MINNESOTA STATE

Annual Financial Report

For the years ended June 30, 2025 and 2024

MINNESOTA STATE
COLLEGES AND UNIVERSITIES

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Prepared by:

Minnesota State Colleges and Universities
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St. Paul, MN 55101-7804

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MINNESOTA STATE COLLEGES AND UNIVERSITIES

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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INTRODUCTION

MINNESOTA STATE

November 18, 2025

Board of Trustees
Scott Olson, Chancellor
Minnesota State
30 East 7th Street, Suite 350, St. Paul, MN 55101-7804

Dear Board of Trustees and Chancellor Olson:

I am pleased to submit to you the audited financial report for Minnesota State Colleges and Universities (Minnesota State) for the fiscal years ended June 30, 2025 and 2024. The financial statements are prepared by management and presented in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. This report includes the financial statements and disclosures necessary to accurately present the financial condition and results of operations for the two years. Within the financial statements, which were audited by the firm of CliftonLarsonAllen LLP, you will find the statements of net position, the statements of revenues, expenses, and changes in net position and the statements of cash flows.

We are also providing separately audited financial statements for the Revenue Fund. It is worth noting that the systemwide and Revenue Fund audit opinions are each without modification, a testimony to the efforts of each and every employee with responsibility for financial information at the 54 campuses and in the system office.

For a summary review and explanation of the financial statements, please review the Management's Discussion and Analysis section of the report. The Finance Division and the finance staff at every college and university are responsible for assuring the accuracy, reliability, fairness and completeness of the information presented in this report. We rely upon the administrative and finance staff at each college and university in provision of that assurance. Many people assisted in this effort and are deserving of our appreciation.

Sincerely,

Bill Maki
Vice Chancellor for Finance and Facilities

Campus Map

MINNESOTA STATE

MinnState.edu

COLLEGES

Alexandria Technical & Community College
Anoka Technical College
Anoka-Ramsey Community College
Central Lakes College
Century College
Dakota County Technical College
Fond du Lac Tribal & Community College
Hennepin Technical College
Inver Hills Community College
Lake Superior College
Minneapolis College
Minnesota North College
Minnesota State College Southeast
Minnesota State Community and Technical College
Minnesota West Community & Technical College
Normandale Community College
North Hennepin Community College
Northland Community & Technical College
Northwest Technical College
Pine Technical & Community College
Ridgewater College
Riverland Community College
Rochester Community and Technical College
Saint Paul College
South Central College
St. Cloud Technical & Community College

UNIVERSITIES

Bemidji State University
Metro State University
Minnesota State University, Mankato
Minnesota State University Moorhead
St. Cloud State University
Southwest Minnesota State University
Winona State University

Minnesota State Colleges and Universities

ALEXANDRIA TECHNICAL & COMMUNITY COLLEGE
Alexandria
Michael Seymour, President
1-888-234-1222
www.alextech.edu

ANOKA-RAMSEY COMMUNITY COLLEGE **
Cambridge, Coon Rapids
Kent Hanson
(763) 433-1100
www.anokaramsey.edu

ANOKA TECHNICAL COLLEGE**
Anoka
Kent Hanson
(763) 576-4850
www.anokatech.edu

BEMIDJI STATE UNIVERSITY*
Bemidji
John Hoffman, President
1-877-236-4354
www.bemidjistate.edu

CENTRAL LAKES COLLEGE
Brainerd, Staples
Hara Charlier, President
1-800-933-0346
www.clcmn.edu

CENTURY COLLEGE
White Bear Lake
Angelia Millender, President
1-800-228-1978
www.century.edu

DAKOTA COUNTY TECHNICAL COLLEGE
Rosemount
Michael Berndt, President
1-877-937-3282
www.dctc.edu

FOND DU LAC TRIBAL & COMMUNITY COLLEGE
Cloquet
Anita Hanson, President
1-800-657-3712
www.fdltcc.edu

HENNEPIN TECHNICAL COLLEGE
Brooklyn Park, Eden Prairie
Joy Bodin, President
1-800-345-4655
www.hennepintech.edu

INVER HILLS COMMUNITY COLLEGE
Inver Grove Heights
Michael Berndt, President
(651) 450-3000
www.inverhills.edu

LAKE SUPERIOR COLLEGE
Duluth
Linda Kingston, President
1-800-432-2884
www.lsc.edu

METROPOLITAN STATE UNIVERSITY
St. Paul, Minneapolis
Ginny Arthur, President
(651) 793-1300
www.metrostate.edu

MINNEAPOLIS COLLEGE
Minneapolis
Sharon Pierce, President
1-800-247-0911
www.minneapolis.edu

MINNESOTA NORTH COLLEGE
Mesabi, Hibbing, Vermilion, Rainy River, Itasca
Michael Riach, President
1-888-223-8068
www.minnesotanorth.edu

MINNESOTA STATE COLLEGE SOUTHEAST
Red Wing, Winona
Marsha Danielson
1-877-853-8324
www.southeastmn.edu

MINNESOTA STATE COMMUNITY & TECHNICAL COLLEGE
Detroit Lakes, Fergus Falls, Moorhead, Wadena
Carrie Brimhall, President
1-877-450-3322
www.minnesota.edu

MINNESOTA STATE UNIVERSITY, MANKATO
Mankato
Edward Inch, President
1-800-722-0544
www.mnsu.edu

MINNESOTA STATE UNIVERSITY MOORHEAD
Moorhead
Tim Downs, President
1-800-593-7246
www.mnstate.edu

MINNESOTA WEST COMMUNITY & TECHNICAL COLLEGE
Canby, Granite Falls, Jackson, Pipestone, Worthington
Terry Gaalswyk, President
1-800-658-2330
www.mnwest.edu

NORMANDALE COMMUNITY COLLEGE
Bloomington
Pakou Yang, President
1-866-880-8740
www.normandale.edu

NORTH HENNEPIN COMMUNITY COLLEGE
Brooklyn Park
Rolando Garcia, President
1-800-818-0395
www.nhcc.edu

NORTHLAND COMMUNITY & TECHNICAL COLLEGE
East Grand Forks, Thief River Falls
Shari Olson, President
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www.northlandcollege.edu

NORTHWEST TECHNICAL COLLEGE*
Bemidji
John Hoffman, President
1-800-942-8324
www.ntcmn.edu

PINE TECHNICAL & COMMUNITY COLLEGE
Pine City
Joe Mulford, President
1-800-521-7463
www.pinetech.edu

RIDGEWATER COLLEGE
Hutchinson, Willmar
Craig Johnson, President
1-800-722-1151
www.ridgewater.edu

RIVERLAND COMMUNITY COLLEGE
Albert Lea, Austin, Owatonna
Kat Linaker, President
1-800-247-5039
www.riverland.edu

ROCHESTER COMMUNITY AND TECHNICAL COLLEGE
Rochester
Jeffery Boyd, President
1-800-247-1296
www.rctc.edu

ST. CLOUD STATE UNIVERSITY
St. Cloud
Larry Dietz, President
1-877-654-7278
www.stcloudstate.edu

ST. CLOUD TECHNICAL & COMMUNITY COLLEGE
St. Cloud
Lori Kloos, President
1-800-222-1009
www.sctcc.edu

SAINT PAUL COLLEGE
St. Paul
Deidra Peaslee, President
1-800-227-6029
www.saintpaul.edu

SOUTH CENTRAL COLLEGE
Faribault, Mankato
Ritu Raju, President
1-800-722-9359
www.southcentral.edu

SOUTHWEST MINNESOTA STATE UNIVERSITY
Marshall
David Jones, President
1-800-642-0684
www.smsu.edu

WINONA STATE UNIVERSITY
Winona
Ken Janz, President
1-800-342-5978
www.winona.edu

* Bemidji State University and Northwest Technical College are aligned.
**Anoka-Ramsey Community College and Anoka Technical College are aligned.

The financial activity of the Minnesota State Colleges and Universities is included in this report. It is comprised of 33 colleges and universities. The Revenue Fund activity is included in both this report and the separately issued Revenue Fund Annual Financial Report.

All financial activity of the Minnesota State Colleges and Universities is included in the state of Minnesota Annual Comprehensive Financial Report. A separately issued schedule of expenditures of federal awards will be available at a later date.

FINANCIAL SECTION

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Minnesota State Colleges and Universities
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Minnesota State Colleges and Universities (Minnesota State), as of and for the year ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Minnesota State's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Minnesota State, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Bemidji State University Alumni and Foundation, Metropolitan State University Foundation, Minnesota State University Moorhead Foundation, Inc., Southwest Minnesota State University Foundation, and Winona State University Foundation, which cumulatively represents 59% of the total assets, 57% of the total net assets, and 52% of the expenses of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The other auditors did not audit the Foundations as listed above in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting and instances of reportable noncompliance associated with the Foundations.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Minnesota State Colleges and Universities do not purport to, and do not, present fairly the financial position of the State of Minnesota as of June 30, 2025 and 2024, the changes in its financial position, or its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

During fiscal year ended June 30, 2025, Minnesota State colleges and Universities adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 101, Compensated Absences. As a result of implementation of this standard, Minnesota State Colleges and Universities reported a restatement for the change in accounting principle (see Note 1). Ou auditors' opinion was not modified with respect to the restatement.

Basis for Opinions

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

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 Minnesota State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Minnesota State'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 Minnesota State's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025, on our consideration of Minnesota State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Minnesota State'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 Minnesota State's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 18, 2025

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Minnesota State Colleges and Universities (Minnesota State) for the years ended June 30, 2025, 2024, and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and related notes, which follow this section.

Minnesota State, a state supported system, is the largest single provider of higher education in the state of Minnesota, and is comprised of 33 state universities, technical, community colleges, and the System Office. Minnesota State continues to maintain 54 campuses in 47 communities across the state. Offering almost 4,000 educational programs, the system serves approximately 226,000 students annually in credit-based courses, as measured by unduplicated headcount enrollment. The system serves over 75,000 students of color and American Indian students across the state. Approximately 100,000 students enroll in non-credit courses each year through the system's continuing education and customized training services. The system employs approximately 14,000 full time and part time faculty and staff. Minnesota State is governed by a fifteen-member board of trustees appointed by the Governor. Twelve trustees serve six-year terms, eight representing each of Minnesota's congressional districts, and four serving at-large. Three student trustees: one from a state university, one from a community college, and one from a technical college, serve two-year terms. The board of trustees selects the chancellor and has broad policy responsibility for system planning, academic programs, fiscal management, personnel, admissions requirements, tuition and fees, and policies and procedures.

FINANCIAL HIGHLIGHTS

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, were implemented during fiscal year 2015 and 2016. The adoption of GASB Statements No. 68 and No. 75 have a long-term material negative impact on Minnesota State's financial position.

It is worth noting, that the impact on fiscal years 2025, 2024, and 2023 salaries and benefits expense due to GASB Statements No. 68 and No. 75 is a result of a more comprehensive approach to pension and other postemployment benefit expense, which reflects estimates of the amounts that employees earned during the year, rather than actual contributions to the plans. The actuarially derived net pension liability, other postemployment benefit (OPEB) liability, related deferred outflows, and deferred inflows of resources, can vary between years due to actuarial assumption and benefit changes, thus affecting financial statements comparability between years.

The system's overall financial position increased by $43.1 million in fiscal year 2025.

Excluding the GASB Statements No. 68 and No. 75 effect, fiscal year 2025 net position increased by $8.5 million, or 0.4 percent. This follows a fiscal year 2024 net position increase of $73.9 million, or 3.2 percent.

- Income (loss) before other revenues, expenses, gains, or losses, experienced a loss of $21.2 million and a gain of $60.3 million in fiscal years 2025 and 2024, respectively. This compares to a gain of $61.6 million in fiscal year 2023. Excluding the effects of GASB Statements No. 68 and No. 75, the system experienced a loss of $55.8 million in fiscal year 2025. This follows gains of $27.7 million in fiscal year 2024 and a loss of $86.9 million in fiscal year 2023.

- Compensation, the largest cost category in the system, increased $85.2 million, or 5.8 percent, in fiscal year 2025. This follows increases of $182.3 million or 14.2 percent and $106.9 million, or 9.1 percent, in fiscal years 2024 and 2023, respectively. Excluding the GASB Statements No. 68 and No. 75 adjustments, the net increase in compensation was $87.2 million, or 5.8 percent, in fiscal year 2025. This follows an increase in compensation of $66.4 million, or 4.6 percent and $57.5 million, or 4.2 percent, in fiscal years 2024 and 2023, respectively. This cost constitutes 66.7 percent of the system's fiscal year 2025 total operating expenses, compared to 68.5 percent for fiscal year 2024.

- The state appropriation and tuition charged to students are the system's two largest revenue sources. The state appropriation decreased by $29.0 million, or 3.0 percent, in fiscal year 2025 following an increase of 21.1 percent increase in fiscal year 2024.

- Gross tuition revenue increased $33.5 million, or 4.3 percent, in fiscal year 2025. This is compared to an increase of $23.6 million, or 3.1 percent and $2.1 million, or 0.3 percent, in fiscal years 2024 and 2023, respectively. Undergraduate tuition rates for two-year colleges and universities were unchanged for fiscal year 2025 and 2024. This follows tuition rates increases of 3.4 percent at two-year colleges and 3.5 percent at state universities in fiscal year 2023.

- The number of full year equivalent students is a significant factor driving both tuition revenue and operating expenses. The number of full year equivalent for credit students in fiscal years 2025, 2024, and 2023 totaled 114,791, 108,089, and 105,497, respectively. Enrollment in fiscal year 2025 increased 6.2 percent from fiscal year 2024. This follows an increase of 2.5 percent between fiscal year 2024 and 2023.

- Federal grants increased by $58.5 million, or 19.3 percent, in fiscal year 2025 compared to fiscal year 2024, following a decrease of $25.8 million, or 7.9 percent in fiscal year 2024 compared to fiscal year 2023. The fiscal year 2025 increase is attributable to changes in the Pell grant calculation which resulted in more students qualifying for the award, and higher award amount eligibility overall. The fiscal year 2024 and 2023 decrease is attributable to the conclusion of Higher Education Emergency Relief Fund (HEERF I, II, and III) grant revenue.

- Total debt supporting the system's capital asset investment programs decreased in fiscal year 2025 by $12.6 million to a total of $390.9 million, a 3.1 percent decrease. This decrease was primarily due to the repayment of revenue bonds of $15.9 million.

- The system has been building up its cash in fiscal years 2021, 2020, and 2019 to adopt a new Enterprise Resource Planning (ERP) system which began implementation in fiscal year 2021. While expenses outpaced revenues by $0.8 million in fiscal year 2025, revenues outpaced expenses by $4.5 million in fiscal year 2024.

USING THE FINANCIAL STATEMENTS

This annual financial report includes five financial statements: the statements of net position, the statements of revenues, expenses, and changes in net position, the statements of cash flows, the statements of fiduciary net position held for pension benefits, and the statements of changes in fiduciary net position held for pension benefits (the last two statements relate to the system's defined contribution retirement plan). These five financial statements are prepared in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board.

STATEMENTS OF NET POSITION

The statements of net position present the financial position of the system at the end of the fiscal year, including all assets, deferred outflows, liabilities, and deferred inflows. Net position, the result of total assets and deferred outflows, minus total liabilities and deferred inflows, is one indicator of the current financial condition of the system. Assets, deferred outflows, liabilities, and deferred inflows are generally measured using current values. One notable exception is capital assets which are stated at historical cost, less an allowance for depreciation and amortization.

A summary of the system's statements of net position as of June 30, 2025, 2024, and 2023 follows:

(In Thousands)

	2025	Restated 2024	2023
Current assets	$ 1,444,569	$ 1,408,241	$ 1,358,496
Noncurrent assets	13,775	10,354	15,140
Capital and right to use assets, net	1,867,873	1,865,272	1,892,710
Deferred outflows of resources	149,436	182,545	204,883
Total assets and deferred outflows of resources	3,475,653	3,466,412	3,471,229
Current liabilities	349,389	326,991	335,799
Noncurrent liabilities	842,407	983,946	972,175
Deferred inflows of resources	209,531	124,266	169,653
Total liabilities and deferred inflows of resources	1,401,327	1,435,203	1,477,627
Net position	$ 2,074,326	$ 2,031,209	$ 1,993,602

The primary component of current assets is cash and cash equivalents (unrestricted), which decreased by $9.9 million to total $1.2 billion at June 30, 2025. This $1.2 billion of cash and cash equivalents plus investments of $28.4 million represent approximately 6.6 months of fiscal year 2025 operating expenses (excluding depreciation and amortization), a decrease of 0.6 months from fiscal year 2024. This is a measure of liquid asset availability to cover operating expenses in the event of a temporary interruption to or decrease in the system's revenues.

Deferred outflows of $149.4 million and $182.5 million were reported in fiscal years 2025 and 2024, respectively, which represent the consumption of net position in one period that is applicable to future periods and is primarily due to GASB Statements No. 68 and No. 75.

Current liabilities consist primarily of salaries and benefits payable and accounts payable. Salaries and benefits payable at June 30, 2025 increased from the prior year by $7.1 million, or 6.6 percent, to a total of $113.6 million. Consistent with prior years, the salaries and benefits payable accrual included about two months of earned salary for faculty who elected to receive salaries over twelve months on a September 1 through August 31 year. Accounts payable, including payables from restricted assets, increased by $14.5 million, or 26.1 percent, in fiscal year 2025 compared to fiscal year 2024.

The noncurrent liabilities decreased by $141.5 million, or 14.4 percent, in fiscal year 2025 compared to fiscal year 2024. This was primarily due to a decrease of $136.7 million in the net pension liability in fiscal year 2025 compared to fiscal year 2024.

Deferred inflows of $209.5 million and $124.3 million were reported in fiscal years 2025 and 2024, respectively, which represent the acquisition of net position in one period that is applicable to future periods and is primarily due to GASB Statements No. 68 and No. 75. Additionally, GASB Statement No. 68 resulted in a net pension liability for fiscal years 2025 and 2024 in the amounts of $205.3 million and $342.0 million, respectively.

Net position represents the system's residual interest in total assets and deferred outflows after deducting total liabilities and deferred inflows. Net investment in capital assets, represents by far the largest portion of net position. Capital assets are carried at historical cost, not replacement cost. Restricted net position has constraints placed on its use by external creditors, grantors, contributors, laws or regulations, and consist primarily of those asset restrictions imposed by bond covenants of $111.4 million and restricted for debt service of $41.4 million for a combined $8.9 million increase from fiscal year 2024.

The system's net position as of June 30, 2025, 2024, and 2023 follows:

(In Thousands)

	2025	Restated 2024	2023
Net investment in capital assets	$ 1,506,161	$ 1,486,327	$ 1,473,791
Restricted expendable, bond covenants	111,405	106,798	94,358
Restricted expendable, other	64,297	60,843	62,835
Unrestricted	392,463	377,241	362,618
Total net position	$ 2,074,326	$ 2,031,209	$ 1,993,602

The system's financial position increased during fiscal year 2025 with net position increasing by $43.1 million, or 2.1 percent, on total revenues of $2.4 billion.

Unrestricted net position increased by $15.2 million over fiscal year 2024. This is compared to the increase of $14.6 million over fiscal year 2023. During fiscal year 2023 unrestricted net position also increased by $96.1 million. This is mainly due to GASB Statements No. 68 and No. 75, as seen in the table below.

Without the effect of GASB Statements No. 68 and No. 75, unrestricted net position decreased $19.4 million, or 2.7 percent, in fiscal year 2025, with a decrease of $18.0 million, or 2.4 percent in fiscal year 2024. The decrease in fiscal year 2025 was primarily due to increases to compensation expense, coupled with a decreased investment by the state of Minnesota to higher education through state appropriation. The decrease in fiscal year 2024 was primarily due to a net position restatement related to compensated absences.

(In Thousands)

	2025	Restated 2024	2023
Unrestricted net position balance at June 30	$ 392,463	$ 377,241	$ 362,618
Prior year effect of GASB Statements No. 68 and No. 75	362,716	395,296	543,740
Current year effect of GASB Statements No. 68 and No. 75	(34,612)	(32,580)	(148,444)
Balance at June 30, without effect of GASB No. 68 and No. 75	$ 720,567	$ 739,957	$ 757,914

CAPITAL AND DEBT ACTIVITIES

With over 28 million managed square feet, the quality of the system's academic and residential life programs is closely linked to the development and renewal of its capital assets. The system continues to update and implement a long-range plan to modernize its complement of older facilities, balanced with new construction. Detail on commitments for construction projects is provided in Note 16 to the financial statements.

Fiscal year 2025 capital outlays totaled $171.2 million, including $118.3 million of new construction in progress, compared to fiscal year 2024 capital outlays which totaled $137.4 million, including $83.2 million of new construction in progress. Investments in capital assets consist largely of replacement and renovation of academic facilities, student housing, and investments in equipment and furniture.

Capital and right to use assets are primarily financed by long-term debt through issuance of general obligation and revenue bonds. As more fully described in Notes 1 and 8, the system is responsible for paying one third of the debt service for certain general obligation bonds sold by the state of Minnesota for capital asset projects. The system recognizes as capital appropriation revenue any portion of general obligation bonds sold for which the system has no debt service responsibility.

