EMPORIA STATE UNIVERSITY

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2025

Emporia State University
Emporia, Kansas

Fiscal Year 2025 Annual Financial Report

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Kelly Heine
Executive Vice President of Operations

Dr. Brent Thomas
Provost and Vice President for Academic Affairs

Angela Wolgram
Executive Vice President for Finance and Chief Financial Officer

University Officers Reporting

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Controller

Melissa Carson
Associate Controller

Management's Discussion and Analysis

EMPORIA STATE
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EMPORIA STATE UNIVERSITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025 and 2024

The following Management's Discussion and Analysis has been prepared by management to provide an overview of the financial performance of Emporia State University (the "University") based on currently known facts, decisions and conditions and is designed to assist readers in understanding the accompanying financial statements and footnotes. The University has included the audited financial statements of the Emporia State University Foundation, Inc. (the "Foundation") as part of the University's unaudited financial statements. This discussion – along with the financial statements and related footnote disclosures – has been prepared by management and should be read in conjunction with the statements and footnotes. The financial statements, footnotes and this discussion are the responsibility of management.

USING THIS ANNUAL REPORT

The financial statements segment of this report consists of three financial statements: the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. The notes to the financial statements present additional information to support the financial statements. Their purpose is to clarify and expand on the information in the financial statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles for public colleges and universities.

STATEMENTS OF NET POSITION

The Statements of Net Position present the assets, deferred outflows, liabilities, deferred inflows and net position of the University at the end of the fiscal year. Its purpose is to present a financial snapshot of the University. The Statements of Net Position include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. Under the accrual basis of accounting, the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statements provide information about the adequacy of resources to meet current and future operating and capital needs.

Within the Statements of Net Position, assets and liabilities are further classified as current or noncurrent. Current classification distinguishes those assets that are highly liquid and available for immediate and unrestricted use by the University, and those liabilities likely to be settled in the next 12 months.

Net Position is divided into three categories:

1. **Net Investment in Capital Assets** indicates the University's equity in property, plant and equipment owned by the University.
2. **Restricted Net Position** is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.
3. **Unrestricted Net Position** is available to the University for any lawful purpose of the institution. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's resources in this category have been designated for various academic and research programs and initiatives.

Total assets at June 30, 2025 were $204,490,768 with an increase of 12.7% compared to $181,519,787 at June 30, 2024. Capital assets, net of depreciation, comprised 66.0% or $134,876,995 of the total assets in 2025 as compared to 62.8%, or $113,934,947 of the total assets in 2024.

Total deferred outflows decreased $598,615, with a decrease of $669,888 in the actuarially determined deferred pension expense related to the adoption of GASB 68. In addition, other post-employment benefits that provide long-term disability benefits increased $71,273 related to the adoption of GASB 75.

Total liabilities were $56,722,326 at June 30, 2025, a slight decrease of $38,600 compared to $56,760,926 at June 30, 2024. Noncurrent liabilities comprised 65.8% or $37,303,130 of total liabilities in 2025 as compared to 68.5% or $38,883,818 of total liabilities in 2024.

Total deferred inflows decreased $290,316 related to the adoption of GASB 68 and GASB 75 pertaining to the University's share of the KPERS pension liability and other post-employment benefits.

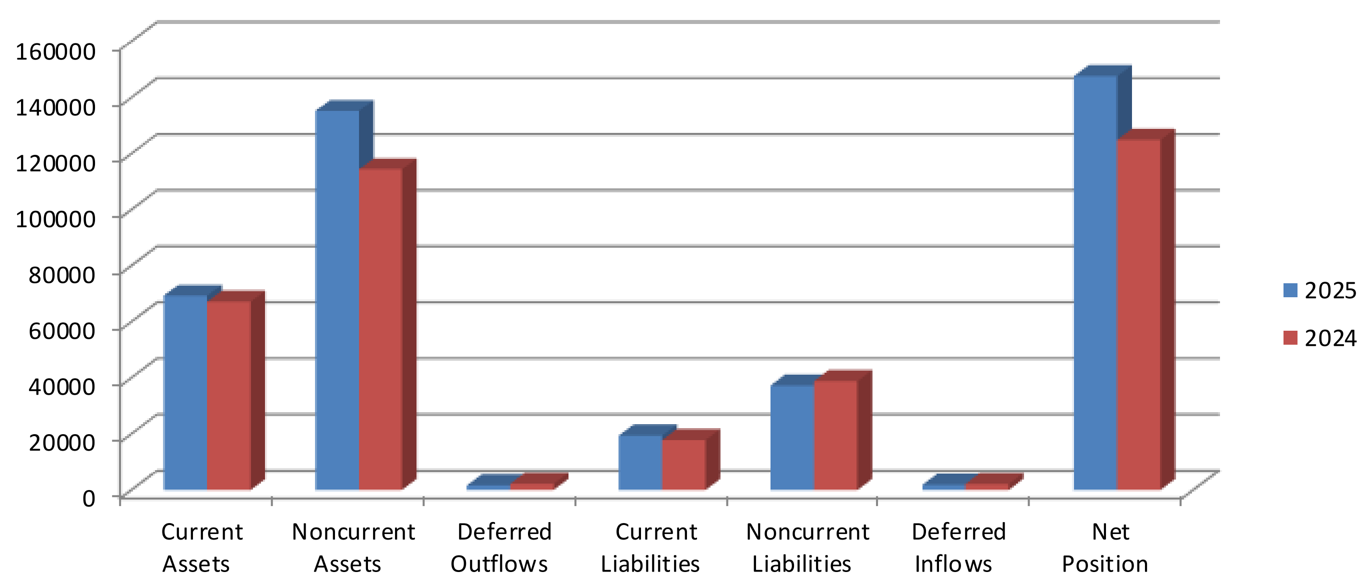
A condensed Statement of Net Position is shown below:

	June 30, 2025	June 30, 2024
Assets		
Current assets	$ 69,285,914	$ 67,109,167
Noncurrent assets	135,204,854	114,410,620
Total assets	204,490,768	181,519,787
Deferred outflows	1,641,502	2,240,117
Liabilities		
Current liabilities	19,419,196	17,877,108
Noncurrent liabilities	37,303,130	38,883,818
Total liabilities	56,722,326	56,760,926
Deferred inflows	1,834,270	2,124,586
Net position	$ 147,575,674	$ 124,874,392

Total Net Position at June 30, 2025 was $147,575,674, a $22,701,282 increase from the previous fiscal year amount of $124,874,392, or a 18.2% increase in Net Position. The breakout of Net Position is shown below:

	June 30, 2025	June 30, 2024
Net Position		
Net Investment in Capital Assets	$ 102,530,912	$ 81,097,711
Restricted Net Position	1,053,253	1,065,863
Unrestricted Net Position	43,991,509	42,710,818
Total Net Position	$ 147,575,674	$ 124,874,392

The composition of current and noncurrent assets, deferred outflows, current and noncurrent liabilities, deferred inflows and net position is displayed below for both the 2025 and 2024 fiscal year ends (in thousands):



STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position present the total revenues earned and expenses incurred by the University for operating, nonoperating, and other related activities during a period of time. Its purpose is to assess the University's operating results.

A condensed Statement of Revenues, Expenses and Changes in Net Position is shown below:

	June 30, 2025	June 30, 2024
Operating revenues	$ 46,985,551	$ 44,834,772
Operating expenses	(102,022,505)	(94,630,293)
Total operating income (loss)	(55,036,954)	(49,795,521)
Nonoperating revenues	71,445,521	57,746,733
Nonoperating expenses	(1,160,285)	(1,399,468)
Net nonoperating revenues	70,285,236	56,347,265
Income before other revenues	15,248,282	6,551,744
Other revenues	7,453,000	7,391,437
Increase in net position	22,701,282	13,943,181
Net position, beginning of year	124,874,392	110,931,211
Net position, end of year	$ 147,575,674	$ 124,874,392

Revenues

Operating revenues were $47.0 million for the 2025 fiscal year. This was an increase of $2.2 million or 4.8% from the previous fiscal year. The following is a brief summary of the significant changes:

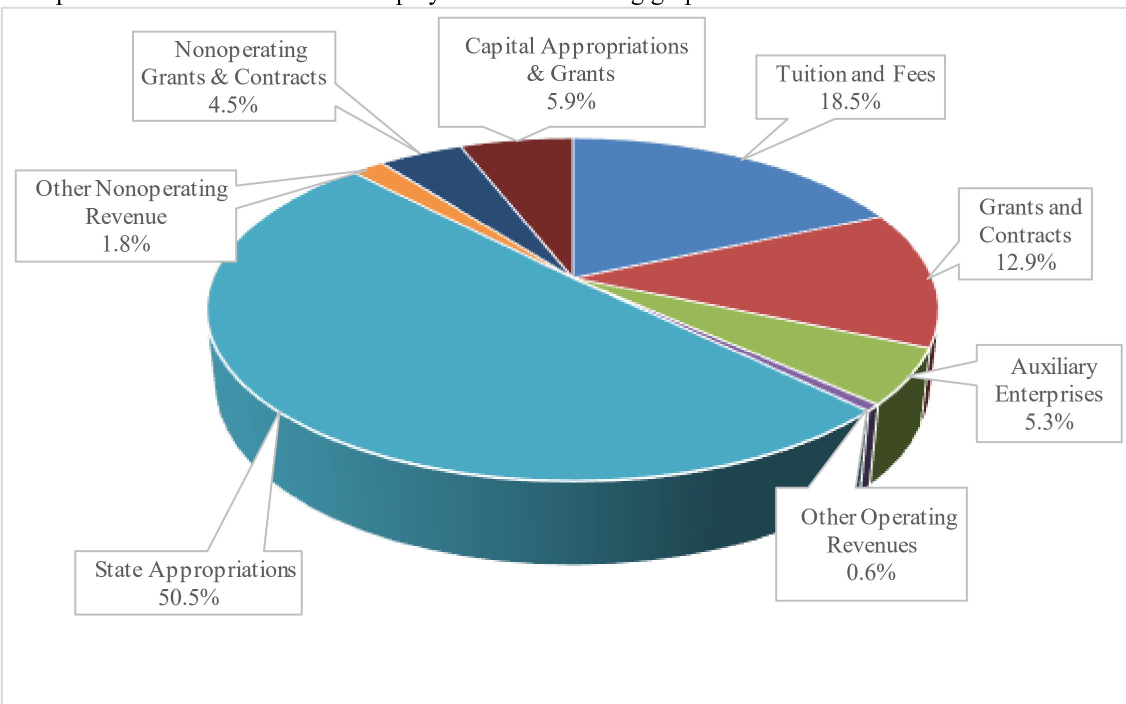
- Student tuition and fee revenues, after scholarship allowances, were $23.3 million in 2025, compared to $27.1 million in 2024, an decrease of $3.8 million or 13.9%. The tuition and fees decrease was attributed to a change in accounting estimate for scholarship allowance which increased the allowance $4.5 million.
- Grants and contracts (federal, state and local, and nongovernmental) overall increased 65.4% or $6.4 million primarily due to nongovernmental grants. In the current year, private funds for a major capital project were received.
- Auxiliary enterprise revenues of the University decreased a combined total of $546,327 or 7.6%. The decrease is primarily due to the change in the estimate of scholarship allowance which resulted in a decrease of $672,584 in Residential Life revenues. In addition, Parking Services revenues decreased $211,197 due to the University's policy to not charge students and staff for permits to park on campus. Athletics revenue increased $282,136.
- Sales and services of educational departments increased a small amount from $745,500 in 2024 to $784,339 in 2025.

