UNIVERSITY OF ILLINOIS

AUXILIARY FACILITIES SYSTEM

Annual Financial Report

June 30, 2025

(With Independent Auditors' Report Thereon)

UNIVERSITY OF ILLINOIS
AUXILIARY FACILITIES SYSTEM

Annual Financial Report

June 30, 2025

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Office of the Vice President, Chief Financial Officer and Comptroller

December 22, 2025

Holders of University of Illinois
Auxiliary Facilities System Revenue Bonds
and The Board of Trustees of the University of Illinois:

I am pleased to transmit the Annual Financial Report of the University of Illinois Auxiliary Facilities System (System) for the fiscal year ending June 30, 2025. This report supplements the Annual Financial Report of the University of Illinois.

The System includes parking operations, in addition to student housing, recreational and athletic facilities. Its financial performance underscores both the strong demand for its services and its disciplined approach to resource stewardship. This year's increase in net position highlights the strength and stability of its overall financial standing. The System continues to deliver a wide range of vital services that enhance the experience of students, faculty, staff, alumni, and guests at all three of our universities.

The 2025 financial statements and accompanying notes appearing on pages 5 through 31 have been audited by RSM US LLP, Independent Certified Public Accountants, as special assistants to the Auditor General of the State of Illinois, whose report on the financial statements appears on pages 2 through 4.

Respectfully,

SIGNED ORIGINAL ON FILE

Paul N. Ellinger
Vice President, Chief Financial Officer, and Comptroller

349 Henry Administration Building • 506 South Wright Street • Urbana, Illinois 61801
Office (217) 333-1560 • cfo-CFO@ad.uillinois.edu

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
University of Illinois

Report on the Audit of the Financial Statements

Opinion
As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the University of Illinois Auxiliary Facilities System (System), a segment of the University of Illinois, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the System'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 financial position of the business-type activities of the System, as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Emphasis of Matter
As discussed in Note 1(a), the financial statements of the System are intended to present the financial position, the changes in financial position, and, cash flows of only that portion of the business-type activities of the University of Illinois that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the University of Illinois, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance 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 System'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.

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 Schedule of University of Illinois Auxiliary Facilities System Proportionate Share of the Net Pension Liability and the Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

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December 22, 2025

UNIVERSITY OF ILLINOIS
AUXILIARY FACILITIES SYSTEM

Statement of Net Position

June 30, 2025

Assets and Deferred Outflows of Resources		**2025**
Current assets:		
Claim on cash and pooled investments	$	263,952,760
Claim on cash and pooled investments, restricted		4,574,890
Cash and cash equivalents, restricted		47,188
Accrued investment income		1,444,185
Accounts receivable, net of allowance for uncollectible		7,517,651
Leases receivable		1,963,616
Inventories		3,571,860
Prepaid expenses		1,188,198
Total current assets		284,260,348
Noncurrent assets:		
Cash and cash equivalents		8,702,915
Cash and cash equivalents, restricted		14,452,704
Leases receivable		5,961,654
Capital assets, nondepreciable		23,146,157
Depreciable and amortizable capital assets, net		1,094,354,122
Total noncurrent assets		1,146,617,552
Deferred outflows of resources		226,706
Total assets and deferred outflows of resources	$	1,431,104,606
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Accounts payable	$	23,523,276
Accrued liabilities		6,177,853
Accrued compensated absences		656,860
Accrued interest		10,018,584
Unearned revenues		15,456,067
Leases and subscriptions payable		1,184,757
Notes payable to the University		1,107,275
Bonds payable, net		47,775,372
Total current liabilities		105,900,044
Noncurrent liabilities:		
Accrued compensated absences		7,243,900
Finance purchase, leases, and subscriptions payable		11,564,294
Notes payable to the University		3,775,017
Bonds payable, net		908,276,230
Total noncurrent liabilities		930,859,441
Deferred inflows of resources		14,361,584
Total liabilities and deferred inflows of resources		1,051,121,069
Net investment in capital assets		190,592,817
Restricted - Expendable for debt service		4,622,078
Unrestricted		184,768,642
Total net position		379,983,537
Total liabilities, deferred inflows of resources and net position	$	1,431,104,606

See accompanying notes to financial statements.

UNIVERSITY OF ILLINOIS
AUXILIARY FACILITIES SYSTEM

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2025

	2025
Operating revenues:	
Room and board, net	$ 196,719,399
Merchandise and retail food sales	31,972,045
Student service fees	117,859,794
Public events and recreation fees	11,888,082
Parking	33,818,763
Rental and lease	33,834,919
Other revenues	14,578,435
Total operating revenues	440,671,437
Operating expenses:	
Salaries, wages and benefits	122,620,214
Merchandise and food for resale	35,649,728
Repair and maintenance	9,240,024
Professional and other contractual services	66,162,573
Utilities	32,088,559
Supplies	13,118,451
Noncapitalized renovations and equipment	48,507,029
Administrative services	17,267,895
Other operating expense	6,901,049
Depreciation and amortization	53,121,128
On-behalf for fringe benefits	15,188,017
Special funding situation for fringe benefits	18,586,881
Total operating expenses	438,451,548
Operating income	2,219,889
Nonoperating revenues (expenses):	
On-behalf for fringe benefits	15,188,017
Special funding situation for fringe benefits	18,586,881
Investment income, net of related expenses	6,773,652
Net increase in fair value of investments	4,166,246
Interest on capital asset-related debt	(32,501,401)
Loss on disposal of capital assets	(646,568)
Other nonoperating expenses, net	(334,700)
Net nonoperating revenues	11,232,127
Increase in net position	13,452,016
Net position, beginning of year	366,531,521
Net position, end of year	$ 379,983,537

See accompanying notes to financial statements.