Total state appropriation in fiscal year 2025 was $928.7 million of which $0.3 million is included for asset repairs and improvements that are not capitalized. General obligation bonds payable totaled $141.4 million at June 30, 2025, a net increase of $1.9 million, during the fiscal year. Revenue bonds payable at June 30, 2025 totaled $142.1 million, a net decrease of $15.9 million, from June 30, 2024.

The percentage of total revenue expended to cover debt service (principal and interest payments on general obligation and revenue bonds, leases, subscriptions, and notes payable) has increased from $52.1 million, or 2.5 percent, in fiscal year 2011, to $67.4 million, or 2.8 percent, in fiscal year 2025. This compares to 0.8 percent of total revenue to cover debt service (principal and interest payments) on general obligation bonds only for fiscal year 2025.

Additional information on capital and debt activities can be found in Note 6 and Note 8 to the financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statements of revenues, expenses, and changes in net position present the system's results of operations and the overall change in net position for the fiscal year. It is the difference between the year's revenue and expense activities that results in an overall increase or decrease to net position. The state appropriation and federal and state grants are required under GASB Statement No. 34 to be considered nonoperating revenues.

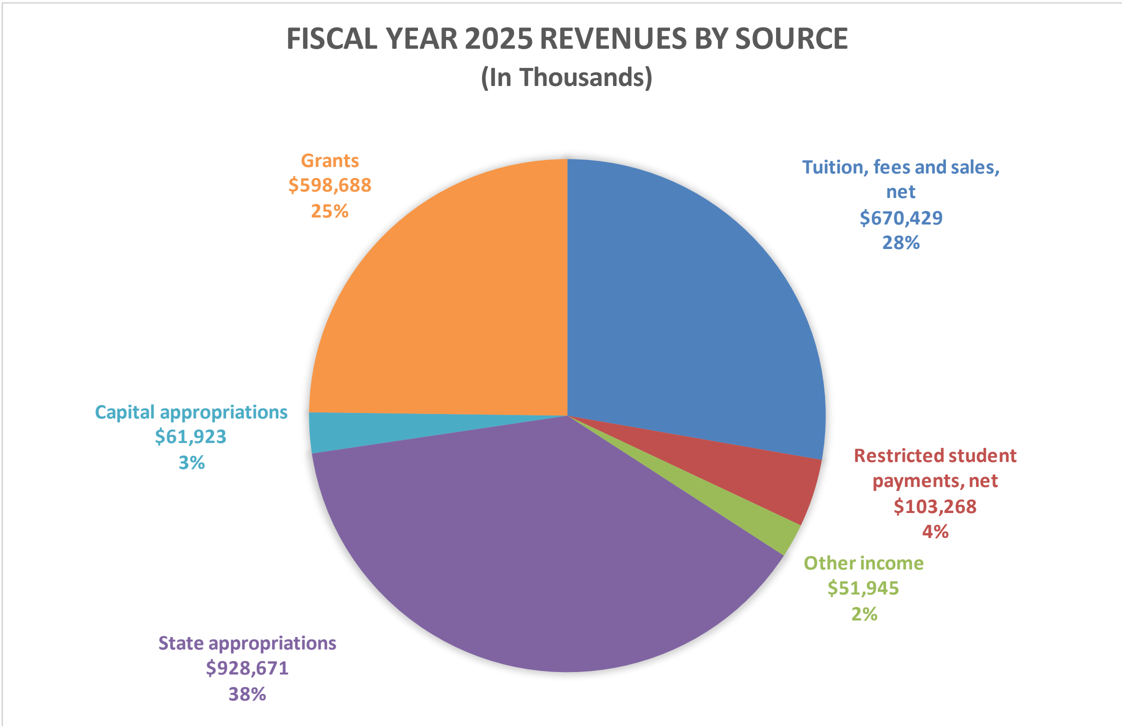
A summary of the system's statements of revenues, expenses and changes in net position as of June 30, 2025, 2024, and 2023 follows:

(In Thousands)

	2025	Restated 2024	2023
Operating revenues:			
Tuition, fees and sales, net	$ 670,429	$ 674,142	$ 664,978
Restricted student payments, net	103,268	100,336	94,219
Other income	16,779	15,100	14,380
Total operating revenues	790,476	789,578	773,577
Nonoperating revenues and other revenues:			
State appropriations	928,671	957,694	790,580
Capital appropriations	61,923	43,740	16,936
Grants	598,688	464,761	481,934
Other	35,166	36,028	26,234
Total nonoperating and other revenues	1,624,448	1,502,223	1,315,684
Total revenues	2,414,924	2,291,801	2,089,261
Operating expenses:			
Salaries and benefits	1,553,427	1,468,268	1,286,006
Depreciation and amortization	163,830	161,296	157,618
Financial aid, net	147,229	82,250	74,299
Other	480,642	446,762	459,995
Total operating expenses	2,345,128	2,158,576	1,977,918
Nonoperating expenses and other expenses:			
Interest expense	9,733	10,658	11,507
Other	16,946	16,072	15,386
Total nonoperating and other expenses	26,679	26,730	26,893
Total expenses	2,371,807	2,185,306	2,004,811
Change in net position	43,117	106,495	84,450
Net position, beginning of year	2,031,209	1,993,602	1,909,152
Cumulative effect of change in accounting principle	-	(68,888)	-
Net position, beginning of year, as restated	2,031,209	1,924,714	1,909,152
Net position, end of year	$ 2,074,326	$ 2,031,209	$ 1,993,602

The fiscal year 2025 total revenues increased by $123.1 million, or 5.4 percent, which is primarily due to an increase in federal grant revenue of $58.5 million primarily driven by changes in the Pell grant calculation, coupled with an increase in state grant revenue of $71.7 million, primarily driven by the North Star Promise program. Total operating revenues increased by $0.9 million in fiscal year 2025 compared to fiscal year 2024. Tuition revenue, net decreased by $12.4 million, or 2.4 percent. Restricted student payments, net increased by $2.9 million, or 2.9 percent.

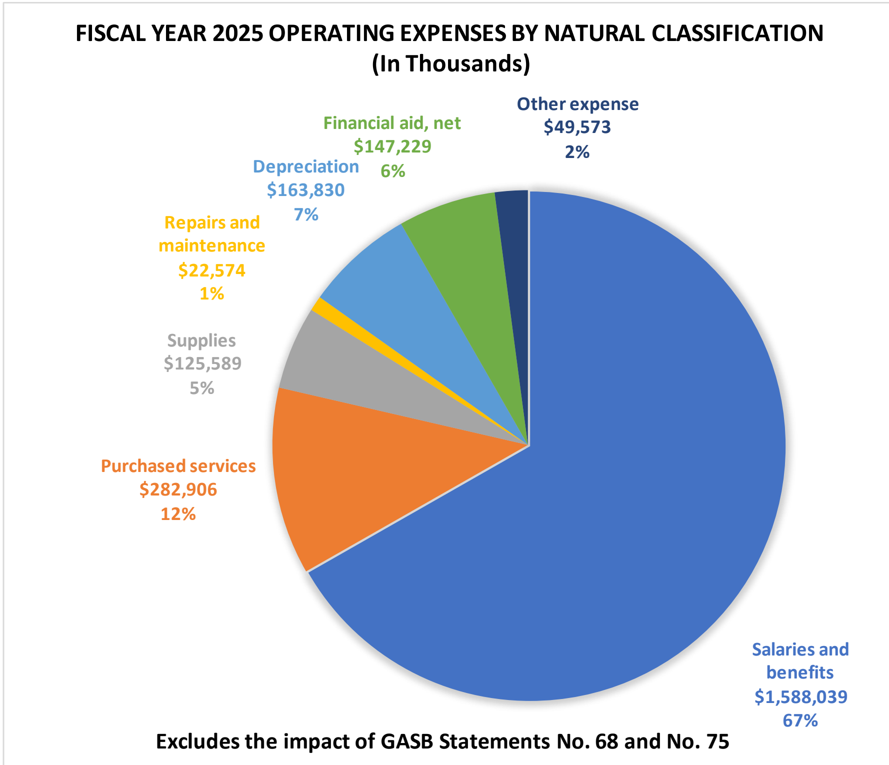
The following chart depicts fiscal year 2025 revenue by source:

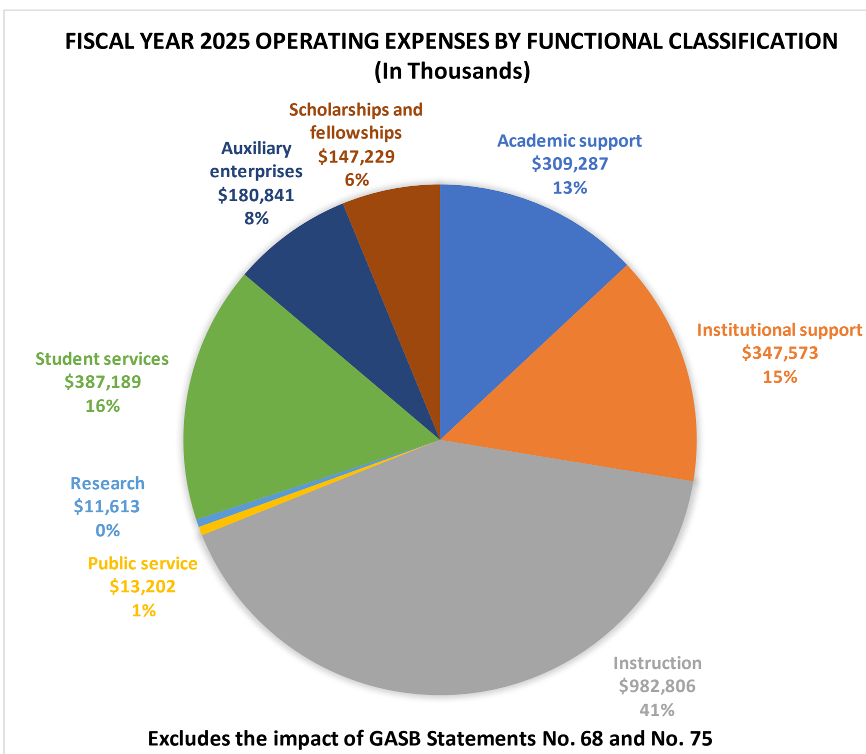


Compensation is the system's single largest expense component. Compensation expense increased $85.2 million, or 5.8 percent, in fiscal year 2025 and represented 66.2 percent of total operating expense, compared to 68.0 percent in fiscal year 2024. Total compensation expense included fringe benefit costs of $376.5 million and $358.4 million in fiscal years 2025 and 2024, respectively. Excluding the GASB Statements No. 68 and No. 75 adjustments, the net increase in compensation was $87.2 million, or 5.8 percent, for fiscal year 2025.

The total of all other operating expenses increased in fiscal year 2025 by $101.4 million, or 14.7 percent compared to fiscal year 2024. This follows a decrease of 0.2 percent from fiscal year 2023 to fiscal year 2024. The increase in fiscal year 2025 is primarily driven by financial aid outlays related to the North Star Promise program.

The following charts illustrate fiscal year 2025 operating expenses by natural and functional classifications. Total expenses additionally include interest expense of $9.7 million and grants to other organizations of $16.9 million. These charts exclude the impact of GASB Statements No. 68 and No. 75 which result in a credit to compensation expense of $34.6 million:





The system's overall financial position increased by $43.1 million in fiscal year 2025. Without the effect of GASB Statements No. 68 and No. 75, the system's overall financial position increased by $8.5 million in fiscal year 2025.

(In Thousands)	2025	Restated 2024	2023
Increase in net position			
Including GASB No. 68 and GASB No. 75	$ 43,117	$ 106,495	$ 84,450
Impact on compensation expense			
Pension	(39,265)	(36,081)	(149,886)
Other postemployment benefits	4,653	3,501	1,442
Total GASB No. 68 and No. 75 impact	$ (34,612)	$ (32,580)	$ (148,444)
Increase (decrease) in net position			
Excluding GASB No. 68 and No. 75	$ 8,505	$ 73,915	$ (63,994)

INVESTMENTS

All balances related to tuition revenues and most fees are held in the state treasury. These funds are invested as part of the state's investment pool by the State Board of Investment. Under state statute, the system's share of earnings on the state's investment pool is allocated to each institution by the System Office. Note 2 provides additional information on cash and investments, including steps taken to control interest and credit related risks. Revenue Fund cash balances are held in part by the state treasury and in part by U.S. Bank, N.A., as trustee, and are invested separately under contracts for investment management services.

FOUNDATIONS

The system's annual financial report for the years ended June 30, 2025 and 2024 includes financial statements for the foundations of all seven state universities, based on an assessment of the foundations' significance to the system's financial statements.

The accompanying financial report includes the foundations' statements of financial position, and the foundations' statements of activities, analogous to the system's statements of revenues, expenses, and changes in net position. It should be noted that the foundations' financial statements are not consolidated and are reported separately within the system's financial statements. The relationships between the foundations and the related universities are described in Note 18.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Minnesota State's overall financial position remained relatively stable in fiscal year 2025. Significant new student financial aid investments from the state of Minnesota and the system's largest enrollment increase since fiscal year 2010 played a significant role in a $43.1 million improvement in the system's overall financial position.

The state of Minnesota made a historic $650.0 million additional investment in higher education during the 2023 legislative session. Those investments included $292.9 million for Minnesota State for fiscal years 2024 and 2025 and $117.3 million to the state Office of Higher Education to start the North Star Promise program. This free college program awards scholarships to eligible students in an amount not to exceed 100 percent of tuition and fees after grants and other scholarships are deducted. Each scholarship is for one semester and may be renewed provided that the eligible student continues to meet the conditions of eligibility.

Eligibility for the scholarship includes that the student has completed the FAFSA, has a family adjusted gross income below $80,000, has not earned a baccalaureate degree at the time the scholarship was awarded, is enrolled in at least one credit per semester, and is making satisfactory progress. Nearly 12,000 Minnesota State students benefited from this new program in the inaugural term - fall semester 2024. Overall Minnesota State students received about 70.0 percent of the $108.2 million that was distributed by the state during the first year of the program.

Minnesota State's enrollment in fiscal year 2025 increased by 6.2 percent over fiscal year 2024 levels. Fiscal year 2024 enrollment increased by 2.5 percent after over a decade of enrollment declines. Fall semester 2025 30-day enrollment numbers indicate a third consecutive year of increases as headcount enrollment has increased by 4.2 percent for the system from fall semester 2024 numbers. In addition to the North Star Promise program, the state of Minnesota supports a robust state grant program and added other financial aid programs during the FY2024-2025 biennium. Those programs include the Minnesota American Indian Scholarship program, Emergency Assistance for Students, a Student Parent Support Initiative, and a Next Generation Nursing Assistant Program. Minnesota State expects enrollment to stay stable and increase slightly over the next couple of years with projections a 2.6 percent increase in fiscal year 2026, 1.2 percent in fiscal year 2027, and 1.4 percent in fiscal year 2028.

Operationally, Minnesota State went live with Workday for Human Capital Management (HCM) and Finance on July 1, 2024. The HCM and Finance implementation of Workday is the first major step in Minnesota State's journey to a modern technology landscape that will support students, faculty, and staff at our thirty-three state universities, technical, community colleges and the system office across the state. Minnesota State's system office's relationship with its twenty-six colleges and seven universities and its state treasury relationship with the State of Minnesota Management and Budget agency has created implementation challenges, with cash management and reconciliation. Minnesota State continues to work towards stabilization in this area to improve its processes in this new environment. The implementation of Workday was the system's first ERP implementation in approximately 25 years.

At a special November 2024 board of trustees meeting, the board approved moving forward with the implementation of Workday Student. The total budget for Student was approved at $116.2 million. After Student is implemented Minnesota State will have invested approximately $300.0 million in the implementation of Workday as its ERP. The complex transition to implement Student will occur over the course of the 2028-2029 academic year. This cloud-based technology solution will link all fifty-four campuses and provide a unified administrative technology system that improves student experience and streamlines enterprise-wide business processes in student services, finance, and human resources.

At its November 2024 board meeting, the board approved a legislative request focused on protecting Minnesota State's commitment to inclusive excellence and ensuring all Minnesotans receive an extraordinary, affordable, accessible education and provide businesses with the workforce they need. The request totaled $465.0 million in additional funding over the biennium, with ongoing funding for the most crucial operating needs and one-time funding to address immediate critical infrastructure needs. The $285.0 million portion of the request for student affordability and system operations was designed to meet the financial needs of college, university, and system operations while allowing the board of trustees to set tuition through the system's extensive consultation process.

The state *Budget and Economic Forecast* of February 2025 projected a state General Fund structural imbalance for the fiscal 2026-2027 biennium before inflation of $2.14 billion in projected spending greater than projected revenues. Based on this forecast, the legislature and Governor enacted significant appropriation reductions and did not backfill the base reductions previously enacted for Minnesota State. These base reductions include $22.5 million (roughly 3.4 percent) less for base operation allocations and $12.5 million per year (roughly 11.6 percent) less for allocations in lieu of past limitations on tuition increases.

While the system did not receive any portion of its request, the board of trustees did set tuition for fiscal year 2026 at a systemwide average increase of 5.5 percent, which was projected to generate an additional $41.0 million in new operating revenue. Unfortunately, base projected inflationary costs were projected to increase by approximately twice that amount, creating a structural deficit in the current biennium.

The FY2024-2025 Biennium Budget Close Report issued by the Minnesota Department of Management and Budget (MMB) on October 15, 2025, indicated the biennium ended with a general fund balance $941.0 million higher than estimated at the end of the 2025 special legislative session in June. Final revenue, including taxes, other revenue, and accounting adjustments from prior fiscal years for the biennium closed $1.313 billion (2.1 percent) higher than estimates. General fund spending for the close biennium, after reporting adjustments, was $364 million (0.5 percent) higher than prior fiscal years. The next official state economic forecast will be released in late November/early December 2025. The outlook for the U.S. economy for 2025-2029 has deteriorated since the February 2025 forecast was issued. Acknowledging these realities, colleges and universities will need to plan for no additional or potentially less state support for the next few fiscal years.

Minnesota State's fiscal year 2026-2031 Strategic Priorities will focus on ensuring long-term student success, ensuring long-term financial sustainability, and ensuring systemwide effectiveness. Long-term student success areas of focus will include personalizing student support and closing equity gaps along with streamlining student pathways for efficiency and relevance. These areas of focus build from continued emphasis on Equity 2030 and Strategic Enrollment Management (SEM) initiatives.

Ensuring long-term financial sustainability will focus on optimizing shared services and regional collaboration, future-proofing financial and operational models, and diversifying and growing resource streams. The system will be reviewing its tuition and fee policies, internal state appropriation allocation framework/model, and conduct a Foundation study over the next year.