Total nonoperating and other revenues increased from the previous year from $65.1 million to $78.9 million in 2025. The following is a brief summary of the significant changes:

- State appropriations increased to $63.6 million from $50.9 million due to one-time funding of $8.1 million from the State Legislature for a student affordability initiative. The University decreased fees students were paying for the Union debt.
- Investment earnings decreased $172,155 in 2025 as interest rates remained stable.
- Other Federal grants and contracts increased $806,204 from the prior year due.

- Capital appropriations increased from $7.4 million to $7.5 million with the commitment from the state for one-time funds and additional funds for demolition and capital renewal funds received from American Rescue Plan Act (ARPA).

In summary, total operating revenues, nonoperating revenues, and other revenues increased by $15.9 million for a total of $125.9 million. The composition of these revenues is displayed in the following graph:

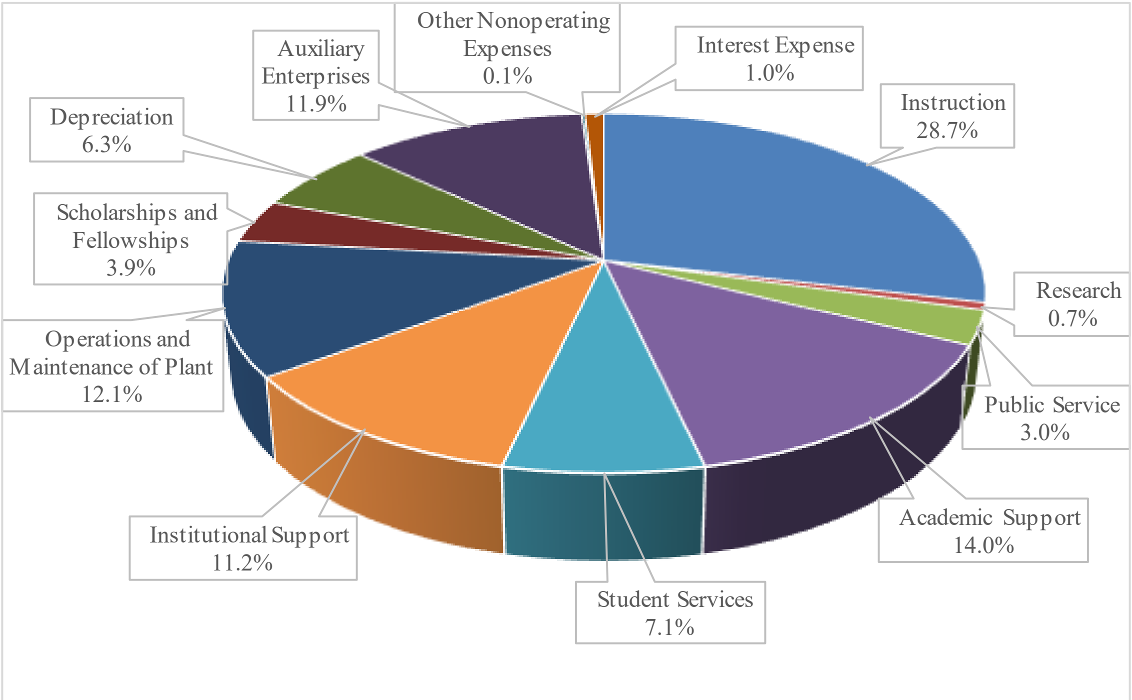


Expenses

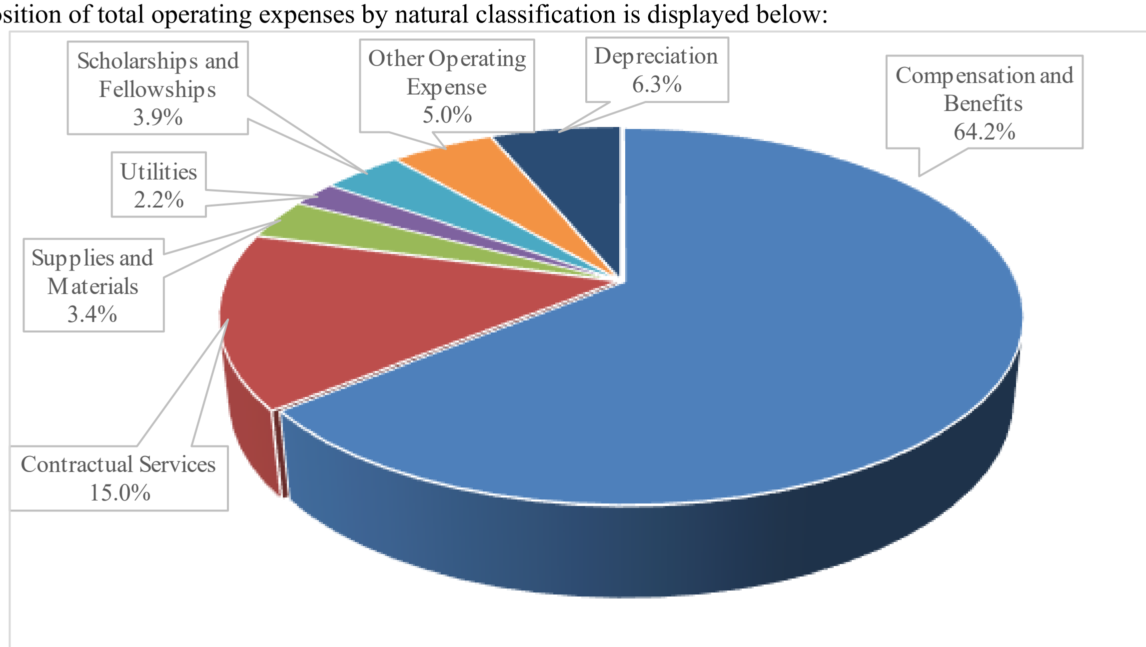
Operating and nonoperating expenses for 2025 were $103.2 million and $96.0 million for 2024. The following is a brief summary of the significant changes:

- Instruction, research, public service, academic support, student services and institutional support had a combined increase of $6.5 million from 2024 to 2025. There was an increase in compensation and benefits for the second phase of the updated market analysis for faculty and staff. In addition, there were targeted salary adjustments made to recognize and retain high-performing faculty and staff. The health insurance increased 5.6% per state rates. In addition, there was an increase in instruction costs due to the expansion of accelerated programs.
- Scholarships and fellowships decreased $3.3 million due to the change in accounting estimate for scholarship allowance which reduced scholarship expense an additional $4.5 million.
- Expenses for the operations and maintenance of plant increased $2.0 million from 2024 to 2025 primarily due to the significant number of projects in progress during the current fiscal year.
- Auxiliary enterprises expense increased a combined $1.4 million primarily within Athletics. The increase in Athletics is tied to compensation enhancements that position the University to expand and elevate its athletic programs.
- Interest expense decreased from $1,072,660 to $996,241.
- Depreciation expense increased $761,320 in 2025.

The composition of total expenses, including operating and nonoperating, is displayed below:



The composition of total operating expenses by natural classification is displayed below:



Endowment Expenses Paid On Behalf of University

The ESU Foundation (Foundation) is an independent, not-for-profit organization whose primary mission is to raise funds for the University and to provide direct and indirect support to the University that is not entirely reflected in the University's Statements of Revenues, Expenses and Changes in Net Position. Expense items paid on behalf of the University by the Foundation include expenses such as salaries, construction, equipment, books, supplies and travel. During the year ended June 30, 2025, and June 30, 2024, the Foundation made payments on behalf of the University of $11,907,644 and $3,868,854 respectively.

Net Position

Net Position increased by $22,701,282 from $124,874,392 in 2024 to $147,575,674 in 2025 due to the continued support in capital appropriations and an increase in state appropriations as detailed in Other Revenues on the Statement of Revenues, Expenses and Changes in Net Position.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows present major sources and uses of cash during the fiscal year. The statement assists in evaluating the University's ability to generate future net cash flows and to meet its obligations as they become due. Cash provided by operating activities includes tuition and fees, grant and contract revenues, sales and services of educational activities and auxiliary enterprises. Cash flows from operating activities will always be negative since GASB requires state appropriations to be reported as cash flows from noncapital financing activities. Cash used in operating activities includes payments to employees, payments to suppliers and payments to students for scholarships.

Cash provided by noncapital financing includes state appropriations and the receipt and disbursement of the federal direct student loan program and the PELL program. Cash used in capital and related financing activities represents proceeds from debt, the principal and interest payments toward debt, capital appropriations and grants, and the purchase and construction of capital assets. Cash provided by investing activities includes purchases and sales of investments as well as investment income earnings and losses realized.

