KPMG

UNIVERSITY OF WASHINGTON
INTERNAL LENDING PROGRAM

Basic Financial Statements

June 30, 2024

(With Independent Auditors' Report Thereon)

UNIVERSITY OF WASHINGTON
INTERNAL LENDING PROGRAM

Table of Contents

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Independent Auditors' Report

The Board of Regents
University of Washington:

Opinion

We have audited the financial statements of the University of Washington Internal Lending Program (the Program), a department of the University of Washington, as of and for the year ended June 30, 2024 , and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Program as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Reporting Entity

As discussed in note 1, the financial statements of the Program are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the University of Washington that is attributable to the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the University of Washington, as of June 30, 2024, or the changes in its financial position, or its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 6 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.

KPMG LLP

Seattle, Washington
November 8, 2024

Discussion and Analysis Prepared by Management

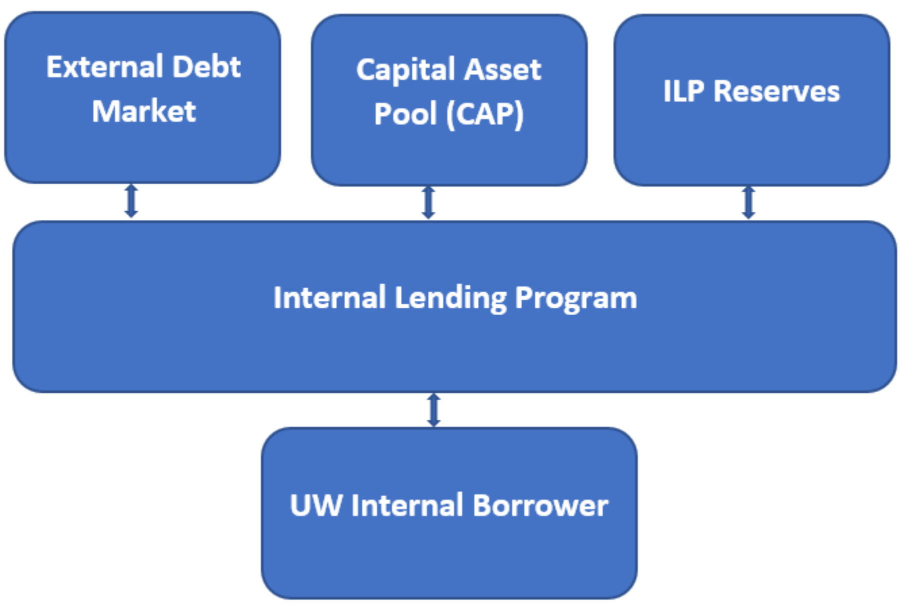
The following discussion and analysis provides an overview of the financial position and activities of the University of Washington Internal Lending Program (Program or ILP) for the years ended June 30, 2024 and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section. The ILP commenced operations on July 1, 2008 based upon the direction and authority of the University of Washington Board of Regents (Board of Regents). It operates as a program of the University of Washington (University).

The ILP makes loans funded through the issuance of University General Revenue debt obligations, the Capital Asset Pool (CAP) or from ILP reserves. The ILP finances capital projects with maturities up to 30 years.

The University also occasionally funds FAST loans from ILP reserves. In these instances, the loans are reflected on the ILP financial statements.

The internal loan portfolio consists of loans to internal units, while the external debt portfolio comprises short-term and long-term debt obligations of the University. Per the Board of Regents approved Debt Policy, the external debt portfolio is actively managed to reduce the University’s cost of capital and to achieve stability and predictability in the internal lending rate for internal borrowers. Active management of the external debt portfolio entails the possible use of risk-evaluated debt structures and debt management techniques to achieve the lowest risk-adjusted cost of capital consistent with market conditions and institutional credit considerations.

The diagram below outlines the flow of funds into the ILP:



(Continued)

Using the Financial Statements

The ILP's financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to financial statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for state and local governments, including public colleges and universities. Information about the financial condition of the ILP is provided in the summaries and explanations that follow.

