Financial Statements

for

MURRAY STATE UNIVERSITY
A COMPONENT UNIT OF THE
COMMONWEALTH OF KENTUCKY

For the Year Ended June 30, 2025
with Independent Auditor's Report

CONTENTS

DEANDORTON

Independent Auditor's Report

Members of the Board of Regents
Murray State University
Murray, Kentucky

Secretary of Finance and
Administration Cabinet of the
Commonwealth of Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Murray State University (the University) as of and for the year ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the University as of June 30, 2025 and 2024, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the 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 3–23 and the pension and other post-employment benefits (OPEB) supplementary information on pages 83 - 94 be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2025 on our consideration of Murray State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Dean Dorton Allen Ford, PLLC

Louisville, Kentucky
October 3, 2025

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Management's Discussion and Analysis

June 30, 2025

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Murray State University (University) for the year ended June 30, 2025. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section. The financial statements and related notes and this discussion and analysis are the responsibility of management.

Founded in 1922, Murray State University is a comprehensive public institution of higher learning located in western Kentucky and primarily serves students in Kentucky, Illinois, Missouri, Tennessee and Indiana. The University is located in Murray, Kentucky and has study centers in four other cities where it offers a diverse range of degree programs from associate to doctoral levels, is composed of four academic colleges and three schools and enrolls students in 116 of the 120 counties within the Commonwealth of Kentucky, 49 states and 59 countries. The University contributes to the region and state through related research and public service programs. The University is a Division I member of the NCAA and a current member of the Missouri Valley Conference and Missouri Valley Football Conference. The University serves as a residential, regional university offering core programs in the liberal arts, humanities, sciences and selected high-quality professional programs for approximately 10,000 students. For the 2025-26 academic year, tuition and mandatory fees increased $210 per semester for full time resident undergraduate students.

Murray State University consistently ranks among the nation's top universities and has been recognized for both quality and value. *U.S. News & World Report* has recognized the University among the top schools in the country for more than 30 consecutive years. As part of the publication's most recent Best Colleges list, Murray State ranked as the top Kentucky public regional comprehensive institution in the South in categories including "Regional Universities", "Top Public Schools", "Best Value Schools" and "Best Colleges for Veterans." In fact, Murray State earned the #1 Best Value School designation in the South region.

Murray State has been recognized nationally within the past year by the following publications as well:

Washington Monthly – "Best Bang for the Buck"
Wall Street Journal – "Best Colleges in the United States"
Niche – "Best Colleges in Kentucky"
Colleges of Distinction – "2024-25 Best College"
Member of the FirstGen – "Forward Network"
Military Friendly - "2024-25 Military Friendly School"

Financial Highlights

- The University follows Governmental Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions —an amendment of GASB Statement No. 27* and GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB).* The effects of GASB Statement Nos. 68 and 75 are summarized in the following table. It is important to note that the implementation of these standards have no effect on past or current cash or cash equivalents.

	2025	2024	2023
Beginning net position, no pension/OPEB adjustment	$ 349,144,861	$ 340,190,647	$ 345,448,892
Change in net position, no pension/OPEB adjustment	30,174,896	8,954,214	(5,258,245)
Ending net position before pension/OPEB adjustment	379,319,757	349,144,861	340,190,647
Pension beginning adjustment	(148,505,584)	(159,585,841)	(177,456,836)
Pension revenue/(expense) adjustment	2,822,800	5,063,275	14,333,215
OPEB revenue/(expense) adjustment	5,086,106	6,016,982	3,537,780
Total pension/OPEB adjustments	(140,596,678)	(148,505,584)	(159,585,841)
Net position after pension/OPEB adjustments	$ 238,723,079	$ 200,639,277	$ 180,604,806

- The University implemented GASB Statement No. 87 - *Leases* in fiscal year 2022. This standard requires reporting changes for both lessee and lessor transactions. The implementation of this standard had the following effect on the Statement of Net Position:

	2025	2024	2023
Leases receivable	$ 691,829	$ 1,017,508	$ 814,643
Leased assets	5,084,598	5,251,067	3,468,177
Less accumulated amortization	(1,606,554)	(1,283,822)	(1,049,918)
	4,169,873	4,984,753	3,232,902
Leases payable	2,033,309	2,562,506	1,181,464
Deferred inflows related to leases	472,621	789,170	580,863
Adjustment to Net Position	$ 1,663,943	$ 1,633,077	$ 1,470,575

- The University implemented GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements (SBITAs)* in fiscal year 2023 with a retroactive restatement of the financial statements for fiscal year 2022. The implementation of this standard had the following effect on the Statement of Net Position:

	2025	2024	2023
SBITA Assets	$ 5,215,168	$ 6,892,183	$ 6,958,855
Less accumulated amortization	(3,169,609)	(3,965,454)	(3,076,150)
	2,045,559	2,926,729	3,882,705
SBITAs payable	859,036	2,209,133	3,185,290
Adjustment to Net Position	$ 1,186,523	$ 717,596	$ 697,415

- In fiscal year 2025 the University had assets of $491.1 million, deferred outflows of $24.5 million, liabilities of $253.4 million and deferred inflows of $20.6 million. Net position, which represents the University's residual interest in assets and deferred outflows after liabilities and deferred inflows are deducted, was $242 million or 47 percent of total assets and deferred outflows. Net position increased by $38.6 million from fiscal year 2024 to 2025. This increase in net position is primarily the result of $7.9 million related to pension/OPEB adjustments including revenue, expenses, deferred inflows, deferred outflows, and pension liability. Additional contributing factors were a $19.5 million increase in state capital appropriation revenue related to State Asset Preservation projects and the School of Nursing Building, a $2.0 million increase in grant revenue related to student financial aid and a $2.8 million increase in state appropriations. Details to the changes are presented throughout the MD&A.

- Fiscal operations were in accordance with the annual operating budget of approximately $173 million. The University continued to be a strong employer for the regions and employed 2,763 individuals, including 544 faculty and 658 staff members and 1,561 students. Theses totals include 1,071 regular and full-time faculty and staff.

- Total originally enacted operating state appropriations for fiscal year 2025 increased by $2.8 million. This increase was primarily due to factors related to performance funding, property insurance supplement, inflationary adjustment, debt service and pension adjustment funded by the Commonwealth of Kentucky.

- The University invests most of its endowment funds with the Murray State University Foundation, Inc. (Foundation). The value of these funds is as follows:

Historical Value	$24.5 million
Market Value	$39.8 million

These funds experienced an unrealized gain of $2.5 million in fiscal year 2025. Actual interest earnings received allowed for most program spending to remain constant during the year. The Foundation operated with a 4.5 percent cap on endowment spending for the fiscal year 2025.

- The University invested in a significant number of asset preservation projects for historic buildings in fiscal year 2025 totaling $39.4 million. These projects were funded from multiple sources throughout the University, including state, University, and private funds.

- The University experienced additional changes in the pension liability in fiscal year 2025. Overall adjustments related to pensions/OPEB were a ($8 million) decrease to liabilities and a ($2.1 million) reduction in operating expenses (benefits).

  The University's portion of the liability reported by the Kentucky Public Pensions Authority (KPPA), the administrative support for KERS, resulted in a ($3.6 million) reduction in pension liability and a $.2 million increase in OPEB liability. The University's portion of the liability reported by the Teachers' Retirement System (TRS) resulted in a ($2.9 million) reduction in pension liability and a ($1.7 million) decrease in OPEB liability. The impact of these numbers' nets to ($8 million).

  Operating expenses (benefits) decreased by ($2 million) related to KERS pension adjustments and increased by $.8 million related to TRS pension adjustments. Additionally, operating expenses (benefits) decreased by ($1 million) related to KERS OPEB adjustments and increased by $0.1 million related to TRS OPEB adjustments. The impact of these numbers' nets to $2.1 million.

- The University's dining services were contracted to Sodexo Operations, LLC effective December 2018. The agreement is through June 2029 and encompasses all campus dining services as well as significant capital investments made by Sodexo.

- The University entered into a Service Agreement with Southeast Service Corporation (SSC) for custodial and grounds services for the Murray campus, effective April 2020. The agreement is through June 2026.

- Fall 2025 overall headcount and credit hours are expected to be flat as compared to fall, with total approximate headcount and credit hours enrollment at 10,000 and 110,000, respectively.

- The University entered into a pilot contract with a third-party online program manager, beginning in May 2020, to market and provide instructional design and student support for five graduate programs. This partnership has increased our enrollments across those programs to nearly 300 students, including students who are outside of our traditional service region.

Performance Funding

The enacted 2017-18 Commonwealth of Kentucky budget included the implementation of the performance funding model. The three basic components of the funding model include:

- Student Success: 35 percent of the model ties the distribution of allocable funding directly to degree production and progression toward a degree or credential;

- Course Completion: 35 percent of the model ties the distribution of resources to the number of credit hours awarded at each campus;

- Operational Support: 30 percent of the model ties the distribution of resources to campus services and infrastructure that support student learning and success.

Through Senate Bill 135, legislation was approved during the 2021 Special Session that eliminated the annual performance funding pool contribution from each public university. This legislation also requires any future performance fund pool amounts be funded by the General Assembly and not through permanent appropriation reductions from each university. Therefore, Murray State University did not experience an appropriation reduction for the performance funding pool for fiscal year 2022 or after.

Murray State University received a one-time appropriation of $4.8 million in performance funds for fiscal year 2025, which was a $1.7 million (53.7 percent) increase from the prior fiscal year.

Using the Financial Statements

The University's financial statements consist of Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and Notes to the Financial Statements. These financial statements and accompanying notes are prepared in accordance with the appropriate Governmental Accounting Standards Board (GASB) pronouncements.

These financial statements provide an entity-wide perspective and focus on the financial condition, results of operations and cash flows of the University as a whole.

Financial statements have also been included for the Foundation, a component unit, in accordance with the requirements of GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units.* Financial statements for this entity consist of Statements of Financial Position and Statements of Activities. These statements are prepared in accordance with the appropriate Financial Accounting Standards Board (FASB) pronouncements.

Statements of Net Position

The Statement of Net Position presents a financial picture of the University's financial condition at the end of the 2025 and 2024 fiscal years by reporting assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position. Net position, the difference between total assets plus deferred outflows less total liabilities and deferred inflows, are an important indicator of the current financial condition, while the change in net position is an indicator of whether the overall financial position has improved or declined during the year.

<u>Assets</u>

Total assets at the end of the 2025 fiscal year were $491.1 million, of which capital assets, net of depreciation, represented the largest portion. Capital assets totaled approximately $262 million or 53 percent of total assets and were primarily comprised of University-owned land, buildings, equipment, and library holdings. Cash and cash equivalents amounted to $148.7 million or 30 percent of total assets. Total assets increased by $28.9 million during the 2025 fiscal year. This increase in gross total assets is due primarily to the following:

- ($10.1 million) – Decrease in cash and cash equivalents. This decrease is primarily related to a decrease in plant funds due to an increase in project expenses and a decrease related to restricted gifts received in fiscal year 2024 and then transferred to the Foundation in fiscal year 2025.

- $10.1 million – Increase in net accounts receivable. Primarily due to an increase in net pledge receivables of $4.9 million, increase in restricted receivables of $2.4 million and an increase for tuition and fees due to change in rates and an increase in balances on student accounts of $1.5 million.

- $7.7 million – Increase in restricted investments. This increase is related to an unrealized gain on assets held by the Foundation due to positive market performance and an increase to gifts transferred to the Foundation.

- $22.6 million – Increase in capitals assets, net of accumulated depreciation. This change is primarily the result of an increase in construction-in-progress of $31.6 million for the School of Nursing and Health Professions Building/Jackson Hall and for several building repair and improvement projects not completed during the fiscal year, the capitalization of $1.8 million for several building repair and improvement projects completed during the fiscal year offset by current year depreciation of ($12.5 million).

- ($.5 million) – Decrease in leased assets, net of accumulated amortization related to expiration of lease agreements made during the fiscal year.

Total assets increased by $21.8 million during fiscal year 2024 primarily due to the following:

- $2.3 million – Increase in cash and cash equivalents. This increase is primarily related to restricted gifts received during the fiscal year.

- $3.8 million – Increase in net pledges receivable. This increase is a result of unconditional promises to give received from corporations and individuals during the fiscal year in which all eligibility requirements have been met.

- $1.8 million – Increase in restricted investments. This increase is related to an unrealized gain on assets held by the Foundation due to positive market performance.

- $12.6 million – Increase in capitals assets, net of accumulated depreciation. This change is primarily the result of the $16.5 million acquisition of an apartment complex adjacent to the Murray campus, known as Station 74, the capitalization of $7.1 million for several building repair and improvement projects completed during the fiscal year and offset by current year depreciation of ($10.9 million).

- $1.5 million – Increase in leased assets, net of accumulated amortization related to new lease agreements made during the fiscal year for equipment and lease renewals for facility space.

Deferred Outflows of Resources

Deferred outflows of resources for fiscal year 2025 totaled $24.5 million and $31.3 million for fiscal year 2024. Deferred outflows consisted of the unamortized loss on debt refunding for housing and dining bond Series M, N, O, P, and Q and the 2007 general receipt bonds Series A and 2009 Series A which were $.9 million and $1.2 million for fiscal years 2025 and 2024, respectively. Deferred outflows also consisted of $23.6 million for fiscal year 2025 and $30.1 million for fiscal year 2024, related to pension and OPEB contributions. The $6.5 million decrease from the prior year is due to a $0.6 million decrease in KERS pension/OPEB outflows in addition to a $5.9 million decrease in outflows for TRS pension/OPEB.

Liabilities

Total liabilities at the end of the fiscal year 2025 were $253.4 million, a decrease of $8.8 million from the prior year. This change was due to the following:

- $4.3 million – Increase in accounts payable. This increase is primarily related to timing of payments in the plant fund due to an increase in construction projects primarily due to the new School of Nursing and Health Professions Building.

- ($.5 million) – Decrease in leases payable. This decrease is related to expiration of lease agreements made during the fiscal year.
- ($5.7 million) – Decrease in long-term debt. This decrease is the result of the 2025 principal payments on bonds and notes payable.

- ($8 million) – Decrease in net pension/OPEB liability. This represents the University's proportionate share of the net pension/OPEB liability for the Kentucky state retirement plans to which the University makes contributions. The liability related to pensions decreased ($6.6 million) and the liability related to OPEB decreased by ($1.4 million).

Total liabilities at the end of the fiscal year 2024 were $262.2 million, a decrease of $3 million from the prior year. This change was due to the following:

- ($2.2 million) – Decrease in accounts payable. This increase is primarily related to the invoice payment for architectural and engineering services provided for the on-campus housing project accrued in the prior fiscal year.

- $1.4. million – Increase in leases payable. This increase is related to new lease agreements made during the fiscal year for equipment and lease renewals for facility space.

- $14.5 million – Increase in long-term debt. This increase is the result of the new series 2024A general receipts bonds primarily issued to purchase an apartment complex to be used for student residential housing and offset by the 2024 principal payments on bonds and notes payable.

- ($16.1 million) – Decrease in net pension/OPEB liability. This represents the University's proportionate share of the net pension/OPEB liability for the Kentucky state retirement plans to which the University makes contributions. The liability related to pensions decreased ($4 million) and the liability related to OPEB decreased by ($12.1 million).

<u>Deferred Inflows of Resources</u>

Total deferred inflows of resources were $20.6 million in fiscal year 2025 and $28.2 million in fiscal year 2024. Deferred inflows of resources related to pensions/OPEB as specified in GASB Statement Nos. 68 and 75 were $16.6 million in fiscal year 2025 and $23 million in fiscal year 2024. The decrease of $6.4 million from the prior year consisted of a ($5.9 million) decrease for KERS pensions/OPEB and ($.5 million) decrease for TRS pensions/OPEB. Deferred inflows of resources related to the dining service management agreement with Sodexo Operations, LLC were $3.6 million in fiscal year 2025 and $4.4 million in fiscal year 2024. The decrease of ($0.9 million) from the prior fiscal year was a result of the amortization of revenue as earned in the current fiscal year. As a result of GASB Statement No. 87, the University recognized deferred inflows of resources for lessor transactions of $0.5 million in fiscal year 2025 and $0.8 million in fiscal year 2024.

Net Position

Net position, which represent total equity, of the University were divided into three major categories, defined as follows:

- Invested in capital assets, net of related debt - This category represents the institution's equity in property, buildings, equipment, library holdings and other plant assets owned by the University, less related depreciation and outstanding balances of borrowings used to finance the purchase or construction of those assets.

- Restricted - This category represents those assets which are subject to externally imposed restrictions governing their use and includes classifications of nonexpendable and expendable.

    - Restricted nonexpendable net position - Restricted nonexpendable net position consist solely of permanent endowments owned by the University. The corpus, as specified by the donor, is invested in perpetuity and may not be expended.

    - Restricted expendable net position - Restricted expendable net position consist of those assets that may be expended by the University, but must be spent for purposes as defined by the donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

- Unrestricted - This category represents the net position held by the University that has no formal restrictions. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the unrestricted net position has been designated for various programs and initiatives, capital projects and working capital requirements.

June 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023
Assets			
Current assets	$ 127,773,096	$ 125,271,283	$ 123,274,371
Noncurrent assets	95,750,521	90,526,603	83,944,216
Capital, leased, and SBITA assets	267,543,618	246,341,341	233,159,674
Total assets	491,067,235	462,139,227	440,378,261
Deferred Outflows	24,532,973	31,282,162	34,113,305
Liabilities			
Current liabilities	34,115,064	27,932,612	29,282,185
Noncurrent liabilities	219,315,773	234,298,102	235,941,323
Total liabilities	253,430,837	262,230,714	265,223,508
Deferred Inflows	20,595,826	28,200,725	26,495,262
Net Position			
Invested in capital assets, net of related debt	196,014,061	172,279,948	171,661,275
Restricted for			
Nonexpendable	33,814,574	29,684,092	25,053,728
Expendable			
Scholarships, research, instruction and other	16,725,127	11,859,484	8,985,055
Loans	249,593	793,410	1,045,513
Capital	3,639,902	7,510,710	7,940,152
Debt service	375,117	395,692	407,884
Unrestricted	(9,244,829)	(19,533,386)	(32,320,811)
Total Net Position	$ 241,573,545	$ 202,989,950	$ 182,772,796

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses and Changes in Net Position, which are generally referred to as the activities statement or income statement, present the revenues earned and expenses incurred and income or loss from operations for the current and prior fiscal years. Activities are reported as either operating or non-operating. Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position.

