Net	39,231	4,262	5,373	38,120	2,322
Total long-term debt	$ 593,746	$ 50,323	$ 76,382	$ 567,687	$ 26,633

When economically feasible, the University considers defeasance or refunding of prior debt issuances to reduce borrowing costs. In September 2024, the University issued tax-exempt Series 2024A to partially refund the 2015A bonds par amount of $31,885,000. This refunding resulted in an economic gain of $2,068,122 and total debt service payments decreased by $2,117,981.

In September 2023, the University issued tax-exempt Series 2023A to partially refund the 2013A bonds par amount $42,550,000. This refunding resulted in an economic gain of $3,604,749 and total debt service payments decreased by $3,789,093.

Note 6 - Long-term Debt (Continued)

On March 19, 2012, the University entered into a financed purchase agreement for a medical office building. The finance period commenced on March 12, 2013 with an initial term of 25 years. The financed purchase is included in long-term debt and the related asset is included in buildings with cost of $22,000,000 and accumulated depreciation of approximately $6,369,000 and $5,819,000 as of September 30, 2024 and 2023, respectively.

Principal and interest maturities on long-term debt at September 30, 2024 are as follows (in thousands):

	Bond and Various Notes Payable		Right-to-Use Liability		Financed Purchase	
Fiscal Years	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 18,482	$ 19,344	$ 4,859	$ 277	$ 831	$ 551
2026	17,507	19,038	2,611	154	863	520
2027	21,822	18,155	1,478	75	896	487
2028	22,516	17,162	1,183	9	938	453
2029	23,452	16,145	21	1	981	417
2030-2034	106,995	66,069	2	-	5,518	1,498
2035-2039	99,640	43,195	-	-	4,481	390
2040-2044	81,400	25,142	-	-	-	-
2045-2049	75,440	9,326	-	-	-	-
2050-2054	14,035	450	-	-	-	-
Total	$ 481,289	$ 234,026	$ 10,154	$ 516	$ 14,508	$ 4,316

Interest paid on long-term debt was $20,752,000 and $21,606,000 in 2024 and 2023, respectively.

Effective March 2019, the University renewed and increased its lines of credit facilities with two financial institutions to $50.0 million total. The facilities had three-year terms with a maturity date of March 2022. The University extended the terms on both lines to March 2025. Borrowing rates are .40 percent in excess of one-month Bloomberg Short-Term Bank Yield and .50 percent in excess of one-month Secured Overnight Financing Rate. As of September 30, 2024 and 2023, there were no borrowings outstanding under the line of credit facilities.

Note 7 - Derivative Instruments

Interest Rate Swaps

As of September 30, 2014, the University held two interest rate instruments that were associated with the Series 2006 bonds. In February 2015, most of the Series 2006 bonds were advance refunded with proceeds from the Series 2015A bonds. In November 2016, the balance of the Series 2006 bonds was paid. As a result, both interest rate instruments became associated with the Series 2015A bonds. In September 2024, most of the Series 2015A bonds were defeased with proceeds from the 2024A bonds. Accordingly, the interest rate instruments are now associated with the 2024A bonds.

The University initially entered into these swap agreements at the same time and for the same amount as the issuance of the Series 2006 bonds, with the intent of lowering its borrowing cost by creating a cash flow hedge at a net interest rate that is lower than the fixed rate on the debt that was issued. The swap agreements are not effective hedges. They were ineffective swap agreements because they did not have consistent critical terms. In accordance with GASB Statement No. 53, an interest rate swap is considered an effective cash flow hedge if the swap payments received substantially offset the payments made on the associated debt, and then such changes in fair value are deferred. An interest rate swap that is not considered an effective cash flow hedge, in accordance with the provisions of this statement, is deemed to

Note 7 - Derivative Instruments (Continued)

be an investment derivative instrument, and changes in fair value are recorded as a component of the change in net investment income (loss) in the statement of revenues, expenses, and changes in net position.

The fair value balances and notional amounts of the derivative instruments outstanding at September 30, 2024 and 2023, classified by type and the change in fair value, are shown below (in thousands):

	Change in Fair Value		Fair Value at September 30, 2024		
Investment Derivative Instrument	Classification	Amount	Classification	Amount	Notional
Series 2024A# - Pay-variable, receive variable/fixed annuity	Net investment income (loss)	$ 705	Asset	$ 200	$ 31,800

	Change in Fair Value		Fair Value at September 30, 2023		
Investment Derivative Instrument	Classification	Amount	Classification	Amount	Notional
Series 2015A# - Pay-variable, receive variable/fixed annuity	Net investment income (loss)	$ (252)	Liability	$ (505)	$ 33,510

The fair value of the swaps was estimated using the proprietary pricing model of an independent derivative valuation service.

Terms for the year ended September 30, 2024 was as follows:

Associated Bond Issue	Effective Date	Type	Objective	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating*
Series 2024A (2 swaps)	9/5/2024	Pay variable, receive variable plus fixed annuity	Cash flow hedge for associated bond issue	SIFMA	67% SOFR plus 40.73 bps	11/15/2036	AA-/A

Terms for the year ended September 30, 2023 was as follows:

Associated Bond Issue	Effective Date	Type	Objective	Pay Terms	Receive Terms	Maturity Date	Counterparty Credit Rating*
Series 2015A (2 swaps)	2/5/2015	Pay variable, receive variable plus fixed annuity	Cash flow hedge for associated bond issue	SIFMA	67% SOFR plus 40.73 bps	11/15/2036	AA-/A

* Effective March 1, 2012, one of the original counterparties transferred by novation all the rights, liabilities, duties, and obligations to a new counterparty.

LIBOR – London Interbank Offered Rate
SOFR – Secured Overnight Financing Rate
SIFMA – Securities Industry and Financial Markets Association
bps - basis points

Associated Risk - The associated risks of the outstanding swaps as of September 30, 2024 and 2023 were as follows:

The swaps are tax basis swaps, which were executed with the objective of reducing the financing cost of the Series 2006 bonds and their related refunding bonds, the series 2015A bonds. Changes in interest rates as well as the SIFMA/LIBOR ratio (as of July 2023, SIFMA/SOFR) cause the fair value of these swaps

Note 7 - Derivative Instruments (Continued)

to rise and fall with financial market conditions. Due to changes in these market factors since inception, these swaps had a positive fair value at September 30, 2024 and a negative fair value at September 30, 2023.