Ensuring systemwide effectiveness will focus on reimagining our governance and operational structural models and cultivating a culture of continuous improvement. There are opportunities to better leverage Minnesota State's power of being a large system in many different areas. Overall, these priorities want to enhance the system's core value of providing an opportunity for all Minnesotan to create a better future for themselves, for their families, and for their communities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Minnesota State's finances for all those with an interest in the system's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

System Director Financial Reporting
Minnesota State
30 East 7th Street, Suite 350
St Paul, MN 55101-7804

MINNESOTA STATE COLLEGES AND UNIVERSITIES
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025 AND 2024
(IN THOUSANDS)

Assets	2025	Restated 2024
Current Assets		
Cash and cash equivalents	$ 1,167,165	$ 1,177,028
Investments	28,375	23,937
Grants receivable	52,688	35,225
Accounts receivable, net	77,368	90,272
Leases receivable	2,792	2,712
Prepaid expense	22,950	21,091
Inventory and other assets	10,905	11,962
Student loans, net	821	1,202
Total current assets	1,363,064	1,363,429
Current Restricted Cash and Cash Equivalents	81,505	44,812
Noncurrent Restricted Assets		
Investments	-	320
Total noncurrent restricted assets	-	320
Total restricted assets	81,505	45,132
Noncurrent Assets		
Notes receivable	995	1,119
Leases receivable	11,592	7,135
Student loans, net	1,188	1,780
Land and construction in progress	201,431	158,148
Capital and right to use assets, net	1,666,442	1,707,124
Total noncurrent assets	1,881,648	1,875,306
Total Assets	3,326,217	3,283,867
Deferred Outflows of Resources	149,436	182,545
Total Assets and Deferred Outflows of Resources	3,475,653	3,466,412
Liabilities		
Current Liabilities		
Salaries and benefits payable	113,632	106,570
Accounts payable	54,278	42,288
Unearned revenue	60,438	62,145
Payable from restricted assets	15,852	13,336
Other liabilities	10,896	11,681
Current portion of long-term obligations	54,920	52,857
Other compensation benefits	39,373	38,114
Total current liabilities	349,389	326,991
Noncurrent Liabilities		
Noncurrent portion of long-term obligations	336,026	350,648
Other compensation benefits	301,078	291,311
Net pension liability	205,303	341,987
Total noncurrent liabilities	842,407	983,946
Total Liabilities	1,191,796	1,310,937
Deferred Inflows of Resources	209,531	124,266
Total Liabilities and Deferred Inflows of Resources	1,401,327	1,435,203
Net Position		
Net investment in capital assets	1,506,161	1,486,327
Restricted expendable, bond covenants	111,405	106,798
Restricted expendable, other	64,297	60,843
Unrestricted	392,463	377,241
Total Net Position	$ 2,074,326	$ 2,031,209

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES FOUNDATIONS
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024
(IN THOUSANDS)

Assets	2025	2024
Current Assets		
Cash and cash equivalents	$ 11,423	$ 12,668
Investments	55,122	42,424
Pledges and contributions receivable, net	8,785	7,013
Other receivables and Other assets	852	829
Annuities/Remainder interests/Trusts	174	165
Total current assets	76,356	63,099
Noncurrent Assets		
Annuities/Remainder interests/Trusts	3,216	3,279
Long-term pledges receivable	25,642	12,122
Investments	323,387	291,710
Buildings, property and equipment, net	25,475	21,087
Other assets	18,463	9,151
Total noncurrent assets	396,183	337,349
Total Assets	$ 472,539	$ 400,448
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 2,859	$ 1,502
Interest payable	58	19
Unearned revenue	621	801
Annuities payable	862	435
Bonds payable	805	1,133
Scholarships payable and Other liabilities	2,367	2,315
Total current liabilities	7,572	6,205
Noncurrent Liabilities		
Annuities payable and Unitrust liabilities	815	945
Notes payable	9,236	6,575
Bonds payable	6,809	5,556
Total noncurrent liabilities	16,860	13,076
Total Liabilities	24,432	19,281
Net Assets		
Without donor restrictions	35,794	28,234
With donor restrictions	412,313	352,933
Total Net Assets	448,107	381,167
Total Liabilities and Net Assets	$ 472,539	$ 400,448

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
(IN THOUSANDS)

	2025	Restated 2024
Operating Revenues		
Tuition, net	$ 500,758	$ 513,135
Fees, net	72,102	74,746
Sales and room and board, net	97,569	86,261
Restricted student payments, net	103,268	100,336
Other income	16,779	15,100
Total operating revenues	790,476	789,578
Operating Expenses		
Salaries and benefits	1,553,427	1,468,268
Purchased services	282,906	270,845
Supplies	125,589	118,709
Repairs and maintenance	22,574	18,252
Depreciation and amortization	163,830	161,296
Financial aid, net	147,229	82,250
Other expense	49,573	38,956
Total operating expenses	2,345,128	2,158,576
Operating loss	(1,554,652)	(1,368,998)
Nonoperating Revenues (Expenses)		
Appropriations	928,671	957,694
Federal grants	361,603	303,111
State grants	198,325	126,608
Private grants	38,760	35,042
Interest income	32,786	33,568
Interest expense	(9,733)	(10,658)
Grants to other organizations	(16,946)	(16,072)
Total nonoperating revenues (expenses)	1,533,466	1,429,293
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(21,186)	60,295
Capital appropriations	61,923	43,740
Capital grants	-	132
Donated assets	1,309	1,085
Gain on disposal of capital assets	1,071	1,243
Change in net position	43,117	106,495
Total Net Position, Beginning of Year	2,031,209	1,993,602
Cumulative Change in Accounting Principle	-	(68,888)
Total Net Position, Beginning of Year - Restated	2,031,209	1,924,714
Total Net Position, End of Year	$ 2,074,326	$ 2,031,209

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES FOUNDATIONS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(IN THOUSANDS)

	Without Donor Restrictions	With Donor Restrictions	2025 Total
Support and Revenue			
Contributions	$ 7,840	$ 39,471	$ 47,311
Endowment gifts	-	1,064	1,064
In-kind contributions	4,884	4,381	9,265
Investment income	5,129	40,279	45,408
Realized gain (loss)	(1)	298	297
Unrealized gain (loss)	(407)	1,461	1,054
Program income	1,307	217	1,524
Special events	-	119	119
Fundraising income	-	258	258
Other income	1,013	138	1,151
Reclassification of net assets	2,072	(2,072)	-
Net assets released from restrictions	26,204	(26,204)	-
Total support and revenue	48,041	59,410	107,451
Expenses			
Program services			
Program services	5,712	-	5,712
Scholarships	13,202	-	13,202
Institutional activities	7,720	-	7,720
Special projects	1,725	-	1,725
Total program services	28,359	-	28,359
Supporting services			
Management and general	5,288	30	5,318
Fundraising	6,834	-	6,834
Total supporting services	12,122	30	12,152
Total expenses	40,481	30	40,511
Change in Net Assets	7,560	59,380	66,940
Net Assets, Beginning of Year	28,234	352,933	381,167
Net Assets, End of Year	$ 35,794	$ 412,313	$ 448,107

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES FOUNDATIONS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(IN THOUSANDS)

	Without Donor Restrictions	With Donor Restrictions	2024 Total
Support and Revenue			
Contributions	$ 2,144	$ 25,450	$ 27,594
Endowment gifts	-	4,146	4,146
In-kind contributions	4,820	396	5,216
Investment income	4,087	30,613	34,700
Realized gain (loss)	(6)	2,336	2,330
Unrealized gain	82	278	360
Program income	1,506	208	1,714
Special events	-	245	245
Fundraising income	-	219	219
Other income	1,066	176	1,242
Reclassification of net assets	1,371	(1,371)	-
Net assets released from restrictions	25,279	(25,279)	-
Total support and revenue	40,349	37,417	77,766
Expenses			
Program services			
Program services	5,096	-	5,096
Scholarships	14,579	-	14,579
Institutional activities	2,599	-	2,599
Special projects	1,472	-	1,472
Total program services	23,746	-	23,746
Supporting services			
Management and general	5,021	-	5,021
Fundraising	6,138	-	6,138
Total supporting services	11,159	-	11,159
Total expenses	34,905	-	34,905
Change in Net Assets	5,444	37,417	42,861
Net Assets, Beginning of Year	22,790	315,516	338,306
Net Assets, End of Year	$ 28,234	$ 352,933	$ 381,167

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
(IN THOUSANDS)

	2025	Restated 2024
Cash Flows from Operating Activities		
Cash received from customers	$ 797,423	$ 792,125
Cash repayment of program loans	881	1,468
Cash paid to suppliers for goods or services	(471,420)	(452,426)
Cash payments for employees	(1,560,487)	(1,496,928)
Financial aid disbursements	(147,229)	(82,250)
Net cash flows used in operating activities	(1,380,832)	(1,238,011)
Cash Flows from Noncapital and Related Financing Activities		
Appropriations	928,671	957,694
Federal grants	335,873	293,327
State grants	198,325	126,608
Private grants	38,760	35,042
Agency activity	(12,422)	2,163
Grants to other organizations	(16,946)	(16,072)
Net cash flows provided by noncapital and related financing activities	1,472,261	1,398,762
Cash Flows from Capital and Related Financing Activities		
Investment in capital assets	(138,917)	(120,500)
Capital appropriation	77,568	23,229
Proceeds from sale of capital assets and insurance proceeds	5,501	1,816
Proceeds from borrowing	20,948	6,022
Proceeds from bond premiums	3,019	778
Interest paid	(14,101)	(13,928)
Repayment of lease principal	(11,747)	(13,131)
Repayment of note principal	(1,453)	(1,126)
Repayment of bond principal	(34,823)	(32,599)
Net cash flows used in capital and related financing activities	(94,005)	(149,439)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	5,000	2,843
Purchase of investments	(9,457)	(4,382)
Investment earnings	33,863	33,150
Net cash flows provided by investing activities	29,406	31,611
Net Increase in Cash and Cash Equivalents	26,830	42,923
Cash and Cash Equivalents, Beginning of Year	1,221,840	1,178,917
Cash and Cash Equivalents, End of Year	$ 1,248,670	$ 1,221,840

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
(IN THOUSANDS)

	2025	Restated 2024
Operating Loss	$ (1,554,652)	$ (1,368,998)
Adjustment to Reconcile Operating Loss to		
Net Cash Flows used in Operating Activities		
Change in pension plan related items:		
Net pension liability	(136,684)	(32,753)
Deferred inflows of resources	70,725	(38,126)
Deferred outflows of resources	26,694	34,798
Depreciation and amortization	163,830	161,296
Provision for loan defaults	49	9
Loan principal repayments	881	1,468
Forgiven loans	51	1,005
Change in assets and liabilities		
Inventory	1,728	790
Accounts receivable	(488)	6,559
Leases receivable	(396)	(205)
Accounts payable	(2,213)	(19,135)
Salaries and benefits payable	7,062	7,129
Other compensation benefits and related deferred outflows and inflows	26,893	11,206
Capital contributions payable	(1,448)	(2,370)
Unearned revenue	7,830	(3,807)
Other	9,306	3,123
Net reconciling items to adjust operating loss	173,820	130,987
Net cash flows used in operating activities	$ (1,380,832)	$ (1,238,011)
Non-Cash Investing, Capital, and Financing Activities:		
Capital projects on account	$ 32,953	$ 19,987
Donated capital assets	1,309	1,217
Amortization of bond premium	4,344	4,394

MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT FUND
STATEMENTS OF FIDUCIARY NET POSITION HELD FOR PENSION BENEFITS
AS OF JUNE 30, 2025 AND 2024
(IN THOUSANDS)

	2025	2024
Assets		
Mutual Funds	$ 3,294,982	$ 2,999,050
Total Assets	3,294,982	2,999,050
Liabilities		
Total Liabilities	-	-
Net Position Held in Trust for Pension Benefits	$ 3,294,982	$ 2,999,050

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES
DEFINED CONTRIBUTION RETIREMENT FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION HELD FOR PENSION BENEFITS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
(IN THOUSANDS)

	2025	2024
Additions:		
Contributions		
Employer	$ 63,332	$ 61,162
Member	57,617	55,648
Contributions from roll overs and other sources	5,961	5,217
Total Contributions	126,910	122,027
Net Investment Gain	346,815	361,121
Total Additions	473,725	483,148
Deductions:		
Benefits and refunds paid to plan members	176,678	158,566
Administrative fees	1,115	1,089
Total Deductions	177,793	159,655
Net Increase	295,932	323,493
Net Position Held in Trust for Pension Benefits, Beginning of Year	2,999,050	2,675,557
Net Position Held in Trust for Pension Benefits, End of Year	$ 3,294,982	$ 2,999,050

The notes are an integral part of the financial statements.

MINNESOTA STATE COLLEGES AND UNIVERSITIES
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024
(DOLLARS IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation — The reporting policies of Minnesota State Colleges and Universities (Minnesota State) conform to generally accepted accounting principles (GAAP) in the United States as prescribed by the Governmental Accounting Standards Board (GASB). The statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows represent the financial activities of each institution and Minnesota State's (system) activity in total.

Financial Reporting Entity — Minnesota State is an agency of the state of Minnesota and receives appropriations from the state legislature, substantially all of which are used to fund general operations. The Minnesota State financial statements include the 33-member colleges and universities, the system office, and systemwide activity. The operations of most student organizations are included in the reporting entity because the board of trustees has certain fiduciary responsibilities for these resources.

Minnesota State may finance the construction, renovation, and acquisition of facilities for student residences and student unions through the sale of revenue bonds. These activities are accounted for and reported in the Revenue Fund, a legally separate entity, but are also included here. Details on the Revenue Fund bonds are available in the separately audited and issued Revenue Fund Financial Report. Copies are available from the financial reporting director at the address listed at the end of the Management's Discussion and Analysis section.

Discretely presented component units are legally separate organizations that raise and hold economic resources for the direct benefit of a college or university in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Foundations considered significant to a college or university are included as discretely presented component units and are separately identified in Note 18. For GASB financial statement purposes, most college foundations are not considered significant to the Minnesota State and, therefore, are not included as discretely presented component units.

Complete financial statements of the foundations may be obtained from their respective administrative offices as follows:

Bemidji State University Alumni and Foundation
1500 Birchmont Drive NE #17
Bemidji, MN 56601-2699

Metropolitan State University Foundation
700 East Seventh Street
Founders Hall Suite 142
St. Paul, MN 55106

Minnesota State University, Mankato Foundation, Inc.
224 Alumni Foundation Center
Mankato, MN 56001

Minnesota State University Moorhead Foundation, Inc.
1104 Seventh Avenue South
Moorhead, MN 56563

St. Cloud State University Foundation, Inc.
Alumni and Foundation Center
720 Fourth Avenue South
St. Cloud, MN 56301-4498

Southwest Minnesota State University Foundation
1501 State Street
FH225
Marshall, MN 56258

Winona State University Foundation
P.O. Box 5838
175 West Mark Street
Winona, MN 55987-5838

Fiduciary funds are omitted from inclusion in the net position of Minnesota State. Separate statements are included for the Minnesota State Defined Contribution Retirement Fund.

Joint Ventures and Jointly Governed Organizations — A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which participants retain an ongoing financial interest or an ongoing financial responsibility. During fiscal year 2025, joint ventures received revenues of $4,461 and incurred expenses of $4,756. In fiscal year 2024, the amounts for revenues and expenses were $4,260 and $4,557, respectively.

Minnesota State jointly governs the Fond du Lac Tribal & Community College. The governing boards are the Minnesota State board of trustees and the Tribal College board of directors. The Tribal College reimburses the Community College for certain expenses. The financial position and results of operations of the Tribal College are reported in the financial statements of the Fond du Lac Reservation. Revenues and expenses related to operations of the Community College are included in the Minnesota State financial statements.

Basis of Accounting — The basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accompanying financial statements have been prepared as a special purpose government entity engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred. Eliminations have been made to minimize the double counting of internal activities. Inter-fund receivables and payables have been eliminated in the statements of net position.

Budgetary Accounting — Minnesota State budgetary accounting, which is the basis for annual budgets and allocation of the state appropriation, differs from GAAP. Budgetary accounting includes all receipts and expenses up to the close of the books in August for the budget fiscal year. Revenues not yet received by the close of the books are not included. The criterion for recognizing expenses is the actual disbursement, and not when the goods or services are received.

The state of Minnesota operates on a two-year (biennial) budget cycle ending on June 30 of odd numbered years. Minnesota State is governed by a fifteen-member board of trustees appointed by the Governor with the advice and consent of the state senate. The board approves the individual colleges and universities biennial budget requests and allocations as part of the Minnesota State total budget.

Budgetary control is maintained at the college and university level. Presidents have the authority and responsibility to administer the budget and can transfer money between programs within each college and university without board approval. The budget of a college or university can be legally amended by the authority of the Vice Chancellor for Finance and Facilities of Minnesota State.

State appropriations do not lapse at fiscal year-end. Any unexpended appropriation from the first fiscal year of a biennium is available for the second fiscal year. Any unexpended balance may also carry over into a future biennium. State appropriation included $297 and $437 in fiscal years 2025 and 2024 respectively, for asset repairs and improvements that are not capitalized.

Capital Appropriation Revenue — Minnesota State is responsible for paying one third of the debt service for certain general obligation bonds sold for capital projects, as specified in the authorizing legislation. The portion of general obligation bond debt service that is payable by the state of Minnesota is recognized by Minnesota State as capital appropriation revenue when the related expenses are incurred. Individual colleges and universities are allocated cash, capital appropriation revenue, and debt based on capital project expenses.

Cash and Cash Equivalents — The cash balance represents cash in the state treasury and demand deposits in local bank accounts as well as cash equivalents. Cash equivalents are short term, high liquid deposits having original maturities (remaining time to maturity at acquisition) of three months or less. Cash and cash equivalents include amounts in demand deposits with the Minnesota State Board of Investment, savings accounts, cash management pools, repurchase agreements, and money market funds.

Restricted cash is cash held for capital projects and cash in the Revenue Fund for capital projects and debt service. The Revenue Fund is used to account for the revenues, expenses, and net position of revenue producing facilities, which are supported through usage. It has the authority to sell revenue bonds for the construction and maintenance of revenue producing facilities.

All balances related to the state appropriation, tuition revenues, and most fees are in the state treasury. Each campus has at least one account in a local bank. The activities handled through the local bank include financial aid, student payroll, auxiliary, and student activities.

Investments — Investments are reported at fair value using quoted market prices. In addition, Minnesota State invests funds held for auxiliary and student activities in various brokerage accounts.

Receivables — Accounts receivable and student loans receivable are shown net of an allowance for uncollectible accounts. Minnesota State considers grants receivable to be fully collectible, accordingly, no allowance for doubtful accounts has been recorded for these receivables.

Inventories — Inventories are valued at cost using the actual cost, first in first out, retail cost, and weighted average cost methods.

Prepaid Expense — Prepaid expense consists primarily of deposits in the state of Minnesota Debt Service Fund for future general obligation bond payments.

Capital Assets — Capital assets are recorded at cost or, for donated assets, at acquisition value. Estimated historical cost has been used when actual cost is not available. Such assets are depreciated or amortized on a straight-line basis over the useful life of the assets.

Estimated useful lives are as follows:

Asset Type	Useful Life
Buildings	30-40 years
Building improvements	15-20 years
Equipment and Furniture	3-20 years
Internally developed software	7 years
Library collections	7 years

Equipment includes all items purchased with an original cost of $10 and over. Furniture purchased in aggregate above $250 is capitalized. Buildings, building improvements, and internally developed software include all projects with a cost of $250 and over for projects started since July 1, 2008, and $100 and over for projects started prior to July 1, 2008. All land and library collection purchases are capitalized regardless of amount spent.

Leases and Right to Use Assets — Minnesota State determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and lease liabilities in the statements of net position. Lease assets represent Minnesota State's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Right to use buildings are amortized over lives ranging from two to thirty-four years. Right to use equipment is amortized over lives ranging from two to six years. Lease liabilities represent Minnesota State's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that Minnesota State will exercise that option. Minnesota State has elected to recognize payments for short-term leases with a lease term of 12 months or less and leases with a present value of less than $250 as expenses as incurred, and these leases are not included as lease liabilities or right to use lease assets on the statements of net position.

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statements of net position. Lease receivables represent Minnesota State's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. Minnesota State recognizes payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. Minnesota State also recognizes payments received on leases with an initial calculated net present value of $250 or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position.

Subscription Based Information Technology Arrangements (SBITA) and Right to Use Assets — Minnesota State determines if a contract is a SBITA at inception. The subscription asset is measured at the commencement of the subscription term as the amount of the initial measurement of the subscription liability, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, if applicable, and the capitalizable initial implementation costs. The subscription asset is included in capital assets and amortized over the term of the agreement. Minnesota State has elected to recognize payments for SBITAs with a term of 12 months or less and SBITA contracts with a present value of less than $250 as expenses as incurred, and these SBITAs are not included as subscription liabilities or right to use subscription assets on the statements of net position.

Unearned Revenue — Unearned revenue consists primarily of tuition received, but not yet earned for summer session and fall term. It also includes amounts received for unspent bond proceeds, residence hall deposits, and from grants which have not yet been earned under the terms of the agreement. Additionally, it includes food service vendor capital investments that will benefit Minnesota State over the next years. At June 30, 2025 and 2024, the food service vendor capital investment balances were $2,246 and $3,702, respectively. The amount of food service revenue recognized in fiscal years 2025 and 2024 was $1,855 and $1,677, respectively.

Long-Term Liabilities — The state of Minnesota appropriates for and sells general obligation bonds to support construction and renovation of Minnesota State facilities as approved through the state's capital budget process. Minnesota State is responsible for a portion of the debt service on the bonds sold for some college and university projects. Minnesota State may sell revenue bonds and may also enter into lease agreements for certain right to use assets.

Other long-term liabilities include compensated absences, net pension liability, early retirement benefits, other postemployment benefits, workers' compensation claims, notes payable, leases payable, subscriptions payable, and capital contributions payable associated with Perkins Loan agreements with the United States Department of Education.

Deferred Outflows and Deferred Inflows of Resources — Deferred outflows of resources represent the consumption of net position by Minnesota State in one period that is applicable to future periods. Deferred inflows of resources represent the acquisition of net position that is applicable to future periods. Deferred outflows and inflows are related to defined benefit pension plans, other postemployment benefits (OPEB), economic gains/losses related to revenue bond, and general obligation bond refunding, which is a result of the difference in the carrying value of the refunded debt and its reacquisition price, and lease revenue.

The following tables summarize deferred outflows and inflows:

	Deferred Outflows of Resources Year Ended June 30	
	2025	2024
Related to Pensions		
Differences between projected and actual investment earnings	$ -	$ 5
Changes in actuarial assumptions	45,072	84,537
Contributions paid to plans subsequent to measurement date	37,523	35,295
Differences between expected and actual economic experience	26,026	10,902
Changes in proportion	17,740	22,316
Total related to pensions	126,361	153,055
Related to Other Postemployment Benefits		
Contributions paid to plan subsequent to measurement date	4,887	5,853
Changes in actuarial assumptions	13,071	17,398
Differences between expected and actual economic experience	4,174	5,077
Total related to OPEB	22,132	28,328
Related to Refunding		
Economic loss on refunding of bonds	943	1,162
Total	$ 149,436	$ 182,545

	Deferred Inflows of Resources Year Ended June 30	
	2025	2024
Related to Pensions:		
Differences between projected and actual investment earnings	$ 70,319	$ 7,889
Changes in actuarial assumptions	65,423	57,980
Differences between expected and actual economic experience	2,768	4,422
Changes in proportion	29,325	26,819
Total related to pensions	167,835	97,110
Related to Other Postemployment Benefits		
Changes in actuarial assumptions	12,761	3,463
Differences between expected and actual economic experience	8,761	8,388
Total related to OPEB	21,522	11,851
Related to Refunding:		
Economic gain on refunding of bonds	5,169	4,441
Related to Leases:		
Lease revenue	15,005	10,864
Total	$ 209,531	$ 124,266

Operating Activities — Operating activities as reported in the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all the expenses are from exchange transactions. Certain significant revenues and expenses are recorded as nonoperating revenues and expenses, including state appropriations, federal, state, and private grants, investment income, interest expense, and grants to other organizations.

