

# 2025

## ANNUAL FINANCIAL REPORT



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**Editor: Rod Dole**

**Cover Photo:** University of Wisconsin-Green Bay Assistant Professor Keir Wefferling and a student are immersed in hands-on research at The Ridges Sanctuary in Bailey's Harbor, Door County—literally out in the field, exploring nature's classroom. At UW-Green Bay, Phoenix students choose to ignite their future—making discoveries, gaining experiences and turning sparks into flames. It's a place where professors don't just know names—they recognize potential and help transform dreams into reality. Phoenix never blaze their trail alone; they forge their own path to success, supported every step of the way.

Part of the Universities of Wisconsin, UW-Green Bay is a school of resilient problem solvers who dare to reach higher with the power of education that ignites growth and answers the biggest challenges. Serving 11,188 undergraduate, graduate, and doctoral students as well as 101,000 continuing education learners annually, UW-Green Bay offers 200 academic degrees, programs, and certificates. With campuses in Green Bay, Manitowoc and Sheboygan, and a theatre in Marinette, the University's access mission welcomes all students who want to learn, from every corner of the world. Championing bold thinking since opening its doors in 1965, it is a university on the rise – Wisconsin's fastest growing UW.

**Photo Credit:** UW-Green Bay Photographer, Dan Moore

# Universities of Wisconsin

## 2025 Annual Financial Report

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# 2025 Annual Financial Report

## Regents, Chancellors, and Officers of the Universities of Wisconsin

### OFFICERS

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James Beeby, UW-La Crosse

Jennifer L. Mnookin, UW-Madison

Thomas Gibson, UW-Milwaukee

Manohar Singh, UW-Oshkosh

Lynn Akey, UW-Parkside

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Pratima Gandhi (Interim), UW-Stevens Point

Katherine P. Frank, UW-Stout

Renée Wachter, UW-Superior

Dr. Corey King, UW-Whitewater

### REGENTS

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Jim Kreuser, Kenosha

Edmund Manydeeds III, Eau Claire

Timothy Nixon, Green Bay

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Joan Prince, Milwaukee

Ashok Rai, Suamico

Sara Rogers, Milwaukee

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Jill Underly, Hollandale

Karen Walsh, Madison

Kyle Weatherly, Milwaukee (Regent Vice President)



*Years Ended June 30, 2025 and 2024*

## INTRODUCTION FROM THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION





## INTRODUCTION FROM THE VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

### *FINANCIAL REPORT 2025*

We are pleased to submit the Universities of Wisconsin's (UW) 2025 Annual Financial Report, which includes accrual-based statements for fiscal years 2025 and 2024. This report has received an unmodified (clean) audit opinion from the state's Legislative Audit Bureau.

While we continue to make strides with enrollments, degree completion, and research in 2026, our 2025 annual financial report is a great opportunity to reflect on some of the UW's accomplishments in the prior year, which include:

- Enrolling more than 164,000 students across our 13 four-year universities with campuses across the state, including students from every county in Wisconsin,

every state in the nation and 145 other countries;

- Awarding over 37,000 degrees;
- Advancing groundbreaking research with more than \$1,442.6 million of sponsored research activity annually across our 13 universities.

Emanating from the 2023-28 Strategic Plan, and coupled with feedback and direction from the Board of Regents, the Universities of Wisconsin will focus on the following priorities in the coming years:

1. Expanding who we serve to ensure every potential student has a pathway to success;
2. Leading in innovation, including to remain on the frontier of advances in artificial intelligence;
3. Enhancing collaboration, both internally and externally, to expand the joint delivery of academic programs, foster entrepreneurship, and produce the workforce Wisconsin needs; and
4. Improving operational efficiency in the delivery of services to maximize resources devoted to teaching, research, and innovation.

In support of those objectives, the strategic plan details nine core strategies including one to ensure our universities are financially and environmentally sustainable so they are positioned to fulfill their strategic missions. Each UW university has established a goal of maintaining a composite financial index (CFI) of 1.1 or greater as a general marker of financial health. In addition, we are pleased to report that all structural deficits at UW universities have been eliminated in the fiscal year 2026 budget in advance of the timeline established in the strategic plan. The Universities of Wisconsin will also increase returns on current resources through prudent management and commonly accepted investment practices.

## Annual Financial Report Highlights

The Universities of Wisconsin have been regarded as a worldwide leader in higher education for decades. This is largely due to the high caliber and dedication of our students, faculty, and staff, who have maintained an unyielding focus on our missions of education, research, and public service. It is also due to the generosity of our donors and the support of the State of Wisconsin. With a collaboration of efforts and strong financial management to align revenues and expenses, the overall net position of the Universities of Wisconsin increased \$249.9 million in fiscal year 2025.

Revenues within the Universities of Wisconsin—both operating and non-operating—increased by \$151.1 million, or 2.3%, in fiscal year 2025. Expenses increased at a rate of 6.2%, largely due to non-cash accrual entries for pension and other postemployment benefit programs, as noted below. The Statement of Revenues, Expenses, and Changes in Net Position reflects this activity.

Operating revenues increased \$72.0 million, with the primary increases in student tuition and fees before scholarship allowances, sales and services of auxiliaries, sales and services of educational activities and other operating revenues. The increase in tuition and fees before scholarship allowances is attributable to both an increase in tuition rates approved by the Board of Regents and increased enrollments at UW universities. Non-operating revenues increased \$79.1 million between fiscal year 2024 and 2025 due to additional gifts.

UW expenses increased by \$413.9 million in fiscal year 2025. Salaries and fringe benefits were the largest contributor to this growth, increasing by \$420.2 million, which includes unfavorable non-cash adjustments for the University's pension and other postemployment benefit programs. Supplies and services expenses also increased \$62.1 million, as the Universities of Wisconsin address inflationary increases and undertake several large projects, such as the Administrative Transformation Program (ATP).

Other highlights within the UW's 2025 Annual Financial Report include the following:

- Cash and Cash Equivalents increased by \$125.3 million. This is attributable, in part, to uncertainty related to federal and state funding in the last half of fiscal year 2025, which resulted in reduced or delayed cash expenditures by universities.
- The Wisconsin Retirement System (WRS) is managed by the state's Department of Employee Trust Funds (ETF). The WRS continued to report a Net Pension Liability in 2025, with the UW's share of that liability being \$217.4 million. This is an increase from our Restricted Net Pension Liability of \$200.0 million in 2024. The fluctuation in Net Pension Liability is largely associated with the change in fair value of the plan assets as of the end of each calendar year. The effect of this change in the liability on the UW's Restricted and Unrestricted Net Position is summarized on page 18.
- Current and noncurrent Notes and Bonds Payable decreased by \$23.1 million in fiscal year 2025. These payable obligations are managed by the state's Department of Administration, which undertook several refunding initiatives in fiscal year 2025.
- Capital Assets increased \$323.5 million in fiscal year 2025, to \$6.5 billion. This increase is the result of several large construction projects that were in progress or completed during the year. These projects are often funded with a combination of general fund and program revenue supported borrowing, cash, and gift funds. Note 4 provides examples of these capital projects.

With the Universities ranked 44th in the nation for state and tuition funding, we must prudently manage and prioritize our educational, research and public service activities and identify ways to use our financial, physical, and technological resources more effectively.

The Universities of Wisconsin continue to be proactive in positioning themselves to address the ongoing challenges and opportunities in the future of higher education. We are collaboratively creating new pathways into UW universities, especially from Wisconsin's high schools; evaluating academic program array, with enhancements in key areas of state workforce need, artificial intelligence, and other high-demand fields of study; launching new partnerships with employers; and growing external funding. Through these and other actions, we are committed to demonstrating the unmatched value proposition of our public universities.

The achievements of the past year are a testament to the dedication and creativity of the University community. As we change and build upon our world-class education and research capabilities, we are confident that the Universities of Wisconsin will further strengthen their financial position and positive impact on all Wisconsin citizens in the coming year. Together, we will continue to be strategic, bold, and student focused.

Julie Gordon, Vice President for Finance and Administration





*Years Ended June 30, 2025 and 2024*

## INDEPENDENT AUDITOR'S REPORT



## **Independent Auditor's Report on the Financial Statements and Other Reporting Required by *Government Auditing Standards***

Senator Eric Wimberger and  
Representative Robert Wittke, Co-chairpersons  
Joint Legislative Audit Committee

Members of the University of Wisconsin Board of Regents and  
Mr. Jay O. Rothman, President, University of Wisconsin System

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements and the related notes of the University of Wisconsin (UW) System, which rebranded itself as the Universities of Wisconsin, and the aggregate discretely presented component units as of and for the years ended June 30, 2025, and June 30, 2024, as listed in the table of contents.

In our opinion, based on our audits and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of UW System and the aggregate discretely presented component units as of June 30, 2025, and June 30, 2024, and the respective changes in its financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units reported as the Related University Campus Foundations as of June 30, 2025, and June 30, 2024. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the aggregate discretely presented component units, are based solely on the reports of the other auditors.

#### **Basis for Opinions**

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

## **Emphases of Matters**

As discussed in Note 1, the financial statements referred to in the first paragraph present only UW System and the aggregate discretely presented component units. The financial statements do not purport to and do not present fairly the financial position of the State of Wisconsin as of June 30, 2025, and June 30, 2024, the changes in its financial position and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the financial statements include investments that do not have readily ascertainable prices and are valued based on a variety of third-party pricing methods or reported on net asset value. However, because of the inherent uncertainty of valuation, those estimated values may differ from the values that could be realized in a secondary market transaction or the amount ultimately realized.

Our opinions are not modified with respect to these matters.

## **Responsibilities of Management for the Financial Statements**

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we exercised professional judgment and maintained professional skepticism throughout the audit. We also identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

In addition, we obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UW System's internal control. Accordingly, no such opinion is expressed. We also evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates and related disclosures made by management, and evaluated the overall presentation of the financial statements.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11 through 19 and the required supplementary information on pages 93 through 103 be presented to supplement the financial statements. The required supplementary information includes the schedule of UW System's proportionate share of the net pension liability (asset) and the related notes, the schedule of UW System's pension contributions and the related notes, the schedules of UW System's proportionate share of the other post-employment benefits (OPEB) liability (asset) and the related notes, and of UW System's OPEB contributions and related notes. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) that considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Introduction on pages 3 through 6 and the supplemental information on pages 105 and 106 but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or provide any other form of assurance thereon.

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, and published in report 25-32 on our consideration of UW System's internal control over financial reporting; our testing of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UW System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used in considering UW System's internal control over financial reporting and compliance. Report 25-32 is available on our website at [www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab).

LEGISLATIVE AUDIT BUREAU

*Legislative Audit Bureau*

December 17, 2025



*Years Ended June 30, 2025 and 2024*

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)



**UNIVERSITIES OF WISCONSIN**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2025 and 2024**

**Management's Discussion and Analysis**

The following discussion and analysis provides an overview of the financial position and activities of the Universities of Wisconsin (University) for the years ended June 30, 2025 and 2024, with comparative information for the year ended June 30, 2023, where appropriate. This discussion has been prepared by management, is unaudited, and should be read in conjunction with the financial statements and footnotes.

The University is made up of a constellation of 13 public universities with campuses across the state. In academic year 2024-2025, the University enrolled 164,436 students, employed 34,341 faculty and staff, and granted 37,308 associate, bachelor's, master's, and other advanced degrees. The University was awarded over \$1,302.2 million in federal grants and contracts in fiscal year 2025 and an additional \$1,181.5 million from non-federal sponsors. The University has a long tradition of public service, embodied by an ongoing commitment to the Wisconsin Idea, that the boundaries of the University are the boundaries of the State.

<b>Degrees Granted</b>		<b>Headcount Enrollments</b>	
<i>UW-Madison</i>	<i>13,796</i>	<i>UW-Madison</i>	<i>51,791</i>
<i>UW-Milwaukee</i>	<i>5,171</i>	<i>UW-Milwaukee</i>	<i>22,683</i>
<i>UW-Eau Claire</i>	<i>2,247</i>	<i>UW-Eau Claire</i>	<i>10,000</i>
<i>UW-Green Bay</i>	<i>1,777</i>	<i>UW-Green Bay</i>	<i>11,188</i>
<i>UW-La Crosse</i>	<i>2,441</i>	<i>UW-La Crosse</i>	<i>10,458</i>
<i>UW-Oshkosh</i>	<i>1,957</i>	<i>UW-Oshkosh</i>	<i>12,964</i>
<i>UW-Parkside</i>	<i>927</i>	<i>UW-Parkside</i>	<i>3,948</i>
<i>UW-Platteville</i>	<i>1,355</i>	<i>UW-Platteville</i>	<i>6,391</i>
<i>UW-River Falls</i>	<i>1,101</i>	<i>UW-River Falls</i>	<i>5,273</i>
<i>UW-Stevens Point</i>	<i>1,716</i>	<i>UW-Stevens Point</i>	<i>8,251</i>
<i>UW-Stout</i>	<i>1,542</i>	<i>UW-Stout</i>	<i>6,914</i>
<i>UW-Superior</i>	<i>693</i>	<i>UW-Superior</i>	<i>2,823</i>
<i>UW-Whitewater</i>	<i>2,585</i>	<i>UW-Whitewater</i>	<i>11,752</i>
<i>Total</i>	<i>37,308</i>	<i>Total</i>	<i>164,436</i>

**UNIVERSITIES OF WISCONSIN**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2025 and 2024**

**Using the Financial Statements**

The University's annual financial report includes the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; and the Notes to the Financial Statements. These items are prepared in accordance with standards established by the Governmental Accounting Standards Board (GASB).

The Statement of Net Position is a financial condition snapshot as of June 30, 2025 and 2024, and includes all assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Current assets are those that are available to satisfy current liabilities inclusive of assets that will be converted to cash within one year. Current liabilities are those that will be paid within one year. Increases or decreases in net position provide an indicator of the improvement or erosion of the University's financial health when considered in conjunction with non-financial information, such as conditions of facilities and enrollment levels. Net Position is divided into three major categories: Net Investment in Capital Assets, Restricted, and Unrestricted. Net Investment in Capital Assets consists of capital assets reduced by the outstanding balances of borrowings for the construction, acquisition, or improvement of those assets. Restricted Net Position has constraints put on by external parties, such as sponsors for research and donors, or by State Statute and Board of Regent policy as in the case of student segregated fees. Unrestricted Net Position consists of funds that do not meet either of those definitions.

The Statement of Revenues, Expenses, and Changes in Net Position presents the University's operating results as well as non-operating revenues and expenses. Operating revenues are comprised primarily of student tuition and fees, grants and contracts, and auxiliary service activities. GASB Statement No. 35 requires that state appropriations, gifts, and investments income/loss be reported as non-operating revenue. Public universities, including the University, are typically reliant on these revenue sources to fulfill their missions and, therefore, report operating expenses in excess of operating revenues. As a result, non-operating revenues are a significant component in determining the increase or decrease in total net position.

The Statement of Cash Flows summarizes cash inflows and outflows by category as relating to operating, capital, financing, or investing activities. Cash flow information can be used to evaluate the financial viability of the University and its ability to meet financial obligations as they mature. Cash flows from operating activities result from exchange transactions in which one party gives another something in return. Cash flows from investing activities are a result of the purchase or sale of investments, withdrawals from the long-term investment pool, and collecting interest and dividends earned. Cash flows from capital activities include receipts from capital grants, donor receipts specifying use for capital assets, and activity related to debt issued for the explicit purpose of acquisition, construction, or improvement of capital assets. Cash flows from noncapital financing activities include state appropriations and private gifts restricted for noncapital purposes.

The Notes to the Financial Statements are an integral part of the basic financial statements and communicate information essential for fair presentation. For example, the notes convey information concerning significant accounting policies used to prepare the financial statements, detailed information on cash and investments, capital assets, notes and bonds payable, relationships with affiliated organizations, and classification of net position.

In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by required supplementary information regarding the University's pension and other postemployment benefits (OPEB) obligations.

**UNIVERSITIES OF WISCONSIN**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2025 and 2024**

**Analysis of Financial Position and Results of Operations**

The University's total net position increased by \$249.9 million during fiscal year 2025. As of June 30, 2025, the University had total assets of \$10.5 billion and total liabilities of \$4.1 billion.

**Statement of Net Position (in millions)**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Current Assets	\$ 3,331.7	\$ 3,078.4	\$ 2,994.6
Capital Assets, Net	6,485.1	6,161.6	6,015.5
Other Noncurrent Assets	707.3	700.8	690.5
Total Assets	10,524.1	9,940.8	9,700.6
Deferred Outflows of Resources	1,467.7	2,056.8	2,880.1
Current Liabilities	1,286.5	1,094.1	1,091.7
Noncurrent Liabilities	2,782.1	2,794.0	3,242.2
Total Liabilities	4,068.6	3,888.1	4,333.9
Deferred Inflows of Resources	949.9	1,386.1	1,866.6
Net Investment in Capital Assets	4,556.7	4,270.5	4,069.3
Restricted Net Position	1,617.3	1,606.7	1,584.9
Unrestricted Net Position	799.3	846.2	726.0
Total Net Position	<u>\$ 6,973.3</u>	<u>\$ 6,723.4</u>	<u>\$ 6,380.2</u>

Current assets minus current liabilities represents the net working capital of the University. Net working capital increased from \$1,984.3 million at June 30, 2024 to \$2,045.2 million at June 30, 2025.

The following table contains a summary of Current Assets which consists of operating cash and cash equivalents, investments, securities lending collateral, accounts receivable, student loans receivable, supply inventories, and prepaid expenses. The largest change between 2025 and 2024 was in cash and cash equivalents, which increased by \$125.2 million primarily due to increased in current liabilities, such as accounts payable and accrued liabilities at year end.

**Current Assets (in millions)**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Cash & Cash Equivalents	\$ 1,634.4	\$ 1,509.2	\$ 1,544.0
Investments	763.6	695.6	651.8
Securities Lending Collateral	219.5	216.6	244.4
Accounts Receivable, Net	387.2	384.6	348.6
Other Current Assets	327.0	272.4	205.8
Total Current Assets	<u>\$ 3,331.7</u>	<u>\$ 3,078.4</u>	<u>\$ 2,994.6</u>

**UNIVERSITIES OF WISCONSIN**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2025 and 2024**

The Board of Regents has authority to invest gifts and bequests received by the University. Effective April 1, 2018 and as permitted through Wisconsin Statutes § 36.11 (11m), the Board of Regents transferred its investment management responsibilities to the State of Wisconsin Investment Board (SWIB). The Board of Regents establishes investment policies and guidelines, including target investment allocations. Benefiting University entities receive quarterly distributions from the Long Term Fund, principally endowed assets, based on an annual spending rate applied to a twelve-quarter moving average market value of the Fund. Additional information on cash and investments is provided in Note 2 to the Financial Statements.

Noncurrent assets are comprised mainly of endowment investments, capital assets (net of accumulated depreciation and amortization), student loans receivable and pension and OPEB assets. Notable changes between years include:

- Endowment investments, valued at \$626.0 million at June 30, 2025, increased by \$41.2 million during fiscal year 2025. The increase was driven by market-based fluctuations in investment performance.
- In 2020, the Department of Employee Trust Funds (ETF), which has program administration and oversight of postemployment benefits, determined that the Supplemental Health Insurance Conversion Credit (SHICC) program should be considered a defined benefit other postemployment benefit. As such, the University has recorded its proportionate share of the net OPEB noncurrent liability at June 30, 2025 of \$6.3 million and net OPEB noncurrent asset at June 30, 2024 of \$27.4 million.

Deferred outflows decreased by \$589.1 million in fiscal year 2025, primarily due to changes in the results of the projected outcomes used by the actuary compared to the actual results, including the plan experience and investment returns.

Current liabilities increased by \$192.4 million in fiscal year 2025, driven by increases in accounts payable and accrued liabilities.

Noncurrent liabilities decreased by \$11.9 million in fiscal year 2025. The most significant reasons for this is a reduction in the remaining Perkins loan liability and the reported noncurrent OPEB obligation at June 30, 2025.

Deferred inflows decreased by \$436.2 million in fiscal year 2025, due to adjustments related to pension and OPEB obligations.

Further, these reporting changes resulted in \$129.2 million of additional pension expense being included on the Statement of Revenues, Expenses, and Changes in Net Position. These changes are more fully described in Notes 1 and 8 to the Financial Statements.

Most of the unrestricted net position has been identified for purposes to fulfill the University's fiduciary responsibilities, including academic and research programs and capital projects. Additional information related to net position can be found in Note 13 to the Financial Statements.

**UNIVERSITIES OF WISCONSIN**  
**Management's Discussion and Analysis**  
**Years Ended June 30, 2025 and 2024**

**Capital and Debt Activities**

Of the \$7.0 billion in net position, \$4.6 billion is net investment in capital assets. In an effort to maintain quality in the University's academic and research programs and residence halls, the University has implemented a long-range plan to fund new construction and modernize existing facilities. Capital additions consist of new construction, replacement and renovation of academic and research facilities, as well as significant investment in technology and equipment. Note 4 to the Financial Statements describes the University's capitalization, depreciation and amortization policies, and includes summarized changes in the book value of these assets, including major construction projects completed or in progress. Note 6 to the Financial Statements describes the University's long term debt and includes summarized information on those balances, as well as future debt service requirements.

There are four primary sources of funding for University capital projects: General Fund Supported Borrowing (GFSB) 20-year state-issued bonds repaid with General Program Revenue (GPR); Program Revenue Supported Borrowing (PRSB) 20- or 30-year state-issued bonds repaid with University program revenue; Program Revenue Cash (Cash); and cash from gift and grant funds (Gifts). State general obligation bonds issued for the University's purpose are rated by Moody's and S&P Aa1 and AA, respectively.

**Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position present the University's operating results as well as non-operating revenues and expenses. A summary of the Statement of Revenues, Expenses, and Changes in Net Position is as follows (in millions):

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total Revenues	\$ 6,855.2	\$ 6,704.1	\$ 6,111.8
Total Expenses	7,046.3	6,632.6	6,397.8
(Loss) Income Before Capital and Endowment Additions	(191.1)	71.5	(286.0)
Capital Appropriations, Contributions & Endowment Additions	441.0	271.7	227.5
Increase (Decrease) in Net Position	<u>\$ 249.9</u>	<u>\$ 343.2</u>	<u>\$ (58.5)</u>

The University's operating and non-operating revenues are provided in the table below. Operating revenues increased \$389.9 million since fiscal year 2023 with the primary increases in student tuition and fees, grants and contracts, sales and services of auxiliaries and sales and services of educational activities. Non-operating revenues increased \$353.5 million between fiscal year 2023 and fiscal year 2025 primarily due to increases in gifts and net investment income and increases in state appropriations.

The University was awarded \$683.3 million in coronavirus federal grants and aid through 2024-25. In accordance with the federal award agreements, the University must meet certain eligibility requirements before recognizing the funding. The University recognized \$24.2 million as non-operating revenue in 2024-25, \$24.9 million as non-operating revenue in 2023-24, and \$628.0 million as non-operating revenue prior to 2023-24. The remaining amount will be recognized in future periods. These funds are restricted and must be used to address financial needs created by the coronavirus public health emergency.