Credit Risk - As of September 30, 2024 and 2023, the University was exposed to some credit risk from swap counterparties because the existing swaps had a positive fair value of $200,000 in 2024 and a negative fair value of $505,000 in 2003. The University executes swap transactions with various counterparties. At September 30, 2024, there were two outstanding swaps with two counterparties. The first counterparty held one swap that represented approximately 70 percent of the notional amount of swaps outstanding. This counterparty is rated "AA-" by Standard & Poor's (downgraded from AA+ in May 2016) and "Aa2" by Moody's. A second counterparty held one swap that represented approximately 30 percent of the notional amount of the swaps outstanding. This counterparty was rated "A+" by Fitch, "A" by Standard & Poor's (downgraded from A+ in December 2011), and "A2" by Moody’s.

Basis Risk - The swaps expose the University to basis risk. This is the risk that arises when the variable interest rates of a derivative instrument and a hedged item are based upon different interest rate reference indices. For the basis swaps, the University is exposed to the risk that the SIFMA interest rate, which it pays to the counterparties, will be more than the amount that it receives from the counterparties, which is based upon 67 percent of LIBOR plus an additional fixed annuity amount of 40.73 basis points (0.4073 percent). As of July 2023, LIBOR was discontinued and replaced by the SOFR (Secured Overnight Financing Rate). The University did not re-negotiate a new contract and instead accepted the fallback language within the existing contract.

Termination - The swap termination date is November 2036. The derivative contracts are documented by the International Swap Dealers Associations (ISDA) Master Agreement, which includes standard termination events such as failure to pay and bankruptcy. The schedule to the master agreement also provides that the swaps may be terminated by the University if the counterparty's credit quality rating falls below certain specified levels. The University or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If, at the time of termination, the swap has a negative fair value, the University is liable for a payment equal to the swap's fair value.

The use of derivative financial instruments reduces certain investment risks and generally adds value to the portfolio. The instruments themselves, however, do involve some investment and counterparty risk not fully reflected in the financial statements.

Note 8 - Defined Contribution Retirement Plan

The University offers pension benefits for substantially all of its full-time employees through a defined contribution 403(b) plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment results. Employees are eligible to participate after they reach 26 years of age. Eligible employees that contribute at least 1 percent of their salary will receive a university matching contribution equal to two times their contribution up to a maximum university contribution of 10 percent. The University’s contribution is not vested until the employee has completed two years of service. University contributions to the plan for the years ended September 30, 2024 and 2023 were approximately $35,482,000 and $34,134,000, respectively.

The University also offers a 457(b)-retirement savings plan to substantially all of its full-time employees which is fully funded by employee contributions. The University does not contribute to this plan.

Note 9 - Commitments

Construction Commitments

Approximately $18,500,000 was committed to current University construction projects at September 30, 2024. This amount includes approximately $3,668,000 for the Health Sciences Building, $2,464,000 for the Matthaei HVAC and electrical upgrade project, $1,893,000 for the Art Building HVAC improvement project, and various smaller construction projects. Commitments will be funded through a combination of resources, including external long-term financing, gifts, investment income, and various other University sources.

Note 10 - Contingencies

Insurance Program

In conjunction with the conduct of its operations, the University is exposed to various risks of loss and legal actions. To mitigate such risks, the University participates with 10 other Michigan public universities in the Michigan Universities Self-Insurance Corporation (MUSIC). This corporation provides comprehensive general liability, errors and omissions, property and vehicle liability, and excess liability insurance. The University participates in all of the aforementioned insurance programs except property insurance. The University maintains property insurance with FM Global. MUSIC loss coverages are structured on a three-layer basis with each member retaining a portion of its losses, MUSIC covering the second layer, and commercial carriers covering the third. Comprehensive general liability coverage is provided on an occurrence basis, errors and omissions coverage is provided on a claims-made basis, and property coverage is provided on a blanket basis. Each MUSIC member university is responsible for its regular anticipated losses, determined actuarially, for both general liability and errors and omissions. The aggregate retention amounts for each member are actuarially determined annually. MUSIC provides coverage for claims in excess of these retentions. By agreements with MUSIC, in the event the insurance reserves established by MUSIC are insufficient to meet its second-tier obligations, each of the participating universities shares this obligation. Participating universities are subject to additional assessments if the obligations and expenses (claims) of MUSIC exceed the combined periodic payments and accumulated operational reserves for any given year. The maximum possible additional assessment for the University for the year ended September 30, 2024, is approximately $3,710,000. The University has not been subjected to additional assessments since the formation of MUSIC in 1987.

The University is self-insured for certain employee benefits. Claim expenditures and liabilities are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. This would include an estimate of any significant claims that have been incurred but not reported. The University's recorded reserves for its self-insured workers' compensation, dental, and certain medical insurance programs at September 30, 2024 and 2023, totaled approximately $3,879,000 and $3,770,000, respectively. Specific excess (umbrella) coverage has been purchased by the University for its self-insured workers' compensation and medical insurance programs. For those risks that the University has purchased commercial insurance, settled claims have not exceeded the commercial coverage in any of the past three years.

Pending Litigation

The University is named as a defendant in certain civil actions. The University is of the opinion that the resulting disposition of these actions will not have a significant effect on the financial statements.

Note 10 - Contingencies (Continued)

Derivative Instruments

One of the University’s derivative instrument agreements requires the University to post collateral when the University credit rating is suspended, withdrawn, or downgraded to BBB+ or below by Standard & Poor’s or Baa1 or below by Moody’s in order to preclude an additional termination event from occurring. The collateral would be posted in the amount of the fair value of the hedging instrument in a liability position over a specified threshold, which varies with the University's credit rating. The collateral could be posted in the form of cash, U.S. Treasury securities, agency notes, or other securities to which the parties may agree, and the valuation percentage allowed would vary by the creditworthiness and maturities of the underlying securities used for collateral. An additional termination event would occur if the University's rating is suspended, withdrawn, or downgraded to BBB- or below by Standard & Poor’s or Baa3 or below by Moody's. The other university derivative instrument agreement does not require the University to post collateral. However, this agreement provides that an additional termination event occurs when the University’s credit rating is suspended, withdrawn, or downgraded below BBB- by Standard & Poor’s or below Baa3 by Moody’s. In order to preclude this additional termination event from terminating the swap, the University would need to provide the counterparty with an acceptable credit support document.