The financial statements are prepared on the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. A public university's dependency on state appropriations will result in reported operating losses. The Governmental Accounting Standards Board requires state appropriations to be classified as non-operating revenues. The utilization of long-lived capital assets is reflected in the financial statements as depreciation, which expenses the costs of an asset over its expected useful life.

<u>Revenues</u>

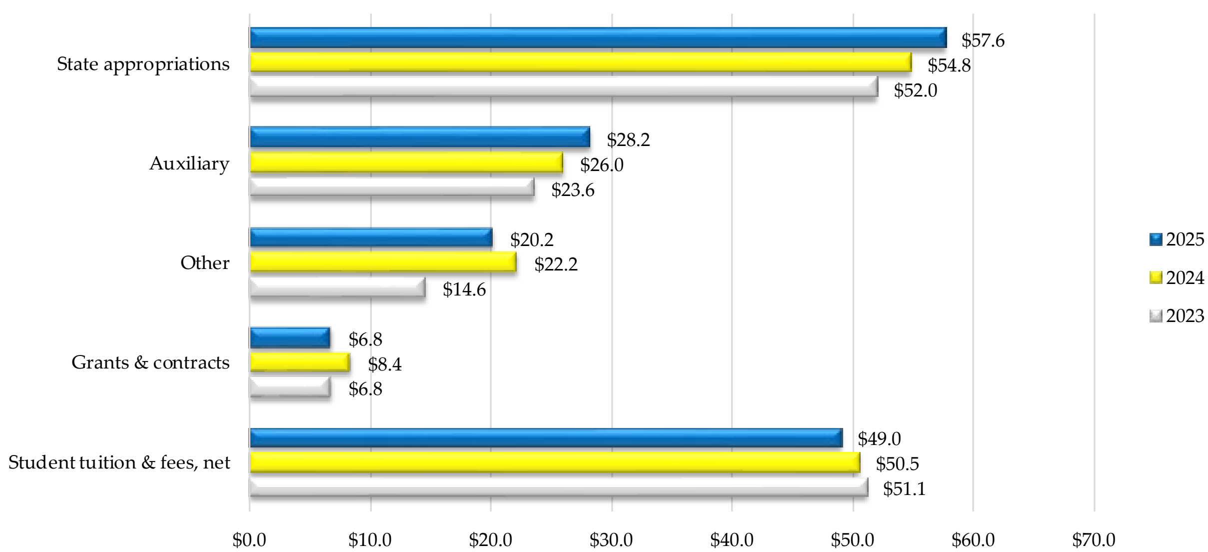
- Total operating revenues, which exclude state appropriations, for fiscal year 2025 were $104.3 million, including student tuition and fees, net of related discounts and allowances, of ($49 million), operating restricted grants and contracts revenues of $6.8 million, sales, services and other revenues of $20.2 million, and auxiliary services net revenues of $28.2 million.

- During fiscal year 2025, operating revenues decreased by $2.8 million. This decrease from the prior year is primarily related to a $2 million decrease in sales, services, and other revenues which consists of a ($1 million) decrease in pension support revenue, $1.2 million increase in other student fees offset by an increase in student discounts of ($2 million), and ($.2 million) decrease in other sales and services. Additionally, there was a $2.3 million increase in net auxiliary revenues, $1.6 million increase in grants and contracts revenue, and ($1.5 million) decrease in net tuition and fees.

- The University received $57.6 million in state appropriations for operations for fiscal year 2024, and $54.8 million for fiscal year 2024, with the change primarily due to factors related to performance funding, property insurance supplement, inflationary adjustment, debt service and pension adjustment funded by the Commonwealth of Kentucky.

The comparative sources of total operating revenues and nonoperating state appropriation revenues are reflected in the following chart:

Operating Revenues and State Appropriations (In Millions)

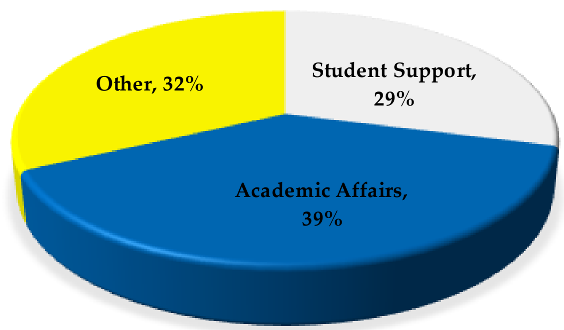


Expenses

Total operating expenses for fiscal year 2025 were $205.9 million. Academic Affairs, which include instruction, research, libraries and academic support, represent the largest portion of the operating expenses totaling $79 million or 39 percent. Student Support, which include student services, financial aid, athletics, and auxiliary enterprises, was $60.3 million or 29 percent. Other expenses which include public service, institutional support, depreciation, amortization, operation and maintenance and state pension/OPEB expenses amounted to $66.6 million or 32 percent. Depreciation and pension/OPEB expense for all areas of the University, are reported as an operating expense and not allocated to each program group, except for auxiliary enterprises.

Operating expenses by type are reflected in the following chart:

University Operating Expenses
Year Ended June 30, 2025



Operating expenses increased for the year ended June 30, 2025, by $10 million. The primary reasons for the increase in operating expenses are as follows:

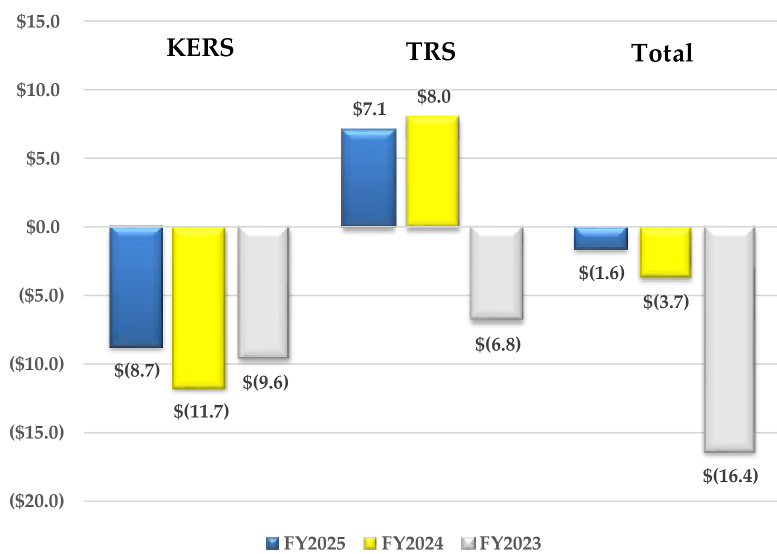
- $3.7 million – Increase in salaries and benefits as a result of the cost of living adjustment provided to employees in fiscal year 2025 in addition to an overall increase in health insurance costs, an increase in property and liability insurance, offset by a decrease in other operational spending.

- $4.2 million – Increase in operations and maintenance of plant expenses, before pension adjustments, as the result of an increase in addition to asset preservation projects as well as the beginning of the construction of the new School of Nursing and Health Professions Building.

- $2.1 million – Increase in overall operating expenses as the result of the University's proportionate share of expenses related to Kentucky state pension and OPEB plans. The University's proportionate expenses related to pension for fiscal year 2025 were $3.4 million and $2.2 million for fiscal year 2024. The University's proportionate expenses related to OPEB for fiscal year 2025 were ($5.1 million) and ($6 million) for fiscal year 2024.

University's proportionate share of expenses related to Kentucky state pension/OPEB plans:

University's Proportionate Share (In Millions)



The net loss from operations for the year ended June 30, 2025, was ($101.7 million) including pension/OPEB adjustments. Nonoperating revenues, net of expenses, of $110.8 million, in addition to state capital appropriations, other insurance proceeds, capital gifts, and additions to endowments, resulted in an increase in net position of $38.6 million for the year ended June 30, 2025. This increase in net position is primarily the result of $7.9 million related to pension/OPEB adjustments. Additional contributing factors were a $19.5 million increase in state capital appropriation revenue related to State Asset Preservation projects and the School of Nursing and Health Professions Building, a $2 million increase in grant revenue related to student financial aid and a $2.8 million increase in state appropriations.

The net loss from operations for the year ended June 30, 2024, was ($88.9 million) including pension/OPEB adjustments. Nonoperating revenues, net of expenses, of $99.2 million, in addition to state capital appropriations, other insurance proceeds, capital gifts, and additions to endowments, resulted in an increase in net position of $20.2 million for the year ended June 30, 2024. This increase in net position is primarily the result of $11.1 million related to pension/OPEB adjustments. Additional contributing factors were a $6.2 million increase in investment income, a $3 million increase in federal grant revenue, a $2.8 million increase in state appropriations offset by an increase in required debt service payments of $3.3 million.

	2025	2024	2023
Operating Revenues			
Student tuition and fees, net	$ 49,039,477	$ 50,529,033	$ 51,136,228
Grants and contracts	6,777,336	8,361,369	6,827,731
Other	20,220,426	22,194,669	14,640,014
Auxiliary, net	28,219,407	25,967,419	23,577,192
Total operating revenues	104,256,646	107,052,490	96,181,165
Operating Expenses			
Instruction	66,126,171	64,481,901	62,635,654
Other educational and general	107,917,562	100,249,719	82,155,321
Depreciation	8,101,317	8,137,553	8,171,535
Amortization	2,217,808	2,231,924	2,151,247
Auxiliary enterprises	17,129,798	16,144,873	16,495,784
Auxiliary depreciation	4,436,343	4,687,745	3,764,557
Total operating expenses	205,928,999	195,933,715	175,374,098
Operating loss	(101,672,353)	(88,881,225)	(79,192,933)
Nonoperating Revenues			
State appropriations	57,564,600	54,802,100	52,005,700
Other nonoperating revenues	53,199,661	44,364,650	36,460,323
Total nonoperating revenues	110,764,261	99,166,750	88,466,023
Other Revenues			
State capital appropriations and other	29,491,687	9,931,629	3,603,714
Change in Net Position	38,583,595	20,217,154	12,876,804
Net Position - Beginning of Year	202,989,950	182,772,796	169,895,992
Net Position - End of Year	$ 241,573,545	$ 202,989,950	$ 182,772,796

Statements of Cash Flows

The Statements of Cash Flows provide a summary of the sources and uses of cash by defined categories. The principal purposes of the Statements of Cash Flows are to provide information about the University's cash receipts and payments during the years and to help assess the University's ability to generate future net cash flows and meet obligations as they become due, as well as its need for external financing.

For the year ended June 30, 2025

The net cash used in operating activities reflects the net cash used for general operations of the University, which increased by $13.8 million during fiscal year 2025. This increase in cash used was largely due to increases in payments to suppliers for the year and to decreases in cash provided by tuition and fees $2.7 million and grants and contracts of $2.4 million.

The cash flows from noncapital financing activities decreased by ($.3 million) during fiscal year 2025. This change was due to an increase of $3.6 million in grants and contracts, a ($2.7 million) decrease in gifts for other than capital purposes and a ($.5 million) decrease in deferred inflows leases.

The net cash used in capital and related financing activities which represents cash used for the acquisition, construction and renovation of capital assets, changed by $1.8 million for fiscal year 2025. This change was due to an increase in state capital appropriations by $19.5 million due mainly to the construction of the School of Nursing and Health Professions Building and for several building repair and improvement projects offset by a decrease due to the issuance of general receipts bonds of $19.5 million in the prior fiscal year.

The cash flows provided by or used in investing activities represent the cash activities of investments, which decreased by ($.2 million) for fiscal year 2025. This decrease was primarily the result of a decrease in investment earnings on cash accounts held by the Treasurer of the Commonwealth due to less favorable market performance.

For the year ended June 30, 2024

The net cash used in operating activities reflects the net cash used for general operations of the University, which decreased by ($.1 million) during fiscal year 2024. This decrease in cash used was largely due to increases in operating revenue from grants and contracts, sales and services and auxiliary revenues offset by an increase in payments for salaries and wages and payments to suppliers for the year.

The cash flows from noncapital financing activities increased by $7.1 million during fiscal year 2024. This change was due to an increase of $1.3 million in grants and contracts, a $2.7 million increase in endowment gifts and income, and a $2.8 million increase in state appropriations primarily for debt service.

The net cash used in capital and related financing activities which represents cash used for the acquisition, construction and renovation of capital assets, slightly increased for fiscal year 2024. This change was due to the issuance of general receipts bonds of $19.5 million offset by an increase in cash used for capital construction costs and the acquisition of Station 74.

The cash flows provided by or used in investing activities represent the cash activities of investments, which increased by $5.4 million for fiscal year 2024. This increase was primarily the result of an increase in investment earnings on cash accounts held by the Treasurer of the Commonwealth due to more favorable market performance.

	2025	2024	2023
Cash Provided/(Used) By:			
Operating activities	$ (97,700,733)	$ (83,922,333)	$ (83,998,649)
Noncapital financing activities	91,647,092	91,919,801	84,836,481
Capital and related financing activities	(12,550,690)	(14,336,304)	(14,295,324)
Investing activities	8,484,244	8,651,388	3,292,465
Net increase/(decrease) in cash	(10,120,087)	2,312,552	(10,165,027)
Cash and Cash Equivalents - Beginning of Year	158,785,238	156,472,686	166,637,713
Cash and Cash Equivalents - End of Year	$ 148,665,151	$ 158,785,238	$ 156,472,686

Capital Assets, Leased Assets, SBITA Assets and Debt Administration

The University had a $34.4 million increase in capital assets, before accumulated depreciation, during the fiscal year ended June 30, 2025. This change is primarily due to projects in construction including the School of Nursing and Health Professions Building and for several building repair and improvement projects not completed during the fiscal year

Capital, leased, and SBITA assets as of June 30, 2025, and changes during the year are as follows:

	Balance June 30, 2025	Balance June 30, 2024	Net Change 2024-25
Capital Assets			
Land	$ 11,388,983	$ 11,205,109	$ 183,874
Construction in progress	38,501,389	6,895,640	31,605,749
Museum and collectibles	714,217	704,237	9,980
Buildings	428,173,091	426,378,505	1,794,586
Non-building improvements	19,711,008	19,672,134	38,874
Equipment	39,128,908	38,152,719	976,189
Software	1,932,019	1,932,019	—
Library holdings	9,767,349	9,930,115	(162,766)
Livestock	64,749	139,749	(75,000)
Accumulated depreciation	(287,361,698)	(275,562,860)	(11,798,838)
Total capital assets	$ 262,020,015	$ 239,447,367	$ 22,572,648
Leased Assets			
Equipment	$ 1,014,118	$ 1,012,983	$ 1,135
Buildings	4,002,700	4,096,478	(93,778)
Vehicles	67,780	141,606	(73,826)
Accumulated amortization	(1,606,554)	(1,283,822)	(322,732)
Total leased assets	$ 3,478,044	$ 3,967,245	$ (489,201)
Subscription-Based Information Technology Arrangment (SBITA) Assets	$ 5,215,168	$ 6,892,183	$ (1,677,015)
Accumulated amortization	(3,169,609)	(3,965,454)	795,845
Total SBITA assets	$ 2,045,559	$ 2,926,729	$ (881,170)
Total capital, leased, and SBITA assets	**$ 267,543,618**	**$ 246,341,341**	**$ 21,202,277**

Debt as of June 30, 2025, and changes during the year are as follows:

	Balance June 30, 2025	Balance June 30, 2024	Net Change 2024-25
General receipts bonds	$ 67,990,000	$ 72,955,000	$ (4,965,000)
Bond premium	3,191,825	3,456,072	(264,247)
City of Murray	4,315,000	4,790,000	(475,000)
Total	$ 75,496,825	$ 81,201,072	$ (5,704,247)

Infrastructure Assets

Infrastructure assets are defined by GASB No. 34 as long-lived assets that are normally stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. These types of assets will typically be permanent nonbuilding additions that service the entire campus. The University has adopted the modified approach of accounting for its infrastructure assets. This approach requires that an asset management system be established and maintained. Such a system would assess and disclose that all eligible infrastructure assets are being preserved approximately at (or above) a condition level established. To date, the University has not identified any assets that should be classified as infrastructure.

Additional information for Capital, Leased, and SBITA Assets and Debt can be found in Notes 8 and 15, respectively, to the financial statements.

Economic Factors Affecting Future Periods

- The Commonwealth of Kentucky's Office of the State Budget Director has reported that General Fund receipts shows that total revenues finished fiscal year 2025 with a $131.3 million revenue surplus compared to the official estimate. The Commonwealth's General Fund receipts increased for the 15th consecutive year, although the percentage increase was the smallest during this stretch.

  General Fund receipts are expected to fall 2.8 percent during the fiscal year 26 three-quarter forecasting horizon. A large projected decline in the individual income tax, due primarily to the reduction of the tax rate from 4.0 percent to 3.5 percent in tax year 2026, is expected to be offset by positive growth in the sales tax and property taxes.

  The above was reported in the July 30, 2025, Commonwealth of Kentucky's Quarterly Economic and Revenue Report for the fourth quarter of fiscal year 2025 by the Office of State Budget Director.

- The University continues to prioritize asset preservation needs. These are being addressed through a combination of an annual budget allocation of University funds designated for deferred maintenance projects and one-time funding. With aging buildings and infrastructure, asset preservation will continue to be a funding priority for the University.

  The 2021-22 Budget of the Commonwealth authorized the University to issue $12,200,000 of general receipts bonds to be used for a Historic Building Preservation Pool. A bond resolution for this issuance was approved by the Board of Regents on June 4, 2021 and the bonds were issued in January 2022. These bonds are focused on the preservation projects for Lovett Auditorium, Curris Center, Wrather Hall, and other historic buildings on the campus.