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Revenues (in millions):	2025	2024	2023
Operating Revenues			
Student Tuition and Fees, Net	\$ 1,568.7	\$ 1,592.7	\$ 1,523.8
Federal Grants and Contracts	1,053.4	1,065.3	884.9
State, Local, & Private Grants and Contracts	478.3	490.8	515.2
Sales and Services of Educational Activities	444.2	439.2	377.8
Sales and Services of Auxiliaries, Net	475.2	470.5	444.8
All Other Operating Revenues	638.0	527.3	521.5
Total Operating Revenues	4,657.8	4,585.8	4,268.0
Non-Operating Revenues			
State Appropriations	1,128.7	1,135.0	1,026.4
Gifts	624.9	567.9	512.3
Federal Pell Grants	204.7	159.9	140.9
Coronavirus Federal Grants and Aid	24.2	24.9	26.3
Net Investment Income (Loss)	117.4	170.8	56.2
Other Non-Operating Revenues	97.5	59.8	81.7
Total Non-Operating Revenues	2,197.4	2,118.3	1,843.8
Total Revenues	\$ 6,855.2	\$ 6,704.1	\$ 6,111.8

Operating expenses, classified by function, and non-operating expenses, are as follows:

Expenses (in millions):	2025	2024	2023
Operating Expenses			
Instruction	\$ 1,840.2	\$ 1,567.8	\$ 1,667.5
Research	1,417.1	1,362.1	1,245.0
Public Service	454.4	439.9	409.3
Academic Support	512.3	457.7	469.8
Student Services	648.5	637.7	576.9
Institutional Support	422.8	343.2	317.3
Operation/Maintenance	408.1	400.3	326.0
Financial Aid	363.4	326.8	305.9
Auxiliary Enterprises	376.7	385.6	312.5
Other Functions	(23.6)	66.8	166.4
Depreciation and Amortization	466.8	475.9	440.6
Total Operating Expenses	6,886.7	6,463.8	6,237.2
Non-Operating Expenses	159.6	168.9	160.6
Total Expenses	\$ 7,046.3	\$ 6,632.7	\$ 6,397.8

One of the University's strengths has been its ability to supplement student tuition and fee revenue and state appropriations with support from other sources, including foundations, investment income, and government-sponsored programs (see Charts 1 and 2 in the Supplemental Information of this report). The University continues to aggressively seek funding sources consistent with its

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mission to meet operating activities in a financially prudent manner. In addition, the University will continue to make cost containment and revenue diversification a priority. The higher research operating expenses in fiscal year 2025 is attributed to expanded research activity and increases in salary and fringe benefits expense in that year.

Statement of Net Position adjusted for the pension and other postemployment benefit obligations as allocated to the University is as follows (in millions):

	2025	Adjustment for Pension and OPEB	Adjusted 2025	2024	Adjustment for Pension and OPEB	Adjusted 2024
Current Assets	\$ 3,331.7	\$ —	\$ 3,331.7	\$ 3,078.4	\$ —	\$ 3,078.4
Capital Assets, Net	6,485.1	—	6,485.1	6,161.6	—	6,161.6
Other Noncurrent Assets	707.3	—	707.3	700.8	27.4	673.4
Total Assets	10,524.1	—	10,524.1	9,940.8	27.4	9,913.4
Deferred Outflows of Resources	1,467.7	1,398.4	69.3	2,056.8	1,978.6	78.2
Current Liabilities	1,286.5	—	1,286.5	1,094.1	—	1,094.1
Noncurrent Liabilities	2,782.1	892.6	1,889.5	2,794.0	901.2	1,892.8
Total Liabilities	4,068.6	892.6	3,176.0	3,888.1	901.2	2,986.9
Deferred Inflows of Resources	949.9	905.4	44.5	1,386.1	1,344.9	41.2
Net Investment in Capital Assets	4,556.7	—	4,556.7	4,270.5	—	4,270.5
Restricted Net Position	1,617.3	—	1,617.3	1,606.7	27.4	1,579.3
Unrestricted Net Position	799.3	(399.6)	1,198.9	846.2	(267.5)	1,113.7
Total Net Position	<u>\$ 6,973.3</u>	<u>\$ (399.6)</u>	<u>\$ 7,372.9</u>	<u>\$ 6,723.4</u>	<u>\$ (240.1)</u>	<u>\$ 6,963.5</u>

In fiscal year 2025, salary and fringe benefits expenses amounted to \$4,646.8 million, including additional expense of \$161.7 million related to the pension and other postemployment benefit obligations. Compared to fiscal year 2024, salary and fringe benefits expenses amounted to \$4,226.7 million, including an expense credit of \$48.2 million related to the pension and other postemployment benefit obligations.

### Factors Affecting Future Periods

2025 Wisconsin Act 15, the 2025-27 biennial budget, included a 3.0 percent increase in the pay plan effective July 1, 2025. Act 15 also included \$49.0 million in net new funding in several areas, including \$26.5 million to be distributed to UW universities on the basis of undergraduate student credit hours and declining enrollment. Act 15 requires the Joint Committee on Employment Relations (JCOER) to approve plans related to required faculty teaching hour and credit transfer policies before these funds can be released. The Board of Regents approved the required policies on November 20, 2025. Act 15 also provided \$27.0 million to attract faculty in high-demand fields of study contingent on JCOER approval of the University's proposal to use these funds, which was approved by the Board or Regents on October 9, 2025. JCOER approved the University's plans for both faculty teaching hour and credit transfer policies on December 11, 2025. In addition to these increases, Act 15 included an \$8.0 million base funding reduction to the Universities of Wisconsin.

The Board of Regents approved a tuition increase of up to 5.0 percent for resident undergraduates during the 2025-26 academic year, which helped address years of inflationary cost pressures. The

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total average cost of attendance for resident undergraduates will increase approximately 4.7 percent when tuition, segregated fee, room and board costs are considered. The Board also approved tuition increases for nonresident undergraduate, nonresident graduate, and resident graduate students.

The current landscape of higher education presents uncertainty. The federal government continues to consider policy changes that could impact federally funded research, international student enrollment, and federal spending priorities overall. The University will continue to be impacted by fluctuations in enrollment due to demographic changes in fiscal year 2026 and beyond. Inflationary pressures on capital and operating costs and a competitive labor market will present additional economic challenges. In this environment, the Universities of Wisconsin strategic plan will continue to serve as our north star to better align resources with our priorities and further elevate the strong reputation of the University throughout the state, the nation, and the world. The Universities of Wisconsin remains committed to maintaining responsible stewardship of our resources while identifying new opportunities that enhance the university mission.

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*Years Ended June 30, 2025 and 2024*

## FINANCIAL STATEMENTS OF THE UNIVERSITIES OF WISCONSIN



# Universities of Wisconsin

## Statement of Net Position

	June 30, 2025	June 30, 2024
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,634,431,670	\$ 1,509,157,077
Investments	763,596,285	695,645,258
Securities Lending Collateral	219,450,357	216,628,310
Accounts Receivable, Net	387,171,930	384,644,030
Student Loans Receivable, Net	9,573,433	11,231,098
Inventories	45,886,817	45,740,828
Prepaid Expenses & Other Current Assets	271,589,397	215,345,193
Total Current Assets	<u>3,331,699,889</u>	<u>3,078,391,794</u>
Noncurrent Assets		
Endowment Investments	625,980,968	584,790,778
Accounts Receivable, Net	18,381,684	18,652,418
Student Loans Receivable, Net	62,935,987	70,045,004
Capital Assets, Net	6,485,090,444	6,161,559,815
Restricted Other Postemployment Benefits Asset	—	27,350,874
Total Noncurrent Assets	<u>7,192,389,083</u>	<u>6,862,398,889</u>
<b>TOTAL ASSETS</b>	<u>\$ 10,524,088,972</u>	<u>\$ 9,940,790,683</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,467,714,481</u>	<u>\$ 2,056,794,534</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 506,238,797	\$ 396,800,877
Securities Lending Collateral Liabilities	219,450,357	216,628,310
Notes and Bonds Payable	128,970,275	122,600,507
Lease, Subscription and Financing Obligations	45,579,139	37,351,628
Unearned Revenue	271,804,980	203,073,827
Compensated Absences	106,742,682	110,846,291
Deposits Held for Others	7,661,233	6,787,714
Total Current Liabilities	<u>1,286,447,463</u>	<u>1,094,089,154</u>
Noncurrent Liabilities		
Notes and Bonds Payable	1,423,809,195	1,453,280,916
Lease, Subscription and Financing Obligations	330,028,489	277,873,404
Perkins Loan Program	21,043,062	50,728,876
Compensated Absences	100,809,061	97,035,596
Other Postemployment Benefits	675,152,537	701,199,228
Net Pension Liability	217,430,738	200,033,237
Other Noncurrent Liabilities	13,845,794	13,833,843
Total Noncurrent Liabilities	<u>2,782,118,876</u>	<u>2,793,985,100</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 4,068,566,339</u>	<u>\$ 3,888,074,254</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 949,929,492</u>	<u>\$ 1,386,126,973</u>

(continued)

## Universities of Wisconsin

### Statement of Net Position (continued)

	June 30, 2025	June 30, 2024
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 4,556,703,346	\$ 4,270,453,360
Restricted for		
Nonexpendable	272,901,349	255,663,612
Expendable		
Other Postemployment Benefits	—	27,350,874
Gifts, Grants & Contracts	364,902,294	354,617,961
Donor Investments & Earnings	345,930,407	332,397,268
Construction Fund	309,017,474	318,265,364
Student Loans & Federal Aid	224,528,926	224,234,569
Other	100,035,313	94,217,000
Total Restricted-Expendable	1,344,414,414	1,351,083,036
Unrestricted	799,288,513	846,183,982
<b>TOTAL NET POSITION</b>	<b>\$ 6,973,307,622</b>	<b>\$ 6,723,383,990</b>

*The accompanying notes to the financial statements are an integral part of these statements.*

## Universities of Wisconsin

### Statement of Revenues, Expenses, and Changes in Net Position

	Year ended June 30, 2025	Year ended June 30, 2024
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net of Scholarship Allowances of \$408.2 million and \$352.5 million, respectively)	\$ 1,568,736,165	\$ 1,592,679,456
Grants and Contracts	1,531,663,629	1,556,135,311
Sales and Services of Educational Activities	444,213,946	439,152,957
Sales and Services of Auxiliary Enterprises (net of Scholarship Allowances of \$60.6 million and \$46.2 million, respectively)	475,176,159	470,501,962
Sales and Services to UW Hospitals and Clinics Authority	67,058,563	56,307,618
Student Loan Interest Income and Fees	2,062,613	2,232,396
Other Operating Revenue	568,896,641	468,746,136
<b>Total Operating Revenues</b>	<b>4,657,807,716</b>	<b>4,585,755,836</b>
<b>OPERATING EXPENSES</b>		
Salaries	3,280,009,163	3,155,833,544
Fringe Benefits	1,205,087,272	1,118,998,970
Fringe Benefits Related to Noncash Pension and OPEB	161,659,840	(48,153,279)
<b>Total Salary and Fringe Benefits</b>	<b>4,646,756,275</b>	<b>4,226,679,235</b>
Scholarship and Fellowships	189,818,229	205,647,965
Supplies and Services	1,575,914,005	1,513,803,546
Other Operating Expenses	7,431,028	41,739,156
Depreciation and Amortization	466,784,317	475,888,040
<b>Total Operating Expenses</b>	<b>6,886,703,854</b>	<b>6,463,757,942</b>
<b>OPERATING LOSS</b>	<b>(2,228,896,138)</b>	<b>(1,878,002,106)</b>
<b>NON-OPERATING REVENUES AND (EXPENSES)</b>		
State Appropriations	1,128,712,642	1,135,046,497
Gifts	624,899,891	567,870,759
Federal Pell Grants	204,693,396	159,933,971
Coronavirus Federal Grants and Aid	24,226,082	24,941,060
Investment Income (net of Investment Expense of \$1.5 million and \$0.9 million, respectively)	117,424,324	170,844,524
Loss on Disposal of Capital Assets	(7,181,020)	(1,941,575)
Interest Expense on Capital Asset-Related Debt	(52,558,010)	(53,228,013)
Transfer to State Agencies	(99,796,001)	(113,745,453)
Other Non-Operating Revenues	97,439,843	59,749,089
(Loss) Income Before Capital and Endowment Additions	(191,034,991)	71,468,753
Capital Appropriations	283,018,337	183,000,462
Capital Grants and Gifts	154,522,349	85,842,565
Additions to Permanent Endowment	3,417,937	2,892,652
<b>INCREASE IN NET POSITION</b>	<b>249,923,632</b>	<b>343,204,432</b>
<b>NET POSITION</b>		
Net Position - beginning of period	6,723,383,990	6,380,179,558
<b>NET POSITION - end of period</b>	<b>\$ 6,973,307,622</b>	<b>\$ 6,723,383,990</b>

*The accompanying notes to the financial statements are an integral part of these statements.*

# Universities of Wisconsin

## Statement of Cash Flows

	Year ended June 30, 2025	Year ended June 30, 2024
<b>Cash Flows from Operating Activities</b>		
Student Tuition and Fees	\$ 1,592,036,412	\$ 1,594,747,659
Federal, State, Local, and Private Grants & Contracts	1,562,707,023	1,518,285,859
Sales and Services of Educational Activities	452,461,946	434,753,677
Sales and Services of Auxiliary Enterprises	490,159,736	476,049,479
Sales and Services to UW Hospitals and Clinics Authority	64,544,007	52,433,628
Payments for Salaries and Fringe Benefits	(4,389,732,777)	(4,273,055,249)
Payments to Vendors and Suppliers	(1,606,725,300)	(1,500,938,876)
Payments for Scholarships and Fellowships	(189,818,229)	(205,647,965)
Student Loans Collected	14,157,400	18,080,810
Student Loan Interest and Fees Collected	2,062,613	2,232,397
Student Loans Issued	(9,914,393)	(9,390,841)
Student Direct Lending Receipts	519,449,002	528,435,541
Student Direct Lending Disbursements	(521,165,035)	(525,622,213)
Other Revenue	575,089,557	421,346,582
<b>Net Cash Used in Operating Activities</b>	<b>(1,444,688,038)</b>	<b>(1,468,289,512)</b>
<b>Cash Flows from Investing Activities</b>		
Interest and Dividends on Investments, Net	70,145,888	79,893,907
Proceeds from Sales and Maturities of Investments	108,468,078	87,406,245
Purchase of Investments	(104,346,149)	(67,532,952)
<b>Net Cash Provided by Investing Activities</b>	<b>74,267,817</b>	<b>99,767,200</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Issuance of Capital Debt	272,897,350	146,382,158
Payments for Debt Retirements (Refundings)	(190,573,236)	(89,826,819)
Capital Appropriations	283,018,337	183,000,462
Gifts and Other Receipts	209,241,032	148,942,459
Purchase of Capital Assets	(720,796,996)	(565,653,823)
Principal Payments on Capital Debt and Leases	(269,363,838)	(310,043,117)
Interest Payments on Capital Debt and Leases	(134,932,233)	(139,570,646)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(550,509,584)</b>	<b>(626,769,326)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
State Appropriations	1,327,318,933	1,332,775,667
Gifts and Other Receipts	586,344,051	553,687,951
Federal Pell Grants	204,693,396	159,933,971
Coronavirus Federal Grants and Aid Receipts	24,226,082	24,941,060
Transfer to State Agencies	(99,796,001)	(113,745,453)
Additions to Permanent Endowments	3,417,937	2,892,652
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>2,046,204,398</b>	<b>1,960,485,848</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>125,274,593</b>	<b>(34,805,790)</b>
Cash and Cash Equivalents - beginning of year	1,509,157,077	1,543,962,867
<b>Cash and Cash Equivalents - end of year</b>	<b>\$ 1,634,431,670</b>	<b>\$ 1,509,157,077</b>

(continued)

# Universities of Wisconsin

## Statement of Cash Flows (continued)

	Year ended June 30, 2025	Year ended June 30, 2024
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating Loss	\$ (2,228,896,138)	\$ (1,878,002,106)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:</i>		
Depreciation and Amortization Expense	466,784,317	475,888,040
Changes in Assets, Liabilities and Deferred Outflows and Inflows of Resources:		
Receivables, net	7,323,870	(25,686,713)
Inventories	(145,989)	69,183
Prepaid Expense (including Deferred Charges)	(1,242,007)	(15,694,617)
Accounts Payable and Accrued Liabilities	113,623,728	9,529,142
Perkins Loan Liability	(29,685,814)	(9,394,710)
Unearned Revenue	66,220,299	1,303,255
Compensated Absences	(330,144)	21,852,293
Deferred Outflows of Resources	582,432,316	816,978,001
Pension Liability and Deferred Inflows of Resources	(422,076,659)	(987,101,196)
Other Postemployment Benefits	1,304,183	121,969,916
<b>Net Cash Used in Operating Activities</b>	<b>\$ (1,444,688,038)</b>	<b>\$ (1,468,289,512)</b>
<b>Noncash Investing, Capital and Financing Activities</b>		
Lease and Financing Obligations (Initial Year):		
Fair Market Value	\$ 76,992,326	\$ 37,923,903
Current Year Cash Payments	3,467,335	2,389,623
Subscription Liabilities (Initial Year):		
Fair Market Value	41,267,213	52,243,640
Current Year Cash Payments	14,940,203	28,172,941
Amortization of Premium/Discount	27,007,153	25,830,684
Gifts-In-Kind	19,285,779	2,379,365
Net Change in Unrealized Gains	87,014,259	82,488,193

*The accompanying notes to the financial statements are an integral part of these statements.*





*Years Ended June 30, 2025 and 2024*

## FINANCIAL STATEMENTS OF RELATED UNIVERSITY CAMPUS FOUNDATIONS

*All foundations reported are legally separate, tax-exempt, affiliated campus foundations formed to generate private support for the respective public universities.*

## Universities of Wisconsin Campus Foundations

### Consolidated Statements of Financial Position

	June 30, 2025	June 30, 2024
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 83,478,486	\$ 49,033,482
Income and Redemption Receivables	153,723,224	162,479,749
Pledges Receivable, Net	172,007,941	207,206,518
Prepaid Expenses and Other Assets	87,117,292	90,006,555
Investments	6,871,646,990	6,245,526,555
Property and Equipment, Net	146,377,236	149,633,047
Real Estate	879,411	879,411
<b>TOTAL ASSETS</b>	<b>\$ 7,515,230,580</b>	<b>\$ 6,904,765,317</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 13,410,968	\$ 21,042,194
Pending Investment Purchases Payable	27,046,576	1,923,039
Accrued Expenses and Other Liabilities	26,291,766	25,734,766
Note Payable	133,397,372	136,614,478
Liability Under Split-Interest Agreements	43,557,259	43,806,228
Funds Due to Other Organizations	336,346,625	297,835,218
<b>Total Liabilities</b>	<b>580,050,566</b>	<b>526,955,923</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	336,680,617	274,394,333
With Donor Restrictions	6,598,499,397	6,103,415,061
<b>Total Net Assets</b>	<b>6,935,180,014</b>	<b>6,377,809,394</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 7,515,230,580</b>	<b>\$ 6,904,765,317</b>

### Consolidated Statements of Activities

	Year ended June 30, 2025	Year ended June 30, 2024
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Contributions	\$ 441,649,842	\$ 572,663,428
Investment Return, Net of Fees	814,601,549	682,099,058
Rental Income	11,947,798	12,874,898
Other Income	12,684,169	9,624,880
<b>Total Revenues, Gains and Other Support</b>	<b>1,280,883,358</b>	<b>1,277,262,264</b>
<b>EXPENSES</b>		
Program Expenses	635,694,789	543,362,493
Management and General Expenses	43,307,735	37,135,966
Fundraising Expenses	50,504,198	47,548,359
<b>Total Expenses</b>	<b>729,506,722</b>	<b>628,046,818</b>
<b>OTHER CHANGES IN NET ASSETS</b>	<b>5,993,984</b>	<b>1,609,512</b>
<b>CHANGE IN NET ASSETS</b>	<b>557,370,620</b>	<b>650,824,958</b>
Net Assets - Beginning of Year	6,377,809,394	5,726,984,436
<b>Net Assets - End of Year</b>	<b>\$ 6,935,180,014</b>	<b>\$ 6,377,809,394</b>

The accompanying notes to the financial statements are an integral part of these statements.



*Years Ended June 30, 2025 and 2024*

## NOTES TO THE FINANCIAL STATEMENTS OF THE UNIVERSITIES OF WISCONSIN

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 1 – Organization and Summary of Significant Accounting Policies**

**Basis of Accounting and Financial Statement Presentation**

The University of Wisconsin System (d/b/a Universities of Wisconsin) (University) is a major enterprise fund of the State of Wisconsin. The financial statements are presented in the proprietary fund financial statements of the State of Wisconsin's Annual Comprehensive Financial Report (ACFR). The University's financial information presented in the ACFR has been adjusted to reflect reclassifications and adjustments which are done to conform to reporting requirements relative to the ACFR.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB).

The University's annual report consists of three basic financial statements prepared in accordance with GASB principles: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows have been prepared using the economic resources measurement focus and the accrual basis of accounting. The Universities of Wisconsin reports as a Business Type Activity, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35). Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Revenues, Expenses, and Changes in Net Position classifies the University's fiscal year activity as operating and non-operating. Operating revenue results from exchange transactions, such as payment received for providing goods and services, including tuition and fees, certain grants and contracts, sales and services of educational activities, and auxiliary enterprise revenue. Other operating revenues include resources generated from units such as intercollegiate athletics, stadium, arena, student health services, car fleet, stores operations, child care services, copy centers, and student service programs such as placement, orientation, intramurals, and counseling centers.

Other operating revenues are summarized as follows:

	Year ended June 30, 2025	Year ended June 30, 2024
Athletics	\$ 193,876,396	\$ 170,107,634
Student Health Services	58,293,685	53,448,081
Student Union/Student Center	45,015,532	43,168,470
All Other Areas	271,711,028	202,021,951
Total Other Operating Revenues	<u>\$ 568,896,641</u>	<u>\$ 468,746,136</u>

Certain significant revenue streams relied upon for operations are reported as non-operating revenues, as defined by GASB 35, including state appropriations, gifts, and investment income. The majority of the University's expenses are exchange transactions, which GASB defines as operating expenses for financial statement presentation. Non-operating expenses include capital financing costs and costs related to investment activity.

The Statement of Cash Flows presents the change in the cash and cash equivalents balance for the fiscal year. Cash and cash equivalents include bank accounts and investments with original maturity dates of 90 days or less at the time of purchase. These investments consist primarily of commercial paper, money market funds, and U.S. Treasury bills. Investments in marketable securities are carried

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)**

at fair value as established by the major securities markets. Investments in limited partnerships are carried at fair value based on quarterly reports from the limited partnerships' management. Annually, these reports are audited by independent auditors.

**Financial Reporting Entity**

The University is made up of 13 four-year universities with campuses across the state. The University has also considered all potential component units for which it is financially accountable and other affiliated organizations where the nature and significance of their relationships, including their ongoing financial support, with the University are such that exclusion would cause the University's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the University's reporting entity is based on the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*; GASB Statement No. 39, *Determining whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14*; GASB Statement No. 61, *The Financial Reporting Entity, Omnibus, an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*; and GASB Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61*. Based upon the application of these criteria, 13 university foundations are included in the financial statements as discretely presented component units because they operate entirely for the benefit of the University.

**Other Organizations**

The financial statements do not include the accounts of the University of Wisconsin Hospitals and Clinics Authority (UWHCA), which is a separate legal organization reported as a discrete component unit within financial statements of the State of Wisconsin; the University of Wisconsin Medical Foundation (UWMF), which is a blended component unit of UWHCA; or the La Crosse Medical Health Science Consortium, Inc., which is a Wisconsin non-stock corporation tax exempt under Internal Revenue Code (IRC) 501(c)(3) not meeting the criteria of a component unit. In addition, the financial statements do not include the accounts of various legally independent and fully self-governing support organizations, such as booster clubs and alumni groups; funds contributed to the University by these organizations are reported at the time they are received. Note 11 describes the effect of affiliation and operating agreements with the UWMF; UWHCA; Wisconsin Alumni Research Foundation (WARF), relating to the Wisconsin Institutes for Discovery; and La Crosse Medical Health Science Consortium, Inc. had on the University's financial statements.

**Summary of Significant Accounting Policies**

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

The University eliminates intra-fund assets and liabilities to prevent double counting in the Statement of Net Position. Likewise, revenues and expenses related to internal service activities are also eliminated in the Statement of Revenues, Expenses, and Changes in Net Position.

Inventories consist of consumable supplies used in operations or items held for resale. Fuels are reported at market value, while other inventories held by individual university cost centers are valued using a variety of cost flow assumptions that, for each type of inventory, are consistently applied from year to year. In addition to central stores and fuels, the major types of inventories include laboratory supplies, physical plant supplies, food service and student housing supplies, and items held for resale by campus computer outlets.

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)**

Prepaid expenses represent payments made prior to June 30<sup>th</sup> for goods and services received after the close of the fiscal year, primarily health and life insurance coverage, and costs associated with revenues that have not yet been earned as of June 30<sup>th</sup>, primarily summer session costs incurred prior to the close of the fiscal year. The revenues and expenses of the 2025 and 2024 summer sessions are reportable within the fiscal year beginning July 1 and ending June 30, based on the prorated portion of the number of summer session days that occurred in fiscal year 2025 and 2024, respectively.

