UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)

Annual Financial Report

June 30, 2025

(With Independent Auditor’s Report Thereon)

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Annual Financial Report

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UNIVERSITY OF ILLINOIS SYSTEM

Office of the Vice President, Chief Financial Officer and Comptroller

December 22, 2025

I am pleased to present the University of Illinois' Annual Financial Report for the fiscal year ended June 30, 2025. This year's report offers a comprehensive view of the University's financial strength, operational performance, and cash flow activity.

Our financial results demonstrate the University's steadfast commitment to responsible stewardship and strategic investment. With another year of strong performance, the University's financial position remains resilient, well-balanced, and firmly positioned.

The University's impact across the state of Illinois continues to expand in remarkable ways. The fall 2025 semester marked a historic achievement, with enrollment reaching a record 101,081 students. This is clear evidence of the enduring demand for the exceptional academic opportunities offered across our three universities. At the same time, UI Health remains deeply committed to elevating community wellness, advancing groundbreaking medical research, and preparing the next generation of healthcare professionals.

The University also continued development of the Illinois Quantum Microelectronics Park, LLC, an ambitious and pioneering effort to create the world's first park dedicated to quantum computing scale-up and related quantum microelectronics research and development. This transformational initiative will accelerate innovation, attract global talent, and catalyze new discoveries.

Throughout all these endeavors, the University remains unwavering in its pursuit of excellence in teaching, research, public service, economic development, and healthcare. Our contributions to the state, the nation, and the world reflect these core commitments. The University will continue to forge new partnerships, expand its impact, and drive innovations that will shape the future for generations to come.

Respectfully,

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

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RSM

RSM US LLP

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

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, fiduciary activities and the aggregate discretely presented component units of the University of Illinois (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the University of Illinois Foundation; Wolcott, Wood, and Taylor, Inc.; Prairieland Energy, Inc.; Illinois Ventures, LLC; The University of Illinois Research Park, LLC; Illinois Global Gateway, LLC; and Illinois Quantum & Microelectronics Park, LLC, which represent 99%, 99%, and 99%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditors.

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 University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of all of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the University's Share of the Net Pension Liability and the Schedule of Contributions for Pensions, the Schedule of the University's Proportionate Share of the Total OPEB 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.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Table of Operating Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Table of Operating Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 University'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 University's internal control over financial reporting and compliance.

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Schaumburg, Illinois
December 22, 2025

Introduction and Background

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Illinois (University) for the year ended June 30, 2025. The MD&A should be read in conjunction with the audited financial statements and notes appearing in this report.

The University serves the people of Illinois through a commitment to excellence in teaching, research, public service, economic development, and healthcare. With main campus locations in Urbana-Champaign, Chicago, and Springfield, the University currently enrolls over 97,000 talented students in hundreds of programs–many of them ranked among the best in the nation. Faculty members are world leaders in research and discovery and contribute new knowledge and life changing breakthroughs in a variety of fields. In addition to the three main campuses, the University has teaching and service facilities, including regional campuses and extension offices, located throughout the State of Illinois.

Using the Financial Statements

The University's financial report includes: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements focus on the University as a whole. The University's fiduciary activities are reported in the fiduciary financial statements.

The financial statements encompass the University and its discretely presented component units: University of Illinois Foundation; University of Illinois Alumni Association; Wolcott, Wood and Taylor, Inc.; Illinois Ventures, LLC; University of Illinois Research Park, LLC; Prairieland Energy, Inc.; Illinois Global Gateway, LLC; and Illinois Quantum and Microelectronics Park, LLC. This MD&A excludes the discretely presented component units. Condensed financial information regarding those component units is disclosed separately in Note 15 to the financial statements.

Financial Highlights and Key Trends

The University ended fiscal year 2025 with positive financial results thanks to its diversified revenue sources, prudent financial management, strategic investments, and efficient utilization of resources. The University ended the fiscal year with a $392 million increase in net position.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the University using the accrual basis of accounting. Net position is one indicator of the current financial condition of the institution. The changes in net position that occur over time indicate improvement or deterioration in financial condition. Generally, assets and liabilities are reported at cost with the exception of investments, which are reported at fair value. Capital assets are reported at historical cost less accumulated depreciation and amortization. A summarized comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2025 and 2024 is as follows:

	2025	2024
	(In thousands)	
Current assets:		
Cash and investments	$ 1,554,827	$ 1,533,114
Accounts, notes, and leases receivable	804,682	733,274
Appropriations receivable from State of Illinois	4,221	3,681
Other current assets	151,184	128,147
Noncurrent assets:		
Cash and investments	3,674,792	3,391,041
Notes and leases receivable	40,513	40,217
Capital assets, net of accumulated depreciation and amortization	4,485,074	4,542,291
Other noncurrent assets	119,227	74,880
Deferred outflows of resources	272,481	305,686
Total assets and deferred outflows of resources	$ 11,107,001	$ 10,752,331
Current liabilities:		
Accounts payable, accrued liabilities, and unearned revenue	$ 1,117,045	$ 990,872
Bonds payable and other obligations, net	68,716	68,457
Leases and subscriptions payable	42,543	39,760
Other postemployment benefits	22,801	20,720
Other current liabilities	87,031	83,444
Noncurrent liabilities:		
Bonds payable and other obligations, net	1,269,063	1,333,591
Leases and subscriptions payable	90,141	79,259
Other postemployment benefits	536,316	589,134
Other noncurrent liabilities	527,096	490,076
Deferred inflows of resources	607,383	709,789
Total liabilities and deferred inflows of resources	4,368,135	4,405,102
Net position	6,738,866	6,347,229
Total liabilities, deferred inflows of resources, and net position	$ 11,107,001	$ 10,752,331

Total assets and deferred outflows of resources increased by $355 million or 3.3% during fiscal year 2025. The University had an increase in cash and investments due to an increase in private gifts, investment income, and increases in fair value of investments.

Total liabilities and deferred inflows of resources decreased $37 million, or 0.8% during fiscal year 2025. This change primarily resulted from a decrease in deferred inflows related to other postemployment benefits due to an updated actuarial calculation.

Capital Assets and Long-Term Debt

The University's policy requires the capitalization of equipment and intangible right-of-use land, building, and equipment assets at $5,000, right-of-use subscription assets at $25,000, software and other intangibles at $250,000, buildings and improvements at $250,000, infrastructure at $1,000,000 and all land and certain collection purchases regardless of cost. The University depreciates and amortizes capital assets on a straight-line basis, using estimated useful lives ranging from 3 to 50 years or over the lease or arrangement terms for intangible right-of-use assets. For more information on capital assets, please see Note 4. The following table illustrates the composition of the University's capital assets, net of accumulated depreciation and amortization, if applicable, by category:

Capital Assets, Net of Accumulated Depreciation and Amortization
(In thousands)

	2025		2024	
Buildings	$ 3,232,734	72.1%	$ 3,193,928	70.3%
Improvements and infrastructure	166,458	3.7	187,899	4.1
Construction in progress	170,480	3.8	267,576	5.9
Land	149,922	3.3	150,026	3.3
Equipment and software	458,946	10.3	452,139	10.0
Collections	161,124	3.6	160,448	3.5
Right-of-use	145,410	3.2	130,275	2.9
	$ 4,485,074	100.0%	$ 4,542,291	100.0%

Capital assets, net of accumulated depreciation and amortization, decreased by $57 million in fiscal year 2025. The University had significant improvements and additions to buildings that are in process such as the Undergraduate Library, Veterinary Teaching Hospital, and Willard Airport in Urbana-Champaign, and the University of Illinois Hospital in Chicago. Accumulated depreciation for existing buildings and improvements offset the increases in capital assets from additions, but the primary cause for the decrease was due to disposals.

The University has utilized revenue bonds to finance capital projects related to the Auxiliary Facilities System (AFS) and the Health Services Facilities System (HSFS). For additional information about bonds payable see Note 7.

The following table details the various bonded debt outstanding at June 30, 2025 and 2024:

Bonds Payable
(In thousands)

	2025	2024
AFS	$ 956,051	$ 1,000,794
HSFS	71,317	71,497
	$ 1,027,368	$ 1,072,291

The University has entered into finance purchase obligations including public-private partnership agreements. These partnership agreements allow the University another avenue for financing construction projects and require debt service payments for periods of thirty years or more. The outstanding balances of the finance purchase obligations as of June 30, 2025 and 2024 were $274,620,000 and $278,423,000, respectively.

In addition, the University has issued certificates of participation (certificates). The outstanding certificates have funded projects such as utility infrastructure, UIC College of Medicine facilities, and deferred maintenance on medical, academic, and research facilities. The outstanding balances of the certificates as of June 30, 2025 and 2024 were $21,868,000 and $31,608,000, respectively. The reduction in the outstanding balance of the certificates was due to scheduled redemptions.

Net Position

The University's resources are classified into net position categories on the Statement of Net Position. These categories are defined as (a) Net investment in capital assets, (b) Restricted nonexpendable – net position restricted by externally imposed stipulations, (c) Restricted expendable – net position subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time and (d) Unrestricted – net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Trustees. Net position balances are below:

Net Position
(In thousands)

	2025	2024
Net position:		
Net investment in capital assets	$ 2,992,572	$ 2,997,585
Restricted	1,482,293	1,357,969
Unrestricted	2,264,001	1,991,675
	$ 6,738,866	$ 6,347,229

The overall increase in net position was $392 million. Enrollment continues to increase each year. There were significant increases in private gifts and student athletic program revenue. In addition, significant investment income, unrealized gains on investments, and changes to other postemployment benefits actuarial calculations led to a positive increase in net position.

Statement of Revenue, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the University's results of operations. In accordance with GASB reporting standards, revenues and expenses are classified as either operating or nonoperating.

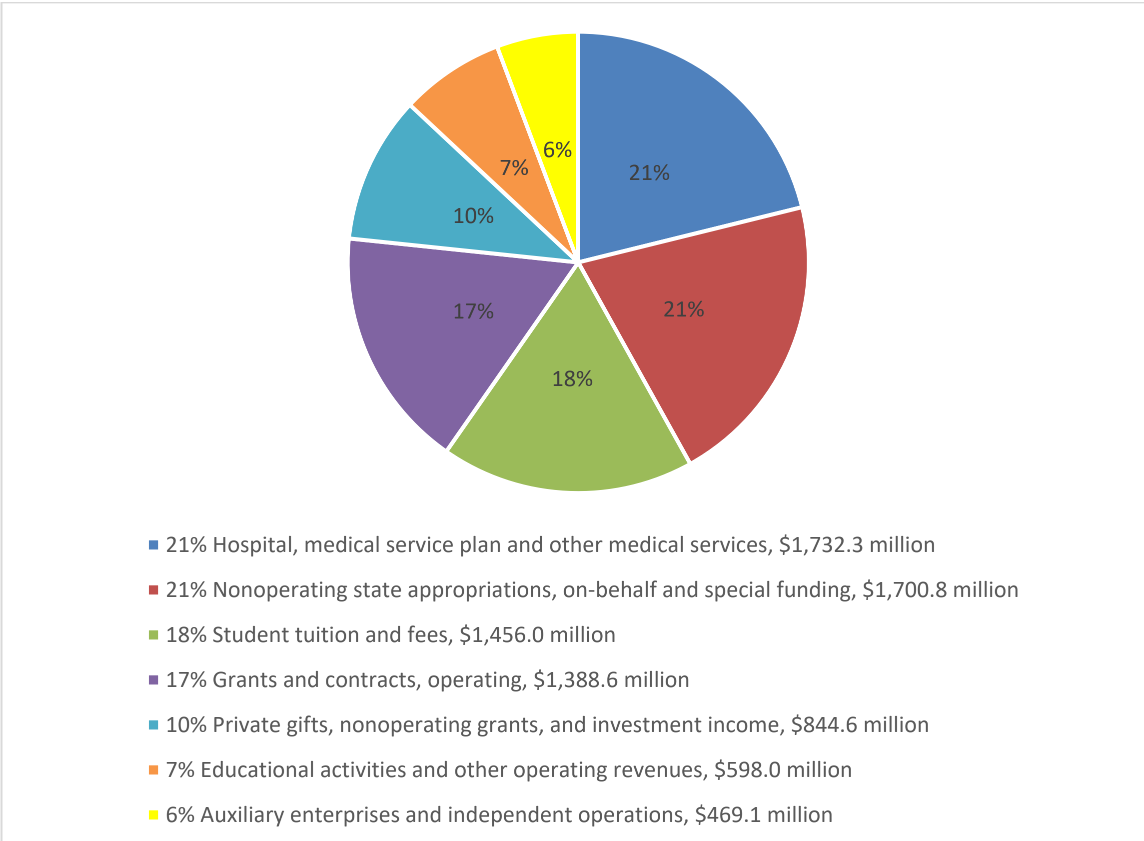
A summarized comparison of the University's Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2025 and 2024 is as follows:

	2025 (In thousands)	2024 (In thousands)
Operating revenues:		
Student tuition and fees	$ 1,455,984	$ 1,391,247
Hospital, medical service plans and other medical activities	1,732,273	1,599,113
Grants and contracts	1,388,563	1,225,787
Auxiliary enterprises and independent operations	469,128	435,759
Educational and other activities	574,471	507,158
Other	23,544	23,020
Total operating revenues	5,643,963	5,182,084
Operating expenses	7,968,502	7,047,410
Operating loss	(2,324,539)	(1,865,326)
Nonoperating revenues (expenses):		
State appropriations, on behalf, and special funding situation	1,736,844	1,455,683
Transfer of state appropriation to the Illinois Hospital Services Fund	(36,000)	(39,500)
Private gifts	298,124	255,940
Grants and contracts	324,616	298,543
Investment income	221,831	184,356
Change in fair value of investments	106,731	109,303
Interest expense	(52,320)	(53,541)
Other nonoperating revenues, net	54,025	36,022
Net nonoperating revenues	2,653,851	2,246,806
Capital state appropriations and capital gifts and grants	62,224	59,339
Endowment gifts	101	3,421
Increase in net position	391,637	444,240
Net position, beginning of year	6,347,229	5,902,989
Net position, end of year	$ 6,738,866	$ 6,347,229

Revenues

The University's revenues are generated from multiple sources, which supplement what is received from State appropriations and student tuition and fees. GASB reporting standards require revenues to be categorized as operating or nonoperating. Operating revenues are derived from activities associated with providing goods and services by the University and generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value. The University also relies on revenue, such as State appropriations, gifts, certain grants, and investment income to support operations, which GASB reporting standards define as nonoperating.