Statements of Net Position Summary

The statements of net position reflect the financial condition of the ILP at the end of the fiscal year and report the various categories of assets, liabilities, deferred inflows of resources and net position. The following summary statements of net position show the ILP's total assets, total liabilities, total deferred inflows of resources and net position as of June 30, 2024 and 2023:

Summary Statements of Net Position

		2024	2023
Current assets	$	301,459,263	204,155,682
Noncurrent assets		1,926,155,482	1,983,585,960
Total assets	$	2,227,614,745	2,187,741,642
Current liabilities	$	121,633,963	96,483,146
Noncurrent liabilities		1,948,730,502	1,979,215,839
Total liabilities		2,070,364,465	2,075,698,985
Deferred inflows of resources		30,536,055	1,986,392
Unrestricted net position		126,714,225	110,056,265
Total liabilities, deferred inflows of resources and net position	$	2,227,614,745	2,187,741,642

The following are comments about the summary statements of net position:

- As of June 30, 2024 and 2023, current assets included $120.4 million and $111.3 million, respectively, in cash and cash equivalents in the University of Washington Invested Funds (IF), $89.9 million and $24.4 million, respectively, in restricted investments of undistributed bond proceeds, and $84.2 million and $61.2 million, respectively, in current internal lending program receivables. In fiscal year 2024, current assets increased by $97.3 million primarily due to the increase in restricted investments used in funding new loans and an increase in internal lending program receivable due to UW Medicine resuming to pay principal starting in fiscal year 2025 with the expiration of the Board approved waiver of Financial Stability Plan requirements.

- Noncurrent assets consist mainly of internal loan receivables within the University. Noncurrent assets were $57.4 million less at the end of fiscal year 2024 compared to the end of fiscal year 2023 mainly due to the expiration of the waiver of Financial Stability Plan requirements for UW Medicine not having to pay principal in fiscal year 2024.
- As of June 30, 2024, current liabilities included $77.6 million in bonds payable, $20.5 million in interest payable and $18.7 million in due to related parties. Current liabilities increased by $25.2 million in fiscal year 2024 compared to the end of fiscal year 2023 primarily due to an $18.4 million increase in amounts due to related parties because of the timing of capital expenditures.
- Noncurrent liabilities as of June 30, 2024 included $1.8 billion in bonds payable and $115.6 million in CAP payable to the IF. The $30.5 million decrease in noncurrent liabilities in fiscal year 2024 compared to the end of fiscal year 2023 was primarily related to the paying down of external debt.
- Deferred inflows of resources consist entirely of deferred gains and losses on debt refundings. Deferred inflows of resources increased $28.5 million in fiscal year 2024 compared to the end of fiscal year 2023, due to the issuance of new refunding bonds in fiscal year 2024.

ILP's Net Position

Unrestricted net position includes all funds available to the ILP for any purpose associated with the University's mission. Net position increased by $16.7 million, or 15.1%, during fiscal year 2024 compared to the end of fiscal year 2023 driven by $10.3 million in operating income and $6.3 million in nonoperating revenues.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position presents the ILP's operations and nonoperating revenues and changes in net position. The following summary shows the revenues, expenses, and changes in net position for the years ended June 30, 2024 and 2023:

Summary Statements of Revenues, Expenses, and Increase in Net Position

		2024	2023
Operating revenues	$	82,247,538	82,399,466
Operating expenses		71,925,716	67,578,560
Operating income (loss)		10,321,822	14,820,906
Nonoperating revenues		6,336,138	5,179,256
Change in net position		16,657,960	20,000,162
Net position, beginning of year		110,056,265	90,056,103
Net position, end of year	$	126,714,225	110,056,265

The following are comments about the revenues and expenses highlighted in the summary:

- Operating revenues consist of interest collected and accrued on internal loans. Operating revenues decreased by $152 thousand, or 0.2%, in fiscal year 2024 compared to fiscal year 2023, as borrowers continue to make payments on existing amortizing loan schedules.
- Nonoperating revenues include Build America Bonds (BABs) direct federal subsidy payment and net investment income earned on unspent bonds proceeds. In fiscal year 2024, nonoperating revenues included $3.5 million in BABs direct federal subsidy payment revenue and $2.9 million in net investment income earned on unspent bond proceeds.
- In fiscal year 2024, operating expenses included $65.0 million in interest paid and accrued on outstanding bonds compared to $63.1 million in interest paid and accrued on outstanding bonds and commercial paper in fiscal year 2023. Interest expense increased by $1.9 million in fiscal year 2024 compared to fiscal year 2023. Expenses to administer the ILP program totaled $6.9 million for the fiscal year ended 2024. Administrative expenses include fees paid for legal counsel, financial advisory services, rating agencies, underwriter's discount, staff salaries and benefits, and the Provost credit support fee.