Accounting policies related to capital assets are described in Note 4.

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from the WRS' fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, 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.

Unearned revenues consist of payments received but not yet earned as of June 30<sup>th</sup>, primarily summer session tuition payments, tuition and room deposits for the next fall term, advance ticket sales for athletic events, and amounts received from grant and contract sponsors which have not yet been earned under the terms of the agreement.

It is the University's policy to permit employees to accumulate earned but unused leave benefits. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Compensated absence balances have been determined to be accrued and utilized by employees using a last-in-first-out (LIFO) flows assumption.

Restricted funds received as gifts, grants, and contracts are used according to donor restrictions or the specific purpose of the grantor. In addition, restrictions are statutorily established that limit the use of certain resources for specific purposes. These restrictions apply not only to state support but also to many of the University's program revenue sources, including segregated fee auxiliary operations. The funds reported as restricted will be used in accordance with the purposes for which they are restricted and are the first resources used for these purposes. Unrestricted funds would be used only secondarily to support these restricted purposes.

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to future periods and will be recognized as an outflow of resources (expense/expenditure) in those periods. The University's deferred outflows of resources are related to the net pension asset (liability), other postemployment benefits (OPEB) asset (liability), debt refunding and capital asset retirement obligation. Additional information related to pensions is available in Note 8, OPEB information is available in Note 9, and debt information is available in Note 6. See Note 10 for more information regarding deferred outflows of resources.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position that applies to future periods and will be recognized as an inflow of resources (decrease in expense/expenditure) in those periods. The University's deferred inflows of resources are related to the net pension asset (liability), OPEB asset (liability), lease agreements where the University serves as the lessor, and debt refunding. Additional information related to pensions is available in Note 8, OPEB information is available in Note 9, lease receivable information is available in Note 3, and debt information is available in Note 6. See Note 10 for more information regarding deferred inflows of resources.

**UNIVERSITIES OF WISCONSIN**  
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**Years Ended June 30, 2025 and 2024**

**NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)**

Student tuition and fees are presented net of scholarships and fellowships applied to student accounts. Stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

**Coronavirus Federal Grants and Aid**

The COVID global pandemic that was first identified in December 2019 has had a significant impact on the University's operations and financial results. The University was compelled to make several difficult decisions as a result of COVID-19, such as implementing employee furloughs, delaying employee recruitments, postponing new projects and initiatives and limiting travel. All these decisions, which resulted in reduced expenses, were intended to safeguard the well-being of our students, faculty, staff and the citizens of Wisconsin, while working to secure the long-term financial health of our public universities.

Federal relief funding also helped offset the financial impact due to the pandemic. In accordance with each individual federal grant, these funds are restricted in use, and University public universities were required to meet certain eligibility requirements before recognizing the funding as revenue, which included distributing certain portions to students as emergency financial aid. Amounts recognized in fiscal year 2025 and 2024 and reported as non-operating revenues in the Statement of Revenues, Expenses and Changes in Net Position are summarized as follows:

	Year ended June 30, 2025	Year ended June 30, 2024
Coronavirus Aid, Relief, and Economic Securities (CARES) Act:		
Institutional Aid	\$ —	\$ 10,181
Coronavirus Response and Relief Supplemental Appropriations:		
Institutional Aid	—	976,905
American Rescue Plan:		
Institutional Aid	24,226,082	23,953,974
Total Coronavirus Federal Grants and Aid	<u>\$ 24,226,082</u>	<u>\$ 24,941,060</u>

**Newly Adopted Accounting Pronouncements**

The University adopted GASB Statement No. 101, *Compensated Absences* (GASB 101), effective for the fiscal year ended June 30, 2025. The GASB statement updates the recognition and measurement guidance for compensated absences. The new standard requires the University to recognize a liability for both used and unused leave that is attributable to services already rendered, accumulates, and is more likely than not to be paid out or used. The adoption of this standard did not have a significant impact on the financial reporting for fiscal year ended June 30, 2025. Ending balances as of June 30, 2024 have not been restated to reflect the impact of GASB 101 because the impact was immaterial.

**New Accounting Pronouncements**

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103) will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions of GASB 103 are effective for fiscal year 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104) will require certain types of capital assets to be disclosed separately in the capital assets note disclosures. The provisions of GASB 104 are effective for fiscal year 2026.



**UNIVERSITIES OF WISCONSIN**  
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**NOTE 1 – Organization and Summary of Significant Accounting Policies (continued)**

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

**NOTE 2 – Cash and Investments**

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of shares in the State Investment Fund (SIF), a short-term pool of state and local funds managed by the State of Wisconsin Investment Board (SWIB) with oversight by a Board of Trustees. SWIB is not registered with the SEC as an investment company.

The SIF is a commingled fund with the investment objective of safety of principal and liquidity while earning a competitive money market rate of return. State of Wisconsin agencies are required to invest their operating cash in the SIF. In the State's ACFR, the SIF is not reported as a separate fund; rather, each State fund's share in the "pool" is reported on the balance sheet as "Cash and Cash Equivalents." Shares of the SIF belonging to other participating public institutions are presented in the Local Government Investment Pool, an investment trust fund.

Wisconsin Statutes § 25.17(3)(b), (ba), (bd) and (dg) enumerate the various types of securities in which the SIF can be invested, which include obligations of the United States or its agencies, corporations wholly owned by the United States or chartered by an act of Congress, securities guaranteed by the United States, the unsecured notes of financial and industrial issuers, direct obligations of or guaranteed by the government of Canada, certificates of deposit issued by banks in the United States including financial institutions in Wisconsin and banker's acceptances, as well as other loans, securities or investments that meet the SWIB's standard of responsibility within Wisconsin Statutes § 25.15(2).

For financial statement purposes, the valuation methodology of securities varies depending on the asset class. Repurchase Agreements and non-negotiable Certificates of Deposit and Time Deposits are carried at cost because they are non-participating contracts that do not capture interest rate changes in their value. All remaining debt investments (U.S. Government/Agency securities, Banker's Acceptances, Commercial Paper, Corporate Notes, and negotiable Certificates of Deposit) are carried at fair value. Because quoted market prices for SIF securities are often not available at month end, BNY Mellon, as the SWIB's custodial bank, compiles fair values from third party pricing services which use matrix pricing models to estimate a security's fair value. There are no unfunded commitments relating to the SIF and shares of the SIF can be fully redeemed at any time with no notice or other restrictions. Further information about the investments in the SIF can be obtained from the separately issued State Investment Fund Annual Financial Report for the Fiscal Year Ended June 30, 2025.

Of the \$1,634.4 million and \$1,509.2 million in cash and cash equivalents as of June 30, 2025 and 2024, respectively, \$1,514.0 million and \$1,275.3 million, respectively, represent amounts held within the SIF; \$120.4 million and \$233.9 million, respectively, was maintained by individual public universities in local bank accounts to meet operating needs; and a small, residual amount was held at BNY Mellon to meet the cash needs of the investing activities of the Trust Fund. Interest distributions are received on a monthly basis for balances associated with trust funds, federal aid programs, and funds attributable to the appropriations listed in Wisconsin Statutes § 20.285 (1) (Li). Investment earnings for all other funds do not accrue to the University.

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits that are in possession of an outside party. The University does not have a deposit policy specifically for

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 2 – Cash and Investments (continued)**

custodial risk. Shares in the SIF are not required to be categorized under GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

For the remaining deposits, the University had balances in excess of Federal Deposit Insurance Corporation limits totaling \$117.0 million and \$229.2 million at June 30, 2025 and 2024, respectively. These amounts, deposited in approved financial institutions, are uninsured and uncollateralized. A state appropriation for losses on public deposits (Wisconsin Statutes § 34.08) insures up to \$400,000 over the amount of federal insurance.

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Deposits in foreign currency at June 30, 2025 and 2024 are insignificant. The University does not have a formal policy for foreign currency risk.

**Investments**

The University invests its Trust Funds, primarily gifts and bequests, in accordance with the investment policies and guidelines governed and authorized by the Board of Regents. The Board of Regents retained SWIB as its investment manager, as permitted through Wisconsin Statutes § 36.11 (11m). The SWIB-managed Long Term Fund has a target asset allocation to public markets of the following: 57% public equities, 20% fixed income, and 23% inflation sensitive securities. SWIB achieves these allocations through the use of externally-managed index funds. In addition, this fund continues to have an allocation to private markets through a “legacy” portfolio that will self-liquidate over time as investments are sold and cash proceeds are received. The target allocations to public markets were last affirmed/approved by the Board of Regents in April 2018.

The Intermediate Term Cash Management Fund was established in 2022 in accordance with the investment policies and guidelines governed and authorized by the Board of Regents, and is currently distributed among fixed income funds, bank loans and global equities. The objective of the Intermediate Term Fund is to manage principal, ensure liquidity for anticipated needs and maintain purchasing power for existing assets. The Intermediate Term Fund has a target asset allocation to public markets of the following: 83.3% fixed income and 16.7% public equities. The target allocations were last affirmed/approved by the University Investment Committee in January 2022. The Intermediate Term Fund is an intermediate term portfolio, governed by and subject to a Memorandum of Understanding between Universities of Wisconsin administration, the University of Wisconsin - Madison, and the University of Wisconsin - Milwaukee.

An internally managed investment fund was established for a limited and select number of participating Trust Funds accounts by the University Board of Regents to provide educational investment management opportunity for the UW-Madison School of Business's Applied Security Analysis Program. The “RegentFund” is an intermediate-term fixed income portfolio, governed by and subject to a University Board of Regents approved Memorandum of Understanding, which includes detailed investment guidelines.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 2 – Cash and Investments (continued)**

The SWIB-managed Long Term Fund consisted of the following actual asset allocation by investment category on June 30, 2025 and 2024:

<b><u>Investment Category</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Global Equities	47.2 %	46.6 %
Treasury Inflation Protection Securities (TIPS)	16.2 %	15.4 %
Investment Grade Government/Credit	16.2 %	15.6 %
Hedged Non-U.S. Equities (Developed Markets)	6.2 %	6.2 %
Real Estate Investment Trusts (REITs)	2.4 %	2.3 %
Emerging Markets Equities	2.6 %	2.4 %
Private Markets <sup>1</sup>	9.2 %	11.5 %
<b>Total</b>	<b><u>100.0 %</u></b>	<b><u>100.0 %</u></b>

<sup>1</sup> Private Markets is not included in the target allocation. The Private Markets category is comprised of private equity funds of J.P. Morgan, Adams Street Partners, and a TRG Forestry Fund.

The Intermediate Term Fund consisted of the following actual asset allocation by investment category on June 30, 2025 and 2024:

<b><u>Investment Category</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Global Equities	17.2 %	17.1 %
High Yield Fixed Income	7.3 %	7.3 %
Bank Loans	8.2 %	7.2 %
Short-Term Fixed Income	32.8 %	33.2 %
Intermediate Fixed Income	16.7 %	16.8 %
Broad Fixed Income	17.8 %	18.4 %
<b>Total</b>	<b><u>100.0 %</u></b>	<b><u>100.0 %</u></b>

The RegentFund consisted of the following actual asset allocation by investment category on June 30, 2025 and 2024:

<b><u>Investment Category</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>
Fixed Income Securities	94.2 %	95.1 %
Short Term Investment Funds	5.8 %	4.9 %
<b>Total</b>	<b><u>100.0 %</u></b>	<b><u>100.0 %</u></b>

Benefiting University entities receive quarterly distributions from the Long Term Fund and the Intermediate Term Fund. The Long Term Fund distribution is primarily comprised of endowed assets, based on an annual spending rate applied to a twelve-quarter moving average market value of the Fund. The annual distribution rate is currently 4.0%. The Intermediate Term Fund distribution is comprised of the accumulated cash from interest and dividends that resides in the fund at the end of each quarter, less any applicable administrative fees. Distributions from the RegentFund, which is comprised of expendable gifts, consisted of quarterly interest earnings distributions. During the fiscal year ended June 30, 2025, the amount made available to spend from the Long Term Fund and RegentFund was \$22.4 million, relative to \$22.2 million available during the fiscal year ended June 30, 2024. The Intermediate Term Fund began making regular quarterly distributions at the end of quarter two of the fiscal year ended June 30, 2025. The amount made available to spend from the Intermediate Term Fund was \$21.0 million.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 2 – Cash and Investments (continued)**

At June 30, 2025 and 2024, the University's investments were as follows:

<b>Investments</b>	<b>2025</b>	<b>2024</b>
Equity Index Funds	\$ 477,311,939	\$ 437,085,557
Fixed Income Index Funds	830,316,462	751,990,858
Real Estate Index Fund	14,929,132	13,317,657
Fixed Income Securities	6,379,982	6,283,668
Short Term Investment Funds	4,299,780	5,217,813
Private Markets Limited Partnership	56,339,958	66,540,483
<b>Total Investments</b>	<b>\$1,389,577,253</b>	<b>\$1,280,436,036</b>

The total return on the Long Term Fund, including capital appreciation, was 10.4% for fiscal year 2025 compared to 10.7% in fiscal year 2024. The total return on the Intermediate Term Fund, including capital appreciation, was 8.4% for fiscal year 2025 compared to 7.7% in fiscal year 2024. The total return on the RegentFund, including capital appreciation, was 7.0% for fiscal year 2025, compared to 6.6% for fiscal year 2024.

*Credit Risk:* Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit ratings issued by the major rating agencies are one indication of the perceived credit quality of the issuer. As of June 30, 2025, the University was exposed to credit risk directly through its separately-managed fixed income portfolio, the RegentFund, and indirectly through the ownership of shares of commingled or mutual funds.

The following schedule displays the credit ratings for debt securities owned as of June 30, 2025 and 2024.

<b>Ratings</b>	<b>2025</b>	<b>2024</b>
AA/Aa	\$ 1,294,203	\$ 880,763
A	1,707,543	1,664,154
BBB/Baa	2,686,407	2,894,024
BB/Ba	317,899	367,128
B	73,239	308,059
Commingled Fixed Income Funds	830,316,462	751,990,858
Not Rated	4,600,471	5,387,353
<b>Totals</b>	<b>\$ 840,996,224</b>	<b>\$ 763,492,339</b>

*Custodial Credit Risk:* Custodial credit risk related to investments is the risk that, in the event of a failure of a counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The University's separately-held investment securities are registered in the name of the University. Investment securities underlying the University's investment in shares of external investment pools or funds are in custody at those entities. The shares owned in these external investment pools are registered in the name of the University. The University does not have a formal policy for custodial credit risk.

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. Separately-managed debt/fixed income accounts that the University held as of June 30, 2025 and 2024 were limited to holding no more than 5.0% in any one issuer (U.S. Government/Agencies were exempted).

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 2 – Cash and Investments (continued)**

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University used the option adjusted modified duration method to analyze interest rate risk for separately-held securities. Fixed income securities held by the University as of June 30, 2025 was expected to be within a range of two years below to one year above the effective duration of the established benchmark's duration.

The following schedule displays the interest rate risk statistics for individually-held debt securities owned as of June 30, 2025 and 2024, grouped by sector.

<b><u>Fixed Income Sector</u></b>	<b><u>2025</u></b>		<b><u>2024</u></b>	
	Market Value	Effective Duration (In Years)	Market Value	Effective Duration (In Years)
Corporate Debt	5,086,428	4.6	\$ 5,402,906	4.9
Government Debt	5,593,334	5.9	6,098,575	5.6
Totals	<u>\$ 10,679,762</u>		<u>\$ 11,501,481</u>	

The following schedule displays the interest rate risk statistics for the commingled debt/fixed income funds held as of June 30, 2025 and 2024, as determined by the providers of the funds.

<b><u>Fixed Income Commingled Fund</u></b>	<b><u>2025</u></b>		<b><u>2024</u></b>	
	Market Value	Effective Duration (In Years)	Market Value	Effective Duration (In Years)
BlackRock U.S. TIPS Fund B	\$100,422,168	6.4	\$ 89,062,577	6.5
BlackRock Government/Credit Bond Index Fund B	100,567,727	6.0	90,126,285	6.2
iShares Core 1-5 Year USD Bond Fund	249,507,606	2.6	229,286,195	2.7
Intermediate Government/Credit Bond Index Fund B	126,610,669	3.7	116,106,422	3.8
U.S. Debt Index Fund B	135,139,148	6.0	127,241,461	6.1
U.S. High Yield Bond Index Non-Lendable Fund B	55,631,090	2.9	50,504,913	3.3
BlackRock Floating Rate Income Portfolio	62,438,054	0.3	49,663,005	0.3
Totals	<u>\$830,316,462</u>		<u>\$751,990,858</u>	

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Long Term Fund held positions only in passively-managed, indexed commingled funds which may invest in securities denominated in foreign currencies. However, the fund used for exposure to developed market equities generally seeks to hedge against the variations in returns deriving solely from the value of the foreign currencies in the fund relative to the U.S. dollar. The fund used for exposure to emerging market equities generally does not engage in similar foreign currency hedging efforts, due largely to the high cost and more limited efficacy of such hedging. Deposits in foreign currency for the RegentFund at June 30, 2025 are immaterial.

**UNIVERSITIES OF WISCONSIN**  
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**Years Ended June 30, 2025 and 2024**

**NOTE 2 – Cash and Investments (continued)**

*Securities Lending:* The University has an agreement with BlackRock Institutional Trust Company, N.A., which acts as custodian for the University's Long Term Fund and Intermediate Term Fund investments and authorizes the bank to lend securities held in the University's accounts to third parties. The bank must obtain collateral from the borrower, or acceptable securities. When the University's securities are delivered to a borrower as part of a securities lending arrangement, the borrower is required to place collateral with the lending agent equal to at least 102% of the loaned securities' fair value, including interest accrued, as of the delivery date. Both the collateral and the securities loaned are marked-to-market on a daily basis, with additional collateral obtained or refunded as necessary. In the event that the loaned securities are not returned by the borrower, the bank will, at its own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, credit the University's accounts with cash equal to the fair value of the loaned securities.

The University receives 75 percent of the net revenue derived from all securities lending activities and the bank receives the remainder of the net revenue. Interest and dividend income reported as part of non-operating investment income in the Statement of Revenues, Expenses, and Changes in Net Position includes \$271,683 and \$356,194 earned by the University during the fiscal years ended June 30, 2025 and 2024, respectively, in conjunction with the securities lending program.

Although the University's securities lending activities are collateralized as described above, the securities lending program involves both market and credit risk. In this context, market risk refers to the possibility that the borrower of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities or the collateral, or that the bank's investment of collateral received from the borrowers of the University's securities may be subject to unfavorable market fluctuations. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

At June 30, 2025 and 2024, the fair value of securities loaned was \$218.6 million and \$214.7 million, respectively, while the collateral held was \$219.5 million and \$216.6 million, respectively. Collateral received consisted of cash and non-cash collateral. The cash collateral was invested in a U.S. Dollar Cash Collateral Pool. There was non-cash collateral received of \$159,166 and \$216,744 as of June 30, 2025 and 2024, respectively. In accordance with accounting standards the value of the collateral held and a corresponding liability to return the collateral have been reported on the accompanying Statement of Net Position.

*Donor-restricted endowments:* For University-controlled, donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted in Wisconsin, permits the Board of Regents of the University to appropriate, for current spending, an amount of realized and unrealized endowment appreciation as it determines to be prudent. Realized and unrealized appreciation in excess of that amount appropriated for current spending is retained by the endowments. Net appreciation since the inception of the endowment accounts of \$192.9 million and \$175.0 million at June 30, 2025 and June 30, 2024, respectively, is available to meet spending rate distributions and is recorded as restricted net position.



**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 2 – Cash and Investments (continued)**

*Fair Value Measurements:* The University and the Foundations categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The three levels of the fair value hierarchy are described as follows:

- Level 1 – Quoted market prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted market prices included that are observable for the asset or liability. Matrix pricing, which is a mathematical technique used principally to value debt securities, is consistent with the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Level 3 – Unobservable inputs for the asset and liability used to measure fair value that rely on the reporting entity's own assumptions.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to level 1 measurements and the lowest priority to level 3 measurements. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

The University and the Foundations measure the fair value of investments in certain entities that do not have a quoted market price at the calculated net asset value (NAV) per share or its equivalent. As these investments are not readily marketable the estimated value is subject to uncertainty, and therefore, may differ from the value that would have been used had a ready market for the investments existed.

As of June 30, 2025, the University's investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value per share or its equivalent.

The following table presents these investments by investment category.

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Measured at NAV</b>	<b>Total June 30, 2025</b>
Equity Index Funds	\$ —	\$ —	\$ —	\$ 477,311,939	\$ 477,311,939
Fixed Income Index Funds	311,945,660	—	—	518,370,802	830,316,462
Real Estate Index Fund	—	—	—	14,929,132	14,929,132
Fixed Income Securities	1,293,554	5,086,428	—	—	6,379,982
Short Term Investment Funds	329,151	—	64,065	3,906,564	4,299,780
Private Equity Limited Partnership	—	—	—	56,339,958	56,339,958
Total Investments at Fair Value	<u>\$313,568,365</u>	<u>\$ 5,086,428</u>	<u>\$ 64,065</u>	<u>\$ 1,070,858,395</u>	<u>\$ 1,389,577,253</u>

The equity index funds includes a global equity index fund (89%) with an investment strategy designed to track the return of equity securities traded both inside and outside of the United States. An additional 3% of this category includes an emerging markets index fund with an investment strategy designed to track the return of equity securities in emerging markets. The remaining 8% is included in an international currency hedged equity index fund with an investment strategy designed to track the return of the markets in certain countries for equity securities outside of the United States while mitigating exposure to fluctuations between the value of the currencies in the fund and the U.S. dollar. The international and emerging markets index funds have daily liquidity with 2 days' notice. The international hedged index fund has monthly liquidity with 2 days' notice.



**UNIVERSITIES OF WISCONSIN**  
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**NOTE 2 – Cash and Investments (continued)**

The fixed income index funds category includes government/credit bond index funds (27%) primarily invested in debt securities to approximate the total rate of return with maturities between one and ten years, a U.S. TIPS index fund (12%) with an investment strategy of closely approximating the return of all outstanding U.S. TIPS with a maturity of one year or greater, a U.S. Debit Index Fund (16%) and U.S. High Yield Bond Index Fund (7%) with the objective of approximating the total rate of return of the market for debt securities. Also Level 1 investments are a floating rate income fund (8%) with an investment strategy focused on seeking high-quality loans with attractive risk-adjusted returns and a 1-5 year USD Bond ETF (30%) that provides exposure to short-term high yield bonds with maturities between one and five years. The index funds have daily liquidity with 2 days' notice. The ETF has 1-2 day trade settlement.

The real estate index fund includes an investment strategy designed to track the return of publicly traded real estate equity securities. The real estate index fund has daily liquidity with 2 days' notice.

The short term investments fund consists of short-term cash funds with the investment objective of safety of principal and liquidity while earning a competitive money market rate of return. The short-term cash funds have daily liquidity with same day notice.

As of June 30, 2024, the University's investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value per share or its equivalent.

The following table presents these investments by investment category.

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Measured at NAV</b>	<b>Total June 30, 2024</b>
Equity Index Funds	\$ —	\$ —	\$ —	\$ 437,085,557	\$ 437,085,557
Fixed Income Index Funds	278,949,202	—	—	473,041,656	751,990,858
Real Estate Index Fund	—	—	—	13,317,657	13,317,657
Fixed Income Securities	880,763	5,402,905	—	—	6,283,668
Short Term Investment Funds	278,652	—	44,760	4,894,401	5,217,813
Private Equity Limited Partnership	—	—	—	66,540,483	66,540,483
Total Investments at Fair Value	<u>\$280,108,617</u>	<u>\$ 5,402,905</u>	<u>\$ 44,760</u>	<u>\$ 994,879,754</u>	<u>\$ 1,280,436,036</u>

The private equity limited partnership fund includes a fund-of-funds private equity limited partnership. This investment is illiquid and is generally not resold or redeemed. Distributions from the fund will be received over the life of the investment as the underlying investments are liquidated. The investment strategy of the limited partnership focuses globally on corporate finance, venture capital, and forestry/agricultural investments. The fund-of-funds limited partnership is estimated to have an average remaining life of approximately 2.32 years at June 30, 2025. The estimated remaining life of the underlying investments is 6 years at June 30, 2025.