  The 2022-24 Budget of the Commonwealth funded an Asset Preservation Pool of $47.2 million to be matched by approximately $7.1 million (15 percent). The University is utilizing the 2022 bond issue referenced above as most of the match for these funds.

  In addition, the 2024-26 Budget of the Commonwealth funding an Asset Preservation Pool of $46.7 million which requires no matching funds.

  The University has experienced significant delays in obtaining materials for maintenance and asset preservation projects and the costs of such materials and related labor are impacting the timing of completion of many routine and planned projects. There is a degree of uncertainty in the length of time the University and our region may experience these conditions. These factors are continuing to impact the timing of the completion of asset preservation projects.

- In addition to the asset preservation pools discussed above, additional capital facility funding has been received by the University as reflected below:

  The 2022-24 Budget of the Commonwealth funded $45.5 million for the construction of a new School of Nursing and Health Professions Building/Jackson Hall on the University's Murray campus. This new facility represents an opportunity for the university to grow and enhance its offered programs in the health professions area. Construction started Winter 2024 and is projected to open in Fall 2026.

The 2024-26 Budget of the Commonwealth funded the following

- $38 million for a new Learning Commons with Housing building, which will provide an academic learning commons to primarily assist with the retention of first year students and an on campus student housing component.

- $60 million of for a new Veterinary Sciences building to support current and future veterinary sciences programs offered by the University.

- $10 million for facility renovations and operations for the University's Center of Excellence-Cybersecurity and Networking Management.

- The University continues to provide health insurance to employees through a self-funded program. As reflected in national trends, the costs of health claims continue to be a major expense for the University. For plan year 2026, the University is continuing the plan to migrate closer to an 80 percent employer/20 percent employee funding model. Currently, the University funds over 83 percent of the plan premiums. However, this is only a fiscal year synopsis and does not reflect the total funding for plan year 2025, ending December 31, 2025.

  Employee contributions were increased for plan year 2025. Details of funding amounts for the plan can be found in Note 10. Due to the self-funded nature of the program, excess claims risks are born by the University. The Marsh McLennan Agency provides guidance for all health and wellness programs.

- The sizable state pension liability continues to be a primary risk element for the University. State legislation, through House Bill 8 (HB 8), provided multiple options for universities to continue participation at some level in the KERS-nh plan or exit participation. The Board of Regents voted on December 4, 2020 to remain a participant in KERS-nh for all current and future eligible employees. Under HB 8, KERS-nh employers are required to pay off their own portion of the total unfunded liability over a set period regardless of covered payroll. Each employer will still pay the normal cost contribution rate, which was 8.44 percent for fiscal year 2025, and pay a dollar amount each month representing their share of the unfunded liability. For fiscal year 2025, this flat contribution towards the University's unfunded KERS-nh liability was $6 million.

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Statements of Net Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 101,402,079	$ 104,242,330
Accounts receivable, net	19,943,535	14,296,123
Pledges receivable, net	781,085	800,885
Leases receivable	691,829	1,017,508
Inventories	2,795,280	2,840,571
Loans to students, net	62,829	102,155
Prepaid expenses	2,096,459	1,971,711
Total Current Assets	127,773,096	125,271,283
Noncurrent Assets		
Restricted cash and cash equivalents	47,263,072	54,542,908
Pledges receivable, net	8,031,415	3,047,826
Restricted investments	40,215,805	32,547,745
Loans to students, net	240,229	388,124
Capital assets	549,381,713	515,010,227
Accumulated depreciation	(287,361,698)	(275,562,860)
Leased assets	5,084,598	5,251,067
Accumulated amortization	(1,606,554)	(1,283,822)
SBITA assets	5,215,168	6,892,183
Accumulated amortization	(3,169,609)	(3,965,454)
Total Noncurrent Assets	363,294,139	336,867,944
Total Assets	491,067,235	462,139,227
Deferred Outflows of Resources		
Bond refunding loss	948,485	1,165,955
Deferred outflows related to pension/OPEB contributions	23,584,488	30,116,207
Total Deferred Outflows of Resources	$ 24,532,973	$ 31,282,162

See accompanying notes.

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Statements of Net Position, continued

June 30, 2025 and 2024

	2025	2024
Liabilities		
Current Liabilities		
Accounts payable	$ 13,124,346	$ 8,863,211
Accrued payroll	6,028,732	5,719,090
Self-insured health liability	669,190	601,755
Interest payable	875,395	795,873
Unearned revenue	5,925,355	3,770,612
Deposits - current portion	429,723	465,854
Leases payable - current portion	478,445	486,957
Long-term debt - current portion	5,964,247	5,704,247
SBITAs payable - current portion	619,631	1,525,013
Total Current Liabilities	34,115,064	27,932,612
Noncurrent Liabilities		
Deposits	380,150	392,850
Leases payable	1,554,864	2,075,549
Long-term debt	69,532,578	75,496,825
SBITAs payable	239,405	684,120
Net pension/OPEB liability, state pension plans	147,608,776	155,648,758
Total Noncurrent Liabilities	219,315,773	234,298,102
Total Liabilities	253,430,837	262,230,714
Deferred Inflows of Resources		
Deferred inflows related to dining contract	3,550,820	4,438,525
Deferred inflows related to leases	472,621	789,170
Deferred inflows related to net pension/OPEB liability	16,572,385	22,973,030
Total Deferred Inflows of Resources	20,595,826	28,200,725
Net Position		
Net investment in capital assets	196,014,061	172,279,948
Restricted for:		
Nonexpendable:		
Endowment	33,814,574	29,684,092
Expendable:		
Scholarships, research, instruction and other	16,725,127	11,859,484
Loans	249,593	793,410
Capital projects	3,639,902	7,510,710
Debt service	375,117	395,692
Unrestricted	(9,244,829)	(19,533,386)
Total Net Position	$ 241,573,545	$ 202,989,950

See accompanying notes.

MURRAY STATE UNIVERSITY FOUNDATION, INC.

Statements of Financial Position

June 30, 2025 and 2024

Assets

	2025	2024
Assets		
Cash and cash equivalents	$ 6,728,623	$ 2,366,497
Accounts receivable	5,759	102,750
Accounts receivable - related party	252,081	72,840
Investments	197,292,710	178,191,776
Real estate held for investment	877,957	1,577,957
Prepaid and other assets	91,127	88,455
Contributions receivable, net	2,855,805	2,745,594
Property and equipment, net	7,015,749	7,101,832
Total Assets	$ 215,119,811	$ 192,247,701

Liabilities And Net Assets

	2025	2024
Liabilities		
Accounts payable	$ 136,201	$ 345,336
Accounts payable - related party	76,365	79,321
Due to Murray State University (MSU)	501,948	529,091
Accrued expenses	84,426	76,799
Deferred revenue	53,297	62,046
Assets held for others	41,410,014	33,676,643
Financial lease liability	218,029	285,838
Annuities and trusts payable	6,185,814	6,187,192
Other liabilities	313,546	300,938
Total Liabilities	48,979,640	41,543,204
Net Assets		
Without donor restrictions	35,402,591	31,830,831
With donor restrictions	130,737,580	118,873,666
Total Net Assets	166,140,171	150,704,497
Total Liabilities and Net Assets	$ 215,119,811	$ 192,247,701

See accompanying notes.

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2025 and 2024

	For The Years Ended June 30, 2025	2024
Operating Revenues		
Tuition and fees	$ 114,055,193	$ 108,449,923
Less: Discounts and allowances	(65,015,716)	(57,920,890)
Net tuition and fees	49,039,477	50,529,033
Federal grants and contracts	5,874,067	7,505,217
State grants and contracts	674,209	502,483
Private grants and contracts	229,060	353,669
Total grants and contracts	6,777,336	8,361,369
Sales and services of educational activities	12,584,184	11,491,999
Other operating revenues	7,636,242	10,702,670
Total sales, services, and other revenues	20,220,426	22,194,669
Auxiliary enterprises	28,525,299	26,319,372
Less: Discounts and allowances	(305,892)	(351,953)
Net auxiliary revenue	28,219,407	25,967,419
Total Operating Revenues	104,256,646	107,052,490
Operating Expenses		
Instruction	66,126,171	64,481,901
Research	2,845,320	2,795,001
Public service	7,593,411	7,595,987
Libraries	3,541,994	3,222,028
Academic support	6,503,469	7,509,602
Student services	23,931,808	21,110,732
Institutional support	20,765,847	20,286,586
Operation and maintenance of plant	29,520,084	26,058,158
Student financial aid	14,838,875	15,423,152
Depreciation	8,101,317	8,137,553
Amortization	2,217,808	2,231,924
State pension expense (benefit) GASB 68	3,462,861	2,265,455
State OPEB (benefit) GASB 75	(5,086,107)	(6,016,982)
Auxiliary enterprises	17,129,798	16,144,873
Auxiliary depreciation	4,436,343	4,687,745
Total Operating Expenses	205,928,999	195,933,715
Operating Loss	$ (101,672,353)	$ (88,881,225)

See accompanying notes.

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Statements of Revenues, Expenses, and Changes in Net Position, continued

Years ended June 30, 2025 and 2024

	For The Years Ended June 30, 2025	2024
Nonoperating Revenues (Expenses)		
State appropriations	$ 57,564,600	$ 54,802,100
State debt service	(2,472,500)	(4,189,500)
Restricted student fees	2,063,562	2,078,770
Federal grants and contracts	19,753,532	16,917,054
State grants and contracts	16,093,623	15,142,954
Local and private grants and contracts	561,949	724,086
Gifts	8,549,373	7,479,197
Investment income	11,704,448	11,010,261
Interest earned on leased assets	46,686	40,898
Interest on capital asset-related debt	(2,752,109)	(2,329,763)
Interest on leased asset-related debt	(194,020)	(120,606)
Interest on SBITA asset-related debt	(113,426)	(206,725)
Loss on deletion and disposal of capital assets	(88,235)	(1,732,213)
Bond amortization	46,778	(449,763)
Nonoperating Revenues (Expenses), Net	110,764,261	99,166,750
Income Before Other Revenues, Expenses Gains and Losses	9,091,908	10,285,525
State Capital Appropriations	25,535,253	6,040,119
Other Insurance Proceeds	2,123,539	841,019
Capital Gifts	221,714	260,828
Additions to Endowments	1,611,181	2,789,663
Change in Net Position	38,583,595	20,217,154
Net Position - Beginning of Year	202,989,950	182,772,796
Net Position - End of Year	$ 241,573,545	$ 202,989,950

See accompanying notes.

MURRAY STATE UNIVERSITY FOUNDATION, INC.

Statements of Activities

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains/(Losses) And Other Support			
Contributions	$ 35,306	$ 6,004,147	$ 6,039,453
Revenues from operations of the Frances E. Miller Memorial Golf Course	654,339	—	654,339
Fees and rental income	5	33,759	33,764
Investment return, net	4,597,474	11,793,249	16,390,723
Other	10,411	15,780	26,191
Change in value of annuities payable	—	(533,110)	(533,110)
Net assets released from restrictions	5,553,675	(5,553,675)	—
Total Revenues, Gains/(Losses) And Other Support	10,851,210	11,760,150	22,611,360
Expenses:			
Program services expenses:			
Support provided to MSU, including scholarships	5,826,896	—	5,826,896
Frances E. Miller Memorial Golf Course	854,541	—	854,541
Total Program Services Expenese	6,681,437	—	6,681,437
Supporting services expenses:			
Management and general	466,574	—	466,574
Fundraising	27,675	—	27,675
Total Supporting Services Expenese	494,249	—	494,249
Total Expenses	7,175,686	—	7,175,686
Transfers between Foundation fund groups	(103,764)	103,764	—
Change in Net Assets	3,571,760	11,863,914	15,435,674
Net Assets - Beginning of Year	31,830,831	118,873,666	150,704,497
Net Assets - End of Year	$ 35,402,591	$ 130,737,580	$ 166,140,171

See accompanying notes.

MURRAY STATE UNIVERSITY FOUNDATION, INC.

Statements of Activities

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, Gains/(Losses) And Other Support			
Contributions	$ 621,000	$ 6,794,780	$ 7,415,780
Federal Grants Revenue	—	102,720	102,720
Revenues from operations of the Frances E. Miller Memorial Golf Course	656,792	—	656,792
Fees and rental income	6,546	24,615	31,161
Investment return, net	5,172,822	13,184,354	18,357,176
Other	12,398	(143,658)	(131,260)
Change in value of annuities payable	—	(870,445)	(870,445)
Net assets released from restrictions	5,559,795	(5,559,795)	—
Total Revenues, Gains/(Losses) And Other Support	12,029,353	13,532,571	25,561,924
Expenses:			
Program services expenses:			
Support provided to MSU, including scholarships	5,831,889	—	5,831,889
Frances E. Miller Memorial Golf Course	637,782	—	637,782
Total Program Services Expenese	6,469,671	—	6,469,671
Supporting services expenses:			
Management and general	772,014	—	772,014
Fundraising	23,019	—	23,019
Total Supporting Services Expenese	795,033	—	795,033
Total Expenses	7,264,704	—	7,264,704
Transfers between Foundation fund groups	(758,407)	758,407	—
Change in Net Assets	4,006,242	14,290,978	18,297,220
Net Assets - Beginning of Year	27,824,589	104,582,688	132,407,277
Net Assets - End of Year	$ 31,830,831	$ 118,873,666	$ 150,704,497

See accompanying notes.

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Tuition and fees	$ 47,637,879	$ 50,348,160
Grants and contracts	6,601,179	9,026,518
Payments for salaries, wages and fringes	(108,265,326)	(107,386,436)
Payments to suppliers	(51,873,983)	(43,560,296)
Payments for student financial aid	(14,838,875)	(15,423,152)
Loans issued to students	73,374	(27,858)
Collections of loans to students	113,847	214,750
Sales and services of educational activities	11,286,323	10,124,478
Other operating revenues	1,502,383	3,019,524
Auxiliary revenues:		
Housing	18,421,738	16,728,395
Bookstore	5,000,045	5,605,622
Contracted dining servcies	4,072,977	3,869,989
Other	160,388	274,770
Auxiliary payments:		
Payments for salaries, wages and fringes	(3,973,921)	(3,762,193)
Payments to suppliers	(13,618,761)	(12,974,604)
Net Cash Used in Operating Activities	(97,700,733)	(83,922,333)
Cash Flows From Noncapital Financing Activities		
State appropriations	57,564,600	54,802,100
Endowment proceeds (provided to) received from MSU Foundation for investment	(3,525,761)	33,374
Grants and contracts	36,409,104	32,784,094
Endowment income	689,086	501,228
Gifts for other than capital purposes	1,718,211	4,482,096
Agency transactions	(3,894)	(3,694)
Deferred inflows contracted dining services	(887,705)	(887,704)
Deferred inflows leases	(316,549)	208,307
Net Cash Provided by Noncapital Financing Activities	91,647,092	91,919,801
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital debt, net of discount	—	19,500,000
Restricted student fees	2,063,562	2,078,770
Insurance proceeds - other	2,123,539	841,019
State capital appropriations	25,535,253	6,040,119
Purchases of capital assets	(31,582,911)	(31,025,748)
Capital gifts	165,197	219,558
State debt service	(2,472,500)	(4,189,500)
Principal paid on capital debt	(5,440,000)	(5,255,000)
Interest paid on capital debt	(2,682,070)	(2,259,089)
Interest earned on leased assets	46,686	40,898
Interest paid on leased assets	(194,020)	(120,606)
Interest paid on SBITA assets	(113,426)	(206,725)
Net Cash Used in Capital and Related Financing Activites	$ (12,550,690)	$ (14,336,304)

See accompanying notes.

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Statements of Cash Flows, continued

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	$ 7,436	$ 5,725
Purchases of investments	(22,285)	(22,669)
Investment additions	8,499,093	8,668,332
Net Cash Provided by Investing Activities	8,484,244	8,651,388
Net (Decrease) Increase in Cash and Cash Equivalents	(10,120,087)	2,312,552
Cash and Cash Equivalents - Beginning of Year	158,785,238	156,472,686
Cash and Cash Equivalents - End of Year	148,665,151	158,785,238
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and cash equivalents	101,402,079	104,242,330
Restricted cash and cash equivalents	47,263,072	54,542,908
Total Cash and Cash Equivalents	$ 148,665,151	$ 158,785,238
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (101,672,353)	$ (88,881,225)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	12,537,660	12,825,298
Amortization expense	2,217,808	2,231,924
Bad debt expense	1,541,975	336,787
Net pension gain, proportionate share	(7,908,906)	(11,080,257)
Net in-kind expenses	220,481	1,207,338
Changes in assets and liabilities:		
Accounts and loans receivable, net	(5,460,190)	(313,417)
Leases receivable	325,679	(202,865)
Inventories	45,291	(10,821)
Prepaid expenses	(124,748)	(76,814)
Accounts payable	(31,019)	(685,609)
Accrued payroll	309,642	263,695
Self-insured health liability	67,435	(5,506)
Unearned revenue	2,154,743	(151,360)
Deposits	(44,937)	215,614
Leases payable	(529,197)	1,381,042
SBITAs payable	(1,350,097)	(976,157)
Net Cash Used in Operating Activities	$ (97,700,733)	$ (83,922,333)
Supplemental Disclosure of Cash Flow Information		
Gifts of capital assets	$ 56,517	$ 41,270
Accounts payable incurred for capital asset purchases	5,930,711	1,161,594
Changes in fair value of investments	2,516,269	1,840,701

See accompanying notes.

1. Summary of Significant Accounting Policies

Nature of Operations

The University is a state-supported institution of higher education located in Murray, Kentucky, and is accredited by the Southern Association of Colleges and Schools. The University awards graduate and undergraduate degrees from four colleges and three schools and serves a student population of approximately 10,000. The University is a component unit of the Commonwealth of Kentucky and is included in the general-purpose financial statements of the Commonwealth.