The following graph illustrates the revenues by source (both operating and certain nonoperating), which were used to fund the University's operating activities for the year ended June 30, 2025:



Operating revenues experienced a net increase of $462 million in fiscal year 2025 primarily due to growth in federal and state grants and contracts, and growth in hospital and other medical activities.

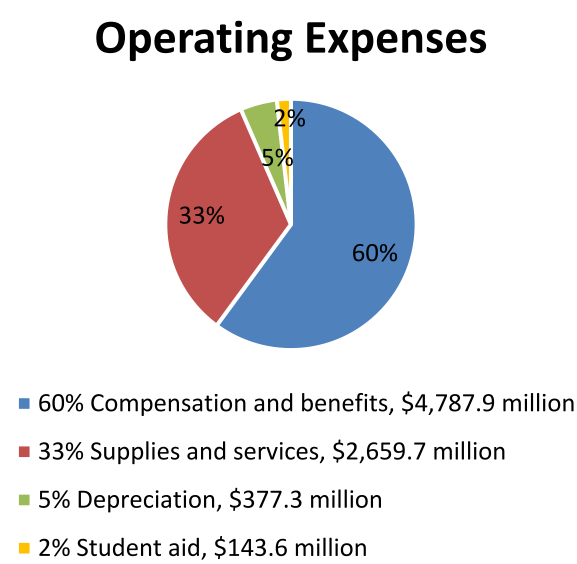
Nonoperating revenues increased by $390 million in fiscal year 2025. The most significant reason for the increase in nonoperating revenues resulted from an increase in on-behalf and special funding revenues from the State of Illinois (State), which fluctuates each year based on many factors. Another reason for the increase was a favorable return on investments due to increased interest rates during fiscal year 2025. Increased private gifts also contributed to the increase in nonoperating revenues.

Expenses

The majority of the University's expenses are exchange transactions, which GASB standards define as operating expenses. Nonoperating expenses include capital financing and other costs related to capital assets.

	2025		2024	
	(In thousands)			
Operating expenses:				
Instruction	$ 1,822,958	22.9%	$ 1,626,972	23.1%
Research	1,128,864	14.2	1,071,030	15.2
Public service	717,178	9.0	560,959	7.9
Support services	1,405,926	17.6	1,248,210	17.7
Hospital and medical activities	1,500,037	18.8	1,286,689	18.3
Auxiliary enterprises and independent operations	533,811	6.7	450,017	6.4
Scholarships and fellowships	76,121	1.0	64,775	0.9
Operation and maintenance of plant	406,273	5.1	385,556	5.5
Depreciation and amortization	377,334	4.7	353,202	5.0
Total operating expenses	$ 7,968,502	100.0%	$ 7,047,410	100.0%

The University's operating expenses increased by $921 million, or 13.1% in fiscal year 2025. This increase was primarily due to an increase in on-behalf and special funding from the State of $269 million. The University's proportionate share of special funding and on-behalf fringe benefits, including OPEB, is spread among various functional operating expenses. Users of these financial statements may find additional detail in this area helpful to better understand the components of total compensation and benefits and the impact on functional operating expenses. On page 76 of this report, the University has additional information detailing the impact of these allocations on the functional operating expenses. Excluding the impact of special funding and on-behalf expenses, operating expenses increased by $652 million, or 10.4%, primarily due to a volume increase experienced at medical facilities in Chicago. Also contributing to an increase in expenses were higher self-insurance costs and salaries. There was also a significant increase in public service expenses related to the new Illinois Quantum and Microelectronics Park. The University reports its expenses by functional classifications in the Statement of Revenues, Expenses and Changes in Net Position. In Note 13, the expenses are displayed in their natural classifications. The following graph illustrates the operating expenses by natural classification:



The University's Economic Outlook

The University continues to maintain its level of excellence in service to students, patients, the research community, the State of Illinois, and the nation. A strong partnership with the State is a critical element to the University's future since State funding provides essential operating support for programs across the University. The appropriation for the University increased from $721.4 million in fiscal year 2025 to $739.8 million for fiscal year 2026, up 2.6% overall. The increase included a 3% increase in the general operations line and smaller increases to legislatively directed lines, however 2.0% of the increase is contingent upon signed release by the Governor.

Overall enrollment has grown significantly, by over 20,700 students since fall 2015. Systemwide enrollment of undergraduate students reached a record enrollment of 65,169 students in fall 2025, up 5.2% from fall 2024. For fiscal year 2026, the University anticipates modest tuition revenue and investment income increases. The incremental tuition revenue for fiscal year 2026 considers undergraduate and graduate enrollment changes, including resident, non-resident, and international student mix, changes in enrollment patterns between programs, undergraduate guarantee tuition cohort increases from fall 2025, and increases to graduate and professional programs.

University of Illinois – Urbana - Champaign (UIUC) and University of Illinois – Chicago (UIC) consistently rank among the top universities in research and development expenditures in the country. Research leading to the development of new products and services is also an engine driving economic development, which is an important component of the University's mission. The University continues to advance the economic development mission by supporting research and innovation activities that transform ideas into sustainable businesses and global solutions.

Healthcare is an important mission of the University. The Hospital has always provided state-of-the-art, comprehensive medical care to patients from across the region, including some of the State's most vulnerable citizens. The UI Health Specialty Care Building, which opened in September 2022, has expanded critical patient services by providing six floors of patient care space, with eight operating rooms and 24 pre-post bays for outpatient surgery, exam and treatment rooms. This expansion contributed to the more than 1.5 million patient visits across the entire academic health enterprise in fiscal year 2025.

The University is also partnering with federal, state, and local leaders on the creation of the Illinois Quantum and Microelectronics Park, LLC (IQMP) on the south side of Chicago. The IQMP is a university related organization created in August 2024 and will serve as a hub for the state's thriving quantum ecosystem and is a first-of-its-kind park for quantum scale-up and related quantum and advanced microelectronics research and development. Quantum's immense power and potential offers limitless opportunities on a global scale. As a leader in this field focused on driving innovation and promoting economic growth, the University of Illinois System plays a critical role in its broad activation.

The University is committed to maintaining the health and safety of its students, faculty and staff and preserving the excellence of its programs. The University's Board of Trustees, the administration, faculty, and staff are committed to upholding the University's outstanding academic reputation and strong financial position.

UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)
Statement of Net Position
June 30, 2025
(In thousands)

Assets and Deferred Outflows of Resources	University 2025	Discretely Presented Component Units 2025
Current assets:		
Cash and cash equivalents	$ 942,896	$ 44,542
Cash and cash equivalents, restricted	232,327	792
Investments	292,441	382
Investments, restricted	87,163	
Accrued investment income	24,255	3,798
Accounts receivable, net of allowance for uncollectible	796,193	15,443
Appropriations receivable from State of Illinois	4,221	
Pledges receivable, net of allowance for uncollectible		59,330
Notes and leases receivable, net of allowance for uncollectible	8,489	162
Accrued interest on notes and leases receivable	3,337	
Inventories	43,210	2
Prepaid expenses, deposits and other assets	80,382	5,131
Total current assets	2,514,914	129,582
Noncurrent assets:		
Cash and cash equivalents, restricted	14,453	4,267
Investments	2,466,066	29,086
Investments, restricted	1,194,273	3,337,809
Pledges receivable, net of allowance for uncollectible		196,670
Notes and leases receivable, net of allowance for uncollectible	40,513	11,016
Capital assets, nondepreciable	352,803	43,097
Depreciable and amortizable capital assets, net	4,132,271	93,138
Prepaid expenses, deposits and other assets	119,227	132
Total noncurrent assets	8,319,606	3,715,215
Deferred outflows of resources	272,481	112
Total assets and deferred outflows of resources	$ 11,107,001	$ 3,844,909

Liabilities, Deferred Inflows of Resources and Net Position	University 2025	Discretely Presented Component Units 2025
Current liabilities:		
Accounts payable and accrued liabilities	$ 557,301	$ 36,730
Accrued payroll	266,076	494
Accrued compensated absences	20,702	3,299
Accrued self-insurance	53,712	
Unearned revenue and student deposits	293,668	28,870
Accrued interest payable	12,617	
Bonds payable and other obligations, net	68,716	19,301
Leases and subscriptions payable	42,543	479
Other postemployment benefits	22,801	
Total current liabilities	1,338,136	89,173
Noncurrent liabilities:		
Bonds payable and other obligations, net	1,269,063	63,570
Leases and subscriptions payable	90,141	3,581
Accrued compensated absences	267,261	
Accrued self-insurance	259,835	
Other postemployment benefits	536,316	
Total noncurrent liabilities	2,422,616	67,151
Deferred inflows of resources	607,383	14,585
Total liabilities and deferred inflows of resources	4,368,135	170,909
Net position:		
Net investment in capital assets	2,992,572	109,944
Restricted:		
Nonexpendable	159,543	1,897,686
Expendable	1,322,750	1,569,525
Unrestricted	2,264,001	96,845
Total net position	6,738,866	3,674,000
Total liabilities, deferred inflows of resources and net position	$ 11,107,001	$ 3,844,909

See accompanying notes to financial statements.

UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025
(In thousands)

	University 2025	Discretely Presented Component Units 2025
Operating revenues:		
Student tuition and fees, net of scholarship allowance of $543,811	$ 1,455,984	$
Federal appropriations	23,544	
Federal grants and contracts	1,021,341	
State of Illinois grants and contracts	187,876	
Private and other government agency grants and contracts	179,346	241,205
Educational and other activities, net	574,471	
Auxiliary enterprises, net	455,179	
Hospital and other medical activities, net	1,361,051	
Medical service plan	371,222	
Independent operations	13,949	
Allocation from the University		15,247
Other sources		108,005
Total operating revenues	5,643,963	364,457
Operating expenses:		
Instruction	1,822,958	
Research	1,128,864	
Public service	717,178	
Academic support	777,274	
Student services	333,587	
Institutional support	295,065	147,677
Operation and maintenance of plant	406,273	
Scholarships and fellowships	76,121	
Auxiliary enterprises	523,016	
Hospital and medical activities	1,500,037	
Independent operations	10,795	
Depreciation and amortization	377,334	3,168
Distributions to the University		317,894
Total operating expenses	7,968,502	468,739
Operating loss	(2,324,539)	(104,282)
Nonoperating revenues (expenses):		
State appropriations	719,980	
Transfer of state appropriations to the Illinois Hospital Services Fund	(36,000)	
Private gifts	298,124	
Grants and contracts	324,616	
On-behalf for fringe benefits	500,802	
Special funding situation for fringe benefits	516,062	
Net investment income (net of investment expense of $6,419)	221,831	12,362
Net increase in the fair value of investments	106,731	86,460
Interest expense	(52,320)	(548)
Loss on disposal of capital assets	(43,392)	
Other nonoperating revenues, net	97,417	82
Net nonoperating revenues	2,653,851	98,356
Income (loss) before other revenues	329,312	(5,926)
Capital state appropriations	50,285	
Capital gifts and grants	11,939	42,897
Private gifts for endowment purposes	101	108,189
Increase in net position	391,637	145,160
Net position, beginning of year	6,347,229	3,528,840
Net position, end of year	$ 6,738,866	$ 3,674,000

See accompanying notes to financial statements.

UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)
Statement of Cash Flows
Year ended June 30, 2025
(In thousands)

	University 2025
Cash flows from operating activities:	
Student tuition and fees	$ 1,451,614
Federal appropriations	23,394
Federal, state, and local grants and contracts	1,206,378
Other governmental agencies and private grants and contracts	178,149
Sales and services of educational and other activities	550,399
Auxiliary activities and independent operations	476,443
Hospital and other medical activities	1,367,900
Medical service plan	343,976
Receipt of cash held for others	85,759
Payment of cash held for others	(85,759)
Payments to employees and for benefits	(3,823,966)
Payments to suppliers	(2,620,746)
Payments for scholarships and fellowships	(146,586)
Student loans issued	(4,469)
Student loans collected	5,680
Net cash used in operating activities	(991,834)
Cash flows from noncapital financing activities:	
State appropriations	658,547
Gifts transferred from University of Illinois Foundation	290,568
Direct lending receipts	481,625
Direct lending payments	(478,204)
Grants and contracts, nonoperating	324,616
Private gifts for endowment purposes	101
Other receipts	42,877
Other disbursements	(357)
Net cash provided by noncapital financing activities	1,319,773
Cash flows from capital and related financing activities:	
Proceeds from issuance of bonds including premiums	93,395
Proceeds from sale of capital assets	50
Capital gifts and grants	5,702
Purchase of capital assets	(224,388)
Principal payments on bonds, leases, and other obligations	(206,454)
Interest payments on bonds, leases, and other obligations	(56,313)
Upfront deposits related to public-private partnership projects	(2,838)
Payment of capital debt issuance costs	(573)
Net cash used in capital and related financing activities	(391,419)
Cash flows from investing activities:	
Interest and dividends on investments, net	242,967
Proceeds from sales and maturities of investments	3,459,612
Purchase of investments	(3,506,078)
Net cash provided by investing activities	196,501
Net increase in cash and cash equivalents	133,021
Cash and cash equivalents, beginning of year	1,056,655
Cash and cash equivalents, end of year	$ 1,189,676

UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)
Statement of Cash Flows
Year ended June 30, 2025
(In thousands)

		University 2025
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(2,324,539)
Adjustments to reconcile operating loss to net cash used in operating activities:		
On-behalf and special funding situation for fringe benefits expense		1,016,864
Health insurance costs paid to Central Management Services by State Comptroller		24,893
Depreciation and amortization expense		377,334
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable, net		(66,320)
Notes receivable, net		862
Lease receivable		3,791
Inventories		(4,310)
Prepaid expenses and deposits		(17,691)
Deferred outflow of resources		32,615
Accounts payable and accrued liabilities		10,816
Accrued payroll		24,293
Unearned revenue and student deposits		48,942
Accrued compensated absences		14,320
Accrued self-insurance		24,421
Other postemployment benefits		(50,737)
Deferred inflows of resources		(107,388)
Net cash used in operating activities	$	(991,834)
Noncash investing, capital, and financing activities:		
On-behalf for fringe benefits nonoperating revenue	$	500,802
Special funding for fringe benefits nonoperating revenue		516,062
State appropriation		60,893
Transfers of state appropriations to Illinois Hospital Services Fund		(36,000)
State appropriation paid to Central Management Services by State Comptroller		(24,893)
Net increase in fair value of investments		106,731
Gifts in kind and grants – capital assets		11,483
Decrease of capital asset obligations in accounts payable		(716)
Capital asset acquisitions by Capital Development Board		50,285
Capital assets finance purchased, leased or subscribed		74,408
Other increases in capital assets, net		5,118
Loss on disposal of capital assets		(44,850)
Capital appreciation on bonds payable		744

See accompanying notes to financial statements.

UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position
June 30, 2025 and Year ended June 30, 2025
(In thousands)

Statement of Fiduciary Net Position

		Custodial Funds
Assets:		
Cash and cash equivalents	$	13,214
Prepaid deductions and other assets		1,492
Right-of-use - buildings and subscriptions		1,039
Total assets	$	15,745
Liabilities:		
Accounts payable and accrued liabilities	$	966
Unearned additions		730
Leases and subscriptions payable		1,045
Total liabilities		2,741
Net position:		
Restricted - organizations		13,004
Total net position		13,004
Total liabilities and net position	$	15,745

Statement of Changes in Fiduciary Net Position

		Custodial Funds
Additions:		
Collections from third party	$	48,118
Software and electronic licenses sales and fees		15,571
Investment income		437
Other sources		5,444
Total additions		69,570
Deductions:		
Professional and other contractual services		8,480
Software and electronic licenses purchased for resale		58,626
Utilities, supplies, and other		3,991
Administrative services		50
Amortization expense		405
Total deductions		71,552
Decrease in fiduciary net position		(1,982)
Net position, beginning of year		14,986
Net position, end of year	$	13,004

See accompanying notes to the financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organization

The University of Illinois (University), a federal land grant institution, founded in 1867, conducts education, research, public service, and related activities principally at its three locations in Urbana-Champaign, Chicago, which includes the Hospital and other healthcare facilities, and Springfield. In addition, the University has a Medical Service Plan for the University's College of Medicine faculty in Chicago, Rockford and Peoria, which allows the faculty to charge for their professional services. The governing body of the University is The Board of Trustees of the University of Illinois (Board).

As required by U.S. generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB), these financial statements present the financial position and financial activities of the University (the primary government) and its component units as well as certain activities and expenses funded by other State agencies on behalf of the University or its employees. GASB also requires the presentation of the financial position and financial activities of the University's fiduciary activities. These activities are purely custodial in nature and represent transactions in which the University is acting in an agent capacity for other organizations such as academic alliances, consortiums, and student groups.

The discretely presented component units column in the financial statements includes the financial data of the University Related Organizations (UROs). The UROs consist of the following entities: the University of Illinois Foundation (Foundation), the University of Illinois Alumni Association (Alumni Association), Wolcott, Wood and Taylor, Inc. (WWT), Prairieland Energy, Inc. (Prairieland), Illinois Ventures, LLC (Illinois Ventures), the University of Illinois Research Park, LLC (Research Park), Illinois Global Gateway, LLC (Illinois Global Gateway), and Illinois Quantum & Microelectronics Park (IQMP) which are included in the University's reporting entity (Entity) because of the significance of their operational or financial relationship with the University and is in accordance with GASB Statement No. 61. These component units are discretely presented in a separate column and are legally separate from the University.

The Foundation was formed for the purpose of providing fundraising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. In this capacity, the Foundation solicits, receives, holds and administers gifts for the benefit of the University. Complete financial statements for the Foundation may be obtained by writing to the Chief Financial Officer, 303 St. Mary's Road, Champaign, Illinois 61820.

The Alumni Association was formed to promote the general welfare of the University and to encourage and stimulate interest among students, former students, and others in the University's programs. In this capacity, the Alumni Association offers membership in the Alumni Association to former students, conducts various activities for students and alumni, and publishes periodicals for the benefit of alumni. Complete financial statements for the Alumni Association may be obtained by writing to the Chief Financial Officer, Alice Campbell Alumni Center, 601 S. Lincoln Avenue, Urbana, Illinois 61801.

WWT was formed to provide practice management support services and operate as a billing/collection entity for healthcare activities under the laws of the State. Complete financial information may be obtained by writing to the President and CEO, 141 W. Jackson Blvd., Suite 1310A, Chicago, Illinois 60604.

Prairieland was formed to provide low-cost energy commodities and utility services for the benefit of the University and others. Prairieland provides an efficient vehicle for flexible, nimble and real-time participation in wholesale energy markets, resulting in cost savings and other benefits to the University. Complete financial information may be obtained by writing to the Controller, 807 S. Wright Street, Suite 340, Champaign, Illinois 61820.

Illinois Ventures exists to facilitate the development of new companies commercializing technology originated or developed by faculty, staff, students and/or alumni of the University and other organizations. The University desires Illinois Ventures to foster technology commercialization and economic development in accordance with the teaching, research and public service missions of the University. Complete financial information may be obtained by writing to the CEO and Managing Director, 200 S. Wacker Drive, 20th Floor, Chicago, Illinois 60606.

Research Park was formed to aid and assist the University and other organizations by establishing and operating a research park with offices located in Champaign, Illinois. Research Park's jurisdiction extends to oversight of the research park in Urbana-Champaign. This jurisdiction also extends to potential research parks in Illinois where the University has some operating responsibility by statute or contract. The Research Park was designed to promote the development of new companies, which commercialize University technologies and attract established companies to partner with the University in research and development activities and to prepare the workforce for the next generation. Complete financial information may be obtained by writing to the Associate Director of Administration, University of Illinois Research Park, LLC, 60 Hazelwood Drive, Champaign, Illinois 61820.

Illinois Global Gateway was formed to establish and to maintain physical presence in strategic locations throughout the world to pursue strategic objectives of the University. Complete financial information may be obtained by writing to the Treasurer, Illinois Global Gateway, LLC, 506 S. Wright Street, Suite 349, Urbana, Illinois 61801.

IQMP exists for the primary purpose of serving as a quantum computing proving ground and microelectronics research and development center creating technology-based economic development in the State of Illinois. Complete financial information may be obtained by writing to the Senior Director of Capital Finance, University of Illinois Quantum and Microelectronics Park, LLC, 349 Henry Administration Building, 506 S. Wright Street, Urbana, Illinois 61801.

The Foundation, Alumni Association, WWT, Prairieland, Illinois Ventures, Research Park, Illinois Global Gateway, and IQMP are related organizations as defined under *University Guidelines* adopted by the State's Legislative Audit Commission.

The Entity is a component unit of the State for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the State's annual comprehensive financial report.

Significant Accounting Policies

(a) ***Financial Statement Presentation and Basis of Accounting***

University

The University 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. Business-type activities are those financed in whole or in part by fees charged to external parties for goods and services.

The University financial statements including its fiduciary financial statements use the economic resources measurement focus and the accrual basis of accounting. 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. Grant and contract revenues, which are received or receivable from external sources, are recognized as revenues to the extent of related expenses and/or satisfaction of eligibility requirements. Advances are classified as unearned revenue. Appropriations provided by the State for the benefit of the University are recognized as nonoperating revenues when eligibility requirements are satisfied.

UROs

The financial statements of WWT, Prairieland, Illinois Ventures, Research Park, Illinois Global Gateway, and IQMP are prepared using the same presentation and basis of accounting as the University, as described above. The University holds a majority equity interest in these UROs which is reported within other assets on the University financial statements.

The Foundation and Alumni Association are nonprofit organizations that report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation or Alumni Association financial information in the Entity's financial statements for these differences. Only certain reclassifications have been made for consistency with the Entity's GASB reporting format.

(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 cash equivalents include bank accounts and investments with original maturities of ninety days or less at the time of purchase. Such investments consist primarily of money market funds.

(c) ***Inventories***

Inventories are stated at the lower of cost or market. Cost is determined principally by the average cost method or the first-in, first-out method, depending on the type of inventory.

(d) ***Investments***

Investments are reported at fair value in accordance with guidelines defined by GASB Statement No. 72. Fair value is determined for the University's investments based upon a framework described in Note 2(f). The fair values of farm properties held as investments are determined by a periodic appraisal of the property by a certified real estate appraiser. Fair value for investments in certain mutual funds, hedge funds, private markets and prime money market funds is determined using net asset values (NAV) as provided by external investment managers. An adjustment determined by University management for the period between the dates of the last available NAV and June 30, 2025 is applied for private market investments. Bank deposits, government money market funds, and Illinois public treasurer's investment pool 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.

(e) ***Endowments***

For donor-restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Illinois, authorizes the Boards of both the University and the Foundation to prudently appropriate portions of realized and unrealized appreciation. In accordance with University policy, this net appreciation is retained within the long-term investment pool—which includes endowment assets—after distributions are made in accordance with the spending rule.

University

The University's investment policy for the long-term investment pool, which includes endowments, is based on a total return approach. The primary objective is to preserve the real value—or purchasing power—of both the endowment assets and the annual support they provide. Distributions from the University endowment fund are made to the University units that benefit from the funds. The spending rule permits an annual distribution of 4.1% of the two-quarter lagged, six-year moving average market value of fund units. As of June 30, 2025, net appreciation available for spending totaled $186,552,000, of which $139,001,000 was restricted for specific purposes.

URO – Foundation

Interpretation of Relevant Law: The board of directors of the Foundation interprets UPMIFA to require consideration of the following factors, if relevant, in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purposes of the institution and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the institution
- The investment policy of the institution

In accordance with the Foundation's interpretation of UPMIFA, absent explicit donor stipulations to the contrary, the Foundation shall classify as permanently restricted net assets (restricted – nonexpendable) the original value of the gifts donated to the permanent endowment, but such classification does not limit the expenditures from the endowment fund only to income, interest, dividends or rents, issues, or profits. The portion of the fund's value spendable annually for the donor-designated purpose is to be determined, from time to time, by the Foundation's board of directors, acting in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, considering the above relevant factors. The Foundation's board of directors approved spending was $168,008,000 for fiscal year ended June 30, 2025.

(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 are 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 certain 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	Moveable equipment	3 – 20
Intangibles:			
Software	5 – 10	Exhaustible collections	10
Right-of-use	Shorter of the estimated useful lives or the lease or arrangement term		

(g) ***Deferred Outflows of Resources***

Losses on refunding of the University's bonds and certificates of participation 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.

Employer pension contributions made in fiscal year 2025 are reported as deferred outflows of resources.

Deferred outflows of resources also include other postemployment benefits (OPEB) contributions subsequent to the measurement date of the OPEB liability as well as other OPEB sources as disclosed in Note 11.

Deferred Outflows of Resources

(In thousands)

		Ending balance
Unamortized deferred loss on refunding	$	815
Pension contributions (Note 10)		50,733
OPEB (Note 11)		220,933
Total deferred outflows of resources	$	272,481

(h) ***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 payroll. The liability for leave that has not been used is recognized in accrued compensated absences, including the University's share of salary-related payments.

(i) ***Premiums***

Premiums for bonds and certificates of participation, which are reported within bonds payable and other obligations, are amortized over the life of the debt issue using the effective interest method.

(j) ***Deferred Inflows of Resources***

The University has split-interest agreements where the University is a beneficiary. At the inception of these agreements the University recognizes assets, liabilities and deferred inflows of resources on the accompanying Statement of Net Position.

Gains on refunding of the University's bonds 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 related to leases in which the University 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.

Facilities constructed and operated through a service concession arrangement (SCA) are reported as deferred inflows of resources. In a SCA, the day-to-day operations of the facility, or a portion thereof, is managed by a third party. Deferred inflows of resources are recognized when the SCA becomes effective and are amortized using the straight-line method over the life of the SCA.

Deferred inflows of resources also include OPEB sources as disclosed in Note 11.

Deferred Inflows of Resources
(In thousands)

		Ending balance
Irrevocable trusts	$	26,519
Unamortized deferred gain on refundings		6,861
Leases (Note 3)		19,635
SCA (Note 7)		60,425
OPEB (Note 11)		493,943
Total deferred inflows of resources	$	607,383

(k) ***Net Position***

The Entity'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 along with related outstanding debt balances attributable to the acquisition, construction, or improvement of those assets; (b) Restricted nonexpendable – net position restricted by externally imposed stipulations; (c) Restricted expendable – net position subject to externally imposed restrictions that can be fulfilled by actions of the Entity pursuant to those stipulations or that expire by the passage of time, and (d) Unrestricted – net position not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board. The Entity first applies resources 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 Entity's fiscal year activity as operating and nonoperating. Operating revenues generally result from exchange transactions such as payments received for providing goods and services, including tuition and fees, net of scholarships and fellowships, certain grants and contracts, sales and services of educational activities, hospital, medical service plans, and auxiliary enterprises revenues. Certain revenue sources that the Entity relies on to provide funding for operations including State appropriations, federal grants, gifts, on-behalf for fringe benefits, special funding situation for fringe benefits and investment income are defined by GASB Statement No. 35 as nonoperating revenues. In addition, transactions related to capital and financing activities are components of nonoperating revenues.

In fiscal year 2025, the University allocated $36,000,000 of State appropriations for transfer to the University of Illinois Hospital Services Fund, which is a special fund established in the State Treasury pursuant to the State Finance Act, 30 ILCS 105/6z-30. This fund is owned and operated by the Illinois Department of Healthcare and Family Services. It is not part, or a related organization, of the University.

(m) ***Tuition, Scholarships and Fellowships***

Scholarships and fellowships of $543,811,000 and $110,911,000 are netted against student tuition and fees and auxiliary enterprises revenues, respectively. Stipends and other payments made directly to students are reported as scholarship and fellowship expense. Graduate and other employment related remissions are included with compensation and benefits and presented in instruction, research and other functional categories of operating expenses. Net tuition and fees, except for summer session, are recognized as revenues as they are assessed.

The portion of summer session tuition and fees applicable to the following fiscal year are unearned and recognized in the next fiscal year.

(n) ***Patient Services Revenue – Hospital***

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates, discounted charges and per diem payments. Hospital patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated adjustments under reimbursement agreements with third-party payors, some of which are subject to audit by administrating agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods.

Approximately 93% of the Hospital's net patient service revenues were derived from Medicare, Medicaid and managed care programs for the year ended June 30, 2025. Reimbursement under these programs provided for payments to the Hospital at amounts different from its established rates, based on a specific amount per case, or a contracted price, for rendering services to program beneficiaries. The Hospital records contractual allowances in the current period representing the difference between charges for services rendered and the expected payments under these programs and adjusts them in future periods as final settlements through cost reports or other means are determined. For the year ended June 30, 2025, the contractual allowances totaled $3,072,193,000.

The policy of the Hospital is to treat patients in immediate need of medical services without regard to their ability to pay for such services. The Hospital provides care without charge or at amounts less than its established rates to patients who meet the criteria of its charity care policy. This policy defines charity care and provides guidelines for assessing a patient's ability to pay. Eligibility is based on patient qualification, financial resources and service criteria. Because the Hospital does not pursue collection of amounts determined to be charity care, they are not reported as revenue.