UNIVERSITY OF ILLINOIS
AUXILIARY FACILITIES SYSTEM

Statement of Cash Flows

Year ended June 30, 2025

		2025
Cash flows from operating activities:		
Room and board	$	197,406,619
Merchandise and retail food sales		33,078,152
Student service fees		121,827,742
Public events and recreation fees		12,207,187
Parking		33,863,304
Rental and lease		34,581,585
Other revenue		15,046,181
Payments to employees and for benefits		(121,126,777)
Payments to suppliers		(232,077,467)
Net cash provided by operating activities		94,806,526
Cash flows from noncapital financing activities:		
Other receipts, net		69,898
Net cash provided by noncapital financing activities		69,898
Cash flows from capital and related financing activities:		
Proceeds from the issuance of bonds including premiums		93,395,365
Payment of bond issuance costs		(573,313)
Purchase of capital assets		(8,701,581)
Principal paid on bonds, leases, and subscriptions		(128,507,609)
Proceeds from notes payable to the University		3,141,002
Repayment of notes payable to the University		(1,059,101)
Interest paid on bonds, notes, financed purchase, leases, and subscriptions		(39,403,229)
Net cash used in capital and related financing activities		(81,708,466)
Cash flows from investing activities:		
Interest and other earnings on investments		6,729,130
Pooled cash allocated from University related to unrealized gains		4,166,246
Net cash provided by investing activities		10,895,376
Net increase in cash and cash equivalents		24,063,334
Cash and cash equivalents, beginning of year		267,667,123
Cash and cash equivalents, end of year	$	291,730,457

(Continued)

UNIVERSITY OF ILLINOIS
AUXILIARY FACILITIES SYSTEM

Statement of Cash Flows

Year ended June 30, 2025

		2025
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	2,219,889
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		53,121,128
On-behalf for fringe benefits		15,188,017
Special funding situation for fringe benefits		18,586,881
Changes in assets, liabilities, and deferred inflows of resources:		
Accounts receivable, net		251,844
Leases receivable		2,021,380
Inventories		(466,520)
Prepaid expenses		659,051
Accounts payable		(3,334,690)
Accrued liabilities		1,493,437
Unearned revenues		7,290,221
Deferred inflows of resources		(2,224,112)
Net cash provided by operating activities	$	94,806,526
Noncash investing, capital and financing activities:		
On-behalf for fringe benefits	$	15,188,017
Special funding situation for fringe benefits		18,586,881
Capital assets obligations in accounts payable		5,307,509
Capital appreciation on bonds payable		743,939
Loss on disposal of capital assets		(646,568)
Capital assets leased		520,351
Capital assets subscribed		2,073,404

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organizational Background and Basis of Presentation

The University of Illinois (University) Auxiliary Facilities System (System) was created in June 1978 pursuant to the University of Illinois Revenue Bond Financing Act for Auxiliary Facilities, 110 ILCS 405/1, which authorized the University's Board of Trustees (Board) to combine and consolidate facilities into a single system. These financial statements have been prepared to satisfy the requirements of the System's Revenue Bonds master indenture. The financial balances and activities of the System, included in these financial statements, are included in the University's financial statements. The financial statements of the System are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The System is not a separate legal entity and has not presented management's discussion and analysis.

System financial activity mainly comprises housing, parking, and student activities, which span across the three campuses of the University. The operating revenues of the System largely consist of student service fees, various user fees, room and board charges, sales from merchandise/vending, and rental of certain facilities. Facilities primarily consist of buildings and other structures that have been constructed or remodeled with funding provided from issuance of related revenue bonds. System facilities include Memorial Stadium, the State Farm Center, student unions, housing residence halls, parking, and other structures.

Certain System revenues are derived from the rental of Memorial Stadium and the State Farm Center, directly from the University's Division of Intercollegiate Athletics, and are reflected as rental revenues within the System's financial statements. Such rental revenues are determined based on the amount of debt service requirements and/or certain operation and maintenance considerations that apply to the facilities. Ticket revenues received by the University for events occurring at these facilities are not included within the System's reporting structure, in accordance with the related bond indentures. Housing revenues consist of charges for room, board, and meal plans. Student activities buildings consist of student unions, recreation and athletic facilities and student service buildings that generate lease and rental income, student fees and various other types of revenue. Operating expenses of the System include all necessary current maintenance charges, expenses of reasonable upkeep and repairs, allocations of a share of certain charges for insurance, and other expenses incidental to the operations of all the various activities and facilities of the System in accordance with the bond indentures.

Significant Accounting Policies

(a) Financial Statement Presentation and Basis of Accounting

The System prepared its financial statements as a business-type activity, as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, using the economic resources measurement focus and the accrual basis of accounting. Business-type activities are those financed in whole or in part by fees charged to external parties for goods and services.

The financial statements of the System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities of the University of Illinois that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2025, and its changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Under the accrual basis, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Advances are classified as unearned revenue.

(b) Cash and Cash Equivalents

The Statement of Cash Flows details the change in the cash and cash equivalents balance for the fiscal year. Cash and all liquid investments with original maturities of 90 days or less are defined as cash and cash equivalents.

(c) Investments

Investments are reported at fair value in accordance with guidelines defined by GASB Statement No. 72. Fair value is determined for the System's investments based upon a framework described in Note 2(f). Bank deposits and money market funds are recorded at cost.

Changes in fair value during the reporting period are reported as a net increase (decrease) in the fair value of investments. Net investment income includes interest, dividends, and realized gains and losses.

(d) Accounts Receivable

Accounts receivable are reported net of allowance for uncollectible. This allowance was $5,095,968 at June 30, 2025. Accounts receivable consists of the following.

- Housing operations – room and board
- Student fees – service and general fees (assessed with tuition)
- Parking operations – space rental and related fees
- Other miscellaneous – includes health and recreation fees

(e) Inventories

Inventories are stated at the lower of cost or market with cost determined as follows:

- Books and other merchandise for resale – principally the retail inventory method
- Food – average cost method
- Other inventories – principally the first-in, first-out method

(f) Capital Assets

Capital assets, which will be or are owned by the University, are recorded at cost or, if donated, at acquisition value at the date of a gift. Intangible right-of-use lease and subscription assets are recorded at cost based on the present value of expected payments over the term of the respective lease or arrangement plus any payments made to the lessor or provider at or before the commencement of the lease or arrangement term and certain direct costs that are ancillary charges necessary to place the lease or subscription asset into service. Depreciation and amortization of the capital assets is calculated on a straight-line basis over the estimated useful lives (noted below) of the assets, or over the shorter of the estimated useful lives or over the lease or arrangement term for intangible right-of-use lease or subscription assets. The University's policy requires the capitalization of land and collection purchases regardless of cost, equipment and right-of-use lease assets at $5,000, right-of-use subscription assets at $25,000, purchased or internally developed software, easements, buildings and improvements over $250,000 and purchased or internally developed infrastructure over $1,000,000. The University does not capitalize collections, such as works of art or historical treasures, which are held for public exhibition, education, or research in furtherance of public service rather than capital gain, unless they were previously capitalized as of June 30, 1999. Proceeds from the sale, exchange or other disposal of any item belonging to a collection must be applied to the acquisition of additional items for the same collection. Estimated useful lives for capital assets are as follows:

	Useful life (in years)		Useful life (in years)
Buildings:		Improvements other than buildings:	
Shell	50	Site improvements	20
Service systems	25	Infrastructure	25
Fixed equipment	15		
Remodeling	25		
Intangibles:		Moveable equipment:	
Software	5 – 10	Equipment	3 – 20
Right-of-use	Shorter of the estimated useful lives or the lease/arrangement term		

(g) Deferred Outflows of Resources

Unamortized losses on refundings for the System's bonds of $226,706 are reported as deferred outflows of resources on the accompanying Statement of Net Position. The losses on refundings are amortized over the life of the debt using the straight-line method.