Reporting Entity

In accordance with the provisions of Governmental Accounting Standards Board (GASB), certain organizations are to be reported as component units of a primary government based on the nature and significance of that organization's relationship to the primary government. Application of this statement results in including Murray State University Foundation, Inc. (the Foundation) as a discretely presented component unit of the University. The Foundation is a private nonprofit organization that reports under generally accepted accounting principles set forth by Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial report for these differences.

Basis of Accounting and Financial Statement Presentation

The University prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the GASB.

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

Cash and Cash Equivalents

The University considers all highly liquid investments that are immediately available to the University to be cash equivalents. Funds held by the Commonwealth of Kentucky are considered cash equivalents.

Restricted Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments that are externally restricted are classified as restricted assets. These assets are used to make debt service payments, maintain sinking or reserve funds, purchase or construct capital or other noncurrent assets, or for other restricted purposes.

Accounts Receivable

Accounts receivable consists of tuition and fee charges, other operational activities and auxiliary enterprise services and amounts due from component units. Accounts receivable also include amounts due from the federal government, state and local governments or private sources, for nonexchange type agreements defined in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* or in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Pledges Receivable

Pledges receivable consists of pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are based on the 10-year average rate of return of assets held at the Kentucky Office of Financial Management. An allowance for uncollectible pledge receivables is provided based on management's judgement of potential uncollectible amounts and includes such factors as prior collection history, type of gift and nature of fundraising.

Inventories

Inventory values are determined by an average cost method except in the case of Art supplies which are stated at the lower of cost (first-in, first-out method) or market value.

Investments

The University accounts for its investments at fair value. Fair value is determined using quoted market prices. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position.

Assets held by the Foundation represent those gifts and donations made directly to the University, which are held by the Foundation for investment purposes. The net appreciation and income of donor restricted endowments are available to the University for expenditure to the extent permitted by Kentucky law and the spending policy of the Foundation. The recognition of gifts, donations and endowment pledges are accounted for by the University in accordance with GASB Statement No. 33 and are recognized when all applicable eligibility requirements are met.

Capital, Leased, and SBITA Assets

All capital assets, as defined by University policy, are recorded at cost at the date of acquisition or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to functional expense categories. Leased assets are amortized over the estimated useful life of the asset or the lease term, whichever is shorter. Assets recognized as subscription-based information technology arrangements (SBITAs) are amortized over the subscription term. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

The following estimated useful lives are being used by the University:

Asset	**Estimated Life**
Buildings	40 years
Nonbuilding improvements	8-20 years
Equipment	5-15 years
Library holdings	10 years
Livestock	12 years
Software	8 years

The University owns historical collections housed throughout the campus that it does not capitalize, including artifacts in Wrather Museum. These collections adhere to the University's policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for and preserve them and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at time of acquisition rather than capitalized.

Compensated Absences

Vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are included with accrued payroll and as a component of compensation and benefit expense. Sick leave benefits are expected to be realized as paid time off or used to purchase service credits upon retirement for Tier 1 employees hired prior to 9/1/2008 and Tier 2 employees hired after 9/1/2008 and before 12/31/2013 in the Kentucky Employee Retirement System (KERS). These are recognized as an expense when the time off occurs or when service credit payments are incurred. Tier 3 employees hired after 12/31/2013 in KERS are not eligible for sick leave credit. No liability is accrued for sick leave benefits for employees participating in the Teachers' Retirement System (TRS) or employees with optional retirement plans (ORP).

Unearned Revenue

Unearned revenue includes amounts for tuition and fees, certain auxiliary activities, and contracted custodial and grounds services, received prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors for which eligibility requirements have not been fully satisfied or that have not yet been earned. Such amounts are recognized in the period to which the service relates or the grant/contract requirements have been met.

Deferred Outflow of Resources and Deferred Inflow of Resources

In addition to assets, financial statements may report a separate section for deferred outflows of resources. Deferred outflows of resources consist of the consumption of net position that is applicable to a future reporting period so will not be recognized as an outflow of resources until then. Deferred outflows of resources related to refunding long-term debt and certain pension/OPEB contributions are reported in the statement of net position. The deferred bond refunding amount results from the difference in the carrying value of refunded debt and its reacquisition price, and is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflow for pension/OPEB contributions represent contributions made to the plan between the measurement dates, which was the end of fiscal year 2024 and the end of fiscal year 2025.

In addition to liabilities, financial statements may report a separate section for deferred inflows of resources. Deferred inflows of resources consist of the acquisition of net position that is applicable to a future reporting period and so will not be recognized as inflow of resources until then. Deferred inflows of resources include certain changes in pension/OPEB obligations that are amortized over future periods, amounts related to outsourcing campus dining operations, and lease-related amounts in which the University is the lessor.

Net Position

The University's net position is classified as follows:

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

Restricted net position - nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

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

Release of Restricted Net Position

When an expense is incurred for which both restricted and unrestricted net position are available, the University's policy is to allow each departmental unit the flexibility to determine whether to first apply restricted or unrestricted resources based on the most advantageous application of resources in the particular circumstances.

Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of discounts and allowances, (2) federal, state and local grants and contracts (excluding Pell and similarly funded federal and state grants for student financial aid) and (3) sales and services of auxiliary enterprises, net of discounts and allowances.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions. In a nonexchange transaction, the University receives value without directly giving equal value back, such as a gift or grant for which there is no return requirement. Additionally, certain significant revenues relied upon for operations, such as state appropriations, Pell and similarly funding federal and state grants for student financial aid, investment income and endowment income, are recorded as nonoperating revenues, in accordance with GASB No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an Amendment of GASB Statement 34*.

Tuition Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of discounts and allowances. Discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is payable by students. Certain grants, including federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues, while Pell grants are recorded as nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a discount and allowance. Financial aid expense represents payments made to students.

Income Taxes

The University is a component of the Commonwealth of Kentucky and is not subject to federal income tax as described in section 115 of the Internal Revenue Code. However, the University is subject to federal income tax on any unrelated business taxable income.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Kentucky Employees' Retirement System (KERS) and Teachers' Retirement System (TRS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by KERS and TRS. 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.

Change in Accounting Principle

During fiscal year 2025, the University adopted GASB Statement No. 101, Compensated Absences, requiring the University to recognize liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through non-cash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means.

The adoption of GASB Statement No. 101 resulted in no impact in net position at July 1, 2024.

Recent Accounting Pronouncements

In December 2023, the GASB approved Statement No. 102, Certain Risk Disclosures. The objective is to improve financial reporting by providing users of financial statements with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The University adopted provisions of this statement for the fiscal year ending June 30, 2025, noting no significant concentrations or constraints as of year-end.

In April 2024, the GASB approved Statement No. 103, Financial Reporting Model Improvements. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions of this statement are effective for financial statements for fiscal periods beginning after June 15, 2025. The University is currently evaluating the effects of this statement on its financial statements.

In September 2024, the GASB approved Statement No. 104, Disclosure of Certain Capital Assets. The objective of this statement is to improve financial reporting by providing information about certain types of capital assets in order to make informed decisions and assess accountability. The disclosure requirements will improve consistency and comparability between governments. The provisions of this statement are effective for fiscal years beginning after June 15, 2025. The University is currently evaluating the effects of this statement on its financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to use estimates and assumptions. The accompanying financial statements include estimates for items such as allowances for doubtful accounts and loans to students, self-insurance liabilities and other accrued liabilities. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 3, 2025, the date the financial statements were available to be issued.

2. Accounts Receivable

Accounts receivable, net of estimated uncollectible amounts, as of June 30 consisted of:

	2025	2024
Current accounts receivable:		
Student tuition and fees	$ 11,830,783	$ 11,068,356
Grants and contracts	4,267,267	2,010,502
Auxiliary fees	3,921,481	4,167,412
Auxiliary-contracted dining services	654,483	564,546
MSU Foundation	501,948	529,091
Outside sales	2,472,407	1,684,205
Other	1,223,941	543,160
Allowance for doubtful accounts	(4,928,775)	(6,271,149)
Total current accounts receivable	$ 19,943,535	$ 14,296,123

3. Pledges Receivable

Pledges receivable, net of estimated uncollectible amounts, as of June 30 consisted of:

	2025	2024
Current:		
Capital	$ 28,960	$ 30,000
Operating	760,015	778,975
Allowance for uncollectible pledges	(7,890)	(8,090)
Total current pledges receivable, net	781,085	800,885
Noncurrent:		
Capital	45,246	72,811
Operating	8,070,791	3,007,421
Allowance for uncollectible pledges	(84,622)	(32,406)
Total noncurrent pledges receivable, net	8,031,415	3,047,826
Total pledges receivable, net	$ 8,812,500	$ 3,848,711

4. Inventories

Inventories as of June 30 consisted of:

	2025	2024
University bookstore - resale	$ 1,513,776	$ 1,574,337
Physical plant - supplies	1,231,077	1,214,960
Art supplies	50,427	51,274
Total inventories	$ 2,795,280	$ 2,840,571

5. Loans to Students

Student loans made through the Federal Perkins Loan Program (Program) comprise 1 percent and 30 percent all of the loans to students at June 30, 2025 and 2024, respectively. The Program provides for service cancellation of a loan at rates of 12.5 percent to 30 percent per year up to a maximum of 100 percent if the participant complies with certain provisions. Effective September 30, 2017, universities were no longer permitted to issue new loans under the Perkins program and the balances noted below are loans issued prior to this date.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education. The University has provided an allowance for uncollectible loans which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. The allowance for uncollectible loans at June 30, 2025 and 2024 was $97,672 and $111,660, respectively.

Loans to students, net of estimated uncollectible amounts, as of June 30 consisted of:

	2025	2024
Current loans to students:		
University loan programs	$ 6,872	$ 7,869
Federal nursing program	54,049	63,412
Federal Perkins program	1,908	30,874
Total current loans to students, net	62,829	102,155
Noncurrent loans to students:		
University loan programs	5,351	4,943
Federal nursing program	234,369	269,315
Federal Perkins program	509	113,866
Total noncurrent loans to students, net	240,229	388,124
Total loans to students, net	$ 303,058	$ 490,279

6. Deposits, Investments and Investment Income

Deposits

At June 30, 2025 and 2024, the carrying amounts of the University's bank balances and deposits were $148,665,151 and $158,785,238, respectively.

Currently the University maintains its deposits, outside of those held by the Commonwealth of Kentucky, in interest-bearing accounts at FDIC-insured institutions. All accounts are insured up to $250,000. The deposits in these interest-bearing accounts are covered by an irrevocable, unconditional, and nontransferable letter of credit issued by Federal Home Loan Bank of Cincinnati.

The University also maintains cash deposits with the Commonwealth of Kentucky, as overseen by the State Investment Commission (Commission). The Commission is charged with the oversight of the Commonwealth's investment programs pursuant to KRS 42.500. The Commonwealth's investments are categorized into two distinct classifications or "pools." The Short-Term Pool consists primarily of General Fund cash balances. The Intermediate-Term Pool and the Limited Term Pool represent Agency fund investments, state held component unit and fiduciary fund accounts held for the benefit of others by the state. Shares of each pool represent a divisible interest in the underlying securities and are not federally insured or guaranteed by the U.S. Government, Federal Deposit Insurance Corporation or any federal agency. The pools have not been approved by the Securities and Exchange Commission. The University's shares within the pools may indirectly expose it to risks associated with fixed income investments; however, specific information about any such transactions is not available to the University.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. The University does not have a formal deposit policy for custodial credit risk other than compliance with the provisions of state law.

Current and non-current cash and cash equivalents as of June 30 consisted of:

	2025	2024
Depository accounts:		
Local bank deposits, letter of credit in the University's name	$ 13,270,261	$ 16,799,032
Cash on hand	25,772	26,154
State Investment Pool - collateral required by KRS 41.240	135,369,118	141,960,052
Total deposits	$ 148,665,151	$ 158,785,238

Current and non-current cash and cash equivalents as presented in the statements of net position captions as of June 30 include:

	2025	2024
Cash and cash equivalents, current	$ 101,402,079	$ 104,242,330
Restricted cash and cash equivalents	47,263,072	54,542,908
Total deposits	$ 148,665,151	$ 158,785,238

Restricted Investments

Investments carried at fair value as of June 30 consisted of:

	2025	2024
Money market funds restricted for debt service purposes	$ 347,265	$ 332,416
Restricted assets held by the Foundation	39,868,540	32,215,329
Total restricted investments	$ 40,215,805	$ 32,547,745

Restricted investments for debt service purposes are comprised of amounts invested for sinking fund and debt service reserves. Investments in U.S. Government securities and the collateral for repurchase agreements are registered in the name of Murray State University or held in the University's name by its agents and trustees. The University may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in equity securities.

University investments held by the Foundation are comprised of private donations received directly by the University and state endowment matching funds. These consist of endowment funds, as well as expendable restricted funds. Assets held by the Foundation are invested primarily in an investment pool managed by the Foundation and are carried at fair value.
The assets in the Foundation investment pool are invested as of June 30 as follows:

	2025	2024
Percentage of pool invested in:		
Certificates of deposit and mutual funds	59.4%	58.4%
Fixed income securities	40.6%	41.6%
Total investments	100.0%	100.0%

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 does not, within its investment policy, formally limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The money market mutual funds are investments with a maturity of less than one year because they are redeemable in full immediately. In addition, the funds held in the State Investment Pool have a maturity of less than one year because they are redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy requires investments to be in compliance with state statute. The University has no further policy that would limit its investment choices. Credit ratings for the money market mutual funds and State Investment Pool are not available and are therefore, considered unrated.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The University places no limit on the amount that may be invested in any one issuer. The University does not hold more than 5 percent of its investments with a single issuer.

Investment Income

Investment income for the years ended June 30 consisted of:

	2025	2024
Assets held by the University:		
Interest income	$ 7,687,773	$ 7,968,219
Assets held by MSU Foundation:		
Investment income endowment funds	1,500,406	1,201,341
Net increase in fair value of endowment investments	2,516,269	1,840,701
Total investment income	$ 11,704,448	$ 11,010,261

7. Endowments

Changes in endowment assets for the years ended June 30 are as follows:

	2025	2024
Endowment assets, beginning of year	$ 29,684,092	$ 25,053,728
Investment return		
Net appreciation	2,516,269	1,840,701
Contributions increase		
Quasi Endowments	124,178	2,783,877
Permanent Endowments	1,490,035	5,786
Endowment assets, end of year	$ 33,814,574	$ 29,684,092

8. Capital, Leased, and SBITA Assets

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

	Balance June 30, 2024	Additions	Transfers	Deletions/ Retirements	Balance June 30, 2025
Land	$ 11,205,109	$ —	$ 183,874	$ —	$ 11,388,983
Construction in progress	6,895,640	33,698,490	(2,017,334)	(75,407)	38,501,389
Museum and collectibles	704,237	9,980	—	—	714,217
Total capital assets not being depreciated	18,804,986	33,708,470	(1,833,460)	(75,407)	50,604,589
Buildings	426,378,505	—	1,794,586	—	428,173,091
Nonbuilding improvements	19,672,134	—	38,874	—	19,711,008
Equipment	38,152,719	1,532,476	—	(556,287)	39,128,908
Library holdings	9,930,115	33,004	—	(195,770)	9,767,349
Livestock	139,749	—	—	(75,000)	64,749
Software	1,932,019	—	—	—	1,932,019
Total other capital assets	496,205,241	1,565,480	1,833,460	(827,057)	498,777,124
Total capital assets before depreciation	515,010,227	35,273,950	—	(902,464)	549,381,713
Less accumulated depreciation:					
Buildings	220,859,925	10,401,693	—	—	231,261,618
Improvements other than buildings	15,504,900	368,018	—	—	15,872,918
Equipment	28,826,508	1,719,854	—	(477,842)	30,068,520
Library holdings	8,322,885	43,887	—	(185,980)	8,180,792
Livestock	116,624	4,208	—	(75,000)	45,832
Software	1,932,018	—	—	—	1,932,018
Total accumulated depreciation	275,562,860	12,537,660	—	(738,822)	287,361,698
Capital assets, net	$ 239,447,367				$ 262,020,015

Leased asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Deletions/ Retirements	Balance June 30, 2025
Equipment	$ 1,012,983	$ 22,638	$ (21,503)	$ 1,014,118
Buildings	4,096,478	—	(93,778)	4,002,700
Vehicles	141,606	32,884	(106,710)	67,780
Total leased assets before amortization	5,251,067	55,522	(221,991)	5,084,598
Less accumulated amortization:				
Equipment	178,650	216,150	(7,801)	386,999
Buildings	1,026,983	160,168	—	1,187,151
Vehicles	78,189	32,635	(78,420)	32,404
Total accumulated amortization	1,283,822	408,953	(86,221)	1,606,554
Leased assets, net	$ 3,967,245			$ 3,478,044

Subscription-based Information Technology Arrangement (SBITA) asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Deletions/ Retirements	Balance June 30, 2025
Subscription-based information technology arrangement assets	$ 6,892,183	$ 995,424	$(2,672,439)	$ 5,215,168
Less accumulated amortization for Subscription-based information technology arrangement assets	3,965,454	1,806,888	(2,602,733)	3,169,609
Subscription-based information technology arrangement assets, net	$ 2,926,729			$ 2,045,559