The following is a condensed Statement of Cash Flows for the years ended June 30, 2025 and 2024:

	June 30, 2025	June 30, 2024
Net Cash Provided (Used) by:		
Operating activities	$ (47,121,622)	$ (42,833,117)
Noncapital financing activities	66,919,035	54,822,921
Capital and related financing activities	(21,761,162)	(9,726,114)
Investing activities	1,855,539	2,027,694
Net Increase in Cash	(108,210)	4,291,384
Beginning Cash and Cash Equivalents Balances	55,607,349	51,315,965
Ending Cash and Cash Equivalents Balances	$ 55,499,139	$ 55,607,349

CAPITAL ASSETS

The University continues to invest in capital assets with many projects in progress or nearing completion at the end of the fiscal year. Detailed information regarding capital asset additions, retirements and depreciation is available in Note 5 of the financial statements.

The following is a brief summary of the projects in progress or completed by the end of the current fiscal year:

- Completion of several projects including the White Library hydronic piping, Visser Hall controls, the powerhouse chiller addition, the east chiller plant and baseball field upgrades.
- Continued progress on the new Nursing and Wellness Building, the energy services updates, the north chiller loop and the Welch Stadium project.

DEBT ADMINISTRATION

At June 30, 2025, the University had $28.4 million in bonds outstanding. The University paid $3,949,050 in principal and interest payments related to all outstanding revenue bonds in 2025.

The bonds have been assigned a rating of "A2" by Moody's Investors Service. An upgrade in the ratings can be achieved with growth in cash and investments, continued improvement in enrollment and operating margins, and no material increases in debt in the near term. More detailed information about the University's noncurrent liabilities is available in Notes 8, 9, 10, 11, 12, and 13 to the financial statements.

ECONOMIC OUTLOOK

Enrollment momentum continues to strengthen at the University. Fiscal year 2026 enrollment exceeded our stabilization goal and grew by 6%, reflecting the impact of our recruitment, retention, and student-first strategies. Building on this progress, the University is targeting an additional 10% enrollment increase and full residence hall occupancy for fiscal year 2027. To support continued momentum, the University reaffirmed its commitment to student affordability by holding tuition and fees flat for fiscal year 2026—an important competitive advantage in the current higher-education marketplace.

In 2025, state appropriations totaled $68.5 million, representing 54% of the University's revenues. This included $23.6 million in one-time funds that strengthened our ability to invest in student success initiatives and operational needs. While Kansas faces projected budget challenges over the next several years, the University is proactively planning for multiple funding scenarios and is prepared to adjust should state appropriations shift in fiscal year 2027.

As enrollment dynamics and consumer expectations continue to evolve nationally, the University will remain disciplined in reviewing academic programs, organizational structures, and operational processes to ensure efficiency, effectiveness, and alignment with student demand. This ongoing work positions the University to manage future challenges while continuing to invest in growth, innovation, and an exceptional student experience.

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Financial Statements and Notes

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EMPORIA STATE UNIVERSITY

STATEMENTS OF NET POSITION
June 30, 2025 and 2024

	University Funds		Component Unit Memorial Union Corporation	
	2025	**2024**	**2025**	**2024**
ASSETS				
Current Assets				
Cash and cash equivalents	$ 48,232,295	$ 48,995,363	$ 2,766,802	$ 308,444
Restricted cash and cash equivalents	7,266,844	6,611,986	0	0
Accounts receivable, net	3,501,018	3,631,817	138,035	271,008
Appropriation receivable	9,712,927	7,195,723	0	0
Loans to students, net - current portion	164,232	285,947	0	0
Due from ESU Foundation	408,598	268,461	0	0
Due from Memorial Union	0	119,870	0	0
Prepaid expenses	0	0	0	23,555
Total Current Assets	69,285,914	67,109,167	2,904,837	603,007
Noncurrent Assets				
Restricted investments	0	0	0	2,365,000
Loans to students, net	327,859	475,673	0	0
Capital assets, net	134,876,995	113,934,947	603,327	557,013
Total Noncurrent Assets	135,204,854	114,410,620	603,327	2,922,013
Total Assets	204,490,768	181,519,787	3,508,164	3,525,020
DEFERRED OUTFLOWS OF RESOURCES				
OPEB outflows	228,784	157,511	0	0
Pension contributions	534,930	620,642	0	0
Deferred pension outflows	877,788	1,461,964	0	0
Total Deferred Outflows	1,641,502	2,240,117	0	0
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	9,349,318	6,999,915	0	109,487
Other liabilities	230,459	368,675	0	0
Accrued compensated absences	2,171,605	2,099,272	0	45,852
Unearned revenue	1,977,621	3,116,953	0	0
Right to use leases payable	134,807	106,064	0	0
Right to use SBITA payable	1,163,621	344,313	0	0
Perkins loan payable	208,488	375,696	0	0
Bonds payable - current	2,315,000	2,880,000	0	0
Unamortized bond premium/discount	154,391	154,391	0	0
Due to ESU Foundation	111,445	111,445	0	0
Due to Memorial Union	0	23,894	0	0
Due to related parties	0	0	0	74,018
Deposits held in custody for others	1,602,441	1,296,490	0	0
Total Current Liabilities	19,419,196	17,877,108	0	229,357

The accompanying notes are an integral part of these statements.

EMPORIA STATE UNIVERSITY

STATEMENTS OF NET POSITION
June 30, 2025 and 2024

	University Funds		Component Unit Memorial Union Corporation	
	2025	**2024**	**2025**	**2024**
LIABILITIES - continued				
Noncurrent Liabilities, Net of Current Portion				
Accrued compensated absences	$ 688,934	$ 424,024	$ 0	$ 0
Accrued other postemployment benefits	429,046	237,879	0	0
Right to use leases payable	109,392	121,690	0	0
Right to use SBITA payable	2,553,262	1,000,170	0	0
Net pension liability	5,742,454	6,558,136	0	0
Perkins federal capital contribution	335,169	627,655	0	0
Bonds payable	26,070,000	28,385,000	0	0
Unamortized bond premium/discount	1,374,873	1,529,264	0	0
Total Noncurrent Liabilities	37,303,130	38,883,818	0	0
Total Liabilities	56,722,326	56,760,926	0	229,357
DEFERRED INFLOWS OF RESOURCES				
OPEB inflows	98,313	118,618	0	0
Deferred pension inflows	1,735,957	2,005,968	0	0
Total Deferred Inflows	1,834,270	2,124,586	0	0
NET POSITION				
Net investment in capital assets	102,530,912	81,097,711	603,327	557,013
Restricted for expendable				
Loans	385,868	392,529	0	0
Debt service	667,385	673,334	0	0
Other	0	0	717,298	763,612
Unrestricted	43,991,509	42,710,818	2,187,539	1,975,038
Total Net Position	$ 147,575,674	$ 124,874,392	$ 3,508,164	$ 3,295,663

The accompanying notes are an integral part of these statements.

EMPORIA STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2025 and 2024

	University Funds		Component Unit Memorial Union Corporation	
	2025	**2024**	**2025**	**2024**
Operating Revenues				
Tuition and fees (net of scholarship allowances of $8,349,090 and $3,872,926)	$ 23,287,771	$ 27,046,968	$ 0	$ 0
Federal grants and contracts	3,847,846	3,575,023	0	0
State and local grants and contracts	3,186,744	2,487,194	0	0
Nongovernmental grants and contracts	9,221,631	3,763,756	0	0
Sales and services of educational departments	784,339	745,500	0	0
Auxiliary enterprises				
Athletics	2,962,830	2,680,694	0	0
Parking services	39,701	250,898	0	0
Residential life (net of scholarship allowances of $672,584)	3,082,813	3,655,125	0	0
Student health services	546,897	591,851	0	0
Student unions	0	0	3,711,144	3,316,966
Interest earned on loans to students	24,979	37,763	0	0
Total Operating Revenues	46,985,551	44,834,772	3,711,144	3,316,966
Operating Expenses				
Education and General				
Instruction	29,612,941	28,094,610	0	0
Research	677,313	574,255	0	0
Public service	3,133,281	2,588,904	0	0
Academic support	14,489,808	13,752,075	0	0
Student services	7,372,169	6,337,926	0	0
Institutional support	11,528,897	8,931,782	0	0
Operations and maintenance of plant	12,480,070	10,482,893	0	0
Scholarships and fellowships	4,019,228	7,304,572	0	0
Depreciation	6,466,283	5,704,963	130,873	95,951
Auxiliary Enterprises				
Athletics	9,054,799	7,575,103	0	0
Parking services	86,022	116,308	0	0
Residential life	2,628,291	2,567,964	0	0
Student health services	473,403	598,938	0	0
Student union	0	0	3,519,114	3,165,751
Total Operating Expenses	102,022,505	94,630,293	3,649,987	3,261,702
Operating Income (Loss)	(55,036,954)	(49,795,521)	61,157	55,264
Nonoperating Revenues (Expenses)				
State appropriations	63,583,973	50,866,296	0	0
Investment income	1,855,539	2,027,694	151,344	52,975
Interest expense	(996,241)	(1,072,660)	0	0
Other Federal grants and contracts	5,640,247	4,834,043	0	0
Other nonoperating revenue (expenses), net	365,762	18,700	0	0
Gain/(loss) on assets	(164,044)	(326,808)	0	0
Net Nonoperating Revenues (Expenses)	70,285,236	56,347,265	151,344	52,975

The accompanying notes are an integral part of these statements.

EMPORIA STATE UNIVERSITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2025 and 2024

	University Funds		Component Unit Memorial Union Corporation	
	2025	**2024**	**2025**	**2024**
Income (Loss) Before Other Revenues	$ 15,248,282	$ 6,551,744	$ 212,501	$ 108,239
Other Revenues				
Capital appropriations-ARPA	2,500,000	1,250,000	0	0
Capital appropriations-capital renewal	1,208,000	1,208,000	0	0
Capital appropriations-demolition funds	0	1,913,437	0	0
Capital appropriations and gifts	3,745,000	3,020,000	0	0
Other Revenues	7,453,000	7,391,437	0	0
Increase (Decrease) in Net Position	22,701,282	13,943,181	212,501	108,239
Net Position				
Net Position, Beginning of Year	124,874,392	110,931,211	3,295,663	3,187,424
Net Position, End of Year	$ 147,575,674	$ 124,874,392	$ 3,508,164	$ 3,295,663

The accompanying notes are an integral part of these statements.