The Hospital maintains records to identify and monitor the level of charity care provided. These records include the amount of estimated costs for services rendered and supplies furnished under its charity care policy. The estimated cost of charity care using the Hospital's cost-to-charge ratio was $38,310,000 for fiscal year 2025. The ratio of costs to charges is calculated based on the Hospital's total operating expenses. Unreimbursed costs of providing care to Medicare and Medicaid patients are not included as charity care.

(o) ***Classification of Expenses***

The majority of the Entity's expenses are exchange transactions, which GASB defines as operating expenses for financial statement presentation. Nonoperating expenses include transfers of state appropriations and capital financing costs.

(p) ***Employment Contracts***

Employment contracts for certain academic personnel provide for twelve monthly salary payments, although the contracted services are rendered during a nine-month period. The liability for those employees who have completed their contracted services, but have not yet received final payment, was $94,508,000 at June 30, 2025 and is recorded in the accompanying financial statements as accrued payroll. This amount will be paid from revenues to be recognized in fiscal year 2026 rather than from the unrestricted net position available at June 30, 2025.

(q) *On-behalf for fringe benefits*

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

Substantially all eligible employees participate in group insurance plans provided by the State and administered by the Illinois Department of Central Management Services (CMS), primarily providing healthcare benefits. In order to fund the group insurance plans' pay-as-you-go obligations for both current employees and retirees, State statutes require employer contributions. Additionally, the University shall not be required to make contributions for employees who are compensated from funds other than gift and grant funds. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are compensated from funds other than gift and grant 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.

During the year ended June 30, 2025, total estimated group insurance contributions for the University's employees paid from funds other than gift and grant funds was $519,166,000. which is reflected as nonoperating revenues and operating expenses within the University's financial statements. The University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of $18,364,000 to help offset the amount the State needed to provide for current employees. As such, the State contributed the estimated remaining balance of $500,802,000 on behalf of the University to meet this obligation for current employees.

As the University is not legally responsible to pay for the on-behalf support provided by the State, the University recognizes nonoperating revenues and operating expenses allocated to the related function performed by the employees within the University's financial statements for its current employees' participation in group insurance.

(r) *Pensions*

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The University recognizes its proportionate share of the State's pension expense relative to the University's employees as nonoperating revenue and pension expense, with the expense further allocated to the related function performed by the employees.

(s) ***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, to provide health, dental, vision and life insurance benefits as a single-employer defined benefit OPEB plan not administered as a trust. Substantially all State and State public universities' 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, including the 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, State statutes require contributions. Additionally, the University shall not be required to make contributions for employees who are compensated from funds other than gift and grant funds. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are not funded from gift and grant 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.

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

Special Funding Situation Portion of OPEB

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) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to an OPEB plan.

During the OPEB measurement period ended June 30, 2024, the University made a voluntary appropriation repayment from either its State appropriation or locally-held resources that was not considered a contribution of $6,529,000 to help offset the amount the State needed to provide for retirees under the special funding situation described in the preceding paragraph.

The University recognizes the proportionate share of the State's OPEB expense relative to the University's employees as non-operating revenue and OPEB expense, with the expense further allocated to the related function performed by the employees.

University's Portion of OPEB

The University reports a liability, expense allocated to the related function performed by the employees, and related deferred inflows and outflows of resources for OPEB based on the University's proportionate share of amounts paid to SEGIP pursuant to the Act for its employees paid from trust, federal, and other funds compared to the collective amounts paid to SEGIP pursuant to the Act. The collective amounts paid to SEGIP pursuant to the Act includes (1) payments from State agencies for State employees, (2) the amount calculated by CMS to represent the amount paid by the General Fund related to the special funding situation, (3) the total voluntary appropriation repayment from all of the universities, and (4) the total of all payments from the universities for employees paid from trust, federal, and other funds. This methodology has been determined by the State to be the best estimate of how future OPEB payments will be determined.

Deferred inflows and outflows of resources are recognized in OPEB expense at the beginning of the current period, using a systematic and rational method over a closed period, equal to the average expected remaining service lives of all employees, either active or inactive, provided with OPEB through SEGIP, determined as of the beginning of the measurement period.

(t) ***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.

(u) ***New Accounting Pronouncements***

The University 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 University's financial statements.

The University 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 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 University's financial statements.

(2) Cash, Cash Equivalents and Investments

The carrying amount of the University's cash on June 30, 2025 is disclosed below as cash deposits. The June 30, 2025 total bank account balances for the University aggregated $18,940,000, all of which was covered by federal depository insurance or by collateral held by an agent in the University's name.

The Board follows UPMIFA (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. Nearly all of 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 following details the carrying value of the University's cash, cash equivalents and investments as of June 30, 2025:

University Cash, Cash Equivalents and Investments
(In thousands)

U.S. Treasury bonds and bills	$	537,169
U.S. government agencies		363,120
International government bonds and governmental agencies		11,168
Nongovernment mortgage-backed securities		126,562
Asset backed securities		524,489
Corporate bonds		1,318,993
Commercial paper		104,665
Municipal bonds		22,117
Global fixed income		38,392
Money market funds		1,114,685
Illinois Public Treasurer's Investment Pool		18,311
Subtotal before cash deposits, equities and other investments		4,179,671
Equities		4,580
Equity funds		589,912
Diversifying strategies		102,049
Private equity		126,079
Farm properties		166,617
Real assets		69,749
Cash deposits (net of outstanding balances)		(9,038)
Total	$	5,229,619

(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 Intercontinental Exchange Bank of America one-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 University's cash equivalent and investment maturities as of June 30, 2025 are illustrated below:

University Cash Equivalent and Investment Maturities

(In thousands)

		Total	Less than 1 year	1 - 5 years	5 - 10 years	Greater than 10 years
U.S. Treasury bonds and bills	$	537,169	68,153	386,573	70,589	11,854
U.S. government agencies		363,120	3,191	90,058	35,579	234,292
International government bonds and governmental agencies		11,168		3,244	6,123	1,801
Nongovernment mortgage-backed securities		126,562	1,042	5,546	1,526	118,448
Asset backed securities		524,489	1,076	436,600	51,083	35,730
Corporate bonds		1,318,993	263,973	884,944	135,653	34,423
Commercial paper		104,665	104,665			
Municipal bonds		22,117	3,222	10,489	6,716	1,690
Global fixed income		38,392				38,392
Subject to interest rate risk		3,046,675	445,322	1,817,454	307,269	476,630
Money market funds		1,114,685	1,114,685			
Illinois Public Treasurer's Investment Pool		18,311	18,311			
Total	$	4,179,671	1,578,318	1,817,454	307,269	476,630

(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 at purchase. 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 & 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.

The University's cash equivalent and investment quality ratings at June 30, 2025 are illustrated below:

University Cash Equivalent and Investment Quality Ratings

(In thousands)

	Total	AAA/Aaa	AA/Aa/ TSY/AGY[1]	A/A [2]	BBB/Baa	BB/Ba	Less than BB	Not Rated [3]
U.S. Treasury bonds/bills	$ 537,169		537,169					
U.S. government agencies	363,120		363,120					
International government bonds and governmental agencies	11,168	2,278	3,403	2,507	2,782	198		
Nongovernment mortgage-backed securities	126,562	93,243	2,262	3,482	1,970			25,605
Asset backed securities	524,489	496,982	5,009	1,349	7,757	4		13,388
Corporate bonds	1,318,993	9,944	88,157	644,656	548,618	25,228	1,986	404
Commercial paper	104,665		20,215	84,450				
Municipal bonds	22,117	6,559	9,775	4,871	191			721
Global fixed income	38,392	5	107	18	19			38,243
Money market funds	1,114,685	1,114,685						
Illinois Public Treasurer's Investment Pool	18,311	18,311						
Total	$ 4,179,671	1,742,007	1,029,217	741,333	561,337	25,430	1,986	78,361

[1] TSY (U.S. Treasury Securities) & AGY (U.S. Agency Securities) is a reporting convention used by the University's custodian to identify investments that have not received individual security ratings. These securities have an explicit or implicit guarantee by the U.S. government which has been rated AA+ by Standard and Poor's and Aa1 by Moody's. Short term Standard and Poor's ratings of A-1+ are placed in this category.

[2] Short term Standard and Poor's ratings of A-1 and A-2 and Moody's short-term ratings of P1 and P2 are placed in this category.

[3] Securities in this category may be rated by Fitch and other services but are not rated by Standard and Poor's or Moody's.

(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 investment policy does not limit the value of investments that may be held by an outside party. At June 30, 2025, the University's investments were not subject to custodial credit risk.

(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***

GASB standards established 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:

<u>Level 1</u> - 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.

<u>Level 2</u> - 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.

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

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments may be classified as Level 1 when the values are based upon unadjusted quoted prices in active markets for identical assets and generally include active listed equities. Publicly-traded investments that have no or insignificant restrictions are classified in Level 1 of the fair value hierarchy.

Investments may be classified as Level 2 when the values include inputs that are directly observable for an asset (including quoted prices for similar assets), as well as inputs that are not directly observable for the asset. These inputs are derived principally from or corroborated by observable market data through correlation or by other means (market corroborated inputs). The concept of market-corroborated inputs is intended to incorporate observable market data (such as interest rates and yield curves that are observable at commonly quoted intervals) based upon an assessment of factors relevant to the asset or liability.

Investments may be classified as Level 3 when the values include inputs that are unobservable and Level 1 and Level 2 inputs are not available. The values are based upon the best information available under the circumstances and may include management's own data. For farm properties, a full appraisal is conducted by an independent agency at receipt of each farm and every five years thereafter. In the years between the full appraisal, the independent agency provides an estimate of market value which is derived by an annual updating of prior appraised values.

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2025.

The following table summarizes assets measured at fair value as of June 30, 2025, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

University Fair Value Measurements as of June 30, 2025

(In thousands)

		Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury bonds and bills	$	537,169		537,169	
U.S. government agencies		363,120		363,120	
International government bonds and governmental agencies		11,168		11,168	
Nongovernment mortgage-backed securities		126,562		126,562	
Asset backed securities		524,489		524,489	
Corporate bonds		1,318,993		1,318,993	
Commercial paper		104,665		104,665	
Municipal bonds		22,117		22,117	
Global fixed income		149	149		
Equities		4,580	4,450		130
Equity funds		20,950	20,950		
Farm properties		166,617			166,617
Total subject to fair value hierarchy		3,200,579	25,549	3,008,283	166,747
Investments measured at the NAV					
Global fixed income		38,243			
Equity funds		568,962			
Diversifying strategies		102,049			
Private equity		126,079			
Real assets		69,749			
Total investments measured at NAV		905,082			
Investments measured at cost					
Government money market funds		1,114,685			
Illinois Public Treasurer's Investment Pool		18,311			
Total investments measured at cost		1,132,996			
Cash deposits (net of outstanding balances)		(9,038)			
Total cash, cash equivalents and investments	$	5,229,619			

The following table sets forth additional disclosure of the University's investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2025:

	Fair value	Unfunded commitment	Redemption frequency	Redemption notice period
	(In thousands)			
Investments:				
Global fixed income (A)	$ 38,243	$ 26,474	(A)	(A)
Equity funds (B)	568,962		(B)	(B)
Diversifying strategies (C)	102,049	4,590	(C)	(C)
Private equity (D)	126,079	110,798	(D)	(D)
Real assets (E)	69,749	25,504	(E)	(E)
	$ 905,082	$ 167,366		

(A) The funds in this category primarily invest in bonds and other debt instruments. Investments may include corporate bonds, loans, mezzanine/subordinated debt partnerships, restructuring/distressed debt partnerships, and other fixed income-oriented strategies. Certain investments may have an equity-related component. Liquidity parameters range from same business day redemption with next day settlement to investments where funds cannot be redeemed during the life of the partnership; however, they may be able to be transferred to another eligible investor. Distributions will be received for the funds that cannot be redeemed as the underlying investments of the funds are liquidated over time. The fair value of this investment has been estimated using the NAV per share, or NAV provided by the fund manager with an adjustment determined by University management for the period between the dates of the last available NAV and June 30, 2025.

(B) The funds in this category invest in marketable equities that are exchange traded in the United States of America (USA) and in countries outside of the USA. These funds can be redeemed with one business day to two business days redemption notification. Settlement may take up to two business days. The fair values of these investments have been estimated using the NAV per share provided by the fund manager.

(C) The funds in this category are generally not restricted in the types of securities in which they can invest. They may invest in limited partnership vehicles or directly in equity, fixed income and derivative instruments to achieve a stated investment objective. These funds can either be redeemed quarterly with notice periods of 60 to 65 days or cannot be redeemed during the life of the partnership; however, they may be able to be transferred to another eligible investor. Distributions will be received for the funds that cannot be redeemed as the underlying investments of the funds are liquidated over time. The fair values of these investments have been estimated using the NAV per share, or NAV, provided by the fund manager with an adjustment determined by management for the period between the dates of the last available NAV and June 30, 2025.

(D) The funds in this category primarily invest in the following types of investments in the USA and outside of the USA: venture capital partnerships, buyout partnerships, mezzanine/subordinated debt partnerships, restructuring/distressed debt partnerships, special situation partnerships, and directly in portfolio companies. These investments cannot be redeemed during the life of the partnership; however, they may be able to be transferred to another eligible investor. Distributions will be received as the underlying investments of the funds are liquidated over time. The fair value of this investment has been estimated using the NAV provided by the fund manager with an adjustment determined by management for the time period between the dates of the last available NAV and June 30, 2025.

(E) The funds in this category invest in real assets. These investments can either be redeemed quarterly with up to a three-month notice period subject to general partner approval and available cash or cannot be redeemed during the life of the partnership; however, they may be able to be transferred to another eligible investor. Distributions will be received for the funds that cannot be redeemed as the underlying investments of the funds are liquidated over time. The fair values of these investments have been estimated using the NAV per share, or NAV, provided by the fund manager with an adjustment determined by management for the period between the dates of the last available NAV and June 30, 2025.

(g) ***URO – Foundation Investments***

As the investments of the University's URO-Foundation are considered material to the Entity's financial statements taken as a whole, the following disclosures are made:

The Foundation financial statements follow FASB standards; therefore, the required disclosures, within the Entity's statements, for the Foundation investments differ from GASB requirements.

FASB standards have established 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 Foundation 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 Foundation 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 the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid U.S. government bonds, exchange-traded equities and mutual funds.

If quoted market prices are not available, then the fair values are estimated by using pricing models, quoted prices of securities with similar characteristics and other valuation methodologies. Level 2 securities would include asset-backed securities and non-government backed collateralized mortgage obligations (CMOs), corporate bonds, and other certain securities. These securities are valued primarily through a multi-dimensional relational model that includes standard inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers, and reference data.