(h) Deferred Inflows of Resources

Unamortized gains on refundings for the System's bonds of $6,633,218 are reported as deferred inflows of resources on the accompanying Statement of Net Position. The gains on refundings are amortized over the life of the debt using the straight-line method.

Deferred inflows of resources of $7,728,366 related to leases in which the System is lessor are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflows of resources are recognized as revenue over the term of the lease.

(i) Compensated Absences

Accrued compensated absences are recognized when leave (a) is attributable to services already rendered, (b) accumulates, and (c) is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Unless otherwise specified by a collective bargaining agreement, leave earned in the current fiscal year is considered used before unused leave earned in prior fiscal years (last in first out, LIFO).

Compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees (e.g., jury duty) are recognized as a liability when the leave commences. Holiday leave is recognized when the leave is taken.

The liability for leave that has been used, but not yet paid, has been recognized in accrued salaries. The liability for leave that has been earned, but not used is recognized in accrued compensated absences, including the System's share of salary-related payments.

(j) Premiums

Premiums for the System's bonds are reported within bonds payable and amortized over the life of the debt issue using the effective interest method.

(k) Net Position

The System's resources are classified into net position categories and reported in the Statement of Net Position. These categories are defined as (a) Net investment in capital assets – capital assets net of accumulated depreciation and amortization and related outstanding debt balances attributable to the acquisition, construction, or improvement of those assets, (b) Restricted – net position subject to externally imposed restrictions that can be fulfilled by actions of the System pursuant to those stipulations or that expire by the passage of time, and (c) Unrestricted – net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board. The System first applies resources included in restricted net position when an expense or outlay is incurred for purposes for which resources in both restricted and unrestricted net positions are available.

(l) Classification of Revenues

The Statement of Revenues, Expenses and Changes in Net Position classifies the System's fiscal year activity as operating and nonoperating. Operating revenues generally result from exchange transactions such as payments received for providing goods and services.

Certain revenue sources that the System relies on for operations, including on-behalf for fringe benefits, special funding situation for fringe benefits, and investment income, are defined by GASB Statement No. 35 as nonoperating. In addition, certain transactions related to capital and financing activities are components of net nonoperating revenue.

Housing charges billed or received in advance are unearned and recognized as revenue during the period of occupancy. Student service fees for the summer academic term are unearned and recognized as revenue over the summer semester.

(m) Classification of Expenses

The majority of the System's expenses are exchange transactions which GASB defines as operating expenses for financial statement presentation. Nonoperating expenses include capital financing costs.

(n) On-Behalf for Fringe Benefits

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, the System has reported outside sources of financial assistance provided by other entities on behalf of the System during the year ended June 30, 2025, as described below.

Substantially all eligible employees participate in group health insurance plans provided by the State and administered by the Illinois Department of Central Management Services (CMS). The State contributed, on behalf of the System, an estimated $15,188,017 which is reflected as nonoperating revenues and operating expenses within the System's financial statements.

(o) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the State Universities Retirement System (SURS) and additions to/deductions from SURS fiduciary net position has been determined on the same basis as they are reported by SURS. 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.

For financial reporting purposes, the State and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the University, including the System) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The System recognizes its proportionate share of the State's pension expense relative to the System's employees as nonoperating revenue and special funding situation for fringe benefits operating expense.

(p) Other postemployment benefits (OPEB)

The State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375) authorizes the State Employees Group Insurance Program (SEGIP), which includes activity for both active employees and retirees, as a single-employer defined benefit OPEB plan not administered as a trust. Substantially all State and state public universities' unit employees become eligible for these OPEB plan benefits when they become annuitants of one of the State sponsored pension plans. CMS administers these benefits for the annuitants with the assistance of the public retirement systems sponsored by the State General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees Retirement System (SERS), Teachers' Retirement System (TRS), and SURS.

In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, the Act (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund, including the University's State Appropriations Funds. Pursuant to State Statute, the State covers the contributions for employees who are compensated from the System's operating funds. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

The University has two separate components of OPEB administered within SEGIP. The (1) State of Illinois and its public universities are under a special funding situation for employees not paid from gift, grant, and other similar funds, while (2) the University is responsible for OPEB employer contributions when University employees are paid from gift, grant, and other similar funds. The System is under a special funding situation since its employees are not paid from gift, grant, and other similar funds.

A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to an OPEB plan that is used to provide OPEB to the employees of another entity (the University, including the System) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to an OPEB plan. The System recognizes the proportionate share of the State's OPEB expense relative to the System's employees as non-operating revenue and special funding situation for fringe benefits operating expense.

(q) Use of Estimates

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

(r) New Accounting Pronouncements

The System adopted the provisions of GASB Statement No. 101, *Compensated Absences*, which was effective for periods beginning after December 15, 2023. The objective of this Statement is to require liabilities for compensated absences to be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Implementation of this pronouncement resulted in updates to compensated absences related disclosures, but did not materially impact the System's financial statements.

The System adopted the provisions of GASB Statement No. 102, *Certain Risk Disclosures*, which was effective for periods beginning after June 15, 2024. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Implementation of this pronouncement did not materially impact the System's financial statements.

(2) Cash, Cash Equivalents, and Investments

The System has cash and certain investments that are pooled with other University funds for the purpose of securing a greater return on investment and providing an equitable distribution of investment return. Income is distributed based upon average quarterly balances invested in the investment pool.

Nearly all the University's investments are managed by external professional investment managers, who have full discretion to manage their portfolios subject to investment policy and manager guidelines established by the University, and in the case of mutual funds and other commingled vehicles, in accordance with the applicable prospectus or limited partnership agreement.

The Board follows the State of Illinois Uniform Prudent Management of Institutional Funds Act, 760 ILCS 51/1-11, when managing the University's investments. The Board fulfills its fiduciary responsibility for the management of investments, including endowment farm real estate, by adopting policies to maximize investment return with a prudent level of risk.