EMPORIA STATE UNIVERSITY

COMPONENT UNIT
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	Emporia State University Foundation, Inc. 2025	2024
ASSETS		
Cash and cash equivalents	$ 937,067	$ 1,739,150
Other assets	113,529	114,504
Mortgages receivable	144,149	160,762
Investments	139,963,768	135,396,420
Contributions receivable, net	4,491,548	7,155,376
Beneficial interests in trusts	14,823,948	14,032,382
Capital assets, net	1,169,864	1,185,177
Total Assets	$ 161,643,873	$ 159,783,771
LIABILITIES AND NET ASSETS		
Liabilities		
Contribution payable	$ 8,258,769	$ 0
Accounts payable	597,618	361,648
Accrued expenses	230,399	329,011
Note payable	338,482	365,279
Annuity and trust obligations	723,567	893,840
Total Liabilities	10,148,835	1,949,778
Net Assets		
Without donor restrictions	9,462,231	13,573,632
With donor restrictions	142,032,807	144,260,361
Total Net Assets	151,495,038	157,833,993
Total Liabilities and Net Assets	$ 161,643,873	$ 159,783,771

The accompanying notes are an integral part of these statements.

EMPORIA STATE UNIVERSITY

COMPONENT UNIT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

	Emporia State University Foundation, Inc.		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenues, Gains and Other Support			
Contributions	$ 605,624	$ 5,655,571	$ 6,261,195
Investment return	3,845,401	9,760,047	13,605,448
Change in beneficial interests in trusts	0	804,810	804,810
Gain on annuity and trust obligations	1,545	98,639	100,184
Other	5,047	24,916	29,963
Net assets released from restrictions	18,571,537	(18,571,537)	0
Total Revenues, Gains and Other Support	23,029,154	(2,227,554)	20,801,600
Expenses and Losses			
Program	23,836,494	0	23,836,494
Management and general	1,799,825	0	1,799,825
Fundraising	1,504,236	0	1,504,236
Total Expenses and Losses	27,140,555	0	27,140,555
Change in Net Assets	(4,111,401)	(2,227,554)	(6,338,955)
Net Assets, Beginning of Year	13,573,632	144,260,361	157,833,993
Net Assets, End of Year	$ 9,462,231	$ 142,032,807	$ 151,495,038

EMPORIA STATE UNIVERSITY

COMPONENT UNIT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

	Emporia State University Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	$ 437,395	$ 7,520,153	$ 7,957,548
Investment return	3,010,855	8,326,201	11,337,056
Change in beneficial interests in trusts	0	858,165	858,165
Gain (loss) on annuity and trust obligations	(3,038)	17,368	14,330
Other	7,004	23,887	30,891
Net assets released from restrictions	8,764,966	(8,764,966)	0
Total Revenues, Gains and Other Support	12,217,182	7,980,808	20,197,990
Expenses and Losses			
Program	7,758,011	0	7,758,011
Management and general	1,482,471	0	1,482,471
Fundraising	1,713,912	143,157	1,857,069
Total Expenses and Losses	10,954,394	143,157	11,097,551
Change in Net Assets	1,262,788	7,837,651	9,100,439
Net Assets, Beginning of Year	12,310,844	136,422,710	148,733,554
Net Assets, End of Year	$ 13,573,632	$ 144,260,361	$ 157,833,993

The accompanying notes are an integral part of these statements.

EMPORIA STATE UNIVERSITY

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	University Funds	
	2025	**2024**
Cash Flows From Operating Activities		
Tuition and fees	$ 22,715,989	$ 27,686,095
Grants and contracts	15,809,767	10,029,501
Sales and services of educational activities	791,843	744,477
Other operating income	24,979	(7,500)
Auxiliary enterprises:		
Athletics	2,962,830	2,680,694
Parking services	46,910	246,108
Residential life	3,102,702	3,680,313
Student health services	544,962	591,902
Payments to suppliers	(22,272,802)	(18,613,625)
Payments to utilities	(2,229,614)	(2,043,323)
Compensation and benefits	(64,869,489)	(61,015,237)
Payments for scholarships and fellowships	(4,019,228)	(7,304,572)
Collection of loans to students and employees	269,529	492,050
Net Cash Provided by (Used in) Operating Activities	(47,121,622)	(42,833,117)
Cash Flows From Noncapital Financing Activities		
State appropriations	63,583,973	50,866,296
Other nonoperating revenues (expenses), net	(2,151,442)	(373,983)
Deposits held in custody for others	305,951	(4,852)
Other Federal grants and contracts	5,640,247	4,834,043
Perkins Fund capital repayment	(459,694)	(498,583)
Federal family education loan receipts	18,952,023	17,668,447
Federal family education loan disbursements	(18,952,023)	(17,668,447)
Net Cash Provided by Noncapital Financing Activities	66,919,035	54,822,921
Cash Flows From Capital Financing Activities		
Capital appropriations	7,453,000	7,391,437
Purchases of capital assets	(23,974,545)	(12,341,137)
Proceeds from sale of capital assets	20,699	0
Bond proceeds and premium	(154,391)	(154,391)
Principal paid on capital debt and leases	(4,109,684)	(3,549,363)
Interest paid on capital debt and refunded bonds	(996,241)	(1,072,660)
Net Cash Provided by (Used in) Capital Financing Activities	(21,761,162)	(9,726,114)
Cash Flows From Investing Activities		
Investment income	1,855,539	2,027,694
Net Cash Provided by Investing Activities	1,855,539	2,027,694

The accompanying notes are an integral part of these statements.

EMPORIA STATE UNIVERSITY

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	University Funds	
	2025	**2024**
Net Increase (Decrease) in Cash and Cash Equivalents	$ (108,210)	$ 4,291,384
Cash and Cash Equivalents, Beginning of Year	55,607,349	51,315,965
Cash and Cash Equivalents, End of Year	$ 55,499,139	$ 55,607,349
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities		
Operating loss	$ (55,036,954)	$ (49,795,521)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization expense	6,466,283	5,704,963
Non-cash expense	0	0
Change in deferred outflows related to pensions and OPEB	598,615	466,841
Change in deferred inflows related to pensions and OPEB	(290,316)	(532,063)
Changes in assets and liabilities		
(Increase)/decrease in		
Accounts receivables, net	130,799	(227,409)
Loans to students, net	269,529	492,050
Due from related parties	(20,267)	25,548
Increase/(decrease) in		
Accounts payable and accrued liabilities	2,349,403	674,521
Other liabilities	(138,216)	11,280
Unearned revenue	(1,139,332)	819,572
Accrued compensated absences	337,243	149,362
Accrued other postemployment benefits	191,167	(18,331)
Pension liability	(815,682)	(607,502)
Due to related parties	(23,894)	3,572
Net Cash Provided by (Used in) Operating Activities	$ (47,121,622)	$ (42,833,117)
Non Cash Investing and Financing Transactions		
Right of use assets obtained through leases and subscriptions	$ 3,618,529	$ 597,473
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	$ 48,232,295	$ 48,995,363
Restricted cash and cash equivalents	7,266,844	6,611,986
Cash and Cash Equivalents, End of Year	$ 55,499,139	$ 55,607,349

The accompanying notes are an integral part of these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements for the University have not been audited. In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the 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.

Organization. The University is a regional, comprehensive, four-year Regents University providing undergraduate and graduate education in a variety of academic programs that primarily serve residents of Kansas. The University is accredited by the Higher Learning Commission and governed by the Kansas Board of Regents and is an agency of the State of Kansas. As an agency of the State of Kansas, the University is included in the audited financial statements of the State of Kansas.

The University is grouped into one college, six schools and one institute: School of Applied Health Sciences, School of Business and Technology, Institute of Interdisciplinary Studies, School of Humanities and Social Sciences, School of Science and Mathematics, School of Library and Information Management, the Teachers College and the School of Visual and Performing Arts. The University, located in Emporia, Kansas, has an undergraduate enrollment of approximately 2,396 and a graduate enrollment of approximately 2,161.

Financial Reporting Entity. As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University and its discretely presented component units: The Memorial Union Corporation and the Emporia State University Foundation, Inc. Each discretely presented component unit is independently audited.

Basis of Accounting. For financial reporting purposes, the University is considered a special purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Cash Equivalents. For purposes of the Statements of Cash Flows, the University considers all highly liquid investments, whether restricted or not, with an original maturity of three months or less to be cash equivalents. At certain times, some of the University's component units maintain cash balances in excess of FDIC limits. Management has evaluated the financial stability of these financial institutions and feels the risk to the component units is minimal.

Investments. The University accounts for its investments at fair value. Changes in unrealized gain or unrealized loss on the carrying value of investments are reported as a component of investment income in the Statements of Revenues, Expenses and Changes in Net Position.

- GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University and Component Units have the ability to access.

Level 2: Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's and Component Units' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University's and the Component Units' own data.

When available, quoted prices are used to determine fair value by the University and Component Units. When quoted prices in active markets are available, investments are classified with Level 1 of the fair value hierarchy. The University's and Component Units' Level 1 investments primarily consist of investments in mutual funds, cash equivalents and equity securities.

Receivables. Accounts receivable consist of tuition and fees charged to students, auxiliary enterprise services provided to students, faculty and staff, and sales and services of the University. Accounts receivable also include amounts due from the federal government, state and local governments, and private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Current year state appropriations not received from the State until after year end are recorded as Appropriation receivable.

Inventories. Inventories have decreased significantly; therefore, inventory items have been recorded as an expense as the items are purchased.

Noncurrent Investments. Investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the Statements of Net Position.

Capital Assets. Capital assets are recorded at cost at the date of acquisition, or their estimated acquisition value at the date of donation, in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if the related project cost exceeds $100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets: 40 years for buildings; 25 years for infrastructure and land improvements; 8 years for equipment; 5 years for vehicles and 3 years for information processing and computer systems. Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

Unearned Revenue. Unearned revenue includes amounts received for tuition and fees prior to the end of the fiscal year but relate to the subsequent account period for the summer term.

Compensated Absences. Employee vacation pay is accrued at year end for financial statement purposes. The liability and expense incurred are recorded at year end as Accrued compensated absences in the Statements of Net Position and as an expense in the Statements of Revenues, Expenses and Changes in Net Position.

Deposits Held in Custody for Others. Deposits held in custody for others consist primarily of student organizations' monies administered by the University.