The following table presents the fair value and unfunded commitments of the University's investments in private markets Limited Partnerships Funds as of June 30:

<b>Investment Type</b>	<b>2025</b>		<b>2024</b>	
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>
Private Markets Limited Partnership Funds	\$ 56,339,958	\$ 3,503,995	\$ 66,540,482	\$ 3,791,628

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**Notes to the Financial Statements**  
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**NOTE 2 – Cash and Investments (continued)**

No further new commitments to these or other private markets funds are anticipated. The existing positions in the private markets Limited Partnership Funds will eventually self-liquidate, as underlying private investments are sold off and distributions are made to investors.

As of June 30, 2025, the Foundations' investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value (NAV) per share or its equivalent. The following table presents these investments by investment category.

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Measured at NAV</b>	<b>Total June 30, 2025</b>
Certificates of Deposit	\$ —	\$ 599,795	\$ —	\$ —	\$ 599,795
Money Market Funds	130,794,913	36,793,521	—	—	167,588,434
Federal and State Government Securities	35,958,175	148,793,085	—	—	184,751,260
Equity Securities	180,987,772	—	1,978,920	—	182,966,692
Debt Securities	7,445,276	529,520,377	—	—	536,965,653
Bond Funds	11,341,925	10,244,621	—	—	21,586,546
Stock Funds	45,092,138	—	—	254,508,449	299,600,587
Exchange Traded Funds	77,439,649	—	—	—	77,439,649
Mutual Funds	347,350,823	—	—	—	347,350,823
Other	107,081,483	6,283,766	4,646,648	2,591,702,265	2,709,714,162
Subtotal	943,492,154	732,235,165	6,625,568	2,846,210,714	4,528,563,601
Alternate Investments					
Private Equity	—	—	729,535	2,076,516,612	2,077,246,147
Real Estate	—	—	—	—	—
Hedge Funds	—	—	—	64,152,513	64,152,513
Other	—	—	11,060,433	190,624,296	201,684,729
Total investments at fair value	<u>\$ 943,492,154</u>	<u>\$ 732,235,165</u>	<u>\$ 18,415,536</u>	<u>\$5,177,504,135</u>	<u>\$6,871,646,990</u>

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 2 – Cash and Investments (continued)**

As of June 30, 2024, the Foundations' investments were measured at fair value within the fair value hierarchy established by generally accepted accounting principles, as well as by using the net asset value (NAV) per share or its equivalent. The following table presents these investments by investment category.

<b>Investments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Measured at NAV</b>	<b>Total June 30, 2024</b>
Certificates of Deposit	\$ —	\$ 100,000	\$ —	\$ —	\$ 100,000
Money Market Funds	72,867,964	24,883,556	—	—	97,751,520
Federal and State Government Securities	44,568,569	134,765,746	—	—	179,334,315
Equity Securities	203,049,366	—	2,052,561	—	205,101,927
Debt Securities	6,558,980	692,798,525	6,213,874	—	705,571,379
Bond Funds	—	12,845,312	—	—	12,845,312
Stock Funds	15,344,742	—	—	2,594,676,030	2,610,020,772
Exchange Traded Funds	121,386,396	—	—	—	121,386,396
Mutual Funds	302,947,233	—	—	—	302,947,233
Other	105,579,768	3,878,868	3,901,940	127,183,418	240,543,994
Subtotal	872,303,018	869,272,007	12,168,375	2,721,859,448	4,475,602,848
Alternate Investments					
Private Equity	—	—	22,760,558	1,125,309,370	1,148,069,928
Real Estate	—	—	—	376,680,877	376,680,877
Hedge Funds	—	—	—	69,074,492	69,074,492
Other	—	—	10,349,758	165,748,652	176,098,410
Total investments at fair value	<u>\$ 872,303,018</u>	<u>\$ 869,272,007</u>	<u>\$ 45,278,691</u>	<u>\$4,458,672,839</u>	<u>\$6,245,526,555</u>

**NOTE 3 – Receivables**

Accounts receivable and student loans receivable as of June 30, 2025 and June 30, 2024, are summarized as follows:

**Receivables (Net)**

	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Student Academic Fees	\$ 41,521,855	\$ 18,316,643
Grants and Contracts	72,767,250	103,699,033
Educational Activities and Other	60,685,311	53,283,049
Auxiliary Enterprises	13,656,301	9,288,370
UW Hospitals and Clinics Authority and La Crosse Medical Health Science Consortium Inc.	7,469,738	4,955,181
Investment	474,939	491,664
Student Loans Receivable	72,509,420	81,276,102
Leases Receivable	19,710,657	20,553,939
State Agencies	51,426,277	35,824,332
Other Governments	137,841,285	156,884,237
Total Receivables (Net)	<u>\$ 478,063,033</u>	<u>\$ 484,572,550</u>

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 3 – Receivables (continued)**

Student loans receivable at June 30, 2025 included allowances for uncollectible loans of \$2.4 million relative to \$2.7 million in the prior year. Principal repayment and interest rates of University and federal loans vary. Federal loan programs are funded primarily with federal contributions to the University under the Perkins loan program and a variety of health professions loan programs.

Allowances for uncollectible on all non-student loan receivables totaled \$47.4 million and \$55.5 million at June 30, 2025 and 2024, respectively.

The University distributed student loans through the United States Department of Education federal direct lending program totaling \$520.5 million during fiscal year 2025 and \$525.6 million in fiscal year 2024. These distributions and the related funding sources are not reflected as expenses and revenues in the financial statements. However, related cash inflows and outflows are shown in the Statement of Cash Flows.

The University leases land, facility space, and equipment to various third parties. In accordance with GASB 87, the University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the state's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2025 and 2024, the University recognized revenues related to these lease agreements totaling \$2.8 million and \$4.1 million, respectively.

**NOTE 4 - Capital Assets**

Land, buildings, improvements (e.g., parking lots, fences, street lighting, etc.), equipment, and library holdings are capitalized at cost at date of acquisition or acquisition value at the date of donation in the case of gifts-in-kind. Generally, capital equipment is defined as any single asset with a minimum value of \$5,000 and having a useful life of more than one year. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets: buildings over 40 years, improvements over 20 years, capital equipment over periods ranging from 3 to 15 years for specified asset classes, and library holdings over 15 years. The componentized methodology of depreciation is used for major research facilities generally using estimated useful lives ranging from 10 to 50 years. The buildings and land related to additional campuses are not owned by the University and thus are not reported in these financial statements. The University does not capitalize works of art or historical treasures that are held for exhibition, education, research, and public service. These collections are neither disposed of for financial gain nor encumbered in any way. Proceeds from the sale, exchange, or other disposal of any item belonging to a collection of works of art or historical treasures must be applied to the acquisition of additional items for the same collection.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for a capital asset that has experienced a significant, unexpected decline in its service utility. No individual asset met these criteria in fiscal year 2025 or 2024. Insurance recoveries received in fiscal year 2025 included \$4.3 million for water damage at the UW-Madison Engineering Centers Building. Insurance recoveries received in fiscal year 2024 included \$1.6 million for fire damage at a UW-Madison storage building. Insurance recoveries are reported as other non-operating revenues in the financial statements.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting standards for an intangible asset that lacks physical substance, is nonfinancial in nature, has a useful life extending beyond one year, and is not acquired or created primarily for the purpose of directly obtaining income or profit. Intangible assets are capitalized with a minimum value of \$1.0 million and are included in the equipment balance. Amortization for

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 4 - Capital Assets (continued)**

intangible assets is calculated on a straight-line basis over ten years. At June 30, 2025, the equipment balance includes \$5.5 million for intangible assets net of amortization, compared to \$8.8 million at June 30, 2024.

GASB Statement No. 87, *Leases*, establishes standards of accounting and financial reporting for leases by lessees and lessors. Leases are capitalized with a minimum \$100,000 net present value of the lease payments and are amortized over the shorter of the lease term or the useful life of the underlying asset.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, establishes standards of accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by a government end user. Subscription assets are capitalized with a minimum \$50,000 net present value of the subscription payments and are amortized over the shorter of the subscription term or the useful life of the underlying asset.

Real property and equipment purchased or constructed under National Science Foundation (NSF) cooperative agreements issued to the University vests immediately with the federal government as Federally-owned property (FOP). Although the University is responsible for the control and maintenance of FOP under these awards, ownership does not transfer to the University and therefore is not recorded as an asset in the statement of net position. Total book value of FOP purchased or constructed under NSF cooperative agreements totaled \$0.6 million and \$0.7 million as of June 30, 2025 and 2024, respectively. Work-in-Progress for the FOP under these awards totaled \$13.0 million and \$10.7 million as of June 30, 2025 and 2024, respectively.

Depreciation and amortization expense for fiscal years ended June 30, 2025 and 2024 was \$466.8 million and \$475.9 million, respectively.

During both fiscal year 2024 and 2025, several major construction projects were in progress including the following projects with a budget of \$50.0 million or more:

University	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Eau Claire	Science and Health Sciences Building	Academic	\$ 340.3	GFSB/Cash/Gifts
Green Bay	Cofrin Technology & Education Center	Academic	101.7	GFSB/PRSB
Madison	College of Letters & Science Academic Building	Academic	88.4	GFSB/Gifts
Madison	Veterinary Medicine Addition & Renovation	Academic	128.1	GFSB/Gifts
River Falls	Science & Technology Innovation Center	Academic	116.7	GFSB/Gifts
Stevens Point	Albertson Hall Replacement	Academic	96.0	GFSB
Madison	Camp Randall Sports Center Replacement	Athletics	285.2	PRSB/Cash
Madison	Engineering Replacement Building/Computer Aided Engineering Facility Demolition	Academic	347.3	GFSB/Gifts/Cash
Stout	Heritage Hall Addition & Renovation	Academic	138.9	GFSB
La Crosse	Prairie Springs Science Center Completion	Academic	194.5	GFSB
Milwaukee	Health Sciences Renovation	Academic	189.3	GFSB/Cash
Madison	Computer, Data, & Information Sciences Building	Academic	267.2	Gifts

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 4 - Capital Assets (continued)**

During fiscal year 2025, several new major construction projects were initiated and in progress including the following project with a budget of \$50.0 million or more:

University	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Madison	Kronshage-Jorns-Humphrey Residence Halls Addition & Renovations	Student Life	\$ 79.2	PRSB/Cash

Several construction projects were completed during fiscal year 2025, including the following projects with \$50.0 million or more in actual expenditures:

University	Project	Primary Purpose	Approx. Budget (in millions)	Primary Funding Sources
Madison	Gymnasium/Natatorium Replacement	Student Life	\$ 126.4	PRSB/Gifts
Madison	Engineering Drive Utilities Replacement & Renovation	Utilities	73.1	GFSB/PRSB
Madison	Sellery Hall Addition & Renovation	Student Life	78.8	PRSB/Cash
Oshkosh	Polk Learning Commons Addition & Renovation	Academic	116.1	GFSB

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 4 - Capital Assets (continued)**

The change in book value from July 1, 2024 to June 30, 2025 is summarized as follows:

	<b>Book Value July 1, 2024</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deductions</b>	<b>Book Value June 30, 2025</b>
Buildings	\$ 8,823,601,631	\$ 82,236,418	\$ 200,381,138	\$ (15,196,357)	\$ 9,091,022,830
Improvements	564,320,062	4,012,475	—	(12,479)	568,320,058
Land	176,996,669	6,042,211	—	—	183,038,880
Construction in Progress	759,162,270	455,624,769	(213,788,817)	—	1,000,998,222
Equipment	1,464,243,810	110,553,394	13,407,679	(65,220,910)	1,522,983,973
Right-to-Use Assets	361,488,883	76,384,203	—	(22,724,095)	415,148,991
Subscription Assets	153,468,559	41,267,213	—	(21,547,240)	173,188,532
Library Holdings	1,130,518,894	18,302,358	—	(10,868,241)	1,137,953,011
Subtotal	<u>\$13,433,800,778</u>	<u>\$ 794,423,041</u>	<u>\$ —</u>	<u>\$ (135,569,322)</u>	<u>\$14,092,654,497</u>

Less Accumulated Depreciation and Amortization:

	<b>Book Value July 1, 2024</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deductions</b>	<b>Book Value June 30, 2025</b>
Buildings	\$ 4,600,991,325	\$ 274,316,724	\$ —	\$ (13,203,380)	\$ 4,862,104,669
Improvements	411,499,086	17,345,778	—	(12,479)	428,832,385
Equipment	1,091,004,122	81,584,383	—	(56,891,528)	1,115,696,977
Right-to-Use Assets	100,961,575	28,689,571	—	(21,425,195)	108,225,951
Subscription Assets	85,634,350	43,262,221	—	(29,060,404)	99,836,167
Library Holdings	982,150,505	21,585,640	—	(10,868,241)	992,867,904
Total Accumulated Depreciation and Amortization	<u>7,272,240,963</u>	<u>466,784,317</u>	<u>—</u>	<u>(131,461,227)</u>	<u>7,607,564,053</u>
Capital Assets, Net	<u>\$ 6,161,559,815</u>	<u>\$ 327,638,724</u>	<u>\$ —</u>	<u>\$ (4,108,095)</u>	<u>\$ 6,485,090,444</u>



**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 4 - Capital Assets (continued)**

The change in book value from July 1, 2023 to June 30, 2024 is summarized as follows:

	<b>Book Value July 1, 2023</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deductions</b>	<b>Book Value June 30, 2024</b>
Buildings	\$ 8,675,755,753	\$ 88,798,667	\$ 81,074,225	\$ (22,027,014)	\$ 8,823,601,631
Improvements	553,588,694	8,495,771	2,251,903	(16,306)	564,320,062
Land	171,555,008	5,441,661	—	—	176,996,669
Construction in Progress	559,681,372	294,800,903	(95,320,005)	—	759,162,270
Equipment	1,400,187,663	113,828,363	11,993,877	(61,766,093)	1,464,243,810
Right-to-Use Assets	334,832,597	37,770,768	—	(11,114,482)	361,488,883
Subscription Assets	105,068,161	59,307,705	—	(10,907,307)	153,468,559
Library Holdings	1,136,925,295	18,774,601	—	(25,181,002)	1,130,518,894
Subtotal	<u>\$12,937,594,543</u>	<u>\$ 627,218,439</u>	<u>\$ —</u>	<u>\$ (131,012,204)</u>	<u>\$13,433,800,778</u>

Less Accumulated Depreciation and Amortization:

	<b>Book Value July 1, 2023</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deductions</b>	<b>Book Value June 30, 2024</b>
Buildings	\$ 4,355,301,084	\$ 265,840,869	\$ —	\$ (20,150,628)	\$ 4,600,991,325
Improvements	394,264,807	17,246,101	—	(11,822)	411,499,086
Equipment	1,046,669,099	104,251,197	—	(59,916,174)	1,091,004,122
Right-to-Use Assets	84,541,444	25,970,904	—	(9,550,773)	100,961,575
Subscription Assets	55,874,450	40,667,207	—	(10,907,307)	85,634,350
Library Holdings	985,415,483	21,911,762	—	(25,176,740)	982,150,505
Total Accumulated Depreciation and Amortization	<u>6,922,066,367</u>	<u>475,888,040</u>	<u>—</u>	<u>(125,713,444)</u>	<u>7,272,240,963</u>
Capital Assets, Net	<u>\$ 6,015,528,176</u>	<u>\$ 151,330,399</u>	<u>\$ —</u>	<u>\$ (5,298,760)</u>	<u>\$ 6,161,559,815</u>

The University leases land, buildings, equipment and vehicles from various third parties. In accordance with GASB 87, the University records right-to-use assets and lease and financing obligations (see Note 7) based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the state's incremental borrowing rate. Payments are generally fixed monthly with certain variable payments not included in the measurement of the lease liability unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The University does not have any leases that contain residual value guarantees.

The University also leases certain assets that are subsequently subleased by the University to a third party. The noncancelable terms of these leasing arrangements mature between 2025 and 2036. The discount rates applicable to these leasing arrangements range from 1.81% to 3.46%. Payments are generally fixed monthly with certain variable payments required based on initial index or market rate.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 4 - Capital Assets (continued)**

The amount of lease assets by major classes of underlying assets at June 30, 2025 and 2024, respectively, are as follows:

Asset Class	Right-to-Use Assets			
	June 30, 2025		June 30, 2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 4,745,132	\$ 1,380,129	\$ 1,693,182	\$ 889,673
Buildings	396,864,081	97,045,118	345,030,503	90,114,571
Equipment and Other	13,539,778	9,800,704	14,765,198	9,957,331
Totals	<u>\$ 415,148,991</u>	<u>\$ 108,225,951</u>	<u>\$ 361,488,883</u>	<u>\$ 100,961,575</u>

The University has entered into subscription-based contracts with various third parties that conveys control of the right to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) provide the University with access to vendors' IT software, alone or in combination with associated tangible capital assets for subscription payments without granting the University perpetual license or title to the IT software and associated tangible capital assets. Commitments under SBITAs before the commencement of the subscription term totaled \$163.0 million and \$108.1 million at June 30, 2025 and 2024, respectively, and primarily represent prepaid implementation costs related to the University's Administrative Transformation Program, and are reported as Prepaid Expenses. In accordance with GASB 96, the University records intangible subscription assets and a subscription liability (see Note 7) measured at the present value of subscription payments expected to be made during the subscription term. The expected payments are discounted using the interest rate charged on the subscription, if available, and are otherwise discounted using the state's incremental borrowing rate. Payments are generally fixed monthly with certain variable payments not included in the measurement of the subscription liability unless they are fixed in substance. For subscriptions featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 5 - Liabilities**

Accounts payable and accrued liabilities, consisting of salary and fringe benefits, due to state agencies and other governments, and vendor payables, resulting from University's activities as of June 30, 2025 and 2024, are summarized as follows:

<b>Fiscal Year 2025 University Activities</b>	<b>Salary and Fringe Benefits</b>	<b>Due to State Agencies and Other Governments</b>	<b>Vendors</b>	<b>Total Payables</b>
Operating	\$ 83,870,959	\$ 108,670,993	\$ 91,388,961	\$ 283,930,913
Gifts, Grants, and Contracts	92,676,566	5,733,209	13,286,991	111,696,766
Capital Projects	—	3,124,643	92,589,765	95,714,408
Auxiliary Enterprises	9,060,253	1,237,766	2,251,275	12,549,294
Investment and Other	776,842	438,080	1,132,494	2,347,416
<b>Total Activities</b>	<b>\$ 186,384,620</b>	<b>\$ 119,204,691</b>	<b>\$ 200,649,486</b>	<b>\$ 506,238,797</b>

<b>Fiscal Year 2024 University Activities</b>	<b>Salary and Fringe Benefits</b>	<b>Due to State Agencies and Other Governments</b>	<b>Vendors</b>	<b>Total Payables</b>
Operating	\$ 70,935,266	\$ 96,924,327	\$ 87,484,198	\$ 255,343,791
Gifts, Grants, and Contracts	23,770,465	3,876,018	15,636,323	43,282,806
Capital Projects	—	539,985	76,024,263	76,564,248
Auxiliary Enterprises	4,022,956	1,173,013	3,484,848	8,680,817
Investment and Other	306,219	10,389,667	2,233,329	12,929,215
<b>Total Activities</b>	<b>\$ 99,034,906</b>	<b>\$ 112,903,010</b>	<b>\$ 184,862,961</b>	<b>\$ 396,800,877</b>

Long-term liability activity for the fiscal years ended June 30, 2025 and 2024 is as follows:

<b>Noncurrent Liabilities 2025</b>	<b>Balance July 1, 2024</b>	<b>Increases (Decreases), Net</b>	<b>Balance June 30, 2025</b>	<b>Current Portion</b>
Bonds Payable	\$ 1,531,604,652	\$ 2,194,593	\$ 1,533,799,245	\$ 123,582,451
Notes Payable	44,276,771	(25,296,546)	18,980,225	5,387,824
Lease and Financing Obligations	315,225,032	60,382,596	375,607,628	45,579,139
Perkins Loan Program	50,728,876	(29,685,814)	21,043,062	—
Compensated Absences	207,881,887	(330,144)	207,551,743	106,742,682
Net Pension Liability	200,033,237	17,397,501	217,430,738	—
Other Postemployment Health	361,156,639	13,420,934	374,577,573	—
Other Postemployment Life	340,042,589	(45,794,418)	294,248,171	—
Other Postemployment SHICC	—	6,326,793	6,326,793	—
Capital Asset Retirement Obligations	13,833,843	11,951	13,845,794	—
<b>Total</b>	<b>\$ 3,064,783,526</b>	<b>\$ (1,372,554)</b>	<b>\$ 3,063,410,972</b>	<b>\$ 281,292,096</b>

The table above discloses the net change in the compensated absence liability of the University

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 5 - Liabilities (continued)**

<b>Noncurrent Liabilities 2024</b>	<b>Balance July 1, 2023</b>	<b>Increases (Decreases), Net</b>	<b>Balance June 30, 2024</b>	<b>Current Portion</b>
Bonds Payable	\$ 1,573,266,355	\$ (41,661,703)	\$ 1,531,604,652	\$ 97,303,961
Notes Payable	77,182,892	(32,906,121)	44,276,771	25,296,546
Lease and Financing Obligations	295,760,828	19,464,204	315,225,032	37,351,628
Perkins Loan Program	60,123,586	(9,394,710)	50,728,876	—
Compensated Absences	186,029,594	21,852,293	207,881,887	110,846,291
Net Pension Liability	709,734,328	(509,701,091)	200,033,237	—
Other Postemployment Health	319,554,275	41,602,364	361,156,639	—
Other Postemployment Life	277,464,847	62,577,742	340,042,589	—
Capital Asset Retirement Obligations	13,643,103	190,740	13,833,843	—
<b>Total</b>	<b>\$ 3,512,759,808</b>	<b>\$ (447,976,282)</b>	<b>\$ 3,064,783,526</b>	<b>\$ 270,798,426</b>

The table above discloses the net change in the compensated absence liability of the University

**NOTE 6 - Long Term Debt**

The State of Wisconsin issues general obligation bonds and notes on behalf of its constituent agencies, including the University, the proceeds of which are used to construct or acquire facilities and other capital assets. The University holds title to the assets thus acquired. As an enterprise fund of the State of Wisconsin, the University reports on its Statement of Net Position the portion of the debt that will be repaid with program revenues generated by the University's self-supporting operations. Debt on academic facilities that is repaid by an appropriation from the State of Wisconsin to the University for that purpose is reported by the State of Wisconsin and not as an obligation of the University. However, cash inflows and outflows are shown in the Statement of Cash Flows.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 6 - Long Term Debt (continued)**

The following information is the University's proportionate share of the new bonds and notes issued by the State of Wisconsin during the fiscal years of 2025 and 2024:

<b>2025 Series</b>	<b>Interest Rate</b>	<b>Maturity Fiscal Year</b>	<b>Initial Amount</b>	<b>Use</b>
2024-C	5.00%	2045	\$ 42,179,615	Capital Projects
2024-2	5.00%	2034	38,507,391	Refunding
2025-1	5.00%	2036	9,822,596	Refunding
2025-2	5.00%	2038	35,962,751	Refunding
2025-3	5.00%	2040	78,544,554	Refunding
2025-A	5.00%	2036	34,440,856	Capital Projects
			<u>\$ 239,457,763</u>	
<b>2024 Series</b>	<b>Interest Rate</b>	<b>Maturity Fiscal Year</b>	<b>Initial Amount</b>	<b>Use</b>
2023-B	0.05	2044	\$ 22,152,012	Capital Projects
2024-1	5.00%	2038	57,561,485	Refunding
2024-A	5.00%	2044	29,443,280	Capital Projects
2024-B	0.05	2038	21,638,998	Refunding
			<u>\$ 130,795,775</u>	

The following information relates to the status of bonds and notes payable outstanding at June 30, 2025:

	<b>Balance July 1, 2024</b>	<b>New Debt/ Accretion</b>	<b>Principal Paid/ Adjustments</b>	<b>Balance June 30, 2025</b>
Bonds (Gross)	\$ 1,398,769,507	\$ 239,457,763	\$ (229,287,254)	\$ 1,408,940,016
Notes	44,276,771	—	(25,296,546)	18,980,225
Total	<u>\$ 1,443,046,278</u>	<u>\$ 239,457,763</u>	<u>\$ (254,583,800)</u>	<u>\$ 1,427,920,241</u>

The bonds have maturity dates ranging from November 1, 2025 to May 1, 2045. The notes have maturity dates ranging from May 1, 2026 to May 1, 2032. Interest rates range from 0.80% to 5.73%.