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

	Balance June 30, 2023	Additions	Transfers	Deletions/ Retirements	Balance June 30, 2024
Land	$ 10,941,735	$ —	$ 263,374	$ —	$ 11,205,109
Construction in progress	7,004,305	24,153,027	(24,176,077)	(85,615)	6,895,640
Museum and collectibles	704,237	—	—	—	704,237
Total capital assets not being depreciated	18,650,277	24,153,027	(23,912,703)	(85,615)	18,804,986
Buildings	410,100,074	871,718	23,707,181	(8,300,468)	426,378,505
Nonbuilding improvements	18,911,180	555,432	205,522	—	19,672,134
Equipment	38,066,752	2,321,099	—	(2,235,132)	38,152,719
Library holdings	10,092,067	43,599	—	(205,551)	9,930,115
Livestock	132,249	7,500	—	—	139,749
Software	1,932,019	—	—	—	1,932,019
Total other capital assets	479,234,341	3,799,348	23,912,703	(10,741,151)	496,205,241
Total capital assets before depreciation	497,884,618	27,952,375	—	(10,826,766)	515,010,227
Less accumulated depreciation:					
Buildings	217,395,537	10,578,813	(1,001,025)	(6,113,400)	220,859,925
Improvements other than buildings	14,081,698	422,177	1,001,025	—	15,504,900
Equipment	29,124,532	1,681,648	—	(1,979,672)	28,826,508
Library holdings	8,385,957	132,202	—	(195,274)	8,322,885
Livestock	106,166	10,458	—	—	116,624
Software	1,932,018	—	—	—	1,932,018
Total accumulated depreciation	271,025,908	12,825,298	—	(8,288,346)	275,562,860
Capital assets, net	$ 226,858,710				$ 239,447,367

Leased asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Deletions/ Retirements	Balance June 30, 2024
Equipment	$ 135,345	$ 1,013,346	$ (135,708)	$ 1,012,983
Buildings	3,191,226	905,252	—	4,096,478
Vehicles	141,606	—	—	141,606
Total leased assets before amortization	3,468,177	1,918,598	(135,708)	5,251,067
Less accumulated amortization:				
Equipment	75,728	202,661	(99,739)	178,650
Buildings	933,760	93,223	—	1,026,983
Vehicles	40,430	37,759	—	78,189
Total accumulated amortization	1,049,918	333,643	(99,739)	1,283,822
Leased assets, net	$ 2,418,259			$ 3,967,245

Subscription-based Information Technology Arrangement (SBITA) asset activity for the year ended June 30, 2024 was as follows:

	Balance June 30, 2023	Additions	Deletions/ Retirements	Balance June 30, 2024
Subscription-based information technology arrangement assets	$ 6,958,855	$ 919,703	$ (986,375)	$ 6,892,183
Less accumulated amortization for Subscription-based information technology arrangement assets	3,076,150	1,623,111	(733,807)	3,965,454
Subscription-based information technology arrangement assets, net	$ 3,882,705			$ 2,926,729

9. Accounts Payable

Accounts payable at June 30 consisted of:

	2025	2024
Current accounts payable:		
Vendors	$ 10,760,627	$ 6,650,251
Payroll benefits and withholdings	2,108,402	2,137,184
MSU Foundation	252,081	72,840
Loans	3,236	2,936
Total current accounts payable	$ 13,124,346	$ 8,863,211

10. University Health Self-Insurance Program

The University maintains a self-insurance program for employees' health insurance. For the fiscal year ended June 30, 2025, the University paid approximately 81 percent of total plan expenses for permanent full-time employees and their families. The University's contribution to cover claims paid under the plan for years ended June 30, 2025 and 2024 totaled $12,900,133 and $13,708,477, respectively. Stop-loss insurance and administrative fees are disclosed in the chart below. The University's stop-loss insurance limits its exposure for claims to $225,000 per individual for the calendar year.

The University self-insured program operates on a calendar year (January – December) basis and a true picture of the total plan years is not presented in this note.

Changes in the liability for self-insurance for the years ended June 30 are as follows:

	2025	2024
Liability, beginning of year	$ 601,755	$ 607,261
Accruals for current year claims and changes in estimate (includes employee and employer contributions)	15,952,482	16,313,570
Administrative and stop-loss fees	(1,696,473)	(1,539,601)
Claims paid	(14,188,574)	(14,779,475)
Liability, end of year	$ 669,190	$ 601,755

11. Unearned Revenue

Unearned revenue as of June 30 consisted of:

	2025	2024
Current unearned revenue:		
Prepaid tuition and fees	$ 3,105,286	$ 2,900,808
Custodial and grounds contract	—	193,548
Grants and contracts	2,732,643	559,570
Auxiliary enterprises	87,426	116,686
Total current unearned revenue	$ 5,925,355	$ 3,770,612

12. Deposits

The deposits held as of June 30 consisted of:

	2025	2024
Current:		
Horse stall rentals	$ 9,940	$ 8,405
Housing rental/pet deposits	310	460
Racer card declining balances	3,679	2,875
Housing deposits	327,043	357,598
Sodexo meal plans	(3,871)	—
Agency account balances	92,622	96,516
Total current deposits	429,723	465,854
Noncurrent:		
Housing deposits	380,150	392,850
Total deposits	$ 809,873	$ 858,704

Noncurrent housing deposit additions were $93,595 and $168,750 for the years ended June 30, 2025 and 2024, respectively. Noncurrent housing deposit deductions were $106,295 and $105,000 for the years ended June 30, 2025 and 2024, respectively.

13. Leases

The University, as a lessee, has entered into lease agreements for motor vehicles, printing and copying equipment, postal equipment, golf carts, veterinary lab equipment and facility space for its regional campuses. Leased assets were recorded at a cost of $5,084,598 and $5,251,067, less accumulated amortization of $1,606,554 and $1,283,822 for the years ended June 30, 2025 and 2024, respectively.

The future lease payments under lease agreements are presented below:

Years Ending June 30	Principal	Interest	Total Payments
2026	$ 478,445	$ 122,074	$ 600,519
2027	493,556	86,010	579,566
2028	515,664	48,593	564,257
2029	143,520	18,605	162,125
2030	127,915	13,169	141,084
2031-2035	274,209	10,357	284,566
Total	$ 2,033,309	$ 298,808	$ 2,332,117

The University, as a lessor, has entered into lease agreements involving building and rooftop space for antennas and cellular equipment, health services clinic and facility space. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows recognized were $364,796 and $139,591 for the years ended June 30, 2025 and 2024, respectively.

14. Subscription-Based Information Technology Arrangements

The University has entered into various subscription-based information technology arrangements (SBITAs) involving enterprise resource planning (ERP) software, management software and human resource software.

Subscription assets were recorded at a cost of $5,215,168 and $6,892,183, less accumulated amortization of $3,169,609 and $3,965,454 for the years ended June 30, 2025 and 2024, respectively.

The future subscription payments under SBITA agreements are presented below:

Years Ending June 30	Principal	Interest	Total Payments
2026	$ 619,631	$ 30,168	$ 649,799
2027	233,345	5,580	238,925
2028	6,060	60	6,120
Total	$ 859,036	$ 35,808	$ 894,844

15. Long-term Debt

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2025:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year	Long-Term Portion
Bonds payable	$ 72,955,000	$ —	$ (4,965,000)	$ 67,990,000	$ 5,215,000	$ 62,775,000
Plus bond premiums	3,456,072	—	(264,247)	3,191,825	264,247	2,927,578
Bonds payable, net of discounts premiums	76,411,072	—	(5,229,247)	71,181,825	5,479,247	65,702,578
City of Murray payable	4,790,000	—	(475,000)	4,315,000	485,000	3,830,000
Total long-term debt	$ 81,201,072	$ —	$ (5,704,247)	$ 75,496,825	$ 5,964,247	$ 69,532,578

The following is a summary of long-term obligation transactions for the University for the year ended June 30, 2024:

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year	Long-Term Portion
Bonds payable	$ 58,640,000	$ 19,105,000	$ (4,790,000)	$ 72,955,000	$ 4,965,000	$ 67,990,000
Plus bond premiums	2,828,778	852,469	(225,175)	3,456,072	264,247	3,191,825
Bonds payable, net of discounts premiums	61,468,778	19,957,469	(5,015,175)	76,411,072	5,229,247	71,181,825
City of Murray payable	5,255,000	—	(465,000)	4,790,000	475,000	4,315,000
Total long-term debt	$ 66,723,778	$ 19,957,469	$ (5,480,175)	$ 81,201,072	$ 5,704,247	$ 75,496,825

Maturity Information

A schedule of the mandatory principal and interest payments (excluding bond discounts) is presented below:

Years Ending June 30	Revenue Bonds	Notes Payable	Total Principal	Interest	Total Payments
2026	$ 5,215,000	$ 485,000	$ 5,700,000	$ 2,691,795	$ 8,391,795
2027	5,500,000	500,000	6,000,000	2,472,733	8,472,733
2028-2032	24,980,000	2,725,000	27,705,000	9,374,173	37,079,173
2033-2037	18,395,000	605,000	19,000,000	4,291,825	23,291,825
2038-2042	10,545,000	—	10,545,000	1,813,174	12,358,174
2043-2044	3,355,000	—	3,355,000	203,000	3,558,000
Total	$ 67,990,000	$ 4,315,000	$ 72,305,000	$ 20,846,700	$ 93,151,700

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Original Issue	Balance Due June 30, 2025	Interest Expense, Current Year	Bonds and Notes Maturing 2025-2026
General Receipts Bonds Payable				
Series A 2011 bonds dated July 12, 2011, with an interest rate of 2.00% to 4.50%; final principal payment date September 1, 2031; renovation of Elizabeth Hall	$ 7,645,000	$ 3,335,000	$ 143,903	$ 420,000
Series C 2011 refunding bonds dated July 12, 2011, with an interest rate of 2.00% to 4.00%; final principal payment date September 1, 2027; refunding of Housing and Dining bonds series P & Q	15,620,000	2,985,000	125,734	955,000
Series A 2013 bonds dated May 29, 2013, with an interest rate of 2.00% to 4.00%; final principal payment date September 1, 2033; renovation of Hester Hall, College Courts sprinklers, and various projects under $600,000	15,635,000	8,090,000	276,194	785,000
Series A 2015 bonds dated March 31, 2015, with an interest rate of 3.00% to 5.00%; final principal payment date March 31, 2035; Construct H. C. Franklin Hall	26,000,000	19,995,000	831,948	1,235,000
Series A 2016 bonds dated March 31, 2016, with an interest rate of 1.00% to 3.00%; final principal payment date September 1, 2027; Refunding of Series A 2007 bonds	8,310,000	2,635,000	73,276	855,000
Series A 2019 bonds dated July 23, 2019, with an interest rate of 2.00% to 5.00%; final principal payment date September 1, 2028; Refunding of Series A 2009 bonds	4,110,000	2,015,000	68,964	475,000

	Original Issue	Balance Due June 30, 2025	Interest Expense, Current Year	Bonds and Notes Maturing 2025-2026
Series A 2022 bonds dated January 24, 2022, with an interest rate of 3.00% to 4.00%; final principal payment date September 1, 2041; Renovation of Curris Center, Wrather Hall, and Lovett Auditorium	11,050,000	9,910,000	345,208	425,000
Series A 2024 bonds dated June 5, 2024, with an interest rate of 4.00% to 5.00%; final principal payment date March 1, 2044; Acquisition of student residential housing and HVAC renovations	19,105,000	19,025,000	752,888	65,000
Total general receipts bonds payable	107,475,000	67,990,000	2,618,115	5,215,000
Plus bond premium	—	3,191,825	—	264,247
Total bonds payable	107,475,000	71,181,825	2,618,115	5,479,247
City of Murray Payable				
Agreement dated April 17, 2012, with interest of 1.00% to 3.50%; final principal payment due June 1, 2033; Wellness Center refunding of the December 30, 2002 issue.	9,250,000	4,315,000	143,477	485,000
Total All Bond Issues and Notes Payable	$ 116,725,000	$ 75,496,825	$ 2,761,592	$ 5,964,247

As of June 30, 2025, the University has cash holdings amounting to $1,054,175 from the issuance of Series A 2024 Bonds. These funds are earmarked for various housing projects.

The revenue bond indentures require the University to maintain a reserve balance as a percentage of outstanding balances. As of June 30, 2025, and 2024, the sinking fund and reserve fund requirements have been funded as required.

16. Service Concession Arrangement

The University contracted with a third-party to manage campus dining services starting in fiscal year 2019. This is currently the only service concession arrangement the University has. The term of the arrangement is ten years and five and a half months, commencing on December 15, 2018, and continuing through June 30, 2029. The arrangement provides the third-party the exclusive right to manage and operate dining services for the University's students, faculty, staff, employees, visitors and guests. The University receives 20 percent of net meal plan sales, 10 percent of retail, catering and camp sales and 40 percent of concession sales. The contract also includes Investment 1 - $3 million in fiscal year 2019, Investment 2 - $3.5 million and Investment 3 - $1 million in fiscal year 2021. These investments are to be used for dining venue service renovations and will be amortized over the life of the contract. The University has received all $7.5 million for Investments 1, 2, and 3. The contract also includes a $1.5 million unrestricted fund contribution as well which was received in fiscal year ended June 30, 2020. Deferred Inflows, revenues which will be recognized in a future period, related to the contract are $3.6 million and $4.4 million as of June 30, 2025 and 2024, respectively.

17. Unrestricted Net Position

The University's designations of unrestricted net position at June 30 consisted of:

	2025	2024
Unrestricted net position		
Allocated for:		
Departmental operations	$ 33,127,256	$ 37,887,515
Encumbrances	412,083	154,315
Board designated projects	7,296,925	8,309,327
Capital projects	2,122,897	1,956,790
Renovation and maintenance	12,612,672	10,483,262
Plant reserves	4,231,072	3,984,156
Working capital	18,363,881	15,997,804
Revenue contingency	2,878,230	2,740,105
General contingency	47,885,152	45,391,916
Self-insurance	669,190	601,754
Leases	1,651,758	1,622,315
SBITAs	100,728	(157,063)
Total unrestricted net position before pension/OPEB adjustments	131,351,844	128,972,196
Pension/OPEB current year adjustments, KERS non-hazardous	(79,756,367)	(87,870,717)
Pension/OPEB current year adjustments, KERS hazardous	(478,530)	(1,050,302)
Pension/OPEB current year adjustments, TRS	(60,361,776)	(59,584,563)
Total unrestricted net position	$ (9,244,829)	$ (19,533,386)

18. Pension Plans and Other Postemployment Benefits (OPEB)

a) General Information about the Pension/OPEB Plans

Plan Descriptions

Kentucky Public Pensions Authority. Under the provisions of Kentucky Revised Statute Section 61.645, the Board of Trustees (the Board) of Kentucky Retirement Systems (KRS) administers the Kentucky Employees Retirement System (KERS, listed herein as KERS-nh for "non-hazardous" and KERS-h for "hazardous") and the State Police Retirement System (SPRS). House Bill 484 and House Bill 9 transferred the governance of the County Employees Retirement System (CERS) to a separate board of trustees. Kentucky Public Pensions Authority (KPPA) provides administrative support to the CERS and KRS boards and is overseen by a third board of trustees composed of members from the CERS and KRS boards. Although the assets of the systems are invested as a whole, each system's assets are accounted for separately, invested according to plan-specific asset allocation goals, and are used only for the payment of benefits to the members of that plan and a pro rata share of administrative costs, in accordance with the provisions of Kentucky Revised Statute Sections 16.555, 61.570, and 78.630. KERS-nh and KERS-h are cost-sharing multiple-employer defined benefit pension plans that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. Both KERS defined benefit plans include two funds, the pension fund which provides retirement benefits and the insurance fund which provides health insurance benefits. KRS issues a publicly available financial report that includes financial statements and required supplementary information for the pension and insurance funds that can be obtained at: https://kyret.ky.gov/Publications/Pages/Annual-Reports.aspx

Teachers' Retirement System. Under the provisions of Kentucky Revised Statute Section 161.250, the Board of Trustees (the Board) of Teachers' Retirement Systems (TRS) administers the Teachers' Retirement System. All employees required to hold a degree and occupying full-time positions, defined as seven-tenths (7/10) of normal full-time service on a daily or weekly basis, are required by state law to participate in the TRS or an optional retirement plan, as allowed by KRS 161.567. TRS, is a cost sharing, multiple-employer defined benefit plan that includes three trusts, the Retirement Annuity Trust, the Health Insurance Trust, and the Life Insurance Trust. TRS issues a publicly available comprehensive financial report that can be obtained at https://trs.ky.gov/administration/financial-reports-information/

Benefits Provided

The following tables present benefit provisions for the members of each plan.

Kentucky Employees' Retirement System
Cost Sharing Multi-Employer Defined Benefit Plan

Non-Hazardous

	Tier 1 Defined Benefit	Tier 2 Defined Benefit	Tier 3 Hybrid Cash Balance
Participation	Prior to 9/1/2008	9/1/2008 through 12/31/2013	1/1/2014 and after
Covered Employees	All regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, or any agency directed by Executive Order to participate in KERS.		
Benefit Formula	Final Compensation x Benefit Factor x Years of Service	Final Compensation x Benefit Factor x Years of Service	Accumulated Account Balance / Actuarial Factor
Final Compensation	5-High (fiscal years with the highest average monthly rate, payments for compensatory time included, minimum of 48 months) / Total Months Worked x 12 (to annualize)	Last 5 (average of the last five full fiscal years of salary, payments for compensatory time not included, minimum of 60 months) / 60 Months x 12 (to annualize)	Does not apply to Tier 3 Members.
Benefit Factor	1.97% if member does not have 13 months credit for 1/1/1998-1/1/1999. 2.00% if member has 13 months credit from 1/1/1998-1/1/1999.	10 years or less: 1.10% 10 to 20 years: 1.30% 20 to 26 years: 1.50% 26 to 30 years: 1.75% 30 years or more: 2.0% (2% benefit factor only applies to service earned in excess of 30 years)	Does not apply to Tier 3 Members.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Age 65 or older with 1-47 months of service credit OR age 65 or older with at least 48 months of service credit OR any age with 27 or more years of service credit.	Age 57 or older, if the member's age and years of service equal 87 (Rule of 87) OR age 65 or older with at least 60 months of service credit.	Age 57 or older, if the member's age and years of service equal 87 (Rule of 87) OR age 65 or older with at least 60 months of service credit.
Reduced Retirement Benefit	Prior to age 65, with at least 25 but less than 27 years of service OR Age 55 with at least 5 years of service credit.	Age 60 with at least 10 years of service.	Does not apply to Tier 3 Members.