The following details the carrying value of the System's cash, cash equivalents and investments as of June 30, 2025:

Money market funds	$ 23,202,807
Subtotal	23,202,807
Claim on cash and on pooled investments	268,527,650
Total cash, cash equivalents and investments	$ 291,730,457

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the University employs multiple investment managers, of which each has specific maturity assignments related to the operating funds. The funds are structured with different layers of liquidity. Funds expected to be used within one year are invested using the Bloomberg three-month T-Bills index and ICE Bank of America 1-year Treasury Index as performance benchmarks. Core operating funds are invested in longer maturity investments. Core operating funds investment managers' performance benchmarks are the Bloomberg one-year to three-year U.S. Government Bond Index, the Bloomberg one year to three year U.S. Government Credit Bond Index, the Bloomberg Intermediate U.S. Government Credit Bond Index and the Bloomberg Intermediate U.S. Aggregate Bond Index.

The System's nonpooled investments and maturities as of June 30, 2025 consists of money market funds of $23,202,807 that mature in less than 1 year.

Claim on cash and on pooled investments represents the System's share of participation in the University's operating internal investment pool. At June 30, 2025, the University's operating funds internal investment portfolio had an effective duration for its interest bearing securities of 1.6 years.

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy requires that the University's short-term operating funds be invested in fixed income securities and other short-term fixed income instruments (e.g. money markets). Fixed income securities shall be rated investment grade or better by one or more nationally recognized statistical rating organizations. Unrated securities are not allowed unless specifically permitted by an individual manager's guidelines. Securities that fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion.

The University reports the credit ratings of fixed income securities and short-term instruments using Standard and Poor's and Moody's ratings. Securities with split ratings or with a different rating assignment are disclosed using the rating indicative of the greatest degree of risk. At June 30, 2025, the University's operating internal investment pool securities had the following credit ratings (reported as a percent of the pool): AAA – 35.90%, AA – 22.61%, A – 15.15%, BBB – 11.45%, BB – 0.29%, and not rated – 14.60%. Of the System's non-pooled investments, money market funds have a credit rating of AAA.

(c) Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk relates to investment securities that are held by someone other than the University and are not registered in the University's name. The University's investment policy does not limit the value of investments that may be held by an outside party. At June 30, 2025, the System's investments and deposits had no custodial credit risk exposure.

(d) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University's investment policy provides that the total operating funds portfolio will be broadly diversified across securities in a manner that is consistent with fiduciary standards of diversification. Issuer concentrations are limited to 5% per issuer of the total market value of the portfolio at the time of purchase, or in the case of securitized investments (e.g. mortgage-backed securities), concentration is limited to an individual issuance trust (e.g. pooled receivables). These concentration limits do not apply to investments in pooled investment products, tri-party repurchase agreements or obligations of, or issues guaranteed by, the U.S. Treasury, U.S. agencies or U.S. government sponsored enterprises.

As of June 30, 2025, not more than 5% of the University's total investments were invested in securities of any one issuer, excluding pooled investment products, tri-party repurchase agreements or obligations of, or issues guaranteed by, the U.S. Treasury, U.S. agencies or U.S. government sponsored enterprises.

(e) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University's operating fund investments generally are not exposed to foreign currency risk. The University does not have an overarching policy related to foreign currency risk; however, under each investment manager's respective fund agreement, the portfolio's foreign currency exposure may be unhedged or hedged back into U.S. dollars.

The University invests in non-U.S. developed and emerging markets through commingled funds invested in non-U.S. equities, fixed income, private markets and hedge funds. As these funds are reported in U.S. dollars, both price changes of the underlying securities in local markets and changes to the value of local currencies relative to the U.S. dollar are embedded in investment returns.

(f) Investments and Fair Value Measurements

Accounting guidance for fair value establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value hierarchy is as follows:

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the University has the ability to access as of the measurement date. Level 1 inputs would also include investments valued at prices in active markets that the University has access to where transactions occur with sufficient frequency and volume to provide reliable pricing information.

Level 2 - Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect a reporting entity's own assumptions about what market participants would use in pricing an asset or liability.

The System's non-pooled investments of $23,202,807 as of June 30, 2025 are invested in money market funds that are reported at cost.

(3) Capital Assets

The capital assets of the System are not pledged to secure outstanding indebtedness of the Board. The System records right-of-use lease and subscription assets based on the present value of expected payments over the term of the respective leases and arrangements. The expected payments are discounted using the interest rate charged on the lease or arrangement, if available, and are otherwise discounted using the System's incremental borrowing rate. The System does not have any leases subject to a residual value guarantee.

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

Capital Assets

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable capital assets:					
Land	$ 19,249,334	$ —	$ —	$ —	$ 19,249,334
Construction in process	17,648,069	5,715,800	—	(19,467,046)	3,896,823
Total nondepreciable capital assets	36,897,403	5,715,800	—	(19,467,046)	23,146,157
Depreciable capital assets:					
Buildings	1,882,758,418	—	—	19,456,968	1,902,215,386
Improvements	69,297,302	—	—	—	69,297,302
Equipment	22,585,789	1,690,265	(2,036,649)	10,078	22,249,483
Total depreciable capital assets	1,974,641,509	1,690,265	(2,036,649)	19,467,046	1,993,762,171
Less accumulated depreciation:					
Buildings	786,729,018	48,875,610	—	—	835,604,628
Improvements	49,434,939	1,755,744	—	—	51,190,683
Equipment	16,261,423	1,200,625	(1,588,104)	—	15,873,944
Total accumulated depreciation	852,425,380	51,831,979	(1,588,104)	—	902,669,255
Total depreciable capital assets, net	1,122,216,129	(50,141,714)	(448,545)	19,467,046	1,091,092,916
Amortizable capital assets:					
Right-of-use buildings	116,245	—	(116,245)	—	—
Right-of-use equipment	1,169,857	520,351	(107,832)	—	1,582,376
Right-of-use subscriptions	2,408,861	2,073,404	(916,293)	—	3,565,972
Total amortizable capital assets	3,694,963	2,593,755	(1,140,370)	—	5,148,348
Less accumulated amortization:					
Right-of-use buildings	87,183	29,062	(116,245)	—	—
Right-of-use equipment	338,118	348,635	(107,832)	—	578,921
Right-of-use subscriptions	798,090	911,452	(401,321)	—	1,308,221
Total accumulated amortization	1,223,391	1,289,149	(625,398)	—	1,887,142
Total amortizable capital assets, net	2,471,572	1,304,606	(514,972)	—	3,261,206
Total net depreciable and amortizable capital assets	$ 1,124,687,701	$ (48,837,108)	$ (963,517)	$ 19,467,046	$ 1,094,354,122

(4) Accrued Compensated Absences

Accrued compensated absences for System personnel are charged as an operating expense, using the vested method based on earned and unused vacation and sick leave days including the salary-related payments. Section 14a of the State Finance Act (30 ILCS 105/14a) provides that employees eligible to participate in the State Universities Retirement System or the Federal Retirement System are eligible for compensation at time of resignation, retirement, death or other termination of System employment for one-half (1/2) of the unused sick leave earned between January 1, 1984 and December 31, 1997. Any sick leave days that were earned before or after this period of time are noncompensable.