As of June 30, 2025, the current and noncurrent bonds and notes payable net of discounts and premiums totaled \$129.0 million and \$1,423.8 million, respectively.

	<b>Balance June 30, 2025</b>	<b>Current</b>	<b>Noncurrent</b>
Bonds (Gross)	\$ 1,408,940,016	\$ 100,386,109	\$ 1,308,553,907
Premium	124,859,229	23,196,342	101,662,887
Bonds (Net)	1,533,799,245	123,582,451	1,410,216,794
Notes	18,980,225	5,387,824	13,592,401
Total	<u>\$ 1,552,779,470</u>	<u>\$ 128,970,275</u>	<u>\$ 1,423,809,195</u>

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 6 - Long Term Debt (continued)**

The following information relates to the status of bonds and notes payable outstanding at June 30, 2024:

	<b>Balance July 1, 2023</b>	<b>New Debt/ Accretion</b>	<b>Principal Paid/ Adjustments</b>	<b>Balance June 30, 2024</b>
Bonds (Gross)	\$ 1,431,394,631	\$ 130,795,775	\$ (163,420,899)	\$ 1,398,769,507
Notes	77,182,892	—	(32,906,121)	44,276,771
Total	<u>\$ 1,508,577,523</u>	<u>\$ 130,795,775</u>	<u>\$ (196,327,020)</u>	<u>\$ 1,443,046,278</u>

The bonds have maturity dates ranging from May 1, 2025 to May 1, 2044. The notes have maturity dates ranging from May 1, 2025 to May 1, 2032. Interest rates range from 0.65% to 5.73%.

As of June 30, 2024, the current and noncurrent bonds and notes payable net of discounts and premiums totaled \$122.6 million and \$1,453.3 million, respectively.

	<b>Balance June 30, 2024</b>	<b>Current</b>	<b>Noncurrent</b>
Bonds (Gross)	\$ 1,398,769,507	\$ 72,936,065	\$ 1,325,833,442
Discount	(18,662)	(18,662)	—
Premium	132,853,807	24,386,558	108,467,249
Bonds (Net)	1,531,604,652	97,303,961	1,434,300,691
Notes	44,276,771	25,296,546	18,980,225
Total	<u>\$ 1,575,881,423</u>	<u>\$ 122,600,507</u>	<u>\$ 1,453,280,916</u>

Future debt service requirements for bonds and notes outstanding at June 30, 2025 are as follows:

<b>Fiscal Year(s)</b>	<b>Bonds</b>		<b>Notes</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 100,386,109	\$ 65,513,633	\$ 5,387,824	\$ 949,011
2027	88,502,798	60,514,481	1,998,439	679,620
2028	105,593,636	55,807,538	2,098,464	579,698
2029	107,030,244	51,069,983	2,203,284	474,775
2030	103,556,750	46,679,849	2,312,900	364,611
2031-2035	412,669,686	169,230,813	4,979,314	376,497
2036-2040	384,679,268	73,660,914	—	—
2041-2045	106,521,525	9,442,317	—	—
Total	<u>\$ 1,408,940,016</u>	<u>\$ 531,919,528</u>	<u>\$ 18,980,225</u>	<u>\$ 3,424,212</u>

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 6 - Long Term Debt (continued)**

Debt on academic facilities that is repaid by an appropriation from the State of Wisconsin to the University for that purpose is reported by the State of Wisconsin and not as an obligation of the University. As of June 30, 2025, the principal balances of such bonds and notes were \$1,478.6 million and \$47.0 million, respectively. As of June 30, 2024, the principal balances of such bonds and notes were \$1,386.2 million and \$104.0 million, respectively. Debt service payments made by the State of Wisconsin for the years ended June 30, 2025 and 2024 were allocated as follows:

<b>2025</b>	<b>Bonds</b>	<b>Notes</b>
Principal	\$ 123,238,553	\$ 8,716,561
Interest	65,263,345	1,387,833
Total Paid	<u>\$ 188,501,898</u>	<u>\$ 10,104,394</u>
<b>2024</b>	<b>Bonds</b>	<b>Notes</b>
Principal	\$ 115,735,445	\$ 17,113,325
Interest	60,389,953	4,490,446
Total Paid	<u>\$ 176,125,398</u>	<u>\$ 21,603,771</u>



**UNIVERSITIES OF WISCONSIN**  
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**NOTE 7 – Lease, Subscription and Financing Obligations**

The University had lease, subscription and financing obligations with a net present value of \$375.3 million as of June 30, 2025 compared to \$275.9 million at June 30, 2024.

The following information relates to the status of lease, subscription and financing obligations outstanding at June 30, 2025:

	<b>Balance July 1, 2024</b>	<b>New Leases/ Subscriptions/ Financings</b>	<b>Principal Paid/ Adjustments</b>	<b>Balance June 30, 2025</b>
Lease Obligations	\$ 272,132,886	\$ 76,384,203	\$ (25,222,522)	\$ 323,294,567
Subscription Liabilities	38,908,443	41,267,213	(31,640,865)	48,534,791
Installment Purchases (Gross)	3,804,273	608,123	(912,439)	3,499,957
Total	<u>\$ 314,845,602</u>	<u>\$ 118,259,539</u>	<u>\$ (57,775,826)</u>	<u>\$ 375,329,315</u>

	<b>Balance June 30, 2025</b>	<b>Current</b>	<b>Noncurrent</b>
Lease Obligations	\$ 323,294,567	\$ 22,577,124	\$ 300,717,443
Subscription Liabilities	48,534,791	22,150,015	26,384,776
Installment Purchases (Gross)	3,499,957	768,415	2,731,542
Premium	278,313	83,585	194,728
Installment Purchases (Net)	<u>3,778,270</u>	<u>852,000</u>	<u>2,926,270</u>
Total	<u>\$ 375,607,628</u>	<u>\$ 45,579,139</u>	<u>\$ 330,028,489</u>

The following information relates to the status of lease, subscription and financing obligations outstanding at June 30, 2024:

	<b>Balance July 1, 2023</b>	<b>New Leases/ Subscriptions/ Financings</b>	<b>Principal Paid/ Adjustments</b>	<b>Balance June 30, 2024</b>
Lease Obligations	\$ 259,976,173	\$ 37,770,768	\$ (25,614,055)	\$ 272,132,886
Subscription Liabilities	31,492,446	52,243,640	(44,827,643)	38,908,443
Installment Purchases (Gross)	4,292,209	153,135	(641,071)	3,804,273
Total	<u>\$ 295,760,828</u>	<u>\$ 90,167,543</u>	<u>\$ (71,082,769)</u>	<u>\$ 314,845,602</u>

	<b>Balance June 30, 2024</b>	<b>Current</b>	<b>Noncurrent</b>
Lease Obligations	\$ 272,132,886	\$ 20,174,743	\$ 251,958,143
Subscription Liabilities	38,908,443	16,423,688	22,484,755
Installment Purchases (Gross)	3,804,273	652,082	3,152,191
Premium	379,430	101,115	278,315
Installment Purchases (Net)	<u>4,183,703</u>	<u>753,197</u>	<u>3,430,506</u>
Total	<u>\$ 315,225,032</u>	<u>\$ 37,351,628</u>	<u>\$ 277,873,404</u>

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**NOTE 7 – Lease, Subscription and Financing Obligations (continued)**

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

Fiscal Year(s)	Lease Obligations		Subscription Liabilities		Installment Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 22,577,124	\$ 7,686,909	\$ 22,150,015	\$ 1,331,862	\$ 768,415	\$ 124,267
2027	20,697,897	7,214,852	14,934,374	750,723	714,058	97,584
2028	20,709,712	6,753,775	8,330,873	338,041	577,097	73,012
2029	19,830,188	6,301,907	3,005,169	95,894	467,699	50,692
2030	19,261,424	5,854,851	114,360	1,588	374,572	55,600
2031-2035	91,260,657	22,690,976	—	—	598,116	24,763
2036-2040	71,199,433	12,080,732	—	—	—	—
2041-2045	52,810,404	3,640,411	—	—	—	—
2046-2050	4,947,728	25,410	—	—	—	—
Total	<u>\$ 323,294,567</u>	<u>\$ 72,249,823</u>	<u>\$ 48,534,791</u>	<u>\$ 2,518,108</u>	<u>\$ 3,499,957</u>	<u>\$ 425,918</u>

**NOTE 8 – Retirement Benefits**

**Basis of Accounting.** The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, 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.

**Plan Description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the ETF. The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone ACFR, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

All assets of the WRS are invested by the State of Wisconsin Investment Board. The retirement fund assets consist of shares in the Variable Retirement Investment Trust and the Core Retirement Investment Trust. The Variable Retirement Investment Trust consists primarily of equity securities. The Core Retirement Investment Trust is a balanced investment fund made up of fixed income

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**NOTE 8 – Retirement Benefits (continued)**

securities and equity securities. Shares in the Core and Variable Retirement Investment Trust are purchased as funds are made available from retirement contributions and investment income, and sold when funds for benefit payments and other expenses are needed.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**Postretirement Adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with Wisconsin Statutes § 40.27. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 8 – Retirement Benefits (continued)**

The Core and Variable annuity adjustments granted during recent years are as follows:

<b>Year</b>	<b>Core Fund Adjustment</b>	<b>Variable Fund Adjustment</b>
2015	2.9%	2.0%
2016	0.5%	(5.0)%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	(10.0)%
2020	1.7%	21.0%
2021	5.1%	13.0%
2022	7.4%	15.0%
2023	1.6%	(21.0)%
2024	3.6%	15.0%

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the University's contributions recognized by the WRS amounted to \$191.3 million and \$177.4 million, respectively. Contribution rates as of June 30, 2025 and 2024 were:

<b>Employee Category</b>	<b>June 30, 2025</b>		<b>June 30, 2024</b>	
	<b>Employee</b>	<b>Employer</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers, executives, and elected officials)	6.95%	6.95%	6.90%	6.90%
Protective with Social Security	6.95%	14.95%	6.90%	14.30%
Protective without Social Security	6.95%	18.95%	6.90%	19.10%
Act 4 Protective County Jail	14.95%	6.95%	14.30%	6.90%

**Pension Assets, Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2025, the University reported a net pension liability of \$217.4 million for its proportionate share of the net pension liability, compared to the net pension liability of \$200.0 million at June 30, 2024. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The University's proportion of the net pension liability was based on the University's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the University's proportion was 13.2 percent, which was a decrease of 0.3 percent from its proportion measured as of December 31, 2023. At December 31, 2023, the University's proportion was

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 8 – Retirement Benefits (continued)**

13.5 percent, which was an increase of 0.1 percent from its proportion measured as of December 31, 2022.

For the fiscal year ended June 30, 2025 and June 30, 2024, the University recognized pension expense of \$292.9 million and \$137.8 million, respectively.

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

	<b>Fiscal Year ended June 30, 2025</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 40,726,292	\$ 675,241,469	\$ (634,515,177)
Change in Proportion	1,864,384	3,089,987	(1,225,603)
Employer Contributions Subsequent to Measurement Date	104,338,361	104,338,361	—
Net Difference Between Projected and Actual Earnings	330,397,509	330,397,509	—
Assumption Changes	64,515,915	64,515,915	—
Total	<u>\$ 541,842,461</u>	<u>\$ 1,177,583,241</u>	<u>\$ (635,740,780)</u>

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

	<b>Fiscal Year ended June 30, 2024</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ (261,724,596)	\$ 806,531,991	\$ (1,068,256,587)
Change in Proportion	(1,131,141)	811,978	(1,943,119)
Employer Contributions Subsequent to Measurement Date	132,236,932	132,236,932	—
Net Difference Between Projected and Actual Earnings	697,083,300	697,083,300	—
Assumption Changes	87,188,743	87,188,743	—
Total	<u>\$ 653,653,238</u>	<u>\$ 1,723,852,944</u>	<u>\$ (1,070,199,706)</u>

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 8 – Retirement Benefits (continued)**

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

<b>Fiscal Year ended June 30</b>	
2026	\$ 131,593,109
2027	451,208,224
2028	(110,979,753)
2029	(34,317,480)
Totals	<u>\$ 437,504,100</u>

Additional information related to deferred outflows of resources and deferred inflows of resources is presented in Note 10.

**Actuarial assumptions.** The total pension liability in the December 31, 2024 and December 31, 2023 actuarial valuations were determined using the following fiscal year 2025 and 2024, respectively, actuarial assumptions, applied to all periods included in the measurement.

Actuarial Valuation Date:	December 31, 2023	December 31, 2022
Measurement Date of Net Pension Asset/Liability	December 31, 2024	December 31, 2023
Experience Study:	January 1, 2021 - December 31, 2023, published November 2024	January 1, 2018 - December 31, 2020, published November 2021
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	Fair Value	Fair Value
Long-Term Expected Rate of Return:	6.8%	6.8%
Discount Rate:	6.8%	6.8%
Salary Increases:		
Wage Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.7%	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%	1.7%

\* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including seniority (merit) and separation rates. The Total Pension Liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

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**NOTE 8 – Retirement Benefits (continued)**

**Long-term Expected Rate on Plan Assets.** 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Asset Allocation Targets and Expected Returns<sup>1</sup>**

	As of December 31, 2024			As of December 31, 2023		
<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %<sup>2</sup></b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %<sup>2</sup></b>
Public Equity	38%	7.0%	4.3%	40%	7.3%	4.5%
Public Fixed Income	27%	6.1%	3.4%	27%	5.8%	3.0%
Inflation Sensitive	19%	4.8%	2.1%	19%	4.4%	1.7%
Real Estate	8%	6.5%	3.8%	8%	5.8%	3.0%
Private Equity/Debt	20%	9.5%	6.7%	18%	9.6%	6.7%
Leverage <sup>3</sup>	(12)%	3.7%	1.1%	(12)%	3.7%	1.0%
Total Core Fund	100%	7.5%	4.8%	100%	7.4%	4.6%
<b>Variable Fund Asset Class</b>						
U.S. Equities	70%	6.5%	3.8%	70%	6.8%	4.0%
International Equities	30%	7.4%	4.7%	30%	7.6%	4.8%
Total Variable Fund	100%	6.9%	4.2%	100%	7.3%	4.5%

<sup>1</sup>Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

<sup>2</sup>New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6% (2024); 2.7% (2023)

<sup>3</sup>The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.



**UNIVERSITIES OF WISCONSIN**  
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**NOTE 8 – Retirement Benefits (continued)**

**Single Discount Rate.** A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.) Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the University's proportionate share of the net pension liability/(asset) to changes in the discount rate.** The following presents the University's proportionate share of the net pension liability/(asset) calculated using the current discount rate, as well as what the University's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal years ended June 30, 2025 and 2024:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
<b>June 30, 2025</b>			
Discount Rate	5.80 %	6.80 %	7.80 %
Net Pension Liability/(Asset)	\$ 2,039,784,364	\$ 217,430,738	\$ (1,077,299,209)
<b>June 30, 2024</b>			
Discount Rate	5.80 %	6.80 %	7.80 %
Net Pension Liability/(Asset)	\$ 1,933,417,793	\$ 200,033,237	\$ (1,012,889,285)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

**Other Retirement Benefits**

In addition to the WRS, certain employees associated with federally funded activities are partially covered by the Federal Retirement Program. The University's contributions to this program totaled \$19,319 during fiscal year 2025, compared with \$26,204 during fiscal year 2024.

**NOTE 9 – Postemployment Benefits Other Than Pensions**

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/ expenditures in financial reports of state and local governmental employers. GASB statement 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, establishes reporting

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

standards for other postemployment benefits included in the general purpose external financial reports of state and local governmental OPEB plans.

Under Chapter 40 of Wisconsin Statutes, the ETF and Group Insurance Board (GIB) have statutory authority for program administration and oversight of postemployment benefits. ETF administers postemployment benefit plans other than pension plans for the Retiree Life Insurance, Retiree Health Insurance, and Supplemental Health Insurance Conversion Credit plans (for retired state employees). University employees are employees of the State.

ETF issues publicly available financial reports that include financial statements, additional note disclosures, and required supplementary information for these plans. The reports are available at [www.etf.wi.gov](http://www.etf.wi.gov) or may be obtained upon request from: Department of Employee Trust Funds, 4822 Madison Yards Way, Madison, Wisconsin 53705-9100.

The State of Wisconsin ACFR includes financial statements, additional note disclosures, and required supplementary information for this plan. That report is publicly available at [www.doa.state.wi.us](http://www.doa.state.wi.us) or may be obtained by writing to: Department of Administration, 101 East Wilson Street, Madison, Wisconsin 53703.

**Basis of Accounting.** The OPEB plans are reported in accordance with GASB standards. The fiduciary net position of the OPEB plans have been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEBs and OPEB expense (revenue).

Information about the fiduciary net position of the OPEB plans and additions to/deductions from OPEB plan fiduciary net positions have been determined on the same basis as they are reported by the OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments, if any, are reported at fair value.

**Retiree Life Insurance Funds**

The State Retiree Life Insurance Fund (SRLIF) is a single-employer, defined benefit OPEB plan for State of Wisconsin employers. GASB standards classify the State Retiree Health Insurance program as a single-employer defined benefit OPEB plan with multiple participating employers, which includes the State, the University, and other component units of the State. Plan benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The ETF and the GIB have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

ETF issues a standalone ACFR, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

**Benefits provided.** The SRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

**Contributions.** The GIB approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

portion of employer contributions made during a member's working lifetime funds a postretirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with basic coverage after age 65. There are no employer contributions required for pre-65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65. All contributions are actuarially determined.

Contribution rates as of December 31, 2024 are:

<b>Coverage Type</b>	<b>Employer Contribution</b>
50% postretirement coverage	28% of employee contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). Disabled members under age 70 receive a waiver-of-premium benefit. The member contribution rates in effect for the year ended December 31, 2024 are as listed below:

<b><u>Attained Age</u></b>	<b><u>Basic</u></b>	<b><u>Supplemental</u></b>
Under 30	\$0.05	\$0.05
30-34	0.05	0.05
35-39	0.05	0.05
40-44	0.08	0.08
45-49	0.13	0.13
50-54	0.21	0.21
55-59	0.29	0.29
60-64	0.40	0.40
65-69	0.52	0.52

During the reporting period, the OPEB plan recognized \$916,725 in contributions from the University.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** The University reported a liability of \$294.2 million and \$340.0 million for its proportionate share of the net OPEB liability at June 30, 2025 and 2024, respectively. The June 30, 2025 and June 30, 2024 net liability was measured as of December 31, 2024, and 2023, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024, and January 1, 2023, respectively, rolled forward to December 31, 2024 and December 31, 2023, respectively. The University's proportion of the net OPEB liability was based on the University's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the University's proportion was 41.5 percent, which was a decrease of 1.2 percent from its proportion of 42.7 percent measured as of December 31, 2023. At December 31, 2023, the University's proportion was 42.7 percent, which was an increase of 0.6 percent from its proportion of 42.1 percent measured as of December 31, 2022.

For the years ended June 30, 2025 and 2024, the University recognized OPEB expense of \$16.4 million and \$26.2 million, respectively.

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

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

	<b>Fiscal Year ended June 30, 2025</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ (3,684,667)	\$ 526,014	\$ (4,210,681)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	2,691,664	2,691,664	—
Assumption Changes	(78,177,823)	52,174,782	(130,352,605)
Changes in Proportion	(4,024,432)	6,049,811	(10,074,243)
Total	<u>\$ (83,195,258)</u>	<u>\$ 61,442,271</u>	<u>\$ (144,637,529)</u>

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

	<b>Fiscal Year ended June 30, 2024</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ (6,092,959)	\$ 747,267	\$ (6,840,226)
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	3,343,229	3,343,229	—
Assumption Changes	(24,936,249)	83,157,139	(108,093,388)
Changes in Proportion	5,739,090	7,945,348	(2,206,258)
Total	<u>\$ (21,946,889)</u>	<u>\$ 95,192,983</u>	<u>\$ (117,139,872)</u>

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

<b>Fiscal Year ended June 30</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2026	\$ 28,265,944	\$ (35,800,022)
2027	15,397,308	(35,339,991)
2028	8,194,487	(34,577,570)
2029	6,916,640	(22,664,149)
2030	2,667,888	(11,332,804)
Thereafter	—	(4,922,991)
Total	<u>\$ 61,442,267</u>	<u>\$ (144,637,527)</u>

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

The total OPEB expense is determined as follows:

Net Proportionate Share of Plan OPEB Expense (Income)	\$ 16,688,414
Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(317,735)
Total OPEB Expense	<u>\$ 16,370,679</u>

**Actuarial Assumptions.** The total OPEB liability in the January 1, 2024 and January 1, 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	January 1, 2024	January 1, 2023
Measurement Date of Net OPEB Liability	December 31, 2024	December 31, 2023
Experience Study:	January 1, 2021 - December 31, 2023, published November 2024	January 1, 2018 - December 31, 2020, published November 2021
Actuarial cost method	Entry age normal	Entry age normal
20-year tax-exempt municipal bond yield*  *Based on the Bond Buyer GO 20-Bond Municipal index	4.08%	3.26%
Long-term expected rate of return	4.25%	4.25%
Discount rate	4.09%	3.30%
Salary increases: Wage Inflation Seniority/merit	3.00% 0.1% - 5.7%	3.00% 0.1% - 5.6%
Mortality rates	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. The Total OPEB Liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the January 1, 2024 actuarial valuation.

**Long-Term Expected Return on Plan Assets.** The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the OPEB plan are held with Securian, the insurance carrier. Interest is calculated and credited to the OPEB plan based on the rate of return for a segment of the insurance carrier's general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

**State OPEB Life Insurance**  
**Asset Allocation Targets and Expected Returns**

Asset Class	Index	As of December 31, 2024		As of December 31, 2023	
		Target Allocation	Long-Term Expected Geometric Real Rate of Return	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	40%	2.41%	40%	2.32%
U.S. Mortgages	Bloomberg U.S. MBS	60%	2.71%	60%	2.52%
Inflation		—	2.30%	—	2.30%
Long-Term Expected Rate of Return			4.25%		4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25 percent. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30 percent.

**Single Discount Rate.** A single discount rate of 4.09 percent was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.30 percent for the prior year. The change in the discount rate was primarily caused by the increase in the municipal bond rate from 3.26 percent as of December 31, 2023 to 4.08 percent as of December 31, 2024. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2033.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65. The current employer contribution schedule includes annual increases of 5 percent for nine years, beginning in 2020 and ending in 2029, as approved by the GIB in August 2019.

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

**Sensitivity of the University’s Proportionate Share of Net OPEB Liability to Changes in the Discount Rate.** The following presents what the University’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	<b>1% Decrease in Discount Rate</b>	<b>Current Discount Rate</b>	<b>1% Increase in Discount Rate</b>
<b>June 30, 2025</b>			
Discount Rate	3.09 %	4.09 %	5.09 %
OPEB Liability	\$ 376,429,966	\$ 294,248,171	\$ 230,341,149
<b>June 30, 2024</b>			
Discount Rate	2.30 %	3.30 %	4.30 %
OPEB Liability	\$ 439,455,260	\$ 340,042,589	\$ 263,349,313

**OPEB Plan Fiduciary Net Position.** Detailed information about the OPEB plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Retiree Health Insurance Funds**

The Retiree Health Insurance plans offer group health insurance to retired University employees. Retirees pay the full premium amount. The plans are not administered through a trust. The Retiree Health Insurance Funds contain certain non-OPEB components relating to post-Medicare pharmacy and health insurance benefits. ETF and the GIB have statutory authority for program administration and oversight under Wisconsin Statutes § 15.165 (2) and 40.03 (6).

University employees participating in the State Health Insurance Plan are eligible to continue their health insurance coverage after leaving covered employment. Membership includes former university employees or their beneficiaries.

Employees may choose between self-insured health plans and alternate health plans with specific provider networks (i.e., HMOs). The HMOs follow GIB guidelines for eligibility and program requirements. All HMOs offer a prescribed benefit package called Uniform Benefits and participate in a yearly competitive premium rate bid process. The Standard Plan and State Maintenance Plan are self-insured by the GIB and administered by WPS Health Insurance. Self-insured coverage for health insurance was discontinued as of December 31, 2017. The Standard Plan is a preferred provider plan. The pharmacy benefit is self-insured by the GIB and administered by Navitus Health Solutions.