Kentucky Employees' Retirement System
Cost Sharing Multi-Employer Defined Benefit Plan

Hazardous

	Tier 1 **Defined Benefit**	**Tier 2** **Defined Benefit**	**Tier 3** **Hybrid Cash Balance**
Participation	Prior to 9/1/2008	9/1/2008 through 12/31/2013	1/1/2014 and after
Covered Employees	All regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board or any agency directed by Executive Order to participate in KERS.		
Benefit Formula	Final Compensation x Benefit Factor x Years of service	Final Compensation x Benefit Factor x Years of service	Accumulated Account Balance / Actuarial Factor
Final Compensation	3-High (fiscal years with the highest average monthly rate, payments for compensatory time included, minimum of 24 months) / Total Months Worked x 12 (to annualize)	3-High (average of the highest three full fiscal years of salary, payments for compensatory time not included, minimum of 36 months) / 36 Months x 12 (to annualize)	Does not apply to Tier 3 Members.
Benefit Factor	2.49%	10 years or less: 1.30% 10 to 20 years: 1.50% 20 to 25 years: 2.25% 25 years or more: 2.50%	Does not apply to Tier 3 Members.
Cost of Living Adjustment (COLA)	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.		
Unreduced Retirement Benefit	Age 55 or older with 1-59 months of hazardous service credit OR age 55 or older with at least 60 months of hazardous service credit OR any age with 20 or more years of service credit.	Age 60 or older with at least 60 months of hazardous service credit OR any age with 25 or more years of service credit.	Age 60 or older with at least 60 months of hazardous service credit OR any age with 25 or more years of service credit.
Reduced Retirement Benefit	Age 50 with at least 15 years of service.	Age 50 with at least 15 years of service.	Does not apply to Tier 3 Members.

Teachers' Retirement System Kentucky
Cost Sharing Multi-Employer Defined Benefit Plan

<table>
<tr><th></th><th>Tier 1</th><th>Tier 2</th><th>Tier 3</th><th>Tier 4</th></tr>
<tr><td>Participation</td><td>Prior to 7/1/2002</td><td>7/1/2002 through 6/30/2008</td><td>7/1/2008 through 12/31/2021</td><td>1/1/2022 and after</td></tr>
<tr><td>Covered Employees</td><td colspan="4">All employees required to hold a degree and occupying full-time positions, defined as seven-tenths (7/10) of normal full-time service on a daily or weekly basis, are required by state law to participate in the TRS or an optional retirement plan, as allowed by KRS 161.567.</td></tr>
<tr><td>Benefit Formula</td><td colspan="3">Service Credit x Multiplier x Final Average Salary = Annual Benefit</td><td>Service Credit x Multiplier x Final Average Salary = Annuity</td></tr>
<tr><td>Service Credit</td><td colspan="3">Total number of years in TRS, including part-time service after July 1, 2002. Any service credit awarded for unused sick leave counts in the total years (except it cannot be used for retirement eligibility).</td><td>Total number of years worked in a TRS-covered position or purchased. Any service credit awarded for unused sick lease counts in the total years (except it cannot be used for retirement eligibilty).</td></tr>
<tr><td>Mulipliers</td><td>10 years or less: 2.00%
10.01 to 20.0 years: 2.00%
20.01 to 26.99 years: 2.00%
27 years or more: 2.00%</td><td>10 years or less: 2.00%
10.01 to 20.0 years: 2.00%
20.01 to 26.99 years: 2.00%
27 years or more: 2.00%</td><td>10 years or less: 1.50%
10.01 to 20.0 years: 1.70%
20.01 to 26.99 years: 1.85%
27 years or more: 2.00%</td><td><table>
<tr><th>Age</th><th>5-9.99 years</th><th>10-19.99 years</th><th>20-29.99 years</th><th>30 years or more</th></tr>
<tr><td>57-60</td><td>-</td><td>0.70%</td><td>0.95%</td><td>1.20%</td></tr>
<tr><td>61</td><td>-</td><td>0.74%</td><td>0.99%</td><td>1.24%</td></tr>
<tr><td>62</td><td>-</td><td>0.78%</td><td>1.03%</td><td>1.28%</td></tr>
<tr><td>63</td><td>-</td><td>0.82%</td><td>1.07%</td><td>1.32%</td></tr>
<tr><td>64</td><td>-</td><td>0.86%</td><td>1.11%</td><td>1.36%</td></tr>
<tr><td>65 and over</td><td>0.09%</td><td>0.90%</td><td>1.15%</td><td>1.40%</td></tr>
</table></td></tr>
<tr><td>Final Average Salary</td><td colspan="3">Average of the highest five salaries until the member reaches at least 27 years and age 55, when the average of the highest three salaries are used. Any lump-sum payouts at retirement of accumulated unused annual leave (for members who joined before July 2008) and unused sick leave are counted in the final year's salary calculation. Lump-sum payments prior to retirement cannot be included.</td><td>Average of highest five salaries. Increases in the last five years prior to retirement are limited to the ighest percentage increase generally available to a district's or agency's TRS-covered employees.</td></tr>
<tr><td>Unreduced Retirement Benefit</td><td>Any age with 27 years of service credit
OR
Age 60 with at least 5 years of service credit</td><td>Any age with 27 years of service credit
OR
Age 60 with at least 5 years of service credit</td><td>Any age with 27 years of service credit
OR
Age 60 with at least 5 years of service credit</td><td>Age 57 with 30 years of service credit ; Age 60 with 10 years of service credit ; OR Age 65 with 5 years of service credit</td></tr>
<tr><td>Reduced Retirement Benefit</td><td>Age 55 with at least 5 years of service credit. Reduction is 5% for each year under age 60 or under 27 years of service, whichever is less.</td><td>Age 55 with at least 5 years of service credit. Reduction is 5% for each year under age 60 or under 27 years of service, whichever is less.</td><td>Age 55 with at least 10 years of service credit. Reduction is 6% for each year under age 60 or under 27 years of service, whichever is less.</td><td>Age 57 with 10 years of service credit. Early retirement penalty up to 18%.</td></tr>
</table>

Contributions

KERS-nh. Per KRS 61.565 contribution requirements of the active employees and the participating employers are established and may be amended by the KRS Board. Employees are required to contribute 5 percent of their annual pay. The participating employers' contractually required contribution rate for the year ended June 30, 2025, was 8.44 percent of annual payroll plus a monthly amount as defined by the system's actuary, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

KERS-h. Per KRS 61.565 contribution requirements of the active employees and the participating employers are established and may be amended by the KRS Board. Employees are required to contribute 8 percent of their annual pay. The participating employers' contractually required contribution rate for the year ended June 30, 2025, was 23.74 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

TRS. Per KRS 161.250, contribution requirements of the active employees and the participating employers are established and may be amended by the TRS Board. Employees are required to contribute 8.185 percent of their annual pay for Tiers 1, 2, and 3 and 9.775 percent for Tier 4. The participating employers' contractually required contribution rate for the year ended June 30, 2025, was 15.865 percent of annual payroll for Tiers 1, 2, and 3 and 9.775 percent for Tier 4, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The University's overall contributions, which include pension, medical, and life insurance contributions, to KERS and TRS for the years ended June 30, 2025 and 2024 were:

	June 30, 2025			June 30, 2024		
	Pension	OPEB	Total Contributions	Pension	OPEB	Total Contributions
KERS-nh	$ 5,219,390	$ 1,426,052	$ 6,645,442	$ 6,016,601	$ 1,654,181	$ 7,670,782
KERS-h	214,739	-	214,739	221,613	-	221,613
Total KERS	5,434,129	1,426,052	6,860,181	6,238,214	1,654,181	7,892,395
TRS	4,034,014	892,464	4,926,478	3,980,643	875,458	4,856,101
Total	$ 9,468,143	$ 2,318,516	$ 11,786,659	$ 10,218,857	$ 2,529,639	$ 12,748,496

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

The University reported a liability of $135,107,529 and $141,684,358 for the years ended June 30, 2025 and 2024, respectively, for its proportionate shares of the net pension liability in the plans. The net pension liability for KERS and TRS plans were measured as of June 30, 2024 and June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date for all plans. The University's proportions of the net pension liabilities were based on projections of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the University's proportion was 0.661527 percent for KERS-nh, 0.1805160 percent for KERS-h, and 0.319198 percent for TRS, and at June 30, 2023, the University's proportion was 0.67265 percent for KERS-nh, 0.270679 percent for KERS-h, and 0.324297 percent for TRS.

For the years ended June 30, 2025 and 2024, the University recognized a pension expense of $3,462,861 and $2,265,455, respectively. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 863,742	$ —	$ 317,840	$ 5,128
Change in assumptions	255,093	—	2,778,199	2,308,250
Net difference between projected and actual earnings on investments	936,248	2,951,799	3,029,547	1,511,726
Change in proportionate share	2,648,142	1,820,970	3,375,439	2,774,691
Contributions subsequent to the measurement date	9,435,604	—	10,218,857	—
Total	$ 14,138,829	$ 4,772,769	$ 19,719,882	$ 6,599,795

The deferred outflows of resources related to the University contributions to the pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The deferred outflows and inflows of resources related to the net difference between projected and actual earnings on pension plan investments are amortized and recognized in pension expense over five years. All other amounts reported as deferred outflows of resources and deferred inflows of resources are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided pensions through the respective pension plan. The average expected remaining service life was determined to be 1.95 years for KERS-nh employees, 1.74 years for KERS-h employees, and 4.1 years for TRS employees as of the June 30, 2024 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2025 will be recognized in pension expense (benefit) as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Increase (Decrease) in Pension Expense
2026	$ 2,303,389	$ 3,892,669	$ (1,589,280)
2027	2,419,143	(843,729)	3,262,872
2028	(355,595)	973,262	(1,328,857)
2029	336,288	750,567	(414,279)
	$ 4,703,225	$ 4,772,769	$ (69,544)

Actuarial assumptions. For KERS, the actuarial valuation for financial reporting as of June 30, 2024 was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles. House Bill 8 passed during the 2021 legislative session changed how employer contributions are allocated and collected from participating employers. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability. The Board of Trustees adopted new actuarial assumptions on June 30, 2024. The following assumptions based on the June 30, 2023 actuarial valuation report were used to calculate the required contributions:

	KERS-nh	KERS-h
Actuarial Valuation Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost (EANC)	Entry Age Normal Cost (EANC)
Amortization Method	Level Percent of Pay (0% payroll growth)	Level Percent of Pay (0% payroll growth)
Amortization Period	30-year closed period at June 30, 2019 (gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases).	30-year closed period at June 30, 2019 (gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases).
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Investment Rate of Return	5.25%	6.25%
Inflation Rate	2.30%	2.30%
Projected Salary Increases	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service
Mortality Tables:		
Active Members	PUB-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.	PUB-2010 Public Safety Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
Health Retired Members	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Disabled Members	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
Date of Experience Study	June 30, 2013 - June 30, 2018	June 30, 2013 - June 30, 2018

For TRS, the actuarial valuation for financial reporting as of June 30, 2023 was performed by Cavanaugh Macdonald Consulting (CMC). The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023 and rolled forward. The actuarial valuation prepared as of June 30, 2023 reflects the new tier of benefits for members hired on or after January 1, 2022 (Tier 4). A summary of the actuarial assumptions as of the actuarial valuation are as follows:

	TRS
Actuarial Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of pay, closed
Remaining Amortization Period	19.9 Years
Asset Valuation Method	Five-year smoothed market
Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation
Inflation Rate	2.50%
Projected Salary Increases	3.00% - 7.50%, including wage inflation 2.75%
Cost-of-living adjustments	1.5% annually
Mortality Tables	Service retirements are based on the Teachers Mortality Table for Retirees. Rates for male members are set forward 2 years and multiplied by 102%. Rates for female members are set forward 2 years and multiplied by 98%.
	Disabled members are based on the Teachers Mortality Table for Disabled Retirees. Rates for male members are set forward 1 year and multiplied by 96%. Rates for female members are set back 2 years and multiplied by 94%.
Date of Experience Study	July 1, 2015 - June 30, 2020

For KERS, the long-term expected rates of return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

KERS-nh	**June 30, 2024**		**KERS-nh**	**June 30, 2023**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	40.00%	1.15%	Public Equity	32.50%	5.90%
Private Equity	8.00%	9.10%	Private Equity	7.00%	11.73%
Core Fixed Income	10.00%	2.85%	Core Fixed Income	20.50%	2.45%
Specialty Credit	25.00%	3.82%	Specialty Credit	15.00%	3.65%
Cash	2.00%	1.70%	Cash	5.00%	1.39%
Real Estate	7.00%	4.90%	Real Estate	10.00%	4.99%
Real Return	8.00%	5.35%	Real Return	10.00%	5.15%
	100.00%			100.00%	

KERS-h	**June 30, 2024**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	30.00%	1.15%
Private Equity	6.00%	9.10%
Core Fixed Income	27.00%	2.85%
Specialty Credit	20.00%	3.82%
Cash	2.00%	1.70%
Real Estate	5.00%	4.90%
Real Return	10.00%	5.35%
	100.00%	

KERS-h	**June 30, 2023**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	43.50%	5.90%
Private Equity	10.00%	11.73%
Core Fixed Income	10.00%	2.45%
Specialty Credit	15.00%	3.65%
Cash	1.50%	1.39%
Real Estate	10.00%	4.99%
Real Return	10.00%	5.15%
	100.00%	

For TRS, the long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis 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. A summary of the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

TRS	**June 30, 2024**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
International Equity	15.7%	5.5%
Emerging Markets Equit	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	2.0%	3.8%
Additional Categories	8.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

TRS	**June 30, 2023**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
International Equity	15.7%	5.5%
Emerging Markets Equit	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	5.0%	3.8%
Additional Categories	5.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

Discount rate. For KERS the discount rates used to measure the total pension liability as of the Measurement Date (June 30, 2023) and Prior Measurement Date (June 30, 2022) were 5.25 percent for non-hazardous and 6.25 percent for hazardous. The single discount rate determined for each plan is based on the expected rate of return on pension plan investments for each plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates, as revised by HB8. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability for each plan.

For TRS the discount rate used to measure the TPL as of the Measurement Date (June 30, 2024) and Prior Measurement Date (June 30, 2023) was 7.1 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that plan member contributions will be made in full at the current contribution rates and that employer contributions will be made at actuarially determined contribution rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Murray State University's proportionate share of the net pension liability to changes in the discount rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rates as of the Measurement Date and the Prior Measurement Date:

	June 30, 2024		
	1% Decrease	Discount Rate	1% Increase
University's proportionate share - KERS-nh	$ 92,271,850	$ 79,711,794	$ 69,306,279
	4.25%	5.25%	6.25%
University's proportionate share - KERS-h	465,492	674,698	297,114
	5.25%	6.25%	7.25%
University's proportionate share - TRS	71,322,210	54,721,037	40,916,580
	6.10%	7.10%	8.10%

	June 30, 2023		
	1% Decrease	Discount Rate	1% Increase
University's proportionate share - KERS-nh	$ 95,241,143	$ 82,861,911	$ 72,603,272
	4.25%	5.25%	6.25%
University's proportionate share - KERS-h	1,571,326	1,144,940	799,509
	5.25%	6.25%	7.25%
University's proportionate share - TRS	74,183,380	57,677,507	44,031,178
	6.10%	7.10%	8.10%

Pension plan fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued KERS and TRS financial reports.

c) OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The University reported a liability of $12,501,247 and $13,964,400 years ended June 30, 2025 and 2024, respectively, for its proportionate shares of the net OPEB liability in the plans. The net OPEB liability for KERS and TRS plans were measured as of June 30, 2024 and June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date for all plans. The University's proportions of the net OPEB liabilities were based on projections of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2024, the University's proportion was 0.491936 percent for KERS-nh, 0.18053 percent for KERS-h, 0.410998 percent for TRS-medical, and 0.847381 percent for TRS-life. At June 30, 2023, the University's proportion was 0.446983 percent for KERS-nh, 0.270734 percent for KERS-h, 0.442325 percent for TRS-medical, and 0.875471 percent for TRS-life.