Tuition, Fees, and Sales, Net — Tuition, fees, and sales are reported net of scholarship allowance. Note 12 to the financial statements provides additional information.

Restricted Student Payments — Restricted student payments consist of room and board, sales, and fee revenue restricted for payment of revenue bonds, and are net of scholarship allowance. Note 12 to the financial statements provides additional information.

Federal Grants — Minnesota State participates in several federal grant programs. The largest programs include Pell, Supplemental Educational Opportunity Grant, Federal Work Study, and TRIO. In fiscal year 2021 through 2024, Higher Education Emergency Relief Funds (HEERF) grants were provided to the system due to the pandemic. The federal grant revenue related to those grants was $5,990 for fiscal year 2024. Federal grant revenue is recognized as nonoperating revenue in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.* Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the system will record such disallowance at the time the determination is made.

Capital Grants — Minnesota State receives federal, state, and private grants which are restricted for the acquisition or construction of capital assets or are in-kind equipment donations.

Other Postemployment Benefits (OPEB) — For purposes of measuring the total OPEB liability, deferred outflows, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plan and additions to and deductions from the plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The plan is not funded. Minnesota State recognized an increase in benefit expense of $4,653 and $3,501 in fiscal years 2025 and 2024, respectively, related to OPEB. Those increases are comprised of OPEB expense of $9,540 and $9,354, net of reduction to expense for yearly contributions of $4,887 and $5,853 for fiscal years 2025 and 2024, respectively.

Defined Benefit Pensions — For purposes of measuring the net pension liability, deferred outflows, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of the employer payroll paid dates and benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The actuarially derived net pension liability, deferred outflows, and deferred inflows of resources can vary between years due to actuarial assumption changes, which can result in significant variability between years. For the years ended June 30, 2025 and 2024, Minnesota State recognized a decrease in benefit expense of $39,266 and $36,081, respectively, related to defined benefit pensions. The decrease in fiscal year 2025 is comprised of a decrease in expense of $1,743 along with a reduction in expense for yearly contributions of $37,523. The decrease in fiscal year 2024 is comprised of a decrease in expense of $786, along with a reduction in expense for yearly contributions of $35,295.

Use of Estimates — To prepare the basic financial statements in conformity with GAAP, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas that require the use of management's estimates relate to allowances for uncollectible accounts, compensated absences, scholarship allowances, and workers' compensation claims.

Net Position — The difference between assets and deferred outflows and liabilities and deferred inflows is net position. Net position is further classified for accounting and reporting purposes into the following categories:

- *Net investment in capital assets:* capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt and other borrowings attributable to the acquisition, construction, or improvement of those assets.

- *Restricted expendable:* net position subject to externally imposed stipulations. Net position restrictions for Minnesota State are as follows:

  Restricted for bond covenants — revenue bond restrictions.

  Restricted for other — includes restrictions for the following:

    Capital projects — restricted for completion of capital projects.

    Debt service — legally restricted debt repayment.

    Donations — restricted per donor requests.

    Faculty contract obligations — for faculty development and travel as required by contracts.

    Loans — college and university capital contributions for Perkins Loans.

  The following table summarizes net position restricted for other:

	Year Ended June 30	
	2025	2024
Capital projects	$ 657	$ 552
Debt service	41,381	37,135
Donations	6,385	6,737
Faculty contract obligations	15,527	15,890
Loans	347	529
Total	$ 64,297	$ 60,843

- *Unrestricted:* net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management, the system office, or the board of trustees.

The system has no formal financial management policy addressing which resources to use when both restricted and unrestricted net position are available for the same purpose. College, university, or system office leadership that has the delegated authority decides which resources to use at the time expenses are incurred. Factors used to determine which resources to use include relative priorities of the college or university in accordance with the strategic initiatives and externally imposed matching requirements of certain restricted funds. Major capital purchases are many times split funded from multiple restricted and unrestricted funding sources.

New Accounting Standards — Minnesota State has implemented GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences using a unified model and amending certain previously required disclosures. The July 1, 2023 balance of compensated absences in the statements of revenue, expenses and changes in position as a restatement to the beginning net position, in the amount of $68,888.

Total Net Position, Beginning of Year , as Reported	$	1,993,602
Cumulative Effect of Change in Accounting Principle		(68,888)
Total Net Position, Beginning of Year, as Restated	$	1,924,714

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, which provides timely information with which to understand and anticipate certain risks to financial condition. GASB Statement No. 102 is effective for years beginning after June 15, 2024. Minnesota State has implemented GASB No. 102 in fiscal year 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. GASB Statement No. 103 is effective for years beginning after June 15, 2025. The effect GASB Statement No. 103 will have on the fiscal year 2026 financial statements has not yet been determined.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets,* which is to provide users of government financial statements with essential information about certain types of capital assets. GASB Statement No. 104 is effective for years beginning after June 15, 2025. The effect GASB Statement No. 104 will have on the fiscal year 2026 financial statements has not yet been determined.

Reclassifications — Certain prior year amounts have been reclassified to conform to current year presentation. These classifications had no effect on net position previously reported.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents — All balances related to the state appropriation, tuition revenues, and most fees are held in the state treasury. In addition, each campus has at least one local bank account. The activities handled through local banks include financial aid, student payroll, auxiliary, and student activities.

Minnesota Statutes, Section 118A.03, requires that deposits be secured by depository insurance or a combination of depository insurance and collateral securities held in the state's name by an agent of the state. The statutes further require that such insurance and collateral shall be at least ten percent greater than the amount on deposit, except where the collateral is an irrevocable standby letter of credit, in which case the collateral should at least equal the deposits. Board procedure 7.5.1 requires compliance with Minnesota Statutes, Section 118A.03.

Cash and cash equivalents are categorized to give an indication of the level of custodial credit risk. Category 1 includes cash and cash equivalents insured or collateralized with securities held by the state or its agent in Minnesota State's name. All cash and cash equivalents are included in Category 1.

At June 30, 2025 and 2024, the local bank balances were $175,707 and $107,228, respectively. These balances were adjusted by items in transit to arrive at the cash in bank balance.

The following table summarizes cash and cash equivalents, including amounts reported as restricted cash:

Carrying Amount	Year Ended June 30 2025	2024
Cash, in bank	$ 146,728	$ 78,043
Money markets	17,976	10,864
Cash, trustee account (US Bank)	20,391	20,688
Total local cash and cash equivalents	185,095	109,595
Total treasury cash accounts	1,063,575	1,112,245
Grand Total	$ 1,248,670	$ 1,221,840

The balance in the state treasury is invested by the Minnesota State Board of Investment (SBI) as part of the state investment pool. This asset is reported as a cash equivalent. The Revenue Fund contracts with the SBI and U.S. Bank, N.A. for investment management services of Revenue Fund cash.

The cash accounts are invested in short term, liquid, high quality debt securities.

Foreign Currency Risk — Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. St. Cloud State University has foreign checking accounts, denominated entirely in British Pounds. At June 30, 2025 and 2024, the fair value in U.S. Dollars is $30 and $14, respectively.

Investments — The Minnesota State Board of Investment (SBI) manages the majority of the state's investments. All investments managed by the SBI are governed by Minnesota Statutes, Chapters 11A and 356A. Minnesota Statutes, Section 11A.24, broadly restricts investments to obligations and stocks of U.S. and Canadian governments, their agencies and registered corporations, other international securities, short term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate or resource equity investments, and the restricted participation in registered mutual funds. Funds not invested by SBI must also conform to the above statutes and may be further restricted by bond indentures.

Generally, when applicable, the statutes limit investments to those rated by a nationally recognized rating agency within the top four quality rating categories. The statutes further prescribe the maximum percentage of fund assets that may be invested in various asset classes and contain specific restrictions to ensure the quality of the investments.

SBI is authorized to establish, and has established, combined investment funds. Within statutory requirements and based on detailed analysis of each fund, the SBI has established investment guidelines and benchmarks for all funds under its management. These investment guidelines and benchmarks are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure, and specific performance standards.

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Minnesota State complies with board procedure 7.5.1 that recommends considering fluctuating interest rates and cash flow needs when purchasing short term and long-term debt investments. Interest rate risk information is presented using the weighted average maturity method, which expresses investment time horizons, the period when investments become due and payable in years or months, weighted to reflect the dollar size of individual investments within investment type.

Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Minnesota State policy for reducing its exposure to credit risk is to comply with Minnesota Statutes, Section 118A.04. The statutes limit investments to the top-quality rating categories of a nationally recognized rating agency.

Custodial Credit Risk — Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, Minnesota State will not be able to recover the value of the investments that are in the possession of an outside party.

Investments are categorized to give an indication of the level of custodial credit risk. Category 1 includes securities insured, registered, or held by Minnesota State or its agent in Minnesota State's name. All investments are in Category 1.

Concentration of Credit Risk — Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Minnesota State policy for reducing this risk of loss is to comply with board procedure 7.5.1 which recommends investments be diversified by type and issuer.

Fair Value Reporting — GASB Statement No. 72 *Fair Value Measurement and Application* sets forth the framework for measuring the fair value of investments based on a hierarchy of valuation inputs. The statement defines fair value as the exit price at the measurement date from the perspective of a market participant that controls the asset or is obliged for the liability.

The hierarchy has three levels:

- *Level 1* — Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds.

- *Level 2* — Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

- *Level 3* — Inputs that are unobservable and significant to the fair value measurement.

Minnesota State had the following investments and maturities held in various brokerage accounts and with SBI:

Year Ended June 30, 2025

Investment Type		Fair Value	Weighted Maturity (Years)	Level 1	Level 2	Level 3
Corporate/municipal bonds	$	3,117	2.46		x	
U.S. agencies		4,549	4.13	x		
Asset backed securities		1	3.25		x	
U.S. treasuries		9,192	1.01	x		
Total		16,859				
Portfolio weighted average maturity			2.12			
Certificates of deposit		11,380			x	
Stock		136			x	
Total	$	28,375				

Year Ended June 30, 2024

Investment Type		Fair Value	Weighted Maturity (Years)	Level 1	Level 2	Level 3
Corporate/municipal bonds	$	4,096	2.55		x	
U.S. agencies		4,387	5.39	x		
Asset backed securities		1	3.25		x	
U.S. treasuries		3,971	1.73	x		
Total		12,455				
Portfolio weighted average maturity			3.29			
Certificates of deposit		11,333			x	
Money market mutual funds		32			x	
Stock		437			x	
Total	$	24,257				

3. ACCOUNTS RECEIVABLE

The accounts receivable balances are made up primarily of receivables from individuals not paid as of June 30, 2025 and 2024. At June 30, 2025 and 2024, the total accounts receivable balances were $124,071 and $128,312, respectively, less an allowance for uncollectible receivables of $46,703 and $38,040, respectively.

The following table summarizes accounts receivable, net:

	Year Ended June 30 2025	2024
Tuition	$ 54,989	$ 50,315
Fees	14,954	14,433
Sales and service	8,867	8,183
Room and board	6,889	6,057
Third party obligations	18,068	19,164
Inventory	149	271
Financial aid	6,077	4,732
Capital projects	-	13,392
Direct loans	5,558	4,557
Other	8,520	7,208
Total accounts receivable	124,071	128,312
Allowance for doubtful accounts	(46,703)	(38,040)
Accounts receivable, net	$ 77,368	$ 90,272

The allowance for uncollectible accounts has been computed based on the following aging schedule:

Age	Allowance Percentage
Less than 1 year	20
1 to 3 years	50
3 to 5 years	65
Over 5 years	75

4. PREPAID EXPENSE

Prepaid expense consists primarily of funds which have been deposited in the state's Debt Service Fund for future general obligation bond payments in the amounts of $20,242 and $20,368 for fiscal years 2025 and 2024, respectively. Minnesota Statutes, Section 16A.641, requires all state agencies to have on hand December 1 of each fiscal year an amount sufficient to pay all general obligations bond principal and interest due and to become due, through July 1 of the second fiscal year. Also, included in prepaid expenses for fiscal years 2025 and 2024 were $2,708 and $723, respectively, stemming mostly from prepaid contractual support.

5. STUDENT LOANS RECEIVABLE

Loans receivable balance is made up primarily of loans under the Federal Perkins Loan Program. The federal government provided the funding for those loans. The Perkins Loan Program expired September 30, 2017. No new Perkins loan advances are permitted after June 30, 2018. Funds collected will be returned to the Department of Education and the institution on an annual basis. The Minnesota State loans collection unit and the colleges and universities are responsible for loans collection. As of June 30, 2025, and 2024, the loans receivable for this program totaled $2,088 and $3,012, respectively, less an allowance for uncollectible loans of $79 and $30, respectively.

The decrease in Federal Perkins Loans is due to continued collection efforts by Minnesota State along with the fact that loans were assigned and accepted back to the U.S. Department of Education in both fiscal years 2025 and 2024. The change in allowance is also contributable to these collections and assignment efforts.

6. CAPITAL AND RIGHT TO USE ASSET

Summaries of changes in capital and right to use assets for fiscal years 2025 and 2024 follow:

	Year Ended June 30, 2025				
	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital assets, not depreciated/amortized:					
Land	$ 86,585	$ 783	$ 79	$ -	$ 87,289
Intangible assets	596	-	-	-	596
Construction in progress	70,967	118,343	-	(75,764)	113,546
Total capital assets, not depreciated/amortized	158,148	119,126	79	(75,764)	201,431
Capital and right to use assets, depreciated/amortized:					
Buildings and improvements	4,027,707	399	13,690	75,764	4,090,180
Equipment and furniture	253,113	17,259	3,671	-	266,701
Internally developed software	8,203	3,001	-	-	11,204
Right to use buildings and improvements	39,938	17,292	4,050	-	53,180
Right to use equipment	19,286	4,921	5,833	-	18,374
Right to use subscriptions	39,428	4,738	4,413	-	39,753
Library collections	31,920	4,414	4,634	-	31,700
Total capital and right to use assets, depreciated/amortized	4,419,595	52,024	36,291	75,764	4,511,092
Less accumulated depreciation/amortization:					
Buildings and improvements	2,473,143	121,709	9,711	-	2,585,141
Equipment and furniture	176,694	15,428	3,186	-	188,936
Internally developed software	839	358	-	-	1,197
Right to use buildings and improvements	15,385	6,894	3,874	-	18,405
Right to use equipment	13,827	5,740	5,833	-	13,734
Right to use subscriptions	14,235	9,172	4,413	-	18,994
Library collections	18,348	4,529	4,634	-	18,243
Total accumulated depreciation/amortization	2,712,471	163,830	31,651	-	2,844,650
Total capital and right to use assets depreciated/amortized, net	1,707,124	(111,806)	4,640	75,764	1,666,442
Total capital and right to use assets, net	$ 1,865,272	$ 7,320	$ 4,719	$ -	$ 1,867,873

	Year Ended June 30, 2024				
	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital assets, not depreciated/amortized:					
Land	$ 86,585	$ -	$ -	$ -	$ 86,585
Intangible assets	596	-	-	-	596
Construction in progress	90,724	83,211	-	(102,968)	70,967
Total capital assets, not depreciated/amortized	177,905	83,211	-	(102,968)	158,148
Capital and right to use assets, depreciated/amortized:					
Buildings and improvements	3,923,646	1,518	425	102,968	4,027,707
Equipment and furniture	231,777	31,728	10,392	-	253,113
Internally developed software	7,031	2,849	1,677	-	8,203
Right to use buildings and improvements	39,419	5,387	4,868	-	39,938
Right to use equipment	16,561	3,325	600	-	19,286
Right to use subscriptions	36,691	4,945	2,208	-	39,428
Library collections	32,803	4,391	5,274	-	31,920
Total capital and right to use assets, depreciated/amortized	4,287,928	54,143	25,444	102,968	4,419,595
Less accumulated depreciation/amortization:					
Buildings and improvements	2,352,607	120,558	22	-	2,473,143
Equipment and furniture	170,590	13,601	7,497	-	176,694
Internally developed software	2,055	461	1,677	-	839
Right to use buildings and improvements	12,846	7,210	4,671	-	15,385
Right to use equipment	8,448	5,979	600	-	13,827
Right to use subscriptions	7,515	8,927	2,207	-	14,235
Library collections	19,062	4,560	5,274	-	18,348
Total accumulated depreciation/amortization	2,573,123	161,296	21,948	-	2,712,471
Total capital and right to use assets depreciated/amortized, net	1,714,805	(107,153)	3,496	102,968	1,707,124
Total capital and right to use assets, net	$ 1,892,710	$ (23,942)	$ 3,496	$ -	$ 1,865,272

7. ACCOUNTS PAYABLE

Accounts payable represent amounts due for goods received and services performed prior to the end of the fiscal year. The following table summarizes accounts payable:

	Year Ended June 30	
	2025	2024
Capital projects	$ 17,101	$ 6,651
Purchased services	14,911	15,186
Grants, loans and scholarships	9,722	5,799
Supplies	3,703	2,725
Other payables	2,577	7,106
Repairs and maintenance	2,148	716
Employee benefits	1,754	1,742
Interest	1,517	1,687
Inventory	845	676
Total accounts payable	$ 54,278	$ 42,288

In addition, as of June 30, 2025 and 2024, Minnesota State had payable from restricted assets in the amounts of $15,852 and $13,336, respectively, which were related to capital projects financed by general obligation bonds and revenue bonds.

8. LONG-TERM OBLIGATIONS

Summaries of amounts due within one year are reported in the current liability section of the statements of net position. The changes in long-term obligations for fiscal years 2025 and 2024 follow:

	Year Ended June 30, 2025				
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Liabilities for:					
Bond premium	$ 26,343	$ 3,019	$ 4,344	$ 25,018	$ -
General obligation bonds	139,505	20,948	19,094	141,359	17,627
Leases	28,592	22,213	11,747	39,058	9,219
Subscriptions	24,744	4,738	9,461	20,021	7,419
Notes payable	21,729	-	1,453	20,276	1,119
Revenue bonds	158,010	-	15,930	142,080	18,920
Capital contributions payable	4,582	-	1,448	3,134	616
Total long-term obligations	$ 403,505	$ 50,918	$ 63,477	$ 390,946	$ 54,920

	Year Ended June 30, 2024				
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Liabilities for:					
Bond premium	$ 29,958	$ 778	$ 4,393	$ 26,343	$ -
General obligation bonds	153,796	6,022	20,313	139,505	17,371
Leases	33,010	8,713	13,131	28,592	9,229
Subscriptions	29,068	4,944	9,268	24,744	8,564
Notes payable	22,855	-	1,126	21,729	1,202
Revenue bonds	171,365	-	13,355	158,010	15,590
Capital contributions payable	6,952	-	2,370	4,582	901
Total long-term obligations	$ 447,004	$ 20,457	$ 63,956	$ 403,505	$ 52,857

The changes in other compensation benefits for fiscal years 2025 and 2024 follow:

	Year Ended June 30, 2025				
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Liabilities for:					
Compensated absences	$ 229,758	$ 43,197	$ 19,014	$ 253,941	$ 30,473
Early termination benefits	2,372	1,279	2,311	1,340	1,340
Other postemployment benefits	93,151	10,580	21,794	81,937	5,491
Workers' compensation	4,144	1,543	2,454	3,233	2,069
Total other compensation benefits	$ 329,425	$ 56,599	$ 45,573	$ 340,451	$ 39,373

	Year Ended June 30, 2024 Restated*				
	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Liabilities for:					
Compensated absences	$ 220,985	$ 27,025	$ 18,252	$ 229,758	$ 27,571
Early termination benefits	2,815	2,309	2,752	2,372	2,310
Other postemployment benefits	72,570	25,182	4,601	93,151	5,705
Workers' compensation	4,769	2,037	2,662	4,144	2,528
Total other compensation benefits	$ 301,139	$ 56,553	$ 28,267	$ 329,425	$ 38,114

*See Note 1 New Accounting Standards for compensated absences restatement note

Bond Premium — Bonds were issued in fiscal years 2025 and 2024, resulting in net premiums of $3,019 and $778, respectively. Amortization is calculated using the straight-line method and amortized over the average remaining life of the bonds.

General Obligation Bonds — The state of Minnesota sells general obligation bonds to finance Minnesota State capital projects. The interest rate on these bonds ranges from 1.6 to 4.4 percent. Minnesota State is responsible for paying one third of the debt service for certain general obligation bonds sold for capital projects, as specified in the authorizing legislation. This debt obligation is allocated to the colleges and universities based upon the specific projects funded.

Leases — Liabilities for leases include those leases that are generally defined as one that transfers benefits and risk of ownership to the lessee. Annual principal repayments in future years for real estate leases range between $10 and $6,652 discounted at an imputed interest rate of 3.5 percent, with the last repayment due in fiscal year 2055. Annual principal repayments in future years for equipment leases range between $2 and $2,567 discounted at an imputed interest rate of 3.5 percent, with the last repayment due in fiscal year 2030. Note 11 to the financial statements provides additional information.