Changes in Compensated Absences Balance		
Balance, beginning of year	$	7,502,388
Additions (deductions), net		398,372
Balance, end of year		7,900,760
Less current portion		656,860
Balance, end of year - noncurrent portion	$	7,243,900

(5) Bonds Payable

On January 8, 2025, the University issued $82,380,000 of AFS Refunding Revenue Bonds, Series 2025A. The proceeds of these bonds were used to defease the Series 2015A Bonds through current refunding, to pay for costs of improvements to AFS facilities, and to pay for interest and costs of issuing the Series 2025A Bonds. The refunding of Series 2015A resulted in a savings of $6,566,629 over the life of the issue at a present value of $5,487,198. The difference between the reacquisition price and the net carrying amount of the old debt, the gain on refunding, was $2,746,437. This gain on refunding is deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Bonds payable activity for the year ended June 30, 2025 was as follows:

			Bonds payable				
Series	**Rate on June 30 outstanding debt**	**Fiscal year maturity dates**	**Beginning balance**	**Additions**	**Deductions**	**Ending balance**	**Current portion**
1999A	6.32% to 6.33%	2026 – 2030	$ 14,865,000	$ -	$ (2,275,000)	$ 12,590,000	$ 2,355,000
2003A	5.50%	2027 – 2034	28,015,000	-	-	28,015,000	-
2015A	na	na	80,700,000	-	(80,700,000)	-	-
2016A	4.00% to 5.00%	2026 – 2036	115,495,000	-	(2,385,000)	113,110,000	2,525,000
2016B	3.00% to 5.00%	2026 – 2046	17,535,000	-	(535,000)	17,000,000	560,000
2018A	4.00% to 5.00%	2026 – 2048	124,475,000	-	(3,320,000)	121,155,000	3,490,000
2018B	3.00% to 5.00%	2026 – 2048	17,570,000	-	(465,000)	17,105,000	495,000
2019A	3.00% to 5.00%	2026 – 2049	38,665,000	-	(920,000)	37,745,000	970,000
2020A	4.00% to 5.00%	2026 – 2050	52,480,000	-	(1,985,000)	50,495,000	1,905,000
2020B	2.95% to 4.00%	2026 - 2044	30,170,000	-	(1,045,000)	29,125,000	1,085,000
2021A	2.13% to 5.00%	2026 - 2051	116,565,000	-	(11,660,000)	104,905,000	9,510,000
2023A	5.00%	2026 - 2032	136,465,000	-	(17,335,000)	119,130,000	21,155,000
2024A	5.00% to 5.25%	2026 - 2044	141,915,000	-	(3,240,000)	138,675,000	1,780,000
2024B	4.94% to 5.61%	2026 - 2044	22,640,000	-	(550,000)	22,090,000	710,000
2025A	5.00%	2026 - 2055	-	82,380,000	-	82,380,000	1,880,000
			937,555,000	82,380,000	(126,415,000)	893,520,000	48,420,000
Unaccreted appreciation			(2,727,093)	743,939	-	(1,983,154)	(644,628)
			934,827,907	83,123,939	(126,415,000)	891,536,846	47,775,372
Unamortized debt premium			65,965,775	11,015,365	(12,466,384)	64,514,756	-
Total bonds payable			$ 1,000,793,682	$ 94,139,304	$ (138,881,384)	$ 956,051,602	$ 47,775,372

Capital appreciation bonds (Series 1999A) of $12,590,000 outstanding at June 30, 2025 do not require current interest payments and have a net unappreciated value of $10,606,846. The University records the annual increase in the principal amount of these bonds as interest expense and accretion on bonds payable.

None of the System's bonds constitute obligations of the State of Illinois but are payable solely by the Board from net revenues of the System, student tuition and fees and debt service funds.

The resolutions authorizing the University of Illinois Auxiliary Facilities System Revenue Bonds provide for the establishment of separate funds as follows: Current Unrestricted Fund, Unexpended Fund, Repair and Replacement Reserve, Equipment Reserve, Bond and Interest Sinking Fund, and Development Reserve. All System revenues, including student tuition and fees as provided for by the Bond Resolutions are to be deposited in the Current Unrestricted Fund and used to pay necessary operation and maintenance expenses of the System. In the event of default, the bond owners may sue to command performance.

The Bond Resolutions also require transfers to funds as follows:

Unexpended Fund – amounts, as determined by the Board, not needed to complete construction and renovation projects specified in the Bond Resolutions are required to be transferred from the Unexpended Fund to the Bond and Interest Sinking Fund.

Repair and Replacement Reserve – an amount calculated as specified in the Bond Resolutions to provide for the cost of maintenance and repairs.

Equipment Reserve – an amount approved by the Board for the acquisition of movable equipment to be installed in the facilities constituting the System. The reserve may not exceed 20% of the book value of the movable equipment of the System. Additions of $137,363 were made to the Equipment Reserve and expenses of $667,114 were incurred to replace movable equipment during the year ended June 30, 2025. The fund balance of the Equipment Reserve was $7,134,939 at June 30, 2025.

Bond and Interest Sinking Fund – amounts are transferred into the Bond and Interest Sinking Fund sufficient to pay principal and interest as it becomes due on the outstanding bonds.

Development Reserve – an amount approved by the Board for System development. No transfers were authorized by the Board during the year ended June 30, 2025, and there was no balance in the reserve at June 30, 2025.

The System made all required transfers for the year ended June 30, 2025.

The table below shows the amount of revenues pledged for future principal and interest payments on the bonds:

Pledged revenues

Bond issue(s)	Purpose	Source of revenue pledged	Future revenues pledged[1]	Term of commitment	Debt service to pledged revenues (current year)
System	Refundings, various improvements and additions to the System	Net System revenue, student tuition and fees	$ 1,275,032,173	2055	6.14%

[1] Total future principal and interest payments

After fulfillment of the provisions described above, the surplus, if any, remaining in the Current Unrestricted Fund may be used (a) to redeem bonds of the System which are subject to early redemption, (b) to purchase any outstanding bonds for cancellation, or (c) to advance refund any outstanding bonds.

