State of Illinois
State Universities Retirement System
(a Component Unit of the State of Illinois)

Report on Allocation of Pension Amounts
As of and For the Year Ended June 30, 2024

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois

State of Illinois
State Universities Retirement System

Report on Allocation of Pension Amounts
Year Ended June 30, 2024

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System Officials

Board Officers/Trustees

Board Trustees

Office Location

1901 Fox Drive
Champaign, Illinois 61820

Summary

The audit of the accompanying Schedule of Allocation and Schedule of Pension Amounts (Schedules) of the State of Illinois, State Universities Retirement System (System) was performed by RSM US LLP.

Based on their audit, the auditors expressed unmodified opinions on the System's Schedules.

RSM

Independent Auditor's Report

RSM US LLP

Honorable Frank J. Mautino
Auditor General, State of Illinois

Board of Trustees
State Universities Retirement System of Illinois

Opinions
As Special Assistant Auditors for the Auditor General, we have audited the Schedule of Allocation of the State Universities Retirement System of Illinois (the System), a component unit of the State of Illinois, as of and for the year ended June 30, 2024, and the related notes. We have also audited the total for all entities of the columns titled ending net pension liability, total deferred outflows of resources, total deferred inflows of resources and total pension expense subject to allocation (specified column totals) included in the accompanying Schedule of Pension Amounts of the System as of and for the year ended June 30, 2024, and the related notes.

In our opinion, the accompanying Schedules referred to above present fairly, in all material respects, the allocation as of and for the year ended June 30, 2024, and the ending net position liability, total deferred outflows of resources, total deferred inflows of resources and total pension expense subject to allocation for the total of all participating entities for the System as of and for the year ended June 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules
Management is responsible for the preparation and fair presentation of these Schedules 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 the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules
Our objectives are to obtain reasonable assurance about whether the schedule of allocation and specified column totals included in the schedule of pension amounts 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 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 schedule of allocation and specified column totals included in the schedule of pension amounts.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the schedule of allocation and specified column totals included in the schedule of pension amounts, 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 in the schedule of allocation and specified column totals included in the schedule of pension amounts and the related disclosures.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule of allocation and specified column totals included in the schedule of pension amounts.

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.

Other Matters
We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the System as of and for the year ended June 30, 2024, and our report thereon, dated December 13, 2024 expressed an unmodified opinion on those financial statements.

Restriction on Use
Our report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, System management, System Board of Trustees, System Employers and their auditors as of and for the year ended June 30, 2024, and is not intended to be, and should not be, used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
February 12, 2025

State Universities Retirement System

Schedule of Allocation
As of and for the Years Ended June 30, 2024 and 2023

Entity	FY 2024 Actual Contribution	Allocation Percentage	FY 2023 Actual Contribution	Allocation Percentage
STATE OF ILLINOIS	$ 2,082,878,551	100 %	$ 2,074,951,940	100 %
TOTAL	$ 2,082,878,551	100 %	$ 2,074,951,940	100 %

See Notes to the Schedules.

State Universities Retirement System

Schedule of Pension Amounts
As of and for the Year Ended June 30, 2024
and Beginning Net Pension Liability as of July 1, 2023

Entity	Beginning Net Pension Liability	Ending Net Pension Liability	Deferred Outflows of Resources				
			Differences Between Expected and Actual Experience	Net Differences Between Projected and Actual Investment Earnings	Changes of Assumptions	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
STATE OF ILLINOIS	$ 29,444,538,098	$ 30,230,907,727	$ 305,114,071	$ -	$ 483,809,428	$ -	$ 788,923,499
TOTAL	$ 29,444,538,098	$ 30,230,907,727	$ 305,114,071	$ -	$ 483,809,428	$ -	$ 788,923,499

See Notes to the Schedules.

Deferred Inflows of Resources					Pension Expense		
Differences Between Expected and Actual Experience	Net Differences Between Projected and Actual Investment Earnings	Changes of Assumptions	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Allocable Plan Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	Total Pension Expense Subject to Allocation
$ -	$ (27,577,324)	$ -	$ -	$ (27,577,324)	$ 1,996,285,670	$ -	$ 1,996,285,670
$ -	$ (27,577,324)	$ -	$ -	$ (27,577,324)	$ 1,996,285,670	$ -	$ 1,996,285,670

Note 1. SUMMARY OF PLAN

The State Universities Retirement System (SURS or "the System") is the administrator of a cost-sharing, multiple-employer defined benefit plan. SURS was established on July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* defines special funding situations as circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. The Schedule of Allocation and Schedule of Pension Amounts include amounts for the State of Illinois. Within these schedules, the term "employer" encompasses both the employers and the State (non-employer contributing entity).