Subscriptions — Liabilities for subscription technology arrangements include those contracts that convey control of the right to use another party's IT software, alone or in a combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time. Annual principal repayments in future years for subscription liabilities range between $1,638 and $7,419 discounted at an imputed interest rate of 3.5 percent, with the last repayment due in fiscal year 2030.

Notes Payable — Notes payable consist of energy efficiency loans granted by energy companies in order to improve energy efficiency in college and university buildings. The interest rates for the energy loans are tied to the prime interest rate at the time of the project. The interest rate for the financing agreements ranges from 2.4 percent to 4.92 percent.

All projects completed under Minnesota Statutes, Section 16B.32, the State Retrofit Program and the State/Minnegasco Program are interest free loans. Projects completed under Minnesota Statutes, Sections 16C.14 and 16C.144, have an interest component.

Revenue Bonds — The Revenue Fund is authorized by Minnesota Statutes, Section 136F.98, to issue revenue bonds whose aggregate principal shall not exceed $405,000 at any time. The proceeds of these bonds are used to finance the acquisition, construction, and renovation of buildings for residence halls, student unions, food services, parking facilities, and wellness centers at an institution. Revenue bonds currently outstanding have interest rates of 2.8 percent to 5.0 percent.

The revenue bonds are payable solely from and collateralized by an irrevocable pledge of revenues to be derived from the operation of the financed buildings and from student fees. These revenue bonds are payable through fiscal year 2038. Annual principal and interest payments on the bonds are expected to require less than 21.4 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $165,372. Principal and interest paid for the current year and total customer net revenues were $21,605 and $113,951, respectively.

In addition, Minnesota North College – Itasca campus issued revenue bonds through the Itasca County Housing Redevelopment Authority that were payable through 2026. These bonds were payable solely from, and collateralized by, an irrevocable pledge of revenues to be derived from the operation of the financed buildings. Annual principal and interest payments on the bonds are expected to require less than 30.0 percent of net revenues. These bonds were paid off during fiscal year 2025.

Capital Contributions Payable — The liabilities of $3,134 and $4,582 at June 30, 2025 and 2024, respectively, represent the amount Minnesota State would owe the federal government if it were to discontinue the Perkins loan program. Repayments are based on collections on the Perkins Loans Program.

Compensated Absences — The liability for compensated absences reported consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. The liability for compensated absences will be converted to a health care savings plan account or severance pay under specific conditions as defined in bargaining unit contracts. This leave is liquidated only at the time of termination from state employment.

Early Termination Benefits — Early termination benefits are benefits received for discontinuing service earlier than planned, as well as the right to continue, at the employer's expense, health insurance benefits until death. Note 9 to the financial statements provides additional information.

Other Postemployment Benefits — Other postemployment benefits are health insurance benefits for certain retired employees under a single employer fully insured plan. Under the health benefits program, retirees are required to pay 100 percent of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy. Note 10 to the financial statements provides additional information.

Workers' Compensation — The state of Minnesota Department of Management and Budget manages the self-insured workers' compensation claims activities. The reported liability for workers' compensation of $3,233 and $4,144 at June 30, 2025 and 2024, respectively, is based on claims filed for injuries to state employees occurring prior to the fiscal year end and is an undiscounted estimate of future payments.

Net Pension Liability — The net pension liability of $205,303 and $341,987 at June 30, 2025 and 2024, respectively, is the proportionate share of the unfunded pension liability of the defined benefit pension plans as required by GASB Statement No. 68. Note 14 to the financial statements provides additional information.

Principal and interest payment schedules are provided in the table below for general obligation bonds, revenue bonds, leases, notes payable, and subscriptions. There are no payment schedules for bond premium, compensated absences, early termination benefits, other postemployment benefits, workers' compensation, net pension liability, or capital contributions payable.

Long-Term Obligation Repayment Schedule

	General Obligation Bonds		Revenue Bonds	
Fiscal Years	Principal	Interest	Principal	Interest
2026	$ 17,627	$ 6,583	$ 18,920	$ 5,416
2027	15,783	5,326	19,180	4,565
2028	14,332	4,641	17,395	3,757
2029	12,310	4,032	18,200	2,989
2030	11,047	3,550	15,685	2,273
2031-2035	41,644	11,488	47,845	4,137
2036-2040	20,785	4,128	4,855	155
2041-2045	7,831	833	-	-
Total	$ 141,359	$ 40,581	$ 142,080	$ 23,292

Long-Term Obligation Repayment Schedule

Fiscal Years	Leases Principal	Leases Interest	Notes Payable Principal	Notes Payable Interest
2026	$ 9,219	$ 1,105	$ 1,119	$ 438
2027	7,008	1,200	1,201	412
2028	4,420	770	1,287	384
2029	3,214	597	1,377	355
2030	2,507	562	1,448	323
2031-2035	6,984	2,171	7,675	1,123
2036-2040	3,136	1,802	5,647	367
2041-2045	2,354	1,991	522	5
2046-2050	119	183	-	-
2051-2055	97	191	-	-
Total	$ 39,058	$ 10,572	$ 20,276	$ 3,407

Long-Term Obligation Repayment Schedule

Fiscal Years	Subscriptions Principal	Subscriptions Interest
2026	$ 7,419	$ 773
2027	5,383	776
2028	3,232	555
2029	2,349	397
2030	1,638	355
Total	$ 20,021	$ 2,856

9. EARLY TERMINATION BENEFITS

Early termination benefits are defined as benefits received for discontinuing services earlier than planned.

Minnesota Statutes section 136F.481 authorizes the Minnesota State Colleges and Universities Board of Trustees to implement an early separation incentive program (BESI). Additionally, certain bargaining unit contracts, Minnesota State College Faculty (MSCF), Inter Faculty Organization (IFO), and Minnesota State University Association of Administrative Service Faculty (MSUAASF), provide for this benefit. The following is a description of the different benefit arrangements, including number of employees or retired faculty receiving the benefit, and the amount of future liability as of the end of fiscal years 2025 and 2024.

Board Early Separation Incentive (BESI) Program — Employees of Minnesota State accepted incentives in the form of contributions to a health care savings plan and cash payments in return for voluntarily separating from employment by the system.

The number of employees who received this benefit and the amount of future liability as of the end of fiscal years 2025 and 2024 follow:

Fiscal Year	Number of Employees	Future Liability
2025	5	$ 228
2024	35	1,660

Minnesota State College Faculty (MSCF) contract — The MSCF contract allows former Minnesota Community College Faculty Association (MCCFA) faculty members who meet certain eligibility and a combination of age and years of service requirements to receive an early retirement incentive cash payment based on base salary, and health insurance paid for one year after separation. The cash incentive can be paid either in one or two payments.

The number of retired faculty who received this benefit and the amount of future liability as of the end of fiscal years 2025 and 2024 follow:

Fiscal Year	Number of Faculty	Future Liability
2025	7	$ 379
2024	9	173

The MSCF contract allows former United Technical College Educators (UTCE) faculty members who meet certain eligibility and a combination of age and years of service requirements, to receive either an early retirement incentive cash payment, the right to continue, at the employer's expense, health insurance benefits until age 65 or death; or a combination of both. The cash incentive can be paid either in one or more payments. There were no retired faculty who received this benefit as of the end of fiscal years 2025 and 2024.

Inter Faculty Organization (IFO) contract — The IFO contract allows faculty members who meet certain eligibility and combination of age and years of service requirements to receive an early retirement incentive cash payment based on base salary at time of separation, as well as an amount equal to the employer's contribution for one year of health insurance premiums deposited in his/her health care savings plan at time of separation. The cash incentive can be paid either in one or two payments.

The number of retired faculty who received this benefit and the amount of future liability for faculty as of the end of fiscal years 2025 and 2024 follow:

Fiscal Year	Number of Faculty	Future Liability
2025	11	$ 475
2024	6	223

Minnesota State University Association of Administrative Service Faculty (MSUAASF) contract — The MSUAASF contract allows faculty members who meet certain eligibility and combination of age and years of service requirements to receive an early retirement incentive cash payment based on base salary at time of separation, as well as an amount equal to the employer's contribution for one year's health insurance premiums deposited in his/her health care savings plan at time of separation. The cash incentive can be paid either in one or two payments.

The number of retired faculty who received this benefit and the amount of future liability for faculty as of the end of fiscal years 2025 and 2024 follow:

Fiscal Year	Number of Faculty	Future Liability
2025	5	$ 258
2024	7	316

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description — Minnesota State provides health insurance benefits for certain retired employees under the "Minnesota State Colleges and Universities Postretirement Medical Plan", a single employer fully insured plan**,** as required by Minnesota Statutes, 471.61, Subdivision 2B. Active employees who retire when eligible to receive a retirement benefit from a Minnesota public pension plan and do not participate in any other health benefits program providing coverage similar to that herein described, will be eligible to continue coverage with respect to both themselves and their eligible dependent(s) under the plan. Retirees are required to pay 100 percent of the total premium cost. Since the premium is a blended rate determined on the entire active and retiree population, the retirees are receiving an implicit rate subsidy.

As of the July 1, 2024 actuarial valuation, the following current and former employees were covered by benefit terms under the plan:

Active employees	11,194
Inactive employees or beneficiaries currently receiving benefits	410
Inactive employees entitled to but not yet receiving benefits	-
Total	11,604

Actuarial Methods and Assumptions — The total other postemployment benefits (OPEB) liability for Minnesota State at June 30, 2025 was measured as of July 1, 2024 and was determined by an actuarial valuation as of July 1, 2024. The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2022 that was rolled forward to determine the June 30, 2024 OPEB liability.

The total OPEB liability was measured based on the following actuarial assumptions:

Measurement Date	July 1, 2024	July 1, 2022
Payroll Growth	3.0 percent	3.0 percent
Inflation	2.25 percent per year	2.25 percent per year
Initial Medical Trend Rate	7.46 percent	8.40 percent
Ultimate Medical Trend Rate	3.68 percent	3.7 percent
Year Ultimate Trend Rate Reached	2075	2073

Discount Rate — The discount rate used to measure the total OPEB liability at June 30, 2024 and 2023 was 3.93 percent and 3.65 percent, respectively. The discount rate was based on a municipal bond rate based on the 20-year Bond Buyer GO Index as of the end of June 2024 and 2023. The plan is not funded by assets in a separate trust. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Total OPEB Liability — The changes in total OPEB liability are as follows:

	2025	2024
Balance, Beginning of Year	$ 93,151	$ 72,570
Changes for the Year		
Service Cost	7,029	5,808
Interest	3,551	2,694
Changes in Assumptions	(11,812)	12,875
Differences Between Expected and Actual Economic Experience	(4,129)	3,805
Benefit Payments	(5,853)	(4,601)
Net Changes	(11,214)	20,581
Balance, End of Year	$ 81,937	$ 93,151

There have been no changes in benefit terms since the previous valuation.

Changes were made in assumptions that affect the total OPEB liability since the prior valuation. The annual medical claims costs and premiums were updated based on recent experience. The discount rate was increased from 3.65 percent to 3.93 percent. The annual medical trend was updated based on recent trend surveys, short-term expectations specific to Minnesota State plans, and adjustment to short-term trend rates to estimate the impact of the current general inflation environment, and the current version of the SOA-Getzen trend model. The demographic assumptions for salary increase rates, mortality rates, withdrawal rates and retirement rates were updated consistent with assumptions used in the most recent experience studies.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate — The following presents the Minnesota State total OPEB liability calculated using the discount rate above, as well as the total OPEB liability if it were calculated using a discount rate that is one percentage lower or one percentage higher than the current discount rate:

	Sensitivity of Total OPEB Liability to Changes in the Discount Rate			
	2025		2024	
	Percent	Amount	Percent	Amount
1 Percent Lower	2.93	$ 86,401	2.65	$ 98,123
Current Discount Rate	3.93	81,937	3.65	93,151
1 Percent Higher	4.93	77,533	4.65	88,237

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rates — The following presents the total OPEB liability, calculated using the healthcare cost trend rates, that is one percentage lower (6.46 percent decreasing to 2.68 percent and 7.4 percent decreasing to 2.7 percent) or one percentage higher (8.46 percent decreasing to 4.68 percent and 9.4 percent decreasing to 4.7 percent) than the current healthcare cost trend rate (7.46 percent decreasing to 3.68 percent and 8.4 percent decreasing to 3.7 percent):

	Sensitivity of Total OPEB Liability to Changes in the Health Care Trend Rate	
	2025	2024
1 Percent Lower	$ 74,285	$ 83,856
Current Trend Rate	81,937	93,151
1 Percent Higher	90,747	103,919

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources — For the years ended June 30, 2025 and 2024, Minnesota State recognized an increase in benefit expense of $9,540 and $9,354, respectively, related to OPEB.

At June 30, 2025 and 2024, Minnesota State reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources Year Ended June 30	
	2025	2024
Changes in actuarial assumptions	$ 13,071	$ 17,398
Differences between expected and actual economic experience	4,174	5,077
Contributions made subsequent to measurement date	4,887	5,853
Total	$ 22,132	$ 28,328

	Deferred Inflows of Resources Year Ended June 30	
	2025	2024
Changes in actuarial assumptions	$ 12,761	$ 3,463
Differences between expected and actual economic experience	8,761	8,388
Total	$ 21,522	$ 11,851

Amounts reported as deferred outflows of resources related to OPEB resulting from Minnesota State contributions subsequent to the measurement date and before the end of the fiscal year will be recognized as a reduction of the total OPEB liability in the following fiscal year.

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

Fiscal Year	Amount
2026	$ (1,198)
2027	(500)
2028	13
2029	(5)
2030	192
Thereafter	(2,779)
Total	$ (4,277)

11. LEASE AGREEMENTS

Lessee Agreements — Minnesota State is committed under various leases primarily for building space. The leases expire at various dates through 2055. In accordance with GASB Statement No. 87, Minnesota State records right to use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or otherwise discounted using the system's imputed interest rate of 3.5 percent. See Note 6 for information on right to use assets and associated accumulated depreciation and amortization. See Note 8 for the future payment schedule.

Lessor Agreements — Minnesota State has entered in several lease agreements, primarily for building space. Minnesota State records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease or using the system's imputed interest rate of 3.5 percent. During the years ended June 30, 2025 and 2024, Minnesota State recognized revenues and interest income of $3,167 and $344, and $3,058 and $279 respectively, related to these lease agreements.

Total future minimum payments to be received under lessor agreements are as follows:

Fiscal Years	Principal	Interest
2026	$ 2,792	$ 400
2027	1,617	264
2028	1,037	225
2029	921	244
2030	773	237
2031-2035	2,559	987
2036-2040	1,049	607
2041-2045	902	776
2046-2050	788	951
2051-2055	733	1,188
2056-2060	682	1,439
2061-2065	531	1,403
Total	$ 14,384	$ 8,721

12. TUITION, FEES, SALES, AND ROOM AND BOARD

The following table provides information related to tuition, fees, and sales revenue:

	Year Ended June 30					
	2025			2024		
	Gross	Scholarship Allowance	Net	Gross	Scholarship Allowance	Net
Tuition	$ 809,697	$ (308,939)	$ 500,758	$ 776,196	$ (263,061)	$ 513,135
Fees	111,860	(39,758)	72,102	100,272	(25,526)	74,746
Sales and room and board	108,284	(10,715)	97,569	94,221	(7,960)	86,261
Restricted student payments	111,420	(8,152)	103,268	106,050	(5,714)	100,336
Total	$ 1,141,261	$ (367,564)	$ 773,697	$ 1,076,739	$ (302,261)	$ 774,478

13. OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The following tables provide information related to operating expenses by functional classification:

Year Ended June 30, 2025					
Description	Salaries	Benefits	Other	Interest	Total
Academic support	$ 156,755	$ 58,793	$ 93,739	$ 722	$ 310,009
Institutional support	137,848	53,490	156,235	684	348,257
Instruction	629,104	210,295	143,407	2,622	985,428
Public service	5,570	1,839	5,793	29	13,231
Research	4,555	1,507	5,551	26	11,639
Student services	205,143	73,013	109,033	922	388,111
Auxiliary enterprises	37,990	12,137	130,714	4,728	185,569
Scholarships and fellowships	-	-	147,229	-	147,229
GASB 68/75 expense	-	(34,612)	-	-	(34,612)
Less interest expense	-	-	-	(9,733)	(9,733)
Total operating expenses	$ 1,176,965	$ 376,462	$ 791,701	$ -	$ 2,345,128

Year Ended June 30, 2024 Restated*					
Description	Salaries	Benefits	Other	Interest	Total
Academic support	$ 149,929	$ 55,490	$ 84,558	$ 739	$ 290,716
Institutional support	130,668	55,230	142,728	809	329,435
Instruction	581,071	194,540	135,859	2,842	914,312
Public service	7,512	2,329	7,609	36	17,486
Research	8,487	2,567	6,874	41	17,969
Student services	188,859	67,144	102,066	926	358,995
Auxiliary enterprises	43,312	13,710	128,364	5,265	190,651
Scholarships and fellowships	-	-	82,250	-	82,250
GASB 68/75 expense	-	(32,580)	-	-	(32,580)
Less interest expense	-	-	-	(10,658)	(10,658)
Total operating expenses	$ 1,109,838	$ 358,430	$ 690,308	$ -	$ 2,158,576

*See Note 1 New Accounting Standards for compensated absences restatement note

14. EMPLOYEE PENSION PLANS

Minnesota State participates in both mandatory and voluntary retirement plans. Mandatory plans include the State Employees Retirement Fund, administered by the Minnesota State Retirement System; the Teachers Retirement Fund, administered by the Teachers Retirement Association; and the General Employees Retirement Fund, administered by the Public Employees Retirement Association. Normal retirement age for employees covered by these defined benefit plans ranges from age 62 to age 66 depending upon employment date and years of service. Additionally, Minnesota State participates in a Defined Contribution Retirement Plan which is available to faculty, system administrators and other unclassified employees.

State Employees Retirement Fund

Plan Description —The State Employees Retirement Fund (SERF) is administered by the Minnesota State Retirement System (MSRS) and is established and administered in accordance with Minnesota Statutes, Chapters 352 and 356. SERF includes the General Employees Retirement Plan (General Plan), a multiple-employer, cost-sharing defined benefit plan, and three single-employer defined benefit plans. All state of Minnesota employees who are not members of another plan are covered by the General Plan.

Benefits Provided — MSRS provides retirement, disability, and death benefits through the State Employees Retirement Fund. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefits are based on a member's age, years of credit, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January. Annuitants receive annual benefit increases of 1.0 percent through 2023, and 1.5 percent thereafter. For retirements starting after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors).

Retirement benefits can be computed using one of two methods: The Step formula and the Level formula. Members hired before July 1, 1989, may use the Step or Level formula, whichever is greater. Members hired on or after July 1, 1989, must use the Level formula. Each formula converts years and months of service to a certain percentage. Under the Step formula, members receive 1.2 percent of the high-five average salary for each of the first 10 years of covered service, plus 1.7 percent for each year thereafter. It also includes full benefits under the Rule of 90 (age plus years of allowable service equals 90). In contrast, the Level formula does not include the Rule of 90. Under the Level formula, members receive 1.7 percent of the high-five average salary for all years of covered service, and full benefits are available at normal retirement age.

Contributions — Minnesota Statutes Chapter 352 sets the rates for employer and employee contributions. Eligible General Plan members were required to contribute 5.5 percent of their annual covered salary in fiscal years 2025 and 2024. Participating employers were required to contribute 6.25 percent of employee annual covered salary in fiscal years 2025 and 2024. The Minnesota State contributions to the General Plan for the fiscal years ending June 30, 2025 and 2024 were $17,686 and $16,725, respectively. These contributions were equal to the contractually required contributions for each year as set by state statute.

Actuarial Assumptions — The Minnesota State net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The total pension liability was determined using the following actuarial assumptions:

Inflation	2.25 percent per year
Active member payroll growth	3.00 percent per year
Investment rate of return	7.00 percent

Salary increases for the June 30, 2024 and 2023 valuation were equal to reported salary at valuation date increased according to the rate table, to current fiscal year and annually each future year. Prior year salary is annualized for members with less than one year of service. Mortality rates for active members, retirees, survivors and disabilitants were based on Pub-2010 mortality tables adjusted for mortality improvements using projections scale MP-2021. Benefit increases for retirees were assumed to be 1.0 percent through December 31, 2023 and 1.5 percent thereafter.

Actuarial assumptions used in the June 30, 2024 valuations were based on the last experience study dated June 29, 2023 and June 30, 2023 valuations were based on the last experience study dated June 27, 2019. The Allowance for Combined Service Annuity assumptions are based on an analysis completed by the LCPR actuary and a documented in a report dated October 2016.

The long-term expected rate of return on pension plan investments used in the determination of the total pension liability is 7.0 percent. The expected rate of return was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations.

The asset class estimates and the target allocations were then combined to produce geometric, long-term expected rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio. For each major asset class that is included in the pension fund target asset allocation as of the June 30, 2024 measurement date, these best estimates are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Geometric Mean) Percentage
Domestic equity	34	5.10
International equity	16	5.30
Private markets	25	5.90
Fixed income	25	0.75
Total	100	

Discount Rate — The discount rate used to measure the total pension liability as of June 30, 2024 and 2023, was 7.0 percent.