Effective January 1, 2012, prescription drug coverage for Medicare eligible retirees enrolled in the state group health insurance program is provided by a self-funded Medicare Part D Employer Group Waiver Plan (EGWP). A Medicare “Wrap” product is also included to provide full coverage to members, as required by uniform benefits, when they reach the Medicare coverage gap, also known as the “donut hole.”

**Contributions.** Based on the most recent January 1, 2023, actuarial valuation adjusted forward, the state’s annual required contributions were \$132.6 million and \$120.3 million for fiscal years ended June 30, 2025 and June 30, 2024, respectively. The state’s annual OPEB costs were \$70.2 million and \$61.3 million for fiscal years ended June 30, 2025 and June 30, 2024, respectively, and the state’s actual contributions were \$56.6 million in fiscal year 2025 and \$48.8 million in fiscal year 2024, which



**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

results in a net OPEB obligation for the State of \$838.5 million as of June 30, 2025, and \$802.4 million as of June 30, 2024.

**State Retiree Health Insurance OPEB.** The State Retiree Health Insurance program provides postemployment health insurance coverage to all eligible retired employees of the University. The University does not directly pay any portion of the premium for participating retirees. However, because retirees pay the same premium rate set for active employees, an implicit rate subsidy exists for employers. This implicit rate subsidy is reported as an OPEB liability. At age 65, when eligible, retirees are required to enroll in Medicare.

**Retiree Health Insurance Plan Description.** GASB standards classify the State Retiree Health Insurance program as a single employer defined benefit OPEB plan with multiple participating employers. Medical, prescription drug and dental benefits are provided to eligible retirees.

Retirees pay the full premium until age 65 directly to the plan either through “out-of-pocket” or from unused accumulated sick leave conversion credits.

Contribution requirements are established and may be amended by the GIB. Premiums for non-Medicare retirees are based on an effective rate structure for the health care service provider selected. Monthly rates range from \$690 to \$1,527 for single coverage and \$1,688 to \$3,780 for family coverage.

**Total Retiree Health OPEB Liability.** The OPEB plan liability was measured as of June 30, 2024. It was determined by an actuarial valuation as of January 1, 2023. The University reported a liability of \$374.6 million and \$361.2 million for its proportionate share of the OPEB liability amounts as of a June 30, 2025 and June 30, 2024 reporting date, respectively. At June 30, 2025, the University's proportion was 44.7 percent which was 0.3 percent of a decrease from its proportion of 45.0 percent measured as of June 30, 2024. At June 30, 2024, the University's proportion was 45.0 percent which was 0.4 percent of an increase from its proportion of 44.6 percent measured as of June 30, 2023.

The actuarial valuation was based on the plan of retiree benefits and was made for purposes of fulfilling GASB accounting standards which require recognition of the employer cost of postemployment benefits over an employee's career. The total cost of providing postemployment benefits is projected, considering relevant assumptions, then discounted to determine the total OPEB liability. The total OPEB liability was allocated to participating employers based on their proportionate share of health insurance premiums contributed for active employees.

**Changes in the Total OPEB Liability.** Changes to the University's proportionate share of the OPEB plan liability during the fiscal year include the following:

OPEB Liability – June 30, 2024	\$ 361,156,639
Service Cost	26,300,433
Interest	13,586,180
Change of Assumptions	1,515,669
Benefit Payments	(27,981,348)
OPEB Liability – June 30, 2025	<u>\$ 374,577,573</u>

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Actuarial Valuation Date	January 1, 2023
Measurement Date of Total OPEB Liability	June 30, 2024
Reporting Date	June 30, 2025
Actuarial cost method	Entry age normal
Asset Valuation Method	N/A
Inflation	2.40%
Salary increases	Separate merit and longevity increase rates by employer and service, plus 3.00%
Discount Rate	Discount rate was changed to 3.93% for the June 30, 2024 measurement from 3.65% for the June 30, 2023 measurement
Health care cost trend rates	
Medical	5.32%, 5.8%, then 6.5% grading down 0.25% per year to 4.50%
Prescription drug	6.44%, 11.78%, then 8.25% grading down 0.50% per year to 4.50%
Dental	3.00%, 2.05%, then 3.0% every year after
Administrative costs	11.78%, 12.25%, then 4.00% every year after
Mortality Rates	Separate rates for actives, healthy retirees and disabled retirees, based on the 2021-2023 WRS experience study performed by GRS. Mortality improvement is projected with scale MP 2021 from 2020.
Benefit Changes	None
Participation Rate	Active: 70% are assumed to elect coverage at retirement, and 3.33% of the 30% that defer are assumed to be covered over the next 5 years (1.0% per year), so 75% assumed to be covered after 5 years  Deferred: 54% of participants deferring benefits are assumed to be covered over the next 8 years (i.e., 10% for the first year, 9% for the second year, 8% for the third year, 7% for the fourth year, then 5% for the following 4 years).
Assumed Claims	Per capita claims costs were based on premium equivalent rates for plan year 2023 and actuarial factors applied to weighted average premium rates to estimate costs
Termination Rates	Rates for General, University, Protective, Executive and Elected employees matched the 2021-2023 experience study for the pension valuation

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

Disability Rates	Rates for General, University, Protective, Executive and Elected employees matched the 2021-2023 experience study for the pension valuation
Normal Retirement Rates	Rates for General, University, Protective, Executive and Elected employees matched the 2021-2023 experience study for the pension valuation
Lapse Rate	5% per year after the later of assumed commencement or the valuation date
Retiree Contribution Increase Rate	Retiree Contributions are expected to increase by 10.90% in the first year and 7.30% in the second year to reflect known premium rates for 2024 and 2025, and with average benefit trend thereafter.
Benefit End Date	Benefits end when participants turn 65 years old

Valuation assumption changes increased the liability by \$1.5 million. This was a net result of (1) an increase in obligations due to adopting updated demographic assumptions based on the WRS Experience Study for the period 2021-2023 and updating the participation rate to reflect recent experience, which was partially offset by (2) a decrease in obligations due to updating the healthcare and contribution trend rates to reflect recent experience and raising the discount rate.

There was no actuarial experience gain or loss that impacted the liability. This was because the actual 2024 contributions and benefit payments were the same as expected 2024 contributions and benefit payments.

**Sensitivity of the University's Proportionate Share of Total OPEB Liability to Changes in the Discount Rate.** The following presents what the University's liability would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	<b>1% Decrease in Discount Rate</b>	<b>Current Discount Rate</b>	<b>1% Increase in Discount Rate</b>
<b>June 30, 2025</b>			
Discount Rate	2.93 %	3.93 %	4.93 %
OPEB Liability	\$ 403,129,067	\$ 374,577,573	\$ 347,933,077
<b>June 30, 2024</b>			
Discount Rate	2.65 %	3.65 %	4.65 %
OPEB Liability	\$ 388,239,927	\$ 361,156,639	\$ 335,842,201

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

**Sensitivity of the University’s Proportionate Share of Total OPEB liability to Changes in the Healthcare Cost Trend Rates.** The following presents what the University’s liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or higher than the current healthcare trend rates. The various healthcare trend rates can be found in the actuarial assumptions section listed above.

	<b>1% Decrease in Discount Rate</b>	<b>Current Discount Rate</b>	<b>1% Increase in Discount Rate</b>
<b>June 30, 2025</b>			
OPEB Liability	\$ 330,960,488	\$ 374,577,573	\$ 426,373,470
<b>June 30, 2024</b>			
OPEB Liability	\$ 322,813,962	\$ 361,156,639	\$ 406,526,058

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** The total deferred outflows and inflows of resources are amortized over the average active participants service life of 10 years. For the years ended June 30, 2025 and 2024, the University recognized OPEB expense amounting to \$31.5 million and \$28.0 million, respectively.

Total deferred outflows and inflows of resources to be recognized in the current OPEB expense for the fiscal year ended June 30, 2025 and 2024 are as follows:

	<b>Fiscal Year ended June 30, 2025</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 4,973,499	\$ 6,741,055	\$ (1,767,556)
Assumption Changes	(13,383,193)	4,347,274	(17,730,467)
Total	<u>\$ (8,409,694)</u>	<u>\$ 11,088,329</u>	<u>\$ (19,498,023)</u>

	<b>Fiscal Year ended June 30, 2024</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 4,848,295	\$ 6,571,355	\$ (1,723,060)
Assumption Changes	(13,191,838)	4,092,278	(17,284,116)
Total	<u>\$ (8,343,543)</u>	<u>\$ 10,663,633</u>	<u>\$ (19,007,176)</u>

In addition, the contributions subsequent to the measurement date of \$24.4 million (a deferred outflow of resources) will be included as a reduction of the net OPEB liability in the next year (2026).

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

The deferred outflows and inflows of resources to be recognized in the future OPEB expense for the fiscal year ended June 30, 2025 and 2024 are as follows:

	<b>Fiscal Year ended June 30, 2025</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 32,611,650	\$ 42,882,435	\$ (10,270,785)
Change in Proportion	1,497,430	7,418,048	(5,920,618)
Assumption Changes	(38,839,630)	28,548,325	(67,387,955)
Employer Contributions Subsequent to Measurement Date	24,401,294	24,401,294	—
Total	<u>\$ 19,670,744</u>	<u>\$ 103,250,102</u>	<u>\$ (83,579,358)</u>

	<b>Fiscal Year ended June 30, 2024</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Expected and Actual Experience	\$ 37,944,884	\$ 50,101,095	\$ (12,156,211)
Change in Proportion	4,458,282	8,589,722	(4,131,440)
Assumption Changes	(54,347,998)	31,683,231	(86,031,229)
Employer Contributions Subsequent to Measurement Date	25,461,397	25,461,397	—
Total	<u>\$ 13,516,565</u>	<u>\$ 115,835,445</u>	<u>\$ (102,318,880)</u>

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

<b>Fiscal Year ended June 30</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2026	\$ 11,088,329	\$ (19,498,019)
2027	11,088,329	(19,498,019)
2028	11,088,329	(19,498,019)
2029	11,088,329	(4,454,049)
2030	11,088,329	(4,454,049)
Thereafter	23,407,164	(16,177,203)
Total	<u>\$ 78,848,809</u>	<u>\$ (83,579,358)</u>

The total OPEB expense is determined as follows:

Service Cost	\$ 26,300,433
Interest	13,586,180
Recognition of Deferred Outflows of Resources	11,088,329
Recognition of Deferred Inflows of Resources	(19,498,023)
Total OPEB Expense	<u>\$ 31,476,919</u>

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

The Schedule of Changes in the University's proportionate share of the total OPEB liability and related ratios is presented as required supplementary information following the notes to the financial statements.

**Supplemental Health Insurance Conversion Credit Program**

The Supplemental Health Insurance Conversion Credit Program (SHICC) is a single-employer defined benefit OPEB plan for State of Wisconsin employers. GASB standards classify the SHICC as a single-employer defined benefit OPEB plan with multiple participating employers, which includes the State, the University, and other component units of the State. The plan is administered through a trust.

The SHICC program allows members with more than 15 years of eligible service to convert unused sick leave balances into credits to pay for postretirement health insurance premiums. The SHICC program provides a limited match of the members sick leave credits earned through the Accumulated Sick Leave Conversion Credit (ASLCC) program. ASLCC program credits are computed at the time of retirement, layoff or death by multiplying the number of hours of unused sick leave by the highest hourly pay rate at which the employee accrued sick leave that is eligible for conversion. The SHICC program also includes a provision for the restoration of 500 hour of credits upon retirement, layoff or death provided at least 500 hours of accrued sick leave were used for a single injury or illness during the three years immediately preceding the retirement, layoff or death while in University service. SHICC benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes.

All ASLCC program credits must be used before the SHICC program credits. Unused ASLCC and SHICC credits have no cash value, are carried forward from year to year without interest, and when total health insurance premiums paid on behalf of the retired employee equal or exceed the conversion credits, no further payments are made under the ASLCC and SHICC programs. ASLCC and SHICC credits may be escrowed indefinitely after retirement for participants who provide evidence of comparable health insurance coverage from another source.

**OPEB Plan Fiduciary Net Position.** ETF issues a standalone ACFR which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Benefits Provided.** The SHICC plan provides eligible members with credits that can be used to pay for postretirement health insurance.

**Contributions.** The ETF Board approves contribution rates annually, based on recommendations from the actuary. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions in accordance with Wis. Stat. § 40.05(4)(by). Employer contributions made during a member's working lifetime funds a postretirement benefit.

Employer Contribution rates for the University as of December 31, 2024 and December 31, 2023 were 0.2 percent.

The SHICC recognized \$5.5 million and \$5.2 million in contributions from the University during the reporting periods ended December 31, 2024 and 2023, respectively.

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

**OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At June 30, 2025, University reported a liability of \$6.3 million for its proportionate share of the net OPEB liability, compared to an asset of \$27.4 million at June 30, 2024. The June 30, 2025 net OPEB liability and June 30, 2024 net OPEB asset were measured as of December 31, 2024 and 2023, respectively, and the total OPEB liability used to calculate the net OPEB liability or asset was determined by an actuarial valuation as of December 31, 2024 and 2023, respectively. The University's proportion of the net OPEB liability or asset was based on the University's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2024, the University's proportion was 42.3 percent, which was 1.3 percent of a decrease from its proportion of 43.6 percent measured as of December 31, 2023. At December 31, 2023, the University's proportion was 43.6 percent, which was 0.3 percent of a decrease from its proportion of 43.9 percent measured as of December 31, 2022.

For the year ended June 30, 2025 and June 30, 2024, the University recognized OPEB expense of \$14.3 million and OPEB income of \$1.2 million, respectively.

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

	<b>Fiscal Year ended June 30, 2025</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Projected and Actual Experience	\$ (2,257,790)	\$ 38,704,298	\$ (40,962,088)
Net Difference Between Projected and Actual Earnings	15,295,962	15,295,962	—
Assumption Changes	50,433,131	50,433,131	—
Change in Proportion	2,754,448	3,228,310	(473,862)
Employer Contributions Subsequent to Measurement Date	3,005,632	3,005,632	—
Total	<u>\$ 69,231,383</u>	<u>\$ 110,667,333</u>	<u>\$ (41,435,950)</u>

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

	<b>Fiscal Year ended June 30, 2024</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference Between Projected and Actual Experience	\$ (22,687,439)	\$ 31,949,179	\$ (54,636,618)
Net Difference Between Projected and Actual Earnings	24,114,426	24,114,426	—
Assumption Changes	38,759,774	38,759,774	—
Change in Proportion	1,148,408	1,721,108	(572,700)
Employer Contributions Subsequent to Measurement Date	3,949,403	3,949,403	—
Total	<u>\$ 45,284,572</u>	<u>\$ 100,493,890</u>	<u>\$ (55,209,318)</u>



**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

The \$3.0 million amount reported as deferred outflows of resources resulting from the University's contributions subsequent to the measurement date is recognized as part of the net OPEB asset calculation in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense (revenue) as follows:

<b>Fiscal Year ended June 30</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2026	\$ 21,852,433	\$ (12,168,807)
2027	31,778,355	(10,964,114)
2028	8,215,292	(8,005,626)
2029	12,353,961	(5,132,594)
2030	14,046,634	(3,714,299)
Thereafter	19,415,026	(1,450,510)
Total	<u>\$ 107,661,701</u>	<u>\$ (41,435,950)</u>

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

**Actuarial Assumptions.** The total OPEB asset in the December 31, 2024 and December 31, 2023 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2024	December 31, 2023
Measurement Date of Net OPEB Liability	December 31, 2024	December 31, 2023
Wisconsin Sick Leave Conversion Credit Programs Experience Study	January 1, 2021 - December 31, 2023, published November 2024	January 1, 2018 - December 31, 2020, published November 2021
WRS Experience Study	January 1, 2021 - December 31, 2023, published November 2024	January 1, 2018 - December 31, 2020, published November 2021
Actuarial cost method	Entry age normal	Entry age normal
Long-term expected rate of return	6.80%	6.80%
Discount rate	6.80%	6.80%
Salary increases: Wage inflation Seniority/merit	3.00% 0.1% - 5.7%	3.00% 0.1% - 5.6%
Mortality rates*	2020 WRS Experience Mortality Table	2020 WRS Experience Mortality Table
Health Care Trend Rate	6.5% for the first year grading down to an ultimate health care trend rate of 4.5% over a 10 year period	5.5% for the first year grading down to an ultimate health care trend rate of 3.5% over a 10 year period
Health Care Premiums	Actual premium amounts are used for annuitants currently using sick leave credits. For all non-annuitants (active, deferred, and escrowed members), blended premiums are calculated based on non Medicare and Medicare rates for one person and two person coverages.	Actual premium amounts are used for current annuitants. For all non-annuitants (active, preserved, and escrowed members), average premiums are calculated based on non Medicare and Medicare rates for one person and two person coverages.
Participation	95% of active and preserved members will begin using sick leave credits immediately upon reaching eligibility	100% of active and preserved members will begin using sick leave credits immediately upon reaching eligibility
Usage for Escrowed Benefits	45% of members currently in escrow status will at some point begin using their sick leave balances to pay for health care costs	50% of members currently in escrow status will at some point begin using their sick leave balances to pay for health care costs
Sick Leave Accumulation	For purposes of estimating sick leave balances at retirement, each individual was assumed to continue using sick leave at the same rate as in the past, but not more than 75% of the person's annual gross accrual rate based on the person's employer. The member can accrue at most 100% of their gross accrual rate but not less than 25% of their gross accrual rate. The assumed annual gross accrual rates used are 6.5 days for Beyond Vision, 12 days for University Hospital and Non-Staff University employees and 16.25 days for all other members.	The assumed annual sick leave accumulation for each individual is at their same rate as in the past (earned less used), but not more than 100% of the gross earned rate based on the person's employer and not less than 25% of their gross earned rate. The assumed annual gross earned rates range from 6.4 to 16.25 days depending on the employer.

\* Note that mortality assumptions were not applied to members who currently have healthcare coverage for more than one person since the benefit may be transferred to a beneficiary upon death.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

Actuarial assumptions are based upon experience studies conducted in 2024 on the WRS and Wisconsin Sick Leave Conversion Credit programs that covered a three-year period from January 1, 2021 to December 31, 2023.

**Long-Term Expected Return on Plan Assets.** The assets of the SHICC are commingled with assets from other benefit programs and invested in the Core Retirement Investment Trust (Core Fund). Earnings are allocated between the benefit programs based on the average balance invested for each program. The State of Wisconsin Investment Board (SWIB) manages the Core Fund with oversight by the SWIB Board of Trustees, as authorized in Wis. Stat. § 25.17. The long-term expected rate of return is reviewed every three years in conjunction with the Wisconsin Retirement System experience study.

Best estimates of geometric real rates of return of each major asset class included in the OPEB plan's target allocation are summarized in the following table:

**Wisconsin Supplemental Health Insurance Conversion Credit  
Asset Allocation Targets and Expected Returns<sup>1</sup>**

Asset Class	As of December 31, 2024		As of December 31, 2023	
	Asset Allocation	Long-Term Expected Real Rate of Return <sup>2</sup>	Asset Allocation	Long-Term Expected Real Rate of Return <sup>2</sup>
Public Equity	38.0%	4.3%	40.0%	4.5%
Public Fixed Income	27.0%	3.4%	27.0%	3.0%
Inflation Sensitive Assets	19.0%	2.1%	19.0%	1.7%
Real Estate	8.0%	3.8%	8.0%	3.0%
Private Equity/Debt	20.0%	6.7%	18.0%	6.7%
Leverage <sup>3</sup>	(12.0)%	1.1%	(12.0)%	1.0%
Total Core Fund	<u>100.0%</u>	4.8%	<u>100.0%</u>	4.6%
Long-Term Expected Rate of Return		6.8%		6.8%

<sup>1</sup>Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

<sup>2</sup>New England Pension Consultants Long Term U.S. CPI (Inflation) Forecast: 2.6% (2024); 2.7% (2023)

<sup>3</sup>The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

The long-term expected rate of return is 6.8 percent for the current and prior year. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 9 – Postemployment Benefits Other Than Pensions (continued)**

**Single Discount Rate.** A single discount rate of 6.8 percent was used to measure the Total OPEB Asset for the current and prior year. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.8 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability or Asset, and projections were excluded from this report.

**Sensitivity of the University's Proportionate Share of Net OPEB Asset to Changes in the Discount Rate.** The following presents what the University's proportionate share of the net OPEB liability (asset) calculated using the discount rate, as well as what the University's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or higher than the current discount rate:

	<b>1% Decrease in Discount Rate</b>	<b>Current Discount Rate</b>	<b>1% Increase in Discount Rate</b>
<b>June 30, 2025</b>			
Discount Rate	5.80 %	6.80 %	7.80 %
OPEB Liability/(Asset)	\$ 63,147,979	\$ 6,326,793	\$ (42,927,970)
<b>June 30, 2024</b>			
Discount Rate	5.80 %	6.80 %	7.80 %
OPEB Liability/(Asset)	\$ 26,124,698	\$ (27,350,874)	\$ (73,432,569)

**Sensitivity of the University's Proportionate Share of Net OPEB Asset to Changes in the Healthcare Cost Trend Rates.** The following presents the University's proportionate share of the collective net OPEB asset, calculated using the assumed healthcare cost trend rate, as well as what the University's net OPEB liability (asset) would be if it were calculated using an assumed healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<b>1% Decrease in Discount Rate</b>	<b>Current Discount Rate</b>	<b>1% Increase in Discount Rate</b>
<b>June 30, 2025</b>			
Healthcare Trend Rate	5.50 %	6.50 %	7.50 %
OPEB (Asset)/Liability	\$ (24,899,766)	\$ 6,326,793	\$ 35,239,153
<b>June 30, 2024</b>			
Healthcare Trend Rate	4.50 %	5.50 %	6.50 %
OPEB (Asset)/Liability	\$ (61,523,283)	\$ (27,350,874)	\$ 5,059,396

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 10 – Deferred Outflows and Deferred Inflows of Resources**

At June 30, 2025 and June 30, 2024, the University reported deferred outflows of resources from the following sources:

<b>Deferred Outflows of Resources</b>	<b>Pension</b>	<b>Other Postemployment Benefits</b>	<b>Debt Refundings</b>	<b>Other</b>	<b>Total</b>
<b>Fiscal Year 2025</b>					
Differences between expected and actual experience	\$ 675,241,469	\$ 82,112,747	\$ —	\$ —	\$ 757,354,216
Net differences between projected and actual earnings on pension and OPEB plan investments	330,397,509	17,987,626	—	—	348,385,135
Employer contributions subsequent to the measurement date	104,338,361	27,406,926	—	—	131,745,287
Changes in Actuarial Assumptions	64,515,915	131,156,238	—	—	195,672,153
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,089,987	16,696,169	—	—	19,786,156
Unamortized Losses	—	—	8,076,892	—	8,076,892
Asset Retirement Obligations	—	—	—	6,694,642	6,694,642
<b>Total Deferred Outflows</b>	<b>\$1,177,583,241</b>	<b>\$ 275,359,706</b>	<b>\$ 8,076,892</b>	<b>\$ 6,694,642</b>	<b>\$ 1,467,714,481</b>
<b>Fiscal Year 2024</b>					
Differences between expected and actual experience	\$ 806,531,991	\$ 82,797,541	\$ —	\$ —	\$ 889,329,532
Net differences between projected and actual earnings on pension and OPEB plan investments	697,083,300	27,457,655	—	—	724,540,955
Employer contributions subsequent to the measurement date	132,236,932	29,410,800	—	—	161,647,732
Changes in Actuarial Assumptions	87,188,743	153,600,144	—	—	240,788,887
Changes in proportion and differences between employer contributions and proportionate share of contributions	811,978	18,256,178	—	—	19,068,156
Unamortized Losses	—	—	13,620,807	—	13,620,807
Asset Retirement Obligations	—	—	—	7,798,465	7,798,465
<b>Total Deferred Outflows</b>	<b>\$1,723,852,944</b>	<b>\$ 311,522,318</b>	<b>\$ 13,620,807</b>	<b>\$ 7,798,465</b>	<b>\$ 2,056,794,534</b>

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 10 – Deferred Outflows and Deferred Inflows of Resources (continued)**

At June 30, 2025 and June 30, 2024, the University reported deferred inflows of resources from the following sources:

<b><u>Deferred Inflows of Resources</u></b>	<b>Pension</b>	<b>Other Postemployment Benefits</b>	<b>Debt Refundings</b>	<b>Other</b>	<b>Total</b>
<b>Fiscal Year 2025</b>					
Differences between expected and actual experience	\$ 634,515,177	\$ 55,443,554	\$ —	\$ —	\$ 689,958,731
Net differences between projected and actual earnings on pension and OPEB plan investments	—	—	—	—	—
Changes in Actuarial Assumptions	—	197,740,560	—	—	197,740,560
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,225,603	16,468,723	—	—	17,694,326
Unamortized Gains	—	—	25,876,038	—	25,876,038
Leases Receivable	—	—	—	18,659,837	18,659,837
Gifts	—	—	—	—	—
Total Deferred Inflows	<u>\$ 635,740,780</u>	<u>\$ 269,652,837</u>	<u>\$ 25,876,038</u>	<u>\$ 18,659,837</u>	<u>\$ 949,929,492</u>
<b>Fiscal Year 2024</b>					
Differences between expected and actual experience	\$1,068,256,587	\$ 73,633,055	\$ —	\$ —	\$ 1,141,889,642
Net differences between projected and actual earnings on pension and OPEB plan investments	—	—	—	—	—
Changes in Actuarial Assumptions	—	194,124,617	—	—	194,124,617
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,943,119	6,910,399	—	—	8,853,518
Unamortized Gains	—	—	21,536,811	—	21,536,811
Leases Receivable	—	—	—	19,705,967	19,705,967
Gifts	—	—	—	16,418	16,418
Total Deferred Inflows	<u>\$1,070,199,706</u>	<u>\$ 274,668,071</u>	<u>\$ 21,536,811</u>	<u>\$ 19,722,385</u>	<u>\$ 1,386,126,973</u>

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 11 – Other Organizations**

GASB Statement No. 14, *The Financial Reporting Entity*; GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*; GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*; GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*; and GASB Statement No. 90, *Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61* provide guidance in determining whether organizations are to be included as part of a reporting entity. The University has defined significance as 5% of the primary government (individual campus) that the potential component unit exists to support. The University has determined that the Campus Foundations individually and in aggregate exceed the 5% threshold and therefore are disclosed in these financial statements as discretely presented component units. Campus Foundations have fiscal year reporting periods that end on either December 31 or June 30. The following pages show the summarized financial information of the major component unit campus foundations for the most current audited financial reporting period available.