Debt Administration

The University is rated Aaa (negative) by Moody's and AA+ (stable) by S&P Global. Each fiscal year, the Board of Regents approves a bond resolution that contains the maximum amount of General Revenue Bonds that the University can issue in the upcoming year to fund projects. The resolution also allows the University to refund debt for the purposes of economic benefit and/or the remarketing of put or term bonds from time to time. During fiscal year 2024, the University issued $258.8 million in ILP-related General Revenue and Refunding Bonds at a premium of $38.4 million. In fiscal year 2023, the University did not issue any General Revenue and Refunding Bonds.

Moody's and Standard & Poor's have assigned short-term ratings of P-1/A-1+, respectively, to the University's commercial paper program. These are the highest short-term ratings each agency assigns. The University has a $250.0 million commercial paper program and issues commercial paper throughout the year to manage cash flows between long-term debt issuances. In fiscal year 2024, the University issued $15 million in commercial paper that was used for ILP loans. In fiscal year 2023, the University did not issue any commercial paper to fund ILP loans.

The University's Treasury Office provides regular updates on internal loans and external debt as part of its ongoing reporting to the Board of Regents.

UNIVERSITY OF WASHINGTON
INTERNAL LENDING PROGRAM

Statement of Net Position

June 30, 2024

Assets		
Current assets:		
Cash in the University of Washington Invested Funds (IF) Pool	$	120,402,608
Restricted investments, current		89,861,338
Interest receivable		7,007,144
Internal Lending Program receivable, current portion		84,188,173
Total current assets		301,459,263
Noncurrent assets:		
Restricted investments, noncurrent		7,534,134
Internal Lending Program receivable, net of current portion		1,918,621,348
Total noncurrent assets		1,926,155,482
Total assets	$	2,227,614,745
Liabilities and Net Position		
Liabilities:		
Accounts payable	$	863,665
Accrued salaries and vacation payable		289,940
Interest payable		20,502,567
Due to related parties		18,714,377
CAP payable to IF, current portion		3,660,372
Bonds payable, current portion		77,603,042
Total current liabilities		121,633,963
CAP payable to IF, net of current portion		115,639,202
Bonds payable, net of current portion		1,833,091,300
Total noncurrent liabilities		1,948,730,502
Total liabilities		2,070,364,465
Deferred inflows of resources:		
Gain on refunding		30,536,055
Net position:		
Unrestricted net position		126,714,225
Total liabilities, deferred inflows of resources and net position	$	2,227,614,745

See accompanying notes to financial statements.

UNIVERSITY OF WASHINGTON
INTERNAL LENDING PROGRAM

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2024

Operating revenues:	
Interest revenue	$ 82,247,538
Total operating revenues	82,247,538
Operating expenses:	
Interest expense	64,998,713
Administration expenses	6,927,003
Total operating expenses	71,925,716
Operating income	10,321,822
Nonoperating revenues:	
Direct federal subsidy payments	3,464,514
Investment revenue, net of expenses	2,871,624
Total nonoperating revenues	6,336,138
Change in net position	16,657,960
Net position at beginning of year	110,056,265
Net position at end of year	$ 126,714,225

See accompanying notes to financial statements.

UNIVERSITY OF WASHINGTON
INTERNAL LENDING PROGRAM

Statement of Cash Flows

Year ended June 30, 2024

Cash flows from operating activities:	
Interest received from internal borrowers	$ 82,410,935
Loans made to internal borrowers	(66,184,334)
Principal received from internal borrowers	100,483,553
Payments for administration expenses	(6,031,107)
Net cash provided by operating activities	110,679,047
Cash flows from noncapital financing activities:	
Proceeds from issuance of bonds	341,259,258
Build America Bonds subsidy received	3,464,514
Proceeds from related parties	18,437,755
Principal paid on debt	(326,284,103)
Interest paid on debt	(76,092,374)
Net cash used in noncapital financing activities	(39,214,950)
Cash flows from investing activities:	
Purchases of investments	(111,481,522)
Proceeds from sales of investments	46,045,104
Investment income	3,029,526
Net cash used in investing activities	(62,406,892)
Net increase in cash and cash equivalents	9,057,205
Cash and cash equivalents at beginning of year	111,345,403
Cash and cash equivalents at end of year	$ 120,402,608
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 10,321,822
Adjustments to reconcile operating income to net cash provided by operating activities:	
Interest expense	64,998,713
Changes in operating assets and liabilities:	
Decrease in interest receivable	163,397
Decrease in Internal Lending Program receivable	34,299,219
Increase in accounts payable and accrued liabilities	895,896
Net cash provided by operating activities	$ 110,679,047