At June 30, 2024 and 2023, the projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan fiduciary net position was available to make all projected future benefit payments of current plan members. As a result, the long-term expected rate of return of 7.0 percent on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Net Pension Liability — At June 30, 2025 and 2024, Minnesota State reported a liability of $2,209 and $66,922, respectively, for its proportionate share of MSRS' net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Minnesota State proportion of the net pension liability was based on the employer contributions received by MSRS during the measurement period July 1, 2023, through June 30, 2024 and July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of MSRS's participating employers. At June 30, 2025 and 2024, the Minnesota State proportion was 6.64 percent and 6.97 percent, respectively.

Changes have been made in plan provisions that affect the measurement of the total pension liability since the prior measurement date. The actuarial equivalent factors were updated to reflect changes in assumptions.

Changes have been made in assumptions that affect the measurement of the total pension liability since the prior measurement date. The adjustments applied to the mortality table rates were modified slightly, and the mortality improvement scale was updated from MP-2019 to MP-2021. Assumed rates of salary increases were modified as recommended in the experience study dated June 29, 2023. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the recent experience study. The changes result in slightly higher unreduced (Normal) retirement rates, slightly lower Rule of 90 rates, slightly higher early retirement rates for Tier 1 members, and slightly lower early retirement rates for Tier 2 members. Assumed rates of withdrawal were changed as recommended in the recent experience study. The changes result in slightly more assumed terminations for males and fewer terminations for females. Assumed rates of disability were lowered. Assumed percent married for male retirees was changed from 80 percent to 75 percent and for female retirees 60 percent to 65 percent. Minor changes to form of payment assumptions and missing participant data assumptions were made as recommended in the recent experience study.

Pension Liability Sensitivity — The following presents the Minnesota State proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	Sensitivity of Net Pension Liability at Current Single Discount Rate			
	2025		2024	
	Percent	Amount	Percent	Amount
1 Percent Lower	6.00	$ 152,034	6.00	$ 225,602
Current Discount Rate	7.00	2,209	7.00	66,922
1 Percent Higher	8.00	(122,237)	8.00	(54,904)

Pension Plan Fiduciary Net Position — Detailed information about the pension plan's fiduciary net position is available in the MSRS Annual Financial Comprehensive Report, available on the MSRS website at www.msrs.state.mn.us/annual-reports.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions — For the years ended June 30, 2025 and 2024, Minnesota State recognized a decrease in benefit expense of $9,604 and an increase in benefit expense of $11,853, respectively, related to pensions. At June 30, 2025 and 2024 Minnesota State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Year Ended June 30	
	2025	2024
Changes in actuarial assumptions	$ 24,911	$ 52,244
Contributions paid to MSRS subsequent to measurement date	17,686	16,725
Differences between expected and actual economic experience	16,202	8,044
Changes in proportion	426	852
Total	$ 59,225	$ 77,865

	Deferred Inflows of Resources Year Ended June 30	
	2025	2024
Differences between projected and actual investment earnings	$ 41,111	$ 6,674
Changes in actuarial assumptions	40,394	56,372
Differences between expected and actual economic experience	178	460
Changes in proportion	5,634	5,028
Total	$ 87,317	$ 68,534

Amounts reported as deferred outflows of resources related to pensions resulting from Minnesota State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year.

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

Fiscal Year		Amount
2026	$	(14,731)
2027		644
2028		(20,790)
2029		(10,901)
Total	$	(45,778)

Teachers Retirement Fund

Plan Description — The Teachers Retirement Association (TRA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund (TRF). TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a board of trustees. The board consists of five active members and three statutory officials.

State university, community college, and technical college teachers first employed by Minnesota State may elect TRA coverage within one year of eligible employment. Alternatively, these teachers may elect coverage through the Defined Contribution Retirement Plan (DCR) administered by Minnesota State.

Benefits Provided — TRA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after three years of service credit. The defined retirement benefits are based on a member's highest average salary for any consecutive sixty months of formula service, age, and formula service credit at termination of service. TRA members belong to either the Basic or Coordinated plan. Benefit increases for retirees are 1.0 percent through January 2023, then increasing by 0.1 percent each year up to 1.5 percent annually.
Beginning July 1, 2024, eligibility for receipt of the first cost of living adjustment changed to normal retirement age. Members who retire under Rule-of-90 or are at least age 62 with 30 years of service are exempt from this delay of cost of living adjustment.

Two methods are used to compute benefits for TRA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described:

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	First ten years of service	2.2 percent per year
	All years after	2.7 percent per year
Coordinated	First ten years if service years are up to July 1, 2006	1.2 percent per year
	First ten years if service years are July 1, 2006 or after	1.4 percent per year
	All other years of service if service years are up to July 1, 2006	1.7 percent per year
	All other years of service if service years are July 1, 2006 or after	1.9 percent per year

With these provisions:

- Normal retirement age is 65 with less than 30 years of allowable service and age 62 with 30 or more years of allowable service.
- 3.0 percent per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

For years of service prior to July 1, 2006, a level formula of 1.7 percent per year for Coordinated Plan members and 2.7 percent per year for Basic Plan members is applied. For years of service July 1, 2006 and after, a level formula of 1.9 percent per year for coordinated members and 2.7 percent for basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Tier II Benefits

Members first employed after June 30, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66. Effective July 1, 2025, the normal retirement age for Tier II members will decrease from 66 to 65. Six different types of annuities are available to members upon retirement. The No Refund Life Plan is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. A retiring member may also choose to provide survivor benefits to a designated beneficiary(ies) by selecting one of the five plans that have survivorship features. Vested members may also leave their contributions in the TRA Fund upon termination of service in order to qualify for a deferred annuity at retirement age. Any member terminating service is eligible for a refund of their employee contributions plus interest. The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

<u>Contributions</u> — Minnesota Statute Chapter 354 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. TRA Basic Plan members and Coordinated Plan members were required to contribute 11.25 percent and 7.75 percent, respectively, of their annual covered salary in fiscal years 2025 and 2024. In fiscal year 2025 the employer was required to contribute 16.39 percent of pay for Basic Plan members and 8.75 percent for Coordinated Plan members. In fiscal year 2024, the employer was required to contribute 12.75 percent of pay for Basic Plan members and 8.75 percent for Coordinated Plan members. Minnesota State contributions to the TRA for the fiscal years ended June 30, 2025 and 2024, were $19,309 and $17,987, respectively. These contributions were equal to the required contributions for each year as set by state statute.

<u>Actuarial Assumptions</u> — The Minnesota State net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per year
Active member payroll growth	3.00 percent per year
Investment rate of return	7.00 percent

Salary increases for the June 30, 2024 and 2023 valuation were equal to reported salary at valuation date increased according to the rate table, to current fiscal year and annually each future year. Prior year salary is annualized for members with less than one year of service. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 generational mortality tables for males or females, as appropriate, with adjustments to match fund experience. Benefit increases for retirees are 1.0 percent through January 2023, then increasing by 0.1 percent each year up to 1.5 percent annually.

Actuarial assumptions used in the June 30, 2024 and 2023 valuations were based on the experience studies dated August 2, 2023 and June 28, 2019, respectively. The long-term rate of return assumption used for GASB disclosures and expense determination may vary from the funding assumptions as it is selected by TRA management in consultation with the actuary.

The long-term expected rate of return on pension plan investments for June 30, 2024 and 2023 was 7.0 percent. The target asset allocation, as provided by the SBI for the 2023 Experience Study, and best estimates of geometric rates of return for each major asset class developed from a survey of capital market assumptions of eleven investment consulting firms are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic equity	34	4.36
International equity	16	5.28
Private markets	20	6.70
Fixed income	25	2.03
Cash	5	2.92
Total	100	

Discount Rate — The discount rate used to measure the total pension liability as of June 30, 2024 and 2023, was 7.0 percent.

At June 30, 2024 and 2023, the projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current statutory contribution rates and supplemental aid will be received as currently provided in state statute. Based on these assumptions, the pension plan fiduciary net position was available to make all projected future benefit payments of current plan members. As a result, the long-term expected rate of return of 7.0 percent on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

Net Pension Liability — At June 30, 2025 and 2024, Minnesota State reported a liability of $199,754 and $268,971, respectively, for its proportionate share of TRF net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Minnesota State proportion of the net pension liability was based on the employer contributions received by TRF during the measurement period July 1, 2023 through June 30, 2024 and July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all TRF's participating employers. At June 30, 2025 and 2024, the Minnesota State proportion was 3.14 percent and 3.26 percent, respectively.

Changes have been made in plan provisions that affect the measurement of the total pension liability since the prior measurement date. Effective July 1, 2025, the normal retirement age for Tier II members will decrease from 66 to 65. The employer contribution rate will increase from 8.75 percent to 9.5 percent on July 1, 2025. The employee contribution rate will increase from 7.75 percent to 8.0 percent on July 1, 2025.

Changes have been made in assumptions that affect the measurement of the total pension liability since the prior measurement date. The investment return assumption was changed from 7.5 percent to 7.0 percent. This does not affect the GASB valuation which was already using the 7.0 percent assumption.

Pension Liability Sensitivity — The following presents the Minnesota State proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	Sensitivity of Net Pension Liability at Current Single Discount Rate			
	2025		2024	
	Percent	Amount	Percent	Amount
1 Percent Lower	6.00	$ 351,779	6.00	$ 428,995
Current Discount Rate	7.00	199,754	7.00	268,971
1 Percent Higher	8.00	74,634	8.00	137,979

Pension Plan Fiduciary Net Position — Detailed information about the plan's fiduciary net position is available in the Minnesota Teachers Retirement Association Annual Comprehensive Financial Report. That report can be obtained at www.minnesotatra.org/financial/annual-reports.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions — For the years ended June 30, 2025 and 2024, Minnesota State recognized a decrease in benefit expense of $8,877 and $12,273, respectively, related to pensions.

At June 30, 2025 and 2024, Minnesota State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Year Ended June 30	
	2025	2024
Changes in actuarial assumptions	$ 20,145	$ 31,334
Contributions paid to TRA subsequent to measurement date	19,309	17,987
Differences between expected and actual economic experience	9,523	2,666
Changes in proportion	17,310	21,456
Total	$ 66,287	$ 73,443

	Deferred Inflows of Resources Year Ended June 30	
	2025	2024
Differences between projected and actual investment earnings	$ 28,273	$ 997
Changes in actuarial assumptions	23,821	-
Differences between expected and actual economic experience	2,589	3,917
Changes in proportion	22,007	20,147
Total	$ 76,690	$ 25,061

Amounts reported as deferred outflows of resources related to pensions resulting from the Minnesota State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year.

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

Fiscal Year	Amount
2026	$ (15,467)
2027	16,636
2028	(15,414)
2029	(10,913)
2030	(4,554)
Total	$ (29,712)

General Employees Retirement Fund

Plan Description — Minnesota State participates in the General Employees Retirement Plan (GERF), a defined benefit pension plan administered by the Public Employees Retirement Association (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Benefits Provided — PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Benefit increases are provided to benefit recipients each January. Members will receive future annual increases equal to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent beginning January 1, 2019.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERF benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

Contributions — Minnesota Statute Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.5 percent, respectively, of their annual covered salary in calendar years 2025 and 2024. In calendar years 2025 and 2024, the employer was required to contribute 11.78 percent of pay for Basic Plan members and 7.5 percent for Coordinated Plan members.

Minnesota State contributions to the GERF for the plan's fiscal years ended June 30, 2025 and 2024 were $508 and $568, respectively. These contributions were equal to the required contributions for each year as set by state statute.

Actuarial Assumptions — The Minnesota State net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The total pension liability was determined using the following actuarial assumptions:

Inflation	2.25 percent per year
Active member payroll growth	3.00 percent per year
Investment rate of return	7.00 percent

Salary increases for the June 30, 2024 and 2023 valuation were equal to reported salary at valuation date increased according to the rate table, to current fiscal year and annually each future year. Mortality rates for active members, retirees, survivors and disabilitants were based on PUB-2010 mortality tables adjusted for mortality improvements using projection scale MP-2021 and MP-2020, respectively, with slight adjustments.

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of actuarial experience studies dated June 27, 2019 and a review of inflation and investment assumptions dated June 29, 2023. Actuarial assumptions used in the June 30, 2023 valuation were based on the results of actuarial experience studies dated June 27, 2019 and a review of inflation and investment assumptions dated July 12, 2022.

The long-term expected rate of return on pension plan investments used in the determination of the total pension liability is 7.0 percent. The expected rate of return was determined using a building-block method. Estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce geometric, long-term expected rate of return for the portfolio. For each major asset class that is included in the pension fund target asset allocation as of the measurement date of June 30, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Geometric Mean) Percentage
Domestic equity	34	5.10
International equity	16	5.30
Private markets	25	5.90
Fixed income	25	0.75
Total	100	

Discount Rate — The discount rate used to measure the total pension liability as of June 30, 2024 and 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee, employer, and state contributions will be made at the current statutory rates.

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability — At June 30, 2025 and 2024, Minnesota State reported a liability of $3,185 and $5,844, respectively, for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The proportion of the net pension liability was based on Minnesota State contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 and July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all PERA's participating employers. At June 30, 2025 and 2024, the Minnesota State proportion was 0.0862 percent and 0.1045 percent, respectively.

Changes have been made in plan provisions that affect the measurement of the total pension liability since the prior measurement date. The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors were updated to reflect changes in assumptions.

Changes have been made in assumptions that affect the measurement of the total pension liability since the prior measurement date. Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

Pension Liability Sensitivity — The following presents the Minnesota State proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	Sensitivity of Net Pension Liability at Current Single Discount Rate			
	2025		2024	
	Percent	Amount	Percent	Amount
1 Percent Lower	6.00	$ 6,597	6.00	$ 10,338
Current Discount Rate	7.00	3,185	7.00	5,844
1 Percent Higher	8.00	83	8.00	2,147

Pension Plan Fiduciary Net Position — Detailed information about each defined benefit pension plan's fiduciary net position is available in a separately-issued PERA financial report. That report may be obtained at www.mnpera.org/about/finance.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions — For the years ended June 30, 2025 and 2024, Minnesota State recognized a decrease in benefit expense of $972 and $336, respectively, related to pensions.

At June 30, 2025 and 2024, Minnesota State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Year Ended June 30	
	2025	2024
Changes in actuarial assumptions	$ 16	$ 946
Contributions paid to PERA subsequent to measurement date	508	568
Differences between expected and actual economic experience	299	192
Total	$ 823	$ 1,706

	Deferred Inflows of Resources Year Ended June 30	
	2025	2024
Differences between projected and actual investment earnings	$ 925	$ 218
Changes in actuarial assumptions	1,206	1,602
Differences between expected and actual economic experience	-	40
Changes in proportion	1,636	1,610
Total	$ 3,767	$ 3,470

Amounts reported as deferred outflows of resources related to pensions resulting from Minnesota State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year.

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

Fiscal Year	Amount
2026	$ (1,803)
2027	(727)
2028	(678)
2029	(244)
Total	$ (3,452)

St. Paul Teachers Retirement Fund

Plan Description — The St. Paul Teachers Retirement Fund Association (SPTRFA) is an administrator of a multiple employer, cost-sharing, defined benefit retirement fund (SPTRF). SPTRFA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. SPTRF is a separate statutory entity and administered by a board of trustees. The board consists of nine members elected from the association membership and one member appointed by the board of ISD 625, St. Paul Public Schools (SPPS).

SPTRFA membership consists of licensed teachers employed by SPPS, certain licensed teachers employed by Saint Paul College, certain licensed teachers employed by charter schools within the City of St. Paul, and SPTRFA staff. Until its merger into the Minnesota State on July 1, 1995, all Saint Paul College teachers were contributing members of the Fund. As part of the merger process, SPTRFA-covered Saint Paul College teachers were given the option to remain active members of the Fund or to choose other retirement coverage, thus, converting to a deferred status with SPTRFA.

Benefits Provided — SPTRFA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota Statute and vest after five years of service credit. Members will receive future annual increases equal to 1.0 percent per year of January 1. For retirements on and after July 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age (not applicable to Rule of 90 retirees, Rule of 62/30 retirees, disability benefit recipients, or survivors). The defined retirement benefits are based on a member's highest average salary for any five years of consecutive service for the Basic Plan, and three consecutive years of allowable service for the Coordinated Plan, age, and a formula multiplier based on years of credit at termination of service.

Two methods are used to compute benefits for SPTRFA's Coordinated and Basic Plan members. Members first employed before July 1, 1989, receive the greater of the Tier I or Tier II benefits as described.

Tier I Benefits

Tier I	Step Rate Formula	Percentage
Basic	Years of service	2.0 percent per year
Coordinated	First ten years if service years are up to July 1, 2015	1.2 percent per year
	First ten years if service years are July 1, 2015 or after	1.4 percent per year
	All other years of service if service years are up to July 1, 2015	1.7 percent per year
	All other years of service if service years are July 1, 2015 or after	1.9 percent per year

With these provisions:
- Normal retirement age is 65 with less than 30 years of allowable service and age 55 with 30 or more years of allowable service.
- 0.25 percent per year early retirement reduction factor for all years under normal retirement age.
- Unreduced benefits for early retirement under a Rule-of-90 (age plus allowable service equals 90 or more).

Tier II Benefits

For years of service prior to July 1, 2015 a level formula of 1.7 percent per year for coordinated members and 2.5 percent per year for basic members is applied. For years of service July 1, 2015 and after, a level formula of 1.9 percent per year for coordinated members and 2.5 percent for basic members applies. Beginning July 1, 2015, the early retirement reduction factors are based on rates established under Minnesota Statute. Smaller reductions, more favorable to the member, will be applied to individuals who reach age 62 and have 30 years or more of service credit.

Members first employed after July 1, 1989, receive only the Tier II calculation with a normal retirement age that is their retirement age for full Social Security retirement benefits, but not to exceed age 66. Any member terminating service is eligible for a refund of their employee contributions plus interest.

The benefit provisions stated apply to active plan participants. Vested, terminated employees who are entitled to benefits but not yet receiving them are bound by the plan provisions in effect at the time they last terminated their public service.

Contributions — Minnesota Statute Chapter 354A sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. SPTRFA Coordinated Plan members were required to contribute 7.5 percent of their annual covered salary in fiscal years 2025 and 2024. In fiscal years 2025 and 2024, the employer was required to contribute 12.84 percent for Coordinated Plan members. No Basic Plan members currently remain in active status. Minnesota State contributions to the SPTRFA for the fiscal year ended June 30, 2025 and 2024, were $20 and $15, respectively. These contributions were equal to the required contributions for each year as set by state statute.

Actuarial Assumptions — The Minnesota State net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per year
Active member payroll growth	2.50 percent per year
Investment rate of return	7.00 percent

Salary increases for the June 30, 2024 and 2023 valuation were equal to reported salary at valuation date increased according to the rate table, to current fiscal year and annually each future year. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 for Teachers, with adjustments, and future improvement projected using MP-2021.

Actuarial assumptions are based on an experience study for the five-year period of July 1, 2016 to June 30, 2021, as well as a legislative change to the investment return assumption effective July 1, 2023.

The long-term expected rate of return on pension plan investments is 7.0 percent. This rate was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates for each major asset class included in the target asset allocation as of the measurement date of June 30, 2024, are summarized as follows:

Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate of Return (Arithmetic) Percentage
Domestic equity	30	6.55
International equity	20	6.98
Fixed income	30	3.45
Real assets	10	3.90
Private equity & alternatives	10	7.47
Total	100	

Discount Rate — The discount rate used to measure the total pension liability as of June 30, 2024 and 2023 was 7.0 percent. This discount rate was based on the expected rate of return on pension plan investments. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, SPTRFA's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability — At June 30, 2025 and 2024, Minnesota State reported a liability of $155 and $250, respectively, for its proportionate share of the SPTRFA's net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates.

The proportion of the net pension liability was based on Minnesota State contributions received by SPTRFA during the measurement period for employer payroll paid dates from July 1, 2023 through June 30, 2024 and July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all SPTRA's participating employers. At June 30, 2025 and 2024, the Minnesota State proportion was 0.026 percent and 0.037 percent, respectively.

No changes have been made in plan provisions that affect the measurement of the total pension liability since the prior measurement date.

Changes were made in assumptions that affect the measurement of the total pension liability since the prior measurement date. Member contributions decrease from 7.75 percent of pay to 7.50 percent of pay effective July 1, 2024, and from 9.00 percent of pay to 8.75 percent of pay effective July 1, 2025. Effective July 1, 2026, the member contribution rate returns to 9.00 percent of pay. An additional one-time direct state aid contribution of $1.5 million will be contributed to the Plan by October 1, 2024. Annual supplemental contributions of $14,827 million will continue until the earlier of the Plan achieving 100 percent funded ratio for three consecutive years, or June 30, 2048. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

Pension Liability Sensitivity — The following presents the Minnesota State proportionate share of the net pension liability, calculated using the discount rate disclosed above, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	Sensitivity of Net Pension Liability at Current Single Discount Rate			
	2025		2024	
	Percent	Amount	Percent	Amount
1 Percent Lower	6.00	$ 219	6.00	$ 337
Current Discount Rate	7.00	155	7.00	250
1 Percent Higher	8.00	103	8.00	178

Pension Plan Fiduciary Net Position — Detailed information about the plan's fiduciary net position is available in a separately-issued financial report. That report may be found at https://sptrfa.org/publications/reports.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions — For the fiscal years ended June 30, 2025 and 2024, Minnesota State recognized a decrease in benefit expense of $44 and $30, respectively, related to pensions.