Other Postemployment Benefit Plan. In accordance with the provisions of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the University has reported its proportional share of the entire KPERS other postemployment benefit (OPEB) liability. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB plan and OPEB expense have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Pensions. In accordance with the provisions of GASB 68, *Accounting and Financial Reporting for Pensions*, the University has reported its proportional share of the entire Kansas Public Employees Retirement System (KPERS) pension liability. 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 KPERS and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For these purposes, 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.

Noncurrent Liabilities. Noncurrent liabilities include principal amounts and issuance premiums of revenue bonds payable, estimated amounts for accrued compensated absences, accrued other postemployment benefits, right to use leases payable, and accrued pension obligations that will not be paid within the next fiscal year and the amounts estimated to be repaid to the federal government related to the closing of the Federal Perkins Loan program.

Deferred Inflows/Outflows. In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* deferred outflows and deferred inflows result from the consumption or acquisition of net position in one period that is applicable to future periods. These items are reported separately from assets and liabilities.

Net Position. The University's net position is classified as follows:

Net investment in capital assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of the net investment in capital assets.

Restricted net position – expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Tax Status. As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code; however, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

Classification of Revenues. The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship discounts and allowances, 2) sales and services of educational departments and auxiliary enterprises, 3) certain federal, state and local grants and contracts, and 4) interest on institutional student loans.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting,* and GASB Statement No. 34, such as state appropriations and investment income.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Scholarship Discounts and Allowances. Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Change in Accounting Estimate. During 2025, the University revised its methodology for estimating scholarship allowances. The effect of this change in accounting estimate increased the scholarship allowance and decreased the tuition and fee revenue by $4,476,164. In addition, the change increased the scholarship allowance and decreased residential life revenues by $672,584. The change in estimate is accounted for prospectively, meaning the cumulative effect of the change on prior periods is not reflected in the current financial statements. The change affects only the current and future reporting periods.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents. The carrying amount of the University's deposits with the State Treasurer and other financial institutions at June 30, 2025 and 2024 were $55,499,139 and $55,607,349, respectively. The University's deposits with the State Treasurer are pooled with the funds of other state agencies and then, in accordance with statutory limitations, placed in short-term investments with the exception of the bond funds. All bond proceeds are invested in conjunction with specifications stated in the bond resolutions.

State law requires the University to deposit the majority of its cash balances with the State Treasurer, who holds and invests the funds. These investments are managed by the Pooled Money Investment Board (PMIB), which maintains a published investment policy. The exceptions to this law are any funds maintained in the University's imprest fund, organizational safekeeping, revenue bond project and reserve funds and any funds held by external entities on behalf of the University.

Cash balances maintained by the State Treasurer are pooled and are held in a general checking account and other special purpose bank accounts. The available cash balances beyond immediate need are pooled for short-term investment purposes by PMIB and are reported at fair value, based on quoted market prices.

The majority of deposit balances not maintained by the State Treasurer are covered by FDIC or collateralized. The University does not have a formal deposit policy regarding custodial credit risk. However, management has evaluated the financial stability of the financial institution involved and believes the custodial credit risk is minimal.

Investments. Emporia State University did not hold investments at June 30, 2025 or at June 30, 2024.

State statutes govern the University's investment policies. For investments related to the University's bonds, state statutes permit cash balances to be invested as permitted by bond documents and bond covenants. The Kansas Municipal Investment Board manages the University's revenue bond investments. Allowable investments include:

- U.S. Government obligations
- Obligations of government-sponsored agencies
- Federal funds, unsecured certificates of deposit, time deposits and banker's acceptances
- Deposits – fully insured by FDIC
- Certain state or municipal debt obligations
- Certain pre-refunded municipal obligations
- Commercial paper
- Investments in money market funds

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

- Repurchase agreements
- Stripped securities
- Investments in the Municipal Investment Pool Fund
- Investment agreements
- Guaranteed investment contracts

State statutes also govern the investment policies of the PMIB. The primary objectives are to attain safety, liquidity and yield. Allowable investments for State pooled moneys not held in Kansas financial institutions are as follows:

- Direct obligations of, or obligations that are insured as to principal and interest by, the U.S. Government or any direct agency thereof, with maturities up to four years
- Obligations and securities of United States sponsored enterprises that under federal law may be accepted as security for public funds. Moneys available for investments shall not be invested in mortgage-backed securities of such enterprises, which include the Government National Mortgage Association
- Repurchase agreements with Kansas banks or with primary government securities dealers
- Interfund loans to various State agencies as mandated by the Kansas Legislature limited to not more than the lesser of 10 percent or $80,000,000 of total investments
- Certain Kansas agency and IMPACT Act projects and bonds
- Linked deposit loans for agricultural production not to exceed $55,000,000
- High grade commercial paper

The Executive Committee of the Foundation Board of Trustees is responsible for the Foundation's investment program. The Investment Committee, created by the Executive Committee, oversees the Foundation's investments under the advisement of a consultancy firm with specific expertise in foundation and endowment portfolio management in accordance with the policies established by the Executive Committee.

The Foundation's investment program is designed for investing endowed funds and other types of funds with similar long-term objectives. The return objective for the long-term program is currently a net of investment related fees return of approximately 7% to 8%. Current asset allocation ranges are growth assets (40% to 70%), risk reduction assets (20% to 60%) and inflation protection assets (5% to 35%). The Investment Committee has adopted a "total return" approach for the evaluation of the investment returns and is willing to accept an overall level of risk to commensurate with the Foundation's strategic asset allocation and necessary to achieve the stated objectives.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy that leverages investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

PMIB minimizes interest rate risk structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities.

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The University holds investments that may have credit risk since the underlying securities may include securities other than those that take the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. Government. The investments are unrated and certain investments have an underlying collateral agreement.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. The University's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent but not in the University's name. The University does not have a formal investment policy that addresses custodial credit risk.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS – continued

However, the University's custodial credit risk is estimated to be minimal based on the expressed investment policies of PMIB, KDFA and the Foundation.

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are excluded from this requirement. The University does not have a formal policy regarding the concentration of credit risk. However, management has evaluated the financial stability of the financial institutions involved and believes the credit risk is minimal.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable, net of estimated uncollectible amounts, consisted of the following at June 30:

	2025	2024
Student tuition and fees	$ 5,443,086	$ 5,827,769
Employees and students	24,492	25,203
Auxiliary enterprises	1,179,412	1,125,056
Federal, state, and private grants and contracts	1,062,150	592,021
Other operating activities	370,198	345,908
	8,079,338	7,915,957
Less allowance for doubtful accounts	4,578,320	4,284,140
Net Accounts Receivable	$ 3,501,018	$ 3,631,817

NOTE 4 – LOANS TO STUDENTS

Student loans made through the Federal Perkins Loan Program comprise substantially all of the loans to students at June 30, 2025 and 2024. The program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. Historically, the federal government reimburses the University for amounts cancelled under these provisions. For 2025 and 2024, the University received reimbursements of $1,127 and $4,009, respectively.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2025 and 2024, the allowance for uncollectible loans was estimated to be $109,878 and $152,769, respectively.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 follows:

Capital Assets	Beginning Balance	Additions	Retirements	Ending Balance
(Not depreciated)				
Land and improvements	$ 1,089,163	$ 0	$ 0	$ 1,089,163
Construction in progress	9,160,044	20,215,694	5,175,928	24,199,810
(Depreciated)				
Buildings and improvements	160,923,659	5,444,738	0	166,368,397
Right to use leased buildings	201,987	0	0	201,987
Equipment and furnishings	10,737,744	786,628	499,557	11,024,815
Right to use leased equipment	248,594	146,043	84,130	310,507
Right to use SBITA	2,095,789	3,472,486	0	5,568,275
Vehicles	1,214,732	224,161	42,484	1,396,409
Infrastructure	14,026,041	2,479,252	0	16,505,293
Total Capital Assets	199,697,753	32,769,002	5,802,099	226,664,656
Less Accumulated Depreciation				
Buildings and improvements	$ 69,290,575	$ 3,446,200	$ 0	$ 72,736,775
Right to use leased buildings	109,334	46,326	84,130	71,530
Equipment and furnishings	7,855,003	1,030,573	314,813	8,570,763
Right to use leased equipment	119,812	85,033	0	204,845
Right to use SBITA	808,169	1,195,854	0	2,004,023
Vehicles	732,560	151,486	42,485	841,561
Infrastructure	6,847,353	510,811	0	7,358,164
Total Accumulated Depreciation	85,762,806	6,466,283	441,428	91,787,661
Capital Assets, Net	$ 113,934,947	$ 26,302,719	$ 5,360,671	$ 134,876,995

NOTE 5 – CAPITAL ASSETS - continued

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

Capital Assets	Beginning Balance	Additions	Retirements	Ending Balance
(Not depreciated)				
Land and improvements	$ 1,089,163	$ 0	$ 0	$ 1,089,163
Construction in progress	3,353,420	7,499,991	1,693,367	9,160,044
(Depreciated)				
Buildings and improvements	158,977,455	3,187,687	1,241,483	160,923,659
Right to use leased buildings	201,987	0	0	201,987
Equipment and furnishings	9,880,568	1,557,084	699,908	10,737,744
Right to use leased equipment	248,594	0	0	248,594
Right to use SBITA	1,913,825	597,473	415,509	2,095,789
Vehicles	935,479	345,318	66,065	1,214,732
Infrastructure	12,581,617	1,444,424	0	14,026,041
Total Capital Assets	189,182,108	14,631,977	4,116,332	199,697,753
Less Accumulated Depreciation				
Buildings and improvements	66,889,982	3,338,295	937,702	69,290,575
Right to use leased buildings	63,008	46,326	0	109,334
Equipment and furnishings	7,495,910	1,035,974	676,881	7,855,003
Right to use leased equipment	46,500	73,312	0	119,812
Right to use SBITA	552,092	671,586	415,509	808,169
Vehicles	694,954	103,671	66,065	732,560
Infrastructure	6,411,554	435,799	0	6,847,353
Total Accumulated Depreciation	82,154,000	5,704,963	2,096,157	85,762,806
Capital Assets, Net	$ 107,028,108	$ 8,927,014	$ 2,020,175	$ 113,934,947