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The University of Washington's Internal Lending Program (Program or ILP) is a program of the University of Washington (University). The purpose of the ILP is to provide internal borrowing units with a stable and predictable borrowing rate. The Board of Regents approved the ILP on May 15, 2008, with ILP operations commencing on July 1, 2008.

The ILP makes new loans to internal borrowers at a uniform internal lending rate. These loans are funded through the issuance of University General Revenue Bonds, short-term notes such as commercial paper, the Capital Asset Pool (CAP) or through ILP reserves. The CAP uses University funds to finance capital projects with maturities up to 30 years or short-term Bridge loans. The debt issued to fund loans is an obligation of the University; the Program manages the debt on behalf of the University. The Debt Management Policy includes a provision for a rate stabilization reserve and a provision for rate adjustments if necessary.

(b) Basis of Presentation

The financial statements of the Program have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The Program is reporting as a special purpose government engaged in business-type activities (BTA). In accordance with BTA reporting, the Program presents a management's discussion and analysis, statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. The financial statements of the Program are intended to present the financial position, changes in its financial position, and cash flows of only that portion of the University of Washington that is attributable to the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the University of Washington, as of June 30, 2024, the changes in its financial position, or its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles (GAAP). The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

(c) Cash in the University of Washington Invested Funds Pool (IF)

The ILP's cash is managed by the UW Investment Management Company (UWINCO). During 2024, the Program's funds on deposit with the University were invested in the University's IF; any earnings on these funds are allocated to the provost's office of the University.

(d) Restricted Investments

Restricted investments represent unspent bond proceeds invested at Northern Trust and invested bond proceeds held by trustees to serve as debt service funds in accordance with the terms of the bond indenture and are stated at amortized cost.

(e) Internal Lending Program Receivable

Internal Lending Program receivable represents amounts owed by participating units of the University to the Program. Any internal loans authorized after the inception of the ILP require a signed financing agreement before loan proceeds are released. The agreement is signed by a borrowing unit representative and central administrative leadership. Loans transferred at the Program's inception do not have a financing agreement. All receivables are from units within the University.

(f) Due to Related Parties

Due to related parties represents cash paid on behalf of the ILP as a result of the timing of capital expenditures and will be reimbursed by the ILP.

(g) Build America Bonds

The American Recovery and Reinvestment Act of 2009 created the Build America Bond (BAB) program, which authorized state and local governments to issue BABs as taxable bonds in 2009 and 2010 to finance any capital expenditures for which they otherwise could issue tax-exempt bonds. The issuers receive a direct federal subsidy payment for a portion of their borrowing cost on BABs equal to 35% of the total coupon interest paid to investors (before the current sequestration rate of 5.7%). The direct federal subsidy, once earned, is considered a nonexchange transaction separate from the interest payments made by the Program and is recorded in nonoperating revenues when the Program makes its interest payment and all eligibility requirements are met.

(h) Operating Revenues and Expenses

The Program's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing loans to internal borrowers − the Program's primary business. Operating expenses are all expenses incurred to provide loans to internal borrowers. Nonoperating revenues consists of investment revenue generated by the short-term investments the Program holds during the year and BAB federal subsidies.

(i) Federal Income Taxes

As a part of the University, the ILP is exempt from federal income taxes, except to the extent of unrelated business income. The ILP did not incur unrelated business income tax during 2024, and accordingly, the financial statements do not include a provision for federal income taxes.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash in the University of Washington Invested Funds

Pooled investments held on behalf of the ILP by the University totaling $120.4 million as of June 30, 2024, are recorded at the ILP’s share of the carrying value of the IF. These funds are available on demand without prior notice or penalty. The IF was invested as follows at June 30:

Cash and cash equivalents	2.1 %
Treasuries and agencies	60.4
Mortgage-related securities	5.4
Asset-backed debt securities	18.7
Corporate and other fixed income	13.4
Total	100.0 %

(3) Concentrations

Financial instruments that subject the ILP to concentrations of credit risk consist of pooled investments held on behalf of the ILP at the University.