At June 30, 2025 and 2024, Minnesota State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Year Ended June 30	
	2025	2024
Differences between projected and actual investment earnings	$ -	$ 5
Changes in actuarial assumptions	-	13
Contributions paid to SPTRFA subsequent to measurement date	20	15
Differences between expected and actual economic experience	2	-
Changes in proportion	4	8
Total	$ 26	$ 41

	Deferred Inflows of Resources Year Ended June 30	
	2025	2024
Differences between projected and actual investment earnings	$ 10	$ -
Changes in actuarial assumptions	2	6
Differences between expected and actual economic experience	1	5
Changes in proportion	48	34
Total	$ 61	$ 45

Amounts reported as deferred outflows of resources related to pensions resulting from the Minnesota State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Amount
2026	$ (29)
2027	(18)
2028	(5)
2029	(3)
Total	$ (55)

Minnesota State Colleges and Universities Defined Contribution Retirement Fund

General Information — The Minnesota State Defined Contribution Retirement Fund includes two plans: An Individual Retirement Account Plan and a Supplemental Retirement Plan. Both plans are mandatory, tax deferred, single employer, defined contribution plans authorized by Minnesota Statutes, Chapters 354B and 354C. The plans are designed to provide retirement benefits to Minnesota State Colleges and Universities unclassified employees. An unclassified employee is one who belongs to Minnesota State Colleges and Universities specific bargaining units. The plans cover unclassified teachers, librarians, administrators, and certain other staff. The plans are mandatory for qualified employees and vesting occurs immediately.

The administrative agent of the two plans is Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA-CREF). Separately issued financial statements can be obtained from TIAA-CREF, 8000 Tower Normandale Lake Office Park, 8300 Norman Center Drive, Suite 230, Bloomington, MN 55437.

Individual Retirement Account Plan (IRAP)

Participation — Every employee who is in unclassified service is required to participate in TRF or IRAP upon achieving eligibility. An unclassified employee is one who serves in a position deemed unclassified according to Minnesota Statutes. This includes presidents, vice presidents, deans, administrative or service faculty, teachers and other managers, and professionals in academic and academic support programs. Eligibility begins with the employment contract for the first year of unclassified service in which the employee is hired for more than 25 percent of a full academic year, excluding summer session. An employee remains a participant of the plan even if employed for less than 25 percent of a full academic year in subsequent years.

Contributions — There are two-member groups participating in the IRAP, a faculty group and an administrator group. For those participants eligible before July 1, 2018, the employer and employee statutory contribution rates for both faculty and administrators as of June 30, 2025 and 2024, are 8.75 percent and 7.75 percent. Contributions are made under the authority of Minnesota Statutes, Chapter 354B.

Required contributions for Minnesota State were:

Fiscal Year	Employer	Employee
2025	$ 48,330	$ 42,805
2024	46,202	40,906
2023	32,027	38,198

Supplemental Retirement Plan (SRP)

Participation — Every unclassified employee who has completed two full time years of unclassified service with Minnesota State Colleges and Universities must participate upon achieving eligibility. The eligible employee is enrolled on the first day of the fiscal year following completion of two full time years. Vesting occurs immediately and normal retirement age is 55.

Contributions — Participants contribute 5.0 percent of eligible compensation up to a defined maximum annual contribution as specified in the following table:

Member Group	Eligible Compensation	Maximum Annual Contributions
Administrators	$ 6 to 60	$ 2.70
Commissioner's Plan	6 to 40	1.70
Inter Faculty Organization	6 to 51	2.25
Middle Management Association Unclassified	6 to 40	1.70
Minnesota Association of Professional Employees Unclassified	6 to 40	1.70
Minnesota State College and Faculty Association	6 to 60	2.70
Minnesota State University Association of Administrative & Service Faculty	6 to 51	2.25

Minnesota State provides a match in amounts equal to the contributions made by participants. The contributions are made under the authority of Minnesota Statutes, Chapter 354C.

Required contributions for Minnesota State were:

Fiscal Year	Amount
2025	$ 14,345
2024	14,267
2023	14,176

Voluntary Retirement Savings Plans

Minnesota State offers two voluntary programs to employees for retirement savings.

The Minnesota Deferred Compensation Plan (MNDCP) is a voluntary retirement savings plan authorized under section 457(b) of the Internal Revenue Code and Minnesota Statute, Section 352.965. The plan is composed of employee pre-tax and after-tax contributions and accumulated investment gains or losses. Participants may withdraw funds upon termination of public service or in the event of an unforeseeable emergency. As of June 30, 2025, the plan has 6,231 participants.

In addition to the state's Deferred Compensation program, Minnesota State also participates in a 403(b) Tax Sheltered Annuity (TSA) program. The plan consists of both pre-tax and after-tax contributions and accumulated investment gains or losses. As of June 30, 2025, the plan has 4,737 participants.

15. SEGMENT INFORMATION

A segment is an identifiable activity reported as a standalone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows that are required by an external party to be accounted for separately.

Minnesota State Revenue Fund issues revenue bonds to finance the acquisition, construction, and renovation of buildings for residence halls, student unions, food services, parking facilities, and wellness centers at an institution. The Itasca County Housing Redevelopment Authority sold bonds to finance Minnesota North College's student housing program located on the Itasca campus. Note 8 to the financial statements provides additional information on the pledging of the revenues.

Summary financial information for Minnesota State Revenue Fund for the fiscal years ended June 30, 2025 and 2024 follows:

Summary Financial Information for Revenue Fund

	2025	2024
CONDENSED STATEMENTS OF NET POSITION		
Assets		
Current assets	$ 137,703	$ 120,853
Restricted assets	49,022	44,812
Total noncurrent assets	289,159	311,763
Total assets	475,884	477,428
Deferred outflows of resources	3,201	3,971
Total assets and deferred outflows of resources	479,085	481,399
Liabilities		
Current liabilities	41,939	30,090
Noncurrent liabilities	146,454	169,722
Total liabilities	188,393	199,812
Deferred inflows of resources	4,372	4,292
Total liabilities and deferred inflows of resources	192,765	204,104
Net Position		
Net investment in capital assets	153,116	153,498
Restricted	133,204	123,797
Total net position	$ 286,320	$ 277,295
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	$ 113,951	$ 110,760
Depreciation and amortization expense	(24,224)	(24,992)
Other operating expenses	(82,615)	(75,625)
Net operating income	7,112	10,143
Nonoperating revenues (expenses)		
Private grants	307	28
Interest income	8,088	7,770
Capital contributions	670	1,651
Interest expense	(4,167)	(4,749)
Loss on disposal of capital assets	(2,985)	-
Total nonoperating revenues (expenses)	1,913	4,700
Change in net position	9,025	14,843
Total net position, beginning of year	277,295	262,452
Total net position, end of year	$ 286,320	$ 277,295
CONDENSED STATEMENTS OF CASH FLOWS		
Net cash provided by (used in)		
Operating activities	$ 27,557	$ 33,479
Noncapital and related financing activities	307	28
Capital and related financing activities	(19,491)	(28,797)
Investing activities	7,997	7,679
Net increase in cash and cash equivalents	16,370	12,389
Cash and cash equivalents, beginning of year	159,382	146,993
Cash and cash equivalents, end of year	$ 175,752	$ 159,382

Summary financial information for Minnesota North College's student housing program located on the Itasca campus for the fiscal year ended June 30, 2024 follows. The revenue bonds were paid off during fiscal year 2025.

Summary Financial Information for Minnesota North College

	2024
CONDENSED STATEMENTS OF NET POSITION	
Assets	
Current assets	$ 926
Restricted assets	320
Capital assets, net	1,885
Total assets	3,131
Deferred outflows of resources	17
Total assets and deferred outflows of resources	3,148
Liabilities	
Current liabilities	175
Noncurrent liabilities	399
Total liabilities	574
Deferred inflows of resources	10
Total liabilities and deferred inflows of resources	584
Net Position	
Net investment in capital assets	1,385
Restricted	320
Unrestricted	859
Total net position	$ 2,564
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	
Operating revenues	$ 507
Depreciation expense	(119)
Other operating expenses	(314)
Net operating income	74
Nonoperating revenues (expenses)	
Transfers to other funds	(16)
Interest income	15
Interest expense	(20)
Total nonoperating revenues (expenses)	(21)
Change in net position	53
Total net position, beginning of year	2,511
Total net position, end of year	$ 2,564
CONDENSED STATEMENTS OF CASH FLOWS	
Net cash provided by (used in)	
Operating activities	$ 73
Capital and related financing activities	(176)
Investing activities	(16)
Net decrease in cash and cash equivalents	(119)
Cash and cash equivalents, beginning of year	1,025
Cash and cash equivalents, end of year	$ 906

16. COMMITMENTS

Minnesota State Involvement in Ongoing Projects as of June 30, 2025

Institution *	Project		Total Cost		Spent to Date		Balance	Completion Date
Central Lakes	Student Services Renovation	$	12,341	$	4,040	$	8,301	Jan 2026
Inver Hills	Technology & Business Center		22,698		17,099		5,599	July 2025
Minneapolis	Management Education Center		23,841		17,109		6,732	Oct 2025
Moorhead	Weld Hall Renovation		23,727		7,179		16,548	Mar 2026
Pine	Technical/Trades Addition & Renovation		22,103		12,602		9,501	June 2026
System	Replacement of Legacy ERP System**		290,400		120,124		170,276	June 2030

***** Central Lakes College; Inver Hills Community College; Minneapolis College; Minnesota State University Moorhead; Pine Technical & Community College
** Enterprise Resource Planning (ERP) System

17. RISK MANAGEMENT

In the normal course of operations Minnesota State is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; error or omissions; and employer obligations. Minnesota State manages these risks through state of Minnesota insurance plans including the state of Minnesota Risk Management Fund, a self-insurance fund, and through purchased insurance coverage. In management's opinion, the ultimate resolution of any contingencies not covered by insurance would not have a significant adverse effect upon the overall net position, operations, or cash flows of Minnesota State.

Automobile liability coverage is required by the state and is provided by the Minnesota Risk Management Fund. Some colleges and universities also purchase optional physical damage coverage for their newest or most expensive vehicles.

While property and casualty coverage are required by the Minnesota State policy, colleges and universities may select optional coverage such as international accident, international liability, and professional liability for employed physicians and student health services professional liability.

The Minnesota Risk Management Fund provides the following coverage for fiscal years 2025 and 2024.

Coverage Type	Amount
Property and contents institution deductible	$1 to $250
Property and contents fund responsibility	$1,000
Property and contents primary re-insurer coverage	$1,000 to $1,250,000
Third party bodily injury and property damage per person	$500
Third party bodily injury and property damage per occurrence	$1,500

Minnesota State retains the risk of loss. Minnesota State did not have any settlements in excess of coverage in the last three years.

The Minnesota Risk Management Fund purchases other insurance on the open market for some campuses. These generally include student intern professional liability, dental clinics professional liability, aviation insurance, and a variety of bonds.

Minnesota State participates in the State Employee Group Insurance Plan, which provides life insurance and hospital, medical, and dental benefits coverage through provider organizations. Workers' compensation is covered through state participation in the Workers' Compensation Reinsurance Association, which pays for catastrophic workers' compensation claims. Other workers' compensation risks are covered through self-insurance for which Minnesota State pays the cost of claims through the state Workers' Compensation Fund. A Minnesota State workers' compensation payment pool helps institutions manage the volatility of such claims. Annual premiums are assessed by the pool based on salary dollars and claims history. From this pool, all workers' compensation claims are paid to the state Workers' Compensation Fund.

The following table presents changes in the balance of workers' compensation claims liability during the fiscal years ended June 30, 2025 and 2024.

	Beginning Liability	Additions	Payments & Other Reductions	Ending Liability
Fiscal Year Ended 6/30/25	$ 4,144	$ 1,543	$ 2,454	$ 3,233
Fiscal Year Ended 6/30/24	4,769	2,037	2,662	4,144

18. COMPONENT UNITS

The following legally separate tax-exempt foundations affiliated with Minnesota State are included as a major component unit of Minnesota State. The Bemidji State University Alumni and Foundation, Metropolitan State University Foundation, Minnesota State University, Mankato Foundation, Inc., Minnesota State University Moorhead Foundation, Inc., Southwest Minnesota State University Foundation, St. Cloud State University Foundation, Inc., and Winona State University Foundation were formed for the purpose of obtaining and disbursing funds for the sole benefit of their university.

In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, Minnesota State presents the combined statement of financial position and the combined statement of activities of the foundations on separate pages of the financial statements.

Minnesota State received $23,455 and $19,878 in fiscal years 2025 and 2024, respectively, from the foundations for scholarships and other educational program support. In addition to lease agreements, Southwest Minnesota State University and Winona State University have entered into agreements to manage student housing facilities owned by the foundations.

The seven state universities do not appoint any members of their respective boards and the resources held by the foundations can only be used by, or for the benefit of, the associated university. Each foundation's relationship with their institution is such that exclusion of the foundation's financial statements would cause the Minnesota State financial statements to be misleading or incomplete.

The foundations financial statements have been prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions*: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. Funds paid from the board-designated endowment are subject to approval by the board.
- *Net Assets with Donor Restrictions*: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Investments — The foundations' investments are presented in accordance with FASB ASC 958-320, *Investments-Debt and Equity Securities*. Under ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position.

The inputs used to measure fair value are categorized into the following three categories:

- *Level 1* — Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds.
- *Level 2* — Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- *Level 3* — Inputs that are unobservable and significant to the fair value measurement.
- *Net Asset Value* — Inputs that do not fall in any of the above three categories listed.

The following tables summarize the fair value measurement of the foundations' investments:

Schedule of Investments
As of June 30

	2025	Level 1	Level 2	Level 3	Net Asset Value
Money market	$ 3,108	$ 3,108	$ -	$ -	$ -
Fixed income	2,012	1,032	980	-	-
Mutual funds	130,907	123,449	7,458	-	-
Equity securities	143,919	114,984	28,711	224	-
Bonds/U.S treasuries	24,608	3,315	21,293	-	-
Other	73,955	-	69	6,134	67,752
Total	$ 378,509	$ 245,888	$ 58,511	$ 6,358	$ 67,752

Schedule of Investments
As of June 30

	2024	Level 1	Level 2	Level 3	Net Asset Value
Money market	$ 1,168	$ 1,168	$ -	$ -	$ -
Fixed income	2,345	1,081	1,264	-	-
Mutual funds	120,516	113,305	7,211	-	-
Equity securities	121,169	95,013	25,963	193	-
Bonds/U.S treasuries	23,508	3,303	20,205	-	-
Other	65,428	-	58	5,953	59,417
Total	$ 334,134	$ 213,870	$ 54,701	$ 6,146	$ 59,417

Buildings, Property and Equipment — The following table summarizes the foundations' buildings, property, and equipment:

Schedules of Buildings, Property and Equipment
As of June 30

	2025	2024
Buildings, property and equipment, not depreciated:		
Land	$ 4,583	$ 3,149
Construction in progress	2,427	8,017
Total buildings, property and equipment, not depreciated	7,010	11,166
Buildings, property and equipment, depreciated:		
Buildings and improvements	32,450	23,528
Equipment	1,231	780
Leasehold improvements	107	107
Total buildings, property and equipment, depreciated	33,788	24,415
Total accumulated depreciation	(15,323)	(14,494)
Total buildings, property and equipment depreciated, net	18,465	9,921
Total buildings, property and equipment, net	$ 25,475	$ 21,087

Long-Term Obligations — Payment schedule of the foundations' long-term obligations follow. Excluded from the table below is Winona State University Foundation's loan agreement with a local bank of $5,996 and Minnesota State University Mankato's loan agreement with a local bank of $558.

Year Ended June 30

Fiscal Year	Amount
2026	$ 805
2027	530
2028	540
2029	272
2030	281
Thereafter	7,868
Total	$ 10,296

Endowment Funds — The foundations' endowment includes both donor-restricted funds and funds designated by the foundation board of trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the foundation board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets as of June 30, 2025 and 2024 are as follows:

Schedule of Endowment Net Assets
As of June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Net assets, beginning of year	$ 4,293	$ 290,782	$ 295,075
Contributions	7	11,473	11,480
Investment income	427	43,020	43,447
Amounts appropriated for expenditures	(82)	(13,522)	(13,604)
Other transfers	-	240	240
Net assets, end of year	$ 4,645	$ 331,993	$ 336,638

Schedule of Endowment Net Assets
As of June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Net assets, beginning of year	$ 4,024	$ 256,293	$ 260,317
Contributions	24	14,008	14,032
Investment income	461	30,177	30,638
Amounts appropriated for expenditures	(215)	(9,869)	(10,084)
Other transfers	(1)	173	172
Net assets, end of year	$ 4,293	$ 290,782	$ 295,075

19. CONCENTRATIONS AND OTHER RISKS

Minnesota State receives state support in the form of state appropriation. For the fiscal year ended June 30, 2025, 38 percent of total revenue was state appropriation. For fiscal year ended June 30, 2026, the total appropriation to be received has been reduced by $49.5 million from the amount received for 2025.

20. SUBSEQUENT EVENTS

General Obligation Bond Issuances — In September 2025, $50,400 in general obligation state bonds Series 2025A were authorized at a true interest rate of 3.62 percent. Minnesota State pays one third of the debt service on those bonds, over the life of the bonds. The first debt service payment on these bonds was in November 2025.

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REQUIRED SUPPLEMENTARY INFORMATION SECTION

MINNESOTA STATE COLLEGES AND UNIVERSITIES
SCHEDULES OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS

Schedule of Changes in Total OPEB Liability
(In Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Balance, Beginning of Year	$ 93,151	72,570	$ 71,437	67,263	$ 68,182	$ 70,054	$ 65,158	$ 64,823	$ 60,831
Changes for the Year									
Service Cost	7,029	5,808	5,563	5,366	5,137	5,424	4,869	5,167	4,404
Interest	3,551	2,694	1,613	1,573	2,482	2,839	2,421	1,931	2,374
Changes in Assumptions	(11,812)	12,875	(3,935)	165	12,399	(2,264)	5,161	(2,241)	2,835
Differences between Expected and Actual Economic Experience	(4,129)	3,805	2,538	-	(16,101)	(3,602)	(2,706)	-	-
Benefit Payments	(5,853)	(4,601)	(4,646)	(2,930)	(4,836)	(4,269)	(4,849)	(4,522)	(5,621)
Net Changes	(11,214)	20,581	1,133	4,174	(919)	(1,872)	4,896	335	3,992
Balance, End of Year	$ 81,937	93,151	$ 72,570	71,437	$ 67,263	$ 68,182	$ 70,054	$ 65,158	$ 64,823
Covered Employee Payroll	$ 1,061,739	1,021,546	$ 995,827	990,831	$ 1,003,002	$ 970,494	$ 945,338	$ 950,401	$ 938,713
Total OPEB Liability as a Percentage of Covered Employee Payroll	7.72	9.12	7.29	7.21	6.71	7.03	7.41	6.86	6.91

These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

MINNESOTA STATE COLLEGES AND UNIVERSITIES
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
STATE EMPLOYEES RETIREMENT FUND

Schedule of Proportionate Share of MSRS Net Pension Liability
(In Thousands)

Measurement Date	Proportionate Share as a Percentage of Net Pension Liability	Proportionate Share	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2015	8.19	$ 126,222	$ 221,209	57.06	88.32
June 30, 2016	8.13	999,423	223,418	447.33	47.51
June 30, 2017	7.75	574,921	225,689	254.74	62.73
June 30, 2018	7.58	105,001	228,146	46.02	90.56
June 30, 2019	7.46	104,997	233,555	44.96	90.73
June 30, 2020	7.37	97,846	239,141	40.92	91.25
June 30, 2021	7.42	6,047	245,093	2.47	99.53
June 30, 2022	7.27	119,526	245,881	48.61	90.60
June 30, 2023	6.97	66,922	260,521	25.69	94.54
June 30, 2024	6.64	2,209	267,600	0.83	99.82

Schedule of Employer Contributions
(In Thousands)

Fiscal Year Ended	Statutorily Required Contributions	Contributions Recognized By MSRS	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	$ 12,288	$ 12,288	$ —	$ 223,418	5.50
June 30, 2017	12,413	12,413	—	225,689	5.50
June 30, 2018	12,548	12,548	—	228,146	5.50
June 30, 2019	13,721	13,721	—	233,555	5.875
June 30, 2020	14,946	14,946	—	239,141	6.25
June 30, 2021	15,318	15,318	—	245,093	6.25
June 30, 2022	15,368	15,368	—	245,881	6.25
June 30, 2023	16,283	16,283	—	260,521	6.25
June 30, 2024	16,725	16,725	—	267,592	6.25
June 30, 2025	17,686	17,686	—	282,973	6.25

Minnesota State Retirement System (MSRS)

MINNESOTA STATE COLLEGES AND UNIVERSITIES
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
TEACHERS RETIREMENT FUND

Schedule of Proportionate Share of TRA Net Pension Liability
(In Thousands)