At September 30, 2024, the aggregate positive fair value of all hedging derivative instruments with these collateral posting provisions was $200,000. At September 30, 2023, the aggregate negative fair value of all hedging derivative instruments with these collateral posting provisions was $505,000. There were no posting requirements because the University maintained credit ratings above the thresholds.

Note 11 - Natural Classification of Expenses

Operating expenses by natural classification for the years ended September 30, 2024 and 2023 are summarized as follows (in thousands):

	2024	2023
Compensation and benefits	$ 637,952	$ 599,801
Supplies, services, and other	231,748	218,024
Depreciation and amortization	77,068	72,014
Scholarships and fellowships	13,236	13,701
Total operating expenses	$ 960,004	$ 903,540

Note 12 - Postemployment Benefits Other Than Pensions

The University offers a postemployment benefit of a fixed payout life insurance policy to its retirees. The University’s annual postemployment benefits is actuarially determined in accordance with GASB Statement No. 75. For the year ended September 30, 2024, the University’s reported OPEB liability was estimated based on an actuarial valuation date of October 1, 2022 and measurement date of September 30, 2023. For the year ended September 30, 2023, the University’s reported OPEB liability was estimated based on an actuarial valuation date of October 1, 2021 and measurement date of September 30, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date in fiscal year 2024 and 2023.

The total OPEB accrued liability, which has been recorded as accrued employee benefits on the statement of net position, was $9,269,000 and $9,094,000 at September 30, 2024 and 2023, respectively. The discount rates used in determining the total reported OPEB liability were 4.09 and 4.02 percent for fiscal year 2024 and 2023, respectively. The total OPEB expense in fiscal year 2024 and 2023 was $101,000 and $(156,000), respectively. There are no OPEB assets set-aside to fund the liability amount disclosed.

Note 12 - Postemployment Benefits Other Than Pensions (Continued)

In addition, the University makes available a plan under which certain retirees may receive healthcare coverage. There is no implicit rate subsidy and the employees pay 100 percent of the cost. As a result, there is no required or recorded liability relating to the retiree healthcare plan.

Note 13 - Related Party Transaction

The University guaranteed an operating line of credit of $2.25 million and a term loan of $6.0 million for the Research and Technology Park in the City of Detroit, Inc., a 501(c)(3) organization. During fiscal year 2016, the University paid the outstanding balances on the Research and Technology Park debt, which eliminated the guarantee, in exchange for a mortgage loan payable to the University in the amount of $5,820,000. During fiscal year 2019, the mortgage loan was refinanced and the University provided additional funding of $1,000,000. The outstanding mortgage receivable amount of $5,036,000 and $5,263,000 as of September 30, 2024 and 2023, respectively, is included in current and noncurrent receivables in the statement of net position.

In October 2019, the University entered into a loan and security agreement with a university affiliate in which the University agreed to provide certain financing to support the affiliate organization exit bankruptcy. The financing support includes a term loan of $7,320,000 and a revolving loan (tranche A and tranche B) not to exceed $7,759,165 with interest rates ranging from zero to 4.0 percent and a maturity date of September 30, 2034. The outstanding loan receivable was approximately $6,577,0000 and $6,862,000 as of September 30, 2024 and 2023, respectively. The University established a corresponding allowance which reduced the net value of the outstanding loans to zero.

Note 14 - Fair Value

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

Note 14 - Fair Value (Continued)

The University has the following recurring fair value measurements as of September 30, 2024 and 2023 (in thousands):

	Fair Market Measurements Using:			Total Fair Value at September 30,
Investments by Fair Value Level	Level 1	Level 2	Level 3	2024
Fixed-income securities:				
U.S. government securities	$ -	$ -	$ -	$ -
Corporate bond funds	184,780	175,773	-	360,553
Money market mutual funds	60,729	-	-	60,729
Total fixed-income investments	245,509	175,773	-	421,282
Equity securities:				
U.S.	-	30,530	-	30,530
Non-U.S.	-	39,479	-	39,479
Total equity securities	-	70,009	-	70,009
Real Assets:				
Liquid Real Assets	-	22,179	-	22,179
Total real assets	-	22,179	-	22,179
Other assets:				
Real estate	-	-	11,154	11,154
Beneficial interest in charitable remainder trust	-	-	12,339	12,339
Total other assets	-	-	23,493	23,493
Investments measured by fair value level	$ 245,509	$ 267,961	$ 23,493	536,963
Investments Measured at Net Asset Value (NAV) or Equivalent				
Multistrategy hedge funds				15,112
Total investments measured at NAV				15,112
Total investments measured at fair value				$ 552,075
Hedging Derivative Instruments				
Interest rate swaps		$ 200		

Note 14 - Fair Value (Continued)

	Fair Market Measurements Using:			Total Fair Value at September 30,
Investments by Fair Value Level	Level 1	Level 2	Level 3	2023
Fixed-income securities:				
U.S. government securities	$ -	$ 6,563	$ -	$ 6,563
Corporate bond funds	170,751	149,045	-	319,796
Money market mutual funds	60,681	-	-	60,681
Total fixed-income investments	231,432	155,608	-	387,040
Equity securities:				
U.S.	-	23,157	-	23,157
Non-U.S.	-	33,041	-	33,041
Total equity securities	-	56,198	-	56,198
Real Assets:				
Liquid Real Assets	-	18,181	-	18,181
Total real assets	-	18,181	-	18,181
Other assets:				
Real estate	-		13,773	13,773
Beneficial interest in charitable remainder trust	-	-	10,639	10,639
Total other assets	-	-	24,412	24,412
Investments measured by fair value level	$ 231,432	$ 229,987	$ 24,412	485,831
Investments Measured at Net Asset Value (NAV) or Equivalent				
Equity securities				-
Multistrategy hedge funds				12,941
Total investments measured at NAV				12,941
Total investments measured at fair value				$ 498,772
Hedging Derivative Instruments				
Interest rate swaps		$ (505)		

Note 14 - Fair Value (Continued)

The Foundation has the following recurring fair value measurements as of September 30, 2024 and 2023 (in thousands):