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**NOTE 11 – Other Organizations (continued)**

Condensed financial statement information related to the University's campus foundations for the year ended June 30, 2025 is as follows:

<b>Condensed Statement of Financial Position</b>	<b>University of Wisconsin Foundation, Inc.</b>	<b>The University of Wisconsin Milwaukee Foundation Inc.</b>	<b>Others</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 45,491,393	\$ 5,475,293	\$ 32,511,800	\$ 83,478,486
Income and Redemption Receivables	153,723,224	—	—	153,723,224
Pledges Receivable, Net	113,662,197	21,034,660	37,311,084	172,007,941
Prepaid Expenses and Other Assets	24,235,674	2,376,229	60,505,389	87,117,292
Investments	5,960,425,899	271,049,229	640,171,862	6,871,646,990
Property and Equipment, Net	20,140,867	47,099,725	79,136,644	146,377,236
Real Estate	—	—	879,411	879,411
<b>TOTAL ASSETS</b>	<b>\$6,317,679,254</b>	<b>\$ 347,035,136</b>	<b>\$ 850,516,190</b>	<b>\$7,515,230,580</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 8,280,277	\$ 235,800	\$ 4,894,891	\$ 13,410,968
Pending Investment Purchases Payable	27,046,576	—	—	27,046,576
Accrued Expenses and Other Liabilities	17,529,308	4,342,228	4,420,230	26,291,766
Note Payable	—	69,793,830	63,603,542	133,397,372
Liability Under Split-Interest Agreements	42,518,621	—	1,038,638	43,557,259
Funds Due to Other Organizations	334,730,142	1,616,483	—	336,346,625
<b>Total Liabilities</b>	<b>430,104,924</b>	<b>75,988,341</b>	<b>73,957,301</b>	<b>580,050,566</b>
<b>NET ASSETS</b>				
Without Donor Restrictions	273,449,683	(1,626,184)	64,857,118	336,680,617
With Donor Restrictions	5,614,124,647	272,672,979	711,701,771	6,598,499,397
<b>Total Net Assets</b>	<b>5,887,574,330</b>	<b>271,046,795</b>	<b>776,558,889</b>	<b>6,935,180,014</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$6,317,679,254</b>	<b>\$ 347,035,136</b>	<b>\$ 850,516,190</b>	<b>\$7,515,230,580</b>
<b>Condensed Statement of Activities</b>				
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 343,019,242	\$ 31,041,455	\$ 67,589,145	\$ 441,649,842
Investment Return, Net of Fees	722,512,499	27,070,604	65,018,446	814,601,549
Rental Income	—	5,500,830	6,446,968	11,947,798
Other Income	2,931,841	346,708	9,405,620	12,684,169
<b>Total Revenues, Gains and Other Support</b>	<b>1,068,463,582</b>	<b>63,959,597</b>	<b>148,460,179</b>	<b>1,280,883,358</b>
<b>EXPENSES</b>				
Program Expenses	548,751,779	31,894,381	55,048,629	635,694,789
Management and General Expenses	27,302,049	6,419,121	9,586,565	43,307,735
Fund raising Expenses	43,177,668	796,230	6,530,300	50,504,198
<b>Total Expenses</b>	<b>619,231,496</b>	<b>39,109,732</b>	<b>71,165,494</b>	<b>729,506,722</b>
<b>OTHER CHANGES IN NET ASSETS</b>	<b>—</b>	<b>—</b>	<b>5,993,984</b>	<b>5,993,984</b>
<b>CHANGE IN NET ASSETS</b>	<b>449,232,086</b>	<b>24,849,865</b>	<b>83,288,669</b>	<b>557,370,620</b>
Net Assets - Beginning of Year	5,438,342,244	246,196,930	693,270,220	6,377,809,394
<b>Net Assets - End of Year</b>	<b>\$5,887,574,330</b>	<b>\$ 271,046,795</b>	<b>\$ 776,558,889</b>	<b>\$6,935,180,014</b>

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**NOTE 11 – Other Organizations (continued)**

Condensed financial statement information related to the University's campus foundations for the year ended June 30, 2024 is as follows:

<b>Condensed Statement of Financial Position</b>	<b>University of Wisconsin Foundation, Inc.</b>	<b>The University of Wisconsin Milwaukee Foundation Inc.</b>	<b>Others</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 12,675,491	\$ 5,442,559	\$ 30,915,432	\$ 49,033,482
Income and Redemption Receivables	162,479,749	—	—	162,479,749
Pledges Receivable, Net	144,152,080	24,077,610	38,976,828	207,206,518
Prepaid Expenses and Other Assets	22,197,519	2,685,520	65,123,516	90,006,555
Investments	5,444,908,123	245,609,114	555,009,318	6,245,526,555
Property and Equipment, Net	23,186,573	49,392,789	77,053,685	149,633,047
Real Estate	—	—	879,411	879,411
<b>TOTAL ASSETS</b>	<b>\$5,809,599,535</b>	<b>\$ 327,207,592</b>	<b>\$ 767,958,190</b>	<b>\$6,904,765,317</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 16,180,351	\$ 229,487	\$ 4,632,356	\$ 21,042,194
Pending Investment Purchases Payable	1,923,039	—	—	1,923,039
Accrued Expenses and Other Liabilities	18,013,949	3,311,967	4,408,850	25,734,766
Note Payable	—	71,904,211	64,710,267	136,614,478
Liability Under Split-Interest Agreements	42,869,731	—	936,497	43,806,228
Funds Due to Other Organizations	292,270,221	5,564,997	—	297,835,218
<b>Total Liabilities</b>	<b>371,257,291</b>	<b>81,010,662</b>	<b>74,687,970</b>	<b>526,955,923</b>
<b>NET ASSETS</b>				
Without Donor Restrictions	216,940,298	(5,065,818)	62,519,853	274,394,333
With Donor Restrictions	5,221,401,946	251,262,748	630,750,367	6,103,415,061
<b>Total Net Assets</b>	<b>5,438,342,244</b>	<b>246,196,930</b>	<b>693,270,220</b>	<b>6,377,809,394</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$5,809,599,535</b>	<b>\$ 327,207,592</b>	<b>\$ 767,958,190</b>	<b>\$6,904,765,317</b>
<b>Condensed Statement of Activities</b>				
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 469,724,199	\$ 44,508,009	\$ 58,431,220	\$ 572,663,428
Investment Return, Net of Fees	600,949,741	22,816,595	58,332,722	682,099,058
Rental Income	—	5,522,548	7,352,350	12,874,898
Other Income	5,169,458	631,927	3,823,495	9,624,880
<b>Total Revenues, Gains and Other Support</b>	<b>1,075,843,398</b>	<b>73,479,079</b>	<b>127,939,787</b>	<b>1,277,262,264</b>
<b>EXPENSES</b>				
Program Expenses	456,253,257	33,636,528	53,472,708	543,362,493
Management and General Expenses	24,426,685	6,141,718	6,567,563	37,135,966
Fundraising Expenses	40,580,721	815,248	6,152,390	47,548,359
<b>Total Expenses</b>	<b>521,260,663</b>	<b>40,593,494</b>	<b>66,192,661</b>	<b>628,046,818</b>
<b>OTHER CHANGES IN NET ASSETS</b>	<b>—</b>	<b>—</b>	<b>1,609,512</b>	<b>1,609,512</b>
<b>CHANGE IN NET ASSETS</b>	<b>554,582,735</b>	<b>32,885,585</b>	<b>63,356,638</b>	<b>650,824,958</b>
Net Assets - Beginning of Year	4,883,759,509	213,311,345	629,913,582	5,726,984,436
<b>Net Assets - End of Year</b>	<b>\$5,438,342,244</b>	<b>\$ 246,196,930</b>	<b>\$ 693,270,220</b>	<b>\$6,377,809,394</b>

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**Notes to the Financial Statements**  
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**NOTE 11 – Other Organizations (continued)**

**A – University of Wisconsin Medical Foundation**

The University of Wisconsin Medical Foundation (UWMF) is the not-for-profit clinical practice organization for the faculty physicians of the School of Medicine and Public Health within the UW-Madison and is reported as a blended component unit of the University of Wisconsin Hospitals and Clinics Authority. The UWMF provides clinical sites, technical and professional staff, and administrative services for the UW-Madison faculty physicians group.

During fiscal year 2007-08, the Wisconsin Department of Health Services (DHS) implemented a Certified Public Expenditure (CPE) program for the services the University faculty physicians group provides to Medical Assistance (MA) recipients. Because the University faculty physicians group qualifies as a public provider, it is eligible to receive cost-based reimbursement under federal MA rules.

Under the CPE program, DHS is able to claim additional federal MA funds based upon the difference between the established MA reimbursement rate for the services provided by the UW-Madison faculty physicians group and the actual cost of providing those services. To enable the draw of these federal funds by DHS, UW-Madison remitted a total of \$12.2 million to DHS during fiscal year 2025 and \$14.8 million in fiscal year 2024, representing the state's share of this difference. DHS then claimed the federal share of the difference from the federal government and subsequently provided \$20.5 million during fiscal year 2025 and \$43.3 million during fiscal year 2024, representing both the state and federal share of the difference, to the UWMF. In addition, transfers of \$8.3 million and \$28.4 million were made by UW-Madison to the MA Trust Fund under this program during fiscal year 2025 and fiscal year 2024, respectively, reported as a transfer to state agencies on the financial statements.

During fiscal year 2025, the UWMF remitted \$20.5 million to UW-Madison as reimbursement for payments to DHS during fiscal year 2024. During fiscal year 2024, the UWMF remitted \$43.3 million to UW-Madison as reimbursement for payments to DHS during fiscal year 2023.

In addition, UW-Madison incurred expenditures for which reimbursement was received from the UWMF. Of the \$227.1 million expended in fiscal year 2025, \$209.4 million was for salaries and fringe benefits of staff in the UW-Madison School of Medicine. In fiscal year 2024, of the \$211.9 million expended, \$198.2 million was for salaries and fringe benefits of staff in the UW-Madison School of Medicine.

**B – University of Wisconsin Hospitals and Clinics Authority**

The University of Wisconsin Hospitals and Clinics Authority (UWHCA), pursuant to an act of the Wisconsin State Legislature, began operating on June 29, 1996 as a separate public authority, and is reported as a discrete component unit within the financial statements of the State of Wisconsin. As required by this legislation, the University has entered into various affiliation and operating agreements with UWHCA, including a lease agreement. Under the terms of the lease, UWHCA makes payments equal to the debt service on all outstanding bonds issued by the State of Wisconsin to acquire, construct, or improve the leased facilities. At June 30, 2025, the present value of these future lease payments totaled \$5,924, compared to \$6,581 at June 30, 2024, an amount equal to the principal on the related bonds outstanding; the asset is included on the statement of net position as part of the capital lease receivable, and the related debt is included as part of the total University bonds outstanding of \$1,408.9 million and \$1,398.8 million at June 30, 2025 and June 30, 2024, respectively. The leased facilities are not included as part of the University's investment in buildings since they have been reported by UWHCA in their audited financial statements in accordance with the generally accepted accounting principles that pertain to the reporting of leased assets.

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**NOTE 11 – Other Organizations (continued)**

During the fiscal year ended June 30, 2025, the University received services from UWHCA totaling \$5.4 million and provided services to UWHCA totaling \$67.1 million, compared to amounts for fiscal year ended June 30, 2024 of \$5.2 million and \$56.3 million. The cost of the services provided and the associated revenue are separately identified in the Statement of Revenues, Expenses, and Changes in Net Position. The amounts spent for services received are included as salaries and fringe benefits and supplies and services expenses on this statement. The services received were funded by an equivalent amount of state appropriations revenue.

**C – The Wisconsin Institutes for Discovery**

The Wisconsin Institutes for Discovery, which opened in December 2010, is a visionary public-private facility that has taken shape as an innovative building housing two world-class biomedical research institutes and a public space known as the Town Center for campus and community members to gather and collaborate. The public institute, the Wisconsin Institute for Discovery, is organized under the UW-Madison Graduate School. The private portion of the facility is owned by the Wisconsin Alumni Research Foundation (WARF), which is an independent, nonprofit foundation chartered to support research at UW-Madison and the designated technology transfer organization for the university. The facility was originally undertaken with \$50.0 million in State of Wisconsin and University funding, \$110.0 million contributed by WARF, and a \$50.0 million donation from a private donor. The Morgridge Institute for Research, an independent IRC 501(c)(3) medical research organization, occupies the majority of the WARF-owned portion of the building.

The Wisconsin Institutes for Discovery facility is a 300,000 square foot building located at 330 North Orchard Street in Madison, Wisconsin. Since the University initially owned all of this land, the University and WARF became parties to a Real Property Exchange Agreement dated January 19, 2007. Under the terms of the Exchange Agreement, the University agreed to convey to WARF a portion of this land, and WARF agreed to convey to the University properties of equal value as defined in the agreement. In fiscal years 2008-09 and 2010-11, the University recorded \$4.3 million and \$7.7 million, respectively, as Land and Capital Contributions for the fair market value of the properties WARF has conveyed to the Universities of Wisconsin under this agreement. The remainder of the property was transferred to the Board of Regents of the University in November 2016. As such, The Wisconsin Institutes for Discovery does not meet the criteria of a component unit of the University.

The Wisconsin Institutes for Discovery is operated as a condominium. University and WARF are the members of The Wisconsin Institutes for Discovery Condominium Association, Inc. (Association), as set forth in the Condominium Declaration dated September 25, 2009. Ownership of the facility has been determined to be 30% University and 70% WARF. Of the total capitalized cost, the University capitalized \$60.1 million as Buildings, and the remaining amount was capitalized by WARF. Under the terms of the Condominium Declaration, the Association contracts with WARF for purposes of the management and operation of the property. The parties also entered into an Operating and Services Agreement that sets forth the mutually agreed upon specifics of such management and operation.

**D – La Crosse Medical Health Science Education Research Center**

On June 6, 1997, the Board of Regents entered into a Use Agreement with The La Crosse Medical Health Science Consortium, Inc. (The Consortium), a Wisconsin non-stock corporation tax exempt under IRC 501(c)(3) with offices at 1725 State Street, La Crosse, Wisconsin. As such, The Consortium does not meet the criteria of a component unit of the University.

The Use Agreement makes available the exclusive use of the La Crosse Medical Health Science Education Research Center to The Consortium. As required by this Use Agreement, the University has entered into various operating agreements with The Consortium, including a lease agreement. Under the terms of the lease, The Consortium made payments equal to the debt service on all

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**NOTE 11 – Other Organizations (continued)**

outstanding bonds issued by the State of Wisconsin to acquire, construct, or improve the leased facilities. All lease payments were made as of June 30, 2020 and all obligations satisfied. The leased facilities are not included as part of the University's investment in buildings since they have been reported by The Consortium in their audited financial statements in accordance with the generally accepted accounting principles that pertain to the reporting of leased assets.

During the fiscal years ended June 30, 2025 and 2024, the University provided services and rent to The Consortium totaling \$0.7 million and \$0.7 million, respectively. The cost of the services provided, and the associated revenue are included in the Statement of Revenues, Expenses, and Changes in Net Position. The amounts spent for services received are included as salaries and fringe benefits and supplies and services expenses on this statement. The services received were funded by an equivalent amount of revenue from state appropriations.

**E – Funds Held In Trust by Others**

Funds held in trust by others are endowment funds held by trustees outside of the University Trust Funds for the benefit of the University. The market value of these funds amounted to \$174.9 million at June 30, 2025, compared with \$173.4 million at June 30, 2024. During fiscal year 2025, \$1.4 million of these funds was made available by the trustees for spending. In fiscal year 2024, \$1.3 million of these funds was made available by the trustees for spending.

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**NOTE 12 – Operating Expenses by Functional Classification**

Operating expenses by functional classification for the fiscal year ended June 30, 2025:

	<b>Salary and Fringe Benefits</b>	<b>Scholarships and Fellowships</b>	<b>Supplies and Services</b>	<b>Other</b>	<b>Depreciation and Amortization</b>	<b>Total</b>
Instruction	\$ 1,668,613,933	\$ 1,962,860	\$ 172,890,632	\$ (3,255,128)	\$ —	\$ 1,840,212,297
Research	1,007,858,400	5,492,838	401,151,264	2,640,060	—	1,417,142,562
Public Service	281,751,330	665,510	164,257,018	7,681,583	—	454,355,441
Academic Support	418,308,010	1,050,694	93,762,763	(799,910)	—	512,321,557
Student Services	419,050,818	838,070	231,619,496	(3,031,654)	—	648,476,730
Institutional Support	363,933,194	3,202,741	3,126,536	52,576,079	—	422,838,550
Operation/Maintenance	208,325,952	—	198,928,253	858,671	—	408,112,876
Financial Aid	124,744,922	239,134,647	643,217	(1,082,923)	—	363,439,863
Auxiliary Enterprises	137,208,839	40,384	246,222,184	(6,740,481)	—	376,730,926
Other Functions	16,960,877	(62,569,515)	63,312,642	(41,315,269)	—	(23,611,265)
Depreciation and Amortization	—	—	—	—	466,784,317	466,784,317
<b>Total Operating Expenses</b>	<b>\$ 4,646,756,275</b>	<b>\$ 189,818,229</b>	<b>\$ 1,575,914,005</b>	<b>\$ 7,531,028</b>	<b>\$ 466,784,317</b>	<b>\$ 6,886,803,854</b>

Operating expenses totaled \$6.9 billion. Salary and fringe benefits; scholarships and fellowships; and supplies and services and other expenses constituted 67.5%, 2.8%, and 22.9% of total operating expenses, respectively. Depreciation and amortization comprised \$466.8 million or 6.8% of total operating expenses.

Operating expenses by functional classification for the fiscal year ended June 30, 2024:

	<b>Salary and Fringe Benefits</b>	<b>Scholarships and Fellowships</b>	<b>Supplies and Services</b>	<b>Other</b>	<b>Depreciation and Amortization</b>	<b>Total</b>
Instruction	\$ 1,403,045,508	\$ 1,382,540	\$ 155,470,257	\$ 7,884,108	\$ —	\$ 1,567,782,413
Research	954,291,684	4,396,886	399,652,080	3,732,411	—	1,362,073,061
Public Service	261,996,762	653,360	161,525,700	15,713,468	—	439,889,290
Academic Support	388,643,281	339,260	68,150,509	560,023	—	457,693,073
Student Services	405,519,094	687,919	227,127,579	4,382,657	—	637,717,249
Institutional Support	342,797,389	20,779	282,093	93,060	—	343,193,321
Operation/Maintenance	202,981,977	(18,284)	196,241,372	1,050,133	—	400,255,198
Financial Aid	125,310,971	198,866,936	997,951	1,639,610	—	326,815,468
Auxiliary Enterprises	133,523,251	4,816	245,439,846	6,677,451	—	385,645,364
Other Functions	8,569,318	(686,247)	58,916,159	6,235	—	66,805,465
Depreciation and Amortization	—	—	—	—	475,888,040	475,888,040
<b>Total Operating Expenses</b>	<b>\$ 4,226,679,235</b>	<b>\$ 205,647,965</b>	<b>\$ 1,513,803,546</b>	<b>\$ 41,739,156</b>	<b>\$ 475,888,040</b>	<b>\$ 6,463,757,942</b>

Operating expenses totaled \$6.5 billion. Salary and fringe benefits; scholarships and fellowships; and supplies and services and other expenses constituted 65.4%, 3.2%, and 24.0% of total operating expenses, respectively. Depreciation and amortization comprised \$475.9 million or 7.4% of total operating expenses.

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 13 – Classification of Net Position**

Net Position is reported in the following categories: Net Investment in Capital Assets, Restricted - Nonexpendable, Restricted - Expendable, and Unrestricted.

Net Investment in Capital Assets includes assets, such as buildings, construction in progress, and equipment, that are reported net of related debt. Restricted funds are those that have externally-imposed stipulations. Restricted - Nonexpendable funds are those that must be permanently maintained, such as permanent endowments. Restricted - Expendable includes balances such as those for quasi-endowments; segregated fees; student loans; federal aid; and gifts, grants, and contracts. These funds are expendable subject to actions of the University that are pursuant to stipulations or may become expendable by the passage of time. Unrestricted funds are those that are not subject to external stipulations. However, most of the unrestricted funds have been identified for academic and research programs and initiatives, and capital programs.



**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
**Years Ended June 30, 2025 and 2024**

**NOTE 13 – Classification of Net Position (continued)**

The amounts within each category at June 30, 2025 and June 30, 2024 are as follows:

	<b>2025</b>	<b>2024</b>
Net Investment in Capital Assets	\$4,556,703,346	\$4,270,453,360
Restricted - Nonexpendable Permanent Endowment	272,901,349	255,663,612
Restricted - Expendable		
Restricted for Pensions	—	—
Restricted for Other Postemployment Benefits	—	27,350,874
Restricted Endowment Earnings	1,196,181	1,133,796
Restricted Donor Investments	344,734,226	331,263,472
Auxiliary Operations - Segregated Fees	92,520,776	89,085,858
Restricted for Student Loans		
Federal Aid	15,064,362	15,013,988
Gifts	93,896,438	79,800,385
Endowment Funds	57,874,192	40,568,656
Subtotal	166,834,992	135,383,029
Restricted - Other		
Federal Aid	57,693,934	88,851,540
Gifts and Nonfederal Grants & Contracts	364,902,294	354,617,961
Construction Fund	309,017,474	318,265,364
Segregated Revenue	3,046,649	1,922,349
All Other Restricted Program Revenue	4,467,888	3,208,793
Subtotal	739,128,239	766,866,007
Total Restricted - Expendable	1,344,414,414	1,351,083,036
Unrestricted		
Tuition (Academic & Extension Student Fees)	173,722,949	132,318,857
General Operations	192,283,707	200,070,650
Auxiliary Operations (Non-Segregated Fee)	259,085,113	219,482,758
Indirect Cost Reimbursement	215,242,253	265,375,274
Quasi-Endowment Funds	52,642,304	53,417,606
Unrestricted Donor Investments	21,645,623	34,680,093
All Other Unrestricted Program Revenue	36,637,099	22,783,335
Gifts and Nonfederal Grants & Contracts <sup>^</sup>	121,314,610	78,451,477
Federal Aid <sup>^</sup>	(70,909,659)	(53,279,560)
All Other Non-Program Revenue <sup>*</sup>	(202,375,486)	(107,116,508)
Total Unrestricted	799,288,513	846,183,982
Total Net Position	<u>\$6,973,307,622</u>	<u>\$6,723,383,990</u>

<sup>^</sup> Funds are typically collected on a reimbursement basis which could result in a negative balance at year end.