For the years ended June 30, 2025 and 2024, the University recognized an OPEB benefit of $5,086,107 and $6,016,982, respectively. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2025		June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 293,264	$ 5,924,475	12,342	8,913,698
Change in assumptions	2,572,806	181,862	2,855,754	490,777
Net difference between projected and actual earnings on investments	410,157	1,004,472	898,274	667,441
Change in proportionate share	3,850,916	4,688,807	4,100,316	6,301,319
Contributions subsequent to the measurement date	2,318,516	—	2,529,639	—
Total	$ 9,445,659	$ 11,799,616	$ 10,396,325	$ 16,373,235

The deferred outflows of resources related to the University contributions to the OPEB plan subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. The deferred outflows and inflows of resources related to the net difference between projected and actual earnings on OPEB plan investments are amortized and recognized in OPEB expense over five years. All other amounts reported as deferred outflows of resources and deferred inflows of resources are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided benefits through the respective OPEB plan. The average expected remaining service life was determined to be 3.40 years for KERS-nh employees, 4.10 years for KERS-h employees, and 6.61 years for TRS employees, as of the June 30, 2024 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2025 will be recognized in OPEB expense (benefit) as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Increase (Decrease) in OPEB Expense
2026	$ 2,605,838	$ 6,252,999	$ (3,647,161)
2027	2,633,472	2,487,443	146,029
2028	1,523,576	1,593,910	(70,334)
2029	122,813	744,801	(621,988)
Thereafter	241,444	720,463	(479,019)
	$ 7,127,143	$ 11,799,616	$ (4,672,473)

Actuarial assumptions. For KERS, the actuarial valuation for financial reporting as of June 30, 2023 was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date (June 30, 2023) to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles. The single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. There were no other material plan provision changes. The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2024:

	KERS-nh	**KERS-h**
Actuarial Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Period	30-year closed period at June 30, 2019 (gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases).	30-year closed period at June 30, 2019 (gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases).
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized.
Inflation Rate	2.30%	2.30%
Payroll Growth Rate	0%	0%
Projected Salary Increases	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service
Investment Rate of Return	6.25%	6.25%
Mortality	System-specifc mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using base year of 2019.	System-specifc mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using base year of 2019.
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates (Post-65)	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

For TRS, the actuarial valuation for financial reporting as of June 30, 2024 was performed by Cavanaugh Macdonald Consulting (CMC). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2023 and rolled forward. Various economic and demographic assumptions including health care costs and inflation rates were revised in the recent experience study. The following actuarial assumptions were adopted by the TRS Board of Trustees:

TRS

Actuarial Valuation Date	June 30, 2023
Investment Rate of Return - Health	7.10%
Investment Rate of Return - Life	7.10%
Inflation Rate	2.50%
Projected Salary Increases	3.00% - 7.50%, including wage inflation of 2.75%
Health Care Cost Trends:	
Medical Trend	6.60% for FYE 2024 decreasing to an ultimate rate of 4.50% by FYE 2031
Medicare Part B Premiums	5.92% for FYE 2024 with an ultimate rate of 4.50% by FYE 2035
Mortality Rates	Based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments.
Date of Experience Study	July 1, 2015 - June 30, 2020

For KERS, the long-term expected rate of return was determined using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

KERS-nh and h	June 30, 2024	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	30.00%	1.15%
Private Equity	6.00%	9.10%
Core Fixed Income	27.00%	2.85%
Specialty Credit	20.00%	3.82%
Cash	2.00%	1.70%
Real Estate	5.00%	4.90%
Real Return	10.00%	5.35%
	100.00%	

KERS-nh and h	June 30, 2023	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	43.50%	5.90%
Private Equity	10.00%	11.73%
Core Fixed Income	10.00%	2.45%
Specialty Credit	15.00%	3.65%
Cash	1.50%	1.39%
Real Estate	10.00%	4.99%
Real Return	10.00%	5.15%
	100.00%	

For TRS the long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

TRS-Medical	**June 30, 2024**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	1.0%	1.6%
Total	100.0%	

TRS-Medical	**June 30, 2023**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	1.0%	1.6%
Total	100.0%	

TRS-Life	**June 30, 2024**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.0%	5.2%
International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

TRS-Life	**June 30, 2023**	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.0%	5.2%
International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

Discount rate. For KERS the discount rates used to measure the total OPEB liability as of the Measurement Date (June 30, 2024) were 6 percent for non-hazardous and 5.99 percent for hazardous. The discount rates used to measure the total OPEB liability as of the Prior Measurement Date (June 30, 2023) were 5.94 percent for non-hazardous and 5.94 percent for hazardous. The single discount rates were based on the expected rate of return on OPEB plan investments of 6.50 percent and a municipal bond rate of 3.97 percent, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Future contributions are projected assuming that each participating employer contributes the actuarially determined employer contribution each future year in accordance with the current funding policy.

For TRS, the discount rates used to measure the total OPEB liability as of the Measurement Date (June 30, 2024) and Prior Measurement Date (June 30, 2023) for both medical and life were 7.1 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 75. The projection's basis was an actuarial valuation performed as of June 30, 2023 in addition to other actuarial methods and assumptions related to total payroll, employer contributions, administrative expenses, and cash flows. Future contributions were based on the contribution rates as defined in statue and the projected payroll of active employees.

Sensitivity of Murray State University's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the University's proportionate share of the net OPEB liability calculated using the discount rates as of the Measurement Date:

	June 30, 2024		
	1% Decrease	Discount Rate	1% Increase
University's proportionate share - KERS-nh	$ 4,914,616	$ 3,556,939	$ 2,409,236
	5.00%	6.00%	7.00%
University's proportionate share - KERS-h	(327,391)	(424,482)	(504,931)
	4.99%	5.99%	6.99%
University's proportionate share - TRS-medical	12,170,436	9,161,071	6,667,252
	6.10%	7.10%	8.10%
University's proportionate share - TRS-life	355,947	207,719	87,574
	6.10%	7.10%	8.10%

	June 30, 2023		
	1% Decrease	Discount Rate	1% Increase
University's proportionate share - KERS-nh	$ 4,716,609	$ 3,506,993	$ 2,489,805
	4.94%	5.94%	6.94%
University's proportionate share - KERS-h	(421,941)	(563,113)	(679,795)
	4.94%	5.94%	6.94%
University's proportionate share - TRS-medical	13,857,134	10,773,427	8,224,908
	6.10%	7.10%	8.10%
University's proportionate share - TRS-life	397,219	247,093	125,515
	6.10%	7.10%	8.10%

OPEB plan fiduciary net position. Detailed information about the OPEB plans' fiduciary net position is available in the separately issued KERS and TRS financial reports.

19. Component Units

Murray State University Foundation, Inc.

Murray State University Foundation, Inc. (Foundation) is a Kentucky nonprofit corporation formed to receive, invest and expend funds for the enhancement and improvement of the University. It is a legally separate, tax-exempt component unit of the University that manages certain endowments and investments on behalf of the University. The Foundation has a Board of Trustees separate from that of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statement package.

During the years ended June 30, 2025 and 2024, the Foundation made payments of $5,551,972 and $5,559,795, respectively, on behalf of the University from restricted sources. Accounts receivable at June 30, 2025 and 2024, from the Foundation were $501,948 and $529,09, respectively. Accounts payable to the Foundation as of June 30, 2025 and 2024 were $252,081 and $72,840, respectively.

Complete financial statements for the Foundation can be obtained from the Murray State University Foundation Office, 100 Nash House, Murray, Kentucky 42071.

Significant notes to the Foundation's financial statements are as follows:

a) Investments and Investment Return

Investments at June 30 consisted of:

	2025	2024
Money market mutual funds	$ 921,618	$ 1,446,855
Equity securities	593,891	693,468
Cash value of life insurance policies	279,567	273,263
Mutual funds	129,554,897	114,780,334
Government bonds	32,499,866	30,120,548
Sovereign debt	811,045	1,423,260
Municipal bonds	247,724	236,030
Corporate bonds	18,975,563	17,317,135
Beneficial interests in trusts	13,408,539	11,900,883
	$ 197,292,710	$ 178,191,776

Total investment return is comprised of the following:

	2025	2024
Interest and dividend income	$ 2,888,182	$ 2,776,628
Realized gains on investments	3,456,167	4,015,451
Unrealized gains on investments	9,355,763	10,848,469
Management fees	690,611	716,628
	$ 16,390,723	$ 18,357,176

b) Assets Held for Others

Assets held for others represent resources in the possession of, but not under the control of, the Foundation. Assets held for others as of June 30 were as follows:

	2025	2024
Murray State University	$ 39,868,540	$ 32,215,329
Murray State University Alumni Association	1,541,474	1,461,313
	$ 41,410,014	$ 33,676,642

c) Annuities and Trusts Payable

The Foundation has been the recipient of several gift annuities which require future payments to the donor or their named beneficiaries. The assets received from donors are recorded at fair value on the date of the gift. The Foundation has recorded a liability as of June 30, 2025 and 2024, $1,093,403 and $1,265,338, respectively, which represents the present value of the future gift annuity obligations. The liability has been determined using discount rates ranging from 0.6 percent to 7.0 percent. As of June 30, 2025, and 2024, cash, cash equivalents, and investments relative to split interest agreements and other liabilities discussed in the Foundation's Note 11 total $13,423,578 and $11,984,150, respectively.

The Foundation administers several charitable remainder unitrusts and annuity trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime), either in the form of a percentage of the fair value of the trust's assets (unitrust) or in the form of a specified dollar amount (annuity trust). At the end of the trust's term, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the future interest of the Foundation is recorded in the statements of activities as contributions with donor restriction in the period the trust is established. Assets (investments) held in the charitable remainder trusts are recorded at fair value in the Foundation's statements of financial position.

The present value of the estimated future payments is $5,092,411 and $4,921,854 as of June 30, 2025 and 2024, respectively, which was calculated using discount rates ranging from 1.8 percent to 8.0 percent, and applicable mortality tables.

d) Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2025 and 2024 are restricted for the following purposes:

	2025	2024
Subject to expenditure for specified purpose:		
Scholarships	$ 9,089,017	$ 7,596,434
Instruction and institutional support	11,860,267	12,016,702
Chairs, professorships, academic stipends and seminars	1,138,268	1,049,125
Operations of the golf course	343,848	393,110
Promise to give, the proceeds from which have been restricted by donors for:		
Scholarships	482,813	595,130
Institutional support	489,816	147,297
	23,404,029	21,797,798
Subject to passage of time:		
Assets held under split-interest agreements	4,578,620	2,617,311
Subject to appropriation and expenditure when a specific event occurs:		
Scholarships	3,349,303	1,855,365
Instruction and institutional support	1,838,103	2,330,138
Promise to give, the proceeds from which have been restricted by donors for:		
Scholarships	887,918	1,486,951
Instruction and Institutional support	995,258	516,216
	7,070,582	6,188,670
Net Assets Released from Restriction		
Subject to endowment spending policy and appropriation:		
Scholarships	67,085,378	63,048,481
Instruction and institutional support	20,261,888	18,638,953
Chairs and professorships	4,884,480	4,216,103
Operations of the golf course	2,902,080	1,828,242
Any activity of the Foundation	550,523	538,108
	95,684,349	88,269,887
Total net assets with donor restrictions	$ 130,737,580	$ 118,873,666

20. Risk Management

The University is exposed to various risks of loss related to torts, or breach of contract claims; theft of, damage to and destruction of assets; error and omission; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to workers' compensation, natural disasters, and employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. Effective July 1, 2021 the University has a contract with the Kentucky Employers Mutual Insurance Company (KEMI). The company specializes in workers' compensation coverage and will continue to improve the University's risk management in the Workers' Compensation program.

Claims and Litigation

The University is a defendant in various lawsuits. It is the opinion of management and its legal counsel, based in part on the doctrine of sovereign immunity and other statutory provisions, that the ultimate outcome of litigation is not expected to have a material effect on the future operations or financial position of the University. While the University enjoys defenses including sovereign immunity, it is unknown if a claim, including the COVID-19 tuition refund case, could prevail over those defenses.

Commitments

The University has outstanding commitments under construction contracts of $40,886,848 and $16,641,612 as of June 30, 2025 and 2024, respectively.

Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single Audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

21. Fair Value Measurement

The University categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles (GAAP). The hierarchy is based on the valuation inputs (sources of information for calculating fair value) used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The University has the following recurring fair value measurements as of June 30, 2025:

- Cash equivalents with a value of $135,369,118 held by the Commonwealth of Kentucky in an intermediate investment pool; fair value hierarchy level 2.
- Restricted investments for debt reserves with a value of $347,265 held by US Bank in money market accounts; fair value hierarchy level 1.
- Restricted quasi-endowment and endowment investments with a value of $39,868,540 held by the Foundation in an investment pool; fair value hierarchy levels 1, 2, or 3.

22. Natural Expense Classifications with Functional Classifications

The University's operating expenses by functional classification for the years ended June 30 were as follows:

	Year Ended June 30, 2025					
	Natural Classification					
Fund Classification	Compensation and Benefits	Operations	Utilities	Noncapitalized Equipment	Scholarships	Total
Instruction	$ 57,901,353	$ 7,614,687	$ 22,387	$ 587,744	$ —	$ 66,126,171
Research	1,491,429	1,319,799	118	33,974	—	2,845,320
Public service	4,456,718	2,592,942	424,826	118,925	—	7,593,411
Libraries	1,978,735	1,521,676	448	41,135	—	3,541,994
Academic support	4,404,653	1,878,091	11,602	209,123	—	6,503,469
Student services	12,945,064	10,682,247	10,331	293,027	1,139	23,931,808
Institutional support	20,733,122	(332,652)	79,074	286,303	—	20,765,847
Operations and maintenance	5,215,065	18,231,019	6,067,481	6,519	—	29,520,084
Student financial aid	—	—	—	—	14,838,875	14,838,875
Depreciation	—	8,101,317	—	—	—	8,101,317
Amortization	—	2,217,808	—	—	—	2,217,808
State pension expense - GASB 68	3,462,861	—	—	—	—	3,462,861
State OPEB (benefit) - GASB 75	(5,086,107)	—	—	—	—	(5,086,107)
Auxiliary enterprises	3,461,403	10,884,489	2,713,160	23,998	46,748	17,129,798
Auxiliary depreciation	—	4,436,343	—	—	—	4,436,343
Total expenses	$ 110,964,296	$ 69,147,766	$ 9,329,427	$ 1,600,748	$ 14,886,762	$ 205,928,999

	Year Ended June 30, 2024					
	Natural Classification					
Fund Classification	Compensation and Benefits	Operations	Utilities	Noncapitalized Equipment	Scholarships	Total
Instruction	$ 57,290,047	$ 6,667,030	$ 21,280	$ 503,544	$ —	$ 64,481,901
Research	1,551,800	1,174,850	—	68,351	—	2,795,001
Public service	4,434,175	2,769,564	326,338	65,910	—	7,595,987
Libraries	1,983,081	1,229,648	—	9,299	—	3,222,028
Academic support	4,591,074	2,759,303	9,321	149,904	—	7,509,602
Student services	12,169,813	8,717,005	11,914	210,449	1,551	21,110,732
Institutional support	20,761,744	(950,955)	107,321	368,476	—	20,286,586
Operations and maintenance	5,452,465	14,793,779	5,793,523	18,391	—	26,058,158
Student financial aid	—	—	—	—	15,423,152	15,423,152
Depreciation	—	8,137,553	—	—	—	8,137,553
Amortization	—	2,231,924	—	—	—	2,231,924
State pension expense - GASB 68	2,265,455	—	—	—	—	2,265,455
State OPEB (benefit) - GASB 75	(6,016,982)	—	—	—	—	(6,016,982)
Auxiliary enterprises	3,170,269	10,164,869	2,700,298	46,978	62,459	16,144,873
Auxiliary depreciation	—	4,687,745	—	—	—	4,687,745
Total expenses	$ 107,652,941	$ 62,382,315	$ 8,969,995	$ 1,441,302	$ 15,487,162	$ 195,933,715

23. Segment Information

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specifically identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains and losses and assets and liabilities that are required by an external party to be accounted for separately. The Susan E. Bauernfeind Student Recreation and Wellness Center is the University's only reportable segment.

Susan E. Bauernfeind Student Recreation and Wellness Center

The University entered into an agreement with the City of Murray, Kentucky on December 30, 2002, to finance the construction of a student recreation/wellness center. The University established a $3.00 per credit hour student fee, effective for the Fall 2002 semester, to be designated as the Wellness Center Fee. A portion of the revenues from this fee will be used to fund all debt and debt related expenses according to the terms and provisions of the Memorandum of Agreement between the University and the City of Murray.

The City of Murray refinanced the original bonds in the Spring of 2012 to take advantage of an overall decrease in net interest costs. The terms of original agreement between the University and the City of Murray remained unchanged, with the exception of changes in the amount of debt and interest payments.

Condensed financial information as of and for the years ended June 30 of the University's Wellness Center segment is as follows:

Wellness Center - Condensed Statements of Net Position

	2025	2024
Assets		
Current assets	$ 1,287,318	$ 1,225,699
Noncurrent assets	1,519,386	1,465,105
Capital assets, net of accumulated depreciation	5,094,213	5,362,929
Total assets	7,900,917	8,053,733
Deferred outflows of resources		
Bond refunding loss	150,269	169,556
Total deferred outflows of resources	150,269	169,556
Liabilities		
Current liabilities	26,381	27,224
Noncurrent liabilities	4,314,999	4,790,000
Total liabilities	4,341,380	4,817,224
Net position		
Invested in capital assets, net of related debt and accumulated depreciation	929,482	742,484
Restricted		
Expendable capital	592,297	590,182
Expendable debt service	892,832	847,700
Unrestricted	1,295,195	1,225,699
Total net position	$ 3,709,806	$ 3,406,065

Wellness Center - Condensed Statements of Revenues, Expenses and Changes in Net Position

	2025	2024
Operating revenues	$ 56,225	$ 58,540
Operating expenses	(513,729)	(393,944)
Depreciation expense	(268,715)	(268,715)
Operating loss	(726,219)	(604,119)
Nonoperating revenues	1,029,960	853,760
Change in net position	303,741	249,641
Net position, beginning of year	3,406,065	3,156,424
Net position, end of year	$ 3,709,806	$ 3,406,065

Wellness Center - Condensed Statements of Cash Flows

	2025	2024
Cash flows from		
Operating activities	$ (457,503)	$ (346,914)
Noncapital financing activities	438,623	378,435
Capital and related financing activities	90,682	(12,618)
Investing activities	44,098	41,538
Net increase in cash	115,900	60,441
Cash, beginning of year	2,690,804	2,630,363
Cash, end of year	$ 2,806,704	$ 2,690,804

24. Risk and Uncertainties

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such change could materially affect the investment amounts reported in the statements of net position.