	Fair Market Measurements Using:			
Investments by Fair Value Level	Level 1	Level 2	Level 3	Total Fair Value at September 30, 2024
Fixed-income securities:				
U.S. government securities	$ -	$ -	$ -	$ -
Money market mutual funds	6,657	-	-	6,657
Total fixed-income investments	6,657	-	-	6,657
Equity securities:				
U.S.	-	-	-	-
Non-U.S.	-	-	-	-
Total equity securities	-	-	-	-
Exchange traded funds:				
Exchange traded funds	-	-	-	-
Total exchange traded funds	-	-	-	-
Investments measured by fair value level	$ 6,657	$ -	$ -	6,657
Investments Measured at Net Asset Value (NAV) or Equivalent				
Equity and fixed-income securities				402,672
Credit and loan private investments				5,132
Equity private investments				98,080
Real assets comingled funds and private investments				83,303
Total investments measured at NAV				589,187
Total investments measured at fair value				$ 595,844

Note 14 - Fair Value (Continued)

Investments by Fair Value Level	Fair Market Measurements Using: Level 1	Level 2	Level 3	Total Fair Value at September 30, 2023
Fixed-income securities:				
U.S. government securities	$ -	$ -	$ -	$ -
Money market mutual funds	8,491	-	-	8,491
Total fixed-income investments	8,491	-	-	8,491
Equity securities:				
U.S.	-	-	-	-
Non-U.S.	-	-	-	-
Total equity securities	-	-	-	-
Exchange traded funds:				
Exchange traded funds	-	-	-	-
Total exchange traded funds	-	-	-	-
Investments measured by fair value level	$ 8,491	$ -	$ -	8,491
Investments Measured at Net Asset Value (NAV) or Equivalent				
Equity and fixed-income securities				346,026
Credit and loan private investments				3,178
Equity private investments				80,210
Real assets comingled funds and private investments				63,076
Total investments measured at NAV				492,490
Total investments measured at fair value				$ 500,981

The fair value of the University's and the Foundation's fixed-income and equity securities classified in Level 1 at September 30, 2024 and 2023 were valued using prices quoted in active markets for those securities.

The fair value of the University's fixed-income securities and equity securities classified in Level 2 at September 30, 2024 and 2023 were valued using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The fair value of the University's other assets classified in Level 3 at September 30, 2024 and 2023 were valued using otherwise unobservable inputs. The University's beneficial interest in the charitable remainder trust was valued based on the trust asset details.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the table that follows.

Investments in Entities that Calculate Net Asset Value per Share

The University and the Foundation hold shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

Note 14 - Fair Value (Continued)

At September 30, 2024 and 2023, the University's fair value, unfunded commitments, and redemption policies of those investments is as follows (in thousands):

	Total Fair Value at September 30			
	2024	2023	Outstanding Commitments at September 30, 2024	Redemption Policy at September 30, 2024
Equity and fixed-income securities	$ -	$ -	$ -	Primarily daily/monthly
Multistrategy hedge funds	15,112	12,941	-	Redemption notice of two calendar months
Total investments measured at the NAV	$ 15,112	$ 12,941	$ -	

At September 30, 2024 and 2023, the Foundation's fair value, unfunded commitments, and redemption policies of those investments is as follows (in thousands):

	Total Fair Value at September 30			
	2024	2023	Outstanding Commitments at September 30, 2024	Redemption Policy at September 30, 2024
Equity and fixed-income securities	$ 402,672	$ 346,026	$ -	Primarily monthly with a maximum of 30 days notice
Credit and loan private investments	5,132	3,178	10,235	Redemptions are not permitted
Equity private investments	98,080	80,210	46,553	Redemptions are not permitted
Commodities private investments	83,303	63,076	78,318	Maximum of quartely with 90 days notice
Total investments measured at the NAV	$ 589,187	$ 492,490	$ 135,106	

The University's and the Foundation's equity and fixed-income investments include limited partnership investments and commingled investment funds that invest primarily in publicly traded domestic and publicly traded international long only equity investments and domestic fixed-income securities and instruments. These are investments in long only publicly listed equity securities. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. A majority of these investments can typically be liquidated on a monthly basis, with a 30-day notification period.

The Foundation's September 30, 2024 and 2023 credit and loan private investments include investments in private limited partnership investments that invest in domestic and European loan funds. The fair values of these investments have been estimated using the net asset values of the investments. The remaining investment period of these investments is less than five years. The nature of these investments involves capital calls and distributions being made throughout the investment period based upon the activity of the underlying investments. Because no public market exists for selling these types of investments, they are viewed as long-term investments in nature with funds being committed over the life of the investment.

The Foundation's September 30, 2024 and 2023 multi-strategy hedge funds class includes investments in hedge funds that pursue a variety of strategies to diversify risks and reduce volatility. The strategies may include equity long/short strategies, equity market-neutral strategies, fixed-income relative value, credit long/short, and global macro strategies, risk parity strategies, short bias, even driven, and fixed-income

Note 14 - Fair Value (Continued)

arbitrage positions. The fair values of the multi-strategy hedge funds investments have been estimated using the net asset value per share of the investments. The redemption policy is quarterly, with a 90-day notification period. The University's small hedge fund investment in this class is held within a trust in which the University is a minority beneficiary. Therefore, the University cannot request redemptions.

The Foundation's September 30, 2024 and 2023 equity private investments include investments in private equity funds that invest in venture capital, growth equity, buyout funds, and direct lending strategies. The fair values of the investments in this class have been estimated using the net asset value of the University's ownership interest in partners' capital. The investment period for the equity private investment is between three and twenty years. The nature of these investments involves capital calls being made throughout the investment period, as well as income distributions being received as underlying investments are bought and sold. Because no public market exists for selling these types of investments, they are viewed as long-term in nature with funds being committed over the life of the investment.

The Foundation's September 30, 2024 and 2023 real assets investments include investments in comingled funds and private investments that invest in inflation-linked fixed-income instruments, commodity derivative instruments, and real estate funds. The fair values of the investments in this class have been estimated using the net asset value of the University's ownership interest in partners' capital. The Foundation's real assets investments have a variety of redemption policies and notification periods, the most restrictive of which permit quarterly redemptions with a 90-day notification period.

Note 15 - Service Concession Arrangement

On November 30, 2017, the University entered into a Service Concessionaire Agreement (SCA) with Corvias Campus Living-WSU, LLC (Corvias), whereby Corvias will manage, maintain, and operate housing resources on campus for a 40-year term, which ends in November 2057. As part of the SCA, the University retains ownership of the housing projects and the ability, with certain limitations, to modify and approve rates, and specify or limit to whom services may be provided.