Debt Service Requirements

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

Debt service requirements

	Principal	Interest
Years:		
2026	$ 48,420,000	$ 39,813,609
2027	51,330,000	37,530,044
2028	54,270,000	35,098,102
2029	57,620,000	32,523,441
2030	60,370,000	29,976,625
2031-2035	265,415,000	111,067,538
2036-2040	158,180,000	62,043,544
2041-2045	148,205,000	27,936,684
2046-2050	45,300,000	4,973,774
2051-2055	4,410,000	548,812
Total debt service	$ 893,520,000	$ 381,512,173
Unaccreted appreciation	(1,983,154)	
Unamortized debt premium	64,514,756	
Total bonds payable	$ 956,051,602	

(6) Finance Purchase, Leases, and Subscription-Based Information Technology Arrangements

(a) Finance Purchase Arrangements

The University entered into agreements with private enterprises to construct, on the Urbana-Champaign campus, an instructional facility and a standalone parking facility, along with associated site development and various related amenities and improvements (Parking Facility). The Parking Facility replaced the existing System surface parking spaces that were removed to allow for the construction of the instructional facilities. The University has partnered with a private entity and a private developer. Through agreements among the parties, the private entity was responsible for the design, development, and construction of the non-AFS facility and Parking Facility. The Illinois Finance Authority (IFA) issued tax-exempt bonds and loaned the proceeds to the private entity to fund a portion of the Parking Facility project cost. The University leased the land on which the Parking Facility was built to the private entity over a period of 33 years and has entered a sublease with the private entity to lease the Parking Garage. Upon the termination or expiration of the land lease, the Parking Facility, any improvements, fixtures, equipment, and all personal property attached to or within the Parking Facility shall be owned by the University.

Upon the completion of the Parking Facility in August 2023, the sublease for the Parking Garage became effective. Since ownership will transfer at the end of the lease, the sublease was recorded as a finance purchase. The renewal and termination options are not included in the assets or liability balance until they are reasonably certain of exercise. The term does not include periods of a finance purchase that include a mutual termination option. Variable payments that are not fixed in nature and non-rent charges are not included in the finance purchase payable. The System did not have any finance purchases with variable lease payments as of June 30, 2025.

Finance purchase payable activity for the year ended June 30, 2025, was as follows:

Finance Purchase Payable

	Beginning balance	Additions	Deductions	Ending balance	Current portion
Finance purchase payable	$ 9,712,143	$ -	$ -	$ 9,712,143	$ -

As of June 30, 2025, the scheduled fiscal year maturities of finance purchase liabilities and related interest are as follows:

	Principal	Interest
2026	$ —	$ 529,756
2027	262,143	523,415
2028	125,000	513,950
2029	130,000	507,575
2030	135,000	500,950
2031-2035	805,000	2,385,400
2036-2040	1,045,000	2,132,488
2041-2045	1,365,000	1,803,038
2046-2050	1,780,000	1,373,075
2051-2055	2,335,000	810,562
2056-2058	1,730,000	146,300
	$ 9,712,143	$ 11,226,509

(b) Lessee Arrangements

The System leases equipment with remaining lease terms ranging from less than one year to five years from external parties. The renewal and termination options are not included in the right-of-use assets or leases payable balance until they are reasonably certain of exercise. The lease term does not include periods of a lease that include a mutual termination option. Variable payments that are not fixed in nature and non-rent charges are not included in leases payable. The System had four leases with variable lease payments totaling $283,276 as of June 30, 2025.

In accordance with GASB 87, the System records leases payable based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, and are otherwise discounted using the System's incremental borrowing rate.

As of June 30, 2025, the scheduled fiscal year maturities of leases payable and related interest expense are as follows:

	Principal	Interest
2026	$ 369,132	$ 26,466
2027	361,516	14,747
2028	134,740	3,703
2029	62,017	691
2030	1,229	5
	$ 928,634	$ 45,612

(c) Lessor Arrangements

The System leases space within and attached to its buildings to external parties. The System also leases land related to a parking lot and a parking garage. These arrangements have terms ranging from less than one year to twenty-seven years. In accordance with GASB 87, the System records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease. During the fiscal year ended June 30, 2025, the System recognized revenues related to these lease agreements totaling $3,495,108, including interest and other related revenues. Of these amounts recognized during the fiscal year ended June 30, 2025, the System recognized $1,089,718 of revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

(d) Subscription-Based Information Technology Arrangements

The System has many subscription-based information technology arrangements (SBITAs) with remaining terms ranging from less than one year to five years. The renewal and termination options are not included in the right-of-use subscriptions asset or subscriptions payable balance until they are reasonably certain of exercise. The SBITA term does not include periods that include a mutual termination option.

Certain System SBITAs contain both fixed and variable subscription payments. These exist primarily within the arrangements based on the consumer price index (fixed in substance) or other maintenance costs, which are paid based on actual costs incurred by the vendor (not fixed). The remaining SBITA do not contain variable lease payments. Variable payments that are not fixed in nature and non-subscription charges are not included in the subscriptions payable. The total expenditures for variable payments not previously included in the measurement of the subscriptions payable during the fiscal year ended June 30, 2025, were $122,346.

Additionally, the System recognized termination penalties for SBITAs held at June 30, 2025. These amounts were not included in the measurement of the subscriptions payable and were minimal. There were no commitments for SBITAs that have not yet commenced.

As of June 30, 2025, the scheduled fiscal year maturities of subscriptions payable and related interest expense are as follows:

		Principal	Interest
2026	$	815,625	57,297
2027		466,383	40,663
2028		455,233	26,059
2029		347,781	11,729
2030		23,252	748
	$	2,108,274	136,496

(7) Related-Party Transactions

The University charged the System administrative service charges totaling $17,267,895 in 2025, based upon the gross expenditures and debt service transfers of various operations of the System. These charges represent a portion of estimated administrative and other service costs incurred by the University in support of the System and are reported as administrative services expenses in the accompanying financial statements.

The System includes certain athletic facilities and office space utilized by the Division of Intercollegiate Athletics. Student fees provide the primary funding for the operation of these athletic facilities and office space. The Division of Intercollegiate Athletics transferred funds to the System of $19,716,294 in 2025 to fund the operations not covered by student fees. This transfer has been reported as rental and lease income in the accompanying financial statements.

At June 30, 2025, the System had borrowings under multiple internal financing notes with the University in order to finance acquisition, construction, and renovation of System facilities. The notes have repayment terms and interest rates of 3.17% and 4.67%, respectively.