In certain cases where there is limited activity or less transparency regarding inputs to the valuation, including alternative investments, securities are classified within Level 3 of the valuation hierarchy and may include equity and/or debt securities issued by private entities. Level 3 investments include direct private investments and co-investments using performance multiples applicable to the investment's industry, determined through the use of a market-based approach, which utilizes comparable companies' data and equity mutual funds that have underlying marketable securities but have significant redemption restrictions.

Derivatives: During the year ended 2025, the Foundation entered into futures contracts to provide further exposure to different equity and fixed income. The notional value of futures contracts was $236,767,000 as of June 30, 2025. The fair values of futures contracts included in investments on the statement of financial position was $917,000 as of June 30, 2025. Gains attributed to these futures contracts were $5,807,000 for the year ended June 30, 2025, and are included in net increase in fair value of investments on the statement of revenues, expenses and changes in net position.

Farms: The fair market value of the Foundation's farms is determined by a contracted professional agricultural services company. The company employs the use of several inputs in determining a farm's fair market value. Quarterly and annual publications by the federal government, professional farm managers, and rural appraisers that discuss current farm values, lease trends, and credit conditions are used as one input. The Foundation also uses comparative sales data for farmland in the area surrounding each specific farm, which is assembled from in-house real estate transactions, county assessor data, and other local data sources. These inputs serve as benchmarks and each farm is then evaluated based on soil productivity, drainage quality, topography, and other physical characteristics to determine the fair market value.

Beneficial interest in trusts and trusts held by others: The values of the beneficial interest in trusts are derived from the underlying investments of the trusts. The value of those investments is determined in the same manner as investments described above. The value of trusts held by others is based on the Foundation owning an interest in trust and not the underlying investments. The estimated future value of that interest in the trust is based on management's estimate of the trusts' expected performance which is then present valued back to the date of the financial statements based on life expectancy factors published by the Internal Revenue Service.

The following table summarizes assets measured at fair value on a recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value as of June 30:

URO – Foundation Fair Value Measurements as of June 30, 2025

(In thousands)

	Fair value	Level 1	Level 2	Level 3
Cash surrender value of life insurance	$ 5,395			5,395
Common stock:				
Domestic	271,278	270,034		1,244
International	129,043	129,043		
Convertible Equity	7,002		7,002	
Credit, including collaterlized loan obligations	202,957			202,957
Emerging markets equity commingled funds	2,334			2,334
Farms	116,163		116,163	
Fixed income securities:				
Asset backed securities	42,672		42,672	
Bank loans	33,062		32,418	644
Commercial mortgage backed securities	160		160	
Corporate bonds	20,416		20,416	
Government bonds	95,010		95,010	
Municipal bonds	728		728	
Non-government backed CMOs	48,752		48,609	143
U.S. treasury bonds and notes	1,693	1,693		
Indexed equity exchange-traded funds	229,436	229,436		
Indexed fixed income exchange-traded funds	5,309	5,309		
Money market mutual funds	257,878	257,878		
Mutual Funds:				
Balanced	351	351		
Bond, domestic	13,926	13,926		
Bond, international	3,162	3,162		
Equity, domestic	29,144	29,144		
Equity, international	19,597	19,597		
Real Estate, domestic	7,072	7,072		
Real Estate, international	1,854	1,854		
Non-U.S. developed markets equity commingled funds	8,073			8,073
Other investments	1		1	
Private equity funds	161,815			161,815
Private natural resources	21,522			21,522
Private real estate funds	65,766			65,766
Real estate investment trust	75	75		
Variable annuity contract	3,488		3,488	
Beneficial interest in trusts	53,333			53,333
Trusts held by others	24,955			24,955
	$ 1,883,422	968,574	366,667	548,181

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2025.

The investments above exclude $7,077,000 of real estate and $18,505,000 of private equities and other assets, which are carried at cost, without a readily determinable fair value, and $1,428,805,000 of investments where values are based on NAV using the practical expedient.

The Foundation engaged in a secondary sale process for a portion of its legacy private investments. These are disclosed within Level 3 based on bid price of $136,635,000. A portion of these investments, $96,914,000, were previously disclosed utilizing NAV as a practical expedient. The Foundation's remaining Level 3 investments have been valued based on unadjusted NAV (or equivalent) of investments in private investment companies less any impairment or unadjusted account statement balances as reported by insurance companies or trustees. There were no unobservable inputs that have been internally developed by the Foundation in determining the fair values of its investments at June 30, 2025.

There are certain Level 3 investments subject to lock provisions that may limit the ability to redeem all or a portion of the investment for a given period of time, ranging from one to three years, or in the case of partnership investments for the life of the partnership, which can be ten years or more.

During the year ended June 30, 2025, the Foundation did not have any transfers of assets between any levels of the fair value hierarchy.

The following table presents additional information about investments measured at fair value on a recurring basis for which the Foundation has utilized Level 3 inputs to determine fair value:

URO - Foundation Significant Unobservable Inputs (Level 3)
as of June 30, 2025
(In thousands)

		Purchases or additions		Sales or deductions
Private equity funds	$	49,045		(10,543)
Credit including collateralized loan obligations		32,406		(45,292)
Non-U.S. developed markets equity commingled funds		7,500		(32,068)
Common stock		326		
Emerging markets equity commingled funds				(1,320)
Private real estate funds		3,353		(7,824)
Private natural resources funds		716		(746)
Irrevocable trusts held by other trustees				(1,135)
Cash surrender value of life insurance				(77)
Total	$	93,346	$	(99,005)

The Foundation invests in alternative investment funds including limited partnerships, private capital funds, and private real estate funds. The fair values of these investments are valued utilizing the NAV, as a practical expedient, provided by the underlying private investment companies when the NAVs of the investments are determined using a measurement basis consistent with U.S. GAAP for investment companies. The Foundation may only utilize the practical expedient if the investment does not have a readily determinable fair value and the investee is an investment company within the scope of FASB Accounting Standards Codification Topic 946, *Financial Services – Investment Companies*.

The following table sets forth the Foundation's investments whose fair value is estimated using NAV per share (or its equivalent) as of June 30, 2025:

URO – Foundation Investments, Fair Value Estimated Using NAV (or its equivalent)

(In thousands)

Investment Category	Fair value	Unfunded commitment	Redemption frequency	Redemption notice period
Credit (A)	$ 134,560	$	daily, monthly, quarterly, or annually ***	5 to 120 days
Emerging markets (B)	243,802		daily, monthly, quarterly, or annually ***	5 to 120 days
Global equity (C)	383,494		daily, monthly, quarterly, or annually **/***	5 to 120 days
Global fixed income (D)	49,389		daily, monthly, quarterly	5 to 120 days
Natural resources (E)	38,536		daily, monthly, quarterly, or annually	5 to 120 days
Private credit (F)	445		not eligible*	N/A
Private equity - global growth (G)	12,576	289	not eligible*	N/A
Private equity - health care (H)	119,406	10,263	not eligible*	N/A
Private equity - industrials (I)	15,648		not eligible*	N/A
Private equity - middle market (J)	28,535	67,407	not eligible*	N/A
Private equity - restaurant (K)	19,524	368	not eligible*	N/A
Private equity - software (L)	5,327		not eligible*	N/A
Private equity - venture capital (M)	182,299	98,653	not eligible*	N/A
Private natural resources (N)	55,603	2,915	not eligible*	N/A
U.S. equity (O)	139,661		daily, monthly, quarterly, or annually	5 to 120 days
	$ 1,428,805	$ 179,895		

* In the case of private funds, capital is returned as monetization events occur that may be infrequent in nature and the timing is not known. Generally, capital is committed to a partnership for a period of up to ten years with the ability of the general partner to extend the life of the fund one to three additional years. Generally, in the early years of a fund's life, the general partner, in order to facilitate its funding of investments, will call capital from the limited partners up to the amount of its commitment. As of June 30, 2025, unfunded commitments of $179,895,000 were related to private fund investments. The unfunded commitments at June 30, 2025, include $55,000,000 in commitments to funds that have not called any capital as of June 30, 2025, and therefore do not appear in the balances on the Foundation statement of financial position or activities or elsewhere in the Foundation footnote disclosures.

** There are certain investments with a fair value of $110,538,000 at June 30, 2025, in the above categories, that are subject to certain lock provisions that may limit the ability to redeem all or a portion of the investment for a given period of time, typically ranging from one to three years.

*** There are certain investments in the above categories for which redemption has been requested and will occur during fiscal year 2026. The fair value of the redemption requests at June 30, 2025, was $155,795,000.

(A) This category includes investments with both long and short positions in both debt and equity related to leveraged or distressed companies, residential mortgage-backed securities, risk arbitrage, and financial instruments that are subject to legal or contractual restrictions. These investments include both U.S. and non-U.S. securities/companies.

(B) This category includes investments with both long and short positions in equity or equity-related securities in global emerging markets.

(C) This category includes investments with both long and short positions in equity or equity-related securities listed or traded on an exchange or regulated market on a global basis.

(D) This category includes investments in primarily debt or debt-like securities that are globally diversified.

(E) This category includes investments with both long and short positions in both debt and equity or related securities in energy, gas, mining and oil fields. These investments include both public and private companies.

(F) This category includes investment positions in both distressed debt and equity securities and other event-driven investments such as broker merger or acquisition deals. These investments include both U.S. and non-U.S. securities/companies.

(G) This category includes investments in private equity within growth sectors around the globe including China, Indonesia, and Sub-Saharan Africa.

(H) This category includes investments in private equity in the health care industry.

(I) This category includes investments in private equity related to the industrial sector.

(J) This category includes investments in private equity specializing in the acquisition and recapitalization of private middle-market companies.

(K) This category includes investments in private equity related to the restaurant industry.

(L) This category includes investments in private equity related to the internet and software industry.

(M) This category includes investments in venture capital private equity.

(N) This category includes investments in both debt and equity positions in the sectors of agriculture; oil and gas exploration; and power, utility, and energy infrastructure.

(O) This category includes investments with both long and short positions in equity or equity-related securities in the U.S. in a range of industries.

(3) Receivables

Accounts and notes receivables

The University provides allowances for uncollectible accounts and notes receivable based upon management's best estimate considering type, age, collection history of receivables and any other factors as considered appropriate. Accounts and notes receivable are reported net of allowances at June 30, 2025.

The composition of accounts receivable and notes and pledges receivable at June 30, 2025 is summarized as follows:

University Accounts Receivable, Net of Allowances
(In thousands)

		Gross receivables	Allowances for uncollectible	Net receivables
Receivables from sponsoring agencies	$	316,107	(4,704)	311,403
Hospital and other medical activities		301,102	(106,358)	194,744
Student tuition and fees		88,776	(24,723)	64,053
Auxiliaries		19,718	(6,703)	13,015
Medical service plan		87,895	(2,861)	85,034
Educational and other activities		141,609	(28,732)	112,877
Other		15,225	(158)	15,067
Total	$	970,432	(174,239)	796,193

Notes and Pledges Receivable
(In thousands)

Student notes receivable – University:		
Student notes outstanding - Perkins loan program*	$	3,283
Student notes outstanding - other programs		27,664
Allowance for uncollectible loans		(2,171)
Total student notes receivable, net	$	28,776

* Perkins loan program expired on September 30, 2017. The University recorded a long-term obligation to recognize the federal contribution to the program that will be paid back as loans are paid off.

Gift pledges receivable, URO – Foundation:	$	274,889
Less:		
Allowance for doubtful pledges		(10,117)
Present value discount		(8,772)
Total gift pledges outstanding, net	$	256,000

Leases - Lessor Arrangements

The University leases land, space within and attached to its buildings, and equipment to external parties. The total lease receivable as of June 30, 2025 was $20,226,000. These agreements have terms ranging from less than one year to 48 years. The University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease. Variable payments are excluded from the valuations unless they are fixed in substance. During the fiscal year ended June 30, 2025, the University recognized revenues related to these lease agreements totaling $6,587,000, including interest and other related revenues. Of these amounts recognized during the fiscal year ended June 30, 2025, the University recognized $1,530,000 of revenue related to variable receipts that were not previously included in the measurement of the lease receivable. Additionally, the University has certain leases of assets that are sublease transactions; however, these amounts are minimal.

(4) Capital Assets

Capital assets activity during the year ended June 30, 2025 is summarized as follows:

University Capital Assets
(In thousands)

	Beginning balance	Additions	Retirements	Transfers	Ending balance
Nondepreciable capital assets:					
Land	$ 150,026		(104)		$ 149,922
Construction in progress	267,576	156,860	(38,005)	(215,951)	170,480
Inexhaustible collections	30,472	1,929			32,401
Total nondepreciable capital assets	448,074	158,789	(38,109)	(215,951)	352,803
Depreciable capital assets:					
Buildings	5,959,248		(650)	197,038	6,155,636
Improvements and infrastructure	816,902			117	817,019
Equipment	1,431,511	108,324	(73,114)	17,676	1,484,397
Software	314,448		(2,571)	1,120	312,997
Exhaustible collections	800,595	22,849	(24,472)		798,972
Total depreciable capital assets	9,322,704	131,173	(100,807)	215,951	9,569,021
Less accumulated depreciation:					
Buildings	2,765,320	158,079	(497)		2,922,902
Improvements and infrastructure	629,003	21,558			650,561
Equipment	1,053,711	102,814	(67,929)		1,088,596
Software	240,109	12,314	(2,571)		249,852
Exhaustible collections	670,619	24,102	(24,472)		670,249
Total accumulated depreciation	5,358,762	318,867	(95,469)	—	5,582,160
Total depreciable capital assets, net	3,963,942	(187,694)	(5,338)	215,951	3,986,861
Amortizable capital assets:					
Right-of-use land	7	27			34
Right-of-use buildings	100,281	13,734	(9,754)		104,261
Right-of-use equipment	17,127	3,850	(3,115)		17,862
Right-of-use subscriptions	104,440	57,393	(17,243)		144,590
Total amortizable capital assets	221,855	75,004	(30,112)	—	266,747
Less accumulated amortization:					
Right-of-use land	5	4			9
Right-of-use buildings	43,002	16,048	(9,646)		49,404
Right-of-use equipment	8,993	4,078	(3,112)		9,959
Right-of-use subscriptions	39,580	38,337	(15,952)		61,965
Total accumulated amortization	91,580	58,467	(28,710)	—	121,337
Total amortizable capital assets, net	130,275	16,537	(1,402)	—	145,410
Total depreciable and amortizable capital assets, net	$ 4,094,217	(171,157)	(6,740)	215,951	$ 4,132,271

(5) Accrued Self-Insurance and Loss Contingency

The University's accrued self-insurance liability of $313,547,000 as of June 30, 2025 covers hospital patient liability, hospital and medical professional liability, public and veterinarian liability, board legal liability, and workers' compensation liability related to employees paid from local funds. The accrued self-insurance liability was discounted at a rate of 3.5% at June 30, 2025. Amounts increasing the accrued self-insurance liability are charged as expenses based upon estimates made by actuaries and the University's risk management division.