In accordance with the SCA, Corvias constructed and renovated housing projects on campus. The budget for the housing projects was $151,350,000, and all projects were planned for completion by 2020. The total cumulative consideration provided by Corvias was recorded as deferred inflows of resources. The University amortized $6,357,000 and $6,647,000 of the deferred inflow in 2024 and 2023, respectively, leaving a remaining deferred inflow of resources balance of $221,430,000 and $227,344,000 at September 30, 2024 and 2023, respectively.

Note 16 - Future Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance for compensated absences under a unified model. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the University financial statements for the year ending September 30, 2025.

Required Supplementary Information

Schedule of Changes in the University's Total OPEB Liability and Related Ratios September 30, 2024

The historical reconciliation of the total reported liability for postemployment benefits obligations for the year ended September 30 is summarized as follows:

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 336,000	$ 427,000	$ 718,000	$ 725,000	$ 194,000	$ 215,000	$ 380,000
Interest cost	378,000	257,000	252,000	273,000	323,000	296,000	254,000
Effect of plan changes	-	-	730,000	-	-	-	-
Difference between expected and actual plan experience	(447,000)	(616,000)	(1,203,000)	(542,000)	(318,000)	(393,000)	(385,000)
Changes in assumptions	(61,000)	(1,889,000)	(221,000)	679,000	1,847,000	(510,000)	(627,000)
Benefit payments	(31,000)	(25,000)	(20,000)	(19,000)	(8,000)	(10,000)	(11,000)
Net changes	$ 175,000	$ (1,846,000)	$ 256,000	$ 1,116,000	$ 2,038,000	$ (402,000)	$ (389,000)
Total liability - Beginning of year	$ 9,094,000	$ 10,940,000	$ 10,684,000	$ 9,568,000	$ 7,530,000	$ 7,932,000	$ 8,321,000
Total liability - End of year	$ 9,269,000	$ 9,094,000	$ 10,940,000	$ 10,684,000	$ 9,568,000	$ 7,530,000	$ 7,932,000
Covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total liability as a percentage of covered employee payroll	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Discount rates used in determining the total reported liability for postemployment benefits obligations were 4.09, 4.02, 2.26, 2.21, 2.66, 4.18, and 3.64 percent at the measurement dates of September 30, 2024, 2023, 2022, 2021, 2020, 2019, and 2018, respectively. Effective for the September 30, 2022 measurement date, the plan was amended to allow for a special early retirement window offering a different life insurance payout amount for participants who retired during a specified period which increased the liability by approximately $730,000. No assets are accumulated in a trust to pay related other postemployment benefits.

Supplementary Information

Combining Statement of Net Position (Deficit)
September 30, 2024
(with comparative total for the year ended September 30, 2023)
(in thousands)

	2024													2023
	General Fund	Designated Fund	Auxiliary Activities Fund	Independent Operations Fund	Expendable Restricted Fund	Subtotal Current Funds	Plant Fund	Student Loan Fund	Endowment and Similar Funds	Agency Fund	University Total	Wayne State University Foundation Total	Total	Total
Assets														
Current Assets														
Cash, cash equivalents, and	$ 277,042	$ 102,968	$ 7,099	$ (875)	$ 138,943	$ 525,177	$ 76,989	$ 12,783	$ 1,661	$ 16,448	$ 633,058	$ -	$ 633,058	$ 612,545
Current receivables - Net	51,580	18,662	4,012	726	38,147	113,127	1,960	114	3	7,888	123,092	316	123,408	114,444
Inventories	1,154	-	189	-	-	1,343	-	-	-	-	1,343	-	1,343	1,126
Prepaid expenses and deposits	52,536	188	469	9	449	53,651	4	-	-	280	53,935	-	53,935	50,946
Total current assets	382,312	121,818	11,769	(140)	177,539	693,298	78,953	12,897	1,664	24,616	811,428	316	811,744	779,061
Noncurrent Assets														
Investments	-	-	404	-		404	35,995	-	9,781	-	46,180	595,844	642,024	557,383
Noncurrent receivables - Net	-	5,135	-	4	1,023	6,162	38,350	13,369	-	-	57,881	131	58,012	61,806
Derivative instruments	-	-	-	-	-	-	200	-	-	-	200	-	200	-
Capital assets - Net	-	-	-	-	-	-	1,081,656	-	-	-	1,081,656	-	1,081,656	1,091,589
Total noncurrent assets	-	5,135	404	4	1,023	6,566	1,156,201	13,369	9,781	-	1,185,917	595,975	1,781,892	1,710,778
Total assets	382,312	126,953	12,173	(136)	178,562	699,864	1,235,154	26,266	11,445	24,616	1,997,345	596,291	2,593,636	2,489,839
Deferred Outflows of Resources	396	-	-	-	-	396	8,646	-	-	-	9,042	-	9,042	11,890
Liabilities														
Current Liabilities														
Accounts payable and accrued liabilities	52,027	2,577	3,904	182	10,846	69,536	19,509	-	408	19,771	109,224	151	109,375	121,615
Unearned revenue	145,379	8,416	2,506	-	30,670	186,971	53	-	-	-	187,024	-	187,024	171,164
Deposits	2,061	202	63	-	3	2,329	-	-	-	4,845	7,174	-	7,174	7,974
Long-term debt - Current portion	-	-	-	-	-	-	26,831	-	-	-	26,831	-	26,831	26,633
Total current liabilities	199,467	11,195	6,473	182	41,519	258,836	46,393	-	408	24,616	330,253	151	330,404	327,386
Noncurrent Liabilities														
Federal portion of student loan funds	-	-	-	-	-	-	-	15,017	-	-	15,017	-	15,017	15,630
Accrued employee benefits and other liabilities	18,271	-	1,653	-	-	19,924	-	-	4,289	-	24,213	-	24,213	23,294
Long-term debt - Net of current portion	-	-	-	-	-	-	515,867	-	-	-	515,867	-	515,867	541,054
Deriavative instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	505
Total noncurrent liabilities	18,271	-	1,653	-	-	19,924	515,867	15,017	4,289	-	555,097	-	555,097	580,483
Total liabilities	217,738	11,195	8,126	182	41,519	278,760	562,260	15,017	4,697	24,616	885,350	151	885,501	907,869
Deferred Inflow of Resources	2,636	-	10,011	-	-	12,647	257,709	-	490	-	270,846	-	270,846	278,140
Net Position (Deficit)														
Net investment in capital assets	-	-	-	-	-	-	358,866	-	-	-	358,866	-	358,866	353,797
Restricted:														
Nonexpendable	-	-	-	-	-	-	-	6,534	2,312	-	8,846	293,036	301,882	290,347
Expendable	-	-	-	-	137,043	137,043	7,965	-	3,946	-	148,954	277,908	426,862	346,643
Unrestricted	162,334	115,758	(5,964)	(318)	-	271,810	57,000	4,715	-	-	333,525	25,196	358,721	324,933
Total net position (deficit)	$ 162,334	$ 115,758	$ (5,964)	$ (318)	$ 137,043	$ 408,853	$ 423,831	$ 11,249	$ 6,258	$ -	$ 850,191	$ 596,140	$ 1,446,331	$ 1,315,720

Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position (Deficit)
Year Ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)
(in thousands)

	Year Ended September 30													
	2024													2023
	General Fund	Designated Fund	Auxiliary Activities Fund	Independent Operations Fund	Expendable Restricted Fund	Subtotal Current Funds	Plant Fund	Student Loan Fund	Endowment and Similar Funds	Adjustments	University Total	Wayne State University Foundation Total	Total	Total
Operating Revenues														
Student tuition and fees	$ 420,458	$ -	$ 9,755	$ -	$ -	$ 430,213	$ 145	$ -	$ -	$ -	$ 430,358	$ -	$ 430,358	$ 411,136
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(165,271)	(165,271)	-	(165,271)	(140,118)
Net student tuition and fees	420,458	-	9,755	-	-	430,213	145	-	-	(165,271)	265,087	-	265,087	271,018
Federal grants and contracts	-	-	-	-	123,827	123,827	-	-	-	-	123,827	-	123,827	116,615
State and local grants and contracts	-	-	-	-	74,421	74,421	-	-	-	-	74,421	-	74,421	54,635
Nongovernmental grants and contracts	4,500	56,925	-	-	52,666	114,091	-	-	-	-	114,091	-	114,091	112,132
Departmental activities	11,995	9,186	-	1,319	1,511	24,011	(292)	-	-	-	23,719	-	23,719	26,718
Auxiliary enterprises - Net of scholarship allowances of $1,749 in 2024 and $1,127 in 2023	-	-	21,872	-	-	21,872	-	-	-	(1,749)	20,123	-	20,123	18,986
Recovery of indirect costs of sponsored programs	43,454	-	-	-	(43,454)	-	-	-	-	-	-	-	-	-
Other operating revenues	4,859	-	-	-	-	4,859	-	49	-	-	4,908	-	4,908	4,641
Total operating revenues	485,266	66,111	31,627	1,319	208,971	793,294	(147)	49	-	(167,020)	626,176	-	626,176	604,745
Operating Expenses														
Instruction	244,414	33,361	-	-	19,936	297,711	-	-	-	(3,331)	294,380	-	294,380	272,459
Research	54,121	3,901	-	-	117,864	175,886	-	-	-	(10,334)	165,552	-	165,552	160,097
Public service	3,236	15,751	-	4,746	62,346	86,079	-	-	-	(868)	85,211	-	85,211	73,732
Academic support	87,676	5,992	-	-	2,192	95,860	-	-	-	(12,779)	83,081	-	83,081	85,419
Student services	44,382	2,206	-	-	367	46,955	-	-	-	(60)	46,895	-	46,895	44,276
Institutional support	98,430	6,640	-	-	194	105,264	-	-	-	(3,395)	101,869	-	101,869	94,318
Operation and maintenance of plant	62,045	1,107	-	-	538	63,690	10,113	-	-	(2,634)	71,169	-	71,169	67,892
Scholarships and fellowships	98,513	45	-	-	81,698	180,256	-	-	-	(167,020)	13,236	-	13,236	13,701
Auxiliary enterprises	-	-	21,771	-	-	21,771	-	-	-	(228)	21,543	-	21,543	19,632
Depreciation	-	-	-	-	-	-	77,068	-	-	-	77,068	-	77,068	72,014
Capital additions - Net	-	-	-	-	-	-	(33,629)	-	-	33,629	-	-	-	-
Transfers out (in):														
Debt service	31,430	542	6,592	-	-	38,564	(38,564)	-	-	-	-	-	-	-
Loan matching	73	-	-	-	-	73	-	(73)	-	-	-	-	-	-
Plant improvement and extension	16,702	13,124	2,857	-	547	33,230	(33,230)	-	-	-	-	-	-	-
Other	(8,208)	8,356	-	-	(149)	(1)	-	1	-	-	-	-	-	-
Total operating expenses	732,814	91,025	31,220	4,746	285,533	1,145,338	(18,242)	(72)	-	(167,020)	960,004	-	960,004	903,540
Operating (Loss) Income	(247,548)	(24,914)	407	(3,427)	(76,562)	(352,044)	18,095	121	-	-	(333,828)	-	(333,828)	(298,795)

Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position (Deficit) (Continued)
Year Ended September 30, 2024
(with comparative totals for the year ended September 30, 2023)
(in thousands)