(4) Restricted Investments

Current restricted investments of $89.9 million as of June 30, 2024, represent unspent bond proceeds. Such amounts are invested at Northern Trust Bank and consist of money market funds, which hold U.S. government securities with remaining maturities of one year or less at the time of purchase and are recorded at amortized cost. Any interest earnings in excess of the arbitrage rate may be subject to rebate to the Internal Revenue Service (IRS). During fiscal year 2024, $800 thousand was expensed and accrued related to arbitrage earnings due to the IRS. Restricted investments are typically classified as current assets based upon the Program’s intention to spend down on capital projects during the next fiscal year.

Noncurrent restricted investments of $7.5 million as of June 30, 2024 represents assets set aside for in-substance defeasance as noted in Note 7.

(5) Internal Lending Program Receivable

Internal Lending Program receivable includes both receivables related to borrowings that were transferred at the time of inception of the Program as well as receivables on new borrowings since inception of the Program. The transferred receivables had fixed rates that ranged from 3.0% to 6.4%. At the time of inception, any new borrowings had a uniform interest rate of 5.50%. Since July 1, 2021, the ILP rate has been 4.00%.

(Continued)

Estimated repayment schedules related to the ILP receivable balances from participating units as of June 30, 2024 are summarized as follows:

Internal Lending Program Receivable

(Dollars in thousands)

	Central		School of Medicine		University of Washington Medical Center		Student Life	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 19,808	18,616	2,921	1,023	34,206	22,127	7,178	4,794
2026	20,575	17,900	3,052	884	36,224	20,633	7,492	4,478
2027	21,102	17,157	3,188	738	35,910	19,077	7,810	4,148
2028	21,780	16,398	3,333	585	37,222	17,547	8,021	3,806
2029	22,629	15,608	2,200	428	38,601	15,965	8,377	3,452
2030–2034	116,411	65,028	4,640	1,174	202,751	55,089	30,404	12,520
2034–2039	109,384	40,256	2,437	599	101,557	23,203	27,585	7,035
2040–2044	89,393	20,317	1,713	108	52,851	9,139	20,695	1,390
2045–2049	57,345	4,599	—	—	19,983	946	—	—
Total	$ 478,427	215,879	23,484	5,539	559,305	183,726	117,562	41,623

	Commuter Services		Intercollegiate Athletics		Housing and Dining		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 711	156	—	9,778	19,364	22,698	84,188	79,192
2026	740	127	8,065	9,630	20,156	21,905	96,304	75,557
2027	770	97	8,393	9,301	20,983	21,080	98,156	71,598
2028	802	65	8,735	8,959	21,838	20,221	101,731	67,581
2029	834	32	9,091	8,603	22,338	19,329	104,070	63,417
2030–2034	358	4	51,324	37,149	121,847	82,462	527,735	253,426
2034–2039	—	—	62,668	25,805	144,668	56,024	448,299	152,922
2040–2044	—	—	76,519	11,954	150,470	25,035	391,641	67,943
2045–2049	—	—	19,649	478	53,708	4,454	150,685	10,477
Total	$ 4,215	481	244,444	121,657	575,372	273,208	2,002,809	842,113

(6) Commercial Paper

Commercial paper is a short-term borrowing vehicle and is primarily used to manage cash flows for capital projects that are funded with long-term debt. The use of commercial paper will typically increase prior to the issuance of long-term debt and be paid down with the proceeds of the long-term debt. During fiscal year 2024, the University issued $15.0 million in commercial paper for use in the ILP, which was subsequently refunded during the year with new bond proceeds as noted in Note 7.

The Board of Regents has approved the University’s $250.0 million commercial paper program in an ongoing resolution. The University may issue commercial paper at any time within the limits of the resolution.

(7) Long-Term Liabilities

Long-term liabilities for the year ended June 30, 2024 include state of Washington General Obligation Bonds, University General Revenue Bonds, and funds borrowed through the CAP that are payable to the IF. These obligations have fixed interest rates ranging from 0.2% to 8.0%.