The accrued self-insurance liability includes $258,059,000 at June 30, 2025 for the currently estimated ultimate cost of uninsured medical malpractice liabilities. Ultimate cost consists of amounts estimated by the University's risk management division and independent actuaries for asserted claims, unasserted claims arising from reported incidents, expected litigation expenses and amounts determined by actuaries using relevant industry data and hospital specific data to cover projected losses for claims incurred but not reported. Because the amounts accrued are estimates, the aggregate claims actually incurred could differ significantly from the accrued self-insurance liability at June 30, 2025. Changes in these estimates will be reflected in the Statement of Revenues, Expenses and Changes in Net Position in the period when additional information is available.

Changes in Accrued Self-Insurance
(In thousands)

		2025		2024
Balance, beginning of year	$	289,126	$	281,931
Claims incurred and changes in estimates		117,382		133,515
Claim payments and other deductions		(92,961)		(126,320)
Balance, end of year		313,547		289,126
Less current portion		(53,712)		(48,816)
Balance, end of year – noncurrent portion	$	259,835	$	240,310

An additional workers' compensation self-insurance liability included in the University's accounts payable at June 30, 2025 and 2024 was $20,870,000 and $18,771,000, respectively. Claims incurred and changes in estimates related to this liability were $9,465,000 and $4,752,000 in fiscal years 2025 and 2024, respectively. Claim payments and other deductions were $7,367,000 and $6,135,000 in fiscal years 2025 and 2024, respectively. These claims will be paid in the year in which the claims are finalized.

The University has contracted with several commercial carriers to provide varying levels and upper limits of excess liability coverage. These coverages have been considered in determining the required accrued self-insurance liability. There were no material settlements that exceeded insurance coverage during the last three years.

The University purchases excess liability coverage for certain areas such as commercial general liability, Board legal liability, and hospital and medical professional liability.

(6) Accrued Compensated Absences

Accrued compensated absences includes earned and unused vacation and sick leave, including 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 University employment for one-half 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
(In thousands)

Balance, beginning of year	$	273,643
Additions (deductions), net		14,320
Balance, end of year		287,963
Less current portion		(20,702)
Balance, end of year – noncurrent portion	$	267,261

(7) Bonds Payable and Other Obligations

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 AFS 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 $6,567,000 over the life of the issue at a present value of $5,487,000. The difference between the reacquisition price and the net carrying amount of the old debt, the gain on refunding, was $2,746,000. 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 and other obligations activity for the year ended June 30, 2025 consists of the following:

Bonds Payable and Other Obligations
(In thousands)

	Maturity dates	Beginning balance	Additions	Deductions	Ending balance	Current portion
Bonds Payable						
Auxiliary Facilities System:						
Current interest bonds	2026 – 2055	$ 922,690	82,380	(124,140)	$ 880,930	$ 46,065
Capital appreciation bonds	2026 – 2030	14,865		(2,275)	12,590	2,355
Health Services Facilities System	2028 – 2043	68,325			68,325	
		1,005,880	82,380	(126,415)	961,845	48,420
Unaccreted appreciation		(2,727)	744		(1,983)	(645)
		1,003,153	83,124	(126,415)	959,862	47,775
Unamortized debt premium		69,138	11,015	(12,647)	67,506	
Total Bonds Payable		1,072,291	94,139	(139,062)	1,027,368	47,775
Other Obligations						
Certificates of participation	2026-2028	30,605		(9,255)	21,350	9,700
Unamortized debt premium		1,003		(485)	518	
Total certificates of participation payable		31,608	—	(9,740)	21,868	9,700
Finance purchases		278,423	3,108	(6,911)	274,620	6,661
Energy services agreement installment payment contracts		13,472		(3,860)	9,612	3,203
Perkins loans		6,254		(1,943)	4,311	1,377
Total other obligations		329,757	3,108	(22,454)	310,411	20,941
Total bonds payable and other obligations		1,402,048	97,247	(161,516)	1,337,779	68,716
URO – Foundation:						
Annuities payable		50,550	6,917	(4,444)	53,023	4,532
Notes payable		28,205	146	(6,120)	22,231	11,306
Other liabilities		1,648		(3)	1,645	
Total URO – Foundation		$ 80,403	7,063	(10,567)	$ 76,899	$ 15,838

None of the University's bonds and other obligations described above constitute obligations of the State.

Capital appreciation bonds of $12,590,000 outstanding at June 30, 2025 do not require current interest payments and have a net unappreciated value of $10,607,000. The University records the annual increase in the principal amount of these bonds as interest expense and accretion on bonds payable.

(a) ***Bonds Payable - Pledged Revenues and Debt Service Requirements***

The University has pledged specific revenues, net of specified operating expenses, to repay the principal and pay the interest of revenue bonds. The following is a schedule of the pledged revenues and related debt:

Pledged Revenues

Bond issues	Purpose	Source of revenue pledged	Future revenues pledged * (In thousands)	Term of commitment	Debt service to pledged revenues (current year)
AFS	Refunding, various improvements and additions to the System	Net AFS revenue, student tuition and fees	$ 1,275,032	2055	6.14%
HSFS	Additions to System and refunding	Net HSFS revenue, Medical Service Plan revenue net of bad debt expense, College of Medicine net tuition revenue	108,001	2043	0.73
		Total future revenues pledged	$ 1,383,033		

*Total estimated future principal and interest payments on debt

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

Debt Service Requirements
(In thousands)

	Principal	Interest
2026	$ 48,420	$ 43,343
2027	51,330	41,060
2028	57,095	38,557
2029	60,600	35,837
2030	63,510	33,137
2031-2035	283,720	124,284
2036-2040	181,790	70,034
2041-2045	165,670	29,413
2046-2050	45,300	4,974
2050-2055	4,410	549
Total	$ 961,845	$ 421,188

(b) ***Certificates of Participation***

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

Debt Service Requirements (In thousands)		
	Principal	**Interest**
2026	$ 9,700	$ 922
2027	5,970	436
2028	5,680	142
Total	$ 21,350	$ 1,500

In the event of default on certificates of participation, the Trustee may pursue legal action for the payments in default or require the University to turn over possession of the financed assets to the Trustee bank. If the University exercises the option to terminate the agreement, the future installment payments are subject to mandatory prepayment.

(c) ***Other Obligations***

The University has entered into finance purchase obligations including the public-private partnerships disclosed in Note 7(d). As of June 30, 2025, future debt service requirements for all finance purchase obligations are as follows:

Debt Service Requirements (In thousands)		
	Principal	Interest
2026	$ 6,661	$ 12,173
2027	7,116	11,868
2028	7,285	11,543
2029	7,593	11,205
2030	7,307	10,852
2031-2035	35,243	48,882
2036-2040	38,831	40,453
2041-2045	48,192	30,931
2046-2050	59,787	19,114
2051-2055	46,815	6,558
2056-2058	9,790	307
	$ 274,620	$ 203,886

As part of energy services agreements, the University has entered into installment payment contracts to finance energy conservation measures. As of June 30, 2025, future debt service requirements for all installment payments under contracts are as follows:

Debt Service Requirements (In thousands)		
	Principal	Interest
2026	$ 3,203	$ 241
2027	2,511	160
2028	2,581	90
2029	1,317	18
	$ 9,612	$ 509

In the event of default on energy services agreement installment payment contracts, the University may be required to pay all amounts due or relinquish possession of the financed assets. There are termination provisions that also require the University to pay all amounts due, return equipment, or pay rent on the equipment with a higher interest rate on amounts not paid.

At June 30, 2025, the URO – Foundation had annuities payable outstanding of $53,023,000. The Foundation recalculates the present value of these payments through the use of Internal Revenue Service (IRS) discount rates and IRS life expectancy tables.

(d) ***Public-Private Partnerships***

The University has entered into several agreements with private enterprises in order to construct a mixed-use facility providing student housing, academic and retail space. The University has partnered with an affiliate of the Collegiate Housing Foundation, CHF - Chicago, LLC (CHF), and its student housing developer, American Campus Communities SC Management, LLC (ACC). Through agreements among the parties, ACC has implemented the design, development, construction, equipment, and operations of the facility. The Illinois Finance Authority (IFA) provided financing through public bonds. CHF is the owner of the facility and debtor on the IFA bonds issued to finance the project. The IFA bonds have a service period of thirty-two years which included a two-year period for construction. The University provided an up-front deposit to the project of $8,535,000 and leased the land on which the facility lies to the CHF over a period of forty years. Upon the termination or expiration of the land lease, the facility, any improvements, fixtures, equipment, and all personal property attached to or within the facility shall be the absolute property of the University. The construction of this mixed-use facility was completed, and the facility was placed into service in fiscal year 2020. The University has subleased the academic portion of the facility from CHF and has a finance purchase obligation of $35,283,000 as of June 30, 2025, which is included in the amounts disclosed in Note 7(c). The student housing portion is reported as a SCA and recognized as a deferred inflow of resources which is disclosed in Note 1(j). The day-to-day operations of the student housing portion of the facility will be managed by ACC.

The University has entered into several agreements with private enterprises in order to construct the Feed Technology Center and a campus instructional facility. The University has partnered with Provident Group-UIUC Properties LLC (Provident Group) and its developer, Vermilion Campbell Development, LLC (Vermilion). Through agreements among the parties, Provident Group was responsible for the design, development, and construction of the facilities. The Illinois Finance Authority (IFA) provided financing through public bonds. Provident Group is the owner of the facilities and debtor on the IFA bonds issued to finance the project. The IFA bonds have a service period of thirty-two years which included a two-year period for construction. The University provided an up-front deposit to the projects of $9,738,000 and leased the land on which the facilities lie to Provident Group over a period of forty years. Upon the termination or expiration of the land lease, the facility, any improvements, fixtures, equipment and all personal property attached to or within the facility shall be the absolute property of the University. The construction of this mixed-use facility was completed, and the facility was placed into service in fiscal year 2021. The University has subleased the facilities from Provident and has a finance purchase obligation of $67,915,000 as of June 30, 2025, which is included in the amounts disclosed in Note 7(c).

The University has entered into several agreements with private enterprises in order to construct the UI Health Specialty Care Building (SCB), which includes an outpatient surgery center and five specialty clinics. The University has partnered with Provident Group-UIC Surgery Center LLC (Provident) and a developer, UIH ASC Development, LLC (Developer). Through agreements among the parties, Provident was responsible for the design, development and construction of the SCB. The Illinois Finance Authority (IFA) issued tax-exempt bonds in August 2020 and loaned the proceeds to Provident to fund a portion of the SCB project cost. The University leased the land on which the SCB was built to Provident over a period of 40 years and has a sublease with Provident to lease the SCB facility from Provident. Upon the termination or expiration of the land lease, the SCB, any improvements, fixtures, equipment and all personal property attached to or within the SCB shall be owned by the University. Construction of the SCB was completed in fiscal year 2023. The University has recognized an asset and corresponding long-term liability. Due to the sublease of SCB from Provident, the University has a finance purchase obligation of $145,685,000 as of June 30, 2025, which is included in the amounts disclosed in Note 7(c).

Related to the public-private partnership disclosed in Note 12, the construction of a standalone parking facility was completed, and the facility was placed into service in fiscal year 2024. The University has leased the facilities and has a finance purchase obligation of $9,712,000, which is included in the amounts disclosed in Note 7(c).

(e) ***Notes Payable - URO***

The notes payable of the Foundation consist of a line of credit and an unsecured term note with outstanding balances of $10,731,000 and $11,500,000, respectively, as of June 30, 2025. The line of credit and note are intended to provide funds to purchase property that is to be held for the University and Foundation. The line of credit is due October 2025 and has an interest rate that is negotiated in irregular intervals.

As of June 30, 2025, future debt service requirements for the unsecured term note of the Foundation are as follows:

Debt Service Requirements
(In thousands)

	Principal	Interest
2026	$ 575	$ 618
2027	575	586
2028	575	555
2029	575	522
2030	9,200	293
Total	$ 11,500	$ 2,574

(8) Leases Payable and Subscriptions Payable

Leases payable and subscriptions payable activity for the year ended June 30, 2025 consists of the following:

Leases and Subscriptions Payables
(In thousands)

	Beginning balance	Additions	Deductions	Ending balance	Current portion
University:					
Leases payable	$ 67,721	18,735	(20,365)	$ 66,091	$ 16,236
Subcriptions payable	51,298	51,876	(36,581)	66,593	26,307
Total leases and subscriptions payable	$ 119,019	70,611	(56,946)	$ 132,684	$ 42,543

(a) *Leases - Lessee Arrangements*

The University leases land, office space, office equipment, medical equipment, and other right-of-use assets with remaining lease terms ranging from less than one year to eleven years from external parties. The renewal and termination options are not included in the right-of-use asset or lease liability balance until they are reasonably certain of exercise. The lease term does not include periods of a lease that include a mutual termination option.

Certain University's leases contain both fixed and variable lease payments. These exist primarily within the leases for office facilities related to rent escalations based on the consumer price index (fixed in substance) and common area or other maintenance costs, which are paid based on actual costs paid by the lessor (not fixed). The remaining equipment and other leases do not contain variable lease payments. Variable payments that are not fixed in nature and non-rent charges are not included in leases payable. The total expenditures for variable payments not previously included in the measurement of the lease liability during the fiscal year ended June 30, 2025, were $821,000.

Additionally, the University recognized certain residual value guarantees and termination penalties for leases held at June 30, 2025. These amounts were not included in the measurement of the lease liability and were minimal.

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

(In thousands)

	Principal	Interest
2026	$ 16,236	$ 1,339
2027	14,820	1,109
2028	12,212	699
2029	8,788	437
2030	6,077	268
2031-2035	7,700	364
2036	258	4
	$ 66,091	$ 4,220

(b) *Subscriptions Payable*

The University has subscriptions payable related to 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 University 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 $1,738,000.

Additionally, the University 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 not yet commenced.

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

(In thousands)

	Principal	Interest
2026	$ 26,307	$ 1,881
2027	20,828	1,149
2028	12,652	544
2029	6,508	194
2030	298	7
	$ 66,593	$ 3,775

(9) Net Position

As discussed in Note 1(k), the University's net position is classified for accounting and reporting purposes into one of four net position categories. The following tables include detail of the net position balances for the University and the URO-Foundation including major categories of restrictions and internal designation of unrestricted funds.