Notes payable to the University

	Maturity date	**Beginning balance**	**New debt**	**Repayments**	**Ending balance**	**Current portion**
Payable to the University	2026 - 2028	$ 2,800,391	$ 3,141,002	$ (1,059,101)	$ 4,882,292	$ 1,107,275

Future debt service requirements for the outstanding notes payable as of June 30, 2025 are as follows:

Notes payable to the University
Debt service requirements

		Principal		**Interest**
Years:				
2026	$	1,107,275	$	230,938
2027		726,865		177,457
2028		3,048,152		142,349
Total	$	4,882,292	$	550,744

The University (including the System) is a defendant in a number of legal actions. These legal actions have been considered in estimating the University’s accrued self-insurance liability, which covers hospital and medical professional/general liability; estimated general and contractual liability, and workers' compensation liability. As of June 30, 2025, the University's total accrued self-insurance liability was $313,548,000.

Ultimate cost consists of amounts estimated by the University's risk management division and actuaries for asserted claims, unasserted claims arising from reported incidents, expected litigation expenses and amounts determined by actuaries using relevant industry data and System specific data to cover projected losses for claims incurred but not yet reported. The System contributes to the University's self-insurance reserve through annual assessments. The entire self-insurance liability is reflected in the University's financial statements.

(8) Retirement and Postemployment Benefits

(a) Defined Benefit Pension Plan

General Information about the Defined Benefit Pension Plan

Plan Description: The University contributes to SURS, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 and provides retirement annuities and other benefits for staff members and employees of State universities, and community colleges, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's Annual Comprehensive Financial Report (ACFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org.

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 (effective January 1, 1998) established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system service. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2024, can be found in the Financial Section of SURS ACFR.

Contributions: The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155 (b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2024 and 2025 respectively, was 12.53% and 11.98% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State's General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155 (j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

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

Net Pension Liability: The net pension liability (NPL) was measured as of June 30, 2024. At June 30, 2024, SURS defined benefit plan reported a NPL of $30,230,907,727.

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the NPL to be recognized for the System is $0. The proportionate share of the State's NPL associated with the System is $467,607,412. This amount is not recognized in the System's financial statements. The NPL and total pension liability as of June 30, 2024 was determined based on the June 30, 2023 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2023.

Defined Benefit Pension Expense: At June 30, 2024 SURS defined benefit plan reported a collective net pension expense of $1,996,285,670.

Employer Proportionate Share of Defined Benefit Pension Expense: The employer proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (special funding situation for fringe benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to the SURS defined benefit plan during fiscal year 2023. As a result, the University recognized revenue and defined benefit pension expense of $926,970,440 from this special funding situation during the year ended June 30, 2024, of which $30,878,250 was related to the System.

Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pensions: Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 305,114,071	$ -
Changes in assumption	483,809,428	-
Net difference between projected and actual earnings on pension plan investments	-	27,577,324
Total	$ 788,923,499	$ 27,577,324

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30		Net Deferred Outflows and Deferred Inflows of Resources
2025	$	126,531,380
2026		756,545,086
2027		(49,545,529)
2028		(72,184,762)
Total	$	761,346,175

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period from June 30, 2020 through June 30, 2023. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.15 to 15.00 percent, including inflation
Investment rate of return	6.50 percent

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

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

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	36.0%	7.13%
Stabilizied Growth		
Core Real Assets	8.0%	5.06%
Public Credit Fixed Income	6.5%	4.10%
Private Credit	2.5%	7.36%
Non-Traditional Growth		
Private Equity	11.0%	10.92%
Non-Core Real Assets	4.0%	9.09%
Inflation Sensitive		
U.S. TIPS	5.0%	2.12%
Principal Protection		
Core Fixed Income	10.0%	1.34%
Crisis Risk Offset		
Systematic Trend Following	10.0%	2.90%
Alternative Risk Premia	3.0%	2.62%
Long Duration	2.0%	2.84%
Long Volatility/Tail Risk	2.0%	-1.22%
Total	**100.0%**	**5.63%**
Inflation		**2.80%**
Expected Arithmetic Return		**8.43%**

Discount Rate: A single discount rate of 6.35% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 3.97% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2024). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the SURS Net Pension Liability to Changes in the Discount Rate: Regarding the sensitivity of the NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.35%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.35%	Current Single Discount Rate Assumption 6.35%	1% Increase 7.35%
$36,700,168,358	$30,230,907,727	$24,839,790,537

Additional information regarding SURS basic financial statements including the plan net position can be found in SURS ACFR by accessing the website at www.SURS.org.

(b) Defined Contribution Pension Plan

General Information about the Defined Contribution Pension Plan

Plan Description: The University contributes to the Retirement Savings Plan (RSP) administered by SURS, a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State makes substantially all required contributions on behalf of the participating employers. SURS was established July 21, 1941 and provides retirement annuities and other benefits for staff members and employees of State universities and community colleges, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided: A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2024, can be found in SURS Annual Comprehensive Financial Report – Notes to the Financial Statements.

Contributions: All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from "trust, federal, and other funds" as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State's General Assembly.

Forfeitures: Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense: For the year ended June 30, 2024, the State's contributions to the RSP on behalf of individual employers totaled $96,741,887. Of this amount, $89,857,115 was funded via an appropriation from the State and $6,884,772 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense: The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (special funding situation for fringe benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2024. The

University's share of pensionable contributions was 59.0350%. As a result, the University recognized revenue and defined contribution pension expense of $57,111,565 from this special funding situation during the year ended June 30, 2025, of which $1,902,455 was related to the System. The amount that constituted forfeitures for the University was $4,064,424.

(c) Postemployment Benefits

Plan description: The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the SEGIP to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the University's full-time employees are members of SEGIP. Members receiving monthly benefits from the GARS, JRS, SERS, TRS, and SURS are eligible for these other post-employment benefits ("OPEB"). The eligibility provisions for the SURS members were defined within Note 7(a).

The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan, which does not issue a stand-alone financial report.

Benefits provided: The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the State universities' employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes $5,000.

Funding policy and annual other postemployment benefit cost: OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of CMS shall, on an annual basis, determine the amount the State shall contribute toward funding the basic program of group health benefits. State contributions are made primarily from the State's General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2025, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $16,299 ($9,068 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and $16,799 ($6,781 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Special funding situation of OPEB: The proportionate share of the State's OPEB expense relative to the System's former employees or retirees was estimated to be ($14,193,824) during the year ended June 30, 2025. The amount of the total proportionate share of the total OPEB liability to be recognized by the System related to the special funding situation is $0.