NOTE 6 – DEPOSITS HELD IN CUSTODY FOR OTHERS

Deposits held in custody for others consist primarily of student organizations' monies administered by the University. Deposits held in custody for others for year ended June 30, 2025 follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Student organizations	$ 1,294,990	$ 511,862	$ 205,911	$ 1,600,941
Stafford, private and wire loans	1,500	18,952,023	18,952,023	1,500
Total Deposits Held for Others	$ 1,296,490	$ 19,463,885	$ 19,157,934	$ 1,602,441

Deposits held in custody for others for year ended June 30, 2024 follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Student organizations	$ 1,299,842	$ 308,393	$ 313,245	$ 1,294,990
Stafford, private and wire loans	1,500	17,668,447	17,668,447	1,500
Total Deposits Held for Others	$ 1,301,342	$ 17,976,840	$ 17,981,692	$ 1,296,490

NOTE 7 – UNEARNED REVENUE

Unearned revenue consists of summer session tuition and fees and advance collections on grants and contracts. The breakdown of unearned revenue is as follows at June 30:

	2025	2024
Tuition and fees	$ 1,977,621	$ 2,010,484
Grants and contracts	0	1,106,469
Tuition and fees	$ 1,977,621	$ 3,116,953

NOTE 8 – CHANGES IN NONCURRENT LIABILITIES

Long-term liabilities activity for the year ended June 30, 2025 follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds payable	$ 31,265,000	$ 0	$ 2,880,000	$ 28,385,000	$ 2,315,000
Right to use leases payable	227,754	146,043	129,598	244,199	134,807
Right to use SBITA	1,344,483	3,472,486	1,100,086	3,716,883	1,163,621
Bond premium	1,683,655	0	154,391	1,529,264	154,391
Compensated absences	2,523,296	2,860,538	2,523,295	2,860,539	2,171,605
Net pension liability	6,558,136	0	815,682	5,742,454	0
Perkins federal capital contribution	1,003,351	0	459,694	543,657	208,488
Postemployment benefits	237,879	191,167	0	429,046	0
Total Noncurrent Liabilities	$ 44,843,554	$ 6,670,234	$ 8,062,746	$ 43,451,042	$ 6,147,912

Long-term liabilities activity for the year ended June 30, 2024 follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Bonds payable	$ 34,015,000	$ 0	$ 2,750,000	$ 31,265,000	$ 2,880,000
Right to use leases payable	344,852	0	117,098	227,754	106,064
Right to use SBITA	1,429,275	597,473	682,265	1,344,483	344,313
Bond premium	1,838,046	0	154,391	1,683,655	154,391
Compensated absences	2,373,934	2,523,296	2,373,934	2,523,296	2,099,272
Net pension liability	7,165,638	0	607,502	6,558,136	0
Perkins federal capital contribution	1,501,934	0	498,583	1,003,351	375,696
Postemployment benefits	256,210	0	18,331	237,879	0
Total Noncurrent Liabilities	$ 48,924,889	$ 3,120,769	$ 7,202,104	$ 44,843,554	$ 5,959,736

NOTE 9 – BONDS OUTSTANDING

Bonds payable as of June 30, 2025 consist of the following:

Kansas Development Finance Authority ESU Projects Revenue Bonds - Series 2017D, issued in December 2017 in the original amount of $36,075,000. Due in annual installments of $695,000 to $2,195,000 with final maturity on 5/1/2038. Interest ranges from 3.00% to 5.00%.	$23,885,000
Kansas Development Finance Authority ESU Projects Refunding Revenue Bonds - Series 2020F, Memorial Union Revenue Bonds, issued in May 2020 in the original amount of $8,270,000. Due in annual installments of $720,000 to $965,000 with final maturity on 4/1/2030. Interest ranges from 2.00% to 4.00%.	4,500,000
Total Revenue Bonds Outstanding	$28,385,000

NOTE 10 – REVENUE BONDS MATURITY SCHEDULE

Maturities of principal and interest requirements on revenue bonds payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 2,315,000	$ 933,150	$ 3,248,150
2027	2,425,000	825,800	3,250,800
2028	2,520,000	730,800	3,250,800
2029	2,605,000	646,300	3,251,300
2030	2,690,000	558,850	3,248,850
2031-2035	9,440,000	1,877,188	11,317,188
2036-2038	6,390,000	403,438	6,793,438
	$ 28,385,000	$ 5,975,525	$ 34,360,525

Acceleration of Maturity in Event of Default

If an Event of Default shall have occurred and be continuing, the Kansas Development Finance Authority (Authority) may, and shall upon the written request of the owners of not less than 25% in aggregate principal amount of bonds then outstanding by notice in writing delivered to the Authority and the University, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable.

An owner means the registered owner of any bond as shown on the bond register maintained by the bond registrar.

If, at any time after such declaration, but before the bonds shall have matured by their terms, all overdue installments of principal and interest on the bonds, together with the reasonable and proper expenses of the bond registrar and paying agent, and all other sums then payable by the Authority shall either be paid or provision shall be made for such payment, then and in every such case the Authority shall, but only with the approval of the owners of not less than 50% in aggregate principal amount of the bonds outstanding, rescind such declaration and annul such default in its entirety.

NOTE 11 – RIGHT TO USE LEASES PAYABLE

The University has entered into agreements to lease certain building space and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

An agreement was executed in 2005 to lease building space in Overland Park, KS and the existing lease expires June 30, 2026. The lease requires monthly payments with a variable rate adjusted annually. The lease liability is measured at a discount rate of 2.05%.	$50,142
An agreement was executed in 2024 to lease a Konica copier and the existing lease expires March 31, 2028. The lease requires monthly payments of $1,449. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.68%.	46,144
An agreement was executed October 1, 2021 to lease a Konica copier and the existing lease expires September 30, 2026. The lease requires monthly payments of $1,720. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.60%.	25,404
An agreement was executed in 2023 to lease copiers campus wide and the existing lease expires December 31, 2027. The lease requires monthly payments with a variable rate adjusted annually. The lease liability is measured at a discount rate of 2.68%.	122,509
Total Right to Use Lease Payable	$244,199

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 134,807	$ 4,585	$ 139,392
2027	71,306	1,845	73,151
2028	38,086	256	38,342
	$ 244,199	$ 6,686	$ 250,885

NOTE 12 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The University has entered into agreements for the right to use subscriptions for information technology software. These subscription agreements convey control of the right to use another party's information technology software under GASB 96. Therefore, these subscription arrangements have been recorded at the present value of the future minimum payments as of the date of their inception.

An agreement was executed July 1, 2023 for the University's student success system and the existing agreement expires June 29, 2028. The annual payments range from $124,340 in 2024 to $134,589 in 2028. The liability is measured at a discount rate of 2.68%.	$396,809
An agreement was executed September 1, 2019 for the University's budget system and the existing agreement expires August 31, 2029. The annual payments range from $66,300 in 2024 to $71,766 in 2029. The liability is measured at a discount rate of 3.03%.	266,477
An agreement was executed April 1, 2024 for student on-line payment and billing systems and the existing agreement expires March 31, 2028. The annual payment for 2024 is $181,483 with an escalator clause each year. The liability is measured at a discount rate of 2.68%.	358,229

NOTE 12 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) – continued

An agreement was executed March 25, 2025 for the University's email security and protection and the existing agreement expires March 24, 2028. The annual payment is $44,921 per year. The liability is measured at a discount rate of 2.45%.	88,768
An agreement was executed December 16, 2024 for the University's cybersecurity operations and the existing agreement expires December 15, 2027. The annual payment is $142,633 per year. The liability is measured at a discount rate of 2.45%.	275,115
An agreement was executed April 1, 2025 for the University's ERP system and the existing agreement expires March 31, 2030. The annual payment for 2025 is $354,151 with an escalator clause each year. The liability is measured at a discount rate of 2.68%.	1,543,679
An agreement was executed January 1, 2025 for the University's storage document system and the existing agreement expires December 31, 2029. The annual payment for 2025 is $77,222 with an escalator clause each year. The liability is measured at a discount rate of 2.68%.	335,490
An agreement was executed October 30, 2024 for the University's video storage system and the existing agreement expires October 29, 2024. The annual payment for 2025 is $33,917 with an escalator clause each year. The liability is measured at a discount rate of 2.45%.	72,420
An agreement was executed March 9, 2025 for the University's recruitment suite and the existing agreement expires March 8, 2028. The annual payment is $54,000 per year. The liability is measured at a discount rate of 2.45%.	106,709
An agreement was executed April 16, 2025 for the University's CRM for the recruitment suite and the existing agreement expires April 15, 2028. The annual payment is $27,552 per year. The liability is measured at a discount rate of 2.45%.	54,445
An agreement was executed March 29, 2025 for the University's customer service management and the existing agreement expires March 28, 2029. The annual payment for 2025 is $33,016 with an escalator clause each year. The liability is measured at a discount rate of 2.68%.	101,450
An agreement was executed August 5, 2024 for a virtual machine application and the existing agreement expires August 4, 2027. The annual payment is $60,810 per year. The liability is measured at a discount rate of 2.45%.	117,292
Total SBITA Payable	$3,716,883

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 1,163,621	$ 75,830	$ 1,239,451
2027	1,225,423	44,554	1,269,977
2028	729,469	19,564	749,033
2029	598,370	0	598,370
	$ 3,716,883	$ 139,948	$ 3,856,831

NOTE 13 – COMMITMENTS AND CONTINGENT LIABILITIES

As a result of legislation, the University, as an agency of the State of Kansas, is subject to the State of Kansas' self-insurance program with regard to comprehensive general liability and personal injury insurance. The University is covered by the State's umbrella insurance policies for automobile liability and property insurance. The University is covered by a separate policy for losses of real property and is self-insured relative to workers' compensation, medical and unemployment insurance. These areas include stop-loss provisions that limit the University's exposure. The University, along with the other regent universities, has collectively bound a cyber liability insurance policy.

In the normal course of operations, the University receives grants and other forms of reimbursement from various federal and state agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing of such funds. University officials believe that the liability, if any, for any reimbursement that may arise as the result of audits, would not be material.