University Net Position

(In thousands)

Net investment in capital assets	$ 2,992,572
Restricted – nonexpendable:	
Invested in perpetuity to produce income expendable for – scholarships, academic programs, fellowships and research	159,543
Restricted – expendable for:	
Scholarships, academic programs, fellowships and research	898,770
Auxilary Facilities System	45,564
Loans	59,486
Service plans	120,125
Retirement of indebtedness	50
Capital projects	198,755
Unrestricted:	
Designated	2,231,298
Undesignated	32,703
Total	$ 6,738,866

URO – Foundation Net Position
(In thousands)

Net investment in capital assets	$	60,974
Restricted – nonexpendable:		
Invested in perpetuity to produce income expendable for academic programs, scholarships, fellowships and research		1,897,653
Restricted – expendable for:		
Academic programs, scholarships, fellowships and research		1,569,118
Unrestricted		63,043
Total	$	3,590,788

(10) State Universities Retirement System

Defined Benefit Pension Plans

(a) *General Information about the Defined Benefit Pension Plan*

Plan Description: The University contributes to the 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. Tier 1 of the traditional and portable plan 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 any 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 the System 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 fiscal year 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 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).

(b) ***Pension Liabilities, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions 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 $30,230,908,000.

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the NPL to be recognized for the University is $0. The proportionate share of the State's NPL associated with the University is $14,037,649,000 or 46.4348%. The University's proportionate share changed by 0.3467% from 46.0881% since the last measurement date on June 30, 2023. This amount is not recognized in the 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 $1,996,286,000.

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 (compensation and 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 SURS defined benefit plan during fiscal year 2023. As a result, the University recognized revenue and pension expense of $926,970,000 from this special funding situation during the year ended June 30, 2025.

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 pension by SURS that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

(In thousands)

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

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 Inflows of Resources (in thousands)
2025	$	126,531
2026		756,545
2027		(49,545)
2028		(72,185)
2029		
Total	$	761,346

(c) *University Deferral of Fiscal Year 2025 Pension Contributions*

The University paid $50,733,000 in federal, trust or grant contributions to SURS defined benefit pension plan for the fiscal year ended June 30, 2025. These contributions were made subsequent to the pension liability measurement date of June 30, 2024 and are recognized as deferred outflows of resources as of June 30, 2025.

(d) *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%
Stabilized 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:

(in thousands)

1% Decrease 5.35%	Current Single Discount Rate Assumption 6.35%	1% Increase 7.35%
$36,700,168	$30,230,908	$24,839,791

Additional information regarding the SURS basic financial statements including the plan's net position can be found in the SURS Annual Comprehensive Financial Report by accessing the website at www.surs.org.

Defined Contribution Pension Plan

(e) *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 their 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.

(f) *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 $96,742,000. Of this amount, $89,857,000 was funded via an appropriation from the State and $6,885,000 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 (compensation and 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 $57,112,000 from this special funding situation during the year ended June 30, 2025, of which $4,064,000 constituted forfeitures.

(11) OPEB

(a) *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 OPEB. The eligibility provisions for SURS are defined within Note 10.

CMS administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

(b) *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 public 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.

(c) *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 retiree 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 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.

(d) ***Special funding situation portion of OPEB***

The proportionate share of the State's OPEB expense relative to the University's retirees totaled ($468,020,000) during the year ended June 30, 2025. This amount was recognized by the University as non-operating special funding situation revenue and operating expense allocated to the related function performed by the employees during the year ended June 30, 2025.

While the University is not required to record the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation, the University is required to disclose this amount. The following chart displays the proportionate share of the State's contributions related to the University's special funding situation relative to all employer contributions during the years ended June 30, 2024 based on the June 30, 2023 and 2022, respectively, actuarial valuation rolled forward:

(In thousands)

Measurement Date:		June 30, 2024
State of Illinois' OPEB liability related to the University under the Special Funding Situation	$	4,479,730
SEGIP total OPEB liability	$	20,206,594
Proportionate share of the total OPEB liability		22.17%

(e) ***University's Portion of OPEB and Disclosures Related to SEGIP***

The total OPEB liability, as reported at June 30, 2025 was measured as of June 30, 2024, with an actuarial valuation as of June 30, 2023, which was rolled forward to the measurement date. The following chart displays the proportionate share of the University's contributions relative to all employer contributions during the years ended June 30, 2024 based on the June 30, 2023 actuarial valuation rolled forward:

(In thousands)		
Measurement Date:		**June 30, 2024**
University's OPEB liability	$	559,117
SEGIP total OPEB liability	$	20,206,594
Proportionate share of the total OPEB liability		2.77%

The University's portion of the OPEB liability was based on the University's proportionate share amount determined under the methodology in Note 1(s) during the measurement year ended June 30, 2024. As of the current year measurement date of June 30, 2024, the University's proportion decreased 0.77% from its proportion measured as of the prior year measurement date of June 30, 2023.

The University recognized OPEB expense for the year ended June 30, 2025, of negative $119.730 million.

At June 30, 2025, related to OPEB, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2024, from the following sources (amounts expressed in thousands):

Deferred outflows of resources		
Differences between expected and actual experience	$	29,867
Changes in assumptions		26,085
Changes in proportion and differences between employer contributions and proportionate share of contributions		142,180
University contributions subsequent to the measurement date		22,801
Total deferred outflows of resources	$	220,933
Deferred inflows of resources		
Differences between expected and actual experience	$	68,353
Changes of assumptions		215,440
Changes in proportion and differences between employer contributions and proportionate share of contributions		210,150
Total deferred inflows of resources	$	493,943

The amounts reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts expressed in thousands):

Year ended June 30,		
2026	$	(104,322)
2027		(94,838)
2028		(50,248)
2029		(35,631)
2030		(10,771)
Total	$	(295,810)

(f) ***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

Additionally, the demographic assumptions used in this OPEB valuation are identical to those used in the June 30, 2023 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

	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 factors, 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 the 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.

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.

(g) ***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.

(h) ***Sensitivity of total OPEB liability to changes in the single discount rate***

The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.97%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.97%) or lower (2.97%) than the current rate (amounts expressed in thousands):

(In thousands)			
	1% Decrease (2.97%)	Current Single Discount Rate Assumption (3.97%)	1% Increase (4.97%)
University's proportionate share of total OPEB liability	$ 619,306	$ 559,117	$ 507,452

(i) ***Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates (amounts expressed in thousands). The key trend rates are 8.00% in 2026 decreasing to an ultimate trend rate of 4.25% in 2041.

(In thousands)			
	1% Decrease**	Current Healthcare Cost Trend Rates Assumption*	1% Increase***
University's proportionate share of total OPEB liability	$ 495,599	$ 559,117	$ 636,304

* Current healthcare trend rates - Pre-Medicare per capita costs: 10.02% in 2025, 8.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2041. Post-Medicare per capita costs: Based on actual increase in 2025, 15.00% from 2026 to 2030, 7.00% in 2031 decreasing ratably to an ultimate trend rate of 4.25% in 2041.

** One percentage point decrease in current healthcare trend rates - Pre-Medicare per capita costs: 9.02% in 2025, 7.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2041. Post-Medicare per capita costs: Based on actual increase in 2025, 14.00% from 2026 to 2030, 6.00% in 2031 decreasing ratably to an ultimate trend rate of 3.25% in 2041.

*** One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 11.02% in 2025, 9.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2041. Post-Medicare per capita costs: Based on actual increase in 2025, 16.00% from 2026 to 2030, 8.00% in 2031 decreasing ratably to an ultimate trend rate of 5.25% in 2041.

(j) ***Total OPEB Liability Associated with the University, Regardless of Funding Source:***

The University is required to disclose all OPEB liabilities related to it, including (1) the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation the University is not required to record and (2) the portion of OPEB liability recorded by the University for its employees paid from trust, federal, and other funds. The following chart displays the proportionate share of contributions, regardless of funding source, associated with the University's employees relative to all employer contributions during the years ended June 30, 2024 based on the June 30, 2023 and 2022, respectively, actuarial valuation rolled forward:

(In thousands)		
Measurement Date:		**June 30, 2024**
University's OPEB liability	$	559,117
State of Illinois' OPEB liability related to the University under the Special Funding Situation		4,479,730
Total OPEB liability associated with the University	$	5,038,847
SEGIP total OPEB liability	$	20,206,594
Proportionate share of the OPEB liability associated with the University		24.94%

(12) Commitments and Contingencies

At June 30, 2025, the University had commitments on various construction projects along with contracts for repairs and renovation of facilities of $311,094,000.

The University purchases the majority of its natural gas and electricity from Prairieland and guarantees payment by Prairieland to its energy suppliers. Unconditional guaranty agreements are in place with Prairieland's energy suppliers for an aggregate amount not to exceed $71,600,000. The exposure related to Prairieland at June 30, 2025 is $4,573,000 for all energy suppliers. This exposure includes the mark-to-market positions on forward contracts and the accounts payable accrued for each vendor.

The University receives monies from federal and state government agencies under grants and contracts for research and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and disallowance by the granting agency. The University believes that any disallowances or adjustments would not have a material effect on the University's financial position.

The University also receives monies under third-party payor arrangements for payment of medical services rendered at its hospital and clinics. Some of these arrangements allow for settlement adjustments based on costs and other factors. The University believes that any adjustments would not have a material effect on the University's financial position.

The University is a defendant in a number of legal actions primarily related to medical malpractice. These legal actions have been considered in estimating the University's accrued self-insurance liability. The total of amounts claimed under these legal actions, including potential settlements and amounts relating to losses incurred but not reported, could exceed the amount of the self-insurance liability. In the opinion of the University's administrative officers, the University's self-insurance liability and limited excess indemnity insurance coverage from commercial carriers are adequate to cover the ultimate liability of these legal actions, in all material respects.

The University has operational coal-fired boilers that produce steam heat for its facilities. The University will have legal and regulatory costs associated with environmental remediation activities as a result of their eventual disposals. In addition, the University utilizes classes of medical devices and x-ray machines that also have legally imposed costs associated with their eventual disposal. The University does not have sufficient information available to reasonably estimate the timing and/or cost related to these future retirement obligations.

The University received notifications from various federal agencies indicating certain grant and contract awards were cancelled, suspended, or made ineligible for continued funding due to changes in federal laws, regulations, and Executive Orders enacted since January 2025. Additionally, the University's indirect cost rate included in new grants and contracts entered into with various federal agencies may be impacted by ongoing legal proceedings, which attempted to limit the indirect cost rate to 15%. In April 2025, a federal judge permanently barred the indirect cost rate from being limited to 15%. Certain federal agencies filed a Notice of Appeal to overturn the district court's ruling. As of the date of this report, the courts have not ruled on the appeal. Management is actively monitoring the situation and will continue to assess the potential impact.

Public-private partnership to construct new South Campus Center for Interdisciplinary Learning in Urbana-Champaign

On November 17, 2022, the University entered into a public-private partnership in order to finance, design, develop, construct, equip, and own: (1) an instructional facility to be known as the South Campus Center for Interdisciplinary Learning, along with associated site development and various related amenities and improvements (Learning Facility); and (2) a standalone parking facility, along with associated site development and various related amenities and improvements (Parking Facility). The Parking Facility did replace existing surface parking spaces that were removed to allow for the construction of the Learning Facility.

Construction began in August 2020 and was completed in fiscal year 2024 for the Parking Facility and will be completed in fiscal year 2026 for the Learning Facility. Upon completion and placement into service, in fiscal years 2024 and 2026, respectively, the University recognizes an asset and corresponding long-term liability. Since ownership transfers at the end of the agreement, the use of the Parking Facility and Learning Facility are and will be reported as a financed purchase in accordance with lease accounting standards.

Public-private partnership to construct new Grenshaw Street Parking Structure in Chicago

On January 30, 2025, the University entered into a public-private partnership in order to finance, design, develop, construct, furnish, equip, and own a standalone eight level parking structure (Parking Structure), along with associated site design, development, and construction of various off-site improvements north of Grenshaw Street and Wolcott Avenue (collectively, the Series 2025 Project).

Construction began in January 2025 and is expected to be completed in August 2026. Upon completion and placement into service, likely in fiscal year 2027, the University recognizes an asset and corresponding long-term liability. Since ownership transfers at the end of the agreement, the use of the Parking Structure and associated improvements will be reported as a financed purchase in accordance with lease accounting standards.

(13) Operating Expenses by Natural Classification

Operating expenses by natural classification for the year ended June 30, 2025 for the University and the URO – Foundation are summarized as follows:

University Operating Expenses by Natural Classification
(In thousands)

	Compensation and benefits	Supplies and services	Student aid	Depreciation and Amortization	Total
Instruction	$ 1,647,586	165,684	9,688		$ 1,822,958
Research	764,216	352,753	11,895		1,128,864
Public service	324,854	381,460	10,864		717,178
Academic support	576,804	194,379	6,091		777,274
Student services	203,634	123,254	6,699		333,587
Institutional support	232,710	61,870	485		295,065
Operation and maintenance of plant	63,472	334,637	8,164		406,273
Scholarships and fellowships	3,024	3,940	69,157		76,121
Auxiliary enterprises	201,212	301,245	20,559		523,016
Hospital and medical activities	768,725	731,312			1,500,037
Independent operations	1,675	9,120			10,795
Depreciation and amortization				377,334	377,334
Total	$ 4,787,912	2,659,654	143,602	377,334	$ 7,968,502

URO – Foundation Operating Expenses by Natural Classification
(In thousands)

	Distributions on behalf of the University	Institutional support	Depreciation and Amortization	Total
Fund-raising	$	24,333		$ 24,333
Distributions on behalf of the University	317,894			317,894
General and administrative		23,922		23,922
Depreciation and amortization			1,733	1,733
Total	$ 317,894	48,255	1,733	$ 367,882

(14) Segment Information

The following information represents identifiable activities within the University financial statements for which one or more revenue bonds are outstanding.

(a) ***The Auxiliary Facilities System (AFS)***

AFS financial activity mainly comprises housing, parking and student activities, which span across the three campuses of the University. The operating revenues of the AFS 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. AFS facilities include Memorial Stadium, the State Farm Center, student unions, housing residence halls, parking and other structures. Operating expenses of the AFS include all necessary current maintenance charges, expenses for reasonable upkeep and repairs, allocations of a share of certain charges for insurance and other expenses incidental to the operations of all of the various activities and facilities of the AFS in accordance with the bond indentures.

(b) ***The Health Services Facilities System (HSFS)***

HSFS is comprised of the University of Illinois Hospital and associated clinical facilities providing patient care at, but not limited to, the University of Illinois at Chicago Medical Center. HSFS is a tertiary care facility located primarily in Chicago, Illinois offering a full range of clinical services. HSFS does not include the operations of the University Medical Service Plan or College of Medicine. Management of the HSFS is the responsibility of the University.