A. Defined Benefit Plan

SURS is included in the State of Illinois' financial reports as a component unit. SURS is governed by Chapter 40, Act 5, Article 15, of the Illinois Compiled Statutes. These statutes assign the authority to establish and amend the benefit provisions of the plan to the State Legislature. Operation of the System and the direction of its policies are the responsibility of the Board of Trustees of the System. It is also these statutes that define the scope of SURS reporting entity. There are no statutory provisions for termination of the System. The Illinois Constitution provides that the pension obligation of the state shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired.

B. Benefit Provisions

The traditional defined benefit plan was established in 1941. An alternative defined benefit program (the portable benefit package) and a defined contribution plan were established effective January 1, 1998, due to the enactment of Public Act 90-0448. A summary of the benefit provisions can be found in the System's annual comprehensive financial report (ACFR) Notes to the Financial Statements. The System's ACFR can be accessed at www.surs.org.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Schedules

Employers participating in a cost-sharing pension plan, and any non-employer contributing entities that meet the definition of a special funding situation, are required to recognize their proportionate share of the collective pension amounts for pension benefits provided to members through the SURS plan. GASB Statement No. 68, paragraph 92, states that in determining the employer's proportion of the collective net pension liability (NPL), the basis should be consistent with the manner in which contributions to the pension plan, excluding those to separately finance specific liabilities of the individual employer to the Plan, are determined, which is consistent with paragraphs 48-51. GASB 68, paragraph 92 further states that in determining the non-employer's proportion of the collective NPL and corresponding pension amounts the Plan should follow the Plan terms to determine the specific relationship of the contribution requirements of the non-employer contributing entity to those of the employer and other contributing entities.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Nature of Schedules (Continued)

The State's contributions to the State Universities Retirement System are determined through actuarial valuations on an annual basis. Under the Illinois Compiled Statutes (40 ILCS 5/15-155), the actuarially determined contribution (Statutory Contribution) from the State of Illinois is calculated by an actuary in accordance with the Statutory Funding Plan. If an employee is paid from trust, grant or federal funds, the employer must make pension contributions from those funds sufficient to cover the normal costs of the employee's pension benefits in accordance with the Illinois Compiled Statutes (40 ILCS 5/15-155(b)). Certain participating employers (alumni associations, foundations, and other affiliated organizations) are not financed by the statutory contribution from the State and pay an employer contribution equal to the normal cost of the employee's pension benefits. These employer contributions are based on a percentage of earnings relating to normal cost, as determined through an annual actuarial valuation process. The employer normal cost for fiscal year 2024 was 12.53% of employee creditable covered payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. In accordance with Section 15-155(b), SURS participating employers that pay the full normal cost have met their requirement towards the pension liability.

The Schedule of Allocation presents the actual fiscal year 2024 contributions used within the proportionate share calculation for the non-employer contributing entity (State of Illinois) and respective allocation percentage. For purposes of allocating the beginning net pension liability, the System utilized contributions reported during fiscal year 2023.

The Schedule of Pension Amounts presents the proportionate share of the total beginning and ending net pension liability, total deferred outflows of resources, total deferred inflows of resources and corresponding pension expense to be allocated to the State of Illinois. The pension expense includes the amortization of any reported differences between expected and actual economic and demographic experience, differences between projected and actual investment earnings (net) on Plan investments, and the impact of changes of assumptions about future economic or demographic factors or other inputs. The total pension expense subject to allocation is adjusted for contributions made to the System by individual employers to liquidate specific liabilities the employers owe to the plan. The types of employer specific liabilities are those relating to: contributions payable due to member earnings increases exceeding 6 percent during the final rate of earnings period (Section 15-155(g)); contributions payable due to the employment of "affected annuitants" or return to work annuitants (Section 15-139.5); contributions payable for trust, grant or federal fund positions (Section 15-155(b)); and contributions payable due to member earnings in excess of the Governor's salary (Section 15-155(j-5)).

B. Measurement Focus and Basis of Accounting

The financial transactions are recorded using the economic resources measurement focus and the accrual basis of accounting. Employer and non-employer contributing entity contributions are recognized as revenue when due pursuant to statutory or contractual requirements. The total pension liability valued for this report is based on an actuarial valuation performed as of June 30, 2023, rolled forward to June 30, 2024, the measurement date.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Use of Estimates in the Preparation of the Schedules

The preparation of the schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts, and changes therein, and disclosures. Actual results could differ from those estimates and differences could be material. The System uses an actuary to determine the total pension liability for the defined benefit plan and to calculate the actuarially determined contributions of the State and employers.