NOTE 14 – RETIREMENT PLANS

Defined Contribution Plan

Eligible unclassified employees are required to participate in the Kansas Board of Regents (Regents) defined contribution retirement plan, which was authorized by K.S.A. 74-4925. This defined contribution program is funded through contributions by the University and individual employees. The Regents have selected two companies to provide investment options to participants. Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. All contributions are fully vested with the first contribution. For the years ended June 30, 2025 and 2024, active members were required by statute to contribute 5.5% and the University to contribute 8.5% of the employees' covered payroll. The University contributed $3,174,619 and $2,920,602 for the years ended June 30, 2025 and 2024, respectively, and individual employees contributed $2,038,586 and $1,879,636, respectively.

Defined Benefit Plan

University support staff employes participate in the Kansas Public Employees Retirement System (KPERS). Benefit provisions are established by state statute and provide retirement, disability, and death benefits to benefits eligible employees. This defined benefit program is funded through contributions by the University and the individual employees.

Pension Plan

Plan description: The University support staff participates in the Kansas Public Employees Retirement System, a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et.seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the System's website at www.kpers.org.

Benefits provided. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Benefits are established by statute and may only be changed by the Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

NOTE 14 – RETIREMENT PLANS – continued

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. Effective July 1, 2009, KPERS has two benefit structures and contribution rates that depend on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law established the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 member and 6% of covered salary for Tier 2 members through December 31, 2014. On January 1, 2017, Kansas law increased the KPERS member-employee contribution rate to 6% of covered salary for Tier 1 members; however, the Tier 2 member-employee contribution rate remained at 6% of covered salary. Member employee's contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) was 11.54% and the statutory contribution rate was 11.54%. Contributions to the pension plan from the University were $410,957 and $505,705 for the years ended June 30, 2025 and 2024, respectively.

Certain employees, due to their job types, participate in the Kansas Police and Fireman's Fund (KP&F). Benefit provisions are established by State statute and provide retirement, disability, and death benefits to benefit eligible employees. KP&F issues an annual financial report that includes financial statements and required supplementary information. The report is available upon request from KP&F. Active KP&F members were required by statute to contribute 7.15% and the University was required to contribute 23.18% of the employee's covered payroll. The Kansas Legislature establishes, and may amend, active plan members' and the University's contribution rates. Contributions to the pension plan from the University were $123,973 and $114,937 for the years ended June 30, 2025 and 2024, respectively.

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

At June 30, 2025 and 2024, the University reported a liability of $5,742,454 and $6,558,136, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The University's proportion of the net pension liability was based on the ratio of the University's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2024. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2024, the University's proportion was .070837%, which was a decrease of .008335% from its proportion measured as of June 30, 2023. As of June 30, 2024, the University's proportion of the total contributions made to the Police and Fire group within KPERS was .069777%, which was a .003998% increase from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025 and 2024, the University recognized pension expense of $104,539 and $(50,533) respectively. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 14 – RETIREMENT PLANS – continued

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 390,159	$ 0	$ 296,804	$ 0
Net difference between projected and actual earnings on pension plan investments	46,634	0	422,177	0
Changes in proportion and differences between agency contributions and proportionate share of contribution	70,783	0 1,616,698	49,328	0 2,005,968
Changes of assumptions	370,212	119,259	693,655	0
ESU's contributions subsequent to measurement	534,930	0	620,642	0
Total	$ 1,412,718	$ 1,735,957	$ 2,082,606	$ 2,005,968

$534,930 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2026	$ (461,974)
2027	(74,766)
2028	(200,825)
2029	(120,604)
.	
	$ (858,169)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	3.50% to 15.50%, including price inflation
Investment rate of return	7.00% compounded annually, net of investment expense, including price inflation

Mortality rates were based on the PUB 2010 Mortality tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

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

NOTE 14 – RETIREMENT PLANS – continued

arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 29, 2024, as provided by the KPERS' investment consultant, are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Non-U.S. Equities	43.0%	8.20%
Core Fixed Income	13.0%	2.20%
Yield driven	12.0%	5.30%
Infrastructure	3.0%	6.80%
Real Estate	15.0%	5.70%
Alternatives	11.0%	12.00%
Short-Term Investments	3.0%	0.30%
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability at the measurement date of June 30, 2024 and the prior measurement date of June 30, 2023 was 7.0%. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined in the separately issued KPERS financial report.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
ESU's proportionate share of the net pension liability	$ 8,341,681	$ 5,742,454	$ 3,565,811

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

NOTE 15 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB)

Description. The University participates in the State's long term disability program which is administered by KPERS. The plan provides long-term disability benefits and life insurance benefits for disabled members to KPERS members, as provided by K.S.A. 74-04927. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

Benefits Provided. Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% of the member's monthly rate of compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary

NOTE 15 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB) – continued

disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment.

Long-term Disability Benefit. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs at or after age 60, benefits are payable while disability continues, for a period of five years or until the member's retirement, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of living increase.

Group Life Waiver of Premium Benefit. Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of (a) the member's annual rate of compensation at the time of the disability, or (b) the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance policy.

Members Covered by Benefit Terms. At June 30, 2025, there were 88 active members and 6 disabled members covered by the benefit terms.

Total OPEB Liability. At June 30, 2025 and 2024, the University reported a OPEB liability of $325,614 and $237,879, respectively. The total OPEB liability measured as of June 30, 2024, was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise noted:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases, including inflation	3.50% to 10.0%, including price inflation
Discount rate	3.65% to 3.93%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Generational mortality improvements were projected for future years using Project Scale MP-2021. Mortlity rates are included in long-term disability claim termination rates. The actuarial assumptions used in the June 30, 2024 valuation have utilized the assumptions for the Kansas Public Retirement System (KPERS) as provided in the December 31, 2023 actuarial valuation reports for the pension plan. These assumptions were adopted by the KPERS Board in connection with a study of experience during 2019-2022.

The following table presents the components of the University's annual OPEB cost for the year and changes in the University's net OPEB liability.

NOTE 15 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB) – continued

	2025	2024
Beginning Balance	$ 237,879	$ 256,210
Current year changes:		
Service cost	11,498	12,385
Interest on total OPEB liability	8,355	8,501
Effect of economic/demographic gains or losses	111,980	19,026
Effect of assumption changes or inputs	(2,755)	(863)
Benefit payments	(41,343)	(57,380)
Increase (decrease) in net OPEB obligation	87,735	(18,331)
Ending Balance	$ 325,614	$ 237,879

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate increased from 3.65% on June 30, 2023 to 3.93% on June 30, 2024.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the University, as of June 30, 2024, calculated using the discount rate of 3.93%, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current discount rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	$ 335,472	$ 325,614	$ 315,992

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS. Therefore, there is no sensitivity to a change in healthcare trend rates.

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

For the year ended June 30, 2025 and 2024, the University recognized OPEB expense of $(3,843) and $(19,737), respectively. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 182,514	$ 74,208	$ 94,128	$ 92,812
Changes of assumptions	4,927	24,105	6,003	25,806
Benefit payments subsequent to the measurement date	41,343	0	57,380	0
Total	$ 228,784	$ 98,313	$ 157,511	$ 118,618

NOTE 15 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB) – continued

The deferred outflow of resources related to the benefit payments subsequent to the measuring date totaling $41,343 consist of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2025. Other amounts reported as deferred outflows of sources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year Ending June 30,	
2026	$ 1,610
2027	2,012
2028	6,127
2029	12,552
2030	10,641
Thereafter	56,186
	$ 89,128

Employee Health Plan – Retiree and Dental Insurance

Description. The State of Kansas has the authority to establish and amend the Plan. The State provides medical, prescription drug, and dental coverage benefits to retirees. Retiree spouses are eligible for the same benefits as retirees. Retirees and their spouses may continue their medical and prescription coverage until age 65. Dental coverage is available for the life of the retiree and spouse. The State has not elected to advance fund the Plan but rather maintains the Plan on a “pay-as-you-go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds.

The State does not pay retiree benefits directly. They are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group.

Members Covered by Benefit Terms. As of January 1, 2024, the following members were estimated to be covered by the benefit terms using an allocation of total OPEB liability for the University compared to the State OPEB liability and total retirees in the State:

	2025	2024
Estimated active members or beneficiaries currently receiving benefits	149	N/A
Active employees	648	N/A

Total OPEB Liability. At June 30, 2025, the University reported a OPEB liability of $103,432. The total OPEB liability measured as of June 30, 2025, was determined by an actuarial valuation as of January 1, 2024, which was rolled forward to June 30, 2024.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise noted:

Price inflation	2.75%
Salary increases	3.50%
Discount rate	3.93%
Medical	5.47% for the first year, then 5.25% decreasing by 0.25% over 3 years to an ultimate rate of 4.50%

NOTE 15 – OTHER POSTEMPLOYMENT BENEFIT PLAN (OPEB) – continued

Perscription drug	8.47% for the first year, then 8.25% decreasing by 0.25% over 15 years to an ultimate rate of 4.50%
Dental, adminstrative costs	7.12% (dental) and 2.00% (admin) for the first year, 3.0% (dental) and 2.0% (admin) thereafter
Actuarial cost method	Entry age normal

The discount rate was based on the Bond Buyer General Obligation 20-Bond Index rate published closest to, but not later than, the measurement date of June 30, 2024.

Mortality rates were based on the PubG-2010 (Below Median) Annuitant Mortality Table set back 1 year for males and PubS-2010 Annuitant Mortality Table set forward 1 year for females, as appropriate, with adjustments for mortality improvement using Scale MP2021.

The following table presents the University's annual OPEB cost for the year and changes in the University's ne OPEB liability.

	2025	2024
Beginning Balance	$ 0	$ 0
Current year changes:		
Benefit changes	103,432	0
Ending Balance	$ 103,432	$ 0

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the University calculated using the current discount rate of 3.93%, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current discount rate. Also, shown is the OPEB liability if calculated using current health care cost trend rates as well as what the University's total OPEB liability would be if it were calculated at 1 percentage point lower or 1 percentage point higher than the current health card trend rate.