Condensed Statements of Net Position

June 30, 2025

(In thousands)

	AFS	HSFS	Total
Assets and deferred outflows of resources:			
Current assets	$ 284,260	650,311	$ 934,571
Noncurrent assets:			
Capital assets, nondepreciable	23,146	13,283	36,429
Capital assets, net of accumulated depreciation and amortization	1,094,354	455,647	1,550,001
Other noncurrent assets	29,118	33,087	62,205
Deferred outflows of resources	227		227
Total assets and deferred outflows of resources	$ 1,431,105	1,152,328	$ 2,583,433
Liabilities and deferred inflows of resources:			
Current liabilities	$ 105,900	207,653	$ 313,553
Noncurrent liabilities:			
Bonds payable	908,276	71,317	979,593
Other liabilities	22,583	191,023	213,606
Deferred inflows of resources	14,362	653	15,015
Total liabilities and deferred inflows of resources	1,051,121	470,646	1,521,767
Net position:			
Net investment in capital assets	190,593	230,921	421,514
Restricted:			
Expendable	4,622	28,254	32,876
Unrestricted	184,769	422,507	607,276
Total net position	379,984	681,682	1,061,666
Total liabilities, deferred inflows of resources, and net position	$ 1,431,105	1,152,328	$ 2,583,433

Condensed Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2025

(In thousands)

	AFS	HSFS	Total
Operating revenues	$ 440,671	1,399,638	$ 1,840,309
Operating expenses	385,330	1,580,238	1,965,568
Depreciation and amortization expense	53,121	55,829	108,950
Operating income (loss)	2,220	(236,429)	(234,209)
Nonoperating revenues (expenses), net	11,232	221,259	232,491
Increase (decrease) in net position	13,452	(15,170)	(1,718)
Net position, beginning of year	366,532	696,852	1,063,384
Net position, end of year	$ 379,984	681,682	$ 1,061,666

Condensed Statement of Cash Flows

Year ended June 30, 2025

(In thousands)

	AFS	HSFS	Total
Net cash flows provided by operating activities	$ 94,806	9,624	$ 104,430
Net cash flows provided by noncapital financing activities	70	10,192	10,262
Net cash flows used in capital and related financing activities	(81,708)	(45,530)	(127,238)
Net cash flows provided by investing activities	10,895	13,620	24,515
Net increase (decrease) in cash and cash equivalents	24,063	(12,094)	11,969
Cash and cash equivalents, beginning of year	267,667	465,668	733,335
Cash and cash equivalents, end of year	$ 291,730	453,574	$ 745,304

(15) University Related Organizations

The Entity’s financial statements include the activities of the UROs, which are presented as discretely presented component units in the accompanying financial statements. Since these component units are discretely presented, the activities between them and the University are not eliminated on the Entity’s financial statements. Conversely, the University and its component units are consolidated on the State’s annual comprehensive financial report, therefore, the following disclosure is presented.

University and University Related Organizations Transactions
Presented to Facilitate State of Illinois Reporting
(In thousands)

	Distributions on behalf of University	(Advances to) Repayments from URO, net	Services/Goods Provided to University	Services/Goods Provided by University	Total
Foundation	$ 317,894		8,266	(8,266)	$ 317,894
Alumni Association			1,555	(1,555)	-
WWT			29,540	(29,540)	-
Illinois Ventures			2,405	(2,405)	-
Research Park			816	(816)	-
Prairieland			55,700	(55,700)	-
IQMP			1,839	(1,839)	-
Illinois Global Gateway		(688)	976	(976)	(688)
Total	$ 317,894	(688)	101,097	(101,097)	$ 317,206

The transactions disclosed in the table above are not all inclusive and represent those transactions the University deemed significant. Additional details regarding these transactions are provided on the financial statements of each related organization. The grant transactions disclosed below are deemed outside the normal services/goods provided between the University and its URO's and are not included in the table above.

Effective October 1, 2024, the University entered into a grant agreement with the State of Illinois Department of Commerce and Economic Opportunity (DCEO). The purpose of this agreement is to fund the creation of IQMP, its equipment, and its facilities. Through this grant agreement, the University and IQMP receives no more than $99,000,000 from October 1, 2024 to December 31, 2026. As of June 30, 2025, $53,903,000 of revenues were received and recognized from this grant by the University and paid to IQMP. Of the amount received from the University, IQMP reported $11,007,000 as unearned revenue and $42,897,000 as grant revenue – capital, which are included in the Discretely Presented Component Units column of the University's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position.

Effective November 1, 2024, the University entered into another grant agreement with DCEO. The purpose of this agreement is to fund the design, engineering, equipment, and construction of permanent power capacity for IQMP. Through this grant agreement, the University and IQMP receives no more than $30,000,000 from November 1, 2024 to December 31, 2027. As of June 30, 2025, $15,500,000 of revenues were received and recognized from this grant by the University and paid to IQMP. Of the amount received from the University, IQMP reported $15,500,000 as unearned revenue which is included in the Discretely Presented Component Units column of the University's Statement of Net Position.

Below are the condensed financial statements by organization:

Condensed Statements of Net Position, June 30, 2025 (in thousands)

	Foundation	Alumni Association	WWT	Illinois Ventures	Research Park	Prairieland	IQMP	Illinois Global Gateway	Total
Assets and Deferred Outflows of Resources:									
Current assets	$ 74,938	2,233	4,012	2,927	235	13,358	26,595	5,284	$ 129,582
Noncurrent assets:									
Capital assets, net	83,205	1,973	3,489	9	3,948		42,897	714	136,235
Other noncurrent assets	3,538,811	20,638		4,701	11,016	3,814			3,578,980
Deferred outflows of resources						112			112
Total assets and deferred outflows of resources	$ 3,696,954	24,844	7,501	7,637	15,199	17,284	69,492	5,998	$ 3,844,909
Liabilities and Deferred Inflows of Resources:									
Current liabilities	$ 45,105	425	3,457	361	88	8,702	26,515	4,520	$ 89,173
Noncurrent liabilities	61,061	9	3,581			2,500			67,151
Deferred inflows of resources					10,658	3,927			14,585
Total liabilities and deferred inflows of resources	106,166	434	7,038	361	10,746	15,129	26,515	4,520	170,909
Net Position:									
Net investment in capital assets	60,974	1,946	(544)	9	3,948		42,897	714	109,944
Restricted - Nonexpendable	1,897,653			33					1,897,686
Restricted - Expendable	1,569,118			407					1,569,525
Unrestricted	63,043	22,464	1,007	6,827	505	2,155	80	764	96,845
Total net position	3,590,788	24,410	463	7,276	4,453	2,155	42,977	1,478	3,674,000
Total liabilities, deferred inflows of resources and net position	$ 3,696,954	24,844	7,501	7,637	15,199	17,284	69,492	5,998	$ 3,844,909

Condensed Statement of Revenues, Expenses and Changes in Net Position, Year ended June 30, 2025 (in thousands)

	Foundation	Alumni Association	WWT	Illinois Ventures	Research Park	Prairieland	IQMP	Illinois Global Gateway	Total
Operating revenues	$ 265,013	3,820	28,088	3,000	1,183	55,624	1,930	5,799	$ 364,457
Operating expenses	366,149	6,135	27,036	2,090	1,404	55,910	1,850	4,997	465,571
Depreciation expense	1,733	126	970	3	236	-	-	100	3,168
Operating (loss) income	(102,869)	(2,441)	82	907	(457)	(286)	80	702	(104,282)
Nonoperating revenues (expenses), net	95,857	2,403	(176)	(630)	419	315	42,897	168	141,253
Contributions to endowments	108,189								108,189
Increase (decrease) in net position	101,177	(38)	(94)	277	(38)	29	42,977	870	145,160
Net position, beginning of year	3,489,611	24,448	557	6,999	4,491	2,126	-	608	3,528,840
Net position, end of year	$ 3,590,788	24,410	463	7,276	4,453	2,155	42,977	1,478	$ 3,674,000

(Continued)

(16) Subsequent Events

In July 2025, the U.S. Congress enacted the One Big Beautiful Bill Act (i.e. H.R.1) comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives. Several University programs were impacted by the H.R.1. The Supplemental Nutrition Assistance Program-Education (SNAP-Ed) program was eliminated by the United States Department of Agriculture, with an estimated financial impact to the University of $21 million annually. The legislation also includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries. The University is currently evaluating the impact that the H.R.1 will have on its financial results, cash flows and net position for future periods.

Future regulatory developments and economic effects stemming from the H.R.1 or other legislation remain uncertain and could have a significant impact on the University's future results of operations.

UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)
Required Supplementary Information
Year Ended June 30, 2025
(In thousands)

Schedule of the University's 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)	$14,037,649	$13,570,417	$13,329,667	$12,849,146	$13,788,569	$12,749,644	$12,228,864	$10,990,307	$10,996,379	$9,957,590
Total (b) + (c)	$14,037,649	$13,570,417	$13,329,667	$12,849,146	$13,788,569	$12,749,644	$12,228,864	$10,990,307	$10,996,379	$9,957,590
Employer DBCP*	$2,014,638	$1,870,607	$1,769,100	$1,721,034	$1,779,914	$1,615,691	$1,576,353	$1,542,724	$1,546,902	$1,546,992
(d)	696.78%	725.46%	753.47%	746.59%	774.68%	789.11%	775.77%	712.40%	710.86%	643.67%
(e)	44.60%	44.06%	43.65%	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%

(a) University 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 University
(d) Proportion of Collective Net Pension Liability associated with the University 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.

Schedule of Contributions for Pensions

	Fiscal Year 2025	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
(f)	$ 50,733	$ 48,963	$ 45,784	$ 42,074	$ 40,550	$ 38,900	$ 36,359	$ 37,139	$ 35,483	$ 34,753
(g)	50,733	48,963	45,784	42,074	40,550	38,900	36,359	37,139	35,483	34,753
(h)	-	-	-	-	-	-	-	-	-	-
(i)	$ 2,923,583	$ 2,870,895	$ 2,643,781	$ 2,485,229	$ 2,402,748	$ 2,414,572	$ 2,177,991	$ 2,094,807	$ 2,026,330	$ 2,000,474
(j)	1.74%	1.71%	1.73%	1.69%	1.69%	1.61%	1.67%	1.77%	1.75%	1.74%

(f) Federal, trust, grant and other contribution
(g) Contributions in relation to required contribution
(h) Contribution deficiency (excess)
(i) University's covered payroll
(j) Contributions as a percentage of covered payroll

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 high 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.

UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)
Required Supplementary Information
Year Ended June 30, 2025
(In thousands)

Schedule of the University's Proportionate Share of the Total OPEB Liability
For the Plan Year Ended June 30

Measurement Date:	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Proportionate percentage of the collective total OPEB liability	2.77%	3.54%	3.48%	3.06%	2.60%	2.90%	2.89%	3.18%
Proportionate share of the collective total OPEB liability	$559,117	$609,854	$593,776	$1,068,082	$1,100,319	$1,270,986	$1,160,539	$1,314,760
Estimated proportionate amount of collective total OPEB liability associated with the University - State supported portion	$4,479,730	$3,862,064	$3,640,712	$6,726,947	$6,881,615	$7,564,028	$7,052,321	$10,142,951
Total OPEB liability associated with the University	$5,038,847	$4,471,918	$4,234,488	$7,795,029	$7,981,934	$8,835,014	$8,212,860	$11,457,711
Covered employee payroll	$3,166,437	$2,695,067	$2,504,569	$2,433,141	$2,354,324	$2,199,848	$2,106,226	$2,023,794
Proportionate share of the total OPEB liability as a percentage of its covered employee payroll	159.13%	165.93%	169.07%	320.37%	339.03%	401.62%	389.93%	566.15%

*Note: The University implemented GASB No. 75 in fiscal year 2018; however, the amount reported for fiscal year 2018 was based on an actuarial date as of June 30, 2017. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

**Note: The amounts disclosed for years ended June 30, 2019, 2018, and 2017 do not include the impact of the restatement of the OPEB liability due to a correction of an error.

UNIVERSITY OF ILLINOIS

(A Component Unit of the State of Illinois)
SUPPLEMENTARY INFORMATION

TABLE OF OPERATING EXPENSES
For the Year Ended June 30, 2025
(In thousands)

	Compensation and Benefits											
	University's Expenses					State of Illinois' Expenses						Total
	Salaries[1]	Benefits[2]	OPEB[3]	Pension	Sub-Total	Benefits[2]	OPEB[3]	Pension	Sub-Total	Total	Other Expenses	Operating Expenses
Educational and general:												
Instruction	1,129,132	134,085	(4,179)	11,049	1,270,087	193,805	(181,119)	364,813	377,499	1,647,586	175,372	1,822,958
Research	536,056	219,563	(75,304)	21,752	702,067	28,752	(26,870)	60,267	62,149	764,216	364,648	1,128,864
Public service	273,128	30,110	(32,982)	15,040	285,296	27,179	(25,400)	37,779	39,558	324,854	392,324	717,178
Academic support	405,992	19,151	(6,760)	3,760	422,143	72,359	(67,623)	149,925	154,661	576,804	200,470	777,274
Student services	140,016	15,895	(145)	815	156,581	23,990	(22,420)	45,483	47,053	203,634	129,953	333,587
Institutional support	159,160	4,433	(137)	749	164,205	31,370	(29,316)	66,451	68,505	232,710	62,355	295,065
Operation and maintenance of plant	48,269	1,005	(208)	64	49,130	6,495	(6,070)	13,917	14,342	63,472	342,801	406,273
Scholarships and fellowships	1,556	1,433	(15)	5	2,979	20	(18)	43	45	3,024	73,097	76,121
Auxiliary enterprises	139,976	17,906	-	146	158,028	19,386	(18,117)	41,915	43,184	201,212	321,804	523,016
Hospital and medical activities	554,972	3,197	-	766	558,935	97,195	(90,832)	203,427	209,790	768,725	731,312	1,500,037
Independent operations	632	73	-	892	1,597	251	(235)	62	78	1,675	9,120	10,795
Depreciation	-	-	-	-	-	-	-	-	-	-	377,334	377,334
Total	3,388,889	446,851	(119,730)	55,038	3,771,048	500,802	(468,020)	984,082	1,016,864	4,787,912	3,180,590	7,968,502

[1] Salaries includes employer contributions for Social Security, Medicare, and unemployment.

[2] Benefits includes certain group insurance costs, such as healthcare and life insurance.

[3] OPEB refers to other post-employment benefits.