MURRAY STATE UNIVERSITY

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Proportionate Share of the Net Pension and OPEB Liabilities

KERS-Non-Hazardous Pension Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University's proportion of the net pension liability	0.661520%	0.672650%	0.682238%	0.686639%	0.667879%	0.830936%	0.889474%	0.858544%	0.836194%	0.854037%
University's proportionate share of the net pension liability	$ 79,711,794	$ 82,861,911	$ 90,514,856	$ 91,439,695	$ 94,602,318	$ 117,353,108	$ 121,002,044	$ 114,944,760	$ 95,321,852	$ 85,676,061
University's covered-employee payroll	$ 12,651,047	$ 11,087,411	$ 9,776,198	$ 9,896,782	$ 9,858,936	$ 12,346,496	$ 13,430,657	$ 13,757,275	$ 12,787,487	$ 13,188,333
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	630.08%	747.35%	925.87%	923.93%	959.56%	950.50%	900.94%	835.52%	745.43%	649.64%
Plan fiduciary net position as a percentage of the total pension liability	25.96%	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.00%	14.80%	18.83%

KERS-Hazardous Pension Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University's proportion of the net pension liability	0.180510%	0.270679%	0.330614%	0.366704%	0.358942%	0.399507%	0.411530%	0.389490%	0.396922%	0.388584%
University's proportionate share of the net pension liability	$ 674,698	$ 1,144,940	$ 1,677,919	$ 1,634,132	$ 2,012,505	$ 2,182,483	$ 2,078,740	$ 1,936,158	$ 1,554,497	$ 1,332,707
University's covered-employee payroll	$ 504,016	$ 606,110	$ 623,697	$ 633,389	$ 616,806	$ 641,608	$ 629,378	$ 695,282	$ 585,712	$ 492,259
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.86%	188.90%	269.03%	258.00%	326.28%	340.16%	330.29%	278.47%	265.40%	270.73%
Plan fiduciary net position as a percentage of the total pension liability	73.18%	67.87%	61.51%	66.03%	55.18%	55.49%	56.10%	55.00%	57.41%	61.70%

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Proportionate Share of the Net Pension and OPEB Liabilities *(Continued)*

TRS Pension Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University's proportion of the net pension liability	0.319198%	0.324297%	0.302319%	0.332672%	0.341099%	0.341570%	0.429000%	0.404176%	0.698165%	0.722622%
University's proportionate share of the net pension liability	$ 54,721,037	$ 57,677,507	$ 53,505,432	$ 45,262,690	$ 50,602,469	$ 48,827,257	$ 58,888,449	$ 114,216,721	$ 215,900,958	$ 176,518,973
University's covered-employee payroll	$ 13,216,237	$ 12,898,211	$ 11,719,369	$ 12,105,618	$ 12,174,727	$ 11,945,449	$ 14,824,781	$ 13,804,356	$ 23,671,557	$ 24,966,648
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	414.04%	447.17%	456.56%	373.90%	415.64%	408.75%	397.23%	827.40%	912.07%	707.02%
Plan fiduciary net position as a percentage of the total pension liability	60.40%	57.70%	56.40%	65.60%	58.27%	58.76%	59.28%	39.83%	35.22%	42.49%

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MURRAY STATE UNIVERSITY
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Proportionate Share of the Net Pension and OPEB Liabilities *(Continued)*

KERS-Non-Hazardous OPEB Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
University's proportion of the net OPEB liability	0.491936%	0.446983%	0.521679%	0.661034%	0.667876%	0.830936%	0.888860%	0.858544%
University's proportionate share of the net OPEB liability	$ 3,556,939	$ 3,506,993	$ 11,540,118	$ 15,067,126	$ 16,956,758	$ 18,470,843	$ 21,074,087	$ 21,772,351
University's covered-employee payroll	$ 9,463,988	$ 7,390,828	$ 7,497,216	$ 9,600,494	$ 9,900,801	$ 12,596,599	$ 13,989,750	$ 13,677,439
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	37.58%	47.45%	153.93%	156.94%	171.27%	146.63%	150.64%	159.18%
Plan fiduciary net position as a percentage of the total OPEB liability	70.95%	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.40%

KERS-Hazardous OPEB Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
University's proportion of the net OPEB liability	0.180530%	0.270734%	0.330497%	0.366672%	0.358863%	0.399241%	0.411632%	0.389490%
University's proportionate share of the net OPEB liability	$ (424,482)	$ (563,113)	$ 25,207	$ (42,259)	$ 153,482	$ (107,192)	$ (136,532)	$ 23,490
University's covered-employee payroll	$ 504,072	$ 606,233	$ 623,476	$ 633,334	$ 653,881	$ 604,643	$ 783,406	$ 666,367
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	-84.21%	-92.89%	4.04%	-6.67%	23.47%	-17.73%	-17.43%	3.53%
Plan fiduciary net position as a percentage of the total OPEB liability	153.10%	149.84%	98.72%	101.85%	92.42%	105.29%	106.83%	98.80%

These schedules will ultimately present ten years of data when available.

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Years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

Proportionate Share of the Net Pension and OPEB Liabilities *(Continued)*

TRS OPEB - Medical	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
University's proportion of the net OPEB liability	0.410998%	0.442325%	0.571582%	0.379104%	0.386360%	0.402916%	0.417902%	0.443448%
University's proportionate share of the net OPEB liability	$ 9,161,071	$ 10,773,427	$ 14,189,695	$ 8,134,461	$ 9,750,760	$ 11,792,493	$ 14,500,008	$ 15,812,389
University's covered-employee payroll	$ 17,017,150	$ 17,592,504	$ 22,157,325	$ 13,795,234	$ 13,790,201	$ 14,090,843	$ 14,441,272	$ 15,145,665
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	53.83%	61.24%	64.04%	58.97%	70.71%	83.69%	100.41%	104.40%
Plan fiduciary net position as a percentage of the total OPEB liability	59.80%	53.00%	47.80%	51.70%	39.10%	32.60%	25.54%	21.18%

TRS OPEB - Life	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
University's proportion of the net OPEB liability	0.847381%	0.875471%	0.881983%	0.873016%	0.877560%	0.903787%	0.948638%	0.970240%
University's proportionate share of the net OPEB liability	$ 207,719	$ 247,093	$ 274,323	$ 114,173	$ 304,618	$ 280,825	$ 267,497	$ 213,055
University's covered-employee payroll	$ 35,085,353	$ 34,819,933	$ 34,189,992	$ 31,768,223	$ 31,322,416	$ 31,607,384	$ 32,781,704	$ 33,137,887
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.59%	0.71%	0.80%	0.36%	0.97%	0.89%	0.82%	0.64%
Plan fiduciary net position as a percentage of the total OPEB liability	80.60%	76.90%	74.00%	89.20%	71.60%	73.40%	74.97%	79.99%

These schedules will ultimately present ten years of data when available.

See Independent Auditor's Report

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Schedules of Required Supplementary Information

Years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

Schedule of Murray State University Contributions

KERS-Non-Hazardous Pension Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$ 6,894,371	$ 6,906,622	$ 7,032,530	$ 2,912,422	$ 3,909,884	$ 4,990,354	$ 5,577,805	$ 5,341,635	$ 4,290,378	$ 4,420,027
Contributions in relation to the contractually required contribution	(6,894,371)	(6,906,622)	(7,032,530)	(2,912,422)	(3,909,884)	(4,990,354)	(5,577,805)	(5,341,635)	(4,290,378)	(4,420,027)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 12,651,047	$ 11,087,411	$ 9,776,198	$ 9,896,782	$ 9,858,936	$ 12,346,496	$ 13,430,657	$ 13,757,275	$ 12,787,487	$ 13,188,333
Contributions as a percentage of covered-employee payroll	54.50%	62.29%	71.94%	29.43%	39.66%	40.42%	41.53%	38.83%	33.55%	33.51%

KERS-Hazardous Pension Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$ 153,655	$ 184,960	$ 199,871	$ 232,213	$ 215,996	$ 217,297	$ 146,694	$ 136,435	$ 94,306	$ 115,000
Contributions in relation to the contractually required contribution	(153,655)	(184,960)	(199,871)	(232,213)	(215,996)	(217,297)	(146,694)	(136,435)	(94,306)	(115,000)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 504,016	$ 606,110	$ 623,697	$ 633,389	$ 616,806	$ 641,608	$ 629,378	$ 695,282	$ 585,712	$ 492,259
Contributions as a percentage of covered-employee payroll	30.49%	30.52%	32.05%	36.66%	35.02%	33.87%	23.31%	19.62%	16.10%	23.36%

See Independent Auditor's Report

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Schedules of Required Supplementary Information

Years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015

Schedule of Murray State University Contributions *(Continued)*

TRS Pension Plan	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,942,151	$ 3,898,301	$ 3,948,769	$ 3,935,128	$ 3,956,138	$ 3,996,612	$ 5,349,835	$ 5,326,832	$ 5,555,229	$ 5,684,344
Contributions in relation to the contractually required contribution	(3,942,151)	(3,898,301)	(3,948,769)	(3,935,128)	(3,956,138)	(3,996,612)	(5,349,835)	(5,326,832)	(5,555,229)	(5,684,344)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 13,216,237	$ 12,898,211	$ 11,719,369	$ 12,105,618	$ 12,174,727	$ 11,945,441	$ 14,824,781	$ 13,804,356	$ 23,671,557	$ 24,966,648
Contributions as a percentage of covered-employee payroll	29.83%	30.22%	33.69%	32.51%	32.49%	33.46%	36.09%	38.59%	23.47%	22.77%

See Independent Auditor's Report

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Schedules of Required Supplementary Information

Years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

Schedule of Murray State University Contributions *(Continued)*

KERS-Non-Hazardous OPEB Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually required contribution	$ 766,958	$ 766,963	$ 869,313	$ 596,529	$ 800,831	$ 1,022,149	$ 1,142,681	$ 1,108,416
Contributions in relation to the contractually required contribution	(766,958)	(766,963)	(869,313)	(596,529)	(800,831)	(1,022,149)	(1,142,681)	(1,108,416)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 9,463,988	$ 7,390,828	$ 7,497,216	$ 9,600,494	$ 9,900,801	$ 12,596,599	$ 13,989,750	$ 13,677,439
Contributions as a percentage of covered-employee payroll	8.10%	10.38%	11.60%	6.21%	8.09%	8.11%	8.17%	8.10%

KERS-Hazardous OPEB Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually required contribution	$ -	$ -	$ -	$ -	$ 15,451	$ 15,566	$ 15,463	$ 17,734
Contributions in relation to the contractually required contribution	-	-	-	-	(15,451)	(15,566)	(15,463)	(17,734)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 504,072	$ 606,233	$ 623,476	$ 633,334	$ 653,881	$ 604,643	$ 783,406	$ 666,367
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	2.36%	2.57%	1.97%	2.66%

These schedules will ultimately present ten years of data when available.

See Independent Auditor's Report

MURRAY STATE UNIVERSITY
A Component Unit of the Commonwealth of Kentucky

Schedules of Required Supplementary Information

Years ended June 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

Schedule of Murray State University Contributions *(Continued)*

TRS-Medical OPEB Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually required contribution	$ 853,450	$ 838,132	$ 758,417	$ 672,912	$ 682,339	$ 701,586	$ 744,415	$ 759,751
Contributions in relation to the contractually required contribution	(853,450)	(838,132)	(758,417)	(672,912)	(682,339)	(701,586)	(744,415)	(759,751)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 17,017,150	$ 17,592,504	$ 22,157,325	$ 13,795,234	$ 13,790,201	$ 14,090,843	$ 14,441,272	$ 15,145,665
Contributions as a percentage of covered-employee payroll	5.02%	4.76%	3.42%	4.88%	4.95%	4.98%	5.15%	5.02%

TRS-Life OPEB Plan	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually required contribution	$ 25,386	$ 24,574	$ 20,935	$ 17,494	$ 14,667	$ 11,874	$ 9,288	$ 9,362
Contributions in relation to the contractually required contribution	(25,386)	(24,574)	(20,935)	(17,494)	(14,667)	(11,874)	(9,288)	(9,362)
Contribution deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 35,085,353	$ 34,819,933	$ 34,189,992	$ 31,768,223	$ 31,322,416	$ 31,607,384	$ 32,781,704	$ 33,137,887
Contributions as a percentage of covered-employee payroll	0.07%	0.07%	0.06%	0.06%	0.05%	0.04%	0.03%	0.03%

These schedules will ultimately present ten years of data when available.

See Independent Auditor's Report

Pension

Changes in assumptions – In fiscal year 2025, there were no material changes to the KERS or the TRS plan.

In fiscal year 2024, there were no material changes to the KERS or the TRS plan.

In fiscal year 2023, there were no material changes to the KERS or the TRS plan.

In fiscal year 2022, for KERS Salary Increases changed from 3.55% - 15.55% for Non-Hazardous and Hazardous to 3.30% - 15.30% for Non-Hazardous and to 3.55% to 20.05% for Hazardous. The KERS Amortization Period changed from 26 years, closed to 30 years, closed. For TRS Price Inflation changed from 3.00% to 2.50%, Salary Increases changed from 3.50% - 7.30%, including inflation to 3.00% - 7.50%, including inflation, and the Investment Rate of Return changed from 7.50%, net of pension plan investment expense, including inflation to 7.10%, net of pension plan investment expense, including inflation.

In fiscal year 2021, there were no changes to the KERS plan or the TRS plan.

In fiscal year 2020, for KERS, the salary increase assumption changed from 3.05%, average to 3.55% - 15.55%, varies by service. There were no changes for TRS.

In fiscal year 2019, there were no changes to the KERS plan and the TRS plan discount rate increased from 4.49% to 7.50%.

In fiscal year 2018, the KERS plan discount rate and assumed investment rate of return decreased from 6.75% to 5.25%, the assumed rate of inflation decreased from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption for all years of service. The payroll growth rate assumption decreased from 4.00% to 0.00% and the TRS plan discount rate increased from 4.20% to 4.49%.

In fiscal year 2017, the KERS Non-Hazardous investment rate and discount rate both decreased from 7.50% to 6.75% and the TRS plan discount rate decreased from 4.88% to 4.20%.

Pension, continued

In fiscal year 2016, the KERS plan inflation rate decreased from 3.50% to 3.25%, the estimated salary increases decreased from 4.50% to 4.00%, and the investment rate and discount rate both decreased from 7.75% to 7.50%. Additionally, the mortality tables changed from the 1983 and 1994 Group.

Annuity Mortality Tables to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (adjusted for males and females). The TRS plan discount rate decreased from 5.23% to 4.88%.

* The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

Other Post-employment Benefits (OPEB)

Changes in assumptions – In fiscal year 2025, the TRS Healthcare Trend Rate changed. 6.50% was used for FYE 2024 decreasing to an ultimate rate of 4.50% by FYE 2031. The TRS Medicare Part B Premiums rate changed to 5.92% for FYE 2024 with an ultimate rate of 4.50% by FYE 2035.

In fiscal year 2024, the TRS Healthcare Trend Rate for Ages 65 and older and for under 65 were combined. 6.75% was used for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032. The TRS Medicare Part B Premiums rate changed to 1.55% for FYE 2023 with an ultimate rate of 4.50% by FYE 2034. For KERS the inflation rate increased to 2.50%, investment return rate increased to 6.50%, the Healthcare trend rate for Pre-65 changed to an initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years and for Post-65 initial trend rate starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

In fiscal year 2023, the TRS Medical Insurance Fund (MIF) Healthcare Trend Rate for Ages 65 and older increased from 5.00% to 5.125%. The TRS MIF Medicare Part B Premiums increased from 4.40% to 6.97%. For KERS the Healthcare Trend Rate for Under Age 65 increased from 6.25% to 6.40% and for Ages 65 and Older the Healthcare Trend Rate increased from 5.50% to 6.30%.

In fiscal year 2022, for KERS the Healthcare Trend Rate for Under Age 65 decreased from 6.40% to 6.25% and for Ages 65 and Older the Healthcare Trend Rate increased from 2.90% to 5.50%. The KERS Salary Increases for Hazardous changed from 3.55% - 19.55% to 3.55% - 20.05%. The KERS

OPEB, continued

Discount Rates used for Non-Hazardous and Hazardous decreased from 5.43% to 5.26% and from 5.28% to 5.01%, respectively. For TRS, Salary Increases changed from 3.50% - 7.20% to 3.00% - 7.50%, the Inflation Rate decreased from 3.00% to 2.50%, Real Wage Growth decreased from 0.50% to 0.25%, Wage Inflation decreased from 3.50% to 2.75%, and the Municipal Bond Index rate decreased from 2.19% to 2.13%. The TRS MIF Healthcare Cost Trend Rates for Under Age 65 and Ages 65 and Older decreased from 7.25% to 7.00% and 5.25% to 5.00%, respectively. The TRS MIF Medicare Part B Premiums decreased from 6.49% to 4.40%.

In fiscal year 2021, for KERS the healthcare trend rates for Under Age 65 and Ages 65 and Older increased from 7.00% to 7.25% and 5.00% to 5.10%, respectively. The TRS Municipal Bond Index rate decreased from 3.50% to 2.19%. The TRS MIF health care cost trends for Under Age 65 and Ages 65 and Older decreased from 7.50% to 7.25% and 5.50% to 5.25%, respectively. The TRS MIF Medicare Part B Premiums increased from 2.63% to 6.49%. The TRS LIF Salary Increases changed from 3.50% – 7.45% to 3.50% - 7.20%.

In fiscal year 2020, for KERS the salary increases changed from 3.05% avg. to 3.55% – 15.55% (non-hazardous) and 3.55% – 19.55% (hazardous). The TRS Municipal Bond Index rate decreased from 3.89% to 3.50%. The TRS MIF health care cost trends for Under Age 65 and Ages 65 and Older decreased from 7.75% to 7.50% and 5.75% to 5.50%, respectively.

In fiscal year 2019, the KERS Non-hazardous plan discount rate increased from 5.83% to 5.86% and the KERS Hazardous plan discount rate increased from 5.87% to 5.88%. The TRS plan health care trend rates decreased from 1.02% to 0.00% for Medicare Part B premiums, the municipal bond index rate increased from 3.56% to 3.89%, the amortization period was changed from 27 year to 30 years and the inflation rate increased from 3.00% to 3.50%.

In fiscal year 2018, the KERS plan assumed investment rate of return decreased from 7.50% to 6.25%, the inflation rate decreased from 3.25% to 2.30% which also resulted in a 0.95% decrease in the salary increase assumption for all years of service, the payroll growth rate assumption decreased from 4.00% to 0.00%. There were no changes in assumptions for the TRS plan.

Notes to the Required Supplementary Information
Last 10 Fiscal Years

OPEB, continued

Changes in benefit terms – For fiscal year 2018, for the TRS plan, the eligibility for non-single subsidies (NSS) for the Kentucky Employee's Health Plan (KEHP)-participating members who retired prior to July 1, 2010 was restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

* The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

DEANDORTON

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Members of the Board of Regents
Murray State University
Murray, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and discretely presented component unit of Murray State University (the University) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 3, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Dean Dorton Allen Ford, PLLC

October 3, 2025
Louisville, Kentucky