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	$ 108,694	$ 103,432	$ 98,722

	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Increase in Health Care Cost Trend Rates
Total OPEB liability	$ 98,237	$ 103,432	$ 109,469

NOTE 16 – OPERATING EXPENSES BY NATURAL CLASSIFICATION

The University's operating expenses by functional and natural classification for the years ended June 30, 2025 are as follows:

	Compensation and Benefits	Contractual Services	Supplies and Materials	Utilities	Scholarships and Fellowships	Other Operating Expense	Depreciation	Fiscal Year 2025 Total
Educational and General								
Instruction	$25,242,575	$2,757,385	$471,873	$0	$0	$1,141,108	$0	$29,612,941
Research	440,459	71,151	88,849	0	0	76,854	0	677,313
Public service	1,967,119	703,497	214,828	0	0	247,837	0	3,133,281
Academic support	10,450,594	3,602,347	172,143	0	0	264,724	0	14,489,808
Student services	5,250,992	1,339,371	609,972	0	0	171,834	0	7,372,169
Institutional support	8,336,163	2,983,134	182,715	0	0	26,885	0	11,528,897
Operations and maintenance of plant	6,427,046	1,084,774	444,084	1,712,085	0	2,812,081	0	12,480,070
Scholarships & fellowships	0	0	0	0	4,019,228	0	0	4,019,228
Depreciation	0	0	0	0	0	0	6,466,283	6,466,283
Auxiliary Enterprises								
Athletics	5,635,612	2,231,707	951,780	129	0	235,571	0	9,054,799
Parking	37,641	34,932	13,449	0	0	0	0	86,022
Residential Life	1,295,008	456,476	285,757	517,400	0	73,650	0	2,628,291
Student Health	389,951	53,835	29,188	0	0	429	0	473,403
Total Operating Expenses FY 2025	$65,473,160	15,318,609	$3,464,638	$2,229,614	$4,019,228	$5,050,973	$6,466,283	$102,022,505

The University's operating expenses by functional and natural classification for the years ended June 30, 2024 are as follows:

	Compensation and Benefits	Contractual Services	Supplies and Materials	Utilities	Scholarships and Fellowships	Other Operating Expense	Depreciation	Fiscal Year 2024 Total
Educational and General								
Instruction	$25,482,343	$1,693,400	$492,560	$0	$0	$426,307	$0	$28,094,610
Research	381,346	36,531	62,864	0	0	93,514	0	574,255
Public service	1,697,580	739,941	145,731	0	0	5,652	0	2,588,904
Academic support	9,374,427	3,640,631	120,677	0	0	616,340	0	13,752,075
Student services	4,399,483	1,417,775	491,637	0	0	29,031	0	6,337,926
Institutional support	6,949,188	1,802,179	148,210	0	0	32,205	0	8,931,782
Operations and maintenance of plant	5,889,920	918,835	445,250	1,575,585	0	1,653,303	0	10,482,893
Scholarships & fellowships	0	0	0	0	7,304,572	0	0	7,304,572
Depreciation	0	0	0	0	0	0	5,704,963	5,704,963
Auxiliary Enterprises								
Athletics	4,577,525	1,957,219	853,500	0	0	186,859	0	7,575,103
Parking	72,799	40,239	3,270	0	0	0	0	116,308
Residential Life	1,212,033	489,592	246,781	467,738	0	151,820	0	2,567,964
Student Health	506,637	64,414	27,887	0	0	0	0	598,938
Total Operating Expenses FY 2024	$60,543,281	$12,800,756	$3,038,367	$2,043,323	$7,304,572	$3,195,031	$5,704,963	$94,630,293

NOTE 17 – SUBSEQUENT EVENT

On April 30, 2025, the Board of Directors of the Memorial Union passed a resolution for the dissolution of the Union. Subsequent to June 30, 2025, the Union will transfer all of its operations, assets, liabilities and net assets to the University. This transfer will be accounted for as a nonreciprocal transfer of net assets in accordance with ASC 958-805. As a result of this agreement, the Union will cease operations as an independent nonprofit entity upon completion of the transfer. All programs and services will continue to be operated under the University.

NOTE 18 – COMPONENT UNITS

The following disclosure meets the requirements in GASB Statement 14, *The Financial Reporting Entity,* paragraph 61 and GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments,* paragraph 128. It also complies with GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units,* which is an amendment of GASB Statement No. 14.

Memorial Union Corporation

Memorial Union Corporation (the Union) provides services to the students, faculty and other parties associated with Emporia State University. It is a component unit of the University. These services include campus dining services, sponsorship and support of student organizations, programs for University students, leasing space to University support functions including the bookstore, and scheduling of campus facilities for non-university functions.

The Union prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under FASB ASC 958, the Union is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

A contract between the Union and Fresh Ideas Management LLC (Fresh Ideas) provides for the operation of all dining services within the Union. The agreement calls for Fresh Ideas to provide contract board meals to the Union at a contracted price and to remit a commission to the Union on cash sales generated by Fresh Ideas. The Union's board of directors approved a five-year agreement with Fresh Ideas on May 1, 2024, which is effective through June 30, 2029 with options to extend the contract for an additional two, two year terms to end June 30, 2033. Meal plan rates are reviewed and adjusted annually based on mutual agreement between Fresh Ideas and the Union. An addendum to the contract stating the agreed upon rates is prepared annually. Contract board meals, the largest single source of revenue for the Union, provided $2,568,053 in revenues which accounted for 69.2% of total revenues.

Emporia State University Foundation

Emporia State University Foundation, Inc. (the Foundation) provides scholarships to students and various other types of support to the University and its Alumni. The Foundation is supported primarily through donor contributions. The Foundation is a separately administered organization that is a component unit of Emporia State University and the State of Kansas. The Foundation's financial statements are included in summary form in the State of Kansas' comprehensive annual financial report.

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Alternative investments are valued using the most recent valuation available by the respective external fund manager. The fair value of certain alternative investments, such as the private equity and natural resources limited partnerships, are recorded at net asset value (NAV), as a practical expedient based on the most recent valuations provided by external investment managers, adjusted for cash receipts and disbursements through June 30. The Foundation compares this carrying value to the June 30 investment statements provided by

NOTE 18 – COMPONENT UNITS - continued

the external investment managers and believes the carrying value of these financial instruments is a reasonable estimate of fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value.

Investments for the Foundation at June 30, 2025 and 2024 consisted of the following:

	2025	2024
Money markets accounts	$ 8,660,030	$ 1,799,974
Cash surrender value of life insurance	780,052	848,164
Common stock	55,985	24,306
Fixed income mutual funds		
Intermediate-term bond	13,318,239	15,654,469
Other fixed income mutual funds	0	8,026
Equity mutual funds		
Domestic equities	30,790,572	33,212,587
International equities	27,599,232	27,456,047
Other equity mutual funds	6,403,346	7,513,809
Hedge funds and fixed income partnerships	18,181,007	16,624,793
Real estate and real estate partnerships	6,725,328	5,974,979
Private equity and natural resources limited partnerships	27,449,977	26,279,266
	$ 139,963,768	$ 135,396,420

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025 and 2024:

	2025			
	Fair Value	Level 1	Level 2	Level 3
Money market accounts	$ 8,660,030	$ 8,660,030	$ 0	$ 0
Common stock	55,985	55,985		
Fixed income mutual funds				
Intermediate-term bond	13,318,239	13,318,239	0	0
Equity mutual funds				
Domestic equities	30,790,572	30,790,572	0	0
International equities	27,599,232	27,599,232	0	0
Other equity mutual funds	6,403,346	6,403,346	0	0
Real estate	1,218,876	0	1,218,876	0
Total investments	88,046,280	86,827,404	1,218,876	0
Beneficial interests in trusts	14,823,948	0	1,827,942	12,996,006
	$ 102,870,228	$ 86,827,404	$ 3,046,818	$ 12,996,006

NOTE 18 – COMPONENT UNITS – continued

	2024			
	Fair Value	Level 1	Level 2	Level 3
Money market accounts	$ 1,799,974	$ 1,799,974	$ 0	$ 0
Common stock	24,306	24,306		
Fixed income mutual funds				
Intermediate-term bond	15,654,469	15,654,469	0	0
Other fixed income mutual funds	8,026	8,026	0	0
Equity mutual funds				
Domestic equities	33,212,587	33,212,587	0	0
International equities	27,456,047	27,456,047	0	0
Other equity mutual funds	7,513,809	7,513,809	0	0
Real estate	483,686	0	483,686	0
Total investments	86,152,904	85,669,218	483,686	0
Beneficial interests in trusts	14,032,382	0	1,852,698	12,179,684
	$ 100,185,286	$ 85,669,218	$ 2,336,384	$ 12,179,684

Investments included in the fair value hierarchy above reconcile to the statements of financial position as follows:

	2025	2024
Investments recorded at		
Fair value and included above	$ 88,046,280	$ 86,152,904
Assets not at fair value	780,052	848,164
Net asset value	51,137,436	48,395,352
Total investments	$ 139,963,768	$ 135,396,420

Contributions receivable at June 30, 2025 and 2024 consisted of the following unconditional promises to give discounted at 4.50% to 8.5% at June 30, 2025 and 2024:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	$ 62,239	$ 2,812,143	$ 2,874,382
Due in one to five years	34,445	2,418,846	2,453,291
Due in more than five years	0	153,125	153,125
	96,684	5,384,114	5,480,798
Less			
Allowance for uncollectible contributions	7,251	277,137	284,388
Unamortized discount	7,026	697,836	704,862
	$ 82,407	$ 4,409,141	$ 4,491,548

NOTE 18 – COMPONENT UNITS – continued

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Due within one year	$ 94,746	$ 3,167,677	$ 3,262,423
Due in one to five years	86,822	4,799,097	4,885,919
Due in more than five years	0	207,350	207,350
	181,568	8,174,124	8,355,692
Less			
Allowance for uncollectible contributions	9,629	480,892	490,521
Unamortized discount	6,951	702,844	709,795
	$ 164,988	$ 6,990,388	$ 7,155,376

On September 1, 2024, the Foundation and the University entered into a written memorandum of agreement under which the Foundation will provide the University with an additional $9,500,000 in financial support for student scholarships and department non-scholarship expenses, in addition to the annual support historically provided. The term of the agreement ends on June 30, 2027. The University has sole discretion over the use of such support. As a result of the agreement's unconditional commitment, the Foundation recognized the remaining unpaid balance of $8,258,769 as a contribution payable and recognized estimated scholarship expense and university project expense as of June 30, 2025.

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