	Year Ended September 30													
	2024													2023
	General Fund	Designated Fund	Auxiliary Activities Fund	Independent Operations Fund	Expendable Restricted Fund	Subtotal Current Funds	Plant Fund	Student Loan Fund	Endowment and Similar Funds	Adjustments	University Total	Wayne State University Foundation Total	Total	Total
Nonoperating Revenues (Expenses)														
State operating appropriation	$ 224,077	$ -	$ -	$ -	$ 316	$ 224,393	$ -	$ -	$ -	$ -	$ 224,393	$ -	$ 224,393	$ 213,640
Federal Pell grant	-	-	-	-	47,896	47,896	-	-	-	-	47,896	-	47,896	38,980
Gifts	-	12,866	40	2,550	11,130	26,586	-	2	1,150	-	27,738	328	28,066	35,844
Investment income (loss):														
Change in fair value of derivatives	-	-	-	-	-	-	705	-	-	-	705	-	705	(252)
Endowment and similar funds	-	-	-	-	137	137	-	-	(137)	-	-	-	-	-
Other	8,185	52,821	18	-	2,769	63,793	(1,867)	247	591	-	62,764	103,091	165,855	84,821
Net distributions from the Foundation	4,990	(1,895)	-	7	19,138	22,240	47	9	407	-	22,703	(22,703)	-	-
Interest on capital asset - Related debt	-	-	-	-	-	-	(23,967)	-	-	-	(23,967)	-	(23,967)	(22,289)
Gain (loss) on capital assets retired	-	-	-	-	-	-	(83)	-	-	-	(83)	-	(83)	185
Other	-	-	-	-	-	-	11,213	(114)	(1,042)	-	10,057	-	10,057	24,825
Net nonoperating revenues (expenses)	237,252	63,792	58	2,557	81,386	385,045	(13,952)	144	969	-	372,206	80,716	452,922	375,754
Income (Loss) Before Other	(10,296)	38,878	465	(870)	4,824	33,001	4,143	265	969	-	38,378	80,716	119,094	76,959
Other														
Capital gifts and grants	-	-	-	-	-	-	43	-	-	-	43	-	43	50,963
Gifts for permanent endowments	-	-	-	-	-	-	-	-	-	-	-	11,474	11,474	15,509
Total other	-	-	-	-	-	-	43	-	-	-	43	11,474	11,517	66,472
Increase (Decrease) in Net Position	(10,296)	38,878	465	(870)	4,824	33,001	4,186	265	969	-	38,421	92,190	130,611	143,431
Net Position (Deficit) - Beginning of year	172,630	76,880	(6,429)	552	132,219	375,852	419,645	10,984	5,289	-	811,770	503,950	1,315,720	1,172,289
Net Position (Deficit) - End of year	**$ 162,334**	**$ 115,758**	**$ (5,964)**	**$ (318)**	**$ 137,043**	**$ 408,853**	**$ 423,831**	**$ 11,249**	**$ 6,258**	**$ -**	**$ 850,191**	**$ 596,140**	**$ 1,446,331**	**$ 1,315,720**

Wayne State University

Combining Statement of Net Position (Deficit)
Year Ended September 30, 2023
(in thousands)

2023	General Fund	Designated Fund	Auxiliary Activities Fund	Independent Operations Fund	Expendable Restricted Fund	Subtotal Current Funds	Plant Fund	Student Loan Fund	Endowment and Similar Funds	Agency Fund	University Total	Wayne State University Foundation Total	Total
Assets													
Current Assets													
Cash, cash equivalents, and investments	$ 265,191	$ 68,040	$ 6,199	$ (45)	$ 139,414	$ 478,799	$ 91,101	$ 11,504	$ 1,615	$ 26,668	$ 609,687	$ 2,858	$ 612,545
Current receivables - Net	52,923	12,404	4,309	717	34,204	104,557	2,084	138	-	7,399	114,178	266	114,444
Inventories	940	-	186	-	-	1,126	-	-	-	-	1,126	-	1,126
Prepaid expenses and deposits	51,104	303	559	1	342	52,309	(1,637)	-	-	274	50,946	-	50,946
Total current assets	370,158	80,747	11,253	673	173,960	636,791	91,548	11,642	1,615	34,341	775,937	3,124	779,061
Noncurrent Assets													
Investments	-	-	1,065	-		1,065	47,259	-	8,078	-	56,402	500,981	557,383
Noncurrent receivables - Net	-	5,276	-	30	1,021	6,327	40,438	14,972	-	-	61,737	69	61,806
Derivative instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets - Net	-	-	-	-	-	-	1,091,589	-	-	-	1,091,589	-	1,091,589
Total noncurrent assets	-	5,276	1,065	30	1,021	7,392	1,179,286	14,972	8,078	-	1,209,728	501,050	1,710,778
Total assets	370,158	86,023	12,318	703	174,981	644,183	1,270,834	26,614	9,693	34,341	1,985,665	504,174	2,489,839
Deferred Outflows of Resources	858	-	-	-	-	858	11,032	-	-	-	11,890	-	11,890
Liabilities													
Current Liabilities													
Accounts payable and accrued liabilities	43,921	2,649	3,823	151	12,022	62,566	29,813	-	320	28,692	121,391	224	121,615
Unearned revenue	131,721	6,292	2,361	-	30,736	171,110	54	-	-	-	171,164	-	171,164
Deposits	2,056	202	63	-	4	2,325	-	-	-	5,649	7,974	-	7,974
Long-term debt - Current portion	-	-	-	-	-	-	26,633	-	-	-	26,633	-	26,633
Total current liabilities	177,698	9,143	6,247	151	42,762	236,001	56,500	-	320	34,341	327,162	224	327,386
Noncurrent Liabilities													
Federal portion of student loan funds	-	-	-	-	-	-	-	15,630	-	-	15,630	-	15,630
Accrued employee benefits and other liabilities	17,515	-	2,186	-	-	19,701	-	-	3,593	-	23,294	-	23,294
Long-term debt - Net of current portion	-	-	-	-	-	-	541,054	-	-	-	541,054	-	541,054
Deriavative instruments	-	-	-	-	-	-	505	-	-	-	505	-	505
Total noncurrent liabilities	17,515	-	2,186	-	-	19,701	541,559	15,630	3,593	-	580,483	-	580,483
Total liabilities	195,213	9,143	8,433	151	42,762	255,702	598,059	15,630	3,913	34,341	907,645	224	907,869
Deferred Inflow of Resources	3,173	-	10,314	-	-	13,487	264,162	-	491	-	278,140	-	278,140
Net Position (Deficit)													
Net investment in capital assets	-	-	-	-	-	-	353,797	-	-	-	353,797	-	353,797
Restricted:													
Nonexpendable	-	-	-	-	-	-	-	6,628	2,058	-	8,686	281,661	290,347
Expendable	-	-	-	-	132,219	132,219	9,307	-	3,231	-	144,757	201,886	346,643
Unrestricted	172,630	76,880	(6,429)	552	-	243,633	56,541	4,356	-	-	304,530	20,403	324,933
Total net position (deficit)	$ 172,630	$ 76,880	$ (6,429)	$ 552	$ 132,219	$ 375,852	$ 419,645	$ 10,984	$ 5,289	$ -	$ 811,770	$ 503,950	$ 1,315,720

Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position (Deficit)
Year Ended September 30, 2023
(in thousands)