D. Basis of Allocation

In determining the proportionate share of the net pension liability and corresponding employer pension amounts for a cost-sharing plan, the basis should be consistent with the manner in which contributions to the Plan, excluding those to separately finance specific liabilities of an individual employer, are determined. The System has determined that the actual contributions made to the Plan during fiscal year 2024 are appropriate as the basis because they are representative of future contributions. GASB Statement No. 68 states that special funding situations are defined as circumstances in which a non-employer entity (State of Illinois) is legally responsible for making contributions directly to a pension plan (SURS) that is used to provide pensions to the employees of another entity or entities (participating SURS employers) and the amount of contributions is not dependent upon one or more events unrelated to pensions. Chapter 40, Act 5, Article 15-156 of the Illinois Compiled Statutes states the obligation of the State as following:

> (a) The payment of (1) the required State contributions, (2) all benefits granted under this system and (3) all expenses in connection with the administration and operation thereof are obligations of the State of Illinois to the extent specified in this Article.
>
> (b) Beginning July 1, 2014, the State shall be obligated to contribute to the System in each State fiscal year an amount not less than the sum of (i) the State's normal cost for the year and (ii) the portion of the unfunded accrued liability assigned to that year by law.

The net pension liability (NPL) is the portion of the actuarial present value of projected benefit payments related to past periods. The NPL to the non-employer contributing entity (the State) is based on the allocation percentage from the Schedule of Allocation (100 percent).

The fiscal year 2024 actual contribution total used as the denominator for the allocation calculation in the Schedule of Allocation can be reconciled to the System’s fiscal year 2024 ACFR as follows:

Defined Benefit Plan Employer Contributions - ACFR total	$ 2,149,498,145
Employer specific liability payments	(10,361,390)
SURS employer contributions for SURS employees	(1,513,836)
Employer contributions for federal/trust/grants which only pay normal cost	(54,633,852)
Miscellaneous revenue from non-employer sources	(110,516)
Total Contributions - Schedule of Allocation	$ 2,082,878,551

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Allocation (Continued)

The employers will be required to recognize revenue and expense resulting from the special funding situation. Revenue should be an amount equal to the non-employer contributing entity's total proportionate share of collective pension expense that is associated with the employer. This information is not included within this report, but unaudited information will continue to be provided to each employer on an annual basis by the System. In addition, an audited report on the special funding situation allocation will also be available.

Note 3. PENSION EXPENSE AND AMORTIZATION OF PENSION EXPENSE

Pension expense, as well as deferred outflows of resources and deferred inflows of resources related to pensions, should be recognized for the employers' (and non-employer contributing entity's) proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

Deferred outflows of resources are the consumption of net position that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position. Deferred inflows of resources are the acquisition of net position that is applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position. Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in pension expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive), determined as of the beginning of the measurement period. Net deferred inflows (or outflows) of resources pertaining to differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

The pension amounts allocated to the State of Illinois are based on total contributions to the System except for contributions from employers for employees paid through trusts, grants or federal funds and any other specific liabilities of the individual employers to the plan. The employer contributions related to trusts, grants or federal funds are made in accordance with State statute (Chapter 40, Act 5, Article 15-155(b)) which provides that these contributions are made based on the normal cost rate and meet the definition of funding current period cost and are not available to pay past service cost. The types of employer specific liabilities are those relating to: contributions payable due to member earnings increases exceeding 6 percent during the final rate of earnings period (Section 15-155(g)); contributions payable due to the employment of "affected annuitants" or return to work annuitants (Section 15-139.5); contributions payable for trust, grant or federal fund positions (Section 15-155(b)); and contributions payable due to member earnings in excess of the Governor's salary (Section 15-155(j-5)).

Note 3. PENSION EXPENSE AND AMORTIZATION OF PENSION EXPENSE (CONTINUED)

The components of pension expense are:

Service cost	$ 708,274,289
Interest on the Total Pension Liability	3,276,140,297
Current-Period Benefit Changes	5,712,347
Employee contributions	(335,418,684)
Projected earnings on plan investments	(1,485,195,080)
Pension plan administrative expenses	23,961,048
Recognition of outflow (inflow) of resources due to liabilities	14,784,834
Recognition of outflow (inflow) of resources due to assets	(145,353,787)
Total pension expenses	2,062,905,264
Reconciling items:	
Employer specific liability payments	(10,361,390)
SURS employer contributions for SURS employees	(1,513,836)
Employer normal cost contributions for federal/trust/grants	(54,633,852)
Miscellaneous revenue from nonemployer sources	(110,516)
Total pension expenses subject to allocation - Schedule of Pension Amounts	$ 1,996,285,670

The average of the expected remaining service lives of all active and inactive members for fiscal year ended June 30, 2024 is 2.9829 years.

Note 4. NET PENSION LIABILITY

The net pension liability for SURS for fiscal year 2024 is calculated as set forth in the following table:

Net pension liability (beginning) - July 1, 2023	$ 29,444,538,098
Total pension expense	2,062,905,264
Change in deferred outflows of resources	467,381,270
Change in deferred inflows of resources	405,581,240
Defined Benefit Plan Employer Contributions - ACFR total	(2,149,498,145)
Net pension liability (ending) - June 30, 2024	$ 30,230,907,727

Note 5. REQUESTS FOR INFORMATION

SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 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 at www.surs.org.