<sup>\*</sup> The negative balance results primarily from an accumulating effect of accrual entries on General Purpose Revenue and Segregated Revenue funds.

**UNIVERSITIES OF WISCONSIN**  
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**NOTE 13 – Classification of Net Position (continued)**

The following table shows reclassifications which are done to conform to reporting requirements related to the State of Wisconsin's ACFR. As a reporting entity, the University cannot exercise total discretion over the use of net position of segregated fee auxiliary operations because of statutory mandates; however, they do have discretion in the use of the net position of quasi-endowments reported as unrestricted.

ACFR reclassifications as of June 30, 2025 (in millions):

	<b>Universities of Wisconsin</b>	<b>Auxiliary Operations</b>	<b>Endowments</b>	<b>Student Loans</b>	<b>State of Wisconsin ACFR</b>
Net Investment in Capital Assets	\$ 4,556.7	\$ —	\$ —	\$ —	\$ 4,556.7
Restricted for					
OPEB	—	—	—	—	—
Nonexpendable	272.9	—	—	—	272.9
Expendable	438.5	(92.5)	52.6	—	398.6
Student Loans	166.8	—	—	(166.8)	—
Other	739.1	—	—	166.8	905.9
Unrestricted	799.3	92.5	(52.6)	—	839.2
Total Net Position	<u>\$ 6,973.3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,973.3</u>

ACFR reclassifications, restated, as of June 30, 2024 (in millions):

	<b>Universities of Wisconsin</b>	<b>Auxiliary Operations</b>	<b>Endowments</b>	<b>Student Loans</b>	<b>State of Wisconsin ACFR</b>
Net Investment in Capital Assets	\$ 4,270.5	\$ —	\$ —	\$ —	\$ 4,270.5
Restricted for					
OPEB	27.4	—	—	—	27.4
Nonexpendable	255.7	—	—	—	255.7
Expendable	421.5	(89.1)	53.4	—	385.8
Student Loans	135.4	—	—	(135.4)	—
Other	766.9	—	—	135.4	902.3
Unrestricted	846.2	89.1	(53.4)	—	881.9
Total Net Position	<u>\$ 6,723.6</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6,723.6</u>

**UNIVERSITIES OF WISCONSIN**  
**Notes to the Financial Statements**  
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**NOTE 14 – Prior Period Adjustments and Other Restatements**

Neither the June 30, 2025 nor the June 30, 2024 Statement of Net Position include a prior period adjustment or other restatement.

**NOTE 15 – Contingent Liabilities**

The Universities of Wisconsin is covered by the State of Wisconsin's self-funded program with settlements or judgments paid from the State Risk Management Fund. Loss experience is charged back to the individual University of Wisconsin public universities in subsequent years based on exposure and experience with caps in place for large losses.

The Universities of Wisconsin is party in a number of legal actions. While final resolutions have not yet been determined, management is of the opinion that any liabilities resulting from these actions will not have a material adverse effect on the Universities of Wisconsin's financial position.

**NOTE 16 – Subsequent Events**

In August 2025, the State of Wisconsin issued \$263.5 million of 2025 Series B general obligation notes to be used for the acquisition, construction, development, extension, enlargement or improvement of land, water, property, highways, buildings, equipment or facilities for public purposes. The interest rates associated with these bonds were set at 5.0 percent payable semiannually beginning November 1, 2025. The bonds mature annually May 1, 2027 through and including May 1, 2036. In addition, the bonds maturing May 1, 2036 were structured as a balloon maturity and are expected to be funded to the original planned amortization of May 1, 2036 through and including May 1, 2046. The total par amount of the 2025 Series B bonds that was issued for University of Wisconsin purposes is \$138.3 million.



*Years Ended June 30, 2025 and 2024*

## REQUIRED SUPPLEMENTARY INFORMATION

**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
**Notes to Required Supplementary Information**  
**Years Ended June 30, 2025 and 2024**

**Universities of Wisconsin's Proportionate Share of the Net Pension Liability (Asset)**  
Wisconsin Retirement System

The University's proportionate share of the net pension liability (NPL) or net pension (asset) (NPA) of the Wisconsin Retirement System is provided below:

<b>Fiscal Year*</b>	<b>Proportion of the NPL (NPA)</b>	<b>Proportionate Share of the NPL (NPA)</b>	<b>Covered Payroll</b>	<b>Proportionate Share as a Percentage of Covered Payroll</b>	<b>WRS' Net Position as a Percentage of the Total Pension Liability</b>
2025	13.23%	\$217,430,738	\$2,750,363,877	7.91%	98.79%
2024	13.45%	\$200,033,237	\$2,590,291,129	7.72%	98.85%
2023	13.40%	\$709,734,328	\$2,385,255,376	29.76%	95.72%
2022	13.46%	\$(1,085,067,412)	\$2,353,339,815	(46.11)%	106.02%
2021	13.32%	\$(831,629,182)	\$2,197,452,793	(37.85)%	105.26%
2020	13.35%	\$(430,532,171)	\$2,141,382,732	(20.11)%	102.96%
2019	13.34%	\$474,419,425	\$2,034,643,431	23.32%	96.54%
2018	13.44%	\$(399,079,716)	\$1,967,891,964	(20.28)%	102.93%
2017	13.54%	\$112,698,659	\$1,929,105,545	5.79%	99.10%
2016	13.59%	\$220,459,696	\$1,924,520,818	11.47%	98.20%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**Universities of Wisconsin's Pension Contributions**  
Wisconsin Retirement System

The University's pension contributions to the Wisconsin Retirement System are provided below:

<b>Fiscal Year*</b>	<b>Contractually Required Contributions</b>	<b>Contributions Made</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions Made as a Percentage of Covered Payroll</b>
2025	\$191,281,744	\$191,281,744	\$—	\$2,750,363,877	6.95%
2024	\$177,390,835	\$177,390,835	\$—	\$2,590,291,129	6.85%
2023	\$156,086,421	\$156,086,421	\$—	\$2,385,255,376	6.54%
2022	\$159,624,608	\$159,624,608	\$—	\$2,353,339,815	6.78%
2021	\$149,158,680	\$149,158,680	\$—	\$2,197,452,793	6.79%
2020	\$140,901,540	\$140,901,540	\$—	\$2,141,382,732	6.58%
2019	\$136,968,134	\$136,968,134	\$—	\$2,034,643,431	6.73%
2018	\$134,517,079	\$134,517,079	\$—	\$1,967,891,964	6.84%
2017	\$127,760,738	\$127,760,738	\$—	\$1,929,105,545	6.62%
2016	\$131,542,672	\$131,542,672	\$—	\$1,924,520,818	6.84%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
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**Years Ended June 30, 2025 and 2024**

**Notes to Required Supplementary Information for the Year Ended June 30, 2025**

Wisconsin Retirement System (continued)

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes in assumptions.*

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
**Notes to Required Supplementary Information**  
**Years Ended June 30, 2025 and 2024**

**Universities of Wisconsin's Proportionate Share of the OPEB Liability**  
Retiree Life Insurance Fund

The University's proportionate share of the OPEB liability is provided below:

<b>Fiscal Year*</b>	<b>Proportion of the OPEB Liability</b>	<b>Proportionate Share of the OPEB Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2025	41.49%	\$294,248,171	\$1,593,650,000	18.5%	27.77%
2024	42.66%	\$340,042,589	\$1,505,841,000	22.6%	26.53%
2023	42.06%	\$277,464,847	\$1,414,648,000	19.6%	31.49%
2022	41.42%	\$392,540,881	\$1,307,842,000	30.0%	25.22%
2021	41.96%	\$363,828,903	\$1,296,225,000	28.1%	27.80%
2020	42.09%	\$287,530,560	\$1,253,058,000	23.0%	33.75%
2019	41.83%	\$180,490,611	\$1,205,222,000	15.0%	44.36%
2018	41.42%	\$204,440,597	\$1,318,898,190	15.5%	41.63%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

**Universities of Wisconsin's OPEB Contributions**  
Retiree Life Insurance Fund

The University's OPEB contributions are provided below:

<b>Fiscal Year*</b>	<b>Contractually Required Contributions</b>	<b>Contributions Made</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions Made as a Percentage of Covered Payroll</b>
2025	\$916,725	\$916,725	\$—	\$1,593,650,000	0.06%
2024	\$831,137	\$831,137	\$—	\$1,505,841,000	0.06%
2023	\$747,217	\$747,217	\$—	\$1,414,648,000	0.05%
2022	\$691,619	\$691,619	\$—	\$1,307,842,000	0.05%
2021	\$644,090	\$644,090	\$—	\$1,296,225,000	0.05%
2020	\$483,771	\$483,771	\$—	\$1,253,058,000	0.04%
2019	\$580,265	\$580,265	\$—	\$1,205,222,000	0.05%
2018	\$552,145	\$552,145	\$—	\$1,318,898,190	0.04%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.



**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
**Notes to Required Supplementary Information**  
**Years Ended June 30, 2025 and 2024**

**Notes Notes to Required Supplementary Information for the Year Ended June 30, 2025**

Retiree Life Insurance Fund (continued)

*Changes of benefit terms.* There were no recent changes of benefit terms.

*Changes in assumptions.* In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
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**Universities of Wisconsin's Proportionate Share of the OPEB Liability**  
Retiree Health Insurance Plan

The University's proportionate share of the OPEB liability is provided below:

<b>Fiscal Year*</b>	<b>Proportion of the OPEB Liability</b>	<b>Proportionate Share of the OPEB Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share as a Percentage of Covered Payroll</b>
2025	44.67%	\$374,577,573	\$2,039,015,825	18.4%
2024	45.01%	\$361,156,639	\$1,979,627,014	18.2%
2023	44.56%	\$319,554,275	\$1,814,298,170	17.6%
2022	44.42%	\$316,651,203	\$1,761,454,534	18.0%
2021	44.78%	\$287,515,221	\$1,780,579,173	16.1%
2020	44.37%	\$302,798,250	\$1,725,367,417	17.6%
2019	43.95%	\$237,204,014	\$1,622,101,587	14.6%
2018	43.89%	\$315,687,625	\$1,577,063,898	20.0%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

**Universities of Wisconsin's OPEB Contributions**  
Retiree Health Insurance Plan

The University's OPEB contributions are provided below:

<b>Fiscal Year*</b>	<b>Contractually Required Contributions</b>	<b>Contributions Made</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions Made as a Percentage of Covered Payroll</b>
2025	\$551,081,616	\$551,081,616	\$—	\$2,039,015,825	27.0%
2024	\$501,895,900	\$501,895,900	\$—	\$1,979,627,014	25.4%
2023	\$478,523,132	\$478,523,132	\$—	\$1,814,298,170	26.4%
2022	\$471,298,165	\$471,298,165	\$—	\$1,761,454,534	26.8%
2021	\$457,551,942	\$457,551,942	\$—	\$1,780,579,173	25.7%
2020	\$437,853,488	\$437,853,488	\$—	\$1,725,367,417	25.4%
2019	\$435,919,184	\$435,919,184	\$—	\$1,622,101,587	26.9%
2018	\$433,914,171	\$433,914,171	\$—	\$1,577,063,898	27.5%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2018 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2027.

**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
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**Notes to Required Supplementary Information for the Year Ended June 30, 2025**

Retiree Health Insurance Plan

*Changes of benefit terms.* There were no changes of benefit terms.

*Changes in assumptions.*

Changes Effective June 30, 2024

The healthcare and contribution trend rates were updated to reflect recent experience and known premium rates.

The effective discount rate for June 30, 2024, was 3.93%. The effective discount rate as of June 30, 2023 was 3.65%.

Active retiree participation rates for eligible retirees were changed from 60% immediately upon retirement with 1% per year of the active deferrals choosing to be covered over the next 5 years to 70% immediately upon retirement with an additional 1% per year of the active deferrals choosing to be covered over the next 5 years.

Deferred vested participation rates were changed from 5% per year for 8 years to 10% for the first year, decreasing by 1% for the following three years, followed by 5% for 4 years.

An experience study was completed for the Wisconsin Retirement System in 2024 based on data for the period 2021-2023. Updates were made to termination rates before retirement, disability rates, retirement rates and salary scale rates based on the results of this study.

Changes Effective June 30, 2023

Retiree contribution and associated trend rates were updated to reflect recent experience and known premium rates.

Healthcare claims costs, administrative expenses and trend rates were updated to reflect recent experience and known premium rates.

The effective discount rate for June 30, 2023, was 3.65%. The effective discount rate as of June 30, 2022 was 3.54%.

The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired) from the actuary's claims data warehouse.

Changes Effective June 30, 2022

Healthcare trend rates were updated to reflect recent experience and known premium rates.

The effective discount rate for June 30, 2022, was 3.54%. The effective discount rate as of June 30, 2021 was 2.16%.

Changes Effective June 30, 2021

Healthcare claims costs and trend were updated based on most recent modeling.

Active retiree participation rates for eligible retirees were changed from 80% immediately upon retirement with 2.5% per year of the active deferrals choosing to be covered for 8 years to 60% immediately upon retirement with an additional 1% per year of the active deferrals choosing to be covered over the next 5 years.

Deferred vested participation rates were changed from 12.5% per year for 8 years to 5% per year for 8 years.

**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
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**Years Ended June 30, 2025 and 2024**

**Notes to Required Supplementary Information for the Year Ended June 30, 2025**

Retiree Health Insurance Plan (continued)

Retiree health participation lapse rates changed from 10% to 5%.

The marital assumptions for future retirees were changed from being based on the participants current healthcare tier status in the active population to assuming 60% of future retirees elected to cover a spouse.

The effective discount rate was changed to 2.16% for the June 30, 2021 measurement from 2.21% for the June 30, 2020 measurement.

The inflation, retirement, termination, disability, husband to wife age relationship, and mortality rates were changed in conjunction with the 2018-2020 pension assumption study completed by GRS in 2021.

Changes Effective June 30, 2020

Healthcare claims costs and trend were updated based on most recent modeling.

The discount rate was changed to 2.21% for the June 30, 2020 measurement from 3.50% for the June 30, 2019 measurement.

Changes Effective June 30, 2019

Healthcare claims costs and trend were updated based on most recent modeling.

Administrative expenses no longer include costs associated with the administration of medical and prescription claims. These costs are now reflected in the respective per capita healthcare costs, as they are built into the premium rates used to develop these costs.

The discount rate was changed to 3.50% for the June 30, 2019 measurement from 3.87% for the June 30, 2018 measurement.

The excise tax on high cost health plans was repealed effective December 20, 2019 and as such has been removed from this valuation.

Changes Effective June 30, 2018

The discount rate was changed to 3.87% for the June 30, 2018 measurement from 3.58% for the June 30, 2017 measurement.

The participation rates changed. The Participation rate was previously 85%, and was changed to 80% immediate commencement, with 12.5% of the deferred participants electing coverage each year for eight years, based on the Segal study completed in July 2019.

Lapse rates were added. In this valuation we are assuming 10% of participants that are covered lapse coverage each year, based on the Segal study completed in July 2019.

The inflation, salary scale, retirement, termination, disability and mortality rates were changed in conjunction with the 2015-2017 pension assumption study completed by GRS in 2018.

No assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75 to pay related benefits.

**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
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**Years Ended June 30, 2025 and 2024**

**Universities of Wisconsin's Proportionate Share of the OPEB Liability (Asset)**  
Supplemental Health Insurance Conversion Credit Program

The University's proportionate share of the OPEB liability or (asset) is provided below:

<b>Fiscal Year*</b>	<b>Proportion of the OPEB Liability (Asset)</b>	<b>Proportionate Share of the OPEB Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</b>
2025	42.31%	\$6,326,793	\$2,750,363,877	0.2%	98.9%
2024	43.59%	\$(27,350,874)	\$2,590,291,129	(1.1)%	105.4%
2023	43.90%	\$(45,140,684)	\$2,385,255,376	(1.9)%	109.8%
2022	45.09%	\$(148,325,679)	\$2,353,339,815	(6.3)%	131.6%
2021	43.73%	\$(124,539,601)	\$2,197,452,793	(5.7)%	130.8%
2020	44.72%	\$(67,871,882)	\$2,141,382,732	(3.2)%	116.3%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2020 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2029.

**Universities of Wisconsin's OPEB Contributions**  
Supplemental Health Insurance Conversion Credit Program

The University's OPEB contributions are provided below:

<b>Fiscal Year*</b>	<b>Contractually Required Contributions</b>	<b>Contributions Made</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions Made as a Percentage of Covered Payroll</b>
2025	\$5,503,289	\$5,503,289	\$—	\$2,750,363,877	0.2%
2024	\$5,182,528	\$5,182,528	\$—	\$2,590,291,129	0.2%
2023	\$2,387,366	\$2,387,366	\$—	\$2,385,255,376	0.1%
2022	\$7,059,851	\$7,059,851	\$—	\$2,353,339,815	0.3%
2021	\$6,595,006	\$6,595,006	\$—	\$2,197,452,793	0.3%
2020	\$6,425,910	\$6,425,910	\$—	\$2,141,382,732	0.3%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

GASB standards require the presentation of 10 years of information. Because fiscal year 2020 was the first year for reporting this information, a full 10-year schedule will not be available until fiscal year 2029.

**UNIVERSITIES OF WISCONSIN**  
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**Notes to Required Supplementary Information**  
**Years Ended June 30, 2025 and 2024**

**Notes to Required Supplementary Information for the Year Ended June 30, 2025**  
Supplemental Health Insurance Conversion Credit Program (continued)

*Changes of benefit terms.* There were no recent changes in benefit terms.

*Changes of assumptions.* Based upon experience studies conducted in 2024 on the WRS and Wisconsin Sick Leave Conversion Credit programs that covered a three-year period from January 1, 2021 through December 31, 2023, the ETF Board adopted assumption changes that were used to measure the total OPEB liability, beginning with the year-end December 31, 2024, including the following:

- The healthcare cost trend rate was changed from an increase of 6.0% for the first year and declining each future year to an ultimate trend rate of 3.5% over a 12 year period to 6.5% for the first year and declining each future year to an ultimate trend rate of 4.5% over a 10 year period.
- The escrowed benefit usage assumption decreased from 50% to 45% of escrowed members will at some point begin using their sick leave balance to pay for health care costs. The present value of future benefits will be calculated by drawing down each member's account balance using the same average premiums applicable to active members and a 45% factor applied to the present value to account for the 45% escrowed benefit usage assumption.
- The sick leave accumulation continues to assume each individual is using sick leave at their same rate as in the past (earned less used), but not more than 75% of their annual gross accrual rate based on the person's employer. The member can accrue at most 100% of their gross accrual rate but not less than 25% of their gross accrual rate. The assumed annual gross accrual rates range from 6.5 to 16.25 days depending on the employer.

Based upon a three year experience study conducted in 2021 on the WRS and Wisconsin Sick Leave Conversion Credit programs that covered a three-year period from January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total OPEB liability, beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table
- The healthcare cost trend rate was changed from an increase of 3.0% in each future year to 6.0% for the 1st year and declining each future year to an ultimate trend rate of 3.5% over a 12 year period
- Health care premium assumptions were changed to reflect 1-person and 2-person coverage for non Medicare and Medicare along with an election percentage assumption of 50%. Previously, the average non Medicare and Medicare premiums were based on active annuitant data with a 10% increase applied to the average premium
- The escrowed benefit usage assumes 50% of escrowed members will at some point begin using their sick leave balance to pay for health care costs. The present value of future benefits is now calculated by drawing down each member's account balance using the same average premiums applicable to active members and a 50% factor applied to the present value to account for the 50% escrowed benefit usage assumption. Previously, the present value of future benefits was calculated by taking the balance on deposit for escrowed annuitants multiplied by the ratio of the present value of future benefits for active status annuitants to the balance on deposit for active status annuitants multiplied by 50%

**UNIVERSITIES OF WISCONSIN**  
**Required Supplementary Information and**  
**Notes to Required Supplementary Information**  
**Years Ended June 30, 2025 and 2024**

**Notes to Required Supplementary Information for the Year Ended June 30, 2025**

Supplemental Health Insurance Conversion Credit Program (continued)

- The sick leave accumulation assumes each individual is at their same rate as in the past(earned less used), but not more than 100% of the gross earned rate based on the person's employer and not less than 25% of their gross earned rate. The assumed annual gross earned rates range from 6.4 to 16.25 days depending on the employer. Previously, each individual was assumed to continue using sick leave at the same rate as in the past but not less than 25% nor more than 75% of the person's annual accrual rate (usually 16.25 days)

Based upon a three year experience study conducted in 2018 that covered a three-year period from January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total OPEB liability, beginning with the year-end December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table
- The healthcare cost trend rate was changed from an increase of 3.2% in each future year to 3.0%



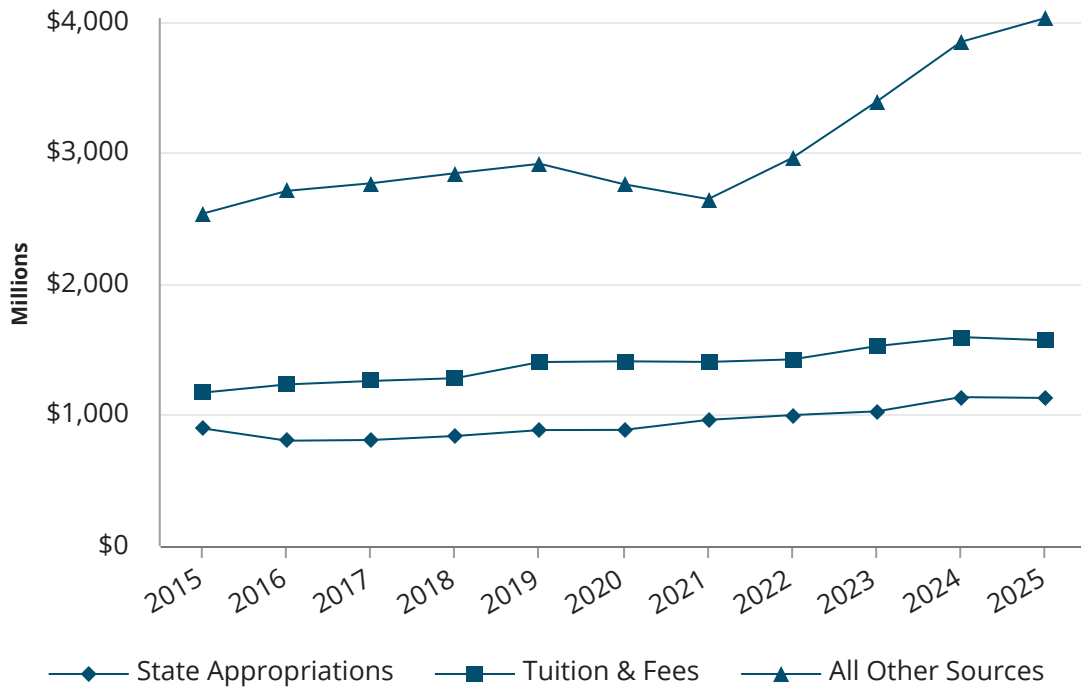
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*Years Ended June 30, 2025 and 2024*

## SUPPLEMENTAL INFORMATION

**CHART 1**  
**COMPARISON OF CURRENT FUNDS REVENUES**  
**2015 - 2025**



**CHART 2**  
**COMPARISON OF CURRENT FUNDS REVENUES**  
**ADJUSTED FOR INFLATION**  
**2015 - 2025**