	Year Ended September 30												
	2023												
	General Fund	Designated Fund	Auxiliary Activities Fund	Independent Operations Fund	Expendable Restricted Fund	Subtotal Current Funds	Plant Fund	Student Loan Fund	Endowment and Similar Funds	Adjustments	University Total	Wayne State University Foundation Total	Total
Operating Revenues													
Student tuition and fees	$ 401,493	$ -	$ 9,502	$ -	$ -	$ 410,995	$ 141	$ -	$ -	$ -	$ 411,136	$ -	$ 411,136
Less scholarship allowances	-	-	-	-	-	-	-	-	-	(140,118)	(140,118)	-	(140,118)
Net student tuition and fees	401,493	-	9,502	-	-	410,995	141	-	-	(140,118)	271,018	-	271,018
Federal grants and contracts	-	-	-	-	116,615	116,615	-	-	-	-	116,615	-	116,615
State and local grants and contracts	-	-	-	-	54,635	54,635	-	-	-	-	54,635	-	54,635
Nongovernmental grants and contracts	3,370	59,521	-	-	49,241	112,132	-	-	-	-	112,132	-	112,132
Departmental activities	11,853	11,551	-	1,985	1,551	26,940	(222)	-	-	-	26,718	-	26,718
Auxiliary enterprises - Net of scholarship allowances of $1,127 in 2023 and $968 in 2022	-	-	20,113	-	-	20,113	-	-	-	(1,127)	18,986	-	18,986
Recovery of indirect costs of sponsored programs	41,532	-	-	-	(41,532)	-	-	-	-	-	-	-	-
Other operating revenues	4,609	-	-	-	-	4,609	-	32	-	-	4,641	-	4,641
Total operating revenues	462,857	71,072	29,615	1,985	180,510	746,039	(81)	32	-	(141,245)	604,745	-	604,745
Operating Expenses													
Instruction	227,295	30,270	-	-	17,579	275,144	-	-	-	(2,685)	272,459	-	272,459
Research	47,462	3,442	-	-	113,837	164,741	-	-	-	(4,644)	160,097	-	160,097
Public service	2,013	15,005	-	4,511	52,702	74,231	-	-	-	(499)	73,732	-	73,732
Academic support	87,978	8,666	-	-	1,432	98,076	-	-	-	(12,657)	85,419	-	85,419
Student services	42,199	1,837	-	-	303	44,339	-	-	-	(63)	44,276	-	44,276
Institutional support	90,154	5,357	-	-	100	95,611	-	-	-	(1,293)	94,318	-	94,318
Operation and maintenance of plant	60,776	684	-	-	352	61,812	8,826	-	-	(2,746)	67,892	-	67,892
Scholarships and fellowships	92,900	377	-	-	61,669	154,946	-	-	-	(141,245)	13,701	-	13,701
Auxiliary enterprises	-	-	19,731	-	-	19,731	-	-	-	(99)	19,632	-	19,632
Depreciation	-	-	-	-	-	-	72,014	-	-	-	72,014	-	72,014
Capital additions - Net	-	-	-	-	-	-	(24,686)	-	-	24,686	-	-	-
Transfers out (in):													
Debt service	32,430	542	6,592	-	-	39,564	(39,564)	-	-	-	-	-	-
Loan matching	101	-	-	-	-	101	-	(101)	-	-	-	-	-
Plant improvement and extension	8,829	518	2,269	-	599	12,215	(12,215)	-	-	-	-	-	-
Other	(7,071)	7,229	-	-	(170)	(12)	-	12	-	-	-	-	-
Total operating expenses	685,066	73,927	28,592	4,511	248,403	1,040,499	4,375	(89)	-	(141,245)	903,540	-	903,540
Operating (Loss) Income	(222,209)	(2,855)	1,023	(2,526)	(67,893)	(294,460)	(4,456)	121	-	-	(298,795)	-	(298,795)

Combining Statement of Revenues, Expenses, Transfers, and Changes in Net Position (Deficit) (Continued)
Year Ended September 30, 2023
(in thousands)

Year Ended September 30 — 2023

	General Fund	Designated Fund	Auxiliary Activities Fund	Independent Operations Fund	Expendable Restricted Fund	Subtotal Current Funds	Plant Fund	Student Loan Fund	Endowment and Similar Funds	Adjustments	University Total	Wayne State University Foundation Total	Total
Nonoperating Revenues (Expenses)													
State operating appropriation	$ 213,376	$ -	$ -	$ -	$ 264	$ 213,640	$ -	$ -	$ -	$ -	$ 213,640	$ -	$ 213,640
Federal Pell grant	-	-	-	-	38,980	38,980	-	-	-	-	38,980	-	38,980
Federal economic relief funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Gifts	-	15,555	42	2,297	17,013	34,907	-	4	725	-	35,636	208	35,844
Investment income (loss):													
Change in fair value of derivatives	-	-	-	-	-	-	(252)	-	-	-	(252)	-	(252)
Endowment and similar funds	-	-	-	-	84	84	-	-	(84)	-	-	-	-
Other	9,328	17,097	12	(1)	1,302	27,738	435	228	444	-	28,845	55,976	84,821
Net distributions from the Foundation	4,654	458	-	7	15,851	20,970	46	9	(584)	-	20,441	(20,441)	-
Interest on capital asset - Related debt	-	-	-	-	-	-	(22,289)	-	-	-	(22,289)	-	(22,289)
Gain (loss) on capital assets retired	-	-	-	-	-	-	185	-	-	-	185	-	185
Other	-	-	-	-	-	-	25,894	(90)	(979)	-	24,825	-	24,825
Net nonoperating revenues (expenses)	227,358	33,110	54	2,303	73,494	336,319	4,019	151	(478)	-	340,011	35,743	375,754
Income (Loss) Before Other	5,149	30,255	1,077	(223)	5,601	41,859	(437)	272	(478)	-	41,216	35,743	76,959
Other													
State capital appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital gifts and grants	-	-	-	-	50,000	50,000	963	-	-	-	50,963	-	50,963
Gifts for permanent endowments	-	-	-	-	-	-	-	-	-	-	-	15,509	15,509
Total other	-	-	-	-	50,000	50,000	963	-	-	-	50,963	15,509	66,472
Increase (Decrease) in Net Position	5,149	30,255	1,077	(223)	55,601	91,859	526	272	(478)	-	92,179	51,252	143,431
Net Position (Deficit) - Beginning of year	167,481	46,625	(7,506)	775	76,618	283,993	419,119	10,712	5,767	-	719,591	452,698	1,172,289
Net Position (Deficit) - End of year	**$ 172,630**	**$ 76,880**	**$ (6,429)**	**$ 552**	**$ 132,219**	**$ 375,852**	**$ 419,645**	**$ 10,984**	**$ 5,289**	**$ -**	**$ 811,770**	**$ 503,950**	**$ 1,315,720**

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