Debt service requirements related to bonds payable at June 30, 2024 were as follows:

Bonds Payable
(Dollars in thousands)

	State of Washington General Obligation Bonds		University of Washington Revenue Bonds		Total	
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2025	$ 6,679	613	54,880	73,880	61,559	74,493
2026	2,934	338	64,505	72,166	67,439	72,504
2027	3,068	196	64,560	69,611	67,628	69,807
2028	1,626	94	82,640	66,729	84,266	66,823
2029	1,540	31	76,065	63,633	77,605	63,664
2030–2034	—	—	368,115	272,250	368,115	272,250
2035–2039	—	—	369,671	191,222	369,671	191,222
2040–2044	—	—	477,055	91,113	477,055	91,113
2045–2049	—	—	180,235	26,324	180,235	26,324
2050–2054	—	—	8,045	462	8,045	462
Total	$ 15,847	1,272	1,745,771	927,390	1,761,618	928,662

Long-term liabilities activity for the year ended June 30, 2024 is summarized as follows:

Long-Term Liabilities
(Dollars in thousands)

	Balance at June 30, 2023	**Additions**	**Reductions**	**Balance at June 30, 2024**	**Current portion June 30, 2024**
General obligation bonds payable	$ 25,567	—	(9,720)	15,847	6,679
General revenue and refunding bonds payable	1,779,226	258,795	(292,250)	1,745,771	54,880
Certificates of participation payable	225	—	(225)	—	—
Unamortized premium on bonds	123,105	38,460	(12,489)	149,076	16,044
CAP payable to IF	128,389	—	(9,089)	119,300	3,660
Total long-term liabilities	$ 2,056,512	297,255	(323,773)	2,029,994	81,263

The following schedule lists the outstanding bonds payable as of June 30, 2024:

Issue	Date issued	Maturity date	Interest rate	Original issue	Current liability	Balance June 30, 2024
General revenue:						
Series 2009 – Taxable Revenue	June 25, 2009	2040	6.060 % $	75,835	—	75,835
Series 2009B – Taxable Revenue	December 22, 2009	2036	5.400 %	24,156	—	24,156
Series 2010B – Taxable Revenue	October 5, 2010	2041	3.908%–4.997%	105,120	155	104,015
Series 2012C – Revenue	December 5, 2012	2044	3.000%–3.250%	272,670	—	153,750
Series 2015A – Taxable Revenue	March 4, 2015	2037	2.717%–3.704%	5,535	185	4,365
Series 2015B – Revenue	March 4, 2015	2037	3.050%–5.000%	170,555	6,705	127,680
Series 2015C – Revenue	September 23, 2015	2046	4.000%–5.000%	144,125	3,765	124,530
Series 2015D – Taxable Revenue	September 23, 2015	2028	2.750%–3.250%	36,350	2,675	8,760
Series 2016A – Revenue Refunding	November 9, 2016	2047	4.000%–5.250%	195,145	4,765	161,650
Series 2016B – Taxable Revenue Refunding	November 9, 2016	2037	2.400%–3.400%	10,015	480	4,895
Series 2018 – Revenue	February 15, 2018	2048	5.000 %	102,560	2,355	90,620
Series 2020A – Revenue	March 17, 2020	2050	4.000%–5.000%	51,000	1,295	46,415
Series 2020B – Taxable Revenue	March 17, 2020	2040	1.490%–2.685%	51,000	2,425	41,630
Series 2020C – Revenue Refunding	February 9, 2021	2034	5.000 %	117,815	—	73,790
Series 2021A – Revenue Refunding	March 4, 2021	2051	4.000%–5.000%	77,435	510	76,735
Series 2021B – Taxable Revenue Refunding	March 4, 2021	2042	0.600%–2.618%	249,335	10,950	137,985
Series 2022A – Revenue	March 8, 2022	2037	5.000 %	75,000	4,230	67,360
Series 2022B – Taxable Revenue Refunding	March 8, 2022	2042	1.720%–3.350%	199,010	11,935	72,105
Series 2022C – Revenue Refunding	March 8, 2022	2048	4.000 %	90,700	—	90,700
Series 2024A – Revenue	February 15, 2024	2044	5.000 %	91,220	2,450	91,220
Series 2024B – Revenue Refunding	February 15, 2024	2042	5.000 %	167,575	—	167,575
State of WA General Obligations:						
2016A GO (R-2006A)	October 8, 2015	2025	1.676 %	30,145	3,865	3,865
2020C GO UW (R-2011B (R-2002A))	April 29, 2020	2027	1.120 %	2,941	—	2,941
2021B GO UW (R-2011A (R-2002A))	November 3, 2020	2025	0.347 %	5,173	1,391	1,391
2021C GO UW (R-2012A (R-2003D))	May 4, 2021	2025	1.439 %	241	123	123
2021C GO UW (R-2012A (R-2004A))	May 4, 2021	2025	1.439 %	2,665	935	935
2022C GO UW (2012C)(R-2004D)	May 11, 2022	2029	2.820 %	2,390	365	1,995
2022C GO UW (R-2012C)(2003D)	May 11, 2022	2028	2.820 %	409	—	407
2022C GO UW (R-2012C)(2004A)	May 11, 2022	2029	2.820 %	4,215	—	4,190
Total					$ 61,559	1,761,618