Actuarial Methods and Assumptions: The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2023, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2023.

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.75%
Healthcare Cost Trend Rate:	
Medical & Rx (QCHP**)	10.02% in 2025, 8.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 4.25% in year 2041.
Medical & Rx (MAPD***)	Based on actual increase in 2025, 15.00% from 2026 through 2030, 7.00% in 2031 decreasing ratably to an ultimate trend of 4.25% in 2041.
Retiree Premium (QCHP)	16.84% in 2025, 8.00% in 2026, decreasing by 0.25% per year to an ultimate trend of 4.25% in year 2041.
Retiree Premium (MAPD)	Based on actual increase in 2025, 15.00% from 2026 through 2030, 7.00% in 2031 decreasing ratably to an ultimate trend of 4.25% in 2041.
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2024 and 2025 are based on actual premiums. Premiums after 2025 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:

Healthcare Cost Trend Rate:	
Medical & Rx (QCHP**)	9.63% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040.
Medical & Rx (MAPD***)	0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.
Retiree Premium (QCHP)	8.04% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040.
Retiree Premium (MAPD)	0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 5.75% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2040.

*Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.
**Quality Care Health Plan
***Medicare Advantage Prescription Drug

Demographic assumptions used in OPEB valuation are identical to those used in the June 30, 2023 valuations for Pensions. Thus, for all five plans, the 2023 valuation information for pensions is presented in the FY 2024 State of Illinois ACFR in footnote 16. For TRS and SURS, the total pension liability presented in the June 30, 2023, actuarial valuation is based on census data as of June 30, 2022, rolled-forward to the measurement date of June 30, 2023.

	Retirement age experience study^	Mortality^^
GARS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factor and the MP-2021 two-dimensional generational mortality improvement scales
JRS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, with no scaling factors, and MP-2021 two-dimensional generational mortality improvement scales
SERS	July 2018 - June 2021	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2021 generational mortality improvement factors were updated to projection scale MP-2021
TRS	July 2017 - June 2020	Pub-2010 adjusted for TRS experience for future mortality improvements on a fully generational basis using projection table MP-2020
SURS	July 2017 - June 2020	Rates based on Pub-2010 Healthy Retiree Mortality tables and the most recent MP-2020 projection scale. Teachers table was used for Academic members and General Employees table was used for Non-Academic members

^ The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

^^ Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

Discount Rate: Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 3.86% at June 30, 2023, and 3.97% at June 30, 2024, was used to measure the total OPEB liability.

(9) Commitments

At June 30, 2025, the System had commitments on various construction projects and contracts for repairs and renovation of auxiliary facilities of $33,805,925.

UNIVERSITY OF ILLINOIS
AUXILIARY FACILITIES SYSTEM

Required Supplementary Information
Year Ended June 30, 2025

Schedule of University of Illinois Auxiliary Facilities System Proportionate Share of the Net Pension Liability

Measurement Date:	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
(a)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
(b)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
(c)	$467,607,412	$452,607,351	$456,397,809	$435,926,154	$463,708,982	$469,646,501	$481,127,752	$439,226,001	$454,842,862	$405,968,461
Total (b) + (c)	$467,607,412	$452,607,351	$456,397,809	$435,926,154	$463,708,982	$469,646,501	$481,127,752	$439,226,001	$454,842,862	$405,968,461
Employer DBCP*	$68,112,610	$64,309,214	$60,134,539	$58,031,406	$62,611,182	$63,305,672	$61,876,367	$61,699,212	$60,763,503	$61,425,191
(d)	686.52%	703.80%	758.96%	751.19%	740.62%	741.87%	777.56%	711.88%	748.55%	660.92%
(e)	44.60%	44.06%	43.65%	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%

(a) System Proportion Percentage of the Collective Net Pension Liability
(b) Proportionate Amount of the Collective Net Pension Liability
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with the System
(d) Proportion of Collective Net Pension Liability associated with the System as a percentage of defined benefit covered payroll
(e) SURS Plan Net Position as a Percentage of Total Pension Liability
*DBCP-defined benefit covered payroll -- GASB Statement #82 amended GASB Statements #67 & #68 to require the presentation of covered payroll, defined as payroll on which contributions to a pension plan are based, and ratios that use that measure. For the SURS plans, the covered payroll are those employees within the defined benefit plan.

Notes to Required Supplementary Information
June 30, 2025

The pension schedules above are presented to illustrate the requirements of the Governmental Accounting Standards Board's Statement No. 68 to show information for 10 years.

Changes of benefit terms. Public Act 103-0548, effective August 11, 2023, made changes to the calculation of service and eliminated the part-time adjustment for participants on or after September 1, 2024. This change was first reflected in the Total Pension Liability as of June 30, 2024.

Changes of assumptions. In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2020 to June 30, 2023 was performed in Spring 2024, resulting in the adoption of new assumptions as of June 30, 2024. These assumptions are listed below.

- Salary increase. The overall assumed rates of salary increase range from 3.15 percent to 15.00 percent based on years of service, with an underlying wage inflation rate of 2.40 percent. Separate rates of increase are assumed for members in academic and non-academic positions.

- Investment return. The investment return is assumed to be 6.50 percent. This reflects an assumed real rate of return to 4.10 percent and assumed price inflation of 2.40 percent.

- Effective rate of interest. The long-term assumption for the effective rate of interest for crediting the money purchase accounts is 7.00 percent.

- Normal retirement rates. Separate rates are assumed for members in academic positions, non-academic positions, and public safety positions. Rates are generally highest for public safety positions and lowest for academic positions.

- Early retirement rates. Separate rates are assumed for members in academic positions and non-academic positions. Rates are generally higher for non-academic positions.

- Turnover rates. Assumed rates maintain the pattern of decreasing termination rates as years of service increase, with separate rates for academic and non-academic positions.

- Mortality rates. Use of Pub-2010 mortality tables reflects its higher applicability to public pensions. The projection scale utilized is the MP-2021 scale, with separate rates for academic, non-academic, and public safety members.

- Disability rates. Separate rates are assumed for members in academic positions, non-academic positions, and public safety positions, as well as for males and females. Public safety disability incidence is assumed to be 50 percent line-of-duty related and 50 percent ordinary.

- Plan election. For new non-academic members, assumed plan election rates are 75 percent for Tier 2 and 25 percent for Retirement Savings Plan (RSP). For new academic members, assumed plan election rates are 55 percent for Tier 2 and 45 percent for RSP.

- Cost of living adjustment. Annual annuity increases are assumed to be 3.00 percent for Tier 1 members and 1.20 percent for Tier 2 members.