Measurement Date	Proportionate Share as a Percentage of Net Pension Liability	Proportionate Share	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2015	3.60	$ 222,609	$ 179,801	123.81	76.77
June 30, 2016	3.45	823,265	179,147	459.55	44.88
June 30, 2017	3.43	684,950	183,390	373.49	51.57
June 30, 2018	3.27	205,525	181,967	112.95	78.07
June 30, 2019	3.29	209,986	185,104	113.44	78.21
June 30, 2020	3.20	236,738	184,892	128.04	75.48
June 30, 2021	3.17	138,597	187,271	74.01	86.63
June 30, 2022	3.06	245,301	187,516	130.82	76.17
June 20, 2023	3.26	268,971	204,757	131.36	76.42
June 30, 2024	3.14	199,754	205,566	97.17	82.07

Schedule of Employer Contributions
(In Thousands)

Fiscal Year Ended	Statutorily Required Contributions	Contributions Recognized By TRA	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	$ 13,436	$ 13,436	$ —	$ 179,147	7.50
June 30, 2017	13,754	13,754	—	183,390	7.50
June 30, 2018	13,647	13,647	—	181,967	7.50
June 30, 2019	14,271	14,271	—	185,104	7.71
June 30, 2020	14,643	14,643	—	184,892	7.92
June 30, 2021	15,225	15,225	—	187,271	8.13
June 30, 2022	15,639	15,639	—	187,516	8.34
June 30, 2023	17,507	17,507	—	204,757	8.55
June 30, 2024	17,987	17,987	—	205,564	8.75
June 30, 2025	19,309	19,309	—	220,678	8.75

Teachers Retirement Association (TRA)

MINNESOTA STATE COLLEGES AND UNIVERSITIES
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
GENERAL EMPLOYEES RETIREMENT FUND

Schedule of Proportionate Share of PERA Net Pension Liability
(In Thousands)

Measurement Date	Proportionate Share as a Percentage of Net Pension Liability	Proportionate Share	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2015	0.2807	$ 14,547	$ 15,807	92.03	78.19
June 30, 2016	0.2493	20,242	15,093	134.11	68.91
June 30, 2017	0.2292	14,632	14,467	101.14	75.90
June 30, 2018	0.2082	11,550	13,712	84.23	79.53
June 30, 2019	0.1861	10,289	12,885	79.85	80.23
June 30, 2020	0.1611	9,659	11,492	84.05	79.06
June 30, 2021	0.1395	5,957	10,041	59.33	87.00
June 30, 2022	0.1221	9,670	9,127	105.95	76.67
June 30, 2023	0.1045	5,844	8,600	67.95	83.10
June 30,2024	0.0862	3,185	7,572	42.07	89.08

Schedule of Employer Contributions
(In Thousands)

Fiscal Year Ended	Statutorily Required Contributions	Contributions Recognized By PERA	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	$ 1,132	$ 1,132	$ —	$ 15,093	7.50
June 30, 2017	1,085	1,085	—	14,467	7.50
June 30, 2018	1,028	1,028	—	13,712	7.50
June 30, 2019	966	966	—	12,885	7.50
June 30, 2020	861	861	—	11,492	7.50
June 30, 2021	753	753	—	10,041	7.50
June 30, 2022	685	685	—	9,127	7.50
June 30, 2023	645	645	—	8,600	7.50
June 30, 2024	568	568	—	7,572	7.50
June 30, 2025	487	487	—	6,497	7.50

Public Employees Retirement Association (PERA)

MINNESOTA STATE COLLEGES AND UNIVERSITIES
SCHEDULES OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND CONTRIBUTIONS
ST. PAUL TEACHERS RETIREMENT FUND

Schedule of Proportionate Share of SPTRA Net Pension Liability
(In Thousands)

Measurement Date	Proportionate Share as a Percentage of Net Pension Liability	Proportionate Share	Covered Payroll	Proportionate Share as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2015	0.238	$ 1,385	$ 1,566	88.41	63.56
June 30, 2016	0.171	1,082	1,067	101.46	60.26
June 30, 2017	0.176	1,019	1,062	95.94	64.07
June 30, 2018	0.104	630	619	101.83	63.87
June 30, 2019	0.101	617	638	96.82	63.87
June 30, 2020	0.077	503	467	107.81	61.35
June 30, 2021	0.053	230	324	71.15	74.88
June 30, 2022	0.035	243	224	108.67	62.43
June 30, 2023	0.037	250	229	108.91	64.32
June 30, 2024	0.026	155	165	94.42	69.06

Schedule of Employer Contributions
(In Thousands)

Fiscal Year Ended	Statutorily Required Contributions	Contributions Recognized By SPTRA	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2016	$ 64	$ 64	$ —	$ 1,067	6.00
June 30, 2017	66	66	—	1,062	6.25
June 30, 2018	40	40	—	619	6.50
June 30, 2019	47	47	—	638	7.34
June 30, 2020	38	38	—	467	8.17
June 30, 2021	27	27	—	324	8.38
June 30, 2022	19	19	—	224	8.59
June 30, 2023	20	20	—	229	8.80
June 30, 2024	15	15	—	167	9.00
June 30, 2025	20	20	—	224	9.00

St. Paul Teachers Retirement Association (SPTRA)

MINNESOTA STATE COLLEGES AND UNIVERSITIES
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

OTHER POSTEMPLOYMENT BENEFITS PLAN

2025 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 3.65 percent to 3.93 percent.
- The initial medical trend rate was changed from 8.40 percent to 7.46 percent.
- The ultimate medical trend was changed from 3.70 percent to 3.68 percent.
- The year ultimate trend rate reached was changed from 2073 to 2075.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 3.54 percent to 3.65 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS
- The projected mortality improvement scale assumption was updated to Scale MP-2021.
- The annual medical claims costs and premiums were updated based on recent experience.
- The discount rate was changed from 2.16 percent to 3.54 percent.
- The annual medical trend was updated based on recent trend surveys, short-term expectations specific to Minnesota State plans, and adjustment to short-term trend rates to estimate the impact of the current general inflation environment, and the current version of the SOA-Getzen trend model.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 2.21 percent to 2.16 percent.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The initial medical trend decreased by 0.3 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 3.5 percent to 2.21 percent.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The initial medical trend increased by 0.9 percent.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 3.87 percent to 3.5 percent.
- Mortality assumptions, salary increase assumptions, and medical trend rates were updated.
- The inflation rate and payroll growth rate decreased 0.25 percent.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 3.58 percent to 3.87 percent.
- Mortality assumptions, salary increase assumptions, and annual medical claims costs and premiums were updated.
- The inflation rate and payroll growth rate decreased 0.25 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 2.85 percent to 3.58 percent.

STATE EMPLOYEES RETIREMENT FUND

2025 CHANGES IN PLAN PROVISIONS

- The actuarial equivalent factors were updated to reflect changes in assumptions.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS

- The adjustments applied to the mortality table rates were modified slightly, and the mortality improvement scale was updated from MP-2019 to MP-2021.
- Assumed rates of salary increases were modified as recommended in the experience study dated June 29, 2023. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the recent experience study. The changes result in slightly higher unreduced (Normal) retirement rates, slightly lower Rule of 90 rates, slightly higher early retirement rate for Tier 1 members, and slightly lower early retirement rates for Tier 2 members.
- Assumed rates of withdrawal were changed as recommended in the recent experience study. The changes result in slightly more assumed terminations for males and fewer terminations for females.
- Assumed rates of disability were lowered.
- Assumed percent married for male retirees was changed from 80% to 75% and for female retirees 60% to 65%.
- Minor changes to form of payment assumptions and missing participant data assumptions were made as recommended in the recent experience study.

2024 CHANGES IN PLAN PROVISIONS

- The member contribution rate was changed from 6.0 percent to 5.5 percent of pay for two years, effective July 1, 2023 (also applies to unclassified members).
- An additional one-time direct state aid contribution of $76.4 million will be contributed to the plan on October 1, 2023.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- A one-time, non-compounding benefit increase of 1.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The vesting period for members hired after June 30, 2010 was changed from five years to three years.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The long-term investment rate of return and single discount rate were changed from 6.75 percent to 7.0 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The long-term investment rate of return and single discount rate were changed from 6.5 percent to 6.75 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The long-term investment rate of return and single discount rate were changed from 7.5 percent to 6.5 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.5 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.0 percent.
- Assumed salary increases, rates of retirement, termination and disability were changed as recommended in the June 30, 2019 experience study.
- The base mortality tables were changed from the RP-2014 table to the Pub-2010 mortality table, with adjustments.

- The mortality projection scale was changed from MP-2018 to MP-2019.
- Age, marriage and benefit annuity election options were adjusted.

2020 NO CHANGES IN PLAN PROVISIONS OR ACTUARIAL ASSUMPTIONS

2019 CHANGES IN PLAN PROVISIONS
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019.
- Member contributions increased from 5.5 percent to 5.75 percent of pay, effective July 1, 2018 and 6.0 percent of pay effective July 1, 2019. Employer contributions increased from 5.5 percent to 5.875 percent of pay effective July 1, 2018 and 6.25 percent of pay effective July 1, 2019.
- Interest credited on member contributions will decrease from 4.0 to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0 percent for future accruing benefits effective January 1, 2019.
- Contribution stabilizer provisions were repealed.
- Post-retirement increases were changed from a 2.0 percent to 2.5 percent per year increase based upon funded ratio, to a fixed rate of 1.0 percent for five years beginning January 1, 2019 and 1.5 percent per year thereafter. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 5.42 percent to 7.5 percent.

2018 CHANGES IN PLAN PROVISIONS
- Actuarial equivalent factors were updated to reflect current mortality and interest assumptions, effective January 1, 2017.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS
- The Combined Service Annuity loads were revised.
- The discount rate was changed from 4.17 percent to 5.42 percent.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS
- The assumed post-retirement benefit increase rate was changed from 2.0 percent through 2043 and 2.5 percent thereafter to 2.0 percent for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 4.17 percent.
- Salary increases, retirement, termination, disability, mortality, percent married, and benefit election assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by a further 0.25 percent from those assumptions.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS
- The assumed post-retirement benefit increase rate was changed from 2.0 percent through 2015, and 2.5 percent thereafter, to 2.0 percent per year through 2043, and 2.5 percent per year thereafter.

TEACHERS RETIREMENT FUND

2025 NO CHANGES IN PLAN PROVISIONS OR ACTUARIAL ASSUMPTIONS

2024 CHANGES IN PLAN PROVISIONS
- Effective July 1, 2025, the normal retirement age for Tier II members will decrease from 66 to 65.

- The employer contribution rate will increase from 8.75 percent to 9.5 percent on July 1, 2025.
- The employee contribution rate will increase from 7.75 percent to 8.0 percent on July 1, 2025.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The investment return assumption was changed from 7.5 percent to 7.0 percent. This does not affect the GASB valuation which was already using the 7.0 percent assumption.

2023 NO CHANGES IN PLAN PROVISIONS OR ACTUARIAL ASSUMPTIONS

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- For GASB valuation, the investment return assumption was changed from 7.5 percent to 7.0 percent.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projection uses MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect actual experience for female retirees.

2020 NO CHANGES IN PLAN PROVISIONS OR ACTUARIAL ASSUMPTIONS

2019 CHANGES IN PLAN PROVISIONS

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019.
- Member contribution rates are increased from 7.0 percent to 7.75 percent of pay, effective July 1, 2023. Employer contributions are increased each July 1 over the next six years (7.71 percent in 2018, 7.92 percent in 2019, 8.13 percent in 2020, 8.34 percent in 2021, 8.55 percent in 2022 and 8.75 percent in 2023).
- Interest credited on member contributions will decrease from 8.5 percent to 7.5 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0 percent for future accruing benefits effective January 1, 2019.
- Contribution stabilizer provisions were repealed.
- Post-retirement increases were changed from a 2.0 percent to 2.5 percent per year increase based upon funded ratio, to a fixed rate of 1.0 percent for five years beginning January 1, 2019 and 1.5 percent per year thereafter. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 5.12 percent to 7.5 percent.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The discount rate was changed from 4.66 percent to 5.12 percent.
- The investment return assumption was changed from 8.0 percent to 7.5 percent.
- The cost of living adjustment was not assumed to increase to 2.5 percent but remain at 2.0 percent for all future years.
- The assumptions for inflation, payroll growth, general wage growth and salary increases were all adjusted.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 2.0 percent through 2043 and 2.5 percent thereafter to 2.0 percent for all future years.
- The single discount rate was changed from 8.0 percent to 4.66 percent.

- Salary increases, retirement, termination, disability, mortality, percent married, and benefit election assumptions were changed pursuant to the experience study dated June 10, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by a further 0.25 percent from those assumptions.

2016 CHANGES IN ACTUARIAL ASSUMPTIONS
- The discount rate was changed from 8.25 percent to 8.0 percent.

GENERAL EMPLOYEES RETIREMENT FUND

2025 CHANGES IN PLAN PROVISIONS
- The workers' compensation offset for disability benefits was eliminated.
- The actuarial equivalent factors were updated to reflect the changes in assumptions.

2025 CHANGES IN ACTUARIAL ASSUMPTIONS
- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

2024 CHANGES IN PLAN PROVISIONS
- An additional one-time direct state aid contribution of $170.1 million will be contributed to the plan on October 1, 2023.
- The vesting period for those hired after June 30, 2010 was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS
- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS
- The mortality improvement scale was changed from Scale MP-2020 to MP-2021.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS
- The investment return and single discount rates were changed from 7.5 percent to 6.5 percent.
- The mortality improvement scale was changed from Scale MP-2019 to MP-2020.

2021 CHANGES IN PLAN PROVISIONS
- Augmentation for current privatized members was reduced to 2.0 percent for the period July 1, 2020 through December 31, 2023 and 0.0 percent after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The price inflation assumption was decreased from 2.5 percent to 2.25 percent.
- The payroll growth assumption as decreased from 3.25 percent to 3.0 percent.
- Assumed salary increases, rates of retirement, rates of termination and rates of disability were changed as recommended in the June 30, 2019 experience study.
- The base mortality tables were changed from the RP-2014 table to the Pub-2010 mortality table, with adjustments.
- The mortality improvement scale was changed from MP-2018 to MP-2019.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 CHANGES IN PLAN PROVISIONS

- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019.
- Interest credited on member contributions will decrease from 4.0 percent to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0 percent for future accruing benefits effective January 1, 2019.
- Contribution stabilizer provisions were repealed.
- Post-retirement increases were changed from 1.0 percent per year based upon funded ratio, to a fixed rate of not less than 1.0 percent and not more than 1.5 percent beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.5 percent per year thereafter to 1.25 percent per year.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity loads were revised.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2017 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed post-retirement benefit increase rate was changed from 1.0 percent through 2035 and 2.5 percent thereafter to 1.0 percent for all years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.
- Salary increases, retirement, termination, disability, mortality, percent married, and benefit election assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by a further 0.25 percent from those assumptions.

2016 NO CHANGES IN PLAN PROVISIONS OR ACTUARIAL ASSUMPTIONS

ST. PAUL TEACHERS RETIREMENT FUND

2025 CHANGES IN PLAN PROVISIONS

- Member contributions decrease from 7.75% of pay to 7.50% of pay effective July 1, 2024, and from 9.00% of pay to 8.75% of pay effective July 1, 2025. Effective July 1, 2026, the member contribution rate returns to 9.00% of pay.
- An additional one-time direct state aid contribution of $1.5 million will be contributed to the Plan by October 1, 2024.
- Annual supplemental contributions of $14,827,000 will continue until the earlier of the Plan achieving 100% funded ratio for three consecutive years, or June 30, 2048. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

2025 NO CHANGES IN ACTUARIAL ASSUMPTIONS

2024 CHANGES IN PLAN PROVISIONS

- Member contributions will increase from 7.5 percent of pay to 7.75 percent of pay effective July 1, 2023, and from 7.75 percent of pay to 9.0 percent of pay effective July 1, 2025. Employer contributions will increase from 8.8 percent to 9.0 percent of pay effective July 1, 2023, and from 9.0 percent to 9.75 percent of pay effective July 1, 2025.
- An additional one-time direct state aid contribution of $15.7 million will be contributed to the Plan on October 1, 2023.
- Benefits at age 62 and 30 years of service are unreduced, effective July 1, 2023.
- A one-time, non-compounding benefit increase of 1.5 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2024 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed wage inflation assumption was changed from 3.0 percent to 2.5 percent.
- The base mortality table was changed from RP-2014 mortality table with adjustments to Pub-2010 for Teachers, with adjustments, and future improvement projected using MP-2021.
- Revised rates of retirement which generally result in more expected normal retirements and fewer early retirements.
- Revised rates of termination are generally lower, especially after the first year of employment for males and females.
- Reduced rates of disability.
- Retirement age assumption for Coordinated deferred members was changed from age 62 to age 63.
- Revised merit and seniority salary increase rates are 19 basis points lower in total. When combined with the change in wage inflation, gross salary increase rates are 69 basis points lower in total.
- Members reaching age 62 with 30 years of service prior to age 65 are assumed to retire at the same rate as Rule of 90 unreduced retirements.

2023 CHANGES IN ACTUARIAL ASSUMPTIONS

- The long-term investment rate of return and single discount rate were changed from 7.5 percent to 7.0 percent.
- The mortality improvement scale was updated from MP-2020 to MP-2021.

2022 CHANGES IN PLAN PROVISIONS

- The member contribution for the July 1, 2022 to June 20, 2023 fiscal year was changed from 7.75 percent to 7.5 percent.

2022 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was updated from MP-2019 to MP-2020.

2021 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality improvement scale was updated from MP-2018 to MP-2019.

2020 CHANGES IN ACTUARIAL ASSUMPTIONS

- The mortality projection scale was changed from MP-2017 to MP-2018.

2019 CHANGES IN PLAN PROVISIONS

- Lower early retirement factors will be phased in over a sixty-month period starting July 1, 2019.
- Interest credited on refunds of member contributions decreased from 4.0 percent to 3.0 percent prospectively, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0 percent for future accruing benefits effective July 1, 2019.
- Post- retirement increases were changed from 1.0 percent per year based upon funded ratio, to 0.0 percent for January 1, 2019 and 2020 and 1.0 percent thereafter. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age.
- Member contributions will increase from 7.5 percent to 7.75 percent effective July 1, 2022. Employer contributions will increase from 6.5 percent to 9.0 percent of pay over six years, beginning July 1, 2018.

2019 CHANGES IN ACTUARIAL ASSUMPTIONS

- The assumed investment rate was lowered from 8.0 percent to 7.5 percent.
- Assumed wage inflation decreased from 4.0 percent to 3.0 percent.
- Salary increase rates were updated from an age-based table to a service-based table of rates.
- Retirement, withdrawal, and disability rates were adjusted to better fit observed experience.
- The mortality table was updated.

2018 CHANGES IN ACTUARIAL ASSUMPTIONS

- The Combined Service Annuity loads were revised.
- The assumed cost-of-living adjustments were changed from 1.0 percent per year through 2054, 2.0 percent beginning 2055, 2.5 percent beginning 2066 to 1.0 percent per year through 2041, 2.0 percent beginning 2042, and 2.5 percent beginning 2052.

2017 NO CHANGES IN PLAN PROVISIONS OR ACTUARIAL ASSUMPTIONS

2016 NO CHANGES IN PLAN PROVISIONS OR ACTUARIAL ASSUMPTIONS

SUPPLEMENTARY SECTION

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

Board of Trustees
Minnesota State Colleges and Universities
St. Paul, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Minnesota State Colleges and Universities (Minnesota State), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Minnesota State's basic financial statements, and have issued our report thereon dated November 18, 2025. Our report includes reference to other auditors who audited the financial statements of the Bemidji State University Alumni and Foundation, Metropolitan State University Foundation, Minnesota State University Moorhead Foundation, Inc., Southwest Minnesota State University Foundation, and Winona State University Foundation. These component units were not audited in accordance with *Government Auditing Standards*, and this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Minnesota State's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Minnesota State's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. Minnesota State's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 18, 2025

2025 – 001 Cash Reconciliations

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: Minnesota State did not perform timely and routine reconciliations of cash balances between its general ledger and bank accounts throughout the fiscal year. Significant and material reconciling items accumulated and were not identified or resolved promptly.

Criteria or specific requirement: Internal control guidance under the COSO framework, entities must maintain effective controls over financial reporting, including timely reconciliation of cash accounts. Timely reconciliations are essential to ensure the accuracy of financial records, detect errors, and prevent misappropriation of assets.

Effect: The lack of timely cash reconciliations significantly increased the risk of undetected errors or misstatements in Minnesota State's financial records. Without regular reconciliation, unauthorized transactions or misappropriation of assets may go undetected, compromising the integrity of financial reporting.

Cause: Minnesota State implemented a new enterprise resource planning (ERP) system, Workday, during the fiscal year. The transition resulted in delays and disruptions to established reconciliation processes, as staff adjusted to new workflows, system functionality, and reporting tools. These challenges contributed to the lack of timely cash reconciliations.

Repeat Finding: No

Recommendation: We recommend that management implement and enforce procedures requiring monthly cash reconciliations to be completed in a timely manner and reviewed by appropriate personnel. Also, we recommend management determine the controls that will be utilized by all colleges and universities in order to eliminate inconsistent processes and controls from the centralized systems implemented. Reconciling items should be investigated and resolved promptly. Management should also consider enhancing staff training and accountability measures to ensure compliance with reconciliation policies.

Views of responsible officials and planned corrective actions: In agreement.

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