(a) Issuance and Refunding Activity

On February 15, 2024, the University issued $91.2 million of tax-exempt General Revenue Bonds, 2024A for ILP projects, at a premium of $13.4 million and an average coupon of 5.00%. The average life is 12.2 years with a final maturity on April 1, 2044. Proceeds will used to fund UW Medicine Small-Works projects, the Montlake Campus Membrane Repair project, Operating Room Expansion and other eligible University projects. Additionally, the University issued $167.6 million of General Revenue Refunding Bonds, 2024B, at a premium of $25.0 million and an average coupon of 5.00%. The average life is 10.4 years with a final maturity on July 1, 2041. The bonds tendered and refunded by the 2024B Series had a par amount of $221.0 million and coupon rates ranging from 0.60% to 3.35% with an average coupon rate of 2.64%. The refunding reduced the total debt service payments to be made by the University over the next 19 years by $28.5 million and resulted in a total economic gain of $19.0 million.

(b) Defeasance of Debt

The University defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the ILP's financial statements. As of June 30, 2024, $20.8 million of bonds outstanding are considered defeased. In addition, in fiscal year 2024, $10.3 million of in-substance defeased debt remains outstanding as of June 30, 2024, and is included in noncurrent liabilities on the statement of net position.

(8) Related-Party Transactions

The University provides support to the Program in the following ways:

- Allows use of the University's buildings and equipment
- Provides administrative and accounting support
- Serves as the purchasing and disbursing agent
- Provides various other operational and support services

All Program receivables are due from borrowers within the University and are all paid from University revenues. Balances are invested in the IF. The IF is managed by the University of Washington Investment Management Company (UWINCO).

In fiscal year 2024, there were no distributions to the University.

On June 13, 2024, the Board of Regents approved the extension of a waiver of Financial Stability Plan requirements for Intercollegiate Athletics (ICA). In fiscal year 2024, ICA paid only interest for the Husky Stadium and Husky Ballpark ILP loans. ICA will continue to pay only interest in fiscal year 2025. As of June 30, 2024, ICA has a remaining principal balance of $244.4 million payable to the ILP.

(9) Pension Plan

The University offers the University of Washington Retirement Plan (UWRP), a defined-contribution plan with supplemental payments to beneficiaries, when required. The ILP participates in this plan and is allocated a cost for participation in the plan. The cost is included in the benefit load rate set by the University in calculating its fringe benefit expense and is applied on a per-employee basis. These costs were immaterial for fiscal year 2024.

University of Washington Retirement Plan (403(b))

Faculty, librarians, and professional staff are eligible to participate in the University of Washington Retirement Plan, a 403(b) defined-contribution plan administered by the University.

Contributions to the plan are invested by participants in annuity contracts or mutual fund accounts offered by one or more fund sponsors. Employees have at all times a 100% vested interest in their accumulations. Benefits from the plan are available upon separation or retirement at the member's option. RCW 28B.10.400 et. seq. assigns the authority to the Board of Regents to establish and amend benefit provisions.

Employee contribution rates, based on age, are 5.0%, 7.5%, or 10.0% of salary. The University matches the contributions of employees. Within parameters established by the legislature, contribution requirements may be established or amended by the Board of Regents.

(10) Commitments and Contingencies

The Program is not currently subject to any claims or lawsuits. All claims and lawsuits are covered by the University’s self-insurance fund, subject to a deductible of $100,000